NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

Annual Report

FOR THE YEAR ENDED
DECEMBER 31, 2015

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

Vision

To become one of the leading Deposit Insurers in the world.

Mission

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

Core Values

In its commitment to the public service, NDIC value:

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

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

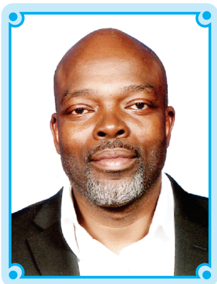
MEMBERS OF THE BOARD OF DIRECTORS

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

Alh. Umaru Ibrahim, mni.
Managing Director/CEO

Prince Aghatise Erediauwa
Executive Director (Operations)

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

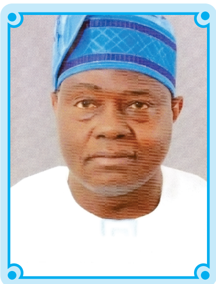


Chief Oyebisi L. Ilaka

Mr. Lawal Z. Gana

Bennediktar C. Molokwu

Mrs. A. T. Martins



Mr. Razak T. Lawal

Chief Davidson Ogbenekevwode

Mr Abdulrahman Dikko

Mr. Zaji Kali

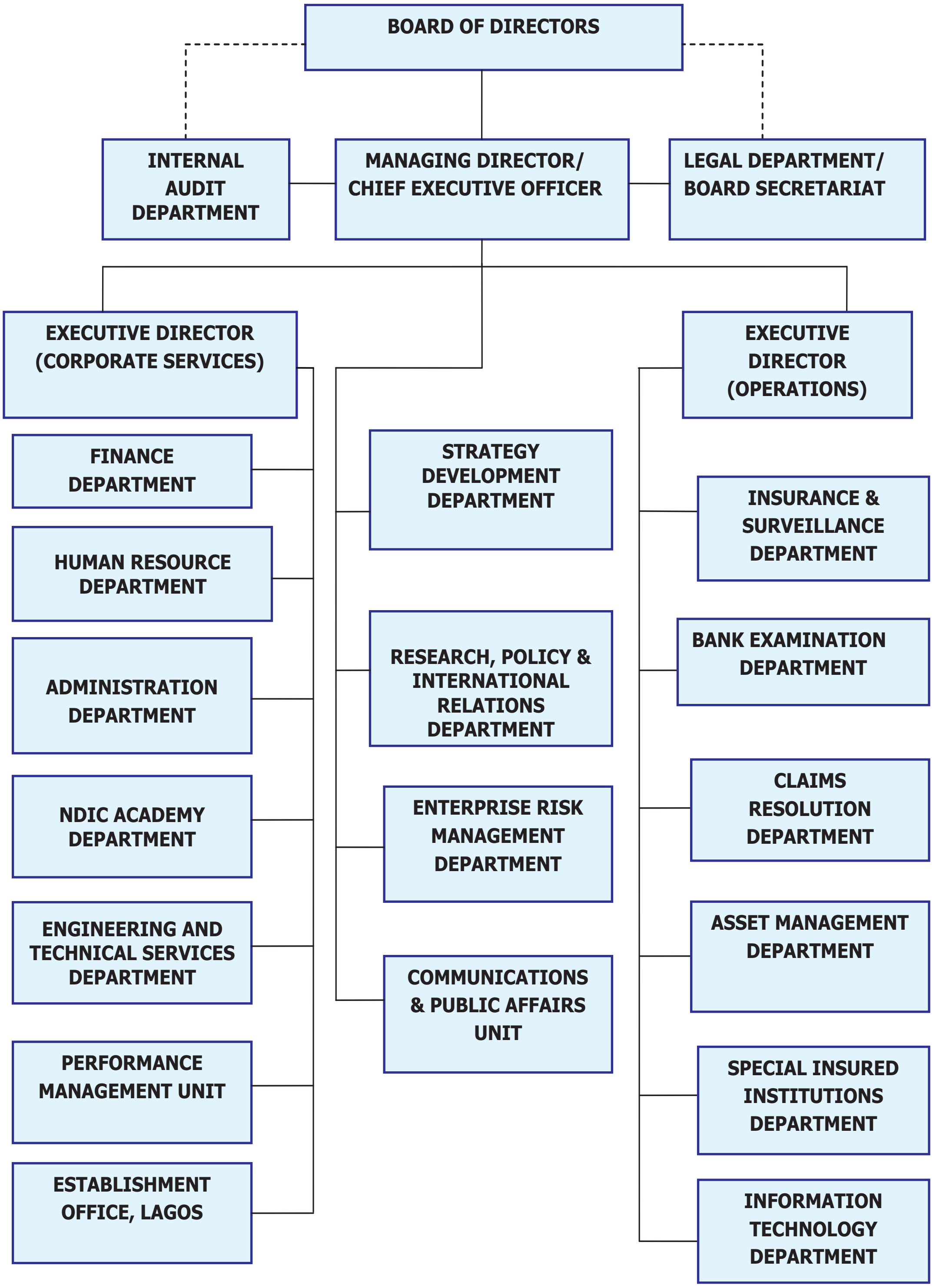
MEMBERS OF THE EXECUTIVE COMMITTEE

Alh. Umaru Ibrahim, mni.
Managing Director/CEO

Prince Aghatise Erediauwa
Executive Director (Operations)

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

ORGANISATIONAL STRUCTURE



HEADS OF DEPARTMENT/UNIT

Mrs. C. E. Afabor	-	Director, Administration
Mr. B. D. Umar	-	Director, Asset Management
Mr. A. A. Adeleke	-	Director, Bank Examination
Mr. M. A. Ahmed	-	Director, Human Resource
Dr. J. A. Afolabi	-	Director, Research, Policy & Int'l Relations
Mr. I. Tafida	-	Director, Internal Audit
Ms. D.O. Okonta	-	Director, Finance
Dr. (Mrs.) K. P. Gang	-	Director, Enterprise Risk Management
Mr. Joshua J. Etopidiok	-	Director, Special Insured Institutions
Mr. Bello Asunmo Shittu	-	Director, Claims Resolution
Mr. T. S. Yakasai	-	Director, Insurance & Surveillance
Mr. Festus Ekechi	-	Director, Strategy Development
Mr. Belema A. Taribo	-	Ag. Director, Legal & Secretary to the Corporation
Mr. Edwin Esangbedo	-	Deputy Director, Performance Management Unit
Mr. H. S. Birchi	-	Deputy Director, Communications & Public Affairs
Mr. W. O. Oduah	-	Deputy Director, Academy
Mr. David .O. Egbung	-	Assistant Director, Establishment Office
Mr. Imade Uhunmwagho	-	Assistant Director, Information Technology

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

Lagos Office
NECOM House
15, Marina, Lagos
Tel: 01-2719010, 01-2719011.

ZONAL OFFICES

Bauchi Zonal Office
Plot No 3, Bank Road
P.M.B 0207, Bauchi
Tel: 09020441970-73, 09020441975

Benin Zonal Office
28A & B, Benoni Hospital Road
Off Airport Road, G.R.A.
P.M.B. 1043, Benin
Benin City
Tel: 08150999600, 08150999599,
08150999588

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

Ilorin Zonal Office
12A, Sulu Gambari Road
Ilorin
Tel: 08089438850, 08023202132
09092125607, 09092125605

Kano Zonal Office
Plot 458, Muhammad Muhammad Street
Off Maiduguri Road
Hotoro, GRA
Kano
Tel: 08097756130, 08126657022
08063932722, 09092748222

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

Sokoto Zonal Office
No. 2, Gusau Road
Opp. NNPC Mega Station
Sokoto
Tel: 07055769606, 09036453305
09035795104, 09036251402, 08069619954

Yola Zonal Office
No. 6, Numan Road
Jimeta - Yola
Tel: 08089814004; 08089814005
08089814006; 08089814007
08023202803

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

REPORT OF THE MANAGING DIRECTOR/CEO

Mr. Umaru Ibrahim, mni.
Managing Director/CEO

I am pleased to present the report of the activities of the Nigeria Deposit Insurance Corporation (NDIC) for the year ended 31st December, 2015. The NDIC operates a deposit insurance system (DIS) with a broad mandate of deposit guarantee, bank supervision, failure resolution and bank liquidation. In the year under review, the NDIC, in collaboration with other safety-net participants, had continued to achieve its public policy objectives of protecting depositors, sustaining public confidence and contributing to financial system stability. This report reviews the activities and accomplishments of the NDIC in 2015 against its mandate.

1.0 Deposit Guarantee

In the year under review, the NDIC paid a cumulative sum of ₦6.796 billion insured deposits to 426,324 depositors of the 48 closed DMBs as at 31st December, 2015 as against the sum of ₦6.795 billion paid to 426,320 depositors as at 31st December, 2014. In addition to the payment in respect of the 48 banks, it should be noted that the depositors of the three (3) bridge banks were fully covered while the insured deposits of African International Bank (AIB) had been paid. Also, as at 31st December, 2015, a cumulative amount of ₦2.86 billion was paid to 81,328 depositors of the 187 closed MFBs as against ₦2.77 billion paid to 80,178 depositors as at 31st December, 2014. For the closed PMBs, cumulative payment of N45.05 million had been made to 595 depositors as at 31st December, 2015 as against ₦2.02 million paid to 30 depositors in 2014.

Furthermore, the NDIC introduced Pass-Through Deposit Insurance (PTDI) for subscribers of Mobile Money Operators (MMOs) in Nigeria during the period under review. The new insurance scheme seeks to promote financial inclusion, as well as protect and ensure the safety and stability of mobile payment system (MPS) in the country. With this scheme, subscribers of MMOs are guaranteed the payment of the sum of ₦500,000 in the event of a failure of a DMB where MMOs maintain pool account.

2.0 Bank Supervision

The NDIC continued to discharge its mandate of supervision of insured financial institutions in collaboration with the CBN. The supervision was done through on-site examination and off-site surveillance using the risk-based supervisory approach which optimises supervisory resources and encourages prudent risk management by banks. In the year under review, the NDIC and CBN conducted the Risk Assets examination of 24 DMBs (including a non-interest bank) to assess the quality of their risk assets, the adequacy of their loss provision figures as well as their weighted capital ratios to facilitate the approval of their 2014 annual accounts. The NDIC in collaboration with the CBN also carried out the Risk-Based Examination of 23 DMBs in the system. In addition, it conducted a joint examination of Jaiz Bank Plc. and Stanbic-IBTC Non-Interest Window. Also, the risk-based examinations of FCMB Group Plc and Stanbic-IBTC Holdings Plc were jointly carried out by CBN/NDIC in 2015. The essence of the examination was to determine the financial condition of the insured banks and their compliance with banking rules and regulations. Furthermore, the NDIC, in collaboration with CBN and other member agencies of the Financial Services Regulation Coordinating Committee (FRSCC), conducted a pilot Consolidated Risk-Based Examination of FBN Holdings Plc. The joint CBN/NDIC examinations revealed continued existence of some weaknesses in the DMBs.

In addition, the NDIC and CBN monitored the implementation of recommendations contained in the examination reports to ensure compliance. The NDIC also investigated 47 petitions/complaints received from bank customers and other stakeholders and ensured that, where necessary, the affected customers' complaints were appropriately addressed. The complaints were mostly on ATM frauds and conversion of cheques to suppress deposits, amongst others.

During the year under review, the NDIC conducted risk-based examination of 205 MFBs and 6 PMBs. The outcome of the examination indicated that some of the institutions were incapable of honouring their customers' obligations as and when due. The regulatory authorities were considering appropriate resolution options.

3.0 Failure Resolution

In the year under review, the NDIC and CBN continued to make efforts to ensure that Savannah Bank Plc., whose banking licence was revoked by the CBN in 2002 and restored by the court in 2009, resumes operation in the interest of its depositors and customers. The joint committee of the NDIC and CBN earlier set up to engage with the bank owners to facilitate the commencement of operations of the bank had continued to work relentlessly to achieve that objective.

4.0 Bank Liquidation

During the period under review, the NDIC had continued to play its role as liquidator of closed DMBs as well as MFBs/PMBs through the realisation of assets of the closed banks and payment of liquidation dividends to un-insured depositors and other eligible claimants. In that regard and with respect to asset realization, the NDIC had recovered a cumulative sum of N27.41 billion from debtors of DMBs in-liquidation as at 31st December, 2015 as against ₦26.75 billion recovered in 2014. Similarly, a cumulative recovery of N125.61 million was realized from debtors of closed MFBs in 2015 as against the sum of ₦124.38 million realized in 2014, representing an increase of 0.99%. The debt recoveries for the PMBs amounted to ₦24.73 million.

In respect of physical assets, the cumulative sum of ₦21.21 billion was realized from the disposal of physical assets of closed DMBs in 2015 as against ₦20.91 billion in 2014 while the sum of ₦341.08 million was realized from the disposal of physical assets of closed MFBs in 2015 as against ₦224.79 million in 2014. As a result of all these efforts, the NDIC paid a cumulative liquidation dividend of ₦95.77 billion to un-insured depositors of closed DMBs in 2015 as against ₦94.74 billion paid in 2014. Also, a cumulative liquidation dividend of N1.26 billion was paid to 965 creditors of DMBs out of ₦1.72 billion declared for 10 DMBs in-liquidation.

Furthermore, the NDIC paid the sum of N9.85 million to 74 shareholders of the defunct Alpha Merchant Bank, Rims Merchant Bank, Cooperative and Commerce Bank and Continental Merchant Bank in-liquidation in 2015. That brought the cumulative liquidation dividend paid to the 550 shareholders of the six defunct DMBs, namely: Alpha Merchant Bank, Rims Merchant Bank, Cooperative and Commerce Bank, Continental Merchant Bank, Nigeria Merchant Bank and Pan African Bank to ₦2.41 billion as at 31st December, 2015 as against ₦2.03 billion paid to 453 shareholders in 2014.

5.0 Insurance Fund

The importance of adequate funding for a Deposit Insurer cannot be over-emphasised. A robust insurance fund (IF) guarantees prompt reimbursement of depositors of closed insured institutions. Funding of DIS is usually done through premium contribution by insured financial institutions. The NDIC currently maintains 3 Funds, namely: the Deposit Insurance Fund (DIF) for deposit money banks; the Special Insured Institutions Fund (SIIF) for MFBs and PMBs, and the Non-interest Deposit Insurance Fund (NIDIF) for non-interest banks.

As at 31st December, 2015, the DIF stood at ₦725.58 billion as against ₦614.16 billion recorded as at 31st December, 2014. That was an increase of ₦111.42 billion or 18.14% over the 2014 figure. Similarly, the SIIF increased by ₦6.28 billion or 8.82% from ₦71.21 billion as at 31st December, 2014 to ₦77.49 billion as at 31st December, 2015. In the same vein, the NIDIF increased by ₦0.12 billion or 100% from ₦0.12 billion as at 31st December, 2014 to ₦0.24 billion as at 31st December, 2015.

6.0 Financial Performance

The NDIC had continued to comply with the requirements of the laws and standards in the preparation of its financial statements. Accordingly, the NDIC complied with the International Financial Reporting Standards (IFRS) and the requirements of the Financial Reporting Council of Nigeria (FRCN) in the preparation of its 2015 financial statements.

The total operating income of the NDIC increased by 20.39% from ₦86.17 billion as at 31st December, 2014 to ₦103.74 billion as at 31st December, 2015. Total Operating

Expenses increased by 16.27% from ₦30.36 billion as at 31st December, 2014 to ₦35.30 billion as at 31st December, 2015. The net operating surplus and insurance premium stood at ₦148.04 billion as at 31st December, 2015 as against ₦138.81 billion as at 31st December, 2014.

The NDIC remitted the sum of ₦24.19 billion to the Consolidated Revenue Fund of the Federation in 2015 as against N15.38 billion in the previous year.

7.0 Institutional Development

In the year under review, two new departments were created, namely: Engineering and Technical Services (ETS) and NDIC Academy. The creation of the ETSD was predicated on some key building projects which the NDIC was to embark on in the next few years; while the upgrade of the Academy to a directorate status was based on a consultant's recommendation which was accepted by the board.

8.0 Public Awareness Initiatives

Public awareness is an essential ingredient in the administration of a DIS and it plays a significant role in engendering public confidence in the financial system. Public awareness is targeted at depositors and other stakeholders, particularly small and uninformed depositors who constitute the majority and who suffer most in the event of a failure of an insured deposit-taking financial institution. During the period under review, the NDIC continued to embark on several public awareness initiatives including: Airing of several television programmes in the three major languages in the country; sponsorship of various radio and television jingles; sponsorship of newspaper publications and press releases; participation in all the major international trade fairs across the country; sensitization seminars for members of the National Youth Service Corps (NYSC) in 14 states across the six geo-political zones of the country; workshop for Financial Correspondents Association of Nigeria (FICAN); and, the use of robust and interactive social media platforms to broaden awareness on NDIC and its activities.

Furthermore, the NDIC in 2015 introduced two (2) courses on Deposit Insurance (DI) to Nigerian Universities to further boost public understanding of the concept and practice of deposit insurance in Nigeria.

9.0 Capacity Building Activities

One of the most important assets of any organisation is its human capital. In realisation of that fact, therefore, the NDIC had continued to place emphasis on capacity building by ensuring that staff acquired necessary skills that would enable them perform effectively. In the year under review, the NDIC administered the following capacity building programmes: in-house training, local training, overseas training and mandatory continuing professional education (MCPE) training. Accordingly, a total of 2,737 participants benefited from various training programmes within the year, as against 2,677 who benefited in 2014, representing an increase of 60 or 2.24%. The breakdown indicated that 2,304 participants benefited from Local/ in-house training, while 399 and 34 benefited from MCPE and Overseas programmes respectively.

Also, in the year under review, NDIC deployed an e-Learning portal and some of the courses of the NDIC Academy were uploaded on the portal. The platform seeks to enhance job effectiveness, career growth and productivity of staff.

10.0 Enhancement of Processes and Systems

During the year under review, the NDIC implemented System Centre Operations Manager. The software enabled system administrators to be in tune with the health of the computer environments so as to guarantee high availability and operational efficiency. The NDIC had also identified and hosted critical servers of the NDIC with a tier three data centre for disaster recovery purposes. That exercise would enable NDIC migrate to the other site easily without any loss of data. In addition, Knowledge Management/e-Learning platform was deployed to enable staff learn from subject-matter experts within the NDIC on different subject areas. The platform would complement the traditional classroom-based training for staff.

The NDIC created a system of transmitting meeting documents and invitations online. That had helped in cutting down on paper usage, enhanced efficiency and improved meeting productivity. Furthermore, the NDIC had commenced the process of certification with the International Standardization Organization (ISO) 27001. The certification with ISO 27001 would ensure that proper controls were put in place which would facilitate proper risk management.

11.0 Research Studies and Surveys

The NDIC had continued to conduct research in relevant areas and publish the findings for access by all stakeholders with a view to improving its processes, performance and operations. Accordingly, the following research studies were conducted and published:

- A Synthesis of Grameen Microfinance Model: Lessons for Nigeria.
- Case Study of Bank Failures in Nigeria.
- Analysing Financial System Stability.
- Measuring and Managing Systemic Risk in the Nigerian Banking System.

12.0 Collaborative Efforts (Local and International)

In its efforts to strengthen its operations and performance through partnership, information and experience sharing, the NDIC continued to collaborate with various local and international agencies in order to derive mutual benefits. Accordingly, the NDIC participated in various meetings, conferences, seminars and workshops organised by IADI Secretariat and other Deposit Insurance Agencies around the world. As part of the collaboration, the World Bank extended technical assistance to the NDIC in the development of a target fund ratio framework.

13.0 Future Outlook

The continued fall in the crude oil price at the international oil market had impacted negatively on government's fiscal position. As a result, government took policy measures including ensuring effective aggregate control and management of cash balances. The combined effects of the fall in crude oil price and government's cash management policy impacted significantly on the banking system particularly banks' exposure to the oil and gas sector. Going forward, developments such as these could redefine the focus of banking in Nigeria. The NDIC would therefore continue to strengthen all aspects of its functions to address any emerging challenge that might likely affect the banking system in the future.

14.0 Conclusion

During the year under review, the NDIC recorded remarkable accomplishments in the fulfilment of its mandate. As a component of financial safety-net, the NDIC would continue to strive for excellence in the discharge of its mandate and contribute to the stability of the Nigerian financial system.

Finally, I wish to thank the Board, Management and Staff for their dedication and commitment to duty. In the same vein, I wish to appreciate and commend our regulatory colleagues in the financial services industry for their support and cooperation. I enjoin all staff to remain focused in the discharge of our responsibilities in order to enable the NDIC discharge its mandate more effectively and efficiently.

Umaru Ibrahim, mni, FCIB

TABLE OF CONTENTS

Particulars		Pages
1.	Corporate Vision and Mission	i
2.	Members of the Board of Directors	iii
3.	Members of the Executive Committee	iv
4.	Organisational Structure	v
5.	Heads of Department/Unit	vi
6.	Office Addresses and Telephones	vii
7.	Report of the Managing Director/CEO	ix
8.	Table of Contents	xv
9.	List of Tables	xvi
10.	List of Charts	xvii
11.	Abbreviations in the Annual Report	xx

PART ONE: NDIC OPERATIONS AND PERFORMANCE

1.	Overview of Mandate, Core Values and Strategic Plan	3
2.	Deposit Insurance Activities and Management of Deposit Insurance Funds	9
3.	Surveillance of Insured Financial Institutions	19
4.	Resolution and Management of Failed Insured Financial Institutions	25
5.	Corporate Support Infrastructure	71
6.	Public Awareness and Corporate Social Responsibility	85
7.	Review of the Proposed Amendments to the NDIC Enabling Act 2006	97
8.	Research Activities and Inter-Agency Collaboration with International Institutions	105
9.	Corporate Governance	112

PART TWO: INSURED INSTITUTIONS' PERFORMANCE AND PROFILE

10.	The Operating Environment in 2015	121
11.	Financial Condition of the Banking Industry	131
12.	Structure of Deposit Money Banks' Statement of Financial Position	153
13.	Frauds and Fidelity Bond Insurance Cover	163
14.	Major Developments in Other Insured Financial Institutions	171
15	Insured Financial Institutions' Offices, Branches, Board of Directors and Approved External Auditors	179

PART THREE: CONSUMER EDUCATION

16.	Facts about the Deposit Insurance System (DIS) In Nigeria	199
17.	IADI/DIS Glossary	216

LIST OF TABLES

Particulars		Pages
Table 1.1:	Strategic Theme and Strategic Results	7
Table 1.2:	Summary of Implementation Status of Initiatives by Themes ..	8
Table 2.1:	Premium Rates Paid by Deposit Money Banks (2012-2015) ..	10
Table 2.2:	Deposit Insurance Coverage for DMBs from 2012-2015	12
Table 2.3:	Cumulative Insurance Funds from 2012 – 2015	14
Table 3.1:	Deposit Money Banks Examined and Petitions Investigated from 2012 – 2015	20
Table 3.2:	MFBs and PMBs Examined by NDIC	22
Table 4.1:	Closed/Assuming Bank as at 31st December, 2015	26
Table 4.2:	Closed DMBs as at 31st December, 2015	27
Table 4.3:	Closed Microfinance Banks as at 31st December, 2015 ..	30
Table 4.4:	Closed Primary Mortgage Banks (PMBs) as at 31st December, 2015	37
Table 4.5:	Deposit Payout for Closed Banks as at 31st December, 2015 ..	41
Table 4.6:	Insured Amount Paid to Depositors of Closed MFBs in 2015 ..	44
Table 4.7:	Payments of Insured Deposit of the Closed MFBs as at 31st December 2015	46
Table 4.8:	Payment of Insured Deposits of Closed PMBs in 2015	51
Table 4.9:	Cumulative Payments of Insured Deposits of the Closed PMBs as at 31st December, 2015	51
Table 4.10:	Liquidation Dividends Paid to Creditors as at 31st December, 2015	53
Table 4.11:	Liquidation Dividend Paid to Shareholders as at December 2015	54
Table 4.12:	Cumulative Insured Amount Paid as at 31st December, 2015 ..	55
Table 4.13:	Summary of Recoveries on Loans and Advances for the Closed DMBs as at December 31, 2015	57
Table 4.14:	Summary of Recoveries for Microfinance Banks (In-Liquidation) as at 31st December, 2015	58
Table 4.15:	Summary of Recoveries for PMBs in-liquidation as at 31st December, 2015	60
Table 4.16:	Summary of Proceeds from Sale of Physical Assets of DMBs in-Liquidation as at December 31, 2015	61
Table 4.17:	Summary of Proceeds from the Sale of Physical Assets of MFBs in-Liquidation as at 31st December, 2015..	63
Table 4.18:	Summary of Proceeds from the Sales of Physical Assets of PMBs in-liquidation as at 31st December, 2015	68
Table 4.19:	Summary of Proceeds from the Realisation of Investments of DMBs and MFBs (in-Liquidation) as at 31st December, 2015 ..	68
Table 5.1:	Training Programmes Implemented in 2015	82
Table 5.2:	Number of Participants Trained in 2015	82
Table 6.1:	Calls Received by NDIC Help Desk in 2014 and 2015	88
Table 10.1:	Key Macroeconomic Indicators from 2010-2015..	127
Table 11.1:	Insured DMBs Capital Adequacy	132
Table 11.2:	Asset Quality of Insured DMBs	132
Table 11.3:	Earnings and Profitability Indicators for DMBs	134

Table 11.4:	Liquidity Position of DMBs as at 31st December, 2015	135
Table 11.5:	Sectoral Allocation of Credits by DMBs for 2014 and 2015 ..	137
Table 11.6:	Selected Performance Indicators of DMBs for 4-Year Period ..	139
Table 11.7:	Selected Performance Indicators of MFBs for 2014 and 2015 ..	144
Table 11.8:	Selected Performance Indicators of PMBs for 2014 and 2015 ..	149
Table 12.1:	DMBs Structure of Assets in 2014 & 2015	154
Table 12.2:	DMBs Structure of Liabilities in 2014 and 2015	155
Table 12.3:	DMBs Shareholders' Funds for 2014 and 2015	156
Table 12.4:	DMBs Ownership Structure as at 31st December, 2015	157
Table 12.5:	Market Share of Assets of Top DMBs	158
Table 12.6:	Market Share of Deposit Liabilities Held by the DMBs	160
Table 12.7:	Composition of Deposit Liabilities of DMBs in 2014 and 2015 ..	161
Table 12.8:	Maturity Profile of DMBs' Deposit Liabilities as at 31st Dec., 2015	162
Table 13.1:	Frauds and Forgeries in Insured DMBs in 2014 and 2015.. ..	164
Table 13.2:	Top 10 DMBs with the Highest Fraud Cases in 2014 and 2015 ..	165
Table 13.3:	Types of Frauds and Forgeries with Frequency and Actual Losses Sustained	166
Table 13.4:	Categories of Staff Involved in Frauds and Forgeries for the Period 2013 - 2015	168
Table 13.5:	DMBs' Compliance with the NDIC Fidelity Insurance Cover Requirement (2012 - 2015)	169
Table 14.1:	MFBs by Geo-Political Zones in 2014 and 2015	172
Table 14.2:	MSMEDF Disbursement as at 31st December, 2015	173
Table 14.3:	PMBs by Geo-political Zone in 2015	175
Table 15.1:	Insured DMBs' Offices and Branches as at 31st December, 2015	179
Table 15.2:	DMBs' Addresses, Branches, Directors and Approved Auditors as at 31st December, 2015	182
Table 15.3:	PMBs' Offices and Branches as at 31st December, 2015 ..	190
Table 15.4:	Insured PMBs' Addresses, Branches, Directors and Approved Auditors as at 31st December, 2015	192

LIST OF CHARTS

Particulars		Page
Chart 1.1:	Implementation Status of Initiatives by Themes	8
Chart 2.1:	Premium Rates Paid By DMBs from 2012 to 2015	10
Chart 2.2A:	Growth in Number of Accounts	11
Chart 2.2B:	Full and Partial Coverage at ₦500,000 as at 31st December, 2015	13
Chart 2.2C:	Basic Structure of NDIC Insurance Funds	13
Chart 2.3A:	Deposit Insurance Fund (DIF) from 2012 to 2015	15
Chart 2.3B:	DIF Growth Rate (%) from 2012 to 2015	15
Chart 2.3C:	Special Insured Institutions Fund (SIIF) from 2012 to 2015. ..	16
Chart 2.3D:	Non-Interest Deposit Insurance Fund (NIDIF) from 2013 and 2015	16
Chart 2.4:	Banks' Total Deposits as at 31st December, 2015	17
Chart 2.5:	Banks' Insured Deposits as at 31st December, 2015	18
Chart 4.1:	Cumulative Insured Deposits Paid as at 31st December, 2015 ..	55
Chart 5.1:	Resource Persons in 2014 and 2015	83
Chart 10.1:	Trend in Global Oil Prices in 2015	122
Chart 11A:	DMBs Share of Industry Total Loans as at 31st December, 2015	133
Chart 11B:	DMBs Share of Industry Total Assets as at 31st December, 2015	133
Chart 11C:	Earnings and Profitability Indicators for 2014 and 2015	135
Chart 11D:	Maturity Profile of Assets and Liabilities of DMBs. as at 31st December, 2015	136
Chart 11E:	Sectoral Allocation of Credits for 2014 and 2015..	138
Chart 11F:	Sectoral Allocation of Credits for 2015	138
Chart 11G:	Total Assets and Total Deposits from 2012 to 2015	140
Chart 11H:	Non-Performing Loans and Total Loans from 2012-2015.. ..	140
Chart 11I:	Profit before tax and Adjusted Shareholders' Funds for the Period 2012-2015	140
Chart 11J:	Ratio of Non-Performing Loans/Total Loans for the Period 2012-2015	141
Chart 11K:	Ratios of Non-Performing Loans/Shareholders' Funds for the Period 2012 to 2015	141
Chart 11L:	Trend on Loans/Deposit Ratio for the Period 2012 to 2015 ..	141
Chart 11M:	Returns on Assets and Returns on Equity for the Period 2012 to 2015	142
Chart 11N:	Insured Deposits and Total Deposits from 2012 to 2015	142
Chart 11O:	Ratio of Insured Deposits to Total Deposits from 2012 to 2015 ..	142
Chart 11P:	MFBs Selected Performance Indicators for 2014 and 2015 ..	145
Chart 11Q:	MFBs Non-performing Loans and Total Loans for 2014 and 2015	146
Chart 11R:	MFBs Gross Income and Profit Before Tax for 2014 and 2015 ..	147
Chart 11S:	MFBs Selected Performance Ratios for 2014 and 2015	147
Chart 11T:	MFBs Loans/Deposit Ratio for 2014 and 2015	147
Chart 11U:	MFBs ROA and ROE for 2014 and 2015	147
Chart 11V:	PMBs Selected Performance Indicators for 2014 and 2015 ..	150
Chart 11W:	PMBs Total Assets, Deposits and Loans for 2014 and 2015 ..	150

Chart 11X:	PMBs Loans to Deposits Ratio for 2014 and 2015	151
Chart 11Y:	PMBs' Return on Assets and Return on Equity for 2014 and 2015	151
Chart 12A:	Market Share of Assets of Top Ten Insured DMBs as at 31st December, 2015	159
Chart 12B:	Market Share of Deposit Liabilities Held By Insured DMBs as at 31st December, 2015	160
Chart 12C:	Composition of DMBs Deposit Liabilities by Type as at 31st December, 2015	161
Chart 12D:	Maturity Profile of Insured DMBs' Deposit Liabilities	162
Chart 13A:	Amount Involved in Frauds and Forgeries in 2014 & 2015 ..	164
Chart 13B:	Expected Loss Due to Frauds and Forgeries in 2014 & 2015 ..	165
Chart 13C:	Top 10 DMBs with the Highest Frauds Cases in 2015	166
Chart 13D:	Categories of Staff Involved in Frauds and Forgeries in 2015 ..	169
Chart 14.1:	MFBs by Geo-Political Zones in 2015	172
Chart 14.2:	Distribution of PMBs by Geo-political Zones as at 31st December, 2015	176

ABBREVIATIONS AND OTHERS IN THIS ANNUAL REPORT

S/N	ABBREVIATION	NAME OF INSTITUTION
1	ASCE	Abuja Security & Commodity Exchange
2	ARC of IADI	Africa Regional Committee of IADI
3	ADR	Alternative Dispute Resolution
4	AMCON	Asset Management Company Of Nigeria
5	AMD	Asset Management Department
6	ATM	Automated Teller Machine
7	BSC	Balanced Score Card
8	BGF	Bank Guarantee Fund
9	BOFIA	Banks and Other Financial Institutions Act 1990
10	BZO	Bauchi Zonal Office
11	CBN	Central Bank of Nigeria
12	CIBN	Chartered Institute of Bankers of Nigeria
13	CRD	Claims Resolution Department
14	CAC	Corporate Affairs Commission
15	DI	Deposit Insurance
16	DIF	Deposit Insurance Fund
17	DIS	Deposit Insurance System
18	D-SIBs	Domestic-Systemically Important Banks
19	DMBs	Deposit Money Banks (DMBs)
20	DMO	Debt Management Office
21	DPFB, Kenya	Deposit Protection Fund Board , Kenya
22	DFIs	Development Finance Institutions
23	DPAS	Differential Premium Assessment System
24	DSS	Directorate of State Security
25	EWS	Early Warning System
26	EDMS	Electronic Document Management System
27	e-FASS	Electronic-Financial Analysis Surveillance System
28	EFCC	Economic & Financial Crimes Commission
29	ERM	Enterprise Risk Management Framework
30	ERMS	Enterprise Risk Management System
31	EZO	Enugu Zonal Office
32	Failed Banks Act	Failed Banks (Recovery of Debts and Other Financial Malpractices in Banks Act) 1994
33	FDIC	Federal Deposit Insurance Corporation
34	FinA	Financial Analysis
35	FIRS	Federal Inland Revenue Service
36	FMF	Federal Ministry of Finance
37	FMIU	Fraud, Monitoring and Investigation Unit
38	FICAN	Finance Correspondents Association of Nigeria

39	FSS 2020	Financial System Strategy 20200
40	e-FILMS	Financial Institutions Liquidation Management System
41	FITC	Financial Institutions Training Centre
42	FSRCC	Financial Services Regulation Coordinating Committee
43	FSN	Financial Safety Net
44	FRA	Fiscal Responsibility Act of 2007
45	HKDPB	Hong Kong Deposit Protection Board
46	ICPC	Independent Corrupt Practices and Other Related Offences Commission
47	IFIs	Insured Financial Institutions
48	ITDR	Information Technology Disaster Recovery
49	ITSSA	Information Techno logy Security Systems and Architecture
50	IADI	International Association of Deposit Insurers
51	IFRS	International Financial Reporting Standard
52	KDIC	Korea Deposit Insurance Corporation
53	KZO	Kano Zonal Office
54	MFBs	Microfinance Banks
55	MLA	Money Laundering Act
56	M & A	Mergers & Acquisitions
57	MSMEs	Micro, Small and Medium Enterprises
58	NHIS	National Health Insurance Scheme
59	NAICOM	National Insurance Commission
60	PENCOM	National Pension Commission
61	NDIC Act of 1988	NDIC Act of 1988
62	NDIC Act of 2006	NDIC Act of 2006
63	NDIC	Nigeria Deposit Insurance Corporation
64	NJI	National Judicial Institute
65	NBLR	Nigerian Banking Law Report
66	NFIU	Nigerian Financial Intelligence Unit
67	NPLs	Non-Performing Loans
68	OTA	Office of Technical Assistance
69	PFA	Pension Fund Administrator
70	PMS	Performance Management System
71	PMBs	Primary Mortgage Banks
72	P&A	Purchase and Assumption
73	RBS	Risk-Based Supervision
74	SBN	Savannah Bank of Nigeria Plc
75	SEC	Securities and Exchange Commission
76	SFU	Special Fraud Unit
77	SGBN	Societe Generale Bank of Nigeria Limited
78	SIIF	Special Insured Institutions Fund
79	NSE	The Nigerian Stock Exchange

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

PART ONE

NDIC OPERATIONS AND PERFORMANCE

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

SECTION 1

OVERVIEW OF MANDATE, CORE VALUES AND STRATEGIC PLAN

1.0 Introduction

TThe NDIC is an independent agency of government established by the NDIC Act No. 22 of 1988, now repealed and re-enacted as NDIC Act No.16, 2006 with the key role of providing financial guarantee to depositors of licensed deposit-taking financial institutions. It is a key component of the Nigerian financial safety-net. It has the responsibility of administering deposit insurance scheme in Nigeria, with a view to protecting depositors and promoting public confidence thereby contributing to financial system stability.

1.1 Public Policy Objectives

The public policy objectives of the NDIC are as follows:

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

1.2 Vision

To become one of the leading deposit insurers in the World

1.3 Mission

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

1.4 Mandate

The NDIC is vested with a wide range of powers and authorities to enable it effectively discharge its mandate as an insurer and liquidator. It also possesses supervisory powers and authorities to monitor the financial condition of deposit-taking financial institutions licensed by the CBN as well as ensure their orderly resolution when they fail.

Derived from its mission, public policy objectives and functions, the mandate of NDIC is as follows:

a) Deposit Guarantee

The deposit guarantee mandate of the NDIC is its most unique and distinct activity. As an insurer, NDIC guarantees depositors funds in licensed deposit-taking financial institutions in Nigeria and also reimburses insured depositors up to the maximum limit in accordance with its statute in the event of failure of an insured institution so as to engender public confidence in the nation's banking system. The maximum coverage limit remained at ₦500,000 per depositor of DMBs (including non-interest banks) and ₦200,000 per depositor of MFBs and PMBs during the period under review. The NDIC also guarantees funds of subscribers of Mobile Money Operators in Nigeria up to the set coverage limit of ₦500,000 per subscriber per DMB where MMOs maintain pool account.

b) Bank Supervision

Bank supervision is an essential element of a risk minimiser type of deposit insurance system as it seeks to reduce the potential risk of failure and ensure that unsafe and unsound practices by operators do not go unchecked. In that regard, the NDIC undertakes bank supervision of licensed deposit-taking financial institutions through on-site examination and off-site surveillance in collaboration with the CBN. The aims of supervision include: protecting depositors; contributing to monetary stability; promoting an effective payment system as well as encouraging healthy competition in the Nigerian banking system.

c) Distress Resolution

The NDIC ensures that failing and failed insured institutions are resolved in a timely and efficient manner. In that regard, the NDIC provides financial and technical assistance to eligible insured financial institutions in the interest of the depositors. The financial assistance could be in the form of loans, guarantees or accommodation bills. Similarly, the technical assistance includes assumption of control and management of a failing institution, change of management or assisted merger/acquisition with another viable institution. The NDIC also decides on the least-cost resolution option to adopt in the event that the licence of an insured institution is revoked. In addition, the NDIC shares the responsibility of distress resolution with the CBN.

d) Bank Liquidation

The NDIC is the sole liquidator of any closed insured deposit-taking financial institution in Nigeria. The discharge of this mandate ensures that NDIC's responsibility is not only limited to the reimbursement of insured amount but also it reimburses other depositors, creditors, and shareholders from the disposal of physical assets as well as recovery of debts owed the closed insured institutions. Similarly, depositors have priority of claim on a failed bank's assets over other stakeholders such as preferred creditors, general creditors and shareholders.

1.5 Core Values

The NDIC is guided by the following core values and beliefs to effectively discharge its mandate:

➢ Honesty

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

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

➢ Respect And Fairness

The Management, in partnership with the employees, ensures that:

- Employees treat each other with mutual respect;
- Employees are given equal opportunities and treated with fairness;
- Employees career advancement are based on merit; and
- Work environment is conducive for the employees.

➢ Discipline

All NDIC employees are required to:

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

➢ Professionalism And Team Work

The NDIC employees are required to be good team players and demonstrate a high level of professionalism in performing their duties. In that regard, NDIC employees are expected to:

- Improve their skills and performance;
- Endeavour to attain excellence in all aspects of their work;
- Aspire to exceed and accomplish set targets;
- Seek innovative and creative solutions to problems;
- Abide by all codes of conduct and professional ethics/good corporate governance at all times;
- Be objective and factual in their work presentation and also be constructive in their criticism;
- Promote and reinforce cooperation with other relevant agencies locally and internationally;
- Acknowledge the contributions of others; and
- Provide and solicit support to and from colleagues.

Passion

All NDIC employees are required to be passionate in carrying out their duties and in doing so, they are expected to:

- Be motivated and enthusiastic in all aspects of their work;
- Be dedicated and proactive;
- Be responsive in facing and tackling challenges; and
- Improve and gain skills in both areas of strength and otherwise.

1.6 Progress Made In The Implementation of The 2011- 2015 Strategic Plan As At 31st December, 2015

The 2011-2015 Strategic Plan is hinged on a comprehensive and integrated approach to achieve the various objectives which incorporated the assessment of significant risks using Enterprise Risk Management (ERM) framework, Balanced Scorecard (BSC) which align strategic objectives with associated Key Performance Indicators (KPIs) with specific initiatives, projects and performance budgeting.

The NDIC has made remarkable progress in the implementation of its five (5)-year strategic plan. The plan was built on four strategic themes, namely: Operational Readiness; Culture of Continuous Performance Management; Collaboration and Strategic Partnering and Promoting Public Confidence in Deposit Insurance System. Although the 5-year strategic plan ended as at 31st December 2015, Management had approved a new 5-year plan to commence on 1st January, 2016.

1.6.1 Status Of Implementation Of Key Strategic Initiatives And Projects On a Thematic Basis As At 31st December, 2015

The effective execution of the initiatives and projects with continuous focus on the strategic themes had yielded the desired strategic results within the life span of the strategy. The Strategic theme and the results are as shown in Table 1.1. The status of implementation of the strategic initiatives as at 31st December, 2015 is presented on a thematic basis in Table 1.2 and Chart 1.1 below. Overall, in aspiring to achieve its Vision, the NDIC successfully completed 22 initiatives, 37 initiatives were in progress while the implementation of 4 initiatives were yet to commence as at 31st December, 2015 as depicted in the chart. It is worthy of note that the successful completion of some of the initiatives had strengthened the NDIC's capacity in the four strategic areas of the plan leading to positive trend towards achieving some of its objectives. For example, the public awareness survey carried out indicated that public awareness of the NDIC's activities improved from 25% in 2009 to 42% in 2013. Staff welfare/motivation index was 69.37% as at 31st December, 2015.

Some of the key strategic initiatives and projects that were successfully completed and or nearing completion under the 2011-2015 strategic plan are as follows:

I. Implementation of Risk Based Auditing.
II. Implementation of Enterprise Risk Management System (ERMS).
III. Rebranding of the Corporation and the review of the Corporate Values.
IV. Information Technology Security System and Architecture (ITSSA).
V. E-FILMS.
VI. Implementation of Performance Management System PMS (Automation).
VII. Implementation of Electronic Document Management System (EDMS).
VIII. Implementation of Performance Budgeting.
IX. Oracle Treasury Management System.
X. Capacity building in Risk Based Supervision, Basel II & III and IFRS.
XI. Establishment of Training Academy.
XII. Organisational renewal through strategic recruitment and retention policy.
XIII. Implementation of Non-Interest Deposit Insurance System (NIDIS).
XIV. Implementation of International Financial Reporting Standards (IFRS).
XV. Implementation of Corporate Performance Management System (CPMS).

Table 1.1

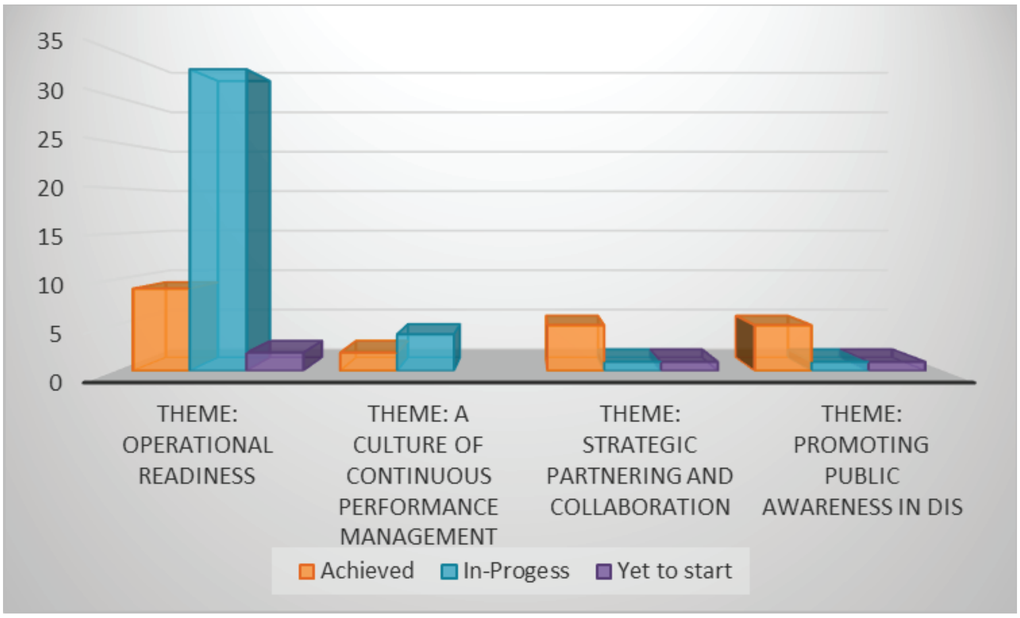
STRATEGIC THEME AND STRATEGIC RESULTS

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

Table 1.2
SUMMARY OF IMPLEMENTATION STATUS OF INITIATIVES BY THEMES

STATUS OF INITIATIVES/ PROJECTS	TOTAL NUMBER OF INITIATIVES/ PROJECTS	ACHIEVED	IN-PROGRESS	YET TO START
OPERATIONAL READINESS	43	10	30	3
A CULTURE OF CONTINUOUS PERFORMANCE MANAGEMENT	6	2	4	Nil
COLLABORATING AND STRATEGIC PARTNERING	7	5	1	1
PROMOTING PUBLIC AWARENESS IN DIS	7	5	1	1
TOTAL	63	22	37	4

Chart 1.1
IMPLEMETATION STATUS OF INITIATIVES BY THEMES



SECTION 2

DEPOSIT INSURANCE ACTIVITIES AND MANAGEMENT OF DEPOSIT INSURANCE FUNDS

2.0 Introduction

In its role as a deposit insurer and the body responsible for administering DIS in Nigeria, the NDIC promotes the safety and soundness of the insured financial institutions. The scheme also serves as a safety-net that engenders public confidence in the banking system, thereby making incidence of bank run less likely. In Nigeria, membership of the DIS is mandatory for all deposit-taking financial institutions.

The NDIC continually evaluates and effectively manages the impact of changes in the economy, financial markets, and banking system as they affect the adequacy and the viability of the Deposit Insurance Fund. Consequently in 2015, the NDIC carried out a review of the Deposit Insurance Coverage Level to examine the adequacy of the current maximum deposit insurance coverage levels for insured institutions in Nigeria. It is instructive to note that the last time such a review was carried out was in 2010.

The principal and sustainable source of funds for a DIS is premium contribution by member institutions. Such premium contributions constitute the Insurance Fund. The NDIC administers three (3) Insurance Funds, namely: Deposit Insurance Fund (DIF), Special Insured Institutions Fund (SIIF) and Non-Interest Deposit Insurance Fund (NIDIF) for DMBs, MFBs/PMBs and Non-Interest Banks, respectively.

This section discusses developments on the generation and management of the three funds. It also highlights the insurance activities of the NDIC with respect to coverage and premium contribution by the participating institutions in 2015.

2.1 Deposit Insurance Premium

Deposit insurance premium is the amount an insured institution pays for deposit insurance on a periodic basis usually quarterly or yearly. The Core Principle for Effective DIS indicates the differential risk adjusted premium system as the best approach in premium administration. It is a method of assessment in which a member institution is assessed in relation to the risk it poses to the DIS.

The NDIC, like most other jurisdictions, continued to adopt risk-based premium assessment method in calculating the premium payable by DMBs and Non-Interest Banks (NIBs). However, the flat rate method was used to assess premium for MFBs and PMBs in 2015.

The assessment rate under DPAS is divided into base rate which is paid uniformly by all insured institution and the add-ons based on the risk appetite of each institution.

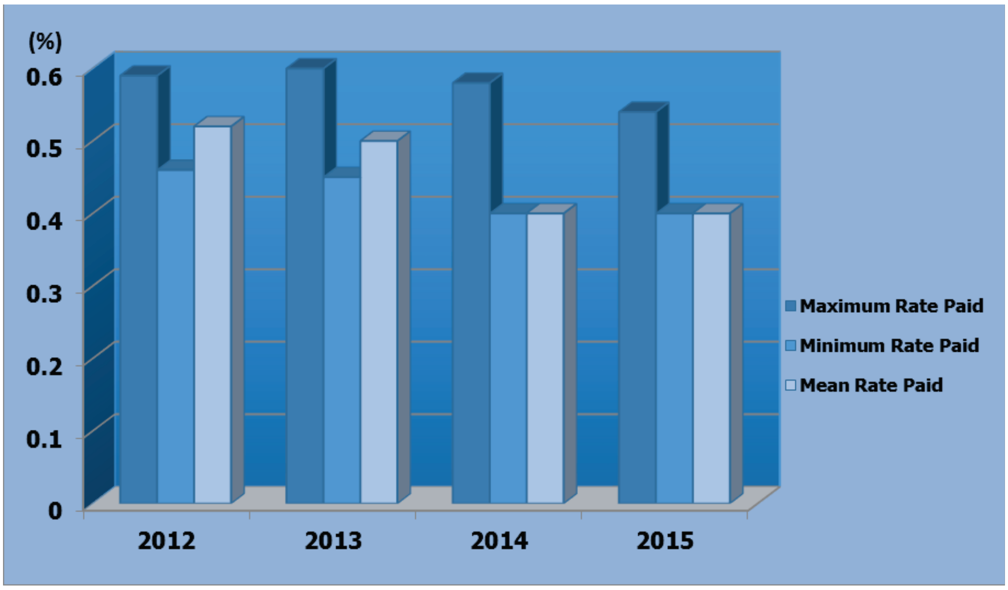
During the year under review, the NDIC used 35 basis points as the base rate plus whatever a bank was charged from the add-ons in calculating the premium for DMBs/NIBs under the DPAS. A flat rate of 50 basis points was used for PMBs and MFBs in computing their premium payable in 2015.

TABLE 2.1
Premium Rates Paid By Deposit Money Banks From 2012 To 2015

	2012	2013	2014	2015
Maximum Rate Paid (%)	0.59	0.60	0.58	0.54
Minimum Rate Paid (%)	0.46	0.45	0.40	0.40
Mean Rate Paid (%)	0.52	0.50	0.48	0.40

Source: NDIC.

Chart 2.1
PREMIUM RATES PAID BY DMBs FROM 2012 TO 2015



During the year under review, the maximum rate paid by the most risky bank decreased by four basis points from 0.58% in 2014 to 0.54% in 2015. The minimum rate paid by the least risky bank remained unchanged at 0.40% for 2014 and 2015. The mean rate paid by DMBs also decreased by eight basis points from 0.48% in 2014 to 0.40% in 2015. The range of premium rates for a greater number of DMBs was between 40 and 54 basis points. The reduction in the maximum, minimum and mean rates paid in 2015 was attributable to the reduction in base rate, which was aimed at reducing the premium burden on banks as well as the improvement in the risk profile of banks. Effectively, the NDIC reduced the premium paid by banks by ₦9.09 billion in 2015 following the reduction of the premium base rate from 40 basis point to 35 for each DMB/NIB under the DPAS.

2.2 Deposit Insurance Coverage

The year under review had recorded positive increments in the Insurance Funds, scope and level of coverage. That was as a result of the combined efforts of CBN/NDIC especially in public awareness campaigns and financial inclusion.

Table 2.2 and Chart 2.2A show that the total number of accounts in DMBs increased by 4.19% from 64,314,151 in 2014 to 67,014,595 in 2015. Similarly, the number of fully covered accounts at ₦500,000 in DMBs grew by 3.70% from 62,447,952 in 2014 to 64,760,480 in 2015. However, the proportion of total accounts that were fully covered at ₦500,000 declined slightly to 96.64% in 2015 compared to 97% in 2014. The proportion of partially covered accounts at ₦500,000 increased slightly to 3.36% compared to 2.90% in 2014. Also, there was an increase in total deposits fully covered at ₦500,000 from ₦1,375.79 billion in 2014 to ₦1,535.08 billion in 2015, while total deposits partially covered at ₦500,000 increased from ₦933.10 billion in 2014 to ₦1,127.06 billion in 2015.

Chart 2.2a:
GROWTH IN NUMBER OF ACCOUNTS

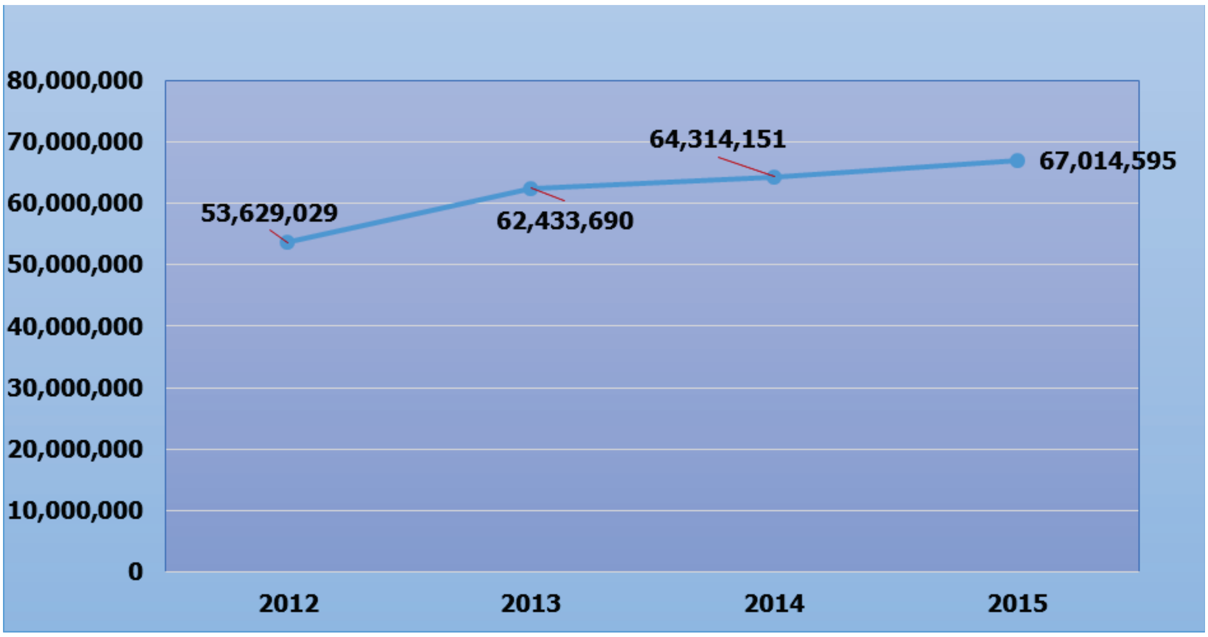


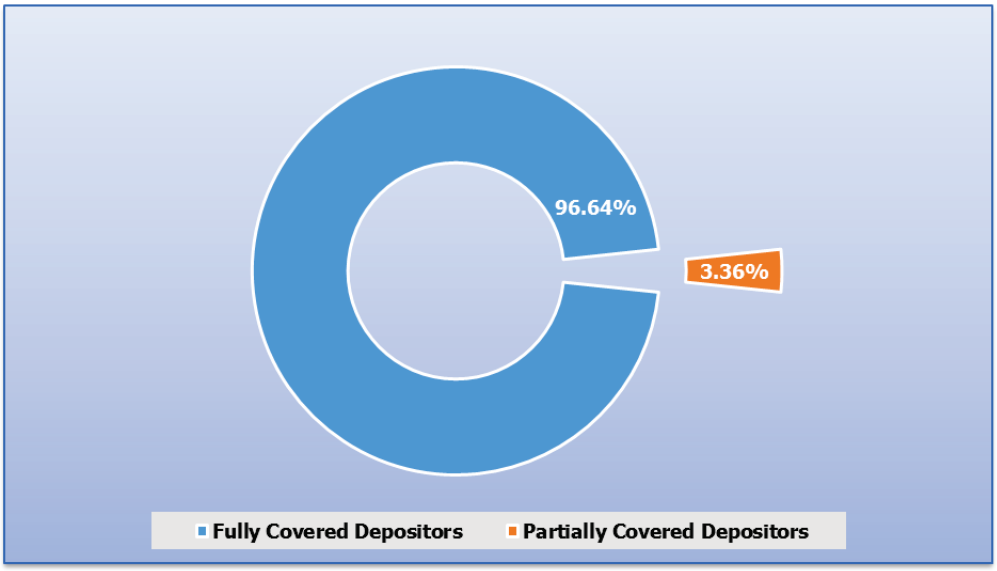
Table 2.2:

DEPOSIT INSURANCE COVERAGE FOR DEPOSIT MONEY BANKS FROM 2012 TO 2015

	2012	2013	2014	2015
Total number of Accounts	53,629,029	62,433,690	64,314,151	67,014,595
Total number of Accounts fully covered at ₦500,000	51,189,518	60,601,039	62,447,952	64,760,480
% of fully covered Accounts	95.45	97.06	97.10	96.64
Total number of accounts partially covered at ₦500,000	2,439,511	1,832,651	1,866,199	2,254,115
% of partially covered accounts	4.55	2.94	2.90	3.36
Total Deposits fully covered at ₦500,000 (₦' Billion)	1,090.37	1,279.56	1,375.79	1,535.08
Total deposits partially covered at ₦500,000 (₦' Billion)	1,219.75	916.33	933.10	1,127.06

Source: NDIC

Chart 2.2b
FULL AND PARTIAL COVERAGE AT ₦500,000 AS AT 31ST DECEMBER, 2015



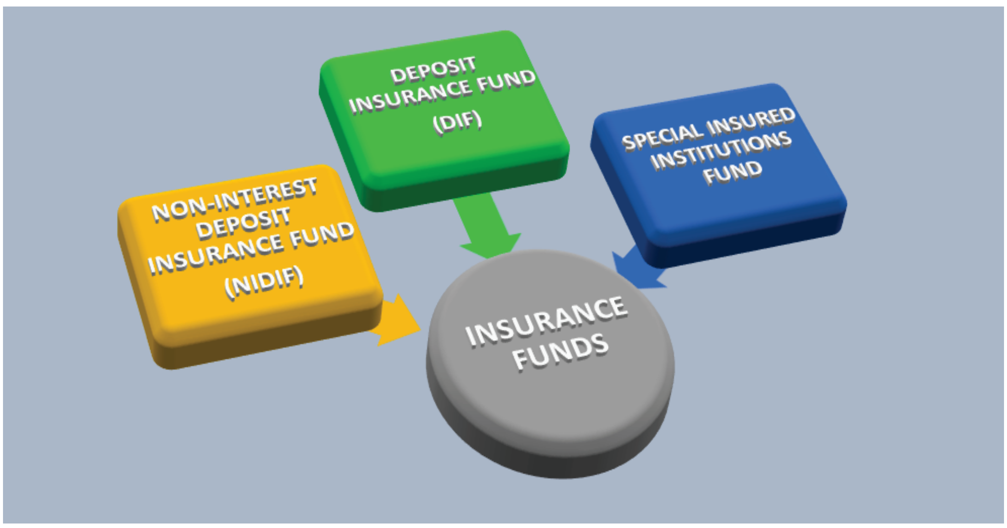
2.3 Insurance Fund and Fund Management

2.3.1 Insurance Fund (IF)

Efficient and sound funding arrangements are critical to the effectiveness of a DIS. A DIS should have available all funding mechanisms necessary to ensure the prompt reimbursement of depositors' claims. This fund is referred to as the Insurance Fund (IF).

The NDIC maintains three (3) Funds, namely: Deposit Insurance Fund (DIF); Special Insured Institutions Fund (SIIF); and Non-Interest Deposit Insurance Fund (NIDIF). Chart 2.2C depicts the basic structure of the NDIC's insurance funds as at 31st December, 2015.

