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 IN 2014

11.1 Introduction

Several developments in both the domestic and international markets significantly affected the environment in which the insured financial institutions operated in 2014. The developments were regulatory, macro-economic and socio-political in nature.

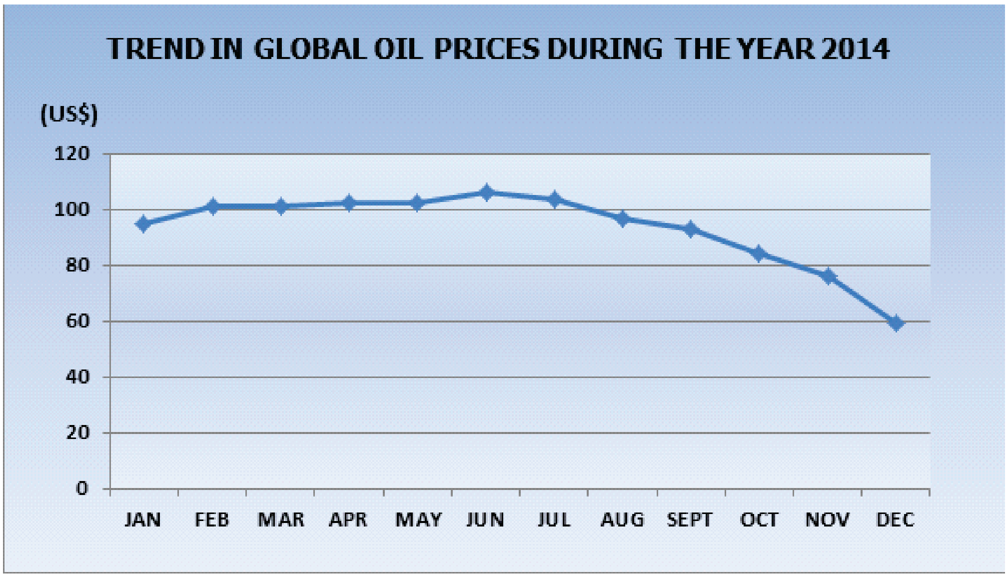
Despite the tight monetary policy, new banking rules and the volatile operating environment typified by the continuous decline in the price of crude oil, the banking industry recorded significant improvement in most performance indices. The banking sector continued to play key roles in the development of the Nigerian economy through mobilizing resources for productive investments with major focus on the real sector. Financial assets also gained from the relatively stable global financial system and sustained economic policy ease in advanced economies. In addition, strong regulation and supervision which required more disclosures by the financial institutions, and enhanced corporate governance further reinforced the sectors' financial intermediation process that was supported by sustained interventions in key sectors of the economy. Various measures and initiatives were also implemented to improve the payment system.

During the year under review, the CBN, in collaboration with the NDIC and other stakeholders had continued to implement sound financial sector policies to ensure that the recent gains due to banking sector reforms were sustained and consolidated. This section presents a review of the operating environment for insured financial institutions in 2014.

11.2 Monetary Policy Environment

In 2014, the CBN remained committed to the attainment of price and exchange rate stability as well as ensuring an efficient payment system. The operating environment was challenging and volatile in 2014 as a result of the falling crude oil prices and its subsequent impact on businesses and the economy. That development impacted negatively on the country's external reserves, the Naira currency and the implementation of the national budget. Chart 11.1 shows the trend in global crude oil prices (in USD) during the year under review.

Chart 11.1
TREND IN GLOBAL OIL PRICES DURING THE YEAR 2014



Inspite of the challenges, the CBN in 2014 implemented the following measures to moderate the effect of falling crude oil prices and other shocks in the economy:

a) Liquidity Management Measures

The CBN retained the liquidity ratio (LR) at 30% throughout the year, while it raised the Cash Reserve Ratio (CRR) on public sector deposits from 50% in 2013 to 75% in 2014. That was applied to deposits of all tiers of Government Ministries, Departments and Agencies. In addition, the private sector CRR was raised from 12% to 15% and subsequently to 20% in 2014.

b) Interest Rate Policy

The Monetary Policy Rate (MPR), being the anchor rate around which all other interest rates revolved, was raised from 12% to 13% in 2014 to curtail excess liquidity and moderate inflationary pressures in the face of increased public spending, particularly being the eve of election year.

c) Exchange Rate Policy

The exchange rate was under severe pressure as a result of falling crude oil prices in the international market. Accordingly, the CBN responded by initially defending the local currency using the country's external reserves. However, as the regime of low crude oil prices protracted, it became unsustainable to maintain the subsisting policy stance. Consequently, the CBN resorted to the devaluation of the Naira along with other monetary policy measures.

The exchange rate at the Retail Dutch Auction System (RDAS) opened at ₦157.34/US$ and closed at₦164.08/US$. That represented a depreciation of N12.34 or 4.3 percent.

The inter-bank asking rate opened at ₦165.7/US$ and closed at ₦180/US$, representing a depreciation of ₦14.73 or 8.3 percent, while at the Bureaux De Change (BDC) segment, the asking rate opened at ₦170/US$ and closed at ₦191.50/US$, representing a depreciation of ₦21.50 or 12.64 percent during the period under review.

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 insured financial institutions. The circulars/guidelines included the following:

a. Circular to Banks on Release of Information Technology (IT) Standards to the Industry

The CBN, in a circular referenced ITD/DIR/GEN/INC/01/001, released the Blueprints for the IT standards and the Governance Framework sponsored by the Bankers Committee in 2010 for adoption by all DMBs. The standard would serve as reference point in ensuring the quality of IT service delivery in the Nigerian Banking Industry. A five (5) year implementation roadmap for the IT standards had been defined within which banks are expected to implement in accordance with the set timelines and the defined priorities.

b. Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria

The CBN, in a circular referenced FPR/DIR/GEN/CIR/01/006, released the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria. Issues relating to the definition, structure, licensing requirements, corporate governance, permissible and non-permissible activities, prudential regulation and supervision were the critical areas considered in the guidelines.

c. New Requirements for the Operation of Bureau De Change in Nigeria

In a circular referenced FPR/DIR/GEN/CIR/01/009, the CBN released the new requirements for the operation of Bureaux de Change (BDCs) in Nigeria. The circular was to address observed deficiencies in the operation of BDCs in Nigeria.

d. Circular on the Phase III Nationwide Rollout of Cash-Less Policy to the 30 Remaining States

The CBN, in a circular referenced BPS/PSP/DIR/CIR/VOL.1/008, released information on the extension of the cash-less policy nationwide by July 1, 2014. The circular stopped all charges on deposits effective June 5, 2014 while charges on withdrawals were retained.

e. Guidelines on International Money Transfer

The CBN issued guidelines to address business rules governing the operation of international money transfer services in Nigeria. It also set the basis for the regulation of the services offered at different levels and by diverse participants. The Guidelines set out the Licensing Requirements, Operational Models, Disclosure Requirements, Dispute Resolution and Remedial measures, amongst others.

f. Circular on the Extension of Timeline for the Resolution of all Categories of Complaints on Excess Charges and Loans from 14 to 30 Days

The CBN, in a circular referenced FPR/DIR/CIR/GEN/04/009, directed DMBs, Discount Houses and Other Financial Institutions to expand their existing ATM Help Desks to handle all consumer complaints on excess charges and loans from fourteen (14) days to thirty (30) days. The circular took effect June 30, 2014.

g. Release of Framework for the Regulation and Supervision of Domestic Systemically Important Banks (SIBs) in Nigeria

The CBN, in a circular referenced BSD/DIR/CON/LAB/07/026, released the Framework for the Regulation and Supervision of Domestic Systemically Important Banks in Nigeria. The Framework was developed by CBN and NDIC as part of reform efforts to foster financial stability and in line with global trends. The Framework among others, specified the assessment methodology for identifying SIBs, higher loss absorbency and additional regulatory requirements such as liquidity, stress testing, disclosure and reporting requirements.

11.4 Macro-economic Environment

Developments in the macro-economic environment continued to influence activities in the financial sector in 2014. The major impetus for global growth in 2014 came from the United States of America (USA), and supported later in the year by the drop in oil prices. However, both developments fell short of returning the global economy to the pre-crisis growth path. That mainly was due to the weakness in Europe and the much slower pace of expansion in the emerging market economies in particular. Specifically, global growth continued to be constrained by high debts, fast rising unemployment in many countries; geopolitical tensions and conflicts; the negative impact of commodity price shocks on commodity exporting countries; weak external demand; and the tapering and eventual exit of the US Federal Reserve Bank from quantitative easing. Consequently, global output rose by about 3.3 per cent in 2014, which was the same rate of growth attained in 2013.

The growth which was moderate in most developed countries was further dampened by the strengthening of the U.S dollar, more volatile capital flows and financial system vulnerabilities arising from currency depreciations. All of these were compounded by increased geopolitical risks arising from the Ukrainian stand-off, militant terrorism, armed insurgency and the aftermath of the Ebola epidemic in some countries, particularly in the West African sub-region. Furthermore, the divergence between the US and Euro Area monetary policy stance, non-inclusive growth and the regional impact of falling oil prices with acute revenue shortages in countries like Nigeria, Venezuela and Russia added to the risk factors.

In 2014, growth picked up moderately in Sub-Saharan Africa to an average of 4.5 percent compared with 4.2 percent in 2013. The GDP growth slowed markedly in South Africa, constrained by strikes in the mining sector, electricity shortages, and low investor confidence, while Angola had a setback due to decline in oil production. The Ebola outbreak severely disrupted economic activities in Guinea, Liberia and Sierra Leone. By contrast, in Nigeria, the region's largest economy, activities expanded at a robust pace, supported by a buoyant non-oil sector. Growth was also strong in many of the region's low-income countries, including Côte d'Ivoire, Mozambique, and Tanzania. With the exception of South Africa, the average growth for the rest of the region was 5.6 percent.

During the year under review, the Vision 20:2020 policy document, and the Medium Term Expenditure Framework and Fiscal Strategy guided the implementation of the government's transformation agenda. In Nigeria the GDP grew by 5.94 percent in the fourth quarter of 2014. The annual GDP growth rate for the country averaged 6.13 percent for the period 2005 to 2014. Table 11.1 shows some key macro-economic indicators.

Table 11.1
KEY MACROECONOMIC INDICATORS

Macroeconomic Indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Domestic Product (₦'billon at Current Market Price)	18,222.80	22,907.30	23,842.10	25,487.40	55,469.35	63,713.36	72,599.63	81,009.96	90,136.98
Fourth Quarter Real GDP Growth Rate For the Year (%)	-	-	7.10	7.67	8.36	7.76	6.99	6.77	5.94
No of Banks	25	24	24	24	24	20	20	24	23
Inflation (%)	8.5	6.6	15.1	12.0	11.8	10.8	12.1	8.7	8.0
Total Deposit of Banks (N' billion)	3,412.30	5,357.20	8,702.00	9,989.80	10,837.14	12,330.00	14,386.00	16,771.59	17,996.00
Ratio of Total Deposits to GDP (%)	18.9	23.29	33.34	39.19	19.54	19.35	19.82	20.70	19.97
Total Assets of Banks Inclusive of Off - Balance Sheet (OBS) Engagements (N' billion)	8,140.20	13,011.60	19,261.02	17,522.86	18,661.27	21,891.56	24,584.65	23,169.00	26,233.00
External Reserve (US$' Million) as at 31 December	42,298.1	51,333.2	53,000.4	42,382.5	32,339.3	32,639.8	43,830.4	42,847.3	34,468.6

* GDP figures from year 2010 – 2014 are rebased GDP figures
Source: National Bureau of Statistics, Bank returns to NDIC and CBN

Other developments in the domestic macro-economic environment are as follows:

a) Domestic Economic and Financial Developments Output

The National Bureau of Statistics (NBS) estimated real GDP growth rate at 6.23 percent in the third quarter of 2014 compared with 6.54 per cent in the second quarter. In the year under review, there was continued dominance of the non-oil sector, particularly services, which contributed 2.53 percentage points, while Agriculture contributed 1.21 per cent and Trade 1.08 percentage point.

In addition, the rebasing of the Nigerian economy was a significant development in the 2014. The rebased GDP figures of the Nigerian economy which stood at $509.9 billion as published by the National Bureau of Statistics had placed Nigeria as the largest economy in Africa and the 26th economy in the World. The rebasing is expected to attract investors into the country thereby create more employment, expand the economy as well as enhance the economic well-being of the people. The rebasing exercise had also enabled the government to identify sectors of the economy that required support and development.

b) Prices

In 2014 the average level of inflation was 8.0 per cent, well within the range of 6.09-9.0 per cent bench mark set by the CBN. The inflation level recorded reflected a reduction in the core inflation, seasonal factors related to yuletide celebrations as well as the stabilization of food prices. The upside risks to inflation in the short term included the likely higher import prices on the strength of an appreciating dollar and possible food supply bottlenecks linked to insurgency and insecurity in some agricultural zones of the country.

c) Monetary, Credit and Financial Markets Developments

During the year under review, Broad Money Supply (M2) grew by 7.29 per cent, representing a marked improvement over the 1.32 per cent increase in 2013, but lower than the benchmark of 15.02 per cent for 2014. The relatively slower growth of total monetary liabilities (M2) reflected developments in both credit to government and the Net Foreign Assets (NFA). In 2014, credits to government contracted by 21.8 per cent, and was below the growth benchmark of 28.4 per cent. Similarly, the NFA declined by 15.02 per cent, while credit to the private sector grew by about 12.1 per cent, essentially pushing aggregate domestic credit growth by about 11.0 per cent. The weak performance of NFA was largely due to the lower oil prices with the attendant consequence of reduced accretion to the external reserves.

d) External Sector Development

Gross official external reserves as at December 31, 2014 stood at $34.25 billion compared with $42.85 billion in 2013. The decrease in the reserves level was driven largely by increased funding of the foreign exchange market interventions to stabilize the exchange rate in the face of decline in reserve accretion. However, the country's external reserves as at the end of December 2014 could finance 7.44 months of imports which was considered good given the minimum of 3 months import that was the standard.

11.5 Socio-Political Environment

The socio-political environment continued to witness various activities in 2014. Notable among the challenges was the increase in the number of terrorist attacks and the growing insecurity to lives and property in the nation due to the activities of Boko Haram, particularly in North-East and other parts of the country. The activities of the sect climaxed with the abduction of over 200 school girls in Chibok, Borno State which attracted worldwide condemnation. The insurgency had adversely affected the economic and social activities of the affected areas.

Another major event that constituted a challenge to government in 2014 was the strike actions embarked upon by some Trade Unions such as National Association of Medical Doctors (NMA), Joint Health Sector Union (JOHESU), Nigerian Oil Workers Union (PENGASSAN and NUPENG) and the Judiciary Staff Union of Nigeria (JUSUN). The strike actions by these Unions paralysed services in the health sector and the judiciary.

Furthermore, the outbreak of Ebola disease in the country in July 2014 which involved 20 cases of which 8 people died was a significant development in the year 2014. The disease resulted in nation-wide panic, and adversely affected socio-economic activities in the areas of tourism, hospitality industry, education and transportation. However, the rapid medical intervention by the country's authorities prevented the spread of the virus in the country. Consequently, the country was declared ebola virus free by World Health Organisation on 19th October, 2014.

Another significant development in the year under review was the drastic fall in price of the crude oil at the global market. The fall led to significant revenue shortfalls for the government and hindered the implementation of the national budget.

Another development was the 2015 general elections and the uncertainties surrounding its attainment. No doubt the general elections had heated the polity and raised concerns among Nigerians on the safety of lives and property. The concerns about 2015 elections had led to foreign investors being cautious of investing in the country.

The increasing criminal activities in Nigeria's territorial waters were also developments that negatively impacted on the economy in the year 2014. They included illegal bunkering, crude oil theft and pipeline vandalism, among others.

As part of efforts by the government to tackle the incessant cases of oil criminal activities as well as ensuring sanity within/around the oil producing areas in the country, the Nigerian Maritime Administration and Safety Agency (NIMASA) had been collaborating with the Nigerian Air Force and Navy in air surveillance of the country's maritime domain and patrol of the territorial waters to curb the illegal activities. The government also ensured that most oil related criminal suspects were arrested and convicted by the court of law in the year 2014.

Notwithstanding the aforementioned challenges, government took several measures to improve the security situation in the country, resolve various labour related issues and salvage the nation's economy from falling crude oil price and revenues with a view to providing a conducive environment for growth and development of Nigeria's economy.

Similarly, the government continued to make significant strides toward improving infrastructure by reviving rail transportation as well as rehabilitating road networks in the country. Furthermore, the port reforms and terminal concessions attracted private investments on a scale unprecedented in Africa. Also, the bold liberalization measures in the ICT sector had also resulted in widespread mobile services, and major private investments in the development of a national fibre-optic backbone.

SECTION 12

FINANCIAL CONDITION OF THE BANKING INDUSTRY

12.0 Introduction

During the year under review the developments in the external and domestic economy environments invariably impacted on the performance of the banking industry. Notwithstanding the developments, the banking industry's financial soundness indicators revealed that the industry remained generally sound during the year under review. The banking industry recorded significant growth in assets of 11.84%, credits to the economy grew by 25.73%, and deposit liabilities rose by 7.45%, while unaudited profits of the industry showed a growth of 11.31% in 2014.

12.1 Capital Adequacy

The banking industry capital base remained strong during the year under review. Industry equity capital increased by 27.27% from ₦227.42 billion in 2013 to ₦289.43 billion in 2014 due to the recapitalization embarked upon by some banks. The reserves increased by 11.77 % from ₦2.38 trillion in 2013 to ₦2.66 trillion in 2014, due to increase in retained profit. The adjusted shareholders' funds (Tier 1 capital) increased marginally by 0.89% from ₦2,418.75 billion in 2013 to ₦2,440.20 billion in 2014. Similarly, the total qualifying capital increased by 19.25% from ₦2,415.40 billion in 2013 to ₦2,880.40 billion in 2014. The capital to risk-weighted asset (CAR) of the DMBs declined by 1.26 percentage points from 17.18% in 2013 to 15.92% in 2014, but exceeded the minimum capital adequacy threshold of 10%. As at December, 31 2014, three (3) out of twenty four (24) banks failed to meet the minimum prudential CAR of 10% compared to one (1) bank in 2013. The banks needed to recapitalize to meet the volume of their operations.

