Central Bank of Nigeria

FINANCIAL STABILITY REPORT

DECEMBER 2022

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LIST OF ACRONYMS

Acronym	Description
AACB	Association of African Central Banks
ACGS	Agricultural Credit Guarantee Scheme
AEs	Advanced Economies
AMCON	Asset Management Corporation of Nigeria
AML/CFT/CPF	Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing
ASI	All Share Index
AuM	Assets under Management
BCBS	Basel Committee on Banking Supervision
BDCs	Bureaux de Change
BOA	Bank of Agriculture
BOI	Bank of Industry
BRICS	Brazil, Russia, India, China, and South Africa
BVN	Bank Verification Number
CABS	Community of African Banking Supervisors
CACS	Commercial Agriculture Credit Scheme
CAR	Capital Adequacy Ratio
CBDC	Central Bank Digital Currency
CBN	Central Bank of Nigeria
CCP	Central Counterparties
CIBN	Chartered Institute of Bankers of Nigeria
CIS	Collective Investment Scheme
CMNBs	Commercial, Merchant and Non-interest Banks
CMOs	Capital Market Operators
COB	Currency Outside Banks
CODC	Currency Outside Depository Corporations
CPI	Consumer Price Index
CPS	Contributory Pension Scheme
CRMS	Credit Risk Management System
CRR	Cash Reserve Requirement
CSE	Crisis Simulation Exercise
CSWAMZ	College of Supervisors of the West African Monetary Zone
DAX	Deutscher Aktienindex (German stock index of 30 major German companies)
DCs	Depository Corporations
DFIs	Development Finance Institutions
DIF	Deposit Insurance Fund
D-SIBs	Domestic Systemically Important Banks
DVP	Delivery Versus Payment
EBAs	Eligible Bank Assets

Acronym	Description
ECB	European Central Bank
EGX CASE 30	Egypt Stock Exchange (Cairo and Alexandria Stock Exchange) 30 Stock Index
EMDEs	Emerging Markets and Developing Economies
ESG	Environmental, Social & Governance
ETF	Exchange Traded Funds
EVD	Ebola Virus Disease
FAO	Food and Agriculture Organisation
FATF	Financial Action Task Force
FCs	Finance Companies
FGN	Federal Government of Nigeria
FMBN	Federal Mortgage Bank of Nigeria
FPI	Foreign Portfolio Investment
FRACE	Financial Regulation Advisory Council of Experts
FSIs	Financial Soundness Indicators
FSR	Financial Stability Report
FSRCC	Financial Services Regulation Co-ordinating Committee
GCMX	Gezawa Commodity Market and Exchange Limited
GDP	Gross Domestic Product
GIABA	Inter-Governmental Action Group Against Money Laundering in West Africa
GSE	Ghanaian Stock Exchange
GSI	Global Standing Instruction
HHI	Herfindahl-Hirschman Index
I&E	Investor & Exporter
ICAAP	Internal Capital Adequacy Assessment Process
ICE	Intercontinental Exchange
ICFA	Implied Cash Flow Analysis
IFOs	Illegal Fund Operators
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRRBB	Interest Rate Risk in the Banking Book
KOB	Knowledge of Business
KYC	Know Your Customer
LCFE	Lagos Commodities and Futures Exchange
LDR	Loan-Deposit Ratio
LR	Liquidity Ratio
M1	Narrow Money Supply
M2	Broad Money Supply
M3	M2 plus CBN Bills held by the money holding sectors
MC	Market Capitalization

Acronym	Description
MENA	Middle East and North African Countries
MFBs	Microfinance Banks
MHSs	Money Holding Sectors
MICEX	Moscow Interbank Currency Exchange
MMOs	Mobile Money Operators
MoUs	Memoranda of Understanding
MPR	Monetary Policy Rate
MSMEs	Micro, Small and Medium Enterprises
MTDS	Medium-Term Debt Strategy
NAICOM	National Insurance Commission
NAPGEP	National Peer Group Educator Programme
NASD	National Association of Securities Dealers
NAV	Net Asset Value
NBS	National Bureau of Statistics
NCR	National Collateral Registry
NDA	Net Domestic Assets
NDIC	Nigeria Deposit Insurance Corporation
NDPR	Nigerian Data Protection Regulation
NEXIM	Nigerian Export-Import Bank
NFA	Net Foreign Assets
NFIU	Nigerian Financial Intelligence Unit
NGX	Nigerian Exchange Limited
NIBSS	Nigeria Inter-bank Settlement System
NICPAS	Nigeria Cheque Printers' Accreditation Scheme
NIDIF	Non-Interest Deposit Insurance Fund
NIMC	Nigeria Identity Management Commission
NIN	National Identity Number
NMRC	Nigeria Mortgage Re-finance Company Plc
NPLs	Non-Performing Loans
NSBPs	Nigeria Sustainable Banking Principles
NSE 20	Nairobi Stock Exchange 20-Share Index
NSE ASI	Nigerian Stock Exchange All-Share Index
NTBs	Nigerian Treasury Bills
NYSC	National Youth Service Corps
OAGF	Office of the Accountant General of the Federation
OBB	Open Buy Back
ODCs	Other Depository Corporations
OFIs	Other Financial Institutions
OPEC	Organisation of Petroleum Exporting Countries
ORB	OPEC Reference Basket
OTC	Over-the-Counter

Acronym	Description
PAIF	Power and Aviation Infrastructure Fund
PAR	Portfolio-At-Risk
PCX	Prime Commodity Exchange
PENCOM	National Pension Commission of Nigeria
PFAs	Pension Fund Administrators
PFCs	Pension Fund Custodians
PMBs	Primary Mortgage Banks
PoS	Point of Sale
PSBs	Payment Service Banks
PSDIF	Payment Service Deposit Insurance Fund
PSPs	Payments System Providers
PSV 2025	Payments System Vision 2025
QR	Quick Response
RAS	Risk Assessment Summary
RBS	Risk Based Supervision
RCAR	Root Cause Analysis Report
RCMMP	Revised Capital Market Master Plan
ROA	Return on Assets
ROE	Return on Equity
RRPs	Recovery and Resolution Plans
RTGS	Real-Time Gross Settlement
S&P/FMDQ	Standards and Poor's Financial Market Dealers Quotations
S&P/TSX	Standards and Poor's Composite Index of the Toronto Stock Exchange
SANEF	Shared Agent Network Expansion Facilities
SCV	Single Customer View
SDRs	Special Drawing Rights
SEC	Securities and Exchange Commission
SIF	Securities Issuers Forum
SMEs	Small and Medium Enterprises
SRE	Supervisory Review and Evaluation
SSA	Sub-Saharan Africa
TIN	Tax Identification Number
WAMZ	West African Monetary Zone
WEO	World Economic Outlook
WTI	West Texas Intermediate

GOVERNOR'S STATEMENT

The December 2022 edition of the Financial Stability Report (FSR) highlights developments in the financial system during the second half of 2022. Stronger than expected tightening of financial conditions, supply shocks occasioned by the Russia-Ukraine war, and the resurgence of Covid-19 pandemic in some parts of China, resulted in sluggish global growth. Consequently, the 3.40 per cent global output estimate for 2022, was 2.5 percentage points lower than the estimate in 2021.

Growth in the Advanced Economies (AEs) declined to 2.7 per cent in 2022, from 5.7 per cent in 2021. Similarly, growth in Emerging Markets and Developing Economies (EMDEs) was 3.9 per cent in 2022, compared with the 6.50 per cent recorded in 2021. In the same vein, growth in Sub-Saharan Africa (SSA) was estimated at 3.80 per cent, lower than the 4.00 per cent in 2021. Globally, inflationary pressure remained elevated, albeit at a lower rate relative to the first half of 2022. Inflation in advanced countries moderated in the second half of 2022, owing largely to the aggressive contractionary stance of the monetary authorities.

In Nigeria, economic recovery was sustained, although at a slower pace, relative to the level in the first half of 2022. Output grew by 2.91 per cent, compared with 3.32 per cent in the first half of 2022, driven by the non-oil sector, specifically, the services and industry sub-sectors. Credit to the private sector continued to grow, resulting from policies encouraging lending to key sectors of the economy.

Gross external reserves decreased to US$36.61 billion, from US$39.16 billion at end-June 2022, reflecting a combination of heightened demand and slow accretion to reserves.
Despite the headwinds in the macroeconomic space, the financial sector remained resilient and stable, owing to the sustained implementation of various regulatory and supervisory measures and market development initiatives. The outcomes of these actions were reflected in financial soundness indicators which remained within regulatory thresholds during the period.

The outlook for both global and domestic economic recovery remains uncertain as a result of significant downside risks from disruption to global supply chains, the Russia-Ukraine crisis, heightened inflationary pressures across several economies and decline in economic activities in China following the resurgence of Covid-19. Also, monetary policy normalisation across major economies, the rising debt levels, and recession concerns, constitute major challenges to global growth. On the domestic front, the economy is projected to grow by 2.88 per cent in 2023.

The Bank will continue to provide policy support to the priority sectors of the economy to ensure a stable, sound, and resilient financial system.

Godwin I. Emefiele, CON
Governor, Central Bank of Nigeria

FOREWORD

Growth in the global financial system during the review period was accentuated by headwinds and uncertainties occasioned from tightening of financial conditions, the Russia-Ukraine war, and the resurgence of Covid-19 in some parts of China.

Notwithstanding these challenges, the Nigerian financial system remained stable owing to coordinated policy measures which continued to yield positive results, as key financial soundness indicators were within the prudential requirements. Furthermore, top-down solvency and liquidity stress tests and contagion risk analysis revealed the resilience of the banking system and its ability to cope with severe macroeconomic shocks. In addition, the pension, capital market and insurance sub-sectors continued to contribute immensely to the resilience and stability of the financial system.

This edition of the FSR is divided into eight sections. The first section examines global and domestic trends. Section two discusses financial system developments, while the third highlights key stability issues, as well as regulatory and supervisory activities. Section four discusses key developments in the payments system, while sections five, six and seven focus on the Nigeria Deposit Insurance Corporation, pension and insurance sub-sector. The key risks and the outlook for financial stability are presented in sections eight and nine, respectively.

Overall, the Report highlights financial system conditions and the near-term outlook, as well as the sustained efforts by Financial Sector Regulators in promoting the safety and soundness of Nigeria's financial system.

The Bank will continue to identify and assess financial system vulnerabilities and risks, with a view to implementing appropriate regulatory measures to enhance its resilience.

Aishah N. Ahmad, CFA
Deputy Governor, Financial System Stability

EXECUTIVE SUMMARY

The growth in global economy marginally improved in the second half of 2022. Gross Domestic Product (GDP) was estimated to be higher at 3.40 per cent, than 3.10 per cent at end-June 2022. Although an improvement, the growth recorded was dampened by the effects of the lingering Russia-Ukraine crisis, heightened geo-political tensions, global supply chain disruptions, and rising energy and commodity prices. The domestic economy grew by 2.91 per cent at end-December 2022, relative to 3.32 per cent at end-June 2022.

Global inflation remained elevated in the second half of 2022, prompting successive policy rate hikes by most central banks. In line with global trends, headline inflation (year-on-year) in Nigeria rose to 21.34 per cent in December 2022, from 18.60 per cent in June 2022, driven, largely, by persisting high energy prices, rise in transport and logistics costs, global supply chain disruptions, security challenges and flooding in some parts of the country.

The rate hikes by major central banks contributed to tightened financial conditions, leading to asset repricing and higher cost of capital, constituting risks to financial stability. In particular, the rate hike in the United States contributed to the depreciation of major currencies against the U.S. dollar in the second half of 2022.

In the domestic economy, lending and deposit rates maintained an upward trajectory as did yields across all tenors of treasury securities. Gross external reserves decreased by 6.51 per cent to US$36.61 billion at end-December 2022.

The Bank sustained its implementation of various regulatory and supervisory measures, including onsite examinations, off-site surveillance, AML/CFT/CPF assessments, the Global Standing Instruction (GSI) policy, and issued guidance notes to enhance the safety and soundness of banks and safeguard public confidence in the banking industry. These measures facilitated the attainment of financial soundness indicators that were largely within prudential benchmarks. The banking industry reflected increased competition as the Herfindahl Hirschman Index (HHI) of 944.96 and 933.89, for deposits and assets respectively, were lower compared with end-June 2022.

The banking industry capital adequacy ratio, at 13.76 per cent, was above the regulatory threshold of 10 per cent and the capacity of banks' capital to withstand losses on non-performing loans also improved significantly. Results of the stress tests showed that the industry was resilient to solvency and liquidity shocks. The capacity of the banking industry to make informed lending decisions was improved with the addition of 15.42 million uniquely identified credit records. Also, consumer confidence in the banking industry was enhanced with the resolution and closure of 98.54 per cent of reported consumer complaints.

The Bank continued its targeted interventions in critical sectors of the economy and intensified its debt recovery drive. The Payments System Vision 2025 (PSV 2025) was launched to drive digital payments and align with fast-paced innovations in the global payments ecosystem. The Bank also facilitated the interoperability of eNaira with financial institutions' platforms and onboarded some Payments Service Providers (PSPs) to provide eNaira as a payment option. Unstructured Supplementary Service Data (USSD) code (*997#) for eNaira transactions was also introduced.

Performance in the Nigerian capital market and other subsectors during the review period were mixed, as the NGX ASI, equity market capitalisation and foreign portfolio transactions decreased, while government and corporate debt market capitalisation increased. The pension industry grew in terms of Assets under Management (AuM) and the number of pension contributors. Similarly, the insurance industry grew as total assets, net premium income and gross claims increased.

The key risks to financial system stability included increasing threats of cyber-attacks, elevated inflation, rising sovereign debt and debt service obligations, exchange rate pressures and lingering spill-over effects of the persisting Russia-Ukraine crisis.

Consequently, the Bank and other financial system regulators continued to implement appropriate measures and strive extensively to mitigate these risks. Overall, the outlook for financial stability remains optimistic, given the robust policy measures adopted towards enhancing the resilience of the financial system.

1.0 ECONOMIC AND FINANCIAL DEVELOPMENTS

1.1 Global Developments

1.1.1 Output

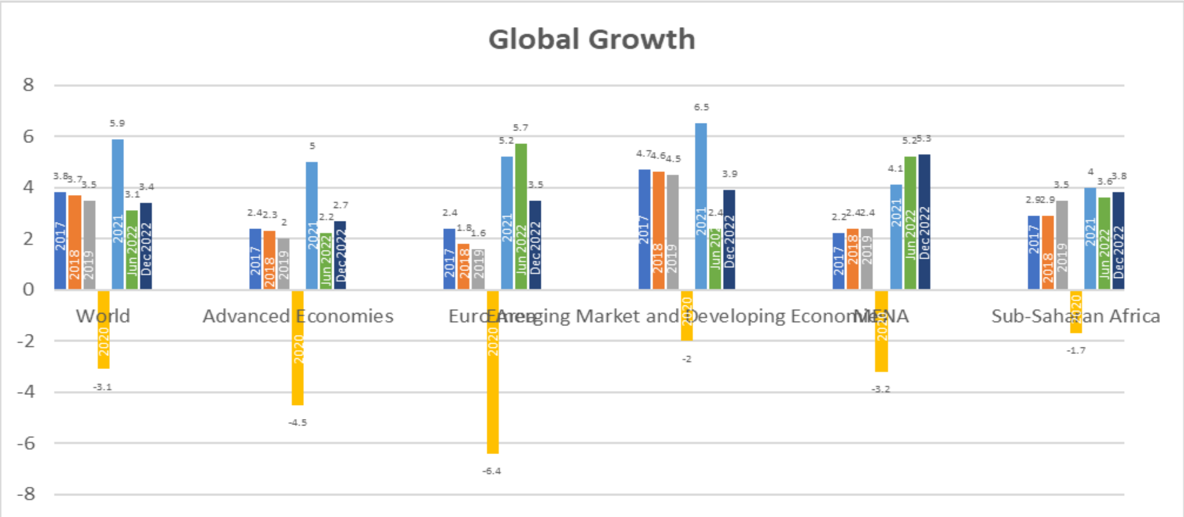
The global economy showed a marginal improvement in the second half of 2022 as estimated Gross Domestic Product (GDP) grew by 3.40 per cent, as against the 3.10 per cent recorded at end-June 2022. However, output growth in the review period was significantly lower than 5.9 per cent achieved in the corresponding period of 2021. The sluggish growth was due largely to stronger-than-expected tightening of financial conditions, supply shocks occasioned by the Russia-Ukraine war and the resurgence of Covid-19 pandemic in some parts of China.

Growth in the Advanced Economies (AEs) was estimated at 2.7 per cent at end-December 2022, compared with 2.2 per cent at end-June 2022. In tandem with the global trend, output growth in the AEs at end-December 2022 was lower than the 5.0 per cent recorded in the corresponding period of 2021.

In the Emerging Markets and Developing Economies (EMDEs), growth was estimated at 3.9 per cent at end-December 2022, compared with 2.4 and 6.50 per cent, at end-June 2022 and end-December 2021, respectively.

Growth in the Sub-Saharan Africa (SSA) region was estimated at 3.8 per cent at end-December 2022, compared with 3.6 per cent and 4.0 per cent, recorded at end-June 2022 and end-December 2021, respectively.

Figure1.1 Global Growth



Source: IMF's World Economic Outlook Update, July 2022, *National Bureau of Statistics (NBS)

Table 1.1: Global Growth

Region/Country	Year-on-Year (%)						
	2017	2018	2019	2020	2021	June 2022	Dec 2022
World	3.8	3.7	3.5	–3.1	5.9	3.1	3.4
Advanced Economies	2.4	2.3	2.0	–4.5	5.0	2.2	2.7
United States	2.2	2.9	2.5	–3.4	5.6	3.2	2.0
Euro Area	2.4	1.8	1.6	–6.4	5.2	5.7	3.5
Japan	1.9	0.9	1.1	–4.5	1.6	1.1	1.4
United Kingdom	1.8	1.4	1.5	–9.4	7.2	3.9	4.1
Canada	3.0	2.1	1.9	–5.2	4.7	3.2	3.5
Emerging Market and Developing Economies	4.7	4.6	4.5	–2.0	6.5	2.4	3.9
China	6.9	6.6	6.2,	2.3	8.1	0.4	3.0
MENA	2.2	2.4	2.4	–3.2	4.1	5.2	5.3
Sub-Saharan Africa	2.9	2.9	3.5	–1.7	4.0	3.6	3.8
Nigeria*	0.8	1.9	2.0	–1.8	3.0	3.54	2.9

Source: IMF's World Economic Outlook Update, July, 2022, *National Bureau of Statistics (NBS)

1.1.2 Inflation

Price pressure remained elevated in the AEs during the review period, albeit moderately relative to the situation in the first half of 2022. Inflation in the advanced countries moderated to 7.40 per cent at end-December 2022, from 8.80 per cent in the first half but significantly higher than the 2.80 per cent recorded at end-December 2021. This pattern was observed in most advanced countries, owing largely to the aggressive tightening stance of the monetary authorities except in the Euro area, where the uptick in prices continued in the second half of 2022, reflecting the asymmetric impact of the surge in energy, commodity and food prices on member states.

In the EMDEs, inflation rose to 9.93 per cent at end-December 2022, from 6.2 per cent at end-June 2022. In the Middle East and North Africa (MENA), inflation rose to 13.9 per cent at end-December 2022, from 6.3 per cent at end-June 2022. The key drivers of inflation included rising energy, food, and commodity prices, as well as supply chain disruptions following the Russia -Ukraine war. However, in SSA, inflation slightly receded to 12.2 per cent at end-December 2022, from 13.00 per cent at end-June 2022, mainly owing to contractionary monetary policy measures during the period.

Figure 1.2 Global Inflation

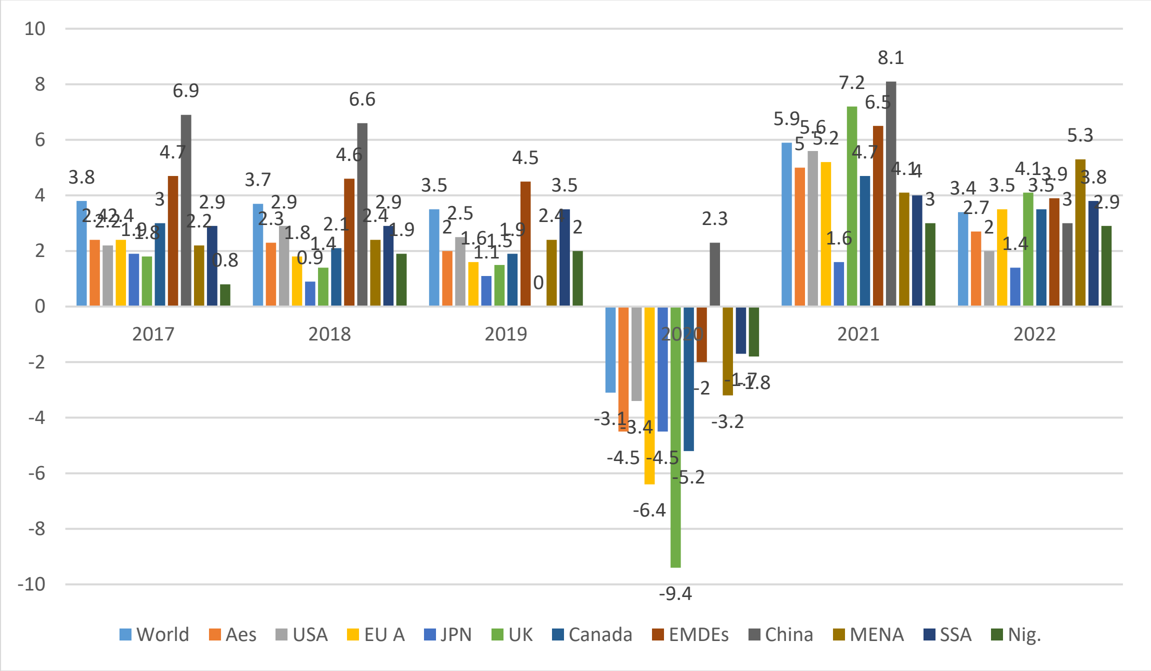


Table 1.2: Global Inflation

Region/Country	2017	2018	2019	2020	2021	June 2022	Dec 2022
Advanced Economies	1.7	2	1.4	0.7	2.8	8.8	7.40
United States	2.1	2.4	1.8	1.2	4.3	8.7	8.00
Euro Area	1.5	1.8	1.2	0.3	2.2	8.8	9.2
Japan	0.5	1	0.5	0	-0.2	0.49	-0.23
United Kingdom	2.7	2.5	1.8	0.9	2.2	9.2	7.90
Emerging Market and Developing Economies	4.4	4.9	5.1	5.1	5.97	6.2	9.93
Middle East and North Africa	7	10.7	7.5	10.5	12.7	6.3	13.9
Sub-Saharan Africa	10.6	8.3	8.2	10.3	10.7	13.0	12.2

Source: WEO Update, July 2022

1.1.3 Oil Prices

The prices of crude oil declined in the second half of 2022, due to weak economic growth, occasioned by monetary tightening, geo-political tensions, and resurgence of the Covid-19 pandemic in some parts of China.

Figure 1.3: Oil Prices (US$ Per Barrel)

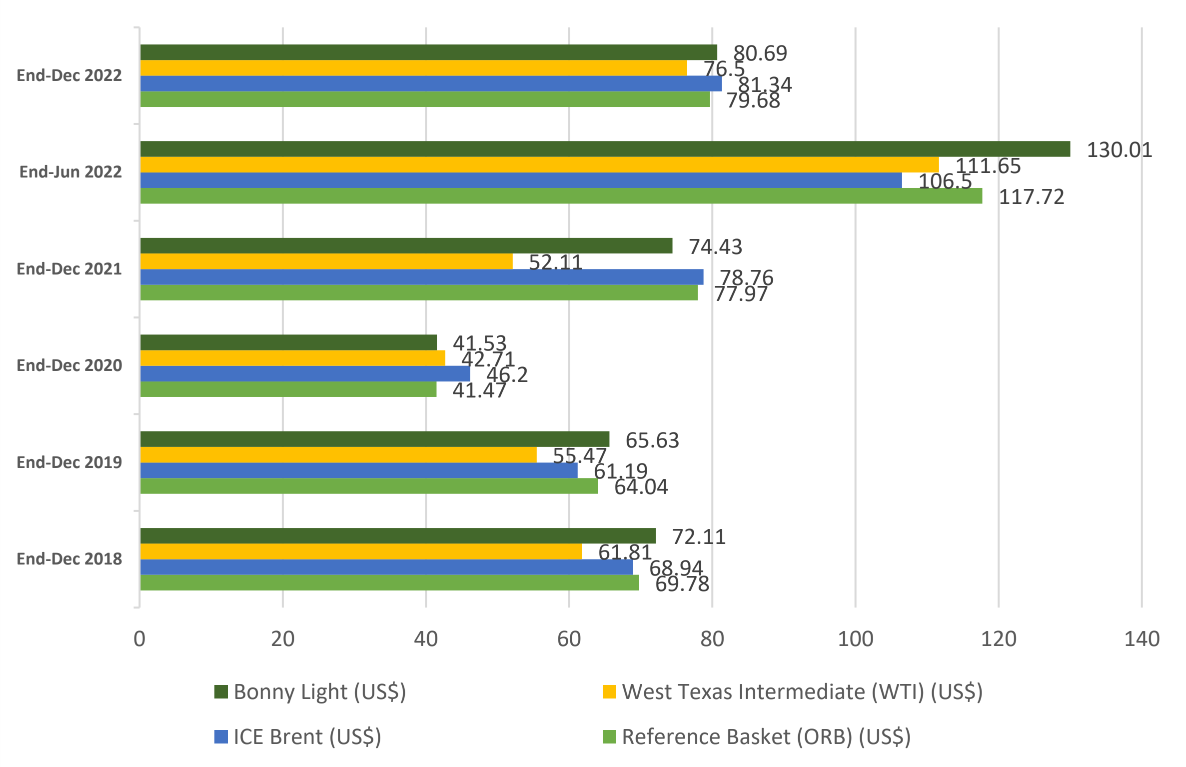


Table 1.3: Oil Prices (US$ Per Barrel)

	End-Dec. 2018	End-Dec. 2019	End-Dec. 2020	End-Dec. 2021	End-Jun. 2022	End-Dec 2022
OPEC Reference Basket (ORB) (US$)	69.78	64.04	41.47	77.97	117.72	79.68
ICE Brent (US$)	68.94	61.19	46.2	78.76	106.50	81.34
West Texas Intermediate (WTI) (US$)	61.81	55.47	42.71	52.11	111.65	76.50
Bonny Light (US$)	72.11	65.63	41.53	74.43	130.01	80.69

Source: OPEC and Reuters

1.1.4 International Stock Markets

The performance of the international stock markets was generally mixed in 2022, influenced majorly by growing trade uncertainties, political challenges, the Russia-Ukraine war and other geopolitical tensions. See figures below and Appendix 1.

Figure 1.4 Indices of African Stock Markets

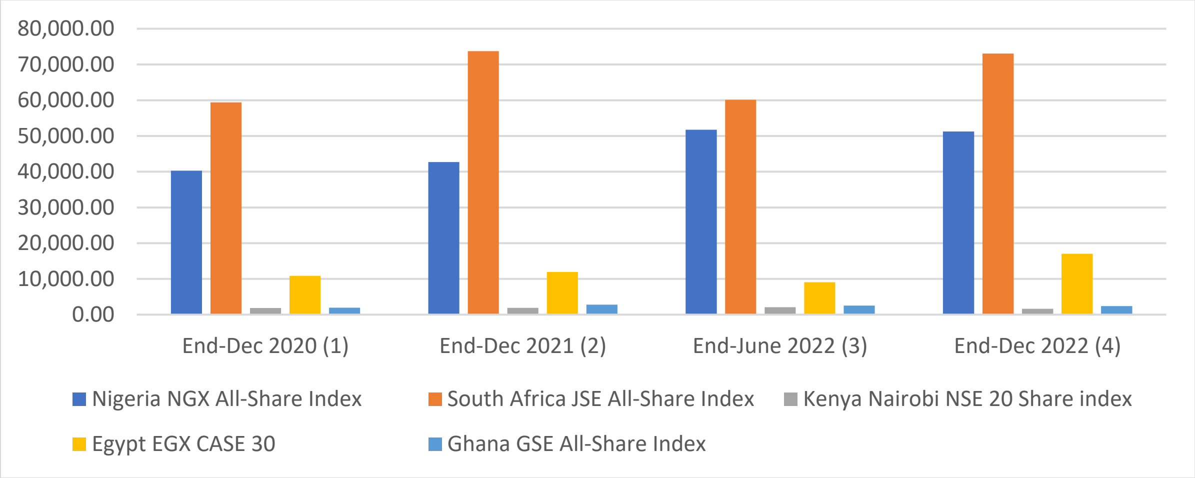


Figure 1.5: Indices of North American Stock Markets

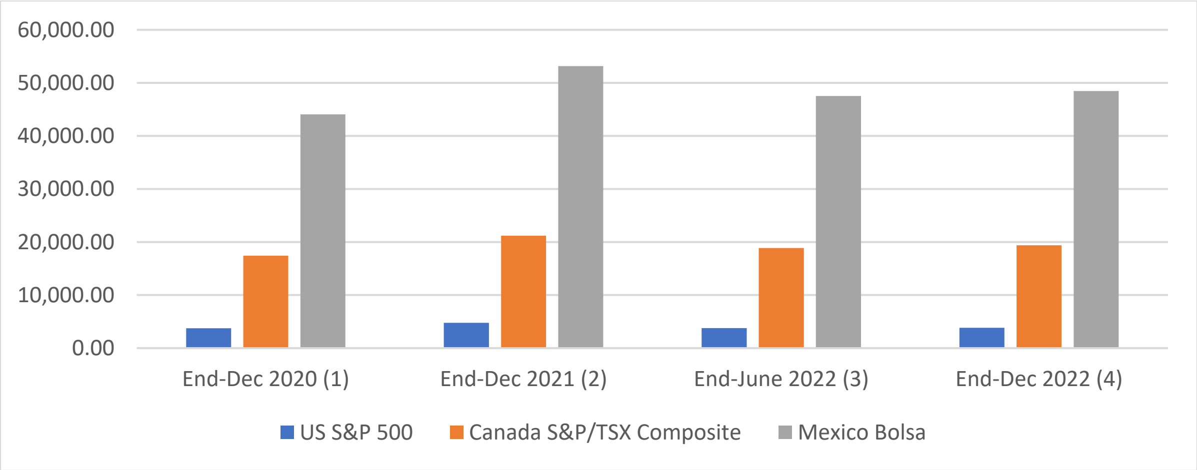


Figure 1.6: Indices of South America Stock Markets

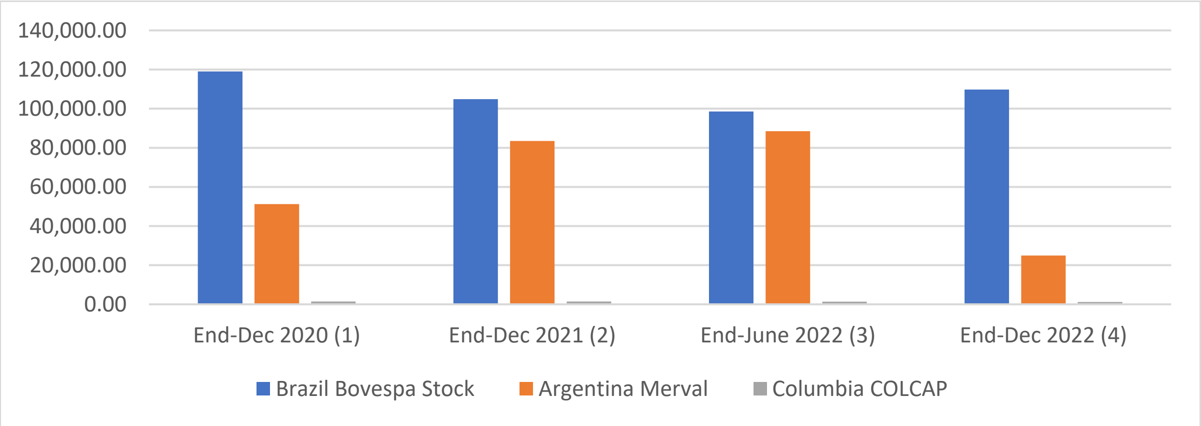


Figure 1.7: Indices of Europe Stock Markets

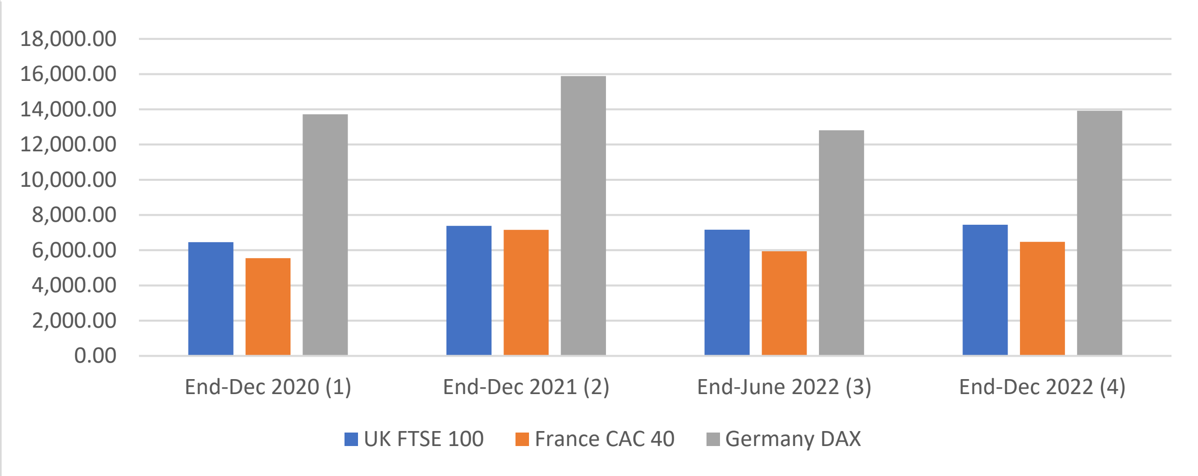
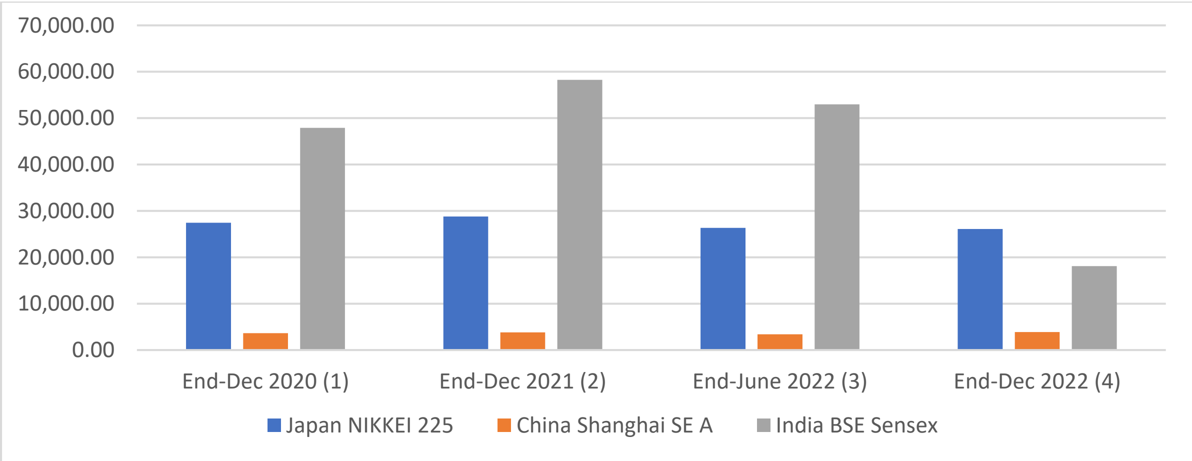


Figure 1.8: Indices of Asia Stock Markets



1.1.5 Foreign Exchange Markets

The commencement of monetary policy normalisation in the US in 2022, with the attendant strengthening of the US dollar, precipitated currency pressures in most economies. Consequently, most currencies depreciated against the U.S. dollar in the second half of 2022, thereby worsening the debt burden of debtor nations.