Chart 2.2c
BASIC STRUCTURE OF NDIC INSURANCE FUNDS



During the period under review, the sum of ₦78.28 billion was collected as premium from the DMBs. Similarly, the sum of ₦1.21 billion was collected from the microfinance banks and primary mortgage banks while ₦118.67 million was received from the non-interest banks. Table 2.3 shows the trend of NDIC's cumulative insurance funds from 2012 to 2015.

Table 2.3:
CUMULATIVE INSURANCE FUNDS FROM 2012 TO 2015

S/N	Particulars		2012	2013	2014	2015
1	Deposit Insurance Fund (DIF)	Amount (₦'billion)	425.21	508.06	614.16	725.58
		Growth rate (%)	19.15	19.48	20.88	18.14
2	Special Insured Institutions Fund (SIIF)	Amount (₦'billion)	39.79	57.71	71.21	77.49
		Growth Rate (%)	99.45	45.04	23.39	8.82
3	NIDIF	Amount (₦'billion)	N/A	0.02	0.12	0.24
		Growth Rate (%)	N/A	N/A	500.00	100.00

Source: NDIC

Table 2.3 shows a growth in DIF of 18.14% from ₦614.16 billion in 2014 to ₦725.58 billion in 2015. Also, SIIF increased by 8.82% from ₦71.21 billion in 2014 to ₦77.49 billion in 2015, while NIDIF increased by 100.00% from ₦118.5 million in 2014 to ₦237.1 million in 2015. Charts 2.3A and 2.3B further illustrate the movements in the DIF and SIIF respectively for a period of 4 years while Chart 2.3C shows the trend in NIDIF for a period of 3 years.

Chart 2.3a
DEPOSIT INSURANCE FUND (DIF) FROM 2012 TO 2015

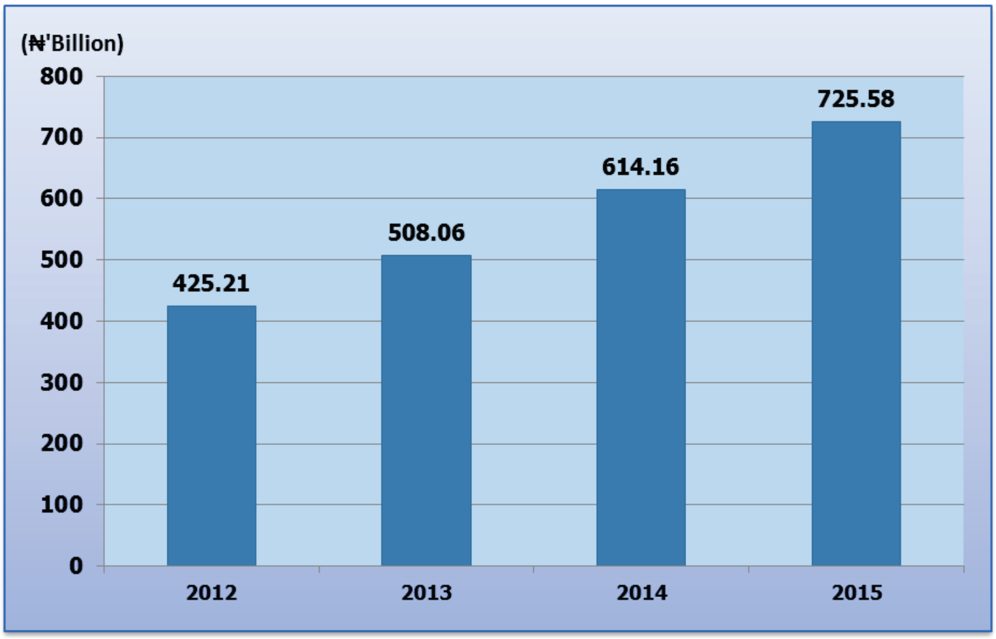
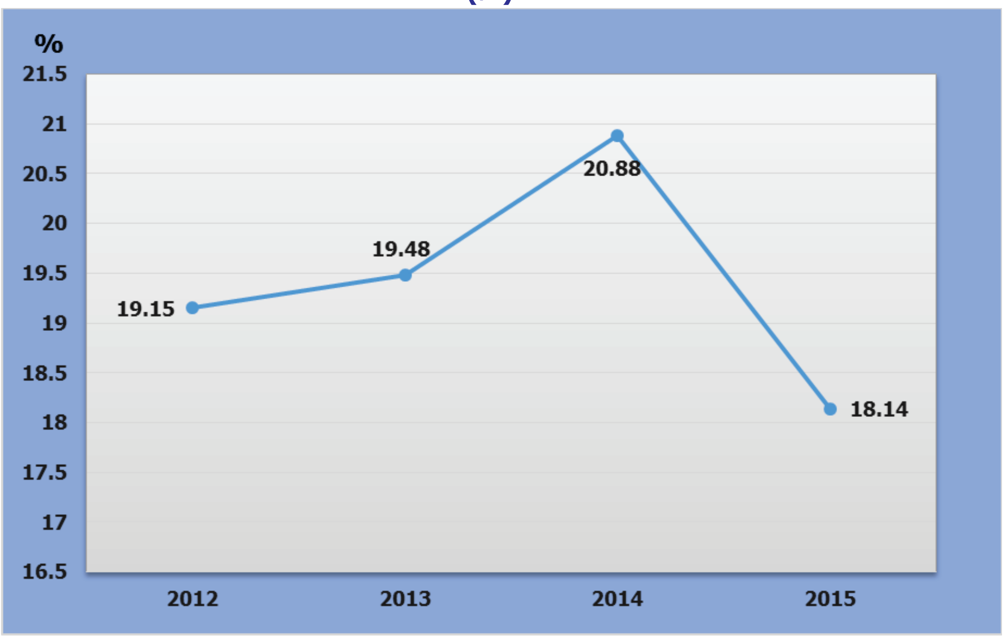


Chart 2.3b
DIF GROWTH RATE (%) FROM 2012 TO 2015



As depicted in Chart 2.3B, there was a reduction in the growth rate of DIF from 20.88% in 2014 to 18.14% in 2015. That was attributable to the reduction in base rate from 40 basis points to 35 which took effect from January 2015.

Chart 2.3c
SPECIAL INSURED INSTITUTIONS FUND (SIIF) FROM 2012 – 2015

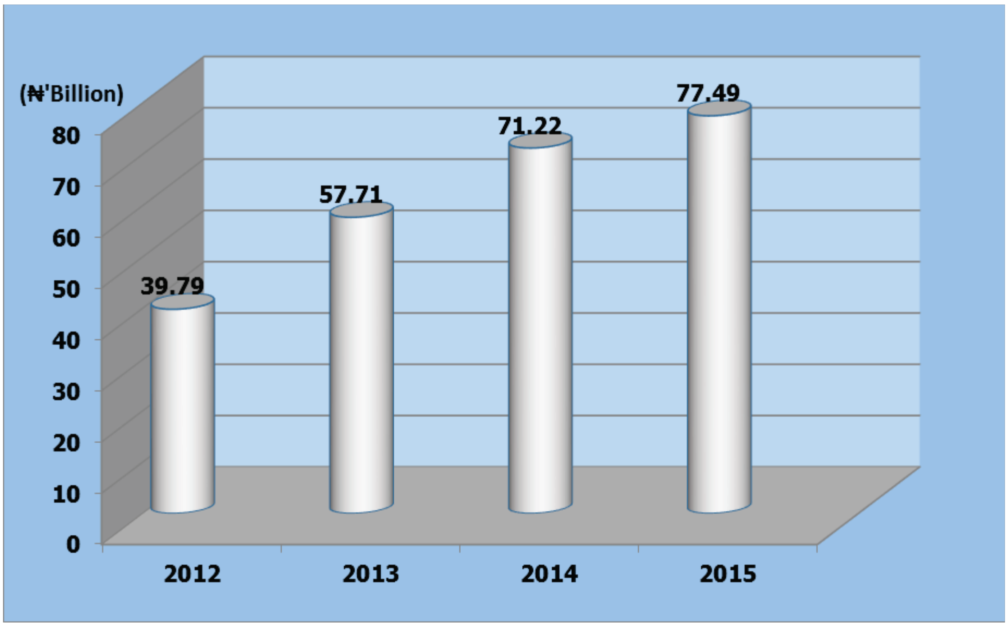
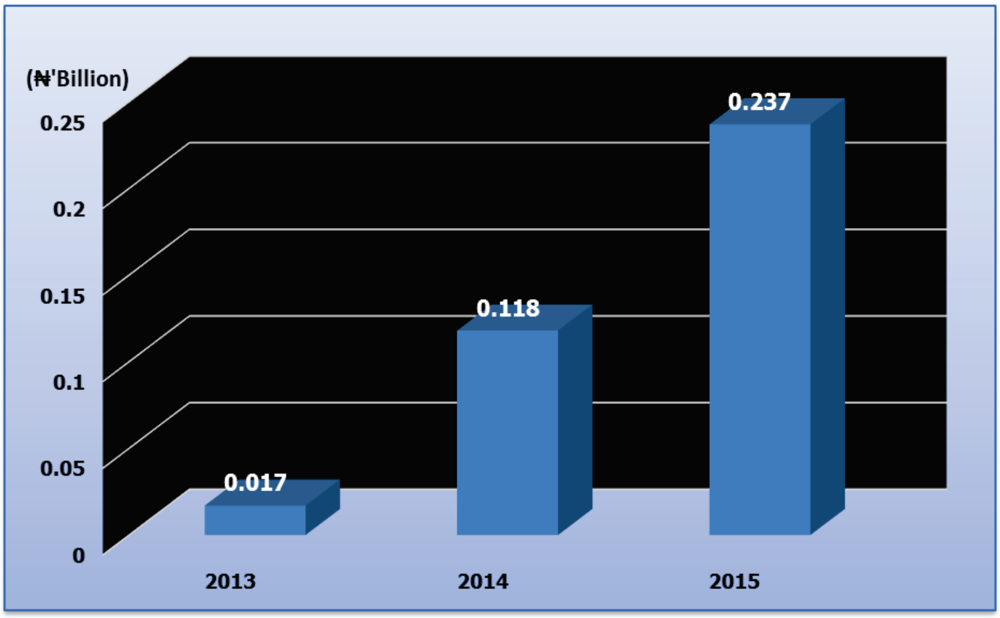


Chart 2.3d
NON-INTEREST DEPOSIT INSURANCE FUND (NIDIF) FROM 2013 – 2015



2.3.2 Insurance Fund Management

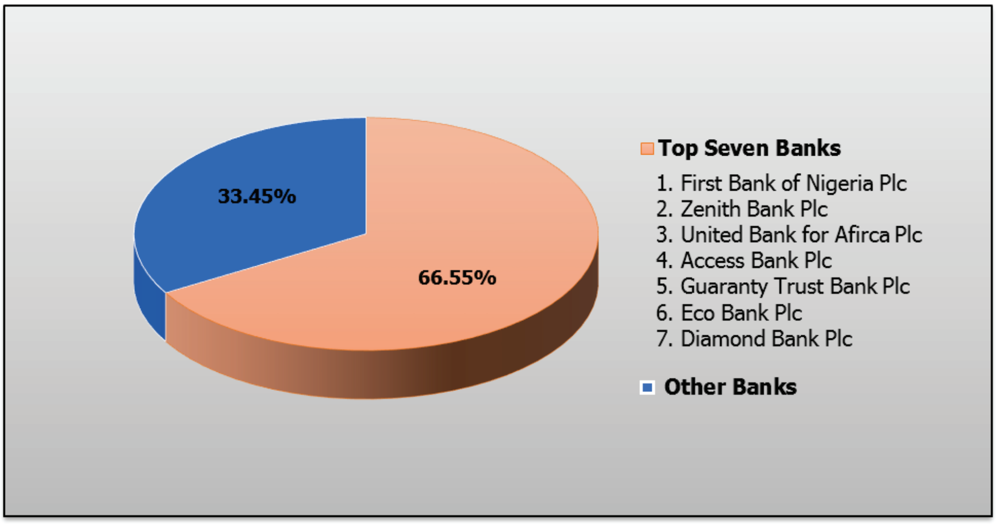
The Funds investment policy in Nigeria is guided by the provisions of the NDIC Act, 2006 Section (13)(1) which states that "The Corporation shall have powers to invest money not immediately required in Federal Government securities or in such other securities as the Board may from time to time determine". The main objective of this policy is to make a positive return on investment without compromising safety and liquidity of the Funds.

Therefore, the NDIC Board needs to consider which investment policy would effectively utilize the funds available for deposit insurance purposes. Also the Funds should be protected from fraud and defalcation. The Fund, not immediately required, is accordingly invested in risk free instruments such as Treasury Bills and Bonds issued by the Federal Government and the income from such investments is used by the NDIC to finance its operations.

2.4 Estimated Insurance Fund Risk Exposure

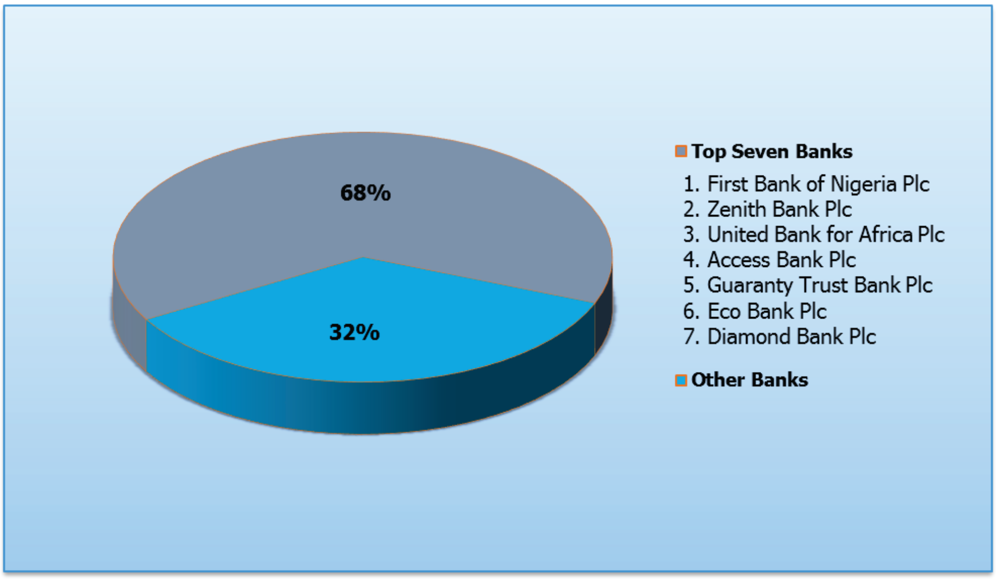
During the year under review, the total assets and total deposits of the banking industry were concentrated in the hands of few big banks in Nigeria. As at 31st December 2015, top seven (7) banks with over a trillion naira deposit base accounted for 66.55% of the industry's total deposit liabilities while the remaining sixteen (16) banks accounted for 33.45% as at 31st December, 2015. Also, a further analysis of the number of account holders revealed that out of 67,014,595 account holders in the industry, only 16,171 (0.02%) of the total number of account holders with deposit base of over N100 million accounted for 53.95% of the total deposits in the country. This was further depicted in Charts 2.4 and 2.5.

Chart 2.4
BANKS' TOTAL DEPOSITS AS AT 31ST DECEMBER, 2015



The NDIC's level of risk exposure, as depicted by the amount of insured deposits in the industry at ₦500,000 maximum claim per depositor per bank, stood at ₦2.66 trillion in 2015, representing 15.19% of industry total deposits of ₦17.51 trillion. The insured deposits of the top 7 banks accounted for 68% while the remaining banks accounted for 32% of total insured deposit of the industry.

Chart 2.5:
BANKS' INSURED DEPOSITS AS AT 31ST DECEMBER 2015



SECTION 3

SURVEILLANCE OF INSURED FINANCIAL INSTITUTIONS

3.0 INTRODUCTION

In fulfilment of its core mandate of bank supervision, the NDIC carries out the supervision of insured financial institutions in collaboration with the CBN with a view to ensuring safe and sound banking practices thereby sustaining public confidence in banks. The NDIC, through its on-site examination and off-site surveillance exercises supervisory oversight over the insured financial institutions (IFIs) with the primary purpose of protecting the depositors.

In 2015, the NDIC continued to discharge its mandate of bank supervision through its Bank Examination, Insurance and Surveillance and the Special Insured Institutions Departments.

As in previous years, all IFIs continued to be members of the DIS, being administered by the NDIC in line with the provisions of the NDIC Act No.16 of 2006. The highlights of supervisory activities of the NDIC and major examination findings in 2015 are presented in this section of the report.

3.1 On-Site Supervisory Activities of Deposit Money Banks

In 2015, the NDIC, in collaboration with CBN, conducted the Risk Assets Examination of the twenty-four (24) DMBs (including one Non-Interest Bank) in the system. The purpose of the examination was to assess the quality of the banks' risk assets, the adequacy of their loan loss provisions and risk-weighted capital ratios to facilitate the approval of their 2014 annual accounts.

Furthermore, the NDIC and CBN jointly carried out the risk-based examination of all the DMBs. The examination of fifteen (15) DMBs with Composite Risk Rating (CRR) of "High" and "Above Average" as well as eight (8) with the CRR of "Moderate" and "Low" were conducted as at 30th September, 2015. Similarly, the risk-based examinations of Jaiz Bank and Stanbic-IBTC Non-Interest Window were jointly carried out by the NDIC and CBN in 2015. In the same vein, the risk-based examinations of FCMB Group Plc and Stanbic-IBTC Holdings Plc were also jointly carried out by the CBN and NDIC during the period under review.

The risk-based examinations were conducted to determine the financial health of the insured institutions, their level of compliance with banking rules and regulations, their risk appetite as well as the adequacy of their risk management frameworks.

During the year under review, the NDIC, in collaboration with the CBN and some other members of the Financial Services Regulation Coordinating Committee (FSRCC),

namely: National Insurance Commission (NAICOM), Pension Commission (PENCOM) and the Securities and Exchange Commission (SEC), conducted the pilot Consolidated risk-based examination of FBN Holdings Plc.
Furthermore, the NDIC actively participated in the joint CBN/NDIC monitoring of the implementation of recommendations contained in the risk-based examination reports to ensure compliance.

Table 3.1 presents a four-year comparison of the on-site examination activities of the NDIC in respect of DMBs from 2012 to 2015.

Table 3.1
DEPOSIT MONEY BANKS EXAMINED AND PETITONS INVESTIGATED FOR THE PERIOD 2011 - 2014

Year	Joint CBN/NDIC Routine/RBS Examination	Joint CBN/NDIC Maiden Examination	Joint CBN/NDIC FOREX Examination	Joint CBN/NDIC Target Examination	Joint CBN/NDIC Risk Assessment Exercise	Joint CBN/NDIC Monitoring Exercise	Special Investigation /Verifications	Special Exams. Discount Houses
2015	24	-	-	-	24	16	47	-
2014	24	3	24	-	24	15	32	-
2013	20	2	20	-	20	16	11	2
2012	16	5	-	-	19	11	75	-

Source: NDIC

The joint CBN/NDIC on-site examinations conducted in 2015 revealed the continued existence of the following weaknesses in some of the DMBs:

- Poor internal controls;
- Inadequate loss provision;
- High Non-performing insider-loans;
- Non-compliance with Corporate Governance Codes;
- Poor loan underwriting and administration procedures;
- Loan and deposit concentrations;
- Non – Implementation of Examiners' recommendations;
- Poor risk management practices; and
- Contraventions of banking rules and regulations.

The NDIC, in line with its public policy objective of promoting public confidence in the banking industry through consumer protection, investigated 47 petitions/complaints received from bank customers and other stakeholders during the period under review. It ensured that where necessary, the affected customers' complaints were appropriately addressed. The complaints ranged from ATM frauds, conversion of cheques to suppression of deposits, amongst others.

3.2 Off-Site Surveillance of DMBs

The NDIC continued to carry out off-site surveillance on 24 DMBs (19 Commercial Banks, 1 Non-Interest Bank, and 4 Merchant Banks) that were in operation during the year under review. The financial health of the insured institutions were monitored on a continuous basis using the call reports rendered by banks through FinA (Financial Analysis) platform, the stop-gap regulatory solution.

In 2015, the CBN licensed two (2) new merchant banks, namely: Coronation and FBN Merchant which commenced operations same year. That brought the number of banks in the industry to 24 as at 31st December, 2015. It is noteworthy that towards the end of December 2014, Enterprise Bank Limited and Mainstreet Bank Limited were acquired by Heritage Banking Company Limited and Skye Bank Plc, respectively and that reduced the number of banks to 22 as at December, 2014.

3.3 Supervision of Special Insured Institutions.

The NDIC continued to discharge its supervisory role over other insured financial institutions subsector by conducting on-site examination and off-site surveillance of the institutions to enhance public confidence and contribute to financial system stability.

3.3.1 On-Site Examination of MFBs and PMBs

During the period under review, the NDIC conducted risk-based examinations of 205 MFBs. The examinations revealed that some of the institutions were incapable of honouring their obligations to their customers as at when due. Thus, thirty-five (35) MFBs were found with regulatory concerns while a total of five (5) MFBs were running skeletal services. In the same vein, eight (8) MFBs were undergoing restructuring while twenty-two (22) had voluntarily closed shop. The major findings from the examination of the active MFBs were as follows:

- Inappropriate business model in microfinance practice;
- Inadequate capital;
- Weak Board oversight;
- Huge operating expenses;
- Huge non-performing loans (NPLs);
- Insider abuses; and
- Poor internal controls and record keeping.

In addition, the inappropriate business model which manifested by MFBs operating like DMBs with huge expenditures on fixed assets and unsustainable overhead costs was the most significant factor limiting the success of MFBs' operations in Nigeria. That situation left little room for lending to the economically active poor. Consequently, out of the MSME ₦220 billion set up by the Federal Government to provide funding to the active poor through MFBs and DMBs (Participating Financial Institutions), only ₦52.3billion or 23% was disbursed. The idle funds showed the MFBs' poor focus on their target market.

During the year under review, six (6) PMBs were examined as against three (3) in 2014. The on-site examinations carried out on the PMBs revealed the following weaknesses, amongst others:

- Inability of the institutions to honour withdrawal requests from depositors;
- Huge non-performing loans and advances;
- Preference for investing in bank placements;
- Inappropriate target market definition; and
- Unsustainable interest charges.

Table 3.2 shows the breakdown of the examination activities of the NDIC on Special Insured Institutions in the past five (5) years.

Table 3.2
MFBS and PMBS Examined by NDIC

Year	Number of MFBs Examined	Number of PMBs Examined	Total
2015	205	6	211
2014	250	3	253
2013	260	40	300
2012	246	40	286
2011	195	37	232

Source: NDIC

3.3.2 Off-Site Surveillance of MFBs & PMBs

In 2015, the NDIC continued its off-site surveillance of PMBs and MFBs through the analysis of quarterly call reports rendered by them. It also continued with the premium assessment and collection from PMBs and MFBs during the year under review. The challenges noted in the premium administration and collection from PMBs/MFBs remained as in previous years. The poor rendition of returns by some of the institutions remained a constraint in the assessment of premium payable by them. Out of the 951 MFBs, in operation, only 739 or 77.71% rendered returns as at 31st December, 2015. The challenge of under-payment of the assessed premium, returned cheques, and issuance of unreliable Certified Statement of Deposit Liabilities by the external auditors of these institutions persisted.

To further strengthen the PMB subsector, the CBN approved the merger and acquisition (M&A) of Aso Savings and Loans Plc and Union Homes Savings and Loans Plc. However, as at 31st December, 2015, the M&A remained inconclusive as the affected institutions were yet to fulfil the CBN's requirements.

3.4 Financial Stress Test of the Banking Industry

The financial stress test of the Nigerian banking industry was conducted using the CBN-Modified Template of the IMF Stress Testing Framework as at 31st December, 2015. The resilience and vulnerability of the banking industry was tested using various exceptional but plausible shocks on the expanded credit and liquidity risks. Using deposit size, the twenty three (23) Deposit Money Banks (excluding Jaiz Bank) were categorized into three main peer groups: Large (7), Medium (5) and Small (11).

The result of the stress test of the banks' financials revealed that most banks were resilient to various levels of increases in NPLs as their CARs remained above the prescribed 10% threshold. However, when the NPLs were increased by 100%, the banking industry CAR declined to 15.57%, large-sized banks to 18.03%, medium-sized banks to 14.92% while small-sized banks' CAR deteriorated to 4.47%. It should be noted that the banks showed less vulnerability even after subjecting them to the extreme shock of 200% increase in NPLs.

3.5 Domestic Systemically Important Banks (D-SIBs)

Against the back drop of the requirements for classification as D-SIB contained in the supervisory Framework for D-SIBs, six (6) banks, namely: Access, Eco, FBN, GTB, UBA and Zenith cumulatively satisfied all the conditions precedent to classification during the period, June to December 2015 and were therefore classified as D-SIBs during the period. Recall that SIBs are banks that control a significant portion of total industry assets, credits and net interbank deposits whose failure could have severe consequences for the financial system. The banks in that category are required to fulfil certain additional supervisory requirements to forestall any systemic risk of failure and further enhance financial system stability.

3.6 Sustainable Banking

Sequel to the adoption of the Sustainable Banking Principles by the Bankers Committee in July 2012, the NDIC set up a Sustainable Banking Desk in the Managing Director's Office and an Implementation Committee to drive the process. In the year 2015, the NDIC appointed Sustainable Banking Champions for Departments Units and Zones to drive and deepen the implementation and integration process across the Corporation. The Champions were expected to, among other duties, ensure continuous sensitization and awareness creation at the Departmental, Unit and Office levels; drive the implementation of the approved framework at the Departmental, Unit and Office levels; monitor, assess and ensure compliance with the waste, water, paper and power/energy management initiatives; ensure paperless environment; monitor and ensure compliance with the shared-files service; and render periodic reports to Management on level of compliance.

In its effort to integrate environmental and social considerations into its decision-making process relating to its business activities to avoid, minimize or offset negative impacts on its environment, the Corporation had, in 2014, commenced the implementation of energy efficiency alternatives like the installation of renewable energy at its various offices and locations nationwide. The initiative was continued and expanded in 2015 with the engagement of a consultant to advise on how best to implement the process.

Other areas of compliance by the NDIC included the promotion of inclusive finance for people and communities with little or no access to formal financial services; sustained and continuous training and capacity building for staff on environmental and social risks issues; collaboration with other stakeholders to promote and expand the Sustainable banking space not only in the banking sector but also in the financial services industry as a whole. Furthermore, the NDIC had integrated Sustainable Banking principles to its On-site supervisory processes.

SECTION 4

RESOLUTION AND MANAGEMENT OF FAILED INSURED FINANCIAL INSTITUTIONS

4.0 Introduction

During the period under review, the NDIC continued to adopt orderly mechanism for resolving failed insured financial institutions towards the discharge of its mandate of failure resolution as well as liquidation. Its liquidation activities entailed bank closure, cost-effective realization of assets and settlement of claims of depositors, creditors and shareholders. The NDIC settles insured deposits from the insurance funds while liquidation dividends are paid from the funds realized from the assets of banks-in-liquidation.

This section presents information on NDIC's activities in 2015 with respect to claims administration, recovery of debts owed failed banks, investment realization as well as sale of physical assets of DMBs, MFBs and PMBs (in- liquidation).

4.1 Failed Banks Resolution Activities

In pursuant of its liquidation mandate, liquidation activities continued in 2015 both for the thirty-five (35) Commercial/Merchant Banks whose licences were revoked prior to the banking consolidation exercise of December, 2005 and the thirteen (13) Commercial Banks whose licences were revoked in January, 2006 due to their inability to recapitalize before the December 2005 deadline. It would be recalled that out of the thirteen (13) commercial banks, eleven (11) were resolved using the Purchase and Assumption option, while two (2), namely, Fortune International Bank and Triumph Bank Limited had not been successfully resolved due to pending litigation.

The eleven banks and the assuming banks and date of handover are shown in Table 4.1.

The court cases instituted by the shareholders of Fortune International Bank Plc and Triumph Bank Ltd challenging the revocation of their banking licences were undecided as at December, 2015. A management team from NDIC was appointed to take over the activities of Fortune International Bank on the 12th of February, 2013. As at 31st December, 2015, the Management was still overseeing the affairs of the defunct bank. Another management team was appointed by the NDIC to take over the affairs of Triumph Bank Limited with effect from 1st April, 2014. The team was also overseeing the affairs of the defunct bank pending the resolution of the cases in court.

The litigation in respect of the revocation of the licence of Peak Merchant Bank Ltd was also not resolved as at 31st December, 2015. It would be recalled that on 5th August, 2011, the CBN revoked the licences of Afribank Plc, Spring Bank Plc and Bank PHB Plc and in their place established 3 bridge banks to acquire their assets and assume the liabilities. The NDIC had obtained the orders for the winding-up of Spring Bank and Afribank while that of Bank PHB was still pending in court. From the foregoing, the total number of closed DMBs stood at 52 in 2015. The names of the closed banks in order of the year of closure are listed in Table 4.2.

Table 4.1:
CLOSED/ASSUMING BANK AS AT 31ST DECEMBER, 2015

S/N	CLOSED BANKS	ASSUMING BANK UNDER P&A	HANDOVER DATE
1.	Afex Bank Plc	UBA Plc	9th Oct., 2007
2.	Allstates Trust Bank	Ecobank Plc	16th May, 2006
3.	Assurance Bank Plc	Afribank Plc	16th Aug., 2006
4.	City Express Bank Plc	UBA Plc	9th July, 2007
5.	Eagle Bank Ltd	Zenith Bank Plc	14th Jan., 2008
6.	Gulf Bank Plc	UBA Plc	14th Jan., 2008
7.	Hallmark Bank Plc	Ecobank Plc	24th July, 2007
8.	Lead Bank Plc	Afribank Plc	11th Aug., 2006
9.	Liberty Bank Plc	UBA Plc	23rd June, 2008
10.	Metropolitan Bank	UBA Plc	11th June, 2007
11.	Trade Bank Plc	UBA Plc	15th Jan., 2007

Source: NDIC

Table 4.2
CLOSED DMBs AS AT 31ST DECEMBER, 2015

S/N	CLOSED BANK	DATE OF CLOSURE	REMARKS
1	Financial Merchant Bank Ltd	21-Jan-1994	In-Liquidation
2	Kapital Merchant Bank Ltd	21-Jan-1994	In-Liquidation
3	Alpha Merchant Bank Plc	8-Sep-1994	In-Liquidation
4	United Commercial Bank Ltd	8-Sep-1994	In-Liquidation
5	Republic Bank Limited	29-Jun-1995	In-Liquidation
6	Abacus Merchant Bank Ltd	16-Jan-1998	In-Liquidation
7	ABC Merchant Bank Ltd	16-Jan-1998	In-Liquidation
8	Allied Bank of Nigeria Plc	16-Jan-1998	In-Liquidation
9	Amicable Bank of Nigeria Plc	16-Jan-1998	In-Liquidation
10	Century Merchant Bank Ltd	16-Jan-1998	In-Liquidation
11	Commerce Bank Plc	16-Jan-1998	In-Liquidation
12	Commercial Trust Bank Ltd	16-Jan-1998	In-Liquidation
13	Continental Merchant Bank Plc	16-Jan-1998	In-Liquidation
14	Cooperative & Commerce Bank Ltd	16-Jan-1998	In-Liquidation
15	Credite Bank of Nigeria Ltd	16-Jan-1998	In-Liquidation
16	Crown Merchant Bank Ltd	16-Jan-1998	In-Liquidation
17	Great Merchant Bank Ltd	16-Jan-1998	In-Liquidation
18	Group Merchant Bank Ltd	16-Jan-1998	In-Liquidation
19	Highland Bank of Nigeria Plc	16-Jan-1998	In-Liquidation
20	Icon Ltd (Merchant Bankers)	16-Jan-1998	In-Liquidation
21	Ivory Merchant Bank Ltd	16-Jan-1998	In-Liquidation

22	Lobi Bank of Nigeria Ltd	16-Jan-1998	In-Liquidation
23	Mercantile Bank of Nigeria Ltd	16-Jan-1998	In-Liquidation
24	Merchant Bank for Africa Ltd	16-Jan-1998	In-Liquidation
25	Nigeria Merchant Bank Plc	16-Jan-1998	In-Liquidation
26	North-South Bank Limited	16-Jan-1998	In-Liquidation
27	Pan African Bank Limited	16-Jan-1998	In-Liquidation
28	Pinacle Commercial Bank Ltd	16-Jan-1998	In-Liquidation
29	Prime Merchant Bank Ltd	16-Jan-1998	In-Liquidation
30	Progress Bank of Nigeria Ltd	16-Jan-1998	In-Liquidation
31	Royal Merchant Bank Ltd	16-Jan-1998	In-Liquidation
32	Victory Merchant Bank Ltd	16-Jan-1998	In-Liquidation
33	Premier Commercial Bank Ltd	20-Dec-2000	In-Liquidation
34	Rims Merchant Bank Ltd	20-Dec-2000	In-Liquidation
35	Peak Merchant Bank Ltd	28-Feb-2003	**Under Litigation**
36	Allstates Trust Bank Plc	16-Jan-2006	In-Liquidation
37	Afex Bank Limited	16-Jan-2006	In-Liquidation
38	Assurance Bank Nig. Limited	16-Jan-2006	In-Liquidation
39	City Express Bank Plc	16-Jan-2006	In-Liquidation
40	Eagle Bank Limited	16-Jan-2006	In-Liquidation
41	Fortune Bank Plc	16-Jan-2006	**Under Litigation**
42	Gulf Bank Plc	16-Jan-2006	In-Liquidation
43	Hallmark Bank Plc	16-Jan-2006	In-Liquidation

44	Lead Bank Plc	16-Jan-2006	In-Liquidation
45	Liberty Bank Plc	16-Jan-2006	In-Liquidation
46	Metropolitan Bank Limited	16-Jan-2006	In-Liquidation
47	Trade Bank Plc	16-Jan-2006	In-Liquidation
48	Triumph Bank Limited	16-Jan-2006	**Under Litigation**
49	African International Bank Ltd	02- Sept-2013	In-Liquidation
50	Spring Bank Plc	05–Aug-2011	Winding-up Orders obtained 6/7/2012
51	Afribank Plc	05–Aug-2011	Winding-up Orders obtained 2/7/2012
52	Bank PHB Plc	05–Aug-2011	**Under Litigation**

Source: NDIC

4.1.1 Liquidation of MFBs and PMBs

4.1.1.1 Liquidation of MFBs

During the period under review, seven (7) out of the one hundred and three (103) Microfinance Banks that had their licenses revoked in September, 2010, were yet to be traced. The banks were: Cubic MFB, Galaxy MFB, Homeland MFB, Mustason MFB, New gate MFB, Primate MFB and South-west MFB. Investigations were being carried out into sourcing information from the defunct banks for proper liquidation to be carried out. Furthermore, out of the eighty-three (83) MFBs whose licences were revoked on 4th February 2014, fourteen (14) were not located. The names of the Microfinance Banks whose licenses had been revoked are listed in Table 4.3.

Table 4.3
CLOSED MICROFINANCE BANKS AS AT 31ST DECEMBER, 2015

S/N	CLOSED MFB	STATE LOCATED	DATE OF CLOSURE
1	ACME TRUST MFB	LAGOS	Sept.2010
2	ADIF MFB	LAGOS	Sept.2010
3	AFAM MFB	RIVERS	Sept.2010
4	AGBELO MFB	EDO	Sept.2010
5	AJASE-IPO MFB	KWARA	Sept.2010
6	AKPOR-COE MFB	RIVERS	Sept.2010
7	ALLIANCE MFB	ABUJA	Sept.2010
8	ALLOVER MFB	LAGOS	Sept.2010
9	ALSTAR MFB	LAGOS	Sept.2010
10	AMAZING GRACE MFB	OGUN	Sept.2010
11	APEX GOLDEN MFB	LAGOS	Sept.2010
12	ASABARI MFB	OYO	Sept.2010
13	ASAGA-UKWU MFB	ABIA	Sept.2010
14	ASCENT MFB	OGUN	Sept.2010
15	ATTA NWAMBIRI MFB	IMO	Sept.2010
16	BEULAH MFB	LAGOS	Sept.2010
17	BIRAIDU MFB	KOGI	Sept.2010
18	BIRNIN KUDU MFB	JIGAWA	Sept.2010
19	BONNY MFB	RIVERS	Sept.2010
20	BRISTOL MFB	LAGOS	Sept.2010
21	BROADBASED MFB	DELTA	Sept.2010
22	CAPITAL MFB	ADAMAWA	Sept.2010
23	CASHJET MFB	DELTA	Sept.2010
24	CENTURY MFB	LAGOS	Sept.2010
25	CHAT MFB	KADUNA	Sept.2010
26	CIRCULAR MFB	EDO	Sept.2010
27	CLASSIC MFB	OGUN	Sept.2010

28	COMMON BENEFIT MFB	LAGOS	Sept.2010
29	CUBIC MFB*	EDO	Sept.2010
30	CUTTING EDGE MFB	EDO	Sept.2010
31	DANMUSA MFB	KATSINA	Sept.2010
32	DIVINE MFB	RIVERS	Sept.2010
33	DOGON DAJI MFB	SOKOTO	Sept.2010
34	DYNAMIC MFB	LAGOS	Sept.2010
35	EBEM-OHA MFB	ABIA	Sept.2010
36	EBENATOR MFB	IMO	Sept.2010
37	EKWEMA MFB	IMO	Sept.2010
38	EMBRACE MFB	BAYELSA	Sept.2010
39	EMEVOR MFB	DELTA	Sept.2010
40	ETITI MFB	IMO	Sept.2010
41	EVO MFB	RIVERS	Sept.2010
42	EZIMUZO MFB	ANAMBRA	Sept.2010
43	FESTAC 77 MFB	LAGOS	Sept.2010
44	FREEDOM MFB	KANO	Sept.2010
45	FUND EXPRESS MFB	LAGOS	Sept.2010
46	GALAXY MFB *	DELTA	Sept.2010
47	GAMJI MFB	KEBBI	Sept.2010
48	GITICOM MFB	RIVERS	Sept.2010
49	HARBOUR MFB	ANAMBRA	Sept.2010
50	HAZONWAO MFB	LAGOS	Sept.2010
51	HILLTOP MFB	EKITI	Sept.2010
52	HOMELAND MFB *	BAYELSA	Sept.2010
53	IC MFB	LAGOS	Sept.2010
54	IDEAL TRUST MFB	ANAMBRA	Sept.2010

55	IFONYIN MFB	OGUN	Sept.2010
56	IHITTE MFB	IMO	Sept.2010
57	IKWUANO MFB	ABIA	Sept.2010
58	IMPACT MFB	LAGOS	Sept.2010
59	IMPERIAL MFB	LAGOS	Sept.2010
60	INTEGRATED MFB	LAGOS	Sept.2010
61	INVESTMENT MFB	ABIA	Sept.2010
62	IPE MFB	ONDO	Sept.2010
63	ITELE MFB	OGUN	Sept.2010
64	JEGA MFB	KEBBI	Sept.2010
65	KBS MFB	LAGOS	Sept.2010
66	KERANA MFB	PLATEAU	Sept.2010
67	KFC MFB	LAGOS	Sept.2010
68	LALUPON MFB	OYO	Sept.2010
69	MARMARA MFB	TARABA	Sept.2010
70	MCB MFB	LAGOS	Sept.2010
71	MIC MFB	LAGOS	Sept.2010
72	MILESTONE MFB	LAGOS	Sept.2010
73	MOORGATE MFB	LAGOS	Sept.2010
74	MUNICIPAL MFB	ABUJA	Sept.2010
75	MUSTASONS MFB*	LAGOS	Sept.2010
76	NEW GATE MFB*	LAGOS	Sept.2010
77	NEXUS MFB LTD	NIGER	Sept.2010
78	NGAS MFB	PLATEAU	Sept.2010
79	OBIOMA MFB	ABIA	Sept.2010
80	OLOMI MFB	OYO	Sept.2010
81	OLOMOYOYO MFB	OYO	Sept.2010

82	OMNI MFB	LAGOS	Sept.2010
83	OPENGATE MFB	ABUJA	Sept.2010
84	OWENA MFB	OSUN	Sept.2010
85	OWHOWHA MFB	DELTA	Sept.2010
86	PET MFB	RIVERS	Sept.2010
87	PRIMATE MFB *	LAGOS	Sept.2010
88	PRIME MFB	A. IBOM	Sept.2010
89	SAMINAKA MFB	KADUNA	Sept.2010
90	SHIMAZ MFB	OSUN	Sept.2010
91	SOUTH WEST IKOYI MFB*	LAGOS	Sept.2010
92	STANDEX MFB	ANAMBRA	Sept.2010
93	TOUCHSTONE MFB	LAGOS	Sept.2010
94	TRINITY MFB	A. IBOM	Sept.2010
95	TRI-STAR MFB	ENUGU	Sept.2010
96	UDEZUKA MFB	ANAMBRA	Sept.2010
97	UFUMA MFB **	ANAMBRA	Sept.2010
98	UMUNZE MFB	ANAMBRA	Sept.2010
99	UNIQUE MFB	LAGOS	Sept.2010
100	URUALLA MFB	IMO	Sept.2010
101	UTUGWANG MFB	CROSS RIVER	Sept.2010
102	VENTURE SUPPORT MFB	LAGOS	Sept.2010
103	WIZETRADE MFB	LAGOS	Sept.2010
104	ABIRIBA MFB	ABIA	4-Feb-14
105	ACJEC MFB	ANAMBRA	4-Feb-14
106	ACORN MFB	RIVERS	4-Feb-14
107	AKESAN MFB	OYO	4-Feb-14

108	ARACOM MFB	ONDO	4-Feb-14
109	AKIN MFB	CROSS RIVER	4-Feb-14
110	ARGUNGU MFB	KEBBI	4-Feb-14
111	AVALON MFB	LAGOS	4-Feb-14
112	BEKWARRA MFB	CROSS RIVER	4-Feb-14
113	CEDEP MFB	BAUCHI	4-Feb-14
114	CITIGATE MFB	LAGOS	4-Feb-14
115	CITISERVE MFB*	LAGOS	4-Feb-14
116	CKC MFB	RIVERS	4-Feb-14
117	COMBINED BENEFIT MFB	OGUN	4-Feb-14
118	COMPASS MFB*	LAGOS	4-Feb-14
119	CORPORATE MFB	OYO	4-Feb-14
120	CROWN MFB	ENUGU	4-Feb-14
121	CRYSTAL GOLD MFB*	LAGOS	4-Feb-14
122	DAILY CAPITAL MFB	LAGOS	4-Feb-14
123	DIKENAFAI MFB	IMO	4-Feb-14
124	DUNAMIS MFB	LAGOS	4-Feb-14
125	ECB MFB	OSUN	4-Feb-14
126	EDEN MFB	OSUN	4-Feb-14
127	EDET MFB	AKWA IBOM	4-Feb-14
128	EDS MFB*	LAGOS	4-Feb-14
129	EGOSAL MFB	ABIA	4-Feb-14
130	ENTERPRISE MFB*	LAGOS	4-Feb-14
131	ESSENCE MFB	EKITI	4-Feb-14
132	EXPRESS MFB	ABIA	4-Feb-14
133	FIELDREAMS MFB	LAGOS	4-Feb-14
134	FIRST CHOICE MFB	LAGOS	4-Feb-14
135	FIRST GLOBAL MFB	RIVERS	4-Feb-14

136	FIRST GOLDEN MERCURY MFB	OSUN	4-Feb-14
137	FIRST HERITAL MFB	LAGOS	4-Feb-14
138	FIRST OMASI MFB	ENUGU	4-Feb-14
139	FREEGATE MFB*	LAGOS	4-Feb-14
140	FUNDS MATRIX MFB*	LAGOS	4-Feb-14
141	GFB MFB	OYO	4-Feb-14
142	GOLD PACKAGE MFB	DELTA	4-Feb-14
143	GREEN FIELD MFB	LAGOS	4-Feb-14
144	GS MFB	LAGOS	4-Feb-14
145	GUSAU MFB	ZAMFARA	4-Feb-14
146	HARMONY MFB	LAGOS	4-Feb-14
147	HAVILAH MFB	LAGOS	4-Feb-14
148	HEBRON MFB	LAGOS	4-Feb-14
149	IDAH MFB	KOGI	4-Feb-14
150	IHIMA MFB	KOGI	4-Feb-14
151	INTERGLOBAL MFB*	LAGOS	4-Feb-14
152	IRELE MFB	ONDO	4-Feb-14
153	KEYSTONE MFB*	LAGOS	4-Feb-14
154	KINGS MFB*	LAGOS	4-Feb-14
155	LANDROCK MFB	DELTA	4-Feb-14
156	LOFTY HEIGHTS MFB	EDO	4-Feb-14
157	NEIGHBOURHOOD MFB	EDO	4-Feb-14
158	NEW HEIGHT MFB*	LAGOS	4-Feb-14
159	NEW IMAGE MFB	OGUN	4-Feb-14
160	NEW MERCENTILE MFB	FCT	4-Feb-14
161	NGEGWE MFB	RIVERS	4-Feb-14
162	NKPOR MFB	ANAMBRA	4-Feb-14
163	OKWUTA MFB	RIVERS	4-Feb-14

164	OTUN-EKITI MFB	EKITI	4-Feb-14
165	PEOPLESERVE MFB	LAGOS	4-Feb-14
166	PINNACLE MFB	FCT	4-Feb-14
167	PLANNET MFB	LAGOS	4-Feb-14
168	REUNION MFB	EBONYI	4-Feb-14
169	ROYAL TRUST MFB	RIVERS	4-Feb-14
170	SAMA MFB	RIVERS	4-Feb-14
171	SATELLITE MFB	LAGOS	4-Feb-14
172	SILVER MFB	PLATEAU	4-Feb-14
173	SOLACE MFB	DELTA	4-Feb-14
174	SVP MFB*	RIVERS	4-Feb-14
175	TARGET MFB	FCT	4-Feb-14
176	THINK MFB	FCT	4-Feb-14
177	TOP MEGA TRUST MFB	DELTA	4-Feb-14
178	TRADERS MFB*	LAGOS	4-Feb-14
179	UGHIEVWEN MFB	DELTA	4-Feb-14
180	UJOELEN MFB	EDO	4-Feb-14
181	UMUHU OKABIA MFB	IMO	4-Feb-14
182	UMU-OMA MFB	ANAMBRA	4-Feb-14
183	UNIQUE TRUST MFB	DELTA	4-Feb-14
184	UNITED PEOPLE MFB	PLATEAU	4-Feb-14
185	VINNING MFB	LAGOS	4-Feb-14
186	YAF MFB	BENUE	4-Feb-14
187	CRYSTAL EDGE MFB	FCT	19th Nov. 2014

Source: NDIC
*MFBs that have not been located to effect their proper closing
** Under litigation

4.1.1.2 Liquidation of PMBs

During the period under review, the NDIC continued with the liquidation activities of forty-six (46) PMBs closed between 2012 and 2014. Similarly, the closing and verification of nine (9) out of the twenty-one (21) PMBs closed in 2014 were carried out between 5th of January, 2015 and 13th of April, 2015. Payments to verified depositors were being effected via e-payments platform.

The names of the closed PMBs arranged according to the year of closure are given in Table 4.4.

Table 4.4
CLOSED PRIMARY MORTGAGE BANKS (PMBs) AS AT 31ST DECEMBER, 2015

S/N	NAME OF CLOSED PMB	DATE OF CLOSURE	REMARKS
1	Accalaim Homes and Loans Ltd	6-Aug-12	Liquidation yet to commence
2	Allwell Savings and Loans Ltd	6-Aug-12	In- Liquidation
3	CB Homes Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
4	Coastal Homes Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
5	Credence Savings and Loans Ltd	6-Aug-12	In- Liquidation
6	Crest Mortgage Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
7	Estaport Building Society Ltd	6-Aug-12	Liquidation yet to commence
8	Furture View Mortgages Ltd	6-Aug-12	In- Liquidation
9	Guardian Trust Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
10	Home Trust Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
11	Horizon Building Society Ltd	6-Aug-12	Liquidation yet to commence

12	Imani Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
13	Mars Home Investment Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
14	Melrose Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
15	New Capital Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
16	Niger House Building Society Ltd	6-Aug-12	In- Liquidation
17	Omono Building Society Ltd	6-Aug-12	Liquidation yet to commence
18	Owners Home Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
19	Perennial Building Society Ltd	6-Aug-12	Liquidation yet to commence
20	Primrose Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
21	Sakkwato Savings and Loans Ltd	6-Aug-12	In- Liquidation
22	Secure Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
23	Urban Shelter Savings and Loans Ltd	6-Aug-12	Liquidation yet to commence
24	Hallmark Homes Ltd	6-Aug-12	Assumed by Centage Savings & Loans
25	Peak Savings & Loans Ltd	6-Aug-12	Under Litigation
26	Alliance and General Mortgage Ltd	Nov-14	Liquidation yet to commence
27	Benhouse Savings and Loans Ltd	Nov-14	In- Liquidation
28	Consolidated Estate Building Society Ltd	Nov-14	Liquidation yet to commence

29	Cymon Savings & Loans Ltd	Nov-14	Liquidation yet to commence
30	Euro-Banc Savings and Loans Ltd	Nov-14	In- Liquidation
31	First Amalgamated B/S Ltd	Nov-14	Liquidation yet to commence
32	First Capital Savings & Loans Ltd	Nov-14	In- Liquidation
33	Global Building Society (Confluence Savings & Loans) Ltd	Nov-14	Liquidation yet to commence
34	Harvard Trust Savings and Loans Ltd	Nov-14	Liquidation yet to commence
35	Home Foundation Savings & Loans Ltd		Liquidation yet to commence
36	Jubilee Building Society Ltd	Nov-14	Liquidation yet to commence
37	Lagoon Homes Savings and Loans Ltd	Nov-14	In- Liquidation
38	Leverage Home Savings & Loans Ltd	Nov-14	In- Liquidation
39	Midland Mortgages Ltd	Nov-14	Liquidation yet to commence
40	Mortgage PHB Ltd	Nov-14	In- Liquidation
41	Multibanc Savings and Loans Ltd	Nov-14	Liquidation yet to commence
42	Mustard Seed Mortgage Ltd	Nov-14	Liquidation yet to commence
43	Omega Savings and Loans Ltd	Nov-14	In- Liquidation
44	Password Savings and Loans Ltd	Nov-14	Liquidation yet to commence
45	Post Service Savings and Loans Ltd	Nov-14	In- Liquidation
46	TMC Savings and Loans Ltd	Nov-14	Liquidation yet to commence

Source: NDIC

In 2015, the promoters of Post Service Savings & Loans (The Nigerian Army) made a strong presentation to the Regulatory/Supervisory Authorities to revalidate the licence of the defunct PMB and were granted provisional approval to float a new PMB within a given timeframe which would absorb the assets and liabilities of the defunct Post Service Savings & Loans. The process was on-going as at 31st December, 2015.

4.1.2 Purchase and Assumption Transactions

During the year under review, the NDIC continued with the liquidation activities of the eleven (11) out of thirteen (13) DMBs closed under the Purchase and Assumption (P&A) transactions in 2006. As at 31st December, 2015, the databases of twelve (12) closed DMBs, namely: Afex Bank, Allstates Trust Bank, Assurance Bank, City Express Bank, Triumph Bank, Eagle Bank, Gulf Bank, Hallmark Bank, Lead Bank, Liberty Bank, Metropolitan Bank and Trade Bank had been extracted from their original servers and migrated into a single server.

4.1.3 Claims Settlement and Administration

Claims settlement and administration involves the payment of insured deposits as well as payment of liquidation dividends to uninsured depositors, creditors and other eligible claimants of closed DMBs.

During the period under review, the NDIC continued to settle the claims of depositors, creditors and shareholders of defunct insured institutions. For the eleven (11) out of thirteen (13) banks closed through the P&A transaction, the CBN guaranteed payment of full deposits to all private depositors; while the NDIC paid the insured amounts, the CBN paid the remaining uninsured deposits in full. The 100% guarantee was available up to 29th February, 2012. The CBN had been recouping this payment from declared liquidation dividends as the failed banks' assets were realized. The payment of insured deposits and liquidation dividends in respect of the 34 DMBs closed before 2006 were made through ten (10) Agent Banks appointed by the NDIC.

(a) Payment of Insured Deposits to Depositors of DMBs

During the year under review, the NDIC continued with the payment of insured deposits to depositors of the closed 48 DMBs. Table 4.5 shows the cumulative payments from 1994 to 2015. As indicated in the table, the NDIC paid a total of ₦6.796 billion to 426,324 insured depositors as at 31st December, 2015 as against ₦6.7951 billion to 426,320 insured depositors in 2014.

1 There was a N35,716,205.07 overstatement of amount of Insured Deposits paid in 2014 with respect to Eagle Bank. The actual amount of Insured Deposits paid for the bank as at 2014 was N16,973,794.93, as against N52,690,000 reported. The error was corrected in 2015.

Table 4.5
DEPOSIT PAYOUT FOR CLOSED BANKS AS AT 31ST DECEMBER, 2015

S/N	Bank	Total Deposits At liquidation (₦) Million	Total Number of Depositors At Liquidation	Total Insured Deposits At Liquidation (₦) Million	Total Excess Deposits (₦) Million	Total Paid Insured (₦) Million	No. of Insured Depositors Paid	Total Excess Paid (₦) Million
1	ABC Merchant Bank	224.182	752	14.136	210.046	8.454	220	161.320
2	Allied Bank of Nigeria	2,777.807	365,883	1205.361	1,572.446	851.632	65,971	211.342
3	Alpha Merchant Bank	1,218.390	776	18.519	1,199.871	18.469	775	797.092
4	Abacus Merchant Bank	272.563	401	12.779	259.785	7.303	152	18.493
5	Amicable Bank of Nigeria	41.035	24,038	26.225	14.810	7.904	978	7.839
6	Commerce Bank Plc	1,156.786	37,462	199.462	957.323	109.731	5,439	338.385
7	Cooperative & Commerce Bank	1,915.587	364,239	1366.666	548.921	885.368	71,441	719.441
8	Century Merchant Bank	573.287	357	11.023	562.264	5.193	118	41.239
9	Continental Merchant Bank	1,390.27	1,060	31.450	1,358.819	19.097	408	884.833
10	Credite Bank Nigeria	155.223	5,997	24.666	130.557	10.292	473	31.596
11	Crown Merchant Bank	111.603	438	9.476	102.127	3.026	74	2.007
12	Commercial Trust Bank	215.770	13,891	29.122	186.647	5.807	496	72.546
13	Financial Merchant Bank	154.913	233	4.874	150.040	3.722	110	55.564

14	Great Merchant Bank	132.574	170	5.194	127.38	2.283	55	3.664
15	Group Merchant Bank	296.275	212	4.197	292.078	1.335	32	N/A
16	Highland Bank of Nigeria	91.275	28,186	39.490	51.784	18.765	3,394	15.731
17	ICON Merchant Bank	1,421.194	1,035	33.844	1,387.35	30.063	449	896.797
18	Ivory Merchant Bank	46.084	188	3.191	42.893	0.1	7	35.793
19	Kapital Merchant Bank	314.601	240	5.874	308.726	4.332	111	289.323
20	Lobi Bank of Nigeria	233.612	112,819	146.604	87.008	91.043	10,679	58.239
21	Merchant Bank of Africa	712.398	729	20.909	691.489	12.828	283	375.261
22	Mercantile Bank of Nigeria	807.288	276,272	581.773	225.515	370.592	38,790	236.742
23	Nigeria Merchant Bank	153.896	107	4.847	149.049	3.626	77	78.385
24	North South Bank Ltd.	354.747	68,246	155.074	199.673	80.353	7,584	35.947
25	Pan African Bank Ltd.	648.630	132,540	360.746	287.885	231.718	22,232	243.045
26	Progress Bank of Nigeria	1,096.281	255,211	738.086	358.195	440.518	35,290	156.004
27	Premier Commercial Bank	31.051	30,439	24.407	6.644	0.963	47	0.049
28	Pinnacle Commercial Bank	508.728	18,332	63.377	445.351	27.082	1,568	188.300
29	Peak Merchant Bank	3,424.404	1,044	20.468	3,403.936	2.490	74	N/A

30	Prime Merchant Bank	204.725	248	4.760	199.964	2.667	61	38.030
31	Rims Merchant Bank	263.374	299	6.957	256.417	1.047	47	199.836
32	Royal Merchant Bank	677.856	531	11.042	666.814	5.066	138	26.450
33	Republic Bank Ltd	79.182	7,416	19.923	59.260	13.068	1,277	28.741
34	United Commercial Bank	275.907	5,162	34.099	241.808	26.174	1,696	67.782
35	Victory Merchant Bank	114.856	227	4.455	110.402	1.866	48	25.220
36	African Express Bank	6,283.714	16,092	123.327	6,160.387	37.284	1,013	4,725.956*
37	Allstates Trust Bank	32,856.4	427,847	3069.049	29,787.35	1,805.752	79,905	18,980.338*
38	Assurance Bank	7,859.033	105,326	708.279	7,150.754	304.173	17,681	4,243.020*
39	City Express Bank	16,420.26	38,147	306.539	16,113.72	143.798	4,293	10,776.413*
40	Eagle Bank	1,033.777	3,280	16.974	1,016.804	16.974	3,280	1,016.804
41	Fortune International Bank	9,244.298	33,557	302.886	8,941.412	31.023	780	
42	Gulf Bank	13,685.37	36,787	334.289	13,351.08	150.127	3,927	6,865.428*
43	Hallmark Bank	65,614.16	121,545	940.055	64,674.1	447.604	17,284	22,757.939*
44	Lead Bank	10,151.12	3,925	62.983	10,088.14	49.218	3,510	8,380.592*
45	Liberty Bank	2,153.333	19,800	142.876	2,010.458	47.415	1,312	1,341.613*
46	Metropolitan Bank	5,087.573	34,409	161.389	4,926.184	27.030	1,635	2,321.713*
47	Trade Bank	10,504.08	155,177	742.179	9,761.953	429.748	21,070	8,017.113*
48	Triumph Bank	3,239.055	3,799	45.362	3,193.693	1.880	40	

Source: NDIC
*Includes uninsured amounts paid out by CBN to public depositors of the defunct DMBs under the Purchase & Assumption Transaction
** There were errors in the number of depositors paid in 2014 which had been corrected in 2015

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

The NDIC paid insured deposits of closed MFBs during the year under review. In 2015, 1,165 depositors of defunct MFBs were paid N89,889,366.97 as shown in Table 4.6.

Table 4.6:
INSURED AMOUNT PAID TO DEPOSITORS OF CLOSED MFBs IN 2015

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS VERIFIED	TOTAL INSURED SUM PAID (N)
1	CASHJET	1	200,000.00
2	INTEGRATED	8	569,097.30
3	LALUPON	2	297,259.11
4	WIZETRADE	1	59,915.34
5	Abiriba MFB	1	200,000.00
6	Citigate MFB	2	45,790.32
7	Daily Capital MFB	8	406,909.90
8	First Global MFB	429	40,488,249.67
9	First Herital MFB	1	35,880.95
10	First Omasi MFB	11	626,677.00
11	Havilah MFB	1	200,000.00
12	Landrock MFB	87	8,376,919.23
13	Neighbourhood MFB	5	463,751.68
14	New Image MFB	275	16,485,983.10
15	Ngegwe MFB	7	479,631.48

16	Plannet MFB	9	60,000.00
17	Reunion MFB	14	816,819.26
18	Royal Trust MFB	10	915,940.61
19	Think MFB	122	10,469,347.15
20	Ughievwen MFB	1	81,103.98
21	Ujoelen MFB	2	299,459.25
22	Umuhu Okabia MFB	5	278,534.65
23	Unique Trust MFB	162	7,882,096.99
24	Crystal Edge MFB	1	150,000.00
	TOTAL	**1,165**	**89,889,366.97**

Source: NDIC

Table 4.7 shows that a cumulative payment of ₦2.86 billion had been made to 81,328 verified depositors of closed MFBs in 2015 as against ₦2.77 billion paid to 80,178 verified depositors in 2014.