Table 12.1 shows some indices of DMBs' capital adequacy as at 31st December, 2014 with comparative figures for 2013.

Table 12.1
INSURED DMBs CAPITAL ADEQUACY

Capital Adequacy Indicators	Year	
	2013	**2014**
Total Qualifying Capital (₦' billion)*	2,415.40	2,880.40
Adjusted Shareholders' Funds (Tier 1 Capital) (₦' billion)	2,418.75	2,440.20
Tier II Capital (₦' billion)	252.13	440.20
Capital to Total Risk Weighted Asset Ratio (%)	17.18	15.92

Source: Insurance and Surveillance Department, NDIC
* Total Qualifying Capital is made up of Tier 1 Capital and Tier 2 Capital, less Investment in Unconsolidated subsidiaries.

12.2 Asset Quality

The banking industry asset quality was strong in 2014 as revealed by the non-performing loans (NPL) in 2014. The banking industry non-performing loans to total loans ratio improved from 3.20% in 2013 to 2.81% in 2014 and was within the regulatory threshold of 5%. All the banks in the industry operated within the regulatory limit of 5%. Notwithstanding the improvement, the volume of NPLs increased by 10.26% from ₦321.66 billion in 2013 to ₦354.84 billion in 2014.

The banking industry total loans and advances stood at ₦12.63 trillion in 2014, showing an increase of 25.73% over ₦10.04 trillion granted in 2013. Table 12.2 shows the quality of assets of the industry as at 31st December, 2014, relative to 31st December, 2013. The position of asset quality for the period is further illustrated in Charts 12A and 12B.

Table 12.2
ASSET QUALITY OF INSURED DMBs

	Year	
	2013	**2014**
Total Loans (₦'billion)	10,042.73	12,626˙96
Non Performing Loans (₦'billion)	321.66	354.84
Ratio of Non-Performing Loans to Total Loans (%)	3.20	2.81
Ratio of Non-Performing Loans to Shareholders' Funds (%)	13.35	12.01

Source: Insurance and Surveillance Dept., NDIC

Chart 12A
LEVEL OF TOTAL LOANS AND NON-PERFORMING LOANS

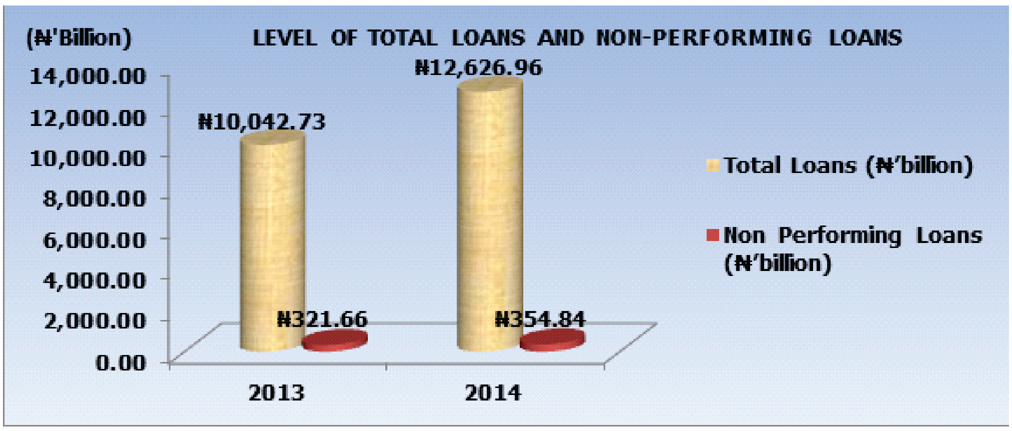
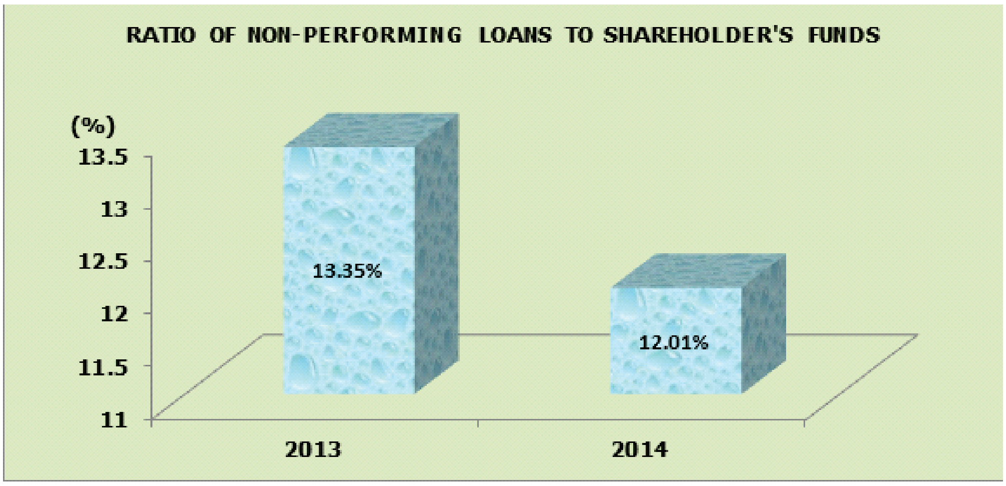
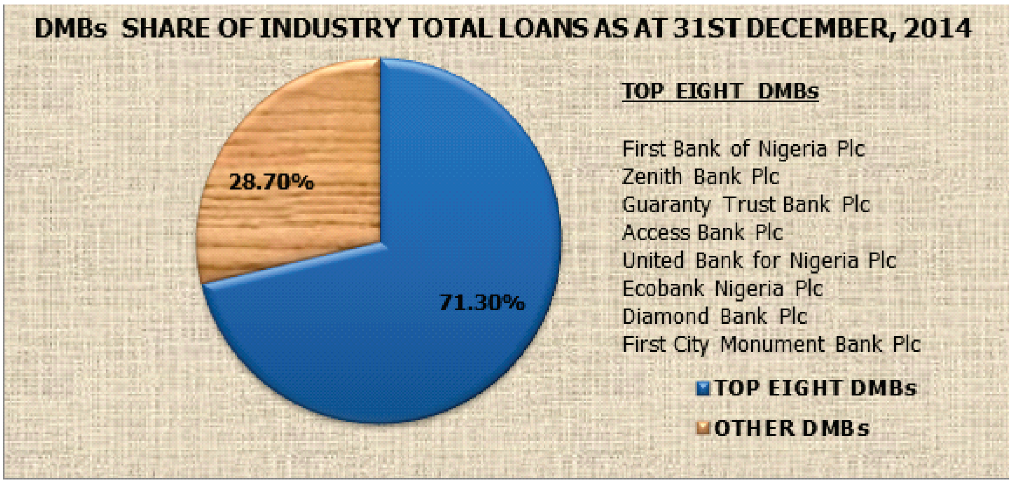


Chart 12B
RATIO OF NON-PERFORMING LOANS TO SHAREHOLDER'S FUNDS



As can be seen in Chart 12C, the top eight (8) DMBs in the banking industry accounted for 71.30% of total loans extended to the economy in 2014. That was higher than the year 2013 figure, which stood at 66.10%. It also depicted the fact that a few major banks dominated the banking industry during the year under review.

Chart12C
DMBs SHARE OF INDUSTRY TOTAL LOANS AS AT 31ST DECEMBER, 2014



12.3 Earnings and Profitability

The banking industry's earnings and profitability improved slightly as most of the DMBs reported profit during the year under review. As at 31st December 2014, the unaudited profit-before-tax (PBT) of the banking industry stood at ₦601.02 billion, representing an increase of 11.31% over ₦539.97 billion reported in 2013. The growth in income could be largely attributed to the marginal increase in interest income and non-interest income. While interest income increased by 0.95% from ₦2.10 trillion in 2013 to ₦2.12 trillion in 2014, loan recoveries declined by 29.21% during the same period.

The banking industry Total Operating Expenses increased by 3.23% from ₦1.55 trillion in 2013 to ₦1.60 trillion in 2014. Similarly, interest expense grew by 2.88% from ₦796.73 billion in 2013 to ₦819.67 billion during the period under review. Also, Return on Assets (ROA) and Return on Equity (ROE) declined marginally by 1.70% and 1.76% from 2.33% and 20.71% to 2.29% and 20.34% in 2013 and 2014 respectively. Yield on earning assets also declined to 11.71% in 2014 from 13.10% in 2013. Table 12.3 and Chart 12D present selected financial indicators of earnings and profitability as at 31st December, 2014.

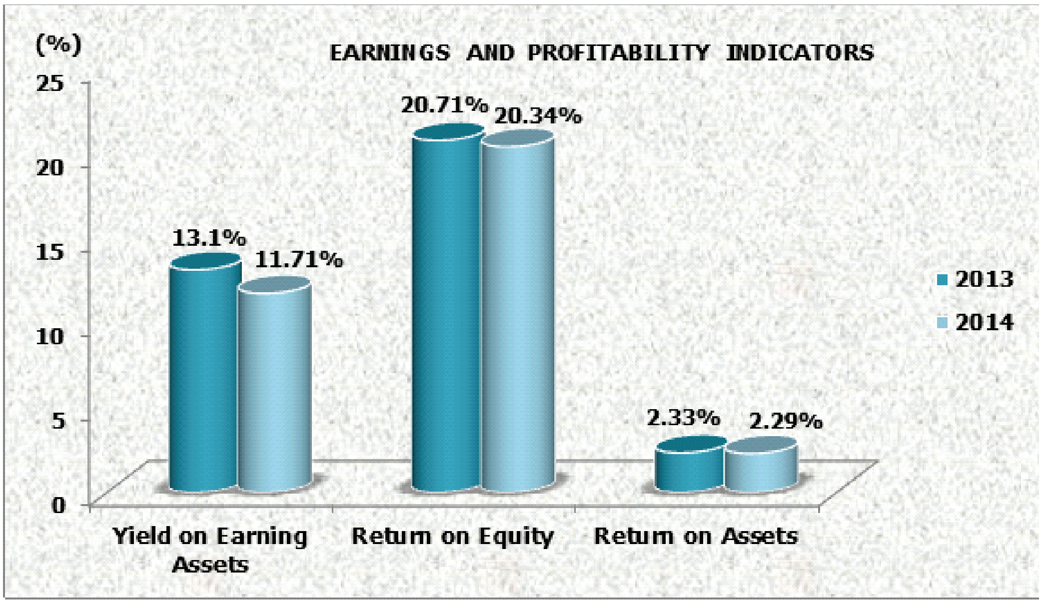
Table 12.3
EARNINGS AND PROFITABILITY INDICATORS FOR DMBs

Indicators	Year	
	2013	**2014**
Profit Before Tax (₦' billion)	*539.97	601.02
Net Interest income (₦' billion)	*1,298.59	1,296.92
Non Interest income(₦' billion)	*744.83	873.17
Interest Expenses (₦' billion)	*796.73	819.67
Operating Expenses (₦' billion)	1,544.52	1,596.61
Yield on Earning Assets (%)	13.10	11.71
Return on Equity (%)	20.71	20.34
Return on Assets (%)	2.33	2.29

Source: Insurance and Surveillance Dept., NDIC
*Revised Figure

CharT 12D

EARNINGS AND PROFITABILITY INDICATORS



12.4 Liquidity Management

The banking industry liquidity risk was moderate during the period under review. The industry average liquidity ratio rose from 50.63% in 2013 to 53.65% in 2014 and was well above the prudential minimum threshold of 30%. Individually, all the DMBs in the industry had liquidity ratios in excess of the minimum prudential requirement of 30%, as at 31st December 2014, indicating that all DMBs were sufficiently liquid. The improved liquidity in the banking industry may be attributed to the impact of Federal Government statutory allocations to the various tiers of government. Also, there was remarkable increase in the ratio of Loans and Advances to Total Deposits as it increased from 57.95% in 2013 to 68.11% in 2014. The ratios were within the maximum prudential threshold of 70% for the DMBs in 2013 and 2014. Table 12.4 presents the liquidity position of the DMBs for 2013 and 2014.

Table 12.4

LIQUIDITY POSITION OF INSURED DMBs AS AT 31ST DECEMBER, 2014

Items	Year	
	2013	**2014**
Average Liquidity Ratio %	50.63	53.65
Loans and Advances to Deposit Ratio %	57.95	68.11
No of Banks with Less than 30% minimum Liquidity Ratio	Nil	Nil

Source: Insurance and Surveillance Department, NDIC

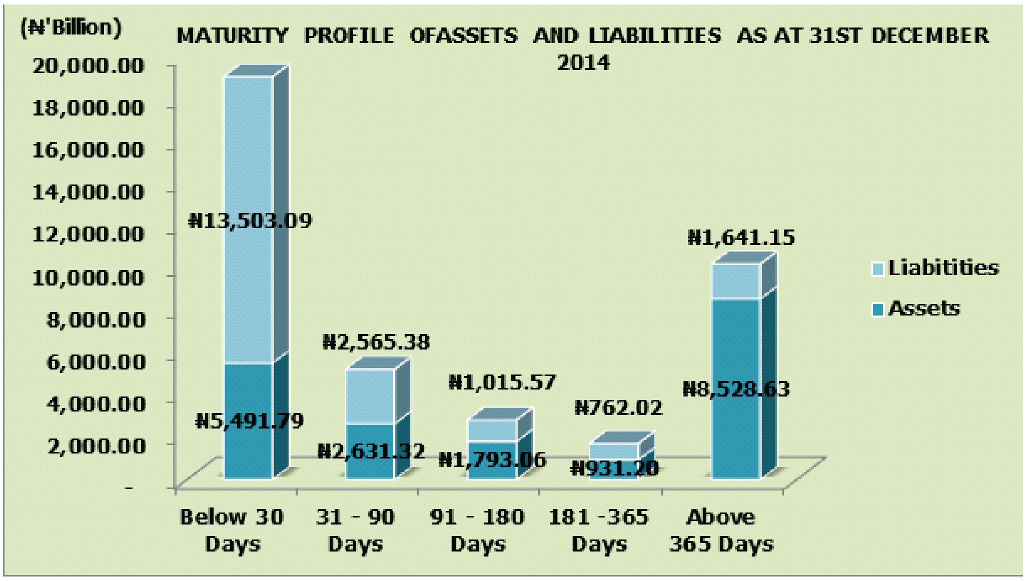
12.5 Maturity Profile of Assets and Liabilities

The maturity profile of the banking industry's assets and liabilities continued to show mismatch and investor preference for short-tenored investment. As shown in Chart 12E, short-tenored investments maturing below 180 days accounted for 51% of aggregate assets investment, while that of liabilities stood at 88%.

Also, assets maturing within one year stood at ₦10.85 trillion or 55.98% of the industry assets while ₦8.53 trillion or 44.02% would mature over one year (> 365 days). On the other hand, liabilities of ₦17.85 trillion or 91.58% of industry total liabilities would mature within one year, leaving only ₦1.64 trillion or 8.42% to mature over a year.

Chart 12E

MATURITY PROFILE OF ASSETS AND LIABILITIES OF DMBs



12.6 Sectoral Allocation of Credit

A review of the banking industry sectoral distribution of credits to the various sectors of the economy indicated that top ten (10) sectors out of 22 accounted for 87.35% of total credits in 2014 compared with 81.99% in the previous year. The other sectors accounted for 12.65% in 2014 as against 18.01% of the total credits extended by the DMBs in 2013. Credit to the Oil and Gas sector accounted for the largest share of 25.74%; followed by manufacturing with 13.19%. The total loans to the Agricultural sector stood at ₦498.77 billion or 3.96% of total loans and advances as at 31st December, 2014 compared to ₦324.21 billion or 3.23%. The industry's exposure to Power & Energy and Government were ₦493.47 billion or 3.91% and ₦724.24 billion or 5.74% of total industry credit, respectively. The banking industry sectoral distribution of credit revealed that 9.76% and 8.61% went to General activities and General Commerce, respectively as at 31st December, 2014. Table 12.5 and Charts 12F and 12G illustrate the sectoral distribution of credits by DMBs in 2014.

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 2011 – 2014

SECTOR	Dec., 2011 (₦'B)	Dec., 2012 (₦'B)	Dec., 2013 (₦'B)	% of Total Credit	Dec., 2014 (₦'B)	% of Total Credit
Oil and Gas	1,529.84	1,912.92	2,435.75	24.25	3,245.31	25.74
Manufacturing	1,108.64	1,185.60	1,295.43	12.90	1,662.38	13.19
General	854.10	977.20	1,168.47	11.63	1,230.03	9.76
General Commerce	809.20	813.40	807.51	8.04	1,085.96	8.61
Information and Communication	628.14	722.87	881.26	8.78	895.73	7.10
Government	542.93	640.06	766.61	7.63	724.24	5.74
Real Estate Activities	377.33	376.58	450.11	4.48	584.76	4.64
Construction	282.45	310.10	431.27	4.29	590.89	4.69
Agriculture, Forestry & Fishery	226.13	293.09	324.21	3.23	498.77	3.96
Finance and Insurance	248.18	219.66	287.38	2.86	494.65	3.92
Transportation and Storage	233.03	203.23	255.79	2.55	361.27	2.87
Capital Market	159.71	161.63	207.61	2.07	228.46	1.81
Professional, Scientific and Technical Activities	64.83	104.20	159.10	1.58	154.52	1.23
Power and Energy	64.58	82.83	368.60	3.67	493.47	3.91
Education	61.76	68.55	70.31	0.70	87.27	0.69
Admintrative and Support Services	20.74	27.56	58.67	0.58	72.37	0.57
Human Health & Social Work Activities	17.56	22.78	32.38	0.32	44.56	0.35
Activities of Extra Territorial Organizations & Bodies	17.36	10.72	16.90	0.17	14.77	0.12
Water Supply Sewerage, Waste Management & Remediation	7.11	8.17	8.23	0.08	10.34	0.08
Arts, Entertainment & Recreation	11.65	7.04	3.85	0.04	12.59	0.10
Public Utilities	8.48	1.09	1.96	0.02	97.94	0.78
Mining and Quarrying	-	0.75	11.34	0.11	17.27	0.14
TOTAL	**7,273.75**	**8,150.03**	**10,042.74**	**100.00**	**12,607.55**	**100.00**

Source: Bank Returns

CHART 12F
SECTORAL ALLOCATION OF CREDITS AS AT 31ST DECEMBER 2013 AND 2014

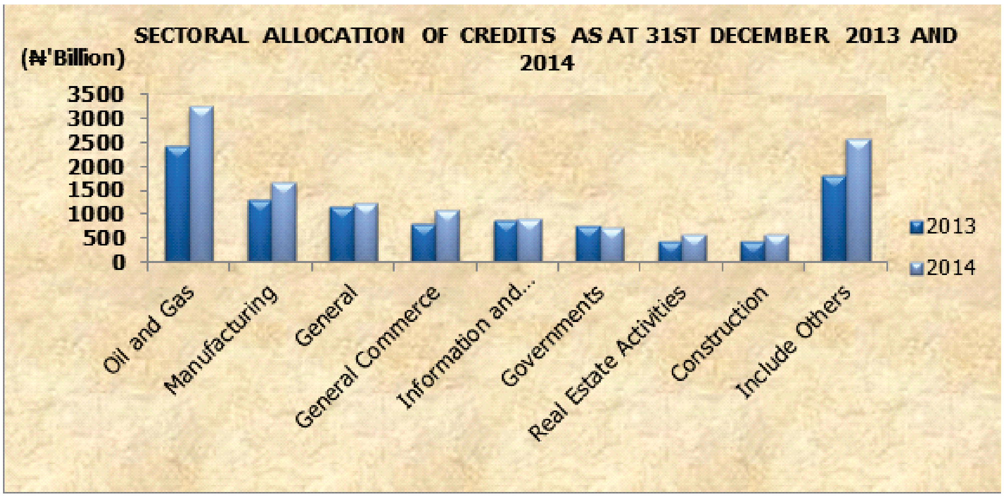
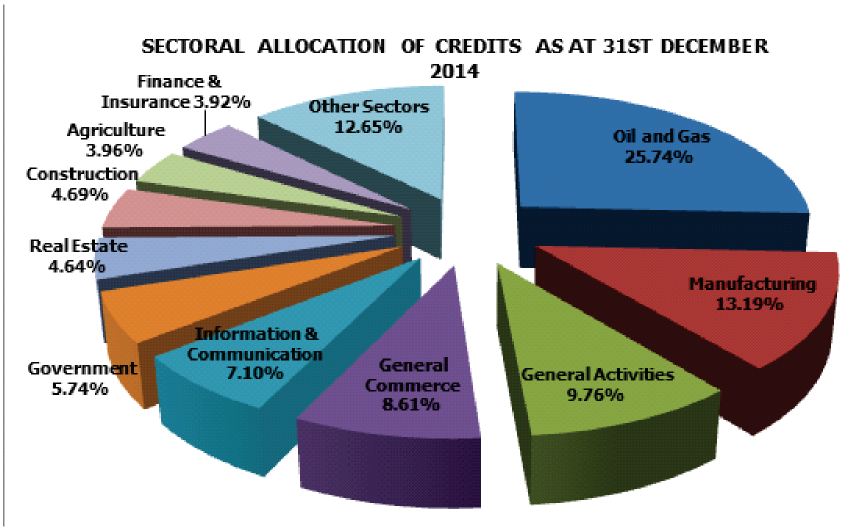


Chart 12G:
SECTORAL ALLOCATION OF CREDITS AS AT 31ST DECEMBER 2014



12.7 Level of Soundness of DMBs in 2014

The DMBs are usually assessed in five different categories, namely: A-Very Sound; B-Sound; C-Satisfactory; D-Marginal, and E-Unsound. Twenty three (23) DMBs were rated sound and satisfactory, only one DMB was rated marginal during the period under review. Overall the banking industry was safe and sound in 2014.

12.8 Summary of Financial Condition of DMBs

The banking industry was liquid as all the individual DMBs had liquidity ratios above the prudential minimum threshold of 30% as at 31st December, 2014. The banking industry capital base was strong with sufficient capital to absorb unexpected shocks. The industry capital adequacy ratio stood at 15.92% in 2014, which exceeded the regulatory minimum capital adequacy ratios of 10% and 15% for national and international banks, respectively. Total assets and total credits recorded significant growth rates of 11.84% and 25.73% respectively, in 2014. Assets quality recorded a significant improvement as the NPL ratio decreased from 3.20% in 2013 to 2.81% in 2014. However, in spite of the decrease in NPL ratio, the industry needed to watch the upward movement of NPLs volume which increased by 10.32% in 2014. The banking industry unaudited profit before tax grew by 11.31%, hence the industry was profitable during the year under review.

Table 12.6 and Charts 12 (H-N), present the summary of some financial indicators of the banking industry during the period under review.

Table 12.6

SELECTED PERFORMANCE INDICATORS OF DMBs FOR A PERIOD OF 4-YEARS

S/No	DETAILS	2011	2012	2013	2014
1	Total Assets (OBS Inclusive) (₦'Trillion)	21.89	24.58	28.79	32. 20
2	Total Deposit (₦'Trillion)	12.33	14.39	16.77	18. 02
3	Total Loans & Advances (₦'Billion)	7,273.75	8,150.03	10,042.73	12,626.96
4	Non-Performing Loans (₦' Billion)	360.07	286.09	321.66	354.84
5	Profit Before Tax (₦' Billion)	(6.71)	458.78	539.97	601.02
6	Adjusted Shareholders' Fund (Tier I Capital) (₦'Billion)	1,934.93	2,150.32	2,418.75	2,440.20
	RATIOS	**(%)**	**(%)**	**(%)**	**(%)**
7	Non-Performing Loans/Total Loans	4.95	3.51	3.20	2.81
8	Non-Performing Loans/Shareholders' Fund	17.13	14.34	13.35	12.01
9	Capital Adequacy	17.71	18.07	17.1 8	15.92
10	Average Liquidity Ratio	69.29	68.01	50.63	53.65
11	Loans/Deposit Ratio	55.95	54.29	57.95	68.11
12	Return on Assets	(0.04)	2.62	2.33	2.29
13	Return on Equity	(0.28)	22.20	20.71	20.34
14	Net Interest Margin (NIM)	-	-	8.11	7.16
15	Efficiency Ratio	-	-	61.88	48.14

Source: Bank Returns

Chart 12 H:
TOTAL ASSETS AND TOTAL DEPOSITS FOR THE PERIOD 2011 TO 2014

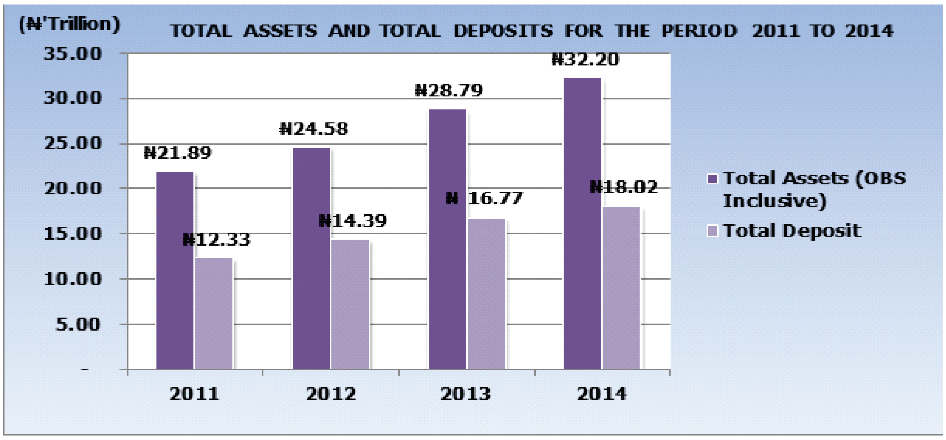


Chart 12I:
NON-PERFORMING LOANS AND TOTAL LOANS FOR THE PERIOD 2011 TO 2014

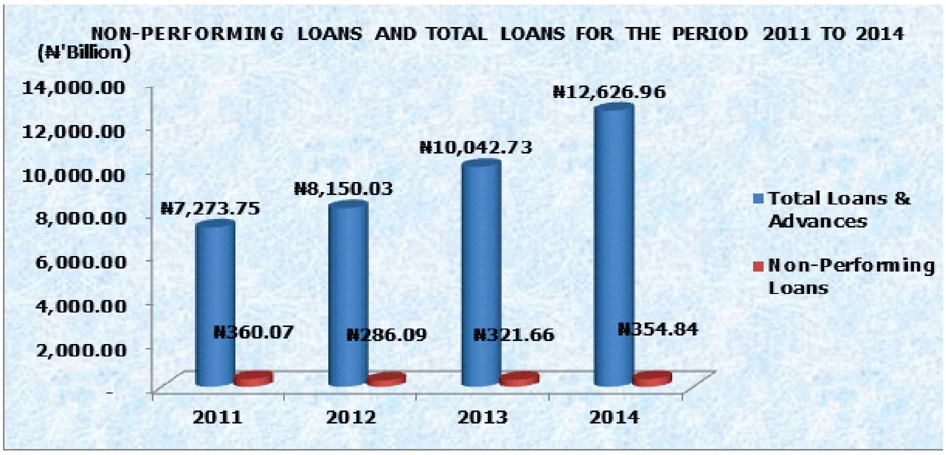


Chart 12J:
PROFIT BEFORE TAX AND ADJUSTED SHAREHOLDERS' FUND FOR THE PERIOD 2011 TO 2014

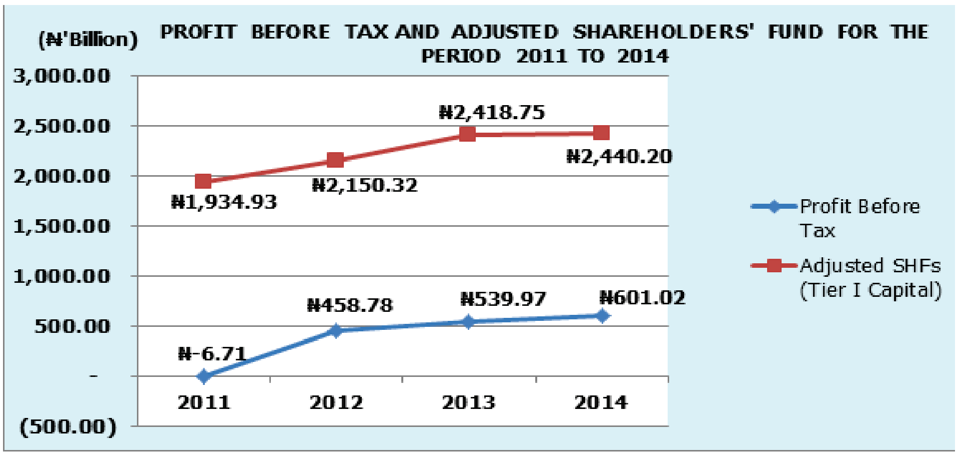


Chart 12K:
RATIO OF NON-PERFORMING LOANS/TOTAL LOANS FOR THE PERIOD 2011 TO 2014

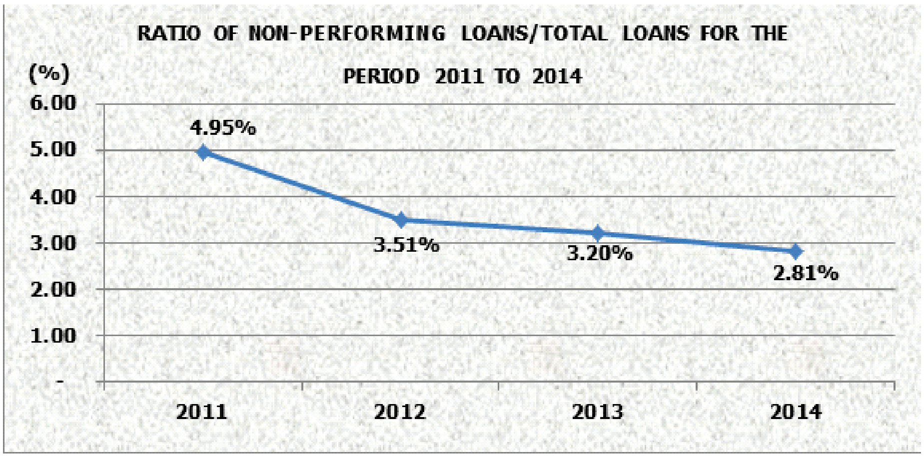


Chart 12L:
RATIOS OF NON-PERFORMING LOANS/SHAREHOLDERS FUNDS FOR THE PERIOD 2011 TO 2014

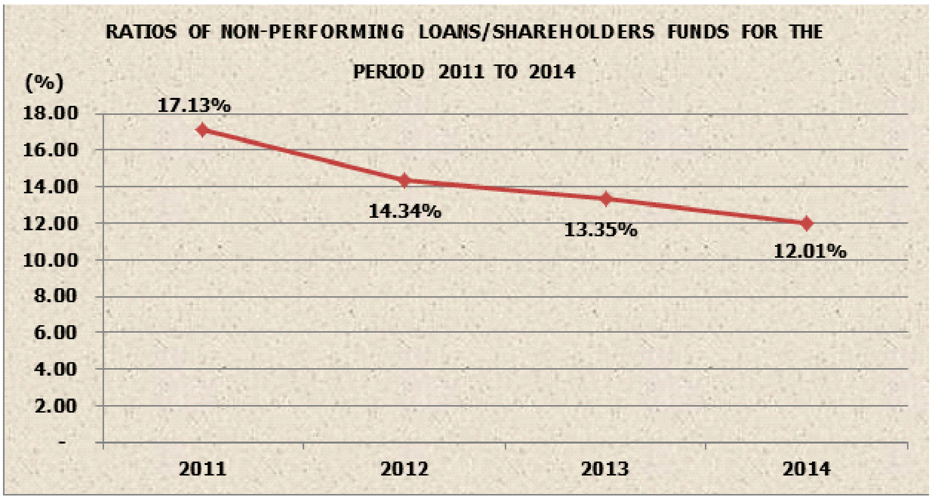


Chart 12M:
TREND ON LOANS/DEPOSIT RATIO FOR THE PERIOD 2011 T0 2014

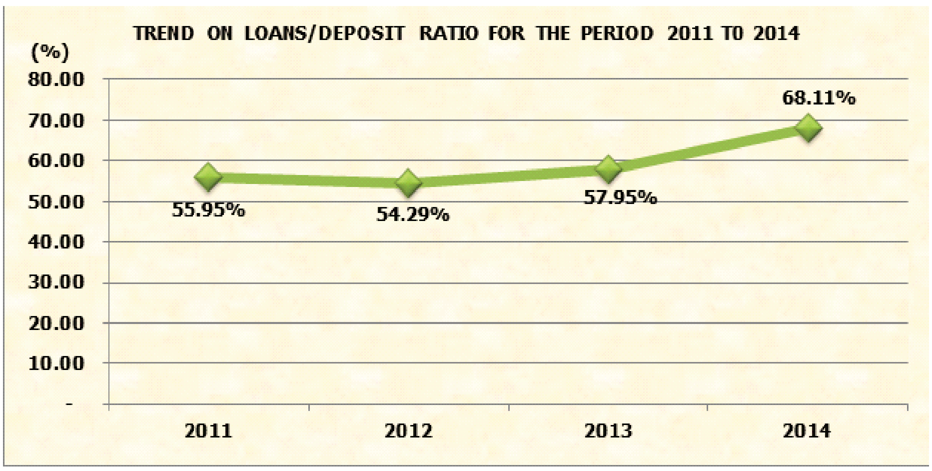
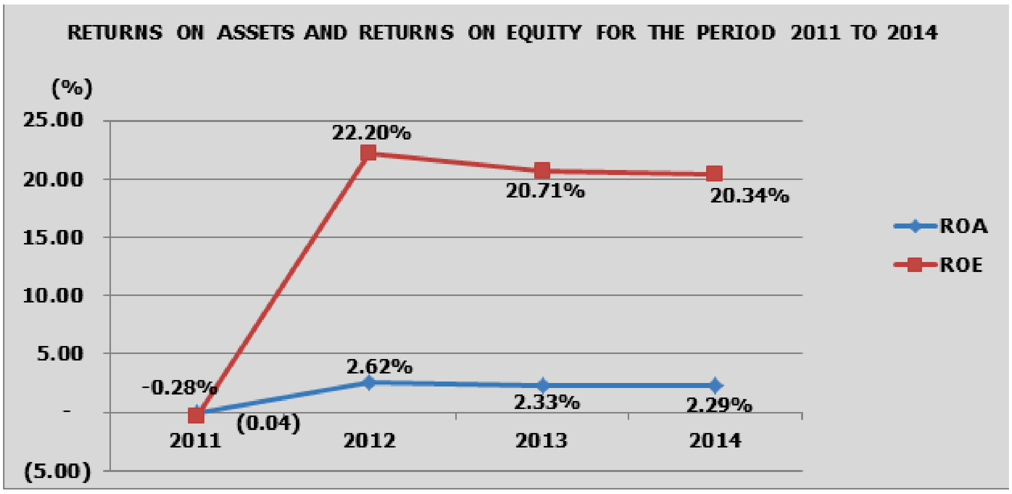


Chart 12N:

RETURNS ON ASSETS AND RETURNS ON EQUITY FOR THE PERIOD 2011 TO 2014



SECTION 13

STRUCUTRE OF DEPOSIT MONEY BANKS' STATEMENT OF FINANCIAL POSITION

13.0 Introduction

The banking industry's Statement of Financial Position (SFP) summarises the banks' assets, liabilities and shareholders' equity. The SFP gives investors and the public knowledge as to the net-worth of a bank as well as assist them to make informed decisions. The structure of assets of the banks provides the regulatory authorities a guide as to the best supervisory strategy to adopt to assess/monitor their financial condition and take prompt corrective actions.

This section, presents the SFP of insured DMBs in 2014 compared with the previous year with particular reference to changes in the structure of assets and liabilities, shareholders' funds, and ownership structure as well as deposit liabilities.

13.1 Insured DMBs' Structure of Assets

The banking industry structure of assets (inclusive of Off-Balance Sheet Engagements) as shown in Table 13.1 shows that total assets increased by 11.84% from ₦28.79 trillion in 2013 to ₦32.20 trillion as at 31st December 2014. As a proportion of Total Assets, the following asset categories: Cash and Due from Other Banks (comprising vault cash, balances with CBN and balances held with other banks) increased slightly from 20.25% in 2013 to 20.83% in 2014. Other short-term funds (comprising money at call and placement with discount houses) rose from 0.51% in 2013 to 0.71% in 2014 while Net loans and advances grew from 32.00% in 2013 to 36.39% in 2014. Total Investments (comprising investments in Federal Government Development Stock, investments in Preference Shares and Debentures of other companies and other long term securities) and Other Assets also increased from 7.32% and 2.79% in 2013 to 7.37% and 3.36% in 2014, respectively. On the other hand, the following asset categories declined: Interbank Placements from 1.49% in 2013 to 1.13% in 2014; Total Short Term investments comprising investments in Treasury Bills and Treasury Certificates from 13.82% in 2013 to 9.47% in 2014; and Net Fixed Assets declined slightly from 2.41% in 2013 to 2.31% in 2014. Also off-balance sheet engagement declined from 19.41% in 2013 to 18.43% in 2014.

Table 13.1
INSURED DMBs STRUCTURE OF ASSETS IN 2013 & 2014

Assets	Share of Assets as at 31st December, (%)	
	2013	**2014**
Cash and Due from other banks	20.25	20.83
Inter-Bank Placements	1.49	1.13
Total Short Term Investments	13.82	9.47
Other Short Term Funds	0.51	0.71
Net Loans and Advances/Leases	32.00	36.39
Total Investments	7.32	7.37
Other Assets(Net)	2.79	3.36
Net Fixed Assets	2.41	2.31
Off-Balance Sheet Engagements	19.41	18.43
Total Assets	**100**	**100**
Total Assets (inclusive of OBS) (₦' Billions)	**₦28,789.08**	**₦32,202.35**

Source: Bank Returns

13.2 Insured DMBs Structure of Liabilities

Table 13.2 presents the structure of liabilities of insured banks in 2014 in comparison with the figures for 2013. The table indicates that the following products increased during the year under review: Interbank takings from 0.13% in 2013 to 0.53% in 2014; Due to Other Banks from 0.60% to 1.18%; Long Term Loans from 4.04% to 6.62%; and Equity Capital from 0.79% to 0.90%.

The following categories of liabilities, when expressed as proportion of total liabilities decreased: Total Deposits from 58.26% in 2013 to 55.96% in 2014; Other Liabilities from 8.35% in 2013 to 7.91% in 2014; Current Account with CBN from 0.13% to 0.11%; and Reserves from 8.31% in 2013 to 8.28% in 2014.

Table13.2

INSURED DMBs STRUCTURE OF LIABILITIES AS AT 31ST DECEMBER, 2013 & 2014

Liabilities	% Share	
	2013	2014
Total Deposits	58.26	55.96
Interbank Takings	0.13	0.53
Central Bank (Current Account)	0.13	0.11
Due to Other Banks	0.60	1.18
Other Liabilities	8.35	7.91
Long Term Loans	4.04	6.62
Equity Capital	0.79	0.90
Reserves	8.31	8.28
Total Certificate of Deposits	-	0.08
Off-Balance sheet Engagement	19.41	18.43
Total Value of Liabilities Inclusive of Off-Balance Sheet Engagements (N' Billion)	**₦28,789.08**	**₦32,160.14**

Source: Bank Returns

13.31 nsured DMBs Shareholders' Fund

Table 13.3 shows an increase of 18.21% in shareholders' funds from ₦2,681.40 billion in 2013 to ₦3,169.76 billion in 2014. The increase in shareholders' fund was due to recapitalisation by some banks and retention of earnings. The developments positively impacted on the capital base of the banking industry during the period under review.

Table 13.3

IINSURED DMBs SHAREHOLDERS' FUNDS AS AT DECEMBER 2013 AND 2014

S/N	BANKS	SHAREHOLDERS' FUNDS (₦'BILLION)	SHAREHOLDERS' FUNDS (₦'BILLION)
		2013	**2014**
1	Access Bank Plc.	234.76	264.12
2	Citibank Nigeria Plc.	37.87	50.45
3	Diamond Bank Plc.	158.71	207.27
4	EcoBank Nigeria Ltd.	166.31	156.63
5	Enterprise Bank Ltd. *	33.85	36.84
6	FSDH Merchant Bank Ltd.	17.22	20.91
7	First City Monument Bank Plc.	112.23	123.72
8	Fidelity Bank Plc.	146.03	174.67
9	First Bank of Nigeria Plc	322.70	432.21
10	Guaranty Trust Bank Plc.	257.05	284.88
11	Heritage Banking Company Ltd.	9.79	17.56
012	Jaiz Bank Plc.	10.64	11.83
13	Keystone Bank Ltd.	35.84	36.30
14	Mainstreet Bank Ltd. *	55.20	66.87
15	Rand Merchant Bank Ltd.	14.96	13.44
16	Skye Bank Plc.	129.74	117.49
17	Stanbic IBTC Bank Plc.	65.03	81.93
18	Standard Chartered Bank Plc.	56.13	80.29
19	Sterling Bank Plc.	55.29	85.21
20	United Bank for Africa Plc.	276.68	243.08
21	Union Bank of Nigeria Plc.	77.90	149.17
22	Unity Bank Plc.	13.13	66.05
23	Wema Bank Plc.	17.31	41.40
24	Zenith Bank Plc	377.03	407.44
	Total	**2,681.40**	**3,169.76**

Source: Bank Returns
*Banks sold by AMCON but yet to consolidate operations.

13.4 Ownership Structure

In the last quarter of 2014, Skye Bank Plc and Heritage Banking Company Ltd acquired Mainstreet Bank Ltd and Enterprise Bank Ltd, respectively. The acquirers had fully paid for the shares of the two banks to AMCON. However, as at December 31, 2014, the two banks were still reporting as separate entities as the process of integration of operations and systems were on-going. Therefore the ownership structure of Nigerian banks in 2014 remained diversified as in 2013. Table 13.4 shows that the private sector continued to dominate the industry in the ownership of Nigerian banks while Government ownership continued to be very minimal with a shareholding capacity of below 10 percent in most of the banks with the exception of Keystone Bank Ltd (AMCON bank) that had 100 percent government ownership.

The table also shows that thirteen (13) out of the twenty four (24) DMBs had some level of foreign ownership in 2014. 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 DMBs OWNERSHIP STRUCTURE AS AT 31ST DECEMBER, 2014

S/N	BANKS	OWNERSHIP STRUCTURE (%)		
		GOVT.	PRIVATE (NIGERIA)	FOREIGN
1	Access Bank Plc	0.21	59.57	40.22
2	Citibank Nigeria Ltd		18.1	81.90
3	Diamond Bank Plc	0.23	91.11	8.66
4	Ecobank Nigeria Ltd	-	-	100
5	Enterprise Bank Ltd*	100	-	-
6	FSDH Merchant Bank Ltd	-	90.61	9.39
7	Fidelity Bank Plc	0.37	99.45	0.18
8	First City Monument Bank Plc	-	100	-
9	First Bank of Nigeria Plc	-	100	-
10	Guaranty Trust Bank Plc	0.20	85.5	14.30
11	Jaiz Bank Plc	9.00	83.00	8.00
12	Heritage Banking Company Ltd	-	100	-
13	Keystone Bank Ltd	100	-	-
14	Mainstreet Bank Ltd*	100	-	-
15	Rand Merchant Bank Ltd	-	-	100
16	Skye Bank Plc	-	100	-
17	Stanbic IBTC Bank Plc	-	100	-
18	Standard Chartered Bank Plc	-	-	100
19	Sterling Bank Plc	0.19	61.00	38.81
20	United Bank for Africa Plc	1.4	98.6	-
21	Union Bank of Nigeria Plc	-	35	65
22	Unity Bank Plc	8.91	91.04	0.05
23	Wema Bank Plc	-	100	-
24	Zenith Bank Plc	1.40	98.60	-

Source: Bank Returns
*Banks sold by AMCON but integration process on-going

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, indicating the oligopolistic nature of the banking industry. Out of industry total assets (excluding OBS) of ₦26.23 trillion as at 31st December, 2014, the top five (5) banks had assets of ₦13.31 trillion, representing 50.64% of the industry total assets. That proportion was, however, less than the 51.72% recorded by the top five banks in 2013, as shown in Table 13.5.

The total assets of the top ten (10) banks slightly increased from ₦18.06 trillion to ₦20.30 trillion while its proportion to industry total assets decreased from 77.82% in 2013 to 77.38% in 2014, respectively as shown in Table 13.5 and Chart 13A. The remaining fourteen (14) banks' total assets was ₦5.97 trillion which represented 22.72% of total assets of the banking industry as at 31st December, 2014 as against ₦5.14 trillion, representing 22.17% in 2013. The growing increase in the market share of smaller banks implies that they are beginning to compete more effectively in the industry.

Table 13.5

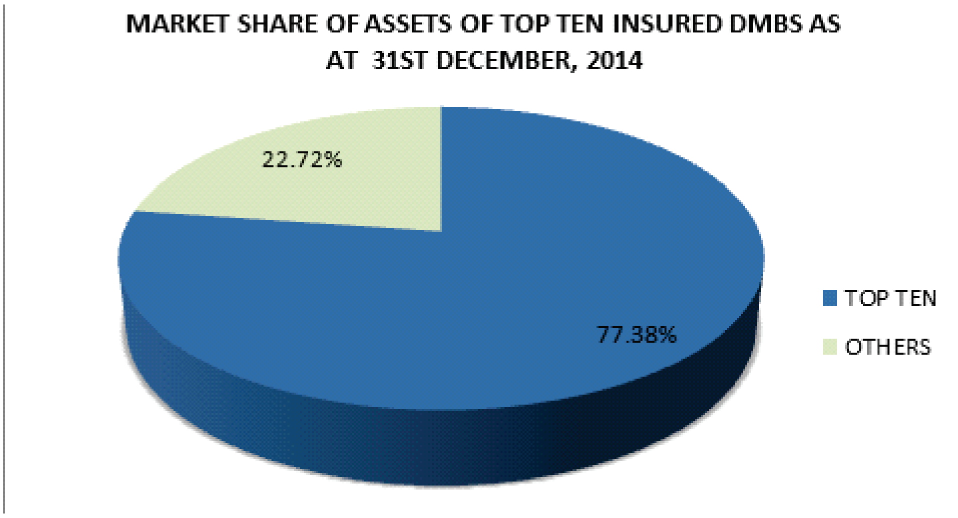
MARKET SHARE OF ASSETS OF TOP INSURED DMBs

DMBs	2013		2014	
	Assets (₦' Billion)	Percentage of Total	Assets (₦' Billion)	Percentage of Total
Top 5	12,000.3	51.72	13,306.62	50.64
Top10	18,057.9	77.82	20,304.46	77.38
Other DMBs	5,144.1	22.17	5,971.02	22.72

Source: Insurance and Surveillance Department, NDIC

Chart 13A

MARKET SHARE OF ASSETS OF TOP TEN INSURED DMBs AS AT 31ST DECEMBER, 2014



13.6 Insured DMBs' Deposit Liabilities by Market Share, Type and Tenor

Deposits usually constitute the largest component of the liability of a DMB's statement of financial position (SFP). 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 have paid-off as there was increase in the volume of deposits in 2014 compared with the figures of 2013. Total deposits of insured DMBs increased from ₦16.77 trillion in 2013 to ₦18.02 trillion in 2014, representing an increase of 7.45%. Table 13.6 and Chart 13B show the analysis of the total deposit liabilities of insured DMBs as at year-end 2014 with comparative figures for 2013.

13.6.1 Deposit Liabilities by Market Share

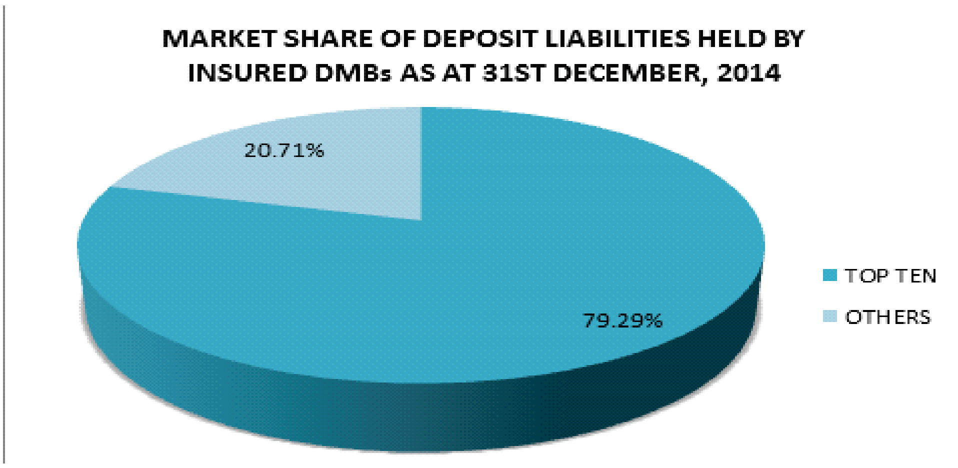
Table 13.6 and Chart 13B showed an increase in the market share by the top five (5) and top ten (10) DMBs in the banking system. The deposits held by the top five DMBs increased in absolute terms from ₦8.85 trillion in 2013 to ₦9.34 trillion in 2014 while it declined as a percentage of total deposits from 52.74% in 2013 to 51.83% in 2014. In addition, the proportion of deposit liabilities of the top ten (10) DMBs also slightly decreased from 79.76% in 2013 to 79.29% in 2014. The deposit profile of the banking industry indicated that the top ten DMBs held 79.29%, while the remaining fourteen DMBs held only 20.71% of the banking industry total deposits.

Table 13.6
MARKET SHARE OF DEPOSIT LIABILITIES HELD BY THE INSURED DMBs

	2013		2014	
DMBs	**Deposits (₦'Billion)**	**Percentage of Total (%)**	**Deposits (₦'Billion)**	**Percentage of Total (%)**
Top Five DMBs	8,846.70	52.74	9,341.12	51.83
Top Ten DMBs	13,378.40	79.76	14,290.98	79.29
Other DMBs	3,393.30	20.23	3,732.39	20.71

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 DMBs increased marginally both in absolute terms and as a proportion of total deposits from ₦2,383.38 billion or 14.21% in 2013 to ₦2,552.71 billion or 19.83% in 2014. Demand deposits, however, declined in absolute terms from ₦9,936.37 billion in 2013 to ₦5,629.39 billion as at 31st December, 2014, and also declined as a proportion of total deposits from 59.21% in 2013 to 43.73% as at 31st December, 2014. Time/Term deposits in insured banks increased from ₦4,451.84 billion in 2013 to ₦4,689.96 billion as at 31st December, 2014, and as a proportion of total deposits,increased from 26.58% in 2013 to 36.44% as at 31st December, 2014.

Table 13.7

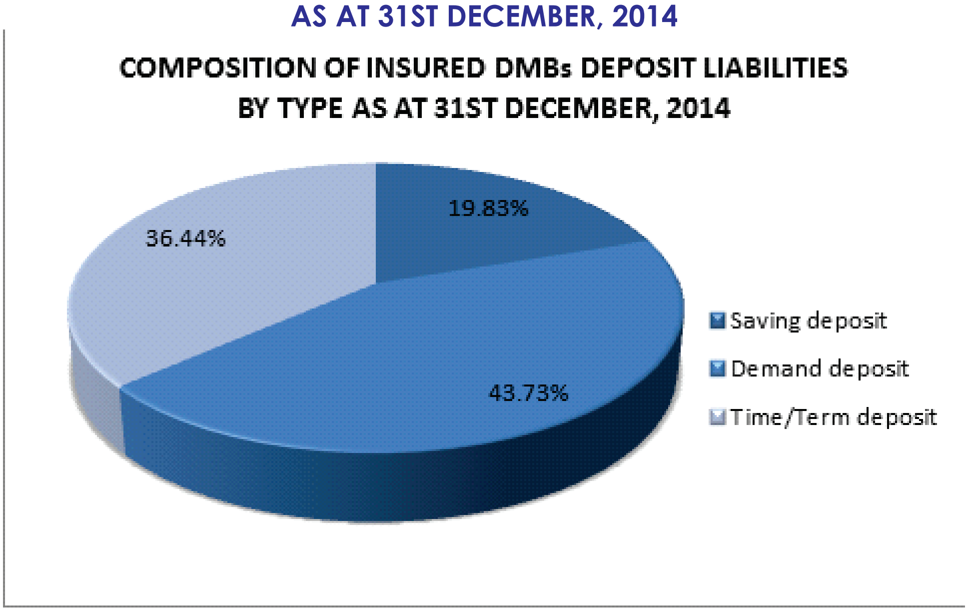
COMPOSITION OF DEPOSIT LIABILITIES OF INSURED DMBs IN 2013 AND 2014

Types of Deposit Liabilities	2013		2014	
	Amount (₦'B)	% of Total	Amount (₦'B)	% of Total
Savings Deposits	2,383.38	14.21	2,552.71	19.83
Demand Deposits*	9,936.37	59.21	5,629.39	43.73
Time/Term Deposits	4,451.84	26.58	4,689.96	36.44
TOTAL	**16,771.59**	**100.00**	**12,872.06**	**100.00**

Source: Bank Returns
* Included in Demand Deposits are Electronic Purse, Domiciliary Accounts and Other Deposits, Certificates and Notes

Chart 13C

COMPOSITION OF INSURED DMBs DEPOSIT LIABILITIES BY TYPE AS AT 31ST DECEMBER, 2014



13.6.3 Deposit Liabilities by Tenor

Table 13.8 and Chart 13D present the total deposit liabilities of DMBs by tenor for 2013 and 2014. An analysis of the table reveals that short term deposits of below 30 days increased from ₦12.47 trillion in 2013 to ₦13.24 trillion in 2014, representing an increase of 6.20% and fell as a proportion of total deposits from 74.53% in 2013 to 73.69% in 2014. Deposits with tenor of between 31 and 90 days increased in absolute terms from ₦2.39 trillion in 2013 to ₦2.45 trillion but decreased as a proportion of total deposits from 14.32% in 2013 to 13.63% in 2014. Deposits with tenor of between 91 and 180 days also increased in both absolute terms and as a percentage of total deposit liabilities from ₦785.16 billion or 4.69% in 2013 to ₦987.48 billion or 5.50% in 2014. Deposits with tenor of between 181 and 365 days increased slightly from ₦606.39 billion or 3.62% in 2013 to ₦627.61 billion or 3.49% in 2014. Long-term funds of more than 365 days duration also increased both in absolute terms from ₦476.72 billion as at December 2013 to ₦663.50 billion as at 31st December, 2014, and as a percentage of total deposit liabilities from 2.84% in 2013 to 3.69% in 2014.

The analysis of insured DMBs' deposits by tenor shows that depositors preferred to invest their funds in short-term deposits with roll-over option, rather than invest for a longer tenor in order to hedge against inflation and interest rate volatility.

Table 13.8

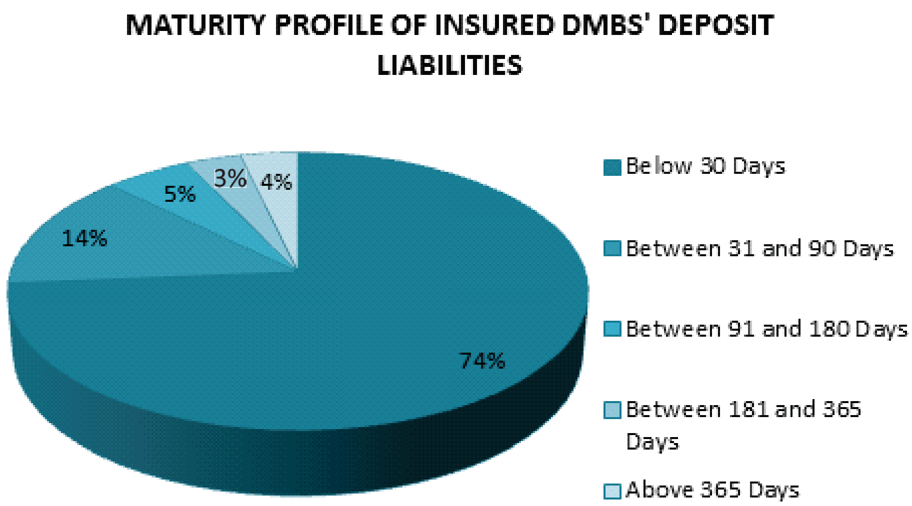
MATURITY PROFILE OF INSURED DMBs' DEPOSIT LIABILITIES

Types of Deposits	2013		2014	
	Amount (₦' Bn)	**% of Total**	**Amount (₦' Bn)**	**% of Total**
Below 30 Days	12,469.25	74.53	13,238.05	73.69
Between 31 and 90 Days	2,398.28	14.32	2,448.37	13.63
Between 91 and 180 Days	785.16	4.69	987.48	5.50
Between 181 and 365 Days	606.39	3.62	627.61	3.49
Above 365 Days	476.71	2.84	663.50	3.69
TOTAL	**16,749.78**	**100.00**	**17,965.01**	**100.00**

Source: Bank Returns. (Note: Jaiz Bank deposits excluded).

Chart 13D

MATURITY PROFILE OF INSURED DMBS' DEPOSIT LIABILITIES



SECTION 14

REPORT ON FRAUDS/FORGERIES AND FIDELITY BOND INSURANCE COVER

14.0 Introduction

The NDIC Act 2006 in Sections 35 and 36 require all insured financial institutions to render monthly returns of frauds, forgeries or outright theft involving their staff as well as notify the NDIC of any staff dismissed or terminated or advised to retire or resign on grounds of frauds, forgeries or any other financial malpractices. Most of the DMBs in the industry were in compliance with these sections as required by the Act.

Presented in this section is the report on cases of frauds and forgeries in the banking industry in 2014. The section further provides information on the nature of cases reported as well as the number and categories of staff involved as well as insured DMBs' compliance with fidelity bond insurance cover in 2014.

14.1 Frauds and Forgeries in Insured DMBs in 2014

The reported incidents of frauds and forgeries in the banking industry had continued to rise. There were reported 10,612 fraud cases in 2014 compared with 3,786 cases reported in 2013, representing an increase of 182.77%. In the same vein, the amount involved increased by ₦3.81 billion or 17.5% from ₦21.80 billion in 2013 to ₦25.61 billion in 2014. Also the expected/actual loss increased from ₦5.76 billion in 2013 to ₦6.19 billion in 2014.

Table 14.1 and Charts 14A and 14B present the summary of returns on frauds and forgeries in 2014.

Table 14.1

RETURNS OF INSURED DMBs ON FRAUDS AND FORGERIES IN 2014

Quarter	Year	Total No. of Fraud Cases	Total Amount Involved (N'm)	Total Expected Loss (N'm)	Proportion of Expected Loss To Amount Involved (%)
1st	2014	1,897	3,552	1,221	34.38
	2013	983	7,805	2,506	32.11
2nd	2014	2,357	12,915	473	3.66
	2013	768	4,859	1,164	23.96
3rd	2014	2,173	4,002	1,538	38.43
	2013	1067	3,844	906	23.57
4th	2014	4,194	5,139	2,960	57.60
	2013	968	5,287	1,180	22.32
Total	2014	10,621	25,608	6,192	24.18
	2013	3,786	21,795	5,757	26.41

Source: Bank Returns

The increase of 7.57% in expected/actual loss in fraud and forgeries was mainly due to the astronomical increase in the incidence of web-based (online banking)/ATM and fraudulent transfer/withdrawal of deposit frauds.

Chart 14A

AMOUNT OF FRAUDS AND FORGERIES IN 2013 & 2014

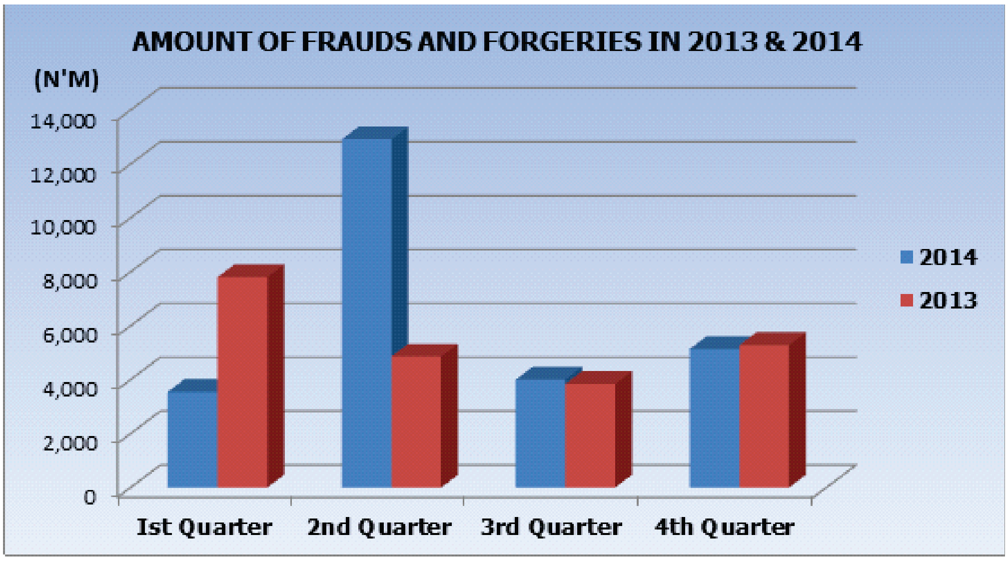
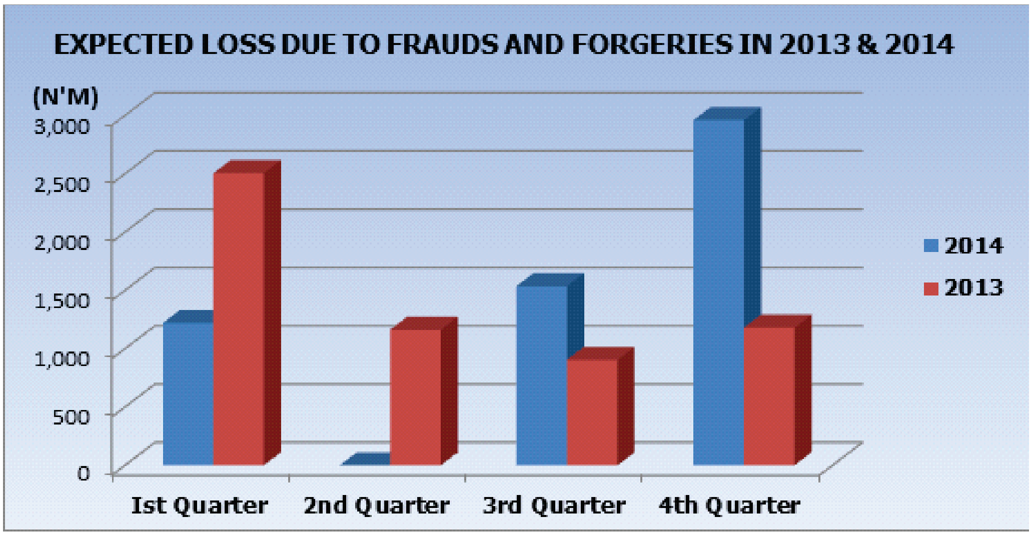


Chart 14B:
EXPECTED LOSS DUE TO FRAUDS AND FORGERIES IN 2013 & 2014



14.2 Incidence and Types of Frauds and Forgeries Reported

Table 14.2 shows that the top ten (10) DMBs with the highest amount of reported fraud cases accounted for 85.5% of the banking industry fraud cases in 2014 as against 86.54% in 2013. The actual loss suffered by the top 10 DMBs amounted to ₦5.17 billion or 83.46% of the industry total loss in 2014.

Table 14.2
TOP 10 DMBs WITH THE HIGHEST FRAUD CASES IN 2014

GROUP	2013		2014	
	Amount Involved (₦' M)	% Share	Amount Involved (₦' M)	% Share
Top 10 DMBs	18,859	86.54	21,904.45	85.50
Total For All DMBs	21,795	100	25,608.06	100

Source: Bank Returns

The types and nature of frauds and forgeries committed during the year under review portrayed a similar pattern as in the preceding year. The most common cases reported are listed in Table 14.3.

Table 14.3:

TYPES OF FRAUDS AND FORGERIES WITH FREQUENCY AND ACTUAL LOSSES SUSTAINED

		2014		2013	
S/N	**NATURE OF FRAUD**	**FREQUENCY**	**ACTUAL LOSS SUSTAINED (₦ 'B)**	**FREQUENCY**	**ACTUAL LOSS SUSTAINED (₦ 'B)**
1	ATM/Card-Related Fraud	7,181	1.242	1,739	0.585
2	Web-Based (Internet Banking) fraud	1,277	3.196	316	1.683
3	Fraudulent Transfer/ Withdrawal Of Deposit	1,099	0.583	394	1.162
4	Suppression Of Customer Deposit	483	0.312	324	0.482
5	Fraudulent Conversion Of Cheques	138	0.088	219	0.388
6	Presentation Of Stolen Cheques	59	0.054	196	0.120
7	Presentation Of Forged Cheques	62	0.067	118	0.018
8	Outright Theft By Staff(cash defalcation)	107	0.297	116	0.205
9	Unauthorized Credits	98	0.231	132	0.511
10	Outright theft by Outsiders/Customers	14	0.021	34	0.037
11	Foreign Currencies Theft	22	0.033	41	0.049
12	Diversion Of Bank charges (Commissions & Fees)	42	0.036	63	0.056
13	Lodgement of Stolen Warrants	39	0.033	55	0.034
14	Non-Dispensing of Money But Registered by Electronic Journal	NIL	NIL	39	0.427
	TOTAL	10,621	6.193	3,786	5.757

Source: Bank Returns on Frauds and Forgeries

In 2014, attempted fraud and forgeries involved the sum of ₦25.61 billion compared with ₦21.80 billion in 2013, which represented an increase of 17.49%. Similarly, the expected/actual loss was ₦6.19 billion in 2014 compared with ₦5.76 billion in 2013, representing an increase of 7.6%. As presented in Table 14.3, in terms of Actual Loss sustained; Web-Based (Internet Banking) Fraud was the highest in the year representing 51.60% of total actual loss, an increase of 90% over 2013 figure. There was a significant increase in the frequency of ATM/Card-Related Fraud cases from 1,739 in 2013 to 7,181 in 2014 while loss suffered by the industry due to such frauds amounted to ₦1.24 billion or 20.06% of total industry loss to frauds and forgeries. The rising frauds due to internet/ATM transactions may be attributed to the weak IT Infrastructure signalling a need for DMBs to improve electronic payments controls and security. The table also highlights a decline in unauthorized credits, indicating better corporate governance practices and good internal control processes. Foreign currencies theft also reduced by 32% compared with 2013 figure. Outright theft by outsiders/customers also declined indicating a probability that frauds were mostly insider-related. The DMBs needed to take necessary measures to improve IT controls and security.

14.3 Staff involved in Frauds and Forgeries

During the year under review, twenty-four (24) licenced DMBs rendered returns on Dismissed/Terminated staff as a result of frauds and forgeries. Out of the 10,621 fraud cases reported, 465 cases were attributable to staff signalling a decline in fraud cases perpetrated by staff members when compared with 682 in 2013. However, losses arising from staff involvement in frauds increased slightly by 4.1% from ₦3.04 billion in 2013 to ₦3.17 billion in 2014.

Table 14.4 shows the number of staff involved in frauds and forgeries in the last three years with their status.

Table 14.4:
CATEGORIES OF STAFF INVOLVED IN FRAUDS AND FORGERIES FOR THE PERIOD 2012 – 2014.

Status	2012		2013		2014	
	Number	%	Number	%	Number	%
Supervisors & Managers	78	14.69	97	14.22	58	12.47
Officers, Accountants & Executive Assistants	89	16.76	234	34.31	176	37.85
Clerks & Cashiers	117	22.03	128	18.77	78	16.77
Typists, Technicians & Stenographers	5	0.94	12	1.76		0.00
Messengers, Drivers, Cleaners, Security Guards & Stewards	16	3.01	34	4.99	2	0.43
Full Staff			33	4.84		
Temporary Staff	226	42.56	144	21.11	126	27.10
Others					25	5.38
Total	**531**	**100**	**682**	**100**	**465**	**100**

Source: Bank Returns

The table reveals that the highest percentage of frauds and forgeries cases was perpetuated by Officers, Accountants & Executive Assistants constituting 37.85% of the total staff figure. Temporary staff accounted for 27.10%, while Clerks & Cashiers constituted 16.77%. These three categories of staff recorded the highest incidences of frauds and forgeries in 2014.

That development highlights the need for DMBs to aggressively tackle cyber crime as well as implement robust internal controls system and adherence to the codes of corporate governance to check the prevalence of insider-related frauds and forgeries.

14.4 Report on Banks' Fidelity Bond Insurance Cover

Section 33 of the NDIC Act of 2006, requires insured DMBs to take up fidelity bond insurance cover for the purpose of cushioning the effect of any loss of money or property an insured institution might suffer as a result of fraudulent acts committed by employees. The minimum fidelity insurance cover is set at 15% of their paid-up capital as at 31st December of the preceding year. Table 14.5 presents DMBs' compliance with the NDIC's fidelity bond insurance cover in 2014.

Table 14.5

STATUS OF INSURED DMBs TO NDIC FIDELITY INSURANCE COVER REQUIREMENT (2012 – 2014)

Year	(a) No. of DMBs in operation	(b) No. of DMBs that rendered Returns	(c) No. of DMBs that Complied	(d=c/a) % of Total
2014	24	24	21	88
2013	24	24	6	25
2012	20	20	7	35

Source: Bank Returns

In 2014, the analysis of the returns shows that all the DMBs submitted their Fidelity Bond Insurance cover as presented in Table 14.5.

Furthermore, eight (8) out of the 21 DMBs that complied with the requirement maintained adequate Fidelity Insurance cover while thirteen (13) or 61.90% of the DMBs had their cover below the required 15% of their paid-up capital. However, the three (3) DMBs that failed to comply with the provision of Section 33 of the NDIC Act had been advised accordingly.

All DMBs that complied with the requirement acquired their insurance policies from companies registered with National Insurance Commission (NAICOM) as required by the NDIC Act.

SECTION 15

MAJOR DEVELOPMENTS IN OTHER INSURED FINANCIAL INSTITUTIONS

15.0 Introduction

The Other insured financial institutions, namely: Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs) are also supervised by the NDIC. It had been 10 years since the Microfinance banking initiative was launched to provide financial assistance in the form of credits and other financial products to the economically active poor in order to achieve poverty reduction, economic growth and enhance rural transformation. Similarly, the PMBs were established to address the housing deficit in the nation's housing sector, provide mortgage finance and help in the disbursement of the National Housing Fund (NHF).

During the year 2014, all licensed MFBs and PMBs remained as members of the Deposit Insurance System (DIS) in line with the provision of the NDIC Act No.16 of 2006. This section presents the major developments and performance of other insured financial institutions as well as the challenges that militated against their effective performance in 2014.

15.1 Operation and Performance of Microfinance Banks in Nigeria

In December 2005, the CBN initiated the Microfinance Policy to create an environment of financial inclusion to enhance capacity of micro, small and medium enterprises (SMEs), thereby contributing to economic growth and development through job creation and consequently improved living standard of the populace.

In September 2013, the CBN issued a revised version of the Microfinance Policy to reposition the activities of the MFBs for improved performance as well as to provide appropriate machinery for tracking the activities of other non-bank financial service providers in the microfinance sub-sector of the Nigerian economy.

The revised Policy specified three categories of MFBs as follows:

- MFB licensed to operate as a Unit bank would be required to have a minimum capital of ₦20 million and operate within a Local Government Area (L.G.A.). In 2014, the CBN allowed Unit MFBs to open one branch within the local government where it operates.

- MFB licensed to operate in a state and open branches within the state would be required to have a minimum capital of ₦100 million.

- MFB licensed to operate and open branches in all states of the Federation/Federal Capital Territory would be required to raise a minimum capital of ₦2 billion.

The policy also established three other models of Microfinance Bank, namely: Fully Owned Government Microfinance Bank; Public Private Partnership Microfinance Bank; and Government-Supported Cooperative MFB. The Fully Owned Government MFB had two variants, namely: Government Fully-Owned State Microfinance Bank and Government Fully-Owned Unit Microfinance Bank.

During the period under review, the number of microfinance banks increased from 832 in 2013 to 882 in 2014 due to the licensing of new MFBs by the CBN. However, two MFBs, namely: JHN MFB Ltd and Crystal Edge MFB Ltd located in the North-West had their licences revoked by the CBN and are in the process of liquidation by NDIC. Table 15.1 and Chart 15.1 show the distribution of the MFBs by geo-political zones in 2013 and 2014.

Table 15.1

DISTRIBUTION OF MFBs BY GEO-POLITICAL ZONES AS AT DECEMBER, 2013 & 2014

Geo-Political Zone	No. Of MFBs (2013)	% Per Zone	No. Of MFBs (2014)	% Per Zone
North-West	77	9.01	104	11.79
North-Central	156	18.88	160	18.14
North-East	35	4.09	38	4.31
South-West	304	36.90	313	35.49
South-East	163	19	166	18.82
South-South	97	12.14	101	11.45
Total	**832**	**100.00**	**882**	**100.00**

Source: Special Insured Institutions Department, NDIC

Chart 15.1

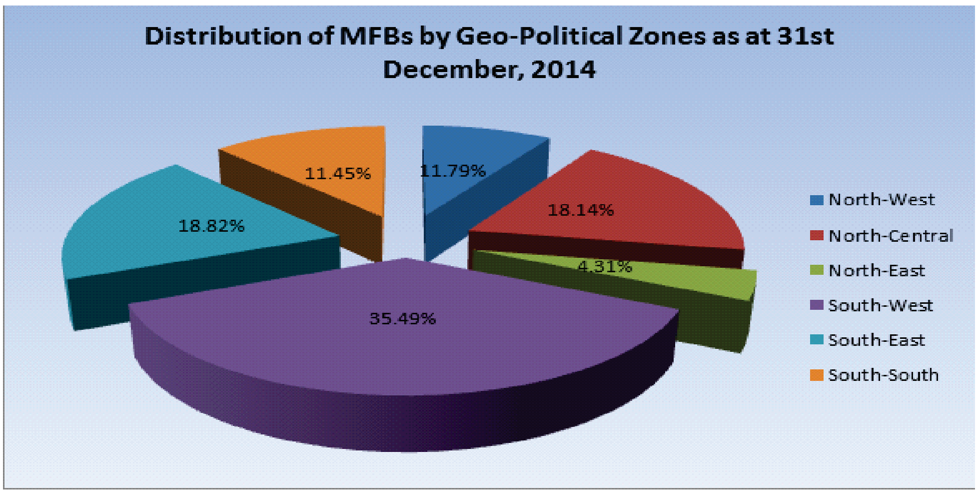


Table 15.1 shows that majority of the MFBs in Nigeria had continued to be concentrated in the South-Western part of the country with 313 MFBs (35.49%) in operation. This was followed by the South-East and North-Central with 166 (18.82%) and 160 (18.14%) MFBs, respectively. The North-West had 104 (11.79%) MFBs, while the South-South and North-East had the least number of MFBs with 101 (11.45%) and 38 (4.31%), respectively.

15.1.1 Financial Condition of Microfinance Banks (MFBs)

There were 882 MFBs in operation, however only 679, representing 77%, rendered returns to the NDIC as at 31st December, 2014. An analysis of the returns showed that the performance of the microfinance banks subsector significantly improved during the period under review. For instance, paid-up capital increased by 23.46% from ₦44.16 billion in 2013 to ₦54.52 billion in 2014. However, the reserve declined from ₦0.41 billion in 2013 to negative ₦1.47 billion in 2014, due to poor asset quality and declining profit. Consequently, the shareholders' fund of the MFBs increased by 19% from ₦44.57 billion in 2013 to ₦53.04 billion in 2014.

Furthermore, total assets of the microfinance subsector increased by 12.26% from ₦197.44 billion in 2013 to ₦221.65 billion in 2014. Total loans and advances also increased from ₦85.44 billion in 2013 to ₦114.70 billion in 2014. Although the quality of assets improved marginally as indicated by the NPL ratio of 17.20% in 2014, compared with 18.49% in 2013, the ratios exceeded the prudential threshold of 5%.

Overall, the microfinance subsector operated profitably during the period under review. However, profit before tax declined by 14.16% from ₦8.82 billion in 2013 to ₦7.51 billion in 2014. The decline in profit was due to rising operating expenses, as it increased by 12.41% from ₦32.63 billion in 2013 to ₦36.68 billion in 2014. Consequently, return on assets (ROA) for the subsector declined from 4.47% in 2013 to 3.39% in 2014.

The liquidity position of the microfinance subsector was strong as reflected by the average liquidity ratio of 80.37% compared with the prudential threshold of 20%. Total deposits slightly increased by 5.70% from ₦104.71 billion in 2013 to ₦110.68 billion in 2014. In the same vein, the loans to deposit ratio increased from 81.59% in 2013 to 103.63% in 2014, indicating significant overtrading.

A summary of the performance indicators of MFBs in 2013 and 2014 is presented in Table 15.2.

Table 15.2

SELECTED PERFORMANCE INDICATORS OF MFBs FOR 2013 AND 2014

S/No	DETAILS	2013	2014
1	Number of MFBs in Operation	832	882
2	Number that Rendered Returns	775	679
3	Total Assets (₦'Billion)	197.44	221.65
4	Total Deposits (₦'Billion)	104.71	110.68
5	Total Loans & Advances (₦'Billion)	85.44	114.70
6	Non-Performing Loans (NPL) (₦'Billion)	15.80*	21.27
7	Profit Before Tax (PBT) (₦'Billion)	8.82	7.51
8	Shareholders' Fund (₦'Billion)	44.57	53.04
9	Total Operating Expenses (₦'Billion)	32.63	36.68
10	Total Paid-Up Capital (₦'Billion)	44.16	54.52
11	Total Reserves (₦'Billion)	0.41	(1.47)
12	Total Non-Interest Income (₦'Billion)	12.74	16.57
13	Total (Gross) Income (₦'Billion)	33.40	51.31
14	Non-Performing Loans/Total Loans (%)	18.49	17.20
15	Non-Performing Loans/Shareholders' Fund (%)	35.45	40.10
16	Average Liquidity Ratio (%)	81.81	80.37
17	Loans/Deposit Ratio (%)	81.59	103.63
18	Return on Assets (ROA) (%)	4.47	3.39

Source: Special Insured Institutions Department, NDIC
* Extrapolated

Some of the selected performance indicators of MFBs are depicted in Charts 15A, 15B and 15C as follows:

Chart 15A

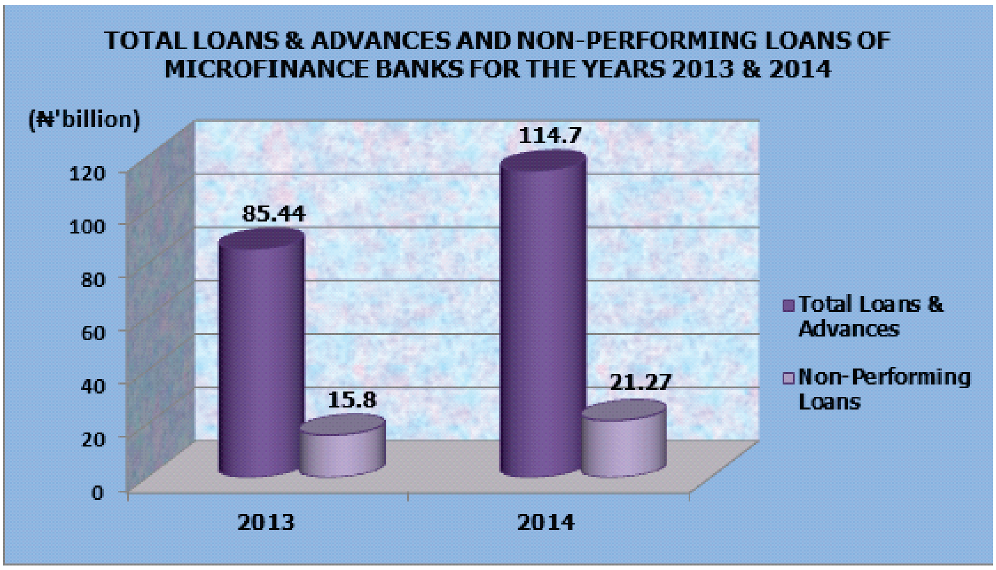


Chart 15B

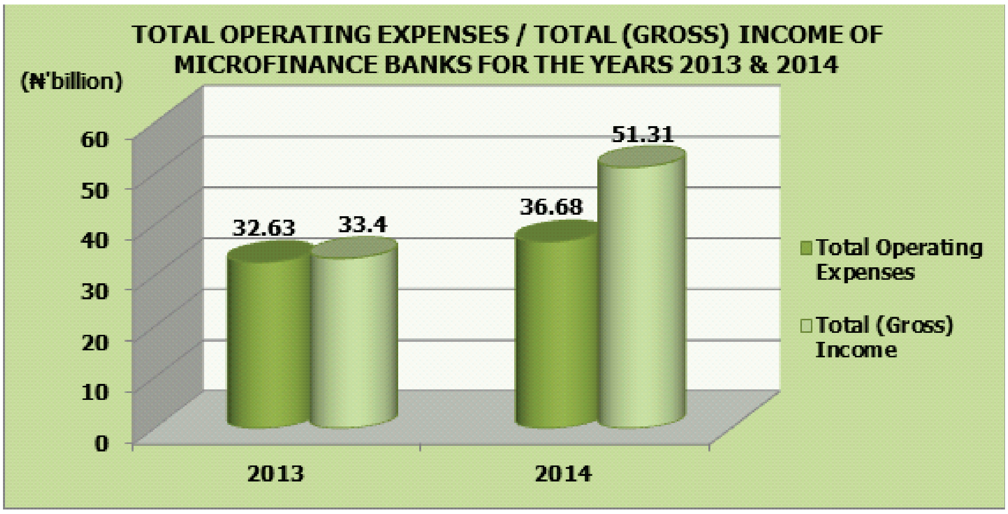
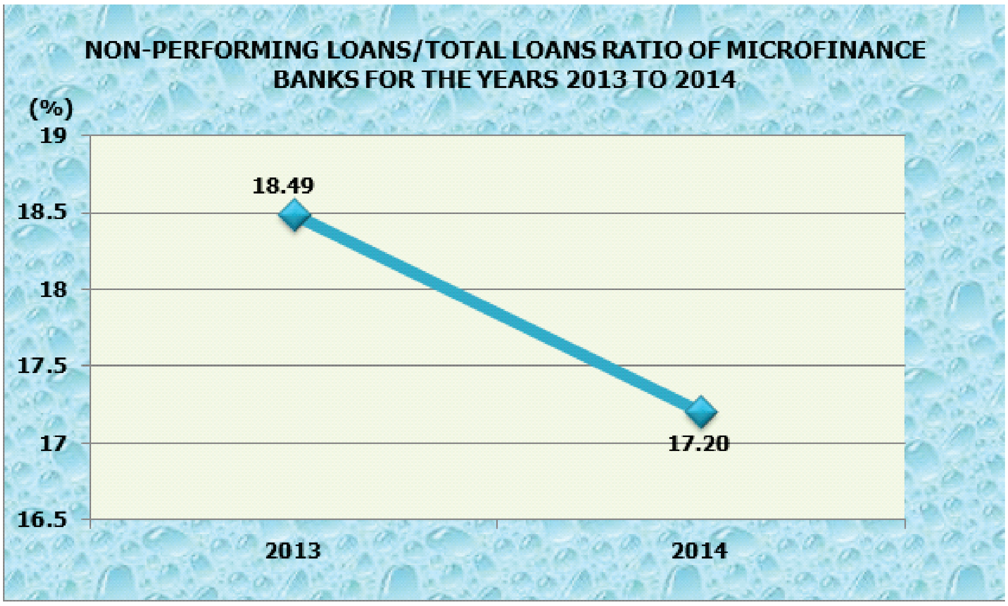


Chart 15C



15.1.2 Challenges faced by the Microfinance Sub-Sector

The challenges faced by the Microfinance sub-sector in 2014, included the following:

i) Weak Capital Base

The shareholders' funds of most of the MFBs had been impaired by loan losses. The poor quality of loan assets and the compelling need to make adequate provision for loan losses had a negative impact on their capital base. The observed condition was further compounded by declining earnings which greatly constrained the institutions' capacity to generate additional capital.

ii) Poor Asset Quality

The portfolio-at-risk (PAR) in some of the MFBs was in excess of 50% as against the prudential threshold of 5%. The penchant for immediate profit resulted in non-adherence to regulatory policies and breach of procedure in credit administration which had led to bad loans. The slow and cumbersome legal and judicial process also made it difficult for the MFBs to realize their non-performing loans or foreclose on the collaterals in the event of default.

iii) Lack of Microfinance Banking Knowledge and Experience

Most staff of MFBs did not have the required knowledge, skills and experience in microfinance banking. A number of the personnel were products of the right-sizing 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 is responsible for establishing strategic objectives, policies and procedures that would guide and direct the activities of MFBs. Such focused Boards were lacking in most MFBs examined as they operated without strategic plans, policies and procedures. Also, there were serial incident of self-serving practices and insider's abuses.

v) Challenge of Management Information System

During the year under review, the operations of most of the MFBs were still manually driven. That had implications for the full adoption of FINA for the electronic rendition of Statutory Returns and for accurate record keeping.

vi) High Operating Costs

In 2014, the operating expenses of the MFBs remained high due to poor infrastructure in the country. As observed in the previous period, the cost of office accommodation mostly in the urban areas and unsustainable wage bills also contributed to the high operating costs. The resultant effect was liquidity problem as funds that would have been utilized to create earning assets were tied down on fixed assets.

vii) Scarcity of Loanable Funds

MFBs relied mainly on deposits for creating loans and advances, as well as for funding their operations. However, many of them had limited funds to extend credit to customers because of their heavy investment in fixed assets.

vi) Low Literacy Level

The low literacy level among the population, especially in the rural areas continued to constitute communication barriers to the promotion of microfinance practice, its successful implementation and enhancement of financial inclusion.

15.2 Operations and Performance of Primary Mortgage Banks

15.2.1 Financial Condition of the Primary Mortgage Banks (PMBs)

The relevant financial indices of the Primary Mortgage Banks revealed mixed performance during the year under review. Following the sanitization and recapitalization of primary mortgage banking sub-sector, the number of PMBs decreased to 42 in 2014 from 83 in 2013. That policy had however, impacted positively on the performance of the sector. The PMBs paid-up capital increased from ₦39.7 billion in 2013 to ₦59.05 billion in 2014, an increase of 48.74%. The reserves also grew from a negative ₦6.08 billion in 2013 to ₦12.59 billion in 2014, while the shareholders' funds rose by 80.45% to ₦71.64 billion in 2014. Consequently, the average capital adequacy ratio of the PMBs stood at 75.95% as at 31st December, 2014.

It is instructive to note that the inability of some of the PMBs to recapitalize negatively affected the sector's growth in total assets and deposits. Total assets decreased from ₦254.46 billion in 2013 to ₦179.61 billion in 2014, representing a decrease of 29.42%. Loans and advances increased by 26.59% over the ₦101.11 billion reported in 2013. Notwithstanding, loans and advances which stood at ₦128.13 billion accounted for 71.33% of total assets as at 31st December, 2014.

Total deposits also decreased by 57.80% from ₦122.16 billion in 2013 to ₦51.55 billion in 2014. The primary mortgage banking sub-sector was liquid as indicated by the average liquidity ratio of 80.37% as at December 2014 compared with the prudential threshold of 30%. However the loans to deposit ratio increased from 81.59% in 2013 to 103.63% in 2014, an indication of overtrading.

The PMBs reported profit of ₦2.79 billion in 2014 compared with a loss of ₦18.16 billion in 2013. Total income stood at ₦11.01 billion in 2014 compared with ₦22.08 billion in 2013. Despite the decline in income in 2014, the ROA improved from negative 7.14% in 2013 to 1.55% in 2014. Of significance also was the decrease in operating expenses from ₦31.38 billion in 2013 to ₦7.97 billion in 2014.

The quality of assets of the PMBs was weak as the NPL ratio was about 44.19% in 2014. The sanitization of the subsector by the Regulatory Authorities is expected to improve the quality of assets going forward. A summary of the performance indicators of PMBs in 2013 and 2014 is presented in Table 15.3.

Table 15.3
SELECTED PERFORMANCE INDICATORS OF PMBs FOR 2013 AND 2014

S/No	DETAILS	2013	2014
1	Number of PMBs in Operation	83	42
2	Number of Reporting PMBs	34	42
3	Total Assets (₦'Billion)	254.46	179.61
4	Total Deposit (₦'Billion)	122.16	51.55
5	Total Loans & Advances (₦'Billion)	101.11	128.13
6	Non-Performing Loans (NPL) (₦'Billion)	NA	56.56
7	Profit Before Tax (PBT) (₦'Billion)	(18.16)	2.79
8	Shareholders' Fund (₦'Billion)	39.70	71.64
9	Total Operating Expenses (₦'Billion)	31.38	7.97
10	Total Paid Up Capital (₦'Billion)	39.70	59.05
11	Total Reserves (₦'Billion)	(6.08)	12.59
12	Total Non-Interest Income (₦'Billion)	5.03	1.71
13	Total (Gross) Income (₦'Billion)	22.08	11.01
14	Non-Performing Loans/Total Loans (%)	NA	44.19
15	Non-Performing Loans/Shareholders' Fund (%)	21.23	1.55
16	Average Liquidity Ratio (%)	81.81	80.37
17	Loans/Deposit Ratio (%)	82.77	120.14
18	Return on Assets (ROA) (%)	(7.14)	1.55

Source: Special Insured Institutions Department, NDIC

Charts 15D, 15E, 15F and 15G below provides pictorial representations of some selected performance indicators of PMBs.

Chart 15D

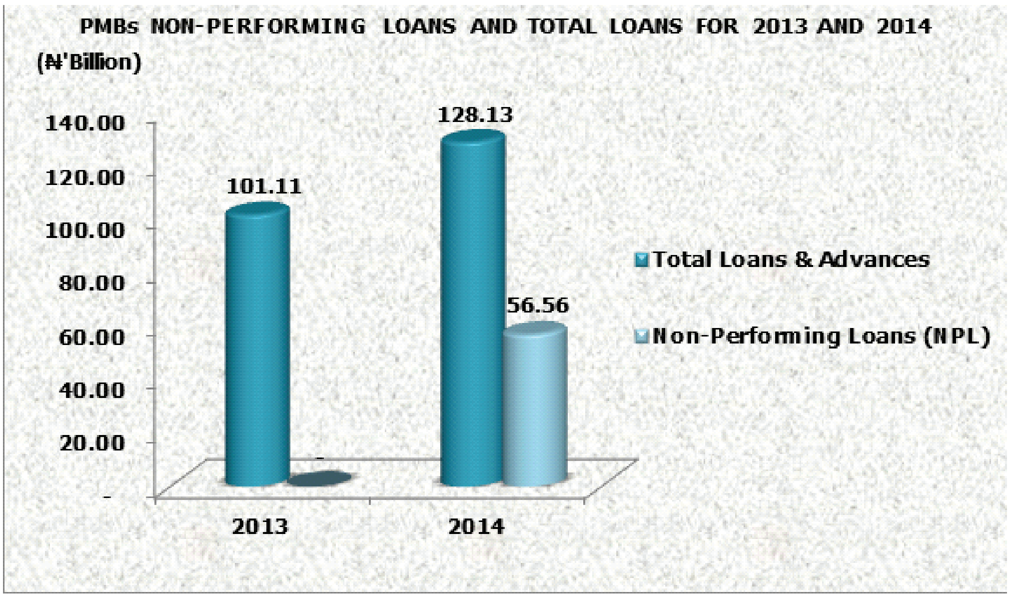


Chart 15E

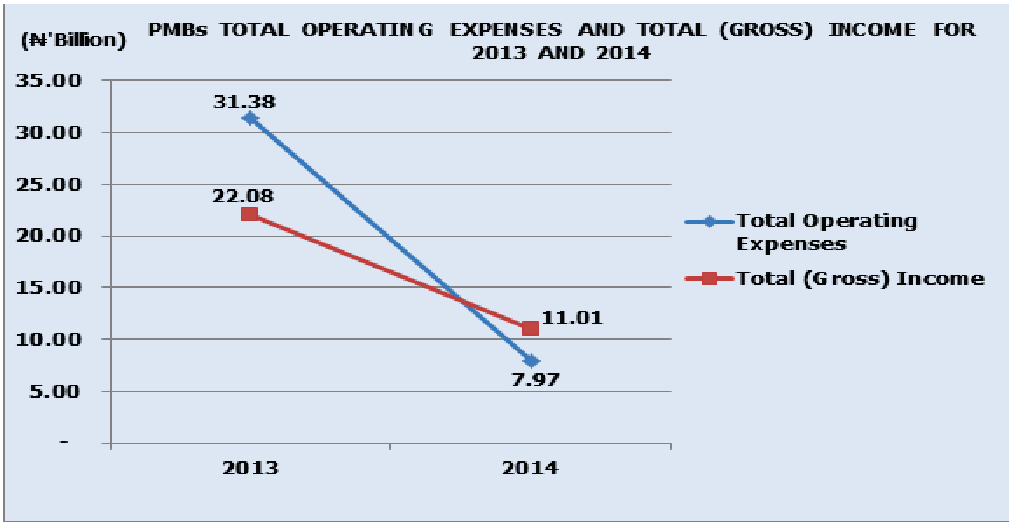


Chart 15F

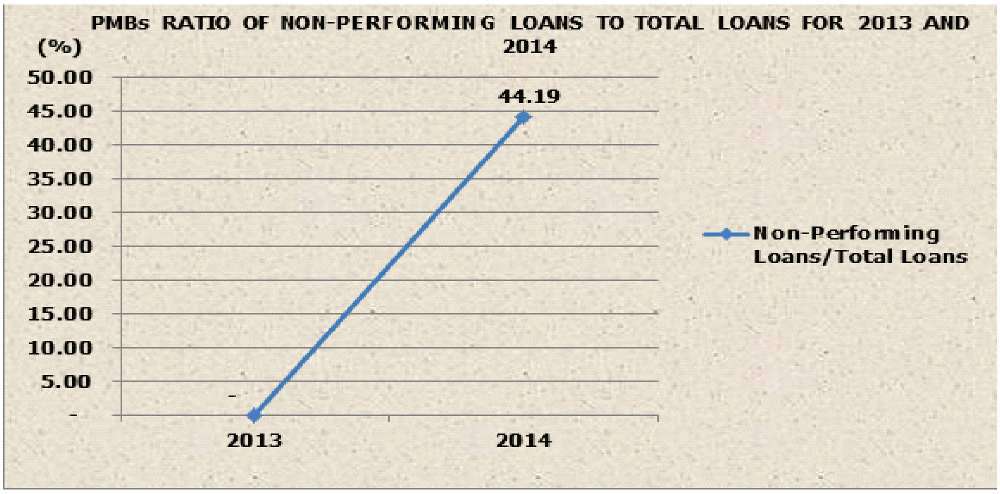
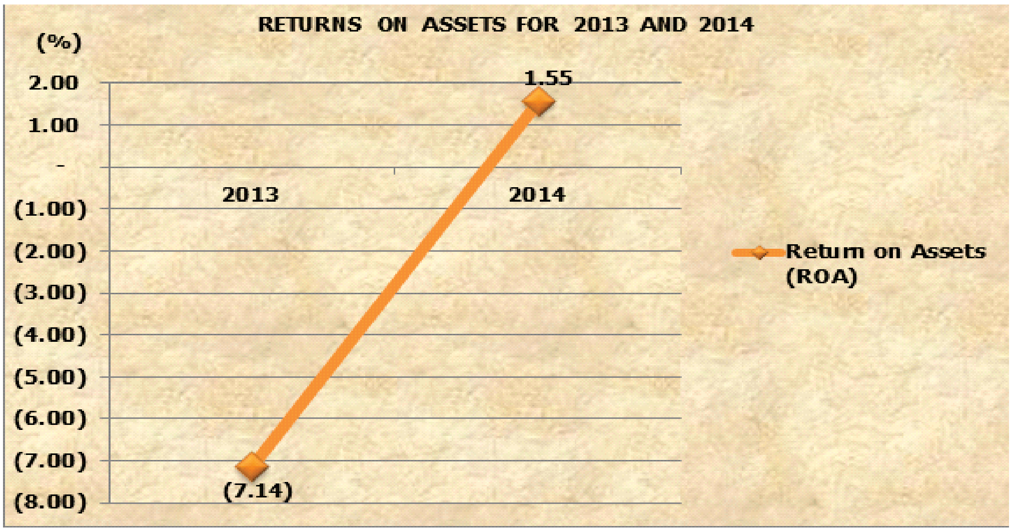


Chart 15G



15.2.2 Recapitalization of Primary Mortgage Banks (PMBs)

The CBN had in August 2011 introduced a new capital requirement of ₦5 billion for national PMBs and ₦2.5 billion for state PMBs. The deadline of 31st December, 2012 was given for compliance with the new capital requirements. However, due to the inability of many PMBs to meet up with the date, the deadline was extended to 30th June, 2014. As at 31st December, 2014, 22 PMBs had met the capital requirement of ₦2.5 billion to operate as State PMBs, while 10 PMBs met the requirement of ₦5 billion to operate as a national PMB. Also, the CBN had granted provisional approval to 10 PMBs that were yet to fully recapitalise to continue to operate pending full recapitalisation. The CBN had directed the PMBs that failed to meet the recapitalisation deadline to merge or convert to finance companies or MFBs. It is instructive to note that 51 out of the 83 PMBs failed to meet the recapitalisation requirements. Some selected indices of the failed 51 PMBs are shown in Table 15.4

Table 15.4

SELECTED INDICES OF 51 PMBs THAT FAILED TO RECAPITALISE AS AT DECEMBER 31, 2014

S/N	INDICES	AMOUNT (₦' Billion)
1	Total Deposits	15.1
2	Insured Deposit	10.9
3	Loans and Advances	19
4	Fixed Assets	3.9

Source: Claims Resolution Department, NDIC

15.2.3 Support of Regulatory/Supervisory Agencies for the Development of Primary Mortgage Banks in Nigeria

During the period under review, the Corporation organized a two-day sensitization workshop for the PMB operators in Lagos and Abuja with the theme, "Developing and Implementing Effective Risk Management in Primary Mortgage Banks in Nigeria" between 22nd - 23rd September, 2014, in Lagos and 29th – 30th September, 2014 in Abuja with a total of 384 participants drawn from Mortgage Banks, Mortgage Banks Association of Nigeria, Bank of Infrastructure and NAICOM.

The NDIC's objectives for organizing the workshop among others were to:

- Promote financial inclusion;
- Enhance availability of housing to Nigerians; and
- Foster the stability of the Primary Mortgage Financing subsector.

15.2.4 Federal Government Initiatives to Support the Primary Mortgage Banks

(a) The Nigeria Mortgage Refinance Company Plc (NMRC)

The NMRC was incorporated on the 24th June, 2013. In January 2014, the Federal Government launched the NMRC with the primary aim of providing support to PMBs and DMBs to enhance mortgage lending by refinancing their mortgage loan portfolios. The World Bank had approved a concessional US$300 million 40 year International Development Association (IDA) loan at 0.75% which was obtained to facilitate the execution of the Housing Finance Programme. Out of that, US$250 million would be disbursed in instalments to NMRC as Tier 2 Capital based on key performance indicators, the balance of US$50 million would be allocated to other components of the Housing Finance Programme as follows: US$25 million for the establishment of a Mortgage Guarantee Facility for lower income borrowers and US$25 million to support the development and piloting of Housing Microfinance Products.

The scheme would provide mortgage-lending institutions with access to long-term finance at an affordable interest rate, thereby enabling mortgages to be issued by these institutions to Nigerians at longer tenors and affordable rates. The provision of mortgage loans at longer tenors would provide the average working Nigerian citizen an opportunity to buy a home and conveniently pay for it.

(b) Federal Government 10,000 Low-cost Housing Scheme

During the year under review, the Federal Government launched the first mortgage scheme for 10,000 low-cost housing. It was aimed at addressing the constraints posed by poor access to finance in the development of affordable housing in the country. The project would be spearheaded by NMRC.

Under the Scheme, the NMRC was expected to provide Nigerians access to finance by lender for tenors of up to 20 years to help accelerate the growth of the mortgage market for all income levels in the country. It was also aimed at first-time home buyer who seeks mortgages to purchase a home costing between ₦2 million and ₦20 million.

15.3 Challenges Faced by the Primary Mortgage Banks

As observed in the previous year, the PMBs' sub-sector continued to encounter challenges that militated against the attainment of the policy objective of acting as a catalyst for the development and provision of affordable houses to Nigerians. Some of the challenges included:

i) Delay in Accessing NHF Funds/Dearth of Long Term Funds

Most of the PMBs continued to find it difficult to provide the required bank guarantee to access the National Housing Funds. Only four (4) out of the 42 PMBs in operations were listed on the Nigerian Stock Exchange (NSE) which meant that many others did not have access to long term funds through the Stock Exchange Window.

ii) Difficulties in Deposit Mobilization

Due to lack of understanding of the nature of business of PMBs by the public, it had been difficult for the PMBs to mobilize deposits to finance their housing projects which were usually long term in nature. The public prefer to open savings/current accounts with Deposit Money Banks (DMBs) rather than with PMBs whose operations were considered to be too complicated.

iii) Land Use Act

Another challenge faced by the sector is the Land Use Act, which had made the process of perfecting title to landed property burdensome, slow and costly. That had affected negatively the foreclosure procedures on the properties pledged as collateral. Accordingly, the Land Use Act needs to be reviewed to address this issue.

iv) Under-developed Mortgage-Backed Securities Market

Mortgage-Backed Securities (MBS) allows mortgage assets to be traded on recognized stock exchanges. At present MBS do not exist in Nigeria. Securitization of mortgage assets should be encouraged to enhance marketability and promote market deepening.

v) High Cost of Building Construction

The appalling state of facilities like roads, transportation, power and water supply had contributed to the high cost of building construction in Nigeria. Furthermore, the high foreign exchange content of imported building materials such as cement, tiles, ceramic wares etc have made housing non- affordable for the average and low income earners. However, the call by the President, Dr. Goodluck Ebele Jonathan, for the computerization of Land Registries in the country at the launch of the NMRC, if implemented, would reduce the cost of house construction and sale by private developers.

vi) Weak Corporate Governance and Risk Management Practices

In 2014, weak corporate governance and poor risk management practices had continued to pose a major challenge to PMBs. Most PMBs were yet to put in place procedures to identify, monitor, manage and control the various risks associated with their operations. Boardroom squabbles, inexperienced board and poor internal control systems had impacted negatively on the performances of the banks during the period under review.

15.4 Establishment of Micro, Small and Medium Enterprises Development Fund (MSMEDF)

As part of its developmental functions and mandate of promoting a sound financial system in Nigeria, the CBN launched the Micro, Small and Medium Enterprises Development Fund (MSMEDF) on August 15, 2013. That was in recognition of the significant contributions of the Micro, Small and Medium Enterprises (MSME) sub-sector to the economy. The CBN approved a sum of ₦220 billion as the take-off fund.

The Policy Framework of the Fund was revised in August 2014. It was based on the following guidelines:

I. Women access to financial services should increase by at least 15 per cent annually to eliminate gender disparity, 60 per cent of the Fund had been earmarked for providing financial services to women.

II. The Fund shall have a take-off seed capital of ₦220billion

III. The Fund shall have a Steering Committee, with NDIC as a member, constituted in line with its approved shareholding structure and chaired by the Governor, CBN.

IV. The Participating Financial Institutions shall include all MFBs, Non-Governmental Organizations-Microfinance Institutions (NGO-MFIs), Financial Cooperatives, Finance Companies, Development Finance Institutions (Bank of Agriculture & Bank of Industries) and DMBs.

V. For a MFB/finance company to be eligible for wholesale funding, it shall satisfy the following conditions:
   a) Submission of latest CBN/ NDIC examination report
   b) Submission of 2 years Audited/Management Accounts
   c) Acceptable Risk Management Framework
   d) Sound Corporate Governance Culture
   e) Evidence of Membership of apex association and date payment of Annual Subscription

   f) Compliance with up-to-date and timely rendition of monthly returns to the CBN, as stipulated in the Revised Microfinance Policy, Regulatory and Supervisory Framework fo Nigeria.

   g) Any other condition as the CBN may stipulate from time to time.

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SECTION 16

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

16.1 Distribution of Insured Banks' Offices and Branches

During the year under review, there was no addition to the number of banks that operated in the Industry. However, two of the AMCON banks namely Enterprise Bank Limited and Mainstreet Bank Limited were acquired by Heritage Bank Limited and Skye Bank Plc respectively, which reduced the number of DMBs to 22. It is however pertinent to note that though the acquisitions had been concluded before the year ended 31st December, 2014, the financial statements of the acquired DMBs had not been consolidated with that of the acquirers. Hence, the acquired banks (Enterprise Bank Limited and Mainstreet Bank Limited) rendered independent returns to the regulators for the year ended 31st December, 2014. In that regard, the number of DMBs that rendered regulatory returns for the year ended 31st December, 2014 remained at twenty-four (24). However, the number of bank branches increased slightly from 5,265 in 2013 to 5,349 in 2014. Table 16.1 shows the distribution of insured banks' branches/offices in the 36 states of the Federation and the Federal Capital Territory (FCT), Abuja in 2014.

Table 16.1
DISTRIBUTION OF INSURED BANKS' OFFICES AND BRANCHES AS AT 31ST DECEMBER, 2014

S/N	States (Including Abuja)	Number of Branches/Offices	Percentage Share (%)
1.	Abia	136	2.54
2.	Abuja (FCT)	390	7.29
3.	Adamawa	57	1.07
4.	Akwa-Ibom	95	1.78
5.	Anambra	222	4.15
6.	Bauchi	48	0.90
7.	Bayelsa	38	0.71
8.	Benue	66	1.23
9.	Borno	63	1.18
10.	Cross River	75	1.40
11.	Delta	185	3.46
12.	Ebonyi	34	0.64
13.	Edo	176	3.29

S/N	States (Including Abuja)	Number of Branches/Offices	Percentage Share (%)
14.	Ekiti	75	1.40
15.	Enugu	134	2.51
16.	Gombe	38	0.71
17.	Imo	98	1.83
18.	Jigawa	39	0.73
19.	Kaduna	161	3.01
20.	Kano	172	3.22
21.	Katsina	57	1.07
22.	Kebbi	38	0.71
23.	Kogi	80	1.50
24.	Kwara	78	1.46
25.	Lagos	1,587	29.67
26	Nassarawa	47	0.88
27.	Niger	77	1.44
28.	Ogun	148	2.77
29.	Ondo	112	2.09
30	Osun	100	1.87
31.	Oyo	216	4.04
32.	Plateau	70	1.31
33.	Rivers	292	5.46
34.	Sokoto	50	0.93
35.	Taraba	32	0.60
36.	Yobe	31	0.58
37.	Zamfara	32	0.60
	Total	5,349	100

Source: Bank Returns.

Table 16.1 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 Lagos state, the FCT and Rivers state had the highest number of branches/offices with 1,587 (29.67%), 390 (7.29%) and 292 (5.46%) branches respectively. Other leading States were

Anambra State with 222 (4.15%), Oyo State with 216 (4.04%), and Delta State with 185 (3.46%) branches. On the other hand, Zamfara, Taraba and Yobe States had the least number of branches with 32 (0.60%), 32 (0.60%) and 31 (0.58%), respectively. An analysis of the total number of branches in the states as at 31st December, 2014 revealed that the top six states (states with the most branches) had a total of 2,924 branches or (53.58%) out of the 5,357 branches/offices in operation.

16.2 Head Office Addresses and Branches of Insured Banks

Table 16.2 presents a distribution of branches/offices and Head Office addresses of insured DMBs in Nigeria as at 31st December, 2014. First Bank of Nigeria Plc topped the list of banks with the highest number of branches/offices with 726 branches, while United Bank for Africa Plc and Ecobank Plc came second and third with 603 and 484 branches/offices, respectively.

The top three banks accounted for a total of 1,810 branches or 33.78% of the total number of bank branches/offices in the system. Following the top three banks in terms of number of branches/offices were Union Bank Plc with 329, Zenith Bank Plc with 336, Access Bank Plc with 310, FCMB with 272 and Diamond Bank Plc with 262, while Skye Bank Plc and Unity Bank Plc had 245 and 240 branches, respectively.

16.3 Insured Banks and their Board of Directors

The Board of Directors plays a critical role in the survival, viability and profitability of any organization. Hence, DMBs require sound, competent and responsible Boards to enable them carry out their businesses, in order to attain profitability and sustainability. An assessment of findings from surveillance of banks in 2014, showed 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 practices. During the period under review, five banks appointed new MD/CEOs to replace those whose tenures had expired in line with CBN directive which stipulated a maximum of two terms not exceeding 10 years in office, while some banks also replaced the chairman of the board of directors.

During the year under review, most DMBs complied with the revised CBN Guidelines of Section 2.2.4 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” be appointed by the bank on merit.

Table 16.2 presents the list of insured banks' directors as at 31st December, 2014. As shown in the table, there were 324 directors serving on the boards of the 24 DMBs.

16.4 Insured Banks' Approved External Auditors

Auditors play a vital role in the corporate governance process of organizations. 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. To that effect, the regulatory authorities ensure the appointment and disengagement of banks' External Auditors and also assign basic responsibilities/obligations to the Auditors to help promote confidence and transparency in the banking system. The statutory reporting requirements of insured banks' external auditors are stipulated under Section 54 of the NDIC Act No. 16 of 2006.

Table 16.2 reveals that a total of 7 (seven) Chartered Accounting firms were approved to conduct independent audit of the 24 DMBs in operation as at 31st December, 2014. From the analysis presented in Table 16.2, PriceWaterhouse Coopers audited 8 out of the 24 DMBs that operated in 2014. KPMG Professional Services and Akintola Williams audited 7 and 3 banks, respectively while Ernst and Young and Ahmed Zakari audited 2 DMBs each. Other audit firms included PKF Professional Services and Horwath Dafinone.

The banks were audited wholly with the exception of Fidelity Bank which was audited jointly by Ernst and Young and PKF Professional Services.

Table 16.2

INSURED BANKS' ADDRESSES, BRANCHES, DIRECTORS AND APPROVED AUDITORS AS AT DECEMBER 31, 2014

S/N	Names & Addresses	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	310	Mr. Gbenga Oyebode,MFR Mr. Herbert Wigwe Mr. Obinna Nwosu Dr Mahmoud IsaDutse Mr.Emmanuel Chiejina Mr. Oritsedere Otubu Mr. Paul Usoro Mrs. Tamramat Mosunmola Belo Mrs. Anthonia Olufeyikemi O Mrs. Ojinika Nkechinyere O Mr. Elias Igbinakenzua Mr. Roosevelt Ogbonna Mrs. Titilayo Grace Osuntoki Mr. Victor Okenyebunor Etuokwu Dr. Ernest Chukwuka -Anene Ndukwe Dr. Ajoritsedere Josephine Awosika (16)	Chairman GMD/CEO GDMD Director Director Director Director Director Director ED ED ED ED ED Ind. Director Ind. Director	Price Waterhouse Coopers

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
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 Mrs. Nneka Enwereji 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 Mrs.Ireti Samuel Ogbu (13)	Chairman MD/CEO ED 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	262	Dr. Chris Ogbechie Mr. Uzoma Dozie Mrs. Caroline Anyanwu Mr. Abdulrahman Yinusa Mr. Victor Ezenwoko Mr. Oladele Akinyemi Mr. Christopher Low Dr. Olubola Adekunle Hassan Chief John Edozien Mr. Kabir Alkali Mohammed Mr. Ian Greenstreet Mr. Thomas Barry Mrs. Ifueko Okauru (13)	Chairman GMD/CEO DMD ED ED ED Director Director Director Director Ind. Director Director Ind. Director	KPMG Professional Services
4.	Ecobank Nig. Plc Plot 21, Ahmadu Bello Way, P.O. Box 72688, Victoria Island, Lagos www.ecobank.com	484	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. Edouuard Virgile Dossou –Yovo Mr. Olufemi Ayeni Mrs. Funmi Oyetunji Mme Eveline Tall Mr. Kingsley Uinadia (15)	Chairman MD/CEO DMD ED ED ED ED Director Director. Director. Ind. Director Ind. Director Director Director Director	Akintola Williams Deloitte

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
5.	Enterprise Bank Nig Ltd Plot 143, Ahmadu Bello Way Victoria Island Lagos www.entbanking.com	154	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	208	Chief Christopher I. Ezeh, MFR Mr. Nnamdi Okonkwo Mr. I.K Mbagwu Mrs. Olaolu Joy Onome Mr. Chijoke Ugochukwu Mr. John Obi Mr. Balarabe Mohammed Lawal Mrs. Aku Odinkemelu Mallam. Umar Yahaya Mr. Kayode Olowoniyi Ichie Nnaeto Orazulike Mr. Robert Nnana Kalu Alh. Bashir Gumel Mr. Alex Chinele Ojukwu Mr Ezechukwu Micheal Okeke (15)	Chairman MD/CEO ED ED ED ED ED ED Director Director Director Director Ind. Director Director 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	726	Prince. Ajibola A. Afonja Mr. Bisi Onasanya Mr. Adetokunbo Abiru Dr. Adesola Adeduntan Mr. U. K. Eke Mr. Abiodun Odubola Mr. Dauda Lawal Mr. Gbenga Shobo Mr. Mohammed Bello Maccido Mr. Tunde Hassan - Odukale Mrs. Khadijah Alao Straub Mrs. Ibukun Awosika Mr. Obafemi Otudeko Alh. Lawal Kankia Mr. Ebenezer Jolaoso Mr. Ambrose Feese Mr. Dahiru Waziri Alh. Mahey Rasheed Dr. Mrs. Ijeoma Jidenma	Chairman GMD/CEO ED ED ED ED ED ED Director Director Director Director Director Director Director Director Director Ind. Director Ind. Director	Pricewater Coopers

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
8.	First City Monument Bank Plc Primrose Tower, 17A, Tinubu Street P.O.Box 9117, Lagos. www.firstcitygrou p.com customersolution@firstcitygroup.com	267	Mr. Otunba Olutola Senbore Mr. 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. Mobolurin Mrs. Tokunboh Ismael (13)	Chairman MD/CEO DMD ED ED ED Ind. Director Director Director Ind. Director Director Director Director	KPMG Professional Services
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	213	Mr. Egbert Ulogo Imomoh Mr. Olusegun Agbaje Mrs. Echeozo Catherine Mr.A.A Odeyemi Mr. Ohis Ohiwerei Mrs. Olutola Omotola Mr. Wale Oyedeji Mrs. Osaretin.A Demuren Mr. H.A Oyinlola Mr. Ibrahim Hassan Mr. O.M Agusto Mr. Kadri.A Adeola Mr. Akindele Akintoye Mr. Andrew. Alli (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.	9	Mr. Akinsola Akinfemiwa Mr. Ifie Sekibo Mr. Adeniyi Adeseun Mrs. Mary Akpobome Mr. Adetola Atekoja Mr. Anthony Madojemu Mr. Francesco Cuzzocrea Alh. Jani Ibrahim Mr. Oyelola Oladele (9)	Chairman MD/CEO ED ED Director Director Director Ind.Director Director	Horwath Dafinone

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
12	Jaiz Bank Plc Kano House, No 73 Ralph Shodiende Street, Central Business District, Abuja. www.jaizbankplc.com	15	Alh.(Dr) Umaru Abdul Mutallab CON. Muhammed Nurul Islam Hassan Usman Mahe Mahmud Abubakar Dr. Aminu Alhassan Dantata, CON Alh. (Dr) Muhammadu Indimi, OFR Mallam. Falalu Bello, OFR Mr. Haseebullah Siddique Alh. Garba Aliyu H HRH. Engr. Sani Bello Alh. Musbahu Mohammed Bashir Alh. Umar Kwairanga Alh. Mohammed Lawal Jari Mukthar Sani Hanga Prof.Tajudeen Adebiyi Nafiu Baba Ahmed, MNI (16)	Chairman MD/CEO ED ED 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	185	Mr. Ajekigbe Jacob Moyo Mr. Philip Chukwuemeka Ikeazor Mr. Shehu Abubakar Mr. Shehu Kuranga Muhammad Mrs. Yvonne Isichei Mr. Hafiz Bakare Mr. Innocent Ike Prince. Niyi Akenzua Brig. Gen. Maude Aminu-kano (Rtd) Mr. Mustapha Ibrahim Mr. Jacob Olusegun Olusanya Mr. Yusufu Pam Mrs. Maria Olateju Philips Mr. Yakubu Shehu, OON Chief. Charles Chiede Unmolu (15)	Chairman MD/CE ED ED 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

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
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 Michael Blenkinsop Peter Phillip Spangenberg Remi Odunlami Jordan Louis Enase Okonedo Babatunde Savage Field Michael Kruger Gert (10)	Chairman MD/CEO ED Director Ind. 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	245	Mr. Olatunde Ayeni Mr. Timothy Oguntayo Mrs. Amaka Onwughalu Mrs. Ibiye Ekong Mr. Dotun Adeniyi Mr. Victor Adenigbagbe Mr. Jason Fadeyi Mr. Vinay Tuteja Mr. Abdul Bello Mr. Babajide .T. Agbabiaka Mr. Olakunle Aluko Mrs. Ammuna Lawan Ali Mr. Victor Odozi (13)	Chairman GMD/CEO DMD ED ED Director Director Director Director Director Director Ind. Director Ind. Director	Price Waterhouse Coopers
17.	Stanbic-IBTC Bank Plc Stanbic IBTC Place, Walter Carrington Crescent, P.O. Box 71707, Victoria Island, Lagos. www.stanbicibtcbank.com	180	Mr. Simpiwe Tshabalala Mr. Yinka Sanni Mr. Victor Williams Mr. Obinnia Abajue Mr. Wole Adeniyi Mrs. Sola David Borha Mr. Moses Adedoyin Mr. Arnold Gain Mrs. Maryam Uwais, MFR Mr. Sam Cookey Mr. Zweli Manyathi (11)	Chairman MD/CEO ED ED ED Director Director Director Ind. Director Director Ind. Director	KPMG Professional Services
18.	Standard Chartered Bank Nigeria Ltd 142 Ahmadu Bello Way Victoria Island Lagos www.standaredcharterd.com	41	Sir Remi Festus Omotoso Mrs. Bola Adesola Mrs. Yemi Owolabi Mr. Remi Oni Mr. Anil Dua Mrs. Diana Layfield Alh. Muhammed Yahaya Mr. Adesola Adepetun (8)	Chairman MD/CEO ED ED Director Director Ind. Director Ind. Director	Akintola Williams Deloitte

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
19.	Sterling Bank Plc 20, Marina P.M.B. 12735 Lagos, Nigeria www.sterlingbankng.com	175	Mr. Asue Ighodalo Mr. Yemi Adeola Mr. Lanre Adesanya Mr. Kayode Lawal Mr. Abubakar Suleiman Mr. Yinka Adeola Mr. Raghavan Karthikeyan Ms. Olufunmilola Osunsade Mr. Olaitan Kajero Mrs. Tairat Tijani Mr. Rasheed Kolarinwa Ms. Tamarakare Yekwe, MON Dr. (Mrs) Omolara Akanji (13)	Chairman GMD/CEO ED ED ED Director Director Director Director Director Ind. Director Ind. Director Ind. Director	Ernst & Young
20.	Union Bank of Nigeria Plc 36, Marina, P.M.B. 2027, Lagos. www.unionbankng.com	329	Sen. Udoma Udo Udoma Mr. Emeka Emuwa Mr. Adekunle Mickey Adeosun Mrs. Oyinkan Adewale Mr. Kandolo Kasonga Mr. Ibrahim Abubakar Kwargana Mr. Okonkwo Godsn Chukwuemeka Mr. Ahmed Mansur Mohammed Dr. Mrs. Onikepo Akande Mr. John Botts Mr. Richard Burret Mr. Clay Ian Barton Mr. Kramer Richard Lee Mr. Cyril Akporuere Odu Dr. Yemi Osindero Mr. Jallo Saidu Mohammed Mr. Douglas Munatsi Mr. Dickie Agumba Ulu (18)	Chairman GMD/CEO ED ED ED ED ED Ind. Director Ind. 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	603	Mr. Tony Elumelu Amb. Joe Keshi, OON Mr. Phillip Oduoza Mr. Kenedy Uzoka Mr. Apollos Ikpobe Mr. Femi Olaloku Mr. Dan Okeke Mr. Emeka Iweriebor Ms. Obi Ibekwe Mrs. Rose Okwechime Mr. Adekunle Olumide, OON Chief. Kolawole Jamodu, OFR Mrs. Foluke Abdulrazak Alh. Ja'afaru Paki Mr. Yahaya Zekeri Mrs. Owanari Duke (16)	Chairman Vice Chairman GMD/CEO ED ED ED ED ED ED Director Ind. Director Director Director Ind. Director Director Director	Price Waterhouse Coopers

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
22.	Unity Bank Plc, Unity Bank Towers, Plot 785, Herbert Macaulay Way, Central Business District, Abuja. www. unitybanking.com	240	Mr. Thomas Etuh Mr. Aminu Babangida Mr. Henry James Sementari Mr. Ahmed Yusuf Mrs. Aisha Abraham Mr. Dahiru Chadi Ms. Arese Alonge Mr. Abubakar Abba Bello Mr. Hakeem Shagaya Engr. Oluseun Mabogunje Dr. Olufunsho Obasanjo Alh. M.A Kaugama Mr. Richard Gboyega Asabia (13)	Chairman Vice Chairman MD/CEO ED ED ED ED ED Director Director Director Director Ind. Director	Ahmed Zakari & Co.
23.	Wema Bank Plc Wema Towers, 4th Floor, 54, Marina, P.M.B. 12862, Lagos. www.wemebank.com	128	Mr. Adeyinka Asekun Mr. Segun Oloketuyi Mr. Ademola Adebise Mr. Nurudeen A. Fagbenro Mr. Moruf Oseni Mr. Wole Akinleye Mrs. Folake Sanu Mr. Adebode Adefioye Mr. Abubakar Lawal Mr. Samuel Durojaye Mrs. Tina Vukor-Quarshi Mrs Omobusola Ojo (12)	Chairman MD/CEO ED ED ED ED ED 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. Jim Ovia Mr. Peter Amangbo Ms. Adaora Umeoji Mr. Ebenezer Onyeagwu Mr. Olusola Oladipo Mr. Babatunde Adejuwon Prof. Chukuka Enwemeka Chief (Mrs.) Chinyere Asika Mr. Jeffrey Efeyini Dr. Haruna Usman Sanusi Mr. Steve Babatunde Omojafor Alhaji Baba Tela (12)	Chairman GMD/CEO Exec. Director Exec. Director Exec. Director Director Director Director Director Director Director Ind. Director	KPMG Professional Services

Source: Bank Returns

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