Table 1.4: Performance of Selected Currencies against the US Dollar

Country/Region	Cur-rency	End-Dec 2020 (1)	End-Dec 2021 (2)	End-Jun 2022 (3)	End-Dec 2022 (4)	% Change (3) & (4)	% Change (2) & (4)
AFRICA							
Nigeria	Naira	390.35	435.00	420.88	460.82	-3.25	-5.94
South Africa	Rand	14.69	15.97	16.27	17.03	-1.88	-6.64
Kenya	Shilling	102.66	111.11	117.88	123.41	-6.09	-11.07
Egypt	Pound	15.73	15.72	18.79	24.71	-19.53	-57.19
Ghana	Cedi	5.87	6.14	7.98	10.10	-29.97	-64.50
NORTH AMERICA							
Canada	Dollar	1.27	1.27	1.29	1.35	-1.34	-6.30
Mexico	Peso	19.88	20.34	20.11	19.49	1.13	4.18
SOUTH AMERICA							
Brazil	Real	5.19	5.57	5.25	5.28	5.75	5.21
Argentina	Peso	84.15	102.74	125.21	177.13	-21.87	-72.41
Colombia	Peso	3430.77	4071.48	4155.11	4852.50	-2.05	-19.18
EUROPE							
UK	Pound	0.73	0.74	1.21	1.20	-63.51	-62.16
Euro Area	Euro	0.82	0.88	1.04	1.07	-18.18	-21.59
Russia	Ruble	74.05	75.26	120.40	118.68	-59.98	-57.69
ASIA							
Japan	Yen	103.30	115.08	135.72	131.12	-17.94	-13.94
China	Renminbi	6.53	6.36	6.69	6.89	-5.19	-8.33
India	Rupee	73.07	74.34	78.97	82.73	-6.23	-11.29

PTP= Period to Period; YTD = Year to Date
Source: Bloomberg

1.1.6 Monetary Policy Rates

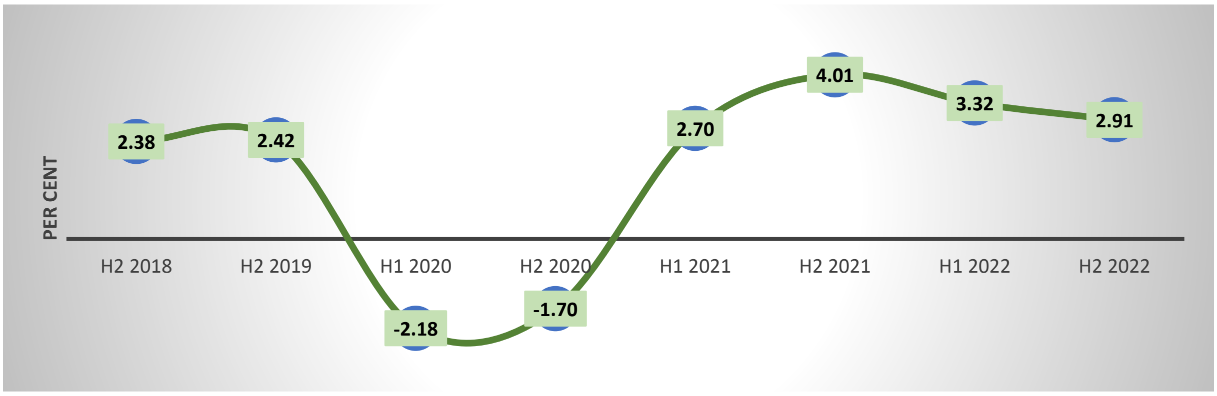
In response to rising inflationary pressures, monetary policy rates were reviewed upward by most central banks during the review period. Although this had a salutary effect on inflation, it negatively impacted prices of fixed income securities, posing a risk to holders of such securities, especially financial institutions. See appendix 2.

1.2 Domestic Macroeconomic Developments

1.2.1 Output

Domestic economic recovery was sustained in the second half of 2022 as a result of renewed business confidence, albeit at a slower pace relative to the first half of the year. Output grew by 2.91 per cent in the second half of 2022, compared with the 3.32 per cent recorded in the first half of 2022.

Figure 1.9: Gross Domestic Product Growth



Source: National Bureau of Statistics

The non-oil sector remained the major driver of output growth by contributing 4.08 percentage points, driven by the improved performance of the services sector. However, the oil sector contracted, contributing negative 1.17 percentage points to the growth in real GDP.

Sectoral analysis revealed that the services sector maintained its steady improvement, contributing 3.87 percentage points, compared with 3.50 percentage points in the preceding half year, owing majorly to the growth in ICT. The contribution of the agriculture sector dropped marginally to 0.48 percentage point, from 0.50 percentage point in the preceding half of 2022. The performance of the industry sector improved relative to the level in the preceding half year.

The continued positive growth post Covid-19 pandemic is expected to sustain the repayment capacity of obligors which would favourably impact financial system stability.

Table 1.5: Sectoral Contributions to real GDP

Sector	H2 2021	H1 2022	H2 2022
Agriculture	0.68	0.50	0.48
Of which: Crop Production	0.68	0.45	0.48
Industry	-0.17	-1.05	-0.87
Of which: Oil	-0.69	-1.64	-1.17
Manufacturing	0.29	0.42	0.04
Services	3.50	3.87	3.30
Of which: ICT	1.02	1.49	1.54
GDP Growth	4.01	3.32	2.91

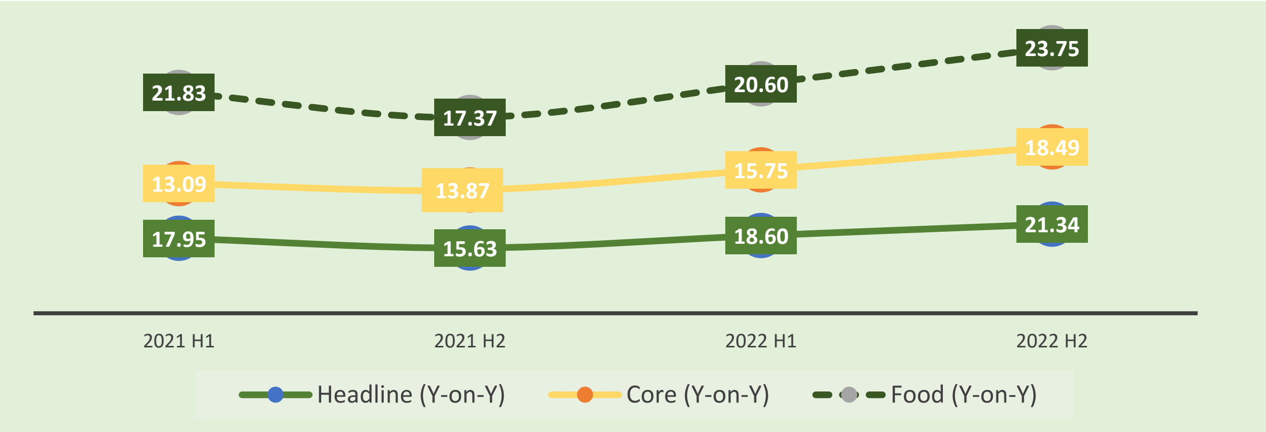
Source: National Bureau of Statistics

1.2.2 Inflation

Inflationary pressures persisted in the second half of 2022, with increases in both food and non-food components of the consumer price index (CPI) basket. Headline inflation (year-on-year) rose to 21.34 per cent in December 2022, from 18.60 per cent in June 2022. The increase was driven, largely, by the persisting high energy prices, rise in transport and logistics costs, global supply chain disruptions, as well as security challenges and flooding in some parts of the country.

Inspite of the rising inflationary trend, banks' deposit liabilities rose by 8.02 per cent while non-performing loans ratio declined to 4.21 per cent at end-December 2022, from 4.95 per cent at end-June 2022. The expected negative impact of rising inflation on savings and borrowers' capacity to repay were mitigated by regulatory initiatives, such as the Cashless, Naira redesign, and Global Standing Instruction (GSI) policies.

Figure 1.10 Inflationary Trend (Year-on-Year)

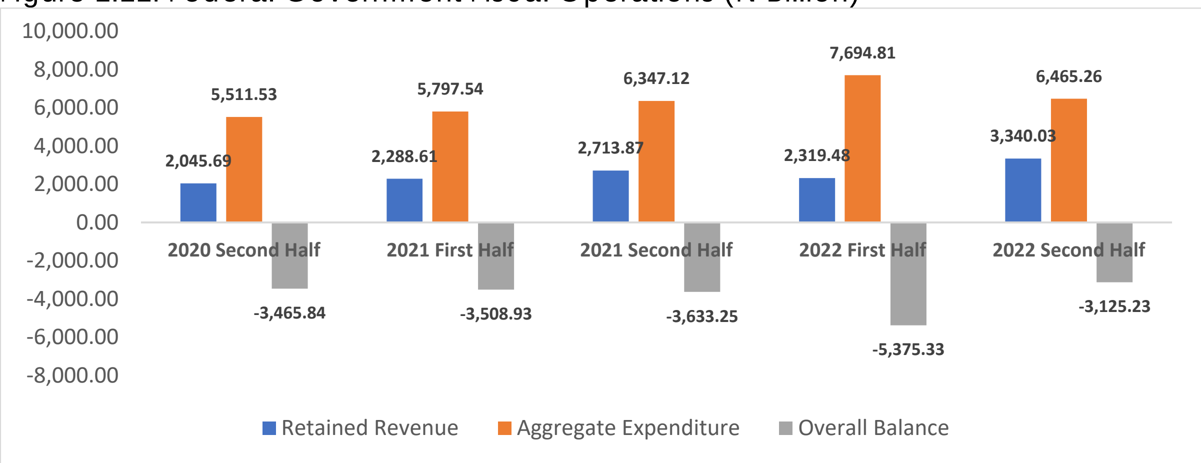


Source: National Bureau of Statistics

1.2.3 Fiscal Operations of the Federal Government

Provisional data on Federal Government Retained Revenue, at ₦3,340.03 billion in the second half of 2022, was below the budget benchmark by 33.00 per cent, reflecting revenue challenges. Provisional aggregate expenditure, at ₦6,465.26 billion in the second half of 2022, was lower than the prorated budget by 25.34 per cent, owing to the significant shortfall in capital expenditure. Consequently, the fiscal operations of the Federal Government resulted in a lower deficit of ₦3,125.23 billion than the budgeted deficit of ₦3,675.11 billion.

Figure 1.11: Federal Government Fiscal Operations (₦ Billion)



Source: OAGF & CBN Staff Estimates

The difference between total revenue and expenditure was bridged by borrowing from domestic and external sources. Thus, the consolidated public debt stock at end-December 2022 stood at ₦46,250.37 billion, an increase of 7.95 per cent over the level at end-June 2022. This consist of 59.56 per cent and 40.44 per cent of domestic and external debt, respectively. The debt stock represented 22.85 per cent of GDP, which was below the Medium-Term Debt Strategy (MTDS) threshold of 40.0 per cent.

1.2.4 External Reserves

Gross external reserves decreased by 6.51 per cent to US$36.61 billion at end-December 2022. A breakdown of the external reserves indicated that the CBN, FGN and Federation holdings were US$34,984,767,945.86, US$1,622,824,660.30 and US$634,769.18 (95.57, 4.43 and 0.00 per cent, respectively. Furthermore, 75.77 per cent of the reserves were held in US dollars, 13.72 per cent in Special Drawing Rights (SDRs), 9.40 per cent in Renminbi and 1.11 per cent in other currencies.

Total inflow to the external reserves decreased by 17.74 per cent to US$13.49 billion at end-December 2022. This was largely attributed to a decline in receipt of third-party funds and purchases of foreign exchange. There was also an inflow of US$1.250 billon (FGN Euro bond issuance) in the preceding period while there was none in the review period.

Total outflow decreased by 4.97 per cent to US$16.05 billion at end-December 2022, driven largely, by decrease in payments at the Investors' & Exporters' (I&E) FX window.

Figure 1.12: External Reserves Position (US$ Billions)

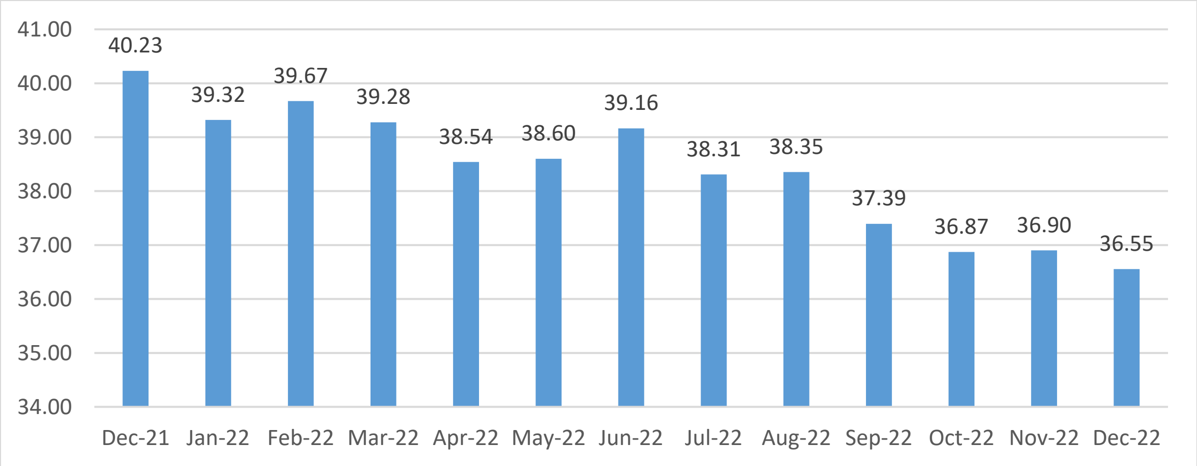


Table 1.6: Foreign Exchange Flows through the CBN (US$ Billion)

Period	Inflow	Outflow	Net flow
End-Dec 2021	26.01	22.27	3.74
End-Jun 2022	16.40	16.89	(0.49)
End-Dec 2022	13.49	16.05	(2.56)

2.0 DEVELOPMENTS IN THE FINANCIAL SYSTEM

2.1 Monetary and Credit Developments

Broad money supply (M3) increased by 17.32 per cent to ₦52,140.94 billion at end-December 2022. The growth exceeded the 2022 programme target of 14.92 per cent, driven by the 36.46 per cent increase in net domestic assets (NDA), which outweighed the 54.52 per cent decline in net foreign assets (NFA). The contribution of NDA to the growth in broad money assets stood at 28.8 percentage points, with net claims on central government and claims on other sectors contributing 24.3 and 15.5 percentage points, respectively.

Table 2.1: Growth Rates of Monetary Aggregates

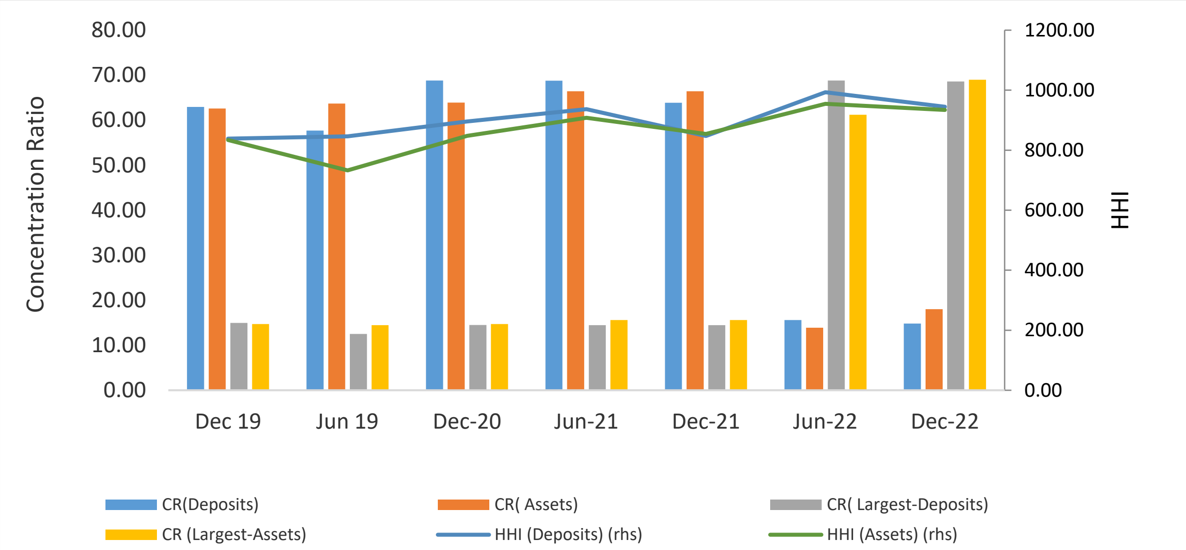
% Change (Over preceding December)	Jun 21	Dec 21	Jun 22	Dec 22
Net Foreign Assets	-18.73	4.22	-34.68	-54.52
Net Domestic Assets	11.94	21.92	21.94	36.46
Domestic Claims	6.85	17.83	17.82	36.30
Net Claims on Central Government	0.88	20.42	31.61	78.15
Claims on Other Sectors	9.15	16.83	12.35	19.71
Other Items (Net)	-14.45	6.79	7.92	44.21
Currency Outside Depository Corporations	-9.91	17.74	-7.46	-12.65
Transferable Deposits	3.25	13.30	16.61	19.86
Narrow Money Supply (M1)	1.17	14.00	12.69	14.57
Other Deposits	3.86	19.99	8.19	17.71
Monetary Liabilities (M2)	2.73	17.48	10.02	16.44
Total Monetary Liabilities (M3)	1.56	14.24	10.02	17.32

On the liability side, growth in M3 was attributed to the 19.86 and 17.71 per cent growth in Transferable Deposits and Other Deposits, respectively. However, Currency Outside Depository Corporations (CODC) sustained its downward trajectory, declining by 12.65 per cent, reflecting increased adoption and usage of electronic payment channels coupled with the naira redesign policy of the Bank. The major contributor to the growth in M3 was Other Deposits at 10.5 percentage points, followed by Transferable Deposits at 6.8 percentage points.

2.1.1 Market Structure of the Banking Industry

In the second half of 2022, the Herfindahl Hirschman Indices (HHI) of 944.96 and 933.89, for deposits and assets, was lower when compared with 993.21 and 954.53 at end-June 2022, respectively, reflecting increased competition in the banking industry. The shares of individual banks ranged from 0.07 to 14.76 per cent in deposits and 0.34 to 17.96 per cent in assets in the review period. However, six banks accounted for 68.63 and 69.02 per cent of total deposits and assets, compared with 61.20 and 68.80 per cent in the first half of 2022, respectively.

Figure 2.1: Concentration Ratios of the Banking Industry Assets and Deposits



2.1.2 Sectoral Distribution of Credit

Total credit to private sector grew by 9.68 per cent to ₦29,445.87 billion at end-December 2022, reflecting post Covid-19 improvement in economic activities and the Bank's sustained efforts to spur credit delivery to growth-enhancing sectors of the economy.

Credit utilisation increased across the three main sectoral categories above their levels in the preceding half year, with the Industry sector recording the highest growth of 14.00 per cent, followed by the Agriculture and Services sectors at 11.16 and 6.39 per cent, respectively. The Services and Industry sectors remained dominant, accounting for 52.84 and 41.01 per cent of the total credit, respectively.

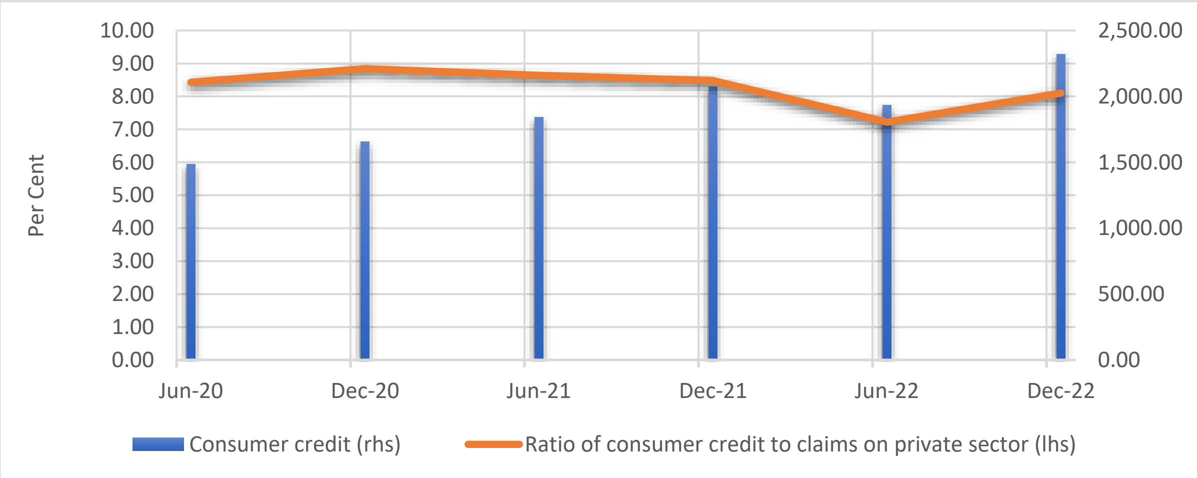
Table 2.2: Sectoral Credit Allocation

ITEM	Dec-21	Jun-22	Dec-22	Percentage Share in Total			% Change Between	
	₦''M	₦''M	₦''M	Dec-21	Jun-22	Dec-22	(1) & (2)	(2) & (3)
SECTORAL CREDIT ALLOCATION	(1)	(2)	(3)	(4)	(5)	(6)		
[a] Agriculture	1,457.82	1,630.38	1,812.47	5.98	6.08	6.15	11.84	11.16
[b] Industry	9,911.14	10,591.87	12,074.31	40.66	39.45	41.01	6.87	14
of which Manufacturing	4,089.29	4,535.19	5,566.43	16.77	16.89	18.09	10.90	22.74
[c] Services	13,009.23	14,624.15	15,559.09	53.36	54.47	52.84	12.41	6.39
of which Finance, Insurance & Capital Market	1,701.02	2,050.19	2,638.84	6.98	7.64	8.96	20.53	28.71
Trade/General Commerce	1,708.38	1,913.39	2,144.63	7.01	7.13	7.28	12.00	12.09
TOTAL PRIVATE SECTOR CREDIT	24,378.19	26,846.40	29,445.87	100	100	100	10.12	9.68

2.1.3 Consumer Credit

Consumer credit grew by 11.80 per cent to ₦2,318.63 billion at end-December 2022, from ₦2,073.76 billion at end-June 2022. A disaggregation of consumer credit revealed that personal and retail loans accounted for 75.59 and 24.41 per cent, compared with 73.49 and 26.51 per cent, respectively, at end-June 2022. It accounted for 8.10 per cent of total credit to the private sector, compared with 7.22 per cent in the second half of 2022. Consumer credit as a proportion of total credit to the private sector remained relatively stable over time.

Figure 2.2 Consumer Credit



2.2 Other Financial Institutions

The potential for financial inclusion was enhanced by the licensing of five Microfinance Banks (MFBs) and five Finance Companies (FCs) in the second half of 2022. This development increased the total number of Other Financial Institutions (OFIs) to 6,707 at end-December 2022.

Table 2.3: Composition of Other Financial Institutions

S/N	Type	End-June, 2022	End-December, 2022
1	Microfinance Banks: National State Tier 1 Unit Tier 2 Unit	9 134 307 425 875	9 134 311 426 880
2	Bureaux De Change	5,675	5,675
3	Finance Companies	106	111
4	Development Finance Institutions	7	7
5	Primary Mortgage Banks	34	34
	Total	6,697	6,707

The total assets of OFIs, excluding the BDCs, increased by 10.52 per cent to ₦6,240.55 billion at end-December 2022, driven largely by net loans and advances, and investments which grew by 4.10 and 25.73 per cent, respectively. On the liability side, borrowings and long-term liabilities increased by 18.25 per cent and 43.37 per cent, respectively; while shareholders' funds increased marginally by 1.08 per cent to ₦741.86 billion at end-December 2022.

The size of OFIs, measured by OFIs' assets to GDP, rose by 1.03 percentage points to 3.131 per cent, from 3.126 per cent, driven largely by the increase in assets of OFIs (14.042 per cent) which outweighed the slight improvement in economic activities in the review period. The increase in the assets of OFIs was attributable to the new enhanced capital regime and the licensing of new OFIs.

Figure 2.3 OFIs Asset to GDP (Annualised)

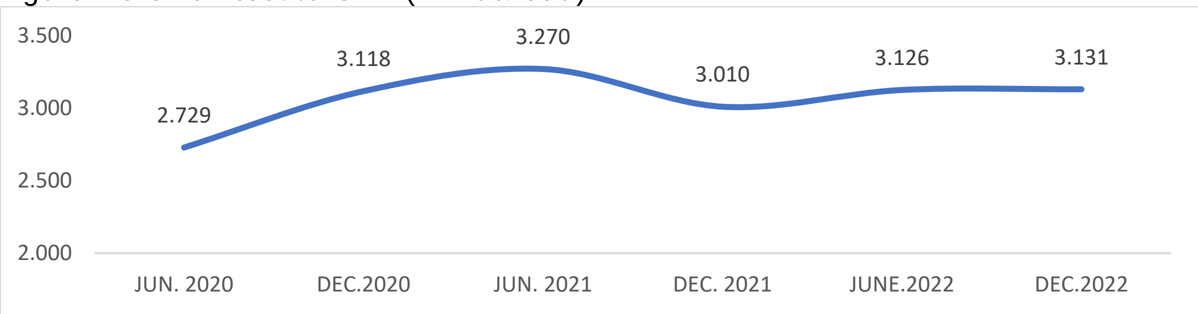
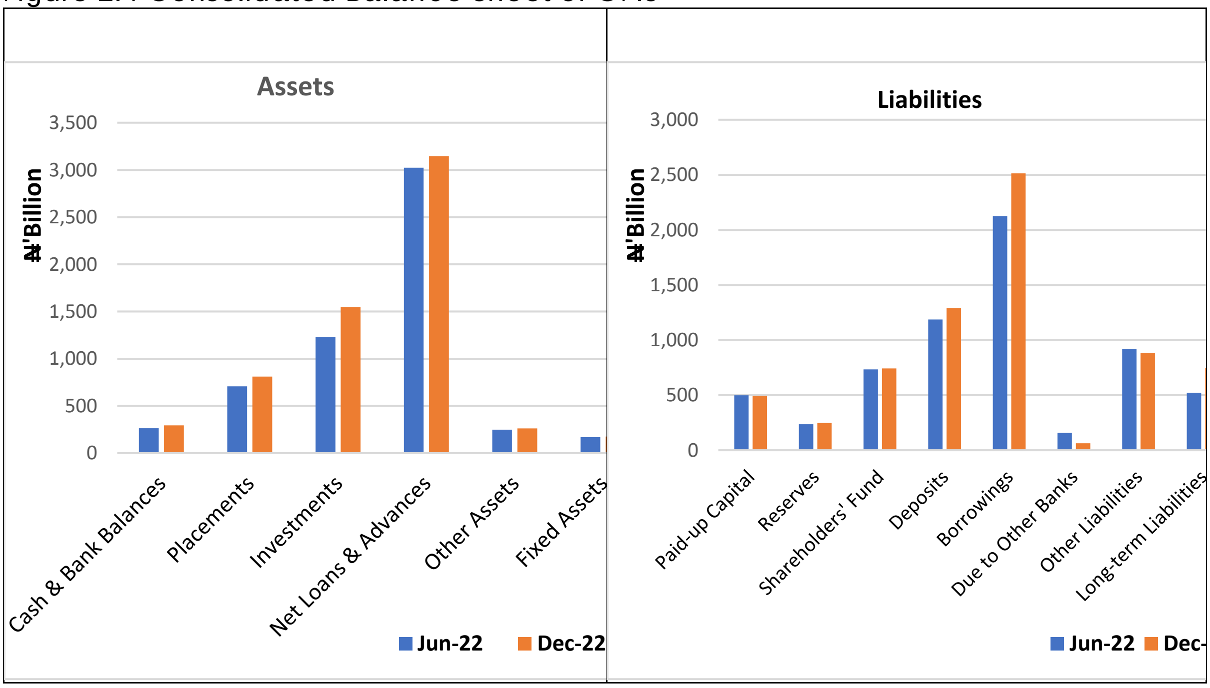
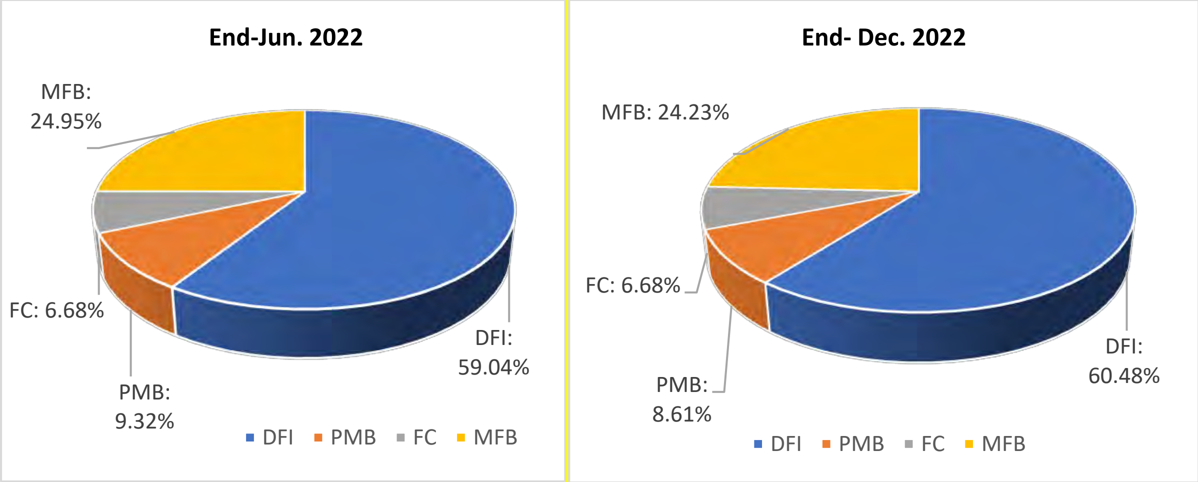


Figure 2.4 Consolidated Balance Sheet of OFIs



The asset structure of OFIs at end-December 2022 showed the continued dominance of DFIs, which accounted for 60.48 per cent. MFBs, PMBs and FCs accounted for 24.23, 8.61 and 6.68 per cent of the total asset, respectively. Relative to end-June 2022, the proportion of the total assets held by DFIs increased by 1.44 percentage points, FCs remained the same, while MFBs and PMBs decreased by 0.72 and 0.71 percentage points, respectively.

Figure 2.5: Total Assets Structure of OFIs



2.2.1 Development Finance Institutions

At end-December 2022, the number of DFIs remained seven, with total assets of ₦3,774.48 billion, representing an increase of 13.21 per cent, compared with end-June 2022. The increase was due largely to investments and placements, which grew by 28.22 per cent (₦316.52 billion) and 15.81per cent (₦73.74 billion), respectively. On the liability side, borrowings and deposits grew by 19.75 per cent (₦372.59 billion) and 7.47 per cent (₦41.73 billion), respectively. The Bank of Industry (BOI), Development Bank of Nigeria (DBN) and Federal Mortgage Bank of Nigeria (FMBN) accounted for 63.22, 13.69 and 13.01 percent of the total assets, respectively.

The shareholders' funds increased by 3.00 per cent to ₦485.80 billion at end-December 2022, compared with the preceding period, due to accretion to reserves. while capital adequacy ratio (CAR) increased marginally to 15.66 per cent at end-December 2022 from 15.18 per cent at end-June 2022.

The Liquidity Ratio (LR) was 202.23 per cent at end-December 2022, which was above the regulatory minimum of 20 per cent, and 28.6 percentage points above the LR of 173.63 per cent at end-June 2022. In addition, the non-performing loans ratio increased by 1.88 percentage points from 24.04 per cent at end-June 2022 to 25.92 per cent.

Figure 2.6 Consolidated Balance Sheet of DFIs

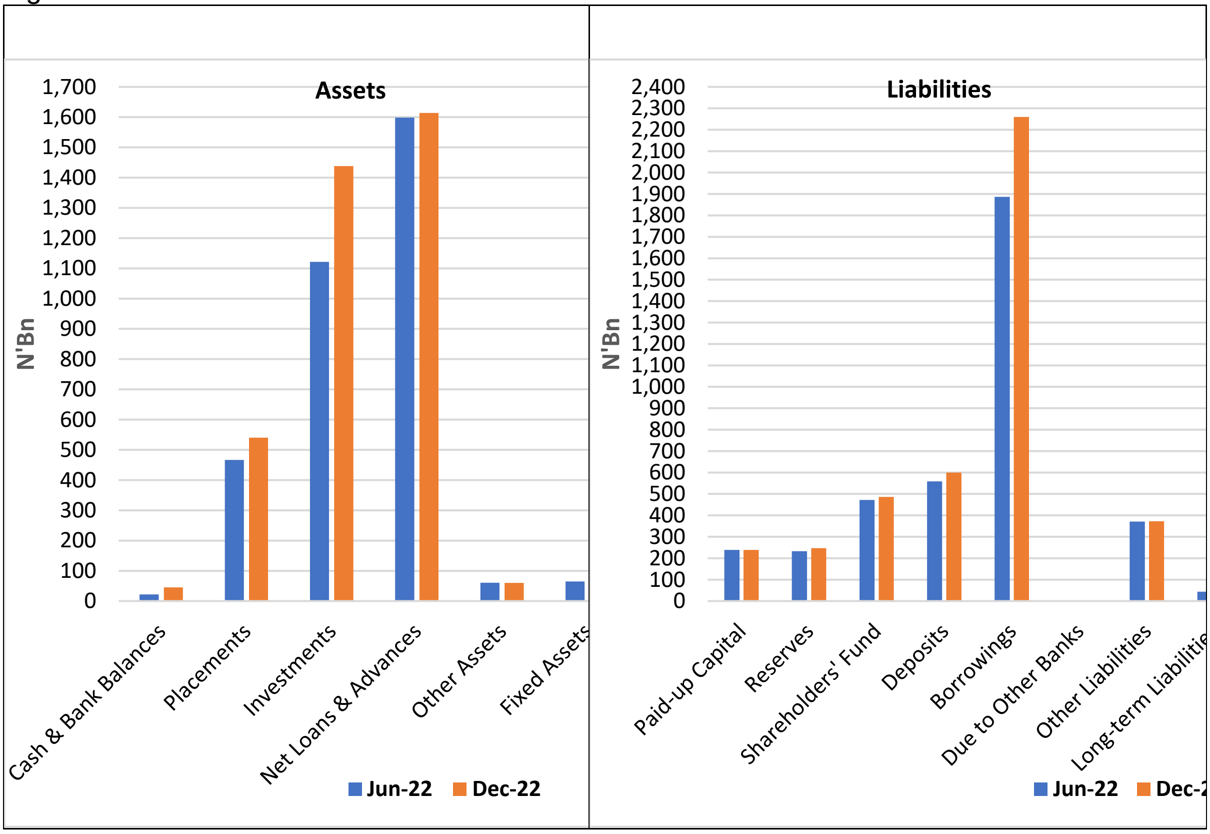


Figure 2.7 Total Assets of DFIs

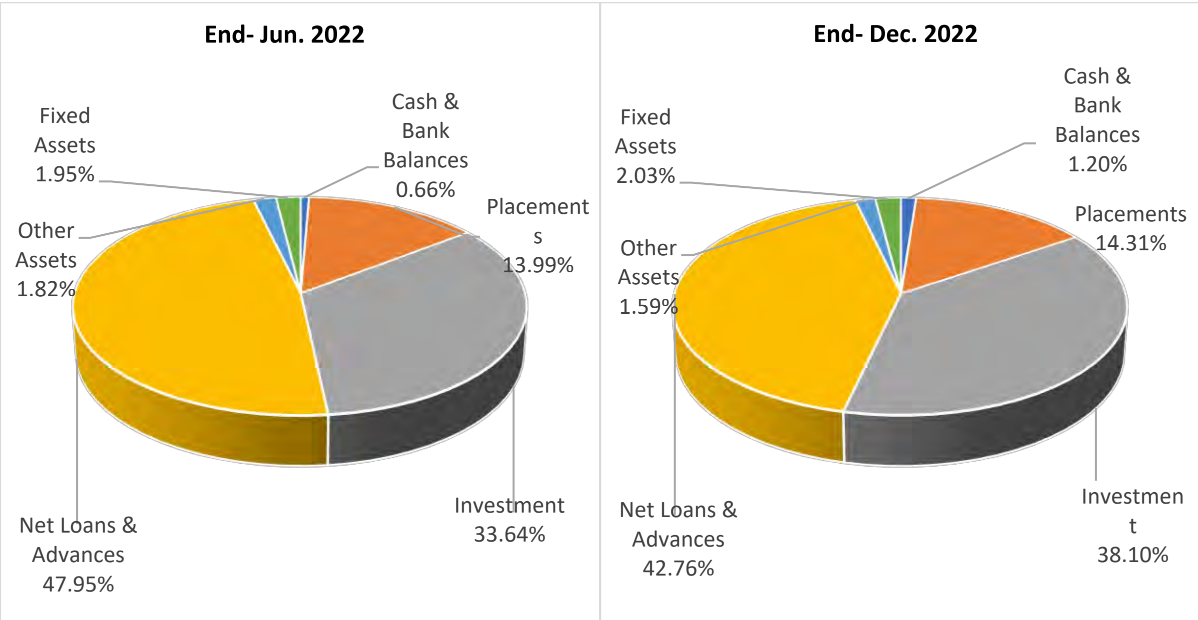
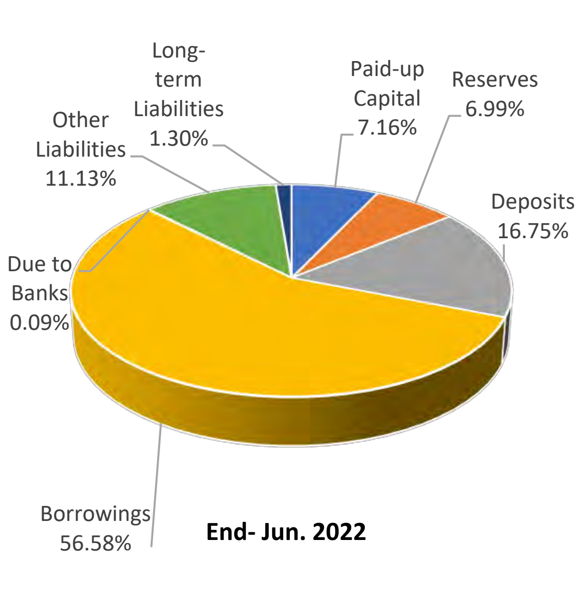
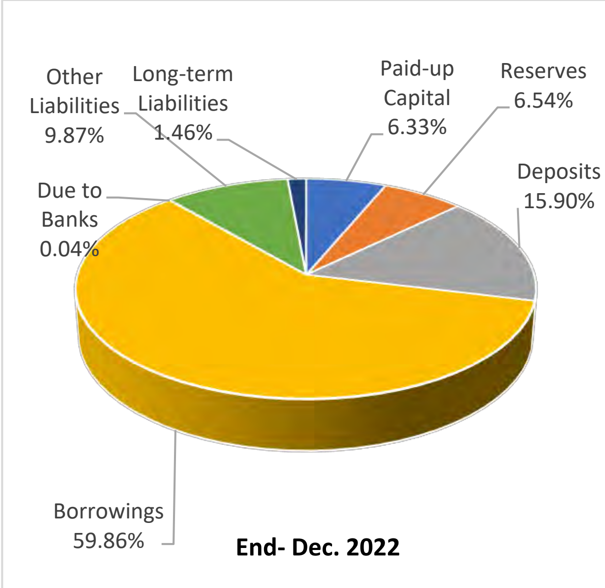


Figure 2.8 Total Liabilities of DFIs





2.2.2 Primary Mortgage Banks

The total assets of the Primary Mortgage Banks (PMBs) increased by 2.00 per cent to ₦537.07 billion, at end-December 2022. The increase was due mainly to net loans and advances which grew by 3.5 per cent (₦10.08 billion). On the liability side, deposits and other liabilities grew by 4.44 per cent (₦7.73 billion) and 3.31 per cent (₦6.74 billion), respectively. Investible funds available to the PMBs at end-December 2022 amounted to ₦23.09 billion, sourced mainly from increases in deposits and other liabilities and utilised to create loans & advances and placements.

The shareholders' funds decreased by 14.63 per cent to ₦35.20 billion, while Capital Adequacy Ratio (CAR) decreased to 10.40 per cent at end-December 2022 owing to operational losses.

The Liquidity Ratio (LR) was 43.13 per cent at end-December 2022, which was above the regulatory minimum of 20 per cent, and 6.21percentage points below the LR of 49.34 per dent at end-June 2022. In addition, the non-performing loans ratio reduced by 5.21 percentage points from 27.28 per cent at end-June 2022 to 22.07 per cent following intensive recovery drive.

Figure 2.9 Consolidated Balance Sheet of PMBs (N'BN)

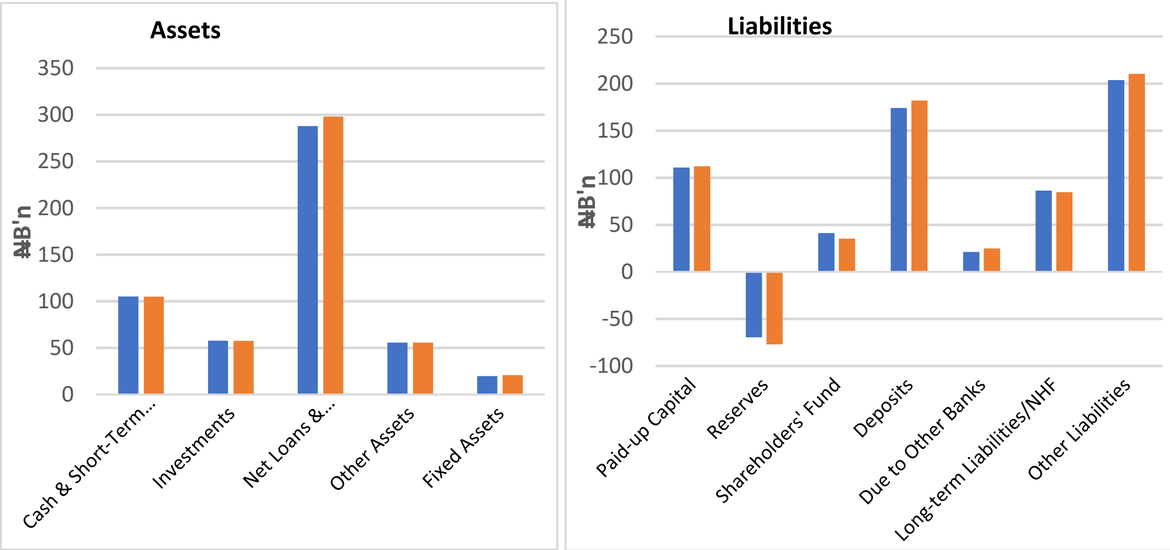


Figure 2.10 Composition of Assets of PMBs

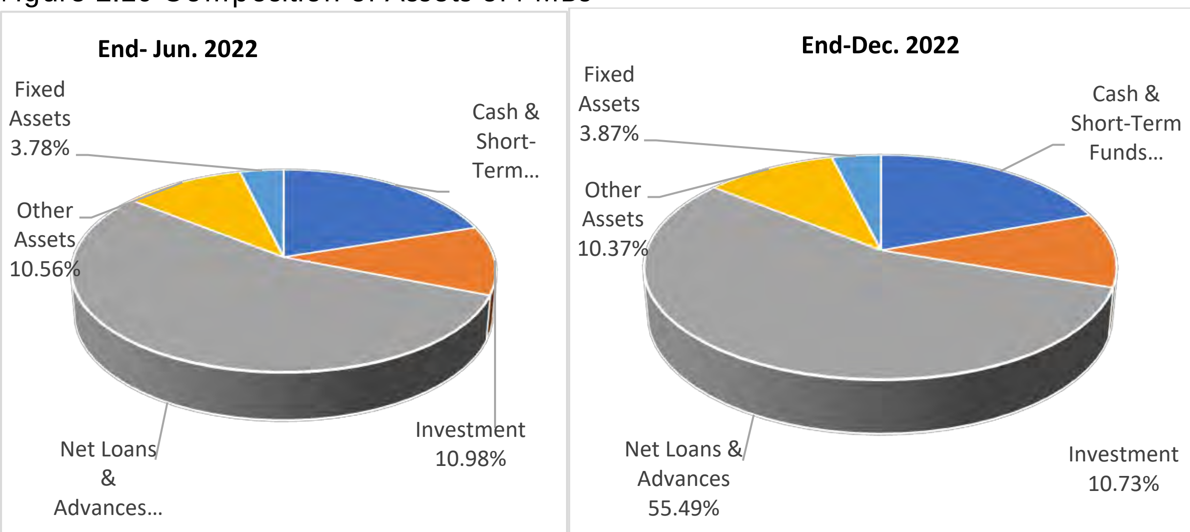


Figure 2.11 Composition of Liabilities of PMBS

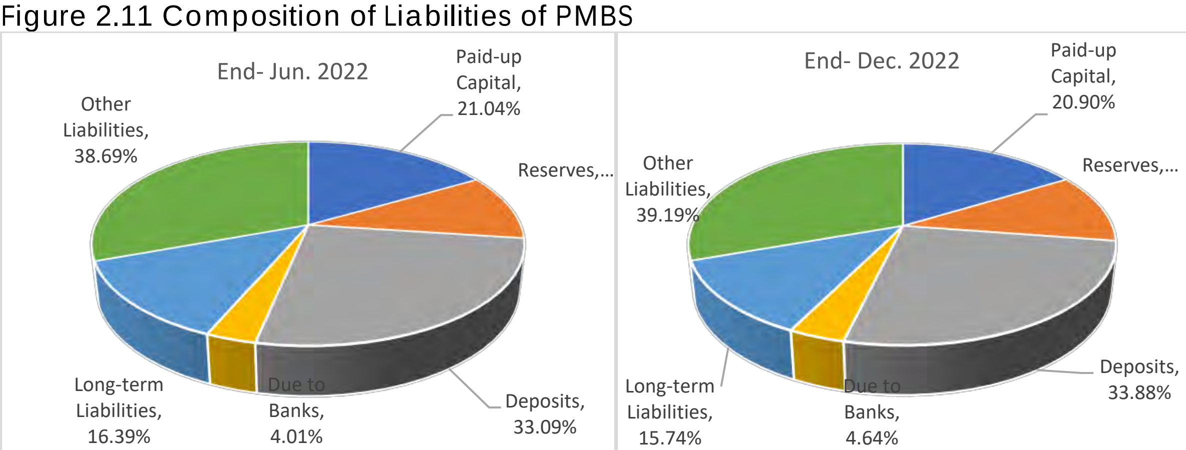


Table 2.4: Financial Highlights of PMBs

	End-Jun 2022 (₦' billion)	End-Dec 2022 (₦' billion)	Absolute Change (₦' billion)	% Change
Total Assets	526.53	537.07	10.54	2.00
Net Loans and Advances	287.97	298.05	10.08	3.50
Investments	57.81	57.61	(0.20)	(0.36)
Other Assets	55.62	55.68	0.06	0.11
Cash and Short-Term Funds	105.24	104.95	(0.29)	(0.28)
Reserves	(69.55)	(77.04)	(7.49)	(10.76)
Deposit liabilities	174.20	181.93	7.73	4.44
Other liabilities	203.71	210.45	6.74	3.31
Long-term Liabilities	86.30	84.55	(1.75)	(2.02)
Shareholders' funds	41.23	35.20	(6.03)	(14.63)

2.2.3 Finance Companies

The total assets of Finance Companies (FCs) increased by 10.45 per cent to ₦416.90 billion, at end-December 2022, attributable largely to increases in net loans and advances, and placements which grew by 12.44 percent (₦22.61billion) and 34.02 per cent (N12.6 billion), respectively. On the liability side, borrowings and other liabilities grew by 6.40 per cent (₦15.31 billion) and 34.95 per cent (₦31.21 billion), respectively. Investible funds available to the sub-sector at end-December 2022 amounted to ₦50.03 billion, sourced mainly from increases in borrowings and other liabilities, which were utilised mainly to create loans and advances, placements, and investments.

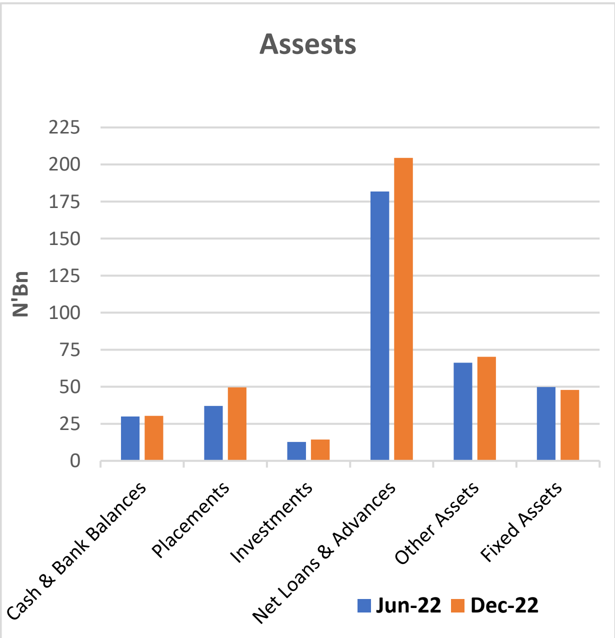
The shareholders' funds, decreased by 18.27 per cent to ₦38.56 billion, while CAR decreased by 3.71 percentage point to 7.53 per cent at end-December 2022, owing to operational losses.

The non-performing loans (NPLs) of the sub-sector increased to 19.96 per cent at end-December 2022, which reflected an increase of 0.79 percentage points from NPL of 19.17 per cent at end-June 2022.

Table 2.5: Financial Position of FCs

	End-June 2022 (₦' billion)	End-December 2022 (₦' billion)	Change (₦' billion)	Change (%)
Total Assets	377.47	416.90	39.43	10.45
Cash in Vault	2.23	2.20	(0.03)	(1.34)
Balances with Banks	27.67	28.21	0.54	1.95
Net Loans and Advances	181.80	204.41	22.61	12.44
Investments	12.76	14.38	1.62	12.76
Placements	37.02	49.62	12.60	34.02
Fixed Assets	49.79	47.84	(1.95)	(3.92)
Borrowings	239.04	254.35	15.31	0.63
Other Liabilities	89.31	120.52	31.21	34.95
Shareholders' Funds	47.18	38.56	(8.62)	(18.27)
Paid up capital	29.40	26.52	(2.88)	(9.79)
Reserves	17.78	12.04	(5.74)	(32.29)

Figure 2.12 Consolidated Balance Sheet of FCs



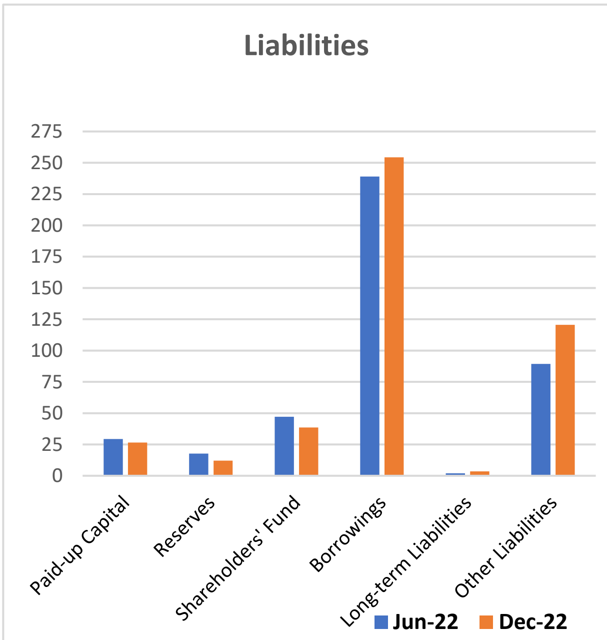


Figure 2.13 Composition of Assets of FCs

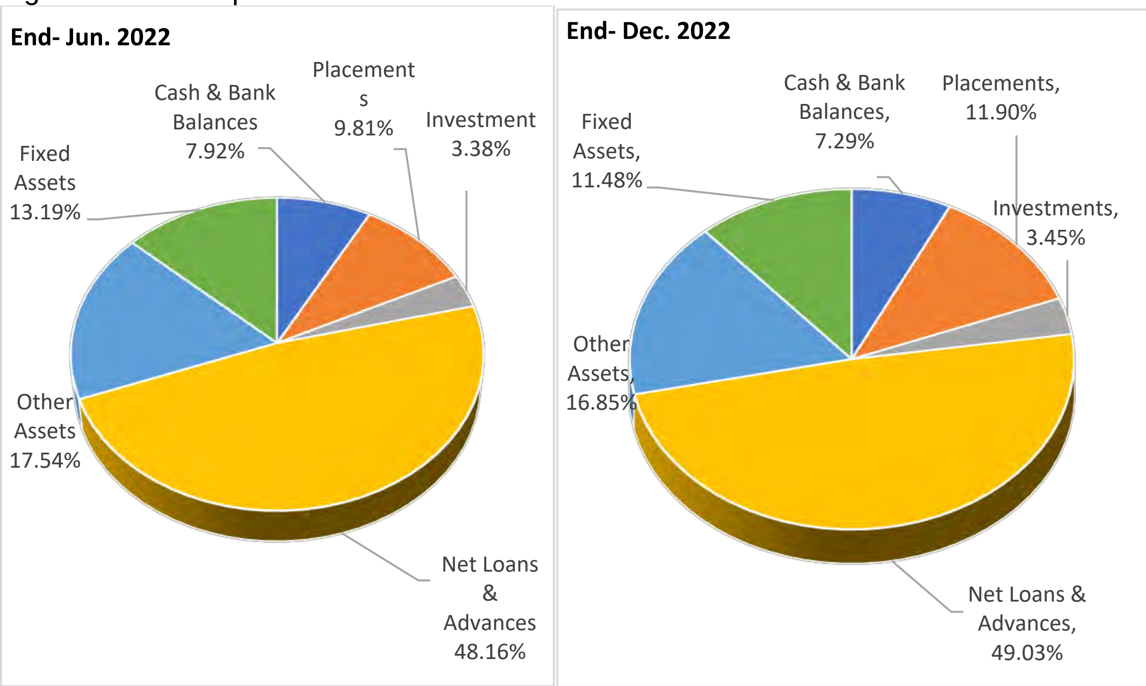
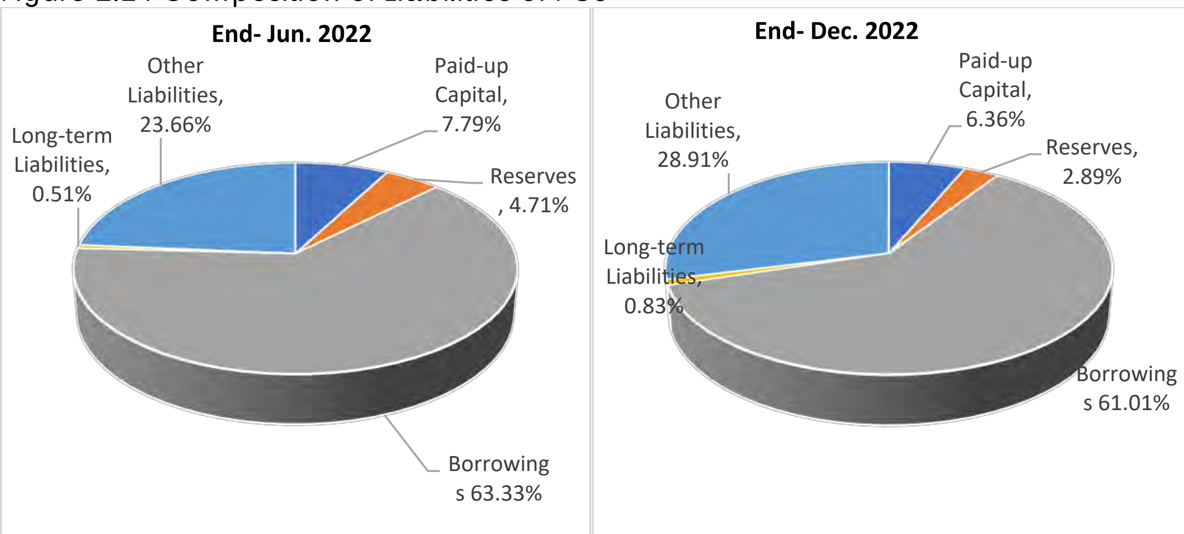


Figure 2.14 Composition of Liabilities of FCs



2.2.4 Microfinance Banks

The total assets of the MFBs increased by 7.35 per cent to ₦1,512.09 billion, at end-December 2022. The increase was due to net loans & advances, placements and other assets which grew by 7.93 percent (₦75.78 billion), 10 percent (₦12.76 billion) and 13.74 per cent (₦9.17 billion), respectively. On the liability side, deposits and long-term borrowings grew by 11.82 per cent (₦53.64 billion) and 55.0 per cent (₦214.68 billion), respectively. Investible funds amounted to ₦308.54 billion, sourced mainly from accretion to reserves, increases in deposits and long-term loans, which were utilised mainly to create loans & advances and placements.

The shareholders' funds increased by 4.87 per cent to ₦182.30 billion, while capital adequacy ratio (CAR) decreased by 0.54 percentage points to 14.97 per cent at end-December 2022.

The Liquidity Ratio (LR) was 70.92 per cent at end-December 2022, which was above the regulatory minimum of 20 per cent, but 4.79 percentage points below the LR of 75.71 per cent at end-June 2022. Also, the non-performing loans ratio increased by 2.57 percentage points from 8.68 per cent at end-June 2022 to 11.25 per cent.

Table 2.6: Highlights of Financial Position of MFBs

	End-June 2022 (₦' **Billion)**	End-December 2022 (₦' **Billion)**	Change (₦' **Billion)**	Change (%)
Total Assets	1,408.58	1,512.09	103.51	7.35
Placements with Banks	127.67	140.43	12.76	10.00
Net Loans and Advances	955.23	1,031.01	75.78	7.93
Fixed Assets	35.45	31.55	(3.90)	(11.00)
Paid up capital	119.26	117.28	(1.98)	(1.66)
Reserves	54.57	65.02	10.45	19.14
Shareholders' Funds	173.83	182.30	8.47	4.87
Deposits	453.99	507.63	53.64	11.82
Takings from Other Banks	133.93	36.45	(97.48)	(72.78)
Long Term Loans/On-lending	390.36	605.04	214.68	55.00
Other Liabilities	256.48	180.67	(75.81)	(29.56)

Figure 2.15 Balance Sheet of MFBs

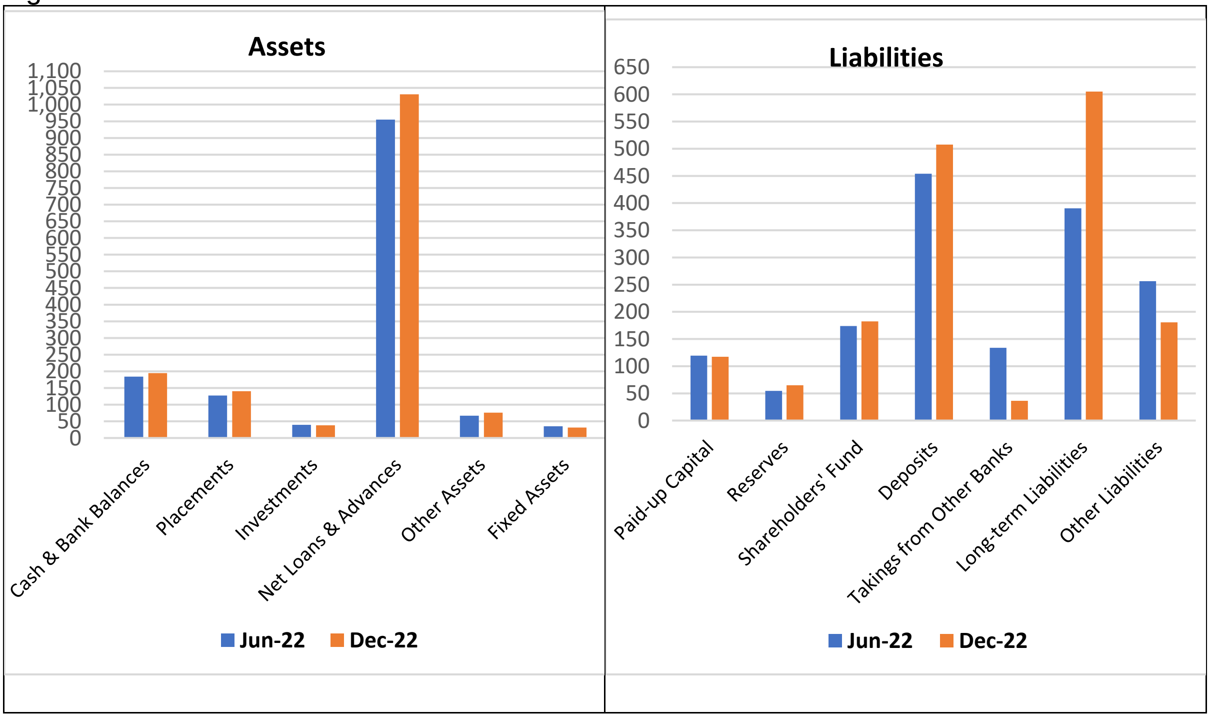
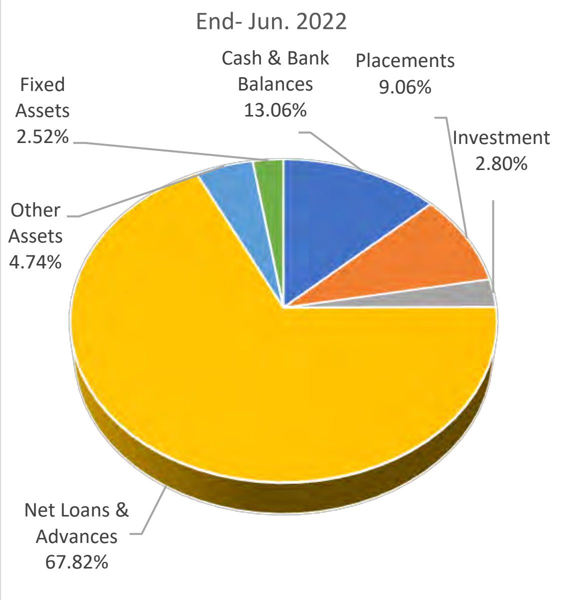


Figure 2.16 Composition of Assets of MFBs



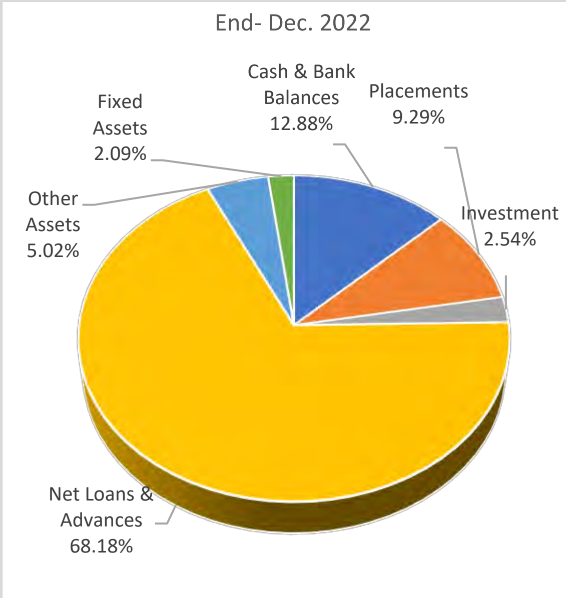
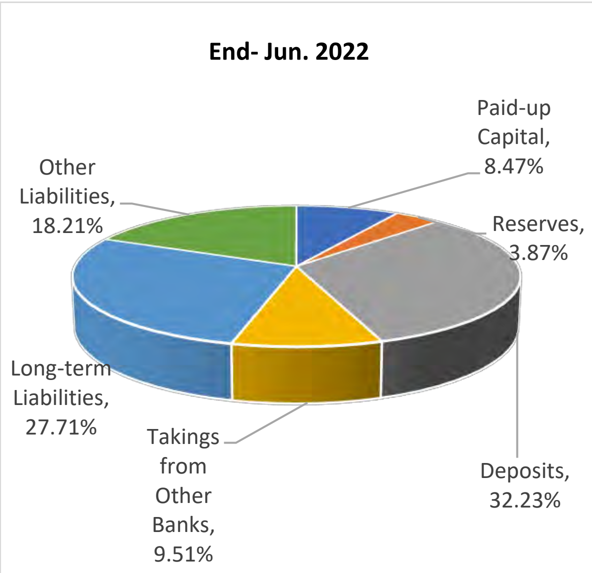
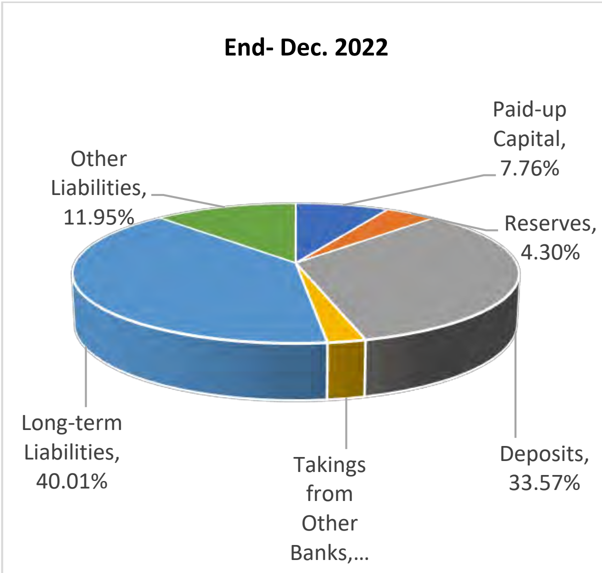


Figure 2.17 Composition of Liabilities of MFBs





Maturity Structure of Loans and Advances and Deposit Liabilities

Credits with tenors above 360 days continued to dominate the MFBs loans, accounting for 58.94 per cent of the total loans and advances, representing 0.04 percentage point increase, compared with the position at end-June 2022. Short-term credits accounted for 41.06 per cent, a decrease of 0.04 percentage points, compared with the position in the preceding period.

The deposit structure remained largely short-term, as deposits of less than one year maturity accounted for 80.84 per cent, while deposits of over one year maturity accounted for 19.16 per cent. The maturity mismatch between deposits and credits was mitigated by high liquidity position.

Table 2.7: Maturity Structure of MFBs Loans and Advances and Deposit Liabilities

	Jun-22		Dec-22	
Tenor/Period	Loans and Advances (%)	Deposits (%)	Loans and Advances (%)	Deposits (%)
0-30 Days	10.32	31.90	9.68	27.64
31-60 Days	3.81	10.08	3.54	9.86
61-90 Days	4.48	11.35	4.72	13.22
91-180 Days	12.25	16.56	10.82	14.61
181-360 Days	10.24	11.45	12.30	15.52
Short-Term	41.10	81.33	41.06	80.84
Above 360 Days	58.90	18.67	58.94	19.16
Total	100	100	100	100

2.3 Financial Markets

Global financial markets were impacted by the persistent headwinds of interest rates hikes, energy price shocks, supply-side constraints, and impact of the Russia-Ukraine conflict. Despite the pass-through effects of the headwinds in the global economy, the domestic financial market remained resilient owing to the Bank's commitment and efforts to ensure price stability.

2.3.1 Money Market

2.3.1.1 Interbank Market Rates

Interbank rates trended higher in the second half of 2022, compared with the position during the first half, but remained within the MPR corridor of +100/-700 basis points. Factors that affected the market included net fiscal outflows, cash reserve requirement (CRR) operations, settlements for foreign exchange interventions and open market operations (OMO).

On July 1, 2022, the open-buy-back (OBB) weighted daily average rate opened at 13.54 per cent, compared with 5.50 per cent on January 4, 2022. The rate, thereafter, peaked at 17.01 per cent on November 22 and moderated to 10.74 per cent on December 30, 2022. During the review period, the daily OBB rate ranged between 7.08 and 17.01 per cent, compared with 0.57 and 15.29 per cent in the first half of 2022.

The unsecured inter-bank call weighted daily average rate opened at 13.00 per cent on July 8, 2022, same as it opened on January 11, 2022, and peaked at 16.75 per cent on December 23, 2022. The rates ranged between 9.50 and 16.75 per cent in the review period, compared with 4.50 and 16.00 per cent, in the first half of 2022.

The monthly average OBB and inter-bank call rates closed at 11.61 and 12.08 per cent at end-December 2022, compared with 10.89 and 11.10 per cent at end-June 2022, respectively.

Volatility in OBB and Interbank interest rates slowed to 2.82 and 2.74 points in the review period, from 4.40 and 4.39 points, respectively, in the first half of 2022. This reflected increased stability arising from improved confidence and liquidity condition in the market despite the tight monetary policy stance in 2022.

Figure 2.18: Volatility in Open-Buy-Back Interest Rates

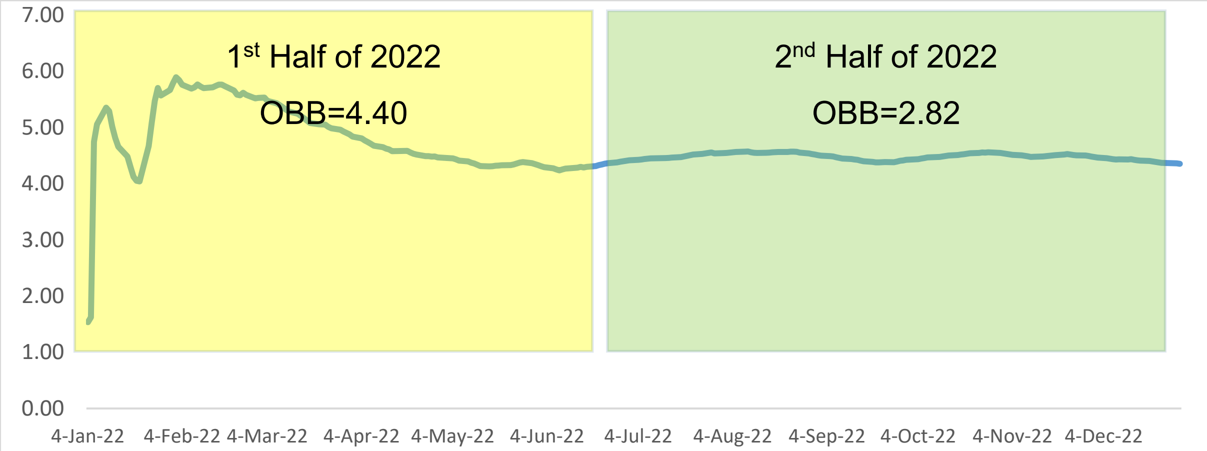


Figure 2.19 Volatility in Interbank Interest Rates

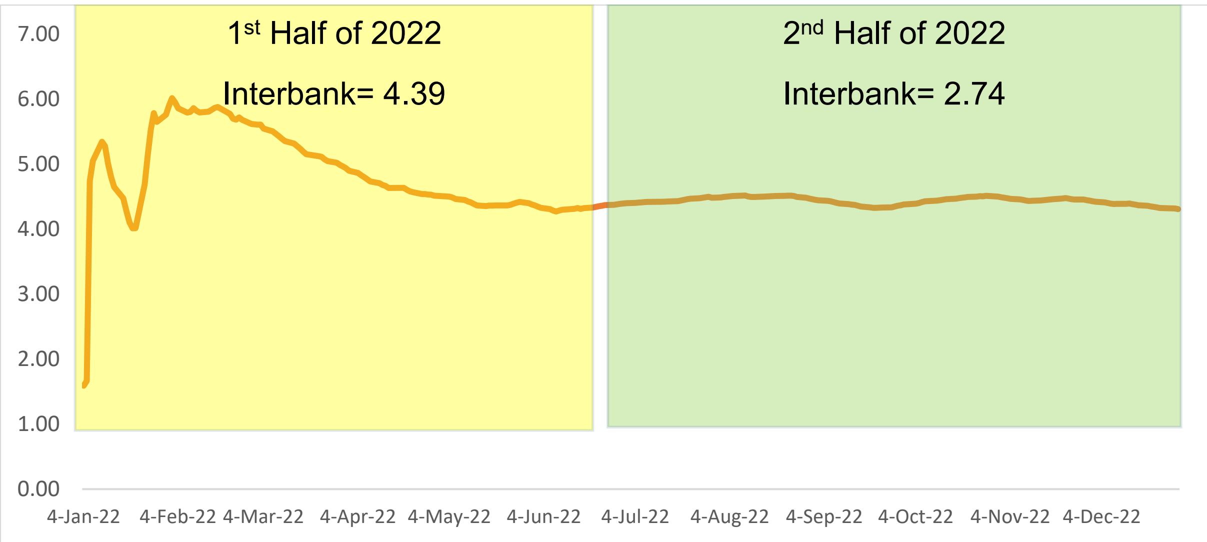
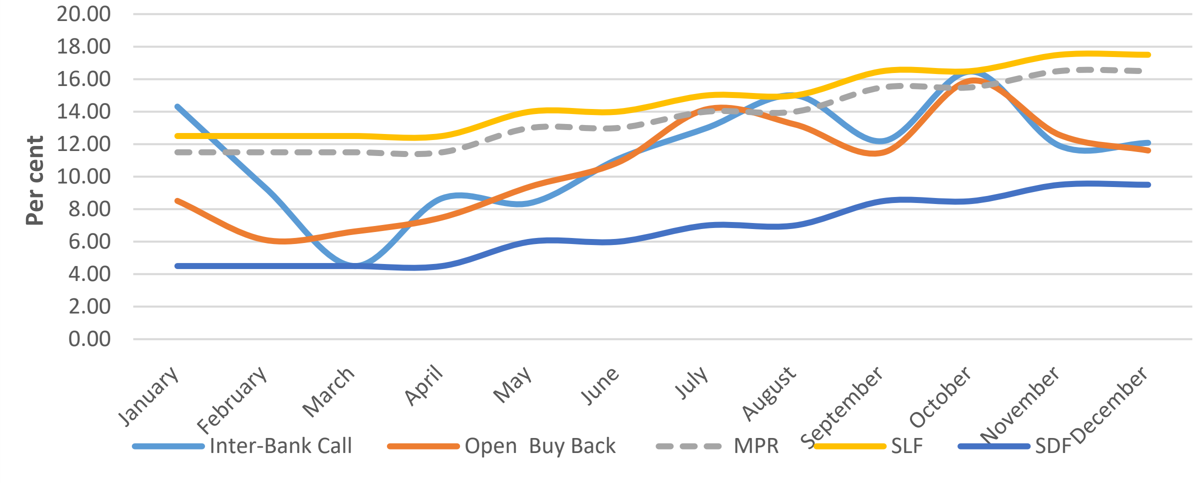


Figure 2.20 Money Market Rates

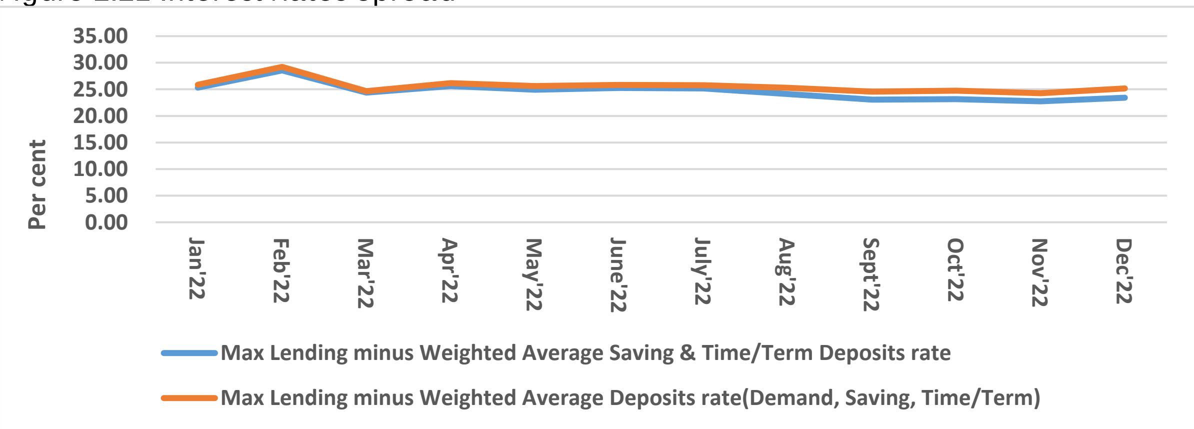


2.3.1.2 Deposit and Lending Rates

The contractionary monetary policy stance, aimed at controlling banking system liquidity and the persisting uptick in inflation, resulted in higher deposit and lending rates in the review period. The weighted average term deposit rate rose by 2.76 percentage points to 6.22, from 3.46 per cent in the preceding half-year.

Similarly, weighted average prime and maximum lending rates increased to 12.77 and 28.26 per cent respectively, in the second half of 2022 from 11.90 and 27.96 per cent in the preceding half-year, as banks repriced their lending rates in line with the policy rate hikes. The spread between the weighted average maximum lending and term deposit rates narrowed by 2.46 percentage points to 22.04 per cent in the review period.

Figure 2.21 Interest Rates Spread



2.3.1.3 Nigerian Treasury Bills

Nigerian Treasury Bills (NTBs) for 91-, 182- and 364-day tenors were issued and allotted in the second half of 2022 were ₦2,260.28 billion apiece, a decrease of 6.43 per cent, compared with the level in the preceding half. The bid-cover ratio in the second half of 2022 was 1.97 compared with 1.93 in the preceding half of same year. Average stop rates for the second half of 2022 were 5.08, 6.52 and 10.67 per cent for the 91-, 182- and the 364-day tenors, respectively, compared with 2.15, 3.35 and 5.15 per cent in the first half.

Figure 2.22 Primary Market: Nigerian Treasury Bills Allotment (%)

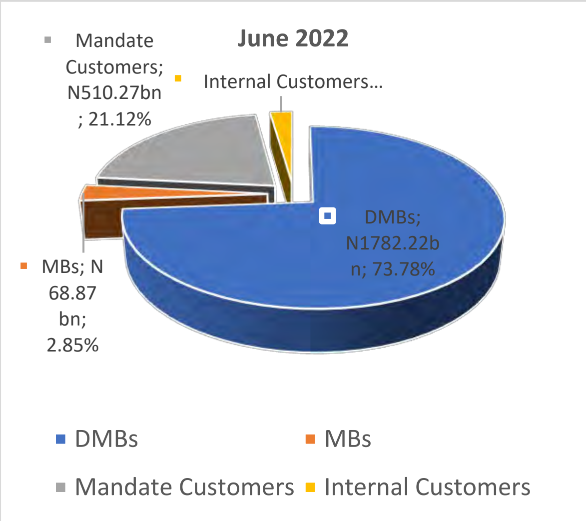
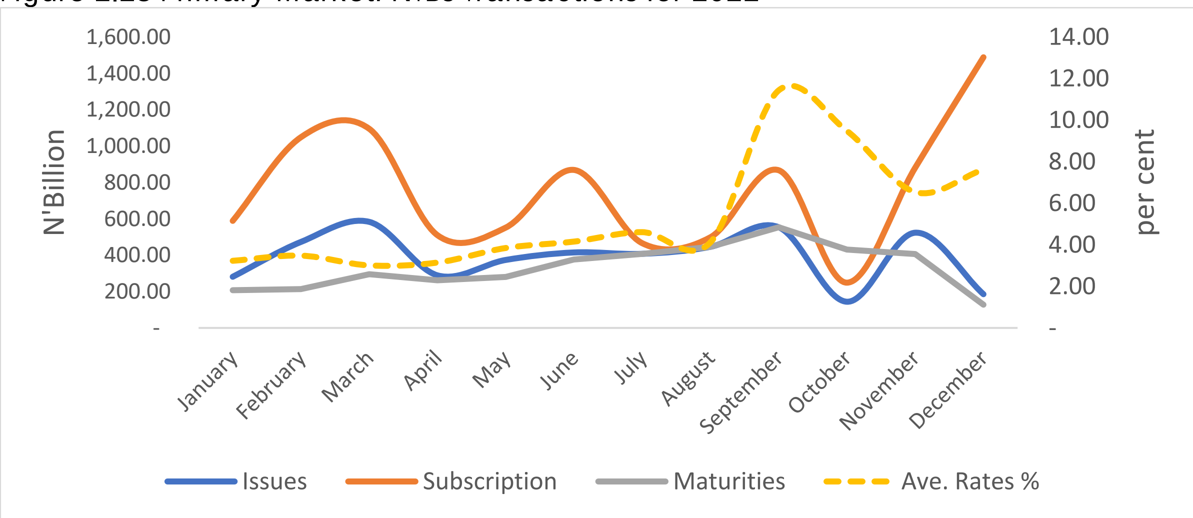
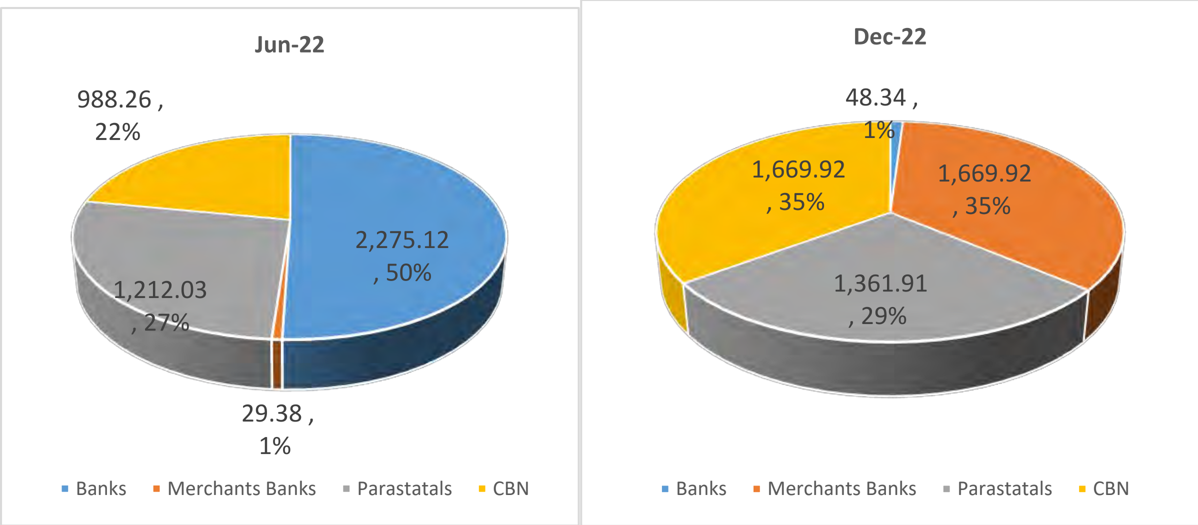


Figure 2.23 Primary Market: NTBs Transactions for 2022



The NTBs outstanding was ₦4,422.72 billion at end-December 2022, compared with ₦4,504.80 billion at end-June 2022.

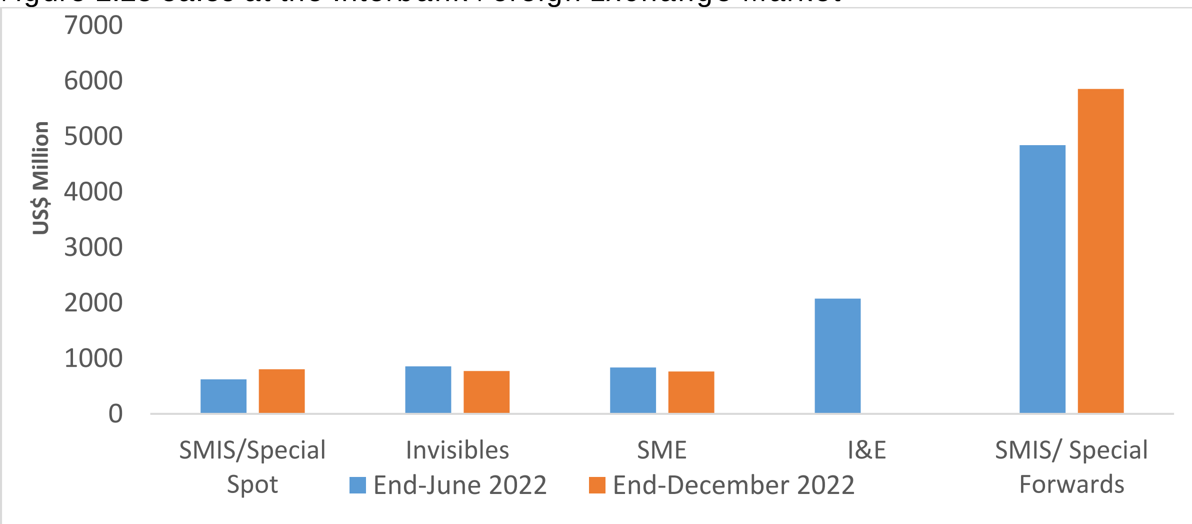
Figure 2.24 Holdings of NTBs Outstanding (Per cent and **N'Billion**)



2.3.2 Foreign Exchange Market

The total foreign exchange sales by the Bank in the second half of 2022 amounted to US$8.19 billion, compared with US$9.23 billion in the first half of 2022, a decrease of 12.64 per cent.

Figure 2.25 Sales at the Interbank Foreign Exchange Market



*Secondary Market Intervention Sales (SMIS). Small and Medium Enterprise (SME).

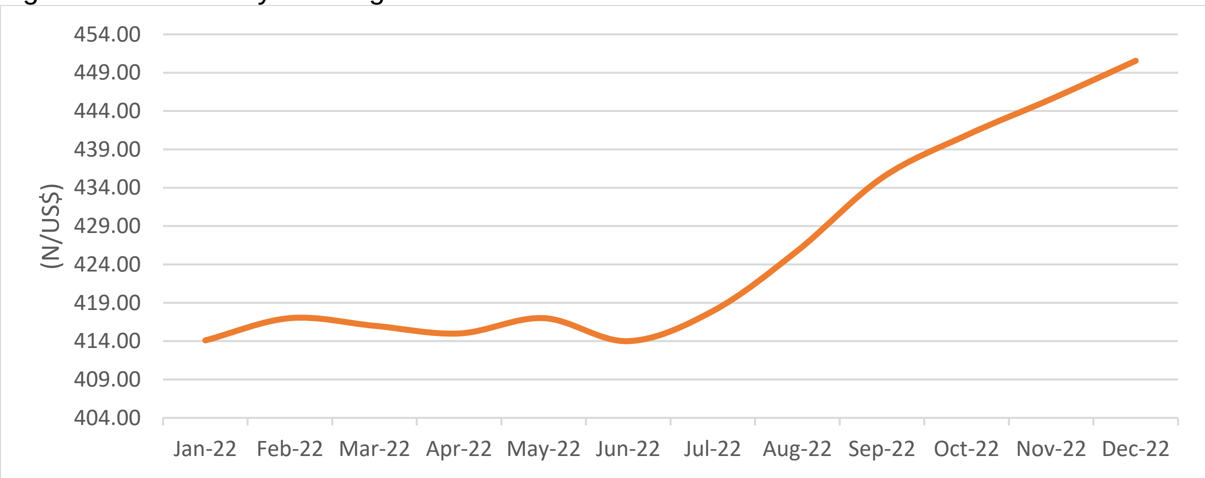
The Bank purchased US$0.84 billion, resulting in net sales of US$7.35 billion, compared with purchases of US$1.33 billion and net sales of US$7.90 billion in the first half of 2022. Forward contracts valued US$5.61 billion matured, while US$2.53 billion was outstanding at end-December 2022. Matured forward contracts amounted to US$7.01 billion, while US$3.85 billion was outstanding in the first half of 2022.

2.3.2.1 **Investors' & Exporters' Window**

The foreign exchange rate at the I&E window opened at ₦420.00/US$ on July 1, 2022 and closed at ₦460.00/US$ on December 30, 2022, a depreciation of 8.70 per cent, compared with the marginal appreciation of 0.72 per cent in the first half of 2022. The rate opened at ₦417.00/US$ on January 4, 2022 and closed at ₦414.00/US$ on June 30, 2022.

The exchange rate depreciation in the second half of the year followed the rate adjustments in the interventions of the Bank at the SMIS retail segment of the market.

Figure 2.26 Monthly Average Rates at the I&E Window



2.3.2.2 Over-the-Counter Foreign Exchange Futures

The notional amount of over-the-counter (OTC) FX Futures contracts executed and outstanding increased to US$2.61 billion and US$4.65 billion from US$1.44 billion and US$3.77 billion at end-June 2022, respectively while the matured contracts decreased to US$2.38 billion from US$3.00 billion.

2.3.2.3 Naira/Yuan Bilateral Currency Swap Agreement

A total of CNY1.44 billion was sold in the second half of 2022, bringing the total sales to CNY8.45 billion, from inception in 2018.

2.3.3 Capital Market

Developments in the capital market provided an efficient and effective window for investments and the mobilization of funds by both the government and corporate institutions during the period. This enabled financial institutions to continue to play their intermediation role and grow assets and liabilities.

2.3.3.1 New Issues of Securities

In the second half of 2022, there were eight new issues valued at ₦277.73 billion, comprising an Initial Public Offering (IPO) of ₦10 billion and seven corporate bonds (₦267.73 billion), compared with 18 issues that comprised three equities (₦16.21 billion) and 15 corporate bonds (₦483.35 billion) in the first half of 2022. Furthermore, there were 18 FGN bonds issued in the second half of 2022, compared with 15 issued in the first half of 2022, reflecting an increase of 20 per cent.

Table 2.8: New Issues

Type	Number of Issues			Value of Issues (N'Bn)		
	End-June 2022	End-Dec 2022	Change %	End-June 2022	End-Dec 2022	Change %
IPO	-	1		-	10.00	
Public Offer/Offer for Sale	-	-		-	0.00	
Private Placements	1	0	-100.00	11.28	0.00	-100.00
Rights	2	0	-100.00	4.92	0.00	-100.00
Total Equities	3	1	-66.67	16.21	10.00	-38.30
Corporate Bonds	15	7	-53.33	483.35	267.73	-44.61
Sub-national Bonds	-	-		-	-	
FGN Bonds	15	18	20.00	1,836.18	1,227.47	-33.15
Eurobond (415.58/$)	1	0	-100.00	519.48		-100.00
Total Debt	31	25	-19.35	2,839.00	1,495.20	-47.33
Total (Equities & Debt)	34	26	-23.53	2,855.21	1,505.20	-47.28

Source: SEC, DMO

2.3.3.2 Equities Market

Activities in the equities market remained bearish in the second half of 2022 as the Nigerian Exchange Group All-Share Index (NGX ASI) and Market Capitalisation (MC) trended downward.

The NGX ASI was 51,251.06 index points at end-December 2022, indicating a decrease of 1.09 per cent below the level at end-June 2022. However, the equity market capitalisation increased marginally during the period by 0.11 per cent to ₦27.97 trillion at end-December 2022 while government and corporate debt market capitalisation increased by 3.14 per cent and 43.24 per cent to ₦22.01 trillion and ₦1.06 trillion, respectively, at end-December 2022.

Table 2.9: NGX ASI, Equity and Debt Market Capitalisation

Markets (₦'Bn)	End-Dec 2021	End-Jun 2022	End-Dec 2022	Change (%)
NGX ASI	42,716.44	51,817.59	51,251.06	-1.09
Equity Market Cap	22.3	27.94	27.97	0.11
Government Debt Market Cap	19.02	21.34	22.01	3.14
Corporate Debt Market Cap	0.72	0.74	1.06	43.24

Source: NGX Reports

Table 2.10: Nigerian Exchange Limited Indices

Description	End-Jun 2021	End-Dec 2021	End-Jun 2022	End-Dec 2022	Change %
NGX Main-Board Index	1,600.77	1,748.37	2,274.79	2,328.51	2.36
NGX 30 Index	1594.87	1,722.30	1,887.62	1,842.50	-2.39
NGX CG Index	1199.29	1,278.00	1,319.70	1,276.51	-3.27
NGX Premium Index	3527.67	4,167.78	4,924.13	4,715.57	-4.24
NGX Banking Index	366.47	406.07	397.79	417.50	4.95
NGX PENSION INDEX	1479.77	1,624.09	1,823.58	1,792.58	-1.70
NGX Insurance Index	203.84	198.11	178.33	174.36	-2.23
NGX ASeM INDEX	703.94	670.65	658.99	659.42	0.07
NGX-AFR Bank Value Index	1057.09	1,038.82	925.95	991.06	7.03
NGX AFR Div Yield Index	2329.5	2,559.43	3,191.06	3,321.49	4.09
NGX MERI GROWTH INDEX	1789.98	1,805.02	2,364.94	2,297.30	-2.86
NGX MERI VALUE INDEX	1801.66	2,134.95	2,167.09	2,308.19	6.51
NGX Consumer Goods Index	600.88	589.28	623.99	588.93	-5.62
NGX Oil/Gas Index	313.08	345.01	545.34	462.48	-15.19
NGX Lotus Islamic Index	2760.73	3,009.51	3,251.25	3,240.83	-0.32
NGX Industrial Index	1887.76	2,008.30	2,152.24	2,403.24	11.66
NGX Growth Index	1028.75	1,269.66	1,487.20	1,798.28	20.92
NGX Sovereign Bond Index	792.96	860.95	854.22	818.27	-4.21

Source: NGX Reports

The total volume, value, and number of deals on the NGX Exchange declined by 68.04, 59.84 and 26.86 per cent, respectively, in the second half of 2022.

Table 2.11: NGX Deals, Volume and Value

	Deals (000)			Volume (M)			Value (M)		
	End-Jun 2022	End-Dec 2022	Change (%)	End-Jun 2022	End-Dec 2022	Change (%)	End-Jun 2022	End-Dec 2022	Change (%)
Government Bonds-Federal	0.42	0.51	20.85	1.56	2.09	33.70	1,637.91	2,156.82	31.68
State & Local	-	-							
Corporate Bonds/Debentures	1.00	-	-100.00	0.10		-100.00	0.10	-	-100.00
Equities	616.31	50.38	-26.92	76,529.94	24,455.55	-68.04	831,838.87	332,530.58	-60.02
Exchange Traded Products (ETPs)	0.65	0.68	5.12	2.51	2.96	17.69	134.79	76.23	-43.44
Total	617.38	451.57	-26.86	76,534.11	24,460.60	-68.04	833,611.67	334,763.63	-59.84

Source: NGX

2.3.3.3 Foreign and Domestic Portfolio Investment

Foreign Portfolio Investment (FPI) inflows totaled ₦75.25 billion, while outflows stood at ₦60.50 billion, reflecting a net inflow of ₦14.75 billion in the second half of 2022. In the first half of 2022, inflows amounted to ₦95.88 billion, while outflows stood at ₦105.41 billion, reflecting a net outflow of ₦9.53 billion.

Foreign portfolio transactions accounted for 20.50 per cent of total equity transactions in the review period, compared with 13.37 per cent in the preceding half year. Domestic transactions accounted for the balance of 79.50 per cent, compared with 86.63 per cent in the preceding period.

Table 2.12: Foreign and Domestic Portfolio Participation in Equities Trading

Period	End-Dec 2021 (a)	End-June 2022 (b)	End-Dec 2022 (c)	Change % (b&c)
Total Equities Transactions (₦'Billion)	864.81	1,505.53	662.22	- 56.01
Foreign Portfolio Transactions (₦'Billion)	212.54	201.32	135.75	- 32.57
Foreign %	24.58	13.37	20.5	53.33
Domestic Transactions (₦'Billion)	652.27	1,304.21	526.47	- 59.63
Domestic %	75.42	86.63	79.5	- 8.23
Foreign Inflow (₦'Billion)	99.64	95.88	75.25	- 21.52
Foreign Outflow (₦'Billion)	112.9	105.41	60.5	- 42.61
NSE ASI	42,716.44	51,817.59	51,251.06	- 1.09
Market Capitalization	22,296.84	27,935.36	27,914.86	- 0.07

2.3.3.4 National Association of Securities Dealers

The NASD Securities Index fell to 709.66 points at end-December 2022, from 763.24 points at end-June 2022. Similarly, the NASD over-the-counter (OTC) transactions declined by 7.19 per cent to N932.51 billion at end-December 2022.

Table 2.13: Transactions on the NASD OTC Market

OTC Market	End-De 2021	End-Jun 2022	End-Dec 2022	% Change
Unlisted Index (Points)	742.85	763.24	709.66	-7.02%
Market Cap (**₦'Bn)**	629.03	1004.74	932.51	-7.19%
Deals	2,323.00	1,474.00	1,232.00	-16.42%
Volume ('000)	12,483,173.35	3,185,019.34	713,154.19	-77.61%
Value (N'000)	23,693,687.34	21,275,895.12	6,746,124.67	-68.29%

Source: NASD

2.3.3.5 Commodities Market

Trading activities on the commodities exchanges were low as transactions were executed on three out of the five exchanges in the review period. There were no trading activities on Prime Commodity Exchange Limited (PCX) and Nigeria Commodity Exchange (NCX). Meanwhile, the Bank sustained its efforts in repositioning the NCX to a world-class commodity exchange.

2.3.3.6 AFEX Commodities Exchange

The volume and value of transactions on the AFEX Commodities Exchange declined by 46.14 and 54.25 per cent to 142 million kg and N47.46 billion, respectively, compared with end-June 2022 position.

Table 2.14: Transactions on AFEX **(N'M)**

	H1 2022	H2 2022		H1 2022	H2 2022		H1 2022	H2 2022	
	Total No of Deals			Total Volume Million/KG			Total Value ₦ ('M)		% change
Cashew Nut	996.00	537.00	-46.08	2.88	2.36	-17.93	1,710.21	1,342.90	-21.48
Cocoa	752.00	579.00	-23.01	5.08	4.64	-8.73	5,029.26	6,974.83	38.69
Ginger	13.00	3.00	-76.92	1.38	0.12	-90.98	1,496.96	125.51	-91.62
Maize	4,125.00	3211.00	-22.16	246.63	66.55	-73.02	61,372.18	16,392.05	-73.29
Paddy Rice	1,596.00	1078.00	-32.46	15.18	33.29	119.31	3,532.79	9,916.45	180.70
Sesame	32.00	34.00	6.25	4.45	2.06	-53.78	3,221.16	1,652.20	-48.71
Sorghum	2,213.00	1447.00	-34.61	14.15	14.29	1.00	3,407.59	4,133.36	21.30
Soyabean	1,996.00	1222.00	-38.78	21.53	19.11	-11.27	8,911.12	7,222.38	-18.95
Total	11,723.00	8111.00	-30.81	311.28	142.42	-54.25	88,681.26	47,759.68	-46.14

2.3.3.7 Gezawa Commodity Market and Exchange

Gezawa Commodity Market and Exchange Limited (GCMX) traded a total of 3,600 metric tonnes of maize and soybeans valued ₦3.77 billion in the review period.

Table 2.15: Gezawa Commodity Market and Exchange (GCMX) Transactions

Product	Maize	Soybeans	Grand Total **(N'm)**	Total Volume (Kg)
End-Dec 2021	19,360.00	-	19,360.00	82,400
End-Jun 2022	45,045.65	10,050.00	55,095.65	244,930
End-Dec 2022	3,552.00	-	3,772.00	3,600

2.3.3.8 Lagos Commodities and Futures Exchange

The Lagos Commodities and Futures Exchange launched gold trading on its platform, marking the official commencement of gold trading on an exchange in Nigeria. Although, trade commenced in the first half of 2021, there were no trading activities in the first half of 2022. Meanwhile, the Exchange traded a total volume of 956g of Eko Gold Coin valued N43,041,013.30 in the second half of the year.

2.3.3.9 The Domestic Debt Market

Total domestic debt outstanding increased by 9.85 per cent to ₦24.05 trillion at end-December 2022. The increase is mainly attributed to new issues of Corporate, FGN Savings and Corporate Green Bonds.

2.3.3.10 Bonds – Primary Market

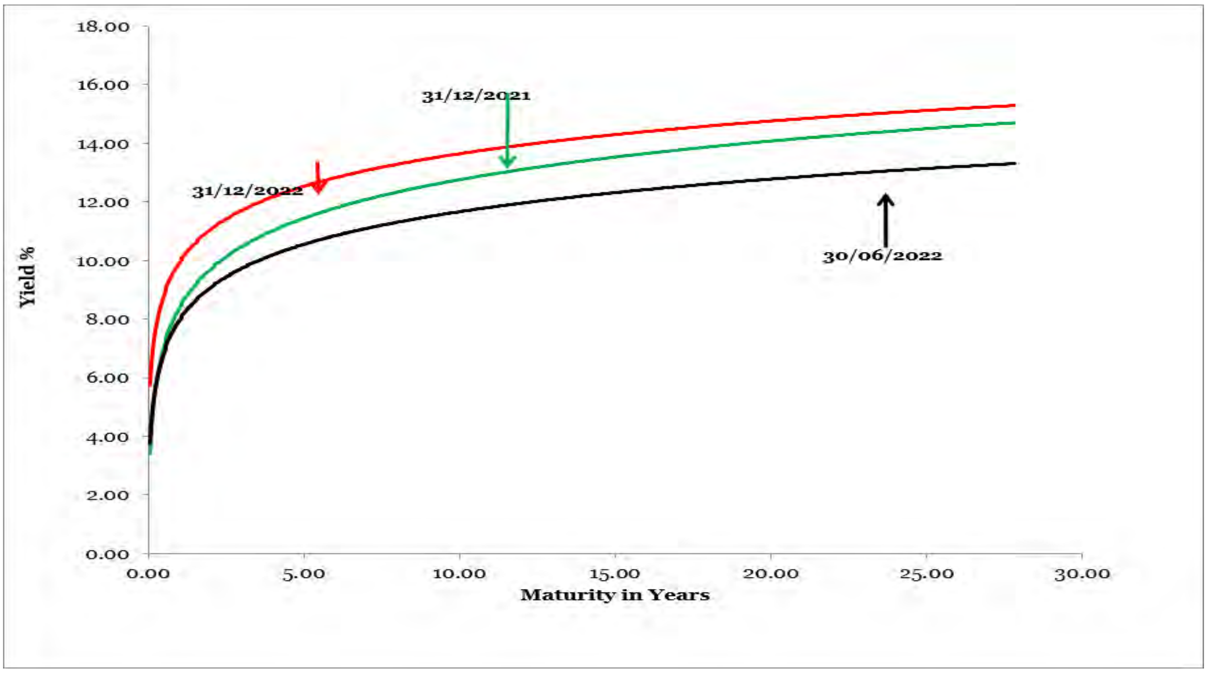
Total bonds outstanding at end-December 2022 stood at ₦19.58 trillion, reflecting an increase of 12.90 per cent, compared with ₦17.35 trillion at end-June 2022.

2.3.3.11 FGN Bonds

New issues and re-openings of FGN bonds increased by 20.00 per cent to ₦1,350.00 billion during the review period, compared with the preceding period. Public subscription and sales decreased to ₦1,631.21 billion and ₦1,195.18 billion, respectively, in the second half of 2022, compared with ₦2,852.56 billion and ₦1,805.45 billion in the first half of 2022.

During the review period, the yield curve was normal as the upward shift in the yields on government bonds signalled investors' expectation of higher interest rates, reflecting the contractionary monetary policy stance to rein-in inflation.

Figure 2.27 Yield Curve



Source: FMDQ-OTC Plc

2.3.3.12 FGN Savings Bonds

FGN Savings Bonds increased by 22.39 per cent to ₦27.51 billion, owing to new issues. The average coupon rates at 7.9515 and 8.9515 per cent for the 2- and 3-year tenors, were lower than the 10.7713 and 11.7713 per cent, recorded in the preceding half year, respectively.

2.3.3.13 FGN Green Bonds

The outstanding stock of the bonds decreased by 41.61 per cent to ₦15.00 billion at end-December 2022, with the redemption of matured issues.

2.3.3.14 FGN Sukuk Bond

The total value of FGN Sukuk increased by 21.22 per cent to ₦742.56 billion at end-December 2022, owing to the issuance of a 10-year FGN Sukuk worth ₦130.00 billion, with a rental rate of 15.64 per cent payable semi-annually.

2.3.3.15 Sub-National Bonds

The total value of the bonds decreased by 43.90 per cent to ₦114.30 billion at end-December 2022, owing largely to the maturity of 10 sub-national bonds, amounting to ₦49.86 billion, and the redemption of ₦9.58 billion by four State Governments.

2.3.3.16 Corporate Bonds

Corporate bonds worth ₦1,403.72 billion were outstanding at end-December 2022 as bonds valued ₦96.04 billion were redeemed and those worth ₦18.98 billion matured, while bonds valued ₦803.97 billion were issued in the review period.

Table 2.16: Outstanding Debt Instruments **(N' billion)**

Instruments	End-Jun 2022	End-Dec 2022	% Change	Proportion of Total (June 2022)	Proportion of Total (Dec 2022)
FGN Bonds	15,194.10	16,669.45	9.71	69.53	69.44
Nig. Treasury Bills	4,504.80	4,422.72	-1.82	20.62	18.42
FGN Savings Bonds	20.87	27.51	31.80	0.1	0.11
FGN Sukuk	612.56	742.56	21.22	2.8	3.09
FGN Green Bond	25.69	15.00	- 41.61	0.12	0.06
Nig. Treasury Bonds	75.99	50.99	- 32.90	0.35	0.21
FGN Promissory Notes	475.87	530.03	11.38	2.18	2.21
Sub-National Bonds	203.74	114.30	- 43.90	0.93	0.48
Green Corporate Bonds	714.77	1,403.72	96.39	3.27	5.85
Sukuk- Sub-National				0	0
Green-Corporate Bond	23.50	28.88	22.89	0.11	0.12
TOTAL	21,851.88	24,005.15	9.85	100	100

2.3.3.17 Bonds - Secondary Market

The S&P/FMDQ Nigeria Sovereign Bond Index and yield decreased by 1.12 per cent and 1.22 percentage points to 614.73 points and 7.78%, respectively. The market capitalisation increased by 8.26 per cent to ₦29.89 trillion in the second half of 2022.

Table 2.17: FMDQ Market Size

S/N	SECTOR	End-Dec 2021 (₦'bn)	End-Jun 2022 (₦'bn)	End-Dec 2022 (₦'bn)	Change (%)
1	FGN Bonds	10,752.49	12,078.08	13,253.68	9.73
2	Agency Bonds	0	0	0	-
3	State/Municipal Bonds	146.02	144.11	96.14	- 33.29
4	Corporate Bonds	767.84	811.45	1,037.20	27.82
5	Supranational Bonds	0	0	46	
6	Sukuk	362.56	362.56	521.61	43.87
7	Green Bonds	55.52	54.88	28.88	- 47.38
8	Eurobonds	6,815.73	6,107.27	7,207.87	18.02
9	Short-Term Bonds	2,198.82	2,219.92	2,548.09	14.78
10	Treasury Bills	3,643.78	4,504.79	4,422.72	- 1.82
11	OMO Bills	2,051.79	810	480	- 40.74
12	Commercial Papers	224.22	518.8	251.46	- 51.53
	Total Market Size	27,018.77	27,611.86	29,893.65	8.26

2.3.3.18 Mutual Funds

The Net Asset Value (NAV) of registered funds stood at N1.52 trillion at end-December 2022, indicating an increase of 1.77 per cent over the preceding period. The increase was attributed to 20.83, 18.4, 17.62 and 4.73 per cent growth in Shariah Compliant Funds, Dollar Funds, Money Market Funds and Infrastructure Funds, respectively.

Table 2.18: Collective Investment Schemes (₦'Billion)

Bond/Fixed Income Funds	End-Dec 2021 (a)	End-Jun 2022 (b)	End-Dec 2022 (c)	Change (%) (a&b)	Change (%) (b&c)
Ethical Funds	2.53	2.94	2.95	16.21	0.34
Shariah Compliant Funds	17.91	18.9	22.84	5.53	20.85
Dollar Fund	272.19	279.91	331.53	2.84	18.44
Bond/Fixed Income Funds	377.74	417.3	347.15	10.47	-16.81
Equity Based Funds	15.76	16.68	16.11	5.84	-3.42
Real Estate Funds	50.2	45.37	45.66	- 9.62	0.64
Money Market Funds	547.91	586.96	614.7	7.13	4.73
Balanced Based Funds	29.27	31.2	30.13	6.59	- 3.43
Exchange Traded Funds	7	7.54	7.22	7.71	- 4.24
Infrastructure Funds	84.58	85.09	100.08	0.60	17.62
Total	1,405.09	1,491.88	1,518.34	6.18	1.77

2.3.3.19 Other Developments

During the review period, the Securities and Exchange Commission (SEC) launched the amended 2021-2025 Revised Capital Market Master Plan (RCMMP), to provide strategic direction on regulatory and developmental activities in the capital market.

SEC also commenced the implementation of 100 per cent custody requirement on all Collective Investment Schemes (CIS) to further protect investors and boost confidence in the market.

The100 per cent custody requirement on these funds reduces the potential for a systemic risk event crystallizing in that segment of the market, as it separates management from custody of the funds, and ensures that failure of a fund manager would have little or no effect on the fund. It is envisaged that this initiative would contribute significantly to financial system stability.

2.4 Real Sector Interventions

The Bank sustained its interventions in priority sectors of the economy, to foster sustainable economic development, inclusive growth and positively impact price and financial stability. These sectors include agriculture, manufacturing/industry, micro, small and medium enterprises, energy/infrastructure, health, and export. See Appendix 3. The Bank enhanced its loan recovery drive and repayments increased significantly by 153.48 per cent in the second half of 2022. Furthermore, disbursements reduced by 39.42 per cent, reflecting the Bank's current strategic objectives.

2.4.1 Agricultural Policy Support

2.4.1.1 Agricultural Credit Guarantee Scheme

A total of 30,560 loans valued ₦5.25 billion were guaranteed under the Scheme in the second half of 2022, compared with 13,194 loans, valued ₦3.22 billion in the preceding period. Also, 15,286 guaranteed loans valued ₦3.14 billion were repaid during the period, compared with 11,773 guaranteed loans valued ₦2.14 billion at end-June 2022.

The guaranteed claims due for settlement to participating banks from the Bank rose by 55.55 per cent to ₦2.80 million in the second half, compared with the level in the first half of 2022.

2.4.1.2 Commercial Agriculture Credit Scheme

The sum of ₦0.99 billion was disbursed to two agro-enterprises in the second half of 2022, a decrease of 96.48 per cent, compared with ₦28.30 billion disbursed to 11 beneficiaries, in the first half while repayments rose by 40.14 per cent to ₦46.05 billion in the review period.

2.4.1.3 **Anchor Borrowers' Programme**

In the second half of 2022, the sum of ₦103.73 billion was disbursed to 245,361 smallholder farmers across the country to produce rice, maize and wheat; compared with ₦35.52 billion disbursed to 28,876 smallholder farmers in the first half of 2022. This reflected an increase of 192.03 per cent in the value of projects funded over the preceding period. Furthermore, a total of 529,478 hectares of land were cultivated in the second half of 2022, compared with 128,579 hectares in the preceding half of 2022, indicating an increase of 311.79 per cent, while repayments rose by 47.41 per cent to ₦63.37 billion in the review period.

2.4.1.4 Accelerated Agriculture Development Scheme
Disbursement decreased by 88.00 per cent to ₦0.18 billion in the second half of 2022 and repayment also decreased by 62.47 per cent to ₦1.64 billion.

2.4.1.5 Paddy Aggregation Scheme
The sum of ₦1.00 billion was repaid in the second half of 2022; however there was no disbursement in the review period.

2.4.1.6 National Food Security Programme
The sum of ₦4.38 billion was repaid at end-December 2022, compared with ₦2.03 billion at end-June 2022. There were no disbursements during the review period.

2.4.2 Micro, Small and Medium Enterprises & Industrial Policy Support

2.4.2.1 Micro, Small and Medium Enterprises Development Fund
The sum of ₦0.01 billion was disbursed to 130 beneficiaries, while repayments rose by 101.59 per cent to ₦5.08 billion at end-December 2022.

2.4.2.2 Agribusiness/Small and Medium Enterprises Investment Scheme
The sum of ₦1.33 billion was disbursed for 592 projects during the second half of 2022, compared with ₦1.60 billion for 1,071 projects during the first half of 2022. This Indicated decreases of 16.86 and 44.72 per cent in value and volume of projects respectively. Repayments decreased by 73.68 per cent to ₦0.20 billion at end-December 2022.

2.4.2.3 Creative Industry Financing Initiative
The sum of ₦0.17 billion was disbursed, while ₦0.30 billion was repaid during the review period.

2.4.2.4 Targeted Credit Facility
During the period under review, the sum of ₦1.21 billion was disbursed to 2,797 beneficiaries, compared with ₦24.37 billion disbursed to 50,302 beneficiaries during the first half of 2022. The sum of ₦0.82 billion was repaid during the review period.

2.4.2.5 Tertiary Institutions Entrepreneurship Scheme
In the review period, the sum of ₦0.06 billion was disbursed to 20 beneficiaries, compared with ₦0.26 billion to 53 beneficiaries in the preceding period.

2.4.3 Real Sector Policy Support

2.4.3.1 Real Sector Support Facility - Differentiated Cash Reserve Requirement
The sum of ₦89.55 billion was disbursed to 16 projects in the second half of 2022, compared with ₦202.15 billion to 34 projects in the first half. The sum of ₦11.31 billion was repaid during the review period.

2.4.3.2 COVID-19 Intervention for the Manufacturing Sector

In the review period, the sum of ₦112.91 billion was disbursed for 29 projects, compared with ₦421.67 billion for 50 projects in the first half of the year. The sum of ₦3.52 billion was repaid during the period.

2.4.3.3 Healthcare Sector Intervention Facility

The sum of ₦16.02 billion was disbursed for eight projects in the second half of 2022, compared with ₦17.20 billion for 11 projects in the first half. The sum of ₦2.12 billion was repaid in the period under review. There was no repayment recorded in the preceding period, as most of the facilities were still under moratorium.

2.4.3.4 Textile Sector Intervention Facility

In the second half of 2022, ₦1.50 billion was disbursed, while there was no disbursement in the preceding period. The sum of ₦4.49 billion was repaid, compared with ₦8.62 billion repaid in the first half of 2022.

2.4.3.5 CBN-BOI Industrial Facility

In the second half of 2022, ₦50.00 billion was released under the intervention to BOI, similar to the ₦50.00 billion disbursed in the first half of the year.

2.4.3.6 Presidential Fertilizer Initiative

There were no disbursements under this Initiative in 2022. However, the sum repaid in the second half of 2022 increased by 33.33 per cent to ₦4.00 billion, compared with ₦3.00 billion repaid in the first half of 2022.

2.4.3.7 Intervention Facility for the National Gas Expansion Programme

The sum of ₦9.30 billion was disbursed for two projects, compared with ₦26.00 billion disbursed for four projects in the first half of 2022, reflecting a 64.23 per cent decrease. No repayments were made in 2022 as the facilities were still under moratorium.

2.4.3.8 Shared Agent Network Expansion Facility

There were no disbursements under this initiative in 2022. However, the sum of ₦0.60 billion was repaid in the second half of 2022, compared with ₦0.31 billion in the first half of 2022, indicating an increase of 93.54 per cent.

2.5 Export Policy Support

2.5.1 Non-oil Export Stimulation Facility

There were no disbursements under the initiative in 2022. The sum of ₦7.92 billion was repaid, reflecting an increase of 294.02 per cent over the outcome in the preceding period.

2.5.2 Export Facilitation Initiative

The sum of ₦10.18 billion was released for three projects in the review period, compared with ₦36.00 billion disbursed to five projects in the first half of 2022. There were no repayments as the facilities were still under moratorium.

2.6 Energy Policy Support

2.6.1 Power and Airline Intervention Fund

There were no disbursements under this initiative in 2022. The sum of ₦10.47 billion was repaid in the review period, reflecting a-34.19 per cent decrease from the preceding period's outcome.

2.6.2 Nigerian Electricity Market Stabilisation Facility

The sum of ₦71.48 billion was disbursed, compared with ₦34.17 billion in the first half of the year, while ₦11.51 billion was repaid indicating an increase of 5.5 per cent over the outcome in the preceding period.

2.6.3 Nigeria Bulk Electricity Trading – Payment Assurance Facility

There was no disbursement, compared with the sum of ₦26.93 billion disbursed in the first half of 2022; while repayments increased by 202.65 per cent to ₦977.16 billion.

2.6.4 National Mass Metering Programme

The sum of ₦3.11 billion was disbursed in the second half of 2022, compared with ₦0.19 billion in the first half of 2022, while the sum of ₦0.36 billion was repaid. There were no repayments in the first half of 2022 as the facilities were still under moratorium.

2.7 Institutional Support and Financial Inclusion

2.7.1 National Collateral Registry

The performance indicators of the National Collateral Registry (NCR) trended upwards, indicating increased lending against movable assets offered as collateral.
The number and values of financing statements registered increased by 9.25, 363.66 and 157.89 per cent to 40,909, ₦1,025.61 billion and US$0.05 billion, respectively, compared with that of the preceding period. The financing statements were registered by 45 financial institutions in respect of 42,695 borrowers. In addition, searches conducted increased by 23.47 per cent to 79,008.

Table 2.19: Transactions on the National Collateral Registry Portal

Debtor Type	Number of Financing Statements		Number of Borrowers		Currency	Value of Financing Statements (₦' Billion)	
	End-Jun 2022	End-Dec 2022	End-Jun 2022	End-Dec 2022		End-Jun 2022	End-Dec 2022
Individual	34,061	36,364	34,919	37,464	NGN	114.62	829.15
Large Business	201	271	294	480	NGN	25.70	95.34
					USD	0.004	0.046
					EUR	0.00011	0.00
Medium Business	1,669	2,120	1,884	2,355	NGN	61.99	73.74
					USD	0.015	0.003
Micro Business	159	295	172	335	NGN	1.51	2.50

					USD	0.00	0.00
Small Business	1,354	1,859	1,475	2,061	NGN	17.39	24.88
Total	37,444	40,909	38,744	42,695	NGN	221.20	1,025.61
					USD	0.019	0.049
					EUR	0.00011	0.00

Furthermore, 21,038 of the financing statements registered in the review period were in respect of 21,591 women and women-owned enterprises, representing 50.57 per cent of the total number of borrowers.

Table 2.20: Women and Women-owned Enterprises Transactions on the National Collateral Registry Portal

Debtor Type	Number of Financing Statements		Number of Women and Women-owned Enterprises		Currency	Value of Financing Statements (**₦'billion)**	
	End-Jun 2022	End-Dec 2022	End-Jun 2022	End-Dec 2022		End-Jun 2022	End-Dec 2022
Individual	17,561	20,393	17,832	20,776	NGN	59.33	763.21
Large Business	12	29	32	83	NGN	0.216	1.19
					USD	0.00	0.014
Medium Business	260	354	302	400	NGN	3.50	2.78
Small Business	136	226	171	289	NGN	1.46	2.23
Micro Business	17	36	23	43	NGN	0.052	0.19
Total	17,986	21,038	18,360	21,591	NGN	64.55	769.60
					USD	0.00	0.014

A total of 142 financial institutions had registered 288,943 financing statements valued ₦16,351.77 billion, US$2.48 billion, €0.11 billion, and £0.000027 billion from inception in 2016 to end-December 2022.

2.7.2 Financial Inclusion

The Bank sustained its initiatives towards improving financial inclusion, in collaboration with deposit money banks and other financial service access points. Bank Verification Number (BVN) enrollment increased by 1,555,293 in the second half of 2022, of which 996,179 were females, indicating an increase in the customer base of banks. Similarly, 224,328 agents were onboarded under the SANEF agent expansion scheme, bringing the total to 1,474,173 and increasing access point per capita to 1,391 agents per 100,000 adults. Also, the number of active Point-of-Sale (PoS) terminals increased to 1,029,897.

Table 2.21: Financial Inclusion Statistics

Indicator	End-Jun 2022	End-Dec 2022
New BVN Registration	3,577,980	1,555,293
New BVN Registration (Female)	1,370,875	996,179
Total Agents	1,249,845	1,474,173
No. of Onboarded (New) Agents	247,331	224,328
Nos of Agents Per 100,000 Adults	1,179	1,391
Active PoS Terminals	871,591	1,029,897

Overall, the Bank's development finance interventions continued to facilitate seamless flow of credit to catalyse and transform private sector investment in priority sectors to generate sustainable jobs, support households' income and consumption, boost non-oil exports and sustain economic growth. Also, the Bank enhanced loan recovery drive yielded positive outcome, leading to significantly increase in repayment.

3.0 REGULATORY AND SUPERVISORY ACTIVITIES

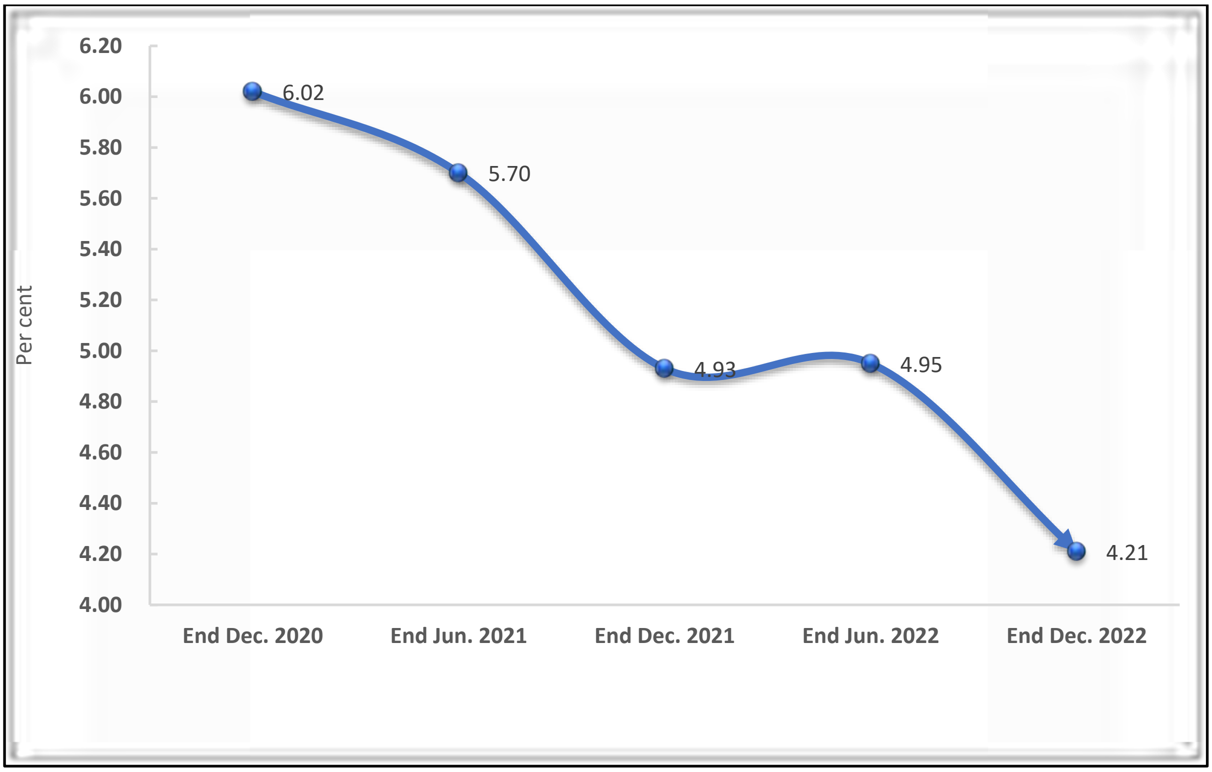
3.1 Financial Soundness Indicators

3.1.1 Asset-Based Indicators

3.1.1.1 Non-Performing Loans Ratio

The quality of banks' assets improved during the review period as the non-performing loans (NPLs) ratio declined to 4.21 per cent from 4.95 per cent, at end-June 2022, lower than the 5.00 per cent benchmark. The improvement was mainly due to stricter credit risk management practices and the continued implementation of the Global Standing Instruction (GSI) policy which enhanced loan recovery.

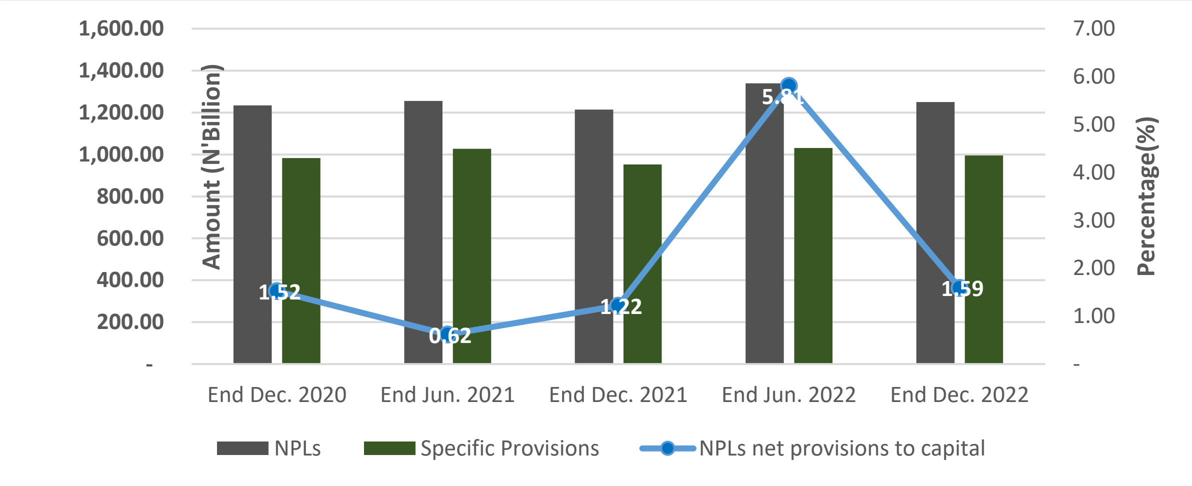
Figure 3.1 Banking Industry NPLs Ratio



Also, the capacity of banks capital to withstand losses on NPLs not fully provisioned improved significantly during the review period, as the ratio of non-performing loans net of provisions to capital, decreased to 1.59 per cent from 5.81 per cent at end-June 2022. This was occasioned by the decline in NPLs at end-December 2022, compared with end-June 2022 and increased specific provisioning [1]for NPLs.

[1]Specific provisions are provisions against expected and identifiable losses on loans. Specific provisions for substandard, doubtful, very doubtful and lost amounts are 10, 50, 75 and 100 per cent, respectively in line with the prudential guideline

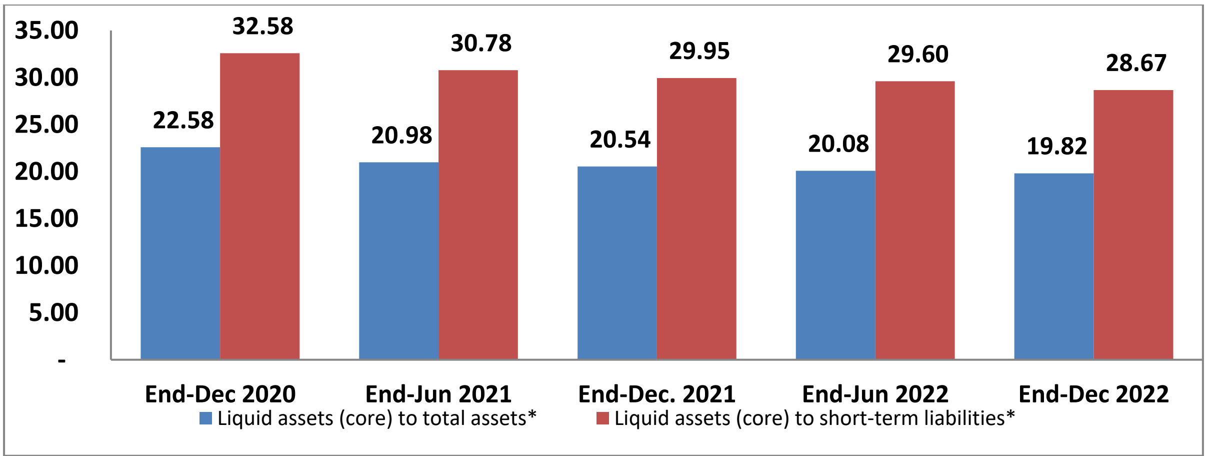
Figure 3.2 Non-Performing loans net of provisions to capital



3.1.1.2 Core Liquid Assets to Total Assets and Short-term Liabilities

The ratio of core liquid assets to total assets decreased by 0.26 percentage point to 19.82 per cent during the review period, driven mainly by the significant increase in total assets of the banking sector, which outweighed the marginal increase in core liquid assets. The rise in total assets was due to the increases in banks' investments in corporate and other bonds, unquoted companies, other tangible assets, and property plants and equipment. Similarly, the ratio of core liquid assets to short-term liabilities declined by 0.93 percentage point to 28.67 per cent at end-December 2022, owing largely to significant increases in both liquid assets and deposit liabilities. The increase in liquid assets was attributed mainly to cash reserve requirements and treasury bills, while the increase in deposit liabilities was as a result of the Bank's currency redesign policy.

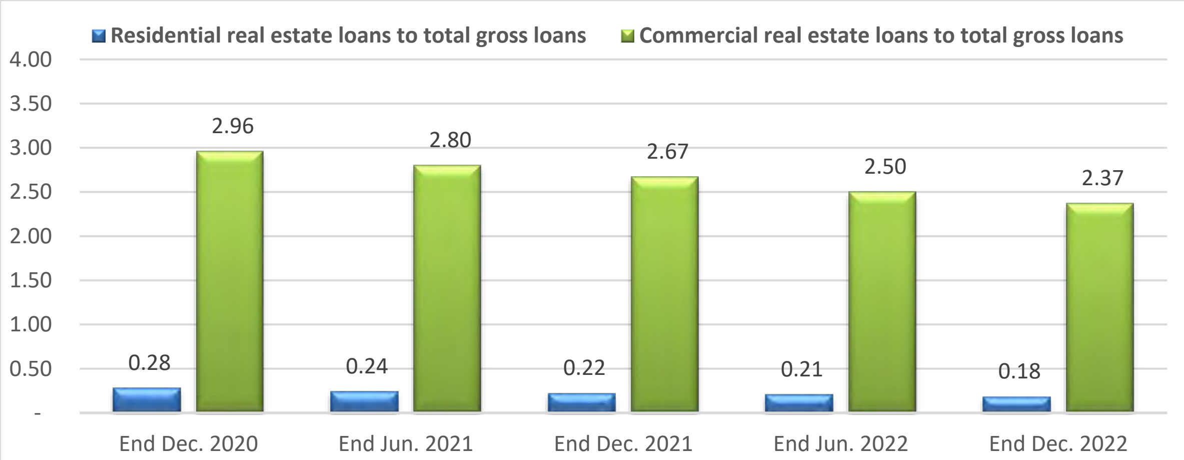
Figure 3.3 Banking Industry Liquidity Indicators (%)



3.1.1.3 Exposure of Banking System to Real Estate Subsector

The banks' exposure to real estate (residential and commercial) declined marginally in the review period. The ratio of residential real estate loans to total gross loans decreased by 0.03 percentage point to 0.18 per cent at end-December 2022, from 0.21 per cent at end-June 2022. Similarly, the ratio of commercial real estate loans to total gross loans declined by 0.13 percentage point to 2.37 per cent at end-December 2022, compared with 2.50 per cent at end-June 2022.

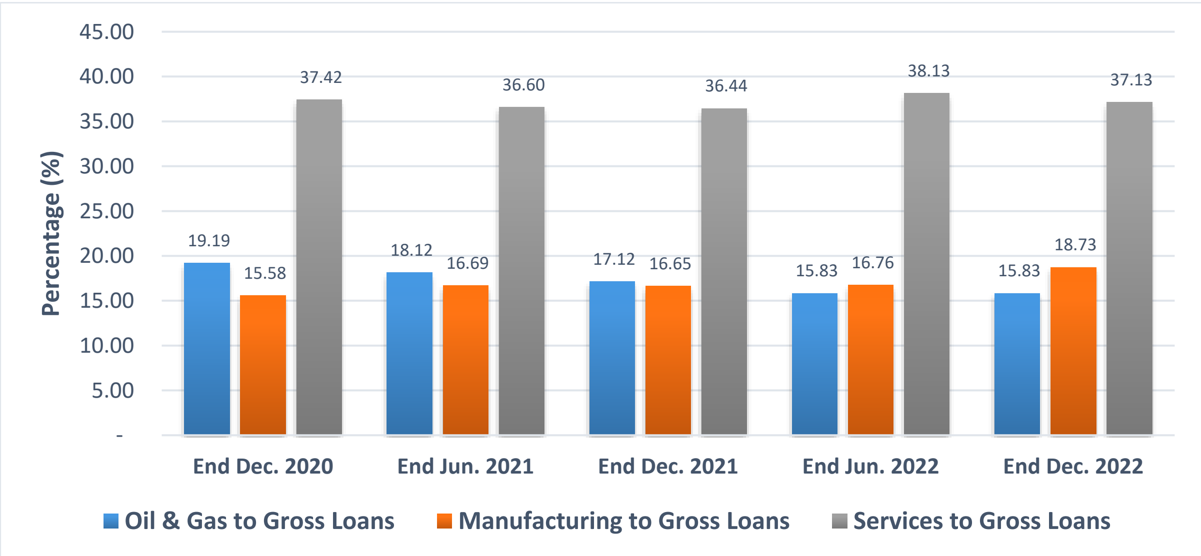
Figure 3.4 Banking Industry Real Estate Indicators



3.1.1.4 Exposure of Banking System to Oil & Gas, Manufacturing and Services Sectors

The banks' exposure to the Oil & Gas, Manufacturing and Services sectors increased during the review period. The ratio of manufacturing loans to total gross loans increased by 1.97 percentage points to 18.73 per cent at end-December 2022, from 16.76 per cent at end-June 2022. However, the ratio of Services loans to total gross loans declined by 1.00 percentage point to 37.13 per cent, compared with 38.13 per cent at end-June 2022. Though the banking system's exposure to Oil & Gas increased marginally, it was outweighed by the significant increase in total gross loans; thus, the ratio of oil & gas loans to total gross loans remained unchanged at the end of the second half, compared with the position in the first half of the year.

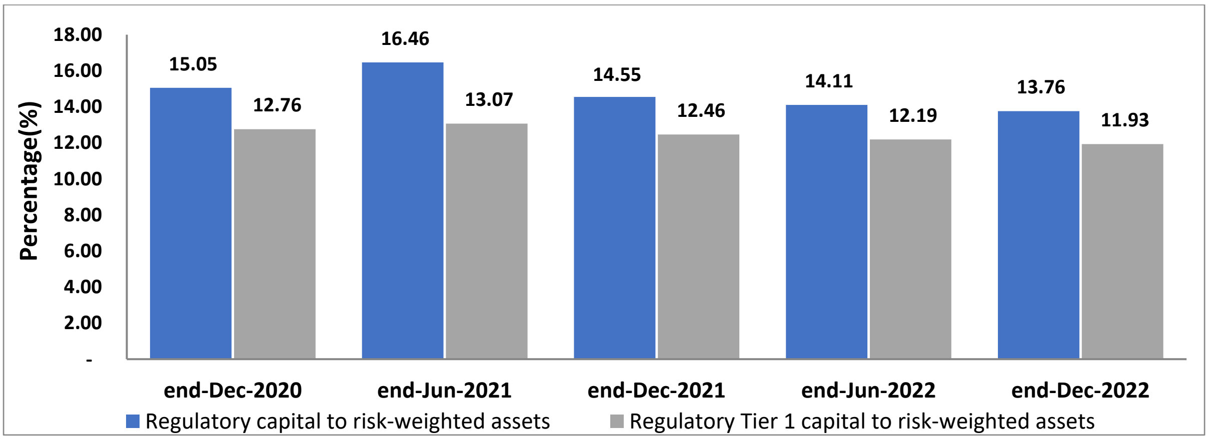
Figure 3.5: Industry Exposure to Oil & Gas, Manufacturing and Services Sectors



3.1.2 Capital-Based Indicators

The banking industry's solvency, measured by regulatory capital to risk-weighted assets, declined to 13.76 per cent at end-December 2022, from 14.11 per cent at end-June 2022, owing largely to growth in risk assets. Similarly, the regulatory tier-1 capital to risk-weighted assets decreased to 11.93 per cent, from 12.19 per cent at end-June 2022. The ratio, however, was above the minimum regulatory threshold of 7.5 per cent for national and regional banks and 11.25 per cent for international and domestic systemically important banks.

Figure 3.6 Banking Industry Capital Adequacy Indicators



**The ratios are computed based on IMF-FSI Manual*

3.1.3 Income and Expense Based Indicators

The ratio of interest margin to gross income increased by 10.83 percentage points to 67.63 per cent during the review period. However, the ratio of non-interest expenses to gross income declined by 3.66 percentage points to 72.20 per cent, while the ratio of personnel expenses to non-interest expenses rose to 31.31 per cent at end-December 2022.

Table 3.1 Selected Financial Soundness Indicators of the Nigerian Banking Industry

Indicators	2020		2021		2022
	End-Dec	End-Jun	End-Dec	End-June	End Dec
1. Assets Based Indicators					
Nonperforming loans to total gross loans *	6.02	5.70	4.93	4.95	4.21
Liquid assets (core) to total assets*	22.58	20.98	20.54	20.08	18.64
Liquid assets (core) to short-term liabilities*	32.58	30.78	29.95	29.60	27.26
Residential real estate loans to total gross loans	0.28	0.24	0.22	0.21	0.18
Commercial real estate loans to total gross loans	2.96	2.80	2.67	2.50	2.37
2. Capital Based Indicators					

Regulatory capital to risk-weighted assets*	15.05	16.46	14.55	14.11	13.76
Regulatory Tier 1 capital to risk-weighted assets*	12.76	13.07	12.46	12.19	11.93
Nonperforming loans net of provisions to capital *	1.52	0.62	1.22	5.81	3.67
Return on assets*	2.17	1.21	1.47	1.54	1.29
3. Income and Expense Based Indicators					
Interest margin to gross income*	54.38	56.93	49.52	47.93	58.97
Noninterest expenses to gross income*	64.59	70.39	66.39	65.04	69.31
Personnel expenses to noninterest expenses	30.66	28.10	29.38	25.47	30.18

**FSIs are computed based on IMF-FSI Manual*

3.2 The Banking Industry Stress Tests

The Bank continued to assess the soundness and stability of the financial system through top-down solvency and liquidity stress testing to identify and analyse banking industry vulnerabilities and risks, with a view to implementing appropriate regulatory measures.

3.2.1 Solvency Stress Test

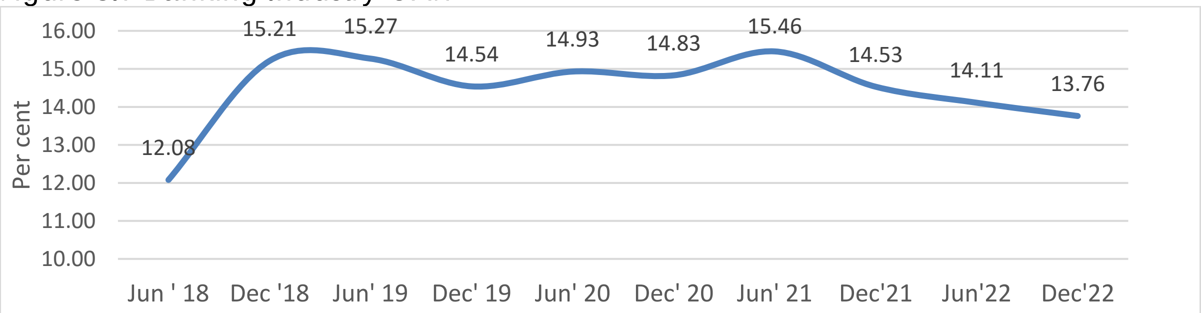
3.2.1.1 Baseline Position

The baseline CAR, LR and NPL ratios in the period under review were 13.76, 44.12 and 4.21 per cent respectively, while Return On Asset (ROA) and Return On Equity (ROE) stood at 1.86 and 23.82 per cent, respectively.

Table 3.2 Banking Industry Baseline Selected Key Indicators

	CAR	LR	NPLs	ROA	ROE
Dec 2021 (%)	14.53	41.33	4.80	2.31	27.47
Jun 2022 (%)	14.11	42.63	4.95	1.40	17.30
Dec 2022 (%)	13.76	44.12	4.21	1.86	23.82
Percentage Points Change	0.42	(1.30)	(0.15)	0.91	10.17

Figure 3.7 Banking Industry CAR



3.2.1.2 Credit Risk

The general credit risk stress test revealed that shocks of 15.00, 20.00, 30.00 and 50.00 per cent increases in NPLs would result in the banking industry CAR declining to 13.28, 13.12, 12.81 and 12.16 per cent, respectively, from the baseline of 13.76 per cent. Also, a shock of 100.00 per cent increase in NPLs would lead to a decrease of banking industry CAR to 10.51 per cent.

The stress test revealed that the banking industry could withstand shocks of up to 100.00 per cent increase in the industry's NPLs, as the industry CAR would remain above the regulatory requirement of 10.00 per cent.

Table 3.3 General Credit Default Stress Test

General Credit Shocks	June 2022 CAR (%)	December 2022 CAR (%)
Baseline	14.11	13.76
10% NPLs increase	13.80	13.44
15% NPLs increase	13.64	13.28
20% NPLs increase	13.49	13.12
30% NPLs increase	13.17	12.81
50% NPLs increase	12.53	12.16
100% NPLs increase	10.88	10.51

Similarly, a test of obligor credit concentration shocks of five largest corporate credit facilities shifting from performing loans to sub-standard (scenario 1) and sub-standard to doubtful (scenario 2) would result in banking industry CAR declining to 13.43 and 12.09 per cent, respectively, from 13.76 per cent. In addition, a shock of five largest corporate credit facilities shifting from doubtful to lost (scenario 3) would result in banking industry CAR declining to 10.36 per cent. The result of the tests showed resilience to obligor credit concentration risk as the CAR would remain above the 10.00 per cent regulatory threshold under scenarios 1, 2 and 3.

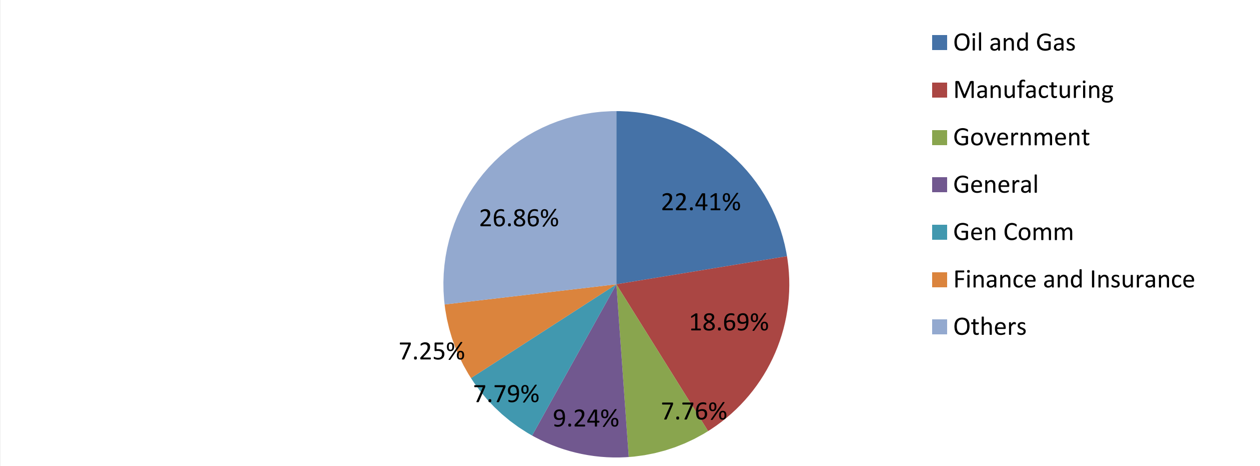
Table 3.4 Credit Concentration Risk

	June 2022 CAR (%)	Dec 2022 CAR (%)
Baseline	14.11	13.76
Single Factor Credit Concentration Shocks		
Scenario 1 Five largest corporate credit facilities shifted from performing loans to sub-standard (10% provision)	13.63	13.43
Scenario 2 Five largest corporate credit facilities shifted from sub-standard to doubtful (50% provision)	12.88	12.09
Scenario 3 Five largest corporate credit facilities shifted from doubtful to lost (100% provision)	11.62	10.36

3.2.1.3 Sectoral Credit Concentration Risk

A breakdown of banking industry total credit by sector at end-December 2022 is shown below.

Figure 3.8 Sectoral Concentration of Credit



The results of sectoral credit concentration shocks showed that a 20.00 per cent default on total exposure to Oil & Gas could reduce CAR to 13.04 per cent, while a 50.00 per cent default could decrease CAR to 9.11 per cent. The sector concentration stress test therefore, showed that the banking industry could withstand a shock of 20.00 per cent to Oil and Gas exposures.

3.2.1.4 Interest Rate Risk

The stress test on the net position of interest-sensitive instruments showed that the industry could maintain a stable solvency position to interest rate shock of up to 1000 basis points downward shift in yield curve as the post-shock CAR of 12.12 per cent remained above the regulatory threshold of 10.00 per cent.

The global economy witnessed policy normalisation by many monetary authorities in the second half of 2022 as part of measures to rein in inflation, resulting in tightened financial market conditions, with unintended consequences in some jurisdictions. In particular, the Monetary Policy Committee (MPC) embarked on a contractionary monetary policy stance to rein in inflation and stabilize exchange rate, effective April 2022. This development has impacted banks' holding of fixed income securities and could constitute significant risk to banks' solvency and liquidity.

Analysis of the impact of a rise in interest rate on long tenored fixed income securities based on IFRS 9 standards[2] at end December 2022, showed that banks could withstand unrealised losses arising from the two classes of fixed income as the proportion

[2] Fixed Income Fair value through Profit or Loss (FVTPL) and (fair Value through Other Comprehensive Income (FVOCI) classifications

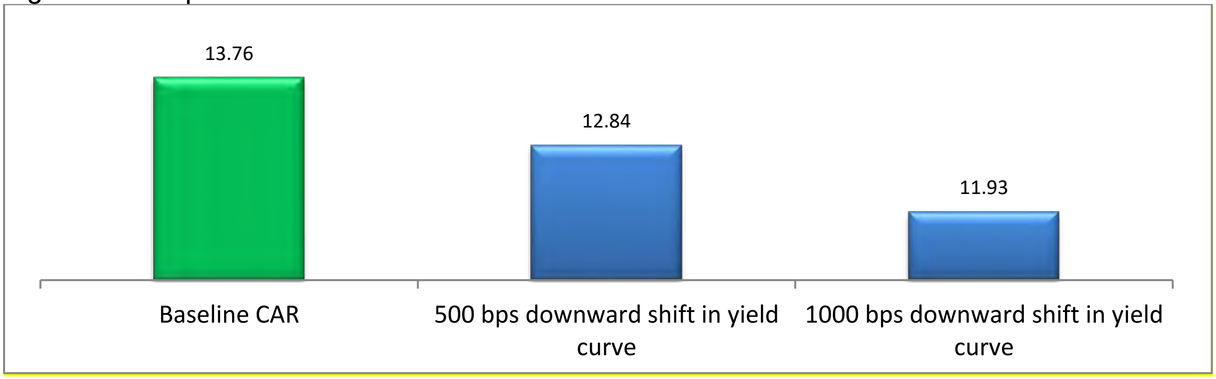
of these classes of bonds constituted only 4.73 per cent investable assets of banks at December 2022.

Further analysis based on a severe scenario of the entire loss of the Mark-to-Market losses, showed that the industry capital adequacy would only decline from 13.67 per cent to 12.18 per cent, reflecting the adequacy of banking industry capital buffers (Tier 1 & Tier 2).

Despite the contractionary monetary policy stance, banks had robust liquidity as their liquidity ratio (LR) was 44.12 per cent at end-December 2022. Consequently, they were not under pressure to resort to fire sale of their liquid financial assets.

The analysis showed that the increase in interest rates had a mixed impact on the health and financial soundness indicators of banks. Thus, while rate hikes had a negative impact on the holdings of banks, particularly FGN bond FVTPL and FVTOCI, they had a positive impact on banks through interest income and investment securities.
In view of the above, the solvency and liquidity of the industry is not currently threatened. However, the Bank will continue to strike a delicate balance between the pursuit of price stability and financial system stability. In this regard, while it might be expedient to raise interest rates to tame inflation, the Bank would act in consideration of the impact of interest rate hikes on financial system stability.

Figure 3.9 Impact of Interest Rate Shocks on CAR



3.2.2 Liquidity Stress Test

The stress test results revealed that after a one-day run scenario, the LR of the industry could decline from the 44.12 per cent baseline position to 29.56 per cent. Similarly, under the 5- and 30-day scenarios, the LR for the industry could decline to 10.89 and 5.96 per cent, which could result in liquidity shortfalls of ₦5.21 trillion and ₦6.17 trillion, respectively. However, the Bank had at its disposal significant CRR balances of ₦11.51 trillion to backstop banks' liquidity.

Figure 3.10 Industry Liquidity Stress Test

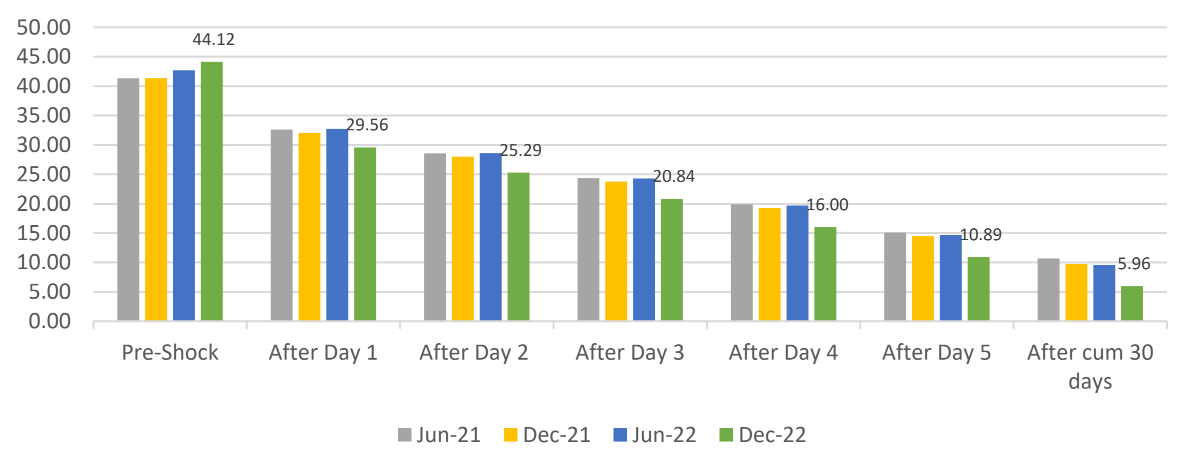


Table 3.5: Implied Cash Flow Liquidity Stress Test Results

	No of Banks with LR < 30%		Industry LR (%)			
	Jun 2022	Dec 2022	Jun 2022	Shortfall to 30% LR threshold (₦' **billion)**	Dec 2022	Shortfall to 30% LR threshold (₦' **billion)**
Day 1	13	5	32.73	Nil	29.56	148.83
Day 2	19	13	28.58	431.96	25.29	1,519.57
Day 3	21	19	24.28	1,623.78	20.84	2,794.56
Day 4	21	23	19.69	2,760.48	16.00	4,042.96
Day 5	23	23	14.71	3,865.63	10.89	5,212.68
Day 30	24	27	9.58	4,836.98	5.95	6,165.73

3.2.3 Maturity Mismatch

The industry baseline assets and liabilities maturity profile at end-December 2022, revealed that the shorter end of the market (≤90-day bucket) was adequately funded. The cumulative position for the industry showed a mismatch of ₦3,272.51 billion assets over liabilities.

The test result under Descriptive Maturity Mismatch (Test 2A) revealed that the banking industry was adequately funded, except for the "above 3 years" bucket. Under Static Rollover Risk Analysis (Test 2B) and Dynamic Rollover risk (Test 2C), the industry had mismatches of ₦7,379.17 billion and ₦10,158.51 billion, respectively. Relative to end-June 2022 tests, these reflected increases of ₦1,739.67 billion and ₦2,325.02 billion under the Test 2B and Test 2C, respectively.

Table 3.6 Maturity Profile of Assets and Liabilities at End-December 2022

Bucket	Liabilities	Assets	Mismatch	Cumulative Mismatch
	₦' billion			
≤30 days	36,484.28	23,213.32	13,279.12	13,279.12
31-90 days	4,867.78	4,012.08	867.41	14,146.54
91-180 days	1,960.54	3,832.21	(1,852.22)	12,294.32
181-365 days	1,435.40	5,263.77	(3,806.62)	8,487.70
1-3 years	2,272.33	5,977.89	(3,683.93)	4,803.77
>3 years	3,528.65	11,645.45	(8,076.28)	(3,272.51)
Total	50,548.98	53,944.72		

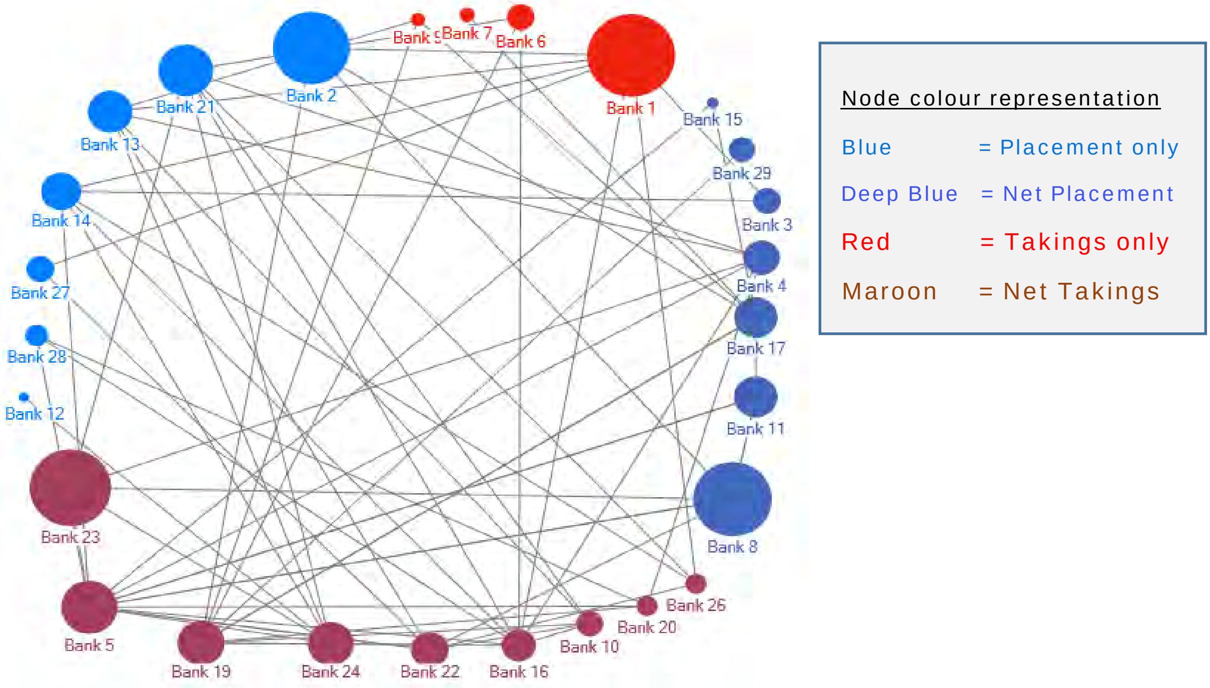
Table 3.7 Stress Test Results for Maturity Mismatch at End-December 2022

	Test 2A Descriptive Maturity Mismatch. (No consideration of rollover)		Test 2B Static Rollover risk Analysis. (No possibility to close liquidity gaps in other buckets)		Test 2C Dynamic Rollover risk test. (Free assets used to close liquidity gaps in other buckets)	
	₦' billion	No of banks with mismatch	₦' billion	No of banks with mismatch	₦' billion	No of banks with mismatch
≤30 days	19,451.79	2	12,154.93	5	58.33	5
31-90 days	7,036.52	3	(507.28)	18	(308.66)	9
91-180days	4,309.15	6	(2,263.78)	25	(1,003.96)	10
181-365days	2,352.45	7	(4,258.99)	28	(1,674.58)	10
1-3 Years	2,457.84	10	(4,387.26)	29	(1,131.91)	13
Above 3 years	(1,935.97)	25	(8,116.80)	29	(6,097.73)	19
Total	33,671.77		(7,379.17)		(10,158.51)	

3.2.4 Contagion Risk Analysis

The contagion risk analysis, using inter-bank placements and takings, depicted a decline in interconnectedness. The total exposure decreased by 10.86 per cent to ₦523.58 billion, compared with the end-June 2022 position. Further analysis revealed that six banks accounted for ₦433.16 billion of total placements, while another six banks accounted for ₦441.69 billion of total takings. The exposures did not pose any significant threat to financial system stability, as all placements were collateralised.

Figure 3.11 Network Analysis based on Interbank Exposures



BOX 2: LIQUIDITY STRESS TEST ASSUMPTIONS

Implied Cash Flow Analysis

The Implied Cash Flow Analysis (ICFA) assessed the ability of the banking system to withstand unanticipated substantial withdrawals of deposits, short-term wholesale and long-term funding over 5 days and cumulative 30 days, with specific assumptions on fire sale of assets.

The test assumed gradual average outflows of 3.8, 5.0 and 1.5 per cent of total deposits, short-term funding and long-term funding respectively, over a 5-day period and a cumulative average outflow of 22.0, 11.0 and 1.5 per cent of total deposits, short-term funding and long-term funding respectively, on a 30-day balance. It also assumed that the assets in Table 3.10 would remain unencumbered after a fire sale.

The Maturity Mismatch/Rollover Risk

This assessed funding maturity mismatch and rollover risk for assets and liabilities in the 1-30 and 31-90 day buckets, with assumptions of availability of funding from the CBN and intra-group as described below:

i. Test 2a: Descriptive Maturity Mismatch assumed that the baseline mismatch remained, but 5 per cent of total deposits would be made available by the CBN and the intra-group;

ii. Test 2b: Static Rollover Risk assumed that 80.0 and 72.0 per cent of the funding in the 1-30 and 31-90 day buckets would be rolled over, with no possibility to close the funding gap from other buckets. However, 5 per cent of the total deposits would still be available from the CBN and the intra-group; and *iii. Test 2c: Dynamic Rollover Risk made the same assumption as in 2b above, but with the option of closing the liquidity gap from other buckets.*

TABLE 3.8 PERCENTAGE OF ASSETS UNENCUMBERED AFTER FIRE SALES

Item No	*Assets*	*% Unencumbered*
1.	*Cash and cash equivalents*	*100*
2.	*Current account with CBN*	*100*
3.	*Government bonds, treasury bills and other assets with 0% risk-weighting*	*66.5*
4.	*Certificates of deposit held*	*66.5*
5.	*Other short-term investments*	*49*
6.	*Collateralized placements and money at call*	*49*
7.	*CRR*	*100*

3.3 Supervision of Banks

The Bank sustained its regulatory and supervisory activities on institutions under its purview through offsite surveillance, onsite examination, and issuance of relevant guidelines aimed at promoting a safe, sound, and stable financial system.

3.3.1 Examination

During the review period two commercial banks were licensed, bringing the total number of banks to 40, comprised of 26 commercial banks, six merchant banks, five payment service banks, and three Non-Interest Banks (NIBs). The number of authorised outlets offering non-interest financial products remained five, comprising three banks, and two non-interest windows.

Routine Risk-Based Examination was conducted on15 commercial and merchant banks with Composite Risk Rating of "High" and "Above Average", three full-fledged NIBs and two non-interest windows. The outcome of the examinations showed that the banks were sound and stable. Some issues on corporate governance, prudential and Shariah compliance were noted and appropriate regulatory actions taken.

3.3.2 Non-Interest Banks

The total assets of NIBs grew by 30.62 per cent to ₦714.59 billion, while total deposits grew by 38.21 per cent to ₦504.60 billion, compared with the end-June 2022 position. Conversely, total credit reduced by 2.8 per cent to ₦253.55 billion.

3.3.3 Supervision of Domestic Systemically Important Banks

The five Domestic Systemically Important Banks (D-SIBs) maintained their designation during the period under review. The enhanced supervision of the banks was sustained in view of the significant impact the failure of any of them could have on the financial system. The Recovery and Resolution Plans (RRPs) of the D-SIBs were reviewed in the period, and observed lapses were communicated to the banks for remedial actions. The D-SIBs accounted for 60.47 per cent (₦44.07 trillion), 59.91 per cent (₦27.26 trillion) and 56.53 per cent (₦16.79 trillion) of the industry's total assets, deposits and credits, compared with 57.62 per cent (₦37.73 trillion), 60.45 per cent (₦25.41 trillion) and 56.16 per cent (₦15.22 trillion) respectively, at end-June 2022.

The D-SIBs were largely compliant with prudential requirements during the review period.

3.3.4 Asset Management Corporation of Nigeria

Asset Management Corporation of Nigeria (AMCON) total assets and liabilities were ₦989.89 billion and ₦5.60 trillion, compared with ₦896.49 billion and ₦5.72 trillion respectively, in the preceding period. However, the carrying value of AMCON Note and Loan (Debenture) remained ₦3.86 trillion and ₦500 billion, respectively.

The sum of ₦120.27 billion (cash - ₦118.78 billion - and asset forfeitures - ₦1.49 billion) was recovered in the second half of 2022, compared with ₦56.88 billion (cash - ₦53.95 billion - and asset forfeitures - ₦2.93 billion) in the first half.

A target examination of AMCON was conducted within the review period. The examination included a review of assets under management, disposal of assets, loan administration and management of eligible bank assets (EBAs), sales of shares, earnings, statement of financial position, third party service providers, validation of collaterals and regulatory compliance.

The Corporation's operation and processes were adjudged to be materially compliant with the provisions of its Act. The Examiners' recommendations were communicated for implementation.

3.3.5 Cross Border Supervision of Nigerian Banks

3.3.5.1 Foreign Subsidiaries of Nigerian Banks

The number of offshore entities of Nigerian banks remained 64, comprising 55 bank subsidiaries, four representative offices, one affiliate, three international branches and one agent banking arrangement, at end-December 2022.

3.3.5.2 Onsite Examination of Offshore Subsidiaries of Banks

The Bank conducted routine and AML examinations of 10 offshore subsidiaries of Nigerian banks. These activities were designed to validate the returns submitted by the parent banks and address supervisory concerns noted in the operations of the offshore subsidiaries.

The examinations revealed issues such as elevated NPL ratios, credit concentration, partial compliance with the requirements for board composition, and IT-related concerns. The recommended remedial actions were communicated to the affected parent banks.

3.4 Supervisory Collaboration

During the period under review, the Bank participated in various regional and international engagements on matters bordering on cyber-security, cross border supervision and other emerging issues.

3.4.1 Community of African Banking Supervisors

The Community of African Banking Supervisors (CABS) Working Group on Crisis Management, Bank Resolution and Fintech, led by the Bank, completed the draft "Framework on Crisis Management, Banking Resolution and FinTech Supervision". The framework was exposed to the Association of African Central Banks (AACB).

The Bank participated in a Crisis Simulation Exercise (CSE) organised by the Financial Stability Institute Basel, Switzerland. The overarching objective of the CSE was to enable the participating authorities to verify the effectiveness of crisis management arrangements, resolution toolkits, cross-border cooperation and information-sharing in the event of failure of a cross-border bank.

3.4.2 College of Supervisors of the West African Monetary Zone

The Bank participated in the 42nd and 43rd meetings of the College of Supervisors of the West African Monetary Zone (CSWAMZ) where developments in the banking system,
cross-border supervision, joint examination, Basel II/III capital requirements, IFRS 9 &16 as well as other relevant financial stability concerns of the sub-region, were reviewed.

3.4.3 Technical Support to Other Central Banks

During the period under review, the Bank hosted representatives from two central banks to understudy its consumer protection and quality assurance functions and build capacity on the regulation and supervision of financial holding companies and development banks.

3.5 Credit Risk Management System

The Credit Risk Management System (CRMS) database remained a veritable source of credit information and an additional risk management tool for the banking industry. The number of credit facilities on the CRMS database increased by 26.14 per cent to 43,320,180, compared with the level at end-June 2022. Similarly, the number of facilities with outstanding balances increased by 79.23 per cent to 9,579,073.

Table 3.9 Credit Risk Management System

Borrowers from the Banking Sector (Commercial, Merchant and Non-Interest Banks)				
Description	End-Jun 2022	End-Dec 2022	Change	Change (%)
* Total No. of Credit/facilities reported on the CRMS:	34,344,280	43,320,180	8,975,900	26.14
Individuals	33,491,862	42,227,560	8,735,698	26.08
Non-Individuals	852,418	1,092,620	240,202	28.18
* Total No. of Outstanding Credit facilities on the CRMS:	5,344,602	9,579,073	4,234,471	79.23
Individuals	5,260,750	9,426,343	4,646,778	97.22
Non-Individuals	83,852	152,730	468,878	82.14

* The figures include borrowers with multiple loans and/or credit lines

3.6 Credit Bureaux

The number of licensed credit bureaux remained three at end-December 2022. The total number of uniquely identified credit records was 77.59 million, an increase of 15.42 million, compared with the position during the preceding period. The increase was attributed to growth in credit in the banking sector, increased coverage, and enhanced awareness of the activities of credit bureaux in the management of credit risk.

Similarly, the average number of subscribers to the credit bureaux increased by 5.22 per cent to 1,316 at end-December 2022.

Table 3.10 Credit Bureaux Statistics

S/N	Description	CRC Credit Bureau Ltd	CR Services Credit Bureau Plc	First Central Credit Bureau Ltd
1	Number of credit records	76,025,129	97,511,934	59,245,678
2	Value of Credit Facilities (₦'Tn)	43.73	44.13	29.15
3	Number of borrowers	30,957,982	17,793,022	21,735,851
4	Number of subscribers	1,738	716	1,494

3.7 Supervision of Other Financial Institutions

Onsite examination of 3,150 BDCs was conducted in the second half of 2022. The examination revealed various infractions and the erring institutions were penalised in line with the CBN AML/CFT (Administrative Sanctions) Regulations of 2018 and other extant regulations. The Bank also participated in a national risk assessment for the OFIs sub-sector coordinated by the Nigerian Financial Intelligence Unit (NFIU).

3.8 Supervision of Holding Companies

The Bank in collaboration with the NDIC, SEC, NAICOM and PenCom conducted the consolidated examination of five Financial Holding Companies and their subsidiaries, using the RBS approach, during the review period. The examination covered Knowledge of Business (KOB), Risk Assessment Summary (RAS) and solo examination of each entity within the Holding Company.

3.9 Supervision of Capital Market Entities

On-site inspection of the 95 registered Fund Managers was undertaken to ensure that public and private CIS funds registered by SEC were being operated in line with the relevant Rules and Regulations.

RBS examination was conducted on 95 fund managers and 20 capital market subsidiaries of holding companies. The examinations were aimed at ensuring the continuous stability of the entire financial system.

3.10 Other Developments in the Financial System

3.10.1 Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing

The Bank continued its surveillance to ensure that the banking system remained secure and safe from money laundering, terrorism financing and other criminal activities. In this regard, the review of periodic returns on politically exposed persons, three-tiered KYC, annual and quarterly employee trainings, monitoring of employee conducts, among others, revealed that banks were largely compliant with the regulatory requirements in the second half of 2022.
Furthermore, the Bank issued the following Guidance Notes:

- Guidance on Targeted Financial Sanctions on Terrorism Financing 2022;
- Guidance on Targeted Financial Sanctions on Proliferation Financing 2022;
- AML/CFT/CPF Manual for Licensing of Banks and Other Financial Institutions; and
- The AML/CFT/CPF Supervisory Framework.

3.10.2 Mutual Evaluation Report

In 2019, the Financial Action Task Force (FATF) conducted the Mutual Evaluation of Nigeria's Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) system. Sequel to the evaluation, Nigeria was placed on the Enhanced Follow-up (EFUP) and International Cooperation Review Group (ICRG) Processes.

The significant deficiencies identified in the Mutual Evaluation Report (MER) included inadequate risk assessments, weak financial intelligence, ineffective supervision and enforcement, and lack of coordination between law enforcement agencies. Nigeria has made some progress in addressing the identified deficiencies and applied for re-rating on seven recommendations. However, only five recommendations were re-rated during the 1st Follow-Up (FUR) Report to the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in November 2022.

The five Recommendations re-rated for Technical Compliance (TC) were:

- Recommendation 3 on Money Laundering: Re-rated from partially compliant to compliant
- Recommendation 7 on Targeted financial sanctions related to proliferation: Re-rated from partially compliant to largely compliant
- Recommendation 11 on Record-keeping: Re-rated from partially compliant to compliant
- Recommendation 19 on Higher-risk countries: Re-rated from partially compliant to largely compliant; and
- Recommendation 20 on Reporting of suspicious transactions: Re-rated from partially compliant to compliant.

Nigeria will submit its 2nd Follow-Up Report to the GIABA Secretariat for discussion at the November 2023 Plenary.

3.10.3 Capacity Building

In the second half of 2022, the Bank conducted in-house training for its Examiners on Beneficial Ownership, Private Banking, Know Your Customer/Customer Due Diligence, and Screening of Non-Governmental Organisation accounts on terrorism financing. Also, in collaboration with NFIU and NIBSS; the Bank trained OFIs operators in various aspects of AML/CFT/CPF laws and regulations, risk assessment and effective ML/TF/PF risk management.

On completion of the Microfinance Certification Programme, the Chartered Institute of Bankers of Nigeria (CIBN) certified 289 staff of MFBs, bringing the total number of certified MFB staff to 8,389 at end-December 2022.

3.10.4 Financial Services Regulation Coordinating Committee

The Financial Services Regulation Coordinating Committee (FSRCC) sustained the sensitisation of the public against the activities of Ponzi Schemes/Illegal Fund Operators. Furthermore, the FSRCC developed the "Framework on Curtailing the Activities of Illegal Fund Operators (IFOs)". The Framework provides modalities for investigation, closure of business, complaints management and prosecution of promoters of IFOs.

3.10.5 Regulation and Supervision of Non-Interest Financial Institutions in Nigeria

During the period under review, one non-interest Microfinance Bank was licensed, bringing the total number of licensed authorised non-interest outlets to 10, comprising three non-interest banks, two non-interest windows and five non-interest MFBs.

The Financial Regulation Advisory Council of Experts (FRACE) held four statutory meetings and reviewed documents on non-interest financial products and services. The Council also approved the structure and transaction documents of Sukuk issuances.

3.10.6 Code of Corporate Governance for Banks and Guidelines for Whistle-Blowing

To promote the entrenchment of sound corporate governance practices and ascertain compliance with the "CBN Code of Corporate Governance for Banks and Discount Houses", the Bank conducted Corporate Governance Scorecard Assessment on eight banks. All the banks were rated "Acceptable".

3.10.7 eNaira

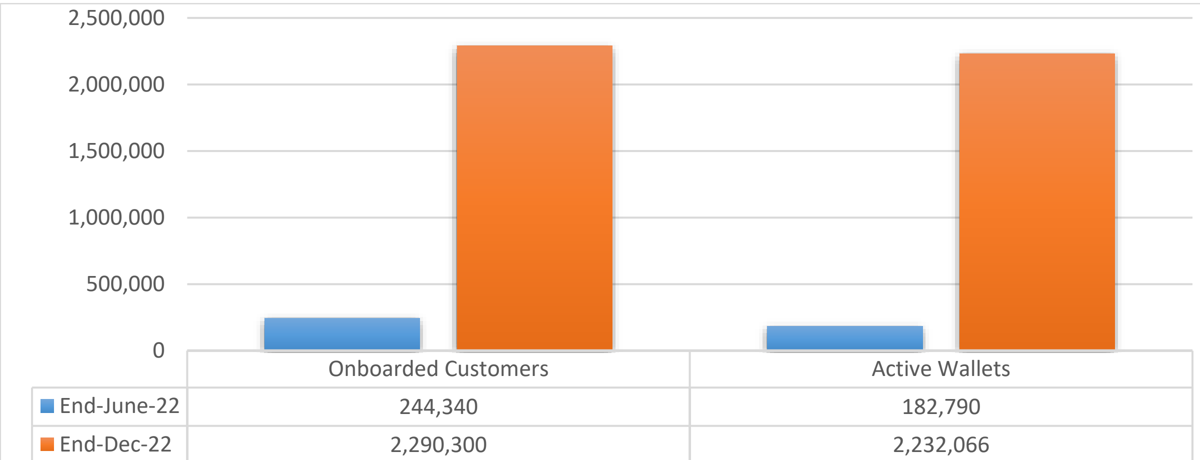
During the review period, the Bank sustained efforts to promote the eNaira, Africa's first Central Bank Digital Currency (CBDC). Thus, the Bank integrated the eNaira with data custodians, including NIBSS and Nigeria Identity Management Commission (NIMC) to facilitate verification of Bank Verification Number (BVN), National Identity Number (NIN), Tax Identification Number (TIN) and phone numbers during the onboarding of customers and merchants.

The Bank also facilitated the interoperability of eNaira on financial institutions' platforms which allows users to move funds from accounts with the institutions to eNaira and vice versa. The Bank further collaborated with some PSPs to offer eNaira services to the public.

To drive financial inclusion and adoption of the eNaira, an Unstructured Supplementary Service Data (USSD) code *997# was introduced during the review period. An eNaira Hackathon was also conducted to drive innovation towards making eNaira the payment platform of choice.

The above initiatives resulted in an increase in onboarded customers and active wallets.

Figure 3.11 eNaira Wallet Holders



The total eNaira minted was ₦5.00 billion, with ₦2.55 billion in circulation and a balance of ₦2.45 billion in stock at end-December 2022. Consumer and merchant wallets accounted for ₦1.65 billion of the eNaira in circulation, while financial institutions held the balance.

Table 3.12 Minting and Holdings of eNaira

	End-Jun -22 (₦'bn)	End-Dec -22 (₦'bn)	Change (%)
eNaira Minted	2.00	5.00	60.00
eNaira in Circulation:	1.55	2.55	39.40
- In FIs' wallets	0.86	1.65	47.78
- In Consumers / Merchants' wallets	0.68	0.90	24.02
- In Stock with CBN	0.45	2.45	1.44

3.10.8 Nigeria Sustainable Banking Principles

The returns of 29 banks were reviewed and found to comply with extant regulations on Nigeria Sustainable Banking Principles (NSBPs).

3.10.9 Implementation of Basel III

Basel III implementation, in parallel with the extant Basel II regulation, commenced in November 2021 following the issuance of the circular Ref: BSD/DIR/PUB/LAB/14/063 dated September 2, 2021. The parallel run was designed to originally lapse in August 2022. However, final cut-over was put on hold to allow the CBN provide all clarifications sought by banks, and more importantly update the draft Basel III regulations in line with the Basel Committee on Banking Supervision's (BCBS) revisions of Basel III, encapsulated in 'Basel III: Finalising Post-crisis Reforms'.

3.10.10 Internal Capital Adequacy Assessment Process

The internal capital adequacy assessment process (ICAAP) reports for 30 banks were reviewed in the second half of 2022. Thirty-two significant risk types were identified, comprising the three Pillar I Risks (credit, market, and operational risks) and 29 Pillar II risks, with credit concentration, interest rate risk in the banking book (IRRBB), strategic, liquidity and reputational risks being the most dominant.

It was also observed that emerging significant risk types such as climate related risks were not considered by banks. Observations and recommendations arising from the review were communicated to the banks for implementation.

3.11 Financial Literacy and Consumer Education

The Bank, in collaboration with relevant stakeholders, sustained its implementation of various initiatives aimed at deepening financial inclusion and financial literacy to enable consumers understand their rights and responsibilities and improve overall financial system stability during the review period.

The initiatives included:

- Global Money Week in collaboration with the Bankers' Committee;
- School Mentoring Programme to entrench savings and other financial literacy concepts amongst children and youth;

- National Peer Group Educator Programme (NAPGEP) in collaboration with the Federal Ministry of Youth, Sports and Social Development, Nigeria Deposit Insurance Corporation (NDIC) and the National Youth Service Corps (NYSC);
- Mainstreaming of financial education into the Nigerian Educational Curricula at the Basic and Senior Secondary Levels as well as the introduction of Deposit Insurance courses in some tertiary institutions by NDIC;
- Training of Trainers Programmes for various segments of the society, such as faith-based organisations, youth groups and market associations;
- Financial Literacy Awareness Workshops in collaboration with the Shared Agent - Network Expansion Facility (SANEF);
- Establishment of Pass-through Deposit Insurance for subscribers of Mobile Money Operators by the NDIC; and
- Establishment of customer complaints Help Desks by the NDIC.

3.12 Market Conduct and Development

The Bank sustained its monitoring and enforcement activities in furtherance of its mandate towards ensuring market discipline and responsible business conduct through the following:

- Follow up actions to ensure adherence to directives issued during consumer compliance examinations;
- Engagement sessions with the five payment service banks (PSBs) on regulatory expectations regarding consumer protection; and
- Submission of quarterly Root Cause Analysis Report (RCAR) by financial institutions to the Bank on recurring complaints and proactive measures taken.

3.13 Complaints Management and Resolution

The number of complaints against financial institutions increased by 12.58 per cent to 2,738 in the second half of the year. Of the 2,738 complaints, 2,539 were against banks, while 199 were against OFIs. Electronic/Cards related complaints constituted the highest proportion at 34.99 per cent.

A total of 2,698 complaints were resolved/closed, indicating a decrease of 0.99 per cent in the second half of 2022, relative to the position in the first half of 2022.

Figure 3.12 Number of Complaints Received

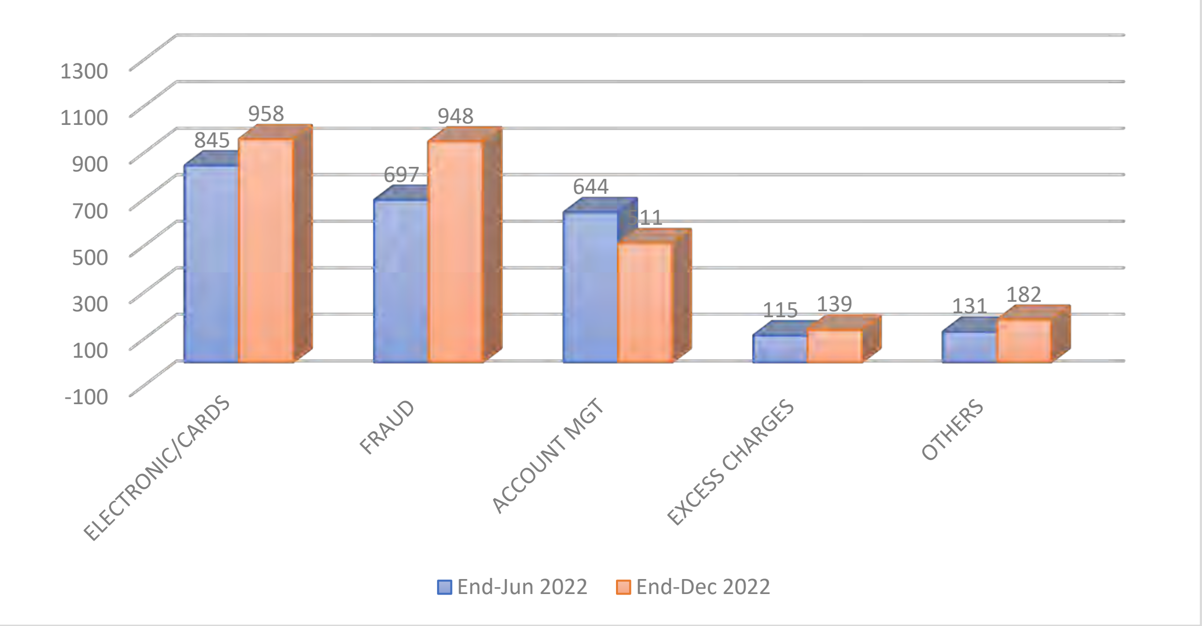


Figure 3.13 Complaints Resolved/Closed

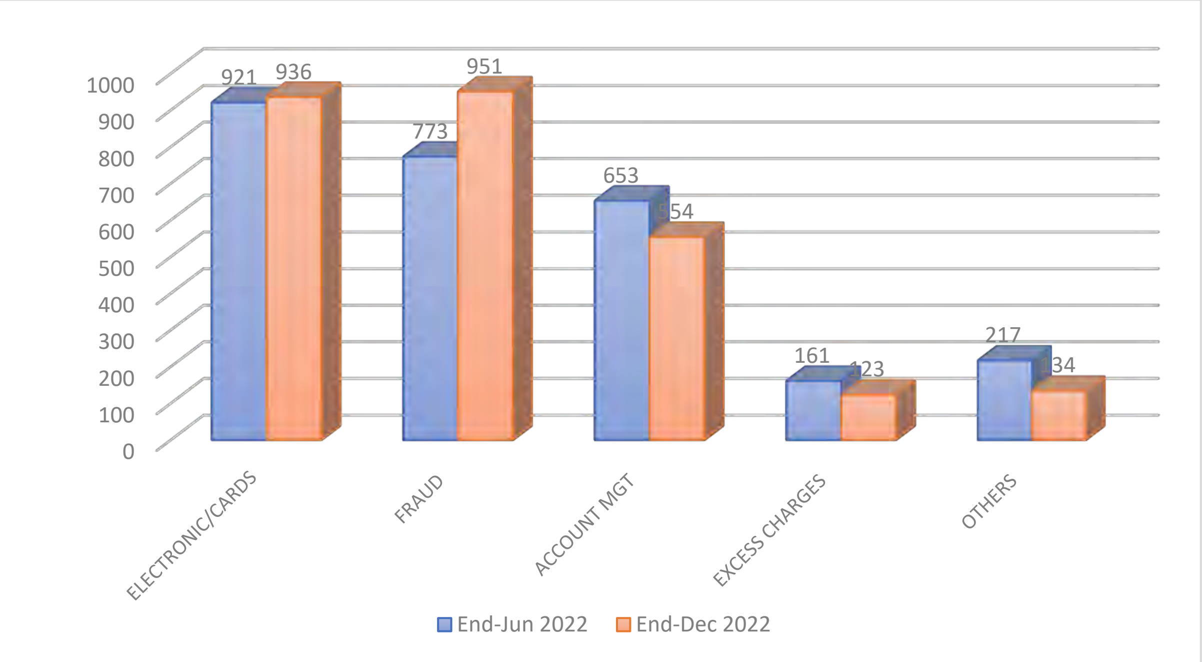


Figure 3.14 Complaints Resolved/Closed

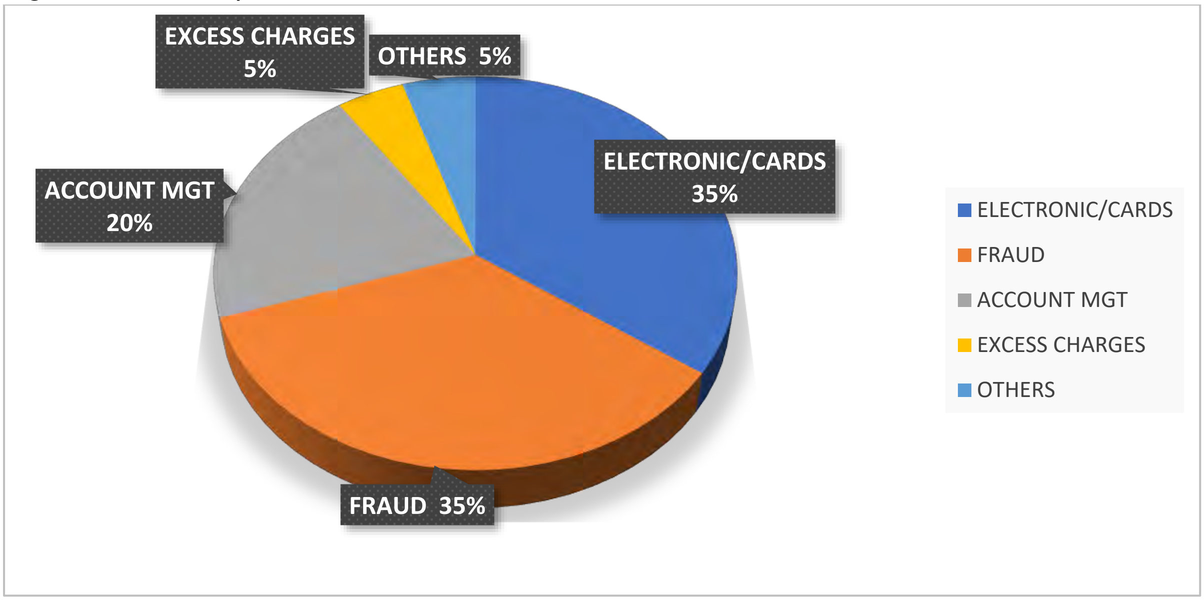
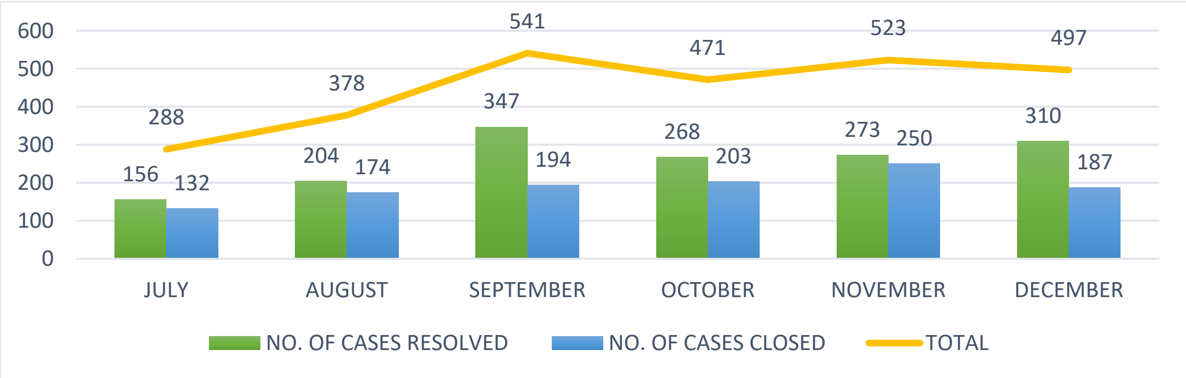


Figure 3.15 Distribution of Complaints Resolved and Closed



Total claims in the review period in local currency and foreign currency amounted to N1.87 billion and US$105,830.49, as against ₦8.13 billion and US$11,283.93, in the preceding period, respectively. The sums of ₦1.49 billion and US$18,691.50 were refunded to customers in the second half of 2022.

4.0 DEVELOPMENTS IN THE PAYMENTS SYSTEM

The Bank continued to implement policies and initiatives to improve the safety and efficiency of the Nigerian Payments System.

4.1 Bank Verification Number

Bank Verification Number (BVN) remains a credible unique identifier that assists financial institutions, credit bureaux and law enforcement agencies, amongst others, to reduce financial crimes and promote the integrity of the financial system. At end-December 2022, the BVN count stood at 56.50 million, reflecting an increase of 3.27 per cent. Of the 159.42 million active customer accounts, 127.92 million were linked with BVNs, while watch-listed BVNs associated with fraud stood at 7,399 at end-December 2022.

Table 4.1 BVN Statistics

	End-Jun 2022	End-Dec 2022	Change (%)
BVNs enrolled	54,651,086	56,499,363	3.27
Accounts linked with BVNs	130,569,656	127,916,574	(2.07)
Active Accounts	148,462,947	159,421,664	6.87
Watchlisted BVNs (Fraudulent)	6,047	7,399	18.27

4.2 Licensing of Payments Service Providers

During the review period, commercial licences were issued to 15 payments service providers (PSPs), comprising one mobile money operator (MMO), three switching & processing companies, three payments solution service providers, one payments terminal service provider and seven super-agents, bringing the total number to 129.

Table 4.2 Payments System Participants

Licence Type	Jun-2022	Dec-2022	Change
Card Schemes	8	7	1
Mobile Money Operator Licence Category	16	17	1
Switching/Processing Licence Category	13	16	3
Payment Solution Services Licence Category			
Payment Terminal Services Provider (PTSP) Authorisation	19	20	1
Payment Solution Service Provider (PSSP) Authorisation	39	42	3
Super-Agent Authorisation	20	27	7
Total	114	129	15

4.2.1 Oversight & Compliance Assessment of Payments Service Providers

The Bank, in its efforts to promote a safe, reliable and efficient payments system, carried out oversight and compliance assessments of PSPs within the review period.

4.2.2 Routine Compliance Assessment of Payments Service Providers

The Bank conducted routine oversight and compliance assessments of 10 licensed institutions during the review period to ascertain the institutions' compliance with relevant frameworks, guidelines and policies governing the various operations in accordance with the licence categories. Most of the institutions complied with the regulatory requirements. Financial penalties were imposed for more severe contraventions, while warnings were issued for less severe contraventions to non-compliant institutions.

4.2.3 Maiden Examination

Maiden examination of 33 newly licensed PSPs was conducted in the review period to confirm that structures for regulatory compliance upon commencement of commercial operations had been established.

4.2.4 Special Examination of Mobile Money Operators

A special examination of eight MMOs was carried out in the second half of 2022 to identify risk the operators may pose to the financial system. One operator was penalised for non-compliance with extant regulations, while others were issued warnings for facilitating activities of unlicensed entities and deploying non-card neutral PoS terminals.

4.2.5 AML/CFT/CPF Assessment of Payments Service Providers

Following the designation of PSPs as other financial institutions in BOFIA 2020, an examination was conducted on 36 PSPs during the review period, to assess compliance with the requirements of CBN AML/CFT/CPF Regulations, Policies and Guidelines and Laws. Appropriate regulatory measures were taken to address observed lapses.

4.3 Cheque Standards and Cheque Printers' Accreditation Scheme

In line with the provisions of the Nigeria Cheque Printers' Accreditation Scheme (NICPAS) aimed at improving the safety and efficiency of the cheque clearing system, the Bank conducted accreditation of cheque printers and cheque personalizers. The licences of three existing cheque printers were renewed and five cheque personalizers were accredited. Consequently, the total number of security printing companies with valid accreditation increased to six and that of accredited cheque personalizers to eight at end-December 2022.

4.4 Payments System Vision 2025

During the review period, the Payments System Vision 2025 (PSV2025) was launched with a focus on contemporary developments that would drive digital innovations in the Nigerian payments system. Areas of focus include QR codes, contactless payments, request to pay, cybersecurity, open banking, big data, and Distributed Ledger Technology.

4.5 Payments System Statistics and Trend

4.5.1 Large Value Payments

The volume and value of inter-bank fund transfers through the CBN RTGS System decreased to 139,179 and ₦36,792.58 billion, from 149,035 and ₦36,913.90 billion at end-June 2022, indicating decreases of 7.08 and 0.33 per cent, respectively. The decreases signalled relatively lower liquidity in the inter-bank market and reflected the contractionary monetary stance during the review period.

4.5.2 Retail Payments

4.5.2.1 Cheque Clearing

The volume of cheques cleared, decreased to 1,995,934 from 2,077,679 at end-June 2022 while the value increased to ₦1,611.61 billion at end-December 2022, from ₦1,593.43 billion at end-June 2022. These outcomes indicated a decrease of 4.10 per cent and an increase of 1.13 per cent, in volume and value, respectively. The decrease in volume of cheques cleared reflected sustained customers' preference for electronic transactions.

4.5.2.2 Electronic Transactions

The volume and value of electronic transactions increased by 14.06 and 28.87 per cent to 12,182,547,256 and ₦927,756.07 billion, respectively, during the review period. The surge in the usage of electronic payments for banking transactions was due to the convenience provided by the channels and increased public confidence in the banking system.

Figure 4.1 Volume of Electronic Transactions

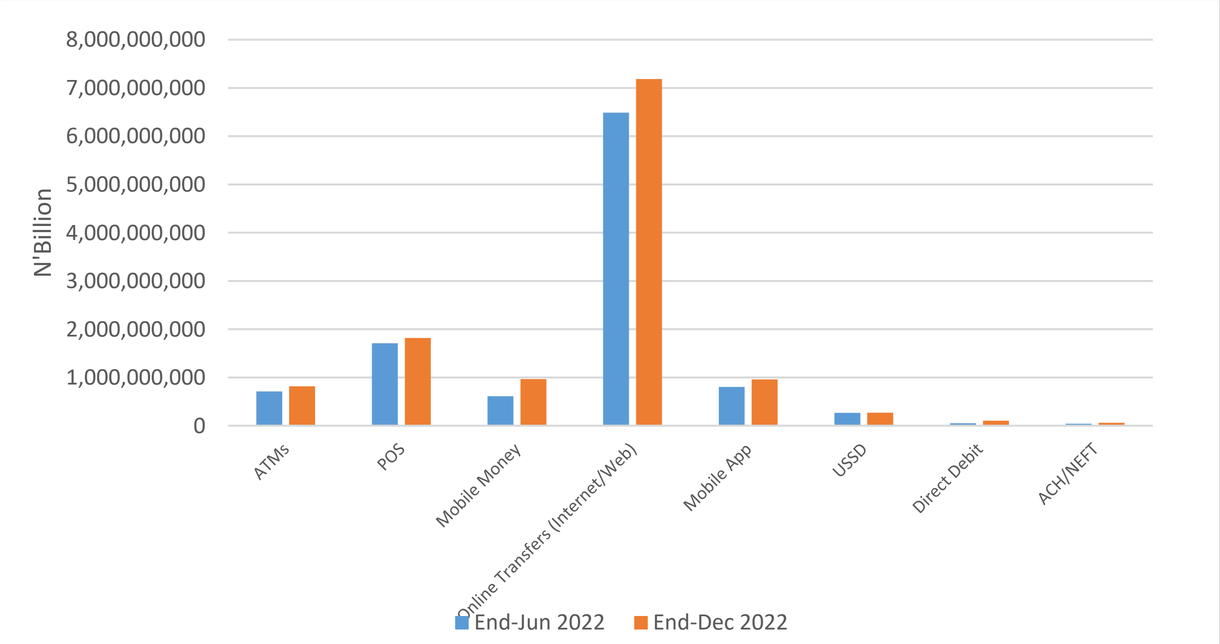


Figure 4.2 Value of Electronic Transactions

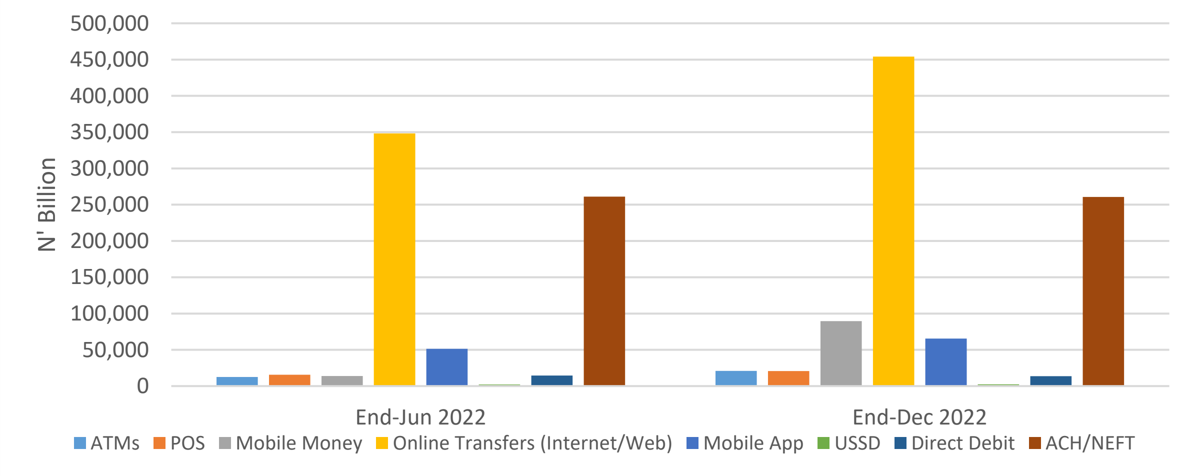


Table 4.3 Highlights of Electronic Transactions

Payment Channels	Number of Connected Terminals		Volume of Transactions			Value ₦' **Billion**		
	End-Jun 2022	End-Dec 2022	Jan-Jun 2022	Jul-Dec 2022	Change (%)	Jan-Jun 2022	Jul-Dec 2022	Change (%)
ATMs			711,706,025	816,387,788	14.71	12,638.70	21,013.76	66.27
POS	1,299,738	1,665,664	1,710,287,421	1,820,279,201	6.43	15,757.58	20,758.89	31.74
Mobile Money	-	-	610,140,165	965,461,470	58.24	13,955.42	89,602.29	542.06
Online Transfers (Inter-net/Web)	-	-	6,487,165,303	7,185,850,752	10.77	348,298.64	454,068.89	30.37
Mobile App	-	-	803,155,047	959,181,867	19.43	51,405.12	65,588.24	27.59
USSD	-	-	267,040,368	269,804,327	1.04	2,270.28	2,487.68	9.58
Direct Debit	-	-	51,924,429	105,015,929	102.25	14,583.09	13,618.25	-6.62
ACH/NEFT	-	-	39,523,354	60,565,922	53.24	261,027.23	260,618.07	-0.16
Total			10,680,942,112	12,182,547,256	14.06	719,936.06	927,756.07	28.87

5.0 Nigeria Deposit Insurance Corporation

The Nigeria Deposit Insurance Corporation (NDIC) provides deposit insurance coverage and plays a complementary role in prudential oversight and resolution responsibilities with the Bank, contributing to financial system stability and promoting public confidence in the banking system.

5.1 Deposit Guarantee

At end-December 2022, the NDIC provided deposit insurance coverage to commercial banks, merchant banks, NIBs, MFBs, PMBs, PSBs and MMOs.

In 2008 the NDIC transited from flat rate premium assessment to Differential Premium Assessment System (DPAS) which was applied to commercial and merchant banks (DMBs). Subsequently, it was adopted to NIBs in 2012, PMBs in 2017 and MFBs and PSBs in 2021.

The DPAS aimed at differentiating premium rates based on individual bank risk profiles. In 2022, DMBs maximum premium rates were 0.57, 0.41 and 0.35 per cent for highest, average, and lowest risk categories, respectively, all below the regulatory threshold of 0.65 per cent.

In addition, the maximum coverage limit remained ₦500,000 per depositor of DMBs, PMBs, PSBs and subscribers of MMOs, while that of MFBs was ₦200,000.

5.2 Deposit Insurance Funds

5.2.1 Commercial and Merchant Banks

As at December 31, 2022, the Deposit Insurance Fund (DIF) stood at ₦1.74 trillion, which covered 30.58 per cent of commercial and merchant banks' total insured deposits of ₦5.69 trillion, compared with the DIF of ₦1.71 trillion, which covered 33.92 per cent of insured deposits of ₦5.03 trillion at end-June 2022.

5.2.2 Non-Interest Banks

The Non-Interest Deposit Insurance Fund (NIDIF) was ₦22.46 billion (42.15 per cent) of the NIBs/NIB Windows insured deposits of ₦53.29 billion at end-December 2022, compared with ₦20.22 billion (46.38 per cent) of insured deposits of ₦43.60 billion at end-June 2022.

5.2.3 Payments Service Banks

The Payment Service Deposit Insurance Fund (PSDIF) of ₦4.9 million covered 0.10 per cent of insured deposits of ₦4.74 billion at end-December 2022, compared with PSDIF of ₦1.32 million which covered 0.01 per cent of insured deposits of ₦13.88 billion at end-June 2022.

5.2.4 Payment of Insured Deposits and Liquidation Dividend

5.2.4.1 Payments to Insured Depositors of Closed Insured Banks

From start of payments in 1994 to end-December 2022, the NDIC has made insured payments of ₦8.27 billion to 443,959, depositors of the 49 closed DMBs, ₦3.45 billion to

91,412 depositors of the 367 closed MFBs and ₦119.45 million to 1,681 depositors of the 51 closed. Furthermore, a cumulative sum of ₦101.450 billion, ₦12.68 million and ₦211.36 million has been paid to uninsured depositors of DMBs, MFBs and PMBs in-liquidation, respectively; while the sum of N1.28 billion and ₦4.89 billion had been paid to 1,027 creditors and 970 shareholders of DMBs in-liquidation, respectively.

Table 5.1 below shows a comparison of the insured and uninsured payments to depositors of banks-in-liquidation during the first half of 2022 and second half of 2022.

Table 4.1 Payments to Insured and Uninsured Depositors of Banks In-Liquidation

	Insured Depositors		Uninsured Depositors	
	First Half 2022	Second Half 2022	First Half 2022	Second Half 2022
	₦	₦	₦	₦
DMBs	15,449.93	450,204.03	177,445,146.46	148,597,186.43
PMBs	468,580.11	5,916,217.09	863,195.87	202,531,137.90
MFBs	5,205,408.83	22,812,443.31	1,275,547.36	
GRAND TOTAL	5,689,438.87	29,178,864.43	179,583,889.69	351,128,324.33

5.3 Recovery of Failed Bank Assets

5.3.1 Risk Assets Recovery

Cumulative recovery of risk assets for the DMBs in-liquidation from 1994 to end-December 2022 was ₦30,963.55 million. From September 2010 to end-December 2022, the cumulative recovery for the MFBs and PMBs were ₦306.86 million and ₦788.29 million, respectively.

As of December 31, 2022, the cumulative realization since inception from Physical Assets and Rent collected on properties of banks in-liquidation stood at ₦23,464.77 million. The figure comprised ₦22,306.73 million, ₦932.37 million and ₦225.67 million for DMBs, MFBs and PMBs in-liquidation, respectively.

The cumulative sum realized from investments of banks in-liquidation from inception to December 31, 2022 was ₦4,932.48 million. A total of ₦4,777.74 million was realized from investments of DMBs from 1994 to December 31, 2022, while ₦88.38 million and ₦66.36 million were realized from 2010 to end-December 2022 for MFBs and PMBs, respectively.

In the period under review, ₦246.93 million was recovered from banks in-liquidation indicating a decrease of 63.48 per cent relative to the outcome at end-June 2022. Similarly, ₦71.25 million was realised from rent and sale of physical assets and ₦7.10 million from investments, representing a decrease of 72.35 and 84.71 per cent respectively, relative to the position in the first half of 2022.

Table 4.2 Loan Recoveries

	First Half 2022	Proportion of Recoveries	Second Half 2022	Proportion of Recoveries
	₦'m	(%)	₦'m	(%)
DMBs	336.06	49.70	176.66	71.54
PMBs	323.26	47.80	49.35	19.99
MFBs	16.92	2.50	20.92	8.47
Grand Total	676.24	100	246.93	100

Table 4.3 Disposal of Physical Assets and Realisation of Investments from Bank In-liquidation

	Disposal of Physical Assets		Realisation of Investments	
	First Half 2022	Second Half 2022	First Half 2022	Second Half 2022
	₦'m	₦'m	₦'m	₦'m
DMBs	150.00	0.57	41.45	0
PMBs	-	21.81	0.10	0
MFBs	107.68	48.88	4.88	7.10
Grand Total	257.68	71.25	46.43	7.10

5.4 Other Supervisory Activities

The NDIC undertook the following activities:

- Reviewed the adequacy of Fidelity Insurance Coverage, in line with Section 33 of the NDIC Act 2006, and determined that 22 DMBs and two PSBs met the requirement at end-December 2022
- Received 245 whistle-blowing cases from DMBs, compared with 267 in the first half of 2022. The cases involved service delivery inadequacies, theft and cash suppression, among others
- Treated 917 out of 942 requests to conduct due diligence on prospective appointees in the financial sector
- Treated 95 out of 125 whistle-blowing cases received from DMBs in the second half 2022 compared with the 175 cases received in the first half of 2022. The outstanding balance of 30 cases as of 31st December 2022, were being investigated. The cases involved service delivery inadequacies, theft, and cash suppression, among others
- Deployed Single Customer View (SCV) reporting template, designed to ensure unique and consistent information on eligible bank customers for faster payout of insured claims.

6.0 PENSIONS

During the review period, total membership of pension schemes grew to 9.86 million from 9.71 million in the first half of 2022. The growth was due largely to the steady up-take of the Micro Pension Plan by workers in the informal sector.

Furthermore, the net Pension Assets under Management, grew to ₦14.99 trillion from ₦14.27 trillion in the first half of 2022. The growth was due to return on investments and additional contributions during the review period. The funds were largely invested in FGN securities.

6.1 Other Developments in the Nigerian Pension Industry

Other key developments in the pension industry during the review period included:

- Payment of ₦1.17 billion Accrued Pension Rights to 575 beneficiaries, bringing the total for the year to ₦1,001.54 billion in favour of 214,754 beneficiaries[3]
- A total of 45,794 contributors transferred their RSAs worth ₦193.32 billion from their current PFAs to others, in line with the provisions of Section 13 of the Pension Reform Act 2014
- The acquisition of First Guarantee Pension Limited and Sigma Pension Fund Managers Limited by Access Holdings Plc; and
- The implementation of the "Guidelines on Accessing Retirement Savings Account (RSA) Balance towards Payment of Equity Contribution for Residential Mortgage by RSA Holders" commenced in September 2022.

6.2 Key Risks and Vulnerabilities

Eleven of the 36 states were yet to enact pension laws on the CPS. The key risk to the pension industry remained state governments' noncompliance with the provisions of the PRA and their respective State Pension Laws as only five states were fully compliant. Similarly, compliance in the informal sector remained low.

Furthermore, some government agencies had requested to be exempted from the CPS, while some individuals clamour to take up to 75.00 per cent of their RSA balances as lump sum. These, if granted, would stem the growth of pension assets.

However, Pencom sustained engagements with stakeholders to grow pension assets and deployed agents to recover unremitted pension contributions.

[3] Accrued Pension Rights represent the benefits due to employees of Ministries Departments and Agencies for past years of service from commencement of employment to the inception of the CPS on June 30, 2004. The Accrued Pension Rights are FGN funded and determined by applying the rules under the Defined Benefits Scheme.

7.0 INSURANCE

The insurance industry improved and remained generally stable in the review period as solvency, liquidity and other key indicators were in healthy positions.

7.1 Assets and Premium Income

The total assets of the industry increased by 1.62 per cent to ₦2.32 trillion, compared with the first half of the year. The Gross Premium Income rose by 93.63 per cent to ₦714.9 billion. Similarly, net premium income rose by 95.94 per cent to ₦510.10 billion, while total gross claims increased by 80.46 per cent to ₦315.4 billion. The improvements were due largely to sustained market development initiatives and public awareness campaigns.

Table 7.1 Assets and Premium Income

Period	End-June 2022 (₦ billion)	End-Dec 2022 (₦ billion)	Change (%)
Gross Premium Income	369.21	714.90	93.63
Net Premium Income	260.34	510.10	95.94
Total (Gross) Claims	174.78	315.40	80.46
Total Assets	2,284.00	2,321.00	1.62

Source: NAICOM

7.2 Key Industry Financial Soundness Indicators

The key FSIs reflected the soundness and stability of the industry during the review period, and showed improvement relative to the first half of the year. The highlights were as follows:

- CAR increased by 2.06 percentage points to 44.27 per cent, compared with the level at end-June 2022, and remained above the regulatory threshold of 40.00 per cent.
- The ratio of liquid assets to current liabilities increased by 12.25 percentage points to 128.90 per cent, which was adequate to accommodate significant claims.
- Premium debtors, measured as a percentage of gross premium, declined by 2.88 percentage points to 5.81 per cent, owing largely to the sustained enforcement of the "no-premium-no-cover" policy.
- The retention ratio, measured as insurance premium retained to total premium generated, rose by 0.26 percentage point to 72.13 per cent, which reflected a slight improvement in the industry's capacity to underwrite large insurance policies.
- The combined ratio[4] for the industry increased marginally by 2.38 percentage points to 68.76 per cent, from 66.38 per cent at end-June 2022.

[4] Combined ratio is a measure of profitability used by insurance companies to gauge how well they are performing in daily operations.

Table 7.2 Insurance Industry Dashboard

KEY INDICATORS (%)	End-Jun 22	End-Dec 22	Change %
CAR[5]	42.21	44.27	4.88
Liquidity Ratio	116.65	128.90	10.50
Combined Ratio	66.38	68.76	3.59
Claims Ratio	33.59	35.72	6.34
Expense Ratio	32.79	33.04	0.76
Investment to Total Assets Ratio	64.82	68.65	5.91
Change in Gross Written Premium	36.96	35.30	-4.49
Change in Net Written Premium	35.57	34.61	-2.70
Change in Capital & Surplus	3.03	10.85	258.09
Premium Debtors as a % of Equity	5.74	5.69	-0.87
Premium Debtors as a % of Total Assets	2.93	2.30	-21.50
Premium Debtors as a % of Gross Premium	8.69	5.81	-33.14
Retention Ratio	71.87	72.13	0.36
Return on Assets	1.33	2.19	64.66

7.3 Regulatory and Supervisory Developments

During the review period, NAICOM continued with the implementation of ongoing policy programmes and development of new initiatives intended to reposition the Nigerian insurance industry for enhanced contribution to the economy. The initiatives included computerisation of operations, enforcement of compulsory insurance policies and the upward review of premium on motor vehicle insurance.

[5] Capital/Asset

8.0 RISKS TO THE FINANCIAL SYSTEM

8.1 Credit Risk

Risk Rating (Medium Risk, Trending upward)	

During the review period, credit risk remained stable as the NPL ratio of DMBs and PMBs was below the regulatory limits at 4.21 and 22.07 per cent. This was due to continued implementation of the Global Standing Instruction (GSI) and enhanced repayment capacity of obligors, reflecting the uptick in economic activities. However, in the FC sub-sector, the NPL ratio increased to 19.96 per cent, above the 10.0 per cent regulatory threshold.

Credit risk is expected to trend upwards in the short- to medium-term, impacted by muted growth, rising inflation resulting in reduced purchasing power of disposable income and obligors' earning capacity as well as the unwinding of regulatory forbearances.

However, the enhanced risk management regime by operators and sustained implementation of various regulations, such as the Basel principles, GSI and Guidelines for Regulation and Supervision of Credit Guarantee Companies in Nigeria are expected to moderate the impact of the risk.

8.2 Liquidity Risk

Risk Rating (Low Risk, Stable)	

Industry liquidity was robust during the review period as the liquidity ratios of PMBs, DMBs, and MFBs were all above the regulatory benchmarks. The liquidity position was driven by fixed income maturities, coupon payments, allocations by the Federation Account Allocation Committee (FAAC) as well as the implementation of the Naira redesign policy.

The open-buy-back (OBB) weighted daily average rate also reflected stable liquidity in the banking system at end-December 2022. Liquidity risk is expected to remain low and stable despite the asset and liability mismatches and funding gaps at the short-term maturity buckets.

8.3 Market Risk

Risk Rating (Medium Risk, Trending up)	

The domestic financial market remained resilient despite the adverse effect of Russia-Ukraine war on the currency and capital market performances, the hawkish monetary policy stance and uncertainties surrounding the 2023 general elections.

The performance of the market was buoyed by financing of the 2022 FGN budget deficit, stable liquidity in the system, and new issues of Corporate, FGN Saving and Corporate Green bonds.

Market risk is expected to trend upwards as tightened financial conditions, foreign capital reversals caused by rising global interest rates, and the downgrade of Nigeria's sovereign debt rating could result in lower asset prices and demand pressure on the foreign exchange market. However, expected increase in remittances due to sustained implementation of the Naira4Dollar and the RT200 foreign exchange policies of the Bank, and the likely removal of petroleum subsidy by the fiscal authority could enhance foreign exchange availability.

8.4 Operational Risk

Risk Rating (High, Trending up)	⬆

Operational risk during the review period rose, owing mainly to higher operational costs driven by the higher petroleum product prices and bi-annual upward review of electricity tariffs. The increased incidence of fraud through fake mobile applications, fake internet banking websites, sim swap, and system breaches also contributed to the trend.

Reported losses from fraud and forgeries in banks increased by 100.00 per cent to ₦8.24 billion, compared with the position in the first half of 2022, although the number of cases fell by 11,640 to 79,951.

The increased adoption of digitised financial channels, cloud services, remote work, and high attrition of Information Technology personnel from banks, increased cyber-security vulnerabilities in the review period.

Overall, operational risk is expected to trend upwards owing to heightened cyber-attacks and increasing energy costs. Also, emerging third-party and Environmental, Social & Governance (ESG) risks could increase operational risk.

However, the effects of the Nigerian Data Protection Regulation (NDPR), Nigeria electronic Fraud Forum (NeFF), industry cyber-incident reporting portal, staff training and consumer education, among other regulatory measures, would continue to mitigate risks.

8.5 Macroeconomic Risk

Risk Rating (High Risk, Trending up)	⬆

During the review period, the global economy witnessed an unprecedented rise in inflation following the Russia-Ukraine crisis and the resurgence of Covid-19 pandemic in major industrial cities in China which resulted in supply chain disruptions. This was exacerbated in Africa by outbreak of the Ebola and Marburg virus diseases.

The increased cost of servicing public debt vis-à-vis the underperformance of the oil sector, as oil production remained below the 2022 budget benchmark of 1.88mmb/d at end-December 2022, constrained government revenue outcomes.

Overall, macroeconomic risks remains elevated in the short to medium-term, with increasing risk of broad economic slowdown. The likely removal of petroleum subsidy, bi-annual increase in electricity tariffs, election-related spending and security challenges are also expected to exacerbate inflationary pressures.

However, the Bank's sustained development finance interventions to priority sectors as well as the implementation of the Medium-Term Development Plan (2021-2025) are expected to strengthen economic recovery.

9.0 OUTLOOK

The medium-term economic outlook for the global economy remains uncertain, owing to the effects of the Russia-Ukraine crisis, resurgence of the Covid-19 pandemic in major industrial cities of China, and contractionary monetary policy stance adopted to curb elevated global inflation. Also, rising levels of corporate and public debt in most economies as well as the broad shocks to foreign capital flows following the sustained interest rate hikes by most central banks continued to depress the economic outlook. Aggregate global demand is expected to weaken on account of supply-side constraints and lacklustre economic conditions, leading to lower global output of 2.90 per cent in 2023.

Global inflation is expected to remain elevated in 2023, rising above the long-run inflation targets of most central banks, owing mainly to the high prices of food, energy and other commodities. In the prevailing circumstances, central banks might need to sustain a tightened monetary policy stance to contain inflationary pressures which could adversely impact the financial system. Furthermore, financial regulators need to continuously assess and monitor existing and emerging risks and vulnerabilities to the financial system, with a view to deploying appropriate macro and micro prudential tools to mitigate them.

The domestic economy is projected to sustain its post Covid-19 pandemic recovery with an estimated growth of 2.88 per cent, premised on the increasing contribution of the non-oil sector as well as sustained policy support. However, shocks from the external environment, persistent security challenges, uncertainty over the general elections and challenges in crude oil production, continue to threaten the expected growth. Furthermore, inflationary pressures are expected to persist in the build-up to the 2023 general elections, owing to increased electioneering spending. Consequently, average inflation in 2023 is projected at 22.42 per cent. However, appropriate policy measures put in place by the monetary and fiscal authorities are expected to moderate the risks.

Increased participation is envisaged in the domestic financial markets as digital issuance of securities, commodities trading, custodial services, FinTechs and pension funds continue to expand. Also, the implementation of the Revised Capital Market Master Plan 2021 – 2025, is expected to increase investors' confidence and participation, while higher yields from fixed income securities would raise nominal returns and influence portfolio rebalancing.

The insurance industry is expected to grow with the continued recapitalisation drive and market development initiatives, including the upward revision of motor vehicle insurance premiums, and increased engagement with stakeholders to facilitate passage of the Insurance bill.

The overall outlook for banks is positive, given the robust financial soundness indicators. The payments system remains strong, underscored by the Bank's drive for increased financial inclusion, implementation of the Naira redesign policy and promotion of electronic transactions, including the introduction of eNaira.

The financial system remains resilient, and the Bank will continue to promote its stability through enhanced collaboration with other regulatory agencies to regulate and supervise financial institutions.

APPENDIX 1: INDICES OF SELECTED STOCK MARKETS

Country	Index	End-Dec 2020 (1)	End-Dec 2021 (2)	End-Jun 2022 (3)	End-Dec 2022 (4)	% Change (2) & (4)	% Change (3) & (4)
			AFRICA				
Nigeria	NGX All-Share Index	40,270.72	42,716.44	51,728.85	51,251.06	19.98	-0.92
South Africa	JSE All-Share Index	59,408.68	73,709.39	60,109.04	73,048.57	-0.90	21.53
Kenya	Nairobi NSE 20 Share index	1,868.39	1,902.57	2,088.84	1,654.80	-13.02	-20.78
Egypt	EGX CASE 30	10,845.26	11,949.18	9085.7	17,027	42.50	87.40
Ghana	GSE All-Share Index	1,939.14	2,793.24	2545.79	2,413	-13.61	-5.22
			NORTH AMERICA				
US	S&P 500	3,756.07	4,772.14	3,785.38	3,839.50	-19.54	1.43
Canada	S&P/TSX Composite	17,433.36	21,198.03	18,861.36	19,384.92	-8.55	2.78
Mexico	Bolsa	44,066.88	53,150.36	47,524.45	48,463.86	-8.82	1.98
			SOUTH AMERICA				
Brazil	Bovespa Stock	119,017.20	104,822.00	98541.95	109,735.00	4.69	11.36
Argentina	Merval	51,226.49	83,500.11	88,449.89	24,897.90	-70.18	-71.85
Columbia	COLCAP	1,437.89	1,410.97	1,321.90	1,198.00	-15.09	-9.37
			EUROPE				
UK	FTSE 100	6,460.52	7,384.54	7,169.28	7,451.74	0.91	3.94
France	CAC 40	5,551.41	7,153.03	5,939.30	6,473.76	-9.50	9.00
Germany	DAX	13,718.78	15,884.86	12,809.50	13,923.59	-12.35	8.70
			ASIA				
Japan	NIKKEI 225	27,444.17	28,791.71	26,342.90	26,094.50	-9.37	-0.94
China	Shanghai SE A	3,640.46	3,814.30	3,398.10	3,871.63	1.50	13.94
India	BSE Sensex	47,905.84	58,253.82	52,971.40	18,105.30	-68.92	-65.82

Bloomberg: https://www.bloomberg.com

APPENDIX 2: POLICY RATES OF SELECTED COUNTRIES IN 2022

Country/Region		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Developed Economies	Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
	Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	1.25	2.00	2.00	2.50
	UK	0.50	0.50	0.75	0.75	1.00	1.25	1.25	1.75	1.75	2.25	3.00	3.50
	US	0.25	0.25	0.50	0.50	1.00	1.75	2.50	2.50	3.25	3.25	4.00	4.50
	Canada	0.25	0.25	0.50	1.00	1.00	1.50	2.50	2.50	3.25	3.75	3.75	4.25
	South Korea	1.25	1.25	1.25	1.50	1.75	1.75	2.25	2.50	2.50	3.00	3.25	3.25
	New Zealand	1.00	1.00	1.00	1.50	2.00	2.00	2.50	3.00	3.00	3.50	4.25	4.25
	Australia	0.10	0.10	0.10	0.10	0.35	0.85	1.35	1.85	2.35	2.60	2.85	3.10
Asia	Indonesia	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	4.25	4.75	5.25	5.50
	Malaysia	1.75	1.75	1.75	1.75	2.00	2.00	2.25	2.25	2.50	2.50	2.75	2.75
BRICS	Brazil	10.75	10.75	11.75	11.75	12.75	13.25	13.25	13.75	13.75	13.75	13.75	13.75
	Russia	20.00	20.00	20.00	14.00	11.00	9.50	8.00	8.00	7.50	7.50	7.50	7.50
	India	4.00	4.00	4.00	4.00	4.40	4.90	4.90	5.40	5.90	5.90	5.90	6.25
	China	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
	South Africa	4.00	4.00	4.25	4.25	4.75	4.75	5.50	5.50	6.25	6.25	7.00	7.00
Other Emerging Economies & South America	Mexico	6.00	6.00	6.50	6.50	7.00	7.75	7.75	8.50	9.25	9.25	10.00	10.50
	Chile	5.50	5.50	7.00	7.00	8.25	9.00	9.75	9.75	10.75	11.25	11.25	11.25
	Columbia	4.00	4.00	4.00	6.00	6.00	7.50	9.00	9.00	10.00	11.00	11.00	12.00
Africa	Egypt	9.25	9.25	9.25	9.25	11.25	11.25	11.25	11.25	11.25	13.25	13.25	16.25
	Ghana	14.5	14.50	17.0	17.0	19.0	19.0	19.0	22.0	22.0	24.5	27.0	27.0
	Nigeria	11.50	11.50	11.50	11.50	13.00	13.00	14.00	14.00	15.50	15.50	16.50	16.50

Source: www.cbrates.com, central bank websites.

APPENDIX 3: REAL SECTOR INTERVENTIONS: SUMMARY OF DISBURSEMENTS AND REPAYMENTS IN 2022

S/N	Intervention	Disbursement (₦' Billion) End-Jun 2022	Repayment (₦' Billion) End-Jun 2022	Disbursement (₦' Billion) End-Dec 2022	Repayment (₦' Billion) End-Dec 2022
1.	Power and Airline Intervention Fund (PAIF)	-	15.91	-	10.47
2.	Nigerian Electricity Market Stabilization Fund (NEMSF)	-	10.91	6.46	11.51
3.	Nigerian Electricity Market Stabilization Fund- 2 (NEMSF 2)	34.17	-	-	-
4.	Nigerian Electricity Market Stabilization Fund-3 (NEMSF-3)	-	-	65.02	-
5.	Nigerian Bulk Electricity Trading- Payment Assurance Fund (NBET-PAF)	26.93	322.87	-	977.16
6.	National Mass Metering Programme (NMMP)	0.19	-	3.11	0.36
7.	Intervention Facility for National Gas Expansion (IFNGEP)	26.00	-	9.30	-
8.	CBN-Bank of Industry Intervention Fund (CBIF)	50.00	-	50.00	-
9.	Real Sector Support Facility (RSSF)	-	21.65	-	11.14
10.	Textile Support Intervention Facility (TSIF)	-	8.62	1.50	4.94
11.	Differentiated Cash Reserve Requirement (RSSF-DCRR)	202.15	-	89.55	11.31
12.	Small & Medium Enterprise Restructuring & RefinancingFacility (SMERRF)	-	-	-	4.21
13.	Health Sector Intervention Facility (HSIF)	17.20	-	16.02	2.12
14.	Covid-19 Intervention for the Manufacturing Sector (CIMS)	421.67	-	112.91	3.51
15.	Health Sector Research & Development Intervention Scheme (HSRDIS)	0.01	-	-	-
16.	100 FOR 100 Policy for Production and Productivity	68.12	-	82.53	1.13
17.	Youth Entrepreneurship Intervention Programme (YEDP)	-	0.11	-	-
18.	Targeted Credit Facility (TCF)	24.37	-	1.21	0.82
19.	Creative Industry Financing Initiative (CIFI)	-	0.27	0.17	0.30
20.	Nigerian Youth Intervention Fund (NYIF)	-	0.06	-	-
21.	Agri-business Small & Medium Enterprise Intervention Scheme (AgSMEIS)	1.60	0.76	1.33	0.20
22.	Tertiary Institution Entrepreneurship Scheme (TIES)	0.26	-	0.06	-
23.	Anchor Borrowers Programme (ABP)	35.52	42.99	103.73	63.37
24.	Accelerated Agricultural Development Scheme (AADS)	1.50	4.37	0.18	1.64
25.	Commercial Agriculture Credit Scheme (CACS)	28.30	32.86	0.99	46.05
26.	Paddy Aggregated Scheme (PAS)	6.20	-	-	1.00
27.	National Food Support Programme (NFSP)	-	2.03	-	4.38
28.	Non-Oil Export Stimulation Facility (NESF)	-	2.01	-	7.92
29.	Export Facilitation Initiative (EFI)	36.00	-	10.18	-

S/N	Intervention	Disbursement (₦' Billion) End-Jun 2022	Repayment (₦' Billion) End-Jun 2022	Disbursement (₦' Billion) End-Dec 2022	Repayment (₦' Billion) End-Dec 2022
30.	Presidential Fertilizer Initiative (PFI)	-	3.00	-	4.00
31.	Export Development Fund (EDF)	-	-	39.47	-
32.	Micro, Small and Medium Enterprise Development Fund (MSMEDF)	-	2.52	0.01	5.08
33.	Shared Agency Network Expansion Facility (SANEF)	-	0.31	-	0.60

APPENDIX 4: PENSION INDUSTRY PORTFOLIO FOR THE PERIOD ENDED 31 DECEMBER 2022

	Existing Schemes ₦ 'Billion		CPFAs ₦'Billion	FUND I ₦ ' Billion	FUND II ₦ ' Billion	FUND III ₦ ' Billion	FUND IV ₦'Million	FUND V ₦'Million	FUND VI RETIREE ₦'Million	TOTAL PENSION FUND ASSETS ₦'Million	TOTAL PENSION FUND ASSETS %
Domestic Ordinary Shares	100.81	31.09	5.68	623.33	133.59	12.65	0.00	0.84	0.03	908.02	6.06%
Foreign Ordinary Shares	0.00	108.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	108.99	0.73%
Total FGN Securities	859.80	774.05	30.46	4,183.90	2,947.35	827.86	0.12	18.41	2.24	9,644.19	64.33%
* Fed. Govt Bonds (HTM)	799.14	720.14	28.02	4,005.44	2,866.52	795.30	0.07	4.37	1.10	9,220.12	61.50%
* Treasury Bills	50.87	1.38	1.61	79.32	45.27	19.70	0.04	0.11	0.00	198.29	1.32%
* Agency Bonds (NMRC)	0.29	0.64	0.03	8.89	0.69	0.47	0.00	0.00	0.00	11.01	0.07%
* Sukuk Bonds	9.33	0.57	0.79	88.18	33.43	12.36	0.00	13.93	1.14	159.74	1.07%
* Green Bonds	0.16	51.32	0.00	2.07	1.44	0.04	0.00	0.00	0.00	55.03	0.37%
State Govt Securities	15.97	18.07	0.73	68.03	48.73	14.62	0.00	0.00	0.00	166.14	1.11%
Corp. Debt Securities	142.11	258.40	13.47	656.90	438.28	147.29	0.02	3.40	0.33	1,660.20	11.07%
* Corporate Bonds (HTM)	119.80	15.38	13.45	623.90	430.13	146.04	0.02	3.40	0.33	1,352.44	9.02%
* Corporate Bonds (Afs)	19.42	240.35	0.00	10.93	3.75	0.65	0.00	0.00	0.00	275.09	1.83%
* Corporate Infrastructure Bonds	1.67	2.68	0.02	16.34	3.06	0.60	0.00	0.00	0.00	24.37	0.16%
* Corporate Green Bonds	1.22	0.00	0.00	5.73	1.35	0.00	0.00	0.00	0.00	8.30	0.06%
Money Mkt Instr.	226.10	210.09	16.79	792.22	558.44	169.78	0.20	8.63	1.07	1,983.31	13.23%
Fixed Deposit/ Bank Acceptance	221.63	190.59	16.67	785.10	550.31	168.59	0.20	8.58	1.07	1,942.74	12.96%
Commercial Papers	4.03	1.34	0.12	7.12	8.13	1.19	0.00	0.05	0.00	21.97	0.15%
Foreign Money Mkt Instr.	0.43	18.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.59	0.12%
Mutual Funds	13.55	18.07	0.93	47.07	2.18	0.49	0.00	0.41	0.10	82.81	0.55%
Open/Close Funds	2,200.66	18.07	0.93	42.31	2.03	0.49	0.00	0.41	0.10	66.54	0.44%
REITS	11,351.17	0.00	0.00	4.77	0.15	0.00	0.00	0.00	0.00	16.27	0.11%
Supra-National Bonds	1,117.11	0.00	0.01	4.38	4.05	0.92	0.00	0.00	0.00	10.47	0.07%
Infrastructure Funds	5,393.38	16.87	1.40	87.87	0.76	0.67	0.00	0.00	0.00	112.96	0.75%
Real Estate	97,831.33	119.15	0.00	0.62	0.01	0.00	0.00	0.00	0.00	217.60	1.45%
Private Equities	6,356.02	11.96	0.10	29.95	0.01	0.00	0.00	0.00	0.00	48.38	0.32%
Cash & Other Assets	7,134.99	3.01	4.72	6.08	14.21	13.63	0.04	0.57	0.17	49.55	0.33%
Current Net Asset Value	1,476.18	1,569.74	74.30	6,500.34	4,147.61	1,187.90	0.37	32.26	3.94	14,992.63	100%
Previous Net Asset Value	1,450.44	1,507.80	71.32	6,445.55	4,114.85	1,167.50	0.36	31.81	3.84	14,793.47	

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