Table 4.7:
PAYMENTS OF INSURED DEPOSITS OF THE CLOSED MFBs AS AT 31ST DECEMBER, 2015

S/N	NAME OF MFB	TOTAL NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED AMOUNT AT CLOSURE (₦)	TOTAL NO. OF DEPO-SITORS VERIF-IED	TOTAL INSURED AMOUNT PAID (₦)
1	ACME	21	392,000.00	392,000.00	20	333,400.00
2	ADIF	4,195	76,954,059.49	60,762,475.13	745	35,037,306.47
3	AFAM	1,581	5,530,445.91	5,057,816.26	75	2,228,725.06
4	AGBELO	681	1,173,379.99	1,173,379.99	56	683,516.40
5	AJASSE-IPO	6,715	123,943,976.90	48,146,341.27	712	25,198,915.07
6	AKPOR COE	4,470	43,570,156.22	26,906,401.18	240	12,727,990.87
7	ALLIANCE	4,756	33,093,386.58	27,000,318.76	699	10,072,836.30
8	ALLOVER	2,908	106,620,590.63	18,528,741.86	10	410,208.76
9	ALLSTAR	593	25,151,377.15	13,017,023.71	74	5,523,845.45
10	AMAZING GRACE	6,501	41,874,942.48	24,013,581.23	402	10,967,220.27
11	APEX GOLDEN	1,850	38,221,206.75	17,427,862.62	172	7,756,232.14
12	ASABARI	3,468	35,585,936.89	24,228,787.51	522	17,699,820.64
13	ASAGA - UKWU	3,709	96,988,545.81	48,513,457.97	543	13,941,834.74
14	ASCENT	1,790	13,033,167.09	10,932,666.43	484	7,771,506.76
15	ATTA NWAMBIRI	1,746	27,636,461.09	23,514,827.11	638	21,178,463.47
16	BEULAH	1,602	36,807,892.72	5,081,921.77	110	3,236,261.40
17	BIRAIDU	1,790	3,718,888.38	3,423,754.35	220	2,101,506.49
18	BIRNIN KUDU	1,261	15,359,096.76	6,291,228.37	208	5,875,394.10
19	BONNY	2,174	27,582,625.54	23,056,016.54	548	17,578,341.50
20	BRISTOL	387	5,354,654.53	3,682,654.53	6	469,396.88
21	BROADBASED	2,896	27,058,006.76	21,276,954.38	296	13,290,239.39
22	CAPITAL	1,930	34,890,305.28	15,240,153.47	122	6,897,256.91
23	CASHJET	3,786	53,168,613.11	23,502,356.46	541	17,130,372.38

24	CENTURY	2,777	45,342,759.02	18,489,609.88	232	9,968,581.64
25	CHAT	2,225	13,756,878.10	11,126,331.74	555	5,744,730.84
26	CIRCULAR	5,732	104,357,105.95	36,440,920.20	211	12,125,433.98
27	CLASSIC	17,262	93,638,793.88	65,970,321.23	1,423	38,609,087.71
28	COMMON BENEFIT	29655	7,465,174.10	7,096,590.10	271	4,818,837.00
29	CUTTING EDGE	4,639	31,749,293.14	19,422,452.33	201	7,567,741.21
30	DANMUSA	575	989,024.96	770,491.69	62	427,169.43
31	DIVINE	1,309	20,755,047.59	12,474,360.73	63	4,212,294.44
32	DOGON DAJI	950	7,348,256.35	5,216,125.96	96	3,107,471.66
33	DYNAMIC	3,407	34,847,423.58	21,678,034.34	75	2,129,220.97
34	EBEM OHA	2,157	18,801,695.14	15,132,835.96	504	12,392,133.10
35	EBENATOR	2,316	74,215,206.48	52,209,988.15	778	44,451,918.78
36	EKWEMA	1,348	20,151,611.44	11,870,897.41	51	3,172,262.75
37	EMEVOR	956	5,496,608.74	5,098,811.74	163	3,542,919.10
38	ETITI	1,800	58,095,301.15	31,103,366.36	498	16,871,797.82
39	EVO	1,409	21,207,956.90	13,756,628.77	242	7,505,421.81
40	EZIMUZO	1,997	21,961,194.81	17,239,884.81	634	7,214,731.61
41	FESTAC 77	521	15,666,921.73	7,393,903.38	98	4,272,830.00
42	FREEDOM	2,893	29,336,046.21	12,259,469.35	218	6,416,807.97
43	FUND EXPRESS	807	21,464,760.98	14,630,869.67	62	2,932,554.99
44	GAMJI	1,632	51,209,524.39	16,209,710.73	79	7,007,902.85
45	GITICOM	8,061	88,793,095.46	67,541,414.85	615	20,234,829.73
46	HARBOUR	887	5,429,378.35	4,528,824.36	176	2,540,322.88
47	HAZONWAO	9,218	41,729,543.46	22,482,906.13	303	4,585,918.71
48	HILLTOP	5,374	56,201,034.47	46,538,304.20	624	14,680,162.75
49	I.C.MFB	8,975	52,637,923.65	21,384,201.73	215	5,605,017.31
50	IDEAL TRUST	884	4,856,238.24	4,145,088.24	89	2,613,763.34
51	IFONYIN	4,872	43,630,736.45	21,421,483.67	369	13,591,327.35
52	IHITTE	3,252	84,307,716.28	49,726,983.38	1,106	46,997,698.08
53	IKWUANO	759	5,251,806.20	4,929,191.20	135	3,841,404.69

54	IMPACT	10,223	243,275,120.54	146,491,935.57	1,835	52,352,499.71
55	IMPERIAL	4,285	61,811,529.36	28,364,941.19	206	6,706,316.77
56	INTEGRATED	469,049	6,795,478,591.92	3,387,764,035.20	42,529	1,421,890,919.53
57	INVESTMENT	2,234	19,026,571.73	15,407,019.34	304	9,596,621.57
58	IPE	3,784	36,984,350.93	28,347,688.46	677	23,297,591.48
59	ITELE	504	11,858,238.89	9,339,085.98	177	7,548,206.30
60	JEGA	250	3,438,804.73	2,478,318.67	54	1,981,268.87
61	KBS	1,105	5,744,154.57	4,871,635.38	80	2,452,463.54
62	KERANA	1,810	8,830,118.57	6,399,417.19	138	1,774,521.91
63	KFC	1,567	26,676,987.33	10,231,891.10	78	3,661,187.70
64	LALUPON	7,454	68,804,384.34	35,980,541.88	549	18,522,624.32
65	MARMARA	3,123	12,065,250.05	6,990,809.73	196	4,716,720.41
66	MCB	903	33,054,818.69	11,090,221.61	10	550,260.69
67	MIC	23,190	56,092,796.23	43,482,145.40	22	988,994.85
68	MILESTONE	7,397	127,247,996.08	47,371,341.75	237	15,919,572.78
69	MOORGATE	9,997	135,745,114.15	67,771,548.26	272	13,301,327.28
70	MUNICIPAL	4,991	17,410,423.83	13,655,258.53	113	4,712,841.92
71	NEXUS	4,387	26,366,099.57	9,351,675.60	188	4,521,251.49
72	NGAS	3,013	30,320,463.52	26,830,863.43	797	18,894,549.45
73	OBIOMA	2,221	149,677,074.51	56,322,509.09	907	51,594,220.48
74	OLOMI	17,452	156,335,546.50	127,618,281.36	2,398	95,742,794.97
75	OLOMOYOYO	5,896	33,557,047.51	32,787,059.29	466	11,069,523.51
76	OMNI	2,089	104,354,762.08	22,708,084.29	110	9,684,165.69
77	OPENGATE	2,709	12,624,472.51	10,031,685.18	338	6,074,591.00
78	OWENA	2,911	22,932,736.42	13,570,694.88	282	9,089,536.23
79	OWHOWHA	957	4,232,283.46	3,251,058.46	528	1,336,570.25
80	PET	4,046	64,797,309.94	42,490,232.17	451	22,741,208.20
81	PRIME	2,754	72,257,286.12	27,341,031.88	140	8,411,336.51
82	SAMINAKA	3,637	7,528,113.05	6,340,548.55	237	2,188,726.45
83	SHIMAZ	922	9,910,169.70	7,152,659.75	312	4,575,327.43
84	STANDEX	3,487	101,640,335.22	38,586,341.38	485	24,125,470.05

85	TOUCHSTONE	4,729	166,702,510.26	49,706,847.70	357	28,333,050.69
86	TRINITY	1,812	21,259,402.67	15,222,326.16	148	7,862,798.51
87	TRI-STAR	3,522	58,622,154.26	43,125,438.42	739	37,894,617.47
88	UDEZUKA	693	10,624,269.76	2,332,985.22	21	77,054.18
89	UFUMA	N/A	63,195,019.50	36,073,748.57	N/A	N/A
90	UMUNZE	3,886	53,428,950.48	44,116,865.77	805	27,552,844.27
91	UNIQUE	2,519	77,920,624.82	15,960,653.63	76	2,850,398.72
92	URUALLA	1,059	11,118,018.39	10,457,256.49	149	6,393,488.03
93	UTUGWANG	3,223	16,164,306.30	11,409,774.12	460	8,762,427.52
94	VENTURE SUPPORT	1,427	9,633,302.70	8,828,977.03	219	5,447,081.36
95	WIZETRADE	347	12,638,190.31	3,843,027.55	45	2,421,960.09
96	ABIRIBA MFB	3,133	70,191,345.98	46,434,662.89	426	21,508,911.09
97	AKESAN MFB	1,268	24,090,636.95	20,748,024.79	106	5,930,742.49
98	AKIN MFB	1,658	10,820,903.31	9,628,837.31	59	2,235,222.13
99	ARGUNGU MFB	1,450	8,229,195.15	4,289,149.39	33	2,002,925.50
100	BEKWARRA MFB	2,049	10,701,025.84	8,580,561.62	137	3,317,452.13
101	CITIGATE MFB	7,495	18,430,695.62	17,202,719.71	62	2,979,194.68
102	CROWN MFB	684	13,946,552.89	8,347,116.24	67	4,264,995.91
103	DAILY CAPITAL MFB	4,727	81,893,196.71	28,693,134.49	75	5,411,146.16
104	EDEN MFB	3,079	29,333,250.03	11,657,089.17	35	1,149,327.48
105	EDET MFB	871	10,422,355.82	6,602,326.01	33	1,266,524.11
106	EGOSAL MFB	2,383	5,800,973.67	5,602,465.67	21	325,596.03
107	ESSENCE MFB	3,214	10,867,934.40	9,761,910.49	268	3,440,776.99
108	FIRST CHOICE MFB	1,196	7,800,299.32	3,834,407.79	1	2,119.54
109	FIRST HERITAL MFB	535	70,582,032.60	30,636,049.68	140	11,205,304.42
110	FIRST OMASI MFB	1,956	36,651,587.60	24,020,643.60	274	16,318,134.27
111	FIRST GLOBAL MFB	11,581	288,613,627.23	138,430,966.53	429	40,488,249.67
112	GFB MFB	2,357	10,275,673.13	9,273,392.80	119	3,812,856.48

113	GUSAU MFB	1,841	10,724,154.10	10,596,049.10	110	2,452,532.96
114	HAVILAH MFB	71	10,325,021.90	1,938,141.90	17	1,453,000.00
115	HEBRON MFB	32	7,970,577.00	3,104,903.00	21	2,301,037.00
116	IDAH MFB	2,669	21,514,215.08	16,477,381.39	73	2,141,303.21
117	IRELE MFB	1,178	20,496,088.69	14,614,218.27	117	6,478,494.28
118	NEIGHBOURHOOD MFB	5,755	23,487,234.04	19,127,809.35	99	6,544,062.27
119	NGEGWE MFB	1,420	21,277,882.60	12,675,789.57	75	6,704,243.64
120	NKPOR MFB	1,865	54,882,181.35	28,493,442.15	298	17,695,834.67
121	OKWUTA MFB	303	5,479,972.18	3,405,711.89		N/A
122	OTUN-EKITI MFB	2,403	32,351,066.61	18,023,570.08	124	7,723,120.27
123	PLANNET MFB	429	1,831,470.00	1,831,470.00	168	1,208,300.00
124	REUNION MFB	4,018	24,193,586.18	12,706,244.16	54	2,383,187.69
125	ROYAL TRUST MFB	10,214	159,624,342.58	80,487,841.97	561	39,222,402.70
126	TARGET MFB	2,249	9,996,741.95	6,374,504.40	15	750,289.35
127	UGHIEVWEN MFB	7,567	42,595,517.67	37,143,833.39	149	5,747,135.67
128	UJOELEN MFB	3,235	38,865,185.99	21,696,333.76	170	10,972,178.24
129	UMUHU OKABIA MFB	5,125	78,942,542.30	54,676,056.22	611	34,432,296.10
130	LANDROCK MFB	4,685	18,513,134.95	17,603,674.62	87	8,376,919.23
131	NEW IMAGE MFB	8,862	60,376,563.06	43,383,008.38	283	17,019,325.95
132	THINK MFB	3,067	47,421,486.41	19,600,726.66	122	10,469,347.15
133	UNIQUE TRUST MFB	4,726	42,985,870.27	24,746,913.18	162	7,882,096.99
134	CRYSTAL TRUST MFB	38	449,878.10	449,878.10	1	150,000.00
	Total	**913,411**	**12,358,745,474.02**	**6,453,860,144.12**	**81,328**	**2,862,878,404.58**

Source: NDIC

c) Payment of Insured Deposits to Depositors of Closed PMBs

The NDIC paid insured deposits to depositors of closed PMBs in 2015. The sum of N43.03 million was paid to 565 depositors of the closed PMBs in 2015 as against N2.02 million to 30 depositors in 2014 as shown in Table 4.8.

Table 4.8:
PAYMENT OF INSURED DEPOSITS OF CLOSED PMBs IN 2015

S/NO	NAME OF PMB	NUMBER OF DEPOSITORS PAID	INSURED AMOUNT PAID (₦)
1	Euro-Banc Savings and Loans	64	8,148,466.64
2	First Capital Savings & Loans	57	1,431,983.21
3	Harvard Trust Savings and Loans	321	22,900,620.73
4	Lagoon Homes Savings and Loans	96	7,191,512.93
5	Leverage Home Savings & Loans	9	1,707,397.26
6	Mortgage PHB	18	1,653,416.90
	Total	**565**	**43,032,797.67**

Source: NDIC

Table 4.9 shows that a cumulative payment of N45.05 million had been made to 595 verified depositors as at 31st December, 2015 as against N2.02 million paid to 30 verified depositors of closed PMBs in 2014.

Table 4.9
PAYMENTS OF INSURED DEPOSITS OF THE CLOSED PMBs AS AT 31ST DECEMBER, 2015

S/N	NAME OF PMB	NO. OF DEPOSITORS AT CLOSURE	TOTAL DEPOSITS AT CLOSURE (₦)	TOTAL INSURED DEPOSITS AT CLOSURE (₦)	TOTAL UNINSURED DEPOSITS (₦)	NUMBER OF DEPOSITORS PAID	INSURED AMOUNT PAID (₦)
1	Allwell Savings and Loans	8	900,152.82	739,080.70	161,072.12	7	729,080.70
2	Credence Savings and Loans	204	6,613,740.40	2,576,813.01	4,036,927.39	0	0
3	Furture View Mortgages	18	213,477.39	213,477.39	0	0	0
4	Niger House Building Society	390	1,288,867.72	638,867.72	650,000.00	10	365,110.55
5	Sakkwato Savings and Loans	2,457	47,781,817.65	13,963,406.21	33,818,411.44	13	925,901.52
6	Euro-Banc Savings and Loans	2,748	288,460,426.18	15,879,618.66	272,580,807.52	64	8,148,466.64

7	First Capital Savings & Loans	143	2,613,927.44	2,345,311.95	268,615.49	57	1,431,983.21
8	Harvard Trust Savings and Loans	9,958	229,381,077.03	81,642,788.34	147,738,288.69	321	22,900,620.73
9	Lagoon Homes Savings and Loans	13,514	857,379,992.71	96,503,706.67	760,876,286.04	96	7,191,512.93
10	Leverage Home Savings & Loans	1,792	75,555,506.25	23,103,654.50	52,451,851.75	9	1,707,397.26
11	Mortgage PHB	9,997	135,745,114.15	67,771,548.26	67,973,565.89	18	1,653,416.90
12	Post Service Savings and Loans	13,856	466,274,788.73	151,048,608.85	315,226,179.88		
	TOTAL	55,085	2,112,208,888.47	456,426,882.26	1,655,782,006.21	595	45,052,890.44

Source: NDIC

(d) Payment of Liquidation Dividends to Uninsured Depositors of DMBs

The payment of liquidation dividends to the uninsured depositors of closed DMBs continued in 2015 as shown in Table 4.5. The cumulative payment of ₦95.77 billion was made to uninsured depositors of closed DMBs as at 31st December, 2015 as against ₦94.74 billion in 2014. That amount included the uninsured portion of private sector depositors of 11 out of the 13 DMBs closed in 2006, which was funded by the CBN. The payment of liquidation dividends or excess amount to public sector depositors, however, was made by the NDIC from proceeds of the residual physical assets and recoveries from debtors of the closed DMBs.

The number of DMBs in-liquidation for which a final dividend of 100% of total deposits had been declared remained at 14 as in the previous year. The DMBs are:

- ABC Merchant Bank Ltd (in-liquidation);
- Alpha Merchant Bank Plc (in-liquidation);
- Amicable Bank of Nigeria Ltd (in-liquidation);
- Commercial Trust Bank (in-liquidation);
- Continental Merchant Bank Ltd (in-liquidation);
- Co-operative & Commerce Bank (in-liquidation);
- ICON Ltd (Merchant Bankers) (in-liquidation);
- Ivory Merchant Bank (in-liquidation);
- Kapital Merchant Bank Ltd (in-liquidation);
- Merchant Bank of Africa (in-liquidation);
- Nigeria Merchant Bank Plc (in-liquidation);
- Pan African Bank Ltd (in-liquidation);
- Premier Commercial Bank Ltd (in-liquidation); and
- Rims Merchant Bank Ltd (in-liquidation).

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

The NDIC continued with the payment of liquidation dividends to creditors and shareholders of DMBs-in-liquidation in 2015. During the year under review, the NDIC advertised for creditors of Cooperative and Commerce Bank Limited to file their claims. In response to the advert, a total of 25 creditors were verified and paid the sum of ₦4.27 million. As shown in Table 4.10, ten (10) DMBs-in-liquidation had declared dividends to their general creditors as at December 31, 2015. The sum of ₦1,730.36 million was declared as dividends to 1,308 creditors of the ten DMBs. Out of that amount, the NDIC paid the sum of ₦1,261.73 million to the 965 creditors who filed their claims as at 31st December, 2015 as against ₦1,247.77 million paid to the 889 creditors as at 31st December, 2014.

Table 4.10:
LIQUIDATION DIVIDENDS PAID TO CREDITORS AS AT 31ST DECEMBER, 2015

S/N	NAME OF BANK IN – LIQUIDATION	NUMBER OF FILED CLAIMS (CREDITORS)	NUMBER OF CREDITORS PAID	AMOUNT DECLARED FOR GENERAL CREDITORS (₦' MILLION)	AMOUNT PAID TO CREDITORS (₦' MILLION)	REMARKS
1	ALPHA MERCHANT BANK LIMITED	37	21	81.3	81.3	100% declared
2	AMICABLE BANK OF NIGERIA LIMITED	130	91	48.48	42.34	-
3	CONTINENTAL MERCHANT BANK LTD	30	9	312.64	304.63	100% declared
4	PREMIER COMMERCIAL BANK	24	24	1.96	1.67	-
5	EAGLE BANK LTD	85	84	214	140.91	100% declared
6	MERCHANT BANK FOR AFRICA LTD	97	15	247.62	4.20	-
7	NIGERIA MERCHANT BANK LIMITED	141	135	111.34	111.33	100% declared
8	PAN AFRICAN BANK LIMITED	133	34	251.84	222.81	100% declared
9	RIMS MERCHANT BANK LIMITED	46	35	267.21	223.27	100% declared
10	COOPERATIVE AND COMMERCE BANK LTD	585	517	193.97	129.27	100% declared
Total		**1,308**	**965**	**1,730.36**	**1,261.73**	

Source: NDIC

During the year under review, the NDIC paid 74 shareholders of Alpha Merchant Bank, Rims Merchant Bank, Cooperative and Commerce Bank and Continental Merchant Bank the sum of ₦9.85 million. The cumulative liquidation dividend declared for shareholders of DMBs-in-liquidation stood at ₦3.89 billion in 2015 as shown in Table 4.11. The total liquidation dividends paid to 550 shareholders of 6 DMBs-in-liquidation stood at ₦2.41 billion as at 31st December, 2015 as against ₦2.03 billion paid to 453 shareholders of DMBs-in-liquidation as at 31st December, 2014.

Table 4.11:

LIQUIDATION DIVIDEND PAID TO SHAREHOLDERS AS AT 31ST DECEMBER, 2015

S/N	NAME OF DMBS (IN-LIQUIDATION)	NUMBER OF SHAREHOLDERS PAID	AMOUNT DECLARED FOR SHAREHOLDERS OF DMBS IN-LIQUIDATION (₦ 'MILLION)	AMOUNT PAID TO SHAREHOLDERS OF DMBS IN-LIQUIDATION (₦ 'MILLION)
1	Alpha Merchant Bank Limited	451	1,562.82	839.20
2	Nigeria Merchant Bank Limited	2	620.00	620.00
3	Pan African Bank Limited	2	860.55	860.55
4	Rims Merchant Bank Limited	24	125.00	84.07
5	Cooperative and Commerce Bank	1	390.70	0.00
6	Continental Merchant Bank	70	327.29	7.83
	Total	**550**	**3,886.36**	**2,411.65**

Source: NDIC

The cumulative insured amount and dividend amount paid to depositors and uninsured creditors as at 31st December, 2015 is presented in Table 4.12 and Chart 4.1. During the year under review, the NDIC had paid the cumulative insured amount of ₦6.796 billion to depositors of closed DMBs, ₦45.05 million to depositors of closed PMBs and ₦2.86 billion to depositors of closed MFBs.

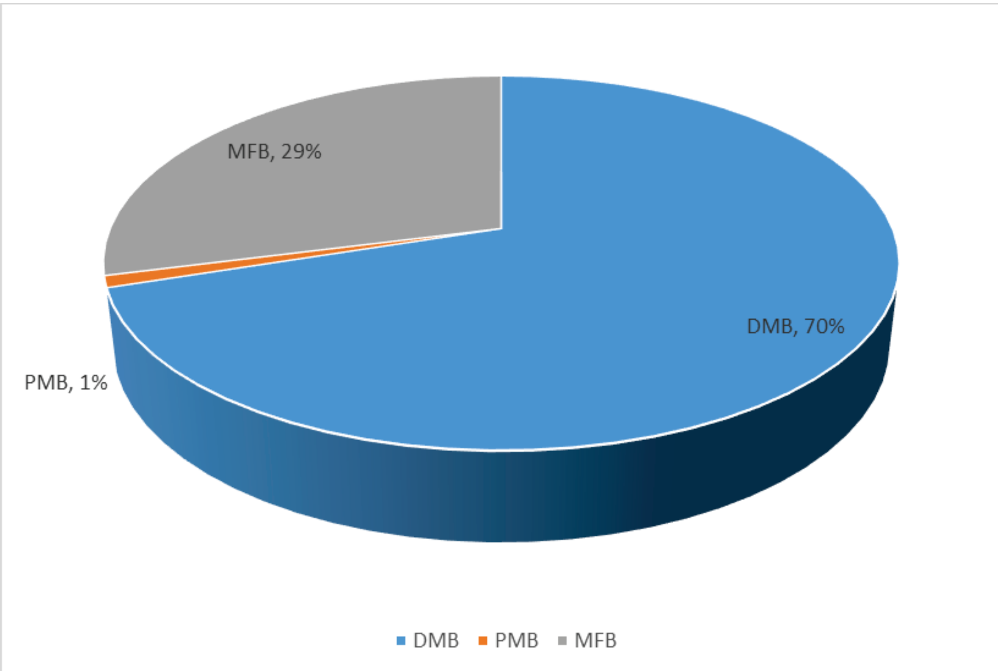
The cumulative dividend of ₦95.77 billion paid to depositors of closed DMBs include the 100% guarantee payments by CBN to private depositors under the P&A transaction.

Table 4.12:
CUMULATIVE INSURED AMOUNT PAID AS AT 31ST DECEMBER, 2015

	Cumulative Insured Amount Paid (as at 2015) (₦' Million)	Cumulative Dividend Amount Paid (as at 2015) (₦' Million)
DMB	6,796.05	95,767.97
PMB	45.05	N/A
MFB	2,862.88	N/A

Source: NDIC
*Includes 100% guarantee payments by CBN for Private depositors of P&A Banks

Chart 4.1:
CUMULATIVE INSURED DEPOSITS PAID AS AT 31ST DECEMBER, 2015



4.2 Asset Management Activities

In the year under review, the NDIC continued with its responsibility of realising the assets of various closed financial institutions, which involves the recovery of loans and advances (i.e. risk assets); conservation and sale of physical assets and realisation of investments of the closed insured institutions. The NDIC used the funds realised in its capacity as liquidator of closed financial institutions for the payment of liquidation dividend to uninsured depositors, settlement of other creditors as well as the liquidation expenses of failed insured institutions. As at 31st December, 2015 there were forty six (46) DMBs, one hundred and eighty seven (187) MFBs and forty six (46) PMBs in liquidation. It is worthy of note that the NDIC could not commence the liquidation of Triumph Bank Limited, Fortune Bank Plc, and Peak Merchant Bank Limited; whose licences were revoked due to litigations by the owners.

4.2.1 Management and Recovery of Risk Assets

The NDIC generally adopts three (3) key methods in the recovery of debts owed failed financial institutions in-liquidation, namely: direct recovery by staff of the Asset Management Department; recovery through the services of Debt Recovery Agents appointed by the NDIC; and/or through the institution of debt recovery actions in court. The NDIC continues to monitor and supervise the recovery activities of its staff, debt recovery agents and solicitors until the debts are recovered.

Where an action to recover a debt is through the court, the credit officers help with the preparation of pleadings to be filed and act as witnesses in court by giving evidence and tendering documents to support the claims of the liquidator. Risk asset recoveries (which are mostly insider-related debts) are often carried out through criminal litigation by the Legal Department.

The NDIC also leverages on the CBN strategy of exposing information on debtors of closed insured institutions in its Credit Risk Management System (CRMS) platform and those of other private credit bureaus. The objective is to make bad debtors to honour their obligations or else be denied access to further credit facilities within the financial system. To this end, the NDIC uploaded details of all debtors of DMBs on the platform of two (2) out of three (3) private credit bureau firms operating in the country. The third private credit bureau firm would be given information on debtors as soon as discussions with the debtors were finalized. The NDIC was compiling the risk assets data of the closed 187 MFBs and 46 PMBs for inclusion in the platforms of the credit bureau.

In 2015 the debt recoveries from debtors of the DMBs in-liquidation was ₦671.95 million while the cumulative risk assets recovered over the years was ₦27.41 billion as at 31st December, 2015 compared with ₦26.75 billion as at 31st December, 2014 as shown in Table 4.13. The debt recoveries from the debtors of MFBs in-liquidation was ₦1.65 million during the period under review while the cumulative risk assets recovered amounted to

₦125.61 million as at 31st December, 2015 compared with ₦124.38 million as at 31st December, 2014 (see Table 4.14). The debt recoveries from the debtors of PMBs in-liquidation was ₦24.73 million as at 31st December, 2015 as presented in Table 4.15.

Table 4.13:
SUMMARY OF RECOVERIES ON LOANS AND ADVANCES FOR THE CLOSED DMBs AS AT 31ST DECEMBER, 2015

S/N	DMBs IN-LIQUIDATION	TOTAL LOANS & ADVANCES AS AT CLOSURE (₦) million	CUMULATIVE RECOVERIES AS AT DEC 2014 (₦) million	TOTAL RECOVERIES IN 2015 (₦) million	CUMULATIVE RECOVERIES AS AT DEC 2015 (₦) million
1	Abacus Mer Bank Ltd	1,213.87	41.81	0.00	41.81
2	ABC Mer, Bank Ltd	565.37	77.84	0.12	77.96
3	Afex Bank Ltd	9,847.81	4,109.32	2.69	4,112.01
4	African International Bank Ltd	11,688.04	-	4.14	4.14
5	Allied Bank Nig. Plc	2,535.48	393.43	0.01	393.44
6	Allstates Trust Bank Plc	25,414.95	3,509.10	370.11	3,879.21
7	Alpha Merc. Bank Plc	1,030.72	907.89	0.00	907.89
8	Amicable Bank Plc	328.99	28.21	0.00	28.21
9	Assurance Bank Ltd	6,369.79	303.77	5.38	318.86
10	Century Mer.Bank Ltd	809.81	31.66	0.00	31.66
11	City Express Bank Plc	13,323.06	918.78	130.85	1,049.58
13	Commerce Bank Ltd	1,643.59	282.01	10.89	292.90
12	Commercial Trust Bank Ltd	570.59	157.39	0.00	157.39
14	Continental Merc.Bank Plc	1,712.28	452.58	1.21	453.79
15	Co-operative Commerce Bank Plc	2,305.38	627.66	1.03	628.69
16	Credite Bank Nig. Ltd	479.92	24.27	0.00	24.27
17	Crown Merchant Bank Ltd	340.31	12.49	1.50	13.99
18	Eagle Bank Ltd	217.62	11.39	0.00	11.39
19	Financial Merchant Bank Ltd	447.19	148.98	0.00	148.98
20	Great Merchant Bank Ltd	393.44	16.12	0.00	16.12
21	Group Merchant Bank Ltd	741.81	36.82	0.00	36.82
22	Gulf Bank Ltd	21,269.06	507.01	0.57	507.58
23	Hallmark Bank Plc	29,716.74	3,695.78	7.50	3,703.28
24	Highland Bank Plc	114.05	20.07	0.94	21.01
25	ICON Ltd. [Merchant Bankers] Ltd	140.62	210.99	0.01	211.00
26	Ivory Merchant Bank Ltd	1,491.37	57.56	0.00	57.56
27	Kapital Merchant Bank Ltd	344.27	273.41	0.00	273.41

28	Lead Bank Plc	12,380.78	2,319.78	15.61	2,335.39
29	Liberty Bank Plc	5,191.10	227.41	5.12	231.93
30	Lobi Bank of Nig. Ltd	291.60	84.70	0.00	84.70
31	Merchantile Bank of Africa Ltd	2,048.81	235.74	19.70	255.44
32	Mercantile Bank of Nig. Plc	1,217.60	260.24	1.28	261.52
33	Metropolitan Bank Ltd	8,258.00	1,169.26	21.13	1,190.39
34	Nigeria Merchant Bank Ltd	1,243.15	259.71	0.35	260.06
35	North-South Bank Ltd	932.04	41.27	1.68	42.95
36	Pan African Bank Ltd	1,282.45	667.93	1.39	669.32
37	Pinacle Commercial Bank Ltd	1,551.90	155.98	1.01	156.99
38	Premier Merchant Bank Ltd	1,102.00	34.25	1.14	35.39
39	Prime Merchant Bank Ltd	838.11	52.80	0.00	52.80
40	Progress Bank of Nig. Plc	1,880.94	490.94	0.02	490.96
41	Republic Bank Ltd	232.56	33.93	0.00	33.93
42	Rims Merchant Bank Ltd	1,900.88	65.00	0.00	65.00
43	Royal Merchant Bank Ltd	1,131.07	49.08	0.00	49.08
44	Trade Bank Plc	11,901.30	3,535.01	66.55	3,601.56
45	United Commercial Bank Ltd	1,864.58	186.15	0.00	186.15
46	Victory Merchant Bank Ltd	301.47	21.10	0.00	21.10
	TOTAL	190,606.47	26,746.62	671.95	27,414.41

Source: NDIC

Table 4.14

SUMMARY OF RECOVERIES FOR MFBs (IN-LIQUIDATION) AS AT 31ST DECEMBER, 2015

S/N	MFBs IN-LIQUIDATION	TOTAL LOANS & ADVANCES AS AT CLOSURE (₦ million)	CUMULATIVE RECOVERIES AS AT DEC 2014 (₦ million)	TOTAL RECOVERIES IN 2015 (₦ million)	CUMULATIVE RECOVERIES AS AT DEC 2015 (₦ million)
1	AGBELO MFB	-	0.20	-	0.20
2	AJASSE-IPO MFB	-	0.02	-	0.02
3	ALLOVER MFB	124.73	4.20	-	4.20
4	ALLSTART MFB	-	0.13	-	0.13
5	ASABARI MFB	7.75	0.46	-	0.46
6	ASAGA UKWU MFB	71.18	0.05	-	0.05
7	ATTA NWAMBIRI MFB	8.78	0.23	-	0.23
8	BASIC MFB	-	0.02	-	0.02
9	BEULAH MFB	16.91	1.91	-	1.91

10	CAPITAL MFB	63.73	0.34	-	0.34
11	CEDEP MFB	-	-	0.02	0.02
12	CIRCULAR MFB	215.03	0.84	-	0.84
13	CLASSIC MFB	25.48	2.18	0.06	2.24
14	CRYSTAL EDGE	-	-	0.05	0.05
15	CUTTING EDGE MFB	81.69	0.07	-	0.07
16	DANMUSA MFB	-	0.13	-	0.13
17	DOGON DAJI MFB	-	0.04	-	0.04
18	EBEM OHA MFB	4.96	0.01	-	0.01
19	EBENATOR MFB	-	17.92	-	17.92
20	EVO MFB	22.18	5.74	-	4.79
21	EZIMUZO MFB	17.31	0.05	-	0.05
22	FREEDOM MFB	-	0.84	0.01	0.85
23	GITICOM MFB	-	1.58	0.05	1.63
24	HILLTOP MFB	17.00	0.28	-	0.28
25	IC MFB	44.13	0.04	0.05	0.09
26	IDEAL MFB	-	0.01	-	0.01
27	IFONYIN MFB	-	0.39	-	0.39
28	IMPACT MFB	-	0.06	-	0.06
29	INTEGRATED MFB	-	2.07	1.01	3.08
30	ISERI MFB	-	0.02	-	0.02
31	ITELE MFB	-	0.16	-	0.16
32	JEGA MAGAJI MFB	47.79	2.28	-	2.28
33	LALUPON MFB	11.35	0.20	-	0.20
34	MC MFB	-	0.02	-	0.02
35	MCB MFB	-	0.06	-	0.06
36	NGAZ MFB	-	0.03	-	0.03
37	NGEGWE MFB	12.98	-	0.40	0.40
38	OLOMI MFB	132.56	1.33	-	1.33
39	OPEN GATE MFB	3.79	3.08	-	3.08
40	OWENA MFB	-	0.08	-	0.08
41	PET MFB	36.89	0.63	-	0.63
42	STANDEX MFB	-	0.04	-	0.04
43	TRISTAR MFB	20.03	0.10	-	0.10
44	UDEZUKA MFB	-	75.00	-	75.00
45	UMUNZE MFB	-	0.02	-	0.02
46	UTUGWANG MFB	21.18	1.10	-	1.10
	TOTAL MFB	1,007.43	124.38	1.65	125.61

Source: NDIC

Table 4.15
SUMMARY OF RECOVERIES FOR PMBs (IN-LIQUIDATION) AS AT 31ST DECEMBER, 2015

S/N	PMBs IN-LIQUIDATION	CUMULATIVE RECOVERIES AS AT DEC 2014 (₦ million)	TOTAL RECOVERIES IN 2015 (₦ million)	CUMMLATIVE RECOVERIES AS AT DEC 2015 (₦ million)
1	LAGOON HOMES	-	11.44	11.44
2	PHB MORGAGES	-	13.29	13.29
	TOTAL	-	24.73	24.73

Source: NDIC

4.2.2 Realization of Physical Assets

The NDIC, in realizing physical assets and investments of closed institutions, continued to engage the services of reputable professional Estate Surveyors, Valuers and Stockbrokers to value all the physical assets of closed financial institutions to guide the Liquidator on the best price for disposing the assets. The assets and investments consisted of land, buildings, motor vehicles, equipment, chattels, quoted and unquoted stocks.

To ensure transparency, integrity and accountability in the disposal of assets of the closed financial institutions, the assets and disposal process are advertised in widely-circulated newspapers. High-valued items such as land and buildings, motor vehicles and plant/equipment are sold through sealed bidding system where each bidder includes a 10% bid deposit to authenticate his bid. The returned bids are then opened in the presence of all bidders, with each bidder confirming that his bid was not tampered with, before it is opened. Chattels are sold through well publicized public auction at the premises where they are found during the closing exercise.

As at 31st December, 2015, the NDIC had realized the sum of ₦17,195.12 million, ₦1,432.51 million and ₦2,580.46 million from the sale of landed properties/rent, vehicle/generator sets and chattels of DMBs, respectively. The cumulative sum realized from the sale of these assets as at 31st December, 2015 amounted to ₦21,208.08 million, as presented in Table 4.16.

Table 4.16:
SUMMARY OF PROCEEDS FROM SALES OF PHYSICAL ASSETS OF DMBs IN-LIQUIDATION AS AT 31ST DECEMBER, 2015

S/N	DMB IN LIQUIDATION	LANDED PROPERTY (₦ million)	VEHICLES/GEN. SET (₦ million)	CHATTELS (₦ million)	TOTAL (₦ million)
1	Abacus Merchant Bank Ltd.	-	2.71	3.66	6.37
2	ABC Merchant Bank Ltd	-	3.83	3.40	7.23
3	Afex Bank Plc	225.13	-	127.50	352.63
4	Allied Bank Plc	696.87	64.78	39.84	801.49
5	Allstates Trust Bank Plc	3,102.38	36.67	16.95	3,156.00
6	Alpha Merchant Bank Plc	122.24	0.11	0.71	123.06
7	Amicable Bank of Nig. Plc	8.00	7.14	17.55	32.69
8	Assurance Bank Ltd	1,297.80	456.57	-	1,754.37
9	Century Merc. Bank Ltd	-	7.10	10.51	17.61
10	City Express Bank PLc	537.00	14.42	315.31	866.73
11	Commerce Bank Ltd	151.14	42.57	31.28	224.99
12	Commercial Trust Bank Ltd	36.08	10.30	25.38	71.76
13	Continental Merc. Bank Plc	984.33	11.57	22.36	1,018.26
14	Co-operative & Commerce Bank Plc	726.72	13.10	32.86	772.68
15	Credite Bank Nig. Ltd	15.00	14.09	14.89	43.98
16	Crown Merchant Bank Ltd	15.00	6.06	3.80	24.86
17	Eagle Bank Ltd	885.00	0.49	-	885.49
18	Financial Merc hant Bank Ltd	-	-	10.33	10.33
19	Great Merchant Bank Ltd	4.27	1.88	0.96	7.11
20	Group Merchant bank Ltd	-	2.16	4.68	6.84
21	Gulf Bank Ltd	314.28	2.41	177.00	493.68
22	Hallmark Bank Plc	1,900.35	4.54	1,315.51	3,220.40
23	Highland Bank of Nig. Plc	12.97	5.54	7.99	26.50

24	ICON Ltd. [Merchant Bankers] Ltd	667.45	3.47	20.88	691.80
25	Ivory Merchant Bank Ltd	56.00	3.76	1.53	61.29
26	Kapital Merchant Bank Ltd	-	41.36	0.24	41.60
27	Lead Bank Plc	847.26	202.56	-	1,049.82
28	Liberty Bank Plc	796.00	0.59	90.00	886.59
29	Lobi Bank of Nig. Ltd	83.11	3.90	11.71	98.72
30	Mercantile Bank of Nig. Plc	387.81	6.99	42.23	437.03
31	Merchant Bank of Africa Ltd	287.04	1.87	16.87	305.78
32	Metropolitan Bank Ltd	517.40	0.72	85.00	603.12
33	Nigeria Merchant Bank Ltd	123.55	4.89	0.50	128.94
34	North-South Bank Nig. Plc	213.00	1.20	16.39	230.59
35	Pan African Bank Ltd	338.81	6.52	4.93	350.26
36	Peak Merchant Bank Ltd	-	0.40	-	0.40
37	Pinacle Commercial Bank Ltd	-	12.19	18.42	30.61
38	Premier Merchant Bank Ltd	37.43	3.98	9.90	51.31
39	Prime Merchant Bank Ltd	-	2.28	5.39	7.67
40	Progress Bank of Nig. Plc	136.13	15.50	39.70	191.33
41	Republic Bank Ltd	170.00	0.10	6.38	176.48
42	Rims Merchant Bank Ltd	402.40	3.11	1.42	406.93
43	Royal Merchant Bank Ltd	-	2.84	3.88	6.72
44	Trade Bank Plc	1,097.17	376.82	0.30	1,474.29
45	United Commercial Bank Ltd	-	29.13	15.68	44.81
46	Victory Merchant Bank Ltd	-	0.31	6.63	6.94
	TOTAL	**17,195.12**	**1,432.51**	**2,580.46**	**21,208.08**

Source: NDIC

As at 31st December, 2015, the cumulative sums of ₦163.09 million, ₦8.85 million and ₦169.14 million were realized from the sales of landed properties/rent, motor vehicles/generating sets and chattels of MFBs, respectively. The cumulative amount realized from the disposal of the physical assets of failed MFBs was ₦341.08 million, as presented in Table 4.17.

Table 4.17:
SUMMARY OF PROCEEDS FROM THE SALES OF PHYSICAL ASSETS OF MFBs IN-LIQUIDATION AS AT 31ST DECEMBER, 2015

S/N	MFB IN-LIQUIDATION	LANDED PROPERTY/RENT (₦ million)	VEHICLES/GEN. SET (₦ million)	CHATTELS (₦ million)	TOTAL (₦ million)
1	ABIRIBA MFB	-	-	0.55	0.55
2	ACDEC MFB	-	-	0.10	0.10
3	ACME MFB	-	-	0.15	0.15
4	ADIF MFB	-	-	0.40	0.40
5	AFAM MFB	-	-	0.23	0.23
6	AGBELO MFB	-	-	-	-
7	AJASSE MFB	-	0.30	0.79	1.09
8	AKESAN MFB	-	-	1.10	1.10
9	AKPOR-COE MFB	-	-	1.74	1.74
10	ALLIANCE MFB	-	-	2.86	2.86
11	ALLOVER MFB	-	0.33	2.00	2.33
12	ALLSTAR MFB	-	-	0.13	0.13
13	AMAZING GRACE MFB	-	0.40	0.35	0.75
14	APEX GOLDEN GATE MFB	-	-	0.33	0.33
15	ARUGUNGU MFB	-	-	0.17	0.17
16	ASABARI MFB	-	-	0.36	0.36
17	ASAGA-UKWU MFB	-	-	-	-
18	ASCENT MFB	-	-	0.22	0.22
19	ATTA NWAMBIRI MFB	3.15	-	0.70	3.85
20	BEKWARA MFB	-	-	0.47	0.47
21	BEULAH MFB	-	-	1.88	1.88
22	BIRAIDU MFB	-	-	0.69	0.69
23	BIRNIN KUDU MFB	-	-	1.24	1.24
24	BONNY MFB	-	-	0.16	0.16

25	BRISTOL MFB	-	-	0.09	0.09
26	BROAD BASE MFB	-	-	-	-
27	CAPITAL MFB	-	-	1.76	1.76
28	CASHJET MFB	-	1.40	2.87	4.27
29	CENTURY MFB	-	0.15	0.30	0.45
30	CHAT MFB	-	-	-	-
31	CIRCULAR MFB	-	-	1.02	1.02
32	CITIGATE MFB	-	-	0.66	0.66
33	CLASSIC MFB	31.07	-	3.13	34.20
34	COMMON BENEFIT MFB	-	-	0.69	0.69
35	CREDENCE MFB	-	-	0.12	0.12
36	CROWN MFB	-	-	0.26	0.26
37	CUBIC MFB	-	-	-	-
38	CUTTING EDGE MFB	-	-	0.20	0.20
39	DAILY CAPITAL MFB	-	-	0.99	0.99
40	DANMUSA MFB	-	-	-	-
41	DIVINE MFB	-	-	1.19	1.19
42	DOGONDAJI MFB	-	-	0.21	0.21
43	DUNAMIS MFB	-	-	0.45	0.45
44	DYNAMIC MFB	-	-	0.41	0.41
45	EBEM-OHA MFB	-	-	0.01	0.01
46	EBENATOR MFB	-	-	0.40	0.40
47	EDEN MFB	-	-	0.18	0.18
48	EDET MFB	6.89	-	7.78	14.67
49	EGOSAL MFB	-	-	0.17	0.17
50	EKWEMA MFB	-	-	-	-
51	EMBRACE MFB	-	-	-	-
52	EMEVOR MFB	-	-	0.05	0.05
53	ESSENCE MFB	-	-	0.12	0.12
54	ETITI MFB	-	-	0.30	0.30
55	EVO MFB	0.20	-	0.92	1.12

56	EZIMUZO MFB	-	-	0.25	0.25
57	FESTAC MFB	-	-	0.07	0.07
58	FIELDREAMS MFB	-	-	0.06	0.06
59	FIRST CHOICE MFB	-	-	0.95	0.95
60	FIRST GLOBAL MFB	-	-	2.64	2.64
61	FIRST HERITAGE MFB	-	-	0.18	0.18
62	FIRST OMASI MFB	-	-	0.28	0.28
63	FREEDOM MFB	1.50	-	2.40	3.90
64	FUND EXPRES MFB	-	-	0.78	0.78
65	GALAXY MFB	-	-	-	-
66	GAMJI MFB	25.10	-	0.31	25.41
67	GITICOM MFB	-	0.10	0.87	0.97
68	GRAND FORTRESS MFB	-	-	0.15	0.15
69	GREENFIELD MFB	-	-	0.11	0.11
70	GUSAU MFB	-	-	0.19	0.19
71	HARBOUR MFB	-	-	0.14	0.14
72	HAZONWAO MFB	-	-	0.27	0.27
73	HEBRON MFB	-	-	1.00	1.00
74	HILLTOP MFB	-	-	1.30	1.30
75	HOMELAND MFB	-	-	0.53	0.53
76	IC MFB	-	0.76	0.33	1.09
77	IDAH MFB	-	-	0.25	0.25
78	IDEA TRUST MFB	-	-	0.60	0.60
79	IFONYIN MFB	-	0.07	0.21	0.28
80	IHITTE MFB	-	-	2.46	2.46
81	IKWUANO MFB	-	-	0.92	0.92
82	IMPACT MFB	-	-	4.61	4.61
83	IMPERIAL MFB	-	0.40	0.86	1.26
84	INTEGRATED MFB	67.47	2.88	55.37	125.72
85	INVESTMENT MFB	-	-	0.59	0.59
86	IPE MFB	-	-	0.62	0.62

87	IRELE MFB	-	-	0.76	0.76
88	ITELE MFB	-	-	0.13	0.13
89	JEGA MAGAJI MFB	-	-	-	-
90	KBS MFB	-	-	0.27	0.27
91	KERANA MFB	-	-	0.64	0.64
92	KFC MFB	-	-	0.08	0.08
93	LALUPON MFB	-	-	0.01	0.01
94	LANDROCK MFB	-	-	0.16	0.16
95	MARMARA MFB	-	-	1.04	1.04
96	MCB MFB	-	-	0.14	0.14
97	MIC MFB	-	-	3.77	3.77
98	MILESTONE MFB	-	-	-	-
99	MOORGATE MFB	6.90	0.95	4.94	12.79
100	MUNICIPAL MFB	-	-	1.48	1.48
101	MUSTASONS MFB	-	-	-	-
102	NDIC-103-MFB A/C IN CBN			0.38	0.38
103	NEIGHBOURHOOD MFB	-	-	2.34	2.34
104	NEW GATE MFB	-	-	0.18	0.18
105	NEW IMAGE MFB	-	-	0.77	0.77
106	NEXUS	-	-	2.93	2.93
107	NGAS MFB	-	-	0.58	0.58
108	NGEGWE MFB	-	-	0.42	0.42
109	NKPOR MFB	-	-	0.38	0.38
110	OBIOMA MFB	-	-	1.84	1.84
111	OLOMI MFB	13.50	0.60	0.48	14.58
112	OLOMOYOYO MFB	6.00	-	0.21	6.21
113	OMNI MFB	-	-	4.03	4.03
114	OPENGATE MFB	-	-	1.73	1.73
115	OTUN-EKITI MFB	-	-	0.07	0.07
116	OWENA MFB	-	-	0.31	0.31
117	OWHOWHA MFB	-	-	0.05	

118	OWKUTA MFB	-	-	0.49	0.49
119	PET MFB	-	-	3.61	3.61
120	PLANET MFB	-	-	0.09	0.09
121	PRIMATE MFB	-	-	-	-
122	PRIME MFB	0.20	-	3.06	3.26
123	REUNION MFB	-	-	0.27	0.27
124	ROYAL TRUST MFB	-	-	0.83	0.83
125	SAMINAKA MFB	0.63	-	-	0.63
126	SHIMAZ MFB	-	-	0.15	0.15
127	SOUTH WEST IKOYI MFB	-	-	-	-
128	STANDEX MFB	-	-	0.01	0.01
129	TARGET MFB	-	-	0.66	0.66
130	THINK MFB	-	-	1.44	1.44
131	TOUCH STONE MFB	-	-	0.68	0.68
132	TRINITY MFB	-	-	0.52	0.52
133	TRISTAR MFB	-	-	2.57	2.57
134	UDEZUKA MFB	-	-	0.48	0.48
135	UFUMA MFB	-	-	-	-
136	UGHIEVWEN MFB	-	-	0.38	0.38
137	UJOELEN MFB	-	-	0.44	0.44
138	UMUHU MFB	-	-	0.53	0.53
139	UMUNZE MFB	0.48	0.01	1.07	1.56
140	UNIQUE MFB	-	0.50	1.09	1.59
141	URUALLA MFB	-	-	0.21	0.21
142	UTUGWANG MFB	-	-	0.03	0.03
143	VENTURE SUPPORT MFB	-		0.23	0.23
144	WIZETRADE MFB	-	-	-	-
	TOTAL	**163.09**	**8.85**	**169.14**	**341.08**

Source: NDIC

Only chattels of failed PMBs were disposed of in 2015. The sum of ₦1.8 million was realized, as shown in Table 4.18.

Table 4.18:
SUMMARY OF PROCEEDS FROM THE SALES OF PHYSICAL ASSETS OF PMBs IN-LIQUIDATION AS AT 31ST DECEMBER, 2015

S/N	PMBS IN-LIQUIDATION	LANDED PROPERTY/RENT (₦ million)	VEHICLES/GEN. SET (₦ Million)	CHATTELS (₦ million)	TOTAL (₦ million)
1	CREDENCE PMB	-	-	1.45	1.45
2	JUBILEE BUILDING SOCIETY	-	-	0.35	0.35
	TOTAL	0	0	1.8	1.8

Source: NDIC

4.2.3 Realization of Investment

The amount realized from the disposal of investments from failed DMBs in liquidation during the year amounted to N82.47 million while N57,393.90 was realised from disposal of investments in one MFB in-liquidation. The total amount realized in 2015 from the disposal of investments of failed insured institutions was N82.57 million while the cumulative amount realised from the investments of both DMBs and MFBs as at December 31st, 2015 amounted to N4,415.41 million, as shown in Table 4.19.

Table 4.19:
SUMMARY OF PROCEEDS FROM REALISATION OF INVESTMENTS IN DMBs AND MFBs IN- LIQUIDATION AS AT 31ST DECEMBER, 2015

S/N	DMB	CUM. REALIZATION FROM 2008 TO DEC 2014 ₦	TOTAL REALIZATION JAN TO DEC 2015 ₦	CUM. REALIZATION FROM 2008 TO DECEMBER 2015 ₦
1	Afex Bank Ltd	1,552,032.00	-	1,552,032.00
2	Allstates Trust Bank Plc	382,249,272.61	2,935,340.07	385,184,612.68
3	City Express Bank Plc	979,184,280.23	-	979,184,280.23
4	Gulf Bank Ltd	1,500,000.00	-	1,500,000.00
5	Hallmark Bank Plc (Homes)	1,230,039,759.70	-	1,230,039,759.70
6	Lead Bank Plc	892,723,513.71	1,832.63	892,725,346.34
7	Liberty Bank	9,876,680.90	-	9,876,680.90
8	Metropolitan Bank Ltd	212,844,422.34	28,987,964.00	241,832,386.34

9	Nigeria Merchant Bank Plc	161,642.16	-	161,642.16
10	Rims Merchant Bank Ltd	1,735,178.50	50,544,404.10	52,279,582.60
11	Trade Bank Plc	620,183,053.00	-	620,183,053.00
	TOTAL	**4,332,049,835.15**	**82,469,540.80**	**4,414,519,375.95**

S/N	MFB	CUM. REALISATION FROM 2008 TO DEC 2015	TOTAL REALISATION JAN TO DEC. 2015	CUM. REALISATION FROM 2008 TO DECEMBER 2015
1	IHITTE MFB	836,268.00	57,393.90	893,661.90
	TOTAL	836,268.00	57,393.90	893,661.90
	GRAND TOTAL	**4,332,886,103.15**	**82,526,934.70**	**4,415,413,037.85**

Source: NDIC

During the period under review, the sum of ₦78.28 billion was collected as premium from the DMBs. Similarly, the sum of ₦1.21 billion was collected from the microfinance banks and primary mortgage banks while ₦118.67 million was received from the non-interest banks. Table 2.3 shows the trend of NDIC's cumulative insurance funds from 2012 to 2015.

4.2.4 Data Management and Administration

The NDIC continued to collaborate with the CBN to contribute to safe and sound financial system. That was achieved through the continuous implementation of the policy circular issued by the CBN requesting it to issue Letters of Clearance to customers of failed insured financial institutions who were listed in the Credit Risk Management System (CRMS) after all debts had been fully paid.

The NDIC continued to respond to status enquiries on "Fit and Proper Persons" from the Supervisory/Regulatory Agencies and other stakeholders to determine the credit status of top officers of banks and other financial institutions before they are offered appointments.

4.2.5 Major Challenges Faced by the NDIC in Asset Management Activities

The major challenges faced by the NDIC in 2015 were as in the previous years and they included:

- Poor records/documentation, on debtors of failed DMBs;
- Large outstanding insider–related debts usually characterized by poor or inadequate documentation;

- Unwillingness of debtors (especially prominent individuals) to honour their debt obligations;
- Difficulty in identifying assets of judgment debtors for attachment;
- Protracted legal process due to frequent adjournment by courts on debt recovery matters;
- Lack of a secondary market for sale of loans.

SECTION 5

CORPORATE SUPPORT INFRASTRUCTURE

5.0 Introduction

This section presents, the activities of key support Departments and Units whose activities and accomplishments helped in the attainment of the NDIC's mission and vision in 2015.

5.1 Legal Services

The Legal Department is responsible for covering all Board, Executive Committee (EXCO) and Management Consultative Committee (MCC) meetings in the NDIC. The Department covered four (4) Board meetings, seventeen (17) meetings of the various Board Committees, fifteen (15) meetings of the EXCO and six (6) MCC meetings during the period under review.

The Department had during the year under review, continued its business of proffering sound legal opinions and advice on relevant issues for enhanced operations and in safeguarding the interest of the NDIC. The Department also engaged in the monitoring of civil litigations filed by and against the NDIC both, in its Corporate capacity as well as liquidator of failed banks. It also engaged in debt recovery through litigation/investigation into affairs of persons suspected of infractions against the failed banks and monitoring of subsequent criminal charges filed against the suspects.

During the year under review, the Department managed the winding-up petitions and revocation of banking licences of the remaining five (5) of the fifty two (52) DMBs namely; Peak Merchant Bank, Triumph Bank, Afribank, Bank PHB and Africa International Bank (AIB) between 1994 and 2014. Accordingly, the NDIC obtained the order to wind up the affairs of AIB on 20th March, 2015. The Department also continued to monitor the court cases involving 103, 83 and 2 MFBs whose licences were revoked in 2010, 2013 and 2014, respectively. The winding-up orders for one hundred and forty eight (148) MFBs had been obtained while the remaining were being vigorously pursued. In the same vein, of the forty seven (47) PMBs whose licences were revoked between 2012 and 2014, thirty (30) winding-up orders had been obtained.

The Legal Department ensured that relevant legal documents binding the NDIC were properly drafted, vetted and executed while searches at Land Registries, Corporate Affairs Commission and other relevant bodies were conducted. The perfection of title documents as well as other legal instruments were also done during the period under review. The Department was also involved in bid openings, tender evaluation and other related legal services thereby securing the NDIC's interest.

During the year under review, the Department continued with the publication of volumes of the Nigeria Banking Law Report (NBLR), the first ever and only compendium of banking decisions of the Nigerian Courts of Records. It also coordinated the effort to amend the NDIC enabling Act, 2006.

5.2 Strategy Development

The Strategy Development Department (SDD) continued to closely monitor and evaluate the implementation of the NDIC's five-year (2011-2015) Strategic Plan during the year under review. The Department also coordinated process improvement of activities for effective service delivery in line with the SERVICOM Framework.

The following activities were carried out by the Department in pursuant of NDIC's strategic objectives during the year under review:

i) The Department, in collaboration with the Performance Management Unit (PMU), cascaded the NDIC's annual strategic objectives, to Departments/Units/Zonal offices, thus enabling it to validate the scorecards of all Departments/Units/Zonal offices.

ii) The Department on a quarterly basis, monitored and reviewed the Strategic Plan Implementation Returns received from Departments/Units and submitted the report to Management and the Board Committee on IT/Corporate Strategy. The report was usually accompanied by detailed analysis of environmental issues and risks that could impede the implementation of the strategy.

iii) The Department collated performance data from departments/units/zones across the NDIC, which helped to facilitate the analysis and review of data for informed decision-making by the Management.

iv) In formulating the 2016 – 2020 Strategic Plan the Department articulated a road map on the development of a new Strategic Plan, based on which a Committee was set up to work on the proposed plan. The report of the Committee containing the draft 2016-2020 Strategic Plan was submitted to Management for consideration and approval.

v) The Department was able to test the Strategy Module of the Corporate Performance Management (CPM) System after the completion of its configuration to facilitate the preparation of the 2016 budget. Going forward, the system would be used to monitor and report on the performance of the NDIC's strategy on a periodic basis.

vi) The NDIC as a key stakeholder in the formulation and implementation of the Financial System Strategy (FSS) 2020 and as an implementing institution, prepared and submitted reports of its activities as in relation to the different Transformation Programmes being implemented by the FSS 2020 on a quarterly basis. Similarly, the Department prepared and sent articles on contemporary issues to the FSS 2020 Project Management Office for publication in its quarterly journals. Also, the Department participated in all the meetings of the FSS2020 during the period under review.

vii) The Department, on a quarterly basis, provided reports to the Federal Ministry of Finance on the Performance Contract the NDIC signed with it. In addition, a mid-year report of the activities of the NDIC was prepared and submitted to the Ministry. The Department also represented the NDIC in all the meetings called by the Ministry in respect of the Performance Contract. Similarly a "Reform Unit" was inaugurated by the Management on the directives of the Federal Ministry of Finance to oversee and report on all reform activities in the NDIC.

viii) The Department designed a template and liaised with all departments and reviewed the NDIC Process Inventory. The objective was to ensure that the NDIC's processes were consolidated, documented, standardized, and were uploaded centrally on its portal.

ix) The Department also carried out the review of some Standard Operating Procedure (SOP) manuals during the year under review. The purpose of the review was to ensure uniform execution of tasks and to serve as reference materials that would engender speedy on-the-job training for staff.

x) The Department commenced the review and optimization of business processes in Claims Resolution Department (CRD). The objective of the initiative was to inculcate a culture of process improvement and optimisation to achieve quality service as and when due as well as reduce wastage in the NDIC. The exercise, which was still on-going was expected to provide an opportunity for the process owners and SDD to learn and address challenges on process review and optimisation.

xi) The Department attended all the Nodal Officers (Head of SERVICOM Unit) meetings conveyed by the SERVICOM Office in the Presidency, which provided the opportunity to report on SERVICOM activities in the NDIC. The Department also facilitated the Ministerial SERVICOM Committee Unit (MSU) evaluation of the NDIC. The MSU evaluation was carried out by the SERVICOM office with a view to ascertaining the functionality of the NDIC's SERVICOM Unit as well as its effectiveness.

5.3 Establishment Office

The Establishment office provides support services to departments and Units in Lagos Office by carrying out the functions of Administration and Human Resource Departments. The Establishment Office also exists in zonal offices of the NDIC. During the year under review, the Office performed the following activities:

a) Provision and maintenance of a conducive office accommodation and support services with regards to facility management, fleet management and logistics support, human resource services, procurement and stores management;

b) Provision of proper security for the NDIC's assets and personnel, liaising with the police and other law enforcement agencies on behalf of the NDIC on security issues relating to the Lagos Office;

c) The Office complemented the efforts of Human Resource Department (HRD) by ensuring that all issues relating to human resources were properly attended to and some escalated to the HRD. It also collaborated with the Administration Department in liaising with relevant consultants, agencies, contractors, service providers and the Lagos State Government on issues relating to the proposed NDIC Lagos Office building.

d) The Office, in liaison with the Research Department, provided efficient Library services to the staff of Lagos Office and other stakeholders.

5.4 Financial Management

The Finance Department is saddled with the responsibility of planning, organizing and controlling the NDIC's financial affairs through a robust Performance-Based Budgeting System (PBBS) which is tied to its Strategic Plan; maintaining comprehensive financial records; ensuring availability of funds for activities at all times; timely settlement of bills to beneficiaries; prompt investment of the Insurance Funds in eligible securities with safety and liquidity as guiding principles. During the year under review, the Department continued to discharge its responsibility of maximizing the NDIC's financial resources while minimizing cost in order to further improve stakeholders' satisfaction. In addition, the Department effectively managed the NDIC's funds and reduced to the barest minimum incidences of uninvested funds.

Furthermore, the NDIC remitted a total sum of ₦10.17 billion to the Consolidated Revenue Fund (CRF) of the Federal Government of Nigeria during the period under review. That represented 25% of its Gross IGR as at 31st December, 2015. Similarly, all statutory deductions, namely: [Value Added Tax (VAT); Withholding Tax (WHT); Pay As You Earn (PAYE); National Health Insurance Scheme (NHIS); National Housing Fund (NHF); and Pension Fund Contributions, were remitted to the relevant authorities as at when due.

Also during the period under review, the NDIC acquired a web-enabled payment system, Enhanced PAYiT, to improve its payment process and comply with the current payment system requirements of the CBN. The Oracle Treasury Management Software, acquired to automate the NDIC's Investment Management Process, was being enhanced to meet the requirements of IFRS.

The Infor 10 CPM Budgeting Software, was another web-enabled application acquired to automate the NDIC's budgetary process and ensure that the allocation of resources were aligned with its strategic plan. The software with the capability of consolidating, analyzing and reporting information for effective monitoring and management of financial resources, was employed in the preparation of 2016 Budget of the NDIC.

5.5 Information Technology

The Information Technology Department (ITD) continued with the provision of IT support through the upgrade of its infrastructure and procurement of modern software and hardware for effective and efficient usage by the NDIC towards the actualization of its objectives. The following activities were carried out by the ITD in the year under review:

I) The Department implemented a Cross Platform Data Centre Management System for the enterprise computing systems, which uses a single interface capable of showing the health and performance information of computer systems. It also generates alerts according to availability, performance, configuration or security situation being identified, enabling system administrators to be in tune with the health of the computer and its environment, guaranteeing high level of availability and operational efficiency.

ii) The Department also identified and collocated the NDIC's critical servers with a tier three data centre to act as its disaster recovery site. The effective data replication process between the production and recovery sites was monitored real-time in line with recovery point and time objectives; that would guarantee seemless migration to the available site thereby preventing data loss.

iii) The IT Department created an online learning/knowledge management platform where staff could take interactive online courses complementing the traditional classroom-based trainings. That would enable employees to learn from subject matter experts (SMEs) within the NDIC on subject areas relating to Deposit Insurance, Bank Examination and Analysis.

iv) The Department created a renowned Meeting Application System to improve the management of Board/Executive meetings by providing invitations and documents online. That helped in cutting down paper usage, thereby improving productivity and efficiency of the Board/EXCO meetings.

v) The NDIC commenced the process of Improving its Security Standard to comply with the International Organization for Standardization (ISO) 27001 security standards. The ISO 27001 is a globally recognised specification for an Information Security Management System (ISMS).

5.6 Performance Management

The Performance Management Unit (PMU) coordinated the 2015 objective/task setting which entails performance agreement between job holder and supervisor. During the exercise, all supervisors had defined the key responsibilities/tasks and the desired level of performance target/measurement for each subordinate for 2015 performance period.

During the year under review, the PMU performed the following activities:

i) The Unit developed a framework to enable it cascade the departmental objectives to unit/teams and individuals in each department to establish alignment of all jobs with the NDIC's objectives. Though it was being tested, it would eventually be deployed to all Departments for implementation.

ii) Capacity building sessions for PMU staff and some staff of SDD were organised in preparation for the Corporation-wide task cascading exercise, which provided a platform for enhancing the knowledge and skills of participants, enabling them to provide needed task cascading guide to all staff of the NDIC.

iii) At the request of the HRD, a confirmation appraisal for 21 newly employed staff was conducted in the month of May, 2015 and the results were forwarded to the HRD.

iv) The Unit coordinated the NDIC-wide performance management exercise in the month of August, 2015. The appraisal exercise which commenced using the PMS, faced some challenges due to technical hitches with the hardware, and had to be concluded with a manual appraisal instrument. Despite the challenges faced, a total of 1,087 out of 1,117 staff were appraised at the end of the exercise, giving 2015 a better spread of appraisal score than 2014.

v) The Unit had also commenced the process of collating Tasks, Measures and Targets (TMT) from Departments/Units/Zonal offices, which would serve as a basis for the 2016 staff appraisal exercise.

vi) In addition, the Unit developed a framework for periodic staff performance monitoring. The framework, which also had a continuous feedback mechanism would enable supervisors to monitor and track progress of subordinates on tasks assigned throughout the year.

5.7 Internal Audit

During the year under review, the Internal Audit Department provided advisory and assurance services to the Board and Management through the Board Audit Committee.

The Department ensured that the NDIC's assets are safeguarded and the incidence of fraud minimised, through the enforcement and regular update of the control mechanisms put in place.

The Department also continued to verify all payments made to the NDIC's staff and third parties in order to ensure compliance with all laid down policies and procedures. In addition, it carried out the inspection of all supplies and contract jobs for the NDIC.

The Department as in previous years, continued with its routine quarterly cash counts and verification of the NDIC's assets. In addition, the Department carried out comprehensive Mid-Year and End of Year Audit Review of the activities of all Departments, Units, Zones and Lagos Office. The reports of findings and recommendations for the Mid-Year 2015 Audit were communicated to the Departments, Units and Zones for implementation after due approval by the Management.

The Department also commenced the use of the Teammate Audit Management Software after undergoing the first and second runs of the training. Henceforth, communication with auditees would be prompt and online with the implementation of the software.

Furthermore, in its efforts to consolidate on the transition from Compliance to Risk Based Audit, the Department carried out the Risk- Based Audit of all Departments/Units in 2015.

5.8 Enterprise Risk Management

The Department is saddled with the responsibility of implementing the NDIC's Enterprise Risk Management Framework. The objective of the framework was to ensure that the NDIC identifies, monitors and manages the risks it faces.

During the year under review, the ERMD had in the course of discharging its core function of coordinating the implementation of NDIC's Enterprise Risk Management (ERM) Framework, identified, assessed, controlled, treated and reported on all the significant risks that were likely to impede the achievement of the NDIC's mandate. The Department also provided quarterly updates on the risk profile of the NDIC to relevant committees of the Board as well as the Senior Management.

Furthermore, the Department conducted Enterprise Risk Monitoring exercise across the Departments, Units and Zonal Offices and provided them with feedback on the exercise for effective risk mitigation.

The Department in conjunction with Ernst & Young (EY) Nigeria Limited reviewed and provided recommendations on the Enterprise Risk Management Framework of the NDIC in line with International Standards and best practices.

In addition, the Department established a new Unit; Business Continuity & Disaster Recovery Plan (BCM & DRP) in January, 2015 to coordinate the continuity of critical functions in the NDIC in the event of business disruption as well as effective recovery of the affected processes. It commenced the development of the Business Continuity & Disaster Recovery Plan (BCM & DRP) Framework, in conjunction with PricewaterhouseCoopers (PwC) to enhance implementation.

The Department also undertook the physical archiving of all 2000-2009 documents of departments/units/offices in the Head Office during the period under review. It also organized training for Record Managers and their Pairing Partners on the updated version of Docuware (version 6.6) and on Standardization of filing and document management Corporation-wide. ERMD had also commenced the digitization of documents in Kano, Benin and Enugu Zonal Offices and implemented the standardized filing and document management system Corporation-wide with effect from 10th August, 2015.

5.9 Administration and Support Services

The Administration Department is charged with the responsibility of providing effective and efficient support services for the smooth running of the NDIC. During the year under review, the Department provided effective and efficient support services especially in the areas of procurement of goods, works and services, insurance of assets, maintenance of equipment, postal services, hospitality services, security, transport, managing building projects, stores and assessment of housing loans, amongst others.
The Department continued to implement the procurement policy in line with Public Procurement Act, 2007. The objective was to ensure an efficient procurement of goods, works and services.

The Department embarked on the process of developing three (3) building projects at Lagos and Abuja as well as Consultancy services for the development of Zonal Office buildings at Sokoto, Yola, Port Harcourt and Bauchi. The Federal Executive Council (FEC) had approved the award of contract for the three (3) building projects. The development of the office buildings at Lagos, Abuja and the Zonal Offices at Sokoto, Yola, Port-Harcourt and Bauchi was to provide conducive working environment and promote efficient service delivery by the NDIC.

In order to ensure improved asset and facility management and procurement services for a good service delivery system, the contracts for the development and implementation of e-Facility and e-Procurement Management solutions were awarded during the period under review. The scope of work included the development, installation, and configuration of Web-Based Facility and Procurement Management Soft- wares for the NDIC. The installation and configuration stages had been executed, indicating that 80% of the projects had been completed while the other phases were ongoing.

Most of the maintenance services rendered by the Department were out-sourced to professional companies. Service and Maintenance agreements had been executed with the retained companies for servicing of equipment, elevators, generators, fire-fighting equipment, central air-conditioning system, PABX, cleaning, gardening and security services.

The NDIC undertook security upgrade to improve performance on security services and ensure the safety of lives and property within its premises. Security equipment had been installed in the Head Office building and all the Zonal Offices. That included the security sensor equipment like the E-3500 Hand Held explosive detectors procured for use in the Head Office building and Zonal Offices.

5.10 Human Capital Management and Development

During the period under review, the Human Resource Department continued to discharge its mandate towards the achievement of the NDIC's goals and objectives while working within established policies and recognized best practices. It availed Management with the needed input to take informed decisions on general staff matters.

Also, some initiatives that facilitated more efficient and effective discharge of HR responsibilities were introduced. The Department also facilitated the NDIC's collaboration with its consultants especially the FITC in the usual professional manner.

Highlighted below are some of the activities undertaken by the department as at 31st December, 2015.

5.10.1 Electronic Document Management System

It engaged a consultant, Archives and Records Management Services Limited (ARMS) to digitize staff files in order to reduce the use of hard copies. The staff of the relevant Unit had been trained on how to use the application to store and retrieve documents. Requests for staff files and documents were being provided electronically to reduce physical movement of staff files.

5.10.2 Recruitment of New Staff and Staff Confirmation

A total of 103 staff were recruited during the period under review. The new staff were properly documented and deployed to various departments to fill existing vacancies. Meanwhile, all staff due for confirmation were duly confirmed upon fulfilment of confirmation requirements.

5.10.3 Workplace Mentoring and Counselling

Practical sessions of one-to-one mentoring approach was modified and commenced from March 2015 for a mentoring cycle of 12 months. The modified approach enabled employees to choose their mentors and mentees while Job Skills, Career Guidance, Technical Expertise Development and Leadership Development use the focus areas in the mentoring approach.

5.10.4 HR Communications/Town Hall Meetings

Timely and accurate information were disseminated to staff through the HR Communications hosted on the NDIC Outlook. In addition, a maiden edition of HR Digest, an in-house newsletter of Human Resource Department was published. The edition chronicled major people-centered activities of the NDIC from inception in 1989 to 2015.

Furthermore, Town Hall meetings with the EXCO (Executive Committee of the Board of Directors) were held at all NDIC locations to provide platform for interactions between EXCO and all staff. The forum provided unique opportunities for staff to get answers to questions, thereby promoting harmonious co-existence in the workplace.

5.10.5 Community Service

The Department continued with the implementation of the NDIC's Corporate Social Responsibility initiative. A committee named "Community Service Committee" was set up and charged with the responsibility to oversee implementation of employee-driven community projects in NDIC. The committee partnered with a National Youth Service Corps (NYSC) member to provide the following facilities at Jikwoyi Primary Health Care Centre in the FCT.

a) Labour room expansion which included en-suite bathroom and lying-in ward;
b) Construction of 2 offices: family planning unit and antenatal unit;
c) Renovation and conversion of pit latrine to modern toilet system.

The Committee equally partnered with Free Treasure International Nigeria Limited to construct 2 classrooms with Headmaster's Office at Kurape Village, Karshi District of Nassarawa State; while some uncompleted projects in the previous years were added to the ones executed in 2015.

5.10.6 Women Empowerment Training

A two-day Women Empowerment Training tagged "Advancing the Gender Agenda: Empowerment, Leadership and Personal Development" was organized for all female employees of the NDIC in continuation of a similar programme which commenced in 2014. The capacity building event was to enable female employees gain critical professional skills that would assist them effectively navigate their career ladder. The events were held in 2015 in Abuja and Lagos Offices.

5.10.7 Knowledge Management Initiatives

Many Knowledge Management initiatives were introduced and implemented in the year under review. These comprised the knowledge sharing initiative; database of Course Reports submitted by staff; Knowledge Audit successfully completed in all Departments/Units of the Head Office, all zonal offices and departments/units in Lagos Office; and creation of Taxonomies to be deployed on the NDIC's Portal.

In addition, the e-Learning portal of the NDIC created to enhance job effectiveness, career growth for staff and for enhancing corporate productivity was deployed and had gone live for the utilization of staff since 4th May, 2015.

5.10.8 Training (NDIC Academy)

The NDIC Academy operated as a centre of excellence for learning and development within the financial services industry. During the year under review, a total of 34 in-house training programmes were approved by Management to be conducted by the Academy. Out of the 34 programmes, 22 were for Technical school while the remaining 12 were for Management school. Of the approved programmes, 16 or 47% were executed as at December 2015, leaving a balance of 18 programmes. A total of 548 participants from the NDIC, 1 CBN staff, and 2 AMCON staff benefited from the training. In comparison, the 16 programmes executed in 2015 were an improvement over the 13 executed in 2014. The programmes executed and participants are as presented in Tables 5.1 and 5.2.

Table 5.1
TRAINING PROGRAMMES IMPLEMENTED IN 2015

S/N	Training Programmes	Approved Number of Courses for 2015	Courses conducted	Percentage of Course conducted (%)
1	In-house [Technical]	22	12	55
2	In-house [Management]	12	4	33
	Total	**34**	**16**	**47**

Source: NDIC

Table 5.2:
NUMBER OF PARTICIPANTS TRAINED

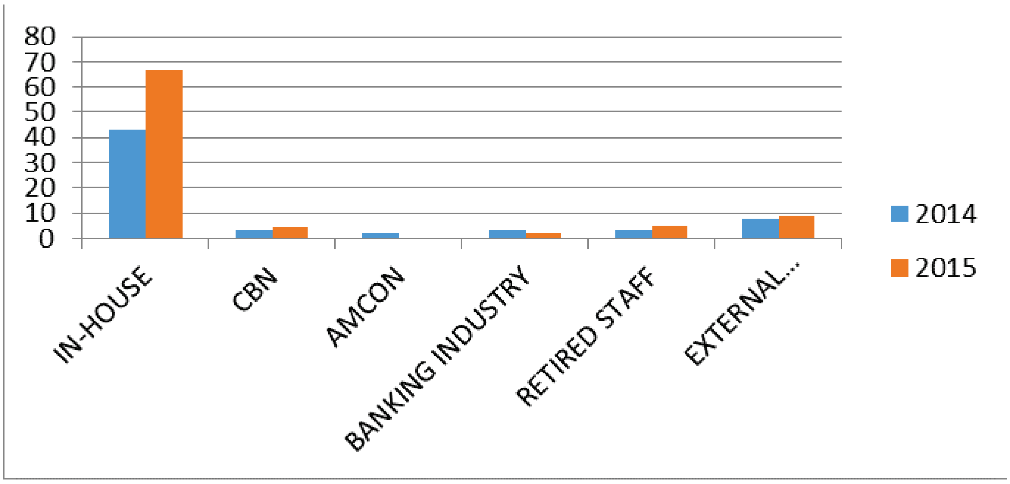
SCHOOLS	PROPOSED NO OF PARTICIPANTS TO BE TRAINED	NO OF PARTICIPANTS TRAINED	PERCENTAGE OF PARTICIPANT TRAINED (%)
TECHNICAL	640	492	76
MANAGEMENT	310	108	35
Total	**950**	**600**	**63**

Source: NDIC

5.10.9 Academy Faculty

A total of 87 resource persons facilitated at various in-house training programmes executed during the year under review, out of which 67 were in-house facilitators, 4 from CBN, 5 Retired-staff of the NDIC, 2 operators from the Banking Industry and 9 external consultants as shown in Chart 5.1

Chart 5.1:
RESOURCE PERSONS IN 2014 AND 2015



The academy also organized some trainings in collaboration with Departments within the NDIC in line with their strategic expenditure (STRATEX) programme. Feedbacks were collected for all Academy's courses at the end of each programme. Participants' feedbacks were generally positive, with useful comments being offered for future improvements.

5.10.10 FITC Assessment of the Academy

The assessment of FITC which commenced in 2014 was concluded during the year under review. In line with recommendation from the assessment, Management approved the upward review of the Academy from a Unit to a departmental status. Similarly, a total of 20 in-house facilitators and Academy Staff were exposed to Train-the-Trainer programme anchored by FITC. Furthermore, the Academy commenced the implementation of one of the recommendations of the FITC by deploying the pre-training programme assessment form and post-training programme impact analysis.

5.10.11 Socialization Initiatives

Socialization initiatives were approved by the Management on 10th March, 2015. That was greatly informed by the role socialization at work and outside workplace could play in enhancing staff wellbeing, productivity and the creation of an enduring team spirit amongst the workforce. Some of the initiatives included:

- Bi-Annual Health Walk;
- Monthly Happy Hour;
- End of Year Party; and
- Inter-Agency Games.

The Monthly Happy Hour was a great success across the various locations of the NDIC. That was evident from the various pictures and comments that were shared through the NDIC intranet. Staff expressed appreciation at the initiative and hoped the objective would be immensely achieved.

5.10.12 Accelerated Capacity Development Program

In an effort to encourage Staff of the NDIC to acquire professional degrees from reputable higher institutions abroad, the Board approved the policy on accelerated capacity building and manpower development. During the year under review, additional 35 staff that constituted the third batch of the CB/MBA programme were enrolled following the successful selection process, which involved written internal and external examinations. Meanwhile, nine (9) beneficiaries had graduated on accelerated routes out of the first batch of 20 staff on the programme.

SECTION 6

PUBLIC AWARENESS AND CORPORATE SOCIAL RESPONSIBILITY

6.0. Introduction

One of the challenges facing the Deposit insurance system (DIS) in a number of jurisdictions is that of public awareness. Public awareness plays a significant role in enhancing the effectiveness of a DIS as well as deepening financial inclusion, by engendering public confidence in the financial system. During the year under review, the NDIC continued to engage in a series of public awareness activities towards educating the public on its mandate and activities. The NDIC also executed a number of corporate social responsibility activities which were geared towards creating awareness and promoting public confidence in the financial system.

6.1 Public Awareness Initiatives

In 2015, like in previous years, the NDIC embarked on several awareness campaigns, which were geared towards educating the public on its activities and achievements. Some of the enlightenment initiatives undertaken by the NDIC during the year under review are as follows.

6.1.1 "NDIC CALLING" Television Programme

The NDIC continued with the broadcast and transmission of 26 episodes of the popular weekly public enlightenment programme, "NDIC Calling" on the network of the Nigeria Television Authority (NTA) and Channels TV for 39 weeks between March and November, 2015. The platform served as a veritable ground for financial education and literacy as well as public enlightenment. The documentary programme focused on the mandate and activities of the NDIC as well as benefits and limitations of DIS, financial education, financial inclusion and consumer protection. Other emerging issues which the programme focused on during the year under review were the introduction of "Pass-Through Deposit Insurance" for subscribers of the MMOs and the rationale behind the amendment of NDIC extant laws.

In addition, the Managing Director/Chief Executive, alongside other members of Senior Management also appeared on live television interviews such as "Tuesday Night Live" on the network of the Nigeria Television Authority (NTA), special interview on Channels Television and the "Money Show" on African Independent Television (AIT) as part of public awareness initiatives to reach out to the wider audience.

6.1.2 Production and Transmission of Depositor Protection Awareness Radio Jingles

The NDIC continued with the production and transmission of different radio and television jingles to sensitize and enlighten the public on its mandate and activities. During the year under review, the NDIC began the telecast of animated television jingle in English, Pidgin and the three major local languages (Hausa, Yoruba and Igbo) which were transmitted on the networks of NTA, Channels TV and AIT as well as the DSTV advertisement platforms during the 2015 African Cup of Nations (AFCON) Championship. In addition, the jingles were transmitted in other selected state television and radio stations across the six geo-political zones of the country. Essentially, the jingles were meant to sensitize the public in the areas of deposit claims and debt recovery for closed banks, and payment of liquidation dividends to uninsured depositors, shareholders and other claimants of banks in-liquidation. The radio transmission of the NDIC sponsored audience interactive public awareness programmes: "Economic Matters" on Vision FM 92.1 and "Berekete Family programme" on FM 94.3 in which Senior Management, Directors and Head of Departments/Units featured to educate the public on the NDIC's mandate and activities.

The Managing Director/CEO also featured on the popular Hausa live interactive radio programme "Hannu Da Yawa" on Radio Nigeria, Kaduna and was relayed on six other local radio stations in Abuja, Kano, Sokoto and Katsina States. The radio programmes provided an interactive platform for the NDIC to address various issues on its activities. The Pass-Through Deposit Insurance (PTDI) was a front burner in these programmes. The PTDI was introduced by the NDIC to protect subscribers of the MMOs. The call-in section of the programme also afforded the NDIC the opportunity to respond to enquiries by members of the public on its mandate.

6.1.3 Sponsorship of Newspaper Publications and Press Releases.

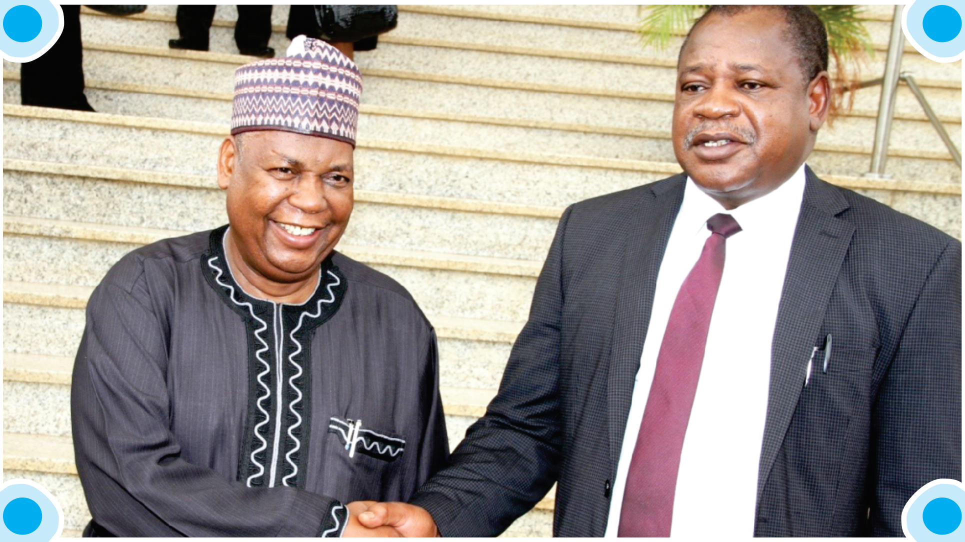
The NDIC continued to sponsor articles and special reports in major national dailies to further inform and educate the reading public on its mandate, activities and landmark achievements.

In order to facilitate accurate and timely reportage of its major events, the NDIC issued a total of twelve (12) press releases to the mass media at various times as well as rebuttals to negative and inaccurate information where necessary, to educate the public and clear misconceptions as the case might be.

6.1.4 Partnership and Collaboration with Stakeholders

As part of its effort to maintain effective partnership and collaboration, the NDIC executed special events with a view to achieving harmonious working relationship and obtaining the satisfaction of its stakeholders. Accordingly, the NDIC sponsored several stakeholders' fora like the one-day nationwide seminar for the operators of MFBs which held in Lagos for Southwest, Kaduna for the North and Enugu for Southeast during the period under review. There was also the one-day sensitization seminar for NDIC external solicitors as well as other judicial officers. Further to these, the NDIC collaborated with the National Judicial Institute (NJI) to organize sensitization and capacity building workshop for members of the Bench and the Bar on the challenges to deposit insurance law and practice in Nigeria. The seminars provided an opportunity for members of the Judiciary and Senior Management of the NDIC to discuss issues of mutual interest aimed at strengthening the deposit insurance law in Nigeria.

In addition, the NDIC organized capacity building programme for the personnel of the Special Fraud Unit (SFU) of the Nigeria Police Force, Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices and Other Offences Commission (ICPC) and Financial Malpractices Investigation Unit (FMIU), in order to promote harmonious working relationships and better understanding of the activities of the NDIC.



NDIC MD/CE Alh. Umaru Ibrahim exchanging pleasantries with Chief Judge of the Federal High Court, Hon. Justice Ibrahim Auta during a one-day Sensitization Seminar organized by NDIC for Federal and State High Court Judges in Abuja

L-R: NDIC Executive Director Operations, Prince Aghatise Erediauwa, President Court of Appeal, Hon. Justice Zainab A. Bulkachuwa, Justice of the Supreme Court Hon. Justice Wilson Onnoghe and the Chief Justice of Nigeria, Hon. Justice Mahmud Mohammed during the NDIC 2015 Sensitization Seminar in Abuja for Judges of States and FCT High Courts.

6.1.5 Public Awareness through the Enterprise Help-Desk System Unit

The 24-Hour Enterprise Help-Desk continued to serve as a significant tool for facilitating interactions between the NDIC and its stakeholders especially depositors of banks. In 2015, as in previous years, the Desk continued to educate and enlighten depositors as well as attended to enquires and issues raised by customers of banks and the general public. By so doing, public confidence continues to be fostered and financial system stability was also promoted. Table 6.1 reveals the number of calls received through the Help-Desk in 2015.

Table 6.1
CALLS RECEIVED BY NDIC HELP DESK IN 2014 AND 2015

S/N	BANKS	2014	%	2015	%
1	Deposit Money Banks (DMBs)	75	17.30	93	16.12
2	Failed Deposit Money Banks	72	16.60	91	15.77
3	AMCON Deposit Money Banks	1	0.23	2	0.35
4	Primary Mortgage Banks (PMBs)	7	1.61	68	11.79
5	Microfinance Banks (MFBs)	31	7.14	9	1.56
6	Closed Microfinance Banks	159	36.64	197	34.14
7	General	89	20.51	117	20.28
	TOTAL	**434**	**100**	**577**	**100**

From Table 6.1, a total of 577 calls were received through the Help-Desk in 2015. The figure shows an increase in the number of complaints received from both depositors and the general public when compared with 434 in the previous year. Furthermore, about 50% of the calls were enquiries and complaints from customers of failed DMBs and closed MFBs. Complaints about DMBs, PMBs and MFBs in operation accounted for 30% while general enquiries on NDIC's functions and activities accounted for 20% of the total calls received in 2015.

The complaints centred mainly on deposit pay-out for failed DMBs and closed MFBs, suspension of payments by Agent Banks, status of shareholders of liquidated banks, as well as disparity in depositors' statement of accounts. Depositors of Gulf Bank, Hallmark Bank, Allied Bank, All States Trust Bank, Fortune Bank, Cooperative and Commerce Bank and Fin Bank, were among the callers that enquired about pay-out status. The customers of First Capital Savings and Loans, Integrated MFB, Abiriba MFB, Lagoon Homes, Alache MFB, Post Service Homes Limited and Leverage Homes Savings and Loans, also made enquiries about the status of payments of their insured deposits. Some staff of Voya MFB also called to find out when the new premium rate for MFBs would be implemented. Other customers enquired about the licensing status of their banks as to whether they were licensed by CBN or not.

The bulk of complaints received on banks in operation were mainly on Savannah Bank of Nigeria Plc and its operational status. Others bordered on issues of ATM dispense error, trapped deposits, and difficulty by some MFBs' customers to access their funds/deposits.

In addition, a total of 746 e-mails were received and complaints therein promptly addressed by the Help-Desk. Most of the mails were enquiries on the NDIC's mandate, functions and activities. The new BVN requirement as well as petitions from depositors against DMBs for unlawful deductions from their accounts also featured prominently in the emails.

6.1.6 Annual Workshop for Financial Correspondents Association of Nigeria (FICAN)

The NDIC held the 15th edition of the annual Workshop for Business Editors and Finance Correspondents under the umbrella of the FICAN in Ilorin, Kwara State from 19th – 21st October, 2015. The theme of the workshop was **"Developments in e-Banking and Mobile Payment System in Nigeria: Challenges and Prospects"**. The workshop provided an avenue for capacity building for the media practitioners on recent developments in banking and the payment system as well as on the mandate and activities of the NDIC particularly as a deposit insurer and liquidator of failed banks. During the workshop, a compendium of all the past papers presented during past FICAN workshops held between 2002 – 2006 under the heading "Proceedings of NDIC Annual Workshops for Business Editors and Finance Correspondents Association of Nigeria (FICAN) Volume 1" was launched by the NDIC. That was another milestone for the NDIC in its efforts towards capacity building for FICAN members and other stakeholders.

Director Research, Policy & International Relations Department, Dr. J. A. Afolabi explains some issues to the press during the 2015 Finance Correspondents Association (FICAN) workshop in Ilorin, Kwara State.

The launching of the "Proceedings of NDIC Annual Workshops for Business Editors and Finance Correspondents Association of Nigeria (FICAN) Volume 1" at the 2015 FICAN Workshop in Ilorin, Kwara State. L-R: Controller NDIC Ilorin Zonal Office, Mr. Ferdinand Jego, Head Communication and Public Affairs Unit, Mr. H. S. Birchi, FICAN President, Mr. Babajide Komolafe, Director Research, Policy & International Relations Department, Dr. J. A. Afolabi and Director Asset Management Department, Mr. Bashir D. Umar.

A participant asks questions during an interactive session at the 2015 Finance Correspondents Association (FICAN) workshop in Ilorin, Kwara State.

L-R: Head Communication and Public Affairs Unit, Mr. H. S. Birchi and Director Research, Policy & International Relations Department, Dr. J. A. Afolabi conduct deliberations during the 2015 Finance Correspondents Association (FICAN) workshop in Ilorin, Kwara State.

A cross section of participants at the 2015 Finance Correspondents Association (FICAN) workshop in Ilorin, Kwara State.

6.1.7 Sensitization Seminar for NYSC Members and Other Stakeholders' Forum

The nationwide sensitization seminar for NYSC members, which commenced in 2014 with a pilot scheme in four (4) States, was extended to 14 more States across the six geo-political zones of the country in 2015. The initiative was aimed at boosting financial education, financial literacy and consumer protection among the youth. It was also meant to sensitize them on the mandate and activities of the NDIC. The programme featured public lectures, drama presentations, question-and-answer sessions and distribution of NDIC publications and branded souvenirs to the corps members.

6.1.8 Students' Academic Excursion

In furtherance of its policy on promoting financial literacy, financial education and consumer protection as well as dissemination of information on the benefits and limitations of DIS amongst the youth, the NDIC hosted several student associations from tertiary institutions in 2015. The associations included the National Association of Statistics and Operations Research Students (NASORSS) of the Modibbo Adama University of Technology, Yola, Adamawa State; National Association of Banking and Finance Students of the Kogi State University, Ayingba, Kogi State; Nigerian Economic Students Association (NESA) of University of Nigeria, Nsukka, Enugu State; and the National Association of Banking and Finance Students (NABAFS) of University of Abuja. The visits presented the students an opportunity to ask questions and seek clarifications on issues bordering on the mandate and activities of the NDIC, the banking sector and the financial system.

NDIC Assistant Director, Insurance and Surveillance Department, Mr. Ambrose O. Nwogu presenting NDIC publications to the President of the University of Abuja Chapter of the Nigerian Economics Students' Association during an academic visit to the Corporation's head office in Abuja.

A member of the University of Abuja Chapter of the Nigerian Economics Students' Association asks a question during an interactive session as part of the Association's academic visit to the Corporation's head office in Abuja.

President and members of the University of Abuja Chapter of the Nigerian Economics Students' Association in a group photograph with management staff of NDIC during an academic visit to the Corporation's head office in Abuja.

6.1.9 Retreat for Members of the National Assembly

The NDIC organised retreats for the relevant legislative committees of the Senate and House of Representatives in order to facilitate smooth deliberations on the proposed amendment of the NDIC Act 16 of 2006 which was before the two chambers of the National Assembly, during the period under review. Furthermore, the NDIC participated actively in the public hearing organized by the National Assembly on the proposed amendment of its enabling Act and in the defence of the NDIC 2015 budget.

6.1.10 Participation at 2015 International Trade Fairs

In its efforts to reach out to its stakeholders and the general public, the NDIC, continued to participate in all the major international trade fairs across the country. The trade fairs facilitated interaction between the NDIC and its diverse and critical stakeholders. Apart from attending to enquiries directly, the platform provided a forum for feedback on the NDIC's programmes and activities.

During the period under review, the NDIC participated in the Enugu, Kaduna, Abuja, Lagos and Kano International Trade Fairs. At each of the Fairs, the NDIC had Special Days dedicated to showcasing its landmark achievements and exhibitions of its in-house publications.

L-R: Olawale Bakare, Asst. Director, Communication and Public Affairs; Joshua Etopidiok Director, Special Insured Institutions; Alhaji Remi Bello President, Lagos Chamber of Commerce; Oba Fatai Ayinla Aileru, Olu of Mushin and Bashir D. Umar, Director, Asset Management and Rep of NDIC MD/CEO during the NDIC Special day at the 2015 Lagos Int'l Trade Fair.

Representative of the MD/CE Nigeria Deposit Insurance Corporation (NDIC) Mr. Bashir D. Umar (2nd left) chats with KADCCIMA Chairman Special Day Committee Alh. Gimba H. Ibrahim (2nd right) during the NDIC Special Day at the 36th Kaduna International Trade Fair. Alongside them are NDIC Head, Communication and Public Affairs Unit, Mr. H. S. Birchi (1st left) and Dan Makwayon Zazzau, District Head of Kawo Al. Jibrin Mohammed (1st right).

Head, Communication and Public Affairs Unit, Mr. H. S. Birchi explaining the mandate and activities of the Nigeria Deposit Insurance Corporation, NDIC at the Corporation's stand during the NDIC Special Day at the 36th Kaduna International Trade Fair.

6.1.11 Corporate Social Responsibility (CSR)

In line with its tradition, the NDIC sponsored several corporate and community-based events which were aimed at promoting its visibility and presence in the public domain. Some of these projects were education-support and community health care related. In 2015, the NDIC spent the sum of ₦236.15 million on eighteen (18) projects spread across the country.

NDIC Director, Human Resource Department, Mr. Aminu Ahmed, (second left), being assisted by former Principal, Sardauna Memorial College, Kaduna, Mallam, Muhammad Nayaya (left), Kaduna Zonal Education Director, Yusufu Mohammed (second right) and Principal of the College, Rev. Samuel Haruna (right), while cutting the tape to inaugurate an e-Library donated by the Corporation to the college.

L-R: Chief of IDU Community, Alhaji Mohammed Bawa, NDIC Director Human Resources Department, Mr. Aminu Ahmed, Director Admin, Mrs. Christiana Afabor and Assistant Director, Human Resources Department, Mr. Sunday Itamunoala during the commissioning of the 100 metre Borehole donated to the Tatagiya Community in Idu, Abuja

L-R: NIPSS Secretary and Director of Admin, Mr. Jonathan Mela Juma; NDIC CEO, Alh. Umaru Ibrahim; Representing the Vice President, Alh. Ibrahim Mohammed Yabani who is also Director of Administration in the VP's Office cutting the tape to commission the Research Directorate building donated by NDIC to the institute and Director General of the institute, Professor Tijjani Mohammed Bande.

NDIC Executive Director (Corporate Services), Hon. (Mrs) Omolola Abiola-Edewor (1st right) giving a cash donation to Bloom Cancer Care Centre Chairperson, Chief (Mrs) Olutoyin Olakunri (2nd left) while staff of the Bloom Cancer Care Centre in Ikoyi, Lagos watch.

L-R: Principal Government College Ibadan Mr. Simeon Oladele, Member of NDIC Board of Directors, Chief Luqman Oyebisi Ilaka, Representative of the Oyo State Commissioner of Education, Mrs. Deborah Dosunmu, NDIC Director, Asset Management Department, Mr. B. D. Umar and Former President of the College's Alumni Association, Dr. Lekan at the commissioning of the NDIC sponsored Resource Centre for the school.

Member of NDIC Board of Directors, Chief Luqman Oyebisi Ilaka ceremoniously welcomed to the Government College Ibadan accompanied by Representative of the Oyo State Commissioner of Education, Mrs. Deborah Dosunmu and Principal Government College Ibadan Mr. Simeon Oladele on the occasion of the school's NDIC - sponsored Ultra Modern Resource Centre.

SECTION 7

REVIEW OF THE PROPOSED AMENDMENT TO THE NDIC ENABLING ACT 2006

7.0 Introduction

A comprehensive and adequate legal framework is critical for the effectiveness of a DIS. That clearly manifested during the 2007/2009 global financial crisis and other global events in the financial system which led to the revision of the enabling laws of a number of deposit insurance agencies across the world. Furthermore, the 2009 Nigerian banking crisis as well as the IADI's assessment of the NDIC's level of compliance with its Core Principles also brought to the fore the need for a review of the existing DIS legal framework in the country.

The NDIC initiated the process of amending its enabling law, the NDIC Act No. 16 of 2006, during the life of the 7th Assembly (2011-2015) of the Nigerian legislature. The amendment aimed at strengthening the NDIC's supervisory capabilities and addressing its challenges in the areas of resolution of failing and failed insured financial institutions and ensuring compliance with the Core Principles for Effective Deposit Insurance System.

The Bill for the amendment, which scaled through second reading and was subjected to public hearing where input of key stakeholders were sought, was in May 2015 passed by the House of Representatives subject to the concurrence of the Senate. The Senate, however, could not pass the Bill before the expiration of the tenure of the 7th National Assembly in May 2015.

Consequently, the NDIC used the opportunity to engage the CBN into further deliberations on the proposed amendment in order to address areas of possible conflicts. Several meetings had been held on the issues and the proposals were ready for submission to the 8th National Assembly for further legislative actions.
Some of the issues contained in the proposed amendments are as follows:

7.1 Errors in the Extant Act

The amendment seeks to correct errors (both fundamental and typographical in nature) contained in the NDIC Act 2006. Whereas the typographical errors had been corrected through the publication of a corrigendum in the Official Gazette, the fundamental errors were being addressed by the National Assembly through a proposed amendment to the enabling Act.

7.2 Composition of the Management Committee

There was an error in the drafting of the provision that relates to the appointment of the Chairman of the Management Committee in the absence of a Board for the NDIC. Similarly, the extant provision also made reference to only one Executive Director when the Act provides for two Executive Directors. The proposed amendment was to address all those lapses.

7.3 Public Policy Objectives

The Core Principles for Effective DIS requires that the public policy objectives of a DIS be clearly stated in its enabling law. That was lacking in NDIC extant law. The proposed amendments therefore seeks to explicitly specify in the enabling Act the appropriate public policy objectives that would be achieved by the deposit insurer. Stating the public policy objectives in the Act would clearly indicate the purpose of establishing the NDIC.

7.4 Composition of the Board

The members of the Board include the Managing Director and two Executive Directors in addition to other members. The Act, however, provides that the Chairman and members of the Board shall be part- time members thereby inadvertently making Managing Director and two Executive Directors part-time members. The amendments therefore seeks to ensure that only the Chairman, and members appointed from the six geo-political zones are part-time members. The Representatives of the CBN and the Federal Ministry of Finance are ex-officio members.

7.5 Tenure of Part-Time Board Members

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

7.6 Removal of a Board Member

There was a new proposal that no member of the Board shall be removed without compliance with the provisions of the enabling laws. The aim of the proposed amendment was to enhance corporate governance in the NDIC.

7.7 Vacancy in the Composition of the Board

The proposed amendment provides that in the event of a Board member vacating office for any reason, there is need to appoint another person to fill the vacancy and such appointee should represent the vacating member's constituency.

7.8 Conflict of Interest

The IADI Core Principle 3 provides that the deposit insurer should be operationally independent, transparent, accountable and insulated from undue political and industry influence. In compliance with the principle, the NDIC initiated the proposed amendments to formalize its commitments to transparency, accountability and probity. The proposal also ensures that employees and Board members exhibit high level of professionalism and ethical conduct in line with the standards being demanded from members of DISs worldwide.

7.9 General Reserve Fund

The proposed amendment seeks to foster the ability of the NDIC to rapidly build up the general reserve fund by increasing the amount of surplus that should go to the General Reserve until such a time when the General Reserve Fund is sufficiently built up to address anticipated risks, in accordance with international best practices.

7.10 Expanding Incidence for Payment of Insured Deposits

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

The proposed amendment therefore seeks to expand the crystallization of the NDIC's liability in the payment of insured deposits in IFIs beyond revocation of licence to include suspension of payment and inability of an IFI to meet up with obligations to depositors.

7.11 Supervision of Related Entities of Insured Institutions

Some Nigerian banks have become financial conglomerates, having interest in subsidiaries, associates and affiliates. In order to prevent such subsidiaries, associates and affiliates from being used as avenues through which depositors' funds are dissipated, it is imperative that the NDIC has access to the books and affairs of all the related entities of insured banks to enable it assess on-going transactions between them. The proposal seeks to ensure consolidated supervision of banking groups by the NDIC.

7.12 Special Examination

The proposed amendment seeks to substitute the word “Board” in the extant Act with the words “Managing Director”, as it would be cumbersome to always await Board's approval to commence Special Examination when the issue at stake warrants immediate action. The issue involved is operational and not a policy matter.

7.13 Prompt Corrective Action

The rationale for the introduction of this proposal is to act as an additional measure that facilitates action towards ensuring implementation of the NDIC's recommendations in Examination Reports in order to strengthen its supervisory capacity. The amendment aims at compliance with Core Principle 13, which provides that a deposit insurer should be part of a framework within the financial safety-net that provides for the early detection and timely intervention and resolution of troubled banks.

7.14 Insured Institutions Resolution Fund

Following the bank consolidation of 2005, the DMBs had grown so large that failure of any one of them could pose a serious threat to the Insurance Funds. Consequently, the need for a statutory contingency plan to address open bank resolution in order to reduce the risk of failure as much as possible, became compelling.

Accordingly, the proposed amendments sought to establish an Insured Institutions' Resolution Fund (IIRF) that would be used as an open bank resolution option for resolving distress in large insured institutions while the Insurance Funds should primarily be reserved for effecting closed bank resolution measures.

The proposed amendment also aims at complying with Core Principles 3 and 9 that provide for the deposit insurer to have power and availability of funding to fulfil its mandate.

7.15 The NDIC as Conservator

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

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

7.16 Winding-Up Rules

The Act excluded the application of the companies' winding up rules in the liquidation of insured institutions, which is understandable given the specialised insolvency legal framework required for such institutions. However no other Rules were provided thereby leaving a lacuna in the framework. The proposed amendment empowers the Chief Judge (CJ) of the Federal High Court (FHC) to make the Winding up Rules applicable to insured institutions. The Companies and Allied Matters Act (CAMA) empowers the CJ, FHC to make the Winding Up rules for Companies, and so the CJ is thus the appropriate authority to make such rules for the insured institutions which are registered companies. It is expected that he will consult with the Regulatory Authorities in the course of drawing up the Rules.

7.17 Transfer of Pending Suits

Whenever the revocation of the licence of a bank and the NDIC's status as provisional liquidator are being challenged in court, several other suits are also instituted by landlords, judgment creditors, and other claimants against the failed bank and the NDIC. The suits invariably drag the NDIC into defending the failed bank even when its status as Liquidator remains tenuous. The amendment is to ensure that all such suits abate pending resolution of the winding-up petition.

7.18 Interest on Judgement Sum

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

7.19 Proceedings of The Board

The Rules in the Schedule to the Act govern proceedings at Board meetings. Rule 2 which provides for the Chairman as one of the members who must be present before a quorum can be formed for Board meetings effectively negates the provisions of Rule 3(2) which empowers any other director to Act as Chairman at a Board meeting where the Chairman is absent. Also, the requirement that both ex-officio members must be present to form a quorum results in aborted meetings if only one of them is present.

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

7.20 Payment of Insured Deposits Even When Action Challenging Revocation is Pending in Court

There is the need for the NDIC to have powers that would enable it pay insured depositors of failed banks even in the face of litigation challenging revocation of the failed institution's operating licence. That would reduce the extent to which depositors are subjected to untold hardship anytime litigants institute action against the NDIC to forestall liquidation of a failed bank.

The proposed amendment seeks to enable the NDIC pay insured deposits irrespective of the filing of such an application in court as payment of insured deposits would be statutorily obligatory. In the event that the licence of the institution is restored, or for an institution that is insolvent but still has its licence, the NDIC would have a right of subrogation. In the event that payment of such insured deposits was an error in law, the aggrieved party would have remedy in damages.

7.21 Interim Dividend Payment

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

7.22 Restriction on Mortgage of Assets

This provision would place restriction on the insured institutions to mortgage, pledge, sell or dispose of any land, building or interest in any real property without the consent of the NDIC. The provision is to enable the NDIC keep track of the assets of IFIs and thereby avoid the difficulties of assets realisation during liquidation.

7.23 Dealing with Parties at Fault in Bank Failure

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

(a) Liability of Directors and Officers

Some of the issues for which amendment on the legislation was being proposed included the following: duties of Board and Management; conflicts of interest; duty of care and skill; Directors' liability for negligence resulting in failure of the bank; Directors' duties as trustees of bank's assets; provisions against secret benefits; establishing unlimited and personal liability on directors for unauthorized credit facilities; and ensuring compliance with banking Legislation, Regulations and Guidelines.

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

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

(c) Civil Penalty

The proposed amendment seeks to subject convicted erring officials to civil penalty that would be related directly to the amount involved in the provisions of the violated law. That is because mere conviction of criminals only does not constitute adequate remedy with the desired economic results.

7.24 Powers of the Corporation

- To Act as Liquidator
- Self-Appointment as Liquidator
- Issuance of 90 Days' Notice by CBN to Critically Undercapitalised Insured Institutions.

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

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

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

7.25 Right of Lien and Disposal

This provision is to assist the NDIC in the recovery of debts owed the closed banks, by giving the NDIC the right of lien over any collateral or security in its custody pledged as security for a loan by a debtor of a failed insured institution who has repaid the loan facility but also indebted to another failed insured institution under liquidation.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 8

RESEARCH ACTIVITIES AND INTER-AGENCY COLLABORATIONS WITH INTERNATIONAL INSTITUTIONS

8.0 Introduction

Research is the way to change and a path to organisational development. It increases the efficiency in an organisation by finding different efficient and effective means of achieving its goals and objectives. Consequently, the NDIC undertakes research with a view to increasing its efficiency and effectiveness in the discharge of its mandate which ultimately enhances the NDIC's contribution to financial system stability.

Furthermore, financial system stability requires close collaboration and goodwill among the various safety-net participants. Inter-agency cooperation and collaboration is designed to improve the effectiveness of the back-up mechanisms that engender the protection of depositors.

This section presents the research activities as well as the inter-agency collaborations with local and international institutions undertaken by the NDIC during the year under review.

8.1 Research Activities

Some research activities in the areas of Microfinance, financial system stability and deposit insurance coverage level considered necessary to enhance the effectiveness of the NDIC were undertaken during the year under review. Also, developments in the Nigerian economy with particular reference to the banking and finance were monitored. The findings of the research projects and the reports on the developments in the economy were published in the NDIC Quarterly Journal. The following were some of the research activities undertaken in the NDIC during the period under review:

8.1.1 Case Studies on Bank Failure in Nigeria

A total of twenty (20) cases on the failed insured DMBs were developed during the period under review. The case studies would be published in four (4) volumes of five (5) failed banks each. The Volume 1, being the first set of case studies on five (5) failed DMBs, was published while Volume 2 had gone to the printers. Volumes 3 and 4 were at various stages of review.

8.1.2 A Synthesis of Grameen Microfinance Model: Lessons for Nigeria

The study highlighted the contribution of the microfinance banking sector in developing economies due to its capacity to generate employment, increase household income, reduce poverty and as a strategy for financial inclusion. Various countries are taking measures to harness its potentials in order to achieve desired developmental goals because of these critical roles. Adopting the best and most effective model or strategy had however been the challenge. The Grameen microfinance banking model of Professor Mohammed Yunus achieved success in Bangladesh in poverty reduction, financial inclusion and sustainable economic development. It was being replicated and adopted by many countries.

The study analysed the Grameen microfinance model, noted its critical success factors and juxtaposed it with the microfinance banking practice in Nigeria using CBN 2005 and 2011 microfinance frameworks. It was observed that microfinance banking in Nigeria had not been successful due to wrong design, inappropriate methodology and other challenges. The study further noted that some useful lessons can be learnt from the success achieved by the Grameen Banking model to make microfinance banking achieve its objective in Nigeria. Some recommendations were made to the regulatory authorities and operators to remodel microfinance banking practice in Nigeria so as to achieve the desired benefits. Some of the Recommendations included:

I. Appropriate conceptualization of Microfinance banks: The need to appropriately conceptualize microfinance in Nigeria is imperative. Such conceptualization will define the end or target clients, ownership and the target problem it is expected to solve in concrete terms. For example, the urban bias in its location and other operational modalities should be well defined.

ii. Business strategy: Field officers of MFIs in Nigeria should be well trained and orientated by the regulatory authorities on the concept and operation of microfinance. They should be made to look for the clients, be involved in their business development and build trust with them.

iii. Availability of Product Variety: Both the regulatory authorities and the MFIs should ensure the availability of variety of products. This can be done through market research in consultation with the clients.

iv. Super Profit Orientation: The MFIs should de-emphasise profit orientation as a cardinal objective of their establishment. Social Mission orientation should be incorporated into its philosophy.

v. Simplification of operations: Both the regulatory authorities and the MFIs should emphasise low cost of operation. Maintenance of simple office, furniture and personnel. This would require redesigning ownership and other operational mechanisms to incorporate the concept and objective of poverty reduction and financial inclusion, reduction of over-heads, simplification of business models, lowering of credit management system and collateral requirements.

8.1.3 Analysing Financial System Stability

The study used the Contingent Claims Analysis (CCA) Approach to estimate the implied market value and volatility of assets for 63 Nigerian financial and non-financial quoted companies with market capitalization representing 10% of the rebased Gross Domestic Product (GDP) over the period from January 2012 to December 2013. That was then used to calculate the Distance-to-Distress/Default (DD), the Probability-of-Default (PD) and the expected losses of the firms, sectors and the whole system.

The analysis suggested that it would be useful to look at the financial system as a portfolio of counterparty exposures (counterparties being financial institutions), and then analyse the contribution of each firm to different sectors and the whole system as a portfolio of firms. The analysis also showed that forward-looking risk measures that utilise market data provide useful information for carrying out stress testing as well as surveillance and risk assessments of a financial system.

The study provided a means of measuring financial system stability based on individual firms, sectors and the financial system as a whole using several forward-looking measures. The DD measure of financial system stability could be used for financial system stability analysis by the FSRCC, CBN and other related agencies.

8.1.4 Determining Deposit Insurance Coverage Levels

The study examined the adequacy of the current deposit insurance coverage levels bearing in mind developments in the banking industry and the economy with the use of a survey instrument. The survey solicited information on the deposit structure of the DMBs, PMBs and MFBs in the country. There were recommendations on the appropriate coverage levels for insured institutions for Board's consideration.

The study revealed that the current coverage level of ₦500,000 per depositor per DMB was still adequate. It also revealed that the coverage level of ₦200,000 per depositor per MFB remained adequate. The study, however revealed that the coverage level of ₦200,000 per depositor per PMB was inadequate. Accordingly, it recommended an appropriate coverage level for depositors of PMBs which had been considered by Management and awaiting Board approval.

8.1.5 Development of Framework for Extending Deposit Insurance Coverage to Subscribers of Mobile Money Payment Operators

Following the introduction of mobile payment system in Nigeria by the CBN the NDIC developed the framework and regulation for extending deposit insurance coverage to subscribers of mobile money services during the period under review. The development of the Framework was based on the concept of Pass-Through Deposit Insurance (PTDI). Furthermore, an interactive session to sensitize the MMOs on their roles in the implementation of the Framework and the Regulation was organized by the NDIC during the year under review.

8.2 Inter-Agency Collaboration with International Institutions

8.2.1 World Bank Technical Assistance to the NDIC

The NDIC secured a technical assistance from the World Bank to develop a Target Fund Ratio Framework. The framework is to assist the NDIC in determining the adequacy of its insurance fund at any point in time. During the year under review, the World Bank team working on the framework undertook a visit to the NDIC during which the draft Target Fund Ratio Framework was presented for comments and inputs. During the visit, the team also conducted training on model calibration and data requirements for the NDIC staff. The objective of the training was for the NDIC staff to be acquainted with the framework to be able to undertake its review as the economic conditions in the country change.

MD/CE of NDIC, Alhaji Umaru Ibrahim with the ED (CS), Hon. (Mrs) Lola Abiola-Edewor welcoming visitors from the World Bank.

From R-L: NDIC Managing Director/Chief Executive, Alh. Umaru Ibrahim welcoming Mr Julian Casal, a member of the World Bank Project Mission Team on the establishment of target Deposit Insurance Fund (DIF) Ratio for NDIC to NDIC Head Office, Abuja and NDIC Executive Director, Corporate Services, Hon. (Mrs.) Omolola Abiola Edewor.

A cross-section of the NDIC staff with members of the World Bank team during their visit to the NDIC

8.2.2 Collaboration with the Department of the Treasury of the United States of America (USA)

Following the capacity building technical assistance extended to the NDIC by the Treasury Department of the USA during which some subject matter experts (SMEs) on International Financial Reporting Standards (IFRS) were developed, the Department of the Treasury leveraged on that and requested the release of two (2) NDIC staff members considered as SMEs on IFRS to facilitate at a two (2) week seminar at the Kenya School of Monetary Studies (KSMS). The request was approved by the NDIC Management and the staff facilitated at the training successfully.

8.2.3 International Association of Deposit Insurers (IADI) Activities

During the year under review, the NDIC continued to leverage on its membership of IADI by participating at seminars/workshops as well as sharing information and experiences with sister deposit insurance agencies around the world. Accordingly, the following were some of the IADI activities attended by the NDIC:

I) Middle East and North Africa (MENA) And Africa Regional Committee Meeting and Conference Hosted by the Jordan Deposit Insurance Corporation (JODIC)

The NDIC participated at the conference themed "Building upon the Revised IADI Core Principles: DIS Compliance Lessons" organised jointly by MENA and Africa

Regional Committee. The NDIC facilitated at the conference and also chaired a technical session.

ii) Information Request by the Tanzania Deposit Insurance Board (TDIB)

The TDIB sought the assistance of the NDIC to share with it information in the under-listed areas:

- Establishment Act of NDIC;
- Organisational structure and governance structure;
- Enterprise Resource Planning (ERP) application in use;
- Annual report of NDIC;
- Set of options for resolution of a failed DMB;
- Procedure manual for pay-offs to customers of a failed DMB; and
- Some recommended training programmes for DIS staff.

The required information was compiled and forwarded to the TDIB during the period under review.

iii) Information Request by the Kenya Deposit Insurance Corporation (KDIC)

During the period under review, the KDIC sought the assistance of the NDIC at the time of its transition to a fully-fledged independent institution that took over the functions of the former Deposit Protection Fund Board (DPFB) which operated under the Central Bank of Kenya (CBK). The KDIC sought information in respect of grading, compensation and benefits of deposit insurance system staff which the NDIC obliged.

iv) 14th IADI AGM and Annual Conference Hosted by the Malaysia Deposit Insurance Corporation (MDIC)

A seminar on Islamic Deposit Insurance themed "Essential Elements for Effective Islamic Deposit Insurance Systems: Shariah Governance, Sources and Management of Funds" was held during the 14th IADI AGM and Annual Conference hosted by the Malaysia Deposit Insurance Corporation (MDIC) in Kuala Lumpur, Malaysia. The NDIC participated and facilitated a session on "Ensuring Shariah Compliance of Islamic Deposit Insurance System through Shariah Governance" at the Seminar.

v) Information Request by the Iran Deposit Guarantee Fund (IDGF)

The IDGF sought the NDIC's assistance on how it used the bridge bank option as a failure resolution strategy in order to assist Iran's Parliament to enact an enforceable Deposit Guarantee Act. In response to the request, copies of the book titled "Bridge Bank as a Failure Resolution Option in Nigeria" which detailed the NDIC's experience with Bridge Banks was forwarded to IDGF during the period under review.

8.3 OTHER INSTITUTIONAL COLLABORATIONS

8.3.1 Curriculum Development on the Introduction of Deposit Insurance for Universities and Other Tertiary Institutions in Nigeria

During the period under review, a curriculum was developed with the objective of introducing DIS courses to universities and other tertiary institutions in Nigeria. It consisted of two (2) courses, namely: Fundamentals of Deposit Insurance and Practice of Deposit Insurance System. The Management of the NDIC approved the commencement of the project in seven (7) selected universities and the Chartered Institute of Bankers of Nigeria (CIBN).

The selected universities were: University of Lagos (Unilag), Obafemi Awolowo University (OAU), University of Benin (UniBen), University of Nigeria, Nsukka, Ahmadu Bello University (ABU) Zaria, Bayero University Kano (BUK), and University of Ibadan (Unibadan). ABU had already commenced the two (2) courses at its 300 and 400 levels under its Faculty of Business Administration while other universities were preparing to commence the programme during their new academic sessions.

SECTION 9

CORPORATE GOVERNANCE

9.0 Introduction

Corporate governance principles guide the Board, as the apex decision making body of the NDIC, in the discharge of its duties. During the year under review, the Board promoted a corporate culture that engendered hard work, professionalism, transparency, teamwork, respect and fairness. It also ensured that every decision it took was for the benefit of the NDIC, depositors, insured financial institutions, other financial stakeholders and the economy in general.

It is worthy of note that during the year under review, the Board of the NDIC was dissolved on 16th July, 2015 along with the Boards of other Federal Government Agencies. Prior to its dissolution the Board carried out its duties in line with the NDIC 5-year Strategic Plan (2011–2015) that focused on depositor protection as well as enhancing financial system stability. Similarly, the Board also ensured that adequate management processes, structures and policies were in place to make insured institutions comply with existing laws and regulations as well as entrench accountability and transparency within the NDIC.

This section presents the activities of the NDIC Board up till the time it was dissolved in 2015.

9.1 Composition And Members Of The Board

The NDIC had a twelve-member Board up to its dissolution on 15th of July, 2015, whic comprised:

I) Ambassador (Dr.) Hassan Adamu CON (Wakilin Adamawa) Chairman;
ii) Umaru Ibrahim, mni, FCIB (Managing Director/Chief Executive (MD/CEO));
iii) Prince Aghatise Erediauwa (Executive Director, Operations);
iv) Hon. Omolola Abiola-Edewor (Executive Director, Corporate Services);
v) Chief Oyebisi L. Ilaka;
vi) Chief Davidson Oghenekevwode;
vii) Alhaji Lawan Zakaria Gana FCIB;
viii) Chief Rasak Tunde Lawal;
ix) Alhaji Abdulrahman Aliyu Dikko;
x) Ms. Benedicta China Molokwu;
xi) Director Home Finance (representative of the Federal Ministry of Finance); and
xii) Director Banking Supervision Department (representative of the Central Bank of Nigeria).

The Head of the Legal Department served as the Acting Secretary to the Board. The Executive Committee (EXCO) of the Board comprised the MD/CEO and two Executive

Directors. While the EXCO works on a full-time basis, the rest of the Board members carry out their tasks on a part-time basis.

The Board met once in 2015 and deliberated on various issues affecting the NDIC and its mandate.

9.2 Board Committees

The Board operated through six (6) Standing Committees during the year under review, namely: Executive; Establishment; Finance and General Purpose; Corporate IT Strategy; Debt Recovery and Audit. The Committees assisted in the effective oversight of the Board while facilitating sound decision making. The mandate, membership and activities of the Committees were as follows:

9.2.1 Executive Committee (EXCO) of the BOARD

An in previous years, the EXCO was responsible for the day-to-day administration and implementation of policy decisions made by the Board.

It is pertinent to note that the members of EXCO are appointed by the President of the Federal Republic of Nigeria for a term of 5-years renewable only once subject to the confirmation of the National Assembly. During the year under review two members of the EXCO namely: the MD/CE and ED (Operations) concluded their first term in office and got re-appointed for a second term of 5 years.

In 2015, the EXCO met eighteen (18) times and deliberated on the best ways to implement decisions of the Board in addition to other matters of concern to the NDIC. The membership of the EXCO during the period under review was as follows:

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

9.2.2 Finance and General Purpose Committee

The Finance and General Purpose Committee was responsible for matters relating to the implementation of NDIC's annual budget, review of financial statements and banking industry reports, appointment of external auditors, compliance with extant financial regulations and circulars, rendering financial and technical assistance to IFIs, corporate social responsibilities and other matters referred to it by the Board. The Committee met once in 2015 and the members were as follows:

i) Ambassador (Dr) Hassan Adamu, CON (Wakilin Adamawa) – Chairman;
ii) Alhaji Umaru Ibrahim, mni, FCIB (MD/CEO);
iii) Prince Aghatise Erediauwa, (ED, Operations);
iv) Hon. Omolola Abiola-Edewor, (ED, Corporate Services);

v) Chief Rasaq T. Lawal;
vi) Mr. Abdulrahman A. Dikko;
vii) Ms Benedicta C. Molokwu;
viii) Chief Oyebisi Ilaka;
ix) Chief Davidson Oghenekevwode; and
x) Director, Home Finance (Federal Ministry of Finance).

9.2.3 IT/Corporate Strategy Committee

The mandate of the IT/Corporate Strategy Committee is to formulate policies that ensure appropriate IT infrastructure, policies and procedures are in place to drive the activities of the NDIC. During the year under review, the Committee monitored the implementation of the NDIC's strategic plan and reported to the Board on same.

The Committee met once (1) in 2015 and considered the revised Strategic Plan which resulted in the reduction of the Plan objective in line with international best practices. The members were as follows:

i) Ms. Benedicta C. Molokwu – Chairman;
ii) Alhaji Umaru Ibrahim, mni FCIB (MD/CEO);
iii) Prince Aghatise Erediauwa (ED, Operations);
iv) Chief Rasaq T. Lawal;
v) Director, Banking Supervision Department (CBN);
vi) Director, Home Finance (FMF); and
vii) Alhaji Lawan Z. Gana, FCIB.

9.2.4 Debt Recovery Committee

The Debt Recovery Committee was saddled with the responsibility of overseeing and monitoring debt recovery activities of the NDIC and update the Board on its debt recovery efforts. During the year under review, the committee met once (1) to consider various debt settlement proposals from debtors of banks in-liquidation as well as requests for interest waivers in line with the revised debt recovery policy of the NDIC. The Committee also held meetings with some high profile debtors of banks in-liquidation to agree on terms of debts repayment and made appropriate recommendations to the Board. The members of the Committee were as follows:

(i) Chief Oyebisi L. Ilaka – Chairman;
(ii) Prince Aghatise Erediauwa (ED, Operations);
iii) Chief Rasaq T. Lawal;
iv) Chief Davidson Oghenekevwode;
v) Ms Benedicta C. Molokwu;
vi) Mr Abdulrahman Dikko; and
vii) Director, Banking Supervision Department (CBN).

9.2.5 Establishment Committee

The Establishment committee exercised oversight functions on behalf of the Board on human resource matters. The committee ensured compliance with provisions of the Industrial Training Fund Act, National Housing Fund Act, Pensions Reform Act and National Health Insurance Act. During its only meeting (held) in 2015, the Committee advised the Board on matters relating to staff promotion, recruitment, training, compensation, conditions of service, discipline and other welfare-related matters. The members of the Committee were as follows:

(i) Mr Abdulrahman A. Dikko – Chairman;
(ii) Hon. Omolola Abiola-Edewor ED (Corporate Services);
iii) Director, Banking Supervision Department (CBN);
iv) Mr Lawan Z. Gana;
v) Chief Oyebisi Ilaka; and
vi) Chief Rasaq Lawal.

9.2.6 Audit Committee

The Audit Committee considered reports by external and internal auditors as well as auditors from the office of the Auditor-General of the Federation on the financial condition of the NDIC and its level of compliance with the internal control systems and statutory guidelines.

The Committee met once (1) in 2015 and recommended for approval the audit work plan and time table for the year. The Committee also reviewed the risk-based internal audit and conducted a special review of the financial and other activities of the NDIC. The Committee further considered the IFRS December 31, 2014 year-end audited financial statements and Management Letter.

The members of the Committee were as follows:

i. Chief Davidson Oghenekevwode – Chairman;
ii. Chief Oyebisi L. Ilaka;
iii. Director, Home Finance (FMF); and
iv. Director, Banking Supervision Department (CBN).

9.3 Other Statutory Commitments of the Board and Management

The NDIC under the guidance of the Board, adhered strictly to the guidelines issued by the Office of the Auditor General of the Federation (OAGF) and the Accountant General of the Federation (AGF).

The NDIC also complied with the Federal Government directive to all MDAs to move their accounts to the Federal Government Treasury Single Account (TSA) with the CBN. The NDIC also complied with the Pension Reforms Act and promptly remitted staff contributions to their respective Pension Fund Administrators. The NDIC effected all staff deductions and contributions and remitted same to the National Health Insurance Scheme (NHIS) in compliance with the NHIS Act. Furthermore, the NDIC rendered returns in respect of banks-in-liquidation to the Corporate Affairs Commission (CAC) and CBN as required by CAMA 1990 and BOFIA1991 (as amended), respectively.

The NDIC, also complied with provisions of the Code of Conduct for Public Officers which mandated all staff and political appointees to declare their assets and re-declare every four years.

9.4 Achievements of the Board in 2015

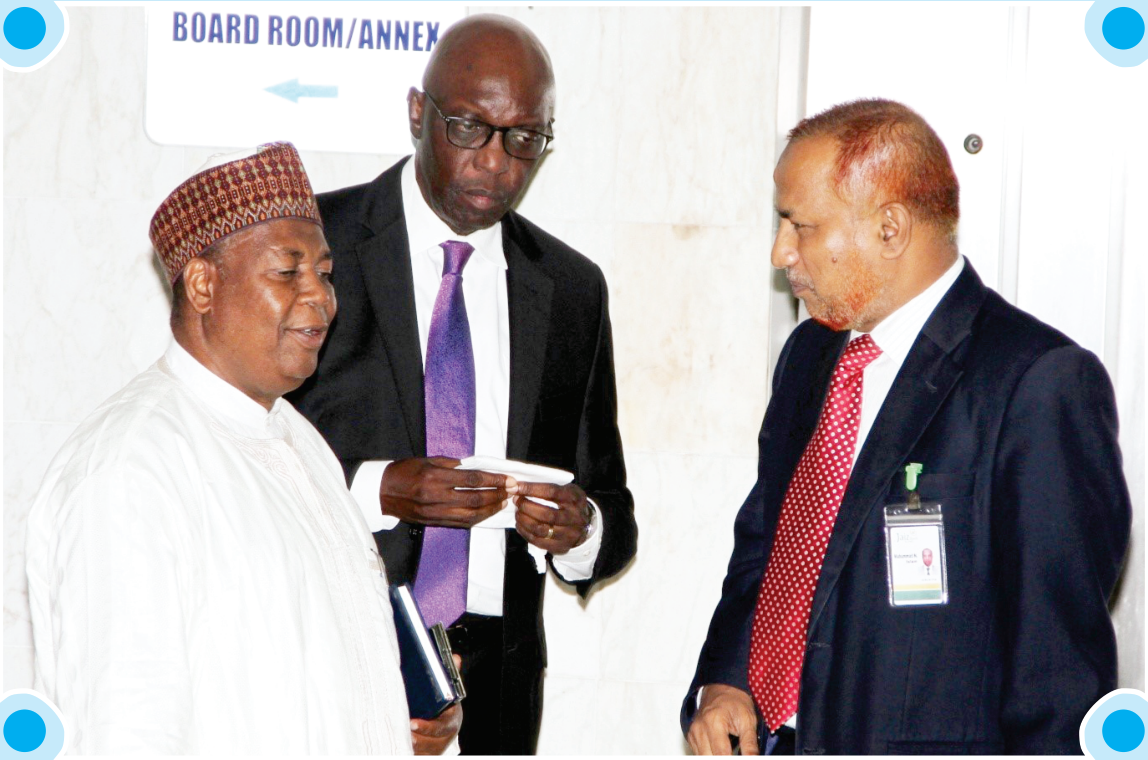
During the year under review, the Board approved the Framework for Pass-Through Deposit Insurance for subscribers of MMOs in Nigeria. The framework was introduced by the NDIC to protect subscribers of the MMOs and to encourage the use of that platform to enhance Financial Inclusion.

During the year under review, the Board undertook the following projects under its corporate social responsibility initiatives:

- I. Commissioning of Educational Resource Centre for the Government College Ibadan, Oyo State. Thursday, 5TH February, 2015;
- ii. Commissioning of Bookshop for Enugu State University of Technology (ESUT);
- iii. Donation of N10 million to ESUT 2015;
- iv. Commissioning of Maternity wing of Jikwoyi Primary Health Care & Maternity Centre, Abuja, FCT on the 17th June, 2015;
- v. Commissioning of Research Directorate Building of the National Institute of Policy and Strategic Studies (NIPPS), Kuru;
- vi. Commissioning of Borehole at Tatagiya Community in Idu, Abuja;
- vii. Donation of N1million to Bloom Cancer Care Centre in Lagos; and
- viii. Commissioning of the E-Library at Sardauna Memorial College, Kaduna.

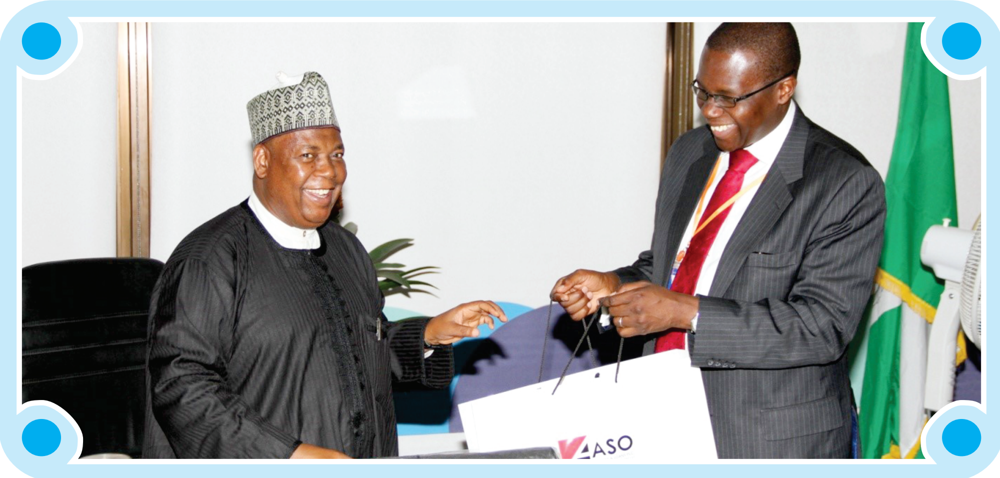
The Board in its continuous bid to bridge the gap in certain cadres of staff, approved and recruited a total of 103 staff during the period under review. All of them were properly documented and deployed to various departments to fill existing vacancies. Meanwhile, all staff due for confirmation were duly confirmed upon fulfilment of confirmation requirements.

L-R: NDIC MD/CE Alh. Umaru Ibrahim receiving a special commemorative plaque from the Group Managing Director, Nigerian Army Welfare Limited, Major General Augustine Okoh who led his management team on a courtesy visit to the NDIC Senior Management in Abuja.



L-R: NDIC MD/CE Alh. Umaru Ibrahim and NDIC Executive Director Operations, Prince Aghatise Erediauwa in a chat with MD/CEO Jaiz Bank Plc Mr. Muhammad Nurul Islam during a courtesy visit of the Management Team to the Corporation.

President, Society for Corporate Governance (SCGN) Chief Olusegun Osunkeye (l) presents a plaque of the Society to Alhaji Umaru Ibrahim, MD/CE of the Nigeria Deposit Insurance Corporation (NDIC) during the 2015 Executive Breakfast Meeting of the SCGN in Lagos.



L-R: NDIC MD/CE Alh. Umaru Ibrahim receiving a souvenir from the MD/CEO Aso Savings & Loans, Mr. Hassan Musa Usman who led his management team on a courtesy visit to the NDIC Senior Management in Abuja.

NDIC MD/CE Alh. Umaru Ibrahim (4th from right) in a group photograph with the President / Chairman of Council of the Chartered Institute of Bankers of Nigeria, CIBN, Otunba (Mrs.) 'Debola Osibogun (3rd Right) during a courtesy call by the executive members of the CIBN on the Corporation. Also from left to right are CIBN Registrar / Chief Executive, Mr. Seye Awojobi, NDIC Executive Director Operations, Prince Aghatise Erediauwa, CIBN 2nd Vice President, Dr. Uche Olowu, NDIC Executive Director Corporate Services, Hon. (Mrs.) Omolola Abiola Edewor, CIBN 1st Vice President, Deacon Segun Ajibola and Chairman, CIBN Abuja Branch, Sir Steve Nwadiuko.

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 10

THE OPERATING ENVIRONMENT IN 2015

10.1 Introduction

Regulatory, macro-economic and socio-political events in both the domestic and international markets significantly impacted on the environment in which the insured financial institutions operated in 2015.

The tight monetary policy stance which characterised 2014, continued for most part of 2015, while the volatility in crude oil prices continued to create some level of unpredictability in the operating environment.

On the global stage, there was a considerable divergence in global output recovery in 2015 as growth picked up in most advanced economies compared with showdown in majority of emerging and developing economies.

In particular, growth in the emerging markets and developing economies (EMDEs) continued to decrease to 4% in 2015, reflecting the protracted showdown in China as well as recession in Russia and Brasil. The showdown among EMDEs had been mainly due to weak import growth in China, low commodity prices, capital flow reversals, rising debt levels and other geopolitical factors.

During the year under review, the CBN, in collaboration with other safety-net participants had continued to implement sound financial sector policies to ensure continued stability and growth of the financial system, as well as improved financial inclusion and confidence in the system.

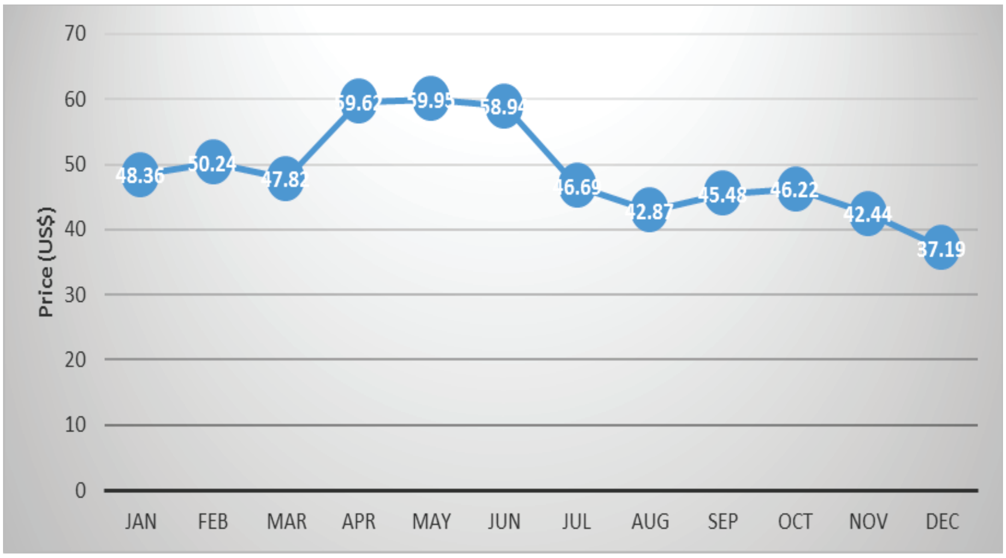
Accordingly, the banking industry experienced relative stability in most performance indices and continued to play key roles in the development of the Nigerian economy especially through financial intermediation. The continued regime of effective regulation and supervision alongside enhanced corporate governance practices in most of the banks, further reinforced the resilience of the banking industry. The interventions in key sectors of the economy like power, and agriculture were sustained during the year. Various policy measures and initiatives were also implemented to improve the payment system.

This section presents a review of the operating environment for insured financial institutions in 2015.

10.2 Monetary Policy Environment

During the year under review, the CBN continued to perform among others, its cardinal function of maintaining price stability in addition to ensuring an efficient payment

Chart 10.1
TREND IN GLOBAL CRUDE OIL PRICES IN 2015



Source: Energy Information Administration (www.eia.gov)

system. Global crude oil prices also continued to be a strong driver of business and economy in Nigeria, and the volatility experienced in the price of the commodity in the first half of 2015 as well as its continued fall in the second part of the year made the operating environment quite challenging. That negatively affected the country's external reserves, the value of the Naira as well as the business and economic activities in the period under review.

In view of the afore-mentioned challenges, alongside some other uncertainties in the economy, the CBN in 2015 implemented the following measures to moderate their combined effects:

a) Liquidity Management Measures

The CBN retained the liquidity ratio (LR) at 30% throughout the year. A segregated Cash Reserve Ratio (CRR) regime was maintained in the first quarter of the year where the rate was kept at 75% for public sector deposits and 20% for private sector deposits but were harmonised at 31% in May, 2015 and remained same for the rest of the year.

b) Interest Rate Policy

The Monetary Policy Rate (MPR), was maintained at 13% for most part of 2015 to curtail excess liquidity and moderate inflationary pressures in the face of increased public spending from electioneering activities in the year. That was however reduced to 11% in the months of November and December to slightly relax the tight monetary stance that had subsisted for most of the year.

c) Exchange Rate Policy

The Naira exchange rate was under sustained pressure at the various segments of the market in 2015. The continued decline in global oil prices and the resultant fall in the country's foreign exchange earnings put pressure on the external reserve in the Naira exchange rate.

It would be recalled that in a bid to ensure stability and find the true value of the Naira the CBN further devalued the Naira in November, 2014 bringing the rate to ₦168/US$1 from ₦155/US $1 and further to ₦197/US$1 in February, 2015. Inspite of the devaluation, there was an apparent shortage in the supply of US$ viz-avis its demand resulting in a wide margin between the official exchange rate and the parallel market rate.

That development created incentives for undesirable practices, including round-tripping, speculative demand, rent-seeking, and spurious demand, amongst others. The CBN therefore closed the rDAS window for the rest of the year and pegged the exchange rate at ₦197/US$ 1.

10.3 Regulatory Developments

During the year under review, the CBN issued a number of circulars and guidelines to guide the operations of insured deposit-taking financial institutions. They included the following:

a) Implementation of Two Factor Authentication for Internal Banking Processes

The CBN, in a circular referenced **BPS/DIR/GEN/CIR/06/001**, mandated banks to institute further controls to check the rising cases of fraud especially as it relates to insider abuse with many cases bordering on identity theft and abuse of authorisation procedures. The directive required that there should exist maker/checker control structure for all payments platforms, the implementation of Two Factor Authentication Login points, and the implementation of fraud-monitoring tools to monitor transfers.

b) Framework for Mobile Money Services in Nigeria

In a bid to ensure the smooth take–off of Mobile Payment platform as an important tool for financial inclusion in Nigeria, the CBN rolled out the Framework for Mobile Payment Services in Nigeria in April 2015. The framework which provides a strategy that would effectively bring the informal sector transactions into the formal sector identified two models for mobile money services, namely: bank-led and non-bank led. The main objectives of the framework were to provide an enabling environment for the adoption of mobile payment services, thus reducing cash dominance in the economy and to ensure a structured and orderly development of mobile payment services in Nigeria.

c) Inclusion of Some Imported Goods and Services on the List of Items Not Valid for Foreign Exchange in the Nigerian Foreign Exchange Market

The CBN in its efforts to sustain the stability of the foreign exchange market and ensure the efficient utilization of available foreign exchange while deriving optimal benefit from imports, released a list of goods and services to be excluded from accessing foreign exchange. The circular referenced **TED/FEM/FPC/GEN/01/010**, was aimed at conserving the Nation's external reserves, as well as encouraging the local production of those items contained in the prohibitions list thereby resuscitating domestic industries and creating employment.

d) Management of Dormant Accounts and other Unclaimed Funds by Banks and Other Financial Institutions (OFIs) in Nigeria

In a circular referenced **FPR/DIR/CIR/GEN/05/013**, the CBN released a guideline on the Management of Dormant Accounts in Nigeria. The objectives of the guideline were to curb possible abuses in the operation of dormant and inactive accounts; set operational standards for banks and OFIs in line with best practices; and to reinforce the rights of depositors and/or customers. The guideline would standardize the management of dormant accounts in Nigeria, in line with global best practices, as well as eliminate the possibility of banks converting dormant accounts' balances to income.

e) Establishment of Industry Fraud Desks

The CBN in a circular referenced **BPS/DIR/GEN/CIR/02/004**, established the Nigeria Electronic Fraud Forum (NEFF) in continuance of its efforts to fight cybercrimes within the Banking Industry. The Desk would provide solutions toward addressing frauds arising from increased adoption of electronic payments. It would also serve as an effective mechanism for receiving and responding promptly to fraud alerts within the Nigerian banking industry. The DMBs were given the option to subscribe to NIBSS' Central Anti-Fraud Solution for this purpose.

f) Implementation of Control of Naira Denominated Card Transactions Consummated Overseas

The CBN released a circular referenced **BPSD/DIR/GEN/CIR/02/005**, on the usage of Naira-denominated cards abroad which superseded the earlier circulars referenced **TED/FEM/FPC/GEN/01/007** and **TED/FEM/FPC/GEN/01/008**. With the circular, individual customer's daily ATM withdrawal overseas with Naira-denominated cards were limited to US$300 (or its equivalent) and total annual expenditure to US$50,000 (or its equivalent). The CBN also gave the following directives to DMBs:

i. Submit reports of all Naira-denominated card transactions consummated overseas to NIBSS on daily basis electronically.
ii. Discontinue Naira denominated corporate cards for cross-border payments, while allowing foreign currency denominated cards for corporate entities.

iii. Inform cardholders of the institution of banking industry tracking system on the use of Naira denominated cards abroad.

g) Prohibition of Cash Deposit into Domiciliary Accounts by CBN

The CBN in a circular referenced **TED/FEM/FPC/GEN/01/015** prohibited the acceptance of foreign currency cash deposits by DMBs. That was prompted by the need to prevent money laundering, round tripping and speculation in dollars. Only wire transfers to and from Domiciliary Accounts were permissible.

h) Use of Bank Verification Number (BVN) By all Banks and Licenced Bureau De Change (BDCs)

The CBN in a circular referenced **FRP/DIR/CIR/GEN/05/015** directed all Banks and licensed BDCs to request for BVN for all foreign exchange transactions effective November 1, 2015. Consequently, customers desiring to purchase foreign exchange through all available channels in Nigeria must provide their BVNs, which should be validated by the CBN Authorized Foreign Exchange Dealer through the NIBBS platform before the transactions are consummated.

I) Extension of BVN for Nigeria Bank Customers in Diaspora and Other Related Matters

The CBN had in a circular referenced **BPS/DIR/GEN/CIR/02/033** extended the BVN enrolment for Nigerian bank customers in Diaspora to 31st January, 2016. That was to enable them complete the registration exercise and the attachment of the BVN to their bank accounts. The CBN had clarified that the registration of BVN was a continuous exercise to enable depositors have access to their funds.

j) Revised Operational Guidelines for Bureaux de Change (BDC)

The CBN in November 2015 released a revised guideline for BDCs to strengthen the regulations guiding their efficient operations. The new guideline would take effect from 1st January, 2016 with the following amendments:

- The financial requirements had been increased with the minimum paid-up share capital raised to ₦35 million from ₦10 million;
- Anti-money laundering/combating financing of terrorism policy and manual had been included as a requirement of the feasibility report;
- Board/Management requirements had been relaxed with the Managing Director requiring 3 years post-graduation experience as opposed to 5 years in the previous version;
- The maximum buying and selling rate spread had been increased from 2% to 3.5%;
- Proper documentation by potential customers had been mandated by the new guidelines including their Bank Verification Number, travelling documents etc.; and

- BDCs had been prohibited from branch networks;

It should be noted that BDCs had been mandated to display a copy of its license, exchange rates and Anti-money laundering caution notice conspicuously.

The immediate effect of the revised guidelines had been the reduction in the number of BDCs from 3,208 to 2,699 as at 31st December, 2015.

k) The Implementation of the Global Mobile Payments Monitoring & Regulation System (GMPM)

The CBN had implemented a monitoring solution called GMPM at the NIBSS for the effective surveillance of MMOs and their transactions. The system which was fully operational would aid fraud management on mobile money platforms. That was contained in a circular referenced **BPS/DIR/GEN/CIR/02/011** to all MMOs who were also instructed to send the daily (on-us) live transaction data only. Failure to comply by 16th November, 2015 would attract a sanction of ₦50,000 per week from that day.

l) The Increment of General Provision on Performing Loans in Nigeria

The CBN, in an attempt to ensure that adequate buffers were built against unexpected loan losses in the face of recent adverse macro-economic happenings increased the general provision for loan losses from 1% to 2%. In a letter referenced BSD/DIR/GEN/LAB/08/052, the CBN required banks to immediately increase the general provision on performing loans to 2% in the prudential review of their credit portfolios.

10.4 Macro-economic Environment

The Macro-economic developments continued to influence economic activities in the financial sector during the period under review. The Nigerian economy endured a very challenging year in 2015, largely plagued by the drop in oil prices and the elections amongst other macro-economic factors. There was a slow-down in improvements to global output recovery shown by the less than expected growth of 2.9% in the first half of 2015. The development was affected largely by the deteriorating global trade, reversal in output growth in the advanced economies and a significant slowdown in growth in the emerging and developing economies. The major effect on growth in the advanced economies included unfavourable labour market conditions, suppressed foreign demand and weaker than anticipated domestic aggregate demand. Consequently, growth in the U.S. slowed to 1.5% in the third quarter of 2015 as a result of a drawdown in inventories; deceleration in exports; drag in private consumption, government spending and residential fixed investment.

Growth in the Emerging Markets and Developing Economies (EMDEs) continued to drop, reflecting the protracted slowdown in China as well as recession in Russia and Brazil. The slowdown among EMDEs has been mainly due to weak import growth in China, low commodity prices, capital flow reversals, rising debt levels and other geopolitical factors. Table 10.1 shows some key macro-economic indicators.

Table 10.1:
KEY MACRO-ECONOMIC INDICATORS FROM 2010-2015

Macroeconomic indicator	2010	2011	2012	2013	2014	2015
Gross Domestic (₦' billion at current market price)	55,469.35	63,713.36	72,599.63	81,009.96	90,136.98	69,144.89
Fourth Quarter real GDP Growth Rate for the year (%)	8.36	7.76	6.99	6.77	5.94	2.11
No of Banks	24.00	20.00	20.00	24.00	24.00	23.00
Inflation (%)	11.80	10.80	12.10	8.70	8.00	9.55
Total Deposits of Banks (₦' billion)	10,837.14	12,330.00	14,386.00	16,6771.59	18,023.37	17,511.64
Ratio of Total Deposits to GDP (%)	19.54	19.35	19.82	20.70	19.97	25.00
Total Assets of Banks inclusive of off - Balance Sheet (OBS) Engagements (N' Billion)	18,661.27	21,891.56	24,584.65	23,169.00	30,970.49	31,393.28
External Reserve (US$' Million) as at 31st December	32,339.30	32,639.80	43,830.40	42,847.30	34,468.60	29,069.78

Source: National Bureau of Statistics, Bank Returns for NDIC and CBN
*GDP figures from year 2010-2015 are rebased GDP figures
** 2015 Fourth Quarter Real GDP growth rate for the year was an estimate

Table 10.1 shows that the GDP had been increasing from 2010 to 2014, which was due to the rebasing of the economy. However, the GDP declined from N90.1 trillion in 2014 to N69.1 trillion in 2015. The Real GDP Growth Rate had been declining from 2010 to 2015 year on year, with the highest reduction observed between 2014 and 2015. That reflected the impact of the low crude oil price on the economy. The drop of the oil price was also reflected in the down-ward trend of the foreign exchange reserves from 2014 to 2015 as opposed to the upward accumulation of the reserves from 2010 to 2013 during periods of high crude oil prices. The table also shows that the inflation rate had been oscillating within 8% and 12% band, reflecting the difficulty of inflation management, which had increased from 8% in 2014 to 9.55% in 2015.

Other developments in the domestic macro-economic environment include the following:

a) Domestic Economic and Financial Developments Output

Oil prices persistently trended downwards in 2015, owing to the overwhelming supply glut in the energy market. Despite the fact that Brent crude oil prices fell to its lowest level in 10-year during the month of December, the NSE oil and gas index was up by 13.88% in December, 2015 but down by 6.6% on a year-on-year basis. Domestic output growth during the year under review remained moderate. According to the National Bureau of Statistics (NBS), real GDP grew by 2.84% in the third quarter of 2015, as against 2.35% recorded in the second quarter. However, in the third quarter it remained substantially below 3.96% and 6.23% in the first quarter of 2015 and the corresponding period of 2014, respectively. The major stimulus to growth came from the non-oil sector which grew by 3.05% compared with the growth of 3.46% reported in the previous quarter. The major drivers of expansion in the non-oil sector were Services, Agriculture and Trade; contributing 1.42, 1.03 and 0.79 percentage points, respectively.

b) Prices

In 2015, there was a slight increase in headline inflation to 9.6 per cent in December, from 9.4% in November and 9.2% in October. The increase in headline inflation in November 2015 reflected an increase in the Food component, even though the core component remained unchanged at 8.70%. Core inflation declined for the third consecutive month to 8.70% in November and December from 8.74% in October, while food inflation inched up to 10.32% from 10.13% and 10.2% over the same period.

c) Monetary, Credit and Financial Markets Developments

The development in the financial system with particular reference to Monetary, Credit and Financial Markets showed that broad money supply (M2) rose by 5.90% in December 2015, over the level recorded at the end of December 2014, which was below the growth benchmark of 15.24% for 2015. Net domestic credit (NDC) grew by 12.13% in the same period, but remained below the provisional benchmark of 29.30% for 2015.

Growth in aggregate credit reflected mainly growth in credit to the Federal Government by 151.56% in December 2015 compared with 145.74% in the corresponding period of 2014. The renewed increase in credit to government was partly attributable to increased borrowing to implement the 2015 supplementary budget.

During the period under review, money market interest rates generally reflected the level of liquidity in the banking system. Average inter-bank call and Open-Buy-Back (OBB) rates, stood at 1.00% and 1.50% on 25 November, 2015 respectively. Also, between November 2015 and end-December 2015, interbank call and OBB rates averaged 0.81% and 0.98% respectively.

The Nigeria Stock Exchange's (NSE) flagship Index, the All-share Index declined by 17.4% as at December, 2015 in comparison to its December 2014 value. The NSE Banking Index was very badly hit, plunged 23.6%, which was much higher than the 17.6% NSE Main Index drop in value. Relative to the 2014 performance, the NSE performed poorly in 2015.

The biggest one-day gain recorded by the All Share index in 2015 was on the 1st of April 2015 (8.30% gain) shortly after the 2015 Presidential election. The market returned to its bearish ways shortly after as macro-economic fundamentals further deteriorated. The highest point recorded for the index was 35,728.12 on 2nd April, 2015 while the lowest was 26,537.36 on 18th December, 2015.

d) External Sector Developments

Gross official reserves was US$29.07 billion as at December, 2015, representing a decrease of US$5.18 billion from US$34.25 billion as at end-December 2014.

10.5 SOCIO – POLITICAL ENVIRONMENT

The socio-political environment of the country in 2015 witnessed numerous challenges which included: anxiety over the uncertainty of the outcome of the 2015 general election, bombings, kidnapping, armed robbery, rampant corruption, epileptic power supply, poor infrastructure and ethno-religious crisis.

Notable among the critical challenges that affected the country in 2015 was the deteriorating security situation as a result of Boko Haram insurgency activities particularly in the North Eastern part of the country.

The insurgency activities had also constituted a serious distraction to government activities as a lot of public funds were channelled towards the resolution of the insurgency. However, with the stepping up of the military campaigns and the activities of the multi-national regional coalition force, the insurgency appeared to be subdued.
The general elections in the country were held peacefully and transparently and were commended by regional and international observers including the European Union (EU), the African Union (AU), and Economic Communities of West African States (ECOWAS).

The outcome of the election ushered in Muhammadu Buhari of the main opposition party, APC as the President of the Federal Republic of Nigeria.

Another major significant development that impacted positively in the economy of the country was the federal government's resolve to end the lingering crisis of unpaid workers' salaries in the country. The President Muhammadu Buhari approved a comprehensive relief package to the States designed to ensure that outstanding salaries of workers were paid. Specifically, the government approved the sum of ₦338 billion to 27 States as loans repayable at 9% interest rate over a 20-year period.

In the same vein, the existing bank loans owed by 22 States with commercials banks were restructured through either bond issuance or into long tenured loans of 20 years.
During the period under review, another event that impacted negatively on the economy was the increasing criminal activities in Nigeria's territorial waters ranging

from armed robbery, illegal bunkering, and crude oil theft and pipeline vandalism, among others in the Niger Delta region.

Despite the prevailing challenges, the government took several measures in order to improve the security situation in the country, end fuel scarcity, resolve the lingering crises of unpaid workers' salaries in the country, resolve various labour related issues, protect the Naira, fight corruption, source for ways to generate more revenue for the government owing to the falling crude oil price which had impacted negatively on the revenue of the government and many more measures all in a bid to provide a more conducive environment for growth and development of the Nigerian economy.

SECTION 11

FINANCIAL CONDITION OF THE BANKING INDUSTRY

11.0 Financial Condition of Deposit Money Banks

The banking industry was not insulated from the developments in the external and domestic environment in 2015. The persistent fall in the global price of crude oil had reduced significantly the foreign exchange earnings as well as government revenue and it had also adversely affected the naira exchange rate. The effect on the exchange rate and the downturn in the economy with the GDP growth rate in 2015 estimated at 2.79% as against 6.22% in 2014 had impaired the repayment capability of bank borrowers generally but particularly, in the oil and gas as well as commerce sectors of the economy. Also the banks were not only exposed to the oil and gas as well as commerce sectors but some of them had taken foreign currency denominated loans which had put pressure on their repayment ability as a result of the continued depreciation of the domestic currency.

The reduction in monthly allocation to state governments occasioned by the fall in government revenue had made some banks to be exposed to such state governments many of which had huge outstanding obligations to staff and contractors. The continued fall in the oil price and hence government revenue had adversely affected the state governments from servicing their debts in banks, thereby worsening the banks' asset quality.

Based on the foregoing, the banking industry performance and soundness revealed a mixed outlook in 2015. In particular total assets of the banking industry grew marginally by 1.36%, total loans and advances to the economy rose by 5.56%, shareholders' funds unimpaired by losses increased by 14.02% while capital adequacy ratio stood at 17.66%. On the other hand, banking industry deposit liabilities declined by 2.83%, unaudited profits decreased by 2.02% while non-performing loans increased by 82.87% in 2015.

11.1 Capital Adequacy

The banking industry capital base remained strong during the year under review. Total qualifying capital stood at ₦3.24 billion with primary capital accounting for 85.89%.
The adjusted shareholders' funds (primary capital) increased by 14.02% from ₦2,440.20 billion in 2014 to ₦2,782.20 billion in 2015. With risk-weighted assets of ₦18.34 trillion, the capital adequacy ratio (CAR) of the banking industry was 17.66% in 2015 compared with 15.92% in 2014. The CAR for the industry exceeded the minimum threshold of 10% and 15% for national and international banks respectively. However, two (2) out of twenty four (24) DMBs failed to meet the minimum CAR threshold of 10% as at 31st December, 2015 compared to only one (1) bank as at 31st December, 2014.
Table 11.1 shows some indices of DMBs' capital adequacy as at 31st December, 2015 with comparative figures for 2014.

Table 11.1:
INSURED DMBs CAPITAL ADEQUACY

Capital Adequacy Indicators	Year	
	2014	2015
Total Qualifying Capital (₦' billion)	2,880.40	3,239.37
Adjusted Shareholders' Funds (Tier 1 Capital) (₦' billion)	2,440.20	2,782.28
Tier II Capital (₦' billion)	440.2	457.09
Capital to Total Risk-Weighted Asset Ratio (%)	15.92	17.66

Source: NDIC

12.2 Asset Quality

There was a deterioration in the asset quality of the banking industry in 2015 when compared with 2014. The volume of NPLs of the banking industry increased by 82.87% to ₦648.91 billion in 2015 from ₦354.84 billion in 2014. The growing NPLs was of regulatory concern and portended serious challenges to the banking industry. The non-performing loans to total loans ratio for the industry increased from 2.81% in 2014 to 4.87% in 2015. Although the NPL ratio was within the regulatory threshold of 5%, it was however, trending closer to the maximum prudential limit, an indication of significant stress on the banking industry loans portfolio. The banking industry total loans and advances to the Nigerian economy stood at ₦13.33 trillion in 2015, showing an increase of 5.56% over the ₦12.63 trillion reported in 2014.

Table 11.2 shows the quality of assets of the industry as at 31st December, 2015, relative to 31st December, 2014. The position of asset quality for the period is further illustrated in Charts 11A and 11B.

Table 11.2:
ASSET QUALITY OF INSURED DMBs

Asset Quality Indicators	Year	
	2014	2015
Total Loans (₦'billion)	12,626.96	13,328.77
Non-Performing Loans (₦'billion)	354.84	648.91
Ratio of Non-Performing Loans to Total Loans (%)	2.81	4.87
Ratio of Non-Performing Loans to Shareholders' Funds (%)	12.01	12.79

Source: NDIC

Chart 11a:
DMBs SHARE OF INDUSTRY TOTAL LOANS AS AT 31ST DECEMBER, 2015

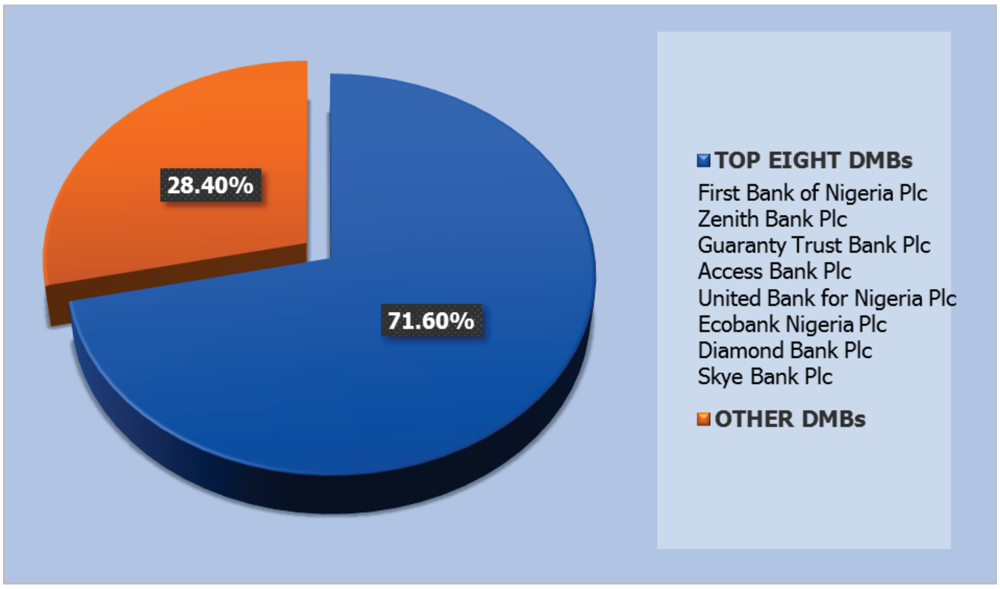
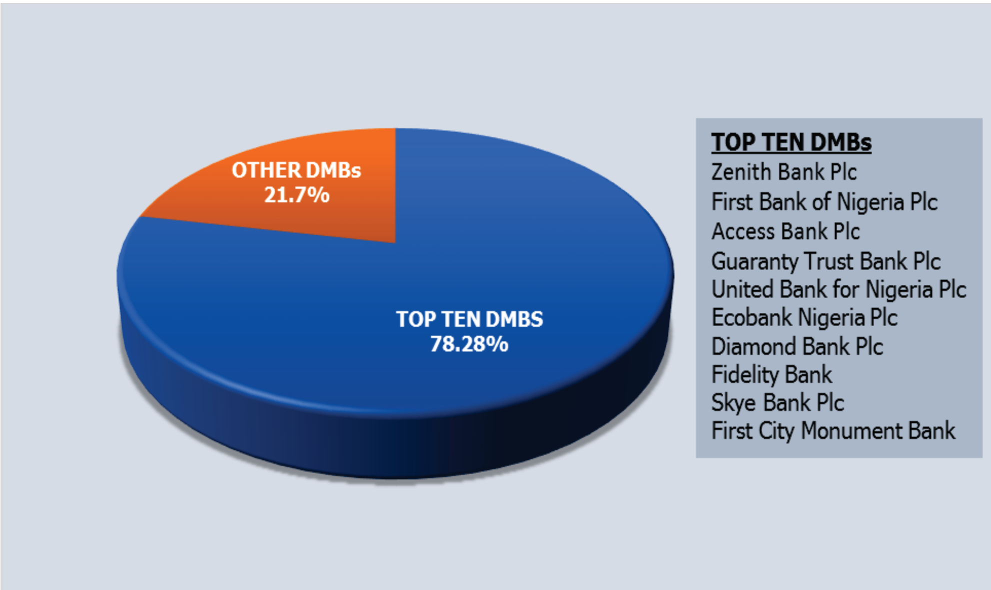


CHART 11B:
DMBs SHARE OF INDUSTRY TOTAL ASSETS AS AT 31ST DECEMBER, 2015



As can be seen in Chart 11A, the top eight (8) DMBs in the banking industry accounted for 71.60% of total loans extended to the domestic economy in 2015 which was slightly higher than 2014 figure of 71.30%. Chart 11B on the other hand, reveals that ten (10) DMBs out of the total twenty four (24) accounted for 78.28% of banking industry total assets while the rest fourteen (14) DMBs accounted for 21.72%, an indication of the low level of competition. The biggest bank's share of assets was 14.37% while the least bank's market share of assets was 0.29%. The two charts further highlight the fact that a few big DMBs dominated the banking industry during the year under review.

11.3 Earnings and Profitability

The banking industry operated profitably, though earnings and profitability deteriorated. The unaudited profit-before-tax (PBT) of the banking industry stood at ₦588.86 billion as at 31st December, 2015 representing a decrease of 2.02% over ₦601.02 billion reported as at 31st December, 2014.

The decline in profit could largely be attributed to the significant decline in non-interest income and rise in interest expenses. Whereas non-interest income decreased by 70.71% to ₦255.76 billion in 2015 from ₦873.17 billion in 2014 interest expenses increased by 18.23% to ₦969.11 billion in 2015 from ₦819.67 billion in 2014.

The banking industry return on assets (ROA) and return on equity (ROE) declined from 2.29% and 20.34% in 2014 to 2.18% and 16.93% in 2015, respectively. Yield on earning assets appreciated to 13.40% in 2015 from 11.71% in 2014.

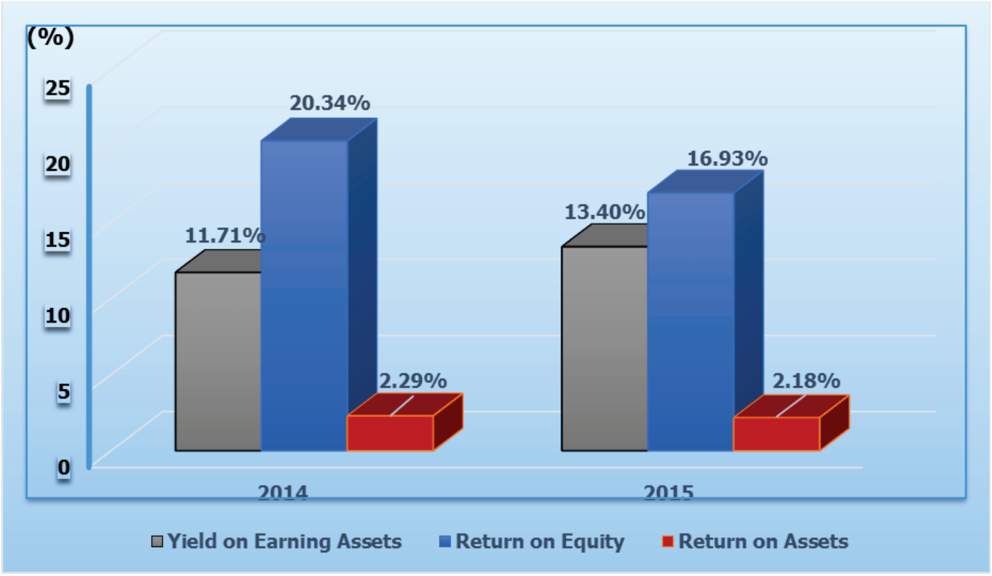
Table 11.3 and Chart 11C present selected financial indicators of earnings and profitability as at 31st December, 2015.

Table 11.3:
EARNINGS AND PROFITABILITY INDICATORS FOR DMBs

Indicators	Year	
	2014	2015
Profit Before Tax (₦' billion)	601.02	588.86
Net Interest income (₦' billion)	1,296.92	1,443.08
Non-Interest income(₦' billion)	873.17	255.76
Interest Expenses (₦' billion)	819.67	969.11
Operating Expenses (₦' billion)	1,596.61	1,394.92
Yield on Earning Assets (%)	11.71	13.4
Return on Equity (%)	20.34	16.93
Return on Assets (%)	2.29	2.18

Source: NDIC

Chart 11c:
EARNINGS AND PROFITABILITY INDICATORS FOR 2014 AND 2015



11.4 Liquidity Management

The banking industry's liquidity position was strong as its average liquidity ratio rose slightly from 53.65% in 2014 to 58.18% in 2015. The ratio was well above the minimum prudential threshold of 30%. Out of the twenty-four (24) DMBs in the industry, one (1) had liquidity ratio below the minimum prudential requirement of 30%. The overall industry improvement was due to regulatory liquidity management measures adopted by the CBN.

In addition, the loans to deposits ratio increased from 68.11% in 2014 to 73.76% in 2015. However, the ratio was above the maximum prudential threshold of 70% for the DMBs during the period under review. Table 11.4 presents the liquidity position of the DMBs for 2014 and 2015.

Table 11.4:
LIQUIDITY POSITION OF DMBs AS AT 31ST DECEMBER, 2015

Items	Year	
	2014	**2015**
Average Liquidity Ratio	53.65	58.18
Loans and Advances to Deposit Ratio	68.11	73.76
No. of Banks with Less than 30% minimum Liquidity Ratio	Nil	1

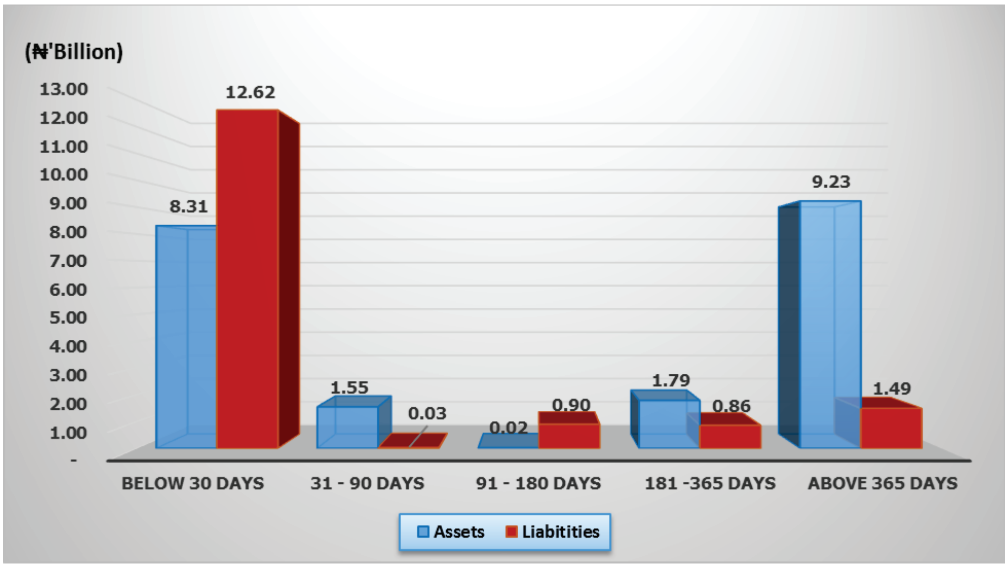
Source: NDIC

11.5 Maturity Profile of Assets and Liabilities

The maturity profile of the banking industry's assets and liabilities continued to show a mismatch and investor preference for short-term investment. As shown in Chart 11D, short-term investments maturing below 180 days accounted for 47.22% of aggregate assets while that of liabilities stood at 85.27%.

Also, assets maturing within one year stood at ₦11.65 trillion while ₦9.23 trillion would mature over one year (>365 days). On the other hand, liabilities of ₦14.53 billion would mature within one year.

Chart 11D:
MATURITY PROFILE OF ASSETS AND LIABILITIES OF DMBs AS AT 31ST DECEMBER, 2015



11.6 Sectoral Allocation of Credit

A review of the banking industry distribution of credits to the various sectors of the economy indicated that top ten (10) sectors out of 22 accounted for 88.48% of total credits in 2015 compared with 87.35% in 2014. The other sectors accounted for 11.52% in 2015 as against 12.65% of the total credits extended by the DMBs in 2014. Credit to the Oil and Gas sector accounted for the largest share of 24.82%, followed by manufacturing with 13.91%. Government's exposure was 7.91% or ₦1.053 trillion during the period under review.

Agricultural sector's total allocation was ₦502.23 billion or 3.77% of the industry total credit in 2015 as against ₦498.77 billion or 3.96% in 2014. Also, the Mining and Quarrying sector got very low credit allocation of ₦11.71 billion or 0.09% of the industry total credit. The industry's exposure to Power and Energy was ₦198.71 billion or 1.49%, a sharp decline from ₦493.47 billion or 3.91% in 2014.

The banking industry's sectoral distribution of credit revealed that 0.95% and 7.66% went to technical activities and General Commerce, respectively as at 31st December, 2015. Table 11.5 and Charts 11E and 11F illustrate the sectoral distribution of credits by DMBs and NPLs by sector in 2015.

Table 11.5

SECTORAL DISTRIBUTION OF CREDITS FROM 2011 – 2014

SECTOR	2014 (₦'Bn)	% of Total Loans	2015 (₦'Bn)	% of Total Loans	NPC/TC 2015 (%)
Oil and Gas	3,245.31	25.74	3,307.87	24.82	15.29
Manufacturing	1,662.38	13.19	1,854.01	13.91	12.79
General	1,230.03	9.76	1,386.50	10.40	19.20
General Commerce	1,085.96	8.61	1,020.69	7.66	13.46
Information and Communication	895.73	7.1	831.94	6.24	5.13
Governments	724.24	5.74	1,053.97	7.91	1.37
Real Estate Activities	584.76	4.64	706.38	5.30	5.67
Construction	590.89	4.69	533.05	4.00	9.73
Agriculture, Forestry & Fishery	498.77	3.96	502.23	3.77	6.42
Finance and Insurance	494.65	3.92	476.07	3.57	2.68
Transportation and Storage	361.27	2.87	596.39	4.47	4.10
Capital Market	228.46	1.81	437.28	3.28	0.25
Professional, Scientific and Technical Activities	154.52	1.23	126.36	0.95	1.12
Power and Energy	493.47	3.91	198.71	1.49	1.30
Education	87.27	0.69	74.52	0.56	0.69
Administrative and Support Services	72.37	0.57	61.14	0.46	0.15
Human Health & Social Work Activities	44.56	0.35	43.10	0.32	0.29
Activities of Extra Territorial Organizations & Bodies	14.77	0.12	0.07	0.00	0.00
Water Supply Sewerage, Waste Management & Remediation	10.34	0.08	11.61	0.09	0.32
Arts, Entertainment & Recreation	12.59	0.1	12.20	0.09	0.06
Public Utilities	97.94	0.78	82.98	0.62	0.00
Mining and Quarrying	17.27	0.14	11.71	0.09	0.00
TOTAL	**12,607.55**	**100**	**13,328.77**	**100**	**100**

Source: NDIC

NPC = Non-Performing Credit

TC = Total Credit

Chart 11E:
SECTORAL ALLOCATION OF CREDITS FOR 2014 AND 2015

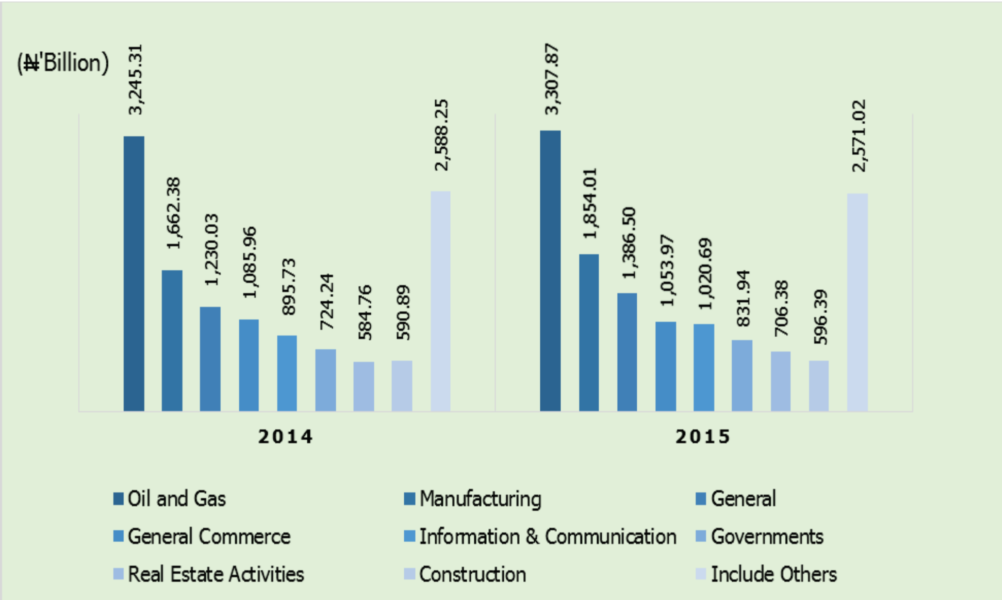
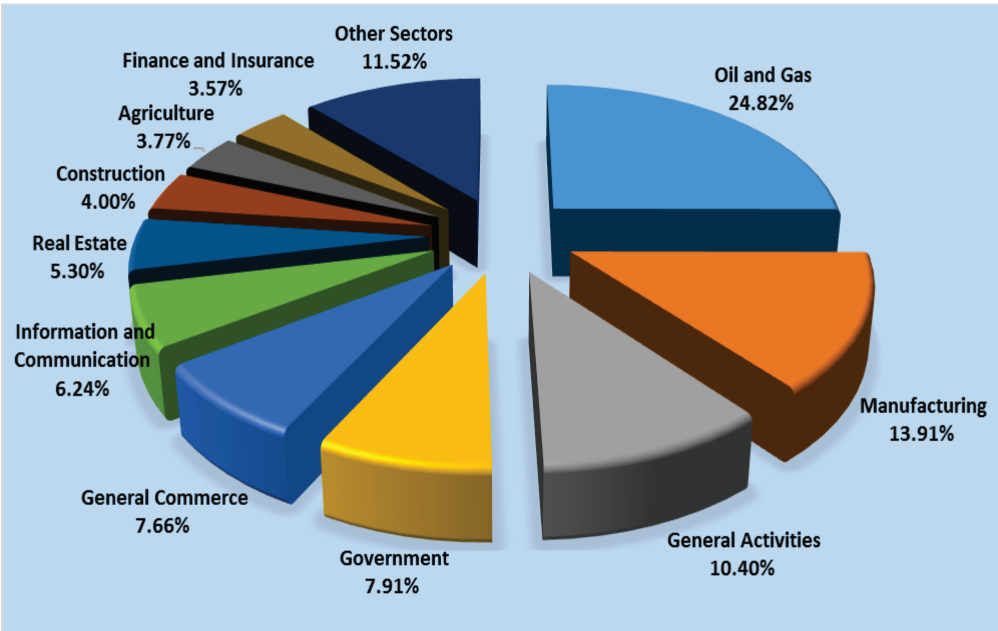


Chart 11F:
SECTORAL ALLOCATION OF CREDITS FOR 2015



11.7 Level of Soundness of DMBs in 2015

The DMBs are usually assessed yearly in five different categories, namely: Very Sound; Sound; Satisfactory; Marginal, and Unsound. Overall, the banking industry remained stable and sound during the period under review.

11.8 Summary of Financial Condition of DMBs

The banking industry average CAR was 17.66% as at 31st December, 2015. Twenty two (22) DMBs met the CAR regulatory threshold of 10% and 15% for National and International active banks, respectively with only two (2) DMBs having a CAR below the prescribed threshold of 10%.

Assets quality deteriorated during the period under review, as the NPLs increased from 2.81% in 2014 to 4.87% in 2015. The banking industry was liquid as all the individual DMBs had liquidity ratios above the prudential minimum threshold of 30% as at 31st December, 2015. The banking industry unaudited profit declined by 2.02% in 2015. Table 11.6 and Charts 11 (H-N), present the summary of some financial indicators of the banking industry during the period under review.

Table 11.6:
SELECTED PERFORMANCE INDICATORS OF DMBs FOR 4-YEAR PERIOD

S/No	DETAILS	2012	2013	2014	2015
1	Total Assets (OBS Inclusive) (₦'Trillion)	24.58	28.79	30.97	31.39
2	Total Deposit (₦'Trillion)	14.39	16.77	18.02	17.51
3	Insured Deposit (₦'Trillion)	2.31	2.20	2.31	2.66
4	Total Loans & Advances (₦'Billion)	8,150.03	10,042.73	12,626.96	13,328.77
5	Non-Performing Loans (₦' Billion)	286.09	321.66	354.84	648.91
6	Profit Before Tax (₦' Billion)	458.78	539.97	601.02	588.86
7	Adjusted Shareholders' Fund (Tier I Capital) (? 'Billion)	2,150.32	2,418.75	2,440.20	2,782.27
8	Non-Performing Loans/Total Loans (%)	3.51	3.2	2.81	4.87
9	Non-Performing Loans/Shareholders' Fund (%)	14.34	13.35	12.01	12.79
10	Capital Adequacy (%)	18.07	17.18	15.92	17.66
11	Average Liquidity Ratio (%)	68.01	50.63	53.65	58.18
12	Loans/Deposit Ratio (%)	54.29	57.95	68.11	73.76
13	Return on Assets (%)	2.62	2.33	2.29	2.18
14	Return on Equity (%)	22.2	20.71	20.34	16.93
15	Net Interest Margin (NIM) (%)	-	8.11	7.16	7.4
16	Efficiency Ratio (%)	-	61.88	48.14	71.02
17	Insured Deposit/Total Deposit Ratio (%)	16.05	13.12	12.82	15.19

Source: NDIC

Chart 11G:
TOTAL ASSETS AND TOTAL DEPOSITS FROM 2012 TO 2015

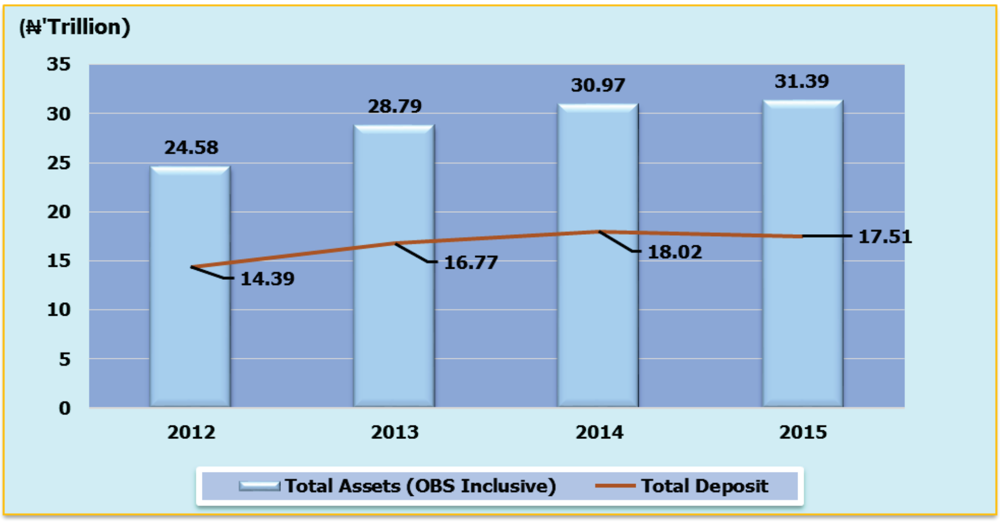


Chart 11H:
NON-PERFORMING LOANS AND TOTAL LOANS FROM 2012 TO 2015

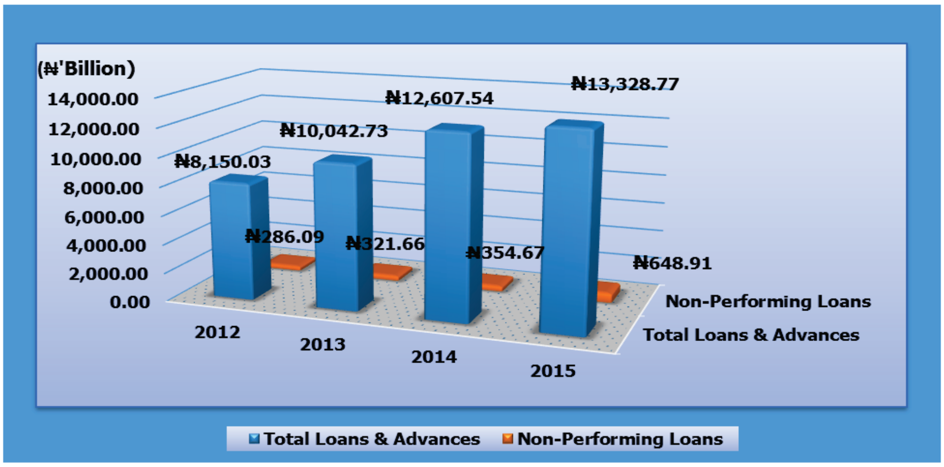


Chart 11I:
PROFIT BEFORE TAX AND ADJUSTED SHAREHOLDERS' FUNDS FROM 2012 TO 2015

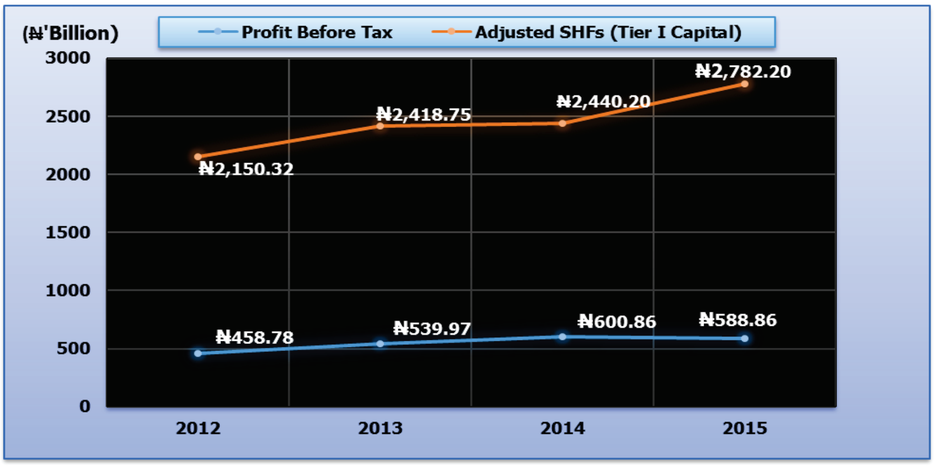


Chart 11J:
RATIO OF NON-PERFORMING LOANS/TOTAL LOANS FROM 2012 TO 2015

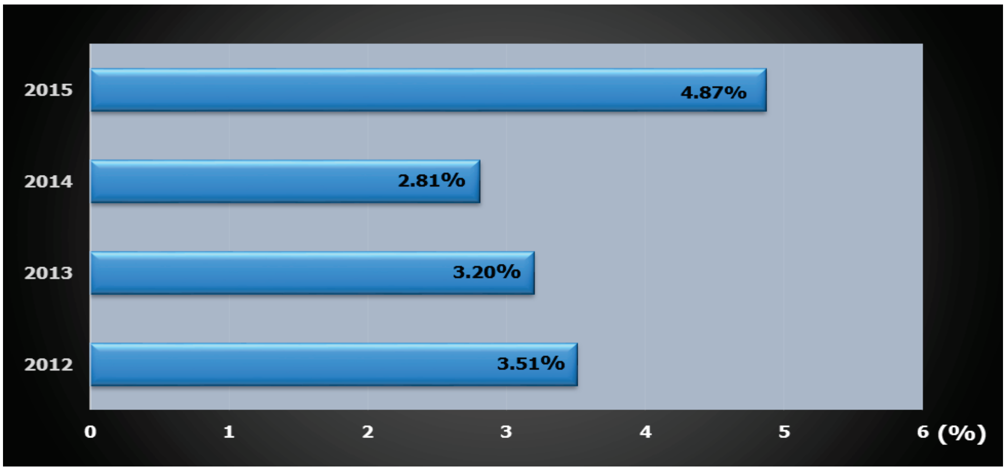


Chart 11K:
RATIOS OF NON-PERFORMING LOANS TO SHAREHOLDERS' FUND FROM 2012 TO 2015

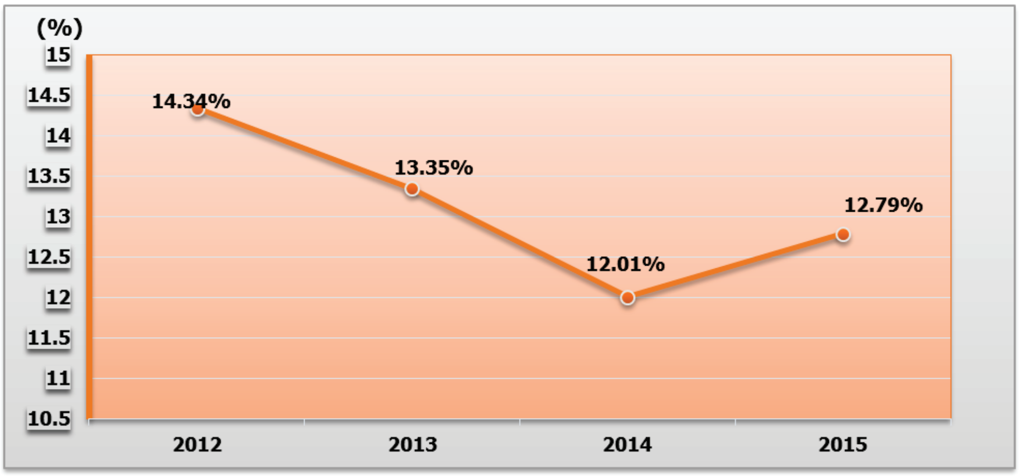


Chart 11L:
TREND ON LOANS/DEPOSIT RATIO FROM 2012 TO 2015

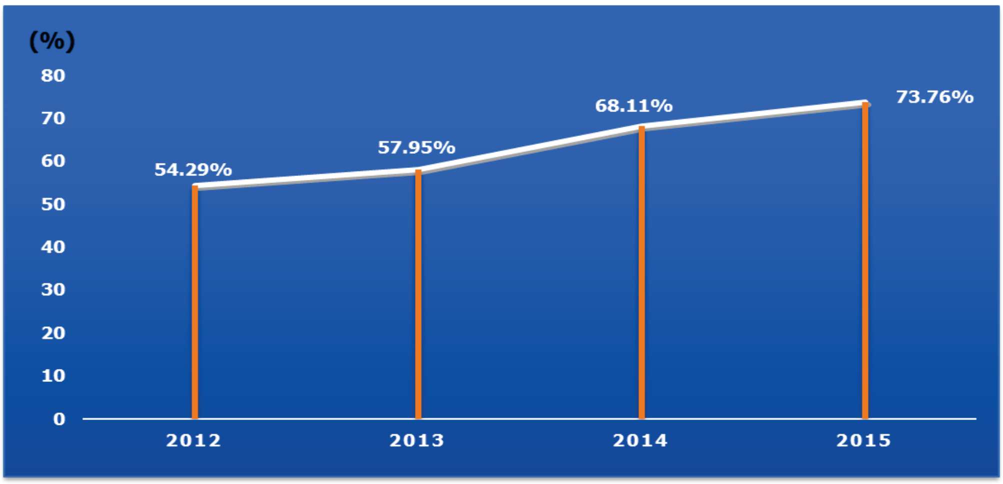


Chart 11M:
RETURNS ON ASSETS AND RETURNS ON EQUITY FROM 2012 TO 2015

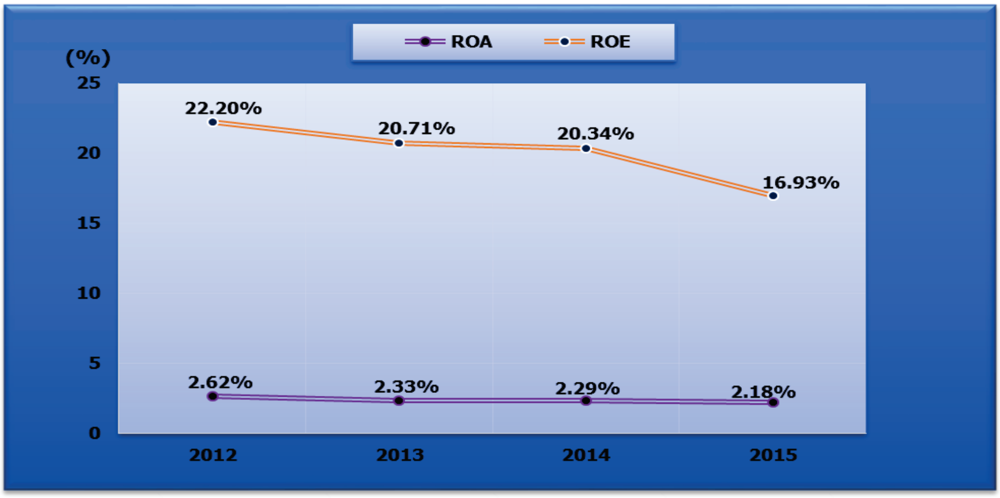


Chart 11N:
INSURED DEPOSITS AND TOTAL DEPOSITS FROM 2012 TO 2015

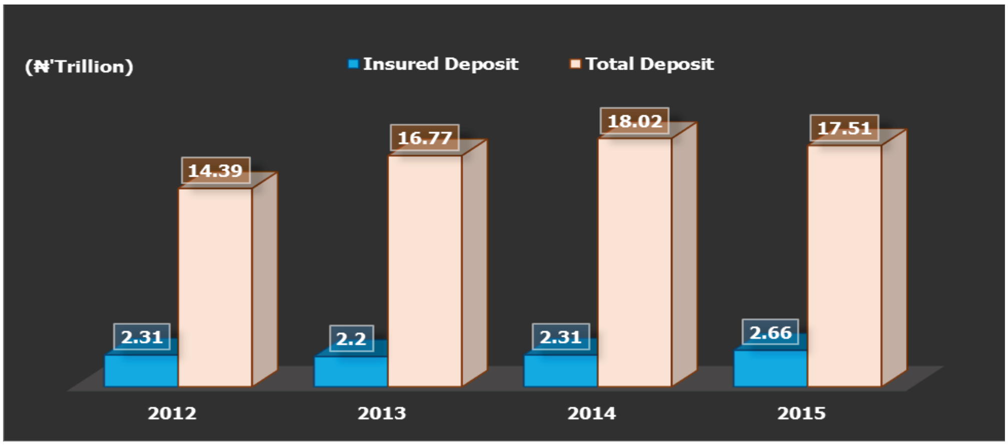
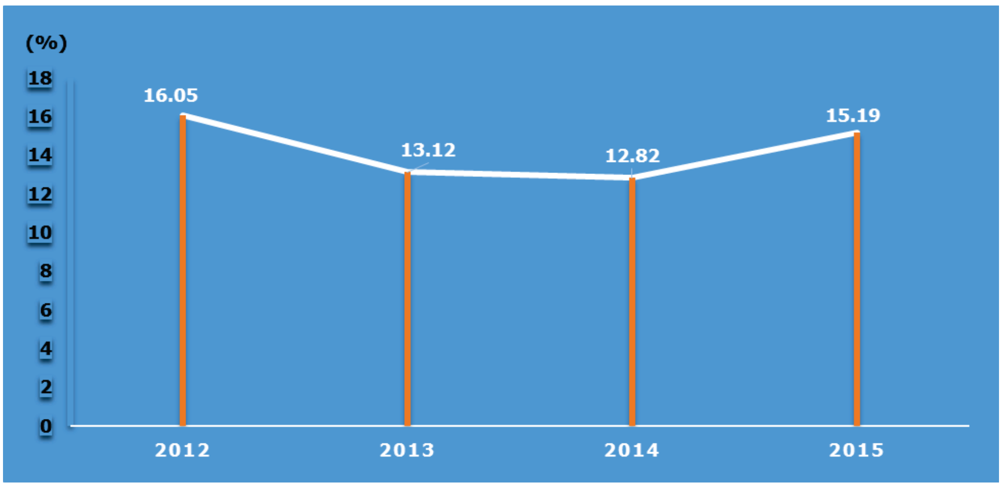


Chart 11O:
RATIO OF INSURED DEPOSITS TO TOTAL DEPOSITS FROM 2012 TO 2015



11.9 FINANCIAL CONDITION OF MICROFINANCE BANKS (MFBs)

The performance of the Microfinance Bank subsector was mixed in 2015 as it reflected the developments in the external and domestic environment. In particular, the total number of MFBs in operation increased by 7.82% from 882 in December 2014 to 951 in December 2015. Also, the number of MFBs that rendered returns improved slightly from 679 in 2014 to 739 in 2015 as shown in Table 11.7.

The MFBs paid-up capital increased by 54.40% from ₦54.52 billion (679 MFBs) in 2014 to ₦84.18 billion (739 MFBs) in 2015. The shareholders' funds recorded significant improvement as it increased by 76.06% from ₦53.04 billion in 2014 to ₦93.38 billion in 2015. The adjusted capital increased from ₦1.47 billion in 2014 to ₦55.25 billion in 2015. Consequently, the MFB subsector had an average capital adequacy ratio (CAR) of 43.75% as at 31st December, 2015. The increase in the capital base was as a result of the on-going recapitalisation by MFBs, the licensing of new MFBs by CBN as well as the increase in the number of MFBs that rendered prudential returns.

Total assets of the subsector increased by 62.78% from ₦221.79 billion in 2014 to ₦361.04 billion in 2015. Total loans and advances also increased by 46.34%, from ₦114.70 billion in 2014 to ₦167.85 billion in 2015. The quality of risk assets as reflected by the NPLs further deteriorated from 18.54% in 2014 to 23.13% in 2015. The NPL ratio of 23.13% exceeded the prudential maximum threshold of 5%.

As revealed in Table 11.7, the microfinance subsector profitability indicators showed significant decline during the period under review. Profit before tax (unaudited) decreased by 77.63% from ₦7.51 billion in 2014 to ₦1.68 billion in 2015. The decline in profit could be attributed to the significant fall in gross income by 84.72%. Also, Return On Assets (ROA) and Return On Equity (ROE) for the subsector declined from 3.39% and 14.70% in 2014 to 0.47% and 13.74% in 2015, respectively.

The liquidity position of the Microfinance Bank subsector was strong as reflected in the increase in the average liquidity ratio from 80.37% in 2014 to 119% in 2015. The subsector average liquidity ratio of 119% compared favourably with the minimum prudential threshold of 20%. Total deposits rose significantly by 45.29% from ₦110.68 billion in 2014 to ₦160.81 billion in 2015. Analogously, the Loans to Deposit Ratio (LDR)increased from 103.63% in 2014 to 104.38% in 2015, indicating significant overtrading. The penchant for huge investment in fixed assets seems to have reduced as investment in fixed assets decreased by 18.08% from ₦22.45 billion in 2014 to ₦18.39 billion in 2015.

A summary of the performance indicators is presented in Table 11.7.

Table 11.7:
SELECTED PERFORMANCE INDICATORS OF MFBs FOR 2014 AND 2015

S/No	DETAILS	2014	2015
1	Number of MFBs in Operation	882	951
2	Number of MFBs that Rendered Returns	679	739
3	Total Number of Accounts	5,665,717	8,438,227
4	Total Assets (₦'Billion)	221.79	361.04
5	Total Deposits (₦'Billion)	110.68	160.81
6	Insured Deposits (₦'Billion)	83.01	159.80
8	Total Loans & Advances (₦'Billion)	114.70	167.85
9	Gross Income(₦'Billion)	51.31	7.84
10	Interest Income(₦'Billion)	34.74	4.47
11	Non-Interest Income(₦'Billion)	16.57	3.38
12	Non-Performing Loans (NPL) (₦'Billion)	21.27	38.82
13	Profit Before Tax (PBT) (₦'Billion)	7.51	1.68
14	Total Operating Expenses (₦'Billion)	36.68	5.58
15	Total Paid-Up Capital (₦'Billion)	54.52	84.18
16	Shareholders' Fund (₦'Billion)	53.04	93.38
17	Adjusted Shareholders' Fund/Tier-1 Capital (₦'Billion)	1.47	55.25
18	Micro Loans (₦'Billion)	N/A	119.89
19	Savings (₦'Billion)	43.70	64.76
20	Investment in Fixed Assets (₦'Billion)	22.45	18.39
21	Non-Performing Loans/Total Loans (P.A.R) (%)	18.54	23.13
22	Non-Performing Loans/Shareholders Fund (%)	40.10	41.57

23	Average Liquidity Ratio (%)	80.37	119.00
24	Loans/Deposit Ratio (%)	103.63	104.38
25	Return on Assets (%)	3.39	0.47
26	Return on Equity (%)	14.70	13.74
27	Savings/Total Deposit (%)	39.48	40.27
28	CAR (%)	NIL	43.75
29	Micro loans/total loans (%)	NIL	60.06

Source: NDIC

Some of the selected performance indicators of MFBs are depicted in Charts 11P to 11U as follows:

Chart 11P:
MFBs SELECTED PERFORMANCE INDICATORS FOR 2014 AND 2015

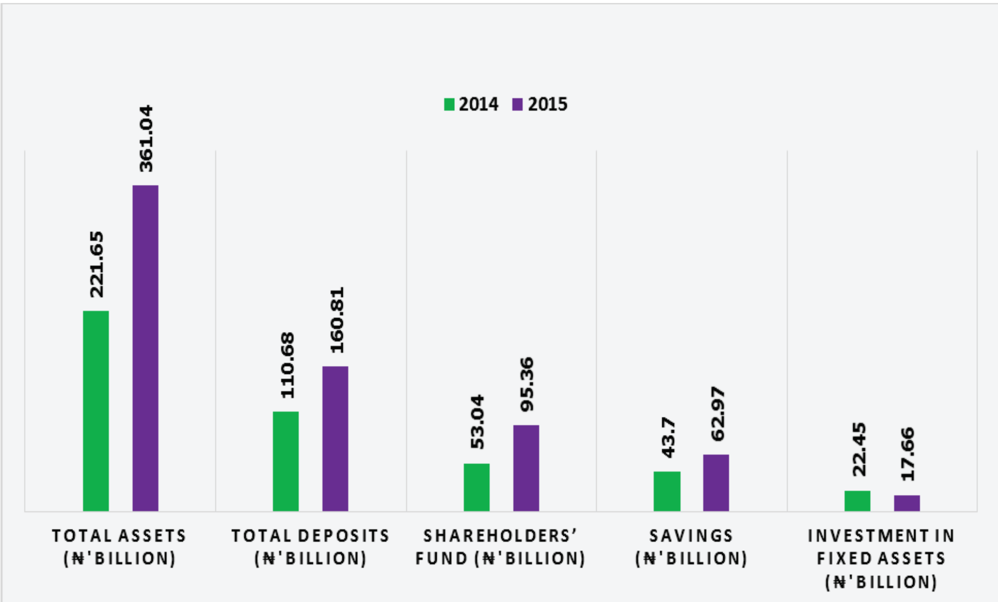


Chart 11Q:
MFBs NON-PERFORMING LOANS AND TOTAL LOANS FOR 2014 AND 2015

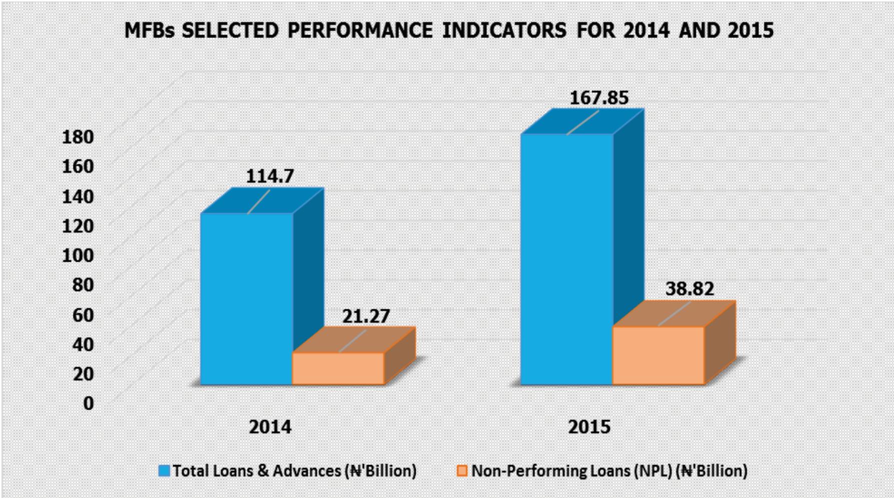


Chart 11R:
MFBs GROSS INCOME AND PROFIT BEFORE TAX FOR 2014 AND 2015

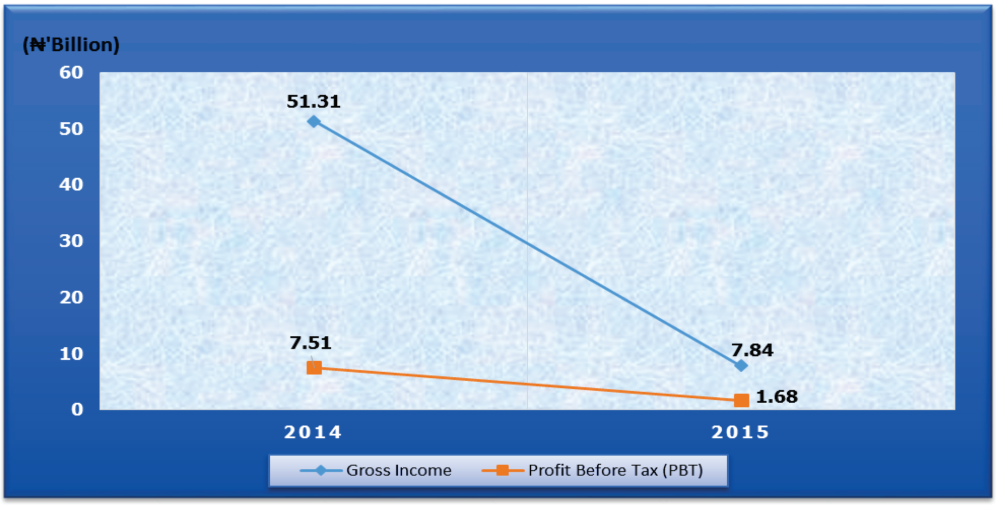


Chart 11S:
MFBs SELECTED PERFORMANCE RATIOS FOR 2014 AND 2015

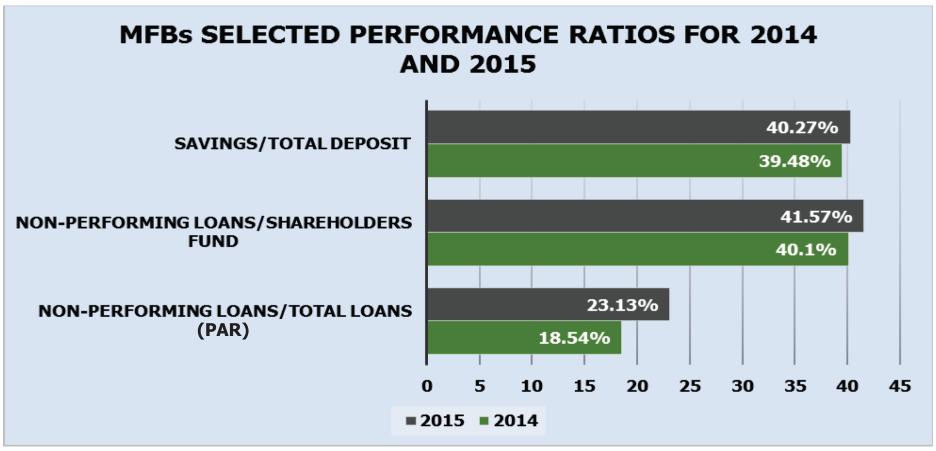


CHART 11T:
MFBs LOANS/DEPOSIT RATIO FOR 2014 AND 2015

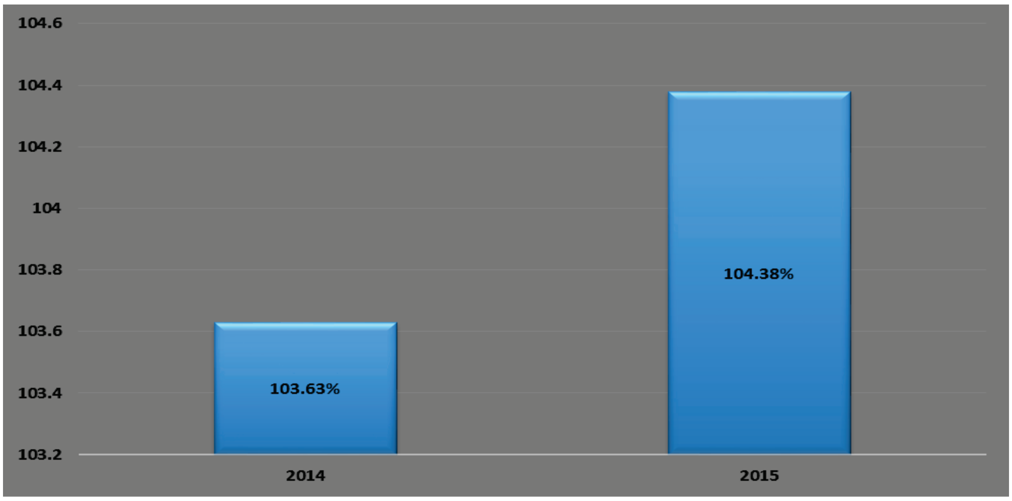
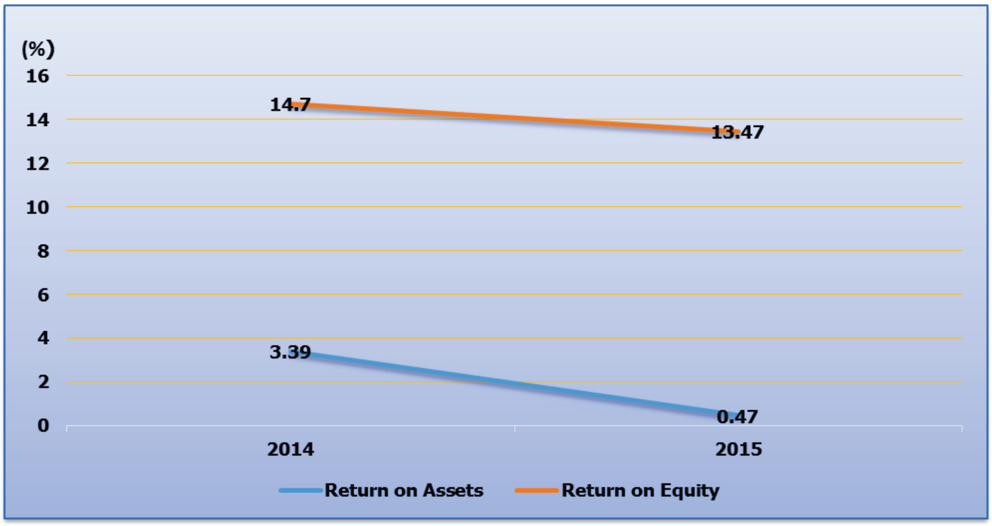


Chart 11U:
MFBs RETURNS ON ASSETS AND EQUITY FOR 2014 AND 2015



11.10 FINANCIAL CONDITION OF PRIMARY MORTGAGE BANKS

The PMBs in operation remained at 42 while the number that rendered returns increased from 23 in 2014 to 28 in 2015. Overall, the performance of the PMB subsector improved in almost all indices in comparison with 2014. The improvement in the operations of the PMBs was due to the recapitalisation of the sub-sector, enhanced compliance by PMB operators and improved supervisory oversight. It was pertinent to note that included in the 42 PMBs were seven (7) that failed to meet the CBN recapitalisation deadline but had been rendering returns and paying their deposit insurance premium.

The PMBs paid-up capital increased from ₦59.05 billion in 2014 to ₦112.40 billion in 2015, an increase of 90.35%. The shareholders' funds also increased by 93.91% to ₦138.92 billion in 2015 from ₦71.64 billion in 2014 while adjusted shareholders' funds increased by 162.35% from ₦12.59 billion in 2014 to ₦33.03 billion in 2015. The subsector recorded a Capital Adequacy Ratio of 74.04% as at December 2015 which exceeded the prudential threshold of 10%.

Total Assets of the subsector increased significantly by 116.99%, from ₦179.61 billion in 2014 to ₦389.73 billion in 2015. Total loans and advances extended by the subsector declined significantly by 31.87% to ₦168.96 billion in 2015 while the share of loans and advances as a percentage of total assets decreased to 43.35% in 2015 from 71.34% in 2014. There was an improvement in the quality of PMBs assets in the period under review as NPLs decreased by 53.99% to ₦26.02 billion as at December 2015 from ₦56.56 billion as at December 2014. The ratio of non-performing loans (NPLs) to Gross Loans decreased to 15.40% in 2015 from 44.14% in 2014. Despite that improvement, the NPLs ratio exceeded the prudential maximum threshold of 5%.

The PMBs' profitability position improved marginally by 18.64% during the period under review. Profit before tax (unaudited) rose from ₦2.79 billion in 2014 to ₦3.31 billion in 2015. The increase in profit could be attributed to significant rise in interest income and non-interest income by 90.75% and 321.05% in 2015, respectively. Return on equity (ROE) and Return on assets (ROA) on the other hand, declined marginally to 2.99% and 1.26% in 2015 from 3.89% and 1.55% in 2014, respectively. The fall in ROE/ROA could be associated with a sharp increase in operating expenses which rose to ₦13.35 billion in 2015 from ₦7.97 billion in 2014, emphasising the need for improved cost management by operators.

The PMBs' liquidity position was strong during the period under review. The mortgage sector recorded average liquidity ratio of 72.63% in 2015 as against 80.37% in the previous year. The liquidity ratio of 72.63% exceeded the prudential minimum threshold of 20%. Also, total deposits of the mortgage subsector increased significantly with a growth of 42.99% from ₦51.55 billion in 2014 to ₦73.71 billion in 2015. However, the loans to deposit ratio declined from 248.55% in 2014 to 138.84% in 2015, still indicating serious overtrading.

Table 11.8:
SELECTED PERFORMANCE INDICATORS OF PMBs FOR 2014 AND 2015

S/No	DETAILS	DEC., 2014	DEC., 2015
1	Number of PMBs in Operation	42	42
2	Number of Reporting PMBs	23	28
3	Total Assets (₦'Billion)	179.61	389.73
4	Total Deposit (₦'Billion)	51.55	121.69
5	Insured Deposit (₦'Billion)	38.66	55.28
6	Gross Total Loans & Advances (₦'Billion)	128.13	168.96
7	Gross Income (₦'Billion)	11.01	24.95
8	Interest Income (₦'Billion)	9.30	17.74
9	Non-Interest Income (₦'Billion)	1.71	7.20
10	Non-Performing Loans (₦'Billion)	56.56	26.02
11	Profit Before Tax (₦'Billion)	2.79	3.31
12	Total Operating Expenses (₦'Billion)	7.97	13.35
13	Total Paid Up Capital (₦'Billion)	59.05	112.40
14	Shareholders' Fund (₦'Billion)	71.64	138.92
15	Adjusted Shareholders' Fund/Tiers-1 Capital (₦'Billion)	12.59	33.03
16	Non-Performing Loans/Total Loans (%)	44.14	15.40
17	Non-Performing Loans/Shareholders' Funds (%)	78.95	18.73
18	Average Liquidity Ratio (%)	80.37	72.63

19	Loans/Deposit Ratio (%)	248.55	138.84
20	Return on Assets (ROA) (%)	1.55	1.26
21	Return on Equity (ROE) (%)	3.89	2.99

Source: NDIC

Charts 11V, W, X and Y below provide a pictorial representation of some selected performance indicators of PMBs:

CHART 11V:
PMBs' SELECTED PERFORMANCE INDICATORS FOR 2014 AND 2015

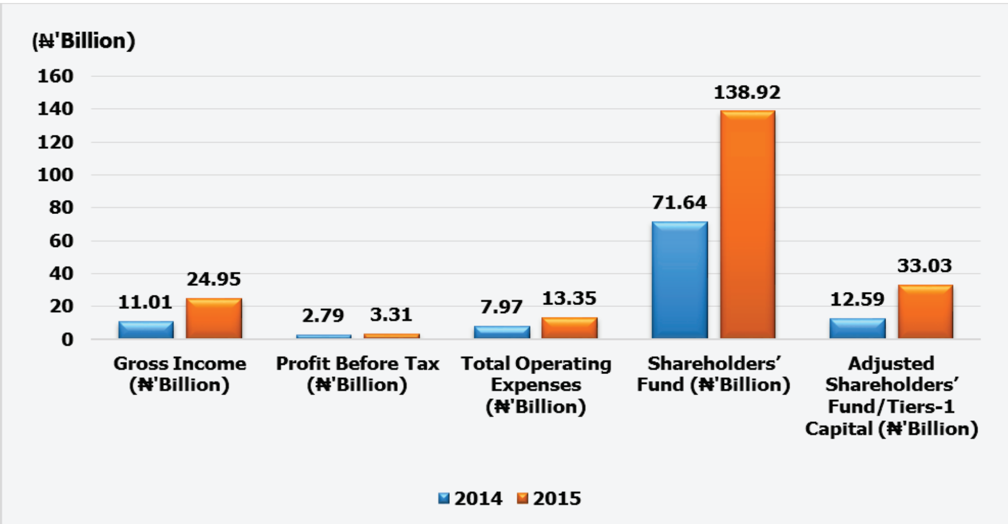


Chart 11W:
PMBs' TOTAL ASSETS, DEPOSITS, AND LOANS FOR 2014 AND 2015

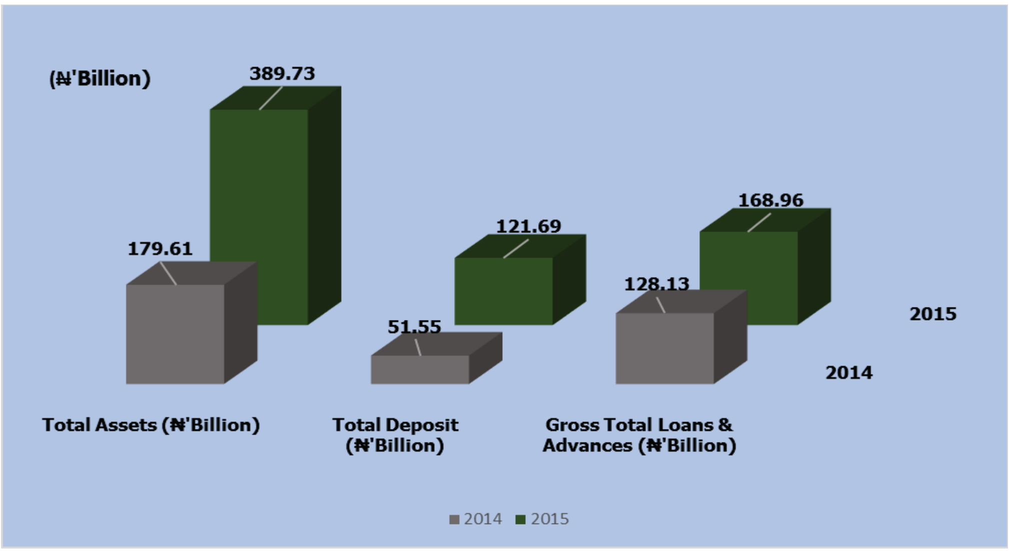


Chart 11X:
PMBs' LOANS TO DEPOSITS RATIO FOR 2014 AND 2015

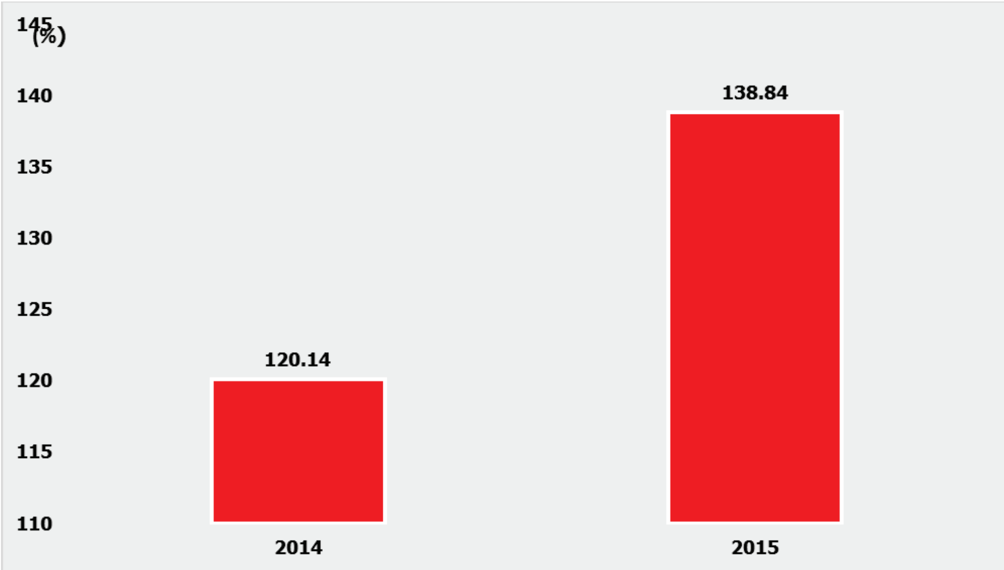
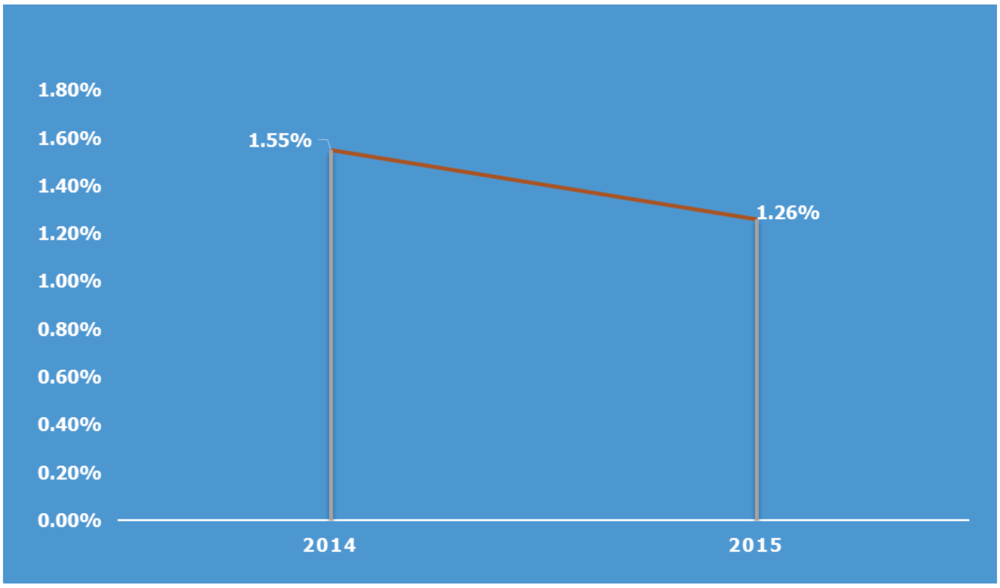


Chart 11Y:
PMBs' RETURN ON ASSETS FOR 2014 AND 2015



NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 12

STRUCUTRE OF DEPOSIT MONEY BANKS' STATEMENT OF FINANCIAL POSITION

12.0 Introduction

The Statement of Financial Position (SFP) gives an indication of the health of a bank and summarises its assets, liabilities and shareholders' equity. It is a veritable source of information for the regulatory authorities and gives investors and the public knowledge as to the net-worth of a bank as well as assist them to make informed decisions.

This section presents the SFP of insured DMBs in 2015 compared with that of 2014 with special focus on changes in the structure of assets and liabilities, shareholders' funds, and ownership structure as well as deposit liabilities.

12.1 DMBs' Structure of Assets

The banking industry structure of assets, including Contingent Liabilities is presented in Table 12.1. The table shows that total assets slightly increased by 1.36% from ₦30.97 trillion in 2014 to ₦ 31.39 trillion as at 31st December, 2015.

As a proportion of Total Assets, the following asset categories increased: Cash Balances from 1.51% in 2014 to 1.53% in 2015; Loans & Advances to Customers from 38.33% in 2014 to 38.61% in 2015; and Other Asset from 2.79% in 2014 to 3.11% in 2015. Financial Assets held for trading from 1.30% in 2014 to 1.68% in 2015; Investment Securities Available for Sale from 6.87% in 2014 to 9.11% in 2015; Investment Securities held to maturity from 7.02% in 2014 to 7.32% in 2015; and Investment in Subsidiaries & Associates from 0.96% in 2014 to 0.99% in 2015.

On the other hand, the following asset categories expressed as a proportion of total assets decreased: Balances with Banks and Central Bank from 19.63% in 2014 to 18.09% in 2015; Loans and Advances to Banks from 1.72% in 2014 to 1.52% in 2015; Asset Classified as Held for Sale and Discontinued Operations from 0.14% in 2014 to 0.02% in 2015; and Contingent Liabilities from 15.62% in 2014 to 13.92% in 2015.

Table 12.1:
DMBs STRUCTURE OF ASSETS IN 2014 AND 2015

Assets	Share of Assets as at 31st December, (%)	
	2014	2015
Cash Balances	1.51	1.53
Balances with Banks & Central Bank	19.63	18.09
Loans & Advances to Banks	1.72	1.52
Loans & Advances to Customers	38.33	38.61
Financial Assets Held for Trading	1.30	1.68
Investment Securities: Available for Sale	6.87	9.11
Investment Securities: Held to Maturity	7.02	7.32
Assets Pledged as Collateral	1.44	1.35
Investment in Subsidiaries & Associates	0.96	0.99
Property Plant and Equipment	2.67	2.75
Other Assets*	2.79	3.11
Asset Classified as Held for Sale & Discontinued Operations	0.14	0.02
Contingent Liabilities	15.62	13.92
Total Assets	**100**	**100**
Total Assets (Inclusive of Contingent Liabilities) (₦ Billions)	**30,970.49**	**31,393.28**

Source: NDIC
*Included in Other Assets are Assets of Jaiz Bank and two Non-Interest windows (Sterling Bank and Stanbic IBTC Bank)

12.2 DMBs Structure of Liabilities

The structure of liabilities of insured DMBs in 2015 in comparison with that of 2014 is given in Table 12.2. The table indicates that the following liability items expressed as a proportion of total liabilities increased during the year under review: Borrowings from 4.57% in 2014 to 6.89% in 2015; Other Liabilities from 6.78% in 2014 to 7.98% in 2015; and Shareholder's fund from 9.61% in 2014 to 11.08% in 2015.

The following categories of liabilities, expressed as a proportion of total liabilities decreased: Deposits from Banks from 2.64% in 2014 to 2.07% in 2015; Deposits from Customers from 58.19% in 2014 to 55.78% in 2015; Debt Instruments from 2.50% in 2014 to 2.23% in 2015.

TABLE 12.2:
DMBs STRUCTURE OF LIABILITIES AS AT 31ST DECEMBER, 2014 & 2015

Liabilities	% Share	
	2014	2015
Deposit from Banks	2.64	2.07
Deposit from Customers	58.19	55.78
Financial Liabilities Held for Trading	0.08	0.05
Borrowings	4.57	6.89
Debt Instrument	2.50	2.23
Other Liabilities	6.78	7.98
Shareholders' Fund	9.61	11.08
CONTINGENT LIABILITIES	15.62	13.91
Total Value of Liabilities Inclusive of Contingent Liabilities (₦' Billion)	**30,970.49**	**31,393.28**

Source: NDIC

12.3 DMBs' Shareholders' Funds

Table 12.3 presents the shareholders' funds of insured DMBs as at December 2014 and 2015. The table shows an increase of 10.13% in shareholders' funds from ₦3,169.76 billion in 2014 to ₦3,490.88 billion in 2015. As in the previous year, the increase in shareholders' fund was due to recapitalisation by some banks and retention of earnings. That development had a positive impact on the capital base of the banking industry in 2015.

TABLE 12.3:
DMBs SHAREHOLDERS' FUNDS FOR 2014 AND 2015

S/N	BANKS	SHAREHOLDERS' FUNDS (₦'BILLION)	SHAREHOLDERS' FUNDS (₦'BILLION)
		2014	**2015**
1	Access Bank Plc.	264.12	302.83
2	Citibank Nigeria Plc.	50.45	48.36
3	Coronation Merchant Bank	N/A	17.09
4	Diamond Bank Plc.	207.27	203.34
5	EcoBank Nigeria Ltd.	156.63	192.85
6	FSDH Merchant Bank Ltd.	20.91	22.23
7	First City Monument Bank Plc.	123.72	140.39
8	Fidelity Bank Plc.	174.67	167.90
9	First Bank of Nigeria Plc	432.21	441.55
10	FBN Merchant Bank Ltd	N/A	18.10
11	Guaranty Trust Bank Plc.	284.88	378.67
12	Heritage Banking Company Ltd.	54.40	60.85
13	Jaiz Bank Plc.	11.83	11.83
14	Keystone Bank Ltd.	36.30	16.41
15	Rand Merchant Bank Ltd.	13.44	21.45
16	Skye Bank Plc.	184.36	131.95
17	Stanbic IBTC Bank Plc.	81.93	82.51
18	Standard Chartered Bank Plc.	80.29	75.84
19	Sterling Bank Plc.	85.21	88.65
20	United Bank for Africa Plc.	243.08	287.16
21	Union Bank of Nigeria Plc.	149.17	213.10
22	Unity Bank Plc.	66.05	76.26
23	Wema Bank Plc.	41.40	43.74
24	Zenith Bank Plc	407.44	447.82
	Total	**3,169.76**	**3,490.88**

Source: NDIC

12.4 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. As at 31st December, 2015, the integration of operations and systems of the two acquired banks had been completed.

During the period under review, the ownership structure of Nigerian banks had some adjustments as against what obtained in 2014. Table 12.4 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% in most of the banks with the exception of Keystone Bank Ltd that had 100% government ownership as a result of its acquisition by AMCON, an agency of the government.

The table also shows that fifteen (15) out of the twenty-four (24) DMBs had some level of foreign ownership in 2015. Of that number, five (5) banks had substantial foreign ownership of above 50%, namely: Union Bank (85.9%), Citibank (81.9%), Ecobank (100%), Rand Merchant Bank (100%), and Standard Chartered Bank (99.99%).

TABLE 12.4:
DMBs OWNERSHIP STRUCTURE AS AT 31ST DECEMBER, 2015

S/N	BANKS	OWNERSHIP STRUCTURE (%)		
		GOVT.	PRIVATE (NIGERIA)	FOREIGN
1	Access Bank Plc	4.40	75.0	20.60
2	Citibank Nigeria Ltd		18.10	81.90
3	Coronation Merchant Bank	20.00	80.00	-
4	Diamond Bank Plc	0.14	62.78	37.08
5	Ecobank Nigeria Ltd	-	-	100.00
6	FSDH Merchant Bank Ltd	-	90.61	9.39
7	Fidelity Bank Plc	0.01	99.83	0.16
8	First City Monument Bank Plc	-	100.00	-
9	First Bank of Nigeria Plc	-	100.00	-
10	FBN Merchant Bank Ltd	-	100.00	-
11	Guaranty Trust Bank Plc	0.15	87.06	12.79
12	Jaiz Bank Plc	0.13	99.56	0.01
13	Heritage Banking Company Ltd	-	100.00	-
14	Keystone Bank Ltd	100.00	-	-

15	Rand Merchant Bank Ltd	-	-	100.00
16	Skye Bank Plc	-	100.00	-
17	Stanbic IBTC Bank Plc	-	100.00	-
18	Standard Chartered Bank Plc	-	0.01	99.99
19	Sterling Bank Plc	0.15	60.98	38.87
20	United Bank for Africa Plc	2.00	73.00	25.00
21	Union Bank of Nigeria Plc	0.47	13.63	85.90
22	Unity Bank Plc	8.34	91.66	
23	Wema Bank Plc	-	100.00	-
24	Zenith Bank Plc	1.32	97.78	0.90

Source: NDIC

12.5 Assets of 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 Contingent Liabilities) of ₦27.03 trillion as at 31st December, 2015, the top five (5) banks had assets of ₦14.22 trillion, representing 52.61% of the industry total assets. That proportion was, however, greater than the 50.64% recorded by the top five banks in 2014, as shown in Table 12.5.

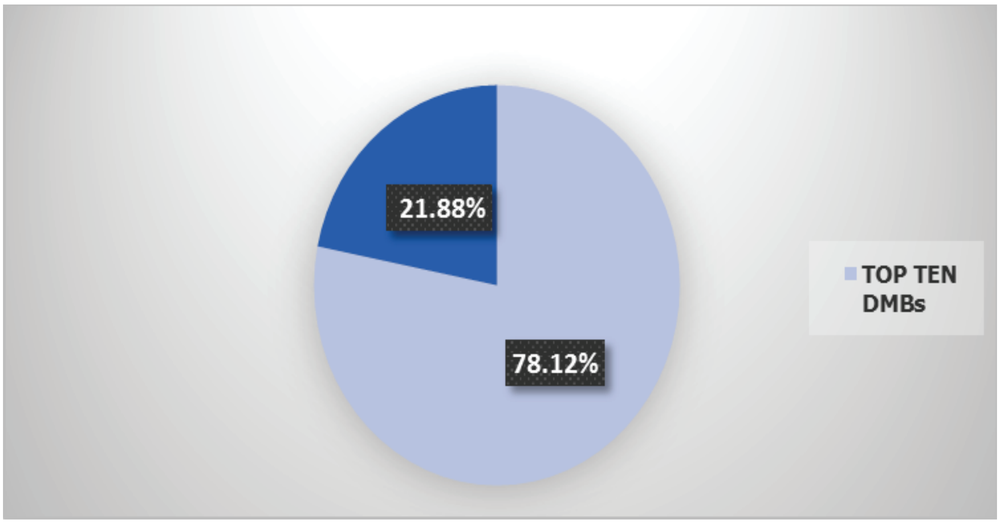
The total assets of the top ten (10) banks slightly increased from ₦20.30 trillion to ₦21.11 trillion while its proportion to industry total assets increased from 77.38% in 2014 to 78.12% in 2015, as shown in Table 12.5 and Chart 12A. The remaining fourteen (14) DMBs total assets was ₦5.91 trillion which represented 21.88% of total assets of the banking industry as at 31st December, 2015 as against ₦5.97 trillion, representing 22.72% in 2014.

Table 12.5:
MARKET SHARE OF ASSETS OF TOP DMBs

DMBs	2014		2015	
	Assets (₦' Billion)	Percentage of Total	Assets (₦' Billion)	Percentage of Total
Top 5	13,306.62	50.64	14,217.36	52.61
Top10	20,304.46	77.38	21,112.38	78.12
Other DMBs	5,971.02	22.72	5,912.82	21.88

Source: NDIC

Chart 12A:
MARKET SHARE OF ASSETS OF TOP TEN DMBs AS AT 31ST DECEMBER, 2015



12.6 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. 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. Total deposits of insured DMBs decreased from ₦18.02 trillion in 2014 to ₦17.51 trillion in 2015, representing a decrease of 2.83%. Table 12.6 and Chart 12B show the analysis of the total deposit liabilities of insured DMBs as at 31st December, 2015 with comparative figures for 2014.

12.6.1 Deposit Liabilities by Market Share

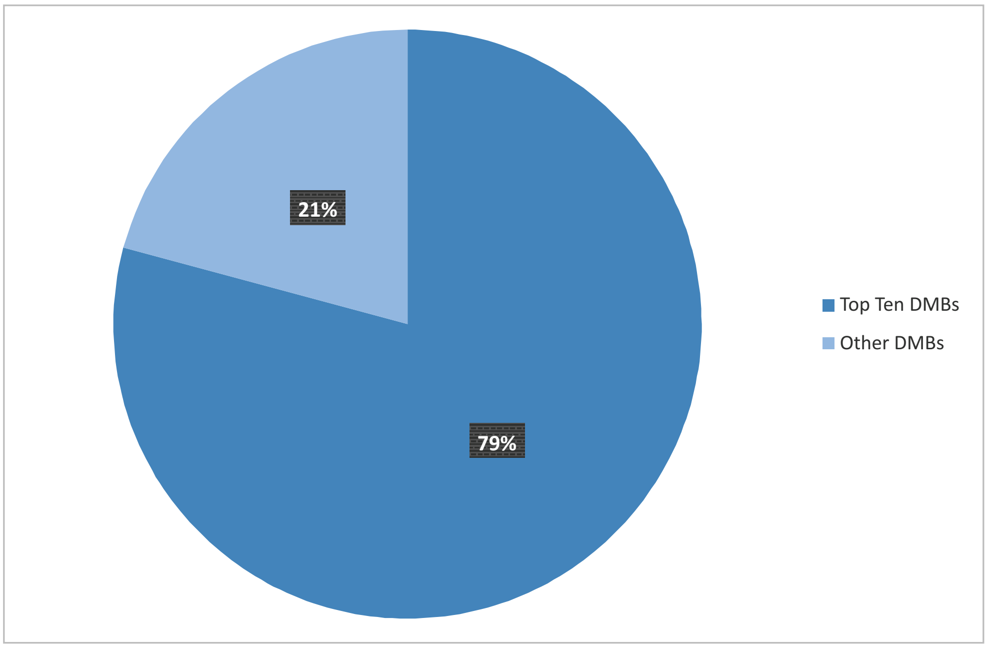
During the year under review, there was an increase in the market share of the top five (5) DMBs but a decrease in that of top ten (10) DMBs in the banking system as shown in Table 12.6 and Chart 12B. The deposits held by the top five DMBs slightly decreased in absolute terms from ₦9.34 trillion in 2014 to ₦9.33 trillion in 2015 while it increased as a percentage of total deposits from 51.83% in 2014 to 53.29% in 2015. In addition, the proportion of deposit liabilities of the top ten (10) DMBs slightly decreased from 79.29% in 2014 to 79.17% in 2015. The deposit profile of the banking industry indicated that the top ten DMBs collectively held 79.17% while the remaining fourteen DMBs held only 20.83% of the banking industry total deposits.

Table 12.6:
MARKET SHARE OF DEPOSIT LIABILITIES HELD BY THE DMBs

DMBs	2014		2015	
	Deposits (₦'Billion)	Percentage of Total (%)	Deposits (₦'Billion)	Percentage of Total (%)
Top Five DMBs	9,341.12	51.83	9,332.80	53.29
Top Ten DMBs	14,290.98	79.29	13,863.67	79.17
Other DMBs	3,732.39	20.71	3,647.97	20.83

Source: NDIC

Chart 12B:
MARKET SHARE OF DEPOSIT LIABILITIES HELD BY INSURED DMBs AS AT 31ST DECEMBER, 2015



12.6.2 Deposit Liabilities by Type

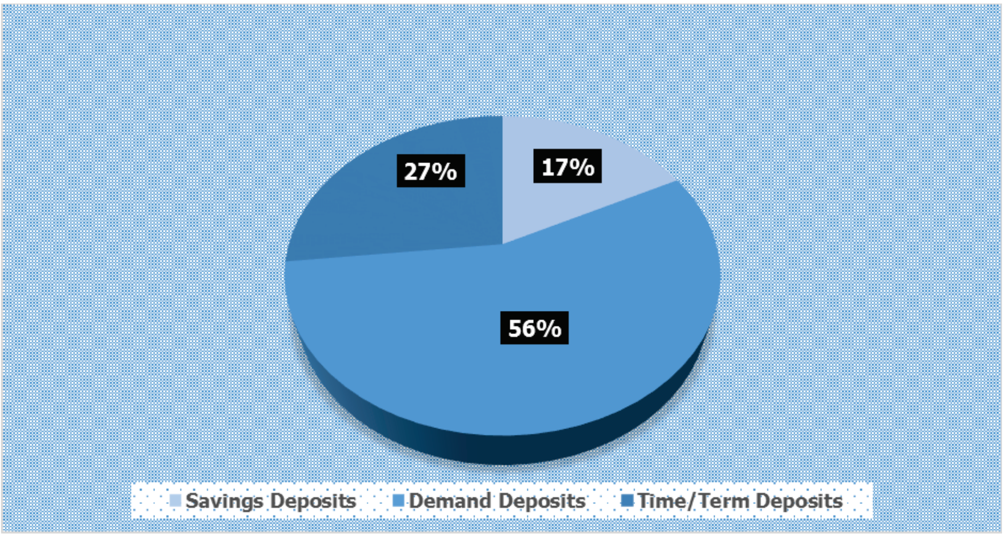
Table 12.7 and Chart 12C show that savings deposits in insured DMBs declined marginally both in absolute terms and as a proportion of total deposits from ₦3,574.03 billion or 19.83% in 2014 to ₦3,065.48 billion or 17.51% in 2015. Demand deposits, however, increased in absolute terms and as a proportion of the total deposit liabilities from ₦7,881.62 billion or 43.73% in 2014 to ₦9,760.72 billion or 55.74% as at 31st December, 2015. Time/Term deposits declined from ₦6,567.72 billion or 36.44% in 2014 to ₦4,685.44 billion or 26.76% as at 31st December, 2015.

Table 12.7:
COMPOSITION OF DEPOSIT LIABILITIES OF DMBs IN 2014 AND 2015

Types of Deposit Liabilities	2014		2015	
	Amount (₦'B)	% of Total	Amount (₦'B)	% of Total
Savings Deposits	3,574.03	19.83	3,065.48	17.51
Demand Deposits*	7,881.62	43.73	9,760.72	55.74
Time/Term Deposits	6,567.72	36.44	4,685.44	26.76
TOTAL	**18,023.37**	**100.00**	**17,511.64**	**100.00**

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

Chart 12C:
COMPOSITION OF DMBs DEPOSIT LIABILITIES BY TYPE AS AT 31ST DECEMBER, 2015



12.6.3 Deposit Liabilities by Tenor

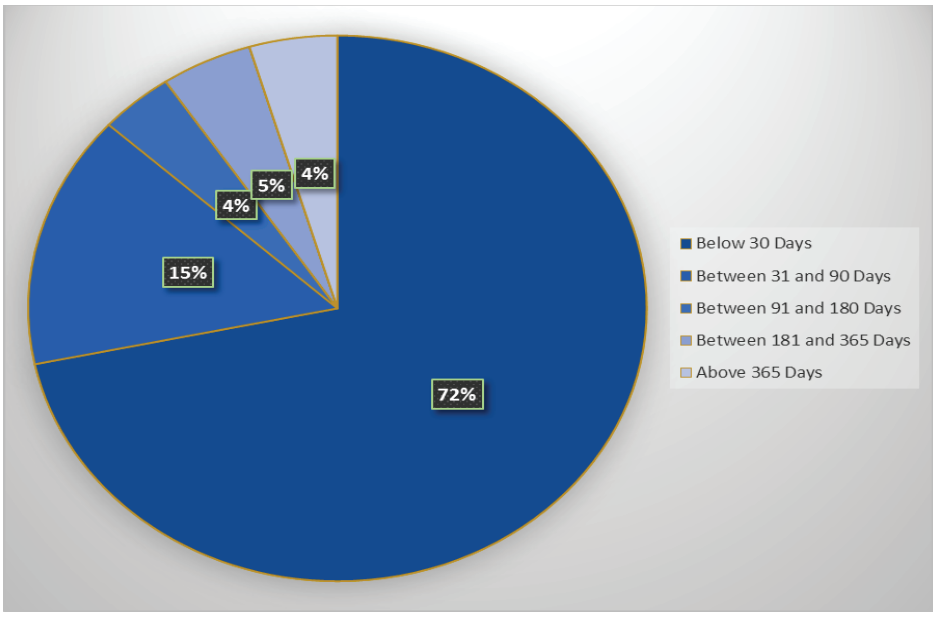
Table 12.8 and Chart 12D present the total deposit liabilities of DMBs by tenor for 2014 and 2015. An analysis of the table reveals that short term deposits of below 30 days decreased from ₦13.24 trillion in 2014 to ₦12.03 trillion in 2015, representing a decline of 9.10% and fell as a proportion of total deposits from 73.69% in 2014 to 71.72% in 2015. Deposits with tenor of between 31 and 90 days increased in absolute terms and as a percentage of total deposit liabilities from ₦2.45 trillion or 13.63 % in 2014 to ₦2.52 trillion or 15.03% in 2015. Deposits with tenor of between 91 and 180 days decreased in both absolute terms and as a percentage of total deposit liabilities from ₦987.48 billion or 5.50% in 2014 to ₦649.58 billion or 3.87% in 2015. Deposits with tenor of between 181 and 365 days increased slightly from ₦627.61 billion or 3.49% in 2014 to ₦801.67 billion or 4.78% in 2015. Long-term funds of more than 365 days' duration also increased both in absolute terms and as a proportion of total deposit liabilities from ₦663.50 billion or 3.69% as at December 2014 to ₦771.08 billion or 4.60% as at 31st December, 2015.

Table 12.8:
MATURITY PROFILE OF DMBs' DEPOSIT LIABILITIES AS AT 31ST DECEMBER, 2015

Types of Deposits	2014		2015	
	Amount (₦' B)	% of Total	Amount (₦' B)	% of Total
Below 30 Days	13,238.05	73.69	12,032.77	71.72
Between 31 and 90 Days	2,448.37	13.63	2,521.53	15.03
Between 91 and 180 Days	987.48	5.50	649.58	3.87
Between 181 and 365 Days	627.61	3.49	801.67	4.78
Above 365 Days	663.50	3.69	771.08	4.60
TOTAL	**17,965.01**	**100.00**	**16,776.63**	**100.00**

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

Chart 12D:
MATURITY PROFILE OF DMBs' DEPOSIT LIABILITIES



SECTION 13

FRAUDS AND FIDELITY BOND INSURANCE COVER

13.0 Introduction

Sections 35 and 36 of the NDIC Act 2006 require all insured deposit-taking financial institutions to render monthly returns on frauds, forgeries or outright theft involving their staff as well as notify the NDIC of any staff involvement and disciplinary action(s) meted out on grounds of frauds, forgeries or any other financial malpractices. During the period under review, most of the DMBs in the industry were in compliance with the provisions of these sections as required by the Act.

The report was based on the 2015 Frauds and Forgeries submissions to the Regulating Authorities by the DMBs. A total of 268 responses were received from 24 banks with 48 recording nil responses. The nil returns were rendered by Coronation, FSDH and Rand Merchant banks. Similarly, Heritage and Jaiz banks rendered zero (nil) returns for three quarters in the year under review.

This section presents report on the fraud and forgeries in the banking industry, their type, nature and other vital statistics as recorded in 2015.

13.1 Frauds and Forgeries in Insured DMBs in 2015

The rising incidence of frauds and forgeries in the banking system continued in 2015. During the period under review, a total of 12,279 fraud cases were reported from the 268 responses, representing a 15.71% increase over the 10,612 fraud cases reported in 2014. The amount involved, however, decreased by ₦7.59 billion or 29.63% from ₦25.608 billion in 2014 to ₦18.021 billion in 2015.

Similarly, the expected/actual loss decreased by ₦3.02 billion or 48.79% from ₦6.19 billion in 2014 to ₦3.17 billion in 2015.

Table 13.1 and Charts 13A and 13B present a summary of returns on frauds and forgeries in 2014 and 2015.

Table 13.1:
FRAUDS AND FORGERIES IN INSURED DMBs IN 2014 AND 2015

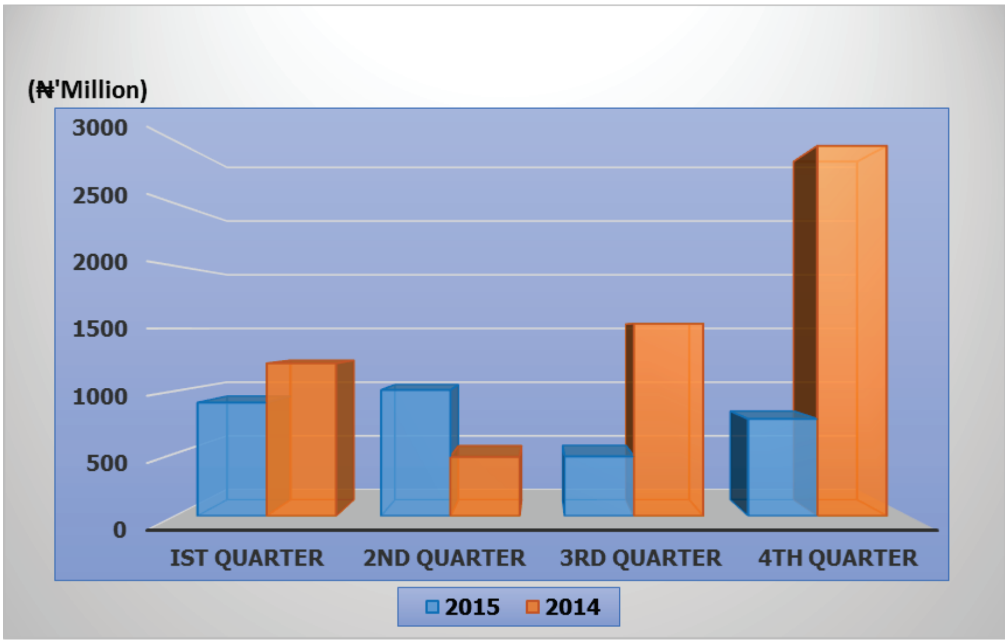
Quarter	Year	Total No. of Fraud Cases	Total Amount Involved (₦'m)	Total Expected Loss (N'm)	Proportion of Expected Loss To Amount Involved (%)
1st	2015	3,702	2,444	907	37.11
	2014	1,897	3,552	1,221	34.38
2nd	2015	2,219	9,584	1,008	10.52
	2014	2,357	12,915	473	3.66
3rd	2015	3,550	2,119	479	22.61
	2014	2,173	4,002	1,538	38.43
4th	2015	2,808	3,874	776	20.03
	2014	4,194	5,139	2,960	57.60
Total	2015	12,279	18,021	3,173	17.61
	2014	10,621	25,608	6,192	24.18

Source: NDIC

The reduction in the rate of successful frauds as well as total expected/actual loss in 2015 could be attributed to increased vigilance by the banks, deployment of improved security architecture as well as improved risk management practices especially in operational risk management and improved Regulatory/Supervisory oversight.

Chart 13A:
AMOUNT INVOLVED IN FRAUDS AND FORGERIES IN 2014 AND 2015

Chart 13B:
EXPECTED LOSS DUE TO FRAUDS AND FORGERIES IN 2014 & 2015



13.2 Incidence and Types of Frauds and Forgeries Reported

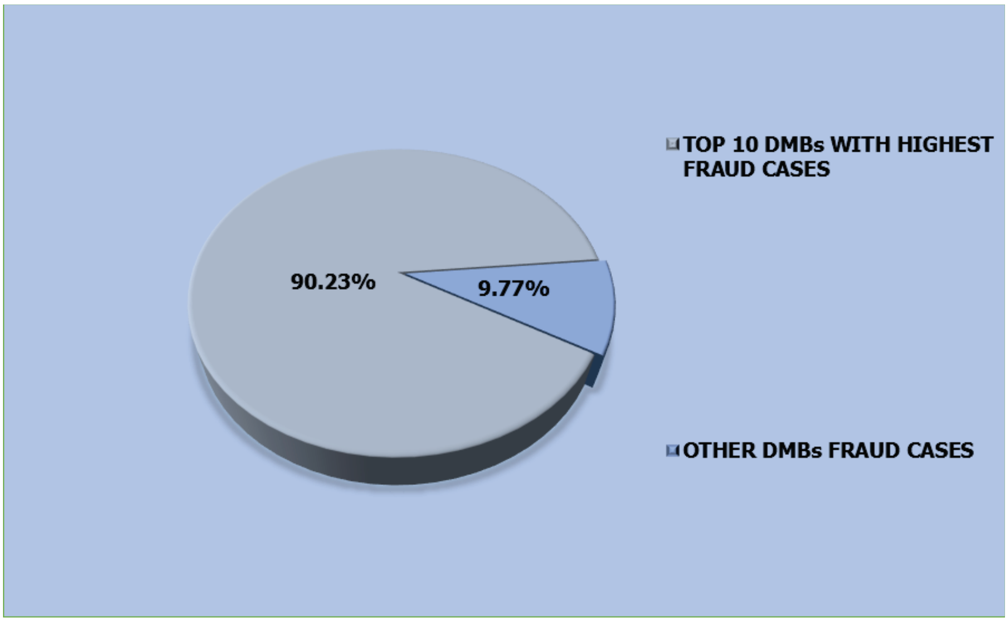
Table 13.2 shows that the top ten (10) DMBs with the highest amount of reported fraud cases accounted for 90.23% of the banking industry fraud cases in 2015 as against 85.54% in 2014. The actual loss suffered by the top 10 DMBs amounted to ₦2.58 billion or 81.28% of the industry total loss in 2015 as depicted in Chart 13C. Whereas the fraud cases from the top ten DMBs amounted, to ₦16.26 billion in 2015 as against ₦21.90 billion in 2014, the share of fraud by these DMBs increased from 85.54% in 2014 to 90.23% in 2015.

Table 13.2:
PROPORTION OF FRAUD CASES REPORTED BY TOP 10 DMBs IN 2015

GROUP	2014		2015	
	Amount Involved (₦' M)	% Share	Amount Involved (₦' M)	% Share
Top 10 DMBs	21,904.45	85.54	16,261.64	90.23
Total For All DMBs	25,608.06	100.00	18,022.49	100.00

Source: NDIC

Chart 13C:
TOP 10 DMBs WITH THE HIGHEST FRAUD CASES IN 2015



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 13.3.

Table 13.3:
TYPES OF FRAUDS AND FORGERIES WITH FREQUENCY AND ACTUAL LOSSES SUSTAINED

2015				2014	
S/N	**NATURE OF FRAUD**	**FREQUENCY**	**ACTUAL LOSS SUSTAINED (₦ 'B)**	**FREQUENCY**	**ACTUAL LOSS SUSTAINED (₦ 'B)**
1	ATM/Card-Related Fraud	8,039	0.504	7,181	1.242
2	Web-Based (Internet Banking) fraud	1,471	0.857	1,271	3.196
3	Fraudulent Transfer/ Withdrawal Of Deposit	1,396	0.562	1,099	0.583
4	Suppression Of Customer Deposit	602	0.218	483	0.312
5	Fraudulent Conversion Of Cheques	71	0.049	138	0.088

6	Presentation Of Stolen Cheques	132	0.054	59	0.054
7	Presentation Of Forged Cheques	69	0.067	62	0.067
8	Outright Theft By Staff(cash defalcation)	213	0.146	107	0.297
9	Unauthorized Credits	143	0.587	98	0.231
10	Outright theft by Outsiders/Customers	33	0.021	14	0.021
11	Foreign Currencies Theft	18	0.033	22	0.033
12	Diversion Of Bank charges (Commissions & Fees)	92	0.075	87	0.069
	TOTAL	12,279	3.173	10,621	6.193

Source: NDIC

As presented in Table 13.3, the frequency of occurrence of web-based (internet banking) fraud considerably increased in 2015 over the 2014 position. The actual Loss sustained in respect of internet banking fraud was ₦857 million (representing 27% of total actual loss) of the banking industry. That was a significant drop of 73.2% from the 2014 value recorded and the highest actual loss figure for the review year.

There was also an increase in the frequency of ATM/Card-Related Fraud cases from 7,181 in 2014 to 8,039 in 2015 representing an increase of 11.95%. However, the loss suffered by the industry due to such frauds declined significantly by 59.4% from the previous year figure of ₦1.242 billion to ₦0.504 billion, representing 15.9% of total industry loss to frauds and forgeries.

The increasing frequency of occurrence of frauds in all categories, except fraudulent conversion of cheques, reflects the fall of "values" in the society.

To address the rising incidence of frauds, the DMBs should embark on global collaboration to mitigate cybercrimes, improvement in IT, strengthening of internal controls, and enhancing their operational risk management practices, taking cognisance of current trends. In the same vein, bank customers should be enlightened on the need to be security conscious and avoid the disclosure of their ATM card information to third parties.

13.3 Staff involved in Frauds and Forgeries

All the 24 DMBs rendered Returns on Dismissed/Terminated staff as a result of frauds and forgeries during the year under review. Out of the 12,279 fraud cases reported by the DMBs, 425 cases were attributed to staff/staff involvement. The number of fraud cases perpetrated by staff had decreased from 465 in 2014 to 425 in 2015. Similarly, losses arising therefrom substantially decreased by 70% from N3.165 billion in 2014 to N0.979 billion in 2015.

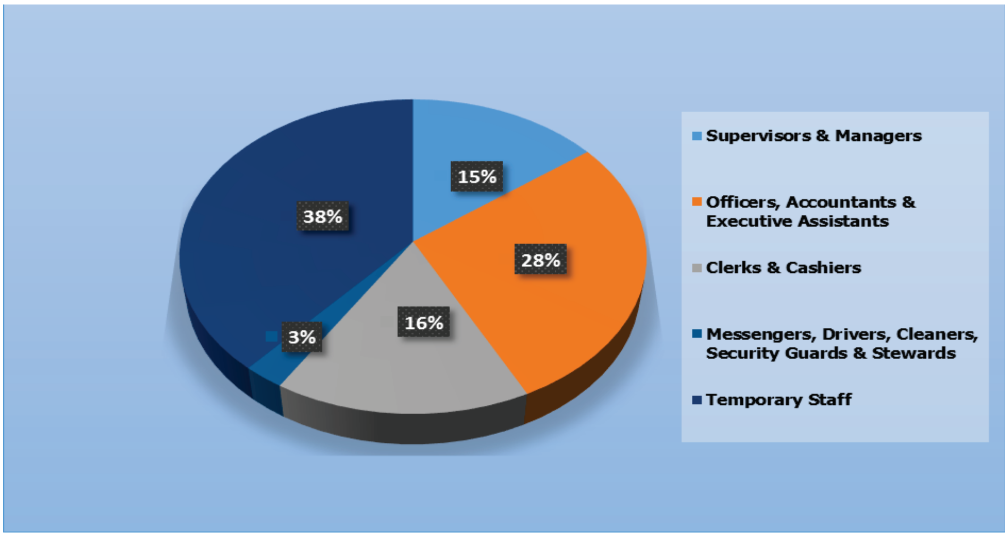
Table 13.4 and Chart 13D show the number of staff involved in frauds and forgeries in the last three years with their status.

Table 13.4:
CATEGORIES OF STAFF INVOLVED IN FRAUDS AND FORGERIES FROM 2013 TO 2015.

Status	2013		2014		2015	
	Number	%	Number	%	Number	%
Supervisors & Managers	97	14.22	58	12.47	62	14.59
Officers, Accountants & Executive Assistants	234	34.31	176	37.85	119	28.00
Clerks & Cashiers	128	18.77	78	16.77	69	16.24
Secretaries and Technicians	12	1.76	0	0.00	0	0.00
Messengers, Drivers, Cleaners, Security Guards & Stewards	34	4.99	2	0.43	11	2.59
Full Staff	33	4.84				
Temporary Staff	144	21.11	126	27.10	164	38.59
Others	-	-	25	5.38	-	-
Total	**682**	**100**	**465**	**100**	**425**	**100**

Source: NDIC

Chart 13D:
CATEGORIES OF STAFF INVOLVED IN FRAUDS AND FORGERIES IN 2015



From Table 13.4 the highest percentage (38.59%) of frauds and forgeries cases of 38.59% was perpetrated by temporary staff. That was followed by Officers, Accountants & Executive Assistants which constituted 28% of the total, fraud involving staff. Going forward, the DMBs should avoid the deployment of casual staff to sensitive areas.

13.4 Banks' Fidelity Bond Insurance Cover

All DMBs are required to take Fidelity Guarantee Insurance cover to cushion losses that could result from fraud and forgeries by staff in line with the provisions of Section 33 of the NDIC Act 2006. Accordingly, all insured institutions should have fidelity insurance cover of at least, 15% of their paid-up capital as at 31st December of the preceding year. Table 13.5 presents DMBs' compliance with the NDIC's fidelity bond insurance cover in 2015.

TABLE 13.5:
DMBs' COMPLIANCE WITH THE NDIC FIDELITY INSURANCE COVER REQUIREMENT FROM 2012 TO 2015

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
2015	24	22	12	50
2014	24	24	21	88
2013	24	24	6	25
2012	20	20	7	35

Source: NDIC

Table 13.5 shows that twenty two (22) out of twenty four (24) DMBs rendered returns on Fidelity Guarantee Insurance cover during the year under review. Out of the twenty two (22) DMBs that rendered returns, only twelve (12) or 54.55% maintained adequate Fidelity Insurance cover as required, while the remaining ten (10) banks had their cover below the required 15% of their paid-up capital.

All the DMBs that failed to meet the required Fidelity Insurance coverage of 15% of their paid-up capital in accordance with the NDIC Act of 2006 were mandated to comply forthwith.

SECTION 14

MAJOR DEVELOPMENTS IN OTHER INSURED FINANCIAL INSTITUTIONS

14.0 Introduction

Microfinance Banks (MFBs) and Primary Mortgage Banks (PMBs) are the two (2) categories of banks referred to as Other Insured Deposit-Taking Financial Institutions under the supervisory purview of the NDIC. The MFB initiative was informed by the need to assist the economically active poor individuals/households have access to credit facilities and other formal financial services. Similarly, the PMBs were established under the Federal Government's National Housing Policy to address the housing deficit in the nation's housing sector.

As in previous years, all licensed MFBs and PMBs remained as members of the Deposit Insurance System (DIS) in line with the provisions of the NDIC Act No.16 of 2006.
The major developments, in the MFBs and PMBs subsector in 2015 are presented in this section.

14.1 Operations of Microfinance Banks in Nigeria

The Microfinance Policy was launched on 15th December, 2005 by the CBN to strengthen the banking sector reforms and enhance financial inclusion, thereby improving the capacity of Micro, Small and Medium Enterprises (MSMEs). The CBN issued a revised Guidelines in September, 2013 to enhance the provision of diversified microfinance services on a sustainable basis for the economically active poor and low income earners.

The Policy identified three categories of MFBs viz:

- 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.).

- 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 other models of Microfinance Bank namely: Fully-Owned Government Microfinance Bank; Public Private Partnership Microfinance Model and Government-Supported Cooperative Model. The fully-owned government MFB has two variants namely: Government Fully-Owned State Microfinance Bank and Government Fully-Owned Unit Microfinance Bank.

As at 31st December, 2015, there were 951 Microfinance banks in operation compared with 882 in 2014. Table I4.1 and Chart I4.1 show the distribution of the MFBs by Geo-Political Zones in 2014 and 2015.

Table I4.1:
MFBs BY GEO-POLITICAL ZONES IN 2014 AND 2015

	2014		2015	
Geo-Political Zone	**No. of MFBs**	**% Per Zone**	**No. of MFBs**	**% Per Zone**
North-West	104	11.79	123	12.93
North-Central	160	18.14	165	17.35
North-East	38	4.31	49	5.15
South-West	313	35.49	334	35.12
South-East	166	18.82	172	18.09
South-South	101	11.45	108	11.36
Total	**882**	**100.00**	**951**	**100.00**

Source: NDIC

Chart I4.1
MFBs BY GEO-POLITICAL ZONES IN 2015

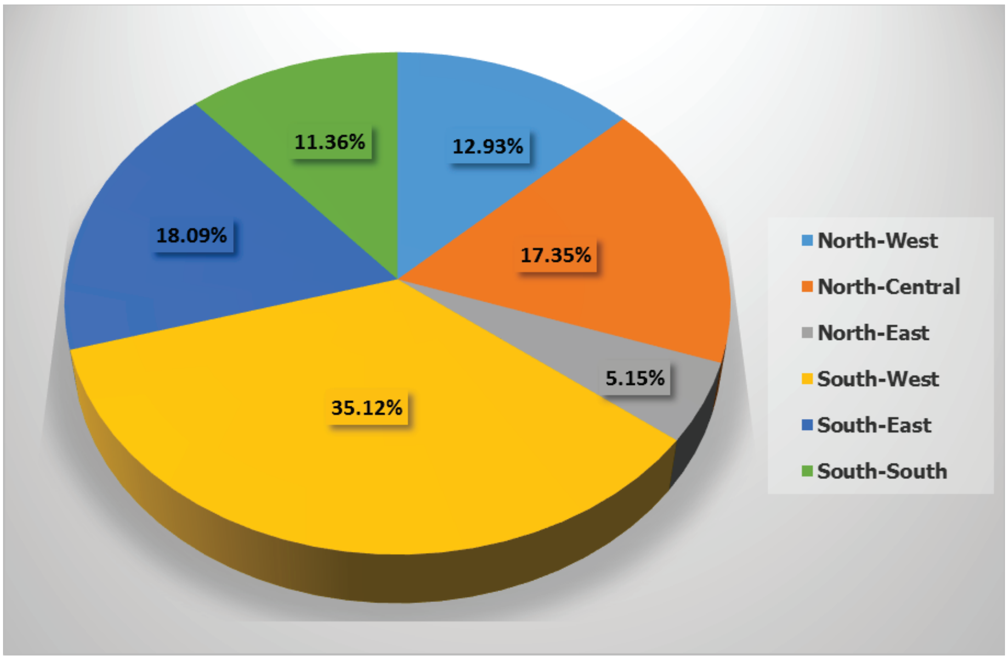


Table 14.1 and Chart 14.1 show that the South-West Zone had the highest concentration with 334 MFBs or 35.12%, South-East had 172 MFBs or 18.09% and North-Central had 165 MFBs or 17.35%. The North-East Zone had the lowest with only 49 MFBs or 5.15% of the total, though an increase over the 38 MFBs in 2014.

14.1.2 Participation of MFBs in the Disbursement 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 a N220 billion Micro, Small and Medium Enterprises Development Fund (MSMEDF) on 15th August, 2013. That was in recognition of the invaluable contributions of the Micro, Small and Medium Enterprises (MSME) sub-sector to the economy. 60% of the Fund was earmarked for providing financial services to women.

The framework provides that each of the 36 states and the FCT would be entitled to access as much as ₦2 billion from the fund. The Fund would not be disbursed to the states directly but through Participating Financial Institutions (PFIs) in their States which were expected to effect the disbursements directly to the beneficiaries. Funding for women from the Fund is expected to increased annually by at least 15% to eliminate gender disparity.

As at 31st December, 2015, the sum of ₦52.33 billion had been disbursed to various institutions as shown in Table 14.2.

Table 14.2:
MSMEDF DISBURSEMENTS AS AT 31ST DECEMBER, 2015

S/NO	CATEGORY OF INSTITUTIONS	AMOUNT APPROVED (Million)	AMOUNT DISBURSED (Million)	SHARE OF DISBURSED (%)
1	Financial Cooperatives	65.70	65.70	0.12
2	Microfinance Banks	4,527.25	4,517.24	8.63
3	NGO-MFIs	141.00	141.00	0.27
4	State Governments	42,652.88	42,652.88	81.51
5	Deposit Money Banks	4,954.01	4,954.01	9.47
6	Development Finance Institutions	0.00	0.00	-
	TOTAL	**52,340.83**	**52,330.82**	**100.00**

14.1.3. Challenges faced by the Microfinance Sub-Sector

Challenges faced by the MFBs sub-sector during the year under review remained as in the previous year. Some of the challenges included:

i) Weak Capital Base

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

ii) Poor Asset Quality

The level of classified credits/portfolio-at-risk (PAR) in some of the MFBs, as revealed by examination reports, was found to be worrisome. Some of the MFBs had PAR ratios in excess of 50% as against the prudential threshold of 5%. The "Know Your Customer" (KYC) rule which ought to be the prime driver in lending decisions had been overtaken by the penchant for immediate profit. The slow and cumbersome legal and judicial process 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 Skills and Experience

As a novel business practice in the country, 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.

Meanwhile, the CIBN's effort in certifying the MFBs Operators was quite commendable. Also, NDIC's annual workshop in addressing selected skill gaps had proved invaluable.

iv) Poor Corporate Governance Practices

A sound and focused Board is responsible for establishing strategic objectives, policies and procedures that would guide and direct the activities of MFBs; such Boards were lacking in some MFBs examined. Also, there were series of incidences of self-serving practices and insider abuse.

v) Inadequate Management Information System

Many of the MFBs were yet to be computerized as their operations were still manual. Such operations had implications for the full adoption of FinA regulating/supervisory application for the electronic rendition of Statutory Returns.

vi) Huge Operating Costs

The operating expenses of the MFBs remained high during the period under review because of the poor state of infrastructure in the country. As observed in the previous period, the cost of office accommodation mostly in the urban areas and unsustainable salaries and wage bills resulted in high overheads. The resultant effect was iliquidity as funds that would have been utilized to create earning assets were otherwise utilized.

vii) Scarcity of Loan-able Funds

MFBs relied mainly on deposits for creating loans and advances and for funding their operations. However, many of the MFBs had limited funds to grant credits to their customers due to their inability to access wholesale funding.

viii) High illiteracy level

High illiteracy level especially in the rural areas continued to constitute communication barriers to the promotion of microfinance practice and thus inhibiting financial inclusion. The incidence of the financially uninformed having penchant to keep their funds in their homes still persisted.

14.2 Operations of Primary Mortgage Banks (PMBs) in Nigeria

During the year under review, forty-two (42) PMBs were in operation. Six (6) out of the forty-two (42) PMBs failed to meet the initial deadline of 31st December, 2014 set by CBN for all PMBs to comply with the minimum capital requirement of ₦2.5 billion and ₦5 billion for States and National PMBs, respectively.

Table 14.3 and Chart 14.2 show the distribution of PMBs by geo-political Zones in 2015.

Table 14.3:
PMBS BY GEO-POLITICAL ZONES IN 2015

Geo-Political Zone	No. of PMBs	% Per Zone
North-West	2	5
North-Central	5	12
North-East	1	2
South-West	28	67
South-East	4	9
South-South	2	5
Total	**42**	**100**

Source: NDIC

Chart I4.2:
DISTRIBUTION OF PMBs by GEO-POLITICAL ZONES AS AT 31ST DECEMBER, 2015

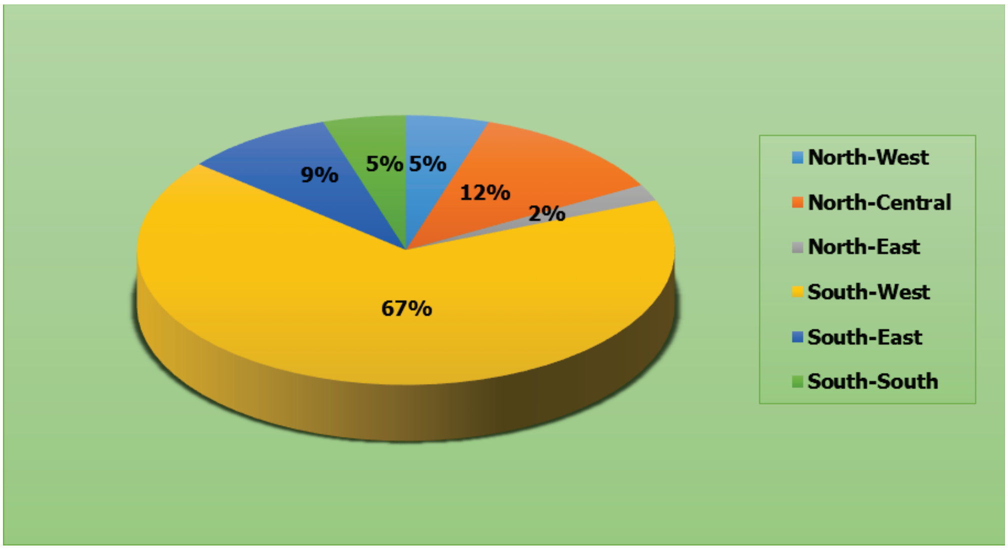


Table 14.3 shows that the South-West Zone had the highest concentration of PMBs with a total number of 28 or 67% of the total while the North-East Zone had the least with just 1 PMB.

To further sanitize the PMB subsector, the CBN during the period under review, granted an approval for the acquisition of Union Homes Savings and Loans by Aso Savings and Loans Plc. However, as at 31st December 2015, the acquisition was not concluded as both parties were yet to fulfil the CBN requirements.

It is instructive to note that Sun Trust Savings & Loans Limited was granted banking licence to operate as a Regional DMB by the CBN. However, the bank would commence operation in March 2016.

14.2 Federal Government Initiative to Support PMBs

The Nigeria Mortgage Refinancing Corporation (NMRC) was established to provide mortgage-lending institutions with access to long-term finance at an affordable interest rate. The NMRC is a Federal Government initiative to provide affordable housing for Nigerians through loans accessed from mortgage bank and DMBs. NMRC would contribute to a better alignment of the Housing Finance Programme.

One of the roles of NMRC is to provide liquidity to financial institutions to enable them refinance illiquid mortgage assets. The NMRC which started with US$300 Million IDA loan (Tier 2 capital) had raised ₦8.5 billion equity from participating PMBs and DMBs.

14.3 Challenges Faced By the PMBs

During the year under review, the PMBs encountered many challenges that militated against the attainment of the policy objectives. Some of the challenges included:

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

The PMBs encountered delays before the NHF funds are disbursed to a few of them. Some PMBs had the challenge with providing the required Bank Guarantee to access the Funds. Only four (4) out of the forty-two (42) PMBs in operation are listed on the Nigerian Stock Exchange (NSE) during the period under review.

ii) Difficulties in Deposit Mobilization

The banking public prefer opening savings/current accounts with the DMBs rather than with PMBs. The associated huge interest payable on mortgage loans accounted for the low patronage.

iii) Land Use Act

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

iv) Under-developed Mortgage-Backed Securities Market

Mortgage-Backed Securities (MBS) do not exist in Nigeria, thus depriving the PMBs from trading freely on the Stock Exchange.

v) High Cost of Building Construction

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

vi) Poor Corporate Governance and Risk Management Practices

Some PMBs were yet to imbibe the culture of good corporate governance and sound risk management practices. Some of the institutions were yet to establish procedures of identifying, monitoring, managing and controlling the inherent risks associated with mortgage lending. Besides, PMBs' operating performance had been affected by weak Board oversight, inexperienced management and staff as well as poor internal controls.

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

SECTION 15

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

15.1 Insured DMBs' Offices And Branches

During the year under review, two banks, namely: Coronation Merchant and FBN Merchant were granted operating licence. The number of DMBs in Operation remained at twenty-four (24) during the period under review. However, the total number of bank branches decreased slightly by 98 branches or 1.8% from 5,349 in 2014 to 5,251 as at 31st December, 2015.

Table 15.1 shows the distribution of branches/offices of the 24 DMBs that operated in Nigeria in 2015.

Table 15.1:
INSURED DMBs' OFFICES AND BRANCHES AS AT 31ST DECEMBER, 2015

S/N	States (Including Abuja)	Number of Branches/Offices	Percentage Share (%)
1.	Abia	137	2.61
2.	Abuja (FCT)	391	7.45
3.	Adamawa	53	1.01
4.	Akwa-Ibom	94	1.79
5.	Anambra	203	3.87
6.	Bauchi	51	0.97
7.	Bayelsa	37	0.70
8.	Benue	63	1.20
9.	Borno	63	1.20
10.	Cross River	72	1.37
11.	Delta	188	3.58
12.	Ebonyi	34	0.65
13.	Edo	178	3.39
14.	Ekiti	67	1.28
15.	Enugu	126	2.40
16.	Gombe	38	0.72
17.	Imo	97	1.85
18.	Jigawa	37	0.70

19.	Kaduna	161	3.07
20.	Kano	170	3.24
21.	Katsina	52	0.99
22.	Kebbi	37	0.70
23.	Kogi	76	1.45
24.	Kwara	72	1.37
25.	Lagos	1,558	29.67
26	Nassarawa	48	0.91
27.	Niger	73	1.39
28.	Ogun	152	2.89
29.	Ondo	110	2.09
30	Osun	96	1.83
31.	Oyo	214	4.08
32.	Plateau	68	1.29
33.	Rivers	287	5.47
34.	Sokoto	50	0.95
35.	Taraba	30	0.57
36.	Yobe	36	0.69
37.	Zamfara	32	0.61
	Total	5,251	100

Source: NDIC

Table 15.1 shows that Lagos State had the highest number of bank branches with 1,558 branches or 29.67% of total bank branches. The FCT and Rivers State followed with 391 or (7.45%) and 287 or (5.47%) branches, respectively. Other leading states with high number of bank branches were Oyo, Anambra, Delta and Edo States with 214 (4.08%), 203 (3.87%), 188 (3.58%) and 178 (3.39%) branches, respectively.

The states with the least number of branches were Taraba, Zamfara, Ebonyi and Yobe States with 30 (0.57%), 32 (0.61%), 34 (0.65%) and 36 (0.69%) branches, respectively.

15.1.1 Head Office Addresses and Branches of DMBs

During the period under review, First Bank of Nigeria Plc had the highest number of branches/offices with 757 branches or (14.42%) of the total, while United Bank for Africa Plc and Ecobank Plc came second and third with 548 or (10.44%) and 479 or (9.12%) branches/offices, respectively. The top three banks accounted for a total of 1,784 branches or 33.98% of the total number of bank branches/offices in the system.

Other leading banks in terms of number of branches/offices were Skye Bank Plc with 456 or (8.86%), Zenith Bank Plc with 355 or (6.76) and Access Bank Plc with 311 or (5.92%). Table 15.2 presents a distribution of branch/offices and Head Office addresses of insured DMBs in Nigeria as at 31st December, 2015.

15.1.2 Insured Banks and their Board of Directors

In 2015, three 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 five banks also replaced the chairmen of their Board of Directors.

During the year under review, most DMBs complied with Section 5.3.6 of the Code of Corporate Governance for Banks operating in Nigeria in the appointment of Independent Directors, which states that "at least (2) non-executive board members described as Independent Directors (who do not represent any particular shareholders' interest and hold no special business interest in the bank)" be appointed by the bank on merit.

Table 15.2 presents the list of DMBs' directors as at 31st December, 2015. As shown in the table, there were 305 Directors serving on the Boards of the 24 DMBs. Out of the 305 Directors, 41 were Independent.

15.1.3 Approved External Auditors of DMBs

Auditors improve the corporate governance process of organizations. Auditors are appointed and authorized to examine accounts and accounting records, compare the charges with the vouchers, verify balance sheet and income items, and state their findings. 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. They also assess judgments made by management and Board of Directors in preparing financial statements as well as ensuring that accounting policies are adequately disclosed in accordance with standards and best practices. To guarantee the independence of the External Auditor, the regulatory authorities ensure that the appointment and disengagement of banks' External Auditors are carried out with their consent. That helps to 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 15.2 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, 2015.

From Table 15.2, PriceWaterhouse Coopers (PwC) audited 11 out of the 24 DMBs in 2015. KPMG Professional Services and Akintola Williams Deloitte audited 6 and 3 DMBs, respectively. Ernst and Young and Ahmed Zakari audited 2 DMBs each. Other audit firms included PKF Professional Services and Horwath Dafinone which were joint auditors to the above named firms.

The DMBs were audited wholly with the exception of Fidelity Bank and Heritage Bank which were audited jointly by Ernst and Young and PKF Professional Services and Horwath Dafinone and PriceWaterhouse Coopers, respectively.

Table 15.2:
DMBs' ADDRESSES, BRANCHES, DIRECTORS AND APPROVED AUDITORS AS AT 31ST DECEMBER, 2015

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	311	1) Mrs. Monsunmola 2) T. Belo-Olusoga 3) Mr. Herbert Wigwe 4) Mr. Obinna Nwosu 5) Mr. Oritsidere Samuel Otubu 6) Mr. Emmanuel Ndubisi Chiejina 7) Mrs. Anthonia O. Ogunmefun 8) Mr. Paul Usoro 9) Mrs. Ojinika Nkechinyere O 10) Mr. Elias Igbinakenzua 11) Mr. Roosevelt Ogbonna 12) Mrs. Titilayo Grace Osuntoki 13) Mr. Victor Okenyebunor Etuokwu 14) Dr. Ernest Chukwuka-Anene 15) Dr. Ajoritsedere Josephine Awosika	Chairperson GMD/CEO GDMD Director Director Director Director ED ED ED ED ED ED Ind. Director Ind. Director	Price Waterhouse Coopers
2.	Citibank Nigeria Ltd Charles E. Sankey House, 27, Kofo Abayomi Street, P.O. Box 6391, Victoria Island, Lagos. www.citi.com/Nigeria	12	1)Mr. Olayemi Cardoso 2)Mr. Akin Dawodu 3)Mrs. Nneka Enwereji 4)Mrs. Funmi Ogunlesi 5)Mr. Fatai Karim 6)Mr. Chinedu Ikwudinma 7)Chief. Arthur Mbanefo 8)Mr. Micheal Murray-Bruce 9)Dr. Hilary Onyiuke 10)Mrs.Ireti Samuel Ogbu 11)Mr. Philip Cullingworth	Chairman MD/CEO ED ED ED ED Ind. Director Director Director Director Director	Price Waterhouse Coopers
3.	Coronation Merchant Bank 6th Floor, St Nicholas House, 28a Catholic Mission Street, Lagos. www.coronationmb.com	3	1)Mr. Babatunde Folawiyo 2)Mr. Abubakar Jimoh 3)Mr. Larry Ettah 4)Mr. Babatunde Dabiri 5)Mrs. Suzanne Iroche 6)Ms Evelyn Oputu 7)Mr. Adamu Atta	Chairman MD/CEO Director Ind. Director Ind. Director Director Director	Price Waterhouse Coopers

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
4.	Diamond Bank Plc PGD's Place, plot 4,Block V, B.I.S Way, Oniru Estate, Victoria Island. Lagos. www.diamondbank.com	270	1)Dr. Chris Ogbechie 2)Mr. Uzoma Dozie 3)Mrs. Caroline Anyanwu 4)Mr. Victor Ezenwoko 5)Mr. Oladele Akinyemi 6)Mr. Christopher Low 7)Dr. Olubola Adekunle Hassan 8)Chief John Edozien 9) Mr. Kabir Alkali Mohammed 10)Ms. Genevieve Sangudi 11)Mr. Damien Dolland 12) Mr. Sunil Kaul 13)Mr. Ian Greenstreet	Chairman GMD/CEO DMD ED ED Director Director Director Director Director Director Director Ind. Director	KPMG Professional Services
5.	Ecobank Nig. Plc Plot 21, Ahmadu Bello Way, P.O. Box 72688, Victoria Island, Lagos www.ecobank.com	479	1)Mr. John Aboh 2)Mr. Jibril Aku 3)Mr. Anthony Okpanachi 4)Ms. Foluke Aboderin 5)Mr. Oladele Alabi 6)Alh.Garba Imam 7)Mrs. Funmi Oyetunji 8)Mme Eveline Tall 9)Mr. Edouuard Virgile Dossou –Yovo 10)Mr. Olufemi Ayeni	Chairman MD/CEO DMD DMD ED Director Director. Director. Ind. Director Ind. Director	Akintola Williams Deloitte
6.	FBN Merchant Bank Limited, No 2 Broad Street, Lagos www.fbnquest.com	3	1)Mallam Bello Maccido 2)Mr. Kayode Akinkugbe 3)Mr. Taiwo Okeowo 4)Mr. Gboyega Fatoki 5)Mrs. Mobolaji Johnson 6)Mr. Oluyele Delano, SAN 7)Mr. Andrew Reicher	Chairman GMD/CEO DMD ED Director Ind. Director Ind. Director	Price Waterhouse Coopers
7.	Fidelity Bank Plc, Fidelity Place, 1 Fidelity Bank Close Off Kofo Abayomi Street, P.O.BOX. 72439, Victoria Island, Lagos. www.fidelitybankplc.com	217	1)Chief Christopher I. Ezeh, MFR 2)Mr. Nnamdi Okonkwo 3)Mr. Adeyeye Adepegba 4)Mrs. Nneka Onyeali-Ikpe 5) Mr. Chijoke Ugochukwu 6) Mr. Balarabe Mohammed Lawal 7) Mrs. Aku Odinkemelu 8) Mallam. Umar Yahaya 9) Mr. Kayode Olowoniyi 10) Dr. Ichie Nnaeto Orazulike 11) Mr. Robert Nnana Kalu 12)Alh. Bashir Gumel 13)Mr. Alex Chinele Ojukwu 14)Mr Ezechukwu Micheal Okeke	Chairman MD/CEO ED ED ED ED ED Director Director Director Director Ind. Director Director Director	Ernest & Young PKF-Professional Services

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
8	First Bank of Nigeria Plc Samuel Asabia House, 35, Marina, P.O.Box 5216, Lagos firstcontact@firstbank nigeria.com	757	1)Prince. Ajibola A. Afonja 2)Mr. Bisi Onasanya 3)Mr. Adetokunbo Abiru 4)Dr. Adesola Adeduntan 5)Mr. U. K. Eke 6)Mr. Abiodun Odubola 7)Mr. Dauda Lawal 8)Mr. Gbenga Shobo 9)Mr. Mohammed Bello Maccido 10)Mr. Tunde Hassan- Odukale 11)Mrs. Ibukun Awosika 12)Mr. Obafemi Otudeko 13)Alh. Lawal Kankia 14)Mr. Ebenezer Jolaoso 15)Mr. Ambrose Feese 16)Mr. Dahiru Waziri 17)Alh. Mahey Rasheed 18)Dr. Mrs. Ijeoma Jidenma	Chairman GMD/CEO ED ED ED ED ED Director Director Director Director Director Director Director Director Director Ind. Director Ind. Director	Price Water Coopers
9.	First City Monument Bank Plc Primrose Tower, 17A, Tinubu Street P.O.Box 9117, Lagos. www.firstcitygroup.com customersolution@firstcity group.com	224	1)Mr. Otunba Olutola Senbore 2)Mr. Ladi Balogun 3)Mr. Nath Ude 4)Mr. Adam Nuru 5)Mr. Olufemi Bakre 6)Mrs. Yemisi Edun 7)Mr. Bismarck Rewane 8)Mrs. Mfon Usoro 9)Dr. John Udofa 10)Mr. Olusegun Odubogun 11)Mr. Olutola o. Mobolurin 12)Mrs. Tokunboh Ismael	Chairman MD/CEO ED ED ED ED Ind. Director Ind. Director Director Director Director Director	KPMG Professional Services
10.	Fsdh Merchant Bank Ltd UAC House (5th -8th Floors) 1/5 Odunlami Street, P.M.B 12913. Lagos. www.fsdhgroup.com.	3	1)Mr.Osaro Isokpan 2)Mr. Rilwan Belo-Osagie 3)Mrs. Hamda Ambah 4)Ms. Olufunsho Olusanya 5)Mr. Daniel Agbor 6)Mrs. Muhibat Abbas 7)Dr. (Mrs) Myma Belo –Osagie 8)Mr. Bello Garba 9)Mr. Sobandele Sobanjo 10)Mr. Olufemi Agbaje 11)Mr. Vincent Omoike	Chairman MD/CEO ED Director Director Director Director Director Director Director Ind. Director	Price Waterhouse Coopers
11.	GT Bank Plc Plural House, Plot 635, Akin Adesola Street, P.O.Box 75455, Victoria Island, Lagos. www.gtbank.com		1)Mrs. O.A. Demuren 2)Mr. Olusegun Agbaje 3)Mrs. Echeozo Catherine 4)Mr.A.A Odeyemi 5)Mr. A.A Oyedeji 6)Mrs. O.O. Omotola 7)Mr. H. Musa 8)Mr. O.M. Agusto 9)Mr. K.A. Adeola 10)Mr. J. Hassan 11)MR. H.A. Oyinlola 12)Ms. I. Akpofure 13)Mr. A.O. Akintoye 14)Mr. A.F. Alli	Chairman MD/CEO DMD ED ED ED ED Director Director Director Director Ind. Director Ind. Director Ind. Director	Price Waterhouse Coopers

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
12.	Heritage Bank Ltd Plot 292B, Ajose Adeogun Street, Victoria Island, Lagos. www.hbng.com.	165	1)Mr. Akinsola Akinfemiwa 2)Mr. Ifie Sekibo 3)Mr. Adeniyi Adeseun 4)Mrs. Mary Akpobome 5)Mr. Olabinjo Olasunkanmi 6)Mrs. Udensi Adaeze Nwagboluwe 7)Monye Jude Chucks 8)Atekoja Adetola Abiodun 9)Madojemu Anthony Obiyeze 10)Cuzzocrea Francesco 11)Oyelola Oladele 12)Omorogbe oluyinka osayeme 13)Ibrahim Jani Abdulganiyu	Chairman MD/CEO ED ED ED ED ED Director Director Director Director Ind. Director Ind. Director	Horwath Dafinone. Price Waterhouse Cooper (PWC)
13.	Jaiz Bank Plc Kano House, No 73 Ralph Shodiende Street, Central Business District, Abuja. www.jaizbankplc.com	19	1)Alh.(Dr) Umaru Abdul Mutallab CON. 2)Mahe Mahmud Abubakar 3)Hassan Usman 4)Dr. Aminu Alhassan Dantata, CON 5)Alh. (Dr) Muhammadu Indimi, OFR 6)Mallam. Falalu Bello, OFR 7)Alh. Garba Aliyu H 8)HRH. Engr. Sani Bello 9)Alh. Musbahu Mohammed Bashir 10)Alh. Umar Kwairanga 11)Alh. Mohammed Lawal Jari 12)Mukthar Sani Hanga 13)Dr. Mohammed Ali Chatti 14)Prof.Tajudeen Adebiyi 15)Nafiu Baba Ahmed, mni	Chairman MD/CEO ED Director Director Director Director Director Director Director Director Director Director Ind. Director Ind. Director	Ahmed Zakari & Co.
14.	Keystone Bank Nig Ltd No. 1 Keystone Bank Crescent Off Adeyemo Alakija Street, P.M.B. 80054 Victoria Island, Lagos. www.keystonebankng.com	154	1)Mr. Ajekigbe Jacob Moyo 2)Mr. Philip Chukwuemeka Ikeazor 3)Mr. Shehu Abubakar 4)Mr. Shehu Kuranga Muhammad 5)Mrs. Yvonne Isichei 6)Mr. Hafiz Bakare 7)Mr. Innocent Ike 8)Prince. Niyi Akenzua 9)Brig. Gen. Maude Aminu-kano (Rtd) 10)Mr. Mustapha Ibrahim 11)Mr. Jacob Olusegun Olusanya 12)Mr. Yusufu Pam 13)Mrs. Maria Olateju Philips 14)Mr. Yakubu Shehu, OON 15)Chief. Charles Chiede Unmolu	Chairman MD/CE ED ED ED ED ED Director 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	1)Louis Jordan 2)Larbie Michael 3)Blenkinsop Peter 4)Phillip Spangenberg 5)Remi Odunlami 6)Enase Okonedo 7)Babatunde Savage 8)Kruger Gert	Chairman MD/CEO ED Director Ind. Director Ind. Director Ind. Director Director	Price Waterhouse Coopers
16.	SKYE Bank Plc 3, Akin Adesola street Victoria Island Lagos www.skyebankng.com	456	1)Mr. Olatunde Ayeni 2)Mr. Timothy Oguntayo 3)Mrs. Amaka Onwughalu 4)Mrs. Ibeye Ekong 5)Mr. Dotun Adeniyi 6)Mrs. Abimbola Izu 7)Mrs. Markie Idowu 8)Mr. Idris Yakubu 9)Mr Bayo Sanni 10)Mr. Victor Adenigbagbe 11)Mr. Jason Fadeyi 12)Mr. Vinay Tuteja 13)Mr. Abdul Bello 14)Mr. Babajide .T. Agbabiaka 15)Mr. Olakunle Aluko 16)Mrs. Ammuna Lawan Ali 17)Mr. Victor Odozi	Chairman GMD/CEO DMD ED ED ED ED 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	187	1)Mr. Simpiwe Tshabalala 2)Mr. Yinka Sanni 3)Dr. Demola Sogunle 4)Ms. Yewande Sadiku 5)Mr. Babatunde Macaulay 6)Mr. Wole Adeniyi 7)Mrs. Sola David Borha 8)Mr. Moses Adedoyin 9)Mr. Arnold Gain 10)Mrs. Maryam Uwais, MFR 11)Mr. Sam Cookey 12)Mr. Zweli Manyathi	Chairman MD/CEO Deputy CEO ED ED ED Director Director Director Ind. Director Ind. Director Director	KPMG Professional Services

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
18.	Standard Chartered Bank Nigeria Ltd 142 Ahmadu Bello Way Victoria Island Lagos www.standaredcharterd.com	42	1)Sir Oluremi Omotoso 2)Mrs. Bola Adesola 3)Mrs. Yemi Owolabi 4)Mr. Remi Oni 5)Mansa Nettey 6)Louise Vogler 7)Sunil Kaushal 8)Alh. Muhammed Yahaya 9)Mr. Adesola Adepetun	Chairman MD/CEO ED ED Director Director Director Ind. Director Ind. Director	Akintola Williams Deloitte
19.	Sterling Bank Plc 20, Marina P.M.B. 12735 Lagos, Nigeria www.sterlingbankng.com	183	1)Mr. Asue Ighodalo 2)Mr. Yemi Adeola 3)Mr. Lanre Adesanya 4)Mr. Kayode Lawal 5)Mr. Abubakar Suleiman 6)Mr. Grama Narasimhan 7)Mr. Yemi Odubiyi 8)Mr. Yinka Adeola 9)Mrs. Egbichi Akinsanya 10)Mr. Micheal Jituboh 11)Mr. Olaitan Kajero 12)Mrs. Tairat Tijani 13)Mr. Rasheed Kolarinwa 14)Ms. Tamarakare Yekwe, MON 15)Dr. (Mrs) Omolara Akanji	Chairman GMD/CEO ED ED 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	272	1)Odu Cyril 2)Mr. Emeka Emuwa 3)Sonola Adekunle 4)Mrs. Oyinkansade Adewale 5)Mr. Kandolo Kasongo 6)Mr. Ibrahim Abubakar Kwargana 7)Mr. Okonkwo Chukwuemeka 8)Mr. Ahmed Mansur Mohammed 9)Dr. Mrs. Onikepo Akande 10)Mr. John Botts 11)Mr. Richard Burret 12)Mr. Clay Ian Barton 13)Hamza Bssey Beatrice 14)Mr. Kramer Richard Lee 15)Mr. McDonald Arina 16)Dr. Yemi Osindero 17)Vitalo John	Chairman GMD/CEO ED ED ED ED ED Director Director Director Director Director Director Director Director Director Director	KPMG Professional Services

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
21.	United Bank for Africa Plc UBA House, 57, Marina, P.O.Box 2406, Lagos www.ubagroup.com	548	1)Mr. Tony Elumelu 2)Amb. Joe Keshi, OON 3)Mr. Phillip Oduoza 4)Mr. Kenedy Uzoka 5)Mr. Femi Olaloku 6)Mr. Dan Okeke 7)Mr. Emeka Iweriebor 8)Ms. Obi Ibekwe 9)Mrs. Rose Okwechime 10)Mr. Adekunle Olumide, OON 11)Chief. Kolawole Jamodu, OFR 12)Mrs. Foluke Abdulrazak 13)Alh. Ja'afaru Paki 14)Mr. Yahaya Zekeri 15)Mrs. Owanari Duke 16)High Chief Samuel Oni, FCA	Chairman Vice Chairman GMD/CEO ED (DMD) ED ED ED ED Director Ind. Director Director Director Ind. Director Director Director Director	Price Waterhouse Coopers
22.	Unity Bank Plc, Unity Bank Towers, Plot 785, Herbert Macaulay Way, Central Business District, Abuja. www.unitybanking.com	238	1)Mr. Thomas Etuh 2)Mr. Aminu Babangida 3)Mr. Tony Somefun 4)Priya Heal 54)Mrs. Aisha Abraham 6)Mr. Dahiru Chadi 7)Temisan Tuedor 8)Mr. Abubakar Abba Bello 9)Mr. Hakeem Shagaya 10)Dauda Iliya 11)Yabawa Lawan Wabi 12)Dr. Oluwafunsho Obasanjo 13)Alh. M.I Kaugama 14)Mr. Richard Gboyega Asabia 15) Sam Okagbue	Chairman Vice Chairman MD/CEO ED ED ED ED ED Director Director Director Director Director Ind. Director Ind.Director	Ahmed Zakari & Co.
23.	Wema Bank Plc Wema Towers, 4th Floor, 54, Marina, P.M.B. 12862, Lagos. www.wemebank.com	132	1)Mr. Adeyinka Asekun 2)Mr. Segun Oloketuyi 3)Mr. Ademola Adebise 4)Mr. Moruf Oseni 5)Mr. Wole Akinleye 6)Mrs. Folake Sanu 7)Mr. Adebode Adefioye 8)Mr. Abubakar Lawal 9)Mr. Samuel Durojaye 10)Mrs. Abolanle Matel Okoh 11)Mrs. Tina Vukor-Quarshie 12)Mrs Omobusola Ojo	Chairman MD/CEO ED ED ED ED Director Director Director Director Ind. Director Ind. Director	Akintola Williams Deloitte

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
24.	Zenith Bank Plc Plot 87, Ajose Adeogun Street, P.O.Box 75315, Victoria Island, Lagos. www.zenithbank.com	336	1)Mr. Jim Ovia 2)Mr. Peter Amangbo 3)Ms. Adaora Umeoji 4)Mr. Ebenezer Onyeagwu 5)Mr. Babatunde Adejuwon 6)Prof. Chukuka Enwemeka 7)Mr. Jeffrey Efeyini 8)Mr. Oladipo Onyeagwu 9)Mr. Steve Babatunde Omojafor 10)Alhaji Baba Tela	Chairman GMD/CEO Exec. Director Exec. Director Director Director Director Director Director Ind. Director	KPMG Professional Services

Source: NDIC
*Ind = Independent

15.2 Insured PMBs' Offices And Branches

During the period under review, there were 42 Primary Mortgage Banks (PMBs) in operation. However, thirty two (32) PMBs rendered returns for publication in this report. The 32 PMBs had a total of 129 branches spread across various states in Nigeria.

Table 15.3 shows the distribution of offices and branches of the 32 PMBs as at 31st December, 2015.

Table 15.3:
PMBs' OFFICES AND BRANCHES AS AT 31ST DECEMBER, 2015

S/N	States (Including Abuja)	Number of Branches/Offices	Percentage Share (%)
1.	Abia	3	2.33
2.	Abuja (FCT)	34	26.36
3.	Adamawa	1	0.78
4.	Akwa-Ibom	7	5.43
5.	Anambra	5	3.88
6.	Bauchi	0	0.00
7.	Bayelsa	0	0.00
8.	Benue	0	0.00
9.	Borno	0	0.00
10.	Cross River	0	0.00
11.	Delta	3	2.33
12.	Ebonyi	1	0.78
13.	Edo	1	0.78
14.	Ekiti	0	0.00
15.	Enugu	3	2.33
16.	Gombe	1	0.78
17.	Imo	0	0.00
18.	Jigawa	1	0.78
19.	Kaduna	1	0.78
20.	Kano	1	0.78
21.	Katsina	0	0.00

22.	Kebbi	4	3.10
23.	Kogi	7	5.43
24.	Kwara	1	0.78
25.	Lagos	41	31.78
26	Nassarawa	3	2.33
27.	Niger	2	1.55
28.	Ogun	1	0.78
29.	Ondo	2	1.55
30	Osun	0	0.00
31.	Oyo	2	1.55
32.	Plateau	0	0.00
33.	Rivers	3	2.33
34.	Sokoto	0	0.00
35.	Taraba	1	0.78
36.	Yobe	0	0.00
37.	Zamfara	0	0.00
Total		129	100

Source: NDIC

Table 15.3 shows that 75 branches or (58.14%) of the PMBs total branch network was located in Lagos State and the FCT. Whereas Lagos State had 41 branches or 31.78% of the total number of branches, the FCT had 34 branches or 26.36%. Other States with high number of bank branches during the period under review were Akwa-Ibom State and Kogi State with 7 branches each or 5.43% of the total branch network.

15.2.1 Head Office Addresses and Branches of PMBs

During the period under review, two (2) PMBs, namely: Aso Savings and Loans and Mayfresh Savings and Loans had the highest number of branches of 17 branches each. The two PMBs collectively held 26.36% of the total number of PMBs branches. That was followed by Jubilee Life Savings and Loans and Abbey Building Society with 10 branches or (7.75%) and 9 branches or (6.98%) respectively.

Table 15.4 presents the distribution of head office addresses, number of branches, board of directors and approved auditors of the 32 PMBs during the period under review. The table shows that a total of 194 directors served on the Boards of the 32 PMBs in 2015 while 26 audit firms were approved to conduct independent audit of the 32 PMBs during the period under review.

The PMBs were audited wholly with the exception of Aso Savings and Loans which was audited jointly by Ernst & Young and Aminu Ibrahim & Co respectively. It is worthy to note that Aminu Ibrahim & Co audited 3 of the 32 PMBs during the period under review.

Table 15.4:
INSURED PMBs' ADDRESSES, BRANCHES, DIRECTORS AND APPROVED AUDITORS AS AT 31ST DECEMBER, 2015

S/N	Names & Addresses	No. of Branches	Director's Name	Status	Approved Auditors
1	Abbey Mortgage Bank 23Karimu Kotun Street, Victiria Island Lagos www.abbeymortgagebank.co m	9	Chief I.B.Ochonogor Mrs. R.A.Okwecime Mr. M.Hamman Mazi E.K.O.Ivi AVM. O.Soewu Mr. B. Okumagba Mr. E.H Groot (7)	Chairman MD/CEO ED Director Director Director Ind. Director	Ernst & Young
2	Adamawa Homes & Savings Ltd No 1 Bishop Street, Jimeta- Yola Adamawa State admawahomes@yahoo.co.uk	1	Aminu Bawuro Barkindo (1)	MD/CEO	Solanke and Sulaiman & Co.
3	AG Homes Savings and Loans 96 Opebi Road, Ikeja Lagos State www.aghomes.com.ng	5	Vincent Alaje Anthony Ewelike Ngozi Anyogu Barr. Patrick Abuka Barr. Danjuma Suleman Rev. Chidi Okoroafor Rev. Ejikeme Ejim Mr. Sally Biose (8)	Chairman MD/CEO ED Director Director Director Director Director	Baker Lilly Nigeria
4	Akwa Savings and Loan Ltd 42 Oron Road, Uyo Akwa Ibom State www.akwasavings.com	5	Barr. Inyang Nkanga Mr. Godwin A. Ekpo Mr. Eyakise Ubom Dr. Sunday A. Effiong Dr. Francis R. Isighe Hon. Elijah E. Umoh (6)	Chairman MD/CEO Director Director Director Director	Jim Henry & Co
5	Aso Savings and Loans Plc Plot 266 FMBN Building, Cadastral Zone AO Central Business District Abuja www.asoplc.com	17	Olatunde Ayeni Joshua A. Maikori Dr Musa A. Musa Olutoyin Okeowo Ali Magashi Adekunle Adedigba Risikatu Ladi Ahmed (7)	Chairman Director Director Ind. Director Ind. Director MD/CEO Director	Ernst & Young Aminu Ibrahim & Co
6	Brent Mortgage Bank Ltd 192A Jide Oki Street, Off Ligali ayorinde Street, Victoria Island. Lagos www.brentng.com	3	Alh. Muri Salami Mr. Kola Abdul Alh. Umar Abdu Alh. Sansadeen A. Awosanya Mr. Gabriel Kembi Mr. Lanre Obisesan Mr. Bola Oyebamiji		M.A Alawode & Co

7	City Code Savings and Loans 21/25 Broad Street (Investment House) Lagos. www.citycodemortgagebank.com	1	Mr. Ebilate Mac-Yoroki Mrs. Cecilia Omobola . E Mr. Adekunle Osibodu Mrs. Olubukunola Mudashiru Mr. Moses Oyatoye Mr. Edmund Doyah-Tiemo Barr. Adeniji Adebisi (7)	Chairman MD/CEO Director Director Director Director Director	Aboyomi Dosunmu & Co
8	Coop Savings and Loans Ltd No 11 University Crescent U.I Secretariat Road, Bodija, Ibadan Oyo State www.cmbanking.com	6	Nasir Abdullahi Kabir Ayinde Tukur Chief Oluwole Okunuga Kudi Badmus AVM. Walter Ogujiofor (RTD) Abubakar Sule Minjibir (6)	Chairman MD/CEO Director Director Director Director	Baker Tilly
9	Delta Trust Mortgage Finance LTD 126 Nnebisi Roa P.O.Box 873 Asaba Delta State. www.deltatrustmortgagefinance.net	2	Ruby Okoro (1)	MD/CEO	Mattew Iyeke & Co
10	FBN Mortgages Ltd 76 Awolowo Road, Ikoyi Lagos www.fbbmortgages.com	1	Folaranmi Babatunde Odunaya Adenrele Oni Ibrehim Abdullahi Ahmadu Titilayo Ashiru Olatubosun Kwairanga Umaru Osibogun Bosede Adebola (7)	Chairman MD/CEO Director Director Director Director Director	Price Waterhouse Coopers
11	FHA Homes LTD Asande House, Plot 2087, Herbert Macaulay Way, Wuse Zone 5 Abuja www.fhamortgage.gov.ng	5	Prof. Mohammed Al- Amin Barr. Aniedi Akpabio Col. A.R. Adejoro Effiong Akwa Dr. Vincent Akpataire Barr. Umar S. Gonto Johnah S. Saidu Hayatuddeen A.Awwal (8)	Chairmam Director Director Director Director Director Director MD/CEO	Iyornumbe Ime & Co
12	First Generation Mortgage Bank LTD No. 86 Aminu Kano Crescent, Wuse 11, Abuja www.fgmb-ng.com	7	Chief Fabian Nwaora Mr. Felix N. Daniel Mrs. Gloria o.Segun-Lean Chief. Bernard Nwaora Dr. Chijioke Ekechukwu Mr. Kelechi Omeni-Nzewuihe Chief Jude Umeh Ugwuozor Gabriel Anibueze Eneape Patrick Monday (9)	Chairman MD/CEO ED Director Director Director Director Director Director	Onyemelukwe Maduemeni & Co
13	Global Trust Savings & Loans Plot 740 Adeola Hopewell Street, Victoria Island Lagos www.globaltrustsavings.com	1	Mr. Rotimi Aashola Mr. Oluyemi Fatokun Prince Alaba Oniru Mr. Yinka Obalade Mr. Doyin Adebambo Mr. Obayomi Lawal Ms. Titi Hassan (7)	Chairman MD/CEO Director Director Director Director Director	Olayemi Teibo & Co

14	Haggai Mortgage Bank Ltd 119 Bode Thomas Street, Surulere, Lagos. www.haggaibank.com	2	Elder S.M Olakunri Mr. Richard Olubameru Mr. Obafunmilayo Agusto Mr. Bababode Osunkoya Chief. S. Ayo Oso Mr. Abiodun Oyepero Mr. Tunde Fowler (7)	Chairman MD/CEO Director Director Director Director Director	S.I.A.O
15	Homebase Mortgage Bank Ltd 639 Adeyemo Alakija Street, Victoria Island Lagos www.homebasebank.com	1	Fela Durotoye Femi Johnson Ronald Igbinoba Friday Nwajei (4)	Chairman MD/CEO Director Director	Olusegun Akinosi & Co
16	Imperial Homes Mortgage Bank Ltd 28 Saka Tinubu Street, Victiria Island Lagos www.imperialmortgagebank.com	1	Mr. Mutiu Sunmonu Mr. Ben Akaneme Mr. Oludolapo Ajayi Oba. Adeyeye Ogunwusi Mrs. Salamatu Aderinokun Mr. Ikenna Nwizu (6)	Chairman MD/CEO Director Director Director Director	KPMG Professional Services
17	Infinity Trust Mortgage Bank Plc 11 Kaura Namoda Street, off Faskari Street. Area 3, Garki Abuja www.itmbplc.com	4	Engr. Adeyinka Bibilari Mr. Obaleye Olabanjo Mr. Dada Ademokoya Engr. Tunde Olaleke Mr. Akin Arikawe Gen. Danladi Pennap (RTD) Alh. Abubakar Muhammed (7)	Chairman MD/CEO Director Director Director Director Director	Aminu Ibrahim & Co
18	Jigawa Savings and Loans B100-101 Federal secretariat Complex, Kiyawa Road, Dutse, Jigawa State www.jigawasavingsandloans.com	1	Sulaiman S. Baffa Alh. Babangida Umar Engr. Habu Gumel Arc. Adamu Muhd Tahir Hajiya. Habiba Isah Dutse Alh. Halliru Said Hon.Khalid s. Ibrahim (7)	Chairman MD/CEO Director Director Director Director Director	Ahmed Tanko & Co
19	Jubille Life Savings and Loans No 65 Adeniyi Jones Street, Ikeja, Lagos www.jubileelifeng.com	10	Elder F.O.A. Ohiwerei, OFR Mr. Remi Olatunbode Mr. Iyiola Adegboye Dr. Fidelis Ayebae Pastor. Ayinoluwa Obafunso Pastor. Bitrus Yavala (6)	Chairman MD/CEO Director Director Director Director	Akintola Williams Deloitte
20	Kebbi State Home Savings and Loans Ltd Ahmadu Bello Way, P.M.B 1110 Bernin Kebbi	4	Abubakar Isa Tunga (1)	MD/CEO	Ubada Abah &Co
21	Kogi Savings and Loans Ltd No 44 Muritala Mohammed Way, Opp Mobile Filling Station, Paparanda, Lokoja Kogi State www.kogisavings.com	7	Alh. Danjuma Ocholi Alh. Abdulaziz O. Suberu Chief S.K. Adedoyin Barr. S.I. Idoko-Akoh Barr. Y.A. Suleiman Mr. Ibrahim Asani Mr. Ibrahim Idakwo (7)	Chairman MD/CEO Director Director Director Director Director	PKF-Professional Services

22	Mayfresh Savings and Loans 83 Aba-Owerri Road, Umungasi, Abia. mslheadoffice@gmail.com	17	Rev Fr. Prof E.M P. Edeh Maria-Goretti Omego Barr. Ben Orihi Chief. Stephen Edeh Andrew Offor Mac Anthony Odiegwu Annette Ezekwem (7)	Chairman MD/CEO DMD Director ED Director Director	Onoche Orabueze & Co
23	Mutual Alliance Savings and Loans Ltd 209 Oron Road, Uyo Akwa Ibom State www.mutualalliance.com	2	Mr. Elisha Yahaya Mr. Okon Amasi Mr Kodi Ohahak Mr. Iwok Aneiefiok Mr. Khalifa Abdulrahaman Mr. Blankson Assi (6)	Chairman Director Director Director Director Director	Olutoyin Lasisi & Co
24	New Prudential Mortgage Bank Ltd 55 Bishop Oluwole Street, Victoria Island Lagos www.newprudential.com	1	Mr. Akin Akintoye Mr. Eyo Asuquo Mr. Gboyega Fatimilehin Mr. Adebisi Adebutu (4)	Chairman MD/CEO Director Director	Pedabo Audit Services
25	Nigeria Police Mortgage Bank Plc Plot 11, Port Said Street, Wuse Zone 4 Abuja www.nigeriapolicemortgagebank.com	1	CP. Dorothy Gimba Mr. Adebola Adeboye ACP. Joseph .o. Egbunke ACP. Daramola Joseph CSP. Innocent Iloka Mr. Benson .J. Iyomere Barr. Okuna Kenneth (7)	Chairman MD/CEO Director Director Director Director Director	Stanley & Burn
26	Refuge Mortgage Bank Ltd 66 Opebi Road, Ikeja Lagos www.refugebank.com.ng	1	Pastor. Matthew Okojie Florence Adeola- Dada Pastor. Yemisi Kudehinbu Evan. Eddy Owase Pastor. Tom Obiazi Pastor. (Mrs) Ose Oyakihlome Pastor. Oshoke Imoagene (7)	Chairman MD/CEO Director Director Director Director Director	Ayodele Otitoju & Co
27	Safe Trust Mortgage Bank LTD 18 Keffi Street, South West Ikoyi, Lagos. www.safetrustmortgagebank.com	1	Akin O. Opeodu Yinka Adeola Danjuma Saleh Adekunle Oki Abdulrazak Isa Capt. Harrison Kuti Femi Adeyanju Oladipo Oladitan Akintayo Oloko (9)	Chairman MD/CEO Director Director Director Director Director Director ED	KPMG Professional Services

28	STB Building Society Ltd 1 First Avenue, Bourdilon Court Estate, Chevro Drive, Lekki Lagos. www.stbsociety.com	1	Yemi Idowu Oliatan Kajero Sunday Olabode Olusoji Oladokun Adeolu Idowu Abisoye Sonoiki (6)	Chairman MD/CEO ED Director Director Director	Uche Okoye & Co
29	Suntrust Savings and Loans 50 Kumasi Crescent, Off Aminu Kano Crescent Wuse 11 Abuja www.suntrustng.com	3	Abubakar Sadiq Mohammed Muhammed Jibrin Nasiru .A. Dantata Arc. Yunusa Yakubu Arc. Kenneth K.Ofili (5)	Chairman MD/CEO Director Director Director	Amini Ibrahim & Co
30	Taraba Savings and Loans No 134 Hammaruwa Way, Jalingo Taraba State	1	Alh. Umaru Mohammed Baba Mall. Aminu Mamman Lau Mr. Ibrahim Danazumi.alh. Gambo Ahmadu Belti (4)	Chairman MD/CEO Director Director	Jibril & Co
31	Trustbond Mortgage Bank Ltd Block 94, plot 3 Providence Street, Lekki Scheme 1 Lagos www.trustbondmortgagabank plc.com	3	Mr. Etigwe Uwa Mr. Uduma Okoro Kalli Engr. Emmanuel Akintayo Alabi Mrs. Ola Ifezulike Mr. Tamuno Atekubo Mrs. Amira Obi-Okoye Mr. Adeniyi Akinlusi Mrs. Deborah Nicol-Omeruah (8)		KPMG Professional Services
32	United Mortgage Bank Ltd Plot 54, Adetokunbo Ademola Street, Victoria Island Lagos www.unitedmortgageltd.com	5	Col. Paul Obi (RTD) Walter Akpan Chukka Eseka Ademola Oladaiye Maurice Onokwai (5)	Chairman MD/CEO Director Director Director	Akintola Williams Deloitte

NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

PART THREE
CONSUMER EDUCATION

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

SECTION 16

FACTS ABOUT THE DEPOSIT INSURANCE SYSTEM IN NIGERIA

16.0 INTRODUCTION

The Nigeria Deposit Insurance Corporation (NDIC) is an independent government agency established to administer deposit insurance system in Nigeria. Decree 22 of 1988 (now repealed and replaced with NDIC Act 16 of 2006) established the NDIC as a vital component of the financial safety-net in the country, to ensure the stability of the banking system as well as the macro economy. The NDIC commenced operation in 1989 to provide additional layer of protection in the system by insuring the deposit liabilities of banks and other deposit-taking financial institutions licensed by the Central Bank of Nigeria.

Notwithstanding the efforts of the NDIC in educating the banking public on the concept of deposit insurance, it is still not known to many of its stakeholders in Nigeria. Educating the public on the system and its benefits and limitations on a continuous basis therefore becomes imperative. This section therefore presents a set of Frequently Asked Questions (FAQs) and Answers about Deposit Insurance System in Nigeria.

Question 1: What is Deposit Insurance?

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

Question 2: Why is Deposit Insurance Necessary?

Answer: Deposit-Taking Financial institutions differ from industrial and commercial enterprises in that they depend mainly on deposits mobilized from the public for their working capital and are highly leveraged. If a financial institution is unable to meet its obligation to depositors due to operational problems or business failure, anxious depositors may cause a run on the bank as well as other healthy institutions. The stability of the financial system and social order in general would also be at risk. Moreover, most depositors have small deposit amounts and therefore cannot cost-effectively collect and analyse information on the financial institutions they do business with. The government has therefore established a deposit insurance mechanism, under which the NDIC is empowered to provide protection for small depositors and contribute to financial and social order.

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

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

Question 4: Who Administers Deposit Insurance System in Nigeria?

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

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

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

a. Deposit insurance is a regulatory tool aimed at ensuring the safety, soundness and stability of a nation's financial system, thereby protecting the macro-economy at large. It is one of the components of a financial safety-net, with other components being effective regulation/supervision and lender-of-last-resort role of the central bank. On the other hand, conventional insurance policy is designed only to protect the micro-interest of the policyholder.

b Deposit insurance is usually a tripartite arrangement involving the deposit insurer, the participating institutions and the depositors, whereas conventional insurance is a bilateral agreement between the insurance company and the insured (policy holder).

c Under deposit insurance, the participating institution pays the premium while the direct beneficiary of the protection offered is the depositor who does not pay any premium. In the case of conventional insurance, the beneficiary, who is the insured, pays the premium.

d. Best practice dictates that participation in deposit insurance should be compulsory, participation in conventional insurance contract is generally voluntary.

e. Under deposit insurance, best practice prescribes that the amount of coverage should be limited, whereas in the case of conventional insurance, coverage may be full.

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

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

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

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

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

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

Question 8: What are the eligibility criteria for pass-through-deposit insurance cover?

Answer: The conditions for eligibility as contained in the framework are as follows:

- The relationship between the MMOs and their subscribers shall be based on Bare Trust arrangement.
- MMOs must take Fidelity Bond Insurance.
- The records of the Trust (pool) account must clearly indicate that the funds belong to individual subscribers and not the agent or custodian
- The identities of the subscribers must fulfil all KYC requirements specified by the CBN
- The interests of the subscribers must be disclosed properly in records maintained by the insured institutions, MMOs and Agents.

Question 9: How much is the maximum cover for Subscribers under Pass-Through-Deposit Insurance Framework?

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

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

Answer: No. MMOs are not covered under the PTDI but their corporate account in the bank is covered up to the maximum interest amount.

Question 11: Where do I lodge a complaint against a MMO?

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

Question 12: Who is an Agent and Custodian?

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

Question 13: What is a Pool (trust) account?

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

Question 14: What is a bare Trust?

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

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

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

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

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

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

Question 17: What Types of Deposits are insured by the NDIC?

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

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

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

Question 18: Whose Deposits does the NDIC Insure?

Answer: The NDIC insures bank deposits of natural persons as well as legal entities, no matter whether they are from Nigeria or from any other country but resident in Nigeria.

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

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

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

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

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

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

Question 22: What is Sustainable Banking?

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

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

Question 23: How Does NDIC Promote Sustainable Banking?

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

- Obtained Board buy-in for the implementation of Nigeria Sustainable Banking Principles (NSBP).

- Sensitized the Board on sustainability during the 2012 and 2013 NDIC Board Retreats.

- Set-up sustainability desk in the Managing Director's office.

- Appointed a coordinator to oversee the implementation of the NSBP in the NDIC.

- Set-up a committee on sustainability to facilitate the implementation of NSBP in the NDIC.

- Organized an awareness session and subsequently further training on sustainable banking for the staff of the NDIC.

Question 24: Does the Supervisory Functions of the NDIC duplicate that of the Central Bank of Nigeria?

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

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

Question 25: How does the NDIC Protect Bank Depositors against Loss?

Answer: The NDIC protects bank depositors against loss through:

a) Deposit Guarantee

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

b) Bank Supervision

The NDIC supervises banks to protect depositors, ensure monetary stability and effective/efficient payment system as well as to promote competition and innovation in the banking system. Banking supervision seeks to reduce the potential risk of failure and ensures that unsafe and unsound banking practices do not go unchecked. It also provides the oversight functions required to preserve the integrity of and promote public confidence in the banking system.

c) Failure Resolution

The NDIC is empowered to provide financial and technical assistance to failing or distressed banks in the interest of depositors. The financial assistance can take the form of loans, guarantee for loan taken by the bank or acceptance of accommodation bills. On the other hand, the technical assistance may take the following forms: take-over of management and control of the bank; change in management; and/or assisted merger with another viable institution.

Question 26: How does the NDIC Establish the Ownership of a Deposit?

Answer: The NDIC relies on deposit account records kept by a failed bank as well as on the proofs presented by the depositor.

Question 27: As a Depositor must I apply for the Deposit Insurance Coverage?

Answer: No. A depositor does not need to. Under the deposit insurance system, eligible deposit accounts in insured institutions are automatically insured at no charge to any depositor.

Question 28: When is Insured Deposit Payable?

Answer: Insured deposit is payable only when an insured institution has been closed as a result of action taken by the Central Bank of Nigeria or when there is suspension of payment by a bank.

Question 29: What Methods of Payment does the NDIC Use in Meeting its Obligations to Depositors of a Failed Institution?

Answer: The NDIC could pay depositors of a failed insured institution either by transfer to a financial institution with instructions to effect payments to depositors on its behalf, or directly by means of issuing cheques up to the insured limit which will be collected at the NDIC's designated centres, usually the closed bank's offices or by directly crediting the depositor's account using e-payment platform.

Payments could also be made through Purchase and Assumption, whereby a healthy bank assumes part or all of the deposit liabilities of a failed insured bank.

Question 30: What does a Deposit Transfer Involve?

Answer: **The NDIC transfers an amount equivalent to the total insured deposits of a** failed insured institution to another financial institution under an agreement which will enable depositors of the failed insured institution to collect their entitlements from the financial institution.

Question 31: How are the Insured Sums Collected?

Answer: Insured sums are collected by depositors on filing their claims through the completion of relevant forms provided by the NDIC. In addition, they have to furnish the NDIC with account documents such as unused cheque books, old cheque stubs, passbooks, fixed deposit certificates, etc. Each depositor would also be required to identify him/herself with a valid identification document such as National Identity Card, Driver's Licence or International Passport. After verification of ownership of the account as well as the account balance, the depositor would be duly paid the insured sum by cheque or deposit transfer through an Agent Bank or Acquiring Bank.

Question 32: What should a Depositor of a Failed Bank do if he or she Loses Passbook or Savings Documents?

Answer: The depositor would be required to present a Police report along with a sworn affidavit duly certified by a Court. The depositor would also be required to identify himself/herself with a valid identification document like National Identity Card, National Voters Card, Driver's Licence or International Passport.

Question 33: Can a Depositor Leave His/Her Deposits with the Transferee Institution?

Answer: Yes. A depositor, if he/she wishes, can open an account with the transferee institution for the full amount or part of his/her deposits.

Question 34: Does the NDIC Protect the Interests of Creditors or Shareholders of a Bank?

Answer: The primary mandate of the NDIC is to protect depositors. However, through supervision to ensure safety and soundness of banking institutions, the interest of creditors and shareholders are also protected. In the event of bank failure, creditors and shareholders could be paid liquidation dividends after depositors had been fully reimbursed.

Question 35: What is Liquidation Dividend?

Answer: This is a payment made to a depositor of a failed insured institution in excess of the insured sum. While the insured sums are paid from the DIF, SIIF or NIDIF as the case may be liquidation dividends are paid from funds realized from the sale of the assets and recoveries of debts owed to the failed insured institution.

Question 36: What is the Current Insured Limit and why is it Limited to a Fixed Sum?

Answer: The insured limit is currently a maximum of ₦500,000 for each depositor in respect of deposits held in each insured deposit money bank and ₦200,000 for each depositor in MFB and PMB in same right and capacity.

The amount to be reimbursed has to be definite. Limited coverage is to minimize moral hazard through excessive risk-taking by bank management and depositors. Unlimited coverage could constitute a perverse incentive for excessive risk-taking.

Question 37: If a depositor has an account in the Main Office of a bank and also at a Branch Office, are these Accounts Separately Insured?

Answer: No. The main office and all branches are considered to be one institution. Therefore, the accounts would be added together and covered up to the maximum insured sum.

Question 38: If a Depositor has Deposit Accounts in Different Insured Banks, will the Deposits be added together for the Purpose of Determining Insurance Coverage?

Answer: No. The maximum insurance limit is applicable to deposits in each of the participating banks. In the case of a bank having one or more branches, the main office and all branch offices are considered as one bank. In summary, if a person has many accounts in one bank, all the deposits are taken together as one account even if the deposits are in various branches of the same bank. On the contrary, if a depositor has accounts in more than one bank, they are insured independently up to the maximum insured sum per bank.

Question 39: Is the Insurance Protection Increased by Placing Funds in two or more types of Deposit Accounts in the same Participating Institution?

Answer: No. Deposit insurance is not increased merely by dividing funds held in the same right and capacity among the different types of deposits available. For example, demand, time and savings accounts held by the same depositor in the same right and capacity are added together and insured up to the maximum insured sum.

Question 40: Is there any arrangement in place by the NDIC to waive or reduce Premium payable over time for Insured Institutions?

Answer: Section 12 of the NDIC Act 16 of 2006 provides that subject to stated conditions, part of the NDIC's surplus can be applied to reduce premium payable by insured institutions. Furthermore, the NDIC would consider adopting differential premium assessment for the MFBs and PMBs such that premium payable by such Institutions would be based on their risk profile.

Question 41: Would funds released by Federal Mortgage Bank for NHF loans and other poverty alleviation funds, Donor funds, Deposit for shares with PMBs/MFBs be included as deposits when computing the deposit insurance premium?

Answer: No. Special funds such as Donor funds or other funds that are for onward disbursement to beneficiaries are excluded from assessable deposits. The onus is on the insured institutions to ensure proper classification of such funds in their books.

Question 42: If a Husband and Wife or any two or more other Persons, have, in addition to the Individually-Owned accounts of each, a Valid Joint Account in the Same Insured Bank, is each Account Separately Insured?

Answer: Yes. If each of the co-owners has personally signed a valid mandate card and has a right of withdrawal on the same basis as the other co-owners, the joint account and each of the individually-owned accounts are separately insured up to the insured maximum sum.

Question 43: If a Person has an Interest in more than One Joint Account, what is the Extent of his or her Insurance Coverage?

Answer: As long as the combination of the joint accounts is not the same, the account will be insured separately up to the maximum insured limit. Where the joint accounts are owned by the same combination of individuals then the accounts will be added and the total insured up to the maximum insured sum.

Question 44: What is the status of depositors in a case where an insured Micro finance Bank or primary Mortgage Bank is acquired by another insured MFB or PMB?

Answer: The depositors of the acquired insured MFB or PMB will continue to be insured up to the maximum of ₦200,000 in the aggregate with respect to deposits he or she holds in the same right and capacity.

Question 45: Can Insured-Status of a licensed MFB or PMB be terminated?

Answer: Yes. But notice is always given to depositors before termination of insurance. Depositors should take precaution to verify that the MFB or PMB they are dealing with is insured and pay deposit insurance premium annually.

Question 46: Are Accounts held by a Person as Executor, Administrator, Guardian, Custodian, or in some other similar Fiduciary Capacity insured separately from his or her Individual Account?

Answer: Yes. If the records of the bank indicate that the person is depositing the funds in a fiduciary capacity such funds are insured separately from the fiduciary's individually-owned account. Funds in an account held by an Executor or Administrator are insured as funds of the deceased's estate. Funds in accounts held by guardians, conservators or custodians (whether court-appointed or not) are insured as funds owned by the ward and are added to any individual accounts of the ward in determining the maximum coverage. Account in which the funds are intended to pass on the death of the owner to a named beneficiary, are considered testamentary accounts and are insured as a form of individual account. If the beneficiary is a spouse, child or grand-child of the owner, the funds are insured for each owner up to a total of the maximum insured sum separately from any other individual accounts of the owner. In the case of a Revocable Trust Account, the person who holds the power of revocation is considered the owner of the funds in the account.

Question 47: When an Account is Held by a Person Designated As agent for the True Owner of the Funds, how is the Account Insured?

Answer: The account is insured as an account of the principal or true owner. The funds in the account are added to any other accounts owned by the owner and the total is insured up to the maximum sum.

Question 48: Is an Account held by either a Company or Partnership, Insured separately from the Individual Accounts of Shareholders or Partners?

Answer: Yes. If the Company or Partnership is engaged in an independent activity, its account is separately insured up to the maximum insured sum. The term Independent activity means any activity other than one directed solely at increasing insurance coverage.

Question 49: If a Depositor has more than the Maximum Insured Amount as Deposit in a Closed Bank, is he entitled to any Further Claim for the Amount of his Deposits in Excess of the Maximum Insurance Paid by the NDIC?

Answer: Yes. In a situation where the amount of depositors' fund in a closed bank exceeds the maximum insured amount, the owners of such accounts will share, on a pro-rata basis, in any proceeds from the liquidation of the bank's assets with other general creditors, including the NDIC.

Question 50: Does the Borrower's Obligations to the Institution Continue after the Institution is closed?

Answer: Yes. When acting as Liquidator of a closed institution, the NDIC is acting on behalf of all creditors of that institution and its obligation is to collect all loans promptly and efficiently along with other assets of the institution.

Question 51: What does Purchase and Assumption (P&A) mean?

Answer: Purchase and Assumption (P&A) is a failure resolution mechanism which involves purchasing the assets of a failed bank and assuming its liabilities by another healthy insured bank(s).

Question 52: What does Open Bank Assistance (OBA) mean?

Answer: Open Bank Assistance (OBA) is a situation where a failing insured institution is allowed to continue to operate in the same name on a going concern basis. It may involve change in ownership and management of the bank; injection of fresh funds in the form of equity and/or loan capital; and re-organisation and overhauling of the bank including rationalization of staff and branches.

Question 53: Can Someone Retrieve the Insured Funds of a Deceased Relative from a Failed Bank in Liquidation?

Answer: Yes. To process such claims, a Letter of Administration and a Probate from a Court of Law would be required to be presented to NDIC in addition to all other documents which are to serve as proof of ownership of such account.

Question 54: What is a Bridge Bank?

Answer: A bridge bank is a temporary bank established and operated usually by a deposit insurer to acquire the assets and assume the liabilities of a failed bank until a final resolution is accomplished. The bridge bank would permit continuity of banking services to all customers and fully protect all the depositors and creditors of the failed bank pending final resolution. A bridge bank is usually set up for a specified period of time within which the Deposit Insurer would find an interested investor.

Question 55: How do Clients of Defunct Banks (such as All States Trust bank) Claim their Deposits from the Acquiring Banks (such as Ecobank Plc)?

Answer: The client of the defunct bank should contact the acquiring bank. In case of unresolved claims, contact NDIC through any of the channels provided in the answer to Question 61.

Question 56: How are Depositors' of Failed Insured Institutions Informed About the Commencement of Payment of Insured Deposits by the NDIC?

Answer: Announcements would be made through the media (television, radio, newspapers) and NDIC posters at the Head Office and branches of the closed bank as to when the payment of deposits would commence.

Question 57: How can a Depositor, whose Name was Omitted from the Deposit Register of a Failed Institution make a Claim?

Answer: The depositor should contact NDIC through any of the channels provided in the answer to Question 61.

Question 58: How does NDIC promote Financial Inclusion?

Answer: The NDIC supports financial inclusion through guaranteeing deposits, especially small savers. Deposit insurance is vital to financial inclusion because the poor need assurance that the services of the depository institutions are safe and available at all times they desire.

The NDIC as a bank supervisor enhances financial inclusion by providing consumer protection and ensuring that bank's affairs are conducted in a safe and sound manner and prosecuting erring Directors and Management of banks.

Question 59: What is NDIC doing in Relation to Consumer Protection?

Answer: The NDIC undertakes supervision of insured institutions with the objective of protecting consumers. It established consumer protection desks in order to promptly respond to series of complaints it receives against banks and other financial institutions on a daily basis. This is achieved sometimes through the conduct of investigations by the NDIC Examiners.

Question 60: What is NDIC Doing in Promoting Financial Literacy?

Answer: The NDIC publishes and distributes books on deposit insurance and banking to enlighten the public. Recently, a book on basic knowledge on banking and deposit insurance was distributed to all secondary schools nation-wide with the aim of catching them young. The NDIC also undertook a study on financial literacy, the report of which was published in book form in order to facilitate readership within the banking public and to assist stakeholders address the challenges of financial literacy.

Question 61: How can the Public Contact NDIC about Questions and Suggestions Regarding Deposit Insurance?

Answer: NDIC has set up the following contact channels to provide customer service to the public:

a) To obtain quick answers to your questions, call our Help Desk Line: 0800-6342-4357; and 09 – 460 - 1030.

b) You can also send comments to NDIC by mail to: The Managing Director/Chief Executive Officer, Nigeria Deposit Insurance Corporation, Plot 447/448 Constitution Avenue, Central Business District, Airport Road, P.M.B. 284, Garki, Abuja.
E-mail – ibrahimu@ndic.gov.ng

c) Information on NDIC and the deposit insurance system can be accessed from our website at: www.ndic.gov.ng. You can also submit comments or questions through the web site. In addition you can reach us through our toll-free line: 080063424357 (0800NDICHELP).

d. ZONAL OFFICES

i) **Lagos**	NECOM House 15 Marina Street PMB 12881, Lagos - Nigeria Tel: 01- 2719010, 2719011
ii) **Bauchi**	No 3 Ahmed Abdulkadir Road, P.M.B 0207 Tel: 09020441970 -73; 09020441975
iii) **Benin**	28 A&B Benoni Hospital Road, Off Airport Rd, G.R.A, P.M.B 1034, Benin City Tel: 08150999600, 08150999577, 08150999588, 08150999599
iv) **Enugu**	10 Our Lord's Street Independence Layout, P.M.B 1210 Tel: 042– 457292; 455325; 456101; Fax: 042–456770
v) **Ilorin**	No. 12A, Sulu Gambari Road Ilorin Tel: 031 – 810789; 07098705709
vi) **Kano**	Plot 458, Muhammad Muhammad Street Hotoro, G.R.A. Kano Tel: 08116651412, 08097756130, 08063932722, 08126657022

vii) **Port Harcourt**	No. 104 Woji Road Off Olu Obasanjo Road G.R.A. Port Harcourt Tel: 084 – 846831; 846843
viii) **Sokoto**	2, Gusau Road, P.M.B. 2305, Sokoto Tel: 08035075514; 08055431628; 08033036055; 08035870529
ix) **Yola**	No. 6 Numan Road P.M.B. 2227, Jimeta-Yola Adamawa State Tel: 08089814004; 08089814005; 08089814006; 08089814007

SECTION 17

IADI GLOSSARY OF TERMS AND DEFINITIONS

NO.	TERMS	OTHER TERMS USED	DEFINITION
1	**Acquiring Bank**		A **Bank** that purchases some or all of the assets and/or assumes some or all of the liabilities of a failed bank in a **Purchase and Assumption** transaction.
2	**Adverse Selection**		The tendency for higher-risk **Banks** to opt for **Deposit Insurance** and lower-risk ones to opt -out when membership in a **Deposit Insurance System** is voluntary.
3	**Aggregation**		The act of consolidating information from depositors' different individual accounts into one (usually for the purpose of reimbursement).
4	**Amalgamation**		A combination under a single entity of all or part of the assets and liabilities of two or more business units.
5	**Assessment Base**	**Tariff Base**	The monetary basis (i.e. insured deposits, total liabilities, assets) on which the **Deposit Insurer** charges **Premiums** to a **Member Bank** or calculates the levy needed to compensate the **Insured Depositors**.
6	**Bail-in within Resolution**		Restructuring mechanisms to recapitalise a **Bank** in **Resolution** or effectively capitalise a **Bridge Bank**, under specified conditions, through the write-down, conversion or exchange of debt instruments and other senior or subordinated unsecured liabilities of the **Bank** in **Resolution** into, or for, equity or other instruments in that bank, the parent company of that **Bank** or a newly formed **Bridge Bank**, as appropriate to legal frameworks and market capacity.
7	**Bailout**	**Extra-ordinary Public Financial Support**	Any transfer of funds from public sources to a failing or failed bank or a commitment by a public authority to provide funds with a view to sustaining the institution (e.g., by way of guarantees) that results in benefit to the shareholders or uninsured creditors of that **Bank,** or the assumption of risks by the public authority that would otherwise be borne by the **Bank** and its shareholders, where the funds transferred are not recouped from the institution, its unsecured creditors or, if necessary, the financial system more widely, or the national authority is not reimbursed for the risks assumed.
8	**Bank Run**		A rapid and significant withdrawal of **Deposits** by depositors following a loss of confidence, precipitated by fear that a **Bank** may fail and depositors may suffer losses.
9	**Bank**	**Deposit-taking Institution**	Any entity which accepts **Deposits** or repayable funds from the public and is classified under the jurisdiction's legal framework as a deposit-taking institution.

NO.	TERMS	OTHER TERMS USED	DEFINITION
10	**Blanket Guarantee**	**Blanket Coverage** **Full deposit coverage**	A declaration by authorities that in addition to the protection provided by limited coverage deposit insurance or other arrangements, certain **Deposits** and perhaps other financial instruments will be protected.
11	**Bridge Bank**	**Bridge Institution**	An entity that is established to temporarily take over and maintain certain assets, liabilities and operations of a failed bank as part of the resolution process.
12	**CAMELS Rating**		A rating system where supervisors rate **Banks** according to six factors represented by the acronym "CAMELS" (Capital adequacy, Asset quality, Management capability, Earnings, Liquidity and Sensitivity to market risk).
13	**Capital Adequacy Ratios**		A measurement of the amount of a bank's capital typically expressed as a percentage of its risk weighted assets.
14	**Claim**		An assertion of the indebtedness of a failed bank, or the entitlement of a depositor to general creditor, subordinated debt holder, or shareholder.
15	**Co-insurance**		A "loss sharing" arrangement whereby depositors are covered for a pre-specified portion of **Deposits** that is less than 100 percent of their **Insured Deposits**.
16	**Collateralisation**		The act wherein a creditor takes claim on any assets of a debtor (mortgage, pledge, charge or other form of security) as recourse in the event the debtor defaults on the original loan/obligation.
17	**Compulsory Membership**	**Mandatory Membership**	A system wherein all designated **Banks** must be members of a **Deposit Insurance System**, according to law or agreement.
18	**Conservator**	**Administrator**	A person or entity, appointed by a regulatory authority to operate a troubled bank in an effort to conserve, manage, and protect the institution's assets until the institution has been restored to viability or has been closed by the chartering authority.
19	**Conservator-ship**		The legal procedure provided by law or agreement for the interim management of troubled banks.
20	**Contagion**		The spread of financial problems of a **Bank** to other **Banks** or Financial Institutions usually within the same jurisdiction or the spread of economic and financial disturbances within a jurisdiction or across jurisdictions.
21	**Corporate Governance**		The systems (strategies, policies, processes and controls) by which an organisation is directed, administered or controlled, and includes the relationships among stakeholders and the goals for which the organisation is governed.
22	**Coverage Limit**	**Coverage Level** **Maximum Coverage** **Compensation Limit**	The maximum amount a depositor can claim from or be reimbursed by a **Deposit Insurer** in the event of a bank failure.

NO.	TERMS	OTHER TERMS USED	DEFINITION
24	Coverage Ratio (by value)		The ratio of the value of Insured Deposits divided by the total value of Eligible Deposits.
25	Cross-border Cooperation Arrangements	Cross-border Resolution Arrangements	Specific cooperation agreements, sanctioned by national law, that enable Resolution Authorities to share information and to act collectively to resolve banks located in multiple jurisdictions in a more orderly and less costly manner.
26	De Minimis Clause in Reimbursement		A deposit level threshold below which a Deposit Insurer is not obligated to pay (i.e. low value deposits that would not be reimbursed because the administrative costs would exceed the amount of reimbursement).
27	Deposit		Any credit balance deriving from normal banking transactions and which a Bank must repay at par under the legal and contractual conditions applicable, any debt evidenced by a certificate issued by a Bank, and any other funds or obligations defined or recognised as deposits by the law establishing the Deposit Insurance System.
28	Deposit Insurance System	Deposit Guarantee Scheme Deposit Protection Scheme	Refers to the Deposit Insurer and its relationships with the Financial Safety-Net participants that support Deposit Insurance functions and resolution processes.
29	Deposit Insurance	Deposit Guarantee Deposit Protection	A system established to protect depositors against the loss of their Insured Deposits in the event that a Bank is unable to meet its obligations to the Depositors.
30	Deposit Insurer	Deposit Insurance Agency	A specific legal entity responsible for providing Deposit Insurance, deposit guarantees or similar deposit protection arrangements.
31	Deposit Reimbursement	Deposit Payout	A resolution method that involves the reimbursement of Deposits to Insured Depositors.
32	Depositor Preference	Depositor Priority	Granting deposit liabilities a higher claim class than other general creditors against the proceeds of liquidation of an insolvent bank's assets. Depositors must be paid in full before remaining creditors can collect on their claims. Depositor preference can take a number of different forms. For example: • national (or domestic) depositor preference gives priority to deposit liabilities booked and payable within the domestic jurisdiction and does not extend to deposits in foreign branches abroad; • eligible depositor preference gives preference to all deposits meeting the eligibility requirements for deposit insurance coverage; • insured depositor preference gives preference to insured depositors (and the deposit insurer under subrogation);

NO.	TERMS	OTHER TERMS USED	DEFINITION
			• a two-tiered depositor preference concept, in which eligible, but uninsured deposits have a higher ranking than claims of ordinary unsecured, non-preferred creditors, and insured depositors have a higher ranking than eligible depositors; and • general depositor preference, in which all deposits have a higher ranking than claims of ordinary unsecured, non-preferred creditors, regardless of their status (insured/uninsured or eligible/not eligible).
33	**Differential Premium System**	**Risk-based Premium System Risk-adjusted Premium System**	A premium assessment system which seeks to differentiate premiums on the basis of criteria such as individual bank risk profiles.
34	**Due Diligence**		An **On-site Inspection** of the books and records of a failing bank by a potential purchaser, a supervisor, a **Resolution Authority** or their agents for a valuation/estimation of assets and liabilities.
35	**E- money**	**Electronic Money**	An electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e -money issuer. The device acts as a pre-paid bearer instrument which does not necessarily involve bank accounts in transactions.
36	**Early Intervention**		Any actions, including formal corrective action, taken by supervisory or **Resolution Authorities** in response to weaknesses in a **Bank** prior to entry into **Resolution**.
37	**Early Warning System**	**Early Detection System**	A model that attempts to predict the likelihood of failure or financial distress of **Banks** over a fixed time horizon, based on the banks' current risk profile.
38	**Eligible Deposits**	**Insurable Deposits**	**Deposits** that fall within the scope of coverage of a **Deposit Insurance System** (i.e. they meet the requirements for coverage under a **Deposit Insurance System**, and are based typically on the type(s) of depositor and/or **Deposit**). Eligible deposits are also referred to as Insurable Deposits.
39	**Enterprise Risk Management (ERM)**		The processes and activities used to identify, assess, measure, monitor, control and mitigate risks in respect of the **Deposit Insurer**'s enterprise as a whole.
40	**Entry into Resolution**	**Resolution Trigger**	The formal determination by the relevant authority or authorities that a **Bank** meets the conditions for **Resolution** and that it will be subject to resolution measures.
41	**Ex-ante Funding**		The regular collection of premiums, with the aim of accumulating a fund to meet future obligations (e.g. reimbursing depositors) and cover the operational and related costs of the **Deposit Insurer**.
42	**Expected Losses (EL)**		The average losses that a **Deposit Insurance Fund** may incur under normal circumstances of a deposit insurer's business. Mathematically defined as the mean of the **Deposit Insurance** fund's loss distribution.

NO.	TERMS	OTHER TERMS USED	DEFINITION
43	**Explicit Protection**		A system, expressly laid down by statutes or other legal instruments that stipulates the amount of reimbursement depositors can ex pect in the event of a bank failure, with rules concerning coverage limits, the types of instruments covered, the methods for calculating depositor claims, funding arrangements and other related matters.
44	**Ex-post Funding**		A system where funds to cover deposits insurance obligations are only collected from surviving banks after a bank failure.
45	**Extraordinary Contribution**	**Additional Contribution**	Additional **Premiums/**levies which can be collected **Ex-post** from members of a **Deposit Insurance System** if the **Ex-ante** funding of the system may be insufficient to meet its obligations.
46	**Financial Assistance**		An assistance provided to a **Troubled Bank** by third parties, such as government agencies, **Resolution Authorities** or **Deposit Insurers.** This may, among others, take the form of loans, guarantees, subsidies, tax allowance, contribution, purchase of assets, subscription of debts, capital injections, or cost - sharing arrangements.
47	**Financial Inclusion**		The extent to which individuals and entities have access to and utilise formal financial services.
48	**Financial Institution**	**Financial Firm** **Financial Entity** **Institution**	Any entity wherein the principal business involves the provision of financial services or the conduct of financial activities, including deposit-taking, credit intermediation, insurance, investment or securities business or operating **Financial Market Infrastructure**.
49	**Financial Market Infrastructure**		A multilateral system among participating **Financial Institutions**, including the operator of the system, used for the purposes of, clearing, settling or recording payments, securities, derivatives or other financial transactions. It includes payment systems, central securities depositories, securities settlement systems, central counterparties, and trade repositories.
50	**Financial Safety-Net**		A framework that includes the functions of prudential regulation, supervision, **Resolution**, lender of last resort and **Deposit Insurance**. In many jurisdictions, a department of government (generally a Ministry of Finance or Treasury responsible for financial sector policy) is included also in the financial safety-net.
51	**Fit and Proper**		Fitness tests that usually seek to assess the competence of managers and directors and their capacity to fulfil the responsibilities of their positions while propriety tests seek to assess their integrity and suitability. Formal qualifications, previous experience and track record are some of the elements focused on by authorities when determining competence. To assess integrity and suitability, elements considered include: criminal records, financial position, civil actions against individuals to pursue personal debts, refusal of admission to, or expulsion from, professional bodies, sanctions applied by regulators of other similar industries, and previous questionable business practices.

NO.	TERMS	OTHER TERMS USED	DEFINITION
52	**Flat-rate Premium**	**Flat-rate Levy**	A **Premium** payable to a **Deposit Insurer** assessed at a uniform rate across all **Member Banks**.
53	**Forbearance**		The granting of exemptions or delaying intervention action in relation to **Banks** from compliance with minimum regulatory requirements or intervention criteria.
54	**Foreign Bank Branch**	**Overseas Bank Branch**	An establishment of a foreign bank that is not a separate legal entity in a **Host Jurisdiction.**
55	**Foreign Bank Subsidiary**	**Overseas Bank Subsidiary**	A separate legal entity of a bank incorporated outside the **Home Jurisdiction**.
56	**Funding**		Financing mechanisms necessary to cover the operating expenses and obligations of a **Deposit Insurer**.
57	**Global Systemically Important Bank (G-SIB)**		A **Bank** designated by the Financial Stability Board as globally systemically important.
58	**Governing Body**		A group of people or an entity, such as a board of directors that directs the business and affairs of an organisation.
59	**Home Jurisdiction**		The jurisdiction where the operations of a financial group are supervised on a consolidated basis.
60	**Host Jurisdiction**		Any jurisdiction other than the **Home Jurisdiction** in which a **Bank** conducts business activities.
61	**Implicit Protection**	**Implicit Guarantee**	An expectation that some form of Government protection would be provided in the event of a financial institution failure. Implicit protection is, by definition, never formally specified. There are no statutory rules regarding the eligibility of financial institution liabilities, the level of protection provided or the form which reimbursement will take.
62	**Indemnification**		A collateral contract or assurance under which one entity agrees to secure another entity against either anticipated financial losses or potential adverse legal consequences (e.g. damages and costs).
63	**Indexed Coverage**		The limited coverage level which is determined by the inflation rate or the change in other relevant price index of a jurisdiction.
64	**Insolvency**		A situation where a **Bank** can no longer meet its financial obligations when due and/or the value of its assets is less than the total of its liabilities.
65	**Insured Depositors**	**Guaranteed Depositors Protected Depositors Covered Depositors**	Holders of **Eligible Deposits** that do not exceed the maximum level of coverage provided by a **Deposit Insurance System**.
66	**Insured Deposits**	**Guaranteed Deposits Protected Deposits Covered Deposits**	**Eligible Deposits** that do not exceed the maximum level of coverage provided by a **Deposit Insurance System**.

NO.	TERMS	OTHER TERMS USED	DEFINITION
67	**Integrated Protection Scheme (IPS)**		A system where a single agency, usually a pre-existing **Deposit Insurer**, provides guarantee or protection to investors in securities firms, and/or policy holders of insurance companies, in addition to depositors in **Banks**, for the loss of insured funds or unsatisfied claims in the event of a **Member Institution**'s failure.
68	**Interim Payment**	**Advance Payment Provisional Payment Emergency Partial Payment**	A partial payment made to depositors by a **Deposit Insurer** before the start of actual reimbursement. This could be particularly useful in situations when there may be extended delays in reimbursement or when the **Deposit Insurer** is of the opinion that **Insured Depositors** urgently require access to their funds.
69	**Intervention**		Any actions, including formal corrective action, taken by supervisory, **Resolution Authorities** or **Deposit Insurers** to address concerns that may arise with a **Bank**.
70	**Joint Account**		An account opened in the names of two or more individuals who have rights of access to the account.
71	**Least-cost Resolution**	**Least-cost Rule**	A procedure that requires the **Resolution Authority** to implement the resolution option, including **Liquidation** of the failed bank, that is least costly to the **Resolution,** the financial system or the **Deposit Insurance System**.
72	**Legal Framework**		The comprehensive legal system for a jurisdiction established by any combination of the following: a constitution; primary legislation enacted by a legislative body that has authority in respect of that jurisdiction; subsidiary legislation (including legally binding regulations or rules) adopted under the primary legislation of that jurisdiction; or legal precedent and legal procedures of that jurisdiction.
73	**Legal Protection**	**Legal Immunity**	The set of legal mechanisms by means of which persons participating in the **Resolution** of a failed bank, including current and former employees, directors, officers and lawfully delegated agents of an organisation, are covered from the effects of claims and procedures initiated against them for alleged acts and omissions executed in good faith, that occur within the scope of such persons' mandate.
74	**Limited-Coverage Deposit Insurance System**		A system that guarantees that the principal and/or the interest accrued on **Insured Deposit** accounts will be paid, up to a specified limit, in the event of bank insolvency.
75	**Liquidation**	**Receivership**	The winding down (or winding up, as used in some jurisdictions) of the business affairs and operations of a failed bank through the orderly disposition of its assets after its license has been revoked and it has been placed in receivership. In some jurisdictions, it is synonymous with "receivership".
76	**Liquidator**	**Receiver**	The legal entity that undertakes the winding down of the failed bank and the disposition of its assets.

NO.	TERMS	OTHER TERMS USED	DEFINITION
77	**Liquidity Funding**	**Emergency Funding** **Back-up Funding**	Additional funding arrangements to supplement the deposit insurance funds in situations where the cumulated funds are insufficient to meet the needs of intervention and failure resolution, including depositor reimbursement.
78	**Loss Minimiser**		A **Mandate** where the **Deposit Insurer** actively engages in a selection from a range of least-cost resolution strategies.
79	**Loss–given Default (LGD)**		The non-recoverable share of resource exposure (non-returnable to deposit insurance fund) from the bankruptcy estate of a liquidated **Member Institution**. Typically expressed as a percentage of the total exposure.
80	**Loss-sharing Agreement**	**Loss-sharing Arrangement**	An agreement in a financial transaction in which the **Resolution Authority** or the **Liquidator** agrees to share with the acquirer losses on certain types of loans. Loss sharing may be offered in connection with the sale of classified or non-performing loans that otherwise might not be sold to an acquirer at the time of **Resolution**.
81	**Mandate**		A set of official instructions describing the **Deposit Insurer**'s roles and responsibilities. There is no single mandate or set of mandates suitable for all **Deposit Insurers**. When assigning a mandate to a deposit insurer jurisdiction-specific circumstances must be taken into account. Mandates can range from narrow "pay box" systems to those with extensive responsibilities, such as preventive action and loss or risk -minimisation/ management, with a variety of combinations in between. These can be broadly classified into four categories namely a **Paybox**, a **Paybox plus**, a **Loss Minimiser** and a **Risk Minimiser**.
82	**Market Discipline**		A situation where depositors or creditors assess the risk characteristics of a **Bank** and can influence Bank risk-taking behaviour by threatening to withdraw funds from the institution.
83	**Member Bank**	**Insured Institution** **Participant Firm** **Member Institution**	A **Bank** that is a member of a **Deposit Insurance System**.
84	**Moral Hazard**		Arises when parties have incentives to accept more risk because the costs that arise from the risk, are borne, in whole or in part, by others.
85	**Non-viability**		Refers to a situation before institutional insolvency, and may also include circumstances where: (i) regulatory capital or required liquidity falls below specified minimum levels; (ii) there is a serious impairment of the **Bank**'s access to funding sources; (iii) the **Bank** depends on official sector financial assist ance to sustain operations or would be dependent in the absence of resolution; (iv) there is a significant deterioration in the value of the **Bank**'s assets; (v) the **Bank** is expected in the near future to be unable to pay liabilities as they fall due; (vi) the **Bank**'s business plan is non-viable; and/or (vii) the **Bank** is expected in the near future to be balance-sheet insolvent.

NO.	TERMS	OTHER TERMS USED	DEFINITION
86	**On-site Inspection**	**On-site Appraisal/ Examination**	An appraisal by the banking supervisor or the **Deposit Insurer** on the premises of the **Bank** which includes an examination of the books, records and internal controls of a **Bank**.
87	**Open-bank Assistance**		A resolution method taken by the **Resolution Authority** in which a **Bank** in danger of failing receives assistance in the form of a direct loan, an assisted merger, a purchase of assets, or other means.
88	**Operational Independence**		The ability of an organisation to fulfil its **Mandate** using the legislated powers and means assigned to it without undue influence from external parties.
89	**Paybox Plus**		A **Mandate** where the **Deposit Insurer** has additional responsibilities such as a certain **Resolution** functions (e.g. financial support).
90	**Paybox**		A **Mandate** where the **Deposit Insurer** is only responsible for the reimbursement of **Insured Deposits**.
91	**Payment Agent**	**Paying Agent**	Entities (e.g. **Banks**, postal banks, government support payments) authorised by a **Deposit Insurer** to reimburse **Insured Depositors** on its behalf. **Deposit Insurers** would need to identify and select its payment agents and to address issues such as cost arrangements, depositor information transfer protocols, and procedures, as well as the timelines for making payments before a reimbursement takes place.
92	**Premium**	**Contribution Levy**	The amount that a member institution pays for **Deposit Insurance** for a given time period.
93	**Probability of Default**		The probability that a **Bank** will not be able to meet its obligations over a particular time horizon.
94	**Prompt Corrective Action (PCA)**		A set of progressive corrective actions taken by the supervisory authorities against **Financial Institutions** exhibiting progressively deteriorating financial performance or behaviours. The goals of many PCA schemes are to identify and address financial or operational weaknesses that threaten the viabilityof a financial institution when the problems are still small enough to manage.
95	**Public Awareness Program**	**Consumer Awareness**	A comprehensive program designed to disseminate information to the public regarding the benefits and limitations of a **Deposit Insurance System**, including how and when depositors can gain access to their funds in case of a bank failure.
96	**Public-policy Objectives**		Refers to the goals which the **Deposit Insurance System** is expected to achieve.
97	**Purchase-and-Assumption Transaction (P&A)**	**Full or Partial Transfer of Business**	A resolution method in which a healthy bank or a group of investors assume some or all of the obligations, and purchase some or all of the assets of the failed bank.
98	**Rebate**		The return of part of a deposit insurance premium payment, representing some deduction from the full amount previously paid.
99	**Recovery**		The amount of collections on the assets of a failed bank.

NO.	TERMS	OTHER TERMS USED	DEFINITION
100	**Recovery Plan**		A plan to guide to the recovery of a distressed **Bank**. In the recovery phase, the **Bank** has not entered into a **Resolution** and therefore remains under the control of its management, although the supervisory authorities may be able to order or enforce the implementation of recovery measures through ordinary supervisory powers. The Recovery Plan is produced by the **Bank** and includes measures to decrease the risk profile of a bank and conserve capital, as well as strategic options such as the divestiture of business lines and restructuring of liabilities.
101	**Recovery Rate**		The ratio of collections to the book-value of a failed bank's assets.
102	**Resolution Authority**		A public authority that, either alone or together with other authorities, is responsible for the resolution of financial institutions established in its jurisdiction (including resolution planning functions).
103	**Resolution Costs**		For a given resolution method, the sum of the expenditures and obligations incurred by the **Resolution Authority**, including any immediate or long- term obligations andany direct or contingent liabilities for future payment, less the recoveries on assets of a failed **Bank**.
104	**Resolution Plan**	**Living Will**	A plan intended to facilitate the effective use of the **Resolution Authority**'s resolution powers with the aim to makefeasible the resolution of any financial institution without severe systemic disruption and exposure of taxpayers to loss while protecting systemically important functions. It serves as a guide to the authorities for achieving an orderly **Resolution**, in the event that recovery measures are not feasible or have proven ineffective.
105	**Resolution Powers**	**Resolution Tools**	Powers available to the **Resolution Authorities** under the **Resolution Regime** or broader legal framework for the purposes of **Resolution**.
106	**Resolution Regime**		The elements of the legal framework and the policies governing resolution planning and preparing for, carrying out and coordinating **Resolution**, including the application of **Resolution Powers**.
107	**Resolution**		A disposition plan andprocess for a non-viable bank. Resolution may include: liquidation and depositor reimbursement, transfer and/or sale of assets and liabilities, the establishment of a temporary bridge institution and the write -down or conversion of debt to equity. Resolution may also include the application of procedures under insolvency law to parts of an entity in resolution, in conjunction with the exercise of **Resolution Powers.**
108	**Risk Minimiser**		A **Mandate** where a **Deposit Insurer** has comprehensive risk minimisation functions that include risk assessment/management, a full suite of **Early Intervention** and **Resolution Powers** , and in some cases, prudential oversight responsibilities.
109	**Scope of Coverage**		Types of **Deposits** and depositors eligible for deposit insurance coverage.
110	**Set-off Arrangement**	**Netting Arrangement**	An arrangement where the claim of a creditor against an insolvent bank is to be deducted from a claim of that bank against the same creditor.

NO.	TERMS	OTHER TERMS USED	DEFINITION
111	**Situational Analysis**		An examination that **Deposit Insurers** undertake to assess macroeconomic factors such as: the state of the economy, current monetary and fiscal policies, the state and structure of the banking system, public attitudes and expectations, the legal, prudential regulatory and supervisory framework and accounting and disclosure regimes.
112	**Start-up Funding**	**Seed Funding**	The funding received by a newly established **Deposit Insurance System** as initial contributions typically from **Financial Institutions**, government, and/or the central bank.
113	**Statute of Limitation**		The law that sets a concrete date after which no claims can be submitted by the claimant against the debtor.
114	**Stress Testing**		A range of simulation techniques used to assess the vulnerability of a **Bank**'s financial position under different scenarios, such as major changes to the macroeconomic environment or to exceptional but plausible events.
115	**Subordinated Debt**		A debt instrument that ranks lower than other ordinary claims or instruments in the priority of its claim on the issuer's assets.
116	**Subrogation**	**Legal Assignment or Transfer**	The substitution of one party (e.g. the **Deposit Insurer**) for another (e.g. the **Insured Depositor**) with reference to a lawful claim, demand, or right, so that the party which substitutes succeeds to the rights of the other in relation to the debt or claim, and its rights and remedies.
117	**Systemic Risk**		A risk of disruption to financial services that is caused by an impairment of all or parts of the financial system and has the potential to have serious negative consequences for the real economy.
118	**Systemically Important Financial Institution (SIFIs)**		A financial institution or a group that, because of its size, complexity and systemic interconnectedness would, in the view of the relevant authorities, cause significant disruption to the domestic or broader financial system and economic activity, if it were to fail in a disorderly manner.
119	**Target Fund Size**	**Target Reserve Ratio**	The size of the **Ex-ante** deposit insurance fund, typically measured as a proportion of the assessment base (e.g. total or insured deposits), sufficient to meet the expected future obligations and cover the operational and related costs of the **Deposit Insurer**.
120	**Termination of Deposit Insurance Membership**		The power of a **Deposit Insurer** to terminate the membership of a **Member Institution** if it does not meet some specific qualifications set by the **Deposit Insurer.** Existing insured deposits remain covered.
121	**Too-big-to-fail**		The belief that an institution is so systemically important that it cannot be allowed to fail as its failure would cause instability across the finan cial system as a whole and to the economy at large.
122	**Troubled Bank**	**Weak Bank Problem Bank Distressed Bank**	A **Bank** that has, or will have, impaired liquidity or solvency unless there is a major improvement in its financial resources, risk profile, strategic business direction, risk management capabilities and /or quality of management.

NO.	TERMS	OTHER TERMS USED	DEFINITION
123	**Unexpected Losses**		Extraordinary (unexpected) losses of the **Deposit Insurance** fund that can occur under unlikely, yet possible circumstances with unfavourable outcomes. Mathematically defined as the deviations from the average -**Expected Losses** – with a certain level of probability, i.e. within a certain level of confidence.
124	**Uninsured Deposits**		The types or amount of **Deposits** that are not covered by a **Deposit Insurance System.**
125	**Winding Up**	**Winding Down**	The final phase in the dissolution of a failed bank, in which accounts are settled and assets are liquidated so that the proceeds may be distributed.
126	**Withheld Deposits**		**Deposits** that are temporarily suspended f rom payment by the **Deposit Insurer** due, in part, to insufficient information during reimbursement.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits