

## MESSAGE FROM THE CHAIRMAN



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

It is with delight that I present to our stakeholders and the general public the Annual Report and Statement of Accounts of the Nigeria Deposit Insurance Corporation (NDIC) for the year ended 31st December, 2014. The report conveys information about important developments in the macroeconomic and socio-political environment that impacted on the nation's banking industry and the operations of the NDIC.

The macroeconomic and socio-political environment in the country was, in 2014, characterised by series of developments some of which were of serious concern to the economy while others were heart-warming indicating the resilience of the Nigerian economy and its financial system to unanticipated adverse shocks and other daunting challenges. One of the issues of serious concern was the security situation, particularly the Boko Haram insurgency in the northern part of the country, which had continued not only to be a source of distraction to government but weighed heavily on government's finances. The spate of bombings by the insurgents had continued particularly in places of worship, motor parks and markets, as the attacks had spread beyond the three identified states, Adamawa, Borno and Yobe to other states such as Kaduna, Kano, Plateau, Gombe and Taraba. That had affected economic activities in the country, particularly in the affected states. However, in spite of the various challenges posed by that development, government had continued to make headway in its efforts at bringing the insurgency in the country to an end.

In the health sector, the country grappled with the challenge of fighting the dreaded Ebola Virus which killed a total of eight people in 2014. The virus found its way into Nigeria in July 2014, through an American host victim, Patrick Sawyerr, who travelled from Liberia to Lagos. The epidemic affected the socio-economic activities in the country, particularly in the areas of tourism and hospitality industry, education, and transportation, amongst others. The rapid medical intervention by the country's authorities prevented the spread of the virus in the country. Consequently, the country was declared Ebola-free by the World Health Organisation on 19th October, 2014.

The year 2014 also witnessed a number of industrial actions by some trade unions. Notable among them were the strike actions carried out by the Nigeria Medical Association (NMA), Joint Health Sector Union (JOHESU) and the Judiciary Staff Union of Nigeria (JUSUN). That development resulted in the loss of man-hours and productivity. Another development during the period under review was the appointment of Mr. Godwin Emefiele as the new Governor of the Central Bank of Nigeria (CBN). He

assumed office on 2nd June, 2014. Prior to his appointment, Mr. Emeziele was the Managing Director/CEO of Zenith International Bank Plc.

Furthermore, there was a sharp and persistent decline in crude oil prices from a peak of \$112/barrel in January 2014 to below \$50/barrel in December 2014. That development adversely affected government revenue with its attendant impact on budget implementation, foreign exchange earnings as an oil dependent economy, and the naira exchange rate. The monetary authorities responded by taking several measures which included: defending the country's currency using the foreign reserve; devaluation of the currency by 8.39 percent; raising the Monetary Policy Rate (MPR) by 100 basis point from 12 percent to 13 percent; raising the Cash Reserve Ratio (CRR) on private sector deposits by 500 basis points from 15 percent to 20 percent, amongst others. Also the fiscal authorities embarked on economic diversification through the implementation of various policies and programmes in the agricultural sector, which resulted in increased food production. That contributed not only to the reduction of food imports but also to moderating inflation within single digit. Other measures taken by government included: the rapid development of infrastructure particularly rail transportation; building of new airports and remodelling of existing ones; as well as job creation through several initiatives of the government.

It is worthy of note that the country's Gross Domestic Product (GDP) rebasing was concluded within the year under review, after 24 years the last exercise was carried out. The exercise resulted in a revision of nominal and real GDP estimates as well as growth rates of GDP for the period 2010 to 2014, amongst others. The rebasing raised the country's GDP from USD269.5 billion to USD509.9 billion for year 2013. The increase was mainly attributed to the inclusion of new sectors of the economy such as telecommunications, entertainment, and retail trade that were either previously not captured or under reported. As a result of the rebasing, Nigeria ranked the largest economy in Africa and the 26th largest in the world as at end December 2014. Similarly Nigeria's per capita income rose from USD1,555 to USD2,688, ranked 121st in the world from 135th position.

On the political scene, it was heart-warming to note that the two dominant political parties held their national conventions successfully and the standard bearers of the parties emerged. That marked the beginning of yet another journey towards the transition from civilian to civilian administration in the country. It is instructive to note that the smooth democratic transition is critical to socio-economic development of the country.

All the aforementioned developments impacted on the performance of the banking system and by implication on the activities of the NDIC. Within the period under review, the banking industry performed well. For instance, total assets of the industry grew by 11.84% from ₦28.79 trillion in 2013 to ₦32.20 trillion in 2014 while total deposits increased

by 7.45% from ₦16.77 trillion in 2013 to ₦18.02 trillion in 2014. Although, the industry remained adequately capitalised during the year under review, there was a slight decline in the capital adequacy ratio (CAR) from 17.18% in 2013 to 15.92% in 2014, which still exceeded the prudential threshold of 10%. Overall, the banking industry was stable and safe while its performance and level of soundness was considered satisfactory.

In the period under review, NDIC celebrated the 25th Anniversary of its existence. The celebration, which held within the period September 19 - December 12, 2014 was marked with a number of activities including press briefing, public lecture and award night. The anniversary celebration provided the NDIC the opportunity to reflect on its scorecard in the last 25 years and to see how well it had fared in the discharge of its mandate, as well as the challenges it encountered with a view to re-strategizing for better performance.

On the international scene, the NDIC continued to collaborate with the International Association of Deposit Insurers (IADI) secretariat and other sister DIS around the world with a view to sharing information and experience on deposit insurance practices. It is heart-warming to indicate that the NDIC won the 2014 IADI award of '**The Best Deposit Insurance Organization of the Year under Category 2 – Core Principles' compliance and International collaboration.**' That was a clear testimony that the NDIC not only delivers on its mandate but also operates in line with international best practices.

Furthermore, the NDIC continued to receive assistance from external agencies such as the World Bank and US Department of the Treasury in the area of capacity building.

Let me conclude this message by expressing my pleasure on the successes we recorded in 2014. I also wish to commend members of the Board, Management and Staff of the NDIC, institutional stakeholders such as the CBN and Federal Ministry of Finance as well as other safety-net players within the financial system for their contributions and cooperation in recording the achievements. I urge us all to raise the operational standards of the NDIC to lofty heights such that other Deposit Insurance Systems around the world would look up to us for standard best practices. The challenge ahead of us is to continue to improve on our commitment to achieving our mandate. On this note, I thank you all for your contributions and wish the NDIC fruitful years ahead.

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