CENTRAL BANK OF NIGERIA

2010
Annual Report

31ST DECEMBER, 2010

Central Bank of Nigeria
Corporate Head Office
33 Tafawa Balewa Way
Central Business District
P. M. B. 0187
Garki, Abuja
Website: www.cbn.gov.ng

Tel:+234(0)946238707
+234(0)946238762

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Vision

To be one of the most efficient and effective world's central banks in promoting and sustaining economic development.

Mission

To be proactive in providing a stable framework for the economic development of Nigeria, through the effective, efficient and transparent implementation of monetary and exchange rate policy and management of the financial sector.

THE CENTRAL BANK OF NIGERIA

Established by the Central Bank of Nigeria (CBN) Act of 1958, the principal objects of the Bank, as contained in the new CBN Act, 2007, are to:

- *ensure monetary and price stability;*
- *issue legal tender currency in Nigeria;*
- *maintain external reserves to safeguard the international value of the legal tender currency;*
- *promote a sound financial system in Nigeria; and*
- *act as banker and provide economic and financial advice to the Federal Government of Nigeria.*

MEMBERS OF THE BOARD OF DIRECTORS OF THE BANK AS AT 31ST DECEMBER 2010

1.	Sanusi Lamido Sanusi, CON	-	Governor (Chairman)
2.	Suleiman A. Barau	-	Deputy Governor (Corporate Services)
3.	Sarah O. Alade (Mrs)	-	Deputy Governor (Economic Policy)
4.	Kingsley C. Moghalu	-	Deputy Governor (Financial System Stability)
5.	Tunde Lemo	-	Deputy Governor (Operations)
6.	Danladi I. Kifasi	-	Director (Permanent Secretary, Federal Ministry of Finance)
7.	Ibrahim H. Dankwambo, OON*	-	Director (Accountant General of the Federation)
8.	Dahiru Muhammad	-	Director
9.	Samuel O. Olofin	-	Director
10.	Joshua O. Omuya	-	Director
11.	Stephen O. Oronsaye, OON, CFR	-	Director
	Yunusa M. Sanusi	-	Ag. Secretary to the Board

* Resigned his appointment on 20 December, 2010

MEMBERS OF THE COMMITTEE OF GOVERNORS OF THE BANK AS AT 31ST DECEMBER 2010

1.	Sanusi Lamido Sanusi, CON	-	Governor (Chairman)
2.	Suleiman A. Barau	-	Deputy Governor (Corporate Services)
3.	Sarah O. Alade (Mrs)	-	Deputy Governor (Economic Policy)
4.	Kingsley C. Moghalu	-	Deputy Governor (Financial System Stability)
5.	Tunde Lemo	-	Deputy Governor (Operations)
	Yunusa M. Sanusi	-	Ag. Secretary

MEMBERS OF THE MONETARY POLICY COMMITTEE (MPC) AS AT 31ST DECEMBER 2010

1.	Sanusi Lamido Sanusi, CON	-	Governor (Chairman)
2.	Suleiman A. Barau	-	Deputy Governor (Corporate Services)
3.	Sarah O. Alade (Mrs)	-	Deputy Governor (Economic Policy)
4.	Kingsley C. Moghalu	-	Deputy Governor (Financial System Stability)
5.	Tunde Lemo	-	Deputy Governor (Operations)
6.	Samuel O. Olofin	-	Board Director
7.	Danladi Kifasi	-	Permanent Secretary, Federal Ministry of Finance
8.	Adedoyin Salami	-	Member
9.	John Oshilaja	-	Member
10.	Chibuike C. Uche	-	Member

11.	Shehu Yahaya	-	Member
12.	Abdul-Ganiyu Garba	-	Member

PRINCIPAL OFFICERS OF THE BANK AS AT 31ST DECEMBER, 2010

A. Departmental Directors

1.	Abayomi S. Atoloye	-	Banking & Payments System
2.	Samuel A. Oni	-	Banking Supervision
3.	Hadiza M. Abubakar**	-	Branch Operations
4.	Yunusa M. Sanusi**	-	Corporate Secretariat
5.	Muhammad Nda	-	Currency Operations
6.	Joe Alegieuno	-	Development Finance
7.	Olufunmilade A. Omofade	-	Finance
8.	Olajide F. Owolabi**	-	Financial Markets
9.	Chris O. Chukwu**	-	Financial Policy and Regulations
10.	Faruk A. Garko**	-	Governors Department
11.	Ikechukwu I. Ikwuegbu**	-	Human Resources
12.	Timothy A. Akeke**	-	Information Technology
13.	Olanrewaju T. Taiwo	-	Internal Audit
14.	Simon O. Onekutu**	-	Legal Services
15.	Faozat O. Bello**	-	Medical Services
16.	Okorie A. Uchendu	-	Monetary Policy
17.	Olufemi A. Fabamwo	-	Other Financial Institutions Supervision
18.	Garba Ahmed	-	Procurement & Support Services
19.	Charles N.O. Mordi	-	Research
20.	Lamido A. Yuguda**	-	Reserve Management
21.	Folakemi Fatogbe**	-	Risk Management
22.	Ibitayo Amu**	-	Security Services
23.	Sani I. Doguwa	-	Statistics
24.	Walter W. Ahrey	-	Strategy & Performance
25.	Batari Musa	-	Trade & Exchange

**Overseeing

B. Special Advisers to the Governor

1.	Michael Rouswell	-	Asset Management Corporation of Nigeria
2.	Kim Norris	-	Banking Supervision
3.	Daryl King	-	Monetary Operations
4.	Yakubu A. Umar	-	Financial & Economic Matters
5.	Asuri Vasudevan	-	Monetary Policy
6.	Bashir A. Umar	-	Non-Interest Banking

C. Branch Controllers/Currency Officers

1.	Obiageli A. Obiekwe (Mrs)	-	Abakaliki

2.	Adewale O. Joawo	-	Abeokuta
3.	John N. Chukwudifu	-	Abuja
4.	Samuel O. Ogungbayi	-	Ado-Ekiti
5.	Rahmath A. O. Yusuf-Adeyemi (Mrs)	-	Akure
6.	Elizabeth O. Agu (Mrs)	-	Asaba
7.	Azubuike Okoro	-	Awka
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9.	Victor I. D. Oligbo	-	Benin
10.	Asmau N. Babah (Mrs)	-	Birnin-Kebbi
11.	Ernest O. Alilonu	-	Calabar
12.	Ibrahim Mohammed	-	Damaturu
13.	Danjuma A. Mohammed	-	Dutse
14.	Patrick O. Okonkwo	-	Enugu
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21.	Mohammed I. Gusau	-	Kaduna
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23.	Bakari Mohammed	-	Katsina
24.	Usman S. Sule	-	Lafia
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26.	Musa B. Bafai	-	Lokoja
27.	Ayuba M. Kolo**	-	Maiduguri
28.	Sylvester C. Chukwuka	-	Makurdi
29.	Dangusau K. Mohammed**	-	Minna
30.	Joseph O. Atteh	-	Osogbo
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32.	Kenneth Effa	-	Port Harcourt
33.	Ahmed Mohammed	-	Sokoto
34.	Patrick A. Ashamole	-	Umuahia
35.	Caulma C. Efegi	-	Uyo
36.	Basil U. Udo-Utun	-	Yenagoa
37.	Yahaya A. Lawan	-	Yola

** Overseeing

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LIST OF ABBREVIATIONS AND ACRONYMS

AACB	Association of African Central Banks
ABS	Analytical Balance Sheet
ACGSF	Agricultural Credit Guarantee Scheme Fund
ACSS	Agricultural Credit Support Scheme
ADF	African Development Fund
ADPs	Agricultural Development Programmes
AES	African Econometrics Society
AFC	Africa Finance Corporation
AfDB	African Development Bank
AMCON	Asset Management Corporation of Nigeria
AIPs	Approval-In-Principle
AMCP	African Monetary Cooperation Programme
AML/CFT	Anti-Money Laundering/Combating Financing Terrorism
APRM	Africa Peer Review Mechanism
ATM	Automated Teller Machines
AU	African Union
AUC	Africa Union Commission
BAs	Bankers' Acceptances
BDC	Bureau de Change
BOI	Bank of Industry
BWIs	Bretton Woods Institutions
CAC	Corporate Affairs Commission
CAMA	Companies and Allied Matters Act
CAMEL	Capital Adequacy, Asset Quality, Management, Earning and Liquidity
CAR	Capital Adequacy Ratio
CBN	Central Bank of Nigeria
CBP	Capacity Building Programme
CBs	Community Banks
CDMA	Code Division Multiple Access
CEPR	Centre for Economic Policy Research
CG	Credit to Government
CIC	Currency in Circulation
CIFTS	Central Bank Inter-bank Funds Transfer System
CIS	Commonwealth of Independent States
CIT	Companies Income Tax
COB	Currency Outside Bank
COBEC	Code of Business Ethics and Conduct
COPAL	Cocoa Producers' Alliance
CPS	Credit to the Private Sector

CPI	Consumer Price Index
CPs	Commercial Papers
CRMS	Credit Risk Management System
CRR	Cash Reserve Requirement
CSAR	Country Self Assessment Report
CSCS	Central Securities Clearing System
CSOs	Civil Society Organisations
DFIs	Development Finance Institutions
DHs	Discount Houses
DLF	Direct Lending Facilities
DMBs	Deposit Money Banks
DMO	Debt Management Office
DS	Development Stock
EBP	Electronic Budgeting and Planning
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
EDC	Enterpreneurship Development Centres
EEG	Export Expansion Grant
e-FASS	Electronic Financial Analysis and Surveillance System
EFCC	Economic and Financial Crimes Commission
e-Money	Electronic Money
EMS	Enterprise Management and Security
ERP	Enterprise Resource Planning
ETF	Education Tax Fund
FAAC	Federation Account Allocation Committee
FCs	Finance Companies
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FHAN	Finance Houses Association of Nigeria
FIRS	Federal Inland Revenue Service
FITC	Financial Institutions Training Centre
fob	Free on Board
FRIN	Forestry Research Institute of Nigeria
FSS 2020	Financial System Strategy 2020
G-24	Group of Twenty-four (24) Developing Countries
GDP	Gross Domestic Product
GSM	Global System of Mobile Communications
IAS	International Accounting Standard
IBRD	International Bank for Reconstruction and Development
ICCO	International Cocoa Organization

ICO	International Coffee Organization
IDA	International Development Assistance
IDMS	Integrated Document Management System
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IFT	Inter-bank Funds Transfer
IGR	Internally Generated Revenue
IIP	International investment Position
ILN	Interactive Learning Network
IMF	International Monetary Fund
IPOs	Initial Public Offers
IPPs	Independent Power Plants
ISPs	Internet Service Providers
IT	Information Technology
ITU	International Telecommunication Union
JVC	Joint Venture Cash Calls
KYC	Know Your Customer
LOKAP	Lagos, Kano, Aba and Port-Harcourt
LPFO	Low Pour Fuel Oil
LR	Liquidity Ratio
LROs	Lead Research Organisations
LVIFT	Large Value Inter-bank Funds Transfer
M1	Narrow Money Supply
M2	Broad Money Supply
mbd	Million barrels per day
MDGs	Millennium Development Goals
MFBs	Microfinance Banks
MICR	Magnetic Ink Character Recognition
MMDs	Money Market Dealers
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
MRR	Minimum Rediscount Rate
MTEF	Medium-Term Expenditure Framework
MYTO	Multi-Year Tariff Order
NACRDB	Nigerian Agricultural, Cooperative and Rural Development Bank
NACS	Nigerian Automated Clearing System
NAFDAC	National Agency for Food, Drug Administration and Control
NAICOM	National Insurance Commission
NAOC	Nigeria Agip Oil Company
NAPCON	National Petroleum Company of Nigeria

NAPRI	National Animal Production Research Institute
NBS	National Bureau of Statistics
NCS	Nigerian Custom Service
NDC	Net Domestic Credit
NDIC	Nigeria Deposit Insurance Corporation
NEEDS	National Economic Empowerment and Development Strategy
NEER	Nominal Effective Exchange Rate
NEPAD	New Partnership for Africa's Development
NERC	National Electricity Regulatory Commission
NEXIM	Nigerian Export-Import Bank
NFAs	Net Foreign Assets
NGC	Nigerian Gas Company
NGOs	Non-Governmental Organizations
NIBOR	Nigerian Inter-Bank Offer Rate
NICPAS	Nigerian Cheque Printers Accreditation Scheme
NNPC	Nigerian National Petroleum Corporation
NPC	National Population Commission
NPSC	National Payments System Committee
NSE	Nigerian Stock Exchange
NSPFS	National Special Programme for Food Security
NSPM	Nigerian Security Printing and Minting
NTBs	Nigerian Treasury Bills
NWG	National Working Group
OBB	Open Buy Back
ODA	Overseas Development Assistance
OFIs	Other Financial Institutions
OMO	Open Market Operations
OPEC	Organisation of Petroleum Exporting Countries
OTC	Over-the-Counter
P&A	Purchase and Assumption
PENCOM	National Pension Commission
PEP	Politically Exposed Person
PHCN	Power Holding Company of Nigeria
PIR	Process Improvement and Redesign
PMIs	Primary Mortgage Institutions
PMS	Portfolio Management System
POS	Point of Sale
PPT	Petroleum Profit Tax
PSI	Policy Support Instrument
PSV	Payments System Vision
RBDAs	River Basins Development Authorities

REC	Regional Economic Commission
REER	Real Effective Exchange Rate
RTEP	Root and Tuber Expansion Project
RTGS	Real Time Gross Settlement
SBUs	Strategic Business Units
SEC	Securities and Exchange Commission
SFU	Special Fraud Unit
SITC	Standard International Trade Classification
SMEDAN	Small and Medium Enterprises Development Agency
SMEEIS	Small and Medium Enterprises Equity Investment Scheme
SON	Standard Organisation of Nigeria
SPDC	Shell Petroleum Development Company
SSA	Sub-Saharan Africa
SSC	South - South Cooperation
TCs	Travellers' Cheques
TFM	Trust Fund Model
TIB	Temenos Internet Banking
UAT	User Acceptance Test
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organisation
VAT	Value Added Tax
WABA	West African Bankers' Association
WACB	West African Central Bank
WAIFEM	West African Institute for Financial and Economic Management
WAMI	West African Monetary Institute
WAMA	West African Monetary Agency
WAMZ	West African Monetary Zone
WB	The World Bank
WDAS	Wholesale Dutch Auction System

STATEMENT BY THE GOVERNOR

I am very pleased to present the Annual Report of the Central bank of Nigeria (CBN) for the year 2010. Viewed from a proper perspective, 2010 was a year not marked only by many distinct successes, but also laced with continuing economic challenges.

The Bank witnessed some changes at the governance level during the year with the exit of some Board members. Dr. Ochi C. Achinivu was replaced on the Board following his retirement from the public service, while Ibrahim H. Dankwambo, former Accountant General of the Federation resigned his appointment on 20th December, 2011. I commend their invaluable contributions to the governance of the CBN during their tenure. I wish to warmly welcome Danladi I. Kifasi, Permanent Secretary, Federal Ministry of Finance to the Board, and I have no doubt that he will bring his wealth of experience to bear on the business of the Bank.

As the Bank continued to devote itself to enhancing transparency and strengthening the framework for the supervision/regulation of the financial system, we are delighted that the global economic recovery had impacted positively on the Nigerian economy, as it had in many emerging markets.

During the year, the Bank remained focused and committed to the attainment of its principal objectives, as contained in the CBN Act, 2007. Thus, without compromising the principal goal of monetary and price stability, the Bank's monetary management activities were anchored on improving the liquidity and efficiency of the financial system through the adoption of measures to unlock the credit potentials of banks. Also, the efforts aimed at stabilizing the banking sector and, indeed, the financial system and restore public confidence was sustained. In that regard, a new banking regime that refocuses banks to core banking activities by defining permissible activities was adopted. In addition, the Asset Management Corporation of Nigeria (AMCON), which Act was signed into Law by Mr. President on July 19, 2010, commenced operations during the last quarter of the year. The AMCON is expected to ease the burden of non-performing loans on the deposit money banks, strengthen the recovery of the financial system, enhance public confidence and stimulate increased lending to the real sector.

In order to support government efforts at growing the real sector and rejuvenate critical infrastructure of the economy, the CBN established a number of initiatives during the year. These included a ₦500 billion intervention fund for the power, aviation and manufacturing sectors as well as a ₦200 billion Small and Medium Enterprises Credit Guarantee Scheme to fast track the development of SMEs. It is gratifying to state that the implementation of these initiatives is already yielding positive results, which we hope to consolidate in 2011. In collaboration with the Alliance for Green Revolution in Africa (AGRA) and the Bankers' Committee, the Bank has also commenced work on the Nigerian Incentive Based Risk

Sharing System for Agricultural Lending (NIRSAL), which is aimed at unlocking finance to agriculture across the entire commodity value chains, by introducing innovative risk sharing and mitigation mechanisms and products.

Overall, despite the slow pace of global economic recovery, the domestic economy remained vibrant and robust with a gross domestic product (GDP) growth rate of 7.9 per cent, up from 7.0 per cent in 2009. The development was largely ascribed to sustained growth in the non-oil sector, and the continued improvement in the contributions from the oil sector arising from the continued peace in the Niger Delta, as well as the favorable prices in the international oil market.

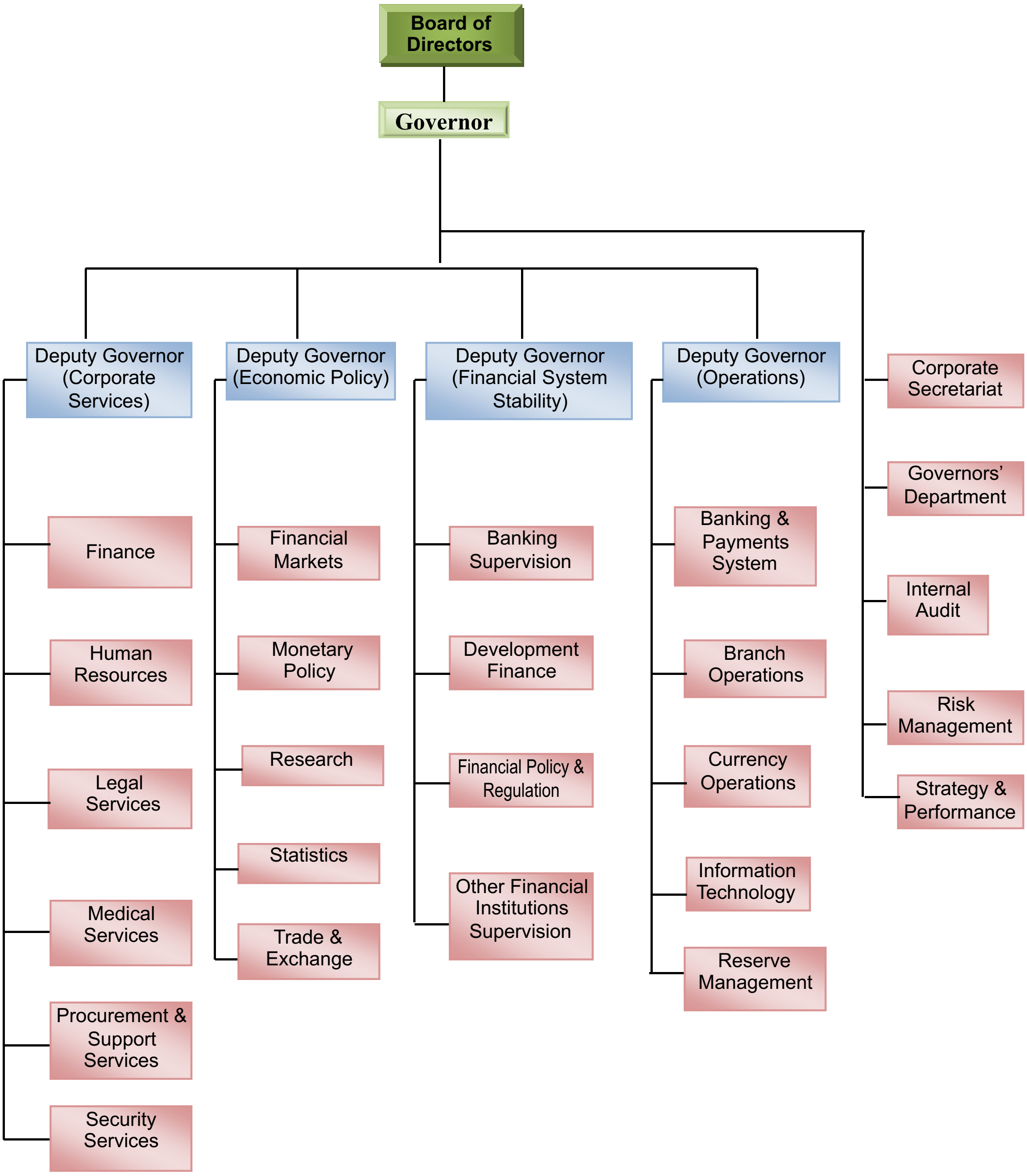
Economic growth is expected to improve further in the near-to-medium term, as strong and sound macroeconomic frameworks are put in place, coupled with the sustenance of the economic reforms already initiated by government in the various sectors of the economy. The continued improvement in financial sector performance and in critical infrastructure, such as power, would enhance the international competitiveness of domestic output, and further boost the economy.

On behalf of the Board of Directors of the Bank, let me conclude by expressing my heartfelt gratitude to the staff of the Central Bank of Nigeria for their continued support, dedication, hard work and loyalty, which contributed immensely to the Bank's successes in 2010. My appreciation also goes to the Presidency, the leadership of the National Assembly, Honorable Ministers, our development partners, organized private sector as well as other stakeholders for their continued support and cooperation.

Sanusi Lamido Sanusi CON
Governor

April 2011

Organisational Structure of the CBN, as at 31st December 2010



CENTRAL BANK OF NIGERIA
ANNUAL REPORT
FOR THE YEAR ENDED 31st DECEMBER 2010

SUMMARY

This Annual Report reviews the operations of the Central Bank of Nigeria (CBN) and appraises the macroeconomic policies in 2010. The Report is structured into two parts. Part I reviews the corporate operations of the Bank, while Part II evaluates the performance of the economy against the challenges in both the domestic and international environments. The thrust of monetary policy and other financial measures was to improve liquidity and enhance the efficiency and stability of the financial system without compromising the primary goal of monetary and price stability. Consequently, the Bank adopted measures to restore confidence in the financial system and unlock the credit potentials of banks. The economy achieved modest growth, despite lingering challenges.

The thrust of monetary policy and other financial measures was to improve liquidity and enhance the efficiency and stability of the financial system, without compromising the primary goal of monetary and price stability.

CORPORATE ACTIVITIES

The CBN Board and Other Committees

The structure of the Board of Directors of the CBN remained unchanged in the year. The Board comprised the Governor, Sanusi Lamido Sanusi (Chairman); four Deputy Governors, namely; Suleiman A. Barau (Corporate Services), Sarah O. Alade (Economic Policy), Kingsley C. Moghalu (Financial System Stability) and Tunde Lemo (Operations); and six non-executive Directors. The non-executive Directors were Dahiru Muhammad, Samuel O. Olofin, Joshua O. Omuya, Stephen O. Oronsaye and Danladi I. Kifasi (Permanent Secretary, Federal Ministry of Finance) who replaced Dr. Ochi C. Achinivu, following his retirement from the civil service, and Ibrahim H. Dankwambo, former Accountant-General of the Federation, who resigned his appointment on 20 December, 2010 and was not replaced by the end of the year.

The Board held six (6) regular meetings, and the Committee of Governors held fifteen (15) regular and three (3) emergency meetings. The Governors' Consultative Committee held two (2) regular meetings. The Committee of Departmental Directors held thirteen (13) regular and six (6) extraordinary meetings, the Audit Committee held five (5) meetings, while the Investment Committee of the Board held three (3) meetings. The Monetary Policy Committee (MPC) held six (6) regular meetings and one (1) extraordinary meeting.

MONETARY POLICY, SURVEILLANCE ACTIVITIES AND THE OPERATIONS OF THE CBN

Monetary management was directed towards improving liquidity and the efficiency of the financial system, without compromising the primary goal of monetary and price stability. The Bank adopted measures to restore confidence in the financial system and unlock the credit potentials of banks. The measures included the continuation of guarantees on inter-bank transactions and the promotion of the activities of the Asset Management Corporation, AMCON, which culminated in the purchase of some non-performing loans from the banks. In order to manage the liquidity conditions in the financial system, the Bank continued the use of the open market operations (OMO), complemented by macro prudential requirements, standing facilities, the policy rate and foreign exchange market interventions, among others.

The Bank adopted measures to restore confidence in the financial system and unlock the credit potentials of banks.

Despite the liquidity easing stance of the Bank, base money M_1 was below the indicative benchmark for fiscal 2010. Similarly, broad money, M_2, was below the target for the year. Aggregate bank credit (net) to the domestic economy grew by 13.4 per cent, compared with 59.6 per cent at the end of the preceding year. Net credit to the Federal Government grew by 64.2 per cent, while credit to the private sector declined by 4.1 per cent.

The structure of the financial system changed with the take-off of AMCON, in the last quarter of 2010. Other institutions included the CBN, the Nigeria Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC), the National Insurance Commission (NAICOM), the National Pension Commission (PENCOM), 24 deposit money banks, five (5) discount houses, 866 microfinance banks, 108 finance companies, 690 security brokerage firms, 13 pension fund administrators, five (5) pension fund custodians, 1,959 Bureaux-de-Change, one (1) stock exchange, one (1) commodity and security exchange, 101 primary mortgage institutions, five (5) development finance institutions and 73 insurance companies.

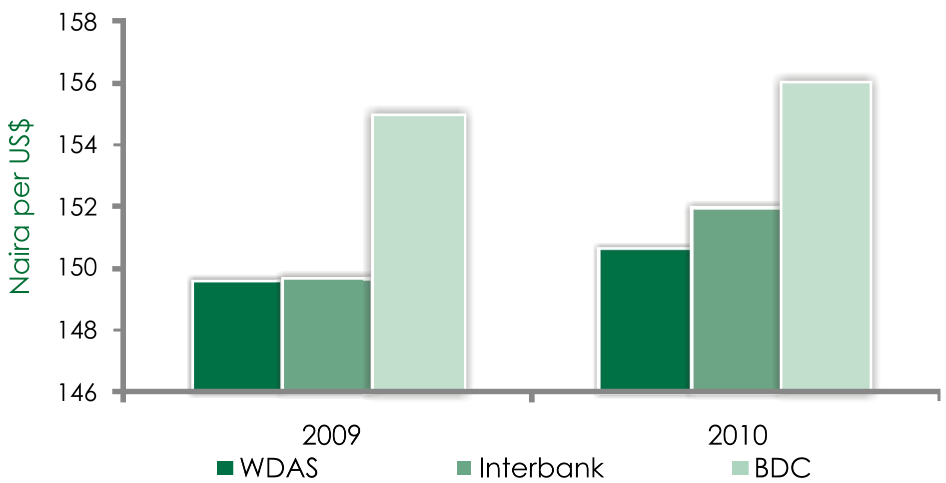
The Bank adopted various approaches in its supervisory and surveillance activities, including regular appraisal of banks' periodic returns, spot checks, monitoring, special investigation and risk-based supervision, among others. The Bank also embarked on the development of a new supervisory framework in order to provide an early warning signal to supervisors on the condition of banks. In addition, a pilot examination, under the risk-based/consolidated supervision framework, which commenced with two deposit money banks in December 2009, was completed in February 2010. The assessment of the health of the banking sector

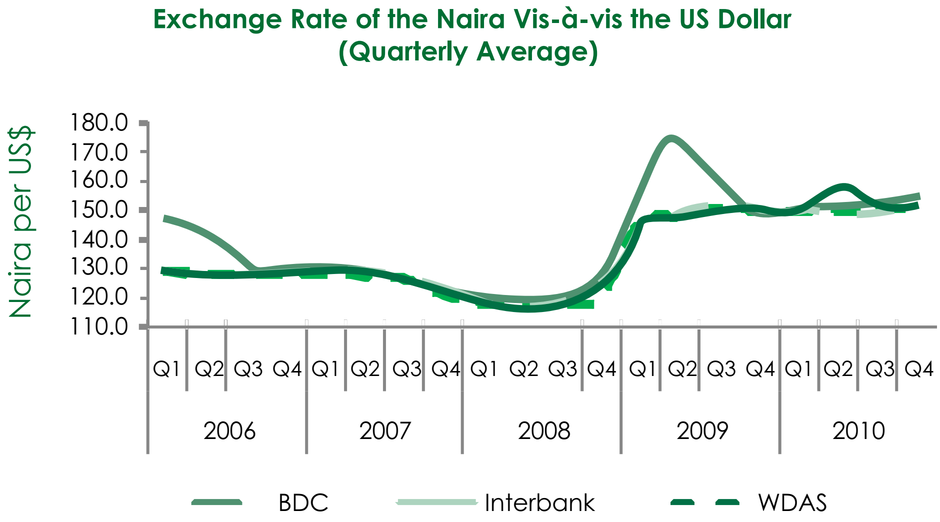
An assessment of the health of the banking sector indicated that sixteen (16) banks met the stipulated minimum CAR and the assets quality of the banks substantially improved at end-December 2010.

indicated that sixteen (16) out of the twenty-four (24) banks met the stipulated minimum Capital Adequacy Ratio (CAR) of 10.0 per cent. The asset quality of the banks, measured as the ratio of non-performing loans to industry total, improved substantially as it declined from 32.8 per cent at end-December 2009 to 15.5 per cent at end-December 2010. This was below the international threshold of 20.0 per cent and the maximum prescribed by the Contingency Plan for Systemic Distress. All the twenty-four (24) banks met the minimum prescribed liquidity ratio of 25.0 per cent. In furtherance of the CBN directive on the mandatory adoption of the International Financial Reporting Standard (IFRS) by January 1, 2012, the CBN, in conjunction with the NDIC set up a committee to review the approved IFRS Implementation Framework.

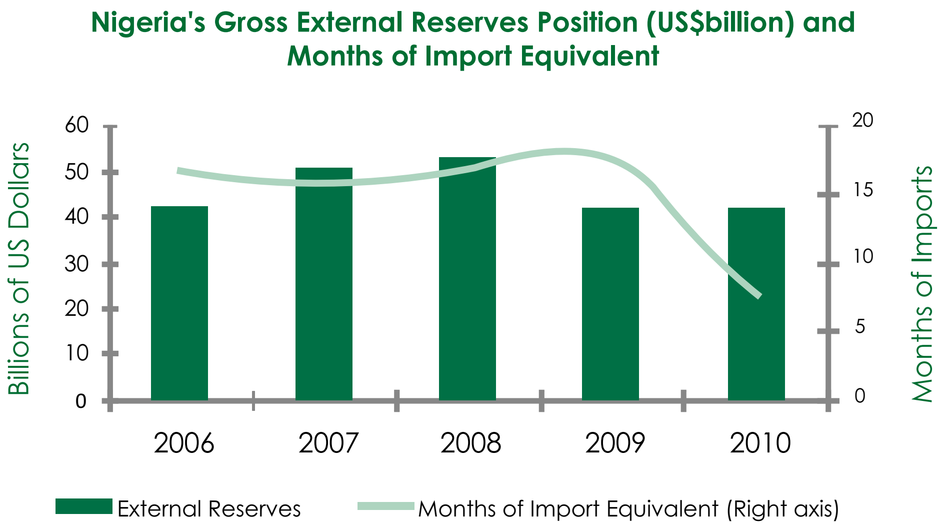
The Wholesale Dutch Auction System (WDAS) was sustained as the mechanism for exchange rate management throughout the year. However, the two-tier structure of the BDC segment of the market was reduced to one, with the withdrawal of all the 132 class 'A' licences in November 2010. The policy review was to curb abuses and excessive demand in the foreign exchange market. The average exchange rate at the WDAS and inter-bank segments of the market depreciated by 0.9 and 0.5 per cent to ₦150.3/US$ and ₦151.09/US$, respectively, relative to their levels in 2009. However, the naira strengthened against the US dollar by 5.6 per cent to ₦153.06/US$ at the BDC segment. The end-period exchange rate at the WDAS segment of the foreign exchange market depreciated by 0.7 per cent to ₦150.66/US$, relative to the level at end-2009.

End-period Exchange Rate of the Naira per US Dollar





The stock of external reserves declined by 23.7 per cent, from US$42.4 billion at end-December 2009 to US$32.34 billion, and could support 7.2 months of imports, as against the 3 months requirement under the convergence criteria of the West African Monetary Zone (WAMZ).



Under the Agricultural Credit Guarantee Scheme Fund (ACGSF), a total of 5 0,849 loans, valued at ₦7.74 billion, were guaranteed in 2010, bringing the total loans guaranteed since the inception of the Scheme in 1978 to 698,200, valued at ₦42.15 billion. The Bank signed one (1) MoU under the Trust Fund Model (TFM), bringing the total number signed and the total sum pledged under the Scheme to fifty-six (56) and ₦5.52 billion, respectively, at end-December 2010. The CBN established the ₦200 Billion Refinancing and

Restructuring Fund (RRF) to restructure banks' existing loan portfolios to manufacturers and SMEs. Also, a ₦200.0 Billion Small and Medium Enterprise Credit Guarantee Scheme was established to fast-track the development of manufacturing and SMEs, by providing guarantee for credit from banks to promoters. In addition, the Bank established a ₦300.0 Billion Power and Aviation Fund to provide long-term financing for infrastructure development.

The CBN established a ₦200.0 billion Small and Medium Enterprise Credit Guarantee Scheme to fast-track the development of manufacturing and SMEs by providing guarantee for credit from banks by promoters.

The audited financial statements of the CBN for the year ended 31st December, 2010 indicated that total income was ₦562.2 billion, a decline of 26.1 per cent from the level in 2009. The decline in income largely reflected the fall in interest income, specifically from realized gains on foreign currency. Operating cost increased by 16.3 per cent in 2010, thus, bringing the operating surplus before provisions to ₦46.5 billion, compared with ₦43.9 billion in 2009. In accordance with the provisions of Part II, Section 5 (3) of the CBN Act, 2007 (as amended), the sum of ₦34.9 billion was due to the Federal Government, while the balance accrued to general reserve.

The size of CBN's balance sheet decreased in 2010 as total assets/liabilities declined by 15.6 per cent to ₦6.7 trillion. The assets position reflected the decrease in external reserves (-20.0 per cent) and loans and advances (-17.4 per cent), which more than offset the growth of 9.2, 2.4, 30.8 and 21.0 per cent in Holdings of Special Drawing Rights, other assets, and fixed assets and investments, respectively. The decline in total assets was compensated for on the liability side by the fall in deposits (-18.5 per cent), IMF allocation of Special Drawing Rights (-1.1 per cent) and other financial liabilities (-22.7 per cent). However, Central Bank of Nigeria Instruments grew by 108.4 per cent and, notes and coins in circulation by 16.4 per cent over end-December 2009. The paid-up capital of the Bank remained at ₦5.0 billion while the general reserve fund increased by 16.2 per cent to ₦83.5 billion.

The CBN continued the deployment of Information Technology (IT) infrastructure to improve its operational efficiency. In this regard, the Bank upgraded the two major enterprise applications, Temenos T24 and Oracle e-Business Suite to Release 9 and 11, respectively. In addition, the Bank continued the enhancement of the electronic Financial Analysis and Surveillance System (e-FASS) to support its risk-based, consolidated and cross-border supervision framework. Furthermore, to support monetary policy implementation, a more robust Real Time Gross Settlement (RTGS) system was considered. Other initiatives included the strengthening of the interface between the Bank and the NIBSS for improved efficiency.

The CBN continued the deployment of Information Technology (IT) to improve its operational efficiency.

The Bank recruited six hundred and ninety-eight (698) personnel, which comprised of two (2) executive, five hundred and twenty-nine (529) senior, one hundred and sixty-two (162) junior, and five (5) contract staff. However, the Bank lost the services of twenty-three (23) staff through death, thirty-seven (37) through voluntary retirement, sixty-one (61) through mandatory retirement, and one (1) through resignation. Furthermore, four (4) staff had their appointments terminated and ten (10) were dismissed. Also, one (1) staff was compulsorily retired, two (2) withdrew their services and the tenure of one (1) contract staff expired. The staff strength of the Bank increased to 5,568 in 2010, from 5,010 at end-December 2009.

The Bank's effort at capacity building and staff development was intensified through skills enhancement in 2010.

As part of the incentives to boost staff morale and enhance performance, the Bank promoted seven hundred and fifty-seven (757) members of staff, of which two hundred and sixty-eight (268) were executive, three hundred and eighty-seven (387) senior and one hundred and two (102) junior staff. A total of one hundred and twenty-eight (128) employees were upgraded/converted to various grades, consisting of one (1) executive, ninety-three (93) senior and thirty-four (34) junior staff, while fifty-six (56) appointments were confirmed, comprised of three (3) executive, thirteen (13) senior and forty (40) junior staff. Efforts at capacity building, through staff development and skills enhancement were intensified. Thus, the Bank sponsored staff training programmes, including seminars, workshops, conferences and courses within and outside Nigeria. Staff benefited from a total of six thousand and seventeen (6,017) training slots covering specialized and generic programmes.

ECONOMIC REPORT

The Global Economy

Global output, which contracted in 2009, resumed growth in 2010, although with uncertainties about its sustainability.

Global output, which contracted in 2009, resumed growth in 2010, although with uncertainties about its sustainability. Global output increased by 5.0 per cent, from a 0.6 per cent decline in 2009. The development was largely due to higher performance in many emerging economies, strong domestic demand from developing countries, as well as the combined effects of fiscal and monetary interventions adopted in the advanced economies. Global inflation rose in 2010, driven largely by the substantial increase in commodity prices, especially food and oil prices. Generally, commodity prices rose, and global trade which had contracted in 2009 rebounded. The international financial markets which had earlier recovered experienced some instability.

The IMF/World Bank Spring and Annual Meetings as well as the discussion of the Group of

Twenty-Four Countries (G-24) centred on global economic and financial developments, trade, reforms of the Bretton Woods Institutions, and financing for developing countries. The IMF/World Bank meetings deliberated on outcome of multilateral surveillance and mobilization of resources for the Fund's operations. Members observed that the pace of global economic recovery had weakened and become uncertain, due to Euro area sovereign debt problems. It noted the steps taken to enhance the IMF's lending toolkit as part of efforts to strengthen global financial safety nets, and the establishment of the Precautionary Credit Line (PCL) to meet the needs of member countries. The Meeting also constituted a 3rd Constituency for Africa at the World Bank comprised of South Africa, Nigeria and Angola.

The CBN and Bank Negara Malaysia resolved to share expertise and exchange relevant information in the areas of banking supervision, SMEs and microfinance, Non-interest finance and monetary policy, among others. Several bilateral meetings involving Nigeria and several countries, including Cameroun and Namibia were also held in 2010. Nigeria and Cameroun agreed to implement the various recommendations adopted in October 2009 on posts, telecommunications and funds transfers. Nigeria and Namibia signed agreements for regular consultations in order to exchange views on bilateral, regional and international issues of mutual interest.

The Economic Community of West African States (ECOWAS) reviewed progress reports on the Single Currency Programme for West Africa by 2020. The need for inter-agency collaboration among institutions in ECOWAS, such as WAMI, WAMA, BCEAO, WABA, etc, to undertake and conclude necessary studies and other activities for the achievement of the Programme, was noted. The need to reduce public expenditure by member states was also encouraged. However, it was emphasised that reduced public expenditure must not be done to the detriment of capital outlays, due to its implications on output and employment.

The need for inter-agency collaboration among institutions in ECOWAS to undertake and conclude necessary studies and other activities for the achievement of the programme, was noted.

The Domestic Economy

Fiscal Operations of Government

The consolidated expenditure of the three tiers of government was ₦8,370.9 billion in 2010, while the revenue was ₦7,135.8 billion. Consequently, the combined fiscal operations resulted in an overall notional deficit of ₦1,235.0 billion, or 4.2 per cent of GDP.

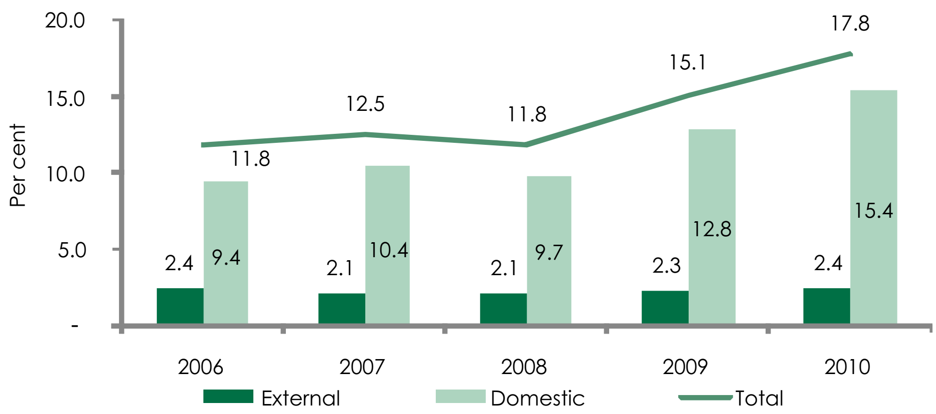
At ₦7,303.7 billion, or 24.8 per cent of the GDP, the federally-collected revenue (gross) grew by 50.8 per cent above the level in 2009. The development was attributed to enhanced receipts from oil and non-oil revenue sources. The impressive oil receipts reflected improved domestic oil production, sustained demand and favourable prices in the international market. Similarly, non-oil revenue rose by 15.4 per cent above the level in the preceding year to ₦1,907.6 billion, or 6.5 per cent of GDP.

The sum of ₦3,865.9 billion was transferred to the Federation Account in 2010, indicating an increase of 36.5 per cent above the level in the preceding year. In order to stimulate economic recovery, the amount was augmented with substantial drawdown on the excess crude account. Thus, the total distributable revenue to the three tiers of government amounted to ₦5,231.2 billion and was shared as follows: Federal Government, including Special Funds, ₦2,335.0 billion; state governments, ₦1,241.8 billion; local governments, ₦1,086.6 billion, and 13% Derivation Fund amounting to ₦567.8 billion. Similarly, the VAT revenue of ₦540.3 billion was shared among the federal, state and local governments in the ratios of 15, 50 and 35 per cent, respectively.

The fiscal operations of the Federal Government was implemented under the revised Medium Term Fiscal Framework (MTFF) which incorporated elements of performance-based budgeting. At ₦3,089.2 billion, the Federal Government-retained revenue rose by 16.9 per cent, while aggregate expenditure was ₦4,194.6 billion. The fiscal operations of the Federal Government resulted in an overall notional deficit of ₦1,105.4 billion, or 3.7 per cent of GDP. Provisional data on state government finances indicated an overall deficit of ₦132.1 billion, or 0.4 per cent of GDP), while that of the local governments revealed a surplus of ₦2.5 billion, or 0.01per cent of GDP.

The consolidated Federal Government debt stock, as at December 31, 2010 was ₦5,241.7 billion, or 17.8 per cent of GDP, compared with ₦3,818.5 billion, or 15.1 per cent of GDP in 2009. External debt stock rose by US$0.63 billion to US$4.6 billion, following the additional disbursement of concessional loans from multilateral institutions. Domestic debt grew significantly by 41.0 per cent to ₦4,551.8 billion as a result of substantial borrowing to finance critical infrastructure in 2010.

Consolidated Public Debt Stock (per cent of GDP)



The Real Sector

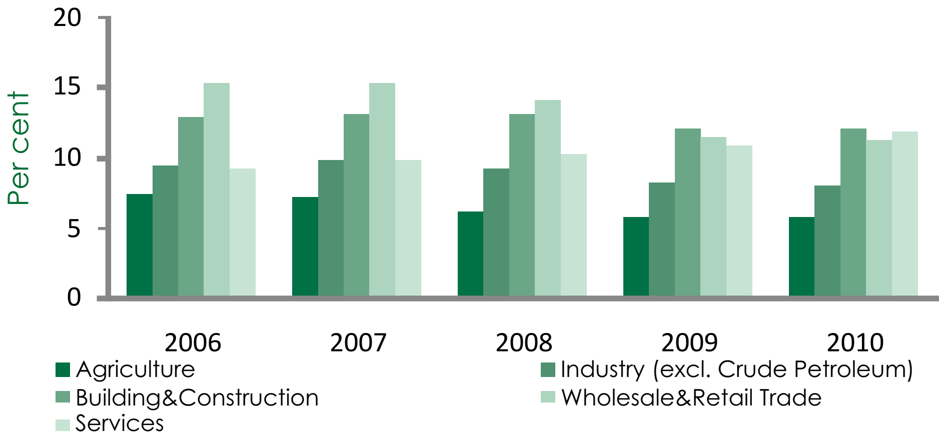
The real Gross Domestic Product (GDP), measured in 1990 constant basic prices, grew by 7.9 per cent, compared with 7.0 per cent in 2009 and an average annual growth rate of 6.7 per cent for the period 2006 - 2010. The growth was largely accounted for by the performance of the non-oil sector, which grew by 8.5 per cent, and was attributed to sound economic management policies. The performance of the non-oil sector was complemented by a significant increase in oil output and prices. Within the non-oil sector, the agricultural sub-sector contributed 2.4 percentage points to total growth, followed by services with 2.1 percentage points, while wholesale and retail trade, and building and construction accounted for 2.0 and 0.2 percentage points, respectively. Accelerated implementation of the Federal Government amnesty programme ushered in relative peace in the Niger Delta. The resultant increase in crude oil production and funding of critical infrastructure boosted industrial output. Poor infrastructure, however, remained a challenge in the real sector, particularly, inadequate power supply.

The real Gross Domestic Product (GDP), measured in 1990 basic prices, grew by 7.9 per cent, compared with 7.0 per cent in 2009 and an average annual growth rate of 6.7 per cent for the period 2006 - 2010.

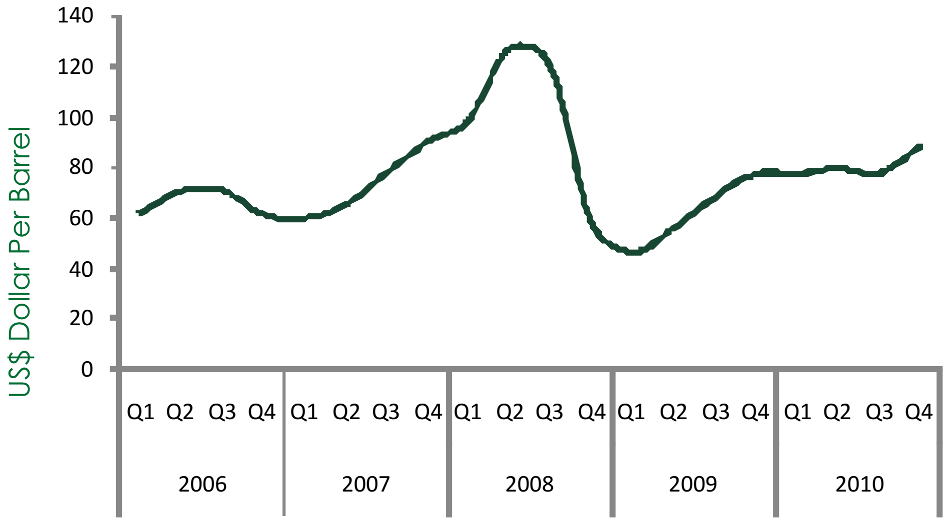
The output growth was driven mainly by the non-oil sector, which grew by 8.5 per cent and complemented by a significant increase in oil output.

Sectoral Share in GDP

Growth Rate of Major Sectors of Non-oil GDP



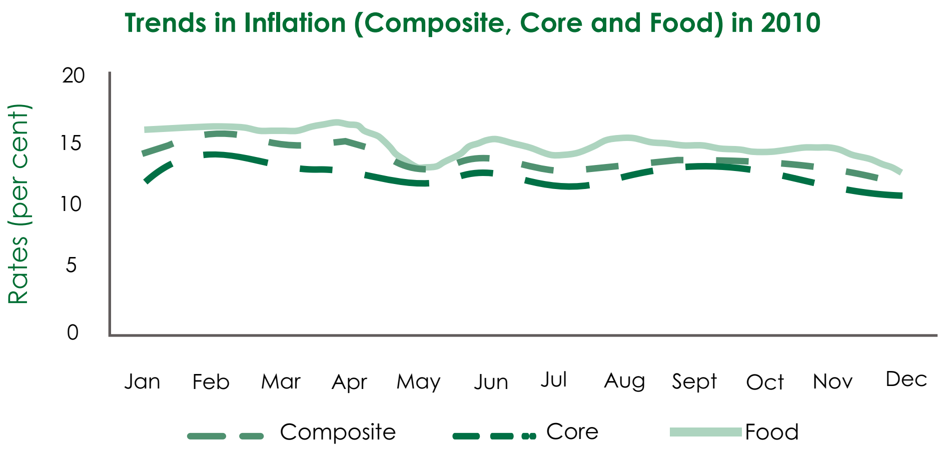
Average Spot Price of Nigeria's Reference Crude: Bonny Light (Quarterly Average)



Source: Reuters

Inflationary pressure moderated in 2010, but remained above single digit. The CPI was revised with a new base period as November 2009

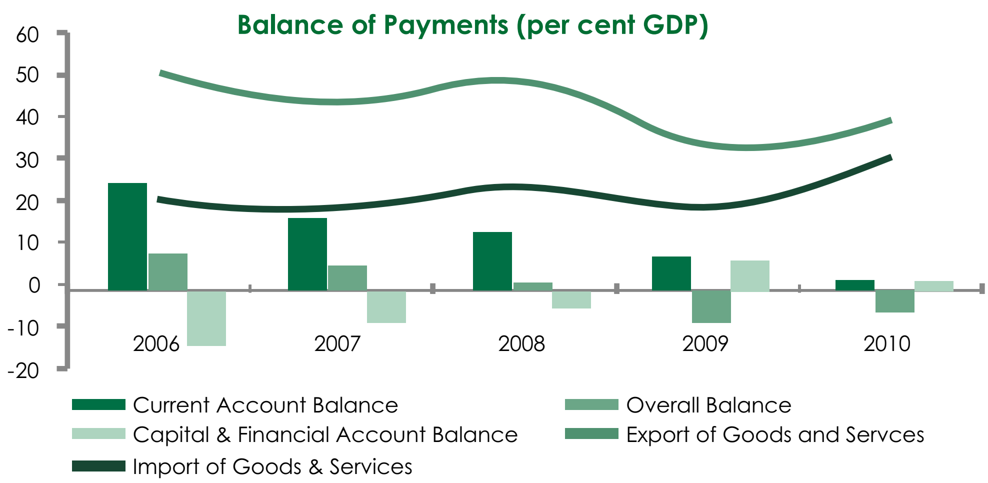
Inflationary pressure moderated in 2010, though the rate remained above single digit at 11.8 per cent at end-December, compared with 13.9 per cent at end December 2009. The development was largely attributed to increased agricultural production and relative stability in the supply and prices of petroleum products. The composite Consumer Price Index (CPI) was revised based on the Nigeria Living Standard Survey (NLSS) 2003/04, the new base period being November 2009. The weight assigned to food in the CPI basket was reduced from 63.8 to 50.7 per cent.



The External Sector

The external sector was under pressure in 2010, as reflected in huge import bills, a large drawdown on external reserves and a declining foreign direct investment (FDI). The overall BOP deficit represented 6.0 per cent of GDP, while the current account surplus narrowed from 7.9 per cent of GDP in 2009 to 1.5 per cent. The drop in the current account surplus reflected the growth in import bills, deteriorating services and income accounts, and current transfers. The stock of external reserves fell by 23.7 per cent to US$32.34 billion at end-December 2010, representing 7.2 months of imports, which was above the 3 months of imports requirement under the convergence criteria of the West African Monetary Zone (WAMZ). The challenge of the sector remained the overdependence on the oil sector and the un-competitiveness of the non-oil sector.

The external sector came under pressure in 2010, as reflected in the huge imports bills, a drawdown on external reserves and a declining foreign direct investment (FDI). The overall BOP deficit increased, while the current account surplus narrowed in 2010.



Selected Macroeconomic and Social Indicators

Indicator	2006	2007 1/	2008 1/	2009 1/	2010 2/
Domestic Output and Prices					
GDP at Current Mkt Prices (₦' billion) 3/	18,709.8	20,940.9	24,665.3	25,225.1	29,498.0
GDP at Current Mkt Prices (US$' billion) 3/	144.49	176.77	191.80	170.31	196.2
GDP per Capita (₦) 3/	132,604.3	144,474.5	170,515.0	165,633.9	185,759.5
GDP per Capita (US$) 3/	1,030.34	1,223.49	1,286.29	1,106.77	1,235.92
Real GDP Growth (%) 3/	6.0	6.5	6.0	7.0	7.9
Oil Sector	-4.2	-4.5	-6.2	0.5	4.6
Non-oil Sector	9.4	9.5	9.0	8.3	8.5
Sectoral GDP Growth (%)					
Agriculture	7.4	7.2	6.3	5.9	5.7
Industry 4/	-2.5	-2.2	-3.4	2.0	5.3
Services 5/	9.2	9.9	10.4	10.8	11.9
Oil Production (mbd)	2.2	2.2	2.0	1.8	2.1
Manufacturing Capacity Utilisation (%)	53.3	53.5	54.7	55.4	55.5
GDP Deflator Growth (%) 6/	20.2	17.7	-1-5	-4.6	8.9
Inflation Rate (%) (Dec-over-Dec)	8.5	6.6	15.1	13.9	11.8
Inflation Rate (%) (12-month moving average)	8.2	5.4	11.6	12.5	13.7
Core Inflation Rate (%) (Dec-over-Dec) 7/	17.3	3.6	10.4	11.2	10.9
Core Inflation Rate (%) (12-month moving average) 7/	12.8	9.2	5.1	9.2	12.4
Aggregate Demand and Savings (% of GDP) 8/					
Aggregate Demand	78.4	96.6	84.9	99.6	87.5
Private Final Consumption Expenditure	63.3	71.8	59.4	71.7	58.9
Government Final Consumption Expenditure	6.9	12.5	12.7	12.7	13.1
Gross Fixed Capital Formation	8.3	9.2	8.3	12.1	11.2
Increase in Stock	0.01	0.01	0.01	0.01	0.01
Net Export of Goods and Non-factor Services	21.6	6.5	19.6	3.5	16.8
Export of Goods and Non-factor Services	43.1	33.7	39.7	30.5	40.8
Import of Goods and Non-factor Services	21.5	27.2	20.2	27.0	24.0
Domestic Saving	34.1	18.1	30.5	22.0	31.1
Gross National Saving	29.9	15.8	27.9	15.6	28.0
Federal Government Finance (% of GDP)					
Retained Revenue	10.4	11.2	13.3	10.7	10.5
Total Expenditure	10.9	11.8	13.5	14.0	14.2
Recurrent Expenditure	7.4	7.6	8.8	8.6	10.5
Of which: Interest Payments	1.3	1.0	1.6	1.0	1.4
Foreign	0.6	0.5	0.3	0.1	0.1
Domestic	0.7	0.5	1.3	0.9	1.3
Capital Expenditure and Net Lending	3.0	3.6	4.0	4.7	3.0
Transfers	0.5	0.5	0.7	0.7	0.7
Current Balance (Deficit(-)/Surplus(+))	2.9	3.6	4.5	2.1	(0.1)
Primary Balance (Deficit(-)/Surplus(+))	0.8	0.5	1.4	(2.3)	(2.3)
Overall Fiscal Balance (Deficit(-)/Surplus(+))	(0.5)	(0.6)	(0.2)	(3.3)	(3.7)
Financing	0.5	0.6	0.2	3.3	3.7
Foreign	***	***	0.3	0.4	0.3
Domestic	0.2	1.0	0.6	2.9	3.8
Banking System	***	0.8	0.1	0.5	2.5
Non-bank Public	0.2	0.2	0.5	3.2	1.2
Other Funds	0.3	(0.4)	(0.7)	(0.8)	(0.3)
Federal Government Debt Stock 12/	11.8	12.5	11.7	15.4	17.7
External	2.4	2.1	2.0	2.4	2.3
Domestic	9.4	10.4	9.7	13.0	15.4

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	2006	2007 1/	2008 1/	2009 2/	2010 2/
Money and Credit (Growth Rate %)					
Reserve Money	27.8	22.6	58.9	6.7	9.1
Narrow Money (M_1)	32.2	36.6	55.9	3.0	10.6
Broad Money (M_2)	43.1	44.2	57.8	17.5	6.7
Net Foreign Assets	53.9	15.2	17.7	(11.2)	(17.0)
Net Domestic Assets	77.6	-36.1	-142.3	414.6	63.4
Net Domestic Credit	-69.1	276.4	84.3	59.6	13.4
Net Credit to Government	-498.7	-22.3	-31.2	25.9	64.2
Credit to Private Sector	32.1	90.8	59.4	26.6	-4.1
Money Multiplier for M_2	4.1	4.9	5.9	6.5	6.4
Income Velocity of M_2	4.6	3.6	2.7	2.3	2.6
Financial Development Indicators (%)					
M_2/GDP	21.5	27.7	37.2	42.7	38.9
CIC/M_2	19.3	16.5	12.6	11.0	12.0
COB/M_2	16.2	12.7	9.7	8.6	9.4
QM/M_2	43.4	46.4	47.0	53.5	51.8
CIC/GDP	4.2	4.6	4.7	4.7	4.7
Credit to Private Sector (CP)/GDP	14.3	24.1	32.7	40.5	59.8
Credit to Core Private Sector (CCP)/GDP	13.7	23.7	32.1	39.2	31.6
CP/Non-Oil GDP	22.9	38.5	55.4	67.2	49.6
DMBs Assets/GDP 13/	38.3	52.4	64.5	69.5	58.8
CBN's Assets/GDP 13/	23.6	47.9	35.2	40.5	30.2
Banking System's Assets/GDP	92.0	93.9	105.9	109.9	88.9
Interest Rates (% per annum)					
Monetary Policy Rate (MPR) (end period) 9/	10.0	9.5	9.75	6.0	6.25
Repurchase Rate (Average %)	23.0	9.5	13.34	9.0	9.25
Treasury Bill Rate					
91-day	8.3	6.54	8.20	3.8	3.6
182-day 10/	9.22	7.35	8.77	4.98	4.9
364-day 10/	10.71	8.12	9.00	5.87	5.6
Inter-bank Call Rate (end-period)	8.98	8.99	12.17	4.68	8.03
Deposit Rates (end-period)					
Savings Rate	3.25	3.19	2.92	3.33	1.51
3-months Fixed	10.25	10.29	12.26	13.15	4.63
6-months Fixed	9.93	9.53	12.45	13.34	3.5
12-months Fixed	7.45	7.92	12.41	12.17	3.53
Prime Lending Rate (end period)	17.33	16.46	15.26	19.55	15.74
Maximum Lending Rate (end period)	18.66	18.21	21.15	23.77	21.86
Government Bond (Average coupon) 11/					
3-year	12.71	8.82	10.13	8.03	8.03
5-year	13.50	11.05	10.16	11.04	11.04
7-year	13.34	9.73	***	11.99	11.99
10-year	***	9.60	12.13	-	9.23
20-year	***	***	15.00	11.5	11.5

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	2006	2007 1/	2008 1/	2009 2/	2010 2/
External Sector					
Current Account Balance (% of GDP)	25.3	16.8	13.7	7.9	1.5
Goods Account	24.0	22.7	22.1	15.0	10.3
Services Account (net)	- 8.0	-10.2	-10.6	-9.7	-9.8
Income Account (net)	-3.2	- 7.1	-7.2	-8.5	-9.5
Current Transfers	12.2	11.1	9.3	11.0	10.2
Capital and Financial Account Balance (% of GDP)	-13.4	-6.6	-4.1	7.9	1.8
Overall Balance (% of GDP)	9.6	5.5	0.8	7.7	-6.0
External Reserves (US $ million)	42,298.0	51,333.2	53,000.4	42,382.5	32,339.3
Number of Months of Import Equivalent	22.9	21.6	15.9	16.3	7.2
Average Crude Oil Price (US$/barrel)	66.4	74.96	101.15	62.08	80.81
Average WDAS Rate (₦/$1.00)	128.65	125.83	118.5	148.90	150.30
End of Period WDAS Rate (₦/$1.00)	128.27	117.97	132.56	149.58	150.66
Average Bureau de Change Exchange Rate (₦/$)	137.10	127.41	120.81	161.64	153.01
End of Period Bureau de Change Exchange Rate (₦/$)	129.5	121.00	139.00	155.00	156.00
Capital Market					
All Share Value Index (1984=100)	33,358.3	57,990.2	31,450.8	20,827.2	24,770.5
Value of Stocks Traded (Billion Naira)	470.3	2,100.3	2,400.0	685.7	797.6
Value of Stocks/GDP (%)	2.6	8.9	10.0	10.0	2.7
Market Capitalization (Billion Naira)	5,120.9	13,294.8	9,535.8	7,032.1	9,918.2
Of which: Banking Sector (Billion Naira)	2,142.7	6,432.2	3,715.5	2,238.1	2,710.2
Market Capitalization/GDP (%)	28.1	56.0	39.7	28.5	33.6
Of which: Banking Sector/GDP (%)	11.8	27.1	15.5	9.1	9.2
Insurance Sector/GDP (%)	0.3	2.0	1.3	0.8	0.5
Banking Sector Cap./Market Capitalization (%)	41.8	48.4	39.0	31.8	27.3
Insurance Sector Cap./Market Capitalization (%)	1.0	3.2	3.3	2.7	1.5
Social Indicators					
Population (million)	140.0	144.5	149.1	153.9	158.8
Population Growth Rate (%)	2.9	3.2	3.2	3.2	3.2
Unemployment Rate (%)	12.3	12.7	14.9	19.7	21.1
Life Expectancy at Birth (Years)	54.0	54.0	54.0	54.0	54.0
Adult Literacy Rate (%)	57.2	66.9	66.9	66.9	66.9
Incidence of Poverty	54.0	54.0	54.0	54.0	54.0

1/ Revised
2/ Provisional
3/ Revised based on National Accounts of Nigeria 1981 to 2005 harmonised series
4/ Includes Building and Construction.
5/ Includes Wholesale and Retail Services
6/ Based on GDP at purchasers' value (GDP at market prices)
7/ Core Inflation is measured as the rate of change of all-item Consumer Price Index (CPI) less farm produce.
8/ Based on GDP at Current Purchasers' Value (Current Market Price).
9/ MPR replaced MRR with effect from December 11, 2006
10/ The 182-day and the 364-day bills were introduced with effect from _____
11/ Financial Datahouse Limited.
12/Includes State Government Debts
13/From Analytical Balance Sheet

M_2 = Broad Money; GDP = Gross Domestic Product; CIC = Currency in Circulation
COB = Currency Outside Bank; QM = Quasi-Money; CP = Credit to Private Sector, CcP = Credit to core Private Sector
**** indicates not available.*

Sources: Central Bank of Nigeria (CBN), Federal Ministry of Finance (FMF), National Bureau of Statistics (NBS), Nigeria National Petroleum Corporation (NNPC), Nigerian Stock Exchange (NSE)

CHAPTER ONE

CORPORATE ACTIVITIES OF THE CENTRAL BANK OF NIGERIA

The Bank continued its strategic initiatives with the review of its enterprise mission, vision and value statements, the corporate performance management process, as well as the strategic themes and priorities. It also developed enterprise strategy maps and scorecards for all the directorates. In order to expand banking infrastructure and ensure easy access to banking services nationwide, the development of branch buildings and currency centres in all the state capitals was sustained. Furthermore, to improve its operational efficiency, the two major enterprise applications of the Bank: Temenos T24 and Oracle e-business Suite were upgraded. The interface between the Nigerian Inter-bank Settlements System (NIBSS) and the Bank was enhanced for improved efficiency of data transfers. The Bank and its staff continued to render corporate and social services to organizations and the less privileged in society.

1.1 ADMINISTRATION

1.1.1 Board of Directors and Board Committees

The structure of the Board of Directors of the Central Bank of Nigeria (CBN) remained unchanged. Consequently, the Board comprised the Governor, Sanusi Lamido Sanusi (Chairman); four Deputy Governors, namely: Suleiman A. Barau (Corporate Services), Sarah O. Alade (Economic Policy), Kingsley C. Moghalu (Financial System Stability) and Tunde Lemo (Operations); and six non-executive Directors. The non-executive Directors were Danladi I. Kifasi, (Permanent Secretary, Federal Ministry of Finance) who joined the Board on July 8, 2010 to replace Dr. Ochi C. Achinivu, following his retirement on June 28, 2010, Dahiru Muhammad, Samuel O. Olofin, Joshua O. Omuya and Stephen O. Oronsaye, Ibrahim H. Dankwambo, Accountant-General of the Federation, who resigned his appointment on December 20, 2010 was yet to be replaced.

The Board held six (6) regular meetings in 2010. The Committee of Governors held fifteen (15) regular and three (3) extraordinary meetings, while the Governors' Consultative Committee held two (2) regular meetings. The Committee of Departmental Directors held thirteen (13) regular meetings and six (6) extraordinary meetings, while the Audit and Investment Committees of the Board held five (5) and three (3) meetings, respectively.

1.1.2 The Monetary Policy Committee (MPC)

The MPC held six (6) regular meetings and one (1) extra-ordinary meeting at which major domestic and international economic developments were reviewed and appropriate monetary policy decisions taken. The Monetary Policy Rate (MPR) was reviewed upward once in 2010, in line with the prevailing macroeconomic conditions. The decisions of the Committee were promptly communicated to the public via press briefings by the Governor and a communiqué issued at the end of each meeting.

Table 1.1: List of Monetary Policy Committee (MPC) Members and the Number of Times Members Attended Meetings in 2010

N/S	Name	Number of MPC Meetings Attended
1.	Sanusi Lamido Sanusi	7
2.	Suleiman Barau	6
3.	Sarah O. Alade	7
4.	Kingsley Moghalu	4
5.	Tunde Lemo	6
6.	Sam O. Olofin	7
7.	Ochi O. Achinivu/Danladi Kfasi	5
8.	Adedoyin Salami	7
9.	John Oshilaja	5
10.	Chibuike C. Uche	6
11.	Shehu Yahaya	3
12.	Abdul-Ganiyu Garba	7

Table 1.2: MPC Decisions in 2010

Date	Rate (%)	Decision	
January 4 – 5, 2010 (Communiqué No. 67)	6.00	- CBN to extend guarantee on interbank transactions up till December 31, 2010 with the discretion to terminate the guarantee on a case-by-case basis - Approved the *Monetary Programme and Monetary, Credit, Foreign Trade & Exchange Guidelines* for fiscal years 2010/2011	Corridor +200/-400
March 1 – 2, 2010 (Communiqué No. 68)	6.00	- Lowered the Standing Deposit Facility rate by 100 basis points, from 2.0 to 1.0 per cent - Granted liquidity status to state government bonds, subject to their meeting specified eligibility criteria - Approved the use of ₦500 billion quantitative easing facility for investment in debentures issued by the Bank of Industry (BOI)	Corridor +200/-500
April 15, 2010 (Communiqué No. 69)	6.00	- Approved recommendations on the modalities for refinancing/restructuring DMBs' facilities to manufacturers, with ₦1.0 billion as maximum loan size to be refinanced - Directed banks to submit an individual risk-based interest rate pricing model, on a monthly basis - Endorsed complementary policies by the Board of the CBN with respect to revised guidelines for loan loss provisioning, ₦200 billion guarantee for real sector credit and regulations concerning margin lending	Corridor +200/-500
May 10 – 11, 2010 (Communiqué No. 70)	6.00	- Extended to June 30, 2011 the CBN guarantee for all interbank transactions, foreign credit lines to banks, and pension funds' placements	Corridor +200/-500
July 5, 2010 (Communiqué No. 71)	6.00	- Retained MPR at 6.0 per cent	Corridor +200/-500
September 21, 2010 (Communiqué No. 72)	6.25	- Approved the resumption of active Open Market Operations for the purpose of targeted liquidity management - Increased the interest payable on standing deposits with the CBN by 225 basis points, from 1.0 to 3.25 per cent	Corridor +200/-300
November 22-23 (Communiqué No. 73)	6.25	- Adjusted the Standing Lending Facility (SLF) rate to 8.25 per cent, and the Standing Deposit Facility (SDF) rate to 4.25 per cent.	Corridor +/-200

1.1.3 Development of CBN Branch Offices

The CBN sustained the development of branches and currency centres in all the state capitals in order to expand banking infrastructure and ensure easy access to banking services nationwide. The construction of nine (9) new branch buildings at Dutse, Birnin-Kebbi, Lafia, Damaturu, Jalingo, Yenagoa, Abakaliki, Ado-Ekiti and Gusau commenced. The renovation of buildings to serve as currency centres for these locations was completed and operations commenced. In addition, the extensive renovation of the branch buildings in Kaduna, Benin and the Learning Centre in Lagos was completed, while that of Ibadan branch continued. Contracts for the renovation of branch buildings in Sokoto, Ilorin, Jos, Calabar, Abeokuta, Bauchi, Abuja, Minna, Yola and Akure were also awarded. The rebuilding of the Lagos Office Complex project continued. Furthermore, subsisting Total Facilities Management contracts were renewed for those facilities managers with satisfactory performance, while contracts for the maintenance of facilities in the newly opened branches were awarded.

1.1.4 The Computerisation Programme

The deployment of information technology (IT) infrastructure in the Bank continued in an effort to further improve operational efficiency. The two major enterprise applications of the Bank: Temenos T24 Release 5 and Oracle e-Business Suite were upgraded to Release 9 and 11, respectively. In support of the implementation of the Bank's monetary policy, a new Real Time Gross Settlement (RTGS) system was considered. Furthermore, the enhancement of the electronic-Financial Analysis and Surveillance System (e-FASS) to support the risk-based, consolidated and cross-border supervisory framework continued. In addition, the interface between NIBSS and the Bank was strengthened for improved efficiency of data transfer. In order to improve internal and external communication, the e-mail enhancement project commenced. An IT Assessment and Vulnerabilities Test was conducted as part of efforts to get the operations of the Bank's IT certified.

1.1.5 Library Operations

The total volume of books in the Bank's library system, after old titles were weeded out, was 95,236, compared with 93,003 in 2009. Furthermore, the volume of books, journals and periodicals consulted by users increased by 10.0 per cent to 6,990, from 6,355 in 2009. The Library continued to subscribe to electronic journals.

1.1.6 Legal Services

The Bank was involved in a number of activities and projects aimed at strengthening its legal and regulatory framework, as well as enhancing the overall effectiveness of the financial system. These activities included: intensification of efforts for the re-enactment of the BOFI Act; the establishment of the Asset Management Corporation of Nigeria (AMCON); collaboration with stakeholders for the passage of some “Quick-win-Bills” to actualize the Financial System Strategy (FSS) 2020 initiatives; and a review of draft agreements to ensure the effective management and investment of Nigeria's external reserves. Others were the proposed bill for an Act to establish the Banking Sector Resolution Cost Sinking Fund; the prosecution of cases involving the Bank; and the gazetting of the revocation of the licences of microfinance banks. On the prosecution of cases involving the Bank and other parties, out of seventy-two (72) cases decided, sixty-seven (67) were in favour of the Bank, four (4) against and one partly in favour of the Bank.

1.1.7 Security Services

The Bank took measures to enhance and sustain corporate security in its workplace, especially in the areas of asset protection, personnel safety and operational resilience. It upgraded security equipment with the aim of ensuring homogeneity and best practice, and intensified collaborative efforts and synergy with all the security agencies in the country to address security concerns.

1.1.8 Internal Audit

All the twenty-five (25) departments of the Bank and twenty-eight (28) of the thirty-seven (37) branches and currency centres were audited. Fifty (50) spot checks and process-based audit of high-risk activities, as well as critical investigations on the pension scheme, the Entrepreneurial Development Centres and the Nigeria Security Printing and Minting, Plc, were conducted. Also, eighty (80) currency disposal operations requiring audit witnesses were completed. In the absence of any material or significant irregularities or cases of fraud uncovered, a reasonable assurance opinion was expressed by the Banks internal auditors to the effect that no major weaknesses in the overall systems of risk control and governance existed in the Bank.

Box 1: ENTERPRISE RISK MANAGEMENT FRAMEWORK IN THE CBN

Risk Management

Over the years, weak risk management practices and poor corporate governance have been cited among the major causes of bank failures and financial system crises worldwide. The global financial crisis, which started in 2007, not only underscored the importance of risk management, it also brought to the fore the changing risk landscape faced by financial systems and the resultant need for effective enterprise-wide risk management.

In light of the above, the Committee of Governors (COG) of the Central Bank of Nigeria (CBN) approved the establishment of an independent risk management function within the Bank to drive/lead the implementation of an enterprise risk management framework that conforms to international standards, such as the recommendations by the Basel Committee on Banking Supervision and Committee of Sponsoring Organisations (COSO) on Enterprise Risk Management. The Bank took a number of steps to strengthen its risk governance structure to ensure that risk management and internal control activities received adequate attention at Board level. The Bank commenced the development of new Enterprise Risk Management Frameworks that would meet international benchmarks, such as the COSO Enterprise Management Framework and the International Standard Organisation (ISO) 31000.

Risk Governance Structure

The Board of Directors of the Bank is responsible for risk management across the

Bank. The Board has delegated its oversight functions for risk management to the COG and the reconstituted Audit and Risk Management Committee of the Board. The COG is the Executive Management Committee. It is chaired by the Governor, with the four Deputy Governors as members. It has responsibility for the day-to-day management of risk in the Bank and meets regularly to discuss various issues.

The Board Audit and Risk Management Committee meets quarterly and have three Non-Executive Directors, the Accountant General of the Federation and the Deputy Governors in charge of Corporate Services and Operations as its members. The Committee is charged with the following responsibilities:

- To protect the interest of the Bank as a going concern;
- To ensure transparency and accountability across the Bank;
- To examine and evaluate the adequacy and effectiveness of the internal control systems and make recommendations;
- To review the application and effectiveness of risk management procedures and risk assessment methodologies in the Bank's operations;
- To review the accuracy and reliability of the Bank's accounting records and financial statements;
- Evaluate compliance with legal and regulatory requirements and approved policies and procedures; and
- Carry out special investigations, spot checks and other ad-hoc assignments as directed by the Governor.

Risk Policy

It is a policy of the Bank that risk management be embedded within the Bank's critical business activities, functions and processes. The framework for managing risk involves identifying and assessing risk, as well as implementing and reviewing the effectiveness of controls on a regular basis.

Risk Culture

The Management also promotes an active risk management culture that emphasises the careful analysis and mitigation of risk as a vital part of business decisions across the Bank and, by extension, the financial services sector. As a result, risk management within the Bank has been organised to conform to the three lines of defence concept with the aim of ensuring effectiveness and consistency.

The first line of defence is derived from the involvement of the 25 Departments in risk management activities. The second line of defence is the Risk Management

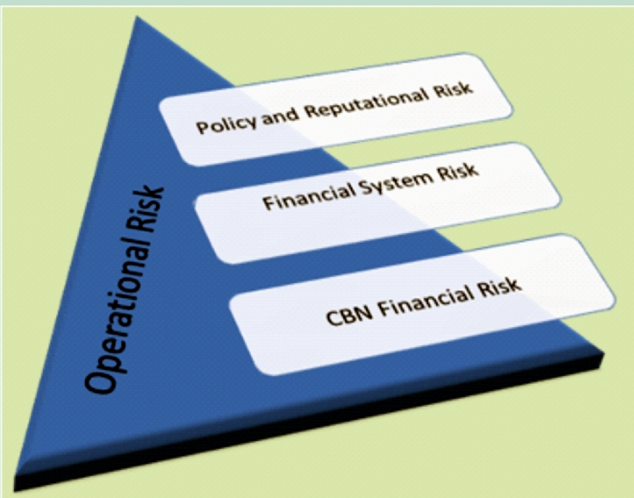
Department with the responsibility for formulating, monitoring and enforcing compliance with the Bank's risk management framework. The third line of defense is provided by the audit functions which provide independent assurance that the risk management arrangements are working effectively.

The Enterprise Risk Management Framework

Prior to March 2010, risk management in the Bank was decentralised and fragmented. The new framework provides an overarching structure for managing risk in order to ensure the application of a consistent and transparent approach to risk management. It clearly defines the roles and responsibilities of key parties in the risk management process, the policies to guide how risks are managed, the tools and processes used, and the reporting outputs that are generated.

The main objective of the Enterprise Risk Management Framework is to ensure that at any given time, the Bank would able to identify, assess, mitigate and manage the risks that it is exposed to, particularly those that may impede its ability to attain its mandate. The framework provides for an end-to-end and front-to-back review of the risks facing the Bank and the financial services sector to ensure that both existing and emerging risks are captured and managed in a consistent manner. The framework provides for both bottom-up and top-down assessments of risks. From the bottom-up dimension, risks are articulated in terms of their potential impact on the achievement of the objectives of the various Departments. From a top-down perspective, risks are articulated in terms of their potential impact on the achievement of the Bank's mandate.

Within the Bank, risk is divided into four high-level categories, although there can be overlap between them:



1. Policy and Reputational Risk: Policy risks, governance issues or external factors which directly impact the Bank's ability to fulfil its mandate.

2. Operational Risk (including IT and Payments System Risk) and Business Continuity: Risks arising as a result of weaknesses in business processes, IT systems, or through staff or third-party actions which have an impact on the delivery of the Bank's key business functions or on its reputation.

3. CBN Financial Risk: Risks to the Bank's capital that may arise through the crystallisation of market, credit or liquidity risks in the Bank's balance sheet.

4. Financial System Risk: Risks that threaten the stability of the Nigeria's financial system.

1.1.9 Strategic Initiatives and Business Process Management

The Bank continued its strategic initiatives with the review of its enterprise mission, vision and value statements, the corporate performance management process, as well as its strategic themes and priorities. It also developed enterprise strategy maps and scorecards for all the directorates: Corporate Services (CS), Economic Policy (EP), Financial System Stability (FSS), Operations and Governors. Furthermore, it aligned budgeting and training processes to strategy, and institutionalized a strategic management system.

The Bank, under its business process management implementation framework, facilitated the restructuring and implementation of 'Project ACE' which resulted in five directorates and twenty five (25) business units. It documented and mapped the business processes of SBUs involved in finance, procurement and support services, human resources, trade and exchange, banking and payments system, strategy and performance, regulatory and supervisory, as well as branch processes. Others were: the review of existing internal policies to improve the efficiency and effectiveness of business processes and the proposed creation of Currency Processing Support Office.

As part of efforts to institutionalise the sharing of knowledge, the Bank validated its Knowledge Management (KM) strategy document. In addition, it commenced the process of developing a corporate taxonomy and continued with the migration of the *Enterprise Programme Management* (EPM) solution to the Bank's domain. In order to facilitate the attainment of its mandates, the Bank signed a *Memorandum of Understanding* (MoU) with the National Bureau of Statistics (NBS) to ensure the availability of timely, accurate and reliable data. It also continued its collaboration with the Nigerian Postal Services (NIPOST) to enhance the effective implementation of the microfinance policy of the Federal Government. Other alliances involved the SERVICOM Integrated charter for the Bank that requires the ratification of the SERVICOM office.

1.1.10 Communications

The Bank sustained its efforts at improving transparency in the conduct of monetary policy, through regular interaction with stakeholders and the general public. The Management of the Bank routinely briefed the Presidency, the National Assembly, the Federal Executive Council and the National Economic Council on the performance of the economy. In addition, it held discussions with other regulators in the financial sector and provided advice to state governments on the management of the economy. A 'Seminar for Finance Correspondents and Business Editors' was held in Benin, Edo State, from July 28 to 30, 2010 with the theme, "The Blueprint for Banking Reforms in Nigeria: Issues, Challenges and Prospects". The seminar was to foster learning and strengthen the capacity of media practitioners to appropriately report the Bank's policies, programmes, and contemporary financial and economic issues.

1.1.10.1 Anti-Corruption and Ethical Issues

The Bank collaborated effectively with the anti-corruption agencies and other stakeholders, including the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), and the Nigeria Postal Services (NIPOST), as well as deposit money banks, in preventing corrupt practices and apprehending fraudsters. It received and processed 9,765 e-mails on various financial crimes, particularly advance fee fraud, and duly reported identified issues to the law enforcement agencies. The Bank organised retreats for counsellors and change champions to review the draft *Code of Business Ethics and Compliance* (COBEC) document. It also conducted awareness programmes for SBUs on the new ethical framework and continued the publication of its "Transparency" journal. This whistle-blowing facility was activated during the review period, with increasing usage by CBN staff. The Bank hosted the United Nations Sanctions Monitoring Team, participated in the 'Anti-corruption Day' activities under the aegis of the Inter- Agency Task Team and the preparation of the draft National Strategy to Combat Corruption.

1.1.11 Staff

The Bank recruited six hundred and ninety-eight (698) personnel, comprised of two (2) executive, five hundred and twenty-nine (529) senior, one hundred and sixty-two (162) junior, and five (5) contract staff. The Bank, however, lost the services of twenty-three (23) staff through death, thirty-seven (37) through voluntary retirement, sixty-one (61) through mandatory retirement, and one (1) through resignation. Furthermore, four (4) staff had their appointments terminated and ten (10) were dismissed. Also, one (1) staff was compulsorily retired, two (2) withdrew their service and the tenure of one (1) contract staff expired. The staff strength at end-December, 2010 stood at 5,568, compared with 5,010 in the previous year. As part of the incentives to boost morale and enhance performance, the Bank promoted seven hundred and fifty-seven (757) members of staff, of which two hundred and sixty-eight (268) were executive, three hundred and eighty-seven (387) senior, and one hundred and two (102) junior staff. The Bank also honoured a total of eight hundred and thirty-two (832) staff with various Long Service Awards. A total of one hundred and twenty-eight (128) employees were upgraded/converted to various grades, consisting of one (1) executive, ninety-three (93) senior and thirty-four (34) junior, while fifty-six (56) appointments were confirmed, comprising of three (3) executive, thirteen (13) senior and forty (40) junior staff.

1.1.12 Medical Services

In order to sustain a healthy workforce, the CBN undertook various medical interventions. A total of seventy-six thousand, seven hundred and fifty-three (76,753) cases involving staff and their dependants were attended to at the staff clinics. Three thousand, nine hundred and seventy-six (3,976) members of staff were treated at the head office sick bay. In addition, twelve thousand, five hundred and forty-four (12,544) cases were referred to the standby hospitals, while one hundred and five (105) staff and their dependants were sent on overseas medical treatment. Six thousand, two hundred and twenty-six (6,226) adults were vaccinated against cerebro-spinal meningitis and cervical cancer. Other interventions included the successful immunisation of one thousand and twenty- five (1,025) babies against the major childhood diseases. A 'Healthy Lifestyle Seminar' was organized for all staff, while pre-employment medical screening was carried out on eight hundred and six (806) newly recruited staff. Also, medical screening for the "at risk" was carried out on staff working in "hazardous areas", such as Treasury and Currency Offices, Drivers, etc. Inspection and certification were carried out in standby hospitals with a view to improving the quality of medical services offered to staff and their registered dependants. Furthermore, the Bank sponsored medical screening for four hundred and eighty-eight (488) executives. Overall, a significant cure rate was achieved for staff, resulting in an improved employee health status.

1.1.13 Training

Efforts at capacity building, through staff development and skills enhancement, were intensified. As a result, the Bank sponsored staff training programmes, including workshops, conferences, seminars and courses, within and outside Nigeria. Staff benefited from six thousand and seventeen (6,017) training slots involving one thousand, four hundred and ten (1,410) executive, three thousand nine hundred and twenty-one (3,921) senior, and six hundred and eighty-six (686) junior. The training programs covered emerging issues and general management.

1.1.14 Recreational Activities

The CBN sponsored various sporting competitions to sustain the development of sporting activities in Nigeria. These included lawn tennis, golf and football. The fourth edition of the CBN Junior Tennis Championship took place at the Lagos Lawn Tennis Court, from

February 22 to 28, 2010. In addition, the 32nd edition of the CBN Senior Open Tennis Championship was held at the National Stadium, Lagos from May 27 to June 5, 2010. The Union Bank Football Club won the final of the All Financial Institutions Football Competition played at the Aper Aku Stadium, Markudi, Benue State on November 27, 2010. The final of the 31st edition of the Governor's Cup Football Competition for all CBN branches was played at the Sani Abacha Stadium, Kano on October 16, 2010, won by the Sokoto Branch. The Bank also sponsored the fourth edition of the CBN Governor's Golf Cup Tournament, which took place at the IBB International Golf and Country Club, Abuja from November 19 to 21, 2010. In addition, the workplace gymnasium at the Bank's Corporate Head Office continued to be patronised by staff.

1.1.15 Corporate Social Responsibility

The CBN continued to perform its corporate social responsibility function by promoting the acquisition of relevant knowledge, through the provision of financial and other forms of assistance to organizations and activity groups for the hosting of conferences, seminars, workshops, etc, which were of strategic national interest.

1.1.16 Staff Social Responsibility

Staff of the CBN sustained their support for the less privileged in society through regular contributions to the Alms Collection Scheme. The contribution for 2010 stood at N13.8 million.

1.2 RESEARCH AND COLLABORATIVE ACTIVITIES

The CBN conducted research, in line with its core mandates/functions, and disseminated information on key research issues relating to the management of the economy. The CBN was also involved in a number of empirical studies which culminated in published works, notable among which were the following *"Inflation Forecasting Model in Nigeria"*, *"Estimating a Small Scale Macroeconometric Model (SSMM) for Nigeria: A Dynamic Stochastic General Equilibrium (DSGE) Approach"*, *"Is the Phillips Curve Useful for Monetary Policy in Nigeria?"*, *"Monetary Policy Transmission Mechanism in Nigeria"* and *"Towards a Sustainable Microfinance Development in Nigeria"*.

The CBN conducted research and disseminated information on key issues relating to the management of the economy. The CBN was also involved in a number of empirical studies which culminated in published works.

The regular publications of the CBN in 2010 included: *the 2009 Annual Report*; the *2010 Half-Year Economic Report*, *the CBN Economic and Financial Review, Statistical Bulletin* and *the Bullion*. The Bank also introduced the *Financial Stability Report* and the *Monetary Policy Review*. Furthermore, seminar papers on topical issues were presented, some of which were published in the *CBN Economic and Financial Review*. Other papers at various stages of being published included the following: *"The Asymmetric Effects of Oil Price*

Shocks on Output and Prices in Nigeria, using a Structural Vector Autoregressive (SVAR) Model"; "Stock Market Developments Indicators and Economic Growth In Nigeria (19902009): Empirical Investigations"; "The Quantity Theory of Money: Evidence from Nigeria"; "External Reserve Accumulation and the Adequacy Level for Nigeria"; "Investment Climate Reform in Nigeria: Challenges and Prospects"; "Capital Flows and Financial Crises: Policy Issues and Challenges in Nigeria"; and "An Examination of the Relationship Between Government Revenue and Government Expenditure in Nigeria: A Cointegration and Causality Approach". The public educational series on "*Inflation*" was also published.

The Bank organized the 18th Annual Executive Seminar with the theme, "Banking Sector Reforms and Real Sector Development in Nigeria". An infrastructure finance conference was held at the Sheraton Hotel, Abuja on December 6 to 7, 2010. The Bank continued to collaborate with the National Bureau of Statistics (NBS) to generate a series of economic indicators, through the conduct of the *2009 National Economic Survey*.

During the year, four visiting scholars, engaged under the Diaspora/Visiting Scholar Programme initiated by the Bank, concluded their work. Following these efforts, the scholars presented papers on the following issues: "The Nigeria's Sovereign Bond Yield Curve: Its Features, Relevance and Monetary Policy Applications", "Monetary Policy Transmission Mechanism and Nigeria's Real Economy", "Macroeconomic Modeling for Monetary Policy analysis in Nigeria", and "Transition to Full-Fledged Inflation Targeting (FFIT): A Proposed Programme of Implementation by the CBN". In recognition of the existence of a pool of experts in various disciplines in the CBN, the Bank received and honoured requests for the delivery of lectures from various institutions, including sub-regional and regional organizations, such as the West African Institute for Financial and Economic Management (WAIFEM) and the African Economic Research Consortium (AERC). Staff papers were also presented at international and local professional conferences and workshops, including those of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), the Joint Partnership for Africa, the Nigerian Economic Society (NES), the Nigerian Statistical Association (NSA), and the Farm Management Association of Nigeria (FAMAN).

Box 2: MILESTONE IN MODEL BUILDING AT THE CBN

For the Bank to effectively deliver on its mandates and improve on its policy formulation and analysis, the need for adequate and up-to-date knowledge of the workings and linkages in the economy becomes critical. With this in view, the Management of the Bank, in April, 2008, inaugurated an inter-agency team to build a macroeconometric model that would be capable of informing decision-making at the Monetary Policy Committee (MPC) meetings. The team comprised representatives of the Central Bank of Nigeria (CBN), the African Institute of Applied Economics (AIAE), the Centre for Econometric and Allied Research (CEAR), and the Nigerian Institute of Social and Economic Research (NISER). This multi-institutional approach was intended to harvest ideas from the technical knowledge of the institutions involved, and ensure the robustness of the model, as well as its continuity and sustenance.

In order to achieve this milestone, in 2008, the team set off to build a macroeconometric model of the Nigerian economy, taking into consideration its peculiarities. The model was medium-sized and designed for policy analysis (simulation and policy scenarios). It comprised 20 behavioural equations and 16 identities, and was divided into six blocks, with particular emphasis on the monetary sector. The behavioural equations were specified according to economic theory and estimated within the eclectic macroeconomic framework, using recent econometric techniques. The linkages of the blocks were identified and the model was solved simultaneously to incorporate the linkages. The complete model was then simulated over the historical period and standard evaluation tests were performed. A single-equation analysis indicated that the behavioural equations were well specified and the forecasting performance was good. The results of the dynamic simulation indicated that the simulated data reproduced most of the turning points of the actual time series and showed that the economic variables behaved according to a priori expectations. The model was being managed by the Research Department of the Bank.

Several seminars were organized to harvest expert opinions on the model from within and outside the Bank. In addition, a number of presentations were made to the Management of the Bank and stakeholders. Furthermore, in order to make the model meet international standards and best practice, the team undertook study tours to the central banks of selected developing countries with similar economic structures and significant experiences in modelling to benefit from their technical expertise. The interactions, views and comments garnered during the presentations and study tours served as invaluable inputs for the revision of the model. In addition, the study tour revealed that the CBN needed a suite of models to effectively aid its policy-making operations. While some models are best suited for simulations and policy scenarios, others have excellent forecasting performance. Indeed, no single model can handle the complexities involved in carrying out the different roles and responsibilities of the CBN.

Thus, the CBN commenced preliminary work on building a complementary structural model known as the Dynamic Stochastic General Equilibrium (DSGE). The model, when operationalised, would enable the Bank to have sufficient information for determining, among others, its monetary policy rate, the output gap, the exchange rate pass-through to price, the sacrifice ratio, and the inflation threshold.

1.3 THE CBN BALANCE SHEET

1.3.1 Income and Appropriation

The audited financial statements of the CBN for the year ended 31st December, 2010 indicated that total income was ₦562.2 billion, a decline of 26.1 per cent from the level in 2009. The decline in income largely reflected the fall in interest income, specifically from realized gains on foreign currency. Operating cost increased by 16.3 per cent in 2010, thus, bringing the operating surplus before provisions to ₦46.5 billion, compared with ₦43.9 billion in 2009.

In accordance with the provisions of Part II, Section 5 (3) of the CBN Act, 2007 (as amended), the sum of ₦34.9 billion was due to the Federal Government, while the balance accrued to general reserve.

1.3.2 Assets and Liabilities

The size of CBN's balance sheet decreased in 2010 as total assets/liabilities declined by 15.6 per cent to ₦6.7 trillion. The assets position reflected the decrease in external reserves (-20.0 per cent) and loans and advances (-17.4 per cent), which more than offset the growth of 9.2, 2.4, 30.8 and 21.0 per cent in Holdings of Special Drawing Rights, other assets, fixed assets, and investments, respectively. The decline in total assets was compensated for on the liability side by the fall in deposits (-18.5 per cent), IMF allocation of Special Drawing Rights (-1.1 per cent), and other financial liabilities (-22.7 per cent). However, Central Bank of Nigeria Instruments increased by 108.4 per cent and, notes and coins in circulation by 16.4 per cent over end-December 2009. The paid-up capital of the Bank remained at ₦5.0 billion, while the general reserve fund increased by 16.2 per cent to ₦83.5 billion.

CHAPTER TWO

MONETARY POLICY, SURVEILLANCE ACTIVITIES AND OPERATIONS OF THE CBN

Monetary management in 2010 was conducted within the framework of monetary targeting. The major instrument of monetary policy remained open market operations (OMO), complemented by the discount window operations and foreign exchange market interventions. Reflecting largely internal conditions and developments in the external sector, the growth of the key monetary aggregate at end-December 2010 was substantially lower than the indicative benchmark and the level attained at the end of the preceding year, despite the huge fiscal injections and other measures taken to ease credit squeeze. In line with the liquidity conditions in the economy, the Monetary Policy Rate (MPR) was reviewed upward only once towards the end of the year; and interest rates were generally lower than in the preceding year. The yields on fixed income securities across various maturities were also lower than in 2009.The implementation of risk-based supervision continued, while the Assets Management Corporation of Nigeria (AMCON), which commenced operations during the year, bought off some non-performing loans of the banks in order to ensure stability in the banking sector.

The Wholesale Dutch Auction System (WDAS) was sustained in the foreign exchange market, while the naira exchange rate remained generally stable in 2010. The payments and settlement landscape improved with increased numbers of ATMs and Points of Sale (POS) terminals. Furthermore, the CBN continued its 'clean naira note' policy and outsourced the maintenance of currency processing machines to equipment manufacturers, for greater efficiency and cost effectiveness. The Bank sustained its developmental functions through the Agricultural Credit Guarantee Scheme Fund (ACGSF) and infrastructural financing, among other programmes.

2.1 MONETARY OPERATIONS

2.1.1 Monetary and Credit Developments

Monetary growth was sluggish in 2010, despite the monetary easing policy maintained by the Bank. The stance of monetary policy was to inject liquidity into the economy and restore confidence in the Nigerian financial system. The measures taken included the continuation of guarantees on inter-bank transactions and towards the end of the year,

Monetary growth was slow in 2010, despite the monetary easing policy of the bank. The stance of monetary policy was to inject liquidity into the economy and restore confidence in the Nigerian financial system.

the purchase of non-performing loans from the DMBs by AMCON. The growth of the key monetary aggregate at end-December 2010 was below the indicative benchmark for fiscal 2010 and the growth rate attained at the end of the preceding year. Broad money (M_2) grew by 6.7 per cent, compared with 17.5 per cent at end-December 2009 and the indicative benchmark of 29.3 per cent for fiscal 2010. The rather slow growth in money stock was driven by the increase in domestic credit (net) and other assets (net) of the banking system. Narrow money (M_1) grew by 10.6 per cent at end-December 2010, compared with the growth of 3.0 per cent at the end of the preceding year. Aggregate bank credit to the domestic economy (net) grew by 13.4 per cent, compared with the growth of 59.6 per cent at end-December 2009. The development was attributed, largely, to the 64.2 per cent growth in net credit to the Federal Government. Claims on the private sector, however, declined by 4.1 per cent, in contrast to the growth of 26.6 per cent recorded at end-December 2009.

Base money, the Bank's operating target for monetary policy, which stood at ₦1,803.9 billion, grew by 9.1 per cent, but was lower than the indicative benchmark for the year by 25.9 percentage points.

Table 2.1: Key Policy Targets and Outcomes, 2006-2010 (per cent)

	2006		2007		2008		2009 1/		2010 2/	
	Target	Outcome	Target	Outcome	Target	Outcome	Target	Outcome	Target	Outcome
Growth in base money	7.5	27.8	3.3	22.6	20.8	58.9	3.6	6.7	**35.0**	**9.1**
Growth in broad money (M_2)	27.0	43.1	24.1	44.2	45.0	57.8	20.8	17.5	**29.3**	**6.7**
Growth in narrow money (M_1)	n.a.	32.2	-	36.6	-	55.9	32.2	3.0	**22.4**	**10.6**
Growth in aggregate bank credit	-72.3	-69.1	-29.9	276.4	66.0	84.2	87.0	59.6	**51.4**	**13.4**
Growth in bank credit to private sector	30.0	32.1	30.0	90.8	54.7	59.4	45.0	26.6	**31.5**	**-4.1**
Inflation rate	9.0	8.5	9.0	6.6	9.0	15.1	9.0	13.9	**11.2**	**11.8**
Growth in real GDP	**7.0**	**6.0**	**10.0**	**6.5**	**7.5**	**6.0**	**5.0**	**7.0**	**6.1**	**7.9**

1/ Revised
2/ Provisional

Table 2.2: WAMZ Convergence Criteria, 2006 - 2010

	Target	Achievement				
		2006	2007	2008	2009	2010
Inflation rate	Single digit	8.5	6.6	**15.1**	**13.9**	**11.8**
Ways & Means Advances	< 10.0 per cent of retained revenue of the Government	Nil	Nil	**Nil**	**Nil**	**Nil**
Deficit to GDP Ratio	≤ 4.0 per cent	0.6	0.5	**0.2**	**3.3**	**3.7**
Gross Official Reserve	≥3 Months of import cover	22.9	21.6	**15.9**	**16.6**	**7.2**

Overall, Nigeria met WAMZ convergence criteria, except for the rate of inflation, despite the impact of the uncertainties surrounding the global economic recovery.

Measures taken were also to ensure financial system stability and a steady flow of credit to the real economy in a sound and stable financial system.

2.1.2 Liquidity Management

Monetary policy in 2010, as in the preceding year, was conducted against the background of the lingering effects of a liquidity crunch in the domestic economy, arising from the global financial and economic crises of 2007/2008 and internal problems in some deposit money banks in Nigeria. Liquidity management was, therefore, geared towards improving the liquidity and efficiency of the financial market, without compromising the primary objective of monetary and price stability. The Bank made use of open market operations (OMO), complemented by macro prudential cash and liquidity ratios, standing facilities, tenored repurchased transactions, sale of treasury instruments at the primary segment of the market, and foreign exchange market interventions.

Liquidity management was geared towards improving the liquidity and efficiency of the financial market, without compromising the objective of monetary and price stability.

The monetary easing policy that commenced in late 2009, which was aimed at improving banking system liquidity, ensuring financial system stability, and a steady flow of credit to the real sector of the economy continued. To that end, a number of measures were taken by the Monetary Policy Committee (MPC) including: the extension of guarantee on inter-bank transactions from March 2010 to December 2010, and further to June 2011, and a reduction of the Standing Deposit Facility (SDF) rate from 2.0 to 1.0 per cent. Others were: the approval of a ₦500.00 billion intervention fund (the ₦200.00 billion for refinancing and restructuring of DMBs' facilities to manufacturing enterprises; the ₦300.00 billion for Power and Aviation sectors) and commencement of the operations of the Asset Management Corporation of Nigeria (AMCON) in November 2010. By December 2010, AMCON had purchased toxic assets of 21 banks worth ₦1,036.3 billion, at the price of ₦770.6 billion, in order to strengthen the balance sheets of the banks and facilitate their ability to extend credit to the domestic economy. Other policy measures included the retention of the Cash Reserve and Liquidity ratio at 1.0 per cent and 25.0 per cent, respectively, throughout the year. The Monetary Policy Rate (MPR) was also retained at 6.00 per cent until September 21, 2010 when it was raised by 25 basis points to 6.25 per cent, and the asymmetric corridor was adjusted to 200 basis points above the MPR for the Standing Lending Facility (SLF), and 300 basis points below the MPR for the Standing Deposit Facility (SDF). The domestic money market instruments were supplemented by foreign exchange market interventions at both the wholesale Dutch Auction System (WDAS) and the inter-bank markets. The licences of all existing Class 'A' BDCs were revoked, with effect from November 8, 2010. The measure was designed to prevent money laundering and curtail speculative activities in the foreign exchange market.

The monetary policy measures implemented in 2010 substantially improved liquidity conditions in the banking system, thereby ameliorating, to a large extent, the challenge of the credit crunch in the banking system. The sustenance of banking reforms, unrestricted access to the discount window, and the guarantee of inter-bank transactions increased the level of confidence in the banking system. However, despite the improvement in banking system liquidity, the under-performance of reserve money and monetary aggregates persisted, as reflected by the lower-than-optimal benchmark levels in reserve money, broad money supply (M_2) and private credit. Reserve money, which stood at ₦1,803.91 billion in December 2010, was about ₦420.53 billion, or 25.9 percentage points below the indicative benchmark of ₦2,232.44 billion for the year. This contrasted with the reserve money figure of ₦1,653.86 billion in December 2009, which was about ₦49.06 billion or 3.1 percentage points above the indicative benchmark of ₦1,604.8 billion for the year. The inter-bank rates remained relatively stable in early 2010, but fluctuated thereafter.

2.1.3 Interest Rate Policy and Developments

Developments in interest rates reflected the credit and liquidity conditions in the banking system. Interest rates in all segments of the market were generally lower than their levels in 2009. However, with the upward review of the MPR from 6.00 per cent to 6.25 per cent, after the September Monetary Policy Committee (MPC) meeting, rates in all segments of the market increased. The huge liquidity injections, through the fiscal operations of government, however, moderated the increase in rates.

Interest rates in all segments of the market were generally lower than their levels in 2009.

2.1.3.1 Money Market Rates

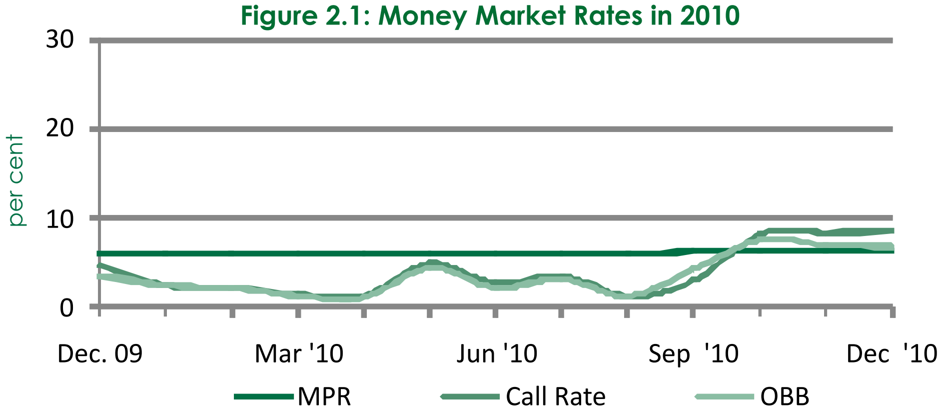
As a result of the inter-bank guarantees, rates in all segments of the money market were low during most of 2010. The weighted average inter-bank call rate and open-buy-back (OBB) rate fell from their respective levels of 4.68 and 3.62 per cent in December, 2009 to

1.50 and 1.28 per cent, respectively, in March, 2010 and 2.73 and 1.80 per cent, respectively, in June, 2010. The rates stood at 2.71 and 1.92 per cent, respectively, in September, 2010. With the upward review of the MPR in September, 2010, however, the weighted average inter-bank call rate and open-buy-back rate trended upwards in the last quarter of the year, rising to 8.03 and 6.93 per cent, respectively, in December, 2010. The weighted average inter-bank call rate and OBB rate were 4.02 and 3.42 per cent, respectively, in 2010, compared with 11.86 and 6.76 per cent, respectively, in 2009. The Nigerian Inter-bank Offered Rate (NIBOR) for 7-day and 30-day tenors, averaged 5.38 and 8.13 per cent, respectively, in 2010, from 13.80 and 16.40 per cent, respectively, in 2009.

Table 2.3: Money Market Rates (per cent)
WEIGHTED AVERAGE

Month	MPR	Call Rate	OBB	NIBOR 7-days	NIBOR 30-days
Dec-09	6.00	4.68	3.62	7.62	13.18
Jan-10	6.00	2.61	2.59	6.39	12.42
Feb-10	6.00	2.27	2.20	5.11	10.60
Mar-10	6.00	1.50	1.28	2.79	5.74
Apr-10	6.00	1.27	1.24	2.46	5.10
May-10	6.00	4.94	4.39	6.16	8.03
Jun-10	6.00	2.73	1.80	3.35	5.71
Jul-10	6.00	3.59	2.98	4.45	6.57
Aug-10	6.00	1.26	1.20	2.05	4.66
Sep-10	6.00	2.71	1.92	3.81	5.48
Oct-10	6.25	8.50	7.48	9.67	11.10
Nov-10	6.25	8.79	7.19	9.13	11.67
Dec-10	6.25	8.03	6.93	9.31	11.50
Average 2010	6.06	4.02	3.42	5.38	8.13
Average 2009	7.44	11.86	6.76	13.80	16.40

Figure 2.1: Money Market Rates in 2010



2.1.3.2 Deposit Rates

Available data showed that, in general, DMBs' deposit and lending rates fell in 2010. The average savings deposit rate fell slightly by 0.8 percentage point to 2.2 per cent. Similarly, other rates on deposits of various maturities fell to a range of 2.47 6.93 per cent, from a range of 6.73 13.40 per cent in 2009. The average term deposit rate fell by 6.45 percentage points to 5.60 per cent. The lower rates reflected the liquidity condition in the banking system.

2.1.3.3 Lending Rates

The weighted average prime and maximum lending rates fell by 1.03 and 0.29 percentage points to 17.59 and 22.51 per cent, respectively, in 2010.

Figure 2.2 Savings and Lending Rates (Prime and Maximum)

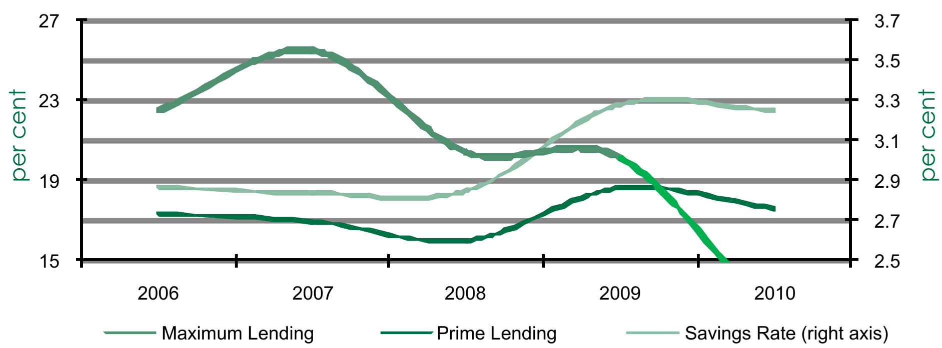
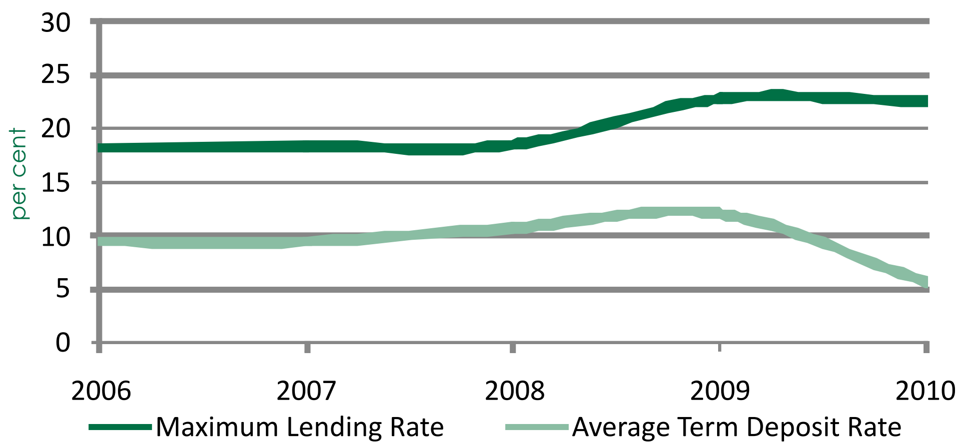


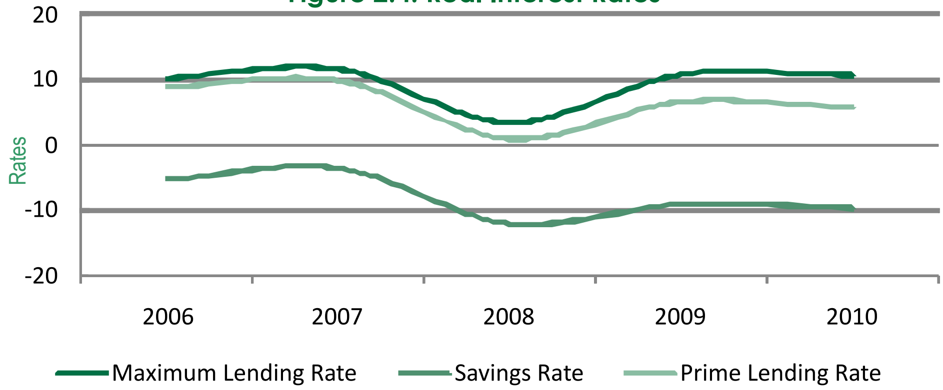
Figure 2.3: Spread Between the Average Deposit and Maximum Lending Rates



With the year-on-year inflation rate at 11.8 per cent in December 2010, most deposit rates were negative in real terms, while lending rates were positive in real terms. The spread between the average term deposits and maximum lending rates widened to 16.91, from 10.74 percentage points in 2009.

The spread between the average term deposits and maximum lending rates widened to 16.9 percentage points, from 10.7 percentage points in 2009.

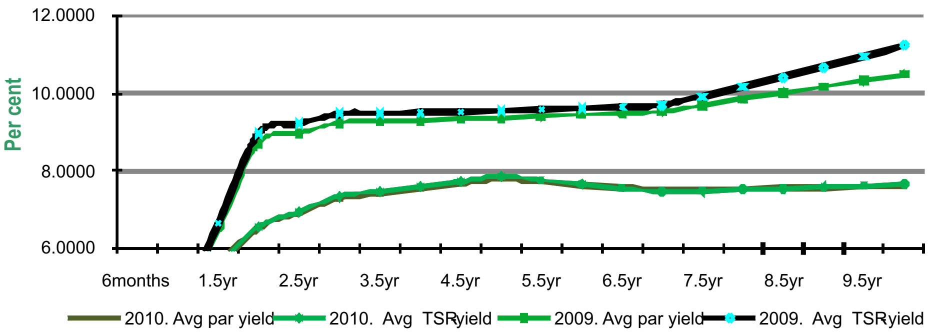
Figure 2.4: Real Interest Rates



2.1.3.4 Return on Fixed Income Securities - The Yield Curve

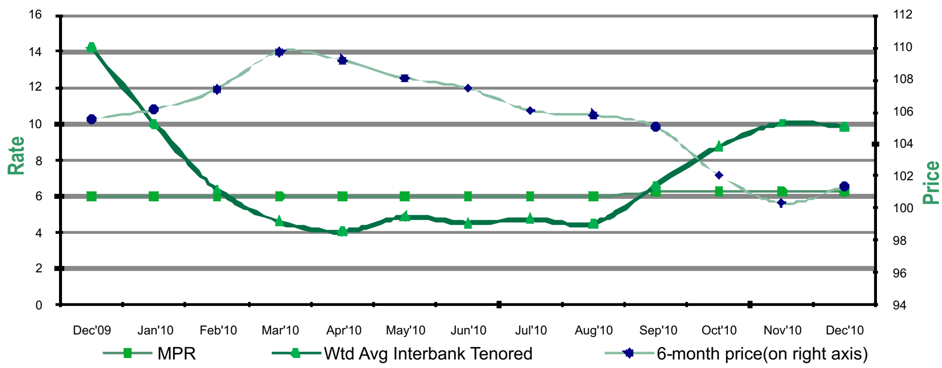
Analysis of the return on fixed income securities showed that the average yield was generally lower in 2010 than in the preceding year. The par yield curve and the theoretical spot rate curve (TSR-curve), as in the preceding year, remained upward-sloping in the short and long end of the curve. The mid-segment of the curve was near flat, indicating investors' indifference to tenors (maturity periods). The slope of the yield curve was lower in 2010 than in 2009, as the yield spread (the difference between the longest and shortest maturities) stood at 5.5 percentage points, compared with 7.2 percentage points recorded in the preceding year.

Figure 2.5 Government Bonds and Average Yield



A plot of the price of the 6-month maturity and weighted average inter-bank tenored rate showed that the bond price and interest rates typically moved in opposite directions.

Figure 2.6 Interest Rate & Price of 6-month Maturity



2.1.4 Payments, Clearing and Settlement Developments

The implementation of Payments System Vision 2020a subset of the Financial System Strategy 2020 (FSS 2020) was sustained in 2010. Within the period, the Bank took the following measures:

- Introduced N10 million as the maximum cap for cheque payment by the banks in January 2010, thereby increasing the patronage of electronic payments in Nigeria;
- Directed banks to migrate all their cards, with effect from October 1, 2010, from magnetic stripe technology to chip+PIN, otherwise known as EMV, due to the weaknesses of the former;
- Directed banks to set up effective help desks for handling card-related complaints; the CBN equally set up a help desk for receiving public complaints on card transactions with a view to fast-tracking resolutions and monitoring compliance with the 72-hour timeline;
- Directed all banks and private switches to connect with the National Central Switch on or before December 2010 to address the issue of interconnectivity of different networks;
- Approved sixteen mobile payments schemes to launch mobile payments services in Nigeria under Bank-led, Bank-focused and Non-bank-led models;
- Established a Payments System Policy and Oversight Office for effective monitoring of existing and planned payments systems in the year under review;

- Issued the Standards and Guidelines on ATM Operations in Nigeria by the COG in April 2010 to guide the conduct of ATM operations in Nigeria. The guidelines covered issues on liability shifts in the event of fraud on ATM transactions and is expected to restore public confidence on the use of ATM's.

- Advised banks to remove their ATMs from public places effective April 1, 2010, following the appointment of three (3) ATM Consortia, effective April 1, 2009 for the deployment of ATM's in places other than bank premises; and

- Issued circulars to cover the following:

  - o The introduction of a second-level authentication for cards not presented for payment;
  - o Real-time online monitoring tools for PIN entry attempts;
  - o Automatic blocking of a card after three unsuccessful PIN attempts;
  - o Imposition of a limit for card-to-card transfers, POS and web payments;
  - o Need for banks to segregate the process of PIN handling and card activation;
  - o Proper due diligence on all merchants before POS is given to them; and
  - o Enlightenment campaign on the protection of PIN/card details for cardholders.

Furthermore, the Bank:

- Approved the Direct Debit Rule to facilitate widespread use of electronic consumer bills payments methods;

- Drafted a guideline on electronic payment of taxes in Nigeria which is undergoing approval processes;

- Developed guidelines for electronic payment of salaries for both private and public employers with not less than 50 staff in their employment;

- Completed the guidelines on securities settlement in Nigeria covering procedures and timelines for settlement of all the Exchange-traded securities (equities and bonds), government securities (NTB and bonds), OTC equities and commodities and the integration work between the Central Securities Clearing System (CSCS) and CBN T24 system;

- Approved guidelines on transaction switching and stored value/prepaid cards; and

- Reviewed the Nigeria Bankers Clearing House Rule in compliance with the West Africa Monetary Zone (WAMZ) standards and approved the Nigeria Uniform Bank Account Number (NUBAN).

2.2 CURRENCY OPERATIONS

2.2.1 Issue of Legal Tender

In satisfying the currency needs of the economy in 2010, the Bank, through the Nigerian Security Printing and Minting (NSPM) Plc, printed 2.8 billion pieces of bank notes. To augment the supply from the NSPM Plc, 900 million pieces of ₦500 and ₦1000 denomination banknotes were also ordered from overseas suppliers. In addition, 600 million pieces of ₦50 commemorative polymer banknotes were printed as part of the contributions of the Bank to Nigeria's 50th independence anniversary. The CBN's 'clean notes' policy was sustained in 2010 through the processing of dirty notes, the withdrawal of unfit/soiled banknotes and issuance of clean and fit notes. To that end, currency notes valued at ₦1,871.45 billion were issued by the Bank for circulation during the review period, compared with the ₦1,592.02 billion issued in the preceding year. Furthermore, the Bank approved outsourcing the maintenance of currency processing machines in order to improve efficiency. The Bank also granted approval-in-principle to two cash-in-transit service providers as sorting companies in November 2010 in order to enhance efficiency in currency processing.

The CBN's clean notes policy was sustained in 2010 through processing of dirty notes, the withdrawal of unfit/soiled banknotes and issuance of mint and fit notes.

2.2.2 Currency in Circulation (CIC)

Currency-in-circulation grew by 16.4 per cent to ₦1,378.2 billion at end-December 2010. The growth in CIC was attributable to the developments in economic activity and the positive impact of various government initiatives to cushion the effects of the global economic meltdown, as well as seasonal factors.

The President of the Federal Republic of Nigeria launched the commemorative ₦50 polymer banknote and the non-circulating gold and gold-plated silver coins on September 29, 2010 to mark the country's 50th independence anniversary.

Figure 2.7: Ratio of Currency in Circulation to M_2

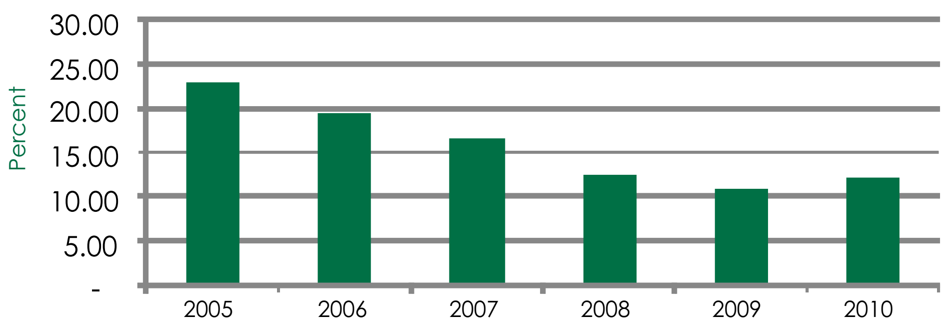


Table 2.4: Currency Structure 2007 - 2010

Coins	2007		2008		2009		2010	
	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦ billion)
₦2	81.9	0.16	104.5	0.21	114.5	228.90	107.83	0.22
₦ 1	615.4	0.62	532.2	0.53	490.6	490.65	530.11	0.53
50k	738.3	0.37	463.1	0.23	454.5	227.26	434.48	0.22
25k	19.0	0.01	240.6	0.06	212.0	53.00	196.53	0.049
10k	2.2	0.0002	235.1	0.02	228.3	228.82	212.82	0.021
1k	0.0	0.0	51.2	0.0005	57.4	0.57	48.74	0.0048
Sub Total	**1,456.8**	**1.15**	**1,629.7**	**1.06**	**1,557.3**	**1,023.20**	**1,530.51**	**1.04**
Notes								
₦1000	264.4	264.40	572.9	572.91	584.4	584.39	663.76	663.70
₦500	707.2	353.60	801.9	400.93	852.8	426.40	1,027.78	513.89
₦200	1,256.0	251.30	571.6	114.32	491.9	98.38	501.27	100.25
₦100	494.9	49.50	323.6	32.36	350.0	35.00	341.12	34.11
₦50	351.3	17.60	228.0	11.40	344.9	17.25	782.27	39.11
₦20	823.0	16.50	827.3	16.55	769.5	15.39	752.65	15.10
₦10	355.9	3.60	283.2	2.83	285.5	2.85	680.61	6.81
₦5	579.0	2.90	533.1	2.67	720.5	3.60	837.93	4.19
Sub-Total	**4,831.7**	**959.40**	**4,141.6**	**1,153.97**	**4,399.5**	**1,183.27**	**5,587.39**	**1,377.16**
Total	**6,288.5**	**960.55**	**5,768.3**	**1,155.03**	**5,956.8**	**1,184.30**	**7,117.90**	**1,378.20**

2.3 FOREIGN EXCHANGE MANAGEMENT

The Wholesale Dutch Auction System (WDAS) was sustained as the mechanism for exchange rate management throughout 2010. A policy shift to phase out the two-tier structure of class "A" and "B" Bureaux-De-Change (BDCs) introduced in February 2009 resulted in the withdrawal of 132 Class "A" licences in November 2010. They were, however, eligible to apply for conversion to Class "B" BDCs provided the stipulated licensing requirements were met. The policy change was due to gross abuse of the enhanced official funding of the Class "A" BDC window. The withdrawal was also part of the measures taken to curb excessive demand in the foreign exchange market. In the last quarter of 2010, a new policy was introduced to recognize the Chinese Yuan (RMB) as a currency of transaction in the Nigerian foreign exchange market.

The inflow and outflow of foreign exchange through the economy amounted to US$88.15 billion and US$39.16 billion, respectively, representing an increase of 30.1 and 7.2 per cent over the levels in 2009.

2.3.1 Foreign Exchange Flows

Aggregate foreign exchange inflow and outflow through the economy stood at US$88.15 billion and

US$39.16 billion, representing an increase of 30.1 and 7.2 per cent, respectively, over the levels in 2009. The net flow through the economy increased by 56.8 per cent over the level in 2009 to $48.99 billion, while the net flow through the CBN recorded a deficit of US$10.1 billion, although it improved by 6.3 per cent compared with the previous year.

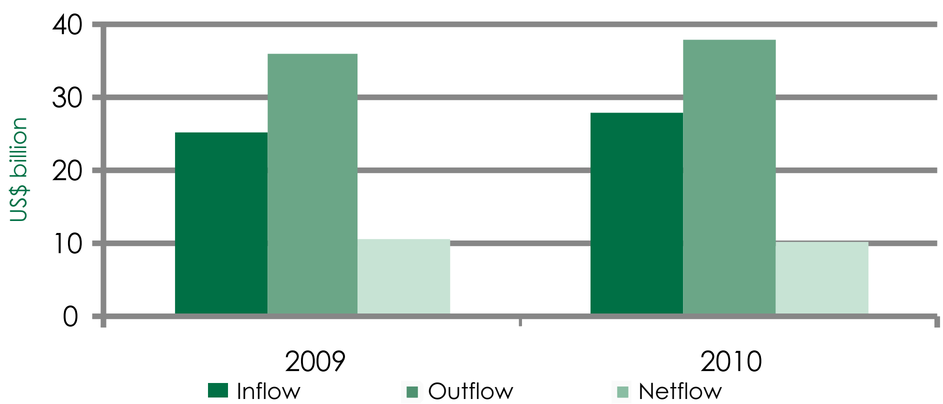
Analysis of aggregate inflow showed that receipts through the CBN increased by 11.2 per cent over the level in 2009 to US$27.8 billion. Further analysis showed that oil receipts through the Bank increased by 50.7 per cent over the level in 2009 to US$26.2 billion, and accounted for 94.0 per cent, compared with 69.5 per cent of the total in 2009. The development was attributed to an increase in the price of crude oil at the international market. In contrast, non-oil inflow (comprised WDAS purchases, interest income on reserves and investments, and other official receipts) fell by 78.0 per cent, to US$1.7 billion.

The development was due largely to the increase in the price of crude oil at the international market.

The inflow through autonomous sources rose by 41.2 per cent above the level in 2009 to US$60.3 billion. Of this, receipts from non-oil exports, capital inflow and invisibles (inflow to domiciliary accounts and foreign exchange sales by oil companies) increased by 12.3, 27.1 and 42.6 per cent over the level in 2009, to US$2.2 billion, US$0.06 billion and US$58.0 billion, respectively.

The outflow through the CBN increased by 6.0 per cent to US$37.9 billion. Outflow through the Bank comprised WDAS utilization, drawings on letters of credit, external debt service, national priority projects and other official payments.

Figure 2.8: Foreign Exchange Flows through the CBN



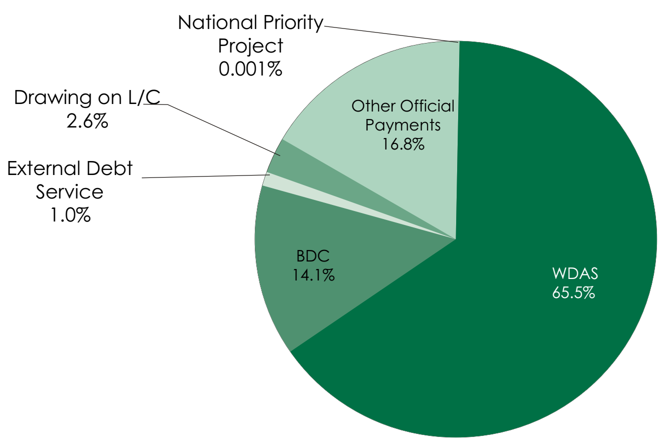
WDAS utilization increased by 1.3 per cent to US$30.17 billion. Sales to WDAS and BDCs increased by 10.5 and 13.6 per cent to US$24.8 billion and US$5.34 billion, respectively.

Outflow through drawings on letters of credit and external debt service fell by 2.9 and 4.2 per cent below the levels in 2009 to US$0.97 billion and US$0.39 billion, respectively. The sum of US$0.02 billion was paid to finance national priority projects that commenced in 2010.

Other official payments increased by 38.6 per cent over the level in 2009 to US$6.37 billion. Within this sub-category, out-payments to international organizations and embassies, and NNPC/JV Cash Calls, increased by 11.4 and 26.5 per cent to US$0.55 billion and US$3.88 billion, respectively. In addition, contributions and grants (ESAF-HIPC) amounted to US$0.47 billion; parastatals and estacode dropped by 10.4 per cent to US$0.88 billion, while miscellaneous increased from US$0.06 billion to US$0.59 billion.

Outflow through autonomous sources increased by 88.6 per cent to US$1.24 billion. Of this amount, imports of merchandise accounted for US$1.23 billion, while invisibles fell from US$0.017 billion to US$0.01 billion in the year under review.

Fig. 2.9: Foreign Exchange Disbursements in 2010



2.3.2 Developments in the Foreign Exchange Market

The foreign exchange market in 2010 recorded ninety-six (96) trading sessions, compared with one hundred and twenty-two sessions (122) in the previous year. Total demand at the market declined by 18.0 per cent to US$35.06 billion as a result of the closure of the class "A" BDC window in the last quarter of the year.

Aggregate supply to the market increased by 9.6 per cent to US$30.17 billion, accounted for by sales to WDAS and BDC segments of the market which increased by 8.9 and 12.7 per cent to US$24.83 billion and US$5.34 billion, respectively.

Figure 2.10: Developments in the Foreign Exchange Market

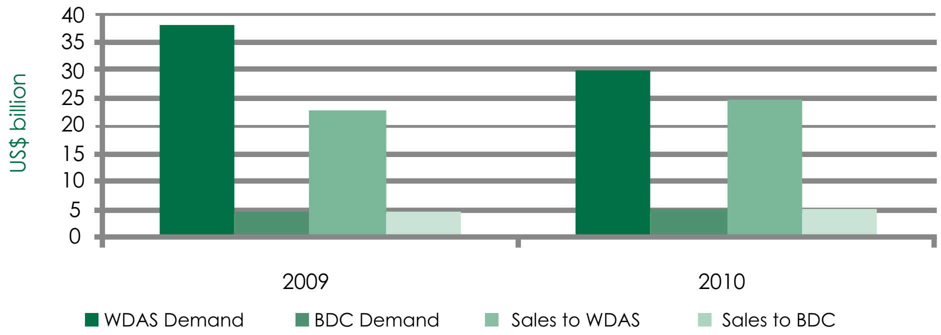


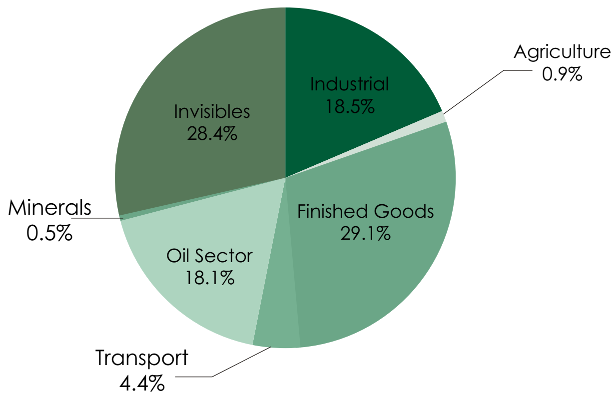
Figure 2.11: Demand for and Supply of Foreign Exchange

2.3.3 Sectoral Utilization of Foreign Exchange

Provisional data showed that the utilization of foreign exchange by the DMBs for transactions through the CBN (valid for foreign exchange) increased by 2.9 per cent over the level in 2009 to US$33.91 billion. Analysis by category showed that visible import (goods) increased by 0.8 per cent to US$24.25 billion in 2010 and accounted for 71.6 per cent of total. Under this category, industrial and transport sectors' imports declined by 15.4 and 4.9 per cent to US$6.23 billion and US$1.50 billion, respectively. Importation of other manufactured products also declined by 12.6 per cent to US$5.37 billion. However, imports under oil, the agriculture sector, food products, and minerals increased by 23.3, 15.8, 27.4 and 16.7 per cent to US$6.12 billion, US$0.32 billion, US$4.47 billion and US$0.18 billion, respectively, in 2010.

The import of invisibles (services) at US$9.66 billion, or 28.4 per cent of total, increased by 8.8 per cent over the level in the preceding year. Under this category, financial, construction, and transport services increased by 13.4, 204.9 and 10.3 per cent to US$6.69 billion, US$0.13 billion and US$0.79 billion, respectively. The import of business, communications and educational services, however, declined by 6.4, 17.2 and 16.4 per cent to US$1.4 billion, US$0.29 billion and US$0.16 billion, respectively.

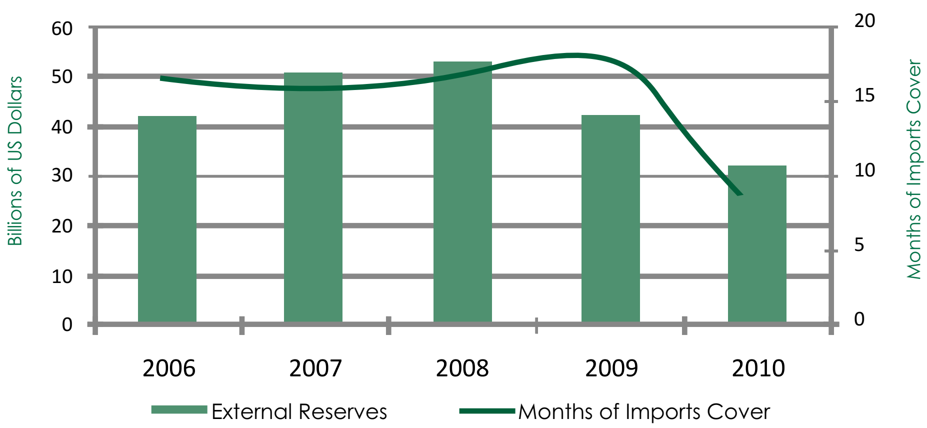
Figure 2.12: Sectoral Utilization of Foreign Exchange in 2010



2.3.4 External Reserves Management

Nigeria's gross external reserves at end-December 2010 stood at US$32.34 billion, a decline of 23.7 per cent when compared with the level at end-December 2009. The development arose from increased funding of WDAS and BDCs; official payments, drawings on L/Cs, national priority projects and the notional changes in the value of third currencies.

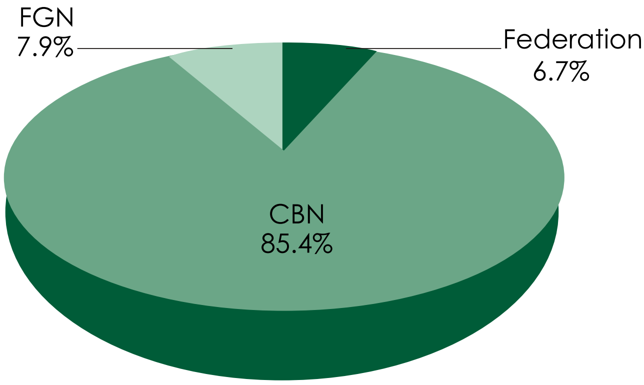
Figure 2.13: Nigeria's Gross External Reserves Position (US$billion) and Months of Import Cover



At this level, the external reserves could support 7.2 months of imports, compared with 16.6 months in 2009.

The composition of external reserves holdings showed that Federation reserves accounted for US$2.17 billion, or 6.7 per cent of total; Federal Government reserves stood at US$2.56 billion or 7.9 per cent; and CBN reserves accounted for US$27.61 billion, or 85.4 per cent of the total.

Figure 2.14: Holdings of External Reserves as at end-December 2010



The total earnings from the investment of the external reserves amounted to US$0.43 billion, 10.4 per cent lower than the level in 2009. The development resulted from low interest rates and lax monetary policy across the globe, which were meant to boost recovery from the recent global economic crisis. The Bank's Investment Committee approved the appointment of Messrs Russels Investment Limited of the United Kingdom to serve as consultant on external reserves management. Their mandate would cover a comprehensive review of the external reserves portfolio to improve returns and overall performance.

2.4 SURVEILLANCE REPORT ON THE ACTIVITIES OF FINANCIAL INSTITUTIONS

2.4.1 Banking Supervision

The effects of the global financial crisis, which lingered in 2010, posed enormous challenges to the operations and performance of banks. Consequently, the CBN adopted various approaches in its supervisory and surveillance activities, including regular appraisal and review of banks' periodic returns, spot checks, monitoring, special investigations and risk-based/consolidated supervision. To further improve the efficiency of supervision, the Bank embarked on the

> *To further improve the efficiency of supervision, the Bank embarked on the development of a supervisory framework aimed at providing an early warning signal to supervisors about the condition of banks and*

development of a supervisory framework aimed at providing an early warning signal to supervisors about the condition of banks for prompt corrective actions. The pilot examination on two deposit money banks under the risk-based/consolidated supervision framework, which commenced in December 2009, was completed in February 2010. The exercise led to a more effective assessment of banks' risk profile.

The CBN Credit Risk Management System (CRMS) infrastructure recorded remarkable improvements in the management of basic credit information on customers during the period under review. The database as at December 31, 2010 had a total of 73,189 registered borrowers. Out of this, 26,367 borrowers had 32,557 facilities with total outstanding balance of ₦5.24 trillion. This represents an increase of ₦1.34 trillion or 34.4 per cent compared with ₦3.9 trillion to 63,451 borrowers at the end of the preceding year. The development was attributed largely to increased co-operation among stakeholders in the industry.

Table 2.5: Borrowers from the Banking Sector

Description	2009	2010	Absolute Change	% Change
Total No. of Borrowers	63,451	73,189	14,967	15.3
No. of Borrowers with outstanding credits	21,542	26,367	4,825	22.4
No. of Credits/facilities	26,599	32,557	5,958	22.4
Total outstanding balance (₦'000 bn)	**3,900**	**5,240**	**25,790**	**34.4**

Derived from the Bank's CRMS

Following the directive of the Federal Government of Nigeria on the mandatory adoption of the International Financial Reporting Standards (IFRS) by January 1, 2012, the CBN, in conjunction with the NDIC, in October 2010, set up a committee to review the earlier approved IFRS Implementation Framework. In that regard, a circular was issued to the DMBs on December 29, 2010, requesting them to submit their approved action plans for the implementation of IFRS to the CBN, not later than end-March 2011. The Bank also strengthened its collaborative efforts with other stakeholders, under the aegis of the Roadmap Committee of Stakeholders on the Adoption of IFRS in Nigeria, the main goal of which was to ensure a phased transition to IFRS over a three-year period, beginning with the 2012 reporting date for all listed companies and major public entities. All banks were to commence full IFRS reporting in 2012. The adoption of IFRS would facilitate the implementation of Basel II requirements by banks in Nigeria.

In order to ensure a more comprehensive supervision and surveillance of the banking sector, the CBN signed additional Memoranda of Understanding (MoU's) for cooperation and information sharing in cross-border supervision with regulators in other jurisdictions. The Bank, thus, signed an MoU with five countries under the aegis of the West African Monetary

In order to ensure a more comprehensive supervision and surveillance of the banking sector, the CBN signed additional Memoranda of Understanding (MoUs) for cooperation and information-sharing in cross-border supervision with regulators in other jurisdictions.

Zone (WAMZ), bringing the total number of MoUs on cooperation and information-sharing to eight. Discussions were ongoing with twelve (12) other countries (individually) and the Banking Commission of the West African Monetary Union on the signing of additional Memoranda of Understanding. Also, work on the draft framework for cross-border supervision of Nigerian banks reached an advanced stage during the year and would be concluded in 2011. At end-December 2010, twelve (12) Nigerian banks had representative offices, subsidiaries and/or branches in twenty-seven (27) other countries, while four (4) foreign banks were operating in Nigeria.

The CBN promoted the establishment of the College of Supervisors of West African Monetary Zone (CSWAMZ) and hosted its inaugural meeting in August 2010. The College was established to promote greater cooperation between supervisors in the West African sub-region; reduce regulatory duplication; improve information-sharing; and promote common understanding of the risk profile of large banking groups, among others.

The Bank, in partnership with other foreign regulatory agencies, resolved a number of cross-border issues, including divestment of some Nigerian banks' investments in The Gambia; a dispute between Nigerian-owned banks in Sierra Leone and their local staff; and the closure of the representative offices of Nigerian banks and the fair treatment of local staff in China.

Following the review and comments on the exposure draft of the Framework for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria, earlier issued in 2009, the document was finalised and issued for implementation in December 2010. Consequently, two documents, the Guidelines on Shariah Governance for Non-Interest Financial Institutions in Nigeria, and the Non-Interest Window and Branch Operations of Conventional Banks and Other Financial Institutions were also issued. In addition, the CBN became a member of the International Islamic Liquidity Management Corporation (IILMC) and subscribed US$5.0 million to five (5) units of the Corporation's share capital. Also, the Bank participated in meetings organized by the Islamic Financial Services Board (IFB), including its Council Meeting as well as meetings of the council's working groups on stress testing and liquidity risk management. In addition, capacity building initiatives aimed at enhancing examiners' understanding of non-interest banking were carried out at both the local and international levels.

The Bank issued a number of circulars/guidelines to the DMBs, as part of its efforts to promote a safe and sound financial system.

Table 2.6: Circulars and Guidelines to DMBs in 2010

- Regulation on the Scope of Banking Activities and Ancillary Matters, No. 3, 2010
- Circulars on the Review of the Universal Banking Model
- CBN Scope, Conditions and Minimum Standards for Merchant Banks Regulations No. 02
- CBN Scope, Conditions and Minimum Standards for Commercial Banks Regulations
- Review of Guidelines for Specialised Institutions
- Prudential Guidelines for Deposit Money Banks
- Re: Monthly Submission of Credit Portfolio Classification by Banks
- The Need for Banks to Develop and Implement a Risk-Based Pricing Model
- Data Exchange Agreements with at least two Licensed Credit Bureaux in Nigeria
- Disbursement of the proceeds of Foreign Funds Transfer
- Minimum Information to be Disclosed in Financial Statements for the Year Ended December 31, 2009,
- Re: Publication of Interest Rates

BOX 3: THE NEW BANKING MODEL IN NIGERIA

As part of ongoing reform in the Nigerian banking sector, the Central Bank of Nigeria reviewed the universal banking model, which encouraged banks to act as financial supermarkets. The new banking model re-introduced the categorisation of banks into commercial, merchant and specialized banks (non-interest banks, microfinance banks, development banks and mortgage banks). Generally, the model was designed to ensure the evolution of a financial landscape that would be capable of providing the platform for sustainable economic growth and development.

The classification of banks under the new banking model included:

Commercial Banks:

- Commercial banks to be licensed under different categories namely, regional, national and international;
- Minimum capital requirements:
  - Regional - ₦10.0 billion
  - National - ₦25 .0 billion
  - International - ₦50 .0 billion

- Regional banks are entitled to carry on banking business within a minimum of 6 and a maximum of 12 contiguous states lying within not more than 2 geo-political zones of the Federation and the Federal Capital Territory;
- National banks are authorised to carry on banking business in every state of the Federation;
- International banks are allowed to carry on banking operations in all states of the Federation as well as establish offshore subsidiaries;

Merchant Banks:

- Merchant banks require a minimum capital of ₦15.0 billion and are restricted to investment and wholesale banking.

Specialised Banks:

- Non-interest banks are authorised to carry on banking business on a regional or national basis;
- Minimum capital of specialised banks:
    - Regional non-interest banks - ₦5.0 billion
    - National non-interest banks - ₦10 .0 billion
    - Primary mortgage institutions - ₦5.0 billion.

2.4.2 Prudential Examinations

Available data revealed that all the twenty-four (24) banks met the minimum prescribed liquidity ratio (LR) of 25.0 per cent at end-December 2010, as against three (3) that failed to meet the prescribed minimum ratio at end-December 2009. However, eight (8) banks failed to meet the statutory minimum Capital Adequacy Ratio (CAR) of 10.0 per cent at end-December 2010, compared with eleven (11) at end-December, 2009. The banks involved were the ones in which the CBN intervened following the findings of the joint special examination conducted by the CBN and the NDIC in 2009.

All the 24 DMBs met the minimum prescribed liquidity ratio of 25.0 per cent at end-December 2010, as against three (3) that failed to meet the prescribed minimum ratio at end-December 2009.

Prudential examination conducted on eight hundred and twenty (820) MFBs that had operated for a minimum of six (6) months revealed that two hundred and ninety-one (291) met the prescribed minimum shareholders' fund of ₦20.0 million, six hundred and thirty-four (634) met the prescribed minimum liquidity ratio of 20.0 per cent, while five hundred and thirty-eight (538) satisfied the required minimum capital adequacy ratio (CAR) of 10.0 per cent. Consequently, the examined MFBs were rated sound, marginal, unsound, technically insolvent, or terminally distressed, using the CAMEL rating, depending on the severity of non-compliance with the prescribed minimum prudential ratios. Some of the major regulatory concerns included: poor corporate governance, a high level of non-performing loans, undercapitalization, significant investment in the capital market, and operating losses sustained as a result of high expenditure on staff cost and overheads. The erring institutions were appropriately sanctioned, ranging from revocation of licences to reclassification of operations.

2.4.3 Compliance with the Provisions of the Code of Corporate Governance for Banks in Nigeria

Following the outcome of the special examination carried out on the DMBs in 2009, which revealed severe weak corporate governance in some banks, the CBN reviewed the existing code of corporate governance for banks, including the limitation of the tenure of managing directors of banks to a maximum of ten years. In compliance with the directive, UBA Plc, Zenith Bank Plc and Skye Bank Plc replaced their managing directors in July 2010. Also, the Governor and Deputy Governors of the CBN, and the Managing Director and Executive Directors of the NDIC shall not be eligible for appointment in any bank until after the expiration of five (5) years from the date of their exit. In addition, the Departmental Directors of the two institutions shall not be eligible for appointment in any bank until after three (3) years from the date of their exit.

2.4.4 Financial Crime Surveillance/Money Laundering

In order to ensure that financial institutions comply with CBN's Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) regulation, the CBN created a unit solely responsible for handling AML/CFT issues. The unit also interfaces with the Nigerian Financial Intelligence Unit (NFIU) and other stakeholders at both domestic and international levels on AML/CFT issues, as well as ensuring the coordination of enforcement of the regulation among the relevant departments of the Bank. In that regard, the CBN and the NFIU carried out a joint AML/CFT examination/inspection of the twenty-four (24) DMBs during the review year. The exercise revealed violations of various provisions of the Money Laundering (Prohibition) Act (MLPA) of 2004 and the AML/CFT Regulation 2009. A total of seventeen (17), out of the twenty-four (24) DMBs, were fined to the tune of ₦85.0 million for various infractions. In addition, the CBN coordinated the verification of two hundred and twenty-four (224) account balances owned by one hundred and thirty-nine (139) suspected illegal fund managers ("wonder banks") nationwide.

Also, the International Monetary Fund's approval of Technical Assistance (TA) to Nigeria in 2010 further strengthened the level of international cooperation and partnership between the Fund and Nigeria in the area of money laundering and terrorism financing. On completion, the TA would be expected to further enhance the capacity of targeted institutions, including the NFIU, the SEC, NAICOM, the CBN's Special Control Unit Against

Money Laundering and Terrorism Financing, as well as address some systemic weaknesses.

Furthermore, the CBN, in conjunction with the NFIU and the United Nations Office of Drugs and Crime (UNODC), coordinated a public awareness/sensitisation campaign of the general public to highlight the need to update customer information on various bank accounts (individual and corporate). The aim of the update exercise was to enhance the vital customer identification process and deepen the implementation of the AML/CFT regime. Also, the CBN conducted a training programme for directors of banks and discount houses to enhance their awareness and commitment to the implementation of the AML/CFT programmes in their various institutions.

2.4.5 The Special/Target Examination

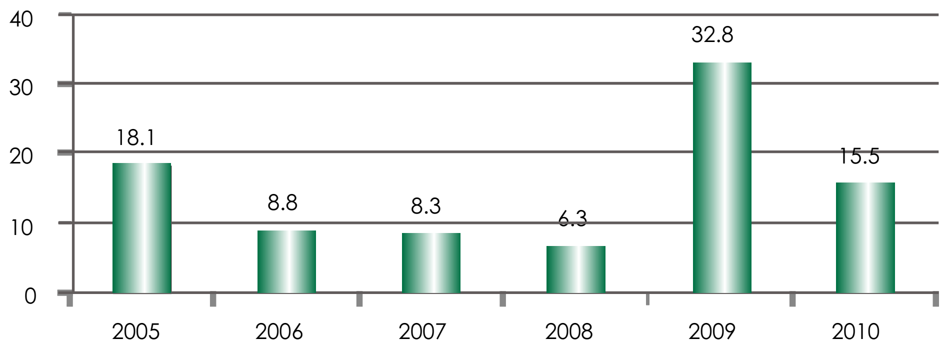
The exercise was aimed at reviewing the quality of risk assets of the banks in line with the prudential guidelines and applying the recommended provisions.

The CBN, in conjunction with the NDIC, conducted target examination on the twenty-four (24) DMBs in 2010. The exercise was aimed at reviewing the quality of risk assets of the banks, in line with the prudential guidelines, and applying the recommended provisions for the appraisal/approval of the annual accounts of the banks for the year ended December 31, 2009.

2.4.6 Banking Sector Soundness

The computed average CAR of the banks indicated that sixteen (16) met the stipulated minimum ratio of 10.0 per cent, compared with thirteen (13) at end-December 2009. The asset quality of the banks, as measured by the ratio of non-performing loans to industry total, improved substantially as it declined from 32.8 per cent at end-December 2009 to 15.5 per cent at end-December 2010. The ratio was below the industry threshold of 20.0 per cent maximum prescribed in the Contingency Plan for Systemic Distress. The development was attributed to the acquisition of non-performing loans in the industry by the newly established Asset Management Corporation of Nigeria (AMCON). The average industry liquidity ratio stood at 47.5 per cent and was above the 25.0 per cent minimum requirement. All the banks met the stipulated ratio, compared with twenty-one (21) in the preceding year. The development indicated that the overall health of the industry had improved.

Figure 2.15: Banks' Non-Performing Loans (% Total Credit)



BOX 4: THE ASSET MANAGEMENT CORPORATION OF NIGERIA (AMCON)

The incidence of high non-performing loans in the industry, as well as the erosion of capital in some banks, informed the need to set up the Asset Management Corporation of Nigeria (AMCON) which would relieve banks of the burden of toxic assets. Specifically, AMCON was designed as a multipurpose resolution/recapitalisation vehicle that is empowered to purchase toxic assets from banks, as well as inject needed capital through the issuance of appropriate securities. For the troubled banks in which the CBN had intervened, AMCON is expected to facilitate mergers, acquisitions or capital injections by new investors. AMCON was therefore established in the second half of 2010 by an act of parliament with a ₦10.0 billion capital, fully subscribed to by the Federal Government, and held in trust by the CBN and the Federal Ministry of Finance in equal proportions.

AMCON was created for:

- Acquiring non-performing loans (NPLs) from banks;
- Injecting needed funds to recapitalise the intervened banks;
- Stimulating the recovery of the financial system by providing liquidity;
- Facilitating M&A transactions and strategic partnerships;
- Attracting institutional investors into the intervened banks; and
- Increasing access to restructuring/refinancing opportunities for distressed borrowers.

Its activities would be funded largely by bonds guaranteed by the Federal Government. The twenty-four (24) DMBs (participating Banks) and the CBN are to provide a total of ₦1.50 trillion, over the next ten years as a Banking Sector Resolution Cost Sinking Fund to augment any shortfall between the funds raised through the realization of bank assets acquired by AMCON and the resolution costs of ensuring financial stability. To achieve this, the CBN pledged to contribute ₦50.0 billion annually over the next ten (10) years to the Fund, while each of the participating banks would contribute an amount equivalent to 30 basis points (0.3 per cent) of its total assets as at the date of its audited financial statement for the immediately preceding financial year over the next ten (10) years.

The bases of valuation of the NPLs, as announced by AMCON, were:

- Loans secured by shares would be valued at 60.0 per cent premium over the 60-day moving average prices of the shares, as at November 15, 2010;
- Other secured loans of the banks were to be acquired, with recourse, at the banks' valuation; and
- Unsecured loans would be valued at 5.0 per cent of the principal value.

Since its commencement of operations, AMCON has acquired non-performing loans from 21 DMBs, valued at ₦2.165 trillion at end-December 2010. In return, it issued 3-year zero coupon bonds, valued at ₦1.036 trillion.

2.4.7 Examination of Other Financial Institutions

On-site examination was conducted on one thousand and sixty-eight (1,068) other financial institutions (OFIs). The exercise included the target examination of eight hundred and twenty (820) microfinance banks (MFBs) and routine examinations of one hundred (100) primary mortgage institutions (PMIs), seventy-four (74) finance companies (FCs), and five (5) development finance institutions (DFIs). Spot checks were also carried out on sixty-nine (69) bureaux-de-change (BDCs).

Target examination was conducted by the CBN/NDIC on eight hundred and twenty (820) MFBs that had operated for a minimum of six (6) months. An assessment of the health of the affected MFBs, using CAMEL parameters, indicated that two hundred and twenty-four (224) were technically insolvent and terminally distressed and, therefore, had their licences revoked by the CBN. Of this number, one hundred and twenty-one (121) were later granted provisional licences, following the injection of fresh capital and the recovery of bad loans. Others rated either 'marginal' or 'unsound' were required to inject additional capital and liquid assets to shore up their prudential ratios to the acceptable limits, within six (6) and three (3) months, respectively. The observed weak financial performance of the MFBs was attributed to a number of factors, including a high level of non-performing loans, gross under-capitalization relative to the levels of operations, poor corporate governance, heavy investments in the capital market, poor asset-liability management (asset mismatch), high overheads, and weak management.

On-site examination conducted on one hundred (100) PMIs confirmed that seventy-six (76) PMIs were active, seven (7) were undergoing restructuring, while seventeen (17) had closed shop. The exercise further revealed that sixty-eight (68) PMIs met the prescribed minimum adjusted capital of N100.0 million; forty-five (45) met the prescribed minimum liquidity ratio of 20.0 per cent; while forty-nine (49) met the prescribed minimum capital adequacy ratio of 10.0 per cent. The major regulatory issues of concern included, lack of focus demonstrated by the relatively low level of investment in the core area of mortgage assets creation, dearth of long-term funds, weak capitalization, poor corporate governance, and weak risk management. The erring institutions were sanctioned according to severity of their non-compliance with the prescribed minimum prudential ratios.

Routine examinations conducted on seventy-four (74) FCs indicated that fifty (50) were active, while the remaining twenty-four (24) were undergoing restructuring. The exercise further revealed that thirty-eight (38) FCs had adjusted capital above the prescribed minimum of ₦20.0 million. Sixty (60.0) per cent of the active institutions were more into capital market activities, while six (6) were active players in the leasing business.

Routine examinations were carried out on the five (5) DFIs, namely, the Bank of Agriculture (BOA), the Federal Mortgage Bank of Nigeria (FMBN), the Bank of Industry (BOI), the Nigerian Export-Import Bank (NEXIM) and the Urban Development Bank of Nigeria (UDBN). The exercise showed that, following the restructuring programme embarked upon since 2007, the dominance of government in the shareholding structure of the UDBN had been reversed. The UDBN had become a private entity and Messrs Investment and Credit Holdings Limited (ICHL) had emerged as the dominant shareholder. However, it was noted that the desired re-focus of the institution's business model on infrastructure financing was yet to be achieved. The examination of BOA, BOI, the FMBN and NEXIM revealed, among other things, a continued high level of deterioration in asset quality, under-capitalization, dearth of funding sources, and continued undue influence by the supervising ministries.

Spot checks conducted on sixty-nine (69) Class “A” BDCs revealed that most of the institutions breached their operational guidelines, particularly in the areas of utilization of foreign exchange for ineligible transactions or without records of transactions, non-compliance with documentation requirements and suspected document forgery. The withdrawal of the operating licences of the one hundred and thirty-two Class “A” BDCs, effective November 8, 2010, was the fallout from these observed infractions.

2.5 DEVELOPMENTAL FUNCTIONS OF THE CBN

2.5.1 The Agricultural Credit Guarantee Scheme Fund (ACGSF)

The CBN guaranteed a total of 50,849 loans, valued ₦7.74 billion in 2010, bringing the cumulative loans guaranteed from the inception of the scheme in 1978 to 698,200, valued ₦42.15 billion.

Analysis of loans guaranteed by states showed that Katsina state had the highest volume with 7,375 loans (14.5 per cent), valued at ₦0.81 billion (10.5 per cent), followed by Kebbi state with 5,512 loans (10.8 per cent), valued at ₦0.36 billion (4.7 per cent). Sokoto State came third with 3,623 loans (8.4 per cent) valued at ₦0.29 billion (3.7 per cent) of the total. A breakdown of the guaranteed loans by bank showed that eleven DMBs granted 42,171 loans valued at ₦6.98 billion, while the microfinance banks that participated in the Scheme granted 8,678 loans, valued at ₦0.76 billion. A sub-sectoral analysis of the loans guaranteed indicated that food crops got the highest volume of 41,451 loans, valued at ₦5.42 billion, followed by livestock with 3,544 loans valued at ₦1.31 billion, and fisheries with 1,426 loans, valued at ₦0.46 billion. Cash crops had 507 loans, valued at ₦0.09 billion, while mixed farming and 'others' had 189 and 3,732 loans, valued at ₦0.06 billion and ₦0.40 billion, respectively.

The volume and value of recovered loans in 2010 stood at 50,119 loans, valued at ₦5.85 billion, thus bringing the cumulative volume and value of fully repaid loans since the inception of the Scheme to 492,845 and ₦24.05 billion, respectively. Analysis of repaid loans on state basis showed that Katsina state had the highest volume with 7,184 (14.3 per cent), valued at ₦667.21 million (11.4 per cent). Kebbi State came second and Sokoto state third with 6,887 repaid loans (13.7 per cent) and 5,618 repaid loans (11.2 per cent) valued at ₦182.86 million (3.1 per cent) and ₦345.41million (5.9 per cent), respectively. In terms of claims settlement, 303 claims valued at ₦30.93 million were settled, compared with 38 claims valued at ₦14.23 million in 2009.

Table 2.7: Distribution of Loans under the ACGSF by Volume and Value of Loans in 2010

Category	Volume	Value in ₦' million
₦5,000 and below	25	0.12
₦5,001- ₦20,000	4,075	68.22
₦20,001 – ₦50,000	16,061	644.03
₦50,001 – ₦100,000	13,029	1,109.00
₦100,001 and above	17,659	5,918.00
Total	**50,849**	**7,739.37**

2.5.2 The Trust Fund Model (TFM)

The Bank signed one (1) MoU under the TFM in 2010, bringing the total number of MoUs signed under the model, as at end-December 2010, to fifty-six (56). The total sum pledged as at end-December 2010 was ₦5.52 billion, compared with ₦5.51 billion in 2009.

Table 2.8: Funds Placement under the Trust Fund Model (TFM) at end–December, 2010

S/No	Type of Stakeholder	Amount (N)	Number	Remarks
1	Multinationals/Oil Companies	₦0.444billion	4 Multinationals	₦5 million less due to suspension of MISCAD
2	SGs/LGAs/Ministries	₦2.438billion	18 States/17 LGAs/3 Govt. Ministries	
3	Federal Govt. Agencies	₦2.000billion	1 Federal Govt. Agency	
4	Individuals/Organizations	₦0.634billion	13 Individuals/Organisations	
TOTAL		**₦5.516 billion**	**56 Stake Holders**	**₦5 million less due to suspension of MISCAD**

2.5.3 Operations of the Agricultural Credit Support Scheme (ACSS)

Claims valued at ₦119.0 million were settled by the Bank under the Scheme as 6.0 per cent rebate to deposit money banks in 2010. This cumulated to ₦ 844.3 million as the value of rebate paid to 42 projects since 2006.

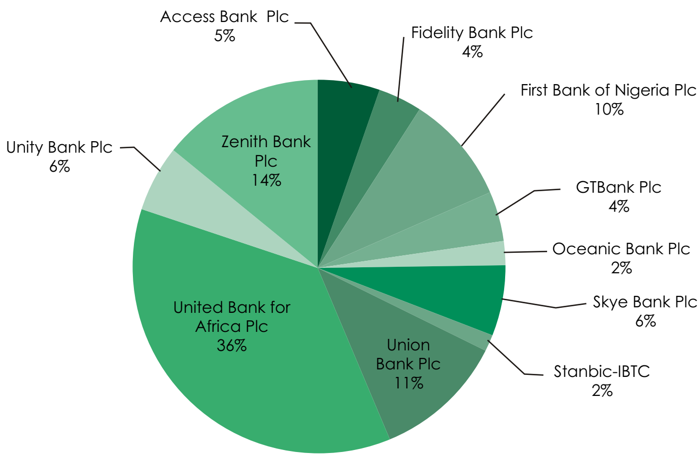
Table 2.9: Performance of the Agricultural Credit Support Scheme (ACSS)

Performance Parameter	Jan–December, 2009		2006–December, 2010		Jan–December, 2010	
	No:	Value (₦) million	No:	Value (₦) billion	No:	Value (₦) million
Application Received by banks	5	167.0	196	37,878.8	2	1,100.0
Approval by banks	5	147.5	149	28,658.3	2	1,100.0
Project submitted to CBN for verification	5	147.5	105	21,353.3	2	1,100.0
Project verified	5	147.5	101	18,893.3	-	-
Disbursement by banks	5	147.5	103	19,427.3	2	1,100.0
Approval for 6% interest rebate	20	356.9	42	0.844,281	7	119.1

2.5.4 The Commercial Agriculture Credit Scheme (CACS)

The sum of ₦96.81 billion has been disbursed so far, to eleven DMBs in respect of 104 projects, including 18 state governments and the FCT. A breakdown showed that UBA Plc received ₦ 35.16 billion for 32 projects, including 6 state governments and the FCT; Zenith Bank Plc received ₦13.84 billion for 10 projects, including 4 state governments; Skye Bank Plc received ₦6.00 billion for 3 projects; FBN Plc received ₦9.14 billion for 25 projects. Others were GT Bank Plc ₦4.25 billion for 6 projects, UBN Plc ₦10.90 billion for 12 projects and 3 state governments and the FCT; Fidelity Bank Plc ₦3.50 billion for 4 projects and 3 state governments; Oceanic Bank Plc ₦ 2.0 billion for 1 project; Access Bank Plc ₦5.18 billion for 5 projects and one state government; Unity Bank Plc ₦5.5 billion for 3 projects; and Stanbic-IBTC, ₦1.35 billion for 3 projects.

Figure 2.16: Banks' Lending under the Commercial Agriculture Credit Scheme (CACS) as at December 2010 (Per cent)



2.5.5 The SME/Manufacturing Refinancing and Restructuring Fund

The Bank established the ₦200.0 billion Refinancing and Restructuring Fund (RRF) to restructure banks' existing loan portfolios to manufacturers and SMEs. The scheme was meant to address the huge financing gap in Nigeria with a view to boosting the operations of manufacturers and SMEs to achieve a double-digit growth rate over the next decade. The sum of ₦199.67 billion had been released by the CBN to BOI, out of which the sum of ₦197.59 billion had been disbursed to the participating banks for restructuring the loans for 539 projects.

2.5.6 The Small and Medium Enterprises Credit Guarantee Scheme

The Bank also established the ₦200.0 billion Small and Medium Enterprises Credit Guarantee Scheme (SMECGS). The objectives of the Scheme include fast-tracking the development of the manufacturing and SME sectors of the economy by providing guarantees for credit from banks to manufactures and SME promoters. The activities covered under the Scheme include manufacturing, the agricultural value chain, educational institutions, and any other activity as may be specified by the CBN. As at end-December 2010, two applications, valued at ₦7.5 million and ₦100.0 million, had been processed under the Scheme. The applications were awaiting Management's approval.

2.5.7 The Power and Aviation Intervention Fund

The ₦300.0 billion Power and Aviation Intervention Fund was established by the CBN to provide long-term financing for infrastructure development, with emphasis on the power sector. The framework for the take-off of the Scheme has been put in place and this includes the modalities for accessing the Fund.

2.5.7 Entrepreneurship Development Centres (EDCs)

The Bank engaged three (3) consultants to evaluate the pilot phase of EDCs, covering the period April 2008 to June 2010. The report has been submitted to Management for consideration. Meanwhile, the centres have so far, trained and counselled 49,697 graduates; created 1,825 jobs; and 595 trainees have accessed loans for their businesses.

CHAPTER THREE

THE GLOBAL ECONOMY

Global output, which contracted in 2009, resumed growth in 2010 although with uncertainties about its sustainability. Global output increased by 5.0 per cent, up from a 0.6 per cent decline in 2009. The development was largely due to higher performance in many emerging economies, strong domestic demand in developing countries, as well as the combined effects of the fiscal and monetary interventions adopted in the advanced economies. Global inflation rose in 2010, driven by rise in commodity prices, especially food and oil prices. Generally, commodity prices rose and global trade, which contracted in 2009, rebounded. The international financial markets which had earlier recovered, experienced some instability

3.1 OUTPUT AND GROWTH

Global output, which contracted in 2009, resumed growth in 2010 although with uncertainties about its sustainability in the world's three biggest markets: the United States, Europe; and China. Global output increased by 5.0 per cent in 2010, up from the 0.6 per cent decline in 2009[1]. The increase in growth of global output was due largely to the stronger-than-expected activity in many emerging economies in the second half of 2010; strong domestic aggregate demand in developing countries, especially Africa; and the new policy initiatives implemented in the United States of America. However, the sovereign debt crisis in Europe and the policy responses it generated triggered alarm in international financial markets. In addition, the tightening of monetary policy and efforts to douse the overheated property markets in China, raised concerns about the growth trajectory.

Global output, which contrasted in 2009, resumed growth in 2010. Global output increased by 5.0 per cent, up from a 0.6 per cent decline in 2009.

The economies of Developing Asia enjoyed a strong rebound of 8.2 per cent in 2010, due to significant growth in trade, driven by the large manufacturing sector. Public infrastructure procurement, financed by China's considerable fiscal stimulus, contributed largely to growth in the region, while difficulties with monsoon rains affected India's agricultural output.

The development was largely due to higher performance in many emerging economies, strong domestic demand in developing countries as well as the combined effects of fiscal and monetary interventions adopted in the advanced economies.

[1] *World Economic Outlook, WEO, January 25, 2011*

Russia remained the engine of growth among countries of the Commonwealth of Independent States (CIS). The 4.1 per cent output growth in the region in 2010 was higher than the 7.0 per cent decline of 2009. Economic performance was driven by commodity exports. The best growth performers were Uzbekistan, Turkmenistan, and Georgia at 8.0, 6.0 and 6.0 per cent, respectively. The key challenge for the CIS economies was the concentration of the economic base, with the attendant threat of external vulnerability of the financial sector.

Developing and emerging countries as a group recorded significant improvement in output performance in 2010. Output increased by 7.1 per cent, compared with the 2.6 per cent decline in 2009. The high level of growth was due to improved output performance in commodity-exporting countries, as well as countries that were relatively unaffected by the global financial crisis.

Table 3.1: Changes in World Output and Prices (per cent) 2006 - 2010

	Output					Consumer Prices				
Region/Country	**2006**	**2007**	**2008**	**2009**	**2010**	**2006**	**2007**	**2008**	**2009**	**2010**
Advanced Economies	3	2.7	0.2	-3.4	3	2.2	2.3	2	0.7	1.1
United States	2.7	1.9	-	-2.6	2.8	3.3	2.9	2.2	0.9	0.9
Japan	2	2.4	-1.2	-6.3	4.3	-0.9	-0.7	-0.8	-0.9	-2.1
European Union	3.5	3.2	0.8	-4.1	1.8	2.3	2.4	3.7	0.9	1.9
Germany	3.4	2.7	1	-4.7	3.6	1.8	2.3	2.8	0.2	1.3
France	2.4	2.3	0.1	-2.5	1.6	1.9	1.6	3.2	0.1	1.6
Italy	2	1.5	-1.3	-5.-	1	2.2	2	3.5	0.8	1.6
United Kingdom	2.8	2.7	-0.1	-4.9	1.7	2.3	2.3	3.6	2.1	3.1
Euro Area	3	2.9	0.5	-4.1	1.8	2.2	2.1	3.3	0.3	1.6
Other Advanced Economies	3.9	4	1	-1.2	5.6	2.2	2.7	3.1	0.8	2.7
Newly Industrialized Asian Economies	5.9	5.8	1.8	-0.9	8.2	1.6	2.2	4.5	1.3	2.6
Other Emerging Markets and Developing Countries	8.2	8.7	6	-2.6	7.1	5.6	6.5	9.2	5.2	6.2
Regional Groups										
Central and Eastern Europe	6.5	5.5	3	-3.6	4.2	5.9	6	8.1	4.7	5.2
Russia	8.2	8.5	5.2	-7.9	3.7	9.7	9	14.1	11.7	6.6
Africa	6.4	7	5.5	2.8	5	6.9	6.9	11.7	10.4	7.5
Asia	10.4	11.4	7.7	7	9.3	4.2	5.4	7.5	3.1	6.1
Middle East	5.8	6	5	1.8	3.9	7.5	10	13.5	6.7	6.8
Western Hemisphere	5.5	5.6	4.6	-1.7	5.7	5.3	5.4	7.9	5	6.8
China	12.7	14.2	9.6	9.2	10.3	1.5	4.8	5.9	-0.7	3.5

Source: World Economic Outlook, January 2011

In Africa, output grew by 5.0 per cent, compared with 2.8 per cent in 2009. The development was attributed to improved commodity prices, export trade especially in the oil exporting countries, as well as improved agricultural performance. Five (5) African countries - South Africa, Nigeria, Angola, Ethiopia, and Kenya - accounted for two thirds of the economic output of the region. In 2010, the output growth from these countries was led by Nigeria with 7.0 per cent, while South Africa, whose economy was in recession in 2009, recorded the least growth of 3.1 per cent.

3.2 GLOBAL INFLATION

Global consumer prices rose generally in 2010 except in Japan, Russia and Africa. Rising commodity prices, especially food and oil prices, contributed to the general price increase which was highest in emerging market economies. The price of agricultural products moved upward significantly, as a result of supply shortages due to adverse weather conditions. Industrial metal prices continued to soar on strong Chinese demand. Precious metal prices reached their peak, relative to recent year experiences, under the influence of expectations of continued quantitative easing measures by major central banks. Another source of inflationary pressure was loose monetary policy maintained in the hope that consumer demand would be rekindled. Oil prices picked up on the weak United States dollar, especially from September 2010.

In advanced economies inflation averaged 1.1 per cent, compared with 0.7 per cent in 2009. CPI inflation decreased marginally, while the downtrend in core inflation paused. The stability of core inflation, at 0.7 per cent, kept alive the fear of deflation. The low levels of capacity utilization and well-anchored inflation expectations helped to contain inflationary pressures. Headline inflation moved from zero in 2009 to 1.3 per cent in 2010, as rebounding energy prices more than offset the slowing labour costs. In the US, the average inflation rate remained 0.9 per cent as in 2009.

Global consumer prices rose generally in 2010 except in Japan, Russia and Africa. Rising commodity prices especially food and oil prices contributed to the general price increase which was highest in emerging market economies.

Japan experienced price deflation of negative 2.1 per cent for most parts of 2010, a higher magnitude than the minus 0.9 per cent recorded in 2009. On a year-by-year basis, core consumer prices declined by 0.4 per cent at end-December. The price was driven by education, which declined by 13.0 per cent, furniture by minus 3.5 per cent, and recreation and clothing, which both declined by 0.8 per cent on a year-by-year basis.

In the Euro area, price inflation averaged 1.6 per cent, higher than the rate of 0.3 per cent recorded in 2009. Transportation, housing, and alcohol and tobacco were the major components that drove the price spiral in Europe. An additional factor that stimulated inflation in the region was increase in VAT as a means of cutting down on public sector deficits.

Countries of the Western Hemisphere recorded inflation of 6.8 per cent, compared with 5.0 per cent in 2009. In Venezuela, price inflation was as high as 28.5 per cent, Argentina and Trinidad and Tobago had inflation rates of 11.0 and 10.4 per cent, respectively. Mexico, Brazil, and Nicaragua experienced single-digit inflation at 4.5, 5.2 and 7.0 per cent, respectively. Only Antigua and Barbuda had deflations of -1.1 per cent, each. Rising fuel cost was largely the reason for price increases. In Canada, inflation rose by 2.4 per cent, compared with negative 0.9 per cent recorded in 2009.

Inflation threatened Central and Eastern European economic recovery as it dampened consumer spending and prompted interest rate increases. At an average of 5.2 per cent in 2010, inflation was 0.5 percentage point higher than in 2009. Some countries in the region, such as Armenia (8.1 per cent), Romania (6.1 per cent); and Serbia (5.9 per cent) experienced persistent higher than average inflation throughout the year owing to higher food prices. The relatively better performers were Macedonia (-0.4 per cent); Estonia (-0.1 per cent); Slovenia (0.9 per cent); and Slovakia (1.6per cent). Consumer price in developing Asia picked up in 2010, but mostly within the target range set by central banks. Average inflation in the region rose from a low of minus 0.7 per cent in 2009 to positive 8.2 per cent in 2010. Most of the consumer price increase was attributed to higher food prices and adverse weather conditions. In China, food prices rose by over 6.0 per cent, resulting in overall inflation of 10.3 per cent, compared with 9.2 per cent recorded for 2009. Inflation accelerated in Thailand, Indonesia and South Korea, putting pressure on central banks to further raise interest rates, despite concerns about slowing Western demand for Asian exports.

In the CIS, inflation continued its 2009 decline in early 2010, despite the economic rebound, the delayed pass-through of currency devaluation carried out in 2009 and loose monetary policy. By mid-2010, however, prices had risen as a result of a number of supply shocks, including droughts in the Russian Federation and Ukraine which caused food prices to rise sharply. Ukraine and Belarus experienced double-digit inflation rates of 15.9 and 13.0 per cent respectively.

In emerging market economies and developing countries, inflation rose by one percentage point to 6.2 per cent relative to the rate in 2009. Average core inflation fell by 0.2 percentage point to 2.9 per cent. It, however, varied among emerging economies. In many of the countries, food and energy prices had considerable impact on overall inflation as these commodities attracted a larger share of household expenditures. Other contributory factors were bad weather (which pushed up the price of agricultural products), fiscal stimulus measures that created liquidity surfeit, higher commodity costs and increased labour costs. In Africa, inflation moderated to 7.5 per cent, from 10.4 per cent in 2009. South Africa's price inflation came down to 3.5 per cent in 2010, from 6.3 per cent in 2009. In Nigeria, the inflation rate was down to 11.8 per cent in 2010, compared with13.9 per cent a year earlier. In Egypt, Angola and Ghana, inflation remained relatively high, ranging between 10.0 to 18.0 per cent.

3.3 GLOBAL COMMODITY DEMAND AND PRICES

The U.S. dollar price of commodities continued to rebound in 2010 from the post-financial crisis lows, with prices varying from a relatively small increase in energy to larger gains in metals and agriculture. In 2010, the average basket price of crude oil was US $77.39 per barrel, compared to US $72.91 in 2009. The rise in price was attributable to increased demand at the end of the global recession, especially from China. At an average of 87.8 million barrels per day in 2010, global oil demand rose by 2.8 million barrels per day over the position in 2009. Base metals price index rose significantly by 43.0 per cent over the December 2009 level of 144.3 to 206.4, supported by a relatively strong demand in emerging markets, as well as the recovering economies of developed countries.

The US dollar price of commodities continued to rebound in 2010 from the post financial crisis lows.

Although the downturn in industrial production in 2010 caused the demand momentum to slow, dollar-denominated commodity prices were given a boost in the fourth quarter by the strengthening demand from China and expectations of tightening supplies in the medium term. Agricultural prices were up 17.0 per cent in 2010, with some commodities rising much higher on extreme weather conditions. For example, severe drought in Russia and surrounding countries led to a sharp rise in wheat prices. Corn and soybeans prices followed, in part, due to expected competition for acreage. Heavy rains in Asia as well as drought in South America affected several tropical commodities. Africa, however, faced the least weather-related problems during the year.

3.4 WORLD TRADE

Global trade, which contracted by 15.1 per cent in 2009, in value terms, increased by 11.9 per cent in 2010, but remained below the pre-crisis level. The increase in world trade was attributed to the rebound in industrial activity in most advanced economies and the higher growth levels in emerging and developing economies, which contributed to higher export levels.

In the advanced economies, both volume of exports and imports improved from negative of 12.1 and 12.2 per cent in 2009 to increases of 11.4 and 11.1 per cent, in 2009 and 2010, respectively. The terms of trade, however, worsened from a surplus of 2.8 per cent in 2009 to a deficit of 0.6 per cent in 2010. The development was in sharp contrast to the average annual changes in trade volumes in emerging and developing economies, where both exports and imports increased by 12.8 and 13.8 per cent in 2010 respectively, resulting in a terms of trade surplus of 1.2 per cent.

Table 3.2: World Trade Volumes (Average Annual Percentage Change in Trade in Goods and Services) 2006 - 2010

	Advanced					Emerging and Developing				
Volume of Trade	**2006**	**2007**	**2008**	**2009**	**2010**	**2006**	**2007**	**2008**	**2009**	**2010**
Exports	8.7	6.6	1.9	-12.1	11.4	10.3	9.9	4.4	11.7	12.8
Imports	7.7	5.0	0.4	-12.2	11.1	10.9	13.0	9.0	13.5	13.8
Terms of Trade	-1.1	0.3	-1.8	2.8	-0.6	2.9	0.0	3.4	-4.2	1.2

Source: World Economic Outlook, October 2010 (2010 figures are projections)

3.5 INTERNATIONAL FINANCIAL MARKETS

The global financial markets which had recovered appreciably by the end of 2009, suffered a major setback during the second quarter of 2010. Concerns about the sustainability of the sovereign debt of Greece, Italy, Spain, Portugal, Belgium, and Ireland triggered financial market worries. Consequently, market volatility increased and risk appetite declined during the period, thereby reducing confidence among banks and generating a systemic crisis as funding stress spread. By the end of the year, a measure of stability had returned to the financial markets.

The global financial market which had appreciably recovered by end of 2009 suffered a major setback during the second quarter of 2010.

3.5.1 Money Markets

The sovereign debt crisis in the Euro Area increased the problem of liquidity squeeze that arose with the global financial crisis. In addition, the fear that countries with debt problems might not be able to honour their obligations as at when due and increased risk and uncertainties in financial markets, have all contributed to higher interest. Also, the exiting strategies of some central banks from the quantitative easing measures put additional pressures on interest rates.

3.5.2 Capital Markets

Financial stability suffered a major setback in mid-2010, as market volatility increased and risk appetite declined. This followed heavy selling of the sovereign debt of vulnerable Euro area economies, an action that rattled banking systems and triggered a systemic crisis, with funding stress spreading to banks. These measures, added to existing worries about the sustainability of economic recovery, caused a broader decline in stocks. As a result, most equity markets surrendered part of their large gains of 2009, as volatility rose during the year. The losses were first felt by financial stocks in Europe. However, as concerns about sustainability of the recovery grew, these losses broadened to other regions.

In China, India, Vietnam, and developing Asia, capital markets were particularly active in support of the respective countries' growth. The International Financial Corporation (IFC) launched a pioneering programme of Chinese renminbi-denominated bonds in Hong Kong, SAR, the proceeds of which would be applied to private sector projects in the areas of rural development and a cleaner production. In the US and Western Europe, capital markets were more cautious as players awaited regulatory changes that governments had promised. The situation in Africa was similar due to lack of appetite for risk by investors.

Table 3.3: International Stock Market Indices, 2009 - 2010

Country	Index	31-Dec-09	31-Mar-10	30-Jun-10	30-Sep-10	31-Dec-10
AFRICA						
Nigeria	ASI	20,827.17	26,411.97	25,409.00	23,050.59	24,770.50
South Africa	JSE African ASI	27,775.58	28,747.56	26,258.82	29,456.04	32,296.50
Kenya	Nairobi NSE 20	3,247.77	4,072.80	4,339.28	4,636.18	4,495.41
Egypt	EGX CSE 30	6,272.00	6,806.11	6,033.09	6,634.27	7,073.12
Ghana	GSE All Share	5,572.34	6,014.34	6,591.10	6,835.71	7,369.21
NORTH AMERICA						
US	S&P 500	1,115.10	1,173.27	1,030.71	1,146.24	1,271.89
Canada	S&P/TSX Composite	11,746.11	12,044.21	11,294.42	12,363.08	13,443.20
Mexico	Bolsa	32,120.47	33,399.46	31,156.97	33,807.48	38,605.80
SOUTH AMERICA						
Brazil	Bovespa Stock	68,588.41	69,959.58	60,935.90	70,229.35	69,962.30
Argentina	Merval	2,320.73	2,404.77	2,185.01	2,652.29	3,628.48
Columbia	IGBC General	11,602.14	12,042.19	12,449.90	14,697.55	15,368.30
EUROPE						
UK	FTSE 100	5,452.35	5,693.50	4,858.69	5,558.59	5,899.94
France	CAC 40	3,982.49	3,995.78	3,388.15	3,647.80	3,900.86
Germany	DAX	6,000.75	6,157.12	5,894.13	6,141.10	6,989.74
Russia	MICEX	1,370.01	1,461.32	1,287.47	1,461.50	1,687.99
ASIA						
Japan	NIKKEI 225	10,654.79	11,089.94	9,191.60	9,381.06	10,398.10
China	Shanghai SE A	3,402.31	3,260.00	2,488.30	2,782.02	2,987.03
India	BSE Sensex	17,567,20	17,562.15	17,459.70	20,533.73	20,610.20
Source: Bloomberg						

Overall, the average major equity market index gained 15.3 per cent in 2010. Sri Lanka's stock market gained the most at 96.1 per cent, while Bermuda had the highest decline of 44.9 per cent. Among the G-7 countries, Germany was the best performer at 16.1 per cent, followed by Canada at 14.5 per cent, the United States at 12.8 per cent, and the United Kingdom at 9.0 per cent. France, Japan, and Italy all declined at negatives 3.3, 3.0, and 13.2 per cent, respectively. Among the BRIC countries, Russia performed best at 22.7 per cent, followed by India at 17.4 per cent and Brazil at 1.0 per cent. China, however, experienced a decline at negative 14.3 per cent.

In Africa, the South African JSE All-Share, the Kenyan Nairobi: NSE 20, the Egyptian EGX CASE 30 and Ghana's GSE indices increased by 23, 3.6, 17.2 and 11.8 per cent, respectively, while the Nigerian NSE ASI index decreased by 2.5 per cent.

3.5.3 The International Foreign Exchange Market

The 2010 triennial survey by the Bank for International Settlements showed that the global foreign exchange market, since 2007, remained resilient. It grew by 20.0 per cent from its 2007 level, with a daily average turnover of $4.0 trillion (from US$3.3 trillion in 2007 to US$4.0 trillion in 2010). The report attributed the growth to the 48.0 per cent increase in turnover of spot transactions, which represented 37.0 per cent of total foreign exchange turnover. The performance of major world currencies in 2010 against the US dollar showed that the euro and British pounds depreciated by 9.95 and 3.33 per cent, respectively. However, the Japanese yen, the Canadian dollar, the Australian dollar, the Swiss franc, the Chinese yuan, the South African rand and the Mexican peso appreciated against the US dollar by 14.82, 4.79, 13.94, 10.65, 3.33, 11.33 and 6.01 per cent, respectively.

The US dollar depreciated against other currencies for most parts of 2010 to the extent that, on August 01, 2010, the Federal Open Market Committee (FOMC) of the US Federal Reserve System put in place a temporary US dollar liquidity swap arrangement with the central banks of England, Canada, Japan, Switzerland and the European Central Bank. The development was in response to the re-emergence of strains in short-term US dollar funding markets.

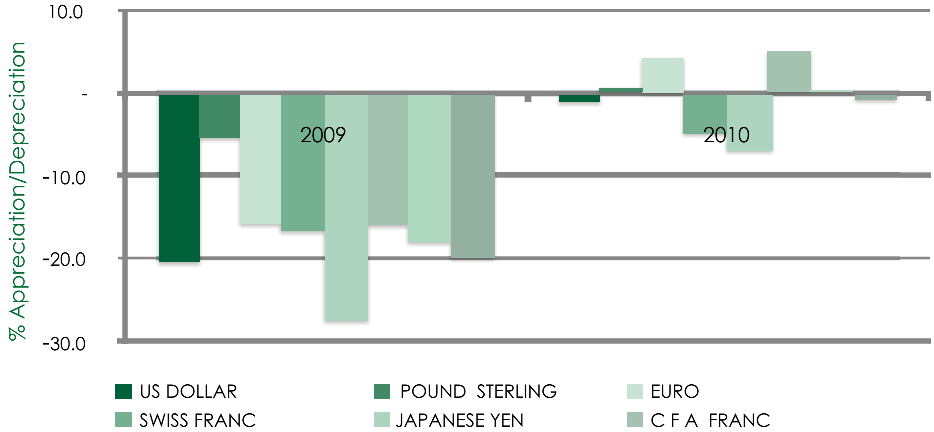
China's tight pegging of the renminbi to the US dollar, at a rate that encouraged a large bilateral surplus with the United States, continued for most of 2010. However, the impact of the FOMCs decision prompted China to move out of the dollar zone to avoid asset depreciation, and to revalue the Yuan in 2010.

The Japanese yen fell after Standard & Poor's down grade the country's sovereign credit rating, even though the Bank of Japan intervened aggressively which made China buy into the yen.

The euro depreciated considerably against other tradable currencies, following sovereign debt problems. At a stage in the crisis, when Germany was reluctant to bail out distressed EU economies, the survival of the euro was in doubt as fears that countries which could not meet the currency's stringent macroeconomic convergence requirements might opt out of the currency grew. A flight from the euro followed, and it caused the dollar to rebound.

A comparison of the exchange rate of the naira against major international currencies in 2010 indicated that the naira appreciated against the pound sterling by 1.89 per cent, the euro by 5.50 per cent and the CFA francs by 5.11 per cent. However, it depreciated against the US dollar by 0.94 per cent, then Swiss franc by 11.24 per cent, the Japanese yen by 11.23 per cent, the Saudi riyal by 0.59 per cent and the WAUA by 0.16 per cent.

Figure 3.1: Annual Percentage Change in the Average Unit of Naira Per Foreign Currency



3.5.4 Central Bank Interest Rate Policies

Monetary policy remained supportive in many economies throughout 2010. The global economic crisis saw central banks responding differently depending on how the crisis affected their economies. For example, while many central banks in advanced economies kept the main policy rate near the zero bound in 2010, those in emerging economies raised their policy rates, while a number of central banks in developing economies cut their policy rates in 2010. For instance, the Bank of Japan kept its policy rate at 0.1 per cent; the US Federal Reserve at 0.25 per cent; the ECB at 1.0 per cent; the Central Bank of Russia between 7.75 - 8.75 per cent; the Bank of England at 0.5 per cent.

Many Central Banks in advanced economies kept the main policy rate near zero, those in emerging economies raised policy rates, while a number of Central Banks in developing economies cut the policy rate.

Central banks in emerging and some developing economies, however, eased monetary policy by reducing or cutting their policy rates. These included the Reserve Bank of South Africa, which reduced its rate from 6.5 to 5.5 per cent and the Bank of Ghana from 15.0 to 13.5 per cent. Several central banks in a number of emerging economies had effected monetary tightening with rate hikes; increased cash reserve requirements and/or imposed direct limits on credit growth. Some of these included the Reserve Bank of Australia, from 4.5 to 4.75 per cent; the Peoples Bank of China from 5.31 to 5.81 per cent; the Bank of Norway from 5.5 to 6.5 per cent; the Swedish National Bank from 0.75 to 1.25 per cent; and the Central Bank of Nigeria from 6.0 per cent to 6.25 per cent.

Table 3.4: Monetary Policy Rates of Selected Countries, 2007 - 2010

	China	Russia	India	Korea	Australia	Brazil	FED USA	BOJ Japan	ECB EU	BOE UK	SARB South Africa	BOG Ghana	CBN Nigeria	Norway	Sweden
2007	5.31	10.21	5.25	4.73	6.4	11.98	4.25	0.5	4	5.5	11	13.5	9	4.38	3.46
2008	5.31	10.94	5.25	4.79	6.69	12.54	1	0.1	2.5	2	11.5	17	9.75	5.32	4.14
2009	5.31	11.21	5.25	2.04	3.27	9.92	0.25	0.1	1.23	0.63	8.13	18.29	7.44	1.75	0.65
Jan-10	5.31	8.75	4.75	2	3.75	8.75	0.25	0.1	1	0.5	7	18	6	1.75	0.25
February	5.31	8.5	4.75	2	3.75	8.75	0.25	0.1	1	0.5	7	16	6	1.75	0.25
March	5.31	8.25	5	2	4	8.75	0.25	0.1	1	0.5	6.5	16	6	1.75	0.25
April	5.31	8	5.25	2	4.25	9.5	0.25	0.1	1	0.5	6.5	15	6	1.75	0.25
May	5.31	8	5.25	2	4.5	9.5	0.25	0.1	1	0.5	6.5	15	6	1.96	0.25
June	5.31	7.75	5.5	2	4.5	10.25	0.25	0.1	1	0.5	6.5	15	6	2	0.5
July	5.31	7.75	5.75	2.25	4.5	10.5	0.25	0.1	1	0.5	6.5	13.5	6	2	0.5
August	5.31	7.75	5.75	2.25	4.5	10.75	0.25	0.1	1	0.5	6.5	13.5	6	2	0.5
September	5.31	7.75	6	2.25	4.5	10.75	0.25	0.1	1	0.5	6	13.5	6.25	2	0.75
October	5.56	7.75	6	2.25	4.5	10.75	0.25	0.1	1	0.5	6	13.5	6.25	2	1
November	5.56	7.75	6.25	2.5	4.75	10.75	0.25	0.1	1	0.5	5.5	13.5	6.25	2	1
December	5.81	7.75	6.25	2.5	4.75	10.75	0.25	0.1	1	0.5	5.5	13.5	6.25	2	1.25

Sources: FED US Federal Reserve, BOJ – Bank of Japan, ECB - European

SARB – South Africa Reserve Bank, BOG – Bank of Ghana, CBN

In 2010, central banks worldwide introduced quantitative easing to address problems associated with the global financial crisis. There was, therefore, increased liquidity available for short-term speculation which impacted the oil and other commodity markets. Indeed, quantitative easing was adopted as a strategy to expand money supply in many jurisdictions. The growth in liquidity prompted the Basel Committee on Banking Supervision to review, in September 2010, details of the Basel III principles, which included global regulatory standards on capital adequacy and liquidity. In November, the framework was endorsed by the G-20 leaders at their meeting in Seoul, South Korea. On their part, central banks began to increase policy rates and, in Europe, the European Central Bank started to drain liquidity from the banking system.

3.6 The Impact of the Global Economic Developments on the Nigerian Economy

The global economic recovery, relative stability achieved in international financial markets, and the continuing rebound in commodity prices, had helped in supporting growth in commodity-producing regions, including Nigeria. The development impacted positively on the Nigerian economy, through recovery in export and commodity prices, arising largely from increased demand by emerging economies and improved capital market activities. However, the general rise in food prices, worldwide, impacted negatively on Nigeria's inflation rate, efforts at achieving food security, and attaining the Millennium Development Goals.

In addition, the global counter-cyclical policy environment in 2010, as represented by the actions of the US FOMC and the Bank of China, had also influenced Nigeria's policy options. Owing to the fiscal space attributed to increased oil receipts and the earlier debt relief, Nigeria was able to continue its major public spending programmes in 2010. The crisis also paved the way for monetary easing and intervention in key sectors of the economy, through a reduction in the key policy rate. Specifically, it helped Nigeria to adopt a stimulus package and to target real sector programmes, aimed at mitigating the effects of the crisis on the rural poor.

External financial flows to Nigeria were partly subdued in 2010 due to the slow economic growth in most of Nigeria's trading partners. Although, the Nigerian government implemented investment-friendly measures to attract foreign direct investment in all sectors, most foreign investment into the country were in the extractive industries.

The global economic recovery impacted positively on the Nigerian economy, through recovery in export and commodity prices, arising largely from increased demand by emerging economies and improved capital market activities.

CHAPTER FOUR

FINANCIAL SECTOR DEVELOPMENTS

The effects of the global financial crisis lingered in 2010 as money supply was sluggish and remained substantially below the target. Moreover, the credit crunch persisted as net domestic credit grew at a rate far below the indicative benchmark. Notwithstanding, the Nigerian financial sector remained relatively resilient and stable. In order to restore confidence in the system, measures were taken to unlock the credit potentials of banks, including a review of the monetary policy rate, the promotion of activities of AMCON, and the continued guarantee of inter-bank transactions.

The outcome of financial developments was mixed in 2010. The ratio of broad money supply (M_2) to nominal GDP, at 38.9 per cent, was lower than the ratio of 42.7 per cent recorded at the end of the preceding year. The banking system's capacity to finance economic activities weakened as the ratio of claims on the core private sector to non-oil GDP declined by 17.0 percentage points to 48.1 per cent. Also, the efficiency of intermediation declined slightly as the proportion of currency outside banks to M_2 rose to 9.4 per cent.

The thrust of monetary policy in 2010 was to ease the tight liquidity condition in the banking system and ensure financial stability, without compromising the primary goal of price stability. The monetary policy actions of the Bank produced modest outcomes. Broad money (M_2) grew by 6.7 per cent at the end of the year, and was significantly below both the indicative target for the year and the outcome in the preceding year. Reserve money, the Bank's operating target, also fell below the indicative benchmark for the year.

Total money market assets outstanding at end-December 2010, increased by 35.9 per cent, compared with 19.1 per cent at end-December 2009, due largely to the rise in the value of FGN Bonds, Treasury Bills (NTBs) and Bankers' Acceptances (BAs). The risk-free yield curve for treasury securities (treasury bills and bonds) remained upward-sloping, with steeper slopes at the short and long segments than at the middle. Furthermore, the yields for all the maturities were lower than in 2009. The capital market was bullish, owing to the restoration of confidence as the All-Share Index at the Nigerian Stock Exchange rose by 18.9 per cent, as against the decline of 33.8 per cent in the preceding year. Furthermore, the ratio of total market capitalisation to GDP increased by 33.6 per cent.

At end-December 2010, the Nigerian financial system comprised the CBN, the Nigerian Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC), *the National Insurance Commission (NAICOM), the National Pension Commission (PENCOM), 24 deposit money banks, 5 discount houses, 866 microfinance banks, 108 finance companies, 101 primary mortgage institutions, 5 development finance institutions, 1,959 bureaux-de-change, 690 security brokerage firms, 13 pension fund administrators, 5 pension fund custodians, 1 asset management corporation, 1 stock exchange, 1 commodity and securities exchange, and 73 insurance companies.*

4.1 INSTITUTIONAL DEVELOPMENTS

4.1.1 Growth and Structural Changes

The structure of the Nigerian financial sector changed with the establishment of the Asset Management Corporation of Nigeria (AMCON). However, the number of banks in the industry remained at twenty-four (24), as in the preceding year, while the number of banks' branches increased from 5,565 in 2009 to 5,799, indicating an increase of 4.2 per cent. As in the preceding year, no bank was offered for sale through the purchase and assumption (P&A) option for distressed bank resolution, as the cases of the remaining two (2) banks in liquidation, were still pending in the courts. The CBN had, however, at end-December 2010, issued a total of ₦47.7 billion promissory notes to cover the shortfall between the assumed deposit liabilities and the cherry-picked assets of the eleven (11) failed banks that had been liquidated, in accordance with the terms of the P&A contract.

In the other financial institutions (OFIs) sub-sector, two (2) finance companies (FCs) wound down and the licences of two hundred and twenty-four (224) MFBs were revoked. Also, the operating licences of one hundred and thirty-two (132) Class "A" bureaux-de-change (BDCs) were withdrawn, while the licences of fifty-nine (59) new MFBs and four hundred and ninety (490) new BDCs were approved. However, one hundred and twenty-one (121) MFBs, whose licences had been revoked, were subsequently granted provisional licences following the injection of fresh capital and the recovery of substancial loans. The revocation of MFB licences was based on the report of the examination of eight hundred and twenty (820) microfinance banks (MFBs), which rated the affected MFBs as 'technically insolvent' or 'terminally distressed'. As part of measures to ensure enhanced access to financial services by the active poor, the CBN embarked on the review of the Regulatory and Supervisory Guidelines for MFBs in 2010.

The re-structuring of the Nigerian Agricultural Credit and Rural Development Bank (NACRDB) commenced during the year with the re-constitution of the Board of Directors and a change of name to 'Bank of Agriculture (BOA)'. Similarly, the Urban Development Bank (UDB) was privatized and restructured to enable it attract the desired funding for infrastructure financing and other related development activities. Under the auspices of the Association of African Development Finance Institutions (AADFI), new prudential requirements/standards were drawn up to deepen the operations and ensure the sustainability of all reporting DFIs. Also, the CBN injected the sum of ₦18.28 billion as additional capital into the Nigeria Export-Import Bank (NEXIM), aimed at restructuring and repositioning the bank for improved efficiency and effectiveness. Furthermore, the Board of Directors of the Federal Mortgage Bank of Nigeria (FMBN) was re-constituted, while the erstwhile Suburban Savings & Loans was acquired by Alliance and General Insurance Co. Ltd and renamed Alliance and General Savings & Loans.

4.1.2 Fraud and Forgery

The number of reported cases of attempted or successful fraud and/or forgery in the banking industry increased in 2010. There were a total of 5,960 cases of attempted fraud or forgery, involving ₦19.7 billion and US$19.2 million, compared with 3,852 reported cases involving ₦33.3 billion, US$1.0095 million, €11,000.0 and £2,800.0 in 2009. Out of this amount, the actual losses to the banks were ₦11.4 billion and US$10.98 million.

As in the preceding year, most of the successful fraud cases were perpetuated via the electronic system, reflecting weaknesses in the internal control systems of banks in Nigeria.

4.1.3 The Public Complaints Desk

The Bankers Committee ceded the functions of handling complaints between and among banks, hitherto performed by the Sub-Committee on Ethics and Professionalism, to the CBN in March 2010. Since its inception, the Bank had processed one thousand, five hundred and twenty-six (1,526) complaints resulting in the refund of over ₦2.2 billion by banks to various customers. As in previous years, most of the complaints bordered on excess charges by banks, staff matters, manipulation and fraudulent practices on customers' accounts, conversion of invested funds, and non-refund of wrong debits to customers' accounts, among others.

4.1.4 Cheque Clearing

The developments in the cheque clearing system indicated mixed developments in 2010. The total volume of cheques cleared increased by 16.5 per cent to 33.99 million, compared with 29.16 million in 2009, while the value declined by 33.0 per cent to ₦19.7 billion. The relative rise in volume was attributed to the increased use of cheques in the system, while the fall in value was attributed to the Federal Government directive to effect the payment of staff salaries and contractors' payments through electronic means, as well as the public's adoption of other payment modes, such as the Real Time Gross Settlement (RTGS) system, the NIBSS Inter-bank Funds Transfer (NEFT), Automated Teller Machines (ATM's), Mobile/phone payments, and Internet payments.

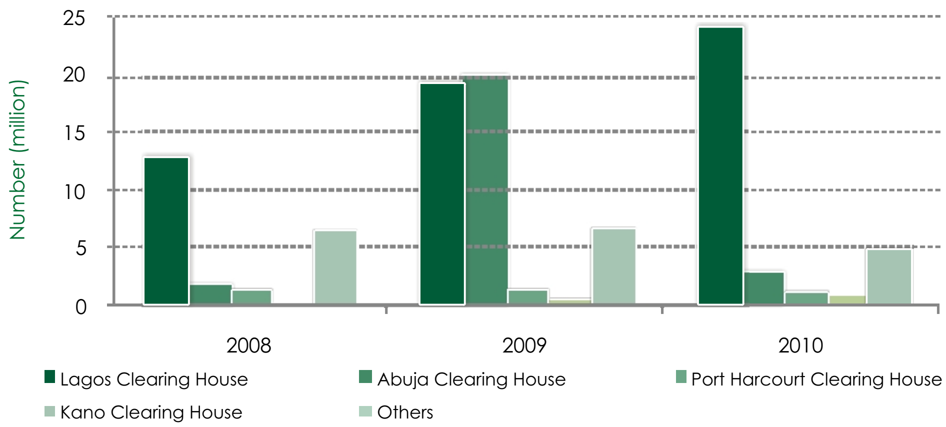
Table 4.1: Volume and Value of Cheques Cleared in 2008 – 2010

	2008		2009		2010	
	Volume	Value (₦'million)	Volume	Value (₦'million)	Volume	Value (₦'million)
Clearing System	30,172,925	43,357,416.23	29,159,780	29,390,852	33,986,062	19,687,864
Lagos Clearing House	12,686,663	19,313,680.69	19,151,133	14,279,926.24	24,187,391	13,567,260.08
	(42.0)	(44.5)	(65.7)	(48.6)	(72.2)	(68.9)
Abuja Clearing House	1,658,042	4,454,888.77	1,983,280	2,914,092.91	2,714,917	1,717,371.03
	(5.5)	(10.3)	(6.8)	(9.9)	(8.1)	(8.7)
Port Harcourt Clearing House	1,158,566	2,800,798.08	1,220,389	2,348,677.27	1,089,432	610,779.32
	(4.0)	(6.0)	(4.2)	(8.0)	(3.2)	(3.1)
Kano Clearing House	na	na	349,460	992,940.98	717,718	579,718.12
			(1.2)	(3.4)	(2.1)	(2.9)
Others	6,292,471	9,680,400.00	6,455,518	8,855,314.74	4,897,074	3,212,735.00
	(21.0)	(22.0)	(22.1)	(30.1)	(14.4)	(16.3)

Figures in parentheses are percentages

na = not applicable

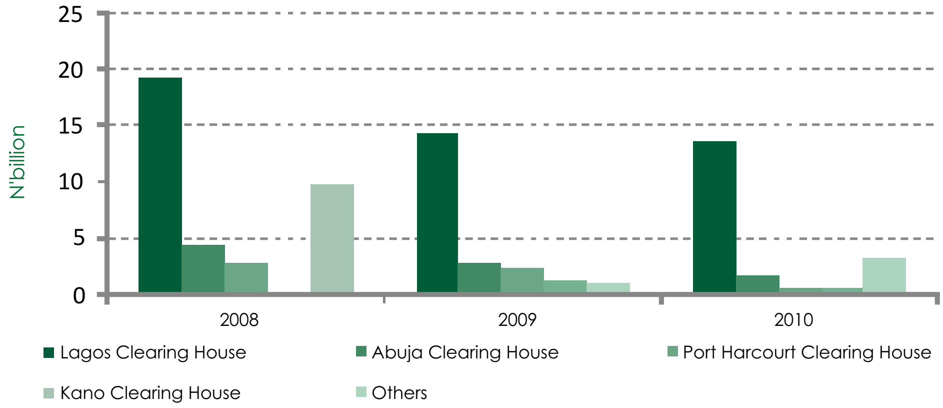
Figure 4.1a: Volume of Cheques Cleared in 2008 - 2010



4.1.5 Inter-bank Funds Transfer (IFT)

The volume and value of inter-bank funds transfer, through the RTGS system (Central Bank Interbank Funds Transfer System - CIFTS) increased significantly by 28.9 and 44.5 per cent to 373,248 and ₦92,955.0 billion, compared with 289,535 and ₦64,351.0 billion, respectively, in 2009.

Figure 4.1b: Value of Cheques Cleared in 2008 - 2010



4.1.6 Use of e-Money Products

The volume and value of e-card transactions increased by 70.6 per cent and 66.3 per cent to 195,525,568 and ₦1, 072.88 billion, compared with 114,592,669 and ₦645.0 billion, respectively, in 2009.

The use of the various forms of e-payment grew significantly.

Available data on various e-payment channels indicated that Automated Teller Machines (ATMs) remained the most patronized, accounting for 95.2 per cent of the total e-payment transactions in volume terms, while the Point-of-sale (POS) terminal was the least with 0.8 per cent:

The volume and value of ATM transactions stood at 186,153,142 and ₦954.04 billion, respectively, at end-December 2010. That reflected an increase of 70.5 per cent and 73.9 per cent, respectively, over the levels recorded in 2009. The development reflected increased public confidence in the system after the adoption of various measures to combat card fraud.

The development reflected increased public confidence in the system after the adoption of various measures to combat card frauds.

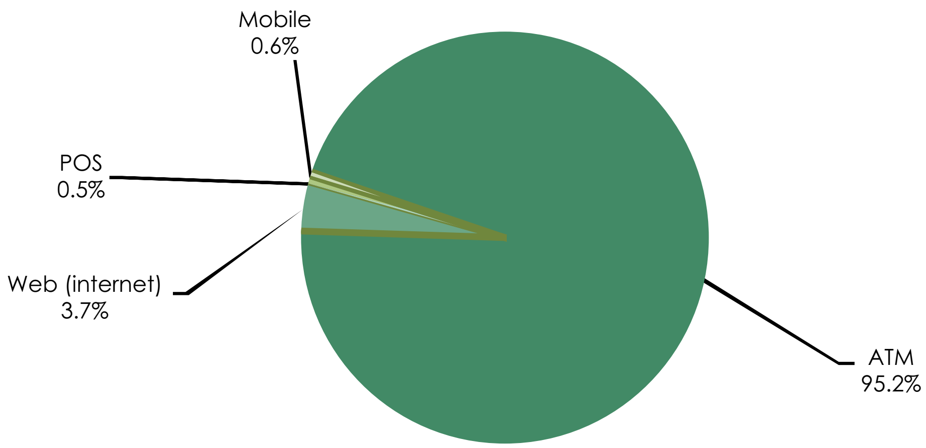
The use of mobile payments was still at its infancy as the mobile payment service operators were only recently licensed. The use of mobile telephones for payments declined in volume by 36.1 per cent to close at 1,156.533, while the value increased by 429.1 per cent to ₦6.65 billion.

Table 4.2: Market Share in the e-Payment Market in 2008 - 2010

e-Payment Segment	Volume (Millions)			Value (₦ ' Billion)		
	2008	2009	2010	2008	2009	2010
ATM	60.1	109.6	186.2	399.7	548.6	954.0
	(91.0)	(95.3)	(95.2)	(90.5)	(85.1)	(88.9)
Web (Internet)	1.6	2.7	7.2	25.1	84.2	99.5
	(2.4)	(2.3)	(3.7)	(5.7)	(13.0)	(9.3)
POS	1.2	0.9	1.1	16.1	11.0	12.7
	(1.8)	(0.8)	(0.5)	(3.7)	(1.7)	(1.2)
Mobile	3.2	1.8	1.2	0.7	1.3	6.7
	(4.8)	(1.6)	(0.6)	(0.1)	(0.2)	(0.6)

Figures in brackets are percentage share of total

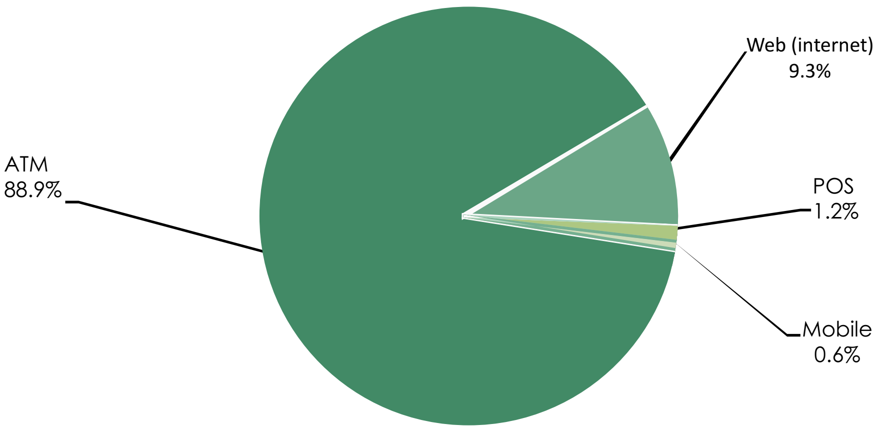
Figure 4.2a: Volume of Electronic Card-based Transactions in 2010



4.1.7 Institutional Savings

Aggregate financial savings rose by ₦90.7 billion or 1.4 per cent to ₦6,430.6 billion, compared with ₦6,339.9 billion at the end of the preceding year. The ratio of financial savings to GDP was 32.9 per cent, compared with 22.8 per cent in 2009. The DMBs remained the dominant depository institution within the financial system and accounted for 92.6 per cent of the total financial savings, compared with 90.9 per cent in the preceding year. Other savings institutions, namely, the PMIs, life insurance funds, the pension funds, the Nigerian Social Insurance Trust Fund, and microfinance banks accounted for the balance of 7.4 per cent.

Figure 4.2b: Value of Electronic Card-based Transactions in 2010



4.2 MONETARY AND CREDIT DEVELOPMENTS

4.2.1 Reserve Money (RM)

At ₦1, 803.9 billion, RM grew by 9.1 per cent, relative to the level at end-December 2009 and was 25.9 percentage points below the indicative benchmark of ₦2,232.4 billion for fiscal 2010. The increase in the sources of base money was accounted for, largely, by the rise in the net domestic assets of the CBN, particularly claims on government and the private sector, which more than offset the decline in net foreign assets of the Bank.

On the uses side, the currency component increased by 16.4 per cent relative to the level at end-December 2009, while DMBs' reserves, however, declined by 9.8 per cent.

Figure 4.3a: Reserve Money and its Components

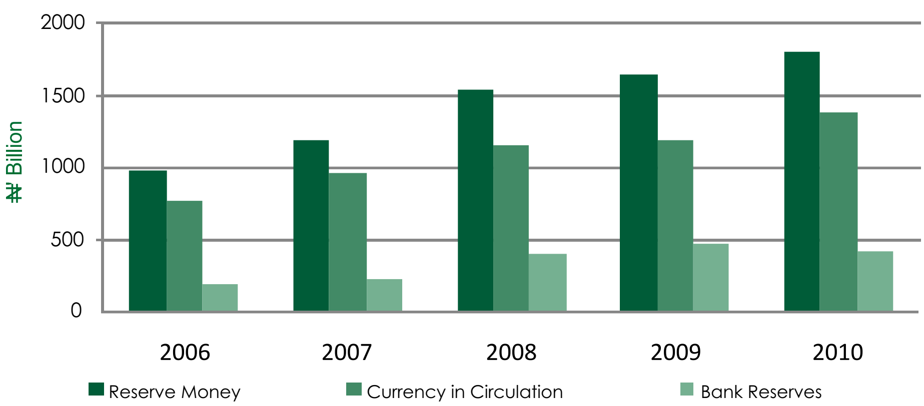
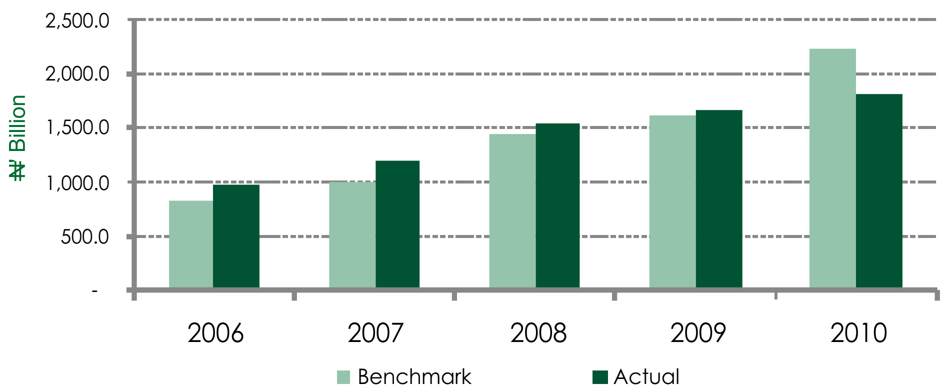


Figure 4.3b: Reserve Money Targets and Outcomes (Naira billion)



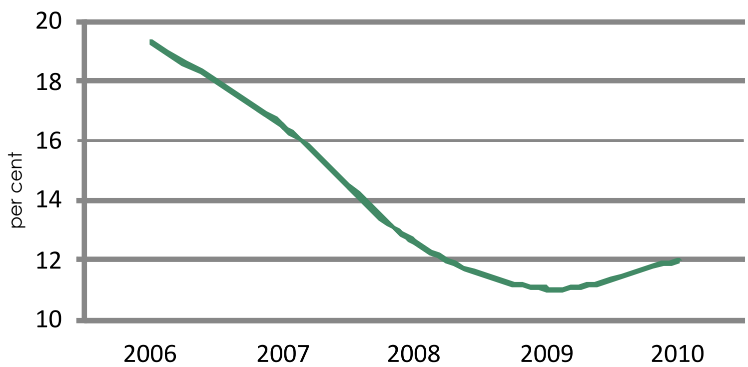
4.2.2 Broad Money (M_2)

Broad money supply (M_2) grew by 6.7 per cent to ₦11,488.7 billion at end-December 2010, compared with the indicative benchmark growth rate of 29.3 per cent for fiscal 2010 and the growth of 17.5 per cent at the end of the preceding year. The sub-optimal growth in M_2 was largely driven by the expansion in domestic credit (net) and other assets (net) of the banking system. Correspondingly, the growth in total monetary liabilities was driven by the expansion in both narrow and quasi-money.

The analysis of the composition of the total monetary liabilities (M_2) showed that the distribution was skewed towards the liquid component M_1, especially in the last quarter of the year, due to seasonal factors. Currency outside bank increased by 16.7 per cent, compared with 3.9 per cent at end-December 2009. As a ratio of the total monetary liabilities, it rose to 9.4 per cent, from 8.6 per cent at end-December 2009. As in the preceding year, foreign currency deposits remained a significant component of M_2 at 13.1 per cent, slightly down by 0.6 percentage point from the ratio at end-2009.

The movement in M_2 was largely driven by the expansion in domestic credit (net) of the banking system, particularly credit to the Federal Government.

Figure 4.4: Ratio of Currency in Circulation to M_2



4.2.3 Drivers of Growth in Broad Money

4.2.3.1 Net Foreign Assets (NFAs)

The net foreign assets of the banking system stood at ₦6,303.63 billion, representing a decline of 17.0 per cent at end-December 2010, compared with the decline of 11.2 per cent at the end of the preceding year. The development reflected, wholly, the decline in the net foreign asset holdings of the CBN, which stood at ₦5,169.3 billion at the end of the review period, compared with ₦6,522.2 billion at end-December 2009. This was accounted for by the reduction in demand deposits with foreign banks, as well as holdings of bills of foreign governments. As a share of M_2, NFA was 54.9 per cent at end-December 2010, compared with 70.5 per cent at end-December 2009, but still maintained its dominance in the last five years.

4.2.3.2 Net Domestic Credit (NDC)

Credit to the domestic economy (net) grew by 13.4 per cent at end-December 2010, but was lower than the indicative benchmark of 51.4 per cent for the year, and the growth rate of 59.6 per cent at end-December 2009. The development reflected, wholly, the growth of 64.2 per cent in credit to the Federal Government (issuance of treasury securities). Credit to the private sector declined by 4.1 per cent, as against the growth of 26.6 per cent at end-December 2009. Net domestic credit to the economy constituted 78.0 per cent of the total monetary assets (M_2) at end-December 2010.

4.2.3.3 Credit to the Government (CG)

Net credit to the Federal Government (CG) rose by 64.2 per cent, compared with 25.9 per cent at end-December 2009 and the indicative benchmark of 25.1 per cent for fiscal 2010. Notwithstanding, the Federal Government remained a net creditor to the banking system in 2010, as in the preceding year.

Figure 4.5: Growth in M_2 and its Sources (per cent)

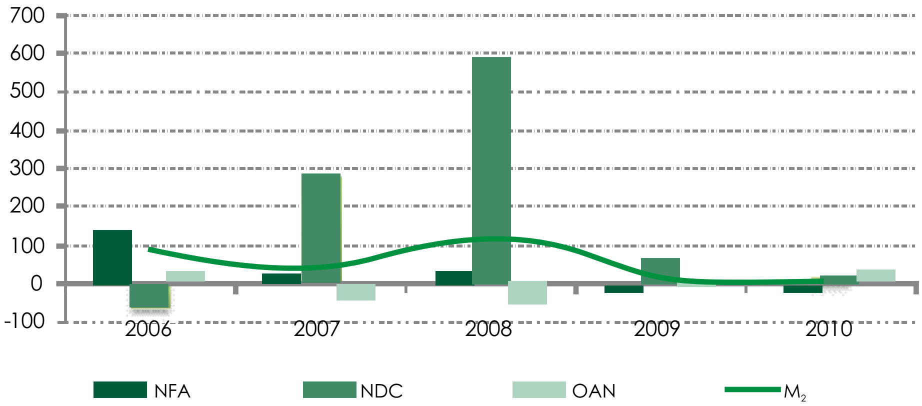
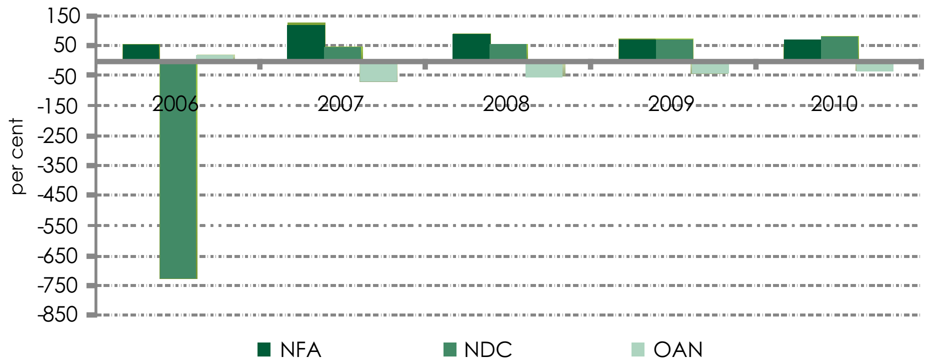


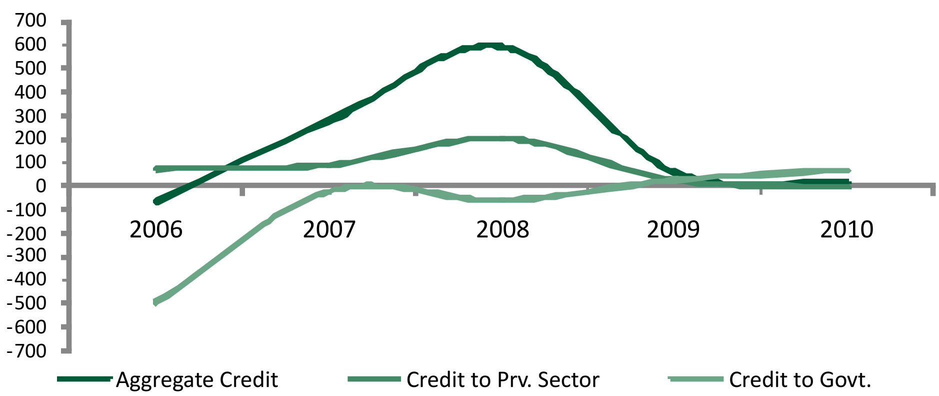
Figure 4.6: Share of NFA and NDC in M2 (per cent)



4.2.3.4 Credit to the Private Sector (CP)

Credit to the private sector (including the states and local governments and non-financial public enterprises), declined by 4.1 per cent, in contrast to the increase of 26.6 per cent recorded at end-December 2009. Credit to the core private sector (excluding states and local governments), declined by 4.8 per cent. The development reflected, largely, the crowding-out effect of the banking system's claims on the Federal Government.

Figure 4.7: Growth in Domestic Credit (per cent)



4.2.3.5 Other Assets (Net) (OAN)

Other Assets (net) of the banking system increased by 20.1 per cent, in contrast to a decline of 9.1 per cent at end-December 2009. OAN contributed 8.8 percentage points to the growth in M_2 at end-December 2010, as against a negative contribution of 4.3 percentage points a year earlier.

Table 4.3: Contribution to the Growth in M2 (per cent) 2006 - 2010

	2006	2007	2008	2009	2010
Net Foreign Assets (NFA)	78.5	23.8	22.1	-10.4	-12.0
Net Domestic Credit (NDC)	-56.9	49.0	39.0	32.2	9.8
Other Assets (net) (OAN)	21.4	-28.6	-3.3	-4.3	8.8
M_2	**43.1**	**44.2**	**57.8**	**17.5**	**6.7**
Narrow Money (M_1)	19.7	20.7	30.0	1.6	4.9
Quasi Money	23.4	23.5	27.8	15.9	1.8
M_2	**43.1**	**44.2**	**57.8**	**17.5**	**6.7**

4.2.3.6 Narrow Money (M_1)

Narrow money supply (M_1) grew by 10.6 per cent at end-December 2010, compared with 3.0 per cent at end-December 2009. The currency component, (COB) rose by 16.7 per cent, while demand deposits grew by 9.2 per cent, compared with their respective growth rates of 3.0 and 2.8 per cent at the end of the preceding year. As a proportion of M_1, COB rose by 19.6 per cent at end-December 2010, from 18.5 per cent a year earlier.

Figure 4.8: Growth in Monetary Aggregate (per cent)

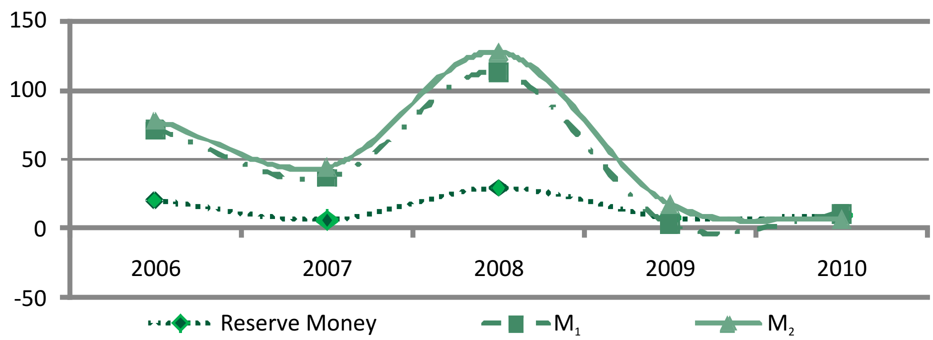


Figure 4.9: Growth in the Components of Broad Money (M_2) (per cent)

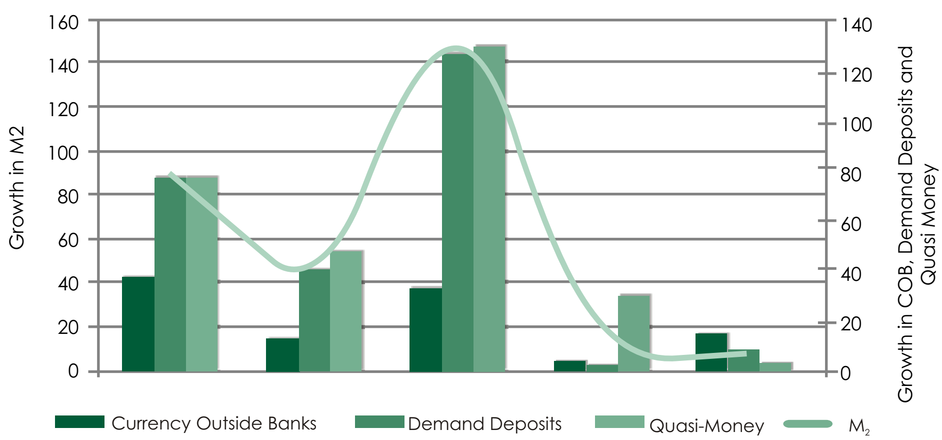


Table 4.4: Composition of Total Monetary Aggregate (M2) (per cent)

	2006	2007	2008	2009	2010
Net Foreign Assets	**156.6**	**125.1**	**93.3**	**70.5**	**54.9**
Net Domestic Credit	**17.7**	**46.3**	**54.0**	**73.4**	**78.0**
Net Credit to Government	-48.1	-40.8	-33.9	**-21.4**	-6.4
Credit to Private Sector	65.8	87.0	87.9	94.8	84.5
Other Assets (Net)	**-74.3**	**-71.0**	**-47.3**	**-43.9**	**-32.9**
Total Monetary Assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Money Supply (M_1)	**56.6**	**53.6**	**53.0**	**46.5**	**48.2**
Currency Outside Banks	16.2	12.7	9.7	8.6	9.4
Demand Deposit	40.5	40.9	43.3	37.9	38.8
Quasi Money	**43.4**	**46.4**	**47.0**	**53.5**	**51.8**
Time & Savings Deposit	43.4	46.4	47.0	53.5	51.8
Foreign Currency Deposit (FCD)	7.5	8.2	10.1	13.4	13.1
Total Monetary Liabilities (M_2)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

4.2.3.7 Quasi-Money

Quasi-Money grew by 3.3 per cent, compared with 33.7 per cent at end-December 2009. The development reflected the respective growth of 3.3 and 4.3 per cent in time and foreign currency deposits with deposit money banks.

4.2.4 Maturity Structure of DMBs Loans and Advances and Deposit Liabilities

Analysis of the structure of DMBs' outstanding credit at end-December 2010 indicated that short-term maturity remained dominant in the credit market. However, there was an improvement in the share of long-term maturity. Outstanding loans and advances maturing one year and below accounted for 65.3 per cent of the total, compared with 70.3 per cent at end-December 2009, while the medium-term (between 1-3 years) and long-term (3-year and above) accounted for 14.6 and 20.1 per cent, respectively, compared with 14.3 and 15.3 per cent, at end-December 2009. Analysis of DMBs' deposit liabilities showed a similar trend, with short-term deposits of below one year maturity constituting 96.9 per cent of the total. The share of deposits of less than 30-day maturity was 76.3 per cent, while long-term deposits of more than three (3) years had a share of 1.0 per cent at end-December 2010, compared with 0.1 per cent at end-December 2009. The structure of DMBs' deposit liabilities explains banks' preference for short-term claims on the economy.

Analysis of DMBs' outstanding credits and deposit liabilities showed that short-term maturities dominated both the credit and deposit markets.

Table 4.5: Maturity Structure of DMBs, Loans and Advances and Deposit Liabilities (per cent)

	Loans and Advances					Deposits				
Tenor/Period	**2006**	**2007**	**2008**	**2009**	**2010**	**2006**	**2007**	**2008**	**2009**	**2010**
0-30 days	54.4	49.2	46.6	50.1	46.1	66.6	74.1	72.7	73.3	76.3
31-90 days	11	11.3	13.4	6.4	10	16.6	12.3	13.1	15	14.4
91-181 days	6.3	5.8	7.8	7.3	3.9	3.5	4.3	6.2	4.7	3.4
181-365 days	6.4	9.5	7.5	6.5	5.3	1.4	2.6	2.7	2.7	2.8
Short term	**78.02**	**75.83**	**75.4**	**70.3**	**65.3**	**88.1**	**93.3**	**94.8**	**95.7**	**96.87**
Medium term(above 1 year and below 3 years	**8.3**	**13.5**	**14.5**	**14.3**	**14.6**	**5.4**	**3.3**	**5.2**	**4.1**	**2.06**
Long term (3 years and above)	**13.7**	**10.7**	**10.1**	**15.3**	**20.1**	**6.5**	**3.3**	**0.03**	**0.069**	**1.005**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Figure 4.10a: Maturity Structure of DMBs Loans and Advances at end-December 2010

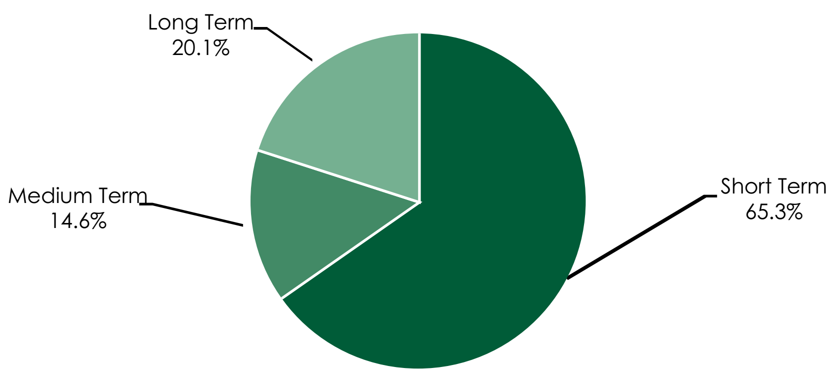
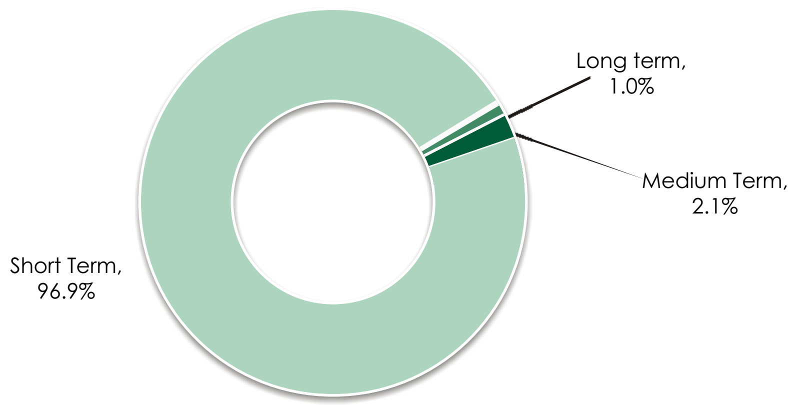


Figure 4.10b: Maturity Structure of DMBs Deposits at end-December 2010



4.2.5 Sectoral Distribution of Credit

At end-December 2010, credit to the core private sector by the DMBs declined by 4.8 per cent, in contrast to the growth of 25.1 per cent at end-December 2009. Of the amount outstanding, DMBs' credit to priority sectors constituted 30.4 per cent, of which agriculture, solid minerals, exports and manufacturing received 1.7, 15.3, 0.6 and 12.8 per cent, respectively. The less priority sectors accounted for 47.8 per cent of outstanding credit, compared with 46.9 per cent at end-December 2009, while unclassified sectors accounted for the balance of 21.8 per cent.

Table 4.6: Credit to the Core Private Sector, 2006 - 2010

	Share in Outstanding (per cent)				
	2006	**2007**	**2008**	**2009**	**2010**
1. Priority Sectors	**30.3**	**25.9**	**26.2**	**25.2**	**30.4**
Agriculture	2.2	3.2	1.4	1.4	1.7
Solid Minerals	10.1	10.7	11.3	12.7	15.3
Exports	1.2	1.4	1	0.5	0.6
Manufacturing	16.9	10.4	12.5	10.6	12.8
2. Less Preferred Sectors	**46**	**41.2**	**42**	**46.9**	**47.8**
Real Estate	5.9	6.2	6.2	8.3	8.7
Public Utilities	0.9	0.6	0.6	0.8	0.7
Transp. & Comm.	7.6	6.8	7.2	8.3	10.7
Finance & Insurance	4.6	9.4	9.5	13.1	11.3
Government	4.5	3.7	1.9	3.7	4.9
Imports & Dom. Trade	22.5	14.5	16.4	12.8	11.7
3. Unclassified	**23.7**	**32.9**	**31.8**	**27.9**	**21.8**
Total (1+2+3)	**100**	**100**	**100**	**100**	**100**

Figure 4.11a: Share in Outstanding Credit to the Core Private Sector in 2010

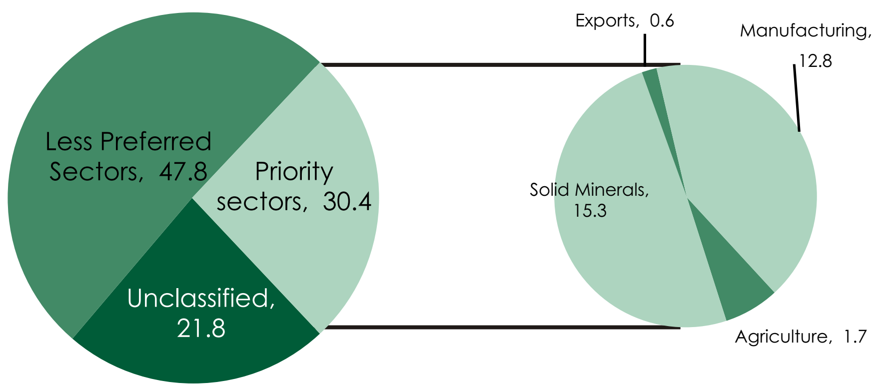
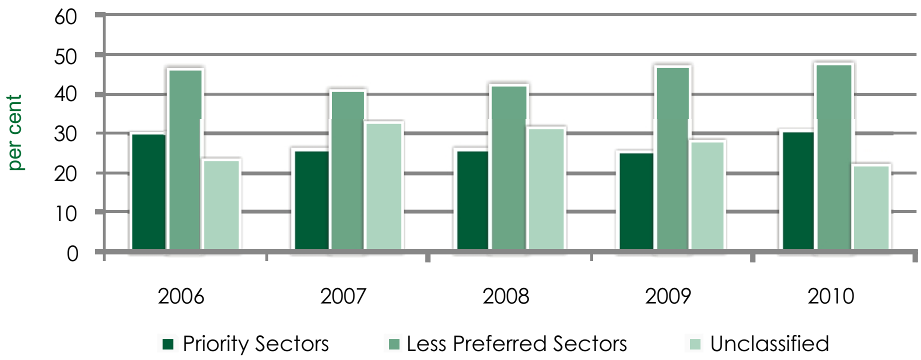


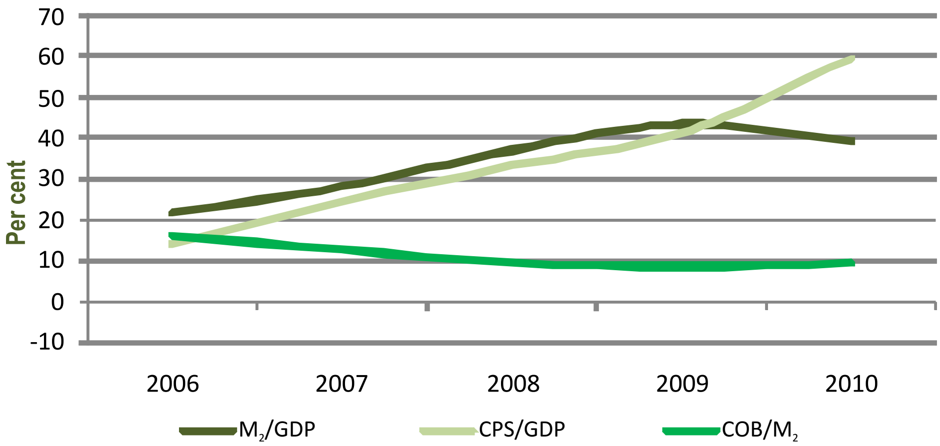
Figure 4.11b: Share in Outstanding Credit to the Core Private Sector (2006-2010)



4.2.6 Financial/Banking System Developments

The depth of the financial sector, as measured by the ratio of M_2 to GDP, stood at 38.9 per cent at end-December 2010, which was lower than the 42.7 per cent at end-December 2009. Thus, the capacity of the banking system to provide liquidity for economic activities weakened during the year. Furthermore, the intermediation efficiency indicator, as measured by the ratio of currency outside banks to broad money supply was 9.4 per cent at end-December 2010, compared with 8.6 per cent at end-December 2009.

Figure 4.12a: Ratio of Broad Money (M_2) to GDP, Credit to Private Sector (CPS) to GDP and Currency Outside Bank (COB) to M_2 (per cent)



The ratio of financial savings to GDP increased to 32.9 per cent, from 22.8 per cent in the preceding year. The moniness of the economy, as measured by the ratio of CIC to GDP, remained at 4.7 per cent, the same as in the preceding year. The size of the banking system, relative to the size of the economy, indicated by the ratio of DMBs assets to GDP, declined from 69.6 per cent at end-December 2009 to 58.8 per cent in 2010. Similarly, the ratio of the CBN assets to GDP declined from 40.5 per cent at end-December 2009 to 30.2 per cent at end-December 2010.

Figure 4.12b: Ratio of Banking System's Total Assets to GDP (per cent)

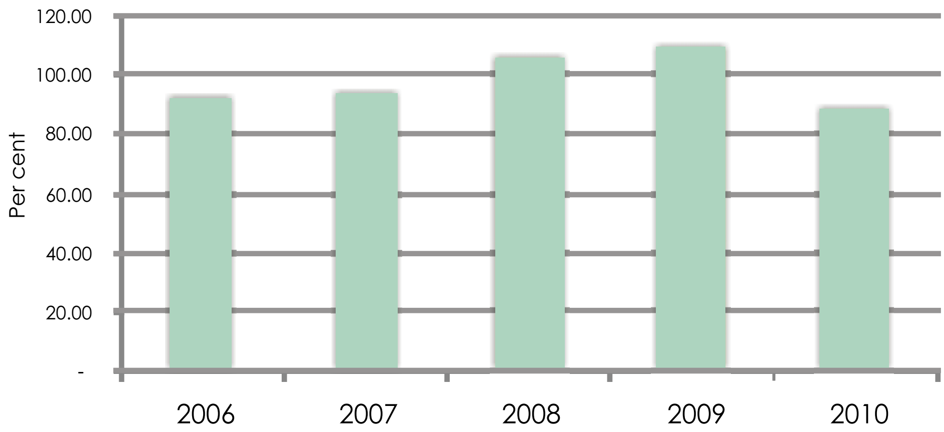


Figure 4.12c: Ratio of Deposit Money Banks' Assets to GDP (per cent)

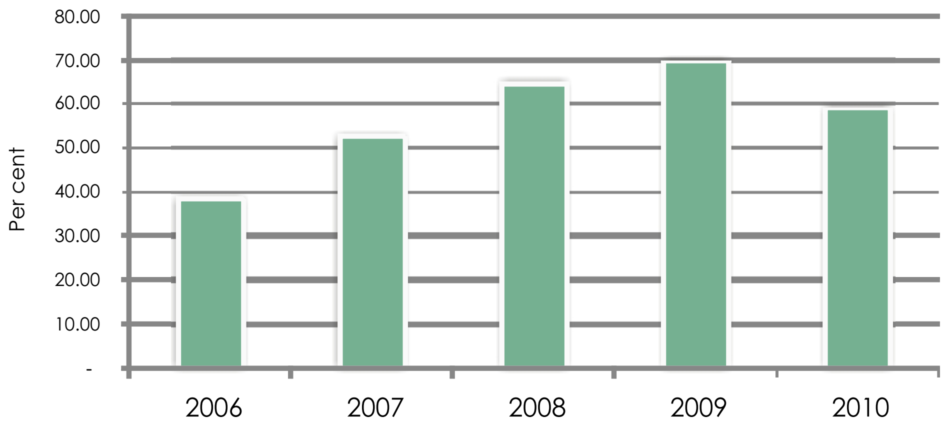


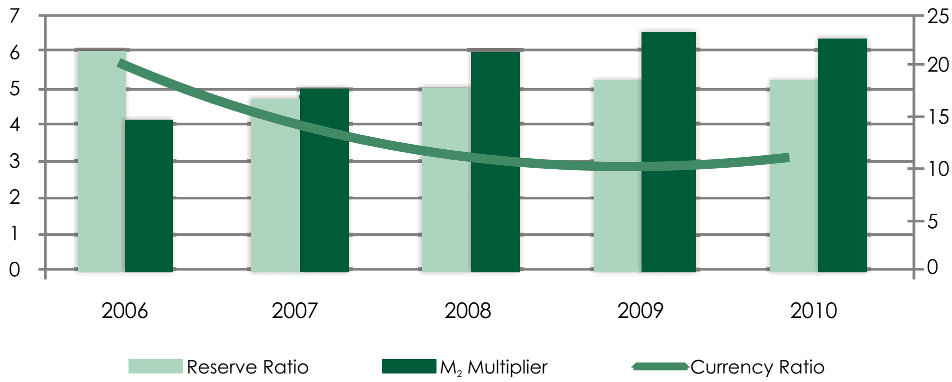
Table 4.7: Monetary Aggregates and Measures of Financial/Banking Development					
Aggregates (N' billion)	**2006**	**2007**	**2008**	**2009**	**2010**
Nominal GDP	18,709.60	20,940.90	24,665.20	25,225.10	29,498.60
Broad Money (M_2)	4,027.90	5,809.80	9,166.80	10,767.40	11,488.70
Quasi Money (Savings)	1,747.30	2,693.60	4,309.50	5,763.50	5,954.30
Currency in Circulation	779.3	960.8	1,155.30	1,181.50	1378.02
Currency Outside Banks	650.9	737.9	892.8	927.2	1082.2
Credit to Private Sector	2,650.80	5,056.70	8,059.50	10,206.10	9,787.10
Credit to core private sector (CPcore)	2,556.90	4,968.90	7,909.70	9,895.70	9,417.30
DMBs Assets	7,172.90	10,981.70	15,919.60	15,522.90	17,331.60
CBN Assets	10,034.50	8,689.00	10,204.00	8,898.40	8,591.00
Banking System Assets	17,207.40	19,670.70	26,123.50	27,726.80	26,223.00
Monetary Ratio (per cent)					
M_2/GDP	21.5	27.7	37.2	42.7	38.9
CIC/ M_2	19.3	16.5	12.6	11.0	12.0
COB/ M_2	16.2	12.7	9.7	8.6	9.4
Quasi Money/M_2	43.4	46.4	47.0	53.5	51.8
CIC/GDP	4.2	4.6	4.7	4.7	4.7
Cp/GDP	14.3	24.1	32.7	40.5	58.9
Cp core/GDP	13.7	23.7	32.1	39.2	30.2
Cp core/Non-Oil GDP	22.1	39.7	54.4	65.1	48.1
DMBs Assets/GDP	38.3	52.4	64.5	69.5	58.8
CBN's Assets/GDP	23.6	47.9	35.2	40.5	30.2
Banking System's Assets/GDP	92	93.9	105.9	109.9	88.9

4.2.7 Money Multiplier and Velocity of Money

The broad money multiplier at end-December 2010 stood at 6.4, compared with the 6.0 programmed for the year and 6.5 at end-December 2009. The slight decline in the multiplier reflected the increase in currency deposit ratio, which rose from 10.1 per cent at end-December 2009 to 11.1 per cent at end-December 2010, arising from the increase in the total deposit liabilities of the DMBs. Reserve-to-deposit ratio declined from 5.2 per cent at end-December 2009 to 4.4 per cent at end-December 2010.

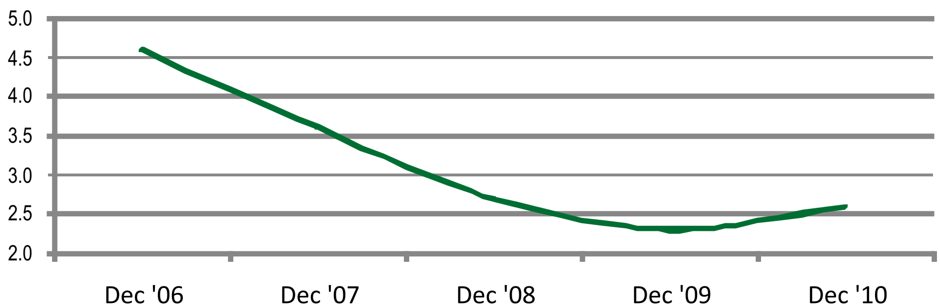
Table 4.8: Money Multiplier and Velocity of M_2					
	2006	**2007**	**2008**	**2009**	**2010**
Currency Ratio	20.1	14.8	11.2	10.1	11.1
Reserve Ratio	6.0	4.7	4.9	5.2	4.4
M_2 Multiplier	4.1	4.9	5.9	6.5	6.4
Velocity of M_2	4.6	3.6	2.7	2.3	2.6

Figure 4.13: Money Multiplier, Currency Ratio and Reserve Ratio



The velocity of circulation of broad money remained relatively stable at end-December 2010. The M_2 velocity, which stood at 2.3 at end-December 2009 increased slightly to 2.6 at the end-December 2010. However, it showed a declining trend over the last five years.

Figure 4.14: The Velocity of Money



4.3 OTHER FINANCIAL INSTITUTIONS

4.3.1 Development Finance Institutions (DFIs)

The total assets of the five (5) DFIs increased by 95.8 per cent to ₦316.2 billion, compared with ₦161.5 billion at the end of the preceding year. Analysis of the asset base of the five institutions indicated that the Bank of Industry (BOI) accounted for 56.9 per cent of the total. The Federal Mortgage Bank of Nigeria (FMBN), the Bank of Agriculture (BOA), the Nigerian Export-Import Bank (NEXIM), and the Urban Development Bank of Nigeria (UDBN) accounted for 24.9, 12.0, 6.0 and 0.2 per cent of the total, respectively.

The combined paid-up share-capital of the DFIs was ₦50.1 billion, while the combined shareholders' fund was negative ₦3.0 billion, compared with negative ₦25.1 billion recorded in the preceding year. Cumulatively, the loan disbursed by the DFIs increased by 23.2 per cent to ₦111.8 billion. The percentage shares of FMBN, BOI, BOA, NEXIM and UDBN in the total loan outstanding were 49.6, 23.2, 20.2, 6.8 and 0.2 per cent, respectively. The improved loans portfolio of the DFIs, relative to the preceding year, was attributed, largely, to the re-positioning and re-structuring of most of the institutions which enhanced their capacity, efficiency and effectiveness.

4.3.2 Microfinance Banks (MFBs)

The total assets/liabilities of MFBs increased by 2.4 per cent to ₦170.6 billion at end-December 2010. The paid-up capital also increased by 5.3 per cent to ₦40.4 billion, while the shareholders' funds declined by 4.1 per cent to ₦43.7 billion. Similarly, the loans and advances, and deposits declined by 10.7 and 3.4 per cent, respectively. The development was attributed, largely, to the revocation of the operating licences of one hundred and three (103) MFBs by the CBN. Investible funds available to the sub-sector totaled ₦22.1 billion, compared with ₦39.6 billion in the preceding year. The funds were sourced mainly from an increase in placements from other financial institutions (₦10.7 billion), paid-up capital (₦2.0 billion), a reduction in net loans/advances (₦6.5 billion), and a reduction in other assets (₦1.6 billion). The funds were used mainly to increase cash and short-term funds (₦12.1 billion) and reduce deposit liabilities (₦2.7 billion), among others.

4.3.3 Maturity Structure of Microfinance Banks' (MFBs) Loans and Advances and Deposit Liabilities

Short-term investments remained dominant in the microfinance (MFBs) market in 2010, reflecting developments in the banking system. Short-term loans, at end-December 2010, accounted for 88.0 per cent of the total, while loans with maturity over 360 days accounted for 12.0 per cent, from the respective levels of 77.2 and 22.8 per cent at end-December 2009. Similarly, the short-term liabilities of these institutions remained dominant as deposits of less than one year maturity accounted for 92.3 per cent, while deposits of above one (1) year accounted for 7.7 per cent at end-December 2010. Indeed, deposits of less than 30 days maturity constituted 60.3 per cent, compared with 58.6 per cent at end-December 2009.

Table 4.9: Maturity Structure of Assets and Liabilities of Microfinance Banks (MFBs) (per cent)

	2009		2010	
Tenor/Period	**Loans and Advances**	**Deposits**	**Loans and Advances**	**Deposits**
0-30 days	8.4	58.6	24.3	60.3
31-60 days	19.1	8.3	9.6	7.7
61-90 days	18.1	9.3	16.7	9.3
91-180 days	19.1	8.9	18.4	7.2
180 – 360 days	12.5	8.4	19	7.8
Short term	**77.2**	**93.5**	**88**	**92.3**
Above I80 days but below 1 year	**17.2**	**6.5**	**19**	**7.8**
Above 360 days	22.8	6.5	12	7.7
Total	**100**	**100**	**100**	**100**

4.3.4 Discount Houses (DHs)

Total assets/liabilities of the discount houses increased by 4.4 per cent to ₦361.1 billion, compared with ₦346.0 billion in 2009. Total funds sourced amounted to ₦152.2 billion, compared with ₦87.4 billion in the preceding year. The funds were sourced mainly from money-at-call (₦78.4 billion), claims on banks (₦26.4 billion), and claims on others (₦24.0 billion). The funds were utilized mainly for investment in Federal Government securities (₦110.2 billion) and repayment of borrowings (₦28.4 billion), among others. Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦55.1 billion, representing 20.1 per cent of their total current liabilities. This was 39.9 percentage points below the prescribed minimum of 60.0 per cent for fiscal 2010.

4.3.5 Finance Companies (FCs)

The total assets/liabilities of the FCs increased significantly by 53.5 per cent to ₦185.6 billion at end-December 2010. Similarly, loans and advances, and fixed assets increased by 48.7 and 135.6 per cent to N61.1 billion and ₦17.6 billion, respectively, at end-December 2010. Cash and short-term funds increased by 210.0 per cent to ₦77.2 billion. In addition, capital and reserves and borrowings increased by 239.4 and 32.4 per cent to ₦48.3 billion and ₦107.5 billion, respectively. Investible funds available to the sub-sector were ₦90.8 billion, compared with ₦68.4 billion in the preceding year. The funds were sourced mainly from the increase in paid-up capital (₦27.2 billion), borrowings (₦26.3 billion) and reduction in investments (₦22.4 billion), among others. The funds were used mainly to increase cash and short-term funds (₦52.3 billion) and loans/advances (₦20.0 billion).

4.3.6 Primary Mortgage Institutions (PMIs)

The total assets of the PMIs stood at ₦336.8 billion at end-December 2010, indicating an increase of 1.0 per cent over the preceding year's level. Similarly, investments and loans/advances increased by 8.1 and 2.4 per cent to ₦67.9 billion and ₦124.2 billion, respectively, at end-December 2010. Also, fixed assets increased by 20.3 per cent to ₦18.9 billion. Investible funds available to the PMIs totalled ₦30.1 billion, compared with ₦55.7 billion in 2009. The funds were sourced mainly from an increase in deposits (₦17.5 billion) and the injection of paid-up capital (₦4.4 billion), and were utilized mainly to buffer the reduction in reserves (₦10.7 billion), repayment of other liabilities (₦6.5 billion) and an increase in fixed assets (₦3.2 billion).

4.3.7 Bureaux-de-Change (BDCs)

A total of four hundred and ninety (490) BDCs were granted approval, while the licences of one hundred and thirty-two (132) class 'A', BDCs were revoked in 2010. Consequently, the total number of approved BDCs increased to 1,959, from 1,601 in 2009.

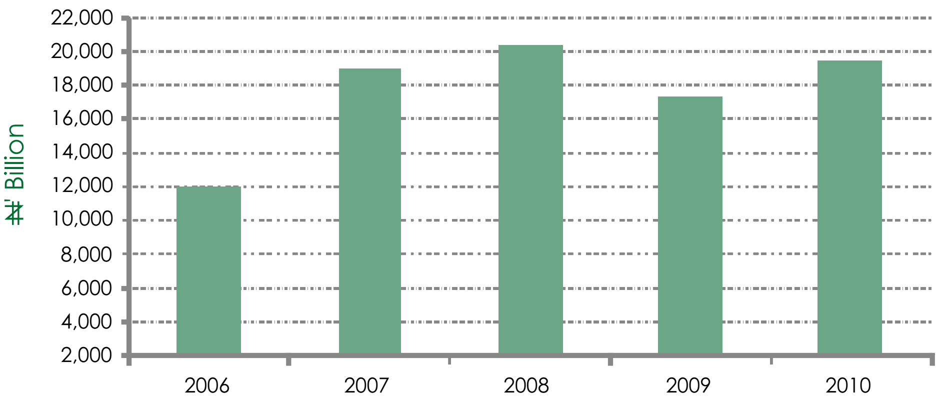
4.4 MONEY MARKET DEVELOPMENTS

Activities in the money market in 2010 followed the swings in liquidity flows. Quantitative easing measures were taken, along with the extension of the Bank's guarantees, to restore and sustain public confidence in the market, as well as encourage inter-bank activities. The enactment of the Asset Management Corporation of Nigeria (AMCON) legislation further boosted confidence in the system. Active Open Market Operations commenced from October for the purpose of targeted liquidity management. Patronage at the auctions of Federal Government securities remained significant as banks and discount houses sought to take advantage of the instruments, coupled with the improved yield.

4.4.1 Inter-bank Funds Market

At the inter-bank funds market, the value of transactions increased by 12.2 per cent to ₦19,534.75 billion in 2010. The development was due to various measures taken, such as the extension of the Bank's guarantee to restore confidence in the market. As a proportion of the total value of transactions, the inter-bank call and the open-buy-back segments accounted for 59.6 and 40.4 per cent, respectively, compared with 25.8 and 74.2 per cent in 2009.

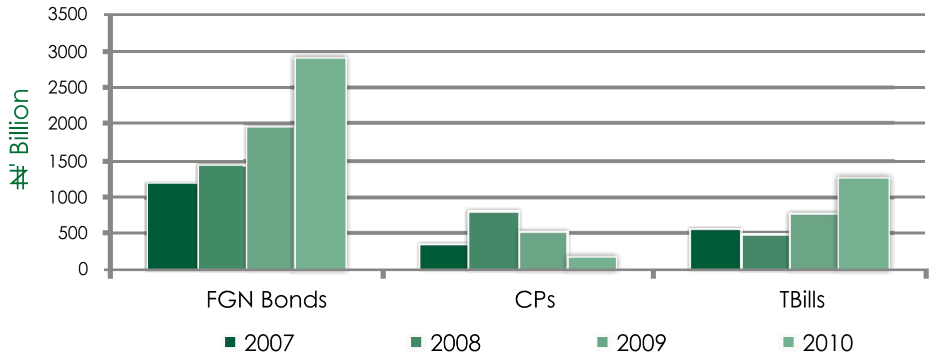
Figure 4.15: Value of Inter-bank Funds Market Transactions



4.4.2 Money Market Assets Outstanding

Total money market assets outstanding, as at end-December 2010, stood at ₦4, 447.3 billion, showing an increase of 33.0 per cent, when compared with the increase of 19.1 per cent at end-December 2009. The development was attributed to the increase in the value of FGN bonds, Treasury Bills (NTBs) and Bankers' Acceptances (BAs).

Figure 4.16: Money Market Assets Outstanding



Government remained the dominant player in the Nigerian money market, as government securities constituted 94.0 per cent of money market assets outstanding, as at end-December 2010, while private sector-issued securities (certificates of deposits, commercial papers and bankers' acceptances) accounted for 6.0 per cent. The depth of the money market, as measured by the ratio of value of money market assets outstanding to GDP, improved from 13.3 per cent in 2009 to 15.1 per cent in 2010, reflecting the effect of the issuance of the 7th FGN Bonds. However, the size of this ratio, in relation to bank-financing of the economy (credit to the core private sector/GDP), was 31.6 per cent and underscored the short-term feature of financial markets in Nigeria.

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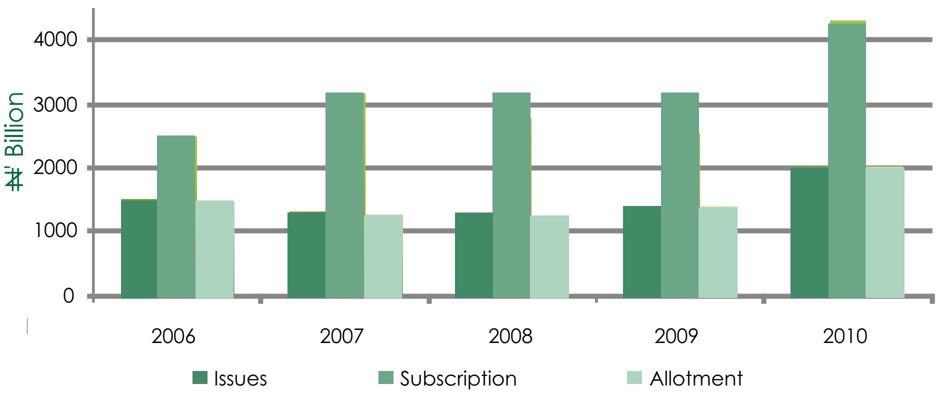
Table 4.10: Composition of Money Market Assets Outstanding in 2010

Asset	Share in Total (%) in 2009	Share in Total (%) in 2010
Treasury Bills	23.85	28.72
Treasury Certificates	0.00	0.00
Development Stocks	0.02	0.00
Certificates of Deposit	0.00	0.00
Commercial Papers	15.22	4.25
Bankers' Acceptances	1.86	1.78
FGN Bonds	59.05	65.24
Total	**100**	**100**

4.4.2.1 Nigerian Treasury Bills (NTBs)

Auctions for Nigerian Treasury Bills of 91-, 182- and 364-day tenors were conducted in 2010. NTBs worth ₦2,004.0 billion were issued and allotted in 2010. The value allotted increased by 43.9 per cent over the ₦1,392.5 billion in 2009. The increase was accounted for by the additional issues during the period under review.

Figure 4.17: NTB Issues, Subscriptions and Allotments



A breakdown of the allotments showed that DMBs, Discount Houses, Mandate and Internal Funds got ₦1, 478.7 billion (73.8%), ₦201.2 billion (10.0%) and ₦324.1 billion (16.2%), respectively. The average successful bid rates ranged from 1.04 and 10.5 per cent, compared with the range of 1.9 and 7.3 per cent in the preceding year. The sum of ₦1,526.0 billion was repaid during the year, compared with the ₦1,049.8 billion repaid in 2009. Consequently, Nigerian Treasury Bills outstanding at end-December 2010 increased by 60.1 per cent to ₦1, 277.1 billion.

Table 4.11: Allotment of NTBs (Naira billion)

	2008	2009	2010
DMBs	383.7	838.8	1478.7
Mandate and Internal Fund	429.3	346.1	324.1
Discount Houses	69.1	71.1	201.2
MMD Take-up	23.4	5.0	0.0
CBN Take-up	7.6	0.0	0.0

Figure 4.18: Nigerian Treasury Bills: Breakdown of Allotments in 2010

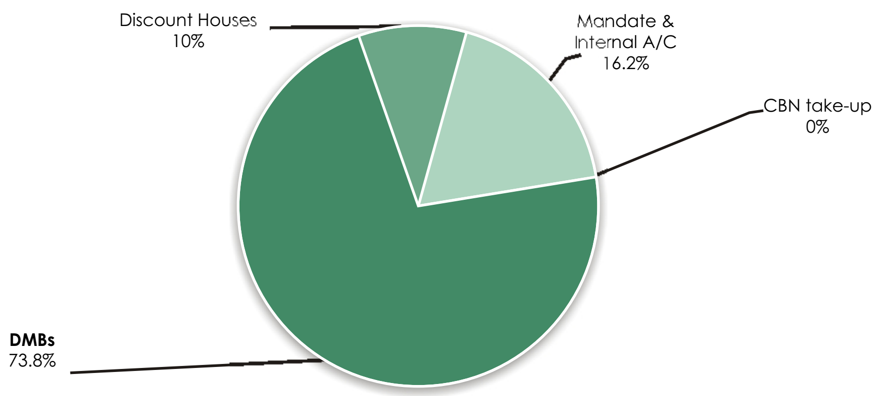


Figure 4.19: Treasury Bills Outstanding

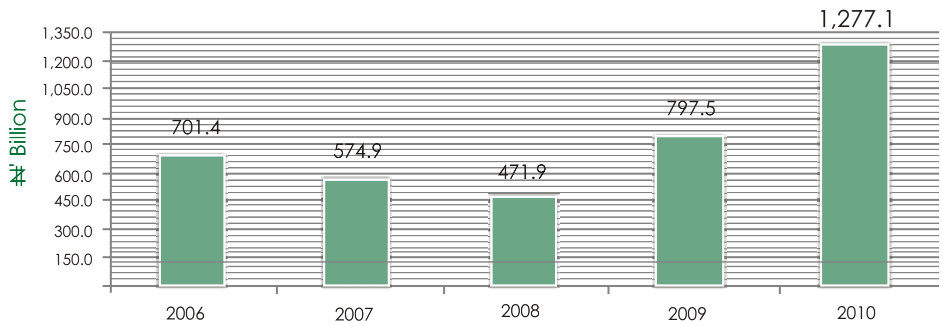


Figure 4.20: Nigerian Treasury Bills: Classes of Holders in 2010

4.4.2.2 Commercial Papers (CPs)

Investments in CPs as a supplement to bank credit to the private sector, fell in 2010. The value of CPs held by DMBs declined by 62.8 per cent to ₦189.2 billion at end-December 2010, compared with the decline of 38.1 per cent at end-December 2009. Thus, CPs constituted 4.3 per cent of the total value of money market assets outstanding, compared with 15.2 per cent at the end of the preceding year.

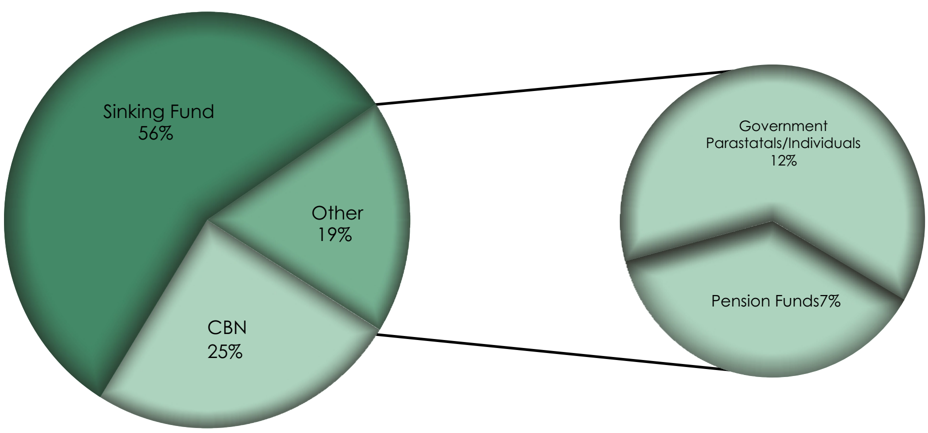
4.4.2.3 Bankers' Acceptances (BAs)

Holdings of BAs by DMBs increased by 27.2 per cent to ₦79.2 billion, as against the decline of 6.3 per cent at end-December 2009. The development reflected the increase in investments in BAs by DMBs and discount houses. BAs, however, accounted for 1.8 per cent of the total value of money market assets outstanding, down from 1.9 per cent at end-December 2009.

4.4.2.4 Federal Republic of Nigeria Development Stocks (FRNDS)

Outstanding FRN Development Stocks stood at ₦0.22 billion at end-December 2010,as a result of the redemption of ₦0.30 billion 12.5 per cent FRN 23DS 2010. Of the amount outstanding, holdings on the account of sinking funds stood at ₦0.18 billion, down from ₦0.29 billion in the previous year. Holdings by the non-bank public stood ₦0.039 billion, down from ₦0.1 billion in the preceding year.

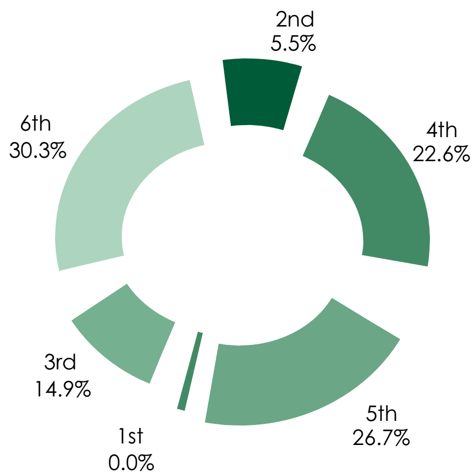
Figure 4.21: Development Stock: Classes of Holders in 2010



4.4.2.5 FGN Bonds

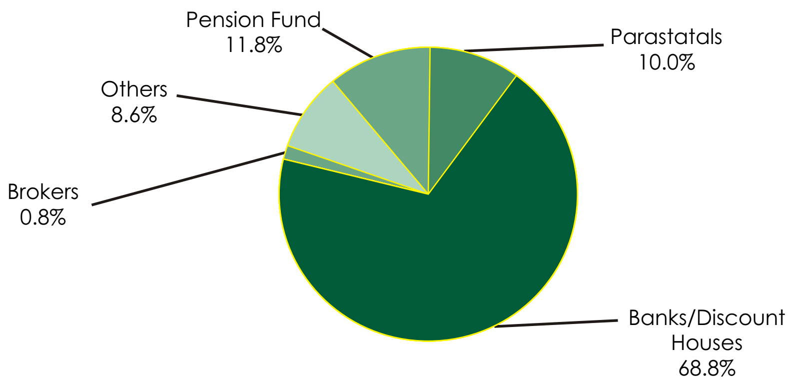
At the FGN Bonds segment, the 4th, 5th, 6th and 7th FGN Bonds series were re-opened. Total outstanding at the end of the year was ₦2, 901.6 billion, compared with ₦1,974.9 billion at the end of the preceding year, representing an increase of 49.1 per cent. The development was traceable to the new issues to finance FGN's budget deficit and the restructured NTBs. Of the total outstanding bonds, 0.02, 5.5, 14.9, 22.6, 26.7 and 30.3 per cent were for the 1st FGN Bond, 2nd FGN Bond, 3rd FGN Bond, 4th FGN Bond, 5th FGN Bond, and 6th FGN Bond, respectively, while the balance of 30.3 per cent was for the 7th FGN Bond.

Figure 4.22: Outstanding FGN Bonds



A breakdown of the holdings of FGN Bonds showed that the banks and discount houses held 68.8 per cent, parastatals 10.0 per cent, the pension fund 11.8 per cent, brokers 0.8 per cent, and others 8.6 per cent.

Figure 4.23: FGN Bonds by Holder



4.4.3 Open Market Operations (OMO)

Open market operations were carried out using direct auction, tenored repurchase agreements and Discount Window transactions. OMO were complemented by the Standing Facilities (lending and deposit) and Reserve Ratios. In order to boost the availability of tradable bills at the inter-bank two-way quote trading, auctions of CBN securities were approved by the Bank. Thus, in line with that policy directive, the sum of ₦162.0 billion was sold at the open market in the second quarter. The stop rates at the auctions ranged from 1.1 3.04 per cent, for the various maturities offered. Government securities worth ₦2.0 billion were traded through the two-way quote trading platform at the offer rates of 1.1-1.2 per cent.

Total subscription and sale of NTBs amounted to ₦616.3 billion and ₦270.8 billion, respectively, compared with ₦471.6 billion and ₦254.5 billion, respectively in 2009. The substantial increase in volume of transactions in NTBs in the review year was attributed to patronage by banks and discount houses of the risk-free Federal Government securities, with improved yield.

Figure 4.24: OMO Issues and Sales

4.4.4 Discount Window Operations

4.4.4.1 CBN Standing Facilities

The CBN standing facilities were accessible to deposit money banks and discount houses throughout the year, with a view to meeting their short-term liquidity needs and providing a window for investing their surpluses, while the applicable rates remained linked to the monetary policy rate.

4.4.4.1.1 Deposit Facilities

Patronage of the standing deposit facilities remained relatively high in 2010 due largely, to the effects of the Bank's quantitative easing policy. The adjustments of the standing facility rates corridor, through Monetary Policy Committee decisions, were aimed at proactively stemming inflation. The cumulative deposits placed by DMBs and discount houses in the year was ₦53,173.02 billion, compared with the ₦8,628.9 billion recorded in 2009. The average daily deposit stood at ₦206.9 billion, compared with ₦89.41 billion in 2009. Interest paid on the deposits also increased significantly to ₦3.07 billion, from ₦15.97 million in 2009. The SDF rate, which was 2.0 per cent at the beginning of the year, was reviewed downwards to 1.0 per cent in March 2010 in order to encourage inter-bank trading. The rate was, however, increased to 3.3 per cent in September 2010 and to 4.25 per cent in November as the Bank tightened monetary policy.

4.4.4.1.2 Lending Facilities

The cumulative transactions at the standing lending facilities stood at ₦3,768.8 billion, compared with ₦32,533.6 billion in 2009. The average daily request for the SLF in 2010 was ₦14.7 billion, compared with ₦145.91 billion in 2009. The lending facility rate was maintained at 200 basis points above the Monetary Policy Rate, which was 8.0 per cent from January to September 20, 2010 and 8.25 per cent thereafter.

4.4.4.2 Over-the-Counter Transactions (OTCs)

Over-the-counter trading in NTB Bonds worth ₦8,652.2 billion were traded in 34,542 deals at the secondary market, compared with ₦10,694.3 billion in 42,769 deals in 2009. The development reflected the 19.1 and 19.2 per cent decline in value and deals, respectively, due to the fall in trading by the Primary Dealers and Market Makers (PDMMs).

4.4.4.3 Over-the-Counter Transactions (OTCs) in FGN Bonds

FGN Bonds worth ₦18,962.7 billion were transacted in 197,406 deals compared with ₦26,879.4 billion in 212,509 deals in the previous year. The decrease on OTC transactions reflected the decline in trading by the Primary Dealers and Market Makers (PDMMs).

4.4.4.4 Foreign Investment

During the year under review, ₦132.5 billion and ₦109.6 billion respectively were invested in NTBs and FGN Bonds, reflecting a sharp increase in foreign investment in the country, when compared with the nil investment in the preceding year.

4.4.4.5 Promissory Notes

Promissory notes worth ₦4.0 billion were issued in favour of some banks in respect of the purchase and assumption of liquidated banks, compared with ₦6.7 billion issued in 2009. There was no redemption during the period.

4.4.4.6 CBN Guarantees

In order to avoid perceived counter-party risks on inter-bank placements among deposit money banks, the Bank continued its guarantee of all inter-bank transactions and foreign lines, as well as placements with banks by the Pension Fund in 2010. The guarantee was meant to be a stop-gap pending the establishment of a more enduring framework that could engender counter-party confidence and facilitate robust inter-bank activities. The guarantee of inter-bank placements, which was initially approved

In order to avoid perceived counterparty risks on inter-bank placements among deposit money banks, the Bank continued its guarantee of all inter-bank transactions and foreign lines as well as placements with banks by Pension Fund in 2010.

for a period of nine (9) months, spanning July 2009 to March 31, 2010, was extended, first to December 31, 2010 and later to June 2011. The extension was intended to provide ample time for the conclusion of the banking sector restructuring and the publication of audited accounts for the period up to December 2010. Moreover, it was expected that sufficient information would be available for creditors and investors to make an independent assessment of the risk of individual counter-parties by June 2011.

The Bank's guarantee of inter-bank transactions has helped to boost inter-bank activities as counter-parties relate with more confidence and at relatively stable rates. Outstanding inter-bank guarantee as at December 2010 was N904.58 billion, compared with N958.87 billion in the corresponding period of 2009.

4.4.4.7 Repurchase Agreement (Repo)

In line with the Bank's policy to engender a more efficient and effective intermediation framework and to stabilise interest rates, especially at the short-end of the credit market, the Bank's Repo window remained open to all market participants. However, requests for repo's which had ceased in September 2009, resumed in October 2010. Moreover, the applicable repo rates were considered less attractive as the rates were higher when compared with that of overnight SLF. A total of ₦470.2 billion was approved in 2010, at rates ranging from 9.3 to 10.8 per cent, compared with ₦1.5 trillion in 2009.

4.4.4.8 Open-Buy-Back (OBB) Transactions

The total value of transactions at the OBB stood at ₦18,845.02 billion in 2010, a decrease of 1.7 per cent from the ₦19,166.1 billion recorded in 2009. The development was attributed to the increased liquidity conditions in the banking system and the dearth of government securities available for collaterals.

4.5 CAPITAL MARKET DEVELOPMENTS

4.5.1 Developments in the Nigerian Capital Market

In an effort to enhance investor confidence in the Nigerian capital market, a number of reforms were carried out by the regulatory authorities. These included the reconstitution of the board and management of the Nigerian Stock Exchange (NSE), strengthening of the NSE Arbitration Committee, and strict enforcement of the rules and regulations on financial reports by the Securities and Exchange Commission (SEC). In order to improve the efficiency and depth of the market, the daily trading hours on the floor of the Exchange was extended by two (2).

Fifteen (15) securities, consisting of three (3) dormant companies and twelve (12) fixed income securities which had matured, were delisted from the Daily Official List, while twelve (12) other companies were at the final stage of being delisted at end-December 2010. In an effort to ensure strict compliance with the relevant rules and regulations, and

In an effort to enhance investor confidence in the Nigerian capital market, a number of reforms were carried out by the regulatory authorities.

engender confidence in the market, seventy-four (74) dealing member firms were suspended for failure to submit audited accounts, forty-two (42) companies were placed on technical suspension; 15 were placed on full suspension for various infractions of listing rules, and seventeen (17) others, which had previously been on suspension for violating listing rules; and reinstated.

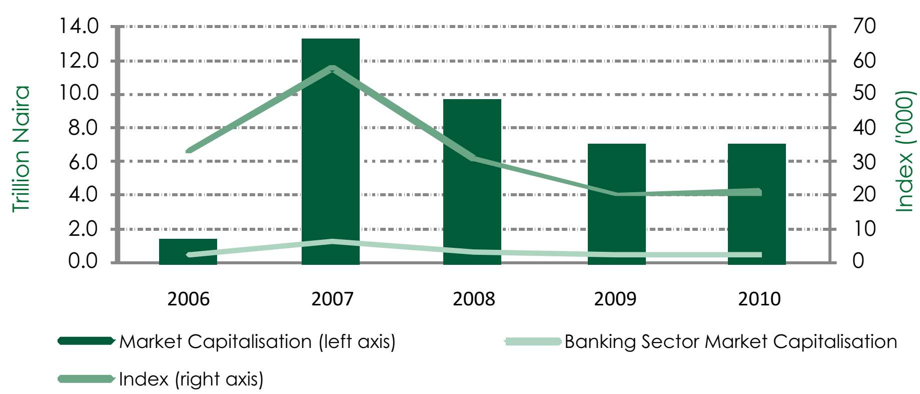
Eight (8) new firms were given approval to commence trading on the floor of the NSE, while six (6) others were given approval to establish and operate new branch offices. Also, the NSE carried out inspections on two hundred and forty-two (242) dealing member firms, while one hundred and thirty-five (135), out of three hundred and sixty-six (366) complaints received by the NSE, were resolved.

4.5.2 The Nigerian Stock Exchange (NSE)

Activities on the floor of the NSE indicated mixed developments. Aggregate volume of traded securities declined by 9.3 per cent, while the value increased by 16.3 per cent. Also, aggregate market capitalization of the 264 listed securities rose by 41.0 per cent to close at ₦9.9 trillion, compared with ₦7.0 trillion recorded in 2009. The market capitalisation of the 217 listed equities increased from ₦5.0 trillion in 2009 to close at ₦7.9 trillion. The development was due, largely, to the new listings and price appreciation recorded by the highly capitalised equities. The top twenty (20) listed companies had a market capitalisation of ₦6.2 trillion, representing 62.6 and 78.5 per cent of the aggregate market capitalisation and equities market capitalisation, respectively.

Activities on the floor of the NSE indicated mixed developments.

Figure 4.25: Trends in Market Capitalisation and NSE Value Index



Market capitalisation as a percentage of GDP was 33.6 per cent, compared with 28.5 per cent in 2009. The ratio of the value of stocks traded to GDP stood at 2.7 per cent, compared with 10.0 per cent in 2009, while the turnover value (measured as the ratio of the total value of stocks traded to the total value of stocks listed on the domestic market) was 8.0 per cent, compared with 9.8 per cent in 2009.

Table 4.12: Indicators of Capital Market Development in the Nigerian Stock Exchange (NSE)

	2006	2007	2008	2009	2010
Number of Listed Securities	288.0	309.0	299.0	266.0	264.0
Volume of Stocks Traded (Turnover Volume) (Billion)	36.5	138.1	193.1	102.9	93.3
Value of Stocks Traded (Turnover Value) (Billion Naira)	470.3	2100.0	2400.0	685.7	797.6
Value of Stocks/GDP (%)	2.6	8.9	10.0	10.0	2.7
Total Market Capitalisation (Billion Naira)	5120.9	13294.6	9535.8	7032.1	9918.2
Of which: Banking Sector (Billion Naira)	*2142.7*	*6432.2*	*3715.5*	*2238.1*	*2710.2*
Total Market Capitalisation/GDP (%)	28.1	56.0	39.7	28.5	33.6
Of which: Banking Sector/GDP (%)	*11.8*	*27.1*	*15.5*	*9.1*	9.2
Banking Sec. Cap./Market Cap. (%)	41.8	48.4	39.0	31.8	27.3
Annual Turnover Volume/Value of Stock (%)	7.8	6.6	8.0	15.0	11.7
Annual Turnover Value/ Total Market Capitalisation (%)	9.2	15.8	25.2	9.8	8.0
NSE Value Index (1984=100)	33358.3	57990.2	31450.8	20827.2	24770.5
Growth (In percent)					
Number of Listed Securities	0.0	7.6	-2.6	-11.0	-0.8
Volume of Stocks	36.8	278.4	39.8	-46.7	-9.3
Value of Stocks	78.9	346.5	14.3	-71.4	16.3
Total Market Capitalisation	76.6	159.6	-28.3	-26.3	41.0
Of which: Banking Sector	*76.8*	*200.2*	*-42.2*	*-39.8*	*21.1*
NSE Value Index	38.5	73.8	-45.8	-33.8	18.9
Share of Banks in the 20 Most Capitalised Stocks in the NSE (%)	55.0	65.0	70.0	59.0	80.0

Source: Nigerian Stock Exchange (NSE).

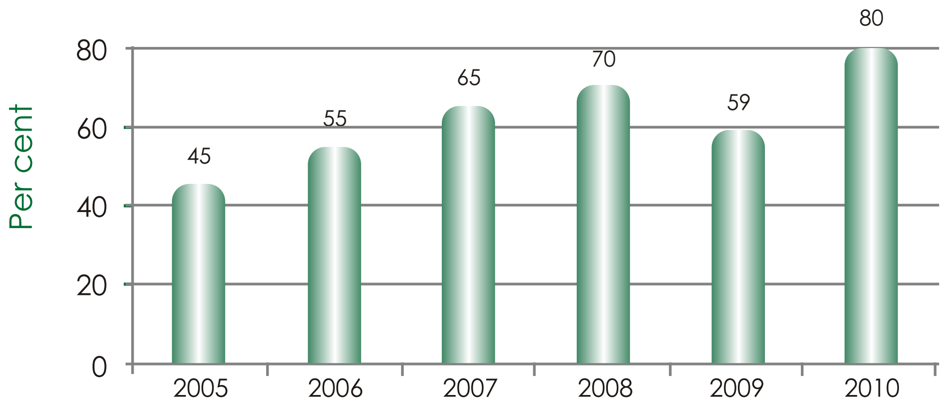
4.5.2.1 The Secondary Market

The secondary market segment of the NSE recorded mixed performance in 2010. A turnover volume of 93.3 billion shares was recorded, indicating a decline of 9.3 per cent from the 102.9 billion shares in 2009. However, a turnover value of ₦797.6 billion was recorded, representing an increase of 16.3 per cent over the level in 2009. The bulk of the transactions remained in equities, which accounted for 99.99 per cent of the turnover value, the same share in total transactions as in 2009. The

The secondary market segment of the NSE recorded mixed performance as the bulk of the transactions remained in equities while industrial loans and preference stocks sub-sector.

banking sub- sector accounted for 53.1 per cent of the total volume of transactions. The Industrial loan and preference stock sub-sectors remained inactive in the review period. Of the top twenty (20) listed companies by turnover volume, the banking and insurance sub-sectors accounted for sixteen (16), while conglomerates, maritime, alternative securities exchange and market (ASEM), and information and communications technology had one (1) or 5.0 per cent each. The share of banks in the twenty (20) most capitalised stocks in the NSE was 80.0 per cent.

Figure 4.26: Share of Banks in the 20 Most Capitalized Stocks in the NSE



4.5.2.2 The NSE Value Index

The Nigerian Stock Exchange (NSE) All-Share Index rose significantly by 18.9 per cent to close at 24,770.5, compared with 20,827.2 in the preceding year. The development reflected the rise in share prices of the listed stocks on the NSE.

The new NSE-30 Index rose by 30.7 per cent to close at its year-end level of 1,081.95. Similarly, three of the four sectoral indices, namely, the NSE Food/Beverage Index, the NSE Banking Index and the NSE Oil/Gas Index rose by 47.8, 17.6 and 17.6 per cent to close at 778.47, 399.08 and 338.85, respectively, while the NSE Insurance Index depreciated by 32.4 per cent to close at 168.34.

4.5.2.3 The New Issues Market

The primary market recorded improved activity as indicated by the rise in the number of applications received and issues offered for public subscription, reflecting a restoration of confidence in the market with investors making recourse to the stock market. The NSE considered and approved thirty-one (31) applications for

The primary market recorded improved activity as indicated by the rise in the number of applications received and issues offered for public subscription, reflecting a restoration of confidence in the market as investors made recourse to the stock market.

both new issues and mergers/acquisitions, valued at ₦2.44 trillion, compared with thirty (30) applications valued at ₦279.3 billion in 2009. The non-bank corporate issues accounted for 58.2 per cent of the total new issues approved, with eighteen (18) applications valued at ₦1.42 trillion, while the banking sub-sector accounted for 36.1 per cent, with seven (7) applications valued at ₦0.88 trillion. The states' Government bonds issue constituted 19.3 per cent of the total with six (6) applications valued at ₦0.14 trillion.

Further analysis of the approved new issues showed that the sum of ₦5.2 billion was raised through initial public offerings (IPOs), ₦46.6 billion through rights issue, ₦2,091.8 billion through mergers/acquisitions, and ₦193.7 billion through bonds issue, including four states' Government bonds. Listing by Introduction accounted for ₦17.7 billion, while share placements accounted for ₦92.8 billion.

Figure 4.27: New Issues by Sector

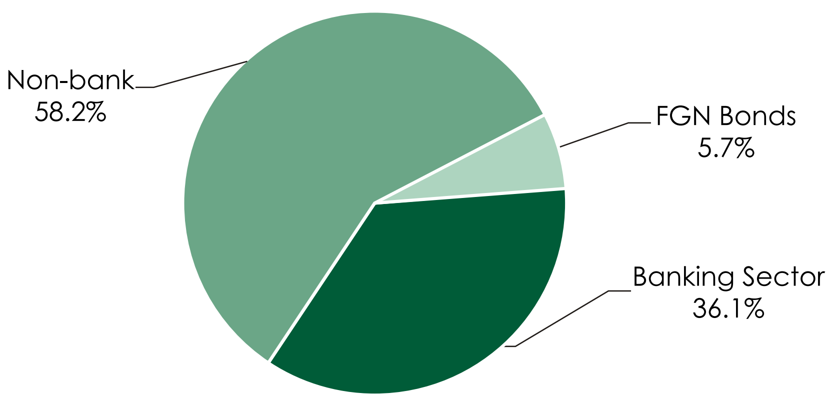
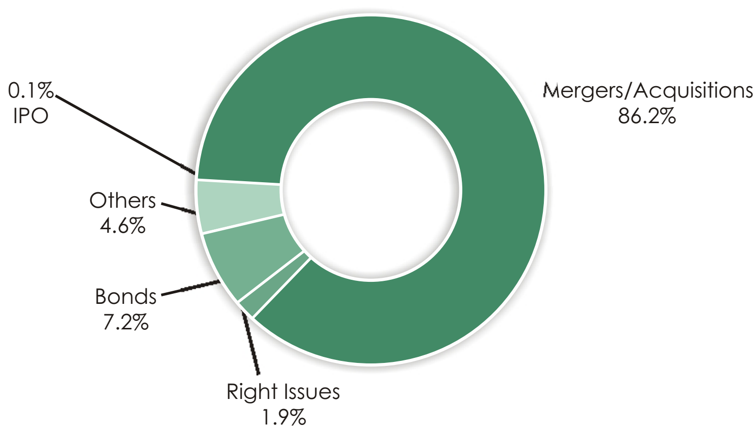


Figure 4.28: New Issues by Type



CHAPTER FIVE

FISCAL POLICY AND GOVERNMENT FINANCE

Nigeria's fiscal policy thrust in 2010 was to stimulate economic recovery by implementing policy measures to ameliorate the challenges of the global economic recession. At ₦7,303.7 billion or 24.8 per cent of GDP, the Federation Account revenue (gross) increased by 50.8 per cent above the level in 2009. The development was attributed to enhanced receipts from oil and non-oil revenue sources. The sum of ₦3,865.9 billion was transferred to the Federation Account, reflecting an increase of 36.5 per cent above the level in the preceding fiscal year.

Fiscal interventions in the priority sectors resulted in a substantial drawdown of the excess crude account savings, from US$6.54 billion at end-2009 to US$3.10 billion.

At ₦3,089.2 billion, Federal Government-retained revenue rose by 16.9 per cent above the level in 2009 and aggregate expenditure grew by 21.5 per cent to ₦4,194.6 billion. The fiscal operations of the Federal Government resulted in an overall deficit of ₦1,105.4 billion, or 3.7 per cent of GDP. Provisional data on state government finances indicated an overall deficit of ₦132.1 billion, while that of the local governments revealed a surplus of ₦2.5 billion.

Consequently, general government's consolidated expenditure was ₦8,370.9 billion, or 28.4 per cent of GDP, while aggregate revenue was ₦7,135.8 billion. This resulted in an overall deficit of ₦1,235.0 billion or 4.2 per cent of GDP, and financed largely from the domestic financial market.

Federal Government debt stock was ₦5,241.7 billion, or 17.8 per cent of GDP, at end-2010, compared with ₦3,818.5 billion, or 15.1 per cent of GDP, at end-2009. External debt stock rose by US$0.63 billion to US$4.6 billion, following additional disbursement of concessional loans from the multilateral institutions. Domestic debt grew significantly by 41.0 per cent to ₦4,551.8 billion as a result of substantial borrowing to finance critical infrastructure in 2010 by the three tiers of government.

5.1 FISCAL POLICY THRUST

The fiscal policy thrust for the 2010 Budget was designed to stimulate economic recovery from the negative effects of the global economic and financial crises. With increased spending outlays, the budget was to transform the socio-economic fortunes of the country by implementing relevant measures to ameliorate the challenges of the global economic recession. This was to be achieved through targeted fiscal interventions in the priority sectors, particularly critical infrastructure, in order to provide the enabling environment for the acceleration of sustainable economic growth and development, driven by the private sector. Therefore, consistent with the revised Medium-Term Expenditure Framework which incorporated results-oriented budgeting, the main thrust was targeted at achieving the following:

The fiscal policy thrust for 2010 Budget was designed to stimulate economic recovery from the negative effects of the global economic and financial crises.

- Rationalisation and prioritisation of capital expenditure by allocating about 90.0 per cent of MDAs' capital expenditure to five (5) key priority sectors, namely, critical infrastructure, human capital development, land reform and food security, physical security, law and order, and the Niger Delta;

- Enhancement of power infrastructure to deliver 10,000MW of electricity by 2011 by completing ongoing projects in power generation, transmission and distribution, expansion, management and maintenance of new/existing power plants to further bridge critical infrastructural gaps and, thereby, reduce the cost of doing business in Nigeria;

- Establishment of special intervention funds to provide credit facilities for commercial farming and support necessary agro-processing linkages to resuscitate industries;

- Review existing tariffs and provide fiscal incentives to enhance productivity in the real sector in order to facilitate rapid economic growth; and,

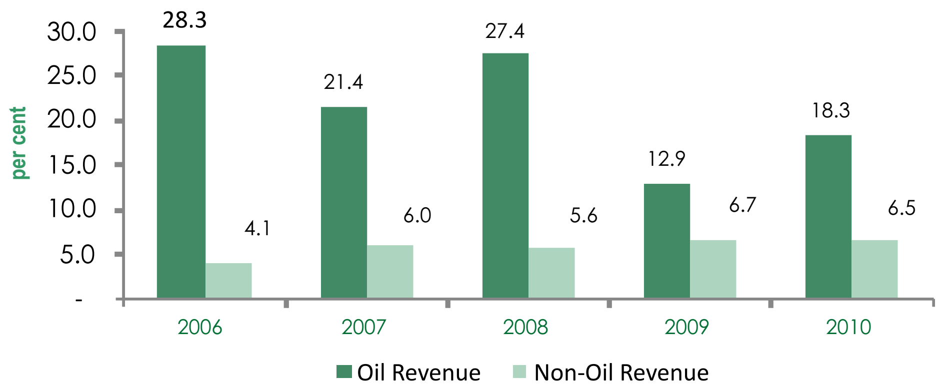
- Create gainful employment and increase disposable income as well as provide alternative routes for the transportation of goods and services across the nation, through investment in upgrading existing railway networks and dredging waterways.

5.2 FEDERATION ACCOUNT OPERATIONS

5.2.1 Federally-Collected Revenue

Total federally-collected revenue increased by 50.8 per cent to ₦7,303.7 billion in 2010, and constituted 24.8 per cent of GDP. The development was attributed to enhanced receipts from both oil and non-oil revenue sources.

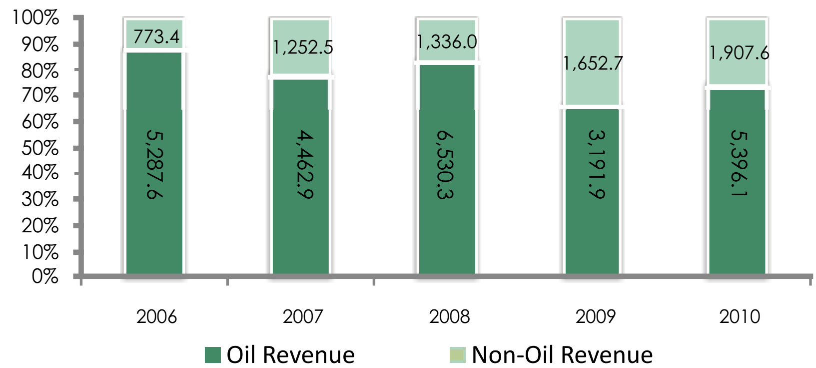
Figure 5.1: Oil and Non-Oil Revenue (per cent of GDP)



Of the total receipts, oil revenue (gross) accounted for ₦5,396.1 billion (18.3 per cent of GDP), indicating an increase 69.1 per cent above the level in 2009. A breakdown showed that revenue from crude oil and gas exports increased significantly by 88.9 per cent to ₦1,696.2 billion. In the same vein, receipts from petroleum profit tax (PPT) and royalties increased by 54.8 per cent to ₦1,944.7 billion, while revenue from domestic crude oil sales increased by 83.2 per cent to ₦1,746.3 billion. The development reflected the increased crude oil production/ exports occasioned by the sustained demand and favourable prices in the international market. Furthermore, the amnesty programme of the Federal Government ensured relative peace in the Niger Delta region which facilitated improved crude oil production. The sum of ₦962.9 billion was deducted from the gross oil receipts for the Joint Venture Cash (JVC) calls, ₦1,430.8 billion in respect of excess crude/PPT/royalty proceeds and "others", leaving a balance of ₦3,002.4 billion for distribution to the three tiers of government.

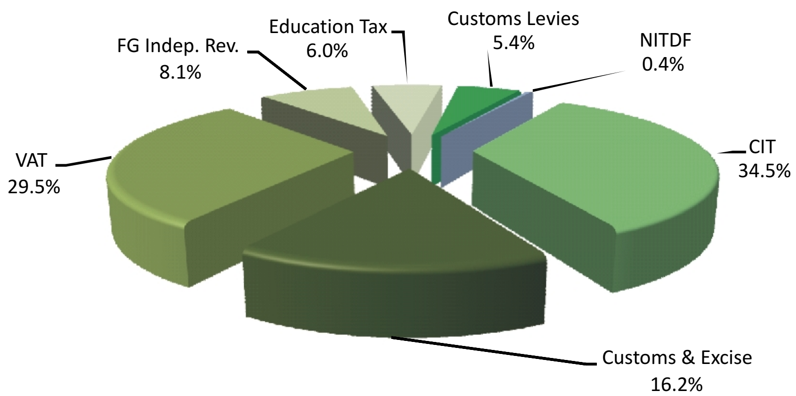
Total federally-collected revenue increased by 50.8 per cent to ₦7, 303.7 billion in 2010, and constituted 24.8 per cent of GDP.

Figure 5.2: Federation Account: Composition of Revenue (Naira billion)



Gross revenue from non-oil sources increased by 15.4 per cent to ₦1,907.6 billion or 6.5 per cent of GDP. A breakdown indicated that Value Added Tax (VAT) increased by 20.2 per cent to ₦562.9 billion, while company income tax (CIT) and customs/excise duties increased by 15.7 and 3.9 per cent, to ₦657.3 billion and ₦309.2 billion, respectively. Other components, the Independent Revenue of the Federal Government and custom levies also increased by 109.9 and 5.0 per cent, to ₦153.6 billion and ₦103.4 billion, respectively. The increase in most of the components of the non-oil revenue reflected improved economic activities, particularly in the first half of the year, resulting in enhanced collection by the revenue-collecting agencies.

Figure 5.3: Composition of Non-oil Revenue in 2010



The sum of ₦125.5 billion was deducted from the non-oil revenue as cost of collection, leaving a distributable balance of ₦1,782.0 billion.

5.2.2 Federation Account Distribution

The sum of ₦4,784.5 billion accrued to the Federation Account, indicating an increase of 32.9 per cent over the level in 2009. Of this amount, ₦540.3 billion, ₦153.6 billion and ₦224.7 billion were transferred to the VAT Pool Account, the Independent Revenue, and 'other transfers'[2], respectively. In addition, ₦439.0 billion, ₦886.5 billion and ₦39.9 billion were drawn from the excess crude account for budget augmentation, excess crude revenue-sharing and foreign exchange rate gains, respectively. These amounts were added to the federally-collected revenue (net) to boost the distributable total to ₦5,231.2 billion. Analysis of the distribution among the three tiers of government[3], showed that the Federal Government (including Special Funds) received the sum of ₦2,456.7 billion, state governments ₦1,246.0 billion, and local governments ₦960.7 billion, while the sum of ₦567.8 billion was shared among the oil-producing states as 13% Derivation Fund.

[2]This includes the Education Tax, Customs Levies, and the National Information Technology Development Fund.
[3]The Federation Account revenue sharing formula is as follows: FG (52.68%), SGs (26.72%) and LGs (20.60%), while 13.0% of net oil revenue is shared among oil-producing states.

However, from their share of excess crude, the Federal and state governments refunded the sum of ₦121.6 and ₦4.3 billion, respectively to the local governments. This resulted in net balances of ₦2,335.0 billion, ₦1,241.8 billion and ₦1,086.6 billion for the Federal, state and local governments, respectively.

5.2.3 VAT Pool Account Distribution

The sum of ₦540.3 billion was transferred to the VAT Pool Account, representing an increase of 20.2 per cent over the level in 2009. Analysis of the distribution among the three tiers of government[4] showed that the Federal Government (including the FCT) received ₦81.1 billion, state governments ₦270.2 billion, and the local governments shared ₦189.1 billion.

5.3 GENERAL GOVERNMENT FINANCES

5.3.1 Aggregate Revenue

At ₦7,135.8 billion, the aggregate revenue of the three tiers of government in 2010 comprised ₦3,865.9 billion from the Federation Account, ₦438.9 billion budget augmentation, ₦886.5 billion from excess crude revenue-sharing, ₦39.9 billion from foreign exchange rate gains, and ₦540.3 billion from VAT. Others were ₦153.6 billion from the Federal Government Independent Revenue, ₦519.5 billion from 'other funds'[5], as well as ₦446.7 billion, ₦176.7 billion, ₦55.1 billion and ₦12.7 billion from internally-generated revenue, grants, stabilisation fund and state allocation, respectively, for sub-national governments.

5.3.2 Aggregate Expenditure

At ₦8370.9 billion, the aggregate expenditure of general government increased by 15.3 per cent from the level in 2009. As a proportion of GDP, it represented 28.4 per cent, compared with 28.8 per cent in 2009. A breakdown showed that the outlay on recurrent activities, at ₦4,965.2 billion (16.8 % of GDP), accounted for 59.3 per cent and capital expenditure, at ₦2,755.9 billion (9.3 % of GDP), represented 32.9 per cent. Transfers and 'others' at ₦554.3 billion (1.9 % of GDP) and ₦95.4 billion (0.3 % of GDP) respectively accounted for 6.6 and 1.2 per cent of the aggregate expenditure.

At ₦8,370.9 billion, the aggregate expenditure of the general government rose by 15.3 per cent from the level in 2009.

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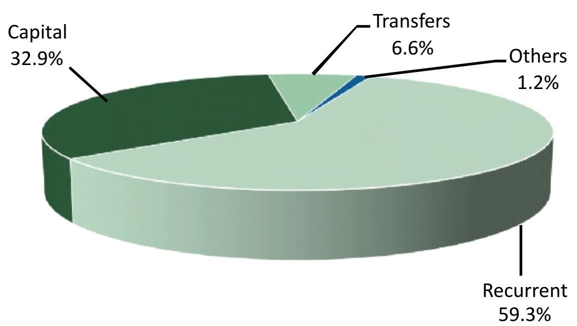
[4] *The VAT Pool Account revenue sharing formula is as follows: FG (15%), SGs (50%) and LGs (35%).*

[5] *This constitutes unspent balances from the Federal Government budget and other receipts by state and local governments not classified elsewhere.*

Table 5.1: Sources of Funds for the three tiers of Government in 2010 (Naira billion)

SOURCE	Federal Government			State Governments			Local Governments	Grand Total
	FG's Share	FCT	Sub-Total	States	13%	Sub-Total		
Share from Federation Account	1,796.2	34.8	**1,830.9**	928.7	390.3	**1,319.0**	716.0	**3,865.9**
Augmentation	197.4	3.8	**201.2**	102.0	57.1	**159.1**	78.7	**438.9**
Gross Share from Excess Crude	398.6	7.7	**406.3**	206.1	115.2	**321.3**	158.9	**886.5**
Less Refund to FG			**-**	-	-	**-**	-	**-**
Less Refund to SG	-	-	**-**			**-**	-	**-**
Less Refund to LG	*121.6*		***121.6***		-			***121.6***
Add Refund from FG			**-**	-	-	**-**	*121.6*	***121.6***
Add Refund from SG	-	-	**-**			**-**		
Add Refund from LG	-	-	**-**	-	-	**-**		**-**
Balance of Share of Excess Crude	276.9	7.8	**284.6**	206.1	115.2	**321.3**	280.5	**886.5**
Exchange Gain	17.9	0.3	**18.3**	9.3	5.2	**14.5**	7.1	**39.9**
Share of VAT	75.6	5.4	**81.1**	270.2		**270.2**	189.1	**540.3**
FG Independent Revenue	153.6		**153.6**			**-**		**153.6**
Privatisation Proceeds	-		**-**			**-**		**-**
Internally-Generated Revenue			**-**	420.5		**420.5**	26.2	**446.7**
Grants and Others			**-**	140.4		**140.4**	36.3	**176.7**
State Allocation to LG			**-**			**-**	12.7	**12.7**
Others	519.5	-	**519.5**		-		-	**519.5**
TOTAL	**3,037.1**	**52.1**	**3,089.2**	**2,119.6**	**567.8**	**2,687.4**	**1,359.2**	**7,135.8**

Figure 5.4: Composition of General Government Expenditure in 2010



5.3.3 Consolidated Fiscal Balance and Financing

The fiscal operations of general government resulted in a primary deficit of ₦760.1 billion (2.6 % of GDP), and an overall notional deficit of ₦1,235.0 billion (4.1 % of GDP), compared with ₦994.7 billion (3.9 % of GDP) in 2009. The deficit was financed, largely, by domestic borrowing from the domestic banking system and the non-bank public.

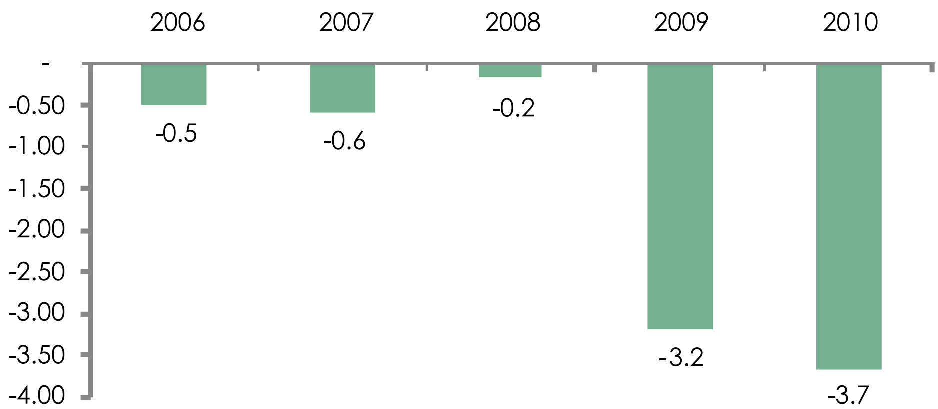
5.4 FEDERAL GOVERNMENT FINANCES

5.4.1 Overall Fiscal Balance and Financing

The current balance in 2010 reflected a deficit of ₦20.2 billion, or 0.1 per cent of GDP, compared with a surplus of ₦515.0 billion, or 2.0 per cent of GDP in the preceding year. Similarly, the primary balance recorded a deficit of ₦689.8 billion, or 2.3 per cent of GDP, relative to a primary deficit of ₦558.2 billion or 2.2 per cent of GDP in 2009. The overall fiscal operations of the Federal Government resulted in a notional deficit of ₦1,105.4 billion, or 3.7 per cent of GDP, compared with the deficit of ₦810.0 billion, or 3.2 per cent of GDP, recorded in 2009. The deficit was within the West African Monetary Zone (WAMZ) primary convergence criterion target of 4.0 per cent, notwithstanding the deterioration, when compared with the position in the preceding four years. The overall budget deficit was financed mainly from domestic sources.

The overall fiscal operations of the Federal Government resulted in a notional deficit of ₦1,105.4 billion, or 3.7 per cent of GDP, compared with the deficit of ₦810.0 billion, or 3.2 per cent of GDP, recorded in 2009.

Figure 5.5: Fiscal Deficit (per cent of GDP)



5.4.2 Federal Government-Retained Revenue

The Federal Government-retained revenue increased to ₦3,089.2 billion, from ₦2,643.0 billion in 2009. Analysis of the revenue showed that the share of the Federation Account was ₦1, 830.9 billion, or 59.3 per cent of total; the VAT Pool Account amounted to ₦81.1 billion (2.6%); the Federal Government Independent Revenue share was ₦153.6 billion (5.0%); the excess crude accounted for, ₦464.1 billion (15.0%), while 'others' accounted for the balance of ₦559.5 billion (18.1%).

The Federal Government retained revenue increased to ₦3,089.2 billion, from ₦2,643.0 billion in 2009.

Figure 5.6: Composition of Federal Government-Retained Revenue in 2010

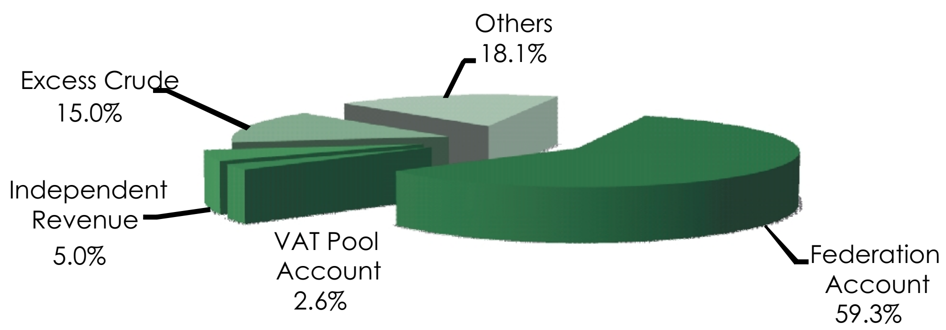
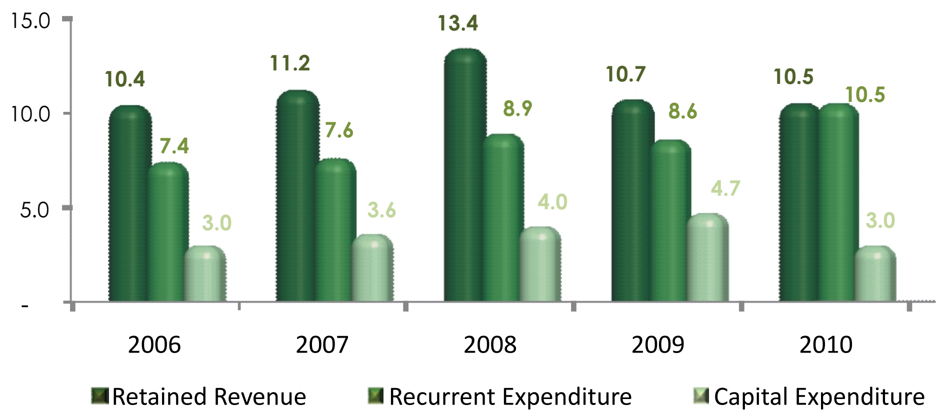


Figure 5.7: Federal Government Revenue and Expenditure (per cent of GDP)

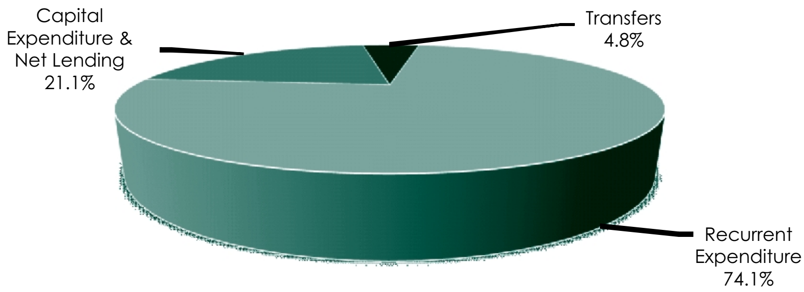


5.4.3 Total Expenditure of the Federal Government

Aggregate expenditure of the Federal Government increased by 21.5 per

The estimated aggregate expenditure of the Federal Government increased by 21.5 per cent to ₦4,194.6 billion in 2010. As a proportion of GDP, total expenditure increased slightly to 14.2 per cent, from 13.7 per cent in the previous year. The non-debt expenditure increased by 18.0 per cent over the level in 2009. Total debt service payments amounted to ₦415.6 billion, representing 9.9 per cent of the total expenditure, or 1.4 per cent of GDP.

Figure 5.8: Composition of Federal Government Expenditure in 2010

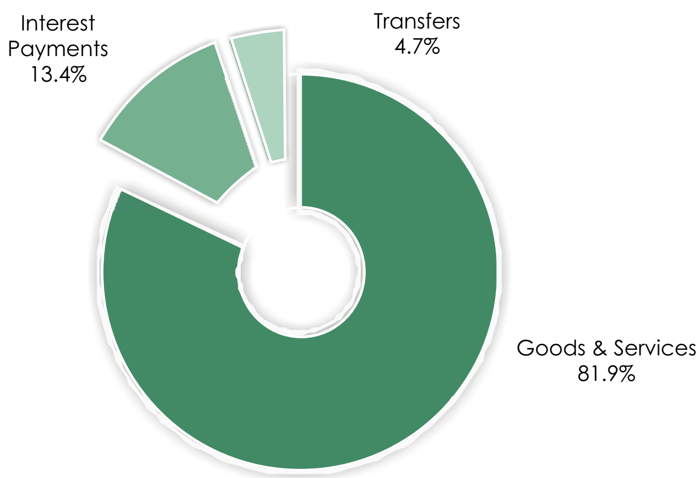


5.4.3.1 Recurrent Expenditure

At ₦3,109.4 billion, recurrent expenditure expanded by 46.1 per cent over the level in 2009 and accounted for 74.1 per cent of total expenditure. As a percentage of GDP, recurrent expenditure increased to 10.5 per cent, from 8.4 per cent in 2009. Most components of recurrent expenditure increased relative to their levels in the preceding year. Interest payments increased by 65.1 per cent and the goods and services component increased by 48.7 per cent. Analysis of the goods and services component, at ₦2,546.2 billion (81.9 % of total), shows that personnel cost and pensions amounted to ₦1,564.0 billion and overhead cost was ₦982.3 billion. Furthermore, interest payments[6], at ₦415.6 billion (13.4 % of total) or 1.4 per cent of GDP, was up from 1.0 per cent in 2009, comprised, ₦39.9 billion for external services and ₦375.8 billion for domestic services and transfers to the Federal Capital Territory (FCT)/'others' accounted for ₦147.5 billion (4.7 % of total) .

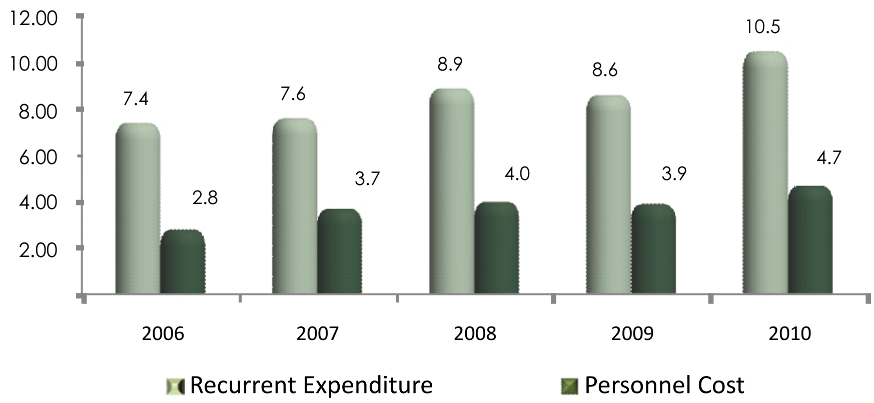
Recurrent expenditure expanded by 46.1 per cent over the level in 2009 and accounted for 74.1 per cent of total expenditure.

Figure.5.9: Economic Classification of Recurrent Expenditure in 2010



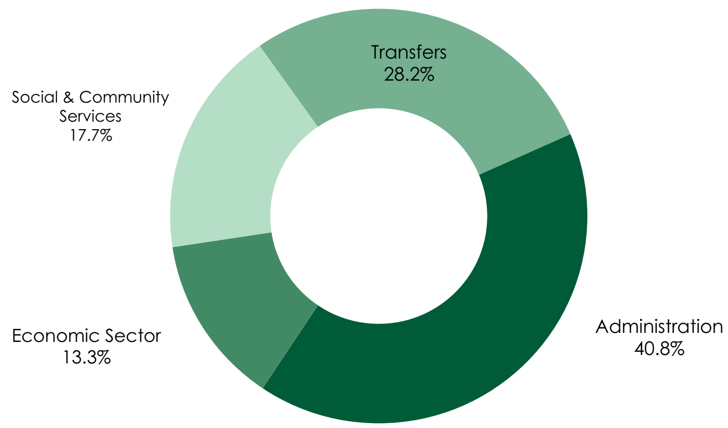
[5]This includes interest payments on ways and means.

Figure 5.10: Recurrent Expenditure & Personnel Cost (per cent of GDP)



The functional classification of recurrent expenditure showed that the outlay on administration increased by 54.4 per cent to ₦1,267.1 billion and accounted for 40.8 per cent of the total. Similarly, transfer payments increased by 38.1 per cent to ₦878.0 billion and constituted 28.2 per cent of the total, reflecting, largely, the significant increase in domestic debt charges in 2010. Expenditure on economic services, at ₦413.0 billion, accounted for 13.3 per cent of total recurrent expenditure. Within the economic sector, agriculture, transport, communications and roads/construction collectively absorbed 30.9 per cent. The expenditure on social and community services sector accounted for 17.7 per cent of total recurrent expenditure.

Figure 5.11: Functional Classification of Federal Government Recurrent Expenditure in 2010



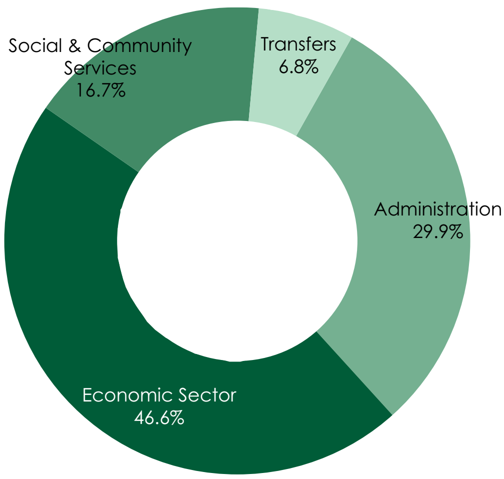
5.4.3.2 Capital Expenditure

Capital expenditure declined by 23.3 per cent to ₦883.9 billion, or 3.0 per cent of GDP, and accounted for 21.1 per cent of the total. As a proportion of Federal Government revenue, capital expenditure was 28.6 per cent, exceeding the stipulated minimum target of 20.0

per cent under the WAMZ secondary convergence criteria. Analysis of capital expenditure showed that outlays on economic services accounted for ₦412.2 billion, or 46.6 per cent of the total, compared with 43.9 per cent in the preceding year. Within the economic services sector, manufacturing, mining/quarrying, agriculture/natural resources, transport/communications and roads/construction absorbed 88.0 per cent. Public investments in social and community services increased by 22.1 per cent above the level in the preceding year and accounted for 16.7 per cent of the total. Within the social and community services sector, outlay on education increased by 102.6 per cent to ₦87.8 billion while that of health fell by 33.4 per cent to ₦35.0 billion. As a ratio of capital spending, expenditure on education and health constituted 9.9 and 4.0 per cent, respectively, compared with 3.8 and 4.6 per cent in 2009.

Capital expenditure declined by 23.3 per cent to ₦883.9 billion, and accounted for 21.1 and 3.0 per cent of total expenditure and GDP, respectively.

Figure 5.12: Functional Classification of Federal Government Capital Expenditure in 2010



BOX 5: IMPLEMENTING PERFORMANCE-BASED BUDGETING IN PUBLIC SECTOR FINANCIAL MANAGEMENT IN NIGERIA

Over the past one and a half decades, governments around the world have been attempting to establish a results-oriented budgeting or performance-based budgeting (PBB) in their public sector financial management. The reform process was predicated on the belief that public sector accountability and transparency should focus on the quality of government expenditure, rather than the quantum of expenditure. The approach introduces rules and norms that make it appropriate for public representatives (executive/legislature) and managers (public servants) to concentrate on outcomes and outputs, rather than inputs and procedures.

In the emerging economies of South Africa, Malaysia, Singapore and in developed countries, such as Australia and those of the Organization for Economic Co-operation and Development (OECD), PBB has been adopted in budgetary reforms to transform public budgeting system from an input and output orientation to an output and outcome orientation, thus introducing a results-oriented accountability into public organizations.

The approach was designed to address the weaknesses in the budgeting process and ensure transparency and accountability in spending by the MDAs. The system integrates an annual performance plan indicating the relationship between programme funding levels and expected results, based on visible achievements of executed projects within the time-frame specified in the budget. The approach represents a clear departure from the past, where budget preparation was not linked with outputs and deliverables and leading to poor implementation in most sectors as results were always below targets. Furthermore, PBB formally establishes spending targets (appropriations) and performance targets, which, together, form the basis for monitoring performance throughout the budget cycle.

In the light of global experience with budget reforms, the Federal Government commenced budgetary reforms in fiscal year (FY) 2003 with a gradual movement away from the line-item budgeting to contemporary techniques of budgeting. By FY2005, the Federal Government had instituted the Fiscal Strategy Plan (FSP) and embraced the Medium Term Fiscal Framework (MTFF), both of which were underscored by the legal framework established by the Fiscal Responsibility Act of 2007. The FSP documents the fiscal stance of government in the medium-term and outlines the MTFF on a rolling basis. By FY2008 the Federal Government had progressively embraced a budgetary system which incorporates performance-based elements as a component of the public financial management reforms (PFM).

As it is being implemented, PBB as an essential component of PFM, places greater emphasis on tracking the tangible deliverables achieved by the Ministries, Departments and Agencies (MDAs) in terms of measurable outputs and outcomes. Key performance indicators (KPIs) were set for the MDAs against which progress on project completion was measured. In addition, policies, projects and goals were linked with outputs and deliverable targets in large-spending MDAs on an ongoing basis.

The adoption of the results-oriented budgeting approach in PFM was expected to deliver the following benefits when fully integrated into Nigeria's fiscal landscape:

- Justify the need for more resources in the budgetary process;
- Improve MDAs' ability to present performance assessment and results;
- Improve MDAs' ability to channel resources to high priority sectors;
- Align MDAs' data collection and reporting with results;
- Foster MDAs' ability to make decisions, based on customer-focused, outcome-oriented information;
- Enable MDAs to clearly align budgets and their execution within its purpose and priorities;
- Elicit accountability from public office holders; and
- Ensure transparency in public sector financial management.

In order to facilitate a complete migration to PBB, the infrastructural support has been almost fully installed. In this regard, the Business Process Review (BPR) and Charts of Accounts (COA) have been completed and revised. During the period, the performance indicator (PI) database and detailed project formulation documentation/checklists were being developed. Finally, the process of implementing the Government Integrated Financial Management System (GIFMIS) platform, with World Bank (WB) assistance, was ongoing and expected to come on stream by early 2011.

5.5 STATE GOVERNMENTS' FINANCES[7]

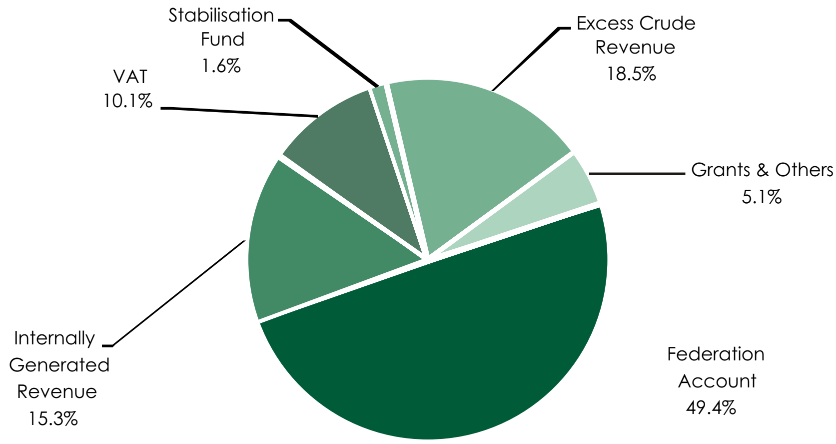
5.5.1 Overall Fiscal Balance and Financing

Provisional data on state governments' finances (including the FCT) indicated a decline in the overall deficit from ₦186.2 billion, or 0.7 per cent of GDP in 2009, to ₦132.1 billion, or 0.4 per cent of GDP in 2010. The deficit was financed largely through borrowing from the DMBs.

Provisional data on state governments' finances (including FCT) indicated a decline in the overall deficit to 0.4 per cent of GDP, down from 0.7 per cent of GDP in 2009.

[7]The provisional data are from the CBN survey returns from 36 states and the FCT.

Figure 5.13: State Governments' Revenue (Naira Billion)



5.5.2 Revenue

Total revenue of the state governments increased by 5.7 per cent to ₦2,739.4 billion, or 9.3 percent of GDP, compared with ₦2,590.7 billion or 10.3 per cent of GDP in 2009. The analysis of the sources of revenue indicated that allocations from the Federation Account (including 13.0% Derivation Fund) was ₦1,353.7 billion, or 49.4 per cent; the VAT Pool Account was ₦275.6 billion, or 10.1 per cent; Internally Generated Revenue (IGR) was ₦420.5 billion, or 15.3 per cent; the Stabilisation Account was ₦42.5 billion, or 1.6 per cent; the Excess Crude Account sharing (including budget augmentation and foreign exchange rate gains) totalled ₦506.7 billion or 18.5 per cent; and grants/others amounted to ₦140.4 billion, or 5.1 per cent. The IGR fell below the level in 2009 by 8.8 per cent. In terms of tax efforts, measured as the ratio of IGR to total revenue (IGR/TR), Lagos state ranked the highest with 60.7 per cent, followed by Rivers and Kwara states, with 21.7 and 21.6 per cent, respectively, while Bauchi state ranked last with 2.8 per cent. In terms of the state governments' effort at improving internally-generated revenue, Ondo state ranked top, with an increased IGR/TR ratio from 1.2 per cent in 2009 to 5.5 per cent, followed by Kebbi and Kwara states in the second and third positions, respectively. Overall, the consolidated IGR/TR ratio of the state governments declined from 17.8 per cent in 2009 to 15.3 per cent.

Total revenue of the state governments rose by 5.7 per cent to ₦2,739.4 billion, or 9.3 per cent of GDP.

Table 5.2: State Governments' Revenue

Item	State Governments' Revenue				Share in Overall GDP	
	2009		2010 1/		2009	2010
	Amount (₦' Billion)	Share (%)	Amount (₦' Billion)	Share (%)	%	%
Federation Account 2/	973.8	37.6	1,353.7	49.4	3.9	4.6
Excess Crude Revenue 3/	708.6	27.3	506.7	18.5	2.8	1.8
VAT	229.3	8.9	275.6	10.1	0.9	0.9
Internally Generated Revenue	461.2	17.8	420.5	15.3	1.8	1.4
Stabilisation Fund	29.7	1.1	42.5	1.6	0.1	0.1
Grants & Others	188.1	7.3	140.4	5.1	0.8	0.5
Total	**2,590.7**	**100.0**	**2,739.4**	**100.0**	**10.3**	**9.3**

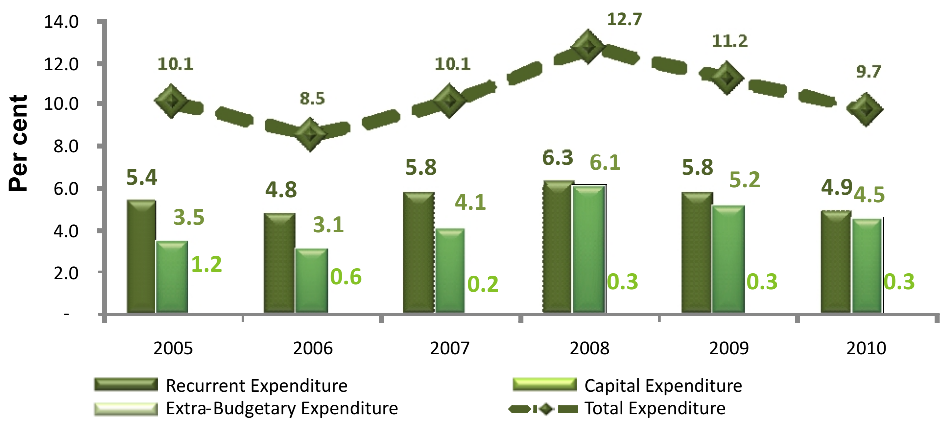
1/ Including FCT
2/ Including 13% Derivation Fund
3/ Including Budget Augmentation and Foreign Exchange Rate Gains

5.5.3 Expendituture

Total expenditure of the state governments increased by 3.4 per cent to ₦2,871.5 billion, or 9.7 per cent of GDP. A breakdown showed that, at ₦1,437.0 billion or 4.9 per cent of GDP, recurrent expenditure was 0.8 per cent higher than the level in the preceding year and accounted for 50.1 per cent of the total.

The total expenditure of the state governments grew by 3.4 per cent to ₦2.871.5 billion, or 9.7 per cent of GDP.

Figure 5.14: State Governments' Expenditure (per cent of GDP)



At ₦1,339.0 billion, or 4.5 per cent of GDP, the capital expenditure was 4.3 per cent above the level in 2009 and accounted for 46.6 per cent of the total. Similarly, extra-budgetary expenditure grew by 43.1 per cent and accounted for 3.3 per cent of the total expenditure.

Analysis of spending on primary welfare sectors indicated that expenditure on education increased by 3.0 per cent from the level in 2009 to ₦241.3 billion and accounted for 8.4 per cent of total expenditure. Similarly, expenditure on health and agriculture rose by 0.9 and 37.6 per cent, respectively, relative to their levels in 2009 to ₦151.1 billion and ₦218.5 billion. However, expenditure on water supply and housing fell by 22.5 and 24.6 per cent, respectively, relative to their levels in 2009 to ₦77.4 billion and ₦54.5 billion. On the whole, aggregate expenditure on primary welfare sectors amounted to ₦742.7 billion, or 2.8 per cent of GDP, and accounted for 25.9 per cent of total expenditure.

Figure 5.15: State Governments' Expenditure in Key Sectors for 2010 (per cent of Total Expenditure)

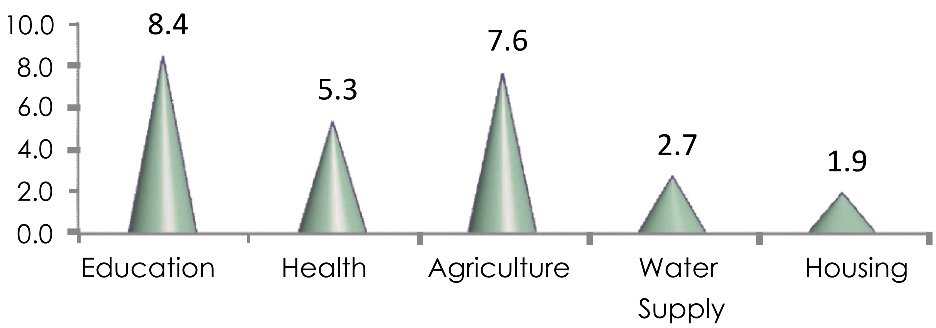
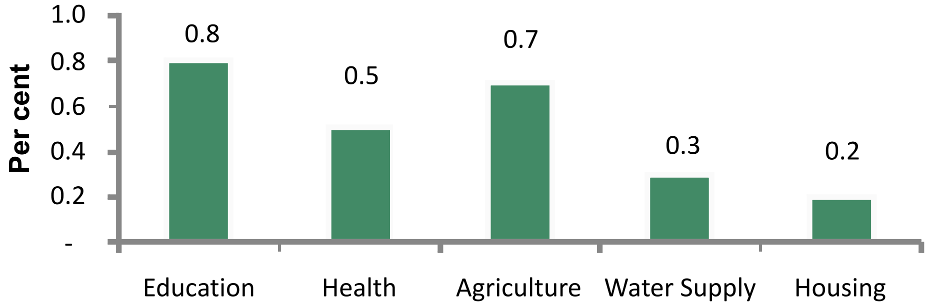


Figure 5.16: State Governments' Expenditure in Key Sectors for 2010 (per cent of GDP)



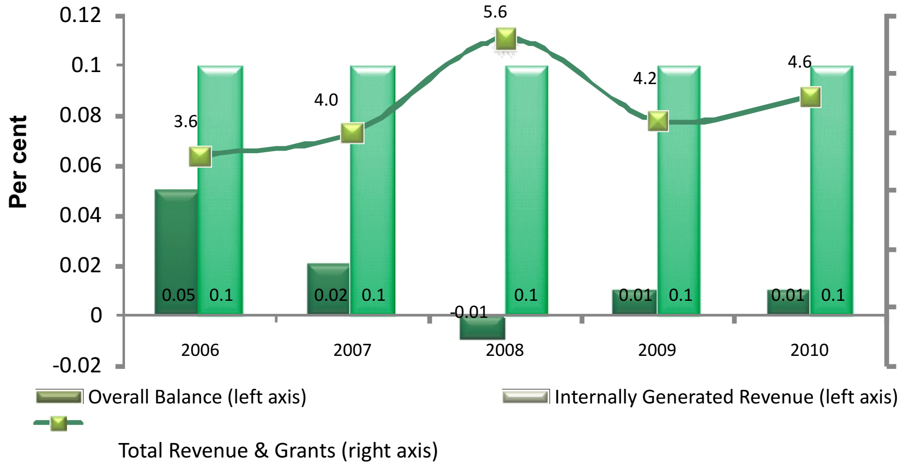
5.6 LOCAL GOVERNMENTS' FINANCES[8]

5.6.1 Overall Fiscal Balance and Financing

Provisional data on local governments' fiscal operations indicated a surplus of ₦2.5 billion, compared with a surplus of ₦1.8 billion in 2009.

[8] *The provisional data are from the CBN survey returns from 774LGAs.*

Figure 5.17: Local Governments' Revenue & Overall Balance (Per cent of GDP)



5.6.2 Revenue

Total revenue of local governments was ₦1,359.2 billion, indicating an increase of 27.1 per cent from the level in 2009. The sources of the revenue comprised allocations from the Federation Account (₦716.0 billion), VAT (₦189.1 billion), IGR (₦26.2 billion), grants/'others' (₦36.3 billion), stabilization fund (₦12.6 billion), state allocation (₦12.7 billion), excess crude revenue sharing (including refund from FG & SG) (₦280.5 billion), budget augmentation (₦78.7 billion), and foreign exchange rate gains (₦7.1 billion).

The total revenue of local governments was ₦1,359.2 billion, indicating an increase of 27.1 per cent.

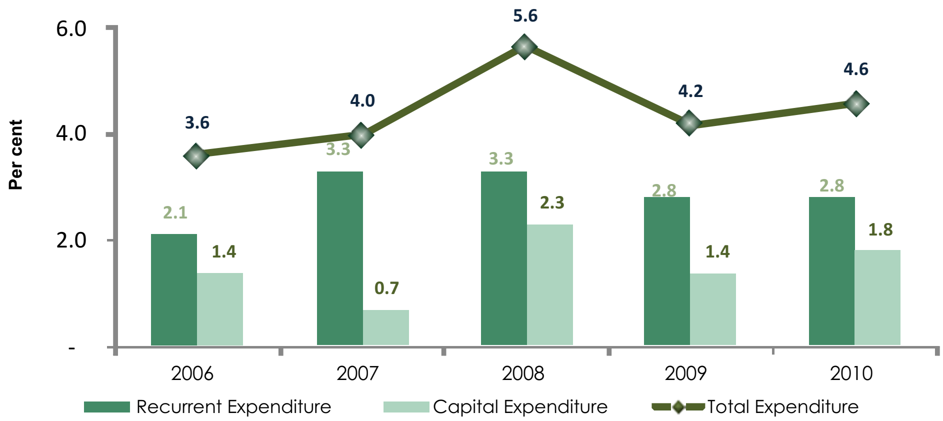
Table 5.3: Local Governments' Revenue

Item	Local Governments' Revenue				Share in Overall GDP	
	2009		2010		2009	2010
	Amount (₦' Billion)	Share (%)	Amount (₦' Billion)	Share (%)	%	%
Federation Account	529.3	49.5	716.0	52.7	2.1	2.4
Excess Crude Revenue	145.0	13.6	280.5	20.7	0.6	1.0
Budget Augmentation	131.7	12.3	78.7	5.8	0.5	0.3
Exchange Rate Gain	28.4	2.7	7.1	0.5	0.1	0.02
VAT	157.4	14.7	189.1	13.9	0.6	0.6
Internally Generated Revenue	26.1	2.4	26.2	1.9	0.1	0.1
Stabilisation Fund	11.4	1.1	12.6	0.9	0.05	0.04
State Allocation	19.7	1.8	12.7	0.9	0.1	0.04
Grants & Others	20.3	1.9	36.3	2.7	0.1	0.1
Total	**1,069.4**	**100.0**	**1,359.2**	**100.0**	**4.3**	**4.6**

5.6.3 Expenditure

At ₦1,356.7 billion, total expenditure of the local governments was 27.1 per cent above the level in 2009, and represented 4.6 per cent of the GDP. A breakdown indicated that recurrent outlays, stood at ₦823.7 billion or 60.7 per cent, while capital expenditure amounted to ₦533.0 billion, or 39.3 per cent of the total.

Figure 5.18: Local Governments' Expenditure (per cent of GDP)



The expenditure of the local governments was 27.1 per cent higher than the level in 2009 and represented 4.6 per cent of the GDP.

A further breakdown of recurrent expenditure showed that personnel cost was ₦316.5 billion, while overhead cost and the consolidated fund charges/others amounted to ₦395.0 billion and ₦112.2 billion, respectively. Analysis of capital expenditure by function revealed that the share of administration was ₦78.8 billion, economic services (₦247.2 billion), social and community services (₦183.3 billion), and transfers (₦23.7 billion).

BOX 6: THE SOVEREIGN WEALTH FUND (SWF)

Generally, a Sovereign Wealth Fund (SWF) is a special purpose investment fund created and owned by the general government for macroeconomic purposes. The fund is commonly established from balance of payments surpluses, official foreign currency operations, proceeds of privatisation, fiscal surpluses, and receipts from commodity exports, amongst others. SWF offers various economic and financial benefits which include savings for inter-generational transfers, reduction of boom and burst cycles, greater portfolio diversification, promotion of prudent fiscal management, and responsible asset management. SWF could facilitate a more efficient allocation of resource from commodity surpluses, and enhance market liquidity. Finally, SWF would help to strengthen domestic policy frameworks by ensuring manageable liquidity in the system. Funds are set aside and invested on behalf of the nation for inter-generational equity. However, SWFs are being criticised on the ground that they unduly expand government role in the international financial market and restrict the free flow of global capital.

Countries that have created SWFs include the United Arab Emirates (US$ 627 billion), Algeria (US$56.7 billion), Libya (US$70 billion), Kuwait (US$202.8 billion), Venezuela (US$0.8 billion), Saudi Arabia (US$439.1 billion) and Iran (US$23.0 billion). Other countries that have had substantial investment through SWFs are Norway (US$512 billion) and China (US$826.0 billion)1.

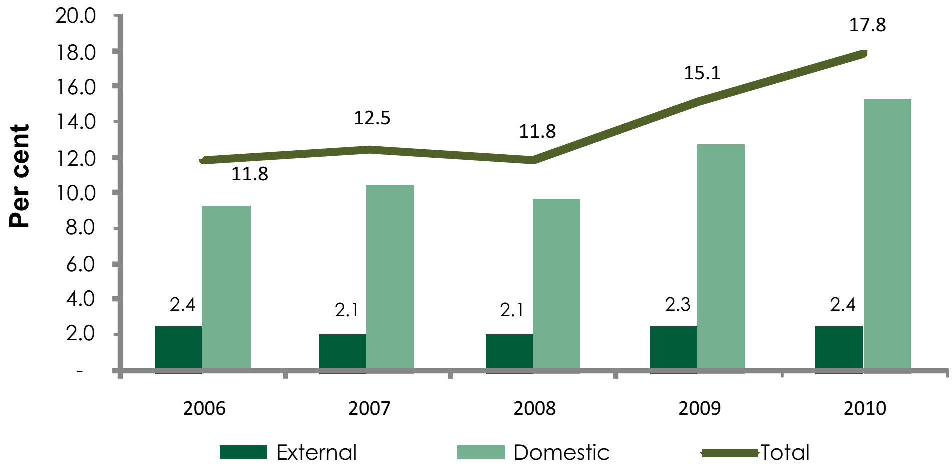
Since the discovery of crude oil deposits in the late 1950s, there have been several attempts to put aside some of the surplus receipts from crude oil price exports. In 2004, efforts were made, through the creation of the ECA, to save for the future and stabilise any budget deficit that could arise from oil price shocks. In 2010, the Nigerian government commenced the process of establishing a SWF, aimed at safeguarding the country's resources for future generations and building a robust institutional framework for a strong fiscal policy and prudent management of excess crude earnings. A draft bill on the fund had been submitted to the National Assembly for necessary legislation and the proposed fund had been seeded with US$1.0 billion of capital. With this development, the ECA would gradually transform into the SWF.

Source: Sovereign Wealth Fund Institute, December 2010. www.swfinstitute.org/fund-ranking[1]

5.7 CONSOLIDATED FEDERAL GOVERNMENT DEBT

The consolidated Federal Government debt stock, as at 31st December 2010 was ₦5,241.7 billion, or 17.8 per cent of GDP, compared with ₦3,818.5 billion, or 15.1 per cent of GDP in 2009. Analysis of the debt showed that the domestic component constituted 86.8 per cent and the external 13.2 per cent. The increase reflected, largely, the substantial borrowing through the issuance of FGN Bonds and treasury bills to finance projects and the settlement of contractual obligations. Consequently, the stock of FGN Bonds rose from ₦1,974.9 billion in 2009 to ₦2,901.6 billion and accounted for 63.7 per cent of the total, while treasury bills grew from ₦797.5 billion in 2009 to ₦1,277.1 billion and accounted for 28.1 per cent of the total. At end-December 2010, external debt outstanding increased by 16.8 per cent to US$4.6 billion (₦689.8 billion), while the domestic component increased by 41.0 per cent from its level in 2009.

Figure 5.19: Consolidated Public Debt Stock (per cent of GDP)

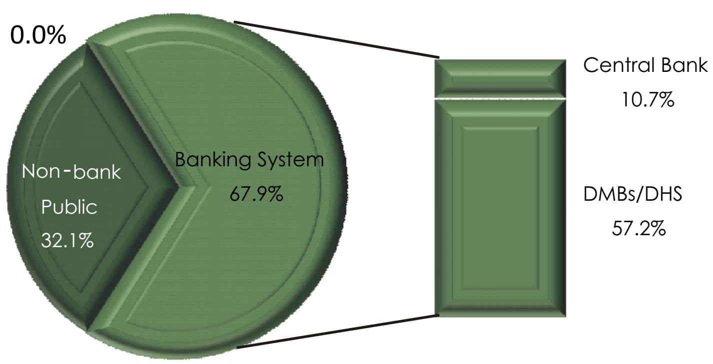


5.7.1 Domestic Debt

The stock of Federal Government domestic debt at end-December 2010 was ₦4,551.8 billion, representing an increase of 41.0 per cent over the level in 2009. The development reflected the substantial borrowing through the issuance of FGN Bonds and treasury bills. The banking system remained the dominant holder of the outstanding debt instruments with, 67.9 per cent, and the non-bank public accounted for the balance of 32.1 per cent. Disaggregation of the banking system's holdings indicated that ₦2,605.0 billion, or 84.2 per cent, was held by the DMBs and DHs, and ₦487.5 billion, or 15.8 per cent by the CBN and the Sinking Fund.

Analysis of the maturity structure of the domestic debt showed that instruments of two (2) years and below accounted for ₦2,850.7 billion or 62.6 per cent, followed by instruments of two (2) to five (5) years at ₦501.7 billion, or 11.0 per cent; those with tenors of between five (5) and ten (10) years totalled ₦481.1 billion or 10.6 per cent, and tenors of over ten (10) years at ₦718.3 billion, or 15.8 per cent.

Figure 5.20: Composition of Domestic Debt Stock by Holders in 2010



5.7.2 External Debt

At US$4.6 billion, Nigeria's external debt grew by 16.0 per cent over the level at end-December 2009. The rise reflected the drawdown of additional multilateral loans by the Federal Government, amounting to US$713.3 million. Of the total external debt outstanding, the share of multilateral institutions was US$4.2 billion and accounted for 92.1 per cent, while 'others' totalling US$0.4 billion accounted for the balance.

5.7.3 Debt Service Payments and Debt Sustainability Analysis

Total debt service payments[9] stood at ₦407.4 billion, or 1.4 per cent of GDP and comprised ₦53.3 billion, or US$0.35 billion for external and ₦354.1 billion for domestic debt. The external debt service comprised amortization (principal repayment) of ₦38.0 billion, or 71.4 per cent and actual interest payments of ₦15.3 billion, or 28.6 per cent. Domestic debt service indicated that amortization stood at ₦334.7 billion, or 94.5 per cent, while interest payment was ₦19.5 billion, or 5.5 per cent of the total.

The analysis of Nigeria's debt sustainability revealed that at 17.8 per cent, the debt stock/GDP ratio remained low relative to the maximum international threshold of 30.0 per cent of GDP.

The analysis of debt sustainability revealed that the debt stock/GDP ratio remained low relative to the maximum international threshold of 30.0 per cent, though it weakened from 15.4 per cent in 2009 to 17.8 per cent in 2010. At 169.7 per cent, the debt stock/revenue ratio, which shows the quantum of total revenue required to redeem the total debt stock, worsened in 2010, compared with 144.3 per cent in 2009. The debt service/revenue ratio improved from 20.5 per cent in 2009 to 13.2 per cent in 2010, implying that a lower proportion of the total revenue was devoted to interest/principal repayments during the year.

[9] *This represents actual debt service payments by the Debt Management Office which may differ from the figures in the Federal Government finances table that indicates contribution to the external creditors' fund.*

Table 5.4: Debt Service Payment (Naira billion) and Debt Sustainability Indicators (per cent)

Indicators	International Thresholds	2006	2007	2008	2009	2010
External Debt Service (Interest Payments)*	-	831.04	117.21	9.03	17.38	15.3
Amortization - External Debt	-	34.50	11.39	46.16	46.46	38.0
Domestic Debt Service (Interest Payments)	-	166.84	185.37	232.98	271.34	19.47
Amortization - Domestic Debt	-	55.73	67.26	238.29	207.36	334.7
Total Debt Service	-	1,088.11	381.23	526.46	542.54	407.4
Total Debt/GDP	30	11.8	12.5	11.6	15.4	17.8
Total External Debt/GDP	30	2.4	2.1	2.0	2.4	2.4
Total Domestic Debt/GDP	40-60	9.4	10.4	9.6	13.1	15.4
Total External Debt/Export (%)	100	6.2	5.3	4.4	8.5	6.2
Total Debt Service/Revenue (%)	20-25 (Max.=25)	23.3	13.9	10.5	20.5	13.2
Total Debt/Revenue (%)	150	113.8	111.3	88.0	144.3	169.7

Source: Debt Management Office

CHAPTER SIX

REAL SECTOR DEVELOPMENTS

The economy was vibrant as growth in domestic output was robust and broad-based in 2010,due to sound economic management policies and vast economic reforms. The real Gross Domestic Product (GDP), measured in 1990 basic prices, grew by 7.9 per cent, compared with 7.0 per cent in 2009. Growth in 2010 was attributed, largely, to the performance of the non-oil sector, which grew by 8.5 per cent, complemented by a significant increase in oil sector output. Sectoral analyses showed that agricultural output grew by 5.7 per cent, building and construction by 12.2 per cent, the services sector by 11.9 per cent, and wholesale and retail trade by 11.2 per cent. Industrial output grew by 5.3 per cent. This was attributed, largely, to the implementation of the Federal Government amnesty programme which precipitated increased crude oil production and increased government funding of critical infrastructure. The output of solid minerals, as well as manufacturing, also expanded. Inflationary pressure moderated, but remained above the single digit. Various government programmes and policies on improving the state of critical infrastructure and availability of credit to the real sector also impacted positively on growth. Challenges to the real sector in the period under review remained principally poor infrastructure, the most serious of which was inadequate power supply.

6.1 DOMESTIC OUTPUT

Provisional data from the National Bureau of Statistics (NBS) showed that the Gross Domestic Product (GDP), measured at 1990 constant basic prices, was estimated at ₦775.4 billion in 2010, indicating a growth rate of 7.9 per cent. This exceeded the 7.0 per cent recorded in 2009 and the average annual growth rate of 6.7 per cent for the period 2006 2010, but lower than the target growth rate of 10.0 per cent for the year. As in previous years, agriculture accounted for the greatest share of the GDP growth rate, as it contributed 2.4 percentage points, followed by services with 2.1 percentage points; wholesale and retail trade contributed 2.0 percentage points; and building and construction 0.2 percentage point. Industry as a group made a positive contribution of 1.1 percentage point, compared with a 0.4 percentage point contribution in 2009. Growth in GDP

The Gross Domestic Product (GDP), measured at 1990 constant basic prices, was estimated at ₦775.4 billion in 2010, indicating a growth rate of 7.9 per cent. This exceeded the 7.0 per cent recorded in 2009 and the average annual growth rate of 6.7 per cent for the period 2006 2010, but lower than the target growth rate of 10.0 per cent for the year.

reflected, largely, the sound and stable monetary and fiscal policies, as well as the favourable weather conditions which