NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

Annual Report And Statement of Accounts

FOR THE YEAR ENDED DECEMBER 31, 2013

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

Vision

To become one of the leading deposit insurers in the world.

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, NDIC value:

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

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

MEMBERS OF THE BOARD OF DIRECTORS

Amb. (Dr.) Hassan Adamu, CON
(Wakili of Adamawa),
Chairman

Alh. Umaru Ibrahim, mni.
Managing Director/CEO

Prince Aghatise Erediauwa
Executive Director (Operations)

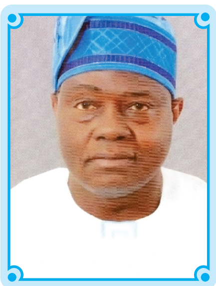
Hon. Omolola Abiola-Edewor
Executive Director (Corporate Services)

Chief Oyebisi L. Ilaka

Mr. Lawal Z. Gana

Bennediktar C. Molokwu

Mrs. A. T. Martins



Mr. Razak T. Lawal

Chief Davidson Ogbenekevwode

Mr Abdulrahman Dikko

Mr. Zaji Kali

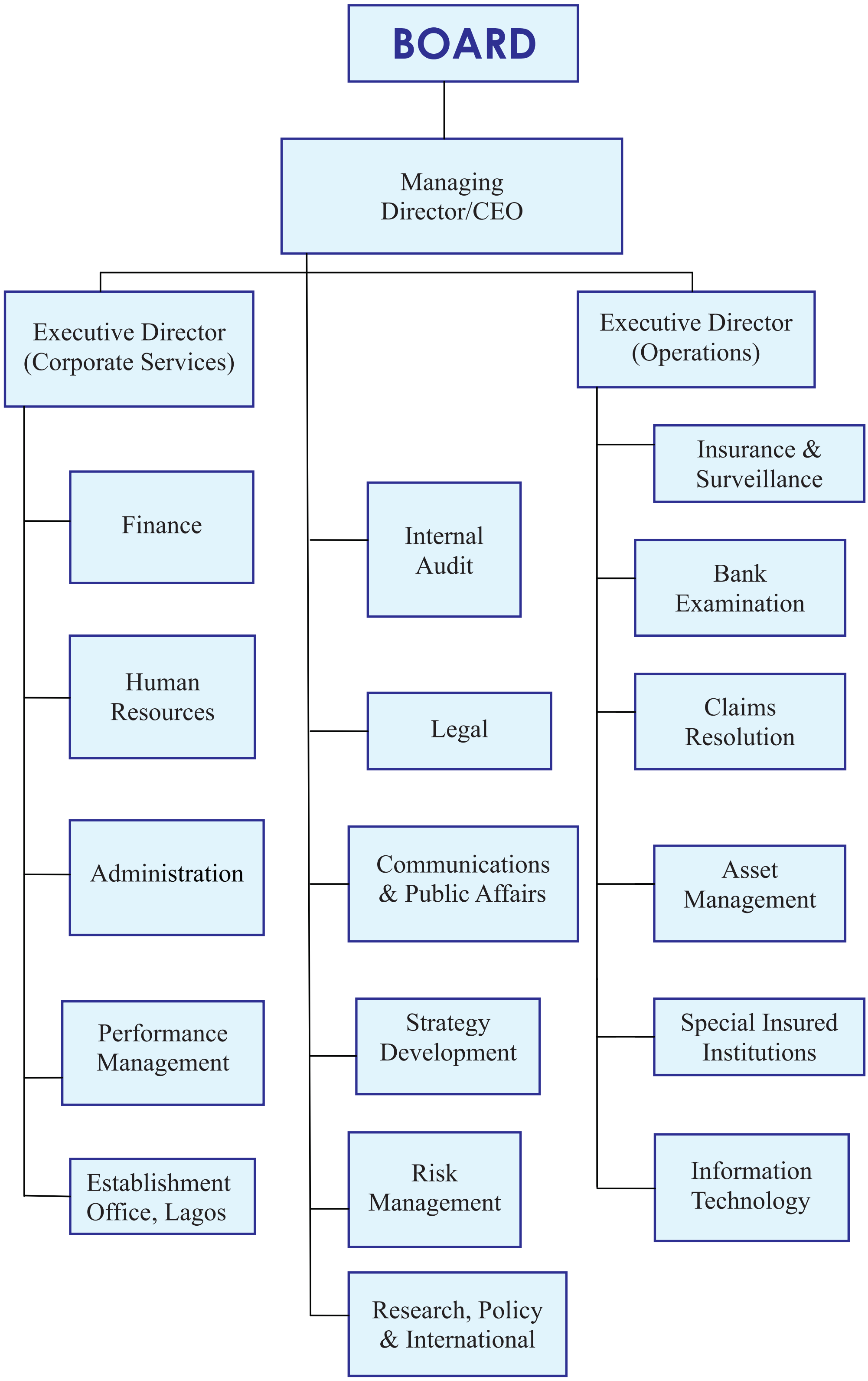
MEMBERS OF THE EXECUTIVE COMMITTEE

Alh. Umaru Ibrahim, mni.
Managing Director/CEO

Prince Aghatise Erediauwa
Executive Director (Operations)

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

ORGANISATIONAL STRUCTURE



HEADS OF DEPARTMENT/UNIT

Mr. A. B. Nyako	-	Director, Legal/Board Secretary
Mr. O. M. Sulaimon	-	Director, Asset Management
Mr. Z. A. Anate	-	Director, Insurance & Surveillance
Mr. B. D. Umar	-	Director, Special Insured Institutions
Mrs. C. E. Afabor	-	Director, Administration
Dr. P. E. Ebhohimen	-	Director, Claims Resolution
M. K Ibrahim	-	Assistant Director, Strategy Development
Dr. J. A. Afolabi	-	Director, Research, Policy & Int'l Relations
Mr. M. A. Ahmed	-	Director, Human Resources
Mr. I. Tafida	-	Director, Internal Audit
Mr. A. A. Adeleke	-	Director, Bank Examination
Ms. D. O. Okonta	-	Director, Finance
Dr. (Mrs.) K. P. Gang	-	Deputy Director, Performance Management
U. U. Maitambari	-	Assistant Director, Enterprise Risk Management
Mr. P. O. Eigbiremonlen	-	Deputy Director, Establishment
Alh. H. S. Birchi	-	Assistant Director, Communications & Public Affairs
Mr. Imade Uhunmwagho	-	Assistant Director, Information Technology

HEAD OFFICE
Plot 447/448 Constitution Avenue
Central Business District
P.M.B. 284
ABUJA, Nigeria
Tel: 09-4601380-9.
Fax: 09-4601426
E-mail: info@ndic.org.ng
Website: www.ndic.org.ng

Lagos Office
Mamman Kontagora House
23A, Marina
P.M.B. 12881
LAGOS
Tel: 01-2798280.

NECOM House
15, Marina, Lagos
Tel: 01-2130249

ZONAL OFFICES

Bauchi
Plot No 3, Bank Road
P.M.B 0207
Bauchi
Tel: 07033343030 and 07098100037

Benin
28A & B, Benoni Street
Off Airport Road, G.R.A.
P.M.B. 1043, Benin
BENIN CITY
Tel: 08150999600, 08150999599,
08150999588

Enugu
10, Our Lords' Street
Independence Layout
P.M.B. 1210
ENUGU
Tel: 042-290273, 07063873009

Ilorin
10, Sulu Gambari Road
Ilorin
Tel: 08089438850, 08023202132
08060665382

Kano
Plot 458, Muhammad Muhammad Street
Off Maiduguri Road
Hotoro, GRA
KANO
Tel: 08097756130, 08126657022
08063932722

Port-Hacourt
No. 104 Woji Road
Off Olu Obasanjo Road
GRA Port-Hacourt
Tel: 08084291777, 07081062700

Sokoto
No. 2 Gusau Road
Opp. NNPC Mega Station
Sokoto
Tel: 07055769606, 09036453305
09035795104, 09036251402

Yola
No. 6 Numan Road
Jimeta - Yola
Tel: 08089814004; 08089814005
08089814006; 08089814007

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

MESSAGE FROM THE CHAIRMAN

Amb. (Dr.) Hassan Adamu, CON (Wakili of Adamawa),
Chairman

It is with delight that I present the Annual Report and Statement of Accounts of the Nigeria Deposit Insurance Corporation (NDIC) for the year ended 31st December, 2013. The report reviewed important developments in the macroeconomic and socio-political environment as they impacted on the nation's banking industry and on the operations of the NDIC.

In 2013, the banking industry operated under a regulatory environment that was characterised by series of mixed developments. While some of the developments adversely affected the profitability levels of the banks, others stimulated the banks to harness business opportunities that had remained largely untapped. Notable among the developments was the contractionary monetary policy stance of the CBN which raised the cash reserve ratio (CRR) for DMBs from 12% to 50% on public sector deposits. The policy, which was introduced in August 2013, led to the sterilization of an estimated N1.3 trillion of banking system deposits and the attendant consequences of hiking both interbank and lending rates. Another policy measure was the Monetary Policy Rate (MPR) which was maintained at 12% throughout the year. The combined effect of the policies on CRR and MPR helped to ensure exchange rate stability and kept inflation at single digit rate of between 9.5% and 8% throughout the year, which was the lowest in the last six years.

On the socio-political environment, the country continued to witness security challenges due to Boko Haram insurgency, armed robbery and kidnapping. Other challenges encountered during the year under review included high rate of unemployment, oil theft, vandalisation of pipelines and poor state of infrastructure. Another development was the protracted strike by the academic staff of tertiary institutions across the country.

It was, however, pertinent to note that there were notable initiatives on the part of government to address these challenges. For instance the unbundling and subsequent privatisation of the Power Holding Company of Nigeria (PHCN) and road rehabilitation and construction helped to address some of the observed deficits in infrastructural facilities.

Other efforts taken by government included the declaration of State of Emergency in some states of the federation, namely: Borno, Yobe and Adamawa to address the security challenge posed by Boko Haram. Government also provided funds to the tertiary institutions to improve their infrastructural facilities as well as enhance staff welfare.

All the above developments no doubt impacted on the performance of the banking system and invariably on the operations of the NDIC. During the year under review, the banking industry continued to consolidate on the gains of the reforms in the system. Accordingly, there was growth in the number of DMBs from 21 in 2012 to 24 in 2013. In the same vein, total assets in the banking industry increased by 17.10% from N24.58 trillion in 2012 to N28.79 trillion in 2013. Total deposits increased from N14.39 trillion in 2012 to N16.77 trillion in 2013. The industry remained adequately capitalised during the year under review, as the capital adequacy ratio (CAR) stood at 17.18%, which exceeded the prudential threshold of 10%. Overall, the banking industry performance and level of soundness in 2013 was satisfactory indicating relative stability of the system.

On the part of NDIC, the tenure of its Board of Directors, which ended in August 2013, was renewed for another term of four years by the President of the Federal Republic of Nigeria. That was in recognition of the performance of the Board as well as to ensure continuity in driving good governance of the NDIC.

In the course of the year, the NDIC successfully launched a new brand. The new brand sought to revitalise and refocus the activities of the NDIC, overhaul its public image, entrench behavioural change of the entire workforce and also stimulate commitment to higher performance. In that regard, the NDIC evolved new Core Values. It also organised a town-hall meeting to sensitise internal stakeholders on the essence of the new brand and launched a new corporate identity in October 2013, pledging its renewed commitment to efficient service delivery.

On the international scene, the NDIC continued to collaborate with the International Association of Deposit Insurers (IADI) secretariat and other sister Deposit Insurance agencies around the world with a view to sharing information and experience on deposit insurance best practices. Similarly, the NDIC continued to receive assistance of external agencies such as the World Bank and the US Department of the Treasury in the area of capacity building.

Notwithstanding the challenging environment, the NDIC was able to record notable achievements in 2013 as presented in the report. It is in that regard that I wish to conclude by expressing my pleasure over the successes recorded. I also wish to commend members of the Supervisory Board, the Management and Staff of the Corporation and, indeed, other institutional stakeholders such as the Central Bank of Nigeria (CBN) and the Federal Ministry of Finance for their contributions and cooperation in recording such achievements. I enjoin our stakeholders to continue to lend their hands of support to us so as to achieve greater efficiency and effectiveness in the discharge of our mandate. I thank you all and wish us a fruitful 2014.

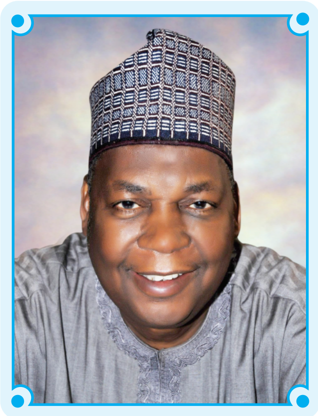
Ambassador (Dr.) Hassan Adamu, CON
(Wakili Adamawa)

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

REPORT OF THE MANAGING DIRECTOR/CEO



Mr. Umaru Ibrahim, mni.
Managing Director/CEO

It gives me great pleasure to present to you the report of activities of the Nigeria Deposit Insurance Corporation (NDIC) for the financial year ended 31st December, 2013. The NDIC operates a broad mandate of deposit insurance system (DIS) that includes deposit guarantee, bank supervision, failure resolution and bank liquidation. During the year under review, the NDIC continued to operate as a key component of financial safety-net with a view to achieving its public policy objectives of protecting depositors and contributing to financial system stability.

This report, therefore, highlights the accomplishments of the NDIC in 2013.

1.0 Deposit Guarantee Activities

As at the end of the year under review, the NDIC had paid a cumulative amount of ₦6.824 billion insured deposits to 528,277 depositors of the 45 DMBs in-liquidation compared to ₦6.821 billion paid to 528,212 depositors as at 31st December, 2012, representing 0.04% increase. Similarly, a cumulative amount of ₦2.524 billion was paid to 75,571 verified depositors of the 103 MFBs in-liquidation in 2013 as against ₦2.505 billion paid to 75,327 depositors as at 31st December, 2012, representing 0.56% increase. The marginal increase in claims payment to insured depositors in 2013 was due to the long period that the DMBs had been closed and the observed small balances in the accounts of the remaining depositors. In the same vein, the NDIC had paid the sum of ₦0.93 million to 13 depositors of 3 closed PMBs. The NDIC had continued to pay the remaining depositors of DMBs and MFBs/PMBs through the branches of agent banks nearest to their locations. The insurance cover remained at ₦500,000 and ₦200,000 for the DMBs and MFBs/PMBs, respectively during the year under review.

2.0 Supervisory Activities

The NDIC had in the year under review, continued with its supervisory activities of insured institutions to protect depositors by ensuring that unsafe and unsound banking practices are minimised. The supervision was done through on-site examination and off-site surveillance. The on-site examination was conducted through routine, special, target examinations and investigations. During the year under review, the NDIC jointly with the CBN conducted the risk-based examinations of twenty (20) DMBs. Also, the joint CBN/NDIC maiden examinations of two newly licensed banks, namely: FSDH Merchant Bank and Heritage Banking Company of Nigeria were carried out in 2013. In addition, the joint CBN/NDIC Foreign Exchange (forex) examinations of twenty (20) bureaux-de-changes (BDCs) were conducted during the year under review.

Furthermore, notwithstanding the fact that the NDIC does not insure the funds of discount houses, it upon the request of the CBN, participated in the special examination of two discount houses to ascertain their financial condition and performance. The joint examination of the two discount houses was largely informed by the revocation of the operating licence of Express Discount House Ltd by the CBN on 18th July, 2013 in which some banks were exposed.

The NDIC also carried out special investigations on complaints/petitions received from bank customers and other stakeholders. The allegations and complaints were mainly in respect of excessive interest charges, breach of trust, conversion of deposits, un-credited lodgments, arbitrary closure of customers' accounts, insider abuse and ATM frauds. The findings from these special investigations had led to refunds to affected bank customers. The NDIC through such investigations was able to protect the interest of consumers of banking products. Furthermore, the NDIC continued to effectively employ the early warning system (EWS) to ensure early detection of actual or potential problems in DMBs for prompt corrective actions. Accordingly, monthly bank and quarterly industry reports on the financial condition and performance were generated for prompt remedial supervisory action.

3.0 Failure Resolution Activities

The NDIC, in close collaboration with the CBN, had continued to make strenuous efforts to get the Savannah Bank of Nigeria (SBN) Plc. to resume operations in the interest of their depositors and customers who had suffered untold hardship since the bank closed shop. In that regard, the Joint Committee of the CBN and NDIC earlier set up continued to work with the bank team to facilitate the commencement of operations of the bank.

4.0 Bank Liquidation Activities

The NDIC continued to play its role as liquidator of closed insured institutions through asset realization and payment of liquidation dividends to un-insured depositors and other eligible claimants during the year under review. In terms of asset realisation, the NDIC had recovered a cumulative sum of ₦25.31 billion from debtors of DMBs in-liquidation as at end of 2013 as against ₦24.68 billion recovered in 2012. Similarly, a total cumulative recovery of ₦60.02 million was realized from debtors of closed MFBs in 2013 as against ₦42.90 million realized in 2012, representing an increase of ₦17.12 million or 39.91%. In the same vein, a cumulative sum of ₦19.77 billion was realized from the disposal of physical assets of closed DMBs in 2013 as against ₦19.74 billion in 2012. Similarly, the sum of ₦173.30 million was realized from the disposal of physical assets of closed MFBs in 2013 as against ₦157.12 million in 2012.

All the above efforts enabled the NDIC to pay cumulative liquidation dividend of ₦93.512 billion to 250,497 un-insured depositors of closed DMBs in 2013 as against ₦73.58 billion paid to 250,209 depositors in 2012. Also, a cumulative liquidation dividend of

₦1.19 billion was paid to 424 un-insured creditors of DMBs in-liquidation out of ₦1.72 billion declared for 9 DMBs in-liquidation. Furthermore, the sums of ₦551.41 million, ₦620.00 million and ₦860.55 million were paid as cumulative liquidation dividend to shareholders of Alpha Merchant Bank, Nigeria Merchant Bank and Pan African Bank in liquidation in 2013, respectively.

5.0 Deposit Insurance Fund

International best practice requires that DIS should have all necessary funding available to ensure prompt reimbursement of depositors of closed insured institutions.

The premium contributed by insured institutions constitutes the bulk of funds available to the Corporation for the discharge of its mandate. Efficient premium collection is imperative for adequate funding of the DIS. The cumulative premium contributed by insured institutions is referred to as deposit insurance fund (DIF). The NDIC currently maintains 3 Funds, namely: the Deposit Insurance Fund (DIF) for deposit money banks; the Special Insured Institutions Fund (SIIF) for other insured deposit-taking financial institutions such as Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs), and Non-interest Deposit Insurance Fund (NIDIF) which was created during the year under review following the commencement of non-interest banking in Nigeria.

The DIF stood at ₦508.06 billion as at 31st December, 2013 as against ₦425.21 billion recorded as at 31st December, 2012, representing an increase of ₦82.85 billion or 19.48% over the 2012 figure. In the same vein, the SIIF increased significantly by about 45.04% from ₦39.79 billion as at 31st December, 2012 to ₦57.71 billion as at 31st December, 2013 due largely to the provision for insurance losses of ₦18.29 billion for special insured institutions.

6.0 Financial Performance

For the first time, the NDIC financial statements had been prepared on the basis of International Financial Reporting Standard (IFRS), in line with the requirements of the Financial Reporting Council of Nigeria (FRCN). That made the NDIC the second Agency of Government after Securities and Exchange Commission (SEC) to adopt IFRS in Nigeria.

The NDIC's financial condition and performance was satisfactory as shown by the Total Operating Income which increased by 22.33% to ₦66.94 billion in 2013 from ₦54.72 billion in 2012. Similarly Total Operating Expenses increased by 14.22% to ₦53.54 billion in 2013 from ₦46.87 billion in 2012. Consequently, the surplus for the year stood at ₦13.40 billon as against ₦7.85 billion in 2012.

7.0 Public Awareness Initiatives

The NDIC continued to give prominence to public enlightenment programmes aimed at educating the public and stakeholders on its activities during the period under review. Some of the initiatives included: airing of a television programme captioned 'NDIC Calling'; sponsorship of radio programmes including jingles in the three major Nigerian languages as well as in Pidgin English in select radio stations across the country; organization of workshops for operators in the microfinance subsector as well as for Finance Correspondents Association of Nigeria (FICAN); organization of seminars for judges/solicitors; maintenance of a robust and interactive Website - www.ndic.org.ng; and participation at International Trade Fairs across the country.

Also, the Help Desk created in 2010, continued to enhance the ability of the NDIC in fostering financial literacy and consumer protection in the nation's financial system as enquiries and complaints by the public were attended to promptly.

8.0 Capacity Building Activities

During the period under review, the NDIC continued to place great emphasis on staff training and development to ensure that its staff are motivated and encouraged towards achieving excellence. In that regard, training programmes under the following categories were administered; in-house training, local training, overseas training and mandatory continuing professional education training. Accordingly, a total of 1,603 staff benefited from various training programmes within the year, with 1,375 and 228 staff benefitting from various local and overseas training programmes respectively. To plan, organize and execute all in-house training and development programmes, the NDIC upgraded the training centre of the Corporation to a full-fledged Academy, which was officially inaugurated during the year.

9.0 Enhancement of Processes and Systems

During the period under review, the first phase of the Information Technology Security Systems and Architecture (ITSSA) project was completed. That saw the deployment of over 800 additional UPS and network points, enhancement of network security infrastructure by deployment of Adaptive Security Appliance and the optimization of the Wide Area Network (WAN) of the Corporation.

Also, an intranet portal was deployed for proper and effective information dissemination within the NDIC. Furthermore, the automation of the NDIC's Balanced Scorecard-Based Performance System was completed through the installation of three Oracle software modules aimed at enhancing the effectiveness and efficiency of the PMS.

Also, for the proper management of significant risks that are likely to impede the effective discharge of its mandate, the NDIC populated the departmental, unit and zonal offices' risk registers into the recently deployed Enterprise Risk Assessor (ERA) Application. In addition, the Document Management Centre, which was hitherto domiciled in Audit Department, was transferred to the Enterprise Risk Management Unit

(ERMU) while a consultant had been engaged to digitize the Document Management Centre in Abuja and Lagos offices.

10.0 Research Activities

During the year under review, the NDIC conducted a number of research projects aimed at enhancing the overall effectiveness of its operations. The research projects included:

- Development of an Early Warning System (EWS) for Bank Distress in Nigeria.
- Development of a Framework for Target Fund Ratio.
- Conducting of a study on the Measurement and Management of Systemic Risks in the Nigerian Banking System.
- A survey carried out to gauge the public perception of the NDIC activities.
- Development of case studies on bank failure to facilitate learning from the events of the past.

11.0 Collaborative Efforts (Local and International)

During the year under review, the NDIC built on its already existing institutional relationship by linking up with international agencies to facilitate experience and knowledge sharing. Accordingly, the NDIC participated in seminars, workshops, conferences and meetings organized by IADI secretariat and other sister Deposit Insurance agencies around the world.

It is heartwarming to indicate that during the year under review, I and by extension the NDIC, was elected into the Executive Council of IADI. My election into the council would no doubt offer a lot of opportunities to the NDIC and the Nigerian financial system by facilitating access to capacity building programmes, attachment programmes and improved collaboration/partnership with IADI members, associates and partners. One of such benefits was the commencement of the process of executing a memorandum of understanding (MoU) between the NDIC and Bank Guarantee Fund (BGF) of Poland in the areas of information and knowledge sharing.

Furthermore, the NDIC continued to benefit from technical assistance extended to it by the Office of Technical Assistance of the US Department of the Treasury and the World Bank.

12.0 Corporate Social Responsibility

The NDIC continued to provide financial assistance to tertiary institutions in Nigeria under its initiative of Project Support Scheme to improve their learning facilities. The projects executed during the year under review included construction and furnishing of science laboratories.

13.0 Future Focus

Based on its accomplishments during the year under review, the NDIC will continue to contribute its quota in ensuring that safe, stable and sound banking system exists with a view to promoting economic development in the country. It will therefore continue to fine tune its processes and systems in order to effectively and efficiently discharge its mandate. It is my belief that our new brand which focuses on repositioning the NDIC for efficient service delivery will facilitate the attainment of our vision and mission.

14.0 Conclusion

The year 2013 was an eventful year as the NDIC recorded remarkable achievements towards fulfilling its public policy objectives of depositor protection and contributing to the stability of the Nigerian financial system. This feat was made possible through the active support and commitment of the Board, Management and Staff.

While the above achievements are by any consideration worthy of commendation, I believe that we can always improve and do better. In the years ahead, I want to assure our stakeholders that the Board, Management and staff of the NDIC will continue to welcome and pursue ideas and suggestions that will facilitate the improvement of its operations.

Umaru Ibrahim, mni, FCIB

TABLE OF CONTENTS

LIST OF TABLES

Particulars **Pages**

LIST OF CHARTS

ABBREVIATIONS AND OTHERS IN THIS ANNUAL REPORT

- Abuja Security & Commodity Exchange (ASCE)
- Accounts
- Africa Regional Committee (ARC) of IADI
- Alternative Dispute Resolution (ADR)
- Asset Management Company Of Nigeria (AMCON)
- Asset Management Department (AMD)
- Automated Teller Machine (ATM)
- Balanced Score Card (BSC)
- Bank Guarantee Fund (BGF)
- Banks and Other Financial Institutions Act (BOFIA) 1990
- Central Bank of Nigeria (CBN)
- Claims Resolution Department (CRD)
- Corporate Affairs Commission (CAC)
- Deposit Insurance (DI)
- Deposit Insurance Fund (DIF)
- Deposit Insurance System (DIS)
- Deposit Money Banks (DMBs)
- Deposit Protection Fund Board (DPFB), Kenya
- Development Finance Institutions (DFIs)
- Differential Premium Assessment System (DPAS)
- Directorate of State Security (DSS)
- Early Warning System (EWS)
- Electronic Document Management System (EDMS)
- Electronic-Financial Analysis Surveillance System (e-FASS)
- Enterprise Risk Management (ERM) Framework
- Enterprise Risk Management System (ERMS)
- Failed Banks (Recovery of Debts and Other Financial Malpractices in Banks Act) 1994 (Failed Bank)
- Federal Deposit Insurance Corporation (FDIC)
- Federal Inland Revenue Services (FIRS)
- Federal Ministry of Finance (FMF)
- Finance Correspondents Association of Nigeria (FICAN)
- Financial Institutions Liquidation Management System (e-FILMS)
- Financial Institutions Training Centre (FITC)
- Financial Services Regulation Coordinating Committee (FSRCC)
- Financial Safety Net (FSN)
- Fiscal Responsibility Act of 2007 (FRA)
- Hong Kong Deposit Protection Board (HKDPB)
- Information Technology Disaster Recovery (ITDR)
- Information Technology Security Systems and Architecture (ITSSA)
- International Association of Deposit Insurers (IADI)
- International Financial Reporting Standard (IFRS)
- Korea Deposit Insurance Corporation (KDIC)
- Microfinance Banks (MFBs)
- Money Laundering Act (MLA)
- National Health Insurance Scheme (NHIS)
- National Insurance Commission (NAICOM)

- National Pension Commission (PENCOM)
- NDIC Act of 1988
- NDIC Act of 2006
- Nigeria Deposit Insurance Corporation (NDIC)
- Nigerian Banking Law Report (NBLR)
- Nigerian Financial Intelligence Unit (NFIU)
- Non-Performing Loans (NPLs)
- Office of Technical Assistance (OTA)
- Pension Fund Administrators (PFA)
- Performance Management System (PMS)
- Primary Mortgage Banks (PMBs)
- Purchase and Assumption (P&A)
- Risk-Based Supervision (RBS)
- Savannah Bank of Nigeria (SBN) Plc
- Security and Exchange Commission (SEC)
- Societe Generale Bank of Nigeria (SGBN) Limited
- Special Insured Institutions Fund (SIIF)
- The Nigerian Stock Exchange (NSE)

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

PART ONE

NDIC OPERATIONS AND PERFORMANCE

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 1

OVERVIEW OF MANDATE, CORE VALUES AND STRATEGIC PLAN

1.0 Introduction

The NDIC is a statutory body and a key building block in the Nigerian financial safety-net, established under the NDIC Act No. 22 of 1988 that was repealed and replaced with the NDIC Act No.16 of 2006. Its main responsibility is to administer the deposit insurance scheme in Nigeria, with a view to protecting depositors, promoting public confidence thereby contributing to financial system stability in the country.

1.1 Public Policy Objectives

The NDIC aims at meeting the following public policy objectives:

a) Protecting depositors by providing an orderly means of compensation in the event of failure of their insured financial institutions;

b) Contributing to financial system stability by making incidence of bank runs less likely; and

c) Enhancing public confidence by providing a framework for the resolution and orderly exit of failing and failed insured institutions.

1.2 Vision

To become one of the leading deposit insurers in the world

1.3 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.

1.4 Mandate

The NDIC enjoys a wide range of powers and authorities to perform its functions and discharge its mandate as an insurer and liquidator. It also has supervisory powers and authorities to monitor the health status of insured institutions as well as ensure orderly resolution when they fail.

Derived from its mission, the mandate of the NDIC is as follows:

i) Deposit Guarantee

The NDIC is legally responsible for reimbursing insured depositors of any closed insured financial institution. It is the sole agency empowered to guarantee depositors' funds in deposit-taking financial institutions in Nigeria. The NDIC, as an insurer, reimburses depositors of all participating institutions up to a maximum limit in accordance with its statute in the event of failure so as to engender confidence in the nation's banking system. The set limits remained at ₦500,000 per depositor of DMBs (including non-interest banks) and ₦200,000 per depositor of MFBs/PMBs in 2013 as they were in the last two years.

ii) Bank Supervision

In order to enable NDIC discharge its mandate as deposit insurer and liquidator and to ensure its readiness to manage the processes of depositors' reimbursement and liquidation efficiently and effectively, it is empowered to monitor the financial position of insured financial institutions. Supervision, in addition to other objectives, seeks to reduce the risk of failure while ensuring that unsafe and unsound banking practices are minimised. The NDIC carries out this responsibility through both on-site examination and off-site surveillance in collaboration with the CBN.

iii) Distress Resolution

The NDIC helps to articulate appropriate least cost resolution options for problem and failing banks. In the process, the NDIC provides financial and technical assistance to deserving failing participating institutions, in the interest of depositors. The financial assistance could be in the form of loans, guarantees or accommodation bills. Similarly, the technical assistance includes assumption of control and management of a failing institution, change of management or assisted acquisition/merger with another viable institution. In the event that the licence of an insured institution is revoked, the NDIC decides on the least cost resolution option to adopt. The responsibility for distress resolution is shared with the CBN.

iv) Bank Liquidation

The NDIC is the sole liquidator of any closed insured financial institution in Nigeria. The discharge of its mandate as liquidator ensures that the responsibilities of NDIC are not limited to the reimbursement of insured depositors within the deposit insurance coverage limit stipulated in its law. It is also responsible for managing claims of remaining depositors, creditors, debtors and shareholders, mainly from the disposal of physical assets as well as recovery of the debts owed the closed insured financial institution. In the discharge of this role, depositors have priority of claim on a failed bank's assets over other stakeholders such as preferred creditors, general creditors, and shareholders.

1.5 Core Values

To be effective in the discharge of its mandate, the NDIC is guided by some core values. The core values were recently fine-tuned in the course of its rebranding efforts during the year. The new five core values guiding NDIC employees as they strive to fulfil the Corporation's mission and vision are as follows:

a) Honesty

The NDIC is committed to doing what is right and just at all times. Thus, NDIC employees are required to:

i. Adhere to the highest ethical standards in performing 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.

b) Respect and Fairness

Management partners with staff to ensure that:

I Employees treat each other with mutual respect;
ii. Employees are given equal opportunities and treated with fairness;
iii. Career advancements are based on merit; and
iv. There is a conducive work environment.

c) Discipline: NDIC employees are required to:

i. Exhibit a clear understanding of their responsibilities, powers and duties and shall discharge same in a responsible and professional manner;
ii. Demonstrate a high degree of tact and discretion and be circumspect in their dealings with stakeholders of the NDIC; and
iii. Employ utmost decorum, courtesy, politeness and consideration and yet maintain firmness in all dealings with colleagues and other Corporation's stakeholders.

d) Professionalism & Teamwork:

NDIC members of staff are expected to demonstrate a high level of professionalism and to be good team players in performing their duties. Accordingly, NDIC staff are expected to:

i. Improve their skills and performance;
ii. Endeavour to attain excellence in all aspects of their work;
iii. Aspire to exceed set targets;
iv. Seek innovative and creative solutions to problems;
v. Abide by all codes of conduct and professional ethics/good corporate governance at all times;
vi. Be objective and factual in their work presentation and constructive in their criticism;
vii. Promote and reinforce co-operation with other players within the internal and external boundaries of NDIC;
viii. Acknowledge the contributions of others; and
ix. Provide and solicit support to and from colleagues.

e) Passion:

Staff of the NDIC are expected to be passionate in carrying out their duties. In doing so they are expected to:

I Be motivated, driven and enthusiastic in all aspects of their work;
ii. Be dedicated and proactive;
iii. Be responsive in facing and tackling challenges; and
iv. Improve and gain skills in both areas of strength and otherwise.

1.6 Progress Made in the Implementation of the Strategic Plan in 2013

The five-year strategic plan (2011-2015) of the NDIC was built on four (4) thrusts, namely: Operational Readiness, Culture of Continuous Performance Management, Collaboration and Strategic Partnering and Promoting Public Confidence in Deposit Insurance System. In pursuit of the plan, corporate objectives were set and the necessary initiatives to achieve them were identified. Performance budgeting system was introduced as an integral programme in the implementation of the plan in 2013.

The status of implementation of the strategic initiatives on a thematic basis in 2013 is shown in Table 1.1.

TABLE 1.1

STATUS OF STRATEGIC INITIATIVES/PROJECTS IMPLEMENTED AS AT DECEMBER 31, 2013

THRUST I: OPERATIONAL READINESS

S/N	INITIATIVES/ PROJECTS	KEY DELIVERABLES	COMMENT	STATUS
1	Installation and deployment of the Enterprise Risk Management System (ERMS)	Automated Enterprise Risk Management Framework and Guidelines.	Installation, configuration and the Users Acceptance Testing of Enterprise Risk Assessor were successfully carried out. The ERM Framework and Guidelines were also approved by the Board. Training was conducted by Wynyard group for the Risk Facilitators in July 2013. Development of Risk Registers for Departments/Units/Offices preparatory to the deployment of the new software had been completed. Meanwhile, the monitoring of the implementation of ERMU framework had commenced.	Achieved
2	Resolution of e- FASS problems and other outstanding issues	A robust, fully functional e-FASS system with zero downtime	The Problem of e-FASS was being addressed under the aegis of FASCOD. To make it IFRS- compliant and to meet other new requirements, the contract for additional applications had been awarded. The e-FASS Implementation Committee of CBN/NDIC had completed all Software Requirements Specifications (SRS) as reviewed by Price Waterhouse Coopers.	Progressing
3	Development and Deployment of Early Warning System (EWS) for bank failure prediction	A functional and robust EWS	A new EWS framework had been developed and was being fine-tuned for deployment.	Progressing
4	Differential Premium Assessment System (DPAS)	Improved premium assessment and collection.	All banks in the system had been debited with the premium based on the certified statements of deposits. On-site deposit verification had also been concluded.	Achieved
5	Review of Differential Premium Assessment Framework	Improved Differential Premium Assessment Framework	The review of DPAS framework was on-going.	Progressing

S/N	INITIATIVES/ PROJECTS	KEY DELIVERABLES	COMMENT	STATUS
6	Review of Information System Strategy (ISS)	Improved Information System Strategy (ISS) Document	IT Policy & Procedure manual and IT Strategy documents had been developed and approved by the Board. The documents had been placed on NDIC portal on the intranet for the benefit of all staff	Achieved
7	Implement Business Continuity & Disaster Recovery system.	A fully functional ITDR System.	The Board and Ministerial Tender Board had approved the purchase of the ITDR servers. The vendors had been given letter of intent to place orders for the Servers.	Progressing
8	Installation and review of archive software Electronic Document Management System (EDMS)	A fully automated and functional Document Management system	The software installation was fully completed. Document scanning commenced in December 2013 while the solution was being rolled out Corporation-wide. In addition, staff had been trained on the software preparatory to going live.	Achieved
9	Sign an MOU with CBN on licensing procedure that would include confirmation by NDIC that insurance coverage would be provided for the applying institution before the grant of banking licence.	Execution of MOU on licensing procedure.	The draft MOU had been forwarded to CBN for input.	Progressing
10	Amendment of NDIC Act to provide enforcement and supervisory powers for effective discharge of its mandate.	Amended NDIC Act	The draft bill had been forwarded to the National Assembly and had scaled through First Reading.	Progressing
11	Exploring the use of Alternative Dispute Resolution (ADR) for Debt recovery.	An effective ADR framework for debt recovery	Framework for ADR had been completed while training of relevant staff to acquire skills and Knowledge on the use of ADR as an alternative debt recovery mechanism was on-going. Accounts had been collated to determine those that were eligible for ADR.	Progressing
12	Organize workshop for judges in consultation with CIBN and NJI	Enhanced understanding of Financial and Legal matters affecting activities of the NDIC by Judges.	Training sessions were conducted for Judges on Financial and Legal matters affecting the NDIC.	Achieved

S/N	INITIATIVES/ PROJECTS	KEY DELIVERABLES	COMMENT	STATUS
13	Advocate for the creation of a division of Federal High Court for financial matter	Designated division of the Federal High Court (FHC) for financial matters.	The provision for designation of a section of the FHC to handle banking matters is contained in the proposed Amendment to NDIC Act 2006. A retreat was held with senate committee on banking wherein they were sensitized on that provision.	Progressing
14	Quarterly Strategy review session to track level of implementation.	Quarterly Report on implementation levels and identified gaps.	Quarterly strategy reviews were conducted and report forwarded to Senior Management and the Board.	Achieved
15	Develop a framework for Target Funding	A robust Framework for Target funding.	The draft framework for Target Funding had been developed in line with IADI Guidelines and International best practises and forwarded to Management.	Progressing
16	Develop a framework for Financial Assistance for MFBs/PMBs	A functional Framework for Financial Assistance to MFBs/PMBs.	The framework had been developed and forwarded to CBN for input.	Progressing
17	Develop NIDI (Non Interest Deposit Insurance)Framework	Framework for implementing Deposit Insurance for Non-interest Financial Institutions.	Framework had been developed and was being implemented.	Achieved
18	Appraise Agent Banks performance and reconcile their Accounts	Performance/Reconciliation reports.	Appraisal of agent banks and reconciliation of their accounts were intensified in 2013.	Progressing
19	Payment to depositors of closed MFBs and PMBs.	Prompt payment to depositors of closed MFBs and PMBs.	The payment of depositors of closed MFBs and PMBs continued through the agent banks.	Progressing
20	Automation of the PMS implementation review with key stakeholders.	Fully Functional automated PMS.	A test -run on the automated PMS had commenced.	Progressing
21	Capacity building on Physical and Risk Assets Management	Highly skilled manpower on asset management.	The first run of the training in collaboration with the Office of the Technical Assistance USA (OTA) was successfully carried out in the last quarter of the year.	Progressing

THRUST II:A CULTURE OF CONTINUOUS PERFORMANCE MANAGEMENT

S/N	INITIATIVES/ PROJECTS	KEY DELIVERABLES	COMMENT	STATUS
1	Quarterly SERVICOM Focal Officers meeting	Improved service delivery	Focal officers meetings for the second, third and fourth quarter did not hold due to budget constraints.	Progressing
2	Conducting Knowledge fair	Knowledge sharing/transfer.	Work plan on K-fair was reviewed.	Progressing
3	Conducting Knowledge Audit.	Periodic Report on knowledge sharing/audit.	Experts interview conducted and report forwarded to Management.	Achieved
4	Development of a PMS policy	PMS Policy Document	The development of the PMS Policy document continued in 2013.	Progressing
5	Website Redesign	New Interactive Corporate Website	The Redesign of the Corporate Website had been completed.	Achieved

THRUST III:STRATEGIC PARTNERING AND COLLABORATION

S/N	INITIATIVES/ PROJECTS	KEY DELIVERABLES	COMMENT	STATUS
1	Capacity building on IFRS by US Department of the Treasury.	Skilled manpower on IFRS and conversion of NDIC's financial statement to IFRS.	The capacity building on IFRS were on-going while the conversion to IFRS as a reporting entity was completed.	Progressing
2	Participation in FSRCC/Bankers Committee	Effective information sharing amongst members to ensure financial system stability.	The Corporation attended all regular meetings held to discuss and ensure soundness of the financial system.	Achieved
3	Collaboration with multilateral financial institutions and IADI	Effective information/ Knowledge sharing to assist NDIC in the discharge of its mandate.	The Corporation participated in various IADI Capacity building workshops and conferences locally and internationally on deposit insurance. It also collaborated with the IMF and World Bank in an effort to develop a robust framework on target funding.	Achieved

THRUST IV:PROMOTING PUBLIC CONFIDENCE IN DIS

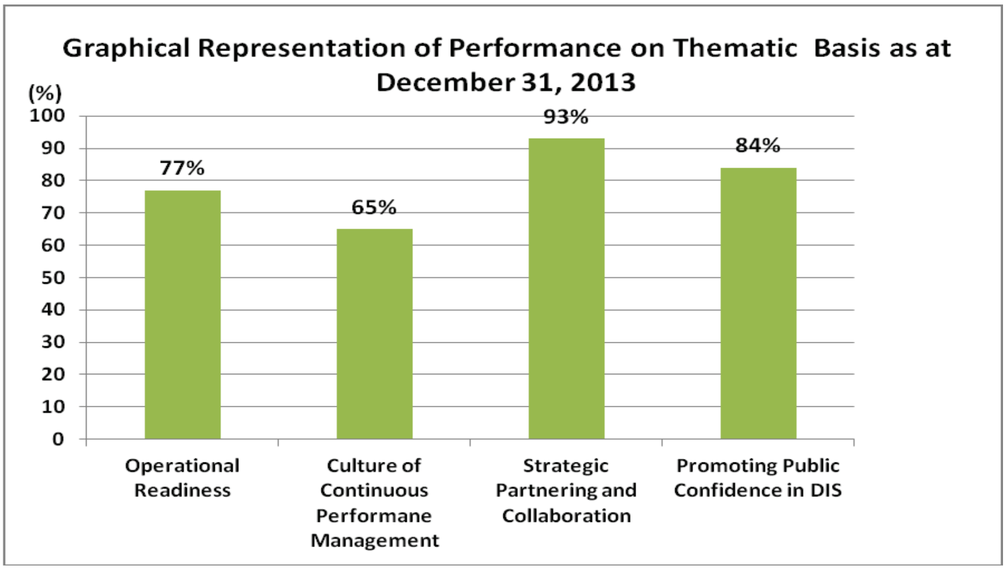
	INITIATIVES/ PROJECTS	KEY DELIVERABLES	COMMENT	STATUS
1	Publication of Nigerian Banking Law Report (NBLR).	Published law report of Court decisions on banking matters.	Volumes 9, 10 and 11 of the NBLR had been published.	Achieved
2	Development of Deposit Tracer system	Reduce the incidence of unclaimed dividends and insured deposits	The system had been developed and test-run on the basis of which the system was being reviewed.	Progressing
3	Public awareness programmes to enhance understanding of DIS.	Enhanced public awareness on the mandate and activities of the NDIC.	Media Appearances on TV and Radio by MD/CE, EDs and other key Directors on strategic local TV and Radio stations. Telecast of TV and Radio campaigns and jingles on National, Local TV and Radio Stations on the mandate and activities of NDIC were effectively carried out.	Progressing
4	Re-branding of the NDIC to reposition for enhanced service delivery.	Improved service delivery and enhanced public perception of NDIC.	New logo had been unveiled and the core values of the Corporation had been fine tuned to support improved service delivery.	Progressing
5	Distribution of NDIC publications to promote financial literacy and enhance consumer protection.	Improved financial literacy and enhanced understanding of DIS.	The distribution of Handbills continued. Quarterly publications, Annual Reports and books on DIS were distributed to stakeholders and the general public.	Achieved

1.7 Progress on the Execution of Key Strategic Initiatives and Projects for 2013

The percentage level of progress achieved for each of the strategic themes during the year under review is depicted in Chart 1.1. The chart shows that 77% progress had been achieved under the Operational Readiness initiatives, 65% under the performance driven culture, 93% under the strategic partnering and collaboration initiative, and 84% for promoting public confidence initiatives.

CHART 1.1

PERCENTAGE LEVEL OF PROGRESS OF STRATEGIC THEMES



SECTION 2

DEPOSIT INSURANCE ACTIVITIES AND FUNDS MANAGEMENT

2.0 Introduction

This section highlights the insurance activities of the NDIC with respect to coverage and the insurance premium paid by deposit money banks and other deposit-taking financial institutions. The section also reports developments in respect of the management of the insurance funds.

2.1 Deposit Insurance Premium

During the year under review, the NDIC assessed and collected annual deposit insurance premium from insured banks using the Differential Premium Assessment System (DPAS). The year 2013 marked the sixth year since DPAS was introduced by the NDIC for the DMBs. The introduction was informed by the need to comply with international best practices and to promote sound risk management in banks. The NDIC had in 2010 reviewed downwards the base rate from 50 to 40 basis points to reduce the premium burden on DMBs following their resolve to contribute to the Financial Stability Fund set up by the Bankers Committee.

Furthermore, Jaiz Bank, a non-interest bank, had its maiden annual premium assessment using the DPAS in 2013. The bank continued to submit its Management Accounts to the NDIC and CBN both in hard and soft copies as it was yet to render its Statutory Returns through the e-FASS.

The NDIC also conducted on-site premium assessment and deposit verification exercise on all the insured banks in operation to determine the composition of banks' deposit liabilities as well as ascertain the premium payable by each bank.

Table 2.1 and Chart 2.1 show the premium rates paid by DMBs from 2010 to 2013.

TABLE 2.1

PREMIUM RATES PAID BY DEPOSIT MONEY BANKS (2010-2013)

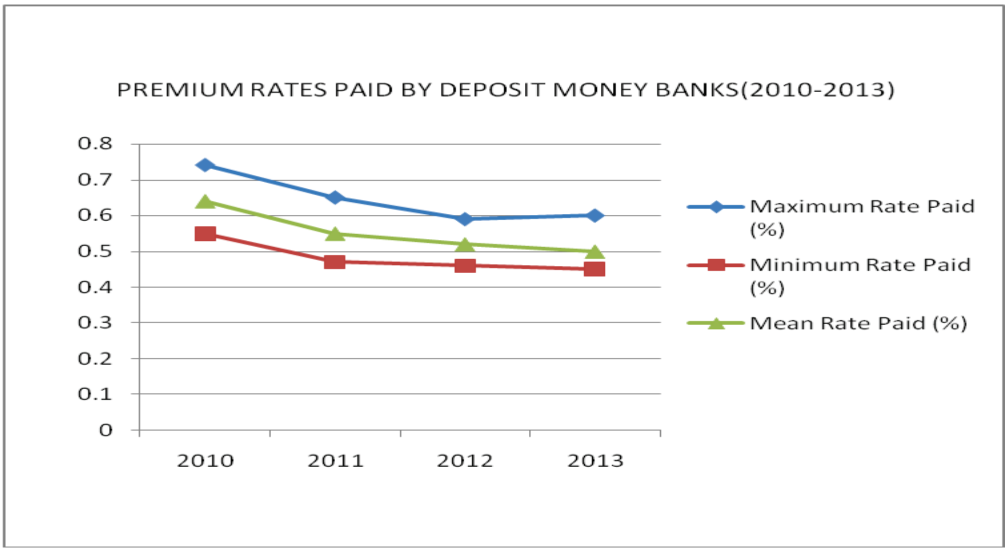
	2010	2011	2012	2013
Maximum Rate Paid (%)	0.74	0.65	0.59	0.60
Minimum Rate Paid (%)	0.55	0.47	0.46	0.45
Mean Rate Paid (%)	0.64	0.55	0.52	0.50

Source: Insurance and Surveillance Department (ISD), NDIC.

Table 2.1 and Charts 2.1 and 2.1A show a decline in minimum and mean rates of premium paid by the banks from 2010-2013, and a marginal increase in the maximum rate paid in 2013. The maximum, minimum and mean rates paid for 2013 were 0.60%, 0.45% and 0.50%, respectively.

CHART 2.1
PREMIUM RATES PAID BY DEPOSIT MONEY BANKS (2010-2013)

CHART 2.1A



The maximum rate paid by the most risky bank increased by one basis point from 0.59% in 2012 to 0.60% in 2013 while the minimum rate paid by the least risky bank decreased by one basis point, from 0.46% in 2012 to 0.45% in 2013. The mean rate paid by the DMBs during the period under review decreased by two basis points from 0.52% in 2012 to 0.50% in 2013. The range of premium rates for a greater number of DMBs during the period under review was between 49 and 60 basis points.

For the other insured deposit-taking financial institutions (MFBs and PMBs), a flat rate of 50 basis points was used to compute the premium payable by them as in previous years.

2.2 Deposit Insurance Coverage

Table 2.2 and Chart 2.2 show that total number of depositors with DMBs increased by 16.42% from 53,629,029 in 2012 to 62,433,690 in 2013. Similarly, the number of fully covered depositors at ₦500,000 in the DMBs grew by 18.4% from 51,189,518 in 2012 to 60,601,039 in 2013. Furthermore, the proportion of total accounts that were fully covered at ₦ 500,000 increased from 95% in 2012 to 97% in 2013. However, the proportion of partially covered depositors at ₦ 500,000 decreased by 24.88% from 2,439,511 in 2012 to 1,832,651 in 2013.

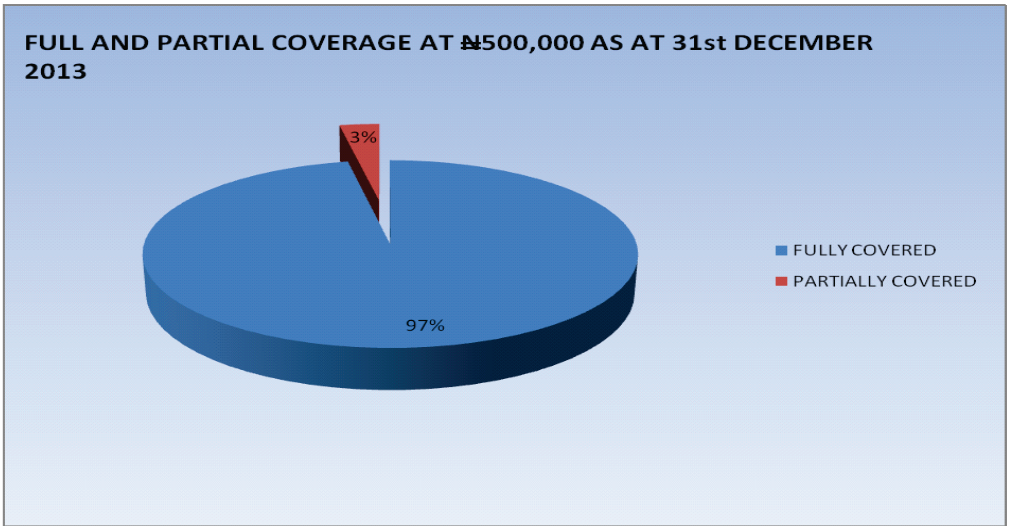
TABLE 2.2
DEPOSIT INSURANCE COVERAGE FOR DMBs (2011-2013)

	2011	2012	2013
Total number of depositors	45,904,247	53,629,029	62,433,690
Total number of depositors fully covered at ₦500,000.00	44,508,600	51,189,518	60,601,039
% of fully covered depositors	97	95	97
Total number of depositors partially covered at ₦500,000.00 (₦ Billion)	1,395,647	2,439,511	1,832,651
% of partially covered depositors	3	5	3
Total Deposits fully covered at ₦500,000.00 (₦ Billion)	₦1,001.94	₦1,090.37	₦1,279.56
Total deposits partially covered at ₦500,000 (₦ Billion)	₦697.82	₦1,219.75	₦916.33

Source: Insurance and Surveillance Department (ISD), NDIC

The table also shows an increase in the total insured deposits fully covered at ₦500,000 from ₦1.09 trillion in 2012 to ₦1.28 trillion in 2013, while total deposits partially covered at ₦500,000 decreased from ₦1.22 trillion in 2012 to ₦0.92 trillion in 2013. Table 2.2 also reveals that the coverage level of ₦500,000 for depositors of DMBs was higher than the average deposit in the industry of ₦268,285. Similarly, the subsisting coverage level of ₦500,000 was higher than the per capita GDP which stood at about ₦423,000 as at 31st December, 2013, indicating that the coverage level for DMBs remained adequate.

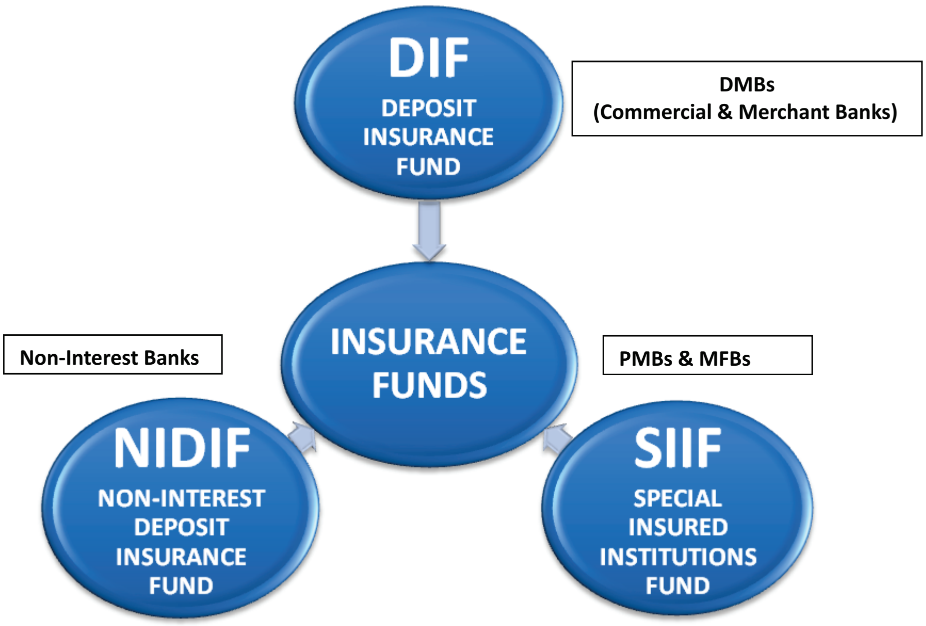
CHART 2.2
FULL AND PARTIAL COVERAGE AT N500,000 AS AT DECEMBER 31, 2013



The NDIC administers three (3) funds, namely: Deposit Insurance Fund (DIF), Special Insured Institutions Fund (SIIF) and Non-Interest Deposit Insurance Fund (NIDIF). While the DIF is the aggregation of premiums paid by DMBs over the years, the SIIF is that of the MFBs and PMBs. During the year in review, the NIDIF was created following the commencement of non-interest banking in Nigeria and in line with the NDIC's policy of segregation of Premium Fund Accounts based on the type of bank.

The structure of the NDIC's Funds is as depicted in Chart 2.3

CHART 2.3
BASIC STRUCTURE OF THE NDIC INSURANCE FUNDS



2.3 Deposit Insurance Fund and Fund Management

2.3.1 Deposit Insurance Fund

Principle 11 of the Core Principles for Effective Deposit Insurance Systems requires that deposit insurance systems should have all necessary funding available to ensure the prompt reimbursement of depositors' claims. Therefore, adequate funding arrangements are very critical to the effectiveness of a deposit insurance system. Premium contribution by insured institutions constitutes the bulk of funds available to the NDIC to discharge its mandate and that fund is called deposit insurance fund (DIF). The operations of the NDIC are being financed from the proceeds of investment of the Funds. It is in that regard that NDIC continued to pay close attention to the growth of the Funds.

The performance of the Corporation in growing the three (3) funds from 2010 to 2013 is presented in Table 2.3.

TABLE 2.3
DEPOSIT INSURANCE FUNDS

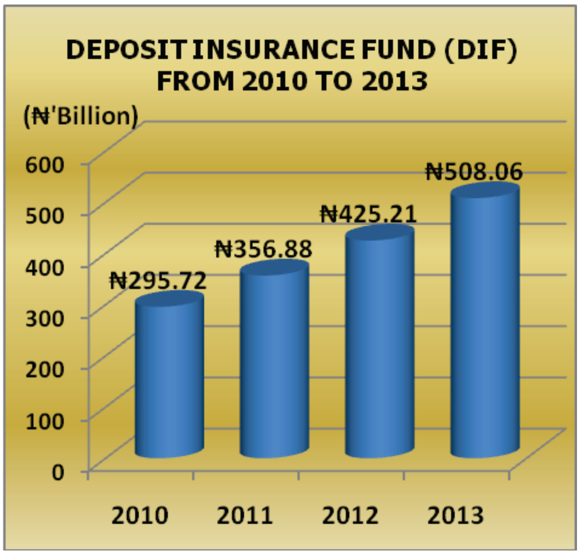
S/N	Particulars		2010	2011	2012	2013
1	Deposit Insurance Fund (DIF)	Amount (₦ billion)	295.72	356.88	425.21	508.06
		Growth rate (%)	31.79	20.68	19.15	19.48
2	Special Insured Institutions Fund (SIIF)	Amount (₦ billion)	2.3	19.95	39.79	57.71
		Growth Rate (%)	109.09	767.39	99.45	45.04
3	NIDIF	Amount (₦ billion)	-	-	-	0.0176
		Growth Rate (%)	-	-	-	-

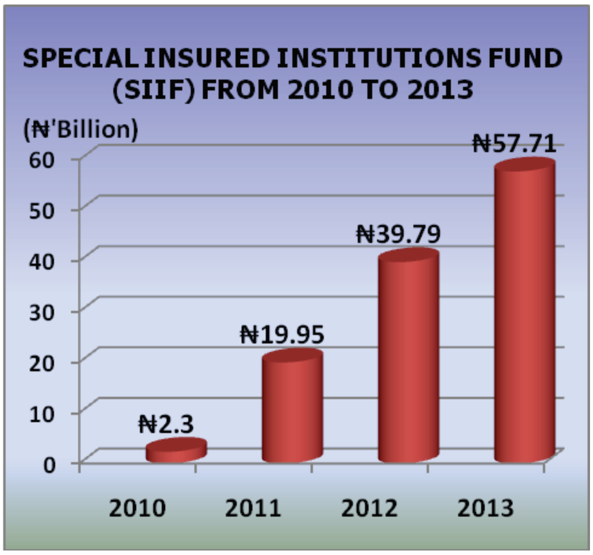
Source: Finance Dept., Insurance and Surveillance Department (ISD) & Special Insured Institutions Department (SIID), NDIC

Table 2.3 shows appreciable growth in DIF as it increased by 19.48% from about ₦425.21 billion in 2012 to ₦508.06 billion in 2013. Similarly, the SIIF increased significantly by about 45.04% from ₦39.79 billion in 2012 to ₦57.71 billion in 2013. The increase in the SIIF was attributable largely to the provision for insurance losses of ₦18.29 billion for special insured institutions. The NIDIF was created during the period under review and had a balance of ₦17.60 million as at 31st December, 2013.

Chart 2.4. further illustrates the movements in the DIF and SIIF for a period spanning 4 years.

CHART 2.4
DEPOSIT INSURANCE FUNDS OF THE NDIC (2010-2013)





2.3.2 Deposit Insurance Fund Management

The cost of the NDIC's operation is met from the income generated from investment of the cumulative funds generated through periodic premium contribution. The investment policy of the NDIC was designed to emphasize safety, liquidity and minimum distortions whenever such investments have to be realized to meet obligations under the scheme. The availability of instruments for meeting these criteria depends on the depth of the financial system and the provisions of the enabling Act.

The DIF investment policy in Nigeria is guided by provisions of the NDIC Act, 2006. Section 13(1) which states as follows:

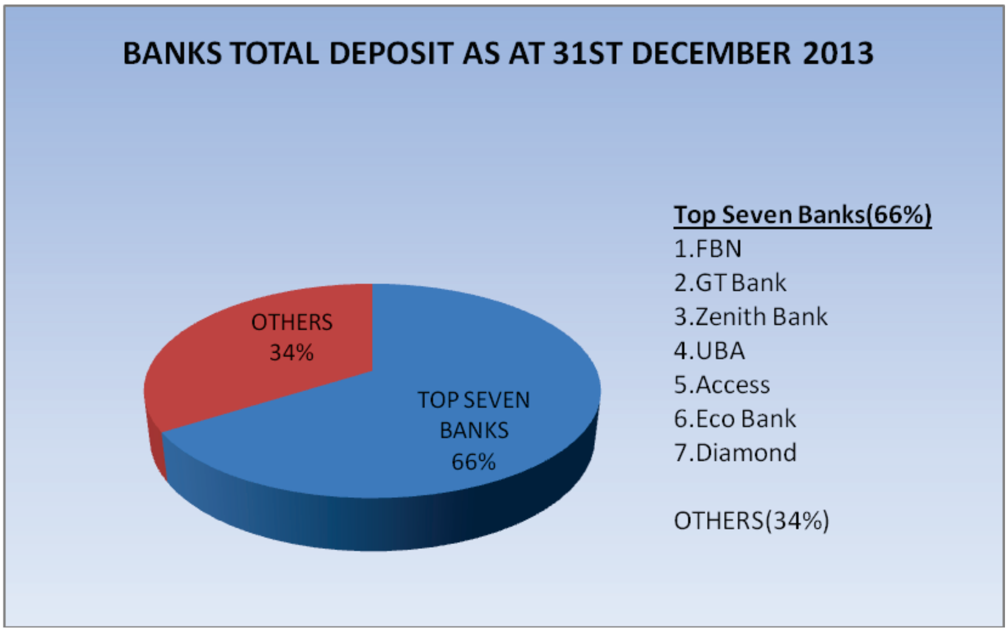
"The Corporation shall have powers to invest money not immediately required in Federal Government securities or in such other securities as the Board may from time to time determine".

The NDIC maintained a disciplined process in the investment of its funds in 2013 as it continued to invest its Funds in Federal Government securities such as treasury bills and bonds in order to ensure safety and liquidity.

2.4 Estimated Insurance Fund Risk Exposure

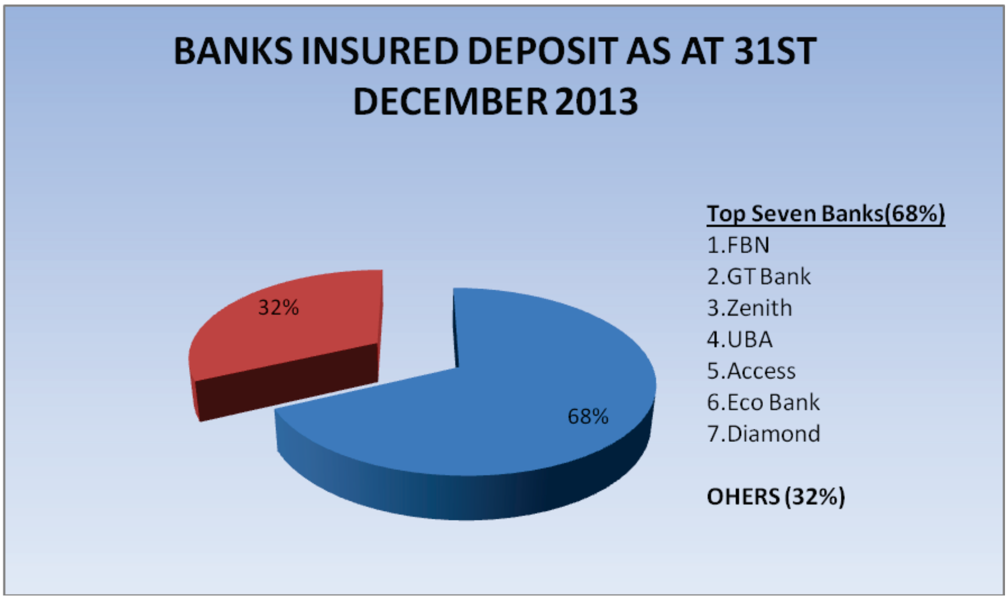
The banking industry total deposit liabilities grew by 16.43% from ₦14.39 trillion in 2012 to ₦16.75 trillion in 2013. The top seven (7) banks with over a trillion naira deposit base accounted for 66.00% of the industry's total deposit liabilities while the remaining 16 banks accounted for 34% as at 31st December, 2013 as shown in Chart 2.5.

CHART 2.5



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 bank stood at ₦2.20 trillion in 2013, representing 13.11% of the total industry deposits. The insured deposits of the top 7 banks accounted for 67.99% while the remaining banks accounted for 32.01% of total insured deposits of the industry as illustrated in Chart 2.6.

CHART 2.6



NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

SECTION 3

SURVEILLANCE OF INSURED DEPOSIT-TAKING FINANCIAL INSTITUTIONS

3.0 INTRODUCTION

It is important for the NDIC to identify risks of insured financial institutions in advance to prevent their insolvency and minimise losses to the Deposit Insurance Fund (DIF). Hence bank supervision is one of the key mandates of the Corporation. The NDIC engages in supervision of insured financial institutions to protect depositors, check unsafe and unsound banking practices and thus, ensure the stability of the financial system. The NDIC shares supervisory responsibility with the CBN. The Corporation carries out its bank supervision activities through on-site examination and off-site surveillance of insured deposit-taking financial institutions such as Deposit Money Banks (DMBs), Non-Interest Banks, Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs). In 2013, the NDIC therefore continued with its on-site examination and off-site surveillance of insured deposit-taking financial institutions which were carried out through the (3) departments, namely: Bank Examination, Insurance & Surveillance and Special Insured Institutions. The Bank Examination Department is responsible for the on-site examination of Deposit Money Banks, including Non-Interest Banks. The Insurance and Surveillance Department carries out the off-site surveillance of DMBs while the Special Insured Institutions Department (SIID) is tasked with on-site examination and off-site surveillance of PMBs and MFBs.

3.1 ON-SITE SUPERVISORY ACTIVITIES OF DEPOSIT MONEY BANKS

During the year under review, the NDIC, in collaboration with the CBN, carried out the risk assessment of 20 (twenty) DMBs with a view to providing reliable information on their asset quality and capital adequacy positions to assist in considering the DMBs' 2012 Annual Accounts for approval by the CBN. Also, the NDIC, in collaboration with the CBN, carried out the monitoring exercise of sixteen (16) DMBs with Composite Risk Rating (CRR) of **'High'** and **'Above Average'**. The objective of the exercise was to determine the level of their implementation of examiners' recommendations highlighted in the previous RBS Examination Reports.

Furthermore, notwithstanding the fact that the NDIC does not insure the funds of Discount Houses, it however, upon the request of the CBN, participated in the Special Examination of Associated Discount House Limited and Kakawa Discount House Limited to ascertain their financial condition and performance. The joint examination of the two Discount Houses was largely informed by the revocation of the operating licence of Express Discount House by the CBN on July 18, 2013 to which some banks were exposed.

In the same vein, the NDIC, in collaboration with the CBN, conducted routine risk-based examination of 15 DMBs with Composite Risk Rating (CRR) of 'High' and 'Above

Average' as at 30th June, 2013. The NDIC led the examination of five (5) Banks, while CBN led in ten (10). A Joint CBN/NDIC RBS examination on 5 banks with CRR of "Low" and "Moderate" was also conducted, bringing the total number of DMBs that were examined using RBS to twenty (20). In addition, the maiden examination of two newly licensed banks, namely: FSDH Merchant Bank and Heritage Banking Company of Nigeria were jointly carried by the NDIC and CBN. Similarly, the joint NDIC and CBN risk-based examination of Jaiz Bank Plc, a non-interest bank, was conducted in 2013.

Furthermore, the NDIC jointly with the CBN conducted Foreign Exchange (Forex) Examination of 20 banks in 2013. A second run of the Forex Examination was conducted as at 30th September, 2013.

The findings of the various examinations conducted revealed that some banks continued to exhibit the following weaknesses as in previous years:

a) Increase in the volume of non-performing loans, although Non-Performing Loans (NPL) ratio showed improvements;
b) Poor corporate governance practices;
c) Failure of some banks to implement the Examiners' recommendations;
d) Loans and deposits concentrations;
e) Banking regulation breaches; and
f) Poor risk management.

In spite of the foregoing findings, most of the banks posted profit and recorded NPL ratio that were within the regulatory threshold of 5% during the year under review.

Table 3.1 presents a 4-year comparison of the examination activities of the NDIC in respect of DMBs from 2010 to 2013. As shown in Table 3.1, the NDIC carried out investigation of eleven (11) petitions/complaints received from bank customers and other stakeholders. The allegations and complaints ranged from conversion of funds, un-credited lodgements, excessive charges and breach of contractual agreements to arbitrary closure of customers' accounts as well as insider abuses and ATM frauds. It is pertinent to note that the concerns of the complainants were addressed after the investigation.

TABLE 3.1

DEPOSIT MONEY BANKS EXAMINED/PETITONS INVESTIGATED BETWEEN 2010- 2013

Year	Joint CBN/NDIC Routine/RBS Examination	Joint CBN/NDIC Maiden Examination	Joint CBN/NDIC FOREX Examination	Joint CBN/NDIC Target Examination	Joint CBN/NDIC Risk Assessment Exercise	Joint CBN/NDIC Monitoring Exercise	Special Investigation /Verifications	Special Exams. Discount Houses
2013	20	2	20	-	20	16	11	2
2012	16	5	-		19	11	75	-
2011	16		-	24			29	-
2010	12		-	24			30	-

Source: Bank Examination Department, NDIC

3.2 Off-Site Surveillance of Deposit Money Banks (DMBs)

In 2013, the NDIC continued to carry out its off-site surveillance functions. The financial condition and performance of the insured DMBs were consistently monitored from the call reports rendered through the e-FASS.

The number of banks in the industry rose by three (3) to 24 during the year under review as the CBN granted banking licences to two merchant banks and a commercial bank. The banks included First Securities Discount House Ltd (FSDH) that converted to a merchant bank under the name FSDH Merchant Bank; Rand Merchant Bank and Heritage Banking Company (former Societe Generale Bank). Similarly, the CBN granted Sterling Bank an operating licence to commence Non-Interest Banking services as an effective means of achieving wholesome financial inclusion in the country.

The NDIC continued to effectively employ the EWS to ensure early detection of actual or potential problems in DMBs for prompt corrective actions. Accordingly, monthly bank and quarterly industry reports on the financial condition and performance were generated for prompt remedial supervisory actions.

3.3 Inter-Relationship with Safety-Net Participants

In a bid to promote financial system stability and sustain confidence in the system, the NDIC collaborated with other safety-net participants/members of the FSRCC comprising the CBN, Securities & Exchange Commission (SEC), National Insurance Commission (NAICOM), National Pension Commission (PENCOM), Federal Ministry of Finance (FMF) and Corporate Affairs Commission (CAC) to discuss and resolve various supervisory concerns.

In order to enhance FSRCC financial stability function, the FSRCC at its 50th meeting set up a Technical Committee on Financial System Stability to report on issues relating to financial system stability at its meetings. The NDIC was represented at the Committee by two (2) of its executive staff. The terms of reference included: accessing both global and domestic risks and threats to financial system stability; and recommending strategies, off-setting policies and mitigating measures to address identified issues, problems and risks.

3.4 Supervision of Special Insured Institutions

During the year under review, the NDIC continued to supervise the activities of insured MFBs and PMBs by conducting on-site examinations and off-site surveillance of the institutions to ensure their safety and soundness in order to promote depositor confidence. Also, the premium administration on the MFBs and PMBs continued in 2013. The NDIC in collaboration with the CBN continued the implementation of the Revised Microfinance Policy during the year under review. The supervisory activities of the MFBs and PMBs are highlighted below:

3.4.1 On-Site Examination of MFBs and PMBs

In 2013, the NDIC conducted the routine examination of 260 MFBs. The examinations revealed that most of the MFBs continued to exhibit the following weaknesses as in previous years:

a) Weak corporate governance;
b) Weak capital base (capital deficiency);
c) Poor risk management practices;
d) Weak board oversight;
e) Poor asset quality (large quantum of NPLs) and insider abuses;
f) Non compliance with 80:20 ratio in Micro/Commercial Lending;
g) Placement of loanable funds with Deposit Money Banks;
h) Liquidity challenges;
i) Poor internal control and attendant frauds and forgeries;
j) Weak earnings;
k) Lack of proper understanding of microfinance business; and
l) Poor implementation of recommendations in previous examination reports.

The NDIC also conducted routine examination of forty (40) PMBs in 2013.
Table 3.2 shows the breakdown of the examination activities of the NDIC on Special Insured Institutions in the past five (5) years.

TABLE 3.2
MFBs and PMBs Examined On-Site by NDIC

Year	Number of MFBs Examined	Number of PMBs Examined	Total
2013	260	40	300
2012	246	40	286
2011	195	37	232
2010	302	-	302
2009	124	9	133

Source: Special Insured Institutions Department (SIID), NDIC

3.4.2 Off-Site Surveillance of MFBs & PMBs

The off-site surveillance activities in the year 2013 in respect of the special insured institutions involved receiving and analyzing call reports from the MFBs and PMBs on a quarterly basis as well as premium administration and collection activities. During the year under review, NDIC downloaded returns from CBN in respect of 35 PMBs and 643 MFBs out of the 83 PMBs and 832 MFBs that were in operation as at 31st December, 2013. The problems associated with premium administration for the sub-sector as observed in previous years continued in 2013. Some of the special insured institutions failed to render regulatory returns such as Call Reports and Certified Statement of Deposit Liabilities to the NDIC. Consequently, premium assessments for some of the affected institutions were made through the use of alternative sources such as obtaining returns electronically from CBN.

The challenges of premium collection and administration being experienced by NDIC such as non-payment by some institutions, under-payment of the assessed premium, returned cheques and issuance of unreliable Certified Statement of Deposit Liabilities (on which assessable premiums are computed) by external auditors of these special insured institutions also continued in 2013.

3.5 Sustainable Banking

The CBN had earlier in the year under review issued a circular on sustainable banking which involved the integration of social and environmental considerations in banks' operation, services, procedures and strategies. As a major stakeholder in the financial services industry, the NDIC had commenced the implementation of Nigeria Sustainable Banking Principles (NSBP). At the 2012 and 2013 NDIC Board Retreats, the Board members were sensitized on Sustainable Banking. A Sustainability Desk was set-up in the Managing Director's Office and a Coordinator was appointed to oversee the implementation of the NSBP in the Corporation. An awareness session had been organized on sustainable banking for some staff of the Corporation in Abuja while an expert on sustainability was being consulted for Corporation-wide awareness sessions and in-depth training programmes. Furthermore, a reporting template was developed by the CBN and the NDIC made input. The Corporation had also identified some critical areas where it would intervene as follows:

a) Reduction of Carbon Emission: via clean renewable energy, (25% as against 75%);
b) Taking advantage of developments in IT to minimize travels;
c) Paperless environment: intranet, video conferencing;
d) Prudent water management/usage;
e) Proper waste disposal;
f) Encourage suppliers/vendors to imbibe sustainability; and
g) Increased financing of Corporate Social Responsibility projects.

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

SECTION 4

RESOLUTION AND MANAGEMENT OF FAILED INSURED DEPOSIT-TAKING FINANCIAL INSTITUTIONS

4.0 Introduction

NDIC as deposit insurer and liquidator of failed insured financial institutions is charged with the responsibility of settling claims of depositors and other eligible claimants as well as manage the risk assets and physical assets of the closed insured institutions.

This section provides information on NDIC activities in 2013 with respect to claims administration, recovery of debts owed the failed insured institutions, investment realization as well as sale of physical assets of the 45 DMBs, 103 MFBs and 23 PMBs (in-liquidation). While insured deposits are paid from its deposit insurance funds, liquidation dividends are paid from the funds realized from the assets of banks-in-liquidation.

4.1 Claims Resolution Operations

During the year under review, the NDIC continued with the liquidation activities of eleven (11) out of the 13 banks closed in January 2006. The shareholders of the remaining two (2) banks, namely: Fortune International Bank Plc and Triumph Bank Ltd were still challenging the revocation of their banking licences in court. However, in 2013 the NDIC continued with the payment of the insured amount to insured depositors of the two (2) banks which began in August 2011, using Access Bank Plc as an Agent Bank. The court actions instituted by the 2 banks had prevented NDIC from discharging its mandate as liquidator in respect of the two closed banks as their cases remained pending in court. In addition, the litigation in respect of the revocation of the licence of Peak Merchant Bank Ltd was not resolved as at 31st December 2013.

From the foregoing, the total number of closed DMBs in-liquidation for which the NDIC had obtained winding-up orders remained 45 as at December 31, 2013. The names of the banks, arranged according to the year of closure, are listed in Table 4.1

TABLE 4.1
BANKS UNDER LIQUIDATION AS AT 31ST DECEMBER, 2013

S/N	BANK IN LIQUIDATION	DATE OF CLOSURE	REMARKS
1	Financial Merchant Bank Ltd	21-Jan-1994	
2	Kapital Merchant Bank Ltd	21-Jan-1994	
3	Alpha Merchant Bank Plc	8-Sep-1994	
4	United Commercial Bank Ltd	8-Sep-1994	

S/N	BANK IN LIQUIDATION	DATE OF CLOSURE	REMARKS
5	Republic Bank Limited	29-Jun-1995	
6	Abacus Merchant Bank Ltd	16-Jan-1998	
7	ABC Merchant Bank Ltd	16-Jan-1998	
8	Allied Bank of Nigeria Plc	16-Jan-1998	
9	Amicable Bank of Nigeria Plc	16-Jan-1998	
10	Century Merchant Bank Ltd	16-Jan-1998	
11	Commerce Bank Plc	16-Jan-1998	
12	Commercial Trust Bank Ltd	16-Jan-1998	
13	Continental Merchant Bank Plc	16-Jan-1998	
14	Cooperative & Commerce Bank Ltd	16-Jan-1998	
15	Credite Bank of Nigeria Ltd	16-Jan-1998	
16	Crown Merchant Bank Ltd	16-Jan-1998	
17	Great Merchant Bank Ltd	16-Jan-1998	
18	Group Merchant Bank Ltd	16-Jan-1998	
19	Highland Bank of Nigeria Plc	16-Jan-1998	
20	Icon Ltd (Merchant Bankers)	16-Jan-1998	
21	Ivory Merchant Bank Ltd	16-Jan-1998	
22	Lobi Bank of Nigeria Ltd	16-Jan-1998	
23	Mercantile Bank of Nigeria Ltd	16-Jan-1998	
24	Merchant Bank for Africa Ltd	16-Jan-1998	
25	Nigeria Merchant Bank Plc	16-Jan-1998	
26	North-South Bank Limited	16-Jan-1998	
27	Pan African Bank Limited	16-Jan-1998	
28	Pinacle Commercial Bank Ltd	16-Jan-1998	
29	Prime Merchant Bank Ltd	16-Jan-1998	

S/N	BANK IN LIQUIDATION	DATE OF CLOSURE	REMARKS
30	Progress Bank of Nigeria Ltd	16-Jan-1998	
31	Royal Merchant Bank Ltd	16-Jan-1998	
32	Victory Merchant Bank Ltd	16-Jan-1998	
33	Premier Commercial Bank Ltd	20-Dec-2000	
34	Rims Merchant Bank Ltd	20-Dec-2000	
35	Peak Merchant Bank Ltd	28-Feb-2003	Under Litigation Process
36	Allstates Trust Bank Plc	16-Jan-2006	
37	Afex Bank Limited	16-Jan-2006	
38	Assurance Bank Nig. Limited	16-Jan-2006	
39	City Express Bank Plc	16-Jan-2006	
40	Eagle Bank Limited	16-Jan-2006	
41	Fortune Bank Plc	16-Jan-2006	Under Litigation Process
42	Gulf Bank Plc	16-Jan-2006	
43	Hallmark Bank Plc	16-Jan-2006	
44	Lead Bank Plc	16-Jan-2006	
45	Liberty Bank Plc	16-Jan-2006	
46	Metropolitan Bank Limited	16-Jan-2006	
47	Trade Bank Plc	16-Jan-2006	
48	Triumph Bank Limited	16-Jan-2006	Under Litigation Process

Source: Claims Resolution Department, NDIC

4.1.1 Liquidation of Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs)

Out of the 103 MFBs whose licences were revoked by CBN in September 2010, the NDIC had successfully closed 95, while the locations of eight (8) could not be traced as at December 31, 2013. Also, 1 (UFUMA MFB) out of the closed 95 MFBs had gone to court to challenge the revocation of its operating licence. In the same vein, out of the 23 PMBs whose licences were revoked on August 6, 2012, only five (5) were located while eighteen (18) were yet to be located for closure as at December 31, 2013.

4.1.2 Purchase and Assumption Transactions

In order to sustain public confidence in the banking system, the Federal Government, through the CBN, provided full coverage to private sector depositors of the thirteen (13) banks whose licences were revoked as a result of their inability to meet the re-capitalisation requirement under the consolidation programme in January 2006. Furthermore, in order to ensure the continuity of banking service and further engender public confidence in the banking system, the NDIC adopted Purchase and Assumption (P&A) mechanism to resolve the problems of the affected banks.

The P&A entails inviting the healthy banks to bid for the purchase of the assets and assumption of the deposit liabilities of the failed banks. The choice of the P & A was based on some public policy considerations which, among others, included the following:

a) Giving depositors easy access to their funds without conditions;

b) Facilitating continuity of banking services in the same premises used by the failed banks;

c) Encouraging depositors to establish banker-customer relationships with the acquiring banks; and

d) Promoting banking culture which is critical to savings mobilization for economic development.

As at December 31, 2013, the number of banks for which P&A arrangements had been concluded remained eleven (11) out of thirteen (13) banks closed in 2006. The private sector deposits were assumed and some assets of the closed banks were acquired by various healthy banks. In the course of facilitating the P&A transactions, NDIC was confronted with many challenges. Some of the challenges included the following, amongst others:

a) Failure by Acquiring Banks to Purchase Risk Assets

The assuming banks showed little interest in the loan assets of the acquired banks but were more interested in the physical assets especially business offices. The NDIC, as liquidator, was therefore saddled with the recovery of the non-performing loans of the failed banks.

b) Increase in Bank Liquidation and Related Cost as a result of Litigations

The delay in obtaining winding-up orders and the pending litigations in court had resulted in increased bank liquidation and related costs. Some of the costs included the salaries of banks' and auxiliary staff particularly security personnel as well as rent for over-staying in leased premises.

c) Breakdown of Servers Containing Data Bases of the Closed Banks

The breakdown of servers containing databases of some of the closed banks had constrained access to vital information for effective liquidation. However, this challenge had largely been addressed. Accordingly, as at December 31, 2013, the databases of twelve (12) closed banks, namely: Afex Bank, Allstates Trust Bank, Assurance Bank, City Express Bank, Triumph Bank, Eagle Bank, Gulf Bank, Hallmark Bank, Lead Bank, Liberty Bank, Metropolitan Bank and Trade Bank had been extracted from their original servers and migrated into a single server maintained for the 13 banks.

The NDIC, through its Claims Resolution Department had as at December 31, 2013 updated the P & A transactions of four (4) banks: Afex Bank, Gulf Bank, Hallmark Bank and Metropolitan Bank in the respective bank's general ledger. That exercise would continue for the remaining banks.

On February 29, 2012, the Central Bank of Nigeria (CBN) withdrew the guarantee of full coverage to private depositors, which had run for six (6) years. Consequently, private depositors who had not filed their claims before that date had ceased to enjoy that privilege.

4.1.3 Claims Settlement and Administration

Claims settlement and administration involve verification, processing and payment of deposit claims filed by proven depositors, creditors and shareholders of failed banks. The function also includes the payment of liquidation dividends to uninsured depositors, creditors and other eligible claimants of the closed banks.

Consistent with the provisions of the NDIC Act 2006, the Corporation continued the payment of insured deposits as well as liquidation dividends to uninsured depositors, creditors and shareholders of 34 out of 35 banks closed prior to 2006. However, in the case of the 11 banks for which P&A arrangement had been concluded, the NDIC paid the insured deposit while the CBN funded the gap between the value of the assets acquired by the healthy banks and the balance of private sector deposits that remained outstanding. As the failed banks' assets were being realized, the CBN, along with other eligible claimants were being paid liquidation dividend. The payment of insured deposits and liquidation dividend in respect of the thirty four (34) banks closed before 2006 were made through ten (10) Agent Banks appointed by the NDIC.

(a) Payment of Insured Deposit

During the year under review, the sum of ₦152.362 million was paid to 327 insured depositors of closed DMBs, MFBs and PMBs while ₦1.798 billion was paid to 288 depositors of DMBs as liquidation dividend. Table 4.2 shows the insured deposits and dividend payments by type of banks in 2013.

Some depositors filing for their claims at one of the Payment Centres for the Closed MFBs

Some depositors filing for their claims at one of the Payment Centres for the Closed MFBs

TABLE 4.2
INSURED DEPOSITS & DIVIDEND PAYMENTS IN 2013

TYPE OF INSTITUTION	NUMBER OF BANKS	TOTAL INSURED DEPOSITS PAID (₦)	NUMBER OF INSURED DEPOSITORS PAID	TOTAL DIVIDEND PAID (₦)	NO. OF DEPOSITORS PAID
DMBs	8	132,146,144.95	65	1,797,602,226.83	288
MFBs	10	19,290,715.61	249	0	0
PMBs	3	925,901.52	13	0	0
TOTAL	**21**	**152,362,762.08**	**327**	**1,797,602,226.83**	**288**

Source: Claims Resolution Department, NDIC

Table 4.3 shows the cumulative payments from 1994 to 2013. As indicated in the table, the NDIC had paid the sum of ₦6.824 billion to 528,277 insured depositors as at December 31, 2013 as against ₦6.821 billion to 528,212 insured depositors as at December 2012. The marginal increase in claims payment to insured depositors during the year under review was as a result of the long period the banks had been closed and the observed small balances in the accounts of the remaining depositors.

TABLE 4.3

DEPOSIT PAYOUT FOR LIQUIDATED BANKS AS AT 31ST DECEMBER, 2013

S/N	Bank Name	Total Deposits At liquidation (₦) Million	Total Number of Depositors At Liquidation	Total Insured Deposits At Liquidation (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Excess Paid (₦) Million	No. of uninsured Depositors Paid
1	ABC Merchant Bank	224.182	752	14.136	210.046	8.454	220	161.320	104
2	Allied Bank of Nigeria	2,777.807	365,883	1205.361	1,572.446	851.582	65,965	204.036	1,453
3	Alpha Merchant Bank	1,218.390	776	18.519	1,199.871	18.469	775	797.0523	183
4	Abacus Merchant Bank	272.563	401	12.779	259.785	7.303	152	18.493	57
5	Amicable Bank of Nigeria	41.0353	24,038	26.225	14.810	7.904	978	7.839	26
6	Commerce Bank Plc	1,156.786	37,462	199.462	957.323	109.731	5,439	331.888	566
7	Cooperative & Commerce Bank	1,915.587	364,239	1366.666	548.921	885.368	71,440	718.051	2,359
8	Century Merchant Bank	573.287	357	11.023	562.264	5.193	118	41.239	28
9	Continental Merchant Bank	1,390.27	1,060	31.450	1,358.819	19.097	408	884.833	314
10	Credite Bank Nigeria	155.223	5,997	24.666	130.557	10.292	473	31.596	20
11	Crown Merchant Bank	111.603	438	9.476	102.127	3.026	74	2.007	9

S/N	Bank Name	Total Deposits At liquidation (₦) Million	Total Number of Depositors At Liquidation	Total Insured Deposits At Liquidation (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Excess Paid (₦) Million	No. of uninsured Depositors Paid
12	Commercial Trust Bank	215.770	13,891	29.122	186.647	5.807	496	72.546	24
13	Financial Merchant Bank	154.913	233	4.874	150.040	3.722	110	55.564	55
14	Great Merchant Bank	132.574	170	5.194	127.38	2.283	55	3.664	2
15	Group Merchant Bank	296.275	212	4.197	292.078	1.335	32		0
16	Highland Bank of Nigeria	91.275	28,186	39.490	51.784	18.765	3,394	15.731	137
17	ICON Merchant Bank	1,421.194	1,035	33.844	1,387.35	30.063	449	865.670	314
18	Ivory Merchant Bank	46.084	188	3.191	42.893	0.1	7	35.793	7
19	Kapital Merchant Bank	314.601	240	5.874	308.726	4.332	111	289.323	77
20	Lobi Bank of Nigeria	233.612	112,819	146.604	87.008	91.043	10,679	58.239	232
21	Merchant Bank of Africa	712.398	729	20.909	691.489	12.828	283	303.081	144
22	Mercantile Bank of Nigeria	807.288	276,272	581.773	225.515	370.542	38,789	236.634	812
23	Nigeria Merchant Bank	153.896	107	4.847	149.049	3.626	77	78.385	40
24	North South Bank Ltd.	354.747	68,246	155.074	199.673	80.353	7,567	31.050	29
25	Pan African Bank Ltd.	648.630	132,540	360.746	287.885	231.668	22,231	242.913	691
26	Progress Bank of Nigeria	1,096.281	255,211	738.086	358.195	440.518	35,290	156.004	572
27	Premier Commercial Bank	31.051	30,439	24.407	6.644	0.963	47	0.0489	1

S/N	Bank Name	Total Deposits At liquidation (₦) Million	Total Number of Depositors At Liquidation	Total Insured Deposits At Liquidation (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Excess Paid (₦) Million	No. of uninsured Depositors Paid
28	Pinacle Commercial Bank	508.728	18,332	63.377	445.351	27.082	1,568	188.007	92
29	Peak Merchant Bank	3,424.404	1,044	20.468	3,403.936	2.490	74		0
30	Prime Merchant Bank	204.725	248	4.760	199.964	2.667	61	38.030	39
31	Rims Merchant Bank	263.374	299	6.957	256.417	1.047	47	199.836	41
32	Royal Merchant Bank	677.856	531	11.042	666.814	5.066	138	26.450	31
33	Republic Bank Ltd	79.182	7,416	19.923	59.260	13.068	1,277	28.741	70
34	United Commercial Bank	275.907	5,162	34.099	241.808	26.174	1,696	67.758	213
35	Victory Merchant Bank	114.856	227	4.455	110.402	1.866	48	25.220	22
36	African Express Bank	6,283.714	16,092	123.327	6,160.387	37.331	16,100	4,713.578	1246
37	Allstates Trust Bank	32,856.4	427,847	3069.049	29,787.35	1,805.552	79,780	18,979.02	79,717
38	Assurance Bank	7,859.033	105,326	708.279	7,150.754	304.173	105,320	4,243.020	105,320
39	City Express Bank	16,420.26	38,147	306.539	16,113.72	142.289	4,248	10,162.84	4,240
40	Eagle Bank	1,033.777	3,280	16.974	1,016.804	52.690	3,280		3,280
41	Fortune International Bank	9,244.298	33,557	302.886	8,941.412	30.720	773		-
42	Gulf Bank	13,685.37	36,787	334.289	13,351.08	147.669	3,780	6,938.064	3,750
43	Hallmark Bank	65,614.16	121,545	940.055	64,674.1	447.223	16,745	22,742.17	16,597
44	Lead Bank	10,151.12	3,925	62.983	10,088.14	49.218	3,924	8,502.842	3,930

S/N	Bank Name	Total Deposits At liquidation (₦) Million	Total Number of Depositors At Liquidation	Total Insured Deposits At Liquidation (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Excess Paid (₦) Million	No. of uninsured Depositors Paid
45	Liberty Bank	2,153.333	19,800	142.876	2,010.458	45.991	1,225	1,338.847	1,190
46	Metropolitan Bank	5,087.573	34,409	161.389	4,926.184	26.418	1,572	2,235.203	1,569
47	Trade Bank	10,504.08	155,177	742.129	9,761.953	429.411	20,924	7,440.135	20,894
48	Triumph Bank	3,239.055	3,799	45.362	3,193.693	1.681	38		-
	Total	206,228.5	**2,754,871**	12,199.21	194,029.3	6,824.194	**528,277**	93,512.75	**250,497**

Source: Claims Resolution Department, NDIC

(b) Payment of Insured Deposits of Microfinance Banks

The payment of insured deposits to depositors of 95 out of the 103 closed MFBs continued in 2013. The depositors were paid their insured amounts through the following Agent Banks: First Bank of Nigeria, Access Bank, Mainstreet Bank, United Bank for Africa, Union Bank, Unity Bank, Wema Bank and Zenith Bank. Table 4.4 shows that a cumulative payment of ₦2.524 billion had been made to 75,571 verified depositors of closed MFBs as at 31st December, 2013 compared to ₦2.505 billion paid to 75,322 depositors as at 31st December, 2012.

TABLE 4.4

PAYMENTS OF INSURED DEPOSITS OF THE CLOSED MFBs AS AT 31ST DECEMBER, 2013

S/NO	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (=N=)
1	ACME	20	333,400.00
2	ADIF	744	35,002,006.47
3	AFAM	75	2,228,725.06
4	AGBELO	56	683,516.40
5	AJASSE-IPO	712	25,198,915.07
6	AKPOR COE	240	12,727,990.87
7	ALLIANCE	699	10,072,836.30

S/NO	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (=N=)
8	ALLOVER	10	410,208.76
9	ALLSTAR	74	5,523,845.45
10	AMAZING GRACE	402	10,967,220.27
11	APEX GOLDEN	172	7,756,232.14
12	ASABARI	522	17,699,820.64
13	ASAGA – UKWU	543	13,941,834.74
14	ASCENT	484	7,771,506.76
15	ATTA NWAMBIRI	638	21,178,463.47
16	BEULAH	110	3,236,261.40
17	BIRAIDU	220	2,101,506.49
18	BIRNIN KUDU	192	5,611,909.72
19	BONNY	547	17,574,841.50
20	BRISTOL	6	469,396.88
21	BROADBASED	296	13,290,239.39
22	CAPITAL	122	6,897,256.91
23	CASHJET	540	16,930,372.38
24	CENTURY	232	9,968,581.64
25	CHAT	555	5,744,730.84
26	CIRCULAR	211	12,125,433.98
27	CLASSIC	1,418	38,028,808.51

S/NO	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (=N=)
28	COMMON BENEFIT	271	4,818,837.00
29	CUBIC*		
30	CUTTING EDGE	201	7,567,741.21
31	DANMUSA	62	427,169.43
32	DIVINE	63	4,212,294.44
33	DOGON DAJI	96	3,107,471.66
34	DYNAMIC	75	2,129,220.97
35	EBEM OHA	504	12,392,133.10
36	EBENATOR	778	44,451,918.78
37	EKWEMA	51	3,172,262.75
38	EMBRACE*		
39	EMEVOR	163	3,542,919.10
40	ETITI	498	16,871,797.82
41	EVO	242	7,505,421.81
42	EZIMUZO	634	7,214,731.61
43	FESTAC 77	98	4,272,830.00
44	FREEDOM	216	6,020,876.32
45	FUND EXPRESS	62	2,932,554.99
46	GALAXY*		
47	GAMJI	54	4,644,856.35
48	GITICOM	615	20,285,129.73
49	HARBOUR	176	2,540,322.88

S/NO	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (=N=)
50	HAZONWAO	303	4,585,918.71
51	HILLTOP	624	14,680,162.75
52	HOMELAND*		
53	I.C.MFB	215	5,605,017.31
54	IDEAL TRUST	89	2,613,763.34
55	IFONYIN	369	13,591,327.35
56	IHITTE	1,106	46,997,698.08
57	IKWUANO	135	3,841,404.69
58	IMPACT	1,835	52,352,499.71
59	IMPERIAL	206	6,706,316.77
60	INTEGRATED	42,426	1,405,215,938.89
61	INVESTMENT	304	9,596,621.57
62	IPE	677	23,297,591.48
63	ITELE	177	7,548,206.30
64	JEGA	53	1,825,768.87
65	KBS	80	2,452,463.54
66	KERANA	138	1,774,521.91
67	KFC	78	3,661,187.70
68	LALUPON	546	18,025,365.21
69	MARMARA	196	4,716,720.41
70	MCB	10	550,260.69

S/NO	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (=N=)
71	MIC	22	988,994.85
72	MILESTONE	237	15,919,572.78
73	MOORGATE	271	13,015,204.12
74	MUNICIPAL	113	4,712,841.92
75	MUSTASONS*		
76	NEW GATE*		
77	NEXUS	188	4,521,251.49
78	NGAS	797	18,894,549.45
79	OBIOMA	907	51,594,220.48
80	OLOMI	2,398	95,742,794.97
81	OLOMOYOYO	466	11,069,523.51
82	OMNI	110	9,684,165.69
83	OPENGATE	338	6,074,591.00
84	OWENA	282	9,089,536.23
85	OWHOWHA	528	1,336,570.25
86	PET	451	22,741,208.20
87	PRIMATE*		
88	PRIME	140	8,411,336.51
89	SAMINAKA	234	2,173,413.05
90	SHIMAZ	312	4,575,327.43
91	SOUTH WEST*		
92	STANDEX	485	24,125,470.05

S/NO	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (=N=)
93	TOUCHSTONE	357	28,333,050.69
94	TRINITY	148	7,862,798.51
95	TRI-STAR	739	37,894,617.47
96	UDEZUKA	21	77,054.18
97	UFUMA**		
98	UMUNZE	805	27,552,844.27
99	UNIQUE	76	2,850,398.72
100	URUALLA	149	6,393,488.03
101	UTUGWANG	458	8,599,903.37
102	VENTURE SUPPORT	219	5,447,081.36
103	WIZETRADE	44	2,362,044.75
	Total	**75,571**	**2,524,172,308.46**

Source: Claims Resolution Department, NDIC
* MFB location unknown
** MFB under litigation

(c) Payment of Liquidation Dividends to Uninsured Depositors

The payment of liquidation dividends to the uninsured depositors of the closed DMBs continued in 2013 as shown in Table 4.3. The cumulative sum of N93.51 billion was paid as liquidation dividend to 250,497 depositors as at December 31, 2013 as against the cumulative sum of N73.58 billion paid to 250,209 depositors in 2012. That amount included the uninsured portion of private sector depositors of 11 out of the 13 banks closed post-consolidation which was funded by the CBN. The payment of liquidation dividends or excess amount to public sector depositors, however, was made by the NDIC from proceeds of the residual physical assets and recoveries from debtors of the closed banks.

During the year under review, the NDIC declared additional liquidation dividend to depositors of Financial Merchant Bank, Metropolitan Bank, Progress Bank and North South Bank as shown in Table 4.5.

TABLE 4.5
ADDITIONAL LIQUIDATION DIVIDEND DECLARED IN 2013

S/N	BANKS	AMOUNT DECLARED (₦ 'MILLION)	% RATE PER ₦1 DEPOSIT	COMMULATIVE DIVIDEND TO DATE (%)
1.	FINANCIAL MERCHANT BANK	55,4000,000.00	100	100
2.	METROPOLITAN BANK	395,630,269.00	10	29
3.	PROGRESS BANK	535,818,000.00	60	71.57
4.	NORTH SOUTH BANK	21,096,000.00	16	68.3
	Total	1,007,944,269.00		

Source: Claims Resolution Department, NDIC

The number of banks for which the NDIC had declared a final dividend of 100 percent of total deposits remained at 14 as in the previous year, indicating that all depositors had fully recovered their deposits. The banks were:

i) ABC Merchant Bank Ltd (in-liquidation);
ii) Alpha Merchant Bank Plc (in-liquidation);
iii) Amicable Bank of Nigeria Ltd (in-liquidation);
iv) Commercial Trust Bank (in-liquidation);
v) Continental Merchant Bank Ltd (in-liquidation);
vi) Co-operative & Commerce Bank (in-liquidation);
vii) ICON Ltd (Merchant Bankers) (in-liquidation);
viii) Ivory Merchant Bank (in-liquidation);
ix) Kapital Merchant Bank Ltd (in-liquidation);
x) Merchant Bank of Africa (in-liquidation);
xi) Nigeria Merchant Bank Plc (in-liquidation);
xii) Pan African Bank Ltd (in-liquidation);
xiii) Premier Commercial Bank Ltd (in-liquidation); and
xiv) Rims Merchant Bank Ltd (in-liquidation).

(d) Payment of Liquidation Dividends to General Creditors and Shareholders

As shown in Table 4.6, nine (9) banks-in-liquidation had declared dividends to their general creditors as at December 31, 2013. The sum of N1,728.4 million was declared as dividends to 699 creditors of the nine banks. Out of that amount, the NDIC had paid the sum of N1,191.54 million to 424 creditors who filed their claims.

TABLE 4.6

LIQUIDATION DIVIDEND PAID TO CREDITORS AS AT 31ST DECEMBER, 2013

S/N	NAME OF BANK IN – LIQUIDATION	NO OF FILED CLAIMS (CREDITORS)	NUMBER OF CREDITORS PAID	AMOUNT DECLARED FOR GENERAL CREDITORS	AMOUNT PAID TO CREDITORS (₦'MILLION)	REMARK
1	ALPHA MERCHANT BANK LIMITED	37	21	81.3	81.3	
2	AMICABLE BANK OF NIGERIA LIMITED	130	91	48.48	42.34	
3	CONTINENTAL MERCHANT BANK LTD	30	9	312.64	296.261	
4	EAGLE BANK	85	84	214	140.91	
5	MERCHANT BANK FOR AFRICA LTD	97	15	247.62	4.201	
6	NIGERIA MERCHANT BANK LIMITED	141	135	111.34	111.33	
7	PAN AFRICAN BANK LIMITED	133	34	251.84	222.81	
8	RIMS MERCHANT BANK LIMITED	46	35	267.21	223.27	
9	COOPERATIVE AND COMMERCE BANK LTD			193.97	60.75	100% declared
	Total	**699**	**424**	**1,728.40**	**1,191.54**	

Source: Claims Resolution Dept., NDIC

The payment of liquidation dividends to shareholders of banks-in-liquidation continued in 2013. The cumulative liquidation dividend declared for shareholders of 3 banks-in-liquidation increased to N2.561 billion in 2013 from N1.513 billion in 2012. The total liquidation dividend paid to 453 shareholders of Alpha, Pan African and Nigeria Merchant Bank stood at N2.031 billion as at 31st December, 2013 as shown in Table 4.7

TABLE 4.7

LIQUIDATION DIVIDEND PAID TO SHAREHOLDERS AS AT DECEMBER, 2013

S/N	NAME OF BANK (IN-LIQUIDATION)	NUMBER OF SHAREHOLDERS PAID	AMOUNT DECLARED FOR SHAREHOLDERS (₦ 'MILLION)	AMOUNT PAID TO SHAREHOLDERS (₦ 'MILLION)
1	ALPHA MERCHANT BANK PLC	449	1,081.41	551.41
2	NIGERIA MERCHANT BANK PLC	2	620	620
3	PAN AFRICAN BANK LTD	2	860.55	860.55
	Total	**453**	**2,561.96**	**2,031.96**

Source: Claims Resolution Dept., NDIC

4.2 Asset Management Activities

In 2013, the principal activities of the Asset Management Department of the NDIC remained the conversion of assets to cash through the recovery of the loans and advances, sale of physical assets and realization of investments of all the DMBs, MFBs and PMBs in-liquidation. The activities involved appraisal of debt settlement proposals from debtors, negotiation for amicable settlement, giving evidence in courts in matters under litigations, valuation and disposal of physical assets and investments, etc. Other asset management activities during the year included the auction sale of chattels of closed MFBs whose operating licences were revoked by the CBN.

4.2.1 Risk Assets Management/Recovery

The Management of the risk assets of failed banks involves effective and efficient recovery of loans and advances owed to the banks and other financial institutions in-liquidation, which is critical to the fulfilment of NDIC's statutory role as a liquidator. The realization of risk assets of banks-in-liquidation facilitated the discharge of NDIC duties in the following areas:

a) Payment of liquidation dividends to uninsured depositors of failed banks, thereby enhancing confidence in the banking system;
b) Settlement of other creditors of banks in-liquidation; and
c) Settlement of liquidation expenses.

The various activities with respect to risk asset management and recovery carried out during the year under review included monitoring of accounts assigned to debt recovery agents, issuance of demand letters to debtors and review of repayment proposals sent by debtors for Management approval. It would be recalled that qualified debt recovery agents were appointed by the NDIC in 2011 after thorough evaluation of over 1000 applications from across the country to boost debt recovery activities.

The debt recovery activities through litigation were sustained in 2013. These were mostly in respect of recalcitrant debtors, insider-related and other facilities that required criminal prosecution and contentious facilities with substantial balances. The accounts involved were assigned to external solicitors for recovery through the court. In order to enhance the level of debt recoveries and payment to depositors, the NDIC continued its discussions with AMCON in respect of eleven (11) accounts with perfected collaterals packaged and offered for sale in 2012. AMCON had offered to purchase the debts at a total value of N795.38 million. However, in year 2013, AMCON submitted a revised offer to purchase nine (9) out of the thirteen (13) accounts for the sum of N543.70 million. That was further revised to only two (2) for about N51.84million which was accepted by the NDIC.

The sum of N178.92 billion and N5.70 billion were owed the 45 DMBs in-liquidation and 103 MFBs in-liquidation, respectively as at the date of their closure as shown in Tables 4.8 and 4.9. The cumulative recovery from debtors of DMBs and MFBs as at December 31, 2013 stood at N25.31 billion and N60.02 million compared to N24.68 billion and N42.90 million, respectively as at December 31, 2012. It is important to state that substantial portion of accrued interest on loans and advances had been waived/written-off by the NDIC in order to facilitate repayment of the outstanding debts.

TABLE 4.8

TOTAL LOANS & ADVANCES AND RECOVERIES IN RESPECT OF CLOSED DMBS AS AT 31ST DECEMBER, 2013

S/N	BANKS IN LIQUIDATION	TOTAL LOANS & ADVANCES AS AT CLOSURE (₦ 'MILLION)	CUMULATIVE RECOVERIES TO DEC_2013 (₦ 'MILLION)
1	Abacus Merchant Bank Ltd	1,213.87	41.81
2	ABC Merchant Bank Ltd	565.37	77.84
3	African Express Bank Ltd	9,847.81	3,832.05
4	Allied Bank Nig. Plc	2,535.48	393.18
5	Allstates Trust Bank plc	25,414.95	3,457.44
6	Alpha Merchant Bank Plc	1,030.72	903.5
7	Amicable Bank Plc	328.99	28.21
8	Assurance Bank Ltd	6,369.79	304.32
9	Century Mer. Bank Ltd	809.81	31.66
10	City Express Bank Plc	13,323.06	655.85
11	Comm. Trust Bank Ltd	570.59	157.39
12	Commerce Bank Ltd	1,643.59	285.75
13	Conti. Mert. Bank Plc	1,712.28	433.63
14	Co-operative & Com. Bank Plc	2,305.38	623.16
15	Credite Bank Nig. Ltd	479.92	24.27
16	Crown Mer. Bank Ltd	340.31	12.49
17	Eagle Bank Ltd	217.62	11.39
18	Fin. Merch. Bank Ltd	447.19	148.78

S/N	BANKS IN LIQUIDATION	TOTAL LOANS & ADVANCES AS AT CLOSURE (₦ 'MILLION)	CUMULATIVE RECOVERIES TO DEC_2013 (₦ 'MILLION)
19	Great Merch. Bank Ltd	393.44	16.12
20	Group Merch. Bank Ltd	741.81	36.82
21	Gulf Bank Ltd	21,269.06	218.16
22	Hallmark Bank Plc	29,716.74	3,693.68
23	Highland Bank Plc	114.05	20.07
24	ICON Merc. Bank Ltd	140.62	205.94
25	Ivory Merch. Bank Ltd	1,491.37	57.56
26	Kapital Mer. Bank Ltd	344.27	273.41
27	Lead Bank Plc	12,380.78	1,917.84
28	Liberty Bank	5,191.10	220.51
29	Lobi Bank Ltd	291.60	84.62
30	Merc Bank of Afr.Ltd	2,048.81	235.24
31	Mercantile Bank Ltd	1,217.60	260.74
32	Metropolitan Bank Ltd	8,258.00	1,081.56
33	Nig. Merc. Bank Ltd	1,243.15	258.04
34	North-south Bank Plc	932.04	41.57
35	Pan African Bank Ltd	1,282.45	667.93
36	Pinacle Com. Bank Ltd	1,551.90	155.98
37	Premier Com Bank Ltd	1,102.00	33.25
38	Prime Mer. Bank Ltd	838.11	52.8
39	Progress Bank Plc	1,880.94	490.81
40	Republic Bank Ltd	232.56	33.93
41	Rims Merc. Bank Ltd	1,900.88	52.85
42	Royal Mer. Bank Ltd	1,131.07	49.08
43	Trade Bank Plc	11,901.30	3,516.90
44	United Com. Bank Ltd	1,864.58	186.15
45	Victory Mer.Bank Ltd	301.47	21.10
	GRAND TOTAL	**178,918.43**	**25,305.38**

Source: Asset Management Dept., NDIC

TABLE 4.9
TOTAL LOANS&ADVANCES AND RECOVERIES IN RESPECT OF THE MICROFINANCE BANKS IN-LIQUIDATION AS AT 31ST DECEMBER, 2013

S/N	MICROFINANCE BANKS - IN-LIQUIDATION	OUTSTANDING BALANCE AS AT CLOSURE (₦ 'MILLION)	CUMMULATIVE RECOVERIES AS AT DEC 2013 (₦ 'MILLION)
1	ACME MFB	0.18	-
2	ADIF MFB	41.67	-
3	AFAM MFB	8.56	-
4	AGBELO MFB	31.80	0.37
5	AJASSE MFB	-	0.02
6	ALLIANCE MFB	81.26	-
7	ALL OVER MFB	124.81	4.20
8	ALLSTAR MFB	25.84	-
9	AMAZING GRAZE MFB	21.90	-
10	APEX GOLDEN GATE MFB	11.86	-
11	ASABARI MFB	7.75	0.46
12	ASAGA UKU MFB	71.18	0.05
13	ASCENT MFB	14.19	2.57
14	ATTA NWAMBIRI MFB	8.76	0.23
15	BEULAH MFB	16.91	7.77
16	BIRAIDU MFB	34.06	-
17	BIRNIN KUDU MFB	74.79	0.39
18	BONNY MFB	25.92	-
19	BRISTOL MFB	13.18	-
20	CAPITAL MFB	63.73	0.34
21	CASH JET MFB	24.87	-
22	CENTURY MFB	2.54	-
23	CHAT MFB	7.99	0.11
24	CIRCULAR MFB	215.03	0.84
25	CLASSIC MFB	25.48	2.03
26	COMMON BENEFIT MFB	17.92	-
27	CUTTING EDGE MFB	81.69	0.09
28	DANMUSA MFB	11.90	0.13
29	DIVINE MFB	37.61	-
30	DOGON DAJI MFB	-	0.05
31	DYNAMIC MFB	2.85	-
32	EBEM OHA MFB	4.96	0.01
33	EBENATOR MFB	-	17.92
34	EMEVOR MFB	7.77	-

S/N	MICROFINANCE BANKS - IN-LIQUIDATION	OUTSTANDING BALANCE AS AT CLOSURE (₦ 'MILLION)	CUMMULATIVE RECOVERIES AS AT DEC 2013 (₦ 'MILLION)
35	ETITI MFB	0.16	-
36	EVO MFB	22.18	5.74
37	EZIMUZO MFB	17.31	0.21
38	FESTAC MFB	8.78	-
39	FREEDOM MFB	21.54	0.56
40	FUND EXPRESS MFB	26.37	-
41	GITICOM MFB	103.67	2.57
42	HARBOUR MFB	8.16	0.05
43	HAZONWA MFB	31.28	-
44	HILLTOP MFB	17.00	0.28
45	IC MFB	44.13	0.04
46	IDEA TRUST MFB	-	0.01
47	IFONYIN MFB	45.59	0.03
48	IHITTE MFB	42.86	-
49	IKWUANO MFB	2.73	-
50	INTEGRATED MFB	2,599.69	3.30
51	INVESTMENT MFB	6.03	-
52	IPE MFB	44.55	-
53	ITELE MFB	6.82	0.16
54	JEGA MAGAJI MFB	47.79	2.28
55	KBS MFB	2.47	-
56	KERANA MFB	2.69	-
57	KFC MFB	1.48	-
58	LALPON MFB	11.35	0.20
59	MARMARA MFB	79.35	-
60	MUNICIPAL MFB	72.60	-
61	NGAS MFB	22.56	0.28
62	MCB MFB	29.99	0.14
63	MILESTONE MFB	246.33	-
64	MOORGATE MFB	83.16	-
65	NEW GATE MFB	14.82	-
66	OBIOMA MFB	120.10	-
67	OLOMI MFB	132.56	1.68
68	OLOMOYOYO MFB	2.57	-
69	OMNI MFB	175.07	-
70	0PEN GATE MFB	3.79	3.08
71	OWENA MFB	69.49	0.08
72	OWHOWHA MFB	21.96	-
73	PET MFB	36.89	0.63
74	STANDEX MFB	-	0.04
75	TRINITY MFB	1.98	-

S/N	MICROFINANCE BANKS - IN-LIQUIDATION	OUTSTANDING BALANCE AS AT CLOSURE (₦ 'MILLION)	CUMMULATIVE RECOVERIES AS AT DEC 2013 (₦ 'MILLION)
76	TRISTAR MFB	20.03	0.30
77	UDEZUKA MFB	316.51	-
78	UFUMA MFB	21.77	-
79	UMENZE MFB	5.62	0.02
80	UNIQUE MFB	9.29	-
81	UTUGWANG MFB	21.18	1.10
82	VENTURE SUPPORT MFB	2.82	-
	TOTAL	**5,702.18**	**60.02**

Source: Asset Management Department, NDIC

4.2.2 Realization of Physical Assets

As a liquidator, the NDIC is responsible for the conservation and disposal of physical assets of failed financial institutions such as Land, Buildings, Motor Vehicles, Equipment and Chattels in order to facilitate the prompt payment of liquidation dividends to uninsured depositors and other creditors of the failed institutions. In 2013, effective management of physical assets included identification, securing and taking possession of the physical assets of these institutions. During the year under review, the NDIC continued to engage the services of reputable professional Estate Surveyors and Valuers to value the properties. To ensure transparency, integrity and accountability, the items were advertised for sale and high valued items such as buildings, motor vehicles and plants were sold to interested members of the public through sealed bids while the chattels were sold through public auction.

As shown in Tables 4.10 and 4.11, a cumulative sum of N19.77 billion was realized from the disposal of physical assets of closed DMBs in 2013 as against N19.74 billion in 2012. In the same vein, the sum of N173.30 million was realized from the disposal of physical assets of closed MFBs in 2013 as against N157.12 million in 2012. Out of the total amount realized from the sale of physical assets of closed DMBs in 2013, about N15.93 billion was realized from landed properties, N2.41 billion from chattels and N1.43 billion from the sale of vehicles and power generating sets. Similarly, out of the total amount realized from sale of physical assets of closed MFBs, about N132.80 million was realized from the sale of chattels, N8.85 million from sale of vehicles and generating sets, and N31.65 million from landed properties/rent residue.

It is pertinent to state that during the year under review, the NDIC compiled the list of landed properties that had various challenges such as inadequate or lack of titles and secured approvals to appoint solicitors and Estate Valuers to regularize the titles and value them for sale. The process was still ongoing as at December 31, 2013.

TABLE 4.10
SUMMARY OF PROCEEDS FROM THE SALES OF PHYSICAL ASSETS OF CLOSED DEPOSIT MONEY BANKS (IN LIQUADATION) AS AT 31ST DECEMBER, 2013

S/N	BANK	PROPERTY (₦ 'MILLION)	GEN. SET (₦ 'MILLION)	CHATTELS (₦ 'MILLION)	TOTAL (₦ 'MILLION)
1	Abacus Merchant Bank Ltd	0	2.71	3.66	6.37
2	ABC Merchant Bank Ltd	0	3.83	3.40	7.23
3	Afex Bank Nig. Ltd	225.13	-	127.47	352.60
4	Allstates Trust Bank plc	2,288.36	36.67	8.58	2,333.61
5	Allied Bank Nig. Plc	685.87	64.78	38.75	789.40
6	Alpha Merchant Bank Plc	122.24	0.11	0.71	123.06
7	Amicable Bank Plc	8.00	7.14	17.55	32.69
8	Assurance Bank Ltd	1,297.80	456.57	-	1,754.37
9	Century Mer. Bank Ltd	-	7.10	10.51	17.61
10	City Express Bank Plc	537.00	14.42	155.21	706.63
11	Commerce Bank Ltd	151.14	42.57	31.28	224.99
12	Comm. Trust Bank Ltd	36.08	10.30	25.38	71.76
13	Conti. Mert. Bank Plc	984.33	11.57	22.36	1,018.26
14	Co-op.& Com. Bank Plc	726.72	13.10	32.86	772.68
15	Credite Bank Nig. Ltd	15.00	14.09	14.89	43.98
16	Crown Mer. Bank Ltd	15.00	6.06	3.80	24.86
17	Eagle Bank Ltd	885.00	0.49	-	885.49
18	Fin. Merch. Bank Ltd	-	-	10.33	10.33
19	Great Merch. Bank Ltd	4.27	1.88	0.96	7.11
20	Group Merch. Bank Ltd	-	2.16	4.68	6.84
21	Gulf Bank Ltd	294.28	2.41	175.55	472.23
22	Hallmark Bank Plc	1,900.35	3.54	1,315.51	3,220.40
23	Highland Bank Plc	12.97	5.54	7.99	26.50
24	ICON Merc. Bank Ltd	667.45	3.47	20.88	691.80
25	Ivory Merch. Bank Ltd	-	-	1.53	61.29
26	Kapital Mer. Bank Ltd	-	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 Ltd	83.11	3.90	11.70	98.71
30	Merc Bank of Nig. Plc	387.81	6.99	42.22	437.02
31	Metropolitan Bank Ltd	95.40	0.72	85.00	181.12
32	Merchant Bank of Africa Ltd	287.04	1.87	16.87	305.78
33	Nig. Merc. Bank Ltd	123.55	4.89	0.50	128.94

S/N	BANK	PROPERTY (₦'MILLION)	GEN. SET (₦'MILLION)	CHATTELS (₦'MILLION)	TOTAL (₦'MILLION)
34	North-south Bank Plc	213.00	1.20	16.39	230.59
35	Pan African Bank Ltd	338.81	6.52	4.93	350.26
36	Peak Merchant Bank*	-	0.40	-	0.40
37	Pinacle Com. Bank Ltd	-	12.19	18.42	30.61
38	Premier Com Bank Ltd	37.43	3.98	9.90	51.31
39	Prime Mer. Bank Ltd	-	2.28	5.39	7.67
40	Progress Bank Plc	136.13	15.50	39.70	191.33
41	Republic Bank Ltd	170.00	0.10	6.38	176.48
42	Rims Merc. Bank Ltd	402.40	3.11	1.42	406.93
43	Royal Mer. Bank Ltd	-	2.84	3.88	6.72
44	Trade Bank Plc	1,097.17	376.82	-	1,473.99
45	United Com. Bank Ltd	-	29.13	15.68	44.81
46	Victory Mer.Bank Ltd	-	0.31	6.63	6.94
	TOTAL	**15,928.10**	**1,432.51**	**2,409.09**	**19,769.70**

Source: Asset Management Dept., NDIC
*Bank under litigation

TABLE 4.11
SUMMARY OF PROCEEDS FROM SALE OF PHYSICAL ASSETS OF MFBs (IN LIQUADATION) AS AT 31ST DECEMBER, 2013

		CUMULATIVE TO DEC. 2013	CUMULATIVE TO DEC. 2013	CUMULATIVE TO DEC. 2013	TOTAL CUMULATIVE TO DEC. 2013
S/N	MFB IN LIQUIDATION	LANDED PROPERTY (₦ MILLION)	VEHICLES/GEN SET (₦ MILLION)	CHATTELS (₦ MILLION)	TOTAL (₦ MILLION)
1	ACME MFB	-	-	0.15	0.15
2	ADIF MFB	-	-	0.40	0.40
3	AFAM MFB	-	-	0.23	0.23
4	AJASSE MFB	-	0.30	0.74	0.04
5	AKPOR-COE MFB	-	-	1.74	1.74
6	ALLIANCE MFB	-	-	2.86	2.86
7	ALLOVER MFB	-	0.33	1.96	2.29
8	ALLSTAR MFB	-	-	0.13	0.13
9	AMAZING GRACE MFB	-	0.40	0.35	0.75
10	APEX GOLDEN GATE MFB	-	-	0.33	0.33
11	ASABARI MFB	-	-	0.35	0.35
12	ASCENT MFB	-	-	0.22	0.22
13	ATTA NWANBIRI -MFB	-	--	0.35	0.35
14	BEULAH MFB	-	-	1.88	1.88

		CUMULATIVE TO DEC. 2013	CUMULATIVE TO DEC. 2013	CUMULATIVE TO DEC. 2013	TOTAL CUMULATIVE TO DEC. 2013
15	BIRAIDU MFB	-	-	0.69	0.69
16	BIRNIN KUDU MFB	-	-	1.24	1.24
17	BONNY MFB	-	-	0.16	0.16
18	BRISTOL MFB	-	-	0.09	0.09
19	CAPITAL MFB	-	-	1.76	1.76
20	CASHJET MFB	-	1.40	2.87	4.27
21	CENTURY MFB	-	0.15	0.30	0.45
22	CIRCULAR MFB	-	-	1.02	1.02
23	CLASSIC MFB	-	-	3.04	3.04
24	COMMON BENEFIT MFB	-	-	0.69	0.69
25	CUTTING EDGE MFB	-	-	0.20	0.20
26	DIVINE MFB	-	-	1.19	1.19
27	DOGON DAJI MFB	-	-	0.21	0.21
28	DYNAMIC MFB	-	-	0.41	0.41
29	EBEM-OHA MFB	-	-	0.01	0.01
30	EBENATOR MFB	-	-	0.40	0.40
31	EMEVOR MFB	-	-	0.05	0.05
32	ETITI MFB	-	-	0.30	0.30
33	EVO MFB	0.20	-	0.92	1.12
34	EZIMUZO MFB	-	-	0.25	0.25
35	FESTAC MFB	-	-	0.07	0.07
36	FREEDOM MFB	-	-	2.40	2.40
37	FUND EXPRESS MFB	-	-	0.78	0.78
38	GAMJI MFB	-	-	0.23	0.23
39	GITICOM MFB	-	0.10	0.87	0.97
40	HARBOUR MFB	-	-	0.14	0.14
41	HAZONWAO MFB	-	-	0.27	0.27
42	HILLTOP MFB	-	-	1.29	1.29
43	HOMELAND MFB	-	-	0.53	0.53
44	IC MFB	-	0.76	0.33	1.09
45	IDEA TRUST MFB	-	-	0.60	0.60
46	IFONYIN MFB	-	0.07	0.21	0.28
47	IHITTE MFB	-	-	2.46	2.46
48	IKWUANO MFB	-	-	0.92	0.92
49	IMPACT MFB	-	-	4.59	4.59
50	IMPERIAL MFB	-	0.40	0.86	1.26

51	INTEGRATED MFB	18.02	2.88	49.57	70.47
52	INVESTMENT MFB	-	-	0.59	0.59
53	IPE MFB	-	-	0.62	0.62
54	ITELE MFB	-	-	0.13	0.13
55	KBS MFB	-	-	0.27	0.27
56	KERANA MFB	-	-	0.64	0.64
57	KFC MFB	-	-	0.08	0.08
58	LALUPON MFB	-	-	0.01	0.01
59	MARMARA MFB	-	-	1.04	1.04
60	MUNICIPAL MFB	-	-	1.48	1.48
61	MCB MFB	-	-	0.14	0.14
62	MIC MFB	-	-	3.72	3.72
63	MOOGRTAE MFB	6.90	0.95	4.52	12.37
64	NEW GATE MFB	-	-	0.18	0.18
65	NEXUS MFB	-	-	2.93	2.93
66	NGAS MFB	-	-	0.58	0.58
67	OBIOMA MFB	-	-	1.84	1.84
68	OLOMI MFB	-	0.60	0.47	1.07
69	OLOMOYOYO MFB	6.00	-	0.21	0.21
70	OMNI MFB	-	-	4.03	4.03
71	OPENGATE MFB	-	-	1.73	1.73
72	OWENA MFB	-	-	0.31	0.31
73	OWHOWHA MFB	-	-	0.05	0.05
74	PET MFB	-	-	3.61	3.61
75	PRIME MFB	0.20	-	3.06	3.26
76	SHIMAZ MFB	-	-	0.15	0.15
77	STANDEX MFB	-	-	0.01	0.01
78	TOUCH STONE MFB	-	-	0.68	0.68
79	TRINITY MFB	-	-	0.52	0.52
80	TRISTAR MFB	-	-	2.57	2.57
81	UDEZUKA MFB	-	-	0.48	0.48
82	UMUNZE MFB	0.33	0.01	1.00	1.34
83	UNIQUE MFB	-	0.50	1.09	1.59
84	URUALLA MFB	-	-	0.21	0.21
85	UTUGWANG MFB	-	-	0.03	0.03
86	VENTURE SUPPORT MFB	-	-	0.23	0.23
	TOTAL MFBs	**31.65**	**8.85**	**132.80**	**173.30**

Source: Asset Management Dept, NDIC

4.2.3 Realization of Investment

Like other assets of closed insured financial institutions, the NDIC has the responsibility of realizing the investment of failed banks in quoted companies, subsidiaries and equity participation in other investment windows. To ensure transparency, integrity and accountability, the NDIC engages the services of reputable professionals such as Stockbrokers, Accountants and Financial Services providers for the valuation and sale of identified investments in quoted and unquoted companies.

In 2013, the NDIC realized investments from only 10 out of 45 DMBs in-liquidation. As shown in Table 4.12, the cumulative amount realized from investments in the affected banks stood at N3,930.34 million as at 31st December, 2013 as against N3,855.35 million as at 31st December, 2012.

TABLE 4.12
CUMMULATIVE REALISATION ON INVESTMENT AS AT 31ST DECEMBER, 2013

S/N	BANK	CUMULATIVE AMOUNT REALISED (₦ MILLION)
1	Afex Bank Nig. Ltd	1.55
2	City Express Bank Plc	979.18
3	Gulf Bank Ltd	1.50
4	Hallmark Bank Plc	1,224.50
5	Lead Bank Plc	890.30
6	Liberty Bank	9.88
7	Metropolitan Bank Ltd	201.35
8	Nigeria Merchant Bank Ltd	0. 16
9	Rims Mer. Bank Ltd.	1.74
10	Trade Bank Plc	620.18
	TOTAL	**3,930.34**

Source: Asset Management Dept., NDIC

The summary of Quarterly Receipts for year 2013 in respect of risk assets and physical assets as well as investment of banks in-liquidation is shown in Table 4.13.

TABLE 4.13
QUARTERLY RECEIPTS OF DMBs IN 2013

S/N	ACTIVITIES	1ST QUARTER (₦)	2ND QUARTER (₦)	3RD QUARTER (₦)	4TH QUARTER (₦)	TOTAL (₦)
1	Risk Assets	270,945,181.88	115,767,063.12	90,601,928.81	149,301,394.35	626,615,568.16
2	Physical Assets	6,860,000.00	11,460,150.00	4,774,090.00	25,695,175.00	48,789,415.00
3	Investments	2,500,000.00	6,735,178.50	63,603,811.04	2,145,678.90	74,984,668.44
	TOTAL	**280,305,181.88**	**133,962,391.62**	**158,979,829.85**	**177,142,248.25**	**750,399,631.60**

Source: Asset Management Department, NDIC

4.2.4 Documentation and Investigation

As part of its collaborative efforts and contribution to safe and sound banking industry, the NDIC through the Asset Management Department continued the implementation of the policy circular issued by the CBN authorizing it to issue Letters of Clearance to customers of DMBs in-liquidation who were listed in the Credit Risk Management System (CRMS) after all debts had been fully paid. The Risk Assets Registers of all the banks in-liquidation continued to be maintained and updated regularly with information on recoveries, interest waivers and write-offs on accounts of debtors. The NDIC, as in previous years, responded to status enquiries on "Fit and Proper Persons" from CBN, SEC, NAICOM, PENCOM and other stakeholders to determine the credit status of top officers of banks and other financial institutions before they were offered appointments. The AMD also responded to requests from Legal Services Unit of the NDIC for confirmation of the credit status of customers of closed banks for the purpose of release of security documents and issuance of Deeds of Release.

4.2.5 Major Challenges Faced by the NDIC in Asset Management Activities

The challenges faced by NDIC in assets management of banks-in-liquidation remained the same as in previous years. These included the following, amongst others:

I Poor documentation by failed banks and inadequate information about the borrowers;
ii) Unwillingness by debtors (especially prominent individuals) to pay their debts due to poor lending culture;
iii) Uncollateralized loans;
iv) Difficulty in identifying assets of judgment debtors;
v) Protracted legal process, as matters were frequently adjourned by the courts;
vi) Large outstanding insider-related debts usually characterized by poor documentation and insider abuse; and
vii) Inability of debtors to pay due to unfavourable economic condition.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 5

CORPORATE SUPPORT INFRASTRUCTURE

5.0 Introduction

This section provides a general picture of the various activities of key support Departments and Units towards the attainment of the NDIC's Mission and Vision in 2013.

5.1 Legal Services

The Legal Department is responsible for covering the meetings of the Board, Executive Committee (Exco) and Management Consultative Committee (MCC). During the year under review, the department covered six (6) Board meetings, thirteen (13) meetings of Exco, twenty three (23) meetings of the other committees of the Board and six (6) MCC meetings.

The department proffered sound legal opinions and advice on sundry issues affecting the operations and interest of the NDIC. Furthermore, it ensured proper legal drafting, vetting and perfection of contracts, agreements and other legal instruments securing the Corporation's assets and activities.

During the year under review, the department managed the prosecution in court of criminal charges preferred against directors, officers and customers of insured institutions for financial malpractices under the Failed Banks [Recovery of Debts] and Other Financial Malpractices in Banks Act 1994. The department continued to monitor a total of 199 civil and criminal cases out of which 6 were concluded. Furthermore, the department had filed 103 and 24 petitions for winding up, and had obtained 95 and 5 winding up orders of MFBs and PMBs, respectively.

The department continued to anchor the proposal for the amendment of the NDIC Act 2006 pending at the National Assembly. In order to facilitate the process of amending the Act, it organised a joint retreat for members of the House of Representatives and Senate on the proposal for the amendment of the Act. During the year under review, the department organised seminars, workshops for the Judges of the Federal High Court, Justices of the Court of Appeal and the NDIC's External Solicitors, as well as officers and men of the Financial Malpractices Investigation Unit and Special Fraud Unit of the Nigeria Police Force which were also attended by staff of Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and Other Related Crimes Commission (ICPC).

Furthermore, the department continued with the publication of the Nigerian Banking Law Reports (NBLR), which was the first ever and only compendium of banking decisions of Nigeria Court of records.

5.2 Internal Audit

The Internal Audit Department is responsible for the verification of all payments made to the NDIC's staff and third parties to ensure compliance with laid down policies and procedures. As in previous years, it conducted a review of activities of CRD and AMD in order to keep Management updated on the liquidation activities of the Corporation. The observations and recommendations that arose from the exercise were communicated to the departments for implementation after due approval by the Management. In addition, the department carried out a target audit of all liquidated MFBs and PMBs from year 2010 to September 2013.

During the year 2013, a comprehensive review (Mid-Year and End-of-Year Audit) of the activities of all departments/units, Lagos office and Zonal offices of the NDIC was carried out. In addition, it conducted the routine quarterly cash count/verification of the NDIC's assets, aimed at safeguarding and ensuring their efficient management.

Furthermore, the department carried out the risk-based audit of Finance, Legal and Information Technology Departments in line with the transition from traditional to risk-based auditing, in conjunction with ATACOFF consultants. The department also developed a new Audit charter duly approved by the Board to guide its activities in accordance with international best practices.

The newly reconstituted Anti-Corruption and Transparency Unit (ACTU) of the department was inaugurated during the year. The Unit organised sensitisation workshop sessions in various locations of the NDIC. It also participated in various anti-corruption programmes organised by the ICPC and submitted the 2013 report of its activities to ICPC as required by law.

5.3 Strategy Development

The Strategy Development Department (SDD) continued to facilitate the implementation of the NDIC's five-year strategic plan (2011-2015) through close monitoring and evaluation of the level of implementation of the plan by each department and unit in 2013. Also, the department through the SERVICOM framework continued to plan and coordinate process improvement activities and effective service delivery.

The department carried out the following activities in order to meet the NDIC's strategic objectives during the year under review.

i The department monitored and evaluated the implementation of the NDIC's strategic plan and periodically reported its progress to the Board and senior management. Also, the department commenced the process of carrying out mid-term review and organizational assessment of the strategy in collaboration with Phillips Consulting.

ii. The department continued to fine-tune the automation of the PMS in close collaboration with Performance Management Unit (PMU) and JKK consultants. That was to ensure seamless interface of Hyperia, Service Level Agreements (SLAs) and the PMS modules and enhance the utility of the new PMS. The Standard Operating Manuals of the NDIC were also similarly reviewed and automated.

iii. In collaboration with Research Department, SDD continued to render performance report on the Key Performance Indicators of the NDIC to the Federal Ministry of Finance. Similarly, progress reports relating to the implementation of ten initiatives supporting the FSS2020 programmes were rendered to the Project Management Office of the Strategy.

iv. In compliance with the Federal Government initiative, the department employed SERVICOM thresholds to monitor service delivery standards in the NDIC. It also carried out Customer Care Workshop in collaboration with the SERVICOM Institute and participated in various activities, meetings and workshops organized by the SERVICOM office in the Presidency.

v. The department commenced Employee Opinion Survey in collaboration with Financial Institutions Training Centre (FITC) and successfully carried out survey on the usage and management of desktops, laptops and photocopiers in the NDIC.

5.4 Enterprise-Wide Risk Management

The Enterprise Risk Management Unit (ERMU) continued to implement the NDIC's Enterprise Risk Management (ERM) Framework through identification, assessment, controlling, mitigating and reporting of all significant risks that were likely to impede the achievement of its objectives.

During the year under review, the Unit provided quarterly risk updates on the risk profile of the NDIC to the Board Committee on IT/Corporate Strategy and the Senior Management. The Unit equally conducted risk monitoring and sensitisation exercises as well as providing feedback reports to departments, units and zonal offices of the NDIC.

The Unit had equally made substantial progress in the population of departmental, unit and zonal offices' risk registers into the NDIC's recently deployed Enterprise Risk Assessor (ERA) Application. Prior to that, end-user training on the ERA was organised by the unit in collaboration with the Wynyard Group, Malaysia for risk facilitators/pairing partners and a refresher training was also carried out during the risk monitoring exercise. In an effort to enhance the NDIC's risk management capacity, the Unit also benefitted from a two-run ERM training facilitated by the Office of the Technical Assistance (OTA), US Department of the Treasury for its staff.

The Document Management Centre, which was hitherto domiciled in Audit Department, was transferred to the Unit in 2013. The Unit furnished the Document Centre at Utako, Abuja with steel shelves and trained some staff on Docuware application in preparation to going live. Similarly, the space requirements for the establishment of archives in Kano, Benin and Enugu Zonal offices were determined while a consultant had been engaged to digitise the Document Management Centre in Abuja and Lagos offices.

5.5 Administrative Services

Administrative services in the NDIC are essentially rendered by Administration Department. The department is charged with the responsibility of providing effective and efficient support services for the smooth running of the NDIC. These services are in the areas of procurement, security and insurance, projects and zonal offices, transport, repairs and maintenance of plant/equipment, generators and utilities, among others.

The Department successfully purchased plots of land, secured approval and was executing the contract for the engagement of nine (9) consulting firms to provide Civil/Structural Engineering services and Quantity Surveying services for the development of Port Harcourt, Bauchi, Sokoto and Yola Zonal offices. Messrs Comprehensive Facility Management Services was also engaged as consultant for processing the allocation of a parcel of land suitable for the development of Training/Vocational Centre and Ancillary services.

Furthermore, the department received supply of FM 200 Gas for fire fighting system, Central Alarm and Automatic sprinkler which had since been installed at the Head Office library, Kano, Benin and Enugu Zonal Offices. In order to ensure adequate security within its premises, the NDIC installed an IP-CCTV at Abuja, Lagos and Zonal Offices.

5.6 ESTABLISHMENT OFFICE

The Establishment Office is a service oriented autonomous unit that is responsible for managing the human resources functions and the provision of administrative support services to departments and other stakeholders in the Lagos office.

Specifically, the activities undertaken by the Establishment Office in 2013 included the following, amongst others:

a) Provided conducive office environment and maintenance of hygienic work setting (accommodation, security and cleaning services);
b) Procured and distributed working materials and tools;
c) Maintained equipment, furniture, buildings and vehicles;
d) Provided adequate storage facility for the assets of the NDIC;
e) Ensured effective security for staff and assets of the NDIC;
f) Maintained efficient library services to staff in the Lagos office and other stakeholders; and
g) Facilitated and coordinated all human resources functions as well as administrative services of the Lagos Office.

5.7 Human Capital Management and Development

In its continued drive to ensure that members of staff were adequately motivated and encouraged towards greater excellence by way of training and other staff development activities, the Human Resources Department (HRD) undertook various initiatives during the year under review. These initiatives included, HR Leadership off-site meeting, HR Roundtable, HR Communication, HR Process Automation, Workplace Mentoring and Counselling and Management's Parley with female employees.

During the year under review, the HRD administered various training programmes relevant to the functions and activities of the NDIC under the following categories:

a) In-House Training;
b) Local Training;
c) Overseas Training; and
d) Mandatory Continuing Professional Education Training Programme

Training plans were also developed and implemented on a quarterly basis during the year under review. A total of 1,375 staff benefited from local training programmes organised by various institutions and consulting firms in the period under review. Out of that number, the slots utilized by various categories of staff were 199, 908, 225 and 43 for executive, senior, junior and secretarial staff, respectively. Similarly, a total of 228 staff attended various overseas training programmes. Out of that number, 111 were executive staff, 108 senior staff and 9 secretarial staff. In addition, 261 staff benefitted from Mandatory Continuing Professional Education (MPCE).

In view of the importance Management attached to capacity building and manpower development, the Board of the NDIC approved the modalities for the smooth take-off of an accelerated capacity development programmes to facilitate the acquisition of high professional degrees from reputable universities by staff. Consequently, an Internal Selection Committee chaired by the Secretary to the Board/Director, Legal Department screened and selected 20 candidates out of 72 applicants. Out of the selected 20 candidates, 12 were for full programme while 8 were for accelerated programmes. Their admission had since been secured by CIBN and the programme started in October 2013.

During the period under review, the Board and Management approved the need based recruitment exercise for various categories of staff. A total of 139 staff were recruited, comprising 1 Executive, 113 Senior Staff, 7 Drivers, 12 Senior Security Supervisor, 4 Security Guards and 2 Clerical Staff. The total staff strength and structure of the NDIC by year end 2013 stood at 1,143 made up of 125, 821 and 197 executive, senior and junior staff, respectively. However, a total of 23 staff disengaged from the services of the NDIC.

Furthermore, Management approved the installation of brand new and modern Biometric Identification Attendance Management Systems (BIAMS) machines in all the office locations including the NDIC Academy for real time, online attendance monitoring.

5.7.1 NDIC ACADEMY

The NDIC Training Centre was upgraded to a full-fledged Academy and officially inaugurated on June 07, 2013. The Academy was envisioned to be a first class financial services regulatory/supervisory learning center of choice in Africa in line with global best practices and had the mandate to plan, organize and execute all in-house training and development programmes aimed at exposing staff to new knowledge and skills in close collaboration with other relevant departments of the NDIC.

The Academy had since inception in May 2013 conducted 46 courses for a total of 1,037 participants. Out of this number, 36 courses were in-plant programmes anchored with outside consultants and the remaining were in-house courses fully anchored by the Academy. The courses covered technical/supervisory, management and leadership which were designed to sharpen the operational readiness of the NDIC's staff as well as equip them with leadership qualities.

The Academy also reviewed and updated old curricula content and developed new ones for new programmes as well as restored the modular approach to Bank examination courses from the Foundation through Advanced Level Courses. Similar modular system was also adopted for Research and Policy Analytical Courses to broaden the depth and breadth of the NDIC's researchers and analysts.

5.8 Financial Management

The Finance Department is responsible for planning and controlling the NDIC's financial affairs through the budgeting process; maintaining financial records; ensuring availability of funds for activities at all times; timely payment of salaries/allowances; investing the Deposit Insurance Funds [DIF] in eligible securities as well as ensuring the safety and liquidity of the funds.

The department ensured full compliance with the provisions of Section 22 of the Fiscal Responsibility Act 2007 while statutory and other payroll deductions were remitted to the relevant authorities as and when due.

With the commencement of Non-interest Banking in Nigeria and in line with the NDIC's policy of segregation of Premium Fund Accounts based on category of bank, a premium fund account for Non-Interest Financial Institutions/Product was opened with the CBN for premium collection, which would be operated independent of the conventional DIF.

In compliance with the timetable set out by the Financial Reporting Council (FRC) for adoption of IFRS, the NDIC's 2013 Financial Statements were IFRS compliant. The department also upgraded its payment application (e-pay) to PAYIT in order to meet financial expectation of various stakeholders and enable end-to-end payment method and online real time link up with the NDIC's offices nationwide.

5.9 Information Technology

The Information Technology Department (ITD) continued to provide support services to the NDIC with a lot of infrastructural upgrades, project completions and procurement of modern software and hardware for effective and efficient usage by staff towards attainment of its objectives. Four major activities were carried out by ITD during the year under review.

The Data Centre Upgrade at the Head office was made possible by deploying an environmental monitoring solution that prompts IT administrators when temperature goes beyond acceptable limits. It also provided an infrastructure monitoring solution that monitors servers, switches and core applications and a web content filtering solution that blocks users' from accessing unwanted sites and monitor internet usage within the NDIC. As part of the upgrade, ITD also installed a dedicated 60KVA UPS for the Data Centre to provide uninterrupted power to critical servers in the event of power failure.

The ITD successfully completed the first phase of the Information Technology Systems Security and Architecture (ITSSA) project. That saw the deployment of over 800 additional UPS and network points, enhancement of network security infrastructure by deployment of Adaptive Security Appliance and the optimisation of the Wide Area Network of the NDIC.

The ITD deployed an intranet portal for proper and effective information dissemination within the NDIC. Furthermore, in compliance with the Federal Government pronouncement on automating the payment process, the NDIC prepared ground for planned end-to-end/straight payment system that would be implemented in the new financial year.

5.10 Performance Management

The Performance Management Unit (PMU) is responsible for managing the Performance Management System (PMS) by coordinating corporate-wide performance target setting, performance measurement and performance appraisal towards the realisation of the NDIC's goals and objectives.

During the year under review, the Unit coordinated the automation of the Balanced Scorecard-Based Performance System, through the installation of three Oracle software modules aimed at enhancing the effectiveness and efficiency of the NDIC's PMS. The Unit also embarked on the review of the draft PMS policy and coordinated the development of a middleware to enable the three installed PMS software speak to one another. Collaborative activities were carried out with related departments within the NDIC and a similar department was visited in CBN, as part of initiatives aimed at ensuring that the NDIC derives maximum benefits from the new PMS as well as enhancing its effectiveness and efficiency.

L-R: NDIC Executive Director (Operations), Prince Aghatise Erediauwa, NDIC MD / CE Alhaji Umaru Ibrahim, NDIC Executive Director Corporate Services Hon (Mrs) Lola Abiola Edewor, Ms Bennedikter C. Molokwu, Member NDIC Board of Directors, Amb. (Dr) Hassan Adamu, Chairman NDIC Board of Directors and Alhaji lawan Zakaria Gana, Member NDIC Board of Directors during the official commissioning of the NDIC Academy in Abuja.

L-R: Alhaji Umaru Ibrahim, Head Communication and Public Affairs, Hadi Sule Birchi, Prince Aghatise Erediauwa, Director Special Insured Institutions Department, Mr. Bashir Dada Umar and Hon (Mrs.) Lola Abiola Edewor at the end of the opening ceremony of the NDIC Workshop for Operators of Microfinance Banking Sub Sector in Abuja.

L-R: NDIC, Executive Director Corporate Services, Hon. (Mrs.)Lola Abiola Edewor, NDIC MD / CE, Alhaji Umaru Ibrahim and Executive Director Operations, Prince Aghatise Erediauwa at the opening ceremony of the NDIC Management Parley with Female Staff.

A cross section of participants at the Abuja run of the NDIC Management 's Parley with the Female Staff.

L-R: Alhaji Umaru Ibrahim and MD/CE Asha Microfinance Bank Nigeria, Mr. Aminul Haque Bhuiya in a discussion during the Kano leg of the NDIC Workshop for Operators of Microfinance Banking Sub Sector.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 6

PUBLIC AWARENESS AND CORPORATE SOCIAL RESPONSIBILITY

6.0. Introduction

The best practice is that for a DIS to be effective, the public and all stakeholders should on an on-going basis be informed about the benefits and limitations of the DIS. In 2013, the NDIC engaged in public awareness initiatives to ensure the effective discharge of its mandate, enhance the effectiveness of the system as well as engender public confidence. Also the NDIC embarked on some corporate social activities which were aimed at promoting public awareness of the NDIC's activities. This section highlights some of the specific public awareness and social responsibility initiatives undertaken by the NDIC in 2013.

6.1 Public Awareness Initiatives

The NDIC executed a lot of public awareness initiatives during the year under review. The initiatives were aimed at further sensitisation and enlightenment of the public about the NDIC's activities and its role in facilitating safety, soundness and stability of the financial system. Some of the initiatives included the following:

6.1.1 "NDIC CALLING" Television Programme

The production and telecast of the weekly television programme on Nigeria Television Authority (NTA) tagged 'NDIC Calling' continued to feature during the year under review. The programme served as a veritable platform to educate and inform viewers on the mandate and activities of the NDIC. It also provided a platform for recorded interviews with the Managing Director/CEO, Executive Directors and Directors in the operations departments of the NDIC, on topical issues relevant to the administration of DIS in Nigeria. Similarly, it served as a feedback mechanism whereby viewers responded with on-line comments and enquiries on the activities of the NDIC.

6.1.2 Television Documentary on National Assembly

In a bid to promote NDIC core values of transparency and accountability, the NDIC sponsored a 30-minute special television documentary on its appearance before the House Committee on Banking & Currency in defence of its 2013 budget and landmark achievements. The documentary was telecast in the African Independent Television (AIT) and NTA.

6.1.3 Depositor Protection Radio Jingles

The NDIC continued to enlighten its stakeholders through radio jingles on selected radio stations across the six geo-political zones of the country. The jingles were transmitted in the three major Nigerian languages of Hausa, Igbo and Yoruba as well as Pidgin English, with the aim of sensitising the public in the area of deposit claims and debt recovery.

6.1.4 "Economic Matters" Programme

In 2013, the NDIC coordinated an audience interactive programme, tagged "Economic Matters", on the Capital FM and Aso Radio in Abuja where senior management responded to questions on the NDIC mandate. The MD/CEO was also a guest on a Hausa weekly radio recorded interview programme "Bakonmu Na Mako" (i.e. Guest of the Week) that was transmitted on Radio Nigeria, Kaduna.

6.1.5 NDIC Re-Branding

The NDIC, in recognition of the need to reposition itself to achieve its strategic plan and thereby improve its performance rating, among others, launched a rebranding project in 2013. The rebranding was part of the Board and Management's initiatives intended at making the NDIC responsive and in tune with global best practices. The rebranding strategy was also a deliberate effort to not only correct the wrong perception about the NDIC as an insurance company through the strap line: "Protecting your bank deposits" that is in its logo, but also to enhance its service delivery in order to achieve the NDIC's vision of being among the leading deposit insurers in the world. In that regard, the NDIC evolved new core values with an acronym HRDPP (Honesty, Respect and Fairness, Discipline, Professionalism & Team Work and Passion) in order to achieve the desired objectives. Furthermore, it organised a town-hall meeting to sensitise internal stakeholders on the essence of the new brand and launched a new corporate identity in October 2013 pledging its renewed commitment to efficient service delivery.

L-R: The NDIC MD/CE, Umaru Ibrahim, the representative of the former Hon. Minister of State for Finance & Member, NDIC Board of Directors, Mr. Kalli Zaji and the Chairman, NDIC Board of Directors, Amb. (Dr.) Hassan Adamu during the unveiling of the Corporation's new corporate identity.

The Chairman, NDIC Board of Directors, Amb. (Dr.) Hassan Adamu (3rd from right) presenting a copy of the NDIC Brand Manual to the representative of the former Hon. Minister of State for Finance & Member, NDIC Board of Directors, Mr. Kalli Zaji (2nd from right) while the NDIC MD/CE, Umaru Ibrahim (1st from left) and Ms. Bennedikter C. Molokwu Member, NDIC Board applaud during the launch of the Corporation's new brand.

6.1.6 National Workshop for Operators in Microfinance Subsector

The Corporation sponsored national workshop for operators in the microfinance sub sector, which was held in the 6 geo-political zones of the country. The workshop was accorded national publicity on select national and local electronic and print media. A special report was published in eight national dailies, namely – Thisday, Punch, Leadership, Business Day, Daily Trust, The Nation, Blueprint and Peoples Daily Newspapers.

6.1.7 Public Awareness through the Enterprise Help Desk System Unit

The NDIC continued to inform the general public including depositors about its roles and the Deposit Insurance System. It also resolved enquiries of customers of closed banks as well as those in operation. These enlightenments were done through the 24-Hour Enterprise Help Desk domiciled at the Head Office, Abuja and Special Help Desk in Lagos Office. Since its establishment in 2011, the Help Desk had continued to sensitise the public on the functions and activities of the NDIC, hence engendering public confidence in the banking subsector and promoting financial inclusion. Table 6.1 shows the number of calls received/enquiries made through the Help Desk in 2013.

Table 6.1

CALLS RECEIVED BY THE NDIC HELP DESK AS AT DECEMBER 31, 2013

S/N	BANKS	CALLS	%
1	Deposit Money Banks	168	41.6
2	Failed Deposit Money Banks	51	12.6
3	AMCON Deposit Money Banks	5	1.2
4	Primary Mortgage Banks	4	1.0
5	Microfinance Banks	15	3.7
6	Closed Microfinance Banks	88	21.8
7	General	73	18.1
	TOTAL	**404**	**100**

Source: Help Desk Monthly Reports

Table 6.1 depicts that a total number of 404 calls were received through the Help Desk in 2013. Majority of the calls (47.5%) were enquiries and complaints about DMBs, PMBs and MFBs in operation. That was followed by complaints related to Failed Deposit Money Banks (12.6%) and closed Microfinance Banks (21.8%) while general enquiries on NDIC functions and activities accounted for 18.1%.

The enquiries and complaints on banks in operation were on issues such as status of Heritage Banking Company (former Societe Generale Bank) and Savannah Bank as well as how customers could have access to their deposits. Others related to illegal deductions on customers' accounts by some banks; transfer of deposits by Oceanic Bank customers (now acquired by Ecobank) and the continuation of deduction of charges of 100 naira on ATM withdrawals by banks despite CBN directives against same.

Customers of Integrated MFB recorded the highest calls in the category of liquidated banks. The complaints registered by customers of Stone, Fourth, Alliance, Milestone, Lalupon, Municipal, Bonny Impact and self closed Re-Union Microfinance banks ranged from omission of names in the deposit registers to non payment of claims. Other customers enquired to know the payment status of uninsured deposits and liquidation dividend in respect of African Continental Bank (ACB) and Fortune Bank in-liquidation.

In addition a total of 403 e-mails were received from the general public, though most of them were applications and curriculum vitae for employment. Others were from consultants seeking to offer training, seminar and workshops for staff of the NDIC. It is pertinent to note that customers' enquiries and complaints were promptly addressed.

6.1.8 Annual Workshop for Financial Correspondents Association of Nigeria

The 13th edition of the annual workshop for Business Editors and Finance Correspondents Association of Nigeria (FICAN) was held in Uyo, Akwa Ibom State between December 2 and 4, 2013. The theme of the workshop was "Deposit Insurance and Financial Inclusion". Participants drawn from various media organisations in Nigeria were brought together to discuss issues and strategies that would promote financial inclusion in the nation's financial system. It was also aimed at mass media sensitisation on the NDIC's roles as a deposit insurer and liquidator. It provided a platform for the NDIC to hold its media parley by sensitising and effectively partnering with the media as a strategic stakeholder in the NDIC rebranding project.

The MD/CEO, Alh. Umaru Ibrahim and some members of FICAN at the 2013 FICAN Workshop

6.1.9 Sensitization Seminar for Judges

The NDIC, in collaboration with National Judicial Institute, sponsored sensitization seminar for judges in July 2013. The seminar drew participants from the Judiciary, Nigeria Institute for Advanced Legal Studies, National Judicial Institute and other financial institutions throughout Nigeria. The seminar provided a relaxed atmosphere for the bench and bar as well as staff of the NDIC to discuss areas of interest and other pertinent issues. The news highlights of the opening ceremony of the seminar were accorded nationwide publicity on both print and electronic media.

L-R: Board Member, Alh. Abdulrahman Dikko, MD/CE, Alh. Umaru Ibrahim and Board Chairman, NDIC Board, Amb. (Dr) Hassan Adamu discussing a point during the NDIC Seminar for Judges in Abuja.

L-R: Board Member, Alh. Lawan Gana, Executive Director (Operations), Prince Aghatise Erediauwa and another Board Member, Ms. Benedikter Molokwu at the NDIC Seminar for Judges in Abuja.

6.1.10 Participation at 2013 International Trade Fairs

The NDIC continued its participation in trade fairs across the country in order to enhance understanding of its mandate and activities. Six international trade fairs were attended by the NDIC in Bayelsa, Enugu, Kaduna, Kano, Lagos and Niger Delta. Special Days were organised at each of them to showcase NDIC's achievements and publicity was adequately provided through both the electronic and print media. The public enquiries were responded to at NDIC stand while in-house publications and branded souvenirs were shared to visitors and special guests.

2013 LAGOS TRADE FAIR

2013 LAGOS TRADE FAIR

6.1.11 Corporate Social Responsibility (CSR)

The NDIC had over the years been providing financial assistance to tertiary institutions in the country under its initiative of project-support scheme to improve their learning facilities. During the year under review, the NDIC Board approved the expansion of the project scope to include secondary schools as well as other community based facilities such as clinics.

A total of seventeen (17) institutions benefitted from the 3rd phase of the NDIC's CSR initiative, out of which thirteen (13) were successfully completed while the remaining four (4) were still under construction. The three (3) new projects approved in 2013 are as shown in table 6.2.

TABLE 6.2
NEW PROJECT BASED SUPPORT TO HIGHER INSTITUTIONS IN 2013

S/NO	INSTITUTION	COST OF PROJECT	AMOUNT (₦)
1.	Layola Jesuit University, Edo State	Construction of Ewatto Campus, Edo	30,000,000.00
2.	Fountain University Osogbo, Osun State	Construction of a Science Laboratory, Oshogbo	30,000,000.00
3.	Zaria Academy, Shika, Kaduna State	Rebuilding and Furnishing of Science Laboratory	24,000,000.00
	TOTAL		**84,000,000.00**

Source: Human Resource Department, NDIC

During the year under review, the Board approved the upward review of the sponsorship/project amount from N20 million to N30 million in view of the general increase in the cost of construction materials as well as taking into account inflationary pressures from negatively impacting the CSR initiatives.

President and Members of National Association of Banking and Finance Students (NABAFS), Federal Polytechnic Nasarawa in a group photograph with management staff of the Nigeria Deposit Insurance Corporation (NDIC) during an academic visit to the Corporation's Head Office, Abuja.

President and Members of National Association of Banking and Finance Students (NABAFS), Federal Polytechnic Nasarawa in a group photograph with management staff of the Nigeria Deposit Insurance Corporation (NDIC) during an academic visit to the Corporation's Head Office, Abuja.

Students of the University of Abuja on an academic visit to the NDIC.

SECTION 7

REVIEW OF THE PROPOSED AMENDMENT TO THE NDIC ENABLING ACT 2006

7.0 Introduction

For a deposit insurance system to be effective, best practice dictates that it should be backed by a comprehensive and adequate legal framework. The legal framework should, depending on the mandate of the deposit insurance system, unambiguously specify the powers and authority of the deposit insurer, its sources of funding, participating institutions as well as the conditions for their participation.

The legal framework for implementing Deposit Insurance System in Nigeria was the NDIC Act No 22 of 1988, now repealed and re-enacted as the NDIC Act No. 16 of 2006. The initial Act was implemented for 18 years before it was repealed in 2006. The NDIC Act No. 16 of 2006 addressed some challenges faced by the Corporation in the discharge of its mandate under the 1988 Act.

In the light of developments in the international financial system and the Nigerian financial services industry in particular, the NDIC had proposed amendments to the current Act. The amendments were aimed at strengthening the NDIC's supervisory capabilities and addressed its challenges in the area of liquidation of failed financial institutions as well as ensure compliance with the Core Principles for Effective Deposit Insurance Systems.

The proposed amendments on the enabling legal framework, the NDIC Act No. 16 of 2006, had been pending before the National Assembly with the assurance of the support of the Assembly members in the on-going effort to review the Act. During the year under review, the proposed amendments of the draft bill scaled through the first reading. Presented below are the major issues contained in the proposed amendments.

7.1 Errors in the Extant Act

Several errors (both fundamental and typographical in nature) were contained in the NDIC Act 2006, requiring amendments. Earlier attempts had been made to correct the errors that were considered typographical through the publication of a corrigendum in the Official Gazette. That was however not enough to address all the errors and accordingly, a proposed amendment to the enabling Act containing all necessary corrections was forwarded to the National Assembly.

7.2 Composition of the Management Committee

The drafting of the provision on the composition of the Management Committee in the Act with respect to the appointment of the Chairman of the Management Committee in the event of the dissolution of the Board had created confusion in the past.

Furthermore, the extant provision made reference to only one (1) Executive Director (ED) whereas the Act provides for two (2) EDs. The proposed amendment aims to correct these lapses.

7.3 Public Policy Objectives

The public policy objectives of the DIS in Nigeria established by virtue of the enactment of the Act had been clearly specified in the proposed amendments in line with Core Principle 1, which states that the first step to reforming an existing DIS was to specify the appropriate public policy objectives that would be achieved. The public policy objectives amendment proposals aimed at protecting small uninformed depositors through the prompt payment of compensation in the event of failure as well as enhancing financial system stability and public confidence.

7.4 Tenure of Part-Time Members

The proposed amendment on the tenure of part-time members of the board provided that part-time members of the Board shall hold office for a period of four (4) years, renewable for another period of four (4) years at the maximum. The proposal was aimed at ensuring the stability of the Board so as to enhance policy formulation and effective discharge of its oversight functions.

7.5 Conflict of Interest

In order to ensure its compliance with Core Principle 5, which provides that the deposit insurer should be operationally independent, transparent, accountable and insulated from undue political and industry influence, the NDIC intends to formalize its commitments to transparency, accountability and probity. The proposal ensures that employees and Board members exhibit high level of professionalism and ethical conduct in line with the standards being demanded from members of deposit insurance systems worldwide.

7.6 General Reserve Fund

The proposal aims at enhancing the General Reserve Fund of NDIC which had been negatively affected by some of the requirements of the Fiscal Responsibility Act 2007. In the past, the NDIC was entirely dependent on the income derived from the investment of the premium paid by insured deposit taking financial institutions for its funding. The implication was that the NDIC did not depend on budgetary allocations from the Federal Government of Nigeria. Consequently, income from the investment of the fund should therefore not be liable for remittance to government contrary to the Fiscal Responsibility Act of 2007.

Furthermore, it had become necessary for the NDIC to build a robust reserve fund which would serve as a buffer for DMBs, MFBs and PMBs and also ensure that it fulfils its statutory mandate of granting financial assistance to eligible insured institutions in the interest of depositors.

The proposed amendment aims at complying with Core Principles 5 and 11 which provide that the deposit insurer should have power and availability of funding to fulfil its mandate as well as Core Principles 16 and 17 that provide for the deposit insurer to be able to meet its obligations including prompt and accurate depositor reimbursement.

7.7 Expanding Incidence for Payment of Insured Deposits

The proposal aims to ensure that deposit pay-out would be promptly made to the depositors of insured institutions in circumstances other than when the licence of a bank had been revoked by inclusion of situations where the insured institution had suspended payment or was otherwise unable to meet their obligations to depositors.

7.8 Supervision of Related Entities of Insured Institutions

In order to prevent the banking sector from being used as a conduit for circumventing banking laws, rules and regulations or as avenue through which depositors' funds were dissipated following the wide diversification of Nigerian banks and establishment of a number of banking and non-banking subsidiaries, affiliates and associates, it became imperative for NDIC to access the books and affairs of all such related entities of insured banks to enable it assess transactions between them. The proposed amendment would empower the NDIC to request information from all such related entities.

7.9 Prompt Corrective Action

It was necessary for NDIC to enforce the recommendations contained in its Examination Reports thereby strengthening its supervisory capacity. The proposed amendment aims at compliance with Core Principle 15 which provides that the deposit insurance should be part of a framework within the financial safety net that provides the early detection and timely intervention and resolution of troubled banks.

7.10 Insured Institutions Resolution Fund

It would be recalled that following the Federal Government's bank consolidation program, the size of some DMBs grew so exponentially that the failure of only one or a few of them at a time could pose a serious threat to the Deposit Insurance Fund (DIF). It would be further noted that the emerging policy on categorization of banks, envisaged national and international active banks whose capital, liabilities and assets could well surpass that of the current DMBs. Consequently, the need arose for a statutory contingency plan such as the Resolution Fund to address open bank resolution involving any one of such large institutions in order to prevent a failure which had the capability to wipe out DIF entirely. The proposed amendments sought to establish an Insured Institution's Resolution Fund that would be used as an open bank resolution option for resolving distress in large insured institutions.

The proposed amendment aims at complying with Core Principles 5 and 11 that provides for the deposit insurer to have power and availability of funding to fulfil its mandate.

7.11 The NDIC as Conservator

The NDIC is empowered to assume control of certain category of failing banks according to Section 34(a) of the Banks and Other Financial Institutions (BOFIA) Act 1990 (as amended). However, the NDIC Act had no provision stipulating its status under 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 problem bank which NDIC had assumed control of should be protected from attachment of its assets and the assets of NDIC against the liability of such distressed bank. The status of Conservator should confer on NDIC powers that would enhance its ability to recover debts owed to the distressed bank, protect its assets and effectively manage the bank for the purpose of restructuring and rehabilitation.

The proposed amendment aims at providing for such powers that would enable the NDIC to effectively discharge its mandate of extending technical assistance to problem banks. The proposed amendment also aims at complying with several Core Principles (including 15) which provides that the 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 banks.

7.12 The NDIC as Liquidator

The proposed amendment provided for the appointment of the NDIC as Liquidator simpli cita rather than as Provisional Liquidator in the event of the revocation of licence of an insured institution and expounded the powers of NDIC to act as Liquidator in order to ensure effective winding up of the affairs of such insured institutions.

Even though the provision on appointment of NDIC as Provisional Liquidator had already been tested with the revocation of the operating licences of some MFBs, its effectiveness was very much in doubt given the experience with the cases of the defunct Fortune and Triumph banks. It may be recalled that the NDIC was appointed provisional liquidator for both banks since 2006 and five (5) years later, deposit claims in those banks still remained unpaid and the NDIC had not been able to carry out liquidation activities such as the payment of liquidation dividend to the uninsured depositors of the banks involved. That was despite the status of the NDIC as a provisional liquidator and the adoption of Purchase and Assumption (P&A) mechanism as an option to resolve the failure of the banks.

The status of a Provisional Liquidator appeared to be that of a preserver of the assets of the company facing liquidation pending the determination of the winding up petition. Therefore, the NDIC as a Provisional Liquidator does not have powers to dispose of assets, compromise debts or pay out claims. The appointment of the NDIC as Provisional Liquidator, though laudable, cannot actually deal with the challenge it faces in liquidation. In framing the proposed amendment, the NDIC examined and as much as possible, tried to adopt the practices obtainable in some jurisdictions particularly the Federal Deposit Insurance Corporation (FDIC) of USA along which the NDIC was modeled.

The proposed amendment aims at complying with Core Principles 17 and 18 (amongst several others) which in summary provides that the deposit insurer should be able to meet its obligations including prompt and accurate reimbursement to depositors of failed insured institutions on an equitable basis, minimize resolution costs and disruption of markets; maximize recoveries on assets, and reinforce discipline through legal actions in cases of negligence or other wrong doings. Furthermore, the deposit insurer should be able to preserve critical banking functions by facilitating the acquisition of assets and assumption of liabilities of a failed bank, thereby providing depositors with continuous access to their funds and also maintaining clearing and settlement activities. In addition, the DIS should give depositors prompt access to their insured funds, be notified in advance when reimbursement may be required and have access to depositor information in advance. Depositors should have legal right to reimbursement and knowledge of payment time, limits and mode.

The deposit insurer is expected to share in the proceeds of recoveries from the estate of the failed bank and the management of its assets while the recovery process should be guided by commercial considerations and their economic merits

7.13 Payment of Insured Deposits even when action Challenging Revocation is pending in Court

The proposed amendment aims to empower the NDIC to be able to pay insured deposits to depositors of insured institutions whose operating licence had been revoked even when the litigation of the institution's operating licence or winding up was still pending in court. The proposal aims to reduce the extent to which depositors are subjected to untold hardship anytime erstwhile owners of banks whose operating licences had been revoked took the CBN/NDIC to Court to forestall liquidation of their banks. Section 40(7) of the Act which was meant to address the above problem did not prevent the institution of an application in Court from payment of insured deposits. Rather, it regulated the venue for hearing such applications. Accordingly, under the current practice, once an application was filed and pending determination, payment of the insured deposits cannot be done.

The proposed amendments would enable the NDIC to pay insured deposits irrespective of such an application pending in court, as payment of insured deposits would be statutorily obligatory. The equitable doctrine of **lis pendis** would not operate in the face of statutory provisions compelling NDIC to effect such payment. In the event that the licence of the institution was restored, the NDIC would have a right of subrogation.

7.14 Dealing with Parties at Fault in Bank Failure

Core Principle 14 provides that the deposit insurer should have the power to seek legal redress against those parties at fault in bank failure. The proposed amendment sought to amongst others comply with the above.

[a] Liability of Directors and Officers

The nature of the legal redress available for any party involved with bank failure varies with the type of the party. Parties involved include the Board and Management, officers, customers, shareholders, external auditors and advisers. 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 and Offences

Even though the NDIC Act gives power to the Board of Directors to prosecute Directors and officers for violating the provisions of the Act as contained in BOFIA 1990, Failed Bank (Recovery of Debts) and Financial Malpractices in Banks Act 1994, Money Laundering Act, Exchange Control Act, Criminal/Penal Code, etc that provision was complied with in view of the difficulty in enforcing it. The proposal seeks to ensure that as much as possible the NDIC is empowered to seek legal redress against erring parties for infringement of penal laws relating to banking other than the Act.

[c] Civil Penalty

The conviction of criminals only does not constitute adequate remedy with the desired economic results. The proposed amendment aims at improving the economic value of the legal redress mechanism in the deposit insurance system by subjecting convicted erring officials to civil penalty that would be related directly to the amount involved in the provisions of the violated law.

L – R: Executive Director (Operations) of Nigeria Deposit Insurance Corporation (NDIC), Prince Aghatise Erediauwa; Senator Bukola Saraki; NDIC Executive Director (Corporate Services), Hon. (Mrs) Omolola Abiola-Edewor; Senator Anthony Adeniyi; Senator Bassey Edet Utu, Chairman, Senate Committee on Banking, Insurance and Other Financial Institutions; NDIC MD/CE, Alh. Umaru Ibrahim; Senator Isa Galaudu; Senator Bello Tukur and Senator Abdulmumuni Hassan at the 2013 retreat for the Senate Committee on the proposed amendment to the NDIC Act 2006, in Lagos.

L – R: Senator Bukola Saraki; Executive Director (Corporate Services) of Nigeria Deposit Insurance Corporation (NDIC), Hon. (Mrs) Omolola Abiola-Edewor; Senator Anthony Adeniyi; Senator Bassey Edet Utu, Chairman, Senate Committee on Banking, Insurance and Other Financial Institutions and Alh. Umaru Ibrahim, NDIC MD/CE at the 2013 retreat for the Senate Committee on the proposed amendment to the NDIC Act 2006 in Lagos.

L – R: Executive Director (Corporate Services) of Nigeria Deposit Insurance Corporation (NDIC), Hon. (Mrs) Omolola Abiola-Edewor; Senator Bello Tukur and Senator Isa Galaudu discussing a point at the 2013 retreat for Senate Committee on Banking, Insurance and Other Financial Institutions on the proposed amendment to the NDIC Act 2006 in Lagos.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 8

RESEARCH ACTIVITIES AND INTER-AGENCY COLLABORATION WITH INTERNATIONAL INSTITUTIONS

8.0 Introduction

Research has become an indispensable activity in the development and attainment of corporate objectives by organisations, especially those with unique mandates. A DIS is unique considering its goals and modus operandi. The research activities in NDIC focus on operational issues and performance improvements.

During the year under review, the NDIC carried out a number of research projects aimed at enhancing its overall effectiveness in the discharge of its mandate. This section provides the highlights of the major research activities carried out and reports on the NDIC's inter-agency collaboration with relevant international bodies.

8.1 Research Activities

In the period under review and in line with its expanded role, the NDIC undertook research activities considered necessary to further its effectiveness in the following areas:

8.1.1 Development of Early Warning System (EWS) of Bank Distress in Nigeria

The study was aimed at developing a robust Early Warning System (EWS) that would ensure prompt identification of possible problem banks in the industry and enable supervisors to take proactive measures to mitigate such problems. The study considered three approaches for implementing the EWS, namely: Discriminant Analysis model, the Logit/Probit Models, and the Credit Risk Approach based on Option Pricing Theory.

Some of the findings of the Study were:

i. All the econometric models (logit, probit and discriminant analysis) adopted in the study revealed the same variables (factors) as most significant indicators of bank distress. The factors were Capital Adequacy, Liquidity Ratio, Return on Assets and Assets Quality.

ii. The accuracy of the three models based on related studies was very high for predicting bank distress in Nigeria.

iii. Using data sample of 1 to 2 years to forecast produces more Type II (a false prediction of failure) than Type I errors (the inability to predict an actual failure).

iv. The study reveals that the ratios (as obtained from eFASS) fluctuated from year to year and within groups of composite scores (above 80, between 70 and 80, between 60 and 70, between 60 and 50 and between 50 and 40), implying that the regulatory weights assigned to the ratios should not be held constant.

v. The reliance on financial data from eFASS had several other effects on the Logit model's performance, indicating that the selected model was completely dependent on the accurate reporting of financial information by the banks and on the extent of correctness of data in eFASS. Credit risk models and market data do not suffer from the problems associated with using data supplied by the institutions which make them more reliable for bank failure prediction.

A few recommendations based on the Study were:

i. Fixed and time-invariant weights should therefore not be assigned to ratios or variables (such as Capital Adequacy ratios given constant 20% weight at all times, each year) for predicting bank distress whether based on econometric, credit risk or eFASS systems. Rather, the weights assigned to ratios or variables should change if the environment has changed due to structural changes or any other reason that may have caused a major change in the composition or ratings of the banks. We therefore recommend that failure predictive percentages assigned to ratios should not be static but re-estimated at least yearly so as to capture important structural and other changes in the banking industry. Also, all the models used in the study should therefore be run on a quarterly basis on new Call Reports as well as market data (equity/stock prices).

ii. Since the credit risk and market data-based models provide a more cautious rating than those provided by models using eFASS data, their application for predicting distress should therefore, be given preference.

iii. Since most supervisors prefer investigating too many banks instead of too few, Type I errors (misclassification of distressed banks as healthy) are normally perceived as more serious than Type II errors (a false prediction of failure). A framework that ensures least Type I error should be adopted. The suggested framework utilizes market data (credit risk approach), regulatory information rating system based on bank returns and statistical model (logit model), with weights of 60%, 20% and 20%, respectively to arrive at composite score for each bank.

8.1.2 Target Fund Ratio Framework

The study provides an assessment of the Adequacy of the NDIC DIF by focusing on its risk profile and its historic losses and costs. The methodology in use by the NDIC in assessing its DIF adequacy was reviewed and alternative IADI-recommended methodologies were utilised in setting the new Target Fund Ratio. An enhanced Target Fund Ratio

Framework was established using the two methods proposed by IADI, namely: Historical Loss and Credit Risk approaches.

The study investigated the establishment of an enhanced Target Funding Ratio framework using two approaches, namely: Historical Loss and Credit Risk Approach. The Credit Risk Approach (CRA) was preferred to the Historical Loss Approach (HLA) because the HLA does not consider the risk profile of the insured institutions; the dynamics of the operating environment; correlation between the banks and not capable of being used for stress testing.

The adequacy of the DIF using Credit Risk Techniques under different scenarios and assumptions was assessed while stress test using different parameters and metrics (such as Loss Given Default, probability of default, insured deposits, etc) as implemented in other key jurisdictions, like the FDIC and Italian FITD, was also carried out.

The study revealed that the DIF in NDIC would be considered adequate if the Target Reserve Ratio is set at 4% to 5% of total deposits for all DMBs.

Some of the countries with similar sovereign risk ratings and/or just a level higher or lower and their Target Fund Ratio include: Argentina (5% of total deposits), Indonesia (2.5% of total deposits), Jordan (3% of total deposits), Russia (5% of total deposits), Uruguay (5% of total deposits) and Venezuela (10.11% of insured deposits).

8.1.3 Measuring and Managing Systemic Risk in the Nigerian Banking System

The NDIC carried out a research project to measure the systemic risk contributions of Nigerian banks based on several approaches advocated by Bank for International Settlements (BIS), regulators and renowned academics. The project identified and analyzed systemically important Nigerian banks using the Beta, market capitalization, systemic expected shortfall (SES) and marginal expected shortfall (MES) measures as implemented by well-respected and leading academics and BIS Indicator Approach advocated by standard setting agencies. The broad objective of the study was to provide a comprehensive comparison of the above systemic risk measures by considering the Nigerian DMBs over the period 2009-2013.

The specific objective of the project was to seek answers to the following questions: How much capital should a bank hold as a result of its systemic importance? Do the different risk measures identify the same systemically important banks (SIBs)? And if not, what are the reasons? Various methods were used not only to identify systemic institutions but also to rank the banks according to their systemic risk contribution and to construct future risk rankings.

Some of the findings of the Study were:

i. Applying the market data-based (SRISK) and BIS Indicator approaches to the Nigerian DMBs unambiguously established the following six banks as systemically important: First Bank of Nigeria Plc, Zenith Bank Plc, Guaranty Trust Bank Plc, United Bank for Africa Plc, Access Bank Plc and Ecobank Plc. The study also revealed that most banks in Nigeria held capital levels in excess of amounts required to be well capitalized except a few banks identified as needing additional equity capital.

A few recommendations based on the Study were:

i. While First Bank, GTB, UBA, Zenith, Ecobank and Access featured as SIBs using the two approaches, 4 other banks, namely: Union, Fidelity, FCMB and Stanbic IBTC fell within the border line and should therefore, be on the SIB watch-list to be created by the Regulators.

ii. The NDIC, in collaboration with CBN and other FSN players, should establish a legal framework for systemic risk management. Effective systemic risk management requires that a crisis response mechanism should be specified in advance, and a speedy resolution of failed financial institutions should be carried out under the mechanism.

iii. The NDIC and CBN should equally examine and if necessary strengthen its resolution processes for SIBs. They should also develop a resolution mechanism to safely resolve failing SIBs in line with the recent global financial reforms.

8.1.4 SURVEY ON PUBLIC AWARENESS ACTIVITIES

The IADI Core Principle 12 on Public Awareness requires a DI agency to conduct periodic surveys on the awareness of its activities with a view to enhancing the understanding of the DIS in its jurisdiction. During the year under review, the NDIC engaged the services of six (6) teams of consultants to conduct a nationwide survey to amongst other things: gauge the extent of public understanding of DIS as being implemented by the NDIC; identify the limitations of the current public awareness activities; identify the methods that can be adopted by NDIC to enhance the efficacy of its public awareness programme; and recommend to management on how to improve on its public awareness efforts with a view to promoting a stable financial system. The assignment was concluded in November 2013 with the consolidation of the reports of the consultants that were based on zonal experiences.

The analysis of the survey revealed an improvement on the awareness of the public about the activities and modus operandi of the NDIC over the finding of the survey conducted in 2010 which averaged about 20%. The 2013 survey indicated the average knowledge/perception about NDIC ranged between 30.31% (North-West) and 44.65% (North-East), indicating differences in public perception of the NDIC across the zones.

The study recommended that a set of new and old strategies be packaged for a more robust public awareness campaign. The recommended strategies included:

(a) Use of Social Media through collaborative projects like Wikipedia; blogs and microblogs such as Twitter; content communities such as YouTube; and social networking sites like Facebook.
(b) Sponsored TV programmes and Jingles on TV especially during primetime football matches like UK Barclays Premier League and Champions League;
(c) Wider circulation of NDIC publications;
(d) Newspaper advertisements;
(e) Distribution of posters, Handbills and pamphlets;
(f) Organising Consumer Education Programmes;
(g) Organising Briefing Sessions for Journalists;
(h) Direct prosecution by NDIC of Directors and Officers of Insured Institutions that Violate any Provision of NDIC Act;
(i) Regular seminars for Finance Correspondents/Business Editors;
(j) Conference for Political office holders and captains of industry;
(k) Efficient and Effective Service Delivery especially the sustenance of NDIC brand of effective supervision which has become a culture for which NDIC is well known;
(l) Regular Training of Judges;
(m) Support to Higher Institutions;
(n) Road Shows; and
(o) Partnership with Insured Institutions.

8.1.5 Development of Case Studies on Bank Failure

The NDIC continued with the development of case studies on banks that failed in Nigeria for eventual publication. The project was instituted to facilitate learning from the events of the past as a basis for understanding the future and thereby providing measures against identified trend or pitfalls. A total of 12 cases were assigned to consultants for development in 2013 and all the cases were subsequently reviewed to enhance their quality.

8.1.6 Review of the Book on "Basic Knowledge on Banking"

During the year under review, the book on "Basic knowledge on Banking" was reviewed to include knowledge on deposit insurance. The project was designed to promote financial literacy in the country. The publication that emerged from the project was circulated to all secondary schools in the country free of charge.

8.2 Inter-Agency Collaboration with International Institutions

During the year under review, the NDIC built on its already existing institutional relationships, by linking up with international institutions that could be mutually beneficial to it in the areas of staff development and capacity building for effective service delivery.

8.2.1 IADI Activities

The NDIC participated actively in IADI activities and made notable contributions at its seminars, conferences and workshops in 2013. The following were the interactions of the NDIC with international agencies under the auspices of IADI.

The Managing Director/Chief Executive Officer (MD/CEO) of the NDIC was elected into the Executive Council (EXCO) of IADI at the 12th IADI Annual General Meeting (AGM) hosted by Seguro de Depósitors S.A. (SEDESA) Argentina in 2013. NDIC also participated at the 6th meeting of IADI Steering Committee on the Revision of Core Principles for Effective Deposit Insurance Systems which held in Mumbai, India in December 2013.

NDIC MD / CE, Umaru Ibrahim (front row, 6th from the left) with delegates at the 12th Annual General Meeting and Conference of the International Association of Deposit Insurers (IADI) in Buenos Aires, Argentina where he was elected as Member of the IADI Executive Council.

Furthermore, the NDIC participated at a seminar on "Parties at Fault in Bank Failure and Frauds in the Practice of Deposit Insurance" organized by the Deposit Insurance Agency (DIA) of Russia. Another NDIC delegation led by the Executive Director (Operations) also participated at the IADI Core Principles Assessment Workshop hosted by the Savings Deposit Insurance Fund (SDIF) of Turkey. The NDIC also participated at the 2nd Malaysia Deposit Insurance Corporation (MDIC) Open House programme in Kuala Lumpur, Malaysia in June 2013. The programme was a collaboration between the Africa Regional Committee (ARC) of IADI and MDIC and was attended by five (5) NDIC staff.

8.2.2 Cooperation and Exchange with Other Deposit Insurance Agencies

The NDIC took advantage of its membership of IADI and engaged in knowledge exchange with other members of the Association through various visitations as detailed below.

i. Study Visit to FUNDO GARANTIDOR de CREDITOS (FGC) and Central Bank of Brazil (CBB)

The Board members of the NDIC paid a working visit to FGC and CBB as part of its capacity building programmes slated for 2013. The main purpose of the visit was to facilitate information and knowledge sharing between the two institutions on issues in deposit insurance, in line with IADI mission. In particular, the visit was to enable our Board members benefit from the expertise and wealth of experience of both the Central Bank and FGC of Brazil in the critical aspects of deposit insurance. In order to foster better understanding of deposit insurance issues by members of the National Assembly and sustain cordial relationship with the body, the Chairman of the Banking and Currency Committee of the House of Representatives also participated in the programme.

A cross section of Board members and Officers of F GC and CBB at a presentation during the Board's visit to Brazil in 2013.

The working visit provided a unique opportunity for the Board to gain insights into the workings of a private sector owned and administered deposit insurance system (DIS) from which some lessons were drawn in spite of the fact the NDIC is a public sector owned and administered DIS. Some of the lessons included impairment of resolution process by litigation; civil liability of managers and controlling shareholders of failed banks; stress testing of the banking system; and use of electronic payment system for depositor reimbursement.

ii. Mutual Cooperation between NDIC and BGF of Poland

The NDIC commenced the process of signing a Memorandum of Understanding (MOU) between NDIC and Bank Guarantee Fund (BGF), Poland following a study visit to BGF during the year under review. The MOU was to address the areas of cooperation between the two organisations which included information and experience sharing, bilateral meetings, obligation of confidentiality, amongst others. The Board also noted that the MOU would be for an initial period of five (5) years and could be extended. The MOU could be terminated by either party by giving a ninety (90) day written notice.

iii. Study Visit by Staff of DIB of Tanzania

During the year under review, the NDIC hosted the staff of Deposit Insurance Board (DIB) of Tanzania on an attachment programme in the area of bank liquidation.

8.2.3 NDIC-OTA Project

The NDIC started benefitting from the assistance extended to it by the Office of Technical Assistance (OTA) of US Department of the Treasury in 2011. The NDIC-OTA project continued during the year under review with assistance on capacity building in the following areas, namely: International Financial Reporting Standard (IFRS), Risk-Based Supervision (RBS), Enterprise Risk Management (ERM) as well as Legal and Asset Management issues. As at December 31, 2013, the number of staff that benefitted from the training programmes under the project were as follows:

i.	International Financial Reporting Standards (IFRS)	-	180 staff;
ii.	Risk-Based Supervision (RBS)	-	490 staff;
iii.	Enterprise Risk Management	-	96 staff; and
iv.	Legal and Asset Management	-	36 staff.

8.2.4 World Bank Technical Assistance

The NDIC filed an application for technical assistance from the World Bank under its FIRST initiative. The areas for which assistance was sought were as follows:

i) Target Funding Framework for NDIC
ii) Contingency Planning & Simulation for payout
iii) Development of Strategy for Communication during Crisis to help sustain depositor's confidence in the banking system

The assistance, if obtained, would enable the NDIC address its deficiencies which were identified during the 2011 assessment of its compliance with the Core Principles for Effective Deposit Insurance. The response of the World Bank was being awaited.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 9

CORPORATE GOVERNANCE

9.0 Introduction

The NDIC's Board is the apex decision-making body that superintends over the management of the affairs of the Corporation. The Board, whose tenure ended in August 2013, was re-appointed for a second term. The re-appointment was due to the entrenchment of sound corporate governance, which enhanced the performance of the NDIC during its first tenure in office.

In the discharge of its oversight function, the Board continued to apply the tenets of good corporate governance of independence, transparency, accountability and integrity in directing and managing the NDIC in line with the NDIC Act No. 16 of 2006. Working within the framework of its strategic plan, the Board of Directors was also guided by the NDIC's core objectives of depositor protection, enhancement of public confidence in the banking system and promotion of financial system stability.

9.1 Composition of NDIC Board of Directors

The NDIC is governed by a twelve-member Board of Directors in line with the provisions of Sections 5 and 7 of the NDIC Act No. 16 of 2006. The Board has responsibility for the formulation of policies for the conduct of the business and other affairs of the NDIC. It provides strategic direction for the NDIC and takes major decisions that border on its key mandate as well as other administrative and human resource issues. The Board is guided by sound corporate governance practices in the discharge of its oversight functions. It also ensures that similar good corporate governance practices are cascaded to the various levels in the NDIC.

The NDIC's Board, in 2013, comprised the Chairman who presided over Board Meetings, Executive Management, a representative of the Federal Ministry of Finance and CBN and one representative each from the six geo-political zones of the country. The Executive Management comprised of the Managing Director/Chief Executive Officer who was responsible for the day-to-day management of the Corporation and assisted by two Executive Directors (in charge of Operations and Corporate Services). The membership of the Board as at 31st December, 2013 was as follows:

i.	Amb. (Dr.) Hassan Adamu, CON (Wakili Adamawa)	-	Chairman
ii.	Alhaji Umaru Ibrahim, mni, FCIB	-	MD/CEO
iii.	Prince Aghatise Erediauwa	-	ED (Operations)
iv.	Hon. Omolola Abiola-Edewor	-	ED (Corporate Services)
v.	Chief Lukman Oyebisi Ilaka	-	Member
vi.	Chief Davidson Oghenekevwode	-	Member
vii.	Waziri Lawan Zakaria Gana, FCIB	-	Member

viii.	Chief Razak Tunde Lawal	-	Member
ix.	Alhaji Aliyu Abdulrahman Dikko	-	Member
x.	Ms Bennedikter China Molokwu	-	Member
xi.	Director, Home Finance	-	Member (Representative of the Federal Ministry of Finance)
xii.	Director, Banking Supervision Dept.	-	Member (Representative of CBN)

The Director of Legal Department serves as the Secretary to the Board.

9.2 Board Committees

The Board had six (6) Standing Committees in 2013, namely: Executive, Finance and General Purpose, IT/Corporate Strategy, Debt Recovery, Audit and Establishment. Membership, mandate and activities of the Committees in 2013 are represented below.

9.3 Executive Committee (EXCO) of the Board

The Exco was responsible for the day-to-day administration and implementation of policy decisions made by the Board. As in previous years, in 2013 it comprised the Managing Director/Chief Executive Officer who superintended over the meetings, the Executive Director (Operations) and Executive Director (Corporate Services). The EXCO met thirteen (13) times in 2013 to deliberate on the implementation of policy decisions of the Board as well as on other matters affecting the NDIC that were within its competence.

The membership of the EXCO during the period under review was as follows:

i.	Alhaji Umaru Ibrahim, mni, FCIB	-	MD/CEO
ii.	Prince Aghatise Erediauwa	-	ED (Operations)
iii.	Hon. Omolola Abiola-Edewor	-	ED (Corporate Services)

9.4 Finance and General Purpose Committee

The Finance and General Purpose Committee was responsible for matters relating to annual budget and its implementation, consideration of NDIC'S Quarterly Reports of its financial position, appointment of External Auditors, compliance with extant financial regulations and circulars and other matters referred to it by the Board. The Committee met six (6) times during the year under review and made some policy recommendations to the Board for consideration. Members of the Committee in 2013 were as follows:

i.	Amb. (Dr.) Hassan Adamu, CON (Wakili Adamawa)	-	Chairman
ii.	Alhaji Umaru Ibrahim, mni, FCIB (MD/CEO)	-	Member
iii.	Prince Aghatise Erediauwa (ED Ops)	-	Member

iv.	Hon. Omolola Abiola-Edewor (ED CS)	-	Member
v.	Chief Lukman Oyebisi Ilaka	-	Member
vi.	Chief Davidson Oghenekevwode	-	Member
vii.	Waziri Lawan Zakaria Gana (FCIB)	-	Member
viii.	Chief Razak Tunde Lawal	-	Member
ix.	Alhaji Aliyu Abdulrahman Dikko	-	Member
x.	Ms. Bennedikter China Molokwu	-	Member
xi.	Director, Home Finance (FMF)	-	Member

9.5 The IT/ Corporate Strategy Committee

The mandate of the IT/Corporate Strategy Committee was to ensure that appropriate structures and processes were in place to drive the NDIC's strategic direction. It also had the mandate of reviewing the NDIC's strategic plan as might be necessary to ensure seamless implementation.

During the year under review, the Committee exercised oversight function on the development of Digital Archiving System, PMS software and the general stabilization of the IT infrastructure. Furthermore, it ensured the automation of the ERM Framework, the implementation of RBS and DPAS and the deployment of e-FILMS as part of the NDIC's strategic drive. The Committee met four (4) times during the year and its membership was as follows:

i.	Ms. Bennedikter China Molokwu	-	Chairman
ii.	Umaru Ibrahim, mni, FCIB (MD/CEO)	-	Member
iii.	Prince Aghatise Erediauwa (ED Ops)	-	Member
iv.	Hon. Omolola Abiola-Edewor (ED CS)	-	Member
v.	Chief Razak Tunde Lawal	-	Member
vi.	Waziri Lawan Zakaria Gana, FCIB	-	Member
vii.	Director (Home Finance), FMF	-	Member
viii.	Director (BSD), CBN	-	Member

9.6 The Debt Recovery Committee

The Debt Recovery Committee was responsible for advising the Board on debt recovery, interest waivers and other matters that bordered on debt recovery policies. The Committee examined various debt settlement proposals and advised the Board on debt recovery process in respect of debts owed the failed insured financial institutions. It also revised the debt recovery policy of the NDIC and recommended more practical incentives that encouraged debtors to settle their debts by entrenching various thresholds for appraising debt settlement proposals. Furthermore, it made recommendations to the Board on interest waivers which ensured improved debt recovery. The Committee met four (4) times in 2013 and had the following as its members:

i.	Chief Lukman Oyebisi Ilaka	-	Chairman
ii.	Prince Aghatise Erediauwa (ED Ops)	-	Member
iii.	Chief Davidson Oghenekevwode	-	Member
iv.	Alhaji Aliyu A. Dikko	-	Member
v.	Ms. Benedikter China Molokwu	-	Member
vi.	Chief Razak Tunde Lawal	-	Member
vii.	Director (BSD), CBN	-	Member

9.7 The Audit Committee

The Audit Committee had the mandate of overseeing the internal and external audit process of the NDIC, ensure the adequacy of subsisting internal control measures, monitor compliance with extant policies of the NDIC and ensure the existence of effective checks and balances that would facilitate the implementation of the DIS in Nigeria. It also carried out forensic investigation of management functions which included, prompt identification of potential significant risks that might impact the achievement of NDIC's mandate, benchmarking strategies as well as other tasks that were assigned to it from time to time by the Board. The Committee met four (4) times in 2013 and had the following as its members:

i.	Chief Davidson Oghenekevwode	-	Chairman
ii.	Umaru Ibrahim, mni, FCIB, MD/CEO	-	Member
iii.	Director (Home Finance), FMF	-	Member
iv.	Chief Lukman Oyebisi Ilaka	-	Member
v.	Director (BSD), CBN	-	Member

9.8 The Establishment Committee

The Establishment Committee exercises oversight function on human resource issues. During the year under review, it reviewed and advised the Board on human resource issues that bordered on policies, succession, planning, compensation, promotion, recruitment, discipline and other staff matters. The Committee also assisted the Board in addressing breaches bordering on good corporate governance. As part of its assigned responsibilities, the Committee monitored the provision of local and overseas training as well as promotion and strategic redeployment of staff across the NDIC. The Committee met five (5) times in 2013 and had the following as its members:

i.	Alhaji Aliyu Abdulrahman Dikko	-	Chairman
ii.	Hon. Omolola Abiola-Edewor (ED CS)	-	Member
iii.	Chief Razak Tunde Lawal	-	Member
iv.	Waziri Lawan Zakaria Gana (FCIB)	-	Member
v.	Chief Davidson Oghenekevwode	-	Member
vi.	Chief Lukman Oyebisi Ilaka	-	Member
vii.	Director (BSD), CBN	-	Member

9.9 Other Commitments of the Board and Management

In 2013, the NDIC complied with relevant provisions of its enabling Act. It also abided by the provisions of other relevant Acts of the Federal Government of Nigeria with regards to information disclosure of its operations to its stakeholders and the general public in a timely manner. The NDIC adhered to the guidelines issued by the Office of the Auditor General of the Federation (OAGF) and Accountant General of the Federation (AGF). The Board also ensured that the NDIC's Annual Accounts in 2013 as in previous years were audited by external auditors, in line with the provisions of CAMA. The audited accounts were published in the NDIC's Annual Report and Statement of Accounts and were made available to the National Assembly, CBN, FMF and other stakeholders.

The NDIC also complied with the requirement of having to remit 25% of its Internally Generated Revenue to the Consolidated Revenue Fund (Treasury). Furthermore, it complied with the provisions of the Pension Reform Act in respect of the monthly remittances of staff contributions to their respective chosen PFAs. Staff whose retirement commenced before the inception of the new pension scheme started to draw their pensions from their respective chosen PFAs in 2013 as against drawing their pensions directly from the NDIC as it was in previous years.

In addition, the NDIC remitted all deductions and staff contributions to the National Health Insurance Scheme (NHIS) in compliance with the NHIS Act while staff continued to patronise their chosen Health Service Providers for medical attention. As the liquidator of failed banks in Nigeria, the NDIC rendered returns in respect of banks-in-liquidation to the Corporate Affairs Commission (CAC) and CBN as required by CAMA 1990 (as amended) and BOFIA 1991 (as amended), respectively.

The NDIC also complied with the provisions of the Code of Conduct for Public Officers Act, which required all staff and political appointees to declare their assets.

9.10 Achievements of the Board

The activities of the Board and its Committees were guided by the provisions of its Charter and the Key Performance Indicators (KPIs) put in place to ensure the effective discharge of its responsibilities in accordance with the NDIC's Performance Contract with its supervisory Ministry, the Federal Ministry of Finance (FMF).

During the year under review, the Board approved the employment of some staff to strengthen existing work force, provision of adequate training as well as the promotion of staff to motivate them. The Board also reviewed some of the major operational policies of the NDIC to enhance its effectiveness in actualizing its mission and vision. The reviewed policies included, among others, the development of Charter for Internal Audit Department (IAD), introduction of Risk-based Audit (RBA), review of Staff Conditions of Service and Core Values and development of a Framework for Financial and Technical Assistance to insured institutions. The rebranding project was also successfully executed under the supervision of the Board during the year under review. In addition to the establishment of the NDIC Training Academy, the Board also encouraged effective collaboration with international agencies such as the US Office of Technical Assistance (OTA) on expert training of staff in critical operational areas. Also, arrangements had reached advanced stage towards the signing of an MOU with Poland Deposit Guarantee Fund on capacity building and information/experience sharing.

In order to expose its members to recent developments in global deposit insurance policies and practices as well as equip them with the necessary and relevant skills to enable them discharge their responsibilities, the Board undertook study visits to Turkey and Brazil during the year. The Board also organized a retreat for its members with the participation of members of the relevant Committees in the National Assembly to facilitate their better understanding of NDIC's activities.

It is pertinent to state that the Board also participated in the seminars organised for Judges of the Federal High Court and Court of Appeal, aimed at educating the Judiciary on the mandate of the NDIC vis-a-vis legal challenges confronting it.

In accordance with the NDIC's social responsibility objectives, the Board approved the grant of financial support to some institutions of higher learning in the country as a way of contributing to the educational development. It also approved the sponsorship of sporting events and other activities aimed at engendering public awareness of the NDIC's activities.

9.11 Board visit to Fundo Garantidor de Créditos of Brazil

As part of efforts to reposition the NDIC to overcome emerging challenges in the nation's financial system, the Board of Directors of the Corporation undertook a study visit to Fundo Garantidor de Créditos of Brazil during the year under review. The essence of the study was to enhance the ability of the Board in its responsibility for overall policy, general administration and superintendence over the affairs of the NDIC.

L-R: The Chairman, NDIC Board of Directors, Amb. (Dr.) Hassan Adamu in a handshake with Chairman, House of Representatives Committee on Banking & Currency, Hon. Jones Onyereri during the 2013 NDIC Board retreat.

NDIC MD/ CE, Alh. Umaru Ibrahim fields questions from the media during the 2013 NDIC Board Retreat.

L-R: Hon (Mrs.) Lola Abiola Edewor discussing a point with Alhaji Umaru Ibrahim at the 2013 NDIC Board Retreat.

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

SECTION 10

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2013

The Directors present their annual report on the affairs of the Nigeria Deposit Insurance Corporation ("the Corporation") together with the audited financial statements for the year ended 31 December 2013.

These financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS), in line with the requirements of the Financial Reporting Council of Nigerian (FRCN).

Incorporation and address

The Corporation was established in Nigeria under the Nigeria Deposit Insurance Corporation Act No. 22 of 1988 as repealed and re-enacted by the Nigeria Deposit Insurance Corporation Act 2006 as a body corporate with perpetual succession and common seal and is domiciled in Nigeria.

The address of its registered office is:

Plot 447/448 Constitution Avenue
Central Business District
PMB 284, Garki
Abuja.

Principal activity

The principal activity of the Corporation is insuring all qualifying insurable deposit liabilities of licensed deposit money banks and such other deposit-taking financial institutions operating in Nigeria so as to engender confidence in the Nigerian banking system.

Insurance premium

The Corporation received insurance premium of ₦71.97 billion for the year ended 31 December 2013 (2012: ₦61.94 billion)

Operating results

The Corporation's results for the period are set out on page 106. Gross income increased by ₦12.22 billion (₦66.9-₦54.7) while the surplus for the year increased by ₦8.14 billion.

	31 December 2013 ₦'000	31 December 2012 ₦'000
Operating income	66,944,278	54,724,270
Operating expenses	(24,731,462)	(20,651,244)
	-----------------	-------------------
Net surplus from operations	42,212,816	34,073,026
	=========	==========

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31ST DECEMBER, 2013

Directors

The Directors who held office during the period and to the date of this report were:

Amb. (Dr) Hassan Adamu (CON)		Chairman
Alh. Umaru Ibrahim (mni)		Managing Director/Chief Executive Officer
Prince Aghatise Erediauwa		Executive Director (Operations)
Hon. Mrs. Omolola Abiola-Edewor		Executive Director (Corporate Services)
Mrs Agnes Olatokunbo Martins		Director (Representing the Central Bank of Nigeria)
Hajiya Binta Bello	*	Director (Representing the Federal Ministry of Finance)
Alhaji Zaji Kalli	**	Director (Representing the Federal Ministry of Finance)
Chief Razak T. Lawal		Director
Ms. Bennedikter C. Molokwu		Director
Mr. Abdulrahman A. Dikko		Director
Chief Davidson Oghenekevwode		Director
Mr. Lawan Z. Gana		Director
Chief Oyebisi L. Ilaka		Director

* Represented Ministry of Finance between January to September 2013
** Appointed in October 2013

Share capital and shareholding

The issued and fully paid-up shares of the Corporation were beneficially held as follows as at 31st December 2013

	No. of shares '000	Shareholding %
Central Bank of Nigeria	1,380,000	60
Ministry of Finance Incorporated	920,000	40
	---------------	--------
Total	2,300,000	100
	========	====

Employment of disabled persons

The Corporation has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Corporation's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Employee health, safety and welfare

The Corporation enforces strict health and safety rules and practices at the work environment which are reviewed and tested regularly.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Corporation's premises. The Corporation operates a Group Life Insurance cover for the benefit of its employees

Employee training and involvement

The Directors maintain regular communication and consultation with the employees and staff representatives on matters affecting employees and the Corporation. There is great emphasis on staff

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31ST DECEMBER, 2013

development and training through carefully planned training courses and seminars to update special skills and job requirements of the staff throughout the Corporation.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office as external auditors to the Corporation in accordance with the provisions of the Nigeria Deposit Insurance Corporation Act.

By order of the Board

By order of the Board

Belema A. Taribo
Ag. Secretary to the Board
FRCN/2014/NBA/00000008943
10th July 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2013

The Nigeria Deposit Insurance Corporation Act and the Financial Reporting Council of Nigeria Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Corporation at the end of the year and of its statement of profit or loss. The responsibilities include ensuring that:

- The Corporation keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Corporation and comply with the requirements of the Nigeria Deposit Insurance Corporation Act and the Financial Reporting Council of Nigeria Act.

- The Corporation establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities.

- The Corporation prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgement and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Financial Reporting Standards and the requirements of the Nigeria Deposit Insurance Corporation Act and the Financial Reporting Council of Nigeria Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its financial performance for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal controls.

Nothing has come to the attention of the Directors to indicate that the Corporation will not remain a going concern for at least twelve months from the date of approval of the financial statement.

Amb. (Dr) Hassan Adamu (CON)
(Chairman)
10th July 2014

Alh. Umaru Ibrahim (mni)
(Managing Director)
10th July 2014

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE NIGERIA DEPOSIT INSURANCE CORPORATION

Report on the financial statements

We have audited the accompanying financial statements of Nigeria Deposit Insurance Corporation ("the Corporation"). These financial statements comprise the statement of financial position as at 31 December 2013 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Nigeria Deposit Insurance Corporation Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Corporation's financial affairs at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Nigeria Deposit Insurance Corporation Act and the Financial Reporting Council of Nigeria Act.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 621163

Gabriel Ukpeh

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Gabriel Ukpeh
FRC/2013/ICAN/0000001882

30 September 2014

PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

STATEMENT OF COMPREHENSIVE INCOME AND DEPOSIT INSURANCE FUND FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 ₦'000	2012 ₦'000
Deposit insurance fund			
Insurance premium		71,967,674	61,938,626
		=========	=========
Operating income			
Interest income	4	66,563,477	54,684,331
Rental income	5	13,789	13,789
Other income	6	367,012	26,150
		--------------	--------------
Total operating income		66,944,278	54,724,270
		=========	=========
Operating expenses			
Employee benefits expense	7	17,561,985	15,264,856
Other operating expenses	8	4,941,746	5,234,028
Depreciation of property, plant and equipment	15	603,279	107,530
Amortisation of intangible assets	16	27,419	12,234
Claim expenses	19	1,597,033	32,596
		--------------	--------------
Total operating expenses		24,731,462	20,651,244
		=========	=========
Net surplus of operating income over operating expenses for the year		42,212,816	34,073,026
		=========	=========
Net surplus of operating income over operating expenses for the year and deposit insurance fund		**114,180,490**	**96,011,652**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans	11	1,514,749	(558,354)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
(Losses)/ gains arising during the year	11	(1,636,625)	10,059,488
Less: reclassification adjustments for gains/(losses)		(131,594)	-
Income tax relating to the components of OCI	10	-	-
		--------------	--------------
Other comprehensive (loss)/ income for the year		(253,470)	9,501,134
		========	========
Total comprehensive income for the year and deposit insurance fund		**113,927,020**	**105,512,786**
		==========	==========

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 ₦'000	2012 ₦'000	As at 1 January 2012 ₦'000
Assets				
Cash and balances with central bank	12	2,794,067	10,666,604	6,010,415
Financial assets:				
Available-for-sale financial assets	13a	179,696,538	151,699,922	79,937,709
Held to maturity financial assets	13b	441,869,846	353,202,631	327,238,145
Loans and receivables	13c	1,921,963	83,748	164,446
Other assets	14	3,213,744	1,723,395	5,618,592
Retirement benefit asset	20c	234,583	-	-
Property, plant and equipment	15	7,047,976	6,443,087	3,930,432
Intangible assets	16	332,387	306,623	56,244
Total Assets		637,111,104	524,126,010	422,955,983
Liabilities and Equity				
Liabilities				
Account payables and other liabilities	17	7,297,640	4,805,800	4,930,075
Due to banks	18	387,958	336,450	285,689
Compensation due to insured depositors	19	8,537,014	6,942,001	7,122,284
FGN consolidated revenue fund account	21	10,199,851	3,466,759	3,031,553
Retirement benefit obligations	20	3,404,089	4,495,989	3,553,398
Total liabilities		29,826,552	20,046,999	18,922,999
Equity				
Share capital	23	2,300,000	2,300,000	2,300,000
Retained earnings		37,559,025	33,363,906	31,541,909
Available-for-sale reserve		1,543,172	3,311,391	(6,748,097)
Other reserves	24	100,000	100,000	100,000
Total equity		41,502,197	39,075,297	27,193,812
Deposit insurance funds				
Deposit insurance funds for banks	22	565,782,355	465,003,714	376,839,172
Total equity and deposit insurance funds		607,284,552	504,079,011	404,032,984
Total liabilities and equity/insurance funds		637,111,104	524,126,010	422,955,983

Approved by the Board of Directors on 10th July 2014 and signed on its behalf by:

Amb. (Dr.) Hassan Adamu, CON (Chairman)
FRC/2013/NIM/00000002967

Alhaji Umaru Ibrahim, mni (Managing Director)
FRC/2013/NIM/00000002616

Hon. Mrs. Omolola Abiola-Edewor
(Chief Finance Officer)
FRC/2014/NIM/00000009731

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Issued share capital ₦'000	Retained earnings ₦'000	Available-for sale reserve ₦'000	Other reserve ₦'000	Deposit insurance fund (DIF) ₦'000	Total equity/DIF ₦'000
As at 1 January 2013		2,300,000	33,363,906	3,311,391	100,000	465,003,714	504,079,011
Net surplus of operating income over operating expenses for the year		-	42,212,816	-	-	-	42,212,816
Component of insurance premium in surplus & DIF		-	71,967,674	-	-	-	71,967,674
*Transfer of insurance premium to DIF		-	(71,967,674)	-	-	71,967,674	-
**Transfer to DIF in respect of provision for Insurance losses		-	(30,408,000)	-	-	30,408,000	-
Other comprehensive income		-	1,514,749	(1,768,219)	-	-	(253,470)
		2,300,000	46,683,471	1,543,172	100,000	567,379,388	618,006,032
***Transfer to FGN Consolidated Revenue Fund account	21	-	(10,721,479)	-	-	-	(10,721,479)
Transfer to compensation due to insured depositors		-	1,597,033	-	-	(1,597,033)	-
At 31 December 2013		**2,300,000**	**37,559,025**	**1,543,172**	**100,000**	**565,782,355**	**607,284,552**

STATEMENT OF CHANGES IN EQUITY - Continued
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Issued share capital ₦'000	Retained earnings ₦'000	Available-for sale reserve ₦'000	Other reserve ₦'000	Deposit insurance fund (DIF) ₦'000	Total equity/DIF ₦'000
As at 1 January 2012		2,300,000	31,541,909	(6,748,097)	100,000	376,839,172	404,032,984
Net surplus of operating income over operating expenses for the year		-	34,073,026	-	-	-	34,073,026
Component of insurance premium in surplus & DIF		-	61,938,626	-	-	-	61,938,626
*Transfer of insurance premium to DIF		-	(61,938,626)	-	-	61,938,626	-
**Transfer to DIF in respect of provision for Insurance losses		-	(26,258,512)	-	-	26,258,512	-
Other comprehensive income		-	(558,354)	10,059,488	-	-	(253,470)
		2,300,000	38,798,069	3,311,391	100,000	465,036,310	509,545,770
***Transfer to FGN Consolidated Revenue Fund account	21	-	(5,466,759)	-	-	-	(5,466,759)
Transfer to compensation due to insured depositors		-	32,596	-	-	(32,596)	-
At 31 December 2012		**2,300,000**	**33,363,906**	**3,311,391**	**100,000**	**465,003,714**	**504,079,011**

*Transfer to Deposit Insurance Fund in respect of insurance premium represents total premium collected from deposit money banks, primary mortgage institutions, microfinance banks and non-interest banks during the year which is transferred to the Deposit Insurance Fund (DIF) in accordance with Section 10 (1 & 2) of NDIC Act.

**Transfer to Deposit Insurance Fund in respect of provision for insurance losses represents management's most reasonable estimate of the Corporation's future outflow of economic benefits as a result of the Corporation's principal activity of insuring the deposits of banks and other deposit taking financial institutions in the event of the banks' failure or licenses being revoked. The amount is estimated by determining the risk of failure of a bank or other deposit taking financial institution based on the following: i) The level of assessable insured deposit; ii) NDIC's specific knowledge of the financial institution; and iii) Qualitative and quantitative market indices.

***Transfer to FGN consolidated revenue fund account represents the amount paid to the government in line with the Fiscal Responsibility Act. This transfer represents 80% of the net operating surplus over operating expenses for the year less transfer made to the deposit insurance fund in respect of provision for insurance losses during the year

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 ₦'000	2012 ₦'000
Operating activities			
Net cash generated from operations	26	181,388,518	154,920,544
Net cash flows from operating activities		**181,388,518**	154,920,544
Investing activities:			
Purchase of financial instruments	13d	(736,362,653)	(177,741,044)
Proceeds from redemption of financial instruments	13d	608,110,590	100,464,631
Purchase of property, plant and equipment	15	(1,208,168)	(2,625,256)
Purchase of intangible assets	16	(53,183)	(262,613)
Interest received		(56,743,465)	(65,076,126)
Proceed from sale of property and equipment		-	7,606
Net cash flows used in investing activities		**(186,256,879)**	**(145,232,802)**
Financing activities:			
Payment to the FGN consolidated revenue account	21	(3,988,387)	(5,031,553)
Net cash flows used in financing activities		**(3,988,387)**	**(5,031,553)**
Net (decrease)/increase in cash and cash equivalents		**(8,856,748)**	**4,656,189**
Net foreign exchange difference	6	35,220	-
Cash and cash equivalents at 1 January	25	10,666,604	6,010,415
Cash and cash equivalents at 31 December	25	**1,845,076**	**10,666,604**

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The Nigeria Deposit Insurance Corporation's ("the Corporation") financial statements relate to the results of the operations, financial position and statement of cash flows of the Nigeria Deposit Insurance Corporation and do not include reporting for assets and liabilities of failed banks for which the Corporation acts as receiver liquidating agent.

The principal activity of the Corporation is insuring all qualifying insurable deposit liabilities of licensed money banks and such other deposit-taking financial institutions operating in Nigeria so as to engender confidence in the Nigerian banking system.

The Nigeria Deposit Insurance Corporation is incorporated and domiciled in Nigeria. Its registered office is at Plot 447/448 Constitution Avenue, Central Business District, Abuja.

The financial statements of the Corporation for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on the 10th of July 2014

2.1 Basis of preparation

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December, 2012, the Corporation prepared its Financial Statements in accordance with Local Generally Accepted Accounting Practice (Local GAAP). These Financial Statements for the year ended 31 December, 2013 are the first the Corporation has prepared in accordance with IFRS. Note 2.4 presents information on how the Corporation adopted IFRS including the effect of the adoption on the reported earnings and equity of the Corporation.

The financial statements have been prepared on an historical cost basis, except for available-for-sale financial assets that have been measured at fair value. The financial statements are presented in naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

Presentation of financial statements

The Corporation presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non–current) are presented in Note 29.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously otherwise assets and liabilities are recognised independently. Income and expense are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Corporation.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Corporation's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

NOTES TO THE FINANCIAL STATEMENTS-Continued

2.2 Significant accounting judgements, estimates and assumptions- Continued

2.2.1 Judgments

In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Corporation as lessor

The Corporation has entered into commercial property leases on its property. The Corporation has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and, therefore, accounts for the contracts as operating leases.

2.2.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Corporation based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur.

(i) Going concern

The Corporation's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Corporation's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(ii) Classification as Held-to-Maturity (HTM) financial assets

The Corporation classifies non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM instruments. This classification requires significant judgment. In making this judgment, the Corporation evaluates its intention and ability to hold such instruments to maturity. If the Corporation fails to keep these instruments to maturity other than in certain specific circumstances, it will be required to reclassify the entire portfolio to available-for-sale instruments. The instruments would therefore be measured at fair value and not at amortized cost.

(iii) Impairment losses on loans and receivables

The Corporation reviews its individually significant loans and receivables at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(iv) Impairment of Available-for-sale instruments

The Corporation reviews its debt securities classified as Available-for-sale instruments at each reporting date to assess whether they are impaired. This requires similar judgement as applied to the individual assessment of loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS-Continued

2.2 Significant accounting judgements, estimates and assumptions- Continued

2.2.2 Estimates and assumptions- Continued

(v) Fair Value of Financial Instruments

Where the fair values of Financial Assets and Financial Liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as discount rates.

(vi) Contingencies

There may be pending cases where the Corporation is joined as a defendant. The estimate of possible adverse judgments of these cases is based on the assessment of the strength of the defense of the Corporation or advisability of a compromise. The Corporation is of the opinion that these legal cases will not have a material adverse effect on its financial position. It is possible, however, that there may be material changes in the estimates based on developments or events in the future.

(vii) Defined benefit obligation

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty.

(viii) Provision for insurance losses

The accrual for deposit insurance claims includes both provisions for specific losses and a general accrual for losses. Specific provisions for losses in respect of insured deposits are estimated by management and recorded when conditions exist, in management's opinion, that will likely result in losses to the Corporation. The general accrual for claims reflects management's best estimate of losses on insured deposits arising from the inherent risk in insured institutions. The provision is established by assessing the aggregate risk in insured institutions based on current market and economic conditions, the likelihood of losses and the application of historic loss experience.

Future economic conditions are not predictable with certainty and actual losses may vary, perhaps substantially from management's estimates

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

The Financial Statements are presented in naira, which is also the Corporation's presentation and functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income in the Profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.1 Foreign currency translation- Continued

Transaction and balances- Continued

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non–monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income,

any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

2.3.2 Financial Instruments–Initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the settlement date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the Management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Available-for-sale financial Instruments

Available-for-sale instruments include debt securities such as Federal Government bonds and Nigeria Treasury bills. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions. The Corporation has not designated any loans or receivables as available-for-sale. After initial measurement, available-for-sale financial instruments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity (Other comprehensive income) in the available-for sale reserve. When the instruments are disposed of, the cumulative gain or loss previously recognised in equity is recognised in the profit or loss in Other Income. Interest earned whilst holding Available-for-sale financial instruments is reported as interest income using the Effective Interest Rate Method (EIR). The losses arising from impairment of such instruments are recognised in the Profit or loss in 'Impairment losses on financial instruments' and removed from the available-for-sale reserve.

(iv) Held-to-maturity financial Instruments

Held-to-maturity financial instruments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Corporation has the intention and ability to hold to maturity. After initial measurement, Held-to-maturity financial instruments are subsequently measured at amortised cost using the EIR less impairment. Amortised Cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in Interest income in the profit or loss. The losses arising from impairment of such instruments are recognised in the profit or loss line as impairment losses on financial instruments. If the Corporation were to sell or reclassify more than an insignificant amount of held to maturity instruments before maturity (other than in certain specific

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.2 Financial instruments- Initial recognition and subsequent measurement- Continued

circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Corporation would be prohibited from classifying any financial asset as held to maturity during the following two years.

v. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in impairment losses on financial instruments.

vi. Reclassification of financial assets

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the asset using the EIR. Any difference between the new amortised Cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the profit or loss. If a financial asset is reclassified, and if the Corporation subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate. Reclassification is at the election of Management, and is determined on an instrument by instrument basis.

2.3.3 Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass –through’ arrangement;

  and either:

  - The Corporation has transferred substantially all the risks and rewards of the asset

Or

  - The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Corporation’s continuing involvement in the asset. In that case, the Corporation also recognises an

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.3 Derecognition of financial assets and financial liabilities- Continued

Financial assets- Continued

associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.3.4 Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, and other relevant valuation models.

2.3.5 Impairment of financial assets

The Corporation assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of Financial Assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i) Financial assets carried at amortised Cost

For financial assets carried at amortised cost (such as loans and receivables as well as held to maturity instruments), the Corporation first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.5 Impairment of financial assets- Continued

i) Financial assets carried at amortised cost- Continued

is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The income from financial assets carried at amortised cost is recorded as part of Interest income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Corporation. If, in a

subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Impairment loss expense'. The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Corporation's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

ii) Available-for-sale financial instruments

For available-for-sale financial instruments, the Corporation assesses at each reporting date whether there is objective evidence that an instruments is impaired. In the case of debt instruments classified as available-for-sale, the Corporation assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that nstruments previously recognised in the profit or loss. Future Interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The income from available-for-sale financial instruments is recorded as part of Interest income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.6 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are recognised independently.

2.3.7 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset over time.

Corporation as a lessee

Leases that do not transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

Corporation as a lessor

Leases where the Corporation does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available for- sale, interest income is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Corporation revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and Interest expense for financial liabilities. However, for a reclassified financial asset for which the Corporation subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.8 Revenue recognition- Continued

Rental income

Rental income arising from operating leases on properties leased out by the Corporation is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

2.3.9 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, non–restricted current accounts with Central Bank of Nigeria (CBN) and amounts due from CBN on demand or with an original maturity of three months or less.

2.3.10 Property, plant and Equipment

Property, plant and equipment (including equipment under operating leases where the Corporation is the Lessor) is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of each component property and equipment to their residual values over their estimated useful lives. Land is not depreciated in accordance with section 49(1&2) of the Land use Act.

The estimated useful lives are as follows:

Buildings	40 years
Roof	30 years
Lift	10 years
Generators	5 years
Furniture, fittings and equipment	4 years
Motor vehicles	4 years
Capital work in progress	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.11 Intangible assets

The Corporation's intangible assets comprise the value of computer software. An Intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Corporation.

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the profit or loss.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software 3 years

2.3.12 Impairment of non–financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

2.3.13 Post-employment benefits

i) Defined benefit pension plan

The Corporation operates a defined benefit plan. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit actuarial valuation method. All remeasurement

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.13 Post-employment benefits- Continued

1) Defined benefit pension plan- Continued

gains and losses are recognised in other comprehensive income in the period in which they occur. Remeasurement gains and losses are presented in retained earnings in the statement of changes in equity.

ii) Defined contribution pension plan

The Corporation also operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Corporation by the employees and is recorded as an expense under employee benefits expense. Unpaid contributions are recorded as a liability.

2.3.14 Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

2.3.15 Equity reserves

Share Capital

Section 11 (1) of the Nigeria Deposit Insurance Corporation Act 2006 requires that the authorised capital of the Corporation shall be N5 billion. Section 11 (2) provides that all the capital of the Corporation shall be subscribed by and paid up at par in the proportion of 60 percent and 40 percent by the Central Bank of Nigeria and the Federal Ministry of Finance.

The reserves recorded in equity (Other comprehensive income) on the Corporation's Statement of Financial Position include:

Available-for-sale reserve, which comprises changes in fair value of available-for-sale instruments.

Other reserve represents funds set aside by the Corporation for motor vehicle insurance sinking fund and group life insurance reserve fund.

2.3.16 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, Management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -Continued

2.3.17 Receivership cost

Receivership costs are classified into Pre-Closing, Closing and Post-Closing expenses. Pre-Closing and Closing expenses are written-off to profit or loss in the period they are incurred while Post-Closing expenses are recoverable from the relevant Closed Bank.

Provision is made for any such recoverable considered doubtful of recovery.

2.3.18 Liquidation administration

The Asset Management Department and Claims Resolution Department of the Corporation are responsible for the administration of the assets and liabilities of the banks-in-liquidation. The assets and claims against those assets are accounted for separately to ensure that liquidation proceeds are distributed in accordance with applicable laws and regulations. All Post-Closing expenses incurred by the Corporation on behalf of the banks-in-liquidation are recoverable from those banks. Liquidation expenses which are considered non recoverable from the liquidated banks due to their insolvent nature are impaired and charged to the profit or loss.

2.3.19 Deposit insurance fund

Insurance Premiums are accumulated in a reserve account know as Deposit Insurance Fund in accordance with Section 17(4) of the NDIC Act 2006. Payment against or accruals for insured deposits including provisions for estimated insured deposit obligations are debited into the Fund while liquidation dividends in respect of insured deposit pay-off are credited to the Fund.

Provision for insured deposit obligations includes both provision for specific losses and a general accrual for losses for marginal and unsound institutions. Specific provisions for losses in respect of insured deposits obligations are recorded when the bank's licence has been revoked. The general accrual reflects Management's best estimate of losses on insured deposits obligation likely to arise from institutions that are assessed by their current market and economic conditions to be unhealthy.

Future economic conditions are not predictable with certainty and actual losses may vary, perhaps substantially, from Management's estimate.

Model results are then considered along with the level of the Deposit Insurance Fund (DIF), as well as Management's judgement regarding economic and market conditions to come to a final determination of what the general accrual for claims should be.

Insurance Premium

Insurance Premium for the year is based on the amount of insurable deposits held by licensed banks and other deposit- taking financial institutions as at 31 December of the previous year.

2.3.20 Federal Government of Nigeria Consolidated Fund

The Federal Government of Nigeria Consolidated Fund represents outstanding statutory appropriation to the consolidated fund.

In accordance with section 22(1) and (2) of the Fiscal Responsibility Act 2007, the Corporation makes and annual appropriation representing eighty percent of the profit of the Corporation for the year to the Federal Government of Nigeria Consolidated Revenue Fund.

All remaining surplus after the statutory appropriations to the consolidated fund is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS Continued

2.3.21 Account payables and other liabilities

Account payables and other liabilities are measured at amortised cost. The carrying amount of account payables and other liabilities approximates fair value due to their short term to maturity.

2.4. First-time adoption of IFRS

These financial statements, for the year ended 31 December 2013, are the first the Corporation has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Corporation prepared its financial statements in accordance with Local Generally Accepted Accounting Practice (Local GAAP). Accordingly, the Corporation has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2013, together with the comparative period data as at and for the year ended 31 December 2012, as described in the accounting policies. In preparing these financial statements, the Corporation's opening statement of financial position was prepared as at 1st January 2012, the Corporation's date of transition to IFRS. This note explains the principal adjustments made by the Corporation in restating its Local GAAP statement of financial position as at 1st January 2012 and its previously published Local GAAP financial statements as at and for the year ended 31 December 2012.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Corporation has elected to designate certain instruments in government bonds and treasury bills as available-for-sale financial assets at the date of transition to IFRS despite the fact that such instruments were not hitherto classified as such under Nigerian GAAP.

	Fair value 1 January 2012 N'000	Carrying amount under NGAAP N'000
Financial assets designated as AFS Cost under NGAAP		
Federal Government bonds	79,937,709	86,891,618

Estimates

The estimates at 1 January 2012 and at December 31, 2012 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Corporation to present this amount in accordance with IFRS reflect conditions at 1 January 2012, the date of transition to IFRS and as of December 31, 2012.

NOTES TO THE FINANCIAL STATEMENTS Continued

2.4.1 First-time adoption of IFRS

Reconciliation of equity as at 1 January 2012

	Note	Local GAAP ₦'000	Reclassifi - cation ₦'000	Remeasure - ment ₦'000	IFRS as at 1 January 2012 ₦'000
Assets					
Cash and bank balances		6,010,415	(6,010,415)	-	-
Investments		408,431,735	(408,431,735)	-	-
Debtors and prepayments		14,109,257	(14,109,257)	-	-
Fixed assets		3,730,794	(3,730,794)	-	-
Cash and balances with Central Bank of Nigeria		-	6,010,415	-	6,010,415
Financial instruments:					
Available-for-sale financial assets	A	-	86,891,618	(6,953,909)	79,937,709
Held to maturity financial assets	B	-	327,479,553	(241,408)	327,238,145
Loans and receivables	C	-	222,970	(58,524)	164,446
Other assets	C	-	5,564,048	54,544	5,618,592
Property, plant and equipment	F	-	3,689,953	240,479	3,930,432
Intangible assets	D	-	40,841	15,403	56,244
Total assets		**432,282,201**	**(2,382,803)**	**(6,943,415)**	**422,955,983**
Liabilities and Equity					
Compensation due to insured depositors		7,122,284	-	-	7,122,284
Due to banks		288,639	(2,950)	-	285,689
Account payable and provisions		12,586,390	(12,586,390)	-	-
Due to staff retiree pension fund		289,154	(289,154)	-	-
FGN consolidated revenue fund account		3,031,553	-	-	3,031,553
Insurance Funds:					
Deposit insurance fund for special insured institutions		19,955,278	(19,955,278)	-	-
Deposit insurance fund for deposit money banks		356,883,894	(356,883,894)	-	-
Account payables and other liabilities		-	4,930,075	-	4,930,075
Retirement benefit obligations	E	-	5,565,613	(2,012,215)	3,553,398
Total liabilities		**400,157,192**	**(379,221,978)**	**(2,012,215)**	**18,922,999**
Equity					
Share capital		2,300,000	-	-	2,300,000
Other reserves		100,000	-	-	100,000
General reserve fund		29,725,009	(29,725,009)	-	-
Retained earnings		-	29,725,012	1,816,897	31,541,909
Available for sale reserve	A	-	-	(6,748,097)	(6,748,097)
Total equity		**32,125,009**	**3**	**(4,931,200)**	**27,193,812**
Deposit insurance funds					
Deposit insurance funds for banks		-	376,839,172	-	376,839,172
Total liabilities and equity/insurance funds		**432,282,201**	**(2,382,803)**	**(6,943,415)**	**422,955,983**

NOTES TO THE FINANCIAL STATEMENTS Continued

2.4.2 First-time adoption of IFRS

Reconciliation of equity as at 31 December 2012

	Note	Local GAAP ₦'000	Reclassification ₦'000	Remeasurement ₦'000	IFRS as at 31 December 2012 ₦'000
Assets					
Cash and bank balances		10,666,604	(10,666,604)	-	-
Investments		485,708,148	(485,708,148)	-	-
Debtors and prepayments		18,753,698	(18,753,698)	-	-
Fixed assets		5,810,405	(5,810,405)	-	-
Cash and balances with Central Bank of Nigeria		-	10,666,604	-	10,666,604
Financial instruments:					
Available-for-sale financial assets	A	-	148,196,114	3,503,808	151,699,922
Held to maturity financial assets	B	-	353,190,364	12,267	353,202,631
Loans and receivables	C	-	122,950	(39,202)	83,748
Other assets	C	-	1,676,967	46,428	1,723,395
Property, plant and equipment	F	-	5,783,830	659,257	6,443,087
Intangible assets	D	150,196	50,575	105,852	306,623
Total assets		**521,089,051**	**(1,251,451)**	**4,288,410**	**524,126,010**
Liabilities and Equity					
Compensation due to insured depositors		6,942,001	-	-	6,942,001
Due to banks		355,788	(19,338)	-	336,450
Account payable and provisions		11,829,090	(11,829,090)	-	-
Due to staff retiree pension fund		-	-	-	-
FGN consolidated revenue fund account		3,466,759	-	-	3,466,759
Insurance Funds:					
Deposit insurance fund for special insured institutions		39,791,697	(39,791,697)	-	-
Deposit insurance fund for deposit money banks		425,212,017	(425,212,017)	-	-
Account payables and other liabilities		-	4,805,800	-	4,805,800
Retirement benefit obligations	E	-	5,791,177	(1,295,188)	4,495,989
Total liabilities		487,597,352	(466,255,165)	(1,295,188)	20,0467,099
Equity					
Share capital		2,300,000	-	-	2,300,000
Other reserves		100,000	-	-	100,000
General reserve fund		31,091,699	(31,091,699)	-	-
Retained earnings		-	31,091,699	2,272,207	33,363,906
Available for sale reserve	A	-	-	3,311,391	3,311,391
Total equity		**33,491,699**	**-**	**5,583,598**	**39,075,297**
Deposit insurance funds					
Deposit insurance funds for banks		-	465,003,714	-	465,003,714
Total liabilities and equity/insurance funds		**521,089,051**	**(1,251,451)**	**4,288,410**	**524,126,010**

NOTES TO THE FINANCIAL STATEMENTS Continued

2.4. 3 First-time adoption of IFRS - Continued

Reconciliation of total comprehensive income for the year ended 31 December 2012

	Note	Local GAAP ₦'000	Reclassifi - cation ₦'000	Remeasure - ment ₦'000	IFRS as at 31 December 2012 ₦'000
INCOME					
Interest on investments	A	54,012,017	(54,012,017)	-	-
Other income	A	40,861	(40,861)	-	-
		54,052,878	(54,052,878)	-	-
EXPENDITURE					
Operating expenses		(20,960,917)	20,960,917	-	-
Provision for insurance funds		(26,258,512)	26,258,512	-	-
Operating surplus after provision for insurance fund before taxation		6,833,449	(6,833,449)	-	-
Taxation		-	-	-	-
Operating surplus after provision for insurance fund and taxation		6,833,449	(6,833,449)	-	-
Insurance premium		**-**	**-**	**-**	**61,938,626**
Interest income	A	-	54,012,939	671,392	54,684,331
Rental income		-	13,789	-	13,789
Other income		-	26,150	-	26,150
Total operating income			**54,052,878**	**671,392**	**54,724,270**
Employee benefits expense	C&E	-	15,092,295	173,791	15,264,856
Other operating expenses	C	-	5,312,020	(77,992)	5,234,028
Depreciation expense	F	-	526,306	(418,776)	107,530
Amortisation of intangible asset	D	-	30,296	(18,062)	12,234
Claim expenses		-	32,596	-	32,596
Total operating expenses		**-**	**20,993,513**	**(341,039)**	**20,651,244**
Net surplus of operating income over Operating expenses for the year		-	-	-	**34,073,026**
Net surplus of operating income over operating Expenses for the year and deposit insurance fund		-	-	-	96,011,652
Other comprehensive income:					
Remeasurement gains and losses on defined benefits plan	E	**-**	**-**	(558,354)	(558,354)
Net gain/(loss) on available -for-sale asset	A	-	-	10,059,488	10,059,488
Income tax relating to components of other comprehensive income		-	-	-	-
Total comprehensive income for the year				**17,348,244**	**105,512,786**

NOTES TO THE FINANCIAL STATEMENTS Continued

Notes to the reconciliation of equity as at 1 January 2012 and 31 December 2012 and total comprehensive income for the year ended 31 December 2012

A. Available-for-sale financial assets

Under Local GAAP, the Corporation accounted for investments in Federal Government of Nigeria Bonds and Treasury bills as investments measured at nominal values. Under IFRS, the Corporation has designated part of these investments in Federal Government of Nigeria Bonds and Treasury bills as available-for-sale instruments. IAS 39 Financial Instruments: Recognition and measurement requires available-for-sale instruments to be measured at fair value. For the year ended 31 December 2012, the instruments were fair valued and necessary adjustment proposed. The N5.38 billion and N131.6million respectively (2011: N6.75 billion and Nil as none of the treasury bills were classified as available for sale) which represent the difference between the instruments fair value and the amortised cost using the effective interest rate method has been recognised as a separate component of equity in the available-for-sale reserve through OCI in the comparative period and available-for-sale reserve at the date of transition to IFRS. Also, the difference between the Federal Government of Nigeria Bonds and Treasury bills amortised cost balance and the Local GAAP balances of N405.30million and N14.5million respectively(2011: N205.81million) has been recognised as interest income in profit or loss in the comparative period and retained earnings at the date of transition to IFRS.

B. Held to maturity financial asset

Under Local GAAP, the Corporation accounted for investments in Federal Government of Nigeria Bonds and Treasury bills as investments measured at nominal values. Under IFRS, the Corporation has designated part of these instruments in Federal Government of Nigeria Bonds and Treasury bills as held to maturity instruments. IAS 39 Financial Instruments: Recognition and measurement requires held to maturity instruments to be carried at amortised cost using the effective interest rate. For the year ended 31 December 2012, the difference between the amortised cost balance and the Local GAAP balances for the Federal Government of Nigeria Bonds and Treasury bills of N61.21million and N26.6million respectively (2011: N205.81million and N57million respectively) has been recognised as interest income in profit or loss in the comparative period and retained earnings at the date of transition to IFRS.

C. Loans and receivables

Under Local GAAP, the Corporation accounted for staff loans and mortgage loans as debtors and were measured at their historical cost. Under IFRS, the Corporation has designated these instruments as Loans and receivables. IAS 39 Financial Instruments: Recognition and measurement requires Loans and receivables to be initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. For the year ended 31 December 2012, the loans were fair valued at their date of disbursement since the Corporation granted the loans to staff at below market rate and subsequently measured at amortised cost. The difference between the initial fair value of the amount newly granted in 2012 on initial recognition of the loan of N5.7 million has been recognised as prepayment and amortised over the tenor of the loan. Also, the difference between the carrying value and the amortised cost of the loan of N54 million at the date of transition to IFRS has also been recognised as prepayments in retained earnings and amortised over the outstanding tenor of the loan. The difference between the carrying value and the amortised cost of the loans using effective interest rate as at 31 December 2012 for loans running prior to 2011 and also loans newly granted in 2012 of N19.2million and N229.436million respectively has been recognised as interest income in profit or loss. For the year ended 31 December 2012, there is a difference of N5.61 million (2011: N3.98 million) between the loan.

NOTES TO THE FINANCIAL STATEMENTS Continued

Notes to the reconciliation of equity as at 1 January 2012 and 31 December 2012 and total comprehensive income for the year ended 31 December 2012- Continued

report and the amount reported in the audited financial statements has been recognised as Other operating expensess in profit or loss. Also, N13.89million of the amount previously capitalised in prepayment for the staff loan running prior to 2012 and the loan newly granted in 2012 have been recognised as employee benefits expense in the profit or loss.

D. Intangible assets

Under Local GAAP, the Corporation included its computer software as part of fixed assets and amortised it over 4years. Under IFRS, the Corporation has reclassified all computer software included in property, plant and equipment as intangible assets, amortised over 3years and also capitalised all expenditure above N500,000 from 2010 till date. For the year ended 31 December 2012, N72.4million (2011: N5.25million) of expenditure incurred on computer software has been capitalised and an amortisation charge of N2.37million (2011: N1.75million) has been recognised in Other operating expensess in the comparative period and retained earnings at the date of transition to IFRS. Also, for the year ended 31 December 2012, N971,330 (2011: N551,498) has been recognised as a result of changes in useful life estimate for intangible assets from 4years to 3years and also commencement of amortisation when the assets were available for use. For the year ended 31 December 2012, there is a reversal of amortisation charge of N21.4million (2011: N11.35million) on intangible assets still under development in profit or loss and retained earnings at the date of transition to IFRS.

E. Retirement benefit obligation

Under Local GAAP, the Corporation recognised costs related to staff gratuity on a cash basis. Provision for gratuity liability is made using a straight line calculation without using any actuarial valuation. Under IFRS, the defined benefit obligations are recognised using the projected unit credit actuarial valuation method. The difference between the provision in the book under Local GAAP and the employee benefit liability based on actuarial valuation has been recognised in full against retained earnings.

F. Depreciation of property, plant and equipment

Under Local GAAP, the Corporation depreciates land with building over 40years. IAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. The cost of land with building has been apportioned into land, building and roof based on the valuation report done by an external valuer. Land is not depreciated while building and roof are depreciated over 40 years and 30 years respectively. The difference between the accumulated depreciation as at the financial year end under Local GAAP and the IFRS computation based on component parts was recognised in property, plant and equipment net of accumulated depreciation due to separate depreciation of significant components of property, plant and equipment. This amount has been recognised against retained earnings at the date of transition to IFRS.

NOTES TO THE FINANCIAL STATEMENTS Continued

G) Statement of cash flows

The transition from Local GAAP to IFRS has not had a material impact on the statement of cash flows.

3.1 Standards issued but not yet effective

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Corporation's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Corporation's financial assets, but will potentially have no impact on classification and measurement of financial liabilities. The Corporation will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 21 Levies

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation includes guidance illustrating how the Interpretation should be applied. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

IFRS 10, IFRS 12, IAS 27 and IAS 28 (amendments)

IFRS 10, IFRS 12, IAS 27 and IAS 28 (amendments) apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity. An entity is required to consider specific factors to determine whether it qualifies as an investment entity. An investment entity will account for its investments in subsidiaries, associates and joint ventures at fair value through profit or loss in accordance with IAS 39 (or IFRS 9, as appropriate), except for investments in subsidiaries, associates and joint ventures that provide services that relate only to the investment entity, which would be consolidated or accounted for using the equity method, respectively. An investment entity will measure its investment in another controlled investment entity at fair value. Non-investment entity parents of investment entities will not be permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees. For noninvestment entities, the existing option in IAS 28, to measure investments in associates and joint ventures at fair value through profit or loss is retained. The amendments will be applied retrospectively, subject to certain transition reliefs and will first be applicable to reporting periods beginning on or after 1 January 2014.

The standard will have no material impact on the Corporation's financial statements.

NOTES TO THE FINANCIAL STATEMENTS Continued

Standards, amendments to standards and circulars mandatory for the first time for the current reporting period - Continued

3.1 Standards issued but not yet effective- Continued

IAS 36 Impairment of Assets – Amendments to IAS 36

The IASB amended IAS 36 by removing the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite live intangible assets but there has been no impairment. It also requires the disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed and detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

The amendments are effective from annual periods beginning on or after 1 January 2014 and should be applied retrospectively. Early adoption is permitted although the amendments may not be applied before an entity applies IFRS 13.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting-Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period.

Standards, amendments to standards and circulars mandatory for the first time for the current reporting period

A number of new standards, amendments to standards and interpretations issued are not yet effective for the current reporting period and have not been applied in preparing these annual financial statements:

Offsetting of financial assets and financial liabilities (amendments to IFRS 7 Financial Instruments: Disclosures (IFRS 7)):

The amendments introduced additional disclosures to include information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and recognized financial liabilities, on the statement of financial position.

The amendment has no material impact on the Corporation's annual financial statements.

Consolidated financial statements (IFRS 10):

This standard requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements (IAS 27) and SIC 12 Consolidation – Special Purpose Entities (SIC 12). The standard sets out how to apply the control principle inter alia to voting rights, circumstances involving agency relationships and circumstances when the investor has control over specified assets of the investee. The consolidation principles have remained unchanged and are now incorporated as part of IFRS 10. The amendment has no impact on the Corporation's annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS Continued

Standards, amendments to standards and circulars mandatory for the first time for the current reporting period - Continued

Joint arrangements (IFRS 11)):

The new standard replaces Interests in Joint Ventures (IAS 31) and Jointly Controlled Entities – Non-Monetary Contributions by Venturers (SIC 13) and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then accounting for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations (rights to assets and obligations) or joint ventures (rights to net assets). The proportionate consolidation method for accounting for joint ventures has now been eliminated and all joint ventures will be equity accounted. The amendment has no impact on the Corporation's annual financial statements.

Disclosure of interests in other entities (IFRS 12 Disclosures of Interests in Other Entities (IFRS 12)):

This standard requires extensive disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures should enable a user to evaluate the nature of the risks associated with the interest in these entities and are intended to assist users to understand the effects of an entity's interest in other entities on its financial position, financial performance and cash flows. The amendment has no impact on the Corporation's annual financial statements.

Fair value measurement (IFRS 13 Fair Value Measurement (IFRS 13)):

This standard replaces guidance on fair value measurement in existing IFRS accounting standards by providing a single source of guidance to prescribe how fair value should be measured. The standard requires (with some exceptions) entities to classify fair value measurements into a 'fair value hierarchy' based on the nature of the inputs. The standard also requires entities to make various disclosures depending on the nature and level of the fair value measurement.

The amendment has resulted in additional disclosures in the Corporation's annual financial statements.

Presentation of items of other comprehensive income (OCI) (amendments to IAS 1 - Presentation of Financial Statements):

The amendments revise the way OCI is presented by preserving the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together or in a separate 'statement of profit or loss' and a 'statement of comprehensive income'. In addition, items are presented in OCI based on whether or not they will be subsequently reclassified to profit or loss.

The amendment relating to the presentation of profit or loss and OCI to be presented together or in a separate 'statement of profit or loss' and a 'statement of other comprehensive income' is a voluntary amendment which the Corporation has chosen not to apply. The amendment relating to the presentation of items of OCI has resulted in a change whereby the items in OCI are now split between those items that will subsequently be reclassified to profit or loss and those items which will not be subsequently reclassified to profit or loss.

Presentation of comparative information (amendments to IAS 1):

The amendments clarify that when an entity is required to provide comparative information that goes beyond the minimum requirements in the current period, that information need not be presented in the form of a complete set of financial statements. Where an entity changes accounting policies, or makes retrospective restatements or reclassifications, an opening statement of financial position would be required as at the beginning of the required comparative reporting period but related notes would not be required, except for those required by IAS 8 Accounting Policies, Changes in Accounting Estimates and

NOTES TO THE FINANCIAL STATEMENTS Continued

Standards, amendments to standards and circulars mandatory for the first time for the current reporting period - Continued

Errors (IAS 8). The amendment has no impact on the Corporation's annual financial statements.

Employee Benefits (amendments to IAS 19):

The amendments revise the requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments include eliminating the "corridor approach" as permitted by the previous version of IAS 19, introducing more enhanced disclosures relating to defined benefit plans, modifying accounting for termination benefits and clarifying the classification of employee benefits, current estimates of mortality rates and other miscellaneous issues. The amendment has an impact on the Corporation's annual financial statements.

Separate financial statements (amendments to IAS 27):

The revised IAS 27 now only deals with the requirements for separate financial statements; the requirements for consolidated financial statements are now contained in IFRS 10. The standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments (IFRS 9) (or IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), as applicable). The standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. The amendment has no impact on the Corporation's annual financial statements.

Investment in associates and joint ventures (amendments to IAS 28):

This standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amendment has no impact on the Corporation's annual financial statements.

Headline earnings circular 2/2013:

The new headline earnings circular replaces circular 3/2012 and provides additional guidance on the calculation of headline earnings in relation to business combinations achieved in stages, consolidated and separate financial statements, investments in associates and joint ventures, non-current assets held for sale and discontinued operations, recoverability of deferred tax assets, property, plant and equipment leases, employee benefits and investment properties. The new circular has no impact on the Corporation's annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS Continued

4. Interest income

	2013	2012
	₦'000	₦'000
Available-for-sale	13,192,518	12,046,845
Held to maturity	53,291,258	42,617,076
Loans and receivables	79,701	20,410
	----------------	----------------
Total interest income	66,563,477	54,684,331
	=========	=========

5. Rental income

This represents the amount received by the Corporation in respect of part of the head office building leased out under an operating lease.

6. Other income

	2013	2012
	₦'000	₦'000
Profit on disposal of property, plant and equipment	-	2,536
Gains from sales of available-for-sale financial Instruments	131,594	-
Foreign exchange gains	35,220	
Others	200,198	23,614
	-------------	----------
Total other income	367,012	26,150
	=======	======

Gains from sales of available-for-sale financial instruments are the amounts transferred from equity to the profit or loss on the derecognition of available-for-sale instruments.

7. Employee benefits expense

		2013	2012
		₦'000	₦'000
Directors' remuneration (Executive)		242,937	234,086
Directors' fees and allowances		238,803	249,382
Directors training and capacity building expenses		42,487	16,296
Directors' other expenses		18,913	18,998
Staff cost		14,543,995	12,226,363
Defined contribution pension costs		1,839,889	1,943,243
Defined benefit expense	20	634,961	576,488
		------------------	----------------
Total employee benefits expense		17,561,985	15,264,856
		=========	=========

8. Other operating expenses

	2013	2012
	₦'000	₦'000
Administrative expenses	4,183,382	3,388,087
Professional fees	519,431	1,182,291
Rental charges payable under operating leases	234,483	261,860
Others	4,450	401,790
	---------------	--------------
Total other operating expenses	4,941,746	5,234,028
	========	========

Professional fees include fees payable to the auditor in relation to the statutory audit of N40 million (2012: N40 million)

NOTES TO THE FINANCIAL STATEMENTS Continued

		2013 ₦'000	2012 ₦'000
9. Provision for Insurance losses			
Special insured institutions	22	18,291,000	19,691,593
Deposit money banks	22	12,117,000	6,566,919
		30,408,000	26,258,512

10. Income tax expense

Under section 12(2) of the NDIC Act, 2006, the Corporation will only be liable to taxation when the retained earnings is more than ten times the authorised share capital and after appropriation of the net operational surplus before taxation to the retained earnings. No tax provisions have been included in these financial statements as the retained earnings is less than ten times the authorised share capital for the period ended 31 December 2013.

11. Components of other comprehensive income	2013 ₦'000	2012 ₦'000
Re-measurement gains/(losses) on defined benefit plans	1,514,749	(558,354)
Net gains/(losses) on available-for-sale financial assets	(1,636,625)	10,059,488
Reclassification during the year to profit or loss	(131,594)	-
Other comprehensive income for the year	(253,470)	9,501,134

12. Cash and balances with Central Bank	2013 ₦'000	2012 ₦'000	As at 1 January 2012 ₦'000
Balances with Central Bank of Nigeria	2,776,239	10,655,236	5,988,052
Cash in hand	17,828	11,368	22,363
Total cash and balances with central bank	2,794,067	10,666,604	6,010,415

Included in the balances with the Central Bank of Nigeria is an amount of N948.991 million which represents a garnishee order with Central Bank of Nigeria and is not available for use in the Corporation's day-to-day operations

13. Financial assets

The Corporation's financial assets are summarised by categories as follows:

	2013 ₦'000	2012 ₦'000	As at 1 January 2012 ₦'000
Available-for-sale financial assets (a)	179,696,538	151,699,922	79,937,709
Held to maturity financial assets (b)	441,869,846	353,202,631	327,238,145
Loan and receivables (c)	1,921,963	83,748	164,446
Total financial assets	623,488,347	504,986,301	407,340,300

NOTES TO THE FINANCIAL STATEMENTS Continued

Financial assets – Continued

(a). **Available-for-sale financial assets**

	2013 ₦'000	2012 ₦'000	As at 1 January 2012 ₦'000
Debt securities: FGN Bonds	116,232,496	115,630,705	79,937,709
Debt securities: Nigeria treasury bills	63,464,042	36,069,217	-
Total available-for-sale financial assets	179,696,538	151,699,922	79,937,709

(b). **Held to maturity financial assets**

	2013 ₦'000	2012 ₦'000	As at 1 January 2012 ₦'000
Debt securities: FGN Bonds	345,181,670	278,804,781	254,526,127
Debt securities: Nigeria treasury bills	96,688,176	74,397,850	72,712,018
Total held to maturity financial assets	441,869,846	353,202,631	327,238,145

(c). **Loans and receivables**

	2013 ₦'000	2012 ₦'000	As at 1 January 2012 ₦'000
Loans to staff	1,921,963	83,748	164,446

NOTES TO THE FINANCIAL STATEMENTS Continued

14. **Other assets**	2013 ₦'000	2012 ₦'000	As at 1 January 2012 ₦'000
Receivership and liquidation	-	180,855	463,546
Prepayments	2,574,693	809,052	3,237,457
Advance payment to suppliers	7,925	39,373	56,655
Agent bank suspense account	624,327	624,327	1,681,729
Sundry receivables	318,720	479,537	588,954
	3,525,665	2,133,144	6,028,341
Allowance for impairment losses	(311,921)	(409,749)	(409,749)
Total other assets	3,213,744	1,723,395	5,618,592

Impairment allowance for other assets

A reconciliation of the allowance for impairment losses for loans and receivables is as follows:

	Agent bank Suspense ₦'000	Sundry receivables ₦'000	Total ₦'000
At 1 January 2012	59,412	350,337	409,749
At 31 December 2012	59,412	350,337	409,749
Amount written off	-	(97,828)	(97,828)
At 31 December 2013	59,412	252,509	311,921

NOTES TO THE FINANCIAL STATEMENTS Continued

15. **Property, plant and equipment**

	Land and building	Furniture & equipment	Motor vehicle	Capital work in progress	Total
Cost	N'000	N'000	N'000	N'000	N'000
At 1 January 2012	2,018,401	2,224,158	880,462	1,667,755	6,790,776
Additions	251,630	684,628	189,896	1,499,102	2,625,256
Disposals	-	(3,467)	(95,341)	-	(98,808)
Transfer	19,994	70,238	-	(90,232)	-
Fixed assets verification adjustments	23,830	(773,416)	(133,886)	-	(883,472)
At 31 December 2012	2,313,855	2,202,141	841,131	3,076,625	8,433,752
Additions	271,121	661,883	112,910	162,254	1,208,168
Disposals	-	-	-	-	-
Transfer	-	-	-	-	-
At 31 December 2013	2,584,976	2,864,024	954,041	3,238,879	9,641,920
Accumulated depreciation					
At 1 January 2012	306,746	1,894,618	658,980	-	2,860,344
Depreciation (credit)/charge for the year	(445,512)	428,125	124,917	-	107,530
Disposals	-	(3,467)	(90,270)	-	(93,737)
Fixed assets verification adjustments	522,569	(1,228,872)	(177,169)	-	(883,472)
At 31 December 2012	383,803	1,090,404	516,458	-	1,990,665
Depreciation charge for the year	48,787	423,061	131,431	-	603,279
Disposal	-	-	-	-	-
As 31 December 2013	432,590	1,513,465	647,889	-	2,593,944
Carrying amount					
At 31 December 2013	2,152,386	1,350,559	306,152	3,238,879	7,047,976
At 31 December 2012	1,930,052	1,111,737	324,673	3,076,625	6,443,087
At 1 January 2012	1,711,655	329,540	221,482	1,667,755	3,930,432

NOTES TO THE FINANCIAL STATEMENTS Continued

16. Intangible asset:

	Computer Software ₦'000	Software under development ₦'000	Total ₦'000
Cost:			
At 1 January 2012	16,906	45,409	62,315
Additions	51,671	210,942	262,613
At 31 December 2012	68,577	256,351	324,928
Additions	27,624	25,559	53,183
At 31 December 2013	**96,201**	**281,910**	**378,111**
Accumulated amortisation and impairment:			
At 1 January 2012	6,070	-	6,070
Amortisation	12,234	-	12,234
At 31 December 2012	18,304	-	18,304
Amortisation	27,419	-	27,419
At 31 December 2013	45,723	-	45,723
Carrying amount:			
At 31 December 2013	50,477	281,910	332,387
At 31 December 2012	50,273	256,350	306,623
At 1 January 2012	10,835	45,409	56,244

17. Account payables and other liabilities

	2013 ₦'000	2012 ₦'000	January 2012 ₦'000
Accrued expenses	1,558,903	1,902,763	1,267,715
Withholding tax and VAT payables	99,053	76,836	50,982
National Housing Fund payable	15,005	11,338	630
Unclaimed payments	2,590	2,590	2,590
Due to the Central Bank of Nigeria	2,230,385	2,230,385	2,230,385
Other liabilities	3,391,704	581,888	1,377,773
Total account payables and other liabilities	7,297,640	4,805,800	4,930,075

NOTES TO THE FINANCIAL STATEMENTS Continued

18. **Due to banks**

This represents outstanding balance of amount received from the Federal Government of Nigeria for the settlement of the Federal and State Government debts to banks in Nigeria. Payments are made to the affected banks upon reconciliation and verification of claims submitted.

The movement on this account during the year was as follows:

	2013 ₦'000	2012 ₦'000	January 2012 ₦'000
At the beginning of the year	336,450	285,689	275,102
Interest received on funds invested	51,508	50,761	10,587
At the end of the year	387,958	336,450	285,689

19. **Compensation due to insured depositors**

This represents the balance of compensation due to insured depositors of liquidated banks for insured deposit liabilities of customers in accordance with Section 20(2) of the NDIC Act 2006. A maximum claim of N500,000 and N200,000 is paid to a depositor in the event of failure of a licensed commercial bank and special deposit taking financial institutions (primary mortgage banks and microfinance banks) respectively.

The movement on this account during the year was as follows:

	Note	2013 ₦'000	2012 ₦'000	January 2012 ₦'000
At the beginning of the year		6,942,001	7,122,284	6,797,720
Transfer from special institution insurance fund	22a	1,549,077	1,202,290	2,529,328
Movement of funds to Agent bank(s)		-	37,682	-
Payment during the year		(2,020)	(250,561)	(2,204,764)
Transfer from/(into) deposit insurance fund for deposit money	22b	47,956	(1,169,694)	-
At the end of the year		8,537,014	6,942,001	7,122,284

20. **Retirement benefit obligations**

	Note	2013 ₦'000	2012 ₦'000	January 2012 ₦'000
Recognised liability for defined benefit plan	20c	3,169,718	4,163,926	3,209,005
Liability for defined contribution Plan		234,371	332,063	344,393
		3,404,089	4,495,989	3,553,398

NOTES TO THE FINANCIAL STATEMENTS Continued

20. Retirement benefit obligations- Continued

Defined contribution plan

The Corporation operates a defined contribution registered pension plan for all eligible employees. A defined contribution plan is a pension plan under which the Corporation pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Corporation in a fund under the control of trustees.

The total expense charged to income of N1.84 billion (2012: N1.94 billion) represents contributions payable to this plan by the Corporation at rates specified in the rules of the plan.

The Corporation operates a defined contributory pension scheme in line with the Pension Reform Act of 2004. Under the contributory scheme, employees contribute 5% of all pensionable emoluments and the Corporation contributes 20% on the same basis.

Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. A full actuarial valuation by a qualified independent actuary is carried out every year.

The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrecognised remeasurement gains and losses. The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date of high–quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

Legacy fund
Legacy fund represents funds invested by the Corporation on behalf of Pension Fund under the erstwhile defined benefit pension scheme in 2004. The fund is used for the payment of monthly pension of retirees under the defined benefit scheme.

Appreciation scheme
The appreciation scheme is given to eligible staff who served the Corporation for five (5) years and above and the amount is based on number of years in service of the Corporation. It is paid at the time of exit. The Corporation operates a defined benefit gratuity plan covering substantially all of its employees. No contribution is made to separately administered funds, therefore retired employees are paid as you go basis.

Medical scheme
Medical allowance is enjoyed by any staff that served the Corporation for ten (10) years and above. The allowance is categorised into three (3); junior, senior and executive staff which is paid quarterly

The following tables summarise the components of net benefit expense recognised in the profit or loss and amounts recognised in the statement of financial position for medical and appreciation benefit plan.

NOTES TO THE FINANCIAL STATEMENTS Continued

20. **Retirement benefit obligations- Continued**

(a) Defined benefit expense 2013 (recognised under staff cost and employees benefits)

	Medical scheme ₦'000	Appreciation scheme ₦'000	Legacy fund ₦'000	**Total** ₦'000
Current service cost	12,775	126,716	-	139,491
Net interest expense	64,064	308,572	122,834	495,470
Defined benefit expense(Note 7)	76,839	435,288	122,834	634,961

Defined benefit expense 2012 (recognised under staff cost and employees benefits)

	Medical scheme ₦'000	Appreciation scheme ₦'000	Legacy fund ₦'000	**Total** ₦'000
Current service cost	10,350	112,301	-	122,651
Net interest expense	59,939	313,196	80,702	453,837
Defined benefit expense (Note 7)	70,289	425,497	80,702	576,488

(b) Re-measurement gains/(losses) recognised in other comprehensive income

	Medical scheme ₦'000	Appreciation scheme ₦'000	Legacy fund ₦'000	**Total** ₦'000
31 December 2013	37,509	96,208	1,381,032	1,514,749
31 December 2012	(73,077)	(118,193)	(367,084)	(558,354)

The factors below contributed to the net actuarial gain as follows:

	Medical scheme ₦'000 Gain/(Loss)	Appreciation scheme ₦'000 Gain/(Loss)	Legacy fund ₦'000 Gain/(Loss)
Change in economic assumption	44,696	920,004	985,648
Addition of members who were previously excluded from the valuation	(24,432)	(40,971)	-
Salary increase	-	(733,450)	-
Pension increase	-	-	135,729
Pensioner mortality	-	-	251,344
Data corrections	-	-	(7,475)
Deferred pensioners' pensions	-	-	(4,728)
Membership movements	13,757	(34,333)	-
Other miscellaneous items	3,488	(15,042)	29,501
Re-measurement loss on asset	-	-	(8,987)
	37,509	96,208	1,381,032

NOTES TO THE FINANCIAL STATEMENTS Continued

20. **Retirement benefit obligations- Continued**

	2013	2012	January 2012
	₦'000	₦'000	₦'000
Actual return on plan assets	213,936	224,123	198,428
	=======	=======	=======

(c) Retirement benefit asset

Net defined benefit asset

As at 31 December 2013	Legacy fund
	₦'000
Defined benefit obligation	(1,717,314)
Fair value of plan asset	1,951,897

	234,583
	========

The asset recognised in the Corporation's statement of financial position is subject to a maximum of the present value of any economic benefits available to the Corporation in the form of refunds or reductions in future contributions.

Retirement benefit obligation

As at 31 December 2013	Medical scheme	Appreciation scheme	**Total**
	₦'000	₦'000	₦'000
Defined benefit obligation	539,344	2,630,374	3,169,718
Less: fair value of plan asset	-	-	-
	-------------	--------------	-------------
	539,344	2,630,374	3,169,718
	=======	========	=======

Retirement benefit obligation
As at 31 December 2012

	Medical scheme	Appreciation scheme	Legacy fund	**Total**
	₦'000	₦'000	₦'000	₦'000
Defined benefit obligation	542,174	2,598.137	3,001,040	6,141,351
Less: fair value of plan asset	-	-	(1,977,425)	(1,977,425)
	-------------	--------------	---------------	---------------
	542,174	2,598,137	1,023,615	4,163,926
	=======	========	========	========

NOTES TO THE FINANCIAL STATEMENTS Continued

20. **Retirement benefit obligations- Continued**

Retirement benefit obligation
As at 1 January 2012

	Medical scheme ₦'000	Appreciation scheme ₦'000	Legacy fund ₦'000	**Total** ₦'000
Defined benefit obligation	436,768	2,195,178	2,592,087	5,224,033
Less: fair value of plan asset	-	-	(2,015,028)	(2,015,028)
	436,768	2,195,178	577,059	3,209,005

(d) Changes in the present value of the defined benefit obligation

	Medical scheme ₦'000	Appreciation scheme ₦'000	Legacy fund ₦'000	**Total** ₦'000
Retirement Benefit Obligation at 1 January 2012	436,768	2,195,178	2,592,087	5,224,033
Service cost	10,350	112,301	-	122,651
Interest cost	59,939	313,196	344,485	717,620
Remeasurement (Gain)/Loss	73,077	118,193	327,424	518,694
Benefit paid	(37,960)	(140,731)	(262,956)	(441,647)
Retirement Benefit Obligation at 31 December 2012	542,174	2,598,137	3,001,040	6,141,351
Service cost	12,775	126,716	-	139,491
Interest cost	64,064	308,572	345,757	718,393
Remeasurement (Gain)/Loss	(37,509)	(96,208)	(1,390,019)	(1,523,736)
Benefit paid	(42,160)	(306,843)	(239,464)	(588,467)
Retirement Benefit Obligation at 31 December 2013	539,344	2,630,374	1,717,314	4,887,032

NOTES TO THE FINANCIAL STATEMENTS Continued

20. **Retirement benefit obligations- Continued**

(e) Changes in the fair value of plan asset (legacy fund)

	₦'000
Fair value as at 1 January 2012	2,015,028
Contribution	1,230
Interest income	263,783
Benefit paid	(262,956)
Remeasurement (gain)/Loss	(39,660)
Fair value as at 31 December 2012	1,977,425
Contribution	-
Interest income on asset	222,923
Benefit paid	(239,464)
Remeasurement (gain)/Loss	(8,987)
Fair value as at 31 December 2013	1,951,897

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2013 %	2012 %
Debt instruments	49.58	-
Cash and cash equivalents	50.42	100

The overall expected rates of return on assets is determined based on the market prices including published brokers' forecasts prevailing on the date of valuation, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity plan benefit obligations for the medical plan are shown below:

	2013 %	2012 %	January 2012 %
Average long term discount rate (p.a)	13	12	14
Average benefit increase rate (p.a)	5	-	-
Mortality rate in service (Age band):			
18-33	3	3	3
34-44	2	2	2
45-51	5	5	5
52-63	4	4	4
54-55	3	3	3
56-57	2	2	2
58-69	1	1	1
60+	100	100	100

NOTES TO THE FINANCIAL STATEMENTS Continued

20. **Retirement benefit obligations- Continued**

The principal assumptions used in determining gratuity plan benefit obligations for the appreciation plan are shown below:

	2013	2012	January 2012
	%	%	%
Average long term discount rate (p.a)	13	12	14
Average benefit increase rate (p.a)	-	10	10
Average long term rate of inflation (p.a)		5	5
Mortality rate in service (Age band):			
18-33	3	3	3
34-44	2	2	2
45-51	5	5	5
52-63	4	4	4
54-55	3	3	3
56-57	2	2	2
58-69	1	1	1
60+	100	100	100

The principal assumptions used in determining gratuity plan benefit obligations for the legacy fund are shown below:

	2013	2012	January 2012
	%	%	%
Average long term discount rate (p.a)	13	12	14
Average benefit increase rate (p.a)	-	5	15

It has been assumed that the average life expectancy beyond the retirement age of 60 is 18years for men (2012:18years) and 25years for women (2012: 25 years).

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Corporation at 31 December 2013. The present value of the defined benefit obligation, the related current service cost was measured using the projected unit credit method.

The mortality base table used for the schemes is A49/52 Ultimate Tables, published jointly by the Institute and Faculty of actuaries in the UK.

A quantitative sensitivity analysis for significant assumption as at 31 December 2013 is as shown below:

Medical scheme

Assumptions	Discount rate		Mortality	
	1%	1%	1%	1%
	₦'000	₦'000	₦'000	₦'000
Sensitivity level	Increase	Decrease	Increase	Decrease
Impact on the defined benefit obligation	(500,263)	(584,039)	(544,352)	(534,089)

Appreciation scheme

Assumptions	Discount rate		Salary increase rate		Mortality	
	1%	1%	1%	1%	1%	1%
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Sensitivity level	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on the defined benefit obligation	(2,521,802)	(2,747,673)	(2,760,907)	n/a	(2,640,953)	(2,620,727)

NOTES TO THE FINANCIAL STATEMENTS Continued

20. Retirement benefit obligations- Continued

Legacy scheme
Assumptions

	Discount rate		Pension increase rate		Mortality	
	1%	1%	1%	1%	1%	1%
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Sensitivity level	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on the defined benefit obligation	(1,622,683)	(1,823,698)	(1,837,215)	n/a	(1,700,318)	(1,733,389)

21. FGN consolidated revenue fund account

The movement during the year was as follows:

	2013	2012	January 2012
	₦'000	₦'000	₦'000
Balance at the beginning of the year	3,466,759	3,031,553	4,158,580
Transfer from statement of changes in equity	10,721,479	5,466,759	3,031,553
Payments during the year	(3,988,387)	(5,031,553)	(4,158,580)
Balance at the end of the year	10,199,851	3,466,759	3,031,553

The consolidated revenue fund represents four-fifth (80%) of the net operating surplus over operating expenses for the year less transfer to the deposit insurance fund in respect of provision for insurance losses during the year by the Corporation in compliance with the provisions of section 22 of the Fiscal Responsibility Act 2007.

NOTES TO THE FINANCIAL STATEMENTS Continued

22. Deposit insurance funds

	Note	Special insured Institution fund account ₦'000	Deposit insurance fund for deposit money banks ₦'000	Non interest deposit insurance fund ₦'000	Total deposit insurance fund ₦'000
As at January 1, 2012		19,955,278	356,883,894	-	376,839,172
Component of insurance premium in surplus & DIF		1,347,116	60,591,510	-	61,938,626
Transfer in respect of provision for insurance losses for the year		19,691,593	6,566,919	-	26,258,512
Transfer (to)/from compensation due to insured depositors for the year	19	(1,202,290)	1,169,694	-	(32,596)
As at 31 December, 2012		**39,791,697**	**425,212,017**	**-**	**465,003,714**
As at January 1, 2013		39,791,697	425,212,017	-	465,003,713
Component of insurance premium in surplus & DIF		1,172,907	70,777,165	17,602	71,967,674
Transfer in respect of provision for insurance losses for the year		18,291,0000	12,117,000	-	30,408,000
Transfer (to)/from compensation due to insured depositors for the year	19	(1,549,077)	(47,956)	-	(1,597,033)
As at 31 December, 2013		**57,706,527**	**508,058,226**	**17,602**	**565,782,355**

NOTES TO THE FINANCIAL STATEMENTS Continued

23. Issued share capital

Authorised and issued share capital

	2013	2012	January 2012
Authorised share capital	₦'000	₦'000	₦'000
Ordinary shares of N1 each	5,000,000	5,000,000	5,000,000
	========	========	========

Ordinary shares issued and fully paid:

	2013	2012	January 2012
	₦'000	₦'000	₦'000
At 1 January	2,300,000	2,300,000	2,300,000
Issued during the year	-	-	-
	--------------	----------------	---------------
At the end of the period	2,300,000	2,300,000	2,300,000
	========	========	========

Retained earnings
Retained earnings is the carried forward recognised income net of expenses plus current period attributable to the owners.

Available -for-sale reserve
The available for sale reserve includes the net cumulative change in the fair value of available for sale instruments until the instruments is derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS Continued

24. Other reserve

	2013	2012	January 2012
	₦'000	₦'000	₦'000
Balance as at 1 January	100,000	100,000	200,000
Transfer to retained earnings	-	-	(100,000)
At the end of the period	100,000	100,000	100,000

The other reserve represents funds set aside by the Corporation for motor vehicle insurance sinking fund.

Motor vehicle insurance sinking fund is a fund set aside from appropriation of the operating surplus from income and expenditure account for the replacement of accident vehicles of the Corporation. The Directors approved a maximum amount of N100 million for the fund.

25. Cash and cash equivalents for the purpose of statements of cash flows consist of the following:

	2013	2012	January 2012
	₦'000	₦'000	₦'000
Balances with Central Bank of Nigeria	1,827,248	10,655,236	5,988,052
Cash in hand	17,828	11,368	22,363
At the end of the period	**1,845,076**	**10,666,604**	**6,010,415**

Garnishee order with the Central Bank of Nigeria (see note 12) are not available to finance the Corporation's day-to-day operations, and therefore are not part of cash and cash equivalents.

26. Reconciliation of net surplus before tax to cash flows provided by operating activities

	Notes	2013	2012
		₦'000	₦'000
Operating surplus from operations and deposit insurance fund		114,180,490	96,011,652
Non-cash adjustments to reconcile surplus before tax to net cash flows			
Impairment loss written off on other assets	14	(97,828)	-
Depreciation of property and equipment	15	603,279	107,530
Amortisation of intangible assets	16	27,419	12,234
Profit on disposal of property, plant and equipment	6	-	(2,536)
Foreign exchange gains	6	(35,220)	-
Interest income		66,563,477	54,685,225
(Increase)/decrease in operating assets:			
Restricted balances with Central Bank of Nigeria	12	(948,991)	-
Loans and receivables		(1,838,215)	80,696
Other assets		(1,392,521)	3,895,275
Retirement benefit assets	20	(234,583)	-
Increase/(decrease) in operating liabilities:			
Account payables and other liabilities		2,491,841	(124,277)
Due to banks		51,508	50,761
Compensation due to insured depositors		1,595,013	(180,283)
Retirement benefits obligation		422,849	384,237
Net cash flows from operating activities		181,388,518	154,920,544

NOTES TO THE FINANCIAL STATEMENTS Continued

27. Fair Value of the financial instruments

Financial instruments recorded at fair value

The Corporation does not have financial instruments that are recorded at fair value using valuation techniques during the reporting year. All financial instruments classified as available for sale are quoted debt instruments.

Determination of fair value and fair value hierarchy

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December 2013

	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Financial assets				
Financial instruments available-for-sale:				
Quoted instruments:				
Government debt securities:				
FGN Bonds	116,232,496	-	-	116,232,496
Treasury bills	63,464,042	-	-	63,464,042
	179,696,538	-	-	179,696,538

As at 31 December 2012

	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Financial assets				
Financial instruments available-for-sale:				
Quoted instruments:				
Government debt securities:				
FGN Bonds	115,630,705	-	-	115,630,705
Treasury bills	36,069,217	-	-	36,069,217
	151,699,922	-	-	151,699,922

As at 1 January 2012

	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Financial assets				
Financial instruments available-for-sale:				
Quoted i instruments:				
Government debt securities:				
FGN Bonds	79,937,709	-	-	79,937,709
Treasury bills	-	-	-	-
	79,937,709	-	-	79,937,709

NOTES TO THE FINANCIAL STATEMENTS Continued

27. Fair Value of the financial instruments-Continued

Assets for which fair values are disclosed:

	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
As at 31 December 2013				
Held to maturity	402,065,563	28,843,349	-	430,908,912
Loans and receivables	-	1,913,275	-	1,913,275
As at 31 December 2012				
Held to maturity	252,269,141	108,710,755	-	360,979,896
Loans and receivables	-	82,169	-	82,169
As at 1 January 2012				
Held to maturity	185,366,592	116,631,516	-	301,998,108
Loans and receivables	-	160,916	-	160,916

Set out below is a comparison, by class, of the carrying amounts and fair values of the Corporation's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities:

	2013		2012		1 January 2012	
	Carrying Value ₦'000	Fair value ₦'000	Carrying Value ₦'000	Fair value ₦'000	Carrying value ₦'000	Fair value ₦'000
Financial assets:						
Cash and balances with central banks	2,794,067	2,794,067	10,666,604	10,666,604	6,010,415	6,010,415
Held to maturity	441,869,846	430,908,912	353,202,631	360,979,896	327,238,145	301,998,108
Loans and receivable	1,921,963	1,913,275	83,748	82,169	164,446	160,916
Other assets	3,213,744	3,213,744	1,723,395	1,723,395	5,618,592	5,618,592
	449,799,620	438,829,998	365,676,378	373,452,064	339,031,598	313,788,031
Financial liabilities:						
Account payables and other liabilities	7,297,640	7,297,640	4,805,800	4,805,800	4,930,075	4,930,075
Due to banks	387,958	387,958	336,450	336,450	285,689	285,689
Compensation due to insured depositors	8,537,014	8,537,014	6,942,001	6,942,001	7,122,284	7,122,284
	16,222,612	16,222,612	12,084,251	12,084,251	12,338,048	12,338,048

NOTES TO THE FINANCIAL STATEMENTS Continued

27. Fair Value of the financial instruments-Continued

Fair value of financial assets and liabilities not carried at fair value

Below are the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads. The Corporation has not reclassified any financial asset during the year.

28. Risk management framework

28.1 Introduction

Risk is inherent in the Corporation's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Corporation's continuing profitability and each individual within the Corporation is accountable for the risk exposures relating to his or her responsibilities. The Corporation is exposed to insurance risk and financial risk (credit risk, liquidity risk and market risk), the latter being subdivided into trading and non–trading risks. It is also subject to agency, operational and reputational risk.

Risk Management/Governance Structure

The Enterprise Risk Management Unit reports to the Board through its Committee on IT/Corporate Strategy and reports administratively to the MD/CE. The Corporation's Enterprise Risk Management Unit is structured into three (3) groups and each group is headed by a group head not below the grade of Principal Manager. The Chief Risk Officer heads the Unit and is supported by group heads.

Risk measurement and reporting systems

The Corporation uses both quantitative and qualitative techniques to measure risk. It uses AMAZ RILIERT risk rating system with 16 possibilities; 4-point Likelihood Scale-(Low, Medium, High and Very High) and 4-point Impact Scale-(Minor, Moderate, Significant and Very Significant).

The Corporation generates five (5) types of reports namely; Monthly Risk Reports (MRR 100), Quarterly Risk Report (QRR 200), Update on the risk profile of the Corporation to the Board and Management on quarterly and annual basis and Special Reports.

Risk Mitigation

The Corporation in mitigating risks has designed control measures to mitigate the significant risks inherent in its operations. The Corporation also monitors the effectiveness of these control measures in addressing the significant risks and review the control measures by carrying out on-site and off-site monitoring.

NOTES TO THE FINANCIAL STATEMENTS Continued

28.2 Governance framework

The Corporation has established an Enterprise Risk Management Unit (ERMU) to develop and coordinate the implementation of its Enterprise Risk Management (ERM) Framework. The objective of the Framework is to enable the Corporation consistently identify, assess and manage both current and emerging risks likely to impede the achievement of the Corporation's mandates, in an integrated and efficient manner.

28.3 Capital management objectives, policies and approach

The Corporation's capital is made up of retained earnings and ordinary share capital. The Corporation is not subject to externally imposed capital requirements.

The Board's policy is to enhance the financial soundness of the Corporation. As at 31 December 2013, the Corporation has a DIF of N565.7 billion (2012: N465 billion) which represents 23 basis points of the insured deposits in the insured institutions. NDIC's minimum target range for the DIF is between 25 and 50 basis points of total insured deposits.

The Corporation is committed to building the DIF to the target range by making some provisions into the fund before transferring a portion of the operating surplus for the year to the FGN Consolidated Revenue Fund in line with the Fiscal Responsibility Act 2007.

28.4 Insurance and financial risk

a) Insurance risk

The most significant risk faced by the Corporation is the Insurance Risk. This is the risk of loss or cost incurred in the event of any intervention associated with insuring deposits. The level of insurance risk facing the Corporation will depend on the level of potential distress in the financial system.

The risk exposure is currently mitigated by making adequate provisions to fund the Deposit Insurance Fund (including Special Insured Institutions Fund and Non Insured Deposit Insurance Fund) against any perceived failure of some insured institutions and guaranty deposits up to a maximum of N500,000 and N200,000 for Deposit Money Banks and Primary Mortgage Banks/Microfinance Banks, respectively. Also on-site examination and off-site surveillance are conducted on a regular basis with a view to observing operational weaknesses and lapses and taking Prompt Corrective Actions.

b) Financial risks

This is the risk associated with managing the Corporation's assets and liabilities. Financial Risk can manifest in the following ways: Credit, Liquidity, and Market Risks.

i) Credit risk

Credit risk is the risk of loss attributable to counterparties failing to honour their obligations to the Corporation. It could manifest if an insured institution that receives financial assistance from the Corporation in form of credit facility or counterparty to a financial instrument in which the Corporation has invested fails to meet its financial obligation when it falls due.

Credit risk exposure

The credit risk exposure is mitigated by the Corporation limiting its investment portfolio to Federal Government securities which are relatively risk-free and rendering of financial assistance to failing institutions that meet the Corporation's eligibility requirements.

NOTES TO THE FINANCIAL STATEMENTS Continued

28.4 Insurance and financial risk- Continued

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as loans and receivables.

Financial assets

The credit quality of financial assets is assessed by reference to external credit ratings information about counterparty default rates.

	2013	2012
	₦'000	₦'000
Counterparties with external credit rating (S&P)		
BB-	621,566,384	504,902,553
	===========	===========

The Corporation's financial assets of N621,566,384,000 (2012: N504,902,553,000) relate to investment in treasury bills and bond issued by the Federal Government of Nigeria and bears the sovereign risk of the Federal Government of Nigeria. The federal republic of Nigeria currently has a foreign long term issuer credit rating of BB- (S&P).

ii) **Liquidity risk**

Liquidity risk is the risk that sufficient funds will not be available to the Corporation to honour its financial obligations to insured depositors, staff, contractors and other stakeholders as and when due.

The Liquidity Risk Exposure is mitigated by ensuring that the Corporation has sufficient liquidity to meet its liabilities when due under both normal and stressed conditions and also maintaining sufficient cash on demand to meet the Corporation's maturing obligations for a period of 90 days. However, this excludes the potential impact of extreme circumstances that cannot reasonably be ascertained.

Maturity profiles

The table that follows summarises the maturity profile of the financial assets and financial liabilities of the Corporation based on remaining undiscounted contractual obligations, including interest payable and receivable.

Where necessary, maturity profiles are determined based on estimated timing of net cash outflows.

The Corporation maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of unforeseen interruption of cash flow. The Corporation also has committed lines of credit that it can access to meet liquidity needs. Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

NOTES TO THE FINANCIAL STATEMENTS Continued

28.4 Insurance and financial risk- Continued

Maturity analysis (contractual undiscounted cash flow basis)

31 December 2013	Carrying amount ₦'000	Up to 1 year ₦'000	1-3 years ₦'000	3-5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Financial assets						
Cash and balances with central bank	2,794,067	2,794,067	-	-	-	2,794,067
Available-for-sale financial assets	179,696,538	159,016,150	11,112,297	7,912,297	29,238,069	207,278,813
Held to maturity financial assets	441,869,846	154,971,090	145,967,133	136,597,133	209,979,150	647,514,506
Loans and receivables	1,921,963	395,358	797,131	615,062	597,895	2,405,446
Other assets	3,213,744	3,213,744	-	-	-	3,213,744
Total undiscounted financial assets	629,496,158	320,390,409	157,876,561	145,124,492	239,815,114	863,206,576
Financial liabilities						
Account payables and other liabilities	7,297,640	7,297,640	-	-	-	7,297,640
Due to banks	387,958	387,958	-	-	-	387,958
Compensation due to insured depositors	8,537,014	8,537,014	-	-	-	8,537,014
FGN consolidated revenue fund account	10,199,851	10,199,851	-	-	-	10,199,851
Total undiscounted financial liabilities	26,422,463	26,422,463	-	-	-	26,422,463
Liquidity gap	**603,073,695**	**293,976,946**	**157,876,561**	**145,124,492**	**239,815,114**	**836,784,115**

NOTES TO THE FINANCIAL STATEMENTS Continued

28.4 Insurance and financial risk- Continued

Maturity analysis (contractual undiscounted cash flow basis)

31 December 2012	Carrying amount ₦'000	Up to 1 year ₦'000	1-3 years ₦'000	3-5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Financial assets						
Cash and balances with central bank	10,666,604	10,666,604	-	-	-	10,666,604
Available-for-sale financial assets	151,699,922	50,171,621	95,597,442	7,912,297	32,501,082	186,182,442
Held to maturity financial assets	353,202,631	212,635,598	79,701,256	37,860,900	192,799,338	522,977,092
Loans and receivables	83,748	50,691	24,799	13,903	34,562	123,955
Other assets	1,723,395	1,723,395		-	-	1,723,395
Total undiscounted financial assets	517,376,300	275,247,909	175,323,497	45,787,100	225,334,982	721,693,488
Financial liabilities						
Account payables and other liabilities	4,805,800	4,805,800	-	-	-	4,805,800
Due to banks	336,450	336,450	-	-	-	336,450
Compensation due to insured depositors	6,942,001	6,942,001	-	-	-	6,942,001
FGN consolidated revenue fund account	3,466,759	3,466,759	-	-	-	3,466,759
Total undiscounted financial liabilities	15,551,010	15,551,010	-	-	-	15,551,010
Liquidity gap	501,825,290	259,696,899	175,323,497	45,787,100	225,334,982	706,142,478

NOTES TO THE FINANCIAL STATEMENTS Continued

28.4 Insurance and financial risk- Continued

Maturity analysis (contractual undiscounted cash flow basis)

1 January 2012	Carrying amount ₦'000	Up to 1 year ₦'000	1-3 years ₦'000	3-5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Financial assets						
Cash and balances with central bank	6,010,415	6,010,415	-	-	-	6,010,415
Available-for-sale financial assets	79,937,709	8,849,838	96,534,983	-	-	105,384,821
Held to maturity financial assets	327,238,145	191,904,912	128,708,146	30,400,000	-	351,013,058
Loans and receivables	164,446	104,077	63,791	15,534	35,385	218,787
Other assets	5,618,592	5,618,592	-	-	-	5,618,592
Total undiscounted financial assets	418,969,307	212,487,834	225,306,920	30,415,534	35,385	468,245,673
Financial liabilities						
Account payables and other liabilities	4,930,075	4,930,075	-	-	-	4,930,075
Due to banks	285,689	285,689	-	-	-	285,689
Compensation due to insured depositors	7,122,284	7,122,284	-	-	-	7,122,284
FGN consolidated revenue fund account	3,031,553	3,031,553	-	-	-	3,031,553
Total undiscounted financial liabilities	15,369,601	15,369,601	-	-	-	15,369,601
Liquidity gap	403,599,704	197,118,233	225,306,920	30,415,534	35,385	452,876,072

NOTES TO THE FINANCIAL STATEMENTS Continued

28.4 Insurance and financial risk- Continued

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. In other words, market risk consists of interest rate risk, foreign exchange risk and other price risk such as equity price risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks.

The Corporation monitors and manages market risks principally through sensitivity analyses within reasonably possible bands.

The Corporation is only exposed to interest rate risk.

Interest rate risk

The risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. This risk is mitigated by spreading investment portfolios on different securities (government bonds and treasury bills) with different interest rates.

Debt instruments measured at fair value exposes the Corporation to risk of loss where there is a significant movement in market interest rates. Sensitivity analyses are performed to ensure such potential exposures are quantified and assessed ahead of time in order to ensure that necessary actions are taken to minimise the impact of the Corporation's equity.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being held constant) of the Corporation's equity.

The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets (government bonds and treasury bills), at 31 December for the effects of the assumed changes in interest rates. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

The reasonably expected movement in interest rate is 100 Basis Points (BP) and the impact has been shown in the table below;

31 December 2013

Increase/(decrease) in basis points	Effect on equity ₦'000
+100 Bp	(2,204,182)
-100 Bp	2,462,196

31 December 2012

Increase/(decrease) in basis points	Effect on equity ₦'000
+100 Bp	(2,846,658)
-100 Bp	3,102,076

There were no changes in methods and assumptions used in preparing the sensitivity analysis from the previous period.

NOTES TO THE FINANCIAL STATEMENTS Continued

29. Maturity analysis on expected maturity basis

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

31 December 2013	Current ₦'000	Non- Current ₦'000	Total ₦'000
Cash and balances with central bank	2,794,067	-	2,794,067
Financial assets:			
Available-for-sale financial assets	150,226,888	29,469,650	179,696,538
Held to maturity financial assets	106,878,750	334,991,096	441,869,846
Loans and receivables	2,351	1,919,612	1,921,963
Other assets	3,213,744	-	3,213,744
Retirement benefit assets	-	234,583	234,583
Property, plant and equipment	-	7,047,976	7,047,976
Intangible assets	-	332,387	332,387
Total Assets	**263,115,800**	**373,995,304**	**637,111,104**
Liabilities			
Account payables and other liabilities	7,297,640	-	7,297,640
Due to banks	387,958	-	387,958
Compensation due to insured depositors	8,537,014	-	8,537,014
FGN consolidated revenue fund account	10,199,851	-	10,199,851
Retirement benefit obligations	234,371	3,169,718	3,404,089
Total liabilities	**26,656,834**	**3,169,718**	**29,826,552**

NOTES TO THE FINANCIAL STATEMENTS Continued

Maturity analysis on expected maturity basis- Continued

The table below summarises the expected utilisation or settlement of assets and liabilities

Maturity analysis on expected maturity basis

31 December 2012	Current ₦'000	Non- Current ₦'000	Total ₦'000
Cash and balances with central bank	10,666,604	-	10,666,604
Financial assets:			
Available-for-sale financial assets	122,148,819	29,551,103	151,699,922
Held to maturity financial assets	186,185,486	167,017,145	353,202,631
Loans and receivables	28,617	55,131	83,748
Other assets	1,723,395	-	1,723,395
Property, plant and equipment	-	6,443,087	6,443,087
Intangible assets	-	306,623	306,623
Total Assets	**320,752,921**	**203,373,089**	**524,126,010**
Liabilities			
Account payables and other liabilities	4,805,800	-	4,805,800
Due to banks	336,450	-	336,450
Compensation due to insured depositors	6,942,001	-	6,942,001
FGN consolidated revenue fund account	3,466,759	-	3,466,759
Retirement benefit obligations	332,063	4,163,926	4,495,989
Total liabilities	**15,883,073**	4,163,926	**20,046,999**

NOTES TO THE FINANCIAL STATEMENTS Continued

Maturity analysis on expected maturity basis- Continued

The table below summarises the expected utilisation or settlement of assets and liabilities

Maturity analysis on expected maturity basis

1 January 2012	Current ₦'000	Non- Current ₦'000	Total ₦'000
Cash and balances with central bank	6,010,415	-	6,010,415
Financial assets:			
Available-for-sale financial assets	2,527,622	77,410,087	79,937,709
Held to maturity financial assets	176,116,240	151,121,905	327,238,145
Loans and receivables	2,429	162,017	164,446
Other assets	5,618,592	-	5,618,592
Property, plant and equipment	-	3,930,432	3,930,432
Intangible assets	-	56,244	56,244
Total Assets	**190,275,298**	**232,680,685**	**422,955,983**
Liabilities			
Account payables and other liabilities	4,930,075	-	4,930,075
Due to banks	285,689	-	285,689
Compensation due to insured depositors	7,122,284	-	7,122,284
FGN consolidated revenue fund account	3,031,553	-	3,031,553
Retirement benefit obligations	344,393	3,209,005	3,553,398
Total liabilities	**15,713,994**	3,209,005	**18,922,999**

NOTES TO THE FINANCIAL STATEMENTS Continued

30. **Contingencies and commitments**

The Management/Board are of the opinion that all known liabilities and commitments, which are relevant in the assessment of the state of financial affairs of the Corporation, have been taken into consideration in the preparation of the financial statements.

(a) Legal claims

Litigation is a common occurrence in the industry due to the nature of the business undertaken. The Corporation has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Corporation makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Corporation had several unresolved legal claims.

Contingent liabilities

	2013	2012	1 January 2012
	₦'000	₦'000	₦'000
Pending litigation	726,236,643	754,122,888	618,488,279
	==========	==========	===========

This represents claims in respect of litigations against the Corporation as at year end. These litigations arose in the normal course of business and are being contested by the Corporation. Two out of the litigations with claims to the tune of N610 billion were instituted by the old shareholders of some of the bridge banks that were incorporated by the Corporation. The Directors and external solicitors are of the opinion that no liability will crystallise from this litigation.

(b) Capital commitments

Capital commitments amounted to N882.4 million as of 31 December 2013. (2012: N518 million, 1 January 2012: N453.3 million)

(c) Lease arrangements

Operating lease commitments - Corporation as lessee

The Corporation entered into commercial leases for premises. These leases have an average life of between 1year and 2years with renewal option included in the contracts. There are no restrictions placed upon the Corporation before entering into these leases.

Future minimum lease rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2013	2012	January 2012
	₦'000	₦'000	₦'000
Within one year	234,483	261,690	171,505
After one year but not more than five years	-	-	-
	------------	------------	-------------
Total operating lease rentals payable	234,483	261,690	171,505
	=======	======	=======

NOTES TO THE FINANCIAL STATEMENTS Continued

30. Contingencies and Commitments- Continued

Operating leases - Corporation as a lessor

The Corporation acts as lessor of premises. These leases have an average life of 1year with renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows

	2013	2012	January 2012
	₦'000	₦'000	₦'000
Within one year	15,000	15,000	15,000
After one year but not more than five years	-	-	-
More than five years	-	-	-
	------------	-----------	------------
Total operating lease rentals receivable	15,000	15,000	15,000
	=======	======	========

31. **Related party disclosures**

The Corporation is owned by both the Central Bank of Nigeria and the Ministry of Finance Incorporated in the ratio of 60% and 40% respectively.

Although the Central Bank of Nigeria (CBN) through its ownership of 60% of the equity shares of the Corporation has majority of the shareholding, it does not have majority of the voting rights which is a condition for control under IFRS. On this basis, the Central Bank of Nigeria only exercises significant influence over the Corporation.

The Corporation's related parties include the Federal Government of Nigeria, Ministry of Finance Incorporated, other Government Departments, and Directors of the Corporation.

There are no other transactions between the Corporation and the Central Bank of Nigeria (CBN) other than as stated in Note 12 on "Cash and balances with Central Bank" and Note 17 "Account payables and other liabilities".

Remuneration paid to directors and senior management of the Corporation for the period is as follows:

	2013	2012
	₦'000	₦'000
Board of directors:		
Directors fees and allowances	238,803	249,382
Directors severance benefit (i)	175,000	-
Senior management:		
Short-term employee benefits	242,937	234,086
	-------------	-------------
	656,740	483,468
	=======	=======

This represents payment to Board members for their 1st tenor of 4years which ended July 2013

Non-executive directors do not receive pension entitlements from the Corporation

Transactions with key management personnel of the bank

The Corporation enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission fees

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year.

NOTES TO THE FINANCIAL STATEMENTS Continued

31. Related party disclosures- Continued

Loans or transactions with key management personnel of the Corporation

	2013	2012	January 2012
	₦'000	₦'000	₦'000
Maximum balance during the year	203,798	-	-

32. **Events after the reporting date**

On 8 March 2014, the Central Bank of Nigeria, CBN, approved the liquidation of 83 existing microfinance banks over engaging in fraudulent activities and non-operational offices. Already, a total of N102 billion has been earmarked in the 2014 budget of the Nigeria Deposit Insurance Corporation, NDIC, for payment to depositors of the affected banks. The Corporation is already working towards determining the number of depositors and how much each depositor in the banks in order to pay them. "Funding gap" is what the Corporation does to prepare for the rainy day.

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

PART TWO

INSURED INSTITUTIONS' PERFORMANCE AND PROFILE

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 11

THE OPERATING ENVIRONMENT

11.1 Introduction

Developments in both the domestic and international economies tremendously influenced the environment in which insured deposit-taking financial institutions operated in 2013. The environment was impacted by regulatory, macroeconomic as well as socio-political events during the year under review.

The benefits of the banking sector reforms continued to positively impact on the sector as the banking system returned and surpassed the pre-crisis profitability position despite the tight monetary policy environment. The sector continued to play a critical role in the development of the economy by mobilizing resources for productive investments. As such, financial assets values had also benefited significantly from the stable global financial system and sustained economic policy ease in advanced economies. The financial sector reforms which included stronger regulation and supervision through better disclosures by financial institutions, improved corporate governance, and capital market reforms further strengthened the sectors' financial intermediation process which was supported by sustained interventions in relevant and critical sectors of the economy. There had also been numerous programmes and projects to improve the payments system.

The banks in Nigeria were safe and the CBN had, in collaboration with other stakeholders, continued to implement sound financial sector policies and ensured that the recent gains were sustained and consolidated.

Presented in this section is a review of the operating environment for insured financial institutions in 2013.

11.2 The Monetary Policy Environment

In 2013, the CBN remained focused in pursuing its objective of attainment of internal and external balances in the form of maintenance of price and exchange rate stability as well as ensuring an efficient payment system. The CBN adopted various policy measures aimed at containing the growth of monetary aggregates in order to achieve monetary and price stability. The CBN had displayed a regime of tight monetary policy which kept inflation at a single digit for most part of the year under review. To achieve the aforementioned objectives, the major monetary policy measures in 2013 included the following:

(a) Liquidity Management Measures

The CBN retained the liquidity ratio (LR) at 30% throughout the year under review while it introduced a 50% Cash Reserve Ratio (CRR) on public sector deposits in July 2013. That was applied to deposits of all tiers of Government, Ministries, Departments and Agencies (MDAs) and Companies. For non-public (Private) sector deposits, CRR remained at 12% throughout the year. That action resulted in the sterilization of about N1.3 trillion from the financial system by year end 2013 and hence created liquidity squeeze in the system.

(b) Interest Rate Policy

The Monetary Policy Rate (MPR), being the anchor rate around which all other interest rates revolved, was retained at 12% throughout the year to curtail excess liquidity and moderate inflationary pressures in the face of increased spending during the year.

(c) Exchange Rate Policy

The CBN took some steps to ensure stability in the foreign exchange market during the year under review. One of the measures was the replacement of the wholesale foreign exchange auction method, called Wholesale Dutch Auction System (WDAS), with the Retail Foreign Exchange Auction System called Retail Dutch Auction System (RDAS) in October 2013. That was part of the measures to curb money laundering, which was observed to be weakening the Naira and hiking up inflationary rate. The Apex bank also defended the currency with approximately US$26.6 billion from the nation's external reserves. It sold about US$19.8 billion to currency dealers in 72 auctions through the WDAS between January and September 2013, while it offered US$6.8 billion to the dealers in 22 auctions through the RDAS between October and December 2013. These actions, in addition to the tight monetary stance, brought relative stability to the market.

11.3 Regulatory Developments

During the year under review, the CBN issued various circulars and guidelines to guide the operations of insured DMBs and other deposit-taking financial institutions. The circulars/guidelines included the following:

(a) Release of Exposure Draft on e-Payment Arbitration

The CBN, in a circular referenced BPS/DIR/GEN/CIR/01/018, released the exposure draft on e-payment arbitration. Issues relating to number of agents, type and nature of agents including considerations for super agents were critical areas being considered in the draft exposure.

(b) Restrictions on Lending Relationships between Banks and Holding Companies

The CBN, in a circular referenced BPS/PSP/GEN/CWD/03/038, placed restrictions on lending relationships between Deposit Money Banks and their Holding Companies. That was to prevent situations where the banks would be lending depositors' money to their Holding Companies or subsidiaries within the group that could lead to abuse and erosion of the bank's capital.

According to the circular, credit by a bank to its Holding Company would be regarded as a return of capital and deducted from the capital of the bank in computing its capital adequacy ratio. Similarly, bank lending to subsidiaries within its group where the credit was fully secured would be assigned a risk weight of 100 per cent, otherwise it would be deducted from the capital when computing capital adequacy.

(c) Circular on Sustainable Banking Practice

The CBN released a circular referenced NSBP/2013 on sustainable banking, which involved the integration of social and environmental considerations into banks' operations, services, procedures and strategies.

According to the policy, the environmental and social issues as well as decision-making processes would also be integrated into the operations of discount houses and development finance institutions (DFIs).

The sustainable banking practice aims at minimizing or mitigating the negative impacts of financial institutions' operations on the environment and local communities in which they operate.

(d) Review of Computation of Capital Adequacy for Banks

The CBN issued a circular referenced BSD/DIR/GEN/LAB/06/003 on "Review of Risk Weights on Certain Exposures in the Computation of Capital Adequacy" to banks. The circular reviewed the risk weights assigned to some identified exposures in the industry as part of efforts to establish risk management in banks. The risk weight assigned to direct lending to local governments, states, ministries, departments and agencies (MDAs) was increased from 100% to 200%. The CBN insisted that breaches of the industry's single obligor limits without its approval would be regarded as impairment to capital.

In addition, investments in Federal Government of Nigeria Bonds would continue to attract zero per cent risk weight, while State Government Bonds that meet the eligibility criteria set out in the Guidelines for Granting Liquidity Status for State Government Bonds would continue to be risk weighted at 20%.

(e) Extension of Compliance Deadline for Anti-Money Laundering Rules

The CBN on 26th February, 2013, gave a three-month grace period for designated customers to comply with the rules on Know-Your-Customer (KYC), which made registration with the Special Control Unit against Money Laundering (SCUML) a mandatory requirement for opening of bank accounts for Designated Non-Financial Businesses and Professions (DNFBPs). An earlier circular to banks and other financial institutions had directed them to ensure compliance with the rules on or before February 1, 2013, but the deadline was later extended to April 30, 2013.

(f) Extension of Recapitalisation Deadline for MFBs

The CBN had issued an extension to the deadline for MFBs and PMBs recapitalization to December 31, 2013. The earlier deadline expired in December 2012. The deadline was extended following the MFBs' and PMBs' appeal for more time to source for funds to recapitalise. Under the proposed recapitalisation, MFBs are required to have 20 million for a unit licence, 100 million for state licence and N2 billion for national licence. The recapitalization requirement for State PMBs was N2.5 billion while that for National PMBs was N5 billion.

(g) Reporting of all Credit Facilities of N1 Million and Above in the Credit Risk Management System (CRMS)

In the circular ref. BSD/DIR/GEN/LAB/06/040 dated September 10, 2013, the CBN directed all DMBs to comply with the requirements of the CRMS to avoid severe sanctions. The CBN had observed with dismay that banks were not reporting on the credit facilities availed to their board members and staff in the CRMS (Central database for credit information on borrowers, established by the CBN Act No. 24 of 1991 (Section 28 & 52) as amended). It reminded banks that Sections 3.4 and 3.5 of the Prudential Guidelines for DMBs in Nigeria, July 2010, did not preclude banks from reporting credit facilities availed to its Board members and staff.

(h) Developments in the Foreign Exchange Market

The CBN, in a circular ref. TED/FEM/FPC/GEN/01/009 dated September 26, 2013 to all Authorised Dealers, Bureaux De Change and the General Public, observed that Nigeria had become the largest importer of US Dollar due largely to importation of cash by DMBs, with its negative implications for the economy. To address that situation and prevent money laundering, Authorised Dealers and the General Public were notified of the replacement of WDAS with RDAS in addition to the following policy review for compliance:

- **Usage of Naira Debit and Credit Cards Overseas**

The existing limit of US$40,000 per annum was reviewed upwards to US$150,000 per annum, during the year under review.

- **Receipt of Proceeds of International Money Transfers**

Recipients of proceeds of International Inward Money Transfers via Western Union, MoneyGram, etc, would henceforth be paid in Naira only. The applicable exchange rate for conversion of the proceeds would be the prevailing interbank rate on the day of payment by the Authorized Dealer. The intention was to discourage the use of dollar as major means of exchange in Nigeria. It may however, have the unintended consequence of making the parallel market to thrive thereby widening the gap between the official and parallel market exchange rates.

(i) Implementation of Basel II/III in Nigeria

The CBN, via circular referenced BSD/DIR/CIR/GEN/LAB/06/053, issued guidance notes on Regulatory Capital Measurement and Management for the Nigerian Banking System (with respect to the implementation of Basel II/III in Nigeria). The circular specified approaches for quantifying the risk-weighted assets for the credit risk, market risk and operational risk for the purpose of determining regulatory capital. The computations were consistent with the requirements of Pillar I of Basel II Accord (International Convergence of Capital Measurement and Capital Standards).

Although, the guidelines complied significantly with the requirements of Basel II/III accords, certain sections were adjusted to reflect the peculiarities of our environment. From time to time, the CBN would issue capital implementation notes to clarify its expectations on compliance with the technical provisions of the regulation.

Accordingly, all banks and banking groups were expected to adopt the basic approaches for the computation of capital requirements for credit risk, market risk and operational risk as follows:

a) Credit Risk – the Standardized Approach would be used by banks however, all forms of corporate claims would be treated as unrated.
b) Market Risk – the Standardized Approach would be adopted.
c) Operational Risk – the Basic Indicator Approach (BIA) would be adopted.

11.4 The Macro-economic Environment

Developments in the macro-economic environment continued to influence activities in the financial sector in 2013. The Vision 20:2020 policy document designed to place Nigeria among the 20 largest economies in the World by 2020, and the medium term expenditure framework and fiscal strategy were expected to drive the government's transformation agenda.

At the global level, the economic growth in 2013 continued to adjust structurally to the evolving growth dynamics in the advanced and emerging economies. While growth in the advanced economies resumed, growth in the emerging economies slowed down. Global growth averaged 2.5% in 2013, same as in the year 2012. The United States of America (USA), Japan and a few European countries that emerged from recession helped to drive the global growth rates during the year under review.

Improvement in US output was enhanced by the industrial production buoyed largely by strong private demand and extra-ordinary accommodative monetary policy. The political stand-off over fiscal sustainability, which led to a shutdown of the US Government in October, 2013, was moderated, however, by discretionary spending during the period. Strong signs of growth resumptions had emerged from some euro area economies, especially Portugal and Greece. Given the changing global growth dynamics, the International Monetary Fund (IMF) revised its global economic growth forecast to 2.9% in 2013. Global inflation was estimated to fall from 3.75% in 2012 to 3.0% in 2013. Monetary easing in China embarked upon in the third quarter of the year started to stabilize with GDP reaching 8% while unemployment rate was recorded to average 7.7% in 2013. Food and fuel prices continued to positively moderate global consumer price inflation. In the light of the aforementioned developments, most central banks responded by either maintaining their policy stance or moderately easing the policy rate.

In the Euro zone, the continued effort by the Eurozone Ministers to tackle the Euro area debt problems did not yield major breakthrough, but signs of improvements were recorded in Spain and Italy.

In Africa, despite global headwinds that restricted sub-Saharan Africa's performance in 2013, growth in the region was about 5% in 2013. That was underpinned by the strong performance of oil-exporting countries, fiscal discipline, continued spending on infrastructure projects, the search for gains by global investors and expanding economic ties with Asian economies. The GDP projections by the African Development Bank for key African economies were as follows: Ghana 8.0%, Angola 8.2%, Nigeria 6.7%, Kenya 4.5% and South Africa 2.8%.

The overall performance of the Nigerian economy was relatively impressive and stable during the year under review as GDP growth rate was projected at 6.87% in 2013 compared to 6.58% in December 2012. The improved performance was attributed largely to the growth of the non-oil sector (Agriculture, wholesale, retail trade and services) which grew by 8.73% in the 4th quarter of 2013. The favourable weather supported agricultural production in addition to the intervention funds and the impact of the banking sector reforms.

Inflation remained at single digit throughout 2013 averaging 8.52% as against the National Bureau of Statistics (NBS) forecast of 9.73%. The stability could be attributed to tight monetary policy measures of the CBN, relatively stable exchange rate and bumper harvest of agricultural output while unemployment declined by 11.6% as a result of 1.6 million jobs created by the Federal Government. The jobs created were mainly in the areas of community service, which engaged the youths in labour intensive work through SURE-P graduate intensive scheme and other schemes.

The year 2013 also witnessed significant infrastructural development in the power sector thereby improving optimism in foreign and private investment drive. The privatisation activities of government contributed to a boost in Foreign Direct Investment (FDI) to U$7.79 billion at year end 2013, better than the comparable figure of 2012, which stood at U$4.53 billion.

The privatization of the power sector was expected to improve electricity supply and distribution remarkably thereby enhancing investment activities in the country and hence, improved productivity and reduced unemployment rate, all things being equal.

The capital market continued to record improvements in 2013. The All-Share Index (ASI) increased by 47.2% from 28,078.81 on December 31, 2012 to 41,329.19 on 31st December, 2013. Market Capitalisation (MC) increased by 47.4% from N8.97 trillion in 2012 to N13.23 trillion in 2013. Improved earnings and investor confidence in macroeconomic management contributed to the rise in stock prices.

The bond market was stagnant at N5.85 trillion in terms of market capitalization with four (4) new state and municipal bond issues, one (1) corporate bond issue, one (1) supra-national bond issue and one (1) government bond issue. The value of cash transactions for government bonds increased by 25.49% from N7.10 trillion to N8.91 trillion, in the Over-The-Counter (OTC) market, as investors continued to satisfy their appetite for fixed-income securities, following the CBN pronouncement to sterilize 50% of public sector funds.

The rate of exchange was relatively stable at both interbank and W/RDAS but significantly depreciated at the Bureau De Change (BDC) during the year under review. At the interbank market, the naira officially opened at N156.25/US$1 and closed the year at N159.90/US$1, while W/RDAS opened at N157.33/US$1 (inclusive 1% commission) and closed at N157.26/US$1. In comparison, the BDC rate opened at N159.50/US$1 but closed at N172.00/US$1. That showed that the Naira only appreciated at the W/RDAS by 0.04% but depreciated at interbank and BDC.

The external reserves stood at US$42.85 billion as at December 2013, representing a decrease of US$0.98 billion or 2.23% when compared to US$43.83 billion as at 31st December, 2012. The fall in reserves was primarily due to slowdown in portfolio and Foreign Direct Investment (FDI) flows in quarter 4 of 2013, resulting in increased funding of the foreign exchange market by the CBN to stabilize the currency. However, the continuing decline in oil revenue, falling portfolio and FDI inflows, widening gap between the official and the BDC exchange rates and creeping increase in core inflation remained key concerns in the short-to medium term going into 2014.

11.5 Socio-Political Environment

The socio-political environment continued to witness various activities during the year under review. Several challenges of political unrest such as the Nigerian Governors' Forum (NGF) elections which polarized the forum into two camps, bombings, kidnappings, oil theft, ethno-religious and academic instability were witnessed in various parts of the country. Notable among the challenges was the persistent security situation in the north-eastern part of the country arising from the activities of the outlawed Boko Haram insurgency, which had continued to impair national development, as substantial resources which ought to have been deployed to develop infrastructure and other vital areas of the economy were being appropriated to national security. Another event which also constituted a challenge to government in year 2013 was the myriad of strike actions by various bodies which included the Academic Staff Union of the Universities (ASUU), Academic Staff Union of Polytechnics (ASUP), National Association of Medical Doctors (NMA), National Union of Petroleum and Natural Gas (NUPENG) and Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN). The most notable and adverse among these strikes was the one by ASUU and ASUP which put university and polytechnic students out of school for several months.

Another important development which negatively impacted on the economy in the year was gas flaring, which had impoverished the communities where it was being practiced, with attendant environmental, economic and health challenges. These difficulties faced by local communities from gas flares were sufficient justifications for ending gas flaring practice.

Similarly, as part of efforts to tackle the incessant cases of oil-criminal activities as well as ensuring sanity within/around the oil producing areas in the country, 813 illegal oil refineries were recovered and over 1,590 oil-related criminal suspects were also arrested in 2013. Also, 1,549 of the suspects were undergoing prosecution, while 44 were convicted by the court of law.

Furthermore, in order to ensure the reduction of vandalism of critical infrastructure and national assets in the country, 176 suspects were arrested for vandalizing PHCN facilities, railway installations, telecommunication and water infrastructure. Items recovered from the suspects included transmission cables, water pipes, metal cables and PHCN armoured cables. Other activities like kidnapping, illegal trafficking and cyber criminals were clamped down by security operatives.

Notwithstanding the aforementioned challenges, government took several measures to improve the security situation and also resolved various labour-related issues with a view to providing an environment conducive for growth and development.

The nation's infrastructure continued to witness some level of improvement during the year under review. For instance, various roads were being constructed and a stable power supply in the country was being ensured through the un-bundling of the Power Holding Company of Nigeria into companies and their subsequent privatization. The process involved the formal handing over of the companies to the new owners, who had earlier been announced as the preferred bidders after the signing of the Share Purchase Agreement (SPA) by representatives of the privatization agency and the private investors.

11.6 Review of Banking Industry Performance

Presented in Table 11.1 are key macro-economic indicators as well as some specific indicators for the banking industry. The table shows that the total assets for the industry (inclusive of Off-Balance-Sheet) recorded an increase of 17.10% from N24.58 trillion in December 2012 to N28.79 trillion in December 2013. The total deposits within the banking industry also grew by 16.54% from N14.39 trillion in 2012 to N16.77 trillion in 2013.

TABLE 11.1

KEY MACROECONOMIC INDICATORS

Macroeconomic Indicator	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Gross Domestic Product (N'b at Current Market Prices)	18,222.8	22,907.3	23,842.1	25,487.4	29,498.6	36,531.90	38,946.75	48,254.38
No of Banks	25	24	24	24	24	20	20	24
Inflation (%)	8.5	6.6	15.1	12.0	11.8	10.8	12.1	8.7
Total Deposits of Banks (N' billion)	3,412.3	5,357.2	8,702.0	9,989.8	10,837.14	12,330	14,386	16,771.59
Ratio of Total Deposits to GDP (%)	18.9	23.29	33.34	39.19	36.74	33.75	36.94	34.76
Total Assets of Banks - inclusive of Off - Balance Sheet (OBS) Engagements (N 'billion)	8,140.2	13,011.60	19,261.02	17,522.86	18,661.27	21,891.56	24,584.65	28,789.08

Source: Bank Returns to NDIC and the CBN
Note: 2012 figures excluded Jaiz Bank

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 12

FINANCIAL CONDITION OF INSURED DEPOSIT MONEY BANKS

12.0 Introduction

The ongoing banking and regulatory reforms continued to strengthen the resilience of the banking system as well as impacted positively on the financial condition and performance of the Nigerian banking sector in 2013 as depicted by most of the relevant financial indices. Aside the growth in the number of banks from 21 in 2012 to 24 (including one non-interest bank) in 2013 as well as the growth in total assets of the banking sector of 17.10% to N28.79 trillion in 2013 from N24.58 trillion in 2012, the sector was adequately capitalised, very liquid and profitable.

12.1 Capital Adequacy

The banking industry continued to maintain the strong capital base achieved in the previous year. The equity capital grew by 20.72% from N188.39 billion in 2012 to N227.42 billion in 2013 while reserves increased by 7.40% from N2,216 billion in 2012 to N2,380 billion in 2013. The enhanced equity capital could be attributed to the three (3) new banks licensed during the period under review. The adjusted shareholders' funds (tier I capital) increased by 12.5% from N2.15 trillion in December 2012 to N2.42 trillion in December 2013 due to the cumulative effect of the significant improvements in earnings within the period. Although, the capital to risk-weighted assets ratio (CAR) of the banks declined marginally by 0.36 percentage points from 18.07% in 2012 to 17.18% in 2013, it however, exceeded the minimum threshold of 10% and 15% for national and international banks in Nigeria, respectively. In 2013, only one out of the twenty four (24) banks failed to meet the minimum prudential CAR of 10% and/or 15%. Table 12.1 shows some indices on DMBs' capital adequacy as at 31st December, 2013 with comparative figures for December 2012.

TABLE 12.1
INSURED BANKS CAPITAL ADEQUACY

Capital Adequacy Indicators	Year	
	2012	**2013**
Total Qualifying Capital (₦' billion)*	2,183.19	2,415.40
Adjusted Shareholders' Funds (Tier I Capital) (₦' billion)	2,150.32	2,418.75
Tier II Capital (₦' billion)	234.55	252.13
Capital to Total Risk Weighted Asset Ratio (%)	18.07	17.18

Source: Insurance and Surveillance Department, NDIC
* Total Qualifying Capital is made up of Tier 1 Capital, Tier 2 capital, Less Investment in Unconsolidated subsidiaries

12.2 Asset Quality

Total loans stood at N10.043 trillion in 2013, depicting an increase of 23.22% over N8.150 trillion reported in 2012. Asset quality as reflected by the ratio of NPLs to total loans improved to 3.23% in 2013 from 3.51% in 2012, which compared favourably with the industry maximum threshold of 5%. However, the banking industry's volume of NPLs increased by N38.05 billion or 13.30% from N286.09 billion in December 2012 to N324.14 billion in December 2013. The banking sector continued to benefit from the impact of purchase of NPLs by AMCON as well as improved loan underwriting process.

Table 12.2 shows the quality of assets of the industry as at 31st December, 2013, relative to December 2012. The position of asset quality for the period is further illustrated in Charts 12A and 12B.

TABLE 12.2
ASSET QUALITY OF INSURED BANKS

	Year	
	2012	**2013**
Total Loans (₦' billion)	8,150.03	10,042.8
Non Performing Loans (₦' billion)	286.09	324.1
Ratio of Non Performing Loans to Total Loans (%)	3.51	3.23
Ratio of Non Performing Loans to Shareholder's Funds (%)	14.34	12.33

Source: Insurance and Surveillance Dept., NDIC

CHART 12A

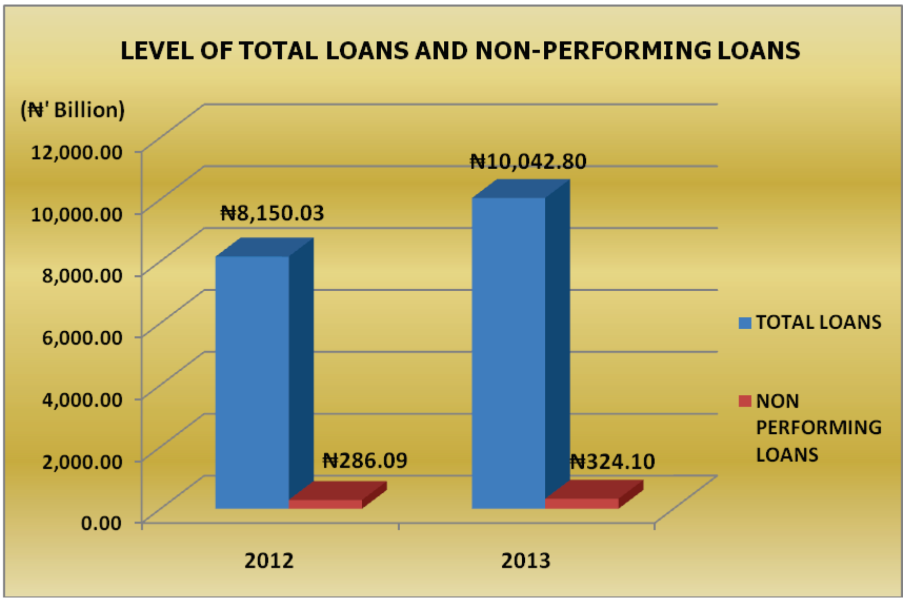
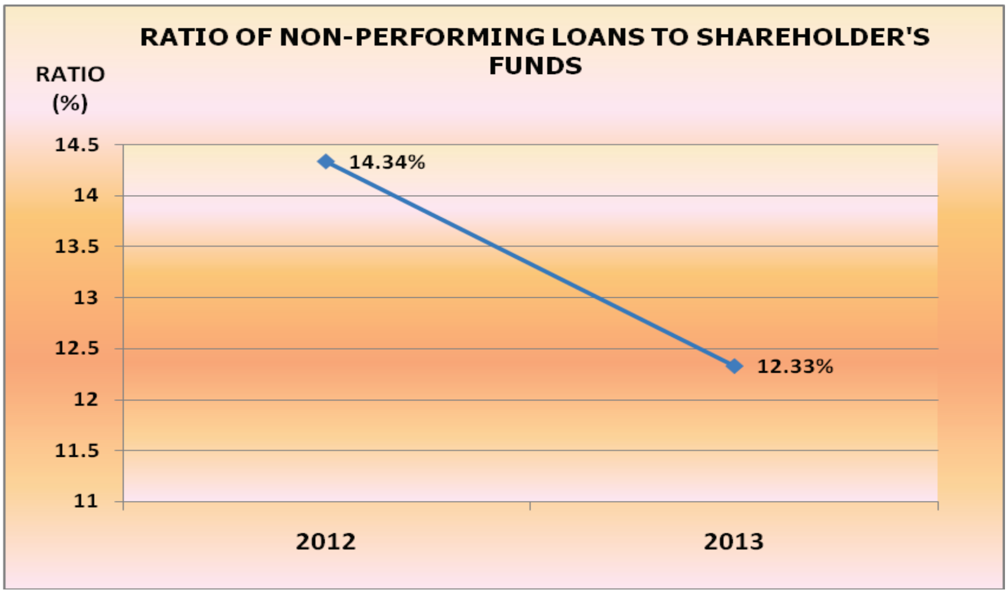


CHART 12B



The top seven (7) banks accounted for 66.10% of total loans in 2013 as against 80.73% in 2012. These are as depicted in Charts 12C and 12D.

CHART12C

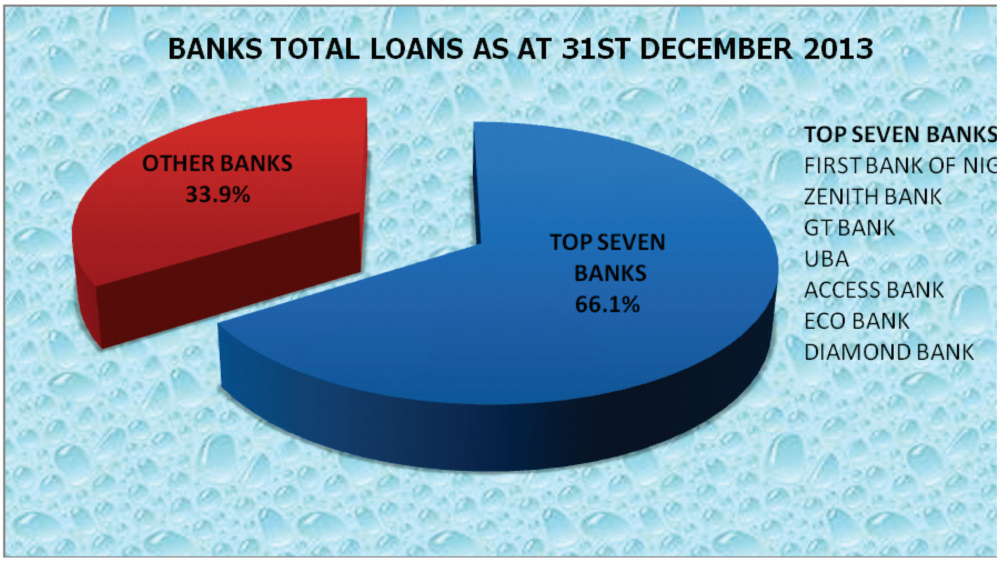
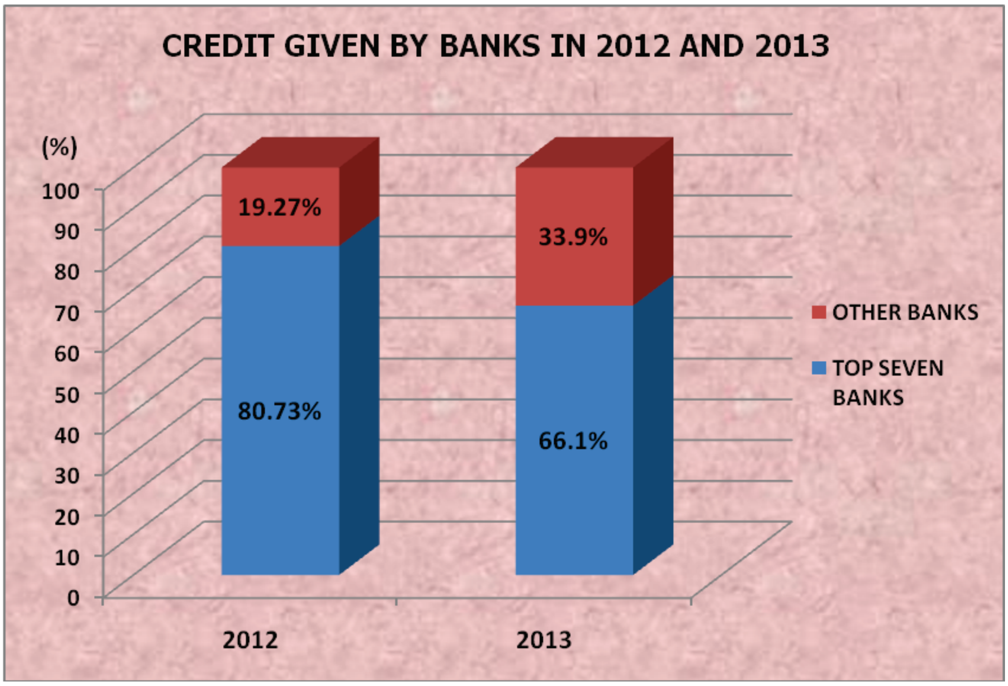


CHART 12D



12.3 Earnings and Profitability

The industry recorded a profit-before-tax of N484.79 billion in 2013, representing an increase of 5.84% over N458.04 billion in 2012. The improvement could be largely attributed to the growth in interest income and non-interest income as well as efficient management of interest expense. The interest income increased by 23.15% to N1.950 trillion in 2013 from N1.584 trillion in 2012 while non-interest income grew by 22.99% to N623.66 billion in 2013 from N507.08 billion in 2012 .

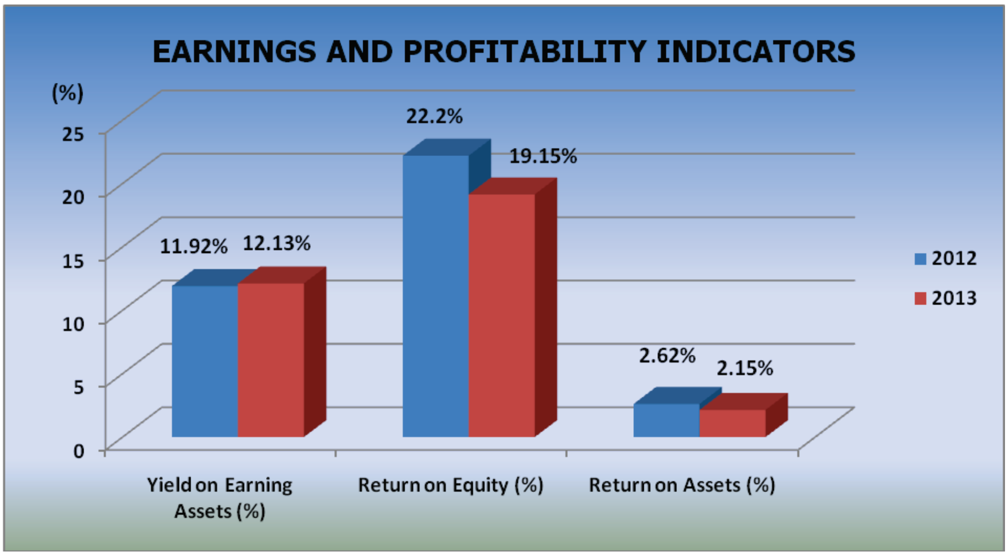
Total Operating Expenses increased by 29.66% to N1.388 trillion in 2013 from N1.070 trillion in 2012. Return on Assets (ROA), Return on Equity (ROE) as well as Yield on Earning Assets (YEA) declined during the period under review. ROE, ROA and YEA declined from 22.20%, 2.62% and 11.92% in 2012 to 19.14%, 2.15% and 12.13% in 2013, respectively. Table 12.3 shows selected financial indices of earnings and profitability as at 31st December, 2013. Some of the indicators are depicted in Chart 12E.

TABLE 12.3
EARNINGS AND PROFITABILITY INDICATORS

Indicators	Year	
	2012	**2013**
Profit Before Tax (₦' billion)	458.041	484.784
Net Interest income (₦' billion)	1,107.68	1,216.33
Non Interest income(₦' billion)	575.75	623.66
Interest Expenses (₦' billion)	635.68	734.03
Operating Expenses (₦' billion)	1,193.28	1,872.62
Yield on Earning Assets (%)	11.92	12.13
Return on Equity (%)	22.20	19.14
Return on Assets (%)	2.62	2.15

*Source: Bank Returns

CHART 12E



12.4 Liquidity Management

The banking industry remained very liquid as the average liquidity ratio stood at 50.63% which exceeded the prudential minimum threshold of 30% as at 31st December, 2013. Notwithstanding, the average liquidity ratio of 50.63% in 2013 shows a decline of 13.28 percentage points over the 63.91% recorded in 2012. All the DMBs met the minimum liquidity ratio requirement of 30% as at the end of December 2013. Table 12.4 presents the liquidity position of the DMBs for 2012 and 2013.

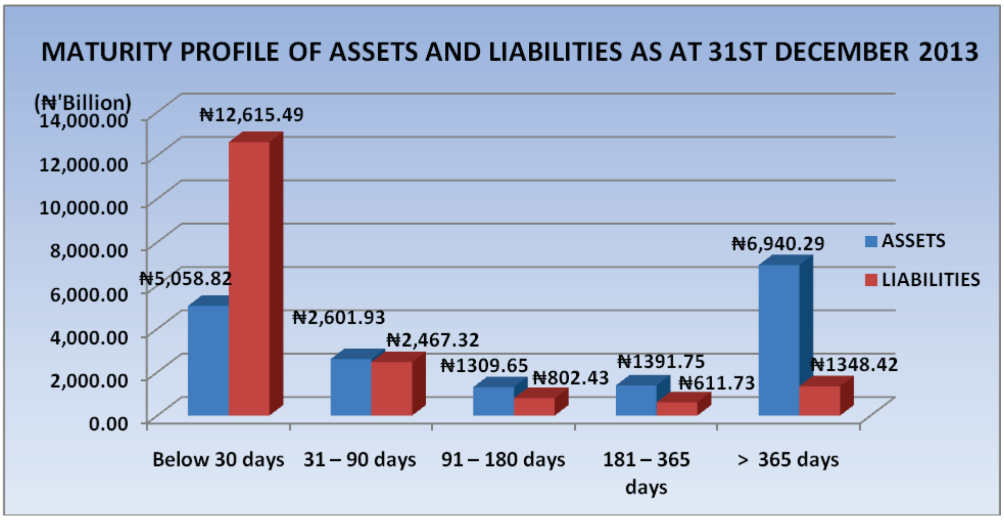
TABLE 12.4
LIQUIDITY POSITION OF INSURED BANKS AS AT 31ST DECEMBER, 2013

Items	Year	
	2012	**2013**
Average Liquidity Ratio (%)	68.01	50.63
Loans and Advances to Deposit Ratio (%)	54.29	57.95
No of Banks with Less than the 30% minimum Liquidity ratio	Nil	Nil

Source: Insurance and Surveillance Department, NDIC

The Chart 12F illustrates the maturity structure of loans and deposit liabilities as at 31st December, 2013.

CHART 12F
MATURITY PROFILE OF ASSETS AND LIABILITIES



The maturity profile of the banking industry assets and liabilities continued to show cumulative mismatch pattern for all the tenors which signifies that the industry still financed long-term investments with short-term funds.

Assets maturing within one year stood at N10.36 trillion or 59.89% of the industry assets while N6.94 trillion or 40.11% would mature after one year (>365 days). On the other hand, liabilities of N16.49 trillion or 92.44% of industry total liabilities would mature within one year, out of which N12.62 trillion or 70.69% would mature within 30 days. Long-term liabilities maturing after one year (>365 days) amounted to only N1.35 trillion or 7.56% of industry total deposits.

12.5 Sectoral Allocation of Credit

A review of the banking industry sectoral distribution of credits to the economy showed that top eight (8) sectors out of 22 accounted for 81.99% of total credits in 2013 compared with 85.14% in the previous year. The other sectors accounted for 18.01% in 2013 as against 14.86% of the total credits extended by the DMBs in 2012. Table 12.5 and Charts 12G and 12H illustrate the sectoral distribution of credits by DMBs in 2013.

TABLE 12.5
SECTORAL DISTRIBUTION OF CREDITS FROM 2010 – 2013

SECTOR	Dec., 2010 (₦'B)	Dec., 2011 (₦'B)	Dec., 2012 (₦'B)	% of Total Credit	Dec., 2013 (₦'B)	% of Total Credit
Oil and Gas	1,304.34	1,529.84	1,912.92	23.47	2,435.75	24.28
Manufacturing	967.1	1,108.64	1,185.60	14.55	1,295.43	12.91
General	926.42	854.1	977.2	11.99	1,168.47	11.65
General Commerce	710.49	809.2	813.4	9.98	807.51	8.05
Information and Communication	608.43	628.14	722.87	8.87	870.79	8.68
Governments	439.05	542.93	640.06	7.85	766.61	7.64
Real Estate Activities	481.11	377.33	376.58	4.62	450.11	4.49
Construction	232.48	282.45	310.1	3.80	431.27	4.30
Agric., Forestry & Fishery	154.02	226.13	293.09	3.60	324.21	3.23
Finance and Insurance	625.79	248.18	219.66	2.70	287.38	2.86
Transportation and Storage	234.3	233.03	203.23	2.49	255.79	2.55
Capital Market	205.41	159.71	161.63	1.98	207.61	2.07
Professional, Scientific and Technical Activities	53.45	64.83	104.2	1.28	159.1	1.59
Power and Energy	78.15	64.58	82.83	1.02	368.6	3.67
Education	64.2	61.76	68.55	0.84	70.31	0.70
Admin and Support Services	17.4	20.74	27.56	0.34	58.67	0.58
Human Health & Social Work	35.44	17.56	22.78	0.28	32.38	0.32
Extraterritorial Organizations & Bodies	11.66	17.36	10.72	0.13	16.9	0.17
Water Supply Sewerage, Waste Management & Remediation	1.66	7.11	8.17	0.10	8.23	0.08
Arts, Entertainment & Recreation	8.98	11.65	7.04	0.09	3.85	0.04
Public Utilities	6.9	8.48	1.09	0.01	1.96	0.02
Mining and Quarrying	0	0	0.75	0.01	11.34	0.11
TOTAL	**7,166.78**	**7,273.75**	**8,150.03**	**100.00**	**10,032.27**	**100.00**

Source: Bank Returns

The table shows that the largest portion of the industry total credits went to the Oil & Gas sector in the sum of N2.435 trillion, representing 24.28% of total credits to the economy. The manufacturing and agricultural sectors received 12.91% and 3.23% of total credits respectively, in 2013.

CHART 12G

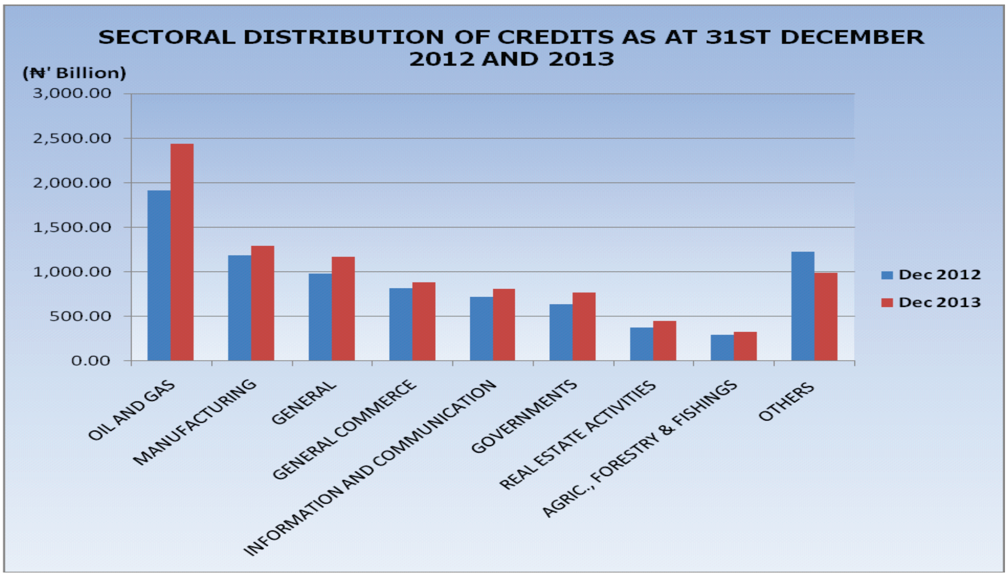
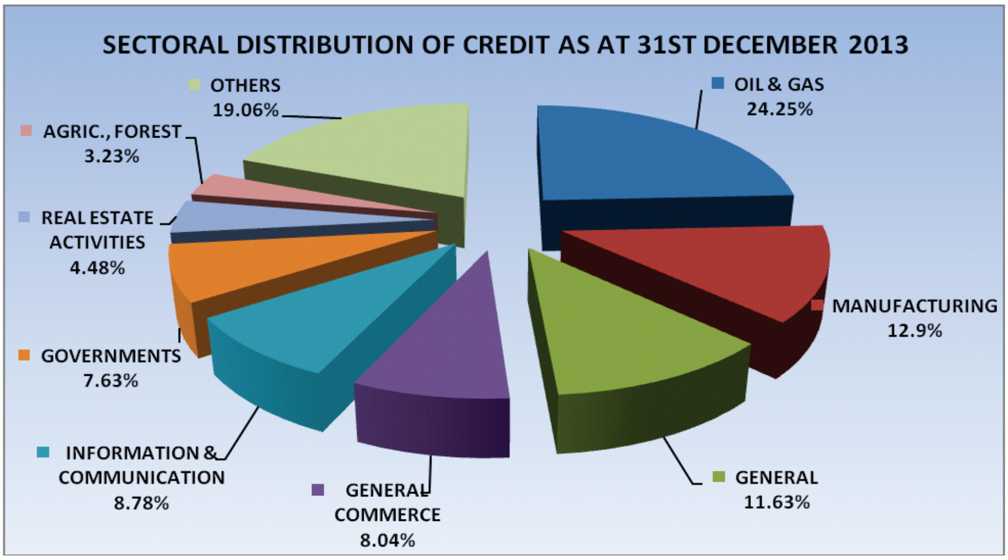


CHART 12H



12.6 Level of Soundness of DMBs in 2013

The DMBs are usually categorized into five levels of soundness, namely: A-Very Sound; B-Sound; C-Satisfactory; D-Marginal, and E-Unsound. Overall, the banking industry performance and level of soundness in 2013 was satisfactory. Thus, the industry could be considered to be sound and relatively stable in 2013.

12.7 Summary of Financial Condition of Banks

The banking industry liquidity position was strong as all the DMBs met the minimum liquidity threshold of 30% during the period under review. The capital base was strong as capital adequacy ratio which stood at 17.18% in 2013 exceeded the prudential minimum capital adequacy ratios of 10% and 15% for national and international banks, respectively. Total assets and total credits recorded significant growth rates of 17.10% and 23.22% respectively, in 2013. Assets quality recorded a slight improvement as the ratio of non-performing loans to total loans declined slightly from 3.51% in 2012 to 3.23% in 2013. Notwithstanding the fall in NPL ratio, the industry needed to watch the growing volume of NPLs which increased by 12.43% in 2013. The banking industry operated profitably during the year as profit before tax stood at N484.784 billion in 2013 depicting a slight improvement over N458.78 billion recorded in 2012.

Table 12.6 and Charts 12 (I-O), present the summary of major developments in the banking industry during the period under review.

TABLE 12.6

SELECTED PERFORMANCE INDICATORS OF DMBS FOR A PERIOD OF 4 YEARS

S/N	DETAILS	2010	2011	2012	2013
1	Total Asset (OBS Inclusive) (₦'Trillion)	18.66	21.89	24.58	28.79
2	Total Deposit (₦'Trillion)	10.84	12.33	14.39	16.77
3	Total Loans & Advances (₦'Billion)	7,166.76	7,273.75	8,150.03	10,042.73
4	Non-Performing Loans (₦' Billion)	1,077.66	360.07	286.09	321.66
5	Profit Before Tax (₦' Billion)	607.34	(6.71)	458.784	484.78
6	Adjusted SHFs (Tier I Capital) (₦'Billion)	312.36	1,934.93	2,150.32	2,418.75
	Ratios	**(%)**	**(%)**	**(%)**	**(%)**
7	Non-Performing Loans/Total Loans	15.04	4.95	3.51	3.23
8	Non-Performing Loans/SHFs	250.85	17.13	14.34	12.33
9	Capital Adequacy	4.32	17.71	18.07	17.18
10	Average Liquidity Ratio	51.77	69.29	68.01	50.63
11	Loans/Deposit Ratio	66.13	55.95	54.29	59.96
12	ROA	3.91	(0.04)	2.62	2.15
13	ROE	162.98	(0.28)	22.20	19.14

Source: Bank Returns

CHART 12 I

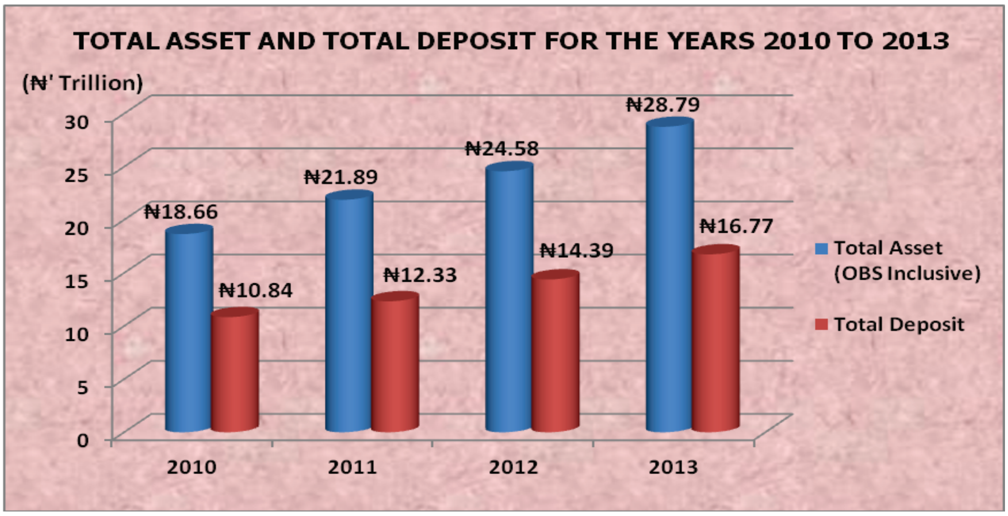


CHART 12J

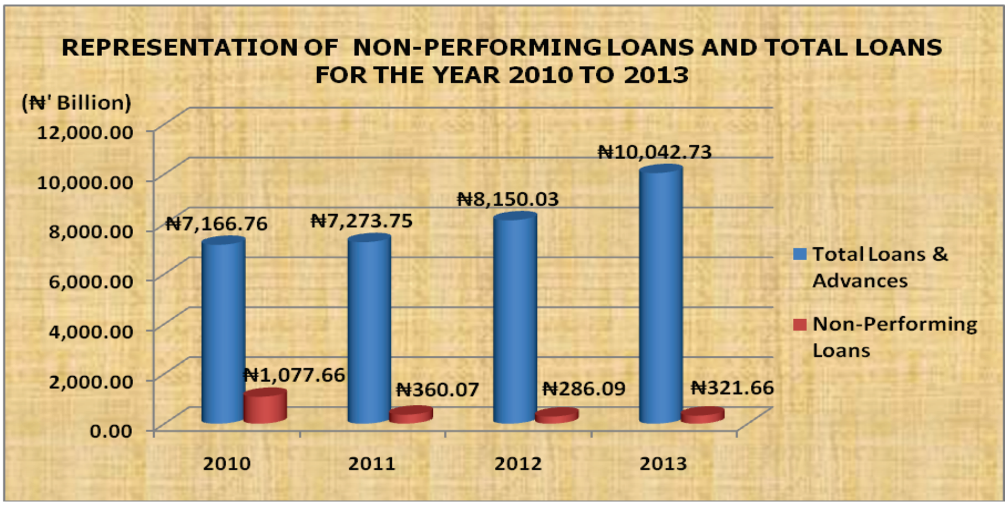


CHART 12K

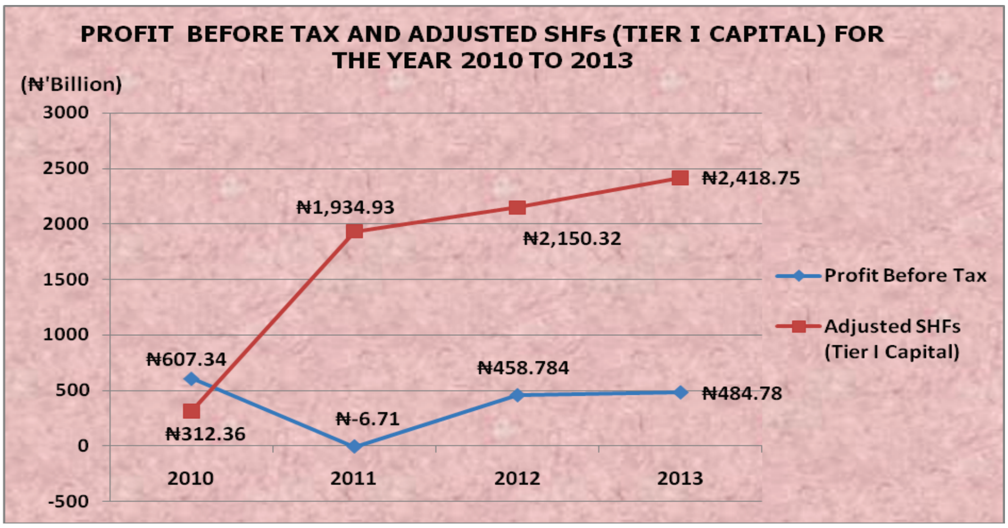


CHART 12L

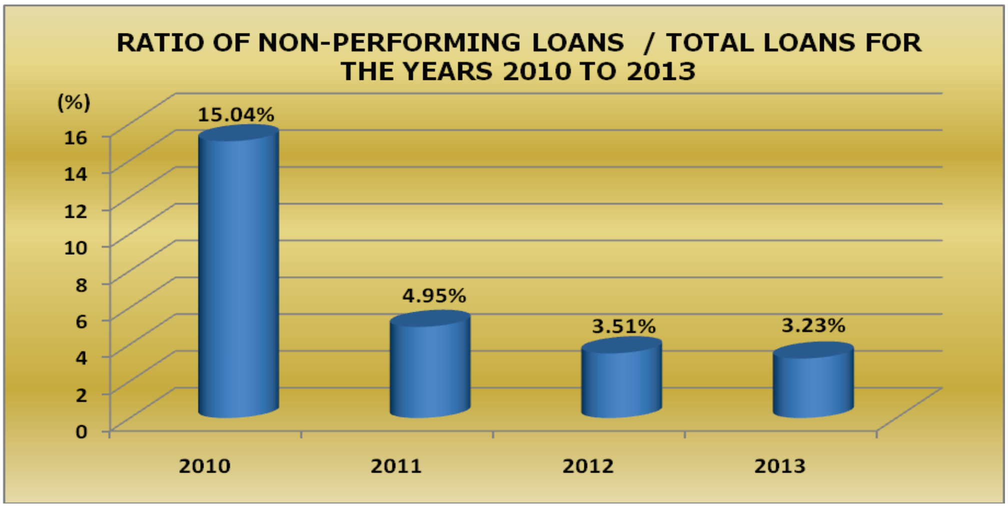


CHART 12M

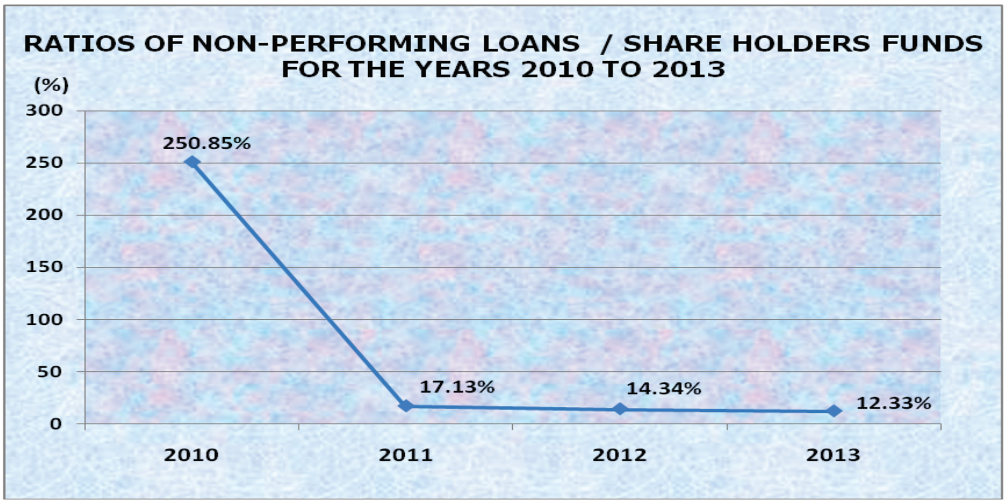


CHART 12N

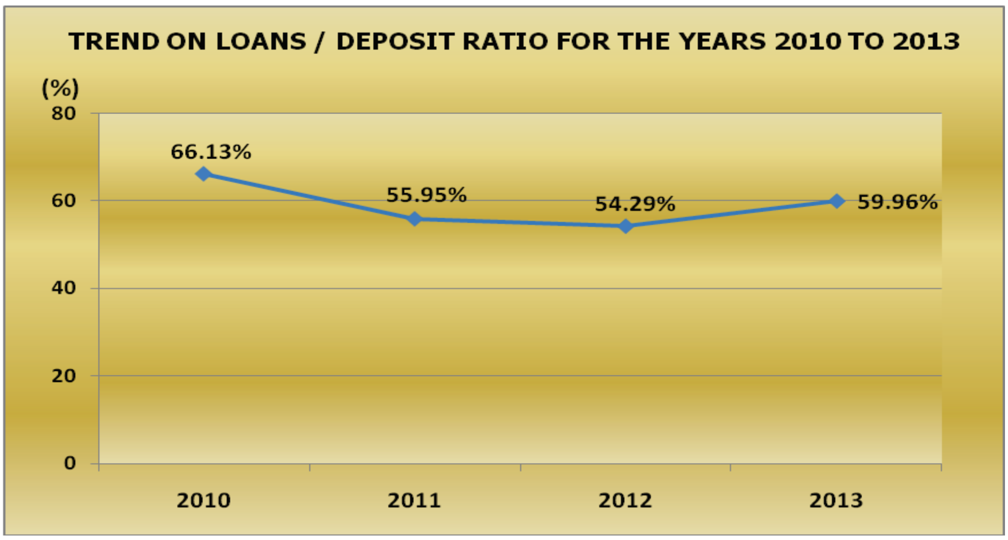
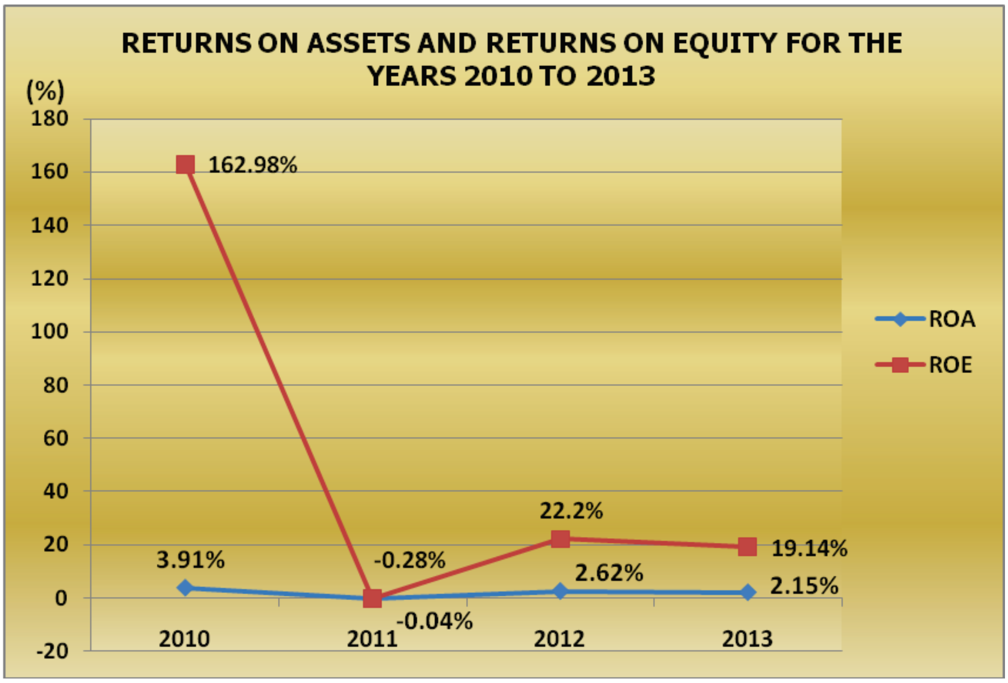


CHART 12O


RETURNS ON ASSETS AND RETURNS ON EQUITY FOR THE YEARS 2010 TO 2013
(%)
180
160
140
120
100
80
60
40
20
0
-20
2010
2011
2012
2013
162.98%
-0.28%
22.2%
19.14%
3.91%
-0.04%
2.62%
2.15%
ROA
ROE

SECTION 13

STATEMENT OF FINANCIAL POSITION (SFP) STRUCUTRE OF DEPOSIT MONEY BANKS

13.0 Introduction

The Statement of Financial Position (new name for Balance Sheet under IFRS) of a bank is a financial snapshot of all the assets and liabilities and equity at a specific point in time, and is used to calculate the net worth of a business. The structure of a banks' statement of financial position (SFP) provides the regulatory authorities a guide as to which supervisory efforts are necessary to track the health of the bank while also providing the discerning public with the information required to take informed decisions in relation to the bank.

This section presents the SFP of insured DMBs in 2013 compared to that of 2012 with particular reference to changes in the structure of assets and liabilities, shareholders' funds and ownership structure as well as insured banks' deposit liabilities.

13.1 Insured Banks' Structure of Assets

The structure of assets of insured DMBs (inclusive of Off-Balance Sheet Engagements) as shown in Table 13.1 reveals that total assets increased by 17.10% from N24.58 trillion in 2012 to N28.79 trillion as at 31st December 2013.

As a proportion of Total Assets, the following asset categories increased: Cash and Due from Other Banks (comprising vault cash, balances with CBN and balances held with other banks) increased from 16.20% in 2012 to 20.25% in 2013. Also, Net loans and advances increased from 30.45% in 2012 to 32.00% in 2013 and Off Balance Sheet Engagements from 18.42% in 2012 to 19.41% in 2013.

However, the following asset categories decreased: Interbank Placements from 1.74% in 2012 to 1.49% in 2013; Total Short Term investments comprising investments in Treasury Bills and Treasury Certificates from 16.55% in 2012 to 13.82% in 2013; Other Short Term Funds comprising money at call and placement with discount houses from 0.59% in 2012 to 0.51% in 2013; Total Investments comprising Investments in Federal Government Development Stock, Investments in Preference Shares and Debentures of other companies and other long term securities from 9.78% in 2012 to 7.32% in 2013; Other Assets (net) from 3.62% in 2012 to 2.79% in 2013 while Net Fixed Assets decreased slightly from 2.65% in 2012 to 2.41% in 2013.

TABLE 13.1
INSURED BANKS' STRUCTURE OF ASSETS IN 2012 & 2013

Assets	Share of Assets as at 31st December, (%)	
	2012	2013
Cash and Due from other banks	16.20	20.25
Inter-Bank Placements	1.74	1.49
Total Short Term Investments	16.55	13.82
Other Short Term Funds	0.59	0.51
Net Loans and Advances/Leases	30.45	32.00
Total Investments	9.78	7.32
Other Assets (Net)	3.62	2.79
Net Fixed Assets	2.65	2.41
Off-Balance Sheet Engagements	18.42	19.41
Total Assets	100	100
Total Assets (inclusive of OBS) (₦ Billions)	**₦24,584.65**	**₦28,789.08**

Source: Bank Returns

13.2 INSURED BANKS' STRUCTURE OF LIABILITIES

Table 13.2 presents the structure of liabilities of insured banks in 2013 in comparison with the figures for 2012. The table shows an increase in Current Account with Central Bank of Nigeria from 0.04% to 0.13%. Other items in the table that increased during the year under review included Due to Other Banks from 0.59% to 0.60%; Long Term Loans from 3.54% to 4.04%; and Equity Capital from 0.77% to 0.79%.

The following categories of liabilities, when expressed as proportions of total liabilities reduced: Total Deposits from 58.51% in 2012 to 58.26% in 2013; Interbank Takings from 0.26% in 2012 to 0.13% in 2013; Other Liabilities from 8.85% in 2012 to 8.35% in 2013; and Reserves from 9.02% in 2012 to 8.31% in 2013.

TABLE13.2

INSURED BANKS' STRUCTURE OF LIABILITIES AS AT 31ST DECEMBER 2012 & 2013

Liabilities	% Share	
	2012	**2013**
Total Deposits	58.51	58.26
Interbank Takings	0.26	0.13
Central Bank (Current Account)	0.04	0.13
Due to Other Banks	0.59	0.60
Other Liabilities	8.85	8.35
Long Term Loans	3.54	4.04
Equity Capital	0.77	0.79
Reserves	9.02	8.31
Off-Balance sheet Engagement	18.42	19.41
Total Value of Liabilities Inclusive of Off balance sheet engagements (₦' Billion)	**₦24,584.64**	**₦28,789.08**

Source: Bank Returns

13.3 INSURED BANKS' SHAREHOLDERS' FUNDS

Table 13.3 shows an increase of 13.17% in shareholders' funds from N2,369.17 billion in 2012 to N2,681.40 billion in 2013. That increase was attributable to the emergence of three new banks, namely: Rand Merchant Bank, Heritage Banking Company and FSDH Merchant Bank; increase in earnings and profitability of the banking Industry; and increased recoveries of bad loans. Thus, the increase in earnings and profitability in the banking industry positively impacted on the financial condition of the DMBs during the period under review.

TABLE 13.3

INSURED BANKS' SHAREHOLDERS' FUNDS AS AT 31ST DECEMBER 2012 AND 2013

S/N	BANKS	SHAREHOLDERS' FUNDS (₦'BILLION) 2012	SHAREHOLDERS' FUNDS (₦'BILLION) 2013
1	Access Bank Nig. Plc.	209.35	234.76
2	Citibank Plc	36.11	37.87
3	Diamond Bank plc.	106.37	158.71
4	Eco Nigeria Ltd.	127.41	166.31
5	Enterprise Bank Ltd.	26.05	33.85
6	FSDH Merchant Nigeria Ltd.	-	17.22
7	First City Monument Bank Plc.	119.14	112.23
8	Fidelity Bank of Nig. Plc.	132.74	146.03
9	First Bank Plc	279.80	322.70
10	Guaranty Trust Bank Plc.	213.69	257.05
11	Heritage Banking Company Ltd.	-	9.79
12	Jaiz Bank Plc	-	10.64
13	Keystone Bank Ltd.	35.17	35.84
14	Mainstreet Bank Ltd.	32.76	55.20
15	Rand Merchant Bank Ltd.	-	14.96
16	Sky Bank Plc.	102.98	129.74
17	Stanbic IBTC Bank Plc.	58.90	65.03
18	Standard Chartered Bank Plc.	59.83	56.13
19	Sterling Bank Plc.	39.28	55.29
20	UBA Bank Plc.	170.06	276.68
21	Union Bank Plc.	239.71	77.90
22	Unity Bank Plc.	38.501	13.13
23	Wema Bank Plc.	9.37	17.31
24	Zenith Bank Plc	331.95	377.03
	Total	**2,369.17**	**2,681.40**

Source: Bank Returns

13.4 OWNERSHIP STRUCTURE

The ownership structure of Nigerian banks in 2013 remained diversified as it was in 2012. Table 13.4 shows that the private sector continued to dominate the industry in the ownership of Nigerian banks. Government ownership continued to be very minimal with a shareholding capacity of below 10 percent in most of the banks. Besides the three (3) AMCON banks (Enterprise, Mainstreet and Keystone) that had 100% government ownership, only Union Bank and Unity Bank had more than 10% government ownership with 20.04% and 31.12%, respectively.

The table also shows that fifteen (15) out of the twenty four (24) DMBs had some level of foreign ownership in 2013. Of that number, five (5) banks had substantial foreign ownership of above 50%, namely: Union Bank (65%), Citibank (81.9%), Ecobank (100%), Rand Merchant Bank (100%) and Standard Chartered Bank (100%).

TABLE 13.4

INSURED BANKS' OWNERSHIP STRUCTURE AS AT 31ST DECEMBER, 2013

S/N	BANKS	OWNERSHIP STRUCTURE (%)		
		GOVT.	PRIVATE (NIGERIA)	FOREIGN
1	Access Bank Plc	0.50	64.28	35.22
2	Citibank Plc		18.1	81.9
3	Diamond Bank Plc	0.60	86.06	13.68
4	Ecobank Plc	-	-	100
5	Enterprise Bank Ltd	100	-	-
6	FSDH Merchant Bank Ltd		90.61	9.39
7	Fidelity Bank Plc	0.37	99.5	0.13
8	First City Monument Bank Plc	0.47	99.53	-
9	First Bank Plc	-	100	-
10	Guaranty Trust Bank Plc	0.26	96.86	2.88
11	Jaiz Bank Plc	0.43	99.56	0.01
12	Heritage Banking Company Ltd		99.92	0.08
13	Keystone Bank Ltd	100	-	-
14	Mainstreet Bank Ltd	100	-	-
15	Rand Merchant Bank Ltd	-	-	100
16	Skye Bank Plc	0.50	97.08	2.42
17	Stanbic IBTC Bank Plc	-	100	-
18	Standard Chartered Bank Plc	-	-	100
19	Sterling Bank Plc	0.29	80.45	19.19
20	United Bank for Africa Plc	2.75	97.25	-
21	Union Bank Plc	20.04	14.96	65
22	Unity Bank Plc	31.12	68.87	0.01
23	Wema Bank Plc	10	90	-
24	Zenith Bank Plc	3	97	-

Source: Bank Returns

13.5 ASSETS OF INSURED DMBs BY MARKET SHARE

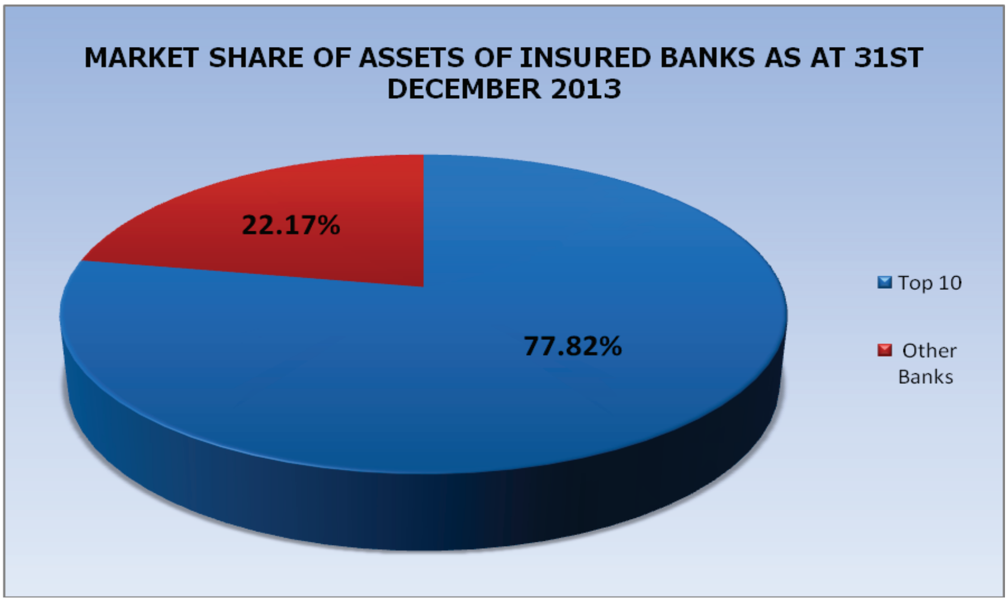
An analysis of DMBs' assets by market share showed that as in previous years, the banking industry's assets were concentrated in few banks. Out of industry total assets (excluding OBS) of N23.20 trillion as at 31st December, 2013, the top five (5) banks had assets of N12.00 trillion, representing 51.72% of the industry total assets. That proportion was slightly higher than the 51.05% recorded by the top five banks in 2012, as shown in Table 13.5.

The total assets of the top ten (10) banks increased from N15.45 trillion, (or 77.02 % of the industry total assets) as at 31st December, 2012 to N18.06 trillion (or 77.82%) as at 31st December, 2013 as shown in Table 13.5 and Chart 13A. The remaining fourteen (14) banks' total assets was N5.14 trillion which represented 22.17% of total assets of the banking industry as at 31st December, 2013 as against N4.60 trillion, representing 22.98% in 2012.

TABLE 13.5
MARKET SHARE OF ASSETS OF TOP INSURED BANKS

Bank	2012		2013	
	Assets (₦' Billion)	Percentage of Total	Assets (₦' Billion)	Percentage of Total
Top 5	10,241.8	51.05	12,000.3	51.72
Top10	15,447.3	77.02	18,057.9	77.82
Other Banks	4,608.3	22.98	5,144.1	22.17

Source: Insurance and Surveillance Department, NDIC



13.6 Insured Banks' Deposit Liabilities by Market Share, Type and Tenor

Bank deposits usually constitute the largest component of the liability of a bank's balance sheet. A thorough analysis of the types and sizes of deposits mobilised by banks reveals the relative effectiveness of asset/liability management in the financial institutions. Banks' efforts at attracting deposits as well as efforts of other stakeholders towards greater financial inclusion seem to be paying off as there was an increase in the volume of deposits in 2013 compared to 2012. As had been the trend over the years, the total deposit liabilities of insured banks increased from N14.39 trillion in 2012 to N16.77 trillion in 2013, representing an increase of 16.53%. Table 13.6 and Chart 13B give the analysis of the total deposit liabilities of insured banks as at year-end 2013 with comparative figures for 2012.

13.6.1 Deposit Liabilities by Market Share

Table 13.6 and Chart 13B showed an increase in the market share controlled by both the top five (5) and top ten (10) banks in the banking system. The deposits held by top five banks increased in absolute terms from N7.53 trillion in 2012 to N8.85 trillion in 2013, but decreased as a percentage of total deposits from 53.30% in 2012 to 52.74% in 2013. In addition, the proportion of deposit liabilities of the top ten (10) banks also decreased from 80.04% in 2012 to 79.76% in 2013. The deposit profile of the banking industry indicated that the top ten banks held 79.76%, while the remaining fourteen banks held only 20.23% of the banking industry total deposits.

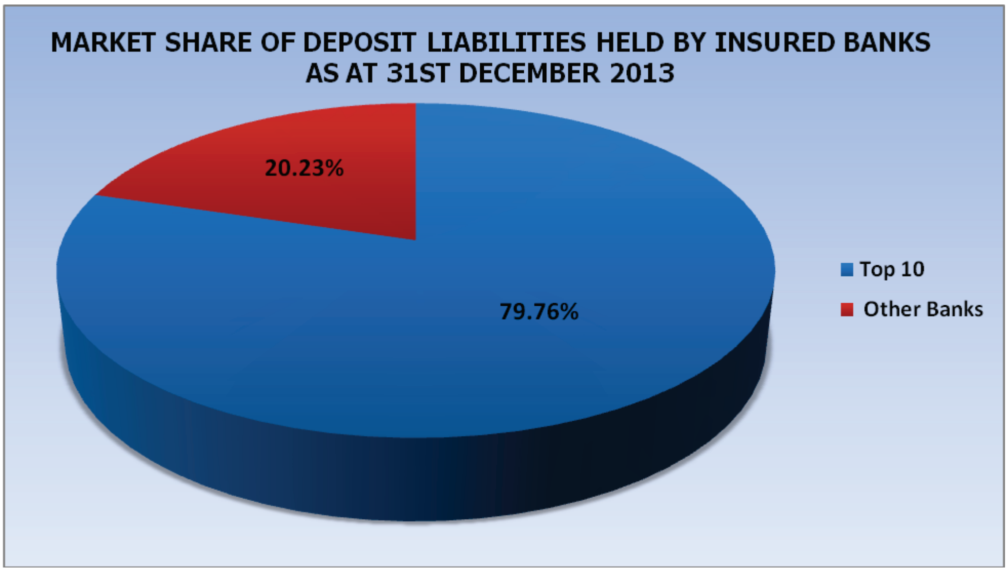
TABLE 13.6

MARKET SHARE OF DEPOSIT LIABILITIES HELD BY THE INSURED DMBs

	2012		2013	
Banks	**Deposits (₦'Billion)**	**Percentage of Total (%)**	**Deposits (₦'Billion)**	**Percentage of Total (%)**
Top Five Banks	7,532.22	53.30	8,846.70	52.74
Top Ten Banks	11,515.05	80.04	13,378.40	79.76
Other Banks	2,871.43	19.96	3,393.30	20.23

Source: Insurance and Surveillance Department, NDIC

CHART 13B



13.6.2 Deposit Liabilities by Type

Table 13.7 and Chart 13C show that savings deposits in insured banks increased marginally both in absolute term and as a proportion of total deposits from N2,022.19 billion and 14.06% in 2012 to N2,383.38 billion and 14.21% as at December 2013 respectively. Demand deposits however, increased in absolute terms from N8,890.61 billion in 2012 to N9,936.37 billion as at 31st December, 2013, but decreased as a proportion of total deposits from 61.8% in 2012 to 59.21% as at 31st December, 2013.

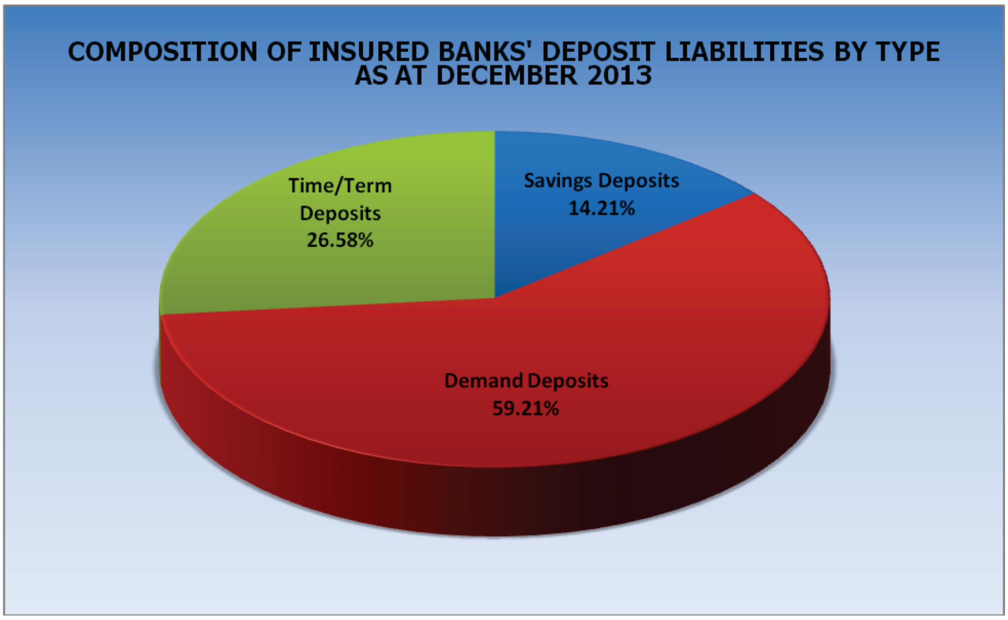
Time/Term deposits in insured banks also increased from N3,473.67 billion in 2012 to N4,451.84 billion as at 31st December, 2013, and as a proportion of total deposits, increased from 24.14% in 2012 to 26.58% as at 31st December, 2013.

TABLE 13.7
COMPOSITION OF DEPOSIT LIABILITIES OF INSURED BANKS IN 2012 AND 2013

Types of Deposit Liabilities	2012 Amount (₦' B)	2012 % of Total	2013 Amount (₦' B)	2013 % of Total
Savings Deposits	2,022.20	14.06	2,383.38	14.21
Demand Deposits*	8,890.61	61.8	9,936.37	59.21
Time/Term Deposits	3,473.67	24.14	4,451.84	26.58
TOTAL	**14,386.48**	**100.00**	**16,771.59**	**100.00**

Source: Bank Returns
* Included in Demand Deposits are Electronic Purse, Domiciliary Accounts and Other Deposits, Certificates and Notes

CHART 13C



13.6.3 Deposit Liabilities by Tenor

Table 13.8 and Chart 13D present the total deposit liabilities of banks by tenor for 2012 and 2013. A cursory look at the table reveals that short term deposits of below 30 days increased in absolute terms from N11.12 trillion in 2012 to N12.48 trillion in 2013, representing an increase of 12.05% and reduced as a proportion of total deposits from 77.26% in 2012 to 74.53% in December, 2013. Deposits of between 31 and 90 days increased both in absolute terms and as a proportion of total deposits from N1,962.23 billion in 2012 to N2,398.27 billion as at 31st December, 2013, and from 13.64% to 14.32% as at year-end 2013. Deposits with tenor between 91 and 180 days had also increased in both absolute terms and as a percentage of total deposit liabilities from N529.99

billion or 3.68% in 2012 to N785.16 billion or 4.69% in 2013. Deposits with tenor of between 181 and 365 days increased from N469.74 billion or 3.27% in 2012 to N606.38 billion or 3.62% in 2013. Long-term funds of more than 365 days duration also increased both in absolute terms from N308.86 billion as at December 2012 to N476.71 billion as at 31st December, 2013, and as a percentage of total deposit liabilities from 2.15% in 2012 to 2.84% in 2013.

The analysis of insured banks' deposits by tenor shows that depositors preferred to keep their funds in short-term deposits with roll-over options, than keeping their funds for a longer tenor in order to hedge against inflation and volatility of interest rate.

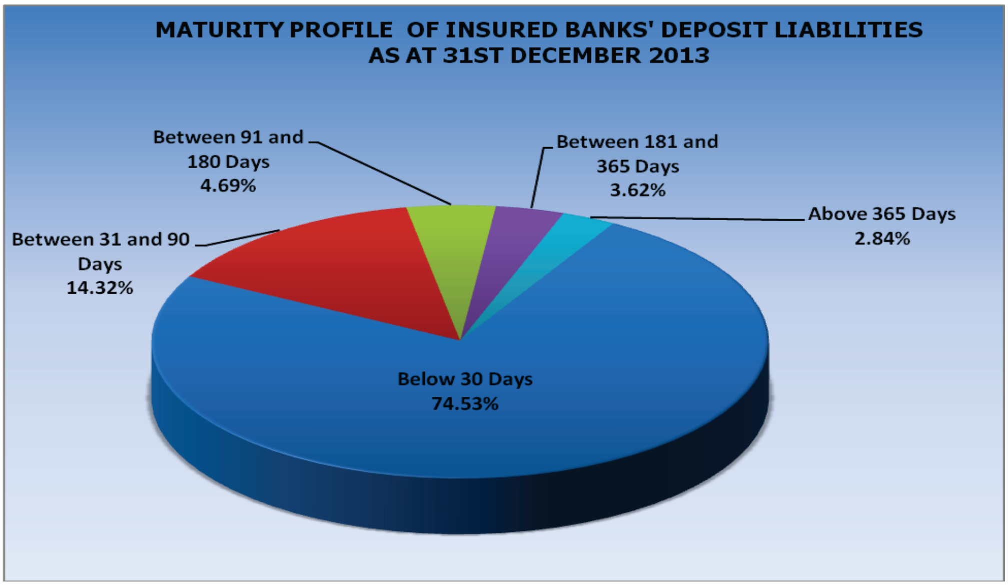
TABLE 13.8

MATURITY PROFILE OF INSURED BANKS' DEPOSIT LIABILITIES

Types of Deposits	2012		2013	
	Amount (₦' M)	**% of Total**	**Amount (₦' M)**	**% of Total**
Below 30 Days	11,115,655.25	77.26	12,483,244.89	74.53
Between 31 and 90 Days	1,962,233.93	13.64	2,398,277.79	14.32
Between 91 and 180 Days	529,988.75	3.68	785,158.92	4.69
Between 181 and 365 Days	469,738.75	3.27	606,387.37	3.62
Above 365 Days	308,859.86	2.15	476,714.03	2.84
TOTAL	**14,386,476.54**	**100.00**	**16,749,783.03**	**100.00**

Source: Bank Returns
Note: Jaiz Bank deposits excluded.

CHART 13D



13.7 Non – Interest Banking (Jaiz Bank Plc)

The ownership structure of Jaiz Bank Plc indicates that private Nigerians are the majority owners comprising of 99.56% shares held by the private sector, while government and foreign ownership held 0.43% and 0.01% of equity, respectively. Shareholders' funds were N11.34 billion and N10.64 billion as at 31st December 2012 and 2013, respectively.

A review of the bank's books indicated that total assets grew by 32.4% from N15.80 billion as at 31st December, 2012 to N33.47 billion as at 31st December, 2013. Total deposits also increased significantly from N3.79 billion in 2012 to N21.92 billion in 2013.

SECTION 14

INSURED BANKS REPORT ON FRAUDS/FORGERIES AND FIDELITY BOND INSURANCE COVER

14.0 Introduction

The NDIC is empowered under Sections 35 and 36 of its enabling Act No. 16 of 2006 to obtain monthly returns on frauds and forgeries from all insured DMBs involving their staff, whether terminated, dismissed or retired (on grounds of frauds). This section is based on submissions on frauds and forgeries from DMBs in 2013. The section further provides information on the nature of fraud cases reported, the number and categories of staff involved in such frauds as well as insured DMBs' compliance with fidelity bond insurance cover for the year under review.

14.1 Frauds and Forgeries in Insured Banks

A total of 272 responses were received from 21 commercial banks, 1 non-interest bank and 2 merchant banks during the year under review. Out of the 272 responses received, 3,756 fraud cases were reported in 2013 as against 3,380 cases reported in 2012, showing an increase of 11.12%. There was also a 20.8% increase in the amount involved as N18.05 billion was reported in 2012 as against N21.79 billion reported in 2013. Also, the expected/actual loss increased by N1.24 billion or 27.4% from N4.52 billion in 2012 to N5.76 billion in 2013. The highest expected/actual loss of N2.5 billion occurred in the first quarter ended March 2013, which represented 47.4% of the total industry expected/actual loss.

Table 14.1 presents returns on frauds and forgeries in 2012 and 2013, while Charts 14A and 14B depict the total amount involved as well as total expected fraud-related loss for the year 2012 and 2013, respectively.

TABLE 14.1

RETURNS OF INSURED BANKS ON FRAUDS AND FORGERIES IN 2013

Quarter	Year	Total No. of Fraud Cases	Total Amount Involved (₦' Million)	Total Expected Loss (₦' Million)	Proportion of Expected Loss to Amount Involved (%)
1st	2012	709	2,825	1,370	48.50
	2013	**983**	**7,805**	**2,506**	**32.11**
2nd	2012	691	10,200	1,260	12.45
	2013	**768**	**4,859**	**1,164**	**23.96**
3rd	2012	932	2,049	1,098	53.59
	2013	**1067**	**3,844**	**906**	**23.57**
4th	2012	1,048	2,971	788	26.56
	2013	**938**	**5,287**	**1,180**	**22.32**
Total	2012	3,380	18,045	4,516	25.14
	2013	**3,756**	**21,795**	**5,757**	**26.41**

Source: Bank Returns

The increase in the number of fraud cases was due to rising fraud cases through Automated Teller Machine (ATM), internet banking and suppression of customers' deposits.

Chart 14A

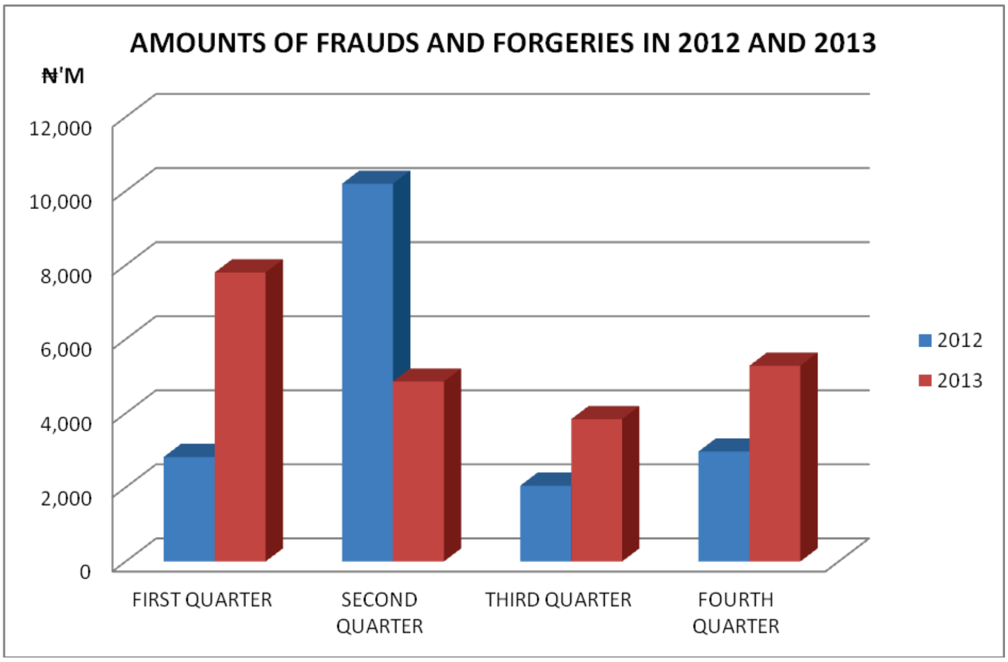
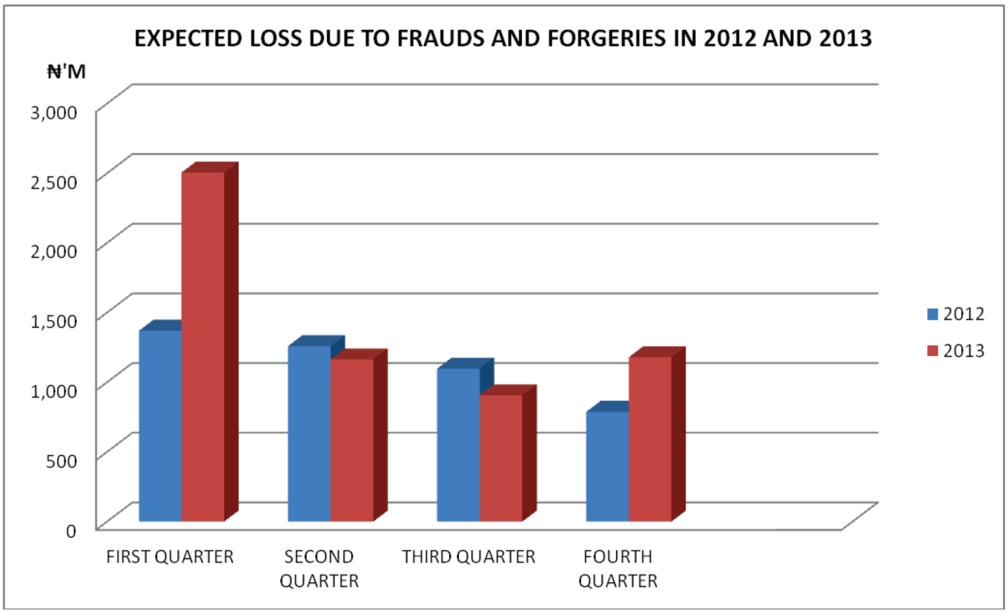


Chart 14B



14.2 Incidence and Types of Frauds and Forgeries Reported

During the year under review, the major types of frauds as reported by DMBs included ATM fraud, fraudulent transfers/withdrawals, internet banking fraud, cash suppression, unauthorized credits, fraudulent conversion of cheques, diversion of customer deposits and presentation of forged cheques.

Table 14.2 shows that the top ten (10) DMBs with the highest number of reported fraud cases accounted for 86.54% of the banking industry fraud cases in 2013, representing an increase of 0.38 percentage points when compared to 86.16% in 2012.

TABLE 14.2

SHARE OF DMBS IN REPORTED FRAUD CASES IN 2012 AND 2013

GROUP	2012		2013	
	Amount Involved (₦' Million)	Percentage Share	Amount Involved (₦' Million)	Percentage Share
Total For Top 10 DMBs	15,478	86.16	18,859	86.54
Total For 24 DMBs	17,965	100	21,795	100

Source: Bank Returns

Table 14.3 shows the nature of fraud cases, the frequency of frauds and actual losses sustained. The table also lists other common cases of fraud, in addition to ATM fraud, fraudulent transfers/withdrawal of deposits and internet banking.

TABLE 14.3

TYPES OF FRAUDS AND FORGERIES WITH FREQUENCY AND ACTUAL LOSS SUSTAINED IN 2013

S/N	NATURE OF FRAUD	FREQUENCY	ACTUAL LOSS SUSTAINED (₦' Billion)
1	ATM Fraud	1,739	0.585
2	Fraudulent Transfer/Withdrawal of Deposits	394	1.162
3	Suppression of Customer Deposit	324	0.482
4	Internet Banking Fraud	316	1.683
5	Fraudulent Conversion of Cheques	219	0.388
6	Presentation of Stolen Cheques	196	0.120

7	Unauthorized Credits	132	0.511
8	Presentation of Forged Cheques	118	0.018
9	Outright Theft By Staff (Cash Defalcation)	116	0.205
10	Diversion of Bank Charges (Commissions & Fees)	63	0.056
11	Lodgement of Stolen Warrants	55	0.034
12	Foreign Currencies Theft	41	0.049
13	Non-Dispensing of Money But Registered By The Electronic Journal	39	0.427
14	Outright Theft By Outsiders/Customers	34	0.037
	TOTAL	**3,756**	**5.757**

Source: Monthly Banks Returns on Frauds and Forgeries

In addition to the high rate of ATM fraud, fraudulent transfers/withdrawals of deposits, internet banking fraud were also high, resulting in huge losses to the industry during the year under review.

Table 14.3, which shows the severity of loss, indicate that internet banking fraud was the highest at N1.68 billion followed by fraudulent transfer/withdrawal of deposits at N1.16 billion. Others were ATM fraud, unauthorized credits, suppression of customer deposit, non-dispensing of money but registered by the electronic journal as well as fraudulent conversion of cheques.

14.3 Banks' Staff Involved in Frauds and Forgeries

During the year under review, 2 banks out of the 24 DMBs did not render returns on dismissed/terminated staff as a result of frauds and forgeries. Out of the 3,756 fraud cases 682 cases were attributed to staff collaboration, depicting an increase of 151 of such fraud cases (28.44%) over the 531 cases reported in 2012.

Table 14.4 and Chart 14C show the number and status of staff involved in frauds and forgeries in the last three years.

TABLE 14.4

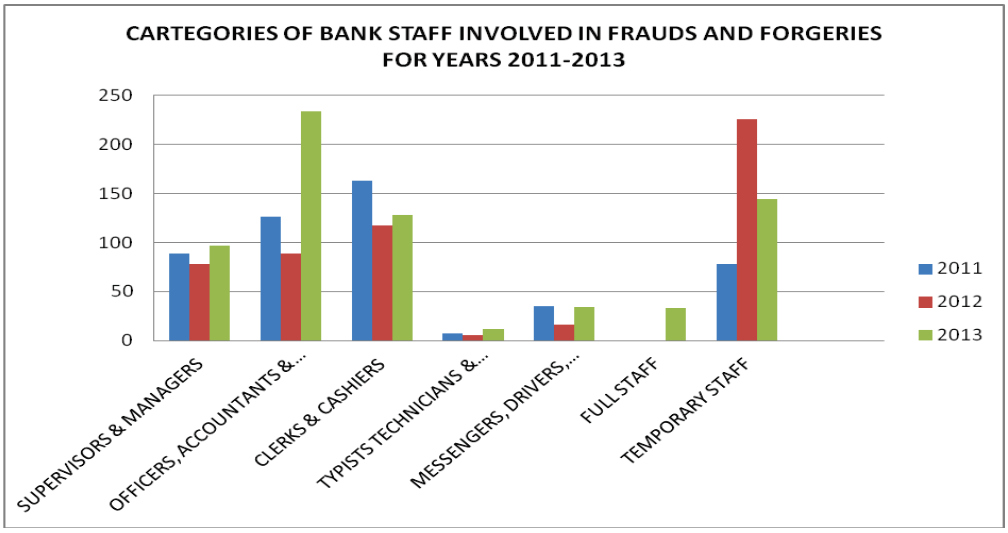
CATEGORIES OF BANKS' STAFF INVOLVED IN FRAUDS AND FORGERIES FROM 2011 - 2013

STATUS	2011		2012		2013	
	NUMBER	%	NUMBER	%	NUMBER	%
SUPERVISORS & MANAGERS	89	17.87	78	14.69	97	14.22
OFFICERS, ACCOUNTANTS & EXECUTIVE ASSISTANTS	126	25.3	89	16.76	234	34.31
CLERKS & CASHIERS	163	32.73	117	22.03	128	18.77
TYPISTS TECHNICIANS & STENOGRAPHERS	7	1.41	5	0.94	12	1.76
MESSENGERS, DRIVERS, CLEANERS, SECURITY GUARDS & STEWARDS	35	7.03	16	3.01	34	4.99
FULL STAFF					33	4.84
TEMPORARY STAFF	78	15.66	226	42.56	144	21.11
TOTAL	**498**	**100**	**531**	**100**	**682**	**100**

Source: Bank Returns

Table 14.4 shows that officers, accountants and executive assistants constituted 34.31% of the staff involved in fraud. Temporary staff, clerks and cashiers, supervisors and managers, accounted for 21.11%, 18.77%, and 14.22% of the total staff involved in frauds and forgeries in 2013, respectively. Meanwhile, messengers, drivers, cleaners, security guards and stewards accounted for 4.99%.

CHART 14C



Given the foregoing, it is therefore imperative for insured banks to employ measures to strengthen their operational risk management frameworks in the areas of internal control and security systems to reduce incidences of frauds and forgeries. Training and remuneration of bank staff should be balanced across board and insured banks should also endeavour to fully comply with guidelines, rules and regulations on good corporate governance. Furthermore, insured DMBs should thoroughly screen prospective employees by obtaining status report from previous employers and relevant agencies. DMBs should also endeavour to educate their customers on the use and need to adhere to security features of ATM and other electronic banking services.

The NDIC as an insurer of deposits would also continue to provide technical support and ensure banks' compliance by imposing sanctions in case of any breach by any insured bank. In addition, regulators and other stakeholders in the industry should intensify efforts on financial literacy.

14.4 Report on Banks' Fidelity Bond Insurance Cover for the Year 2013.

Fidelity Bond Insurance cover is a regulatory measure prescribed for all banks in the system for the purpose of cushioning losses that may result from frauds and forgeries committed by bank staff members in accordance with the provision of Section 33 of the NDIC Act of 2006. The policy intends to reduce the adverse effect of insider frauds and forgeries on the banks. Accordingly, all insured institutions are required to maintain fidelity insurance cover up to such a level as may be prescribed from time to time by the NDIC. The level of coverage should at least, be the equivalent of 15% of their paid-up capital as at 31st December of the preceeding year.

Table 14.5 presents level of banks' compliance with the NDIC's fidelity bond insurance cover in 2013.

TABLE 14.5

COMPLIANCE STATUS OF INSURED BANKS WITH NDIC FIDELITY INSURANCE COVER FROM 2010 - 2013

Year	No. of Banks in Operation	No of Banks that rendered Returns	No. of Banks that Complied	% of banks that complied to banks that rendered returns
2010	24	24	12	50
2011	20	18	5	28
2012	20	20	7	35
2013	24	24	6	25

Source: Bank Returns

Table 14.5 shows that all the twenty-four (24) DMBs submitted their Fidelity Insurance cover in 2013. However, only six (6) DMBs, representing 25% of the total number of the DMBs maintained adequate Fidelity Insurance Cover of at least 15% of their paid-up capital, as required. The remaining eighteen (18) DMBs, representing 75% of the DMBs had their cover below the required 15% of their paid-up capital.

The eighteen banks that failed to comply with the provision of section 33 of the NDIC Act had been advised accordingly.

SECTION 15

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

15.1 Distribution of Insured Banks' Offices and Branches

During the year under review, the three new DMBs that were licensed had a total of 12 branches/offices. Consequently, the total number of branches/offices of DMBs increased by 40 from 5,225 as at December 2012 to 5,265 as at December 2013. Table 15.1 shows the distribution of insured banks' branches/offices in the 36 states of the Federation and the Federal Capital Territory (FCT), Abuja in 2013.

TABLE 15.1
DISTRIBUTION OF INSURED BANKS' OFFICES AND BRANCHES AS AT 31ST DECEMBER, 2013

S/N	States (Including FCT)	Number of Branches/Offices	Percentage Share (%)
1.	Abia	136	2.58
2.	Abuja (FCT)	382	7.26
3.	Adamawa	60	1.14
4.	Akwa-Ibom	95	1.80
5.	Anambra	213	4.05
6.	Bauchi	51	0.97
7.	Bayelsa	36	0.68
8.	Benue	70	1.33
9.	Borno	64	1.22
10.	Cross River	65	1.23
11.	Delta	184	3.49
12.	Ebonyi	33	0.63
13.	Edo	173	3.29
14.	Ekiti	70	1.33
15.	Enugu	135	2.56
16.	Gombe	37	0.70
17.	Imo	98	1.86
18.	Jigawa	40	0.76
19.	Kaduna	164	3.11
20.	Kano	164	3.11
21.	Katsina	58	1.10
22.	Kebbi	38	0.72

23.	Kogi	80	1.52
24.	Kwara	75	1.42
25.	Lagos	1,546	29.36
26	Nassarawa	46	0.87
27.	Niger	76	1.44
28.	Ogun	147	2.79
29.	Ondo	112	2.13
30	Osun	98	1.86
31.	Oyo	215	4.08
32.	Plateau	73	1.39
33.	Rivers	284	5.39
34.	Sokoto	48	0.91
35.	Taraba	32	0.61
36.	Yobe	35	0.66
37.	Zamfara	32	0.61
	Total	**5,255**	**100**

Source: Bank Returns

Table 15.1 reveals that the states with the highest number of bank branches/offices continued to maintain their lead positions in the industry. The table shows that three states accounted for a total of 2,212 (42.01%) of the 5,265 branches/offices as at 31st December, 2013. Lagos State had the highest number of branches/offices with 1,546 or 29.36% of the total, while the FCT (Abuja) and Rivers State followed with 379 (7.26%) and 284 (5.39%) branches/offices, respectively. Other leading States were Oyo State with 215 (4.08%), Anambra State with 213 (4.05%) and Edo State with 186 (3.29%). An analysis of the total number of branches in the states as at 31st December, 2013 revealed that the top six states (states with the most branches) had a total of 2,813 branches or (53.43%) out of the 5,265 branches/offices in operation.

15.2 Head Office Addresses and Branches of Insured Banks

Table 15.2 presents a distribution of branches/offices and Head Office addresses of insured DMBs in Nigeria as at 31st December, 2013. As in the previous year, three (3) DMBs, namely: First Bank of Nigeria Plc, United Bank for Africa Plc and Ecobank Plc maintained the first, second and third positions, respectively in terms of number of branches/offices. First Bank of Nigeria Plc had the highest number of branches/offices with a total of 622, while United Bank for Africa Plc and Ecobank Plc followed with a total of 602 and 506 branches/offices, respectively.

As shown in Table 15.2, the three banks accounted for 1,730 branches or 32.92% of the total number of bank branches/offices in the system. Other leading banks in terms of number of branches/offices were Union Bank Plc with 338, Zenith Bank Plc with 336, Access Bank Plc with 317, FCMB with 274 and Diamond Bank Plc with 252, while Skye Bank Plc and Unity Bank Plc had 244 and 238 branches respectively.

15.3 Insured Banks and Their Board of Directors

The banking industry being a critical part of the financial system requires a sound and responsible board of directors to ensure its viability and survival at all time. As revealed in the findings of the on-site surveillance of banks during the year under review, there was improvement in the corporate governance practices of the banks as most of their boards continued to comply with the CBN regulations on good corporate governance practice. During the period under review, some of the banks appointed new MD/CEOs to replace those whose tenure had expired in line with CBN directive of maximum of two terms not exceeding 10 years in office, while some directors whose tenure also expired were replaced with new members.

During the year under review, most banks complied with the CBN Guidelines of Section 5.3.6 of the Code of Corporate Governance for banks operating in Nigeria in the appointment of Independent Directors, which 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.

The list of insured banks' directors as at 31st December, 2013 is presented in Table 15.2. As shown in the table, there were 331 directors serving on the boards of the 24 DMBs.

15.4 Insured Banks' Approved External Auditors

The regulatory authorities through their regulation ensure the appointment and disengagement of banks' External Auditors and also assign basic responsibilities/obligations on the Auditors to help promote confidence and transparency in the banking system. The approved External Auditors complement the activities of the regulators/supervisors by examining evidence relevant to amounts and disclosures in the financial statements of DMBs, assessing judgments made by management and board of directors in the preparation of financial statements as well as ensuring that accounting policies are adequately disclosed in accordance with standards and best practices.

The statutory reporting requirements of insured banks' external auditors are stipulated under Section 54 of the NDIC Act No. 16 of 2006.

As evidenced in Table 15.2, a total of 7 (seven) chartered accounting firms were approved to conduct independent audit of the 24 DMBs in operation as at 31st December, 2013. PriceWaterhouse Coopers topped the list with nine (9) DMBs, KPMG had 6 banks while Akintola Williams had 4 banks. Other audit firms included Ernst & Young, PFK Professional Services, Howarth Dafinone and Ahmed Zakari Chartered Accounting Firms. The banks were audited either wholly or jointly with another firm during the year under review.

TABLE 15.2

INSURED BANKS' ADDRESSES, BRANCHES, DIRECTORS AND APPROVED AUDITORS AS AT DECEMBER 31, 2013

S/N	Name & Address	No. of Branches	Director's Name	Status	Approved Auditors
1.	Access Bank Plc Plot 999c, Danmole Street, P.M.B. 80150, Victoria Island, Lagos. www.accessbankplc.com	312	Mr. Gbenga Oyebode,MFR Mr. Herbert Wigwe Mr. Obinna Nwosu Dr Mahmud Isa-Dutse Mr.Emmanuel Chiejina Mr. Oritsedere Otubu Dr. Babatunde Folawiyo Mrs. Mosun Bello- Olusoga Dr. Ernest Ndukwe Mrs Ajoritsedere Awosika Mr. Victor Etuokwe Mr. Roosevelt Ogbonna Mr. Elias Igbinakenzua Mrs. Ojinika Olaghere (14)	Chairman GMD/CEO GDMD Director Director Director Director Director Ind. Director Ind. Director ED ED ED ED	Price Waterhouse Coopers
2.	Citibank Nigeria Ltd Charles E. Sankey House, 27, Kofo Abayomi Street, P.O. Box 6391, Victoria Island, Lagos. www.citi.com/Nigeria	12	Mr. Olayemi Cardoso Mr. Omar Hafeez Mr. Tariq Masaud Mrs. Funmi Ogunlesi Mr. Fatai Karim Mr. Akin Dawodu Chief. Arthur Mbanefo Prof. Yemi Osinbajo,SAN Mr. Micheal Murray -Bruce Dr. Hilary Onyiuke Mr. Ade Ayeyemi Mr. Khalid Qurashi (12)	Chairman MD/CEO ED ED ED ED Ind. Director Ind. Director Director Director Director Director	Price Waterhouse Coopers
3.	Diamond Bank Plc Plot 1261, Adeola Hopewell Street, P.O.Box 70381, Victoria Island, Lagos. www.diamondbank.com	252	HRM Igwe Nnaemeka Achebe Dr. Alex Otti Mr. Abdulrahman Yinusa Mr. Victor Ezenwoko Mr. Oladele Akinyemi Mr. Uzoma C. Dozie Mrs. Caroline Anyanwu Mr. Christopher Low Dr. Olubola Adekunle Hassan Mr. Chris I. Ogbechie Chief John Edozien Mr. Kabir Alkali Mohammed Mr. Ian Greenstreet Ms. Ngozi Edozien Mr. Thomas Barry Mrs. Ifueko Okauru (16)	Chairman GMD/CEO ED ED ED ED ED Director Director Director Director Director Ind. Director Director Director Ind. Director	Price Waterhouse Coopers

4.	Ecobank Nig. Plc Plot 21, Ahmadu Bello Way, P.O. Box 72688, Victoria Island, Lagos www.ecobank.com	506	Dr. Olorogun Sunny F. Kuku, OFR Mr. Jibril John Aku Mr. Anthony Okpanachi Mr. Oladele Alabi Mr. Kingsley Aigbokhaevbo Ms. Foluke Aboderin Mr. Shehu Jafiya Alh. Muazu Anache Chief Wilfred Belonwu Mr. Kola Karim Mr. Edouard Virgile Dossou –Yovo Mr. Olufemi Ayeni Mrs. Funmi Oyetunji Mme Eveline Tall Mr. Thierry Tanoh (15)	Chairman MD/CEO DMD ED ED ED ED Director Director. Director. Ind. Director Ind. Director Director Director Director	Akintola Williams Deloitte
5.	Enterprise Bank Nig Ltd Plot 143, Ahmadu Bello Way Victoria Island Lagos www.entbanking.com	152	Mr. Ogala Osoka Mallam Ahmed Kuru Mrs. Louisa Olaloku Mrs. Nneka Onyeali Ikpe Mr. Aminu Ismail Mr. Niyi Adebayo Mr. Audu Kazir Mr. John Aderigbigbe Mr. Ezekiel Gomos OFR Mr. Garba Imam Mrs. Asmau Maikudi Mr. Ebenzer Foby Mr. Ismail Shuaibu Mr. Lamis Dikko Mr. Sanusi Monguno (15)	Chairman GMD/CEO ED ED ED ED ED Director Director Director Director Director Director Director Director	Price Waterhouse Coopers
6.	Fidelity Bank Plc, Fidelity Place, 1 Fidelity Bank Close Off Kofo Abayomi Street, P.O.BOX. 72439, Victoria Island, Lagos. www.fidelitybankplc.com	196	Chief Christopher I. Ezeh, MFR Mr. Reginald Ihejiahi OFR Mr. I.K Mbagwu Mrs. Olaolu Joy Onome Mr. Chijoke Ugochukwu Mr. John Obi Mr. Balarabe Mohammed Lawal Mr. Nnamdi Okonkwo Mrs. Bassie N Ejeckam Mr. Dim Elias Nwosu Mr. Nnamdi Orji Mr. Kayode Olow oniyi Mr. Ichie Nnaeto Orazulike Mallam Umar Yahaya Mr. Robert Nnana kalu M. Bashir Gumel Mr. Stanley Lawson (17)	Chairman MD/CEO ED ED ED ED ED ED Director Director Director Director Director Director Director Ind. Director Ind. Director	Ernest & Young PKF-Professional Services

7.	First Bank of Nigeria Plc Samuel Asabia House, 35, Marina, P.O.Box 5216, Lagos firstcontact@firstbanknigeria.com	622	Prince. Ajibola A. Afonja Mr. Bisi Onasanya Mrs. Tokunbo Abiru Mr. U. K. Eke Mr. Abiodun Odubola Mr. Dauda Lawal Mr. Francis Shobo Mr. Adebayo Adelabu Mr. Mohammed Bello Maccido Mr. Tunde Hassan - Odukale Mrs. Ibiai Ani Mrs. Khadijah Alao Straub Mrs. Ibukun Awosika Mr. Obafemi Otudeko ALH. Lawal Kankia Mr. Ebenezer Jolaoso Mr. Ambrose Feeze Mr. Dahiru Waziri ALH. Mahey Rasheed (19)	Chairman GMD/CEO ED ED ED ED ED ED Director Director Director Director Director Director Director Director Director Director Ind. Director	Pricewater Coopers Pannell Kerr Forster (PKF Professional)
8.	First City Monument Bank Plc Primrose Tower, 17A, Tinubu Street P.O.Box 9117, Lagos. www.firstcitygroup.com customersolution@firstcitygroup.com	257	Mr. Otunba Olutola Senbore Mrs. Ladi Balogun Mr. Segun Odusanya Mr. Nath Ude Mr. Adam Nuru Mr. Olufemi Bakre Mr. Bismarck Rewane Dr. John Udofa Mr. Nigel P. Kenny Mrs. Mfon Usoro Mr. Olusegun Odubogun Mr. Olutola o. Mob olurin Mrs. Tokunboh Ismael (13)	Chairman MD/CEO DMD ED ED ED Ind. Director Director Director Ind. Director Director Director Director	KPMG
9.	FSDH Merchant Bank Ltd UAC House (5th -8th Floors) 1/5 Odunlami Street, P.M.B 12913. Lagos. www.fsdhgroup.com.	3	Mr.Osaro Isokpan Mr. Rilwan Belo-Osagie Mrs. Hamda Ambah Ms. Olufunsho Olusanya Mr. Dan Agbor Mrs. Muhibat Abbas Dr. (Mrs) Myma Belo –Osagie Mr. Bello Garba Mr. Sobandele Sobanjo Mr. Olufemi Agbaje Mr. Vincent Omoike (11)	Chairman MD/CEO ED ED Director Director Director Director Director Director Ind. Director	Price Waterhouse Coopers

10.	GT Bank Plc Plural House, Plot 635, Akin Adesola Street, P.O.Box 75455, Victoria Island, Lagos. www.gtbank.com	226	Mr. Egbert Ulogo Imomoh Mr. Olusegun Agbaje Mrs. Echeozo Catherine Mr. Demola Odeyemi Mr. Ohis Ohiwerei Mrs. Olutola Omotola Mr. Wale Oyedeji Mr. Agusto Olabode Mubasheer Mrs. Okolie Stella Chinyelu Mrs. Osaretin Afusat Demuren Mr. Hasssan Ibrahim Mr. Adeola Kadri Adebayo Mr. Alli Andrew Mr. Akintoye Akindele Adeoye (14)	Chairman MD/CEO DMD ED ED ED ED Director Director Director Director Director Ind. Director Ind. Director	Price Waterhouse Coopers
11.	Heritage Bank Ltd Plot 292B, Ajose Adeogun Street, Victoria Island, Lagos. www.hbng.com.	8	Mr. Akinsola Akinfemiwa Mr. Ifie Sekibo Mr. Robert Mbonu Mr. Niyi Adeseun Mrs. Mary Akpobome Mr. Adetola Alekoja Mr. Anthony Madojemu Mr. Francesco Cuzzocrea Alh. Jani Ibrahim (9)	Chairman MD/CEO ED ED ED Director Director Director Director	Horwath Dafinone
12	Jaiz Bank Plc Kano House, No 73 Ralph Shodiende Street, Central Business District, Abuja. www.jaizbankplc.com	16	Alh.(Dr) Umaru Abdul Mutallab, CON. Muhammed Nurul Islam Hassan Usman Dr. Aminu Alhassan Dantata Dr. Rilwanu Lukman Alh. (Dr) Muhammadu Indimi, OFR Mallam. Falalu Bello, OFR Hassab Ussah Siddiqui Alh. Garba Aliyu Hongu Engr. Sani Bello Musbahu Mohammed Bashir Alh.Umaru Kwairanga Mohammed Lawal Jari Muktar Sani Hanga Prof.Tajudeen Adebiyi Nafiu Baba Ahmed, MNI (16)	Chairman MD/CEO ED Director Director Director Director Director Director Director Director Director Director Director Ind. Director Ind. Director	Ahmed Zakari & Co.

13.	Keystone Bank Nig Ltd No. 1 Keystone Bank Crescent Off Adeyemo Alakija Street, P.M.B. 80054 Victoria Island, Lagos. www.keystonebankng.com	200	Mr. Ajekigbe Jacob Moyo Mr. Philip Chukwuemeka Ikeazor Mr. Shehu Abubakar Mr. Shehu Kuranga Muhammad Mrs. Yvonne Isichei Prince. Niyi Akenzu`a Brig. Gen. Maude Aminu-kano (Rtd) Mr. Mustapha Ibrahim Dr. Shehu K Muhammad Mr. Jacob Olusegun Olusanya Mr. Yusufu Pam Mrs. Maria Olateju Philips Mr. Yakubu Shehu, OON Chief. Charles Chiede Unmolu (14)	Chairman MD/CE ED ED ED Director Director Director Director Director Director Director Director Director	KPMG Professional Services
14.	Mainstreet Bank Nig Ltd Mainstreet Bank Plaza, 51/55, Broad Street, P.M.B. 12021, Lagos www.mainstreetbanklimited.com	221	Mallam Falalu Bello, OFR, FCIB Ms. Faith Tuedor-Matthews Mr. Kola Ayeye Roger Malcolm Woodbridge Mr. Bolaji Shenjobi Mr. Anogwi Anyanwu Mr. Abubakar Sadiq Bello Hadiza Yabawa Lawan Wabi, MNI Dr. Chris Osiomha Itsede Mr Ayo Ajayi Mr Joshua Ogunlowo,MON Mr. Shuaibu Idris Mr. Mohammed Gulani Shuaibu Mr. Gambo Ahmed (14)	Chairman GMD/CEO ED ED ED ED ED Director Director Director Director Director Director Director	KPMG Professional Services
15.	Rand Merchant Bank Ltd 12th Floor, Churchgate Towers, Plot PC 31, Churchgate Street, Off Adeola – Hopewell Street, Victoria Island. Lagos	1	Giddy C.J Larbie Micheal Blenkinsop Peter Gent Peter Hayward Butt Peter Khethe Jabu Jordan Louis Enase Okonedo Babatunde Savage Field Mike Kruger Gert (11)	Chairman MD/CEO ED Director Director Director Director Ind. Director Ind. Director Director Director	Price Waterhouse Coopers

16.	SKYE Bank Plc 3, Akin Adesola street Victoria Island Lagos www.skyebankng.com	244	Mr. Olatunde Ayeni Mr. Kehinde Durosinmi -Etti Mr. Gbenga Ademulegun Mr. Timothy Oguntayo Mr. Dotun Adeniyi Mrs. Amaka Onwughalu Mrs. Ibiye Ekong Mr. Victor Adenigbagbe Mr. Jason Fadeyi Mr. Micheal Tarfa Mr. Vinay Tuteja Mr. Kola Awodein Mr. Abdul Bello Mr. Babajide .T. Agbabiaka Mr. Olakunle Aluko Mrs. Ammuna Lawan Ali Mr. Victor Odozi (17)	Chairman GMD/CEO ED ED ED ED ED Director Director Director Director Director Director Director Director Ind. Director Ind. Director	Akintola Williams Deloitte
17.	Stanbic-IBTC Bank Plc Stanbic IBTC Place, Walter Carrington Crescent, P.O. Box 71707, Victoria Island, Lagos. www.stanbicibtcbank.com	180	Mr. Atedo N.A. Peterside, OON Mr. Yinka Sanni Mr. Victor Williams Mr. Obinnia Abajue Mr. Wole Adeniyi Mrs. Sola David Borha Mr. Dominic Bruynseels Mr. Sim Tshabalala Mr. Rata n Mahtani Mrs. Ifeoma Esiri Mr. Moses Adedoyin Mr. Arnold Gain Mrs. Maryam Uwais, MFR Mr. Sam Cookey (14)	Chairman MD/CEO ED ED ED Director Director Director Director Director Director Director Ind. Director Ind. Director	KPMG Professional Services
18.	Standard Chartered Bank Nigeria Ltd 142 Ahmadu Bello Way Victoria Island Lagos www.standaredcharterd.com	39	Sir Remi Omotoso Mrs. Bola Adesola Mrs. Yemi Owolabi Mr. Remi Oni Mr. Anil Dua Mrs. Diana Layfield Alh. Muhammed Yahaya Mr. Olusegun Bamidele Ajayi (8)	Chairman MD/CEO ED ED Director Director Ind. Director Ind. Director	Akintola Williams Deloitte

19.	Sterling Bank Plc 20, Marina P.M.B. 12735 Lagos, Nigeria www.sterlingbankng.com	160	Alh. S. Adebola Adegunwa, OFR Mr. Yemi Adeola Mr. Lanre Adesanya Mr. Devendra Nath Puri Mr. Abubakar Sule Alh. Bashir M. Borodo, OON Mr. Yemi Idowu Mr. Yinka Adeola Mr. Rasheed A. Kolarinwa Ms. Olufunmilola Osunsade (10)	Chairman GMD/CEO ED ED ED Director Director Director Ind. Director Director	Ernst & Young
20.	Union Bank of Nigeria Plc 36, Marina, P.M.B. 2027, Lagos. www.unionbankng.com	338	Sen. Udoma Udo Udoma Mr. Emeka Emuwa Mr. Adekunle Mickey Adeosun Mrs. Oyinkan Adewale Mr. Kandolo Kasonga Mr. Ibrahim Abubakar Kwargana Engr. Mansur Ahmed Dr. Mrs. Onikepo Akande Mr. John Botts Mr. Richard Burret Mr. Dick Kramper Mr. Cyril Akporuere Odu Dr. Yemi Osindero Mr. James Macarthur Mr. Douglas Munatsi Mr. Dickie Agumba Ulu (16)	Chairman GMD/CEO ED ED ED ED Director Director Director Director Director Director Director Director Director Director	KPMG Professional Services
21.	United Bank for Africa Plc UBA House, 57, Marina, P.O. Box 2406, Lagos www.ubagroup.com	602	Amb. Joe Keshi Mrs. Rose Okwechime Mr. Phillips Oduoza Mr. Kennedy Uzoka Mr. Apollos Ikpobe Mr. Abdulqadir Bello Mr. Rasheed Olaoluwa Mr. Emmanuel .N. Nnorom Mr. Femi Olaloku Mr. Ifeatu Oneyemi Mr. Dan Okeke Mr. Kola Jamodu Mr. Ja'afaru Paki Mr. Adekunle Olumide Mrs. Foluke Abdulrazak Mr. Yahaya Zekeri Mrs. Angela Nwabuoku Mrs. Owanari Duke Mrs. Rose Okwechime (19)	Chairman Vice Chairman GMD/CEO DMD DMD ED ED ED ED ED ED Director Ind. Director Ind. Director Director Director Director Director Director	Price Waterhouse Coopers

22.	Unity Bank Plc, Unity Bank Towers, Plot 785, Herbert Macaulay Way, Central Business District, Abuja. www.unitybanking.com	238	NU'uman Barau Danbatta, OON,mni Alh. Rislanudeen Muhammad Alh. Ahmed Yusuf Mrs. Aisha Azumi Abraham Mr. Aminu Babangida Mr. Ibrahim Muhammad Abega .k Mr. Hakeem Shagaya Dr. Oluwafunsho Obasanjo Mr. Thomos Akoh Etuh Engr. Oluseg un Mabogunje Mr. Henry James Sementitari Mr. Richard Gboyega Asabia Mr. Gimba Hassan Ibrahim (13)	Chairman MD/CEO ED ED Director Director Director Director Director Director Director Ind. Director Ind. Director	Ahmed Zakari & Co.
23.	Wema Bank Plc Wema Towers, 4th Floor, 54, Marina, P.M.B. 12862, Lagos. www.wemebank.com	125	Mr. Adeyinka Asekun Mr. Segun Oloketuyi Mr. Ademola Adebise Mr. Nurudeen A. Fagbenro Mr. Moruf Oseni Mr. Adebode Adefioye Mr. Ramesh Hathiraman i Mr. Abubakar Lawal Chief Ope Bademosi Mr. Samuel Dirojaye Chief. Ayodele Awodeyi Mrs. Tina Vukor-Quarshi Mrs Owebusola Ojo (13)	Chairman MD/CEO ED ED ED Director Director Director Director Director Director Ind. Director Ind. Director	Akintola Williams Deloitte
24.	Zenith Bank Plc Plot 87, Ajose Adeogun Street, P.O.Box 75315, Victoria Island, Lagos. www.zenithbank.com	336	Mr. Steve Babatunde Omojafor Mr. Godwin I. Emefiele Mr. Peter Amangbo Mr. Ebenezer Onyeag wu Ms. Adaora Umeoji Alh. Baba Tela Mr. Haruna Usman Sanusi Chief (Mrs) Chinyere Asika Prof. Chukuka Enwemeka Mr. Jeffery Efeyini Mr. Babatunde Adejuwon (11)	Chairman GMD/CEO ED ED ED Ind. Director Ind. Director Ind. Director Director Director Director	KPMG Professional Services

Source: Bank Returns

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 16

MAJOR DEVELOPMENTS IN OTHER INSURED DEPOSIT-TAKING FINANCIAL INSTITUTIONS

16.0 Introduction

Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs) are the two categories of other insured deposit-taking financial institutions under the supervisory purview of NDIC. The microfinance banking initiative came into being to assist the economically active poor individuals/households to have access to financial services so as to contribute to economic growth, reduction in poverty levels and promote rural transformation in the country. The PMBs, on the other hand, were established under the Federal Government's National Housing Policy to address the housing deficit in the nation's housing sector. The PMBs were expected to provide mortgage finance and also help in the disbursement of the National Housing Fund (NHF) created by the government.

As in previous years, all licensed MFBs and PMBs continued to be members of the DIS in 2013 in line with the provision of the NDIC Act No.16 of 2006. The extension of deposit insurance cover by NDIC in December, 2008, to these institutions was expected to engender the confidence of the banking public in the MFBs and PMBs, thereby re-positioning them to play their intermediation roles in the economy like the DMBs. The highlights of the major developments and performance of other insured deposit-taking financial institutions as well as the challenges militating against their effective performance during the period under review are presented in this section.

16.1 Operations and Performance of MFBs

The Microfinance Policy was launched in December 2005 by the CBN to strengthen the banking sector reforms and bring the unbanked rural public into the mainstream banking. The policy framework was designed to enable MFBs provide financial services to the economically active poor in the society. It was targeted at creating an environment of financial inclusion to enhance the capacity of Micro, Small and Medium Enterprises (SMEs) thereby contributing to economic growth and development through job creation and subsequently, improved standard of living and poverty reduction.

As at December 31, 2013, there were 832 MFBs in operation many of which continued to exhibit various degrees of safety and soundness concerns to the Regulatory Authorities. Table16.1 and Chart 16.1 show the distribution of the MFBs by geo-political zones.

TABLE 16.1
DISTRIBUTION OF MFBS BY GEO-POLITICAL ZONES

Geo-Political Zone	No. of MFBs	Percentage Per Zone
North-West	75	9.01
North-Central	157	18.88
North-East	34	4.09
South-West	307	36.90
South-East	158	19
South-South	101	12.14
Total	**832**	**100.00**

Source: Special Insured Institutions Department (SIID)

CHART 16.1

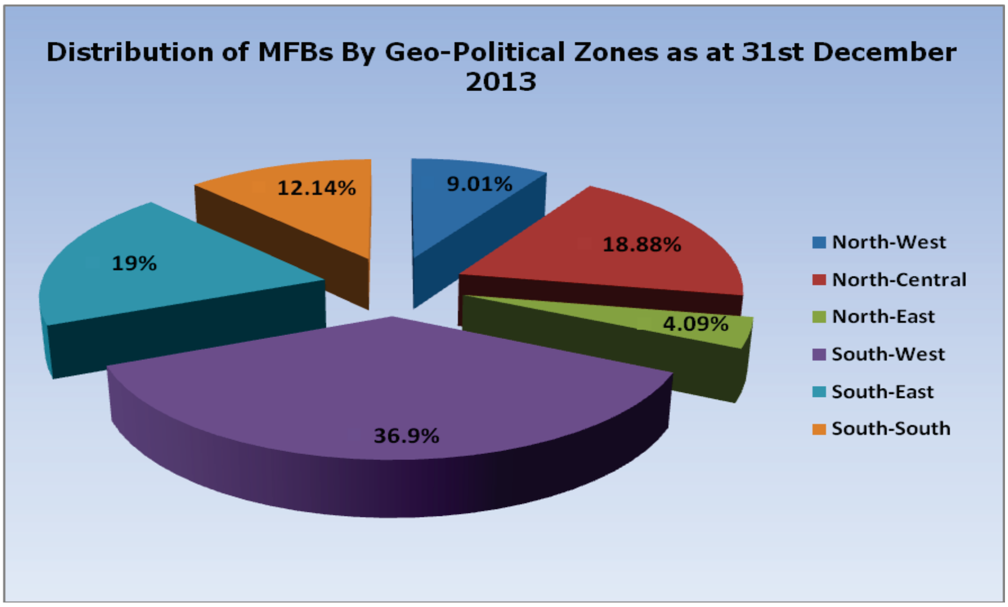


Table 16.1 shows that the South-West geo-political zone had the highest concentration with 307 MFBs or 36.9%, followed by South East with 158 MFBs or 19%, North-Central with 157 MFBs or 18.88% and South-South with 101 or 12.14%. North-West zone had 75 MFBs or 9.01% of the total and North-East had the lowest concentration of MFBs with 34 or 4.09%.

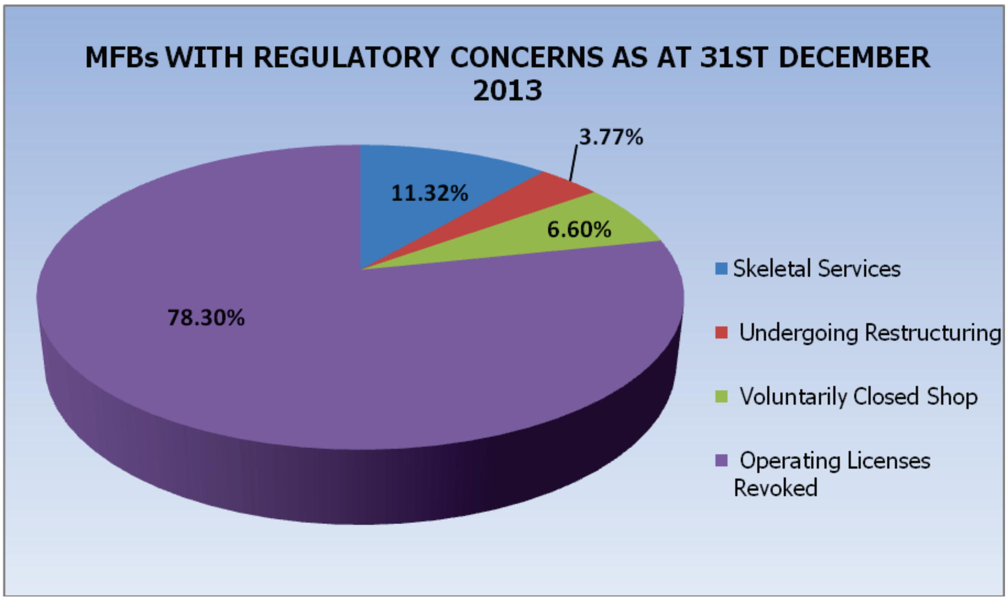
During the period under review, the NDIC in collaboration with the CBN conducted routine examination of 731 MFBs in Nigeria. The examination findings revealed that some of the institutions were incapable of honouring their obligations to their customers as at when due. A total of 106 MFBs were subject of serious regulatory concern. Out of that number, 12 MFBs were rendering skeletal services, 4 were undergoing restructuring, 7 had voluntarily closed shop while the licences of 83 others were revoked as summarized in Table 16.2 and Chart 16.2.

TABLE 16.2
MFBS WITH REGULATORY CONCERNS

S/N	No. of MFBs	Percentage	Remarks
1	12	11.33	Skeletal Services
2	4	3.77	Undergoing Restructuring
3	7	6.60	Voluntarily Closed Shop
4	83	78.30	Operating Licenses Revoked
Total	**106**	**100**	

Source: Special Insured Institutions Department

CHART 16.2



The list of MFBs whose licences were revoked by the CBN in 2013 is presented in Table 16.3.

TABLE 16.3
MFBS WHOSE LICENCES WERE REVOKED BY CBN IN 2013

S/N	NAME OF MFB	STATE
1	EXPRESS MFB	ABIA
2	EGOSAL MFB	ABIA
3	ABIRIBA MFB	ABIA
4	EDET MFB	AKWA IBOM
5	ACJEC MFB	ANAMBRA
6	UMO-OMA MFB	ANAMBRA
7	NKPOR MFB	ANAMBRA
8	CEDEP MFB	BAUCHI
9	YAF MFB	BENUE

10	AKIN MFB	CROSS RIVER
11	BEKWARRA MFB	CROSS RIVER
12	GOLD PACKAGE MFB	DELTA
13	LANDROCK MFB	DELTA
14	TOP MEGA TRUST MFB	DELTA
15	SOLACE MFB	DELTA
16	UGHIEVWEN MFB	DELTA
17	REUNION MFB	EBONYI
18	LOFTY HEIGHTS MFB	EDO
19	UJOLEN MFB	EDO
20	ESSENCE MFB	EKITI
21	OTUN EKITI MFB	EKITI
22	ARACOM MFB	EKITI
23	CROWN MFB	ENUGU
24	FIRST OMASI MFB	ENUGU
25	GREEN FIELD MFB	FCT
26	THINK MFB	FCT
27	TARGET MFB	FCT
28	PINNACLE MFB	FCT
29	NEW MERCENTILE MFB	FCT
30	DIKENAFAI MFB	IMO
31	UMUHU OKABIA MFB	IMO
32	UNIQUE TRUST MFB	IMO
33	ARGUNGU MFB	KEBBI
34	IDAH MFB	KOGI
35	IHIMA MFB	KOGI
36	AVALON MFB	LAGOS
37	COMPASS MFB	LAGOS
38	CRYSTAL GOLD MFB	LAGOS
39	FIRST CHOICE MFB	LAGOS
40	FREEGATE MFB	LAGOS
41	FUNDS MATRIX MFB	LAGOS
42	GS MFB	LAGOS
43	HARMONY MFB	LAGOS

44	HAVILAH MFB	LAGOS
45	HEBRON MFB	LAGOS
46	INTERGLOBAL MFB	LAGOS
47	KEYSTONE MFB	LAGOS
48	KINGS MFB	LAGOS
49	NEW HEIGHT MFB	LAGOS
50	PEOPLESERVE MFB	LAGOS
51	ROYAL TRUST MFB	LAGOS
52	SATELITE MFB	LAGOS
53	VINNING MFB	LAGOS
54	CITIGATE MFB	LAGOS
55	DAILY CAPITAL MFB	LAGOS
56	DUNAMIS MFB	LAGOS
57	EDS MFB	LAGOS
58	ENTERPRISE MFB	LAGOS
59	FIELDREAMS MFB	LAGOS
60	FIRST HERRITAL MFB	LAGOS
61	PLANNET MFB	LAGOS
62	TRADERS MFB	LAGOS
63	CITISERVE MFB	LAGOS
64	NEW IMAGE MFB	OGUN
65	COMBINED BENEFIT MFB	OGUN
66	IRELE MFB	ONDO
67	EDEN MFB	OSUN
68	FIRST GOLDEN MERCURY MFB	OSUN
69	ECB MFB	OSUN
70	GFB MFB	OYO
71	AKESAN MFB	OYO
72	CORPORATE MFB	OYO
73	SILVER MFB	PLATEAU
74	UNITED PEOPLE MFB	PLATEAU
75	ACORN MFB	RIVERS
76	FIRST GLOBAL MFB	RIVERS
77	NGEGWE MFB	RIVERS
78	OKWUTA MFB	RIVERS

79	SAMA MFB	RIVERS
80	SVP MFB	RIVERS
81	CKC MFB	RIVERS
82	NEIGBOURHOOD MFB	RIVERS
83	GUSAU MFB	ZAMFARA

Source: Central Bank of Nigeria (CBN)

The NDIC continued to share supervisory responsibilities with the CBN over the activities of the MFBs. A key challenge faced by the NDIC in the supervision of the MFBs during the period under review was the non-rendition of returns by many of the institutions. During the period under review, a total of 132 out of the 832 MFBs in operation rendered returns to NDIC while the returns of 643 MFBs downloaded from the electronic rendition made to CBN by the MFBs were used for the industry analysis. The analysis of the financials of the reporting MFBs showed that total assets stood at N224.57 billion, total deposit liabilities amounted to N121.25 billion, total loans and advances stood at N100.34 billion while total paid up capital was N50.53 billion as at 31st December, 2013.

Most of the MFBs examined were observed to have operated like deposit money banks with high investment in fixed assets and unsustainable overhead costs. Also, a good number of the MFBs preferred to grant loans to high net-worth individuals rather than the economically active poor who should be their target customers. The sum of N54.12 billion and N224.57 billion of the MFBs' total assets were held in placement with DMBs and Treasury Bills, respectively.

16.2 Regulatory/Supervisory Agencies' Support for The Development of MFBs

16.2.1 Capacity Building: National Workshop for MFB Operators

To bridge the knowledge and skills-gap in microfinance practice, the NDIC organized a maiden national workshop for the MD/CEOs of MFBs in Nigeria from 10th-27th June, 2013. The theme of the workshop was **"Microfinance Banking and Financial Inclusion in Nigeria: Issues and Challenges"**. The workshop took place in Abuja, Kano, Port Harcourt, Enugu and Lagos to ensure wider reach and effective coverage of all the MFBs in operation as at June 2013 in all the six geo-political zones of the country.

A total of 641 participants from 614 MFBs attended the Workshop. The spread of the participants is as shown in Table 16.4.

TABLE 16.4
PARTICIPATION AT THE WORKSHOP

Venue	Zone	No. of MFBs in the Zone	MFBs that Participated from the Zone	% of MFBs that Participated	No. of Participants
Abuja	North Central	157	94	59.87	102
Kano	NE and NW	119	105	88.24	138
P/Harcourt	South-South	101	67	61.47	69
Enugu	South East	158	128	66.34	129
Lagos1	Lagos State	155	77	81.01	79
Lagos2	South West	152	118	77.06	124
Total		**832**	**614**		**641**

Source: Special Insured Institutions Department

The Workshop created the much needed awareness and provided the platform for promoting the NDIC's effectiveness in the discharge of its mandate to the microfinance banking sub-sector. The participants were equipped with enhanced knowledge on how to effectively discharge their mandate of "**true microfinance banking**" as was the case in other jurisdictions like Bangladesh. Furthermore, the Workshop enhanced the participants' understanding of the fundamentals of microfinance practice, risk management, corporate governance and management information system in MFBs. Above all, the workshop further enhanced the image of the NDIC given its high rating by the participants and wide publicity.

16.2.2 Microfinance Certification Programme

The Microfinance Certification Programme (MCP) was established and sponsored by CBN/NDIC in 2008. It was inaugurated in order to address the observed skill gap amongst operators of MFBs. The training was conducted by 25 Microfinance Training Service Providers (MTSPs) which were accredited after an intensive Train-the-Trainer programme. The Chartered Institute of Bankers of Nigeria (CIBN) conducted the qualifying examinations and the certification. The first phase of the programme was implemented in three years (2010 to 2012), but the programme (including the funding) was later extended to December 2013. During the period under review, the CBN and NDIC subsidized the cost of training the operators by 60%. The 60% was shared in ratio of 80:20 between the CBN and NDIC, respectively. The NDIC had committed a total sum of N131 million to subsidize the programme between 2010 and 2013. A total of 6,010 operators had been trained as at 31st December, 2013 while 1,657 operators had been certified by the CIBN, having successfully completed the two levels of the six-module training and passed the qualifying examinations.

16.2.3 Challenges Faced by the Microfinance Sub-Sector

Microfinance banking remained a relatively new mode of financial intermediation in

Nigeria and both regulators and operators lacked adequate knowledge and skills for microfinance operations. To address that gap, the NDIC partnered with the Microfinance Regulatory Authority (MRA) of Bangladesh in 2013 to build capacity for its staff. Also, the NDIC organized a national workshop on microfinance practice for the Chief Executives of MFBs across the six geo-political zones.

The microfinance sub-sector was faced with some challenges during the year under review, some of which were highlighted below:

i) Weak Capital Base

Most MFBs experienced weak capital base, as a result of shareholders' funds eroded by losses. The poor quality of loan assets and the compelling need to make adequate provision for loan losses had a negative impact on the capital base of the MFBs. The observed condition was further compounded by declining earning margins which greatly constrained the institutions' capacity to internally generate additional capital.

ii) Poor Asset Quality

The level of classified credits/portfolio-at-risk (PAR) in some of the MFBs as revealed by examination reports was found disturbing. PAR ratios of some institutions were in excess of 50% as against the prudential maximum rate of 5%. The rule of "Know-Your-Customer" (KYC) which ought to be the prime driver in lending decisions had been overtaken by the desire for immediate profit and weak/inadequate underwriting and non-adherence to conditions precedent to draw-down including failure to obtain security where necessary. The slow legal and judicial system made it difficult for the MFBs to realize their NPLs or foreclose the collaterals in the event of default.

iii) Lack of Microfinance Knowledge and Experience

As a relatively novel practice in the country, most staff of MFBs lacked the requisite knowledge and skills in microfinance practice. Majority of the MFBs staff were products of the exercise that trailed the banking industry consolidation reforms which explained why many of them focused on conventional banking products and engaged in commercial lending to high net-worth individuals.

iv) Poor Corporate Governance Practices

The Board of Directors of an MFB is responsible for establishing strategic objectives, policies and procedures that would guide and direct the activities of the bank. These were lacking in most MFBs examined, which operated without strategic plans, policies and procedures. Also, there were rampart issues of self-serving practices and insider abuse by the owners, board and management of some of the MFBs. These also manifested in inaccurate financial reports, weak internal control systems and high incidences of fraud and forgeries.

v) Challenge of Management Information System

Many of the MFBs were yet to be computerized as their operations were still manually driven. That had implications for the full implementation of e-FASS for the electronic rendition of statutory returns. Poor rendition of returns to NDIC was observed during the year under review. Manual operation by many MFBs also made accurate record keeping cumbersome.

vi) High Operating Costs

During the period under review, the operating expenses of the MFBs remained high due to scarcity of functional infrastructures in the country. As observed in the previous period, the cost of office accommodation mostly in the urban areas and sometimes heavy and unsustainable wage bills resulted in high operating costs which consequently reduced the loanable funds available to most of the MFBs. The resultant effects were liquidity problems as funds that would have been utilized to create earning assets were tied down as fixed assets.

vii) Scarcity of Loanable Funds

MFBs relied on deposits for creating loans and advances and funding their operations. However, many MFBs had limited funds to extend credit to customers because of their heavy investment in fixed assets. The Microfinance Development Fund (MDF) was not yet in place to provide cheap wholesale fund for the MFBs. Access to donor funds and government poverty alleviation palliatives had been limited to only a few MFBs.

viii) High Illiteracy Level

High illiteracy level especially in the rural areas continued to constitute communication barriers to the promotion of microfinance practice, its successful implementation and financial inclusion.

16.3 Operations and Performance of Primary Mortgage Banks

During the year under review, the 83 PMBs in operation at the beginning of 2013 continued to enhance their capital base to comply with the new minimum capital requirement. Most of the PMBs did not meet the initial deadline of 30th April, 2013 set by CBN for all PMBs to comply with the minimum capital requirement of N2.5 billion and N5 billion for State and National PMBs, respectively. That deadline was later extended to 31st December, 2013.

The PMBs that met the N5 billion and N2.5 billion capital requirements were being considered by the Management of the CBN. Approval was however, given to four (4) PMBs to transform to MFBs while One (1) got approval to convert to a Finance Company as highlighted in Table 16.5.

TABLE 16.5
PMBS APPROVED BY CBN TO TRANSFORM/CONVERT TO MICROFINANCE BANKS/FINANCE COMPANY

S/N	Name of Institution	Approved Status
1.	Crossover Savings and Loans Limited	State Microfinance Bank
2.	Personal Trust Savings and Loans Limited	State Microfinance Bank
3.	Magnet Savings and Loans Limited	State Microfinance Bank
4.	Oasis Savings and Loans Limited	Unit Microfinance Bank
5.	Cornerstone Savings and Loans Limited	Finance Company

Source: Special Insured Institutions Department

During the period under review, the Mortgage Refinance Company Plc (MRC) was launched by the President of the Federal Republic of Nigeria, President Goodluck Jonathan. The private-public initiative aims at bridging the financing gap in home ownership in the country with estimated housing deficit of 17 million units.

One of the challenges that NDIC faced was the failure of the PMBs to render returns as at when due. Out of the 83 PMBs in operation as at December 31, 2013, only 34 rendered returns. The analysis of their returns revealed that their total assets stood at N270.09 billion, total credit was N106.31 billion, total deposit was N131.12 billion, while the sum of N39.89 billion was obtained from the National Housing Fund (NHF) for on-lending. The ratio of mortgage assets to total asset was 30.48% as against the prudential minimum of 50% prescribed in the Revised Guidelines for Primary Mortgage Banks in Nigeria. Mortgage assets amounted to N82.32 billion or 62.7% of total loanable funds of N131.12 billion as at December, 2013.

16.3.1 Challenges Faced by the Primary Mortgage Banks

During the year under review, the PMB sub-sector encountered many challenges that militated against the attainment of the policy objective of acting as a catalyst for the development and provision of affordable houses to average Nigerians. Some of the challenges included:

i) Delay in Accessing NHF Funds/Dearth of Long Term Funds

The PMBs encountered a lot of delays before the NHF funds were disbursed to a few of them. Some PMBs found it difficult to provide the required bank guarantee to access the NHF funds, hence many of them had no customers that benefited from the use of the funds. Also, only 4 out of the 83 PMBs in operation were listed on the Nigerian Stock Exchange (NSE), which meant that many others had no access to long term funds through the capital market window. Furthermore, the strict investment guidelines for pension funds had restricted the PMBs access to the fund.

ii) Difficulties in Deposit Mobilization

The banking public prefer to open savings/current accounts with the DMBs rather than with PMBs whose operations were too complicated for them to understand. Thus the

PMBs found it difficult to mobilize deposits to finance their housing projects which were usually long term in nature.

iii) Land Use Act

The Land Use Act had made the process of perfecting title to a landed property cumbersome, slow and costly. That reality had seriously affected the development of the housing sector as landed properties were treated with utmost caution. It had also negatively affected foreclosure procedures on properties pledged as collateral.

iv) Under-Developed Mortgage-Backed Securities Market

In advanced economies, there exist ample opportunities in mortgage-backed securities that are freely traded on recognized stock exchanges. In Nigeria, there is a dearth of mortgage-backed securities. Securitization of mortgage assets would enhance their marketability and promote market deepening provided the inherent risks are well managed.

v) 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 the low income earners. Such factors included the appalling state of infrastructural facilities like roads, transportation, power and water supply. Others were the high foreign exchange content of imported building materials like cement, tiles and ceramic wares. However, the call by the Federal Government to computerize the land registries in the country, if implemented would however, reduce the cost of house construction and sale by private developers.

vi) Poor Corporate Governance and Risk Management Practices

Some PMBs were yet to imbibe the culture of good corporate governance and sound risk management practices. Many of them were yet to put in place needed procedures to identify, monitor, manage and control the various risks associated with their operations. Besides, their performance had been impaired by lapses such as improperly constituted boards, infrequent board and committee meetings, unqualified and inexperienced staff and management, poor internal control systems and failure to either render returns or rendition of inaccurate returns.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

PART THREE

CONSUMER EDUCATION

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 17

FACTS ABOUT THE DEPOSIT INSURANCE SYSTEM (DIS) IN NIGERIA

Introduction

The Nigeria Deposit Insurance Corporation (NDIC) was established through NDIC Act No 22 of 1988 which was later amended and replaced with NDIC Act No 16 of 2006. It commenced operations as a corporate body with perpetual succession and a common seal. It is an independent agency of the Federal Government of Nigeria with the mandate of deposit guarantee, bank supervision, failure resolution and liquidation.

As part of the NDIC's continuous effort to enlighten the public, this section provides some of the Frequently Asked Questions (FAQs) and Answers about DIS by stakeholders.

Question 1: What is Deposit Insurance?

Answer: Deposit Insurance is a system established by the 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: Financial institutions differ from most 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 analyze 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: 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 vehicles. 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 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 The Deposit Insurance System in Nigeria?

Answer: The NDIC is a government owned institution, established by Act 22 of 1988 (now replaced with NDIC Act No. 16 of 2006). It is 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 deposit insurance funds, the Deposit Insurance Fund (DIF) for deposit money banks (DMBs), the Special Insured Institutions Fund (SIIF) for licenced Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs) and the Non-Interest Deposit Insurance Fund (NIDIF) for the Non-Interest Banks (NIBs).

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) Micro-finance Banks – (MFBs);
c) Primary Mortgage Banks (PMBs); and
d) Non-Interest Deposit-Taking Financial Institutions (NIDTIs).

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

Question 7: 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.org.ng

Question 8: Which Financial Institutions are not covered by the NDIC?

Answer: Financial institutions not covered by the NDIC include:

a) Development Finance Institutions such as Bank of Industry, Federal Mortgage Bank, Bank of Agriculture and Urban Development Bank

b) Discount Houses
c) Finance Companies
d) Investment Firms
e) Unit Trusts/Mutual Funds
f) Insurance Companies
g) Pension Fund Administrators (PFAs)

Question 9: What Types of Deposits are Insured by the NDIC?

Answer: Not all deposits in insured institutions are covered by the NDIC. The following table lists 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 made by 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 10: Whose Deposits does the NDIC Insure?

Answer: The NDIC insures bank deposits of natural persons as well as legal entities, no matter whether they are from Nigeria or from any other country.

Question 11: How Does the NDIC Assess Premium and Who Pays for the Insurance Premium?

Answer: Participating institutions are required to pay annual premiums 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 12: How Does the NDIC Protect the Deposit Insurance Fund?

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

Question 13: Does the NDIC Finance its Operations from the DIF?

Answer: No, NDIC finances all its overhead and administrative expenses from its investment income. The main source of income of the NDIC is the proceeds from investment of the DIF in securities issued by the Federal Government. The DIF 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 14: Does the Supervisory functions of the NDIC Duplicate that of the Central Bank of Nigeria?

Answer: No. There is no duplication of supervisory functions, rather what exists is collaboration. For instance there is a framework whereby the NDIC collaborates effectively with the Central Bank of Nigeria through a joint committee on supervision at which both organizations are represented at very senior 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 a core function 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 15: How does the 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 Act 2006 guarantees payment of deposits up to the maximum insured sum of **N500,000** to a depositor in DMBs and **N200,000** to a depositor in MFBs and PMBs 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 16: How does the NDIC Establish the Ownership of a Deposit?

Answer: The NDIC relies on deposit account records kept by a failed bank as well as on the proofs presented by the depositor.

Question 17: As a Depositor must I Apply for the Deposit Insurance Coverage?

Answer: No, a depositor does not need to. Under the Nigeria deposit insurance system, eligible deposit accounts in insured institutions are automatically insured at no charge to any depositor.

Question 18: When is Insured Deposit Payable?

Answer: Deposit insurance 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 19: 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.

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 20: 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 21: 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 ID 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 22: 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 the Court. The depositor would also be required to identify himself/herself with a valid identification document like National ID Card, National Voters Card, Driver's Licence or International Passport.

Question 23: 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 24: 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 25: What is Liquidation Dividend?

Answer: This is payment made to a depositor of a failed insured institution in excess of the insured sum. While the insured sums are paid from the NDIC DIF, SIIF and NIDIF, liquidation dividends are paid from funds realized from the sale of the assets and recoveries of debts owed to the failed insured institution.

Question 26: What is the Current Insured Limit and why is it limited to a Fixed Sum?

Answer: The insured limit is currently a maximum of **N500,000** for each depositor in respect of deposits held in each insured deposit money bank and **N200,000** for each depositor in MFB and PMB in 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 27: If a Depositor has an Account in the Main Office of a Participating Institution 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 28: 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, however, if a depositor has accounts in more than one bank, they are insured independently up to the maximum insured sum per bank.

Question 29: 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 30: If a Husband and Wife or any two or more other Persons, have, in addition to the Individually-Owned accounts of each, a Valid 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 31: 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 32: 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 33: 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 to the maximum sum.

Question 34: 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 to the maximum insured sum.

The term Independent activity means any activity other than one directed solely at increasing insurance coverage.

Question 35: 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 Deposit In Excess of the Maximum Insurance 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 36: 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 37: 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 38: What does Open Bank Assistance (OBA) mean?

Answer: Open Bank Assistance (OBA) is a situation where a failed insured institution is allowed to continue to operate in the same name as a going concern. 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 39: 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 40: 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 41: How do Clients of Defunct Banks (such as All States 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 48.

Question 42: How are Depositors' of Failed insured Institutions informed about the Commencement of Payment of Insured Deposits by 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 43: 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 48.

Question 44: Is my Fixed Deposit pledged as Collateral for a Loan Insured by the NDIC?

Answer: No. Such deposits are not insured by the NDIC.

Question 45: How does NDIC promote Financial Inclusion?

Answer: The NDIC supports financial inclusion through guaranteeing deposits, especially 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 46: 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 daily basis. This is achieved sometimes through the conduct of investigation by NDIC Examiners.

Question 47: 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 48: 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.org.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**	Maman Kontagora House 23a Marina, PMB 12881 Lagos Nigeria Tel:01- 2798280
ii)	**Bauchi**	No 3 Ahmed Abdulkadir road P.M.B 0207 Tel: 09020441970 -73; 09020441975
iii)	**Benin**	28A&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 18

DIS GLOSSARY

NO.	TERMS	OTHER TERMS USED	DEFINITION
1	**Adverse Selection**		The tendency for higher-risk financial institutions to opt for deposit insurance and lower-risk ones to opt-out when membership in a deposit insurance system is voluntary.
2	**Assessment Base**		The base on which the deposit insurer charges premiums or calculates the levy needed to compensate the covered depositors.
3	**Back-up Funding**		Additional funding arrangements to supplement the deposit insurance funds in situations where the funds are insufficient to meet the liquidity needs of intervention and failure resolution which include depositor reimbursement.
4	**Insolvency**		A situation where a financial institution can no longer meet its financial obligations when due or the value of its assets is less than the total of its debts.
5	**Bank Run**		A large scale withdrawal of deposits by depositors, precipitated by fear that a financial institution may fail and depositors may suffer losses.
6	**Blanket Guarantee**		A declaration by the authorities that all deposits and perhaps other financial instruments will be fully protected.
7	**Bridge Institution**		A temporary financial institution, finance company or other entity that is established to take over and continue certain operations of a failed financial

			institution as part of the resolution process, pending a sale to a third party acquirer.
8	**Camels Indicators**		An international bank-rating system where supervisors rate financial institutions according to six factors represented by the acronym "CAMELS" (Capital adequacy, Asset quality, Management capability, Earnings, Liquidity and Sensitivity to market risk).
9	**Capital Adequacy Ratios**		A measurement of the amount of a financial institution's capital expressed as a percentage of its risk weighted assets. A financial institution's capital is the "cushion" for potential losses, which protects its depositors or other creditors.
10	**Claim**		An assertion of the indebtedness of a failed financial institution to a depositor, general creditor, subordinated debt holder, or shareholder.
11	**Co-insurance**		An arrangement whereby depositors are covered for a pre-specified portion that is less than 100 percent of their covered deposits.
12	**Compulsory System**	**Mandatory System**	A system wherein all targeted financial institutions must be members of a deposit insurance system, according to law or agreement.
13	**Conservator**	**Administrator**	A person or entity, including a government agency, appointed by a regulatory authority to operate a troubled financial institution in an effort to conserve, manage, and protect the troubled institution's assets until the financial institution has stabilized or has been closed by the chartering authority.

14	**Conservator-ship**		The legal procedure provided by law or agreement for the interim management of financial institutions in financial difficulties.
15	**Coverage Ratio (by account and/or depositor)**		The ratio of fully covered accounts or depositors divided by total eligible accounts or depositors.
16	**Coverage Ratio (by value)**		The ratio of covered deposits divided by total eligible deposits.
17	**Covered depositors**	**Guaranteed depositors**	Holders of deposits eligible for deposit insurance protection.
18	**Covered Deposits**	**Guaranteed deposits**	Eligible deposits that do not exceed the maximum level of coverage provided by a deposit insurance system.
19	**Cross-border Cooperation Arrangements**		Specific cooperation agreements, sanctioned by national law, that enable resolution authorities to share information and to act collectively to resolve financial institutions located in multiple jurisdictions in a more orderly and less costly manner.
20	**Deposit**		Any credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a financial institution must repay under the legal and contractual conditions applicable, any debt evidenced by a certificate issued by a financial institution, and any other funds or obligations defined or recognized as deposits by the law establishing the deposit insurance system.

21*	**Deposit Insurance System**	**Deposit Guarantee Scheme**	A system referring to the deposit insurer and its relationships with the financial system safety-net participants that support deposit insurance functions and resolution processes.
22*	**Deposit Insurer**		A legal entity responsible for providing deposit insurance, deposit guarantees or similar deposit protection arrangements. In some jurisdictions this function may be assigned to another participant in the financial safety net.
23	**Deposit Payout**	**Deposit Reimburse-ment**	A resolution method for failed financial institutions that involves the reimbursement of deposits to insured depositors and the transfer of the financial institution's assets to a receiver for liquidation.
24*	**Deposit-taking Institution**		Any firm which accepts deposits or repayable funds from the public and is classified under the jurisdiction's legal framework as a deposit-taking institution.
25	**Depositor Preference**	**Depositor Priority**	The granting of preferential treatment to depositors such that their claims against the proceeds of liquidation of the assets of an insolvent financial institution must be paid in full before remaining creditors can collect on their claims.
26	**Differential Premium System**		A levy on a member institution assessed on the basis of that institution's risk profile.
27	**Early Intervention**		Remedial actions of supervisors and/or resolution authorities (e.g. raising private capital, modification of business lines, divestiture of assets) aimed at correcting

			irregularities at financial institutions early enough to help the financial institutions return to the normal course of business and avoid entering into a resolution stage.
28	**Early Warning System**		An empirical model that attempts to predict the likelihood of failure or financial distress of financial institutions over a fixed time horizon, based on the financial institutions' current risk profile.
29	**Eligible Deposits**	Insured Deposits; Protected 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).
30	**Explicit Protection**		A system, expressly laid down by statutes or other legal instruments, that stipulates the level and limits the depositors can expect in the event of a financial institution failure, with rules concerning coverage limits, the types of instruments covered, the methods for calculating depositor claims, funding arrangements and other related matters.
31*	**Ex-ante Funding**	Hybrid Funding	The collection of premiums to accumulate a fund, - to meet future obligations and to cover the operational and related costs of the deposit insurer, - and, when necessary, the imposition ex-post assessments or levies on member institutions.
32*	**Ex-post funding**		A system where funds to cover deposits insurance obligations are only collected after a member institution fails.

33*	**Financial Safety Net**		A framework that includes the functions of prudential regulation, supervision, resolution, lender of last resort and deposit insurance. In many countries, a department of government (generally a Ministry of Finance or Treasury responsible for financial sector policy) is included also in the financial system safety net.
34	**Flat-rate Premium**		A system where premiums are assessed at a uniform rate across all insured institutions.
35	**Funding**		Financing mechanisms necessary to cover the operating expenses of a deposit insurer and to ensure the prompt reimbursement of depositors' claims. It could include supplementary back-up funding for liquidity needs in case of an intervention or a failure resolution.
36*	**Governing Body**		A group of people or an entity, such as a board of directors, that directs the business and affairs of an organisation. Some jurisdictions use a two-tier board structure, where the supervisory function of the board is performed by a separate entity known as a supervisory board that has no executive functions. Other countries, in contrast, use a one-tier board structure in which the board has a broader role.
37	**Interim Payment**	**Advance Payment**	A partial payment made to depositors by the deposit insurer before the start of actual reimbursement, particularly, in situations when there may be extended delays in reimbursement or when the deposit insurer is of the view that insured depositors urgently require access to their funds.

38	**Intervention**		Any actions, including formal corrective action, taken by supervisory, resolution authorities or deposit insurer to address concerns that may arise with a financial institution.
39	**Legal Protection**		The set of lawful mechanisms by means of which persons participating in the resolution of a failed financial institution, including current and former employees, directors, officers and lawfully delegated agents of an organization, 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.
40	**Limited-Coverage Deposit Insurance System**		A system that guarantees that the principal and/or the interest accrued on covered deposit accounts will be paid up to a specified limit.
41*	**Liquidation**		The winding down of the business affairs and operations of a failed financial institution through the orderly disposition of its assets after it has been placed in receivership.
42	**Liquidator**		The legal entity that undertakes the liquidation or winding down of the business affairs and operations of a failed financial institution.
43*	**Loss Minimizer**		A mandate where the deposit insurer actively engages in a selection from a range of least-cost resolution strategies.
44*	**Mandate**		A set of official instructions describing the roles and responsibilities of deposit insurers. There is no single mandate or

			set of mandates suitable for all deposit insurers. Assigning a mandate to a deposit insurer must take country specific circumstances into account.
45	**Member Institution**	**Insured Institution**	A financial institution that is protected by a deposit insurance system.
46	**Moral Hazard**		The tendency of a party (an individual or institution) with insurance to take more risks or act less carefully than they would without it because they are protected against loss.
47	**Netting Arrangement**	**Set-off Arrangement**	An arrangement where the claim of a creditor against an insolvent financial institution is to be deducted from a claim of that financial institution against the creditor.
48*	**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 firm's access to funding sources; (iii) the firm 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 firm's assets; (v) the firm is expected in the near future to be unable to pay liabilities as they fall due; (vi) the firm's business plan is non-viable; and/or (vii) the firm is expected in the near future to be balance-sheet insolvent.

49	**Operational Independence**		The ability of an organization to use the powers and means assigned to it to fulfil its mandate without undue influence from external parties.
50*	**Paybox**		A mandate where the deposit insurer is only responsible for the reimbursement of insured deposits.
51*	**Paybox Plus**		A mandate where the deposit insurer has additional responsibilities such as a certain resolution functions (e.g. financial support).
52	**Premium**	**Contribution**	The amount that a member institution pays for deposit insurance for a given time period such as a year.
53	**Problem (weak) Bank**		A financial institution whose liquidity or solvency is or will be impaired unless there is a major improvement in its financial resources, risk profile, strategic business direction, risk management capabilities and /or quality of management.
54	**Public Awareness Program**		A program designed to inform the public on an ongoing basis about the benefits and limitations of the deposit insurance system.
55*	**Public-policy Objectives**		The objectives or goals the deposit insurance system is expected to achieve.
56	**Purchase-and-Assumption Transaction (P&A)**		A resolution method in which a healthy financial institution or a group of investors assume some or all of the obligations, and purchase some or all of the assets of the failed financial institution.

57*	**Receiver**		The legal entity that undertakes the winding down of a failed financial institution.
58*	**Receivership**		The legal procedure for winding down the affairs of a non-viable/insolvent financial institution.
59	**Resolution**		Any action by a national authority, with or without private sector involvement, intended to maintain financial stability and/or address serious problems in a financial institution that imperil its viability (e.g. a substantive condition of authorisation) where, absent resolution, the institution is no longer viable and there is no reasonable prospect of it becoming so.
60*	**Resolution Authority**		A public authority that, either alone or together with other authorities, is responsible for the failure resolution of financial institutions established in its jurisdiction (including resolution planning functions).
61	**Resolution Powers**		Statutory powers available to public authorities for the purposes of resolution.
62	**Resolution Regime**		The elements of the legal framework and the policies governing the application of resolution powers.
63	**Resolution Tools**		Tools used by a resolution authority to resolve failed financial institutions. For example: purchase and assumption, bridge institution.
64*	**Risk Minimizer**		A mandate where a deposit insurer has comprehensive risk minimization functions that include risk

			assessment/management, a full suite of early intervention and resolution powers, and could include, as well, prudential oversight responsibilities.
65	**Scope of Coverage**		Types of deposits and depositors eligible for deposit insurance coverage.
66*	**Subrogation**		The substitution of one party (e.g. the deposit insurer) in the place of another (e.g. the insured depositor) with reference to a lawful claim, demand, or right, so that the party that is substituted succeeds to the rights of the other in relation to the debt or claim, and its rights and remedies.
67	**Systemically Important Financial Institution (SIFIs)**		A financial institution or a group that is regarded as so large, complex and interconnected that its distress or disorderly failure would cause significant disruption to the broader financial system and economic activity.
68	**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.
69*	**Target Reserve Ratio**	**Target Ratio** **Target Level**	The size of the deposit insurance fund measured as a proportion of the total assessment base.
70	**Winding Up**		The final phase in the dissolution of an organisation, in which accounts are settled and assets are liquidated so that they may be distributed.

Note: * denotes the definition of terms from the IADI Core Principles document (draft v07 Jan 2014).
Source: **International Association of Deposit Insurers (IADI)**

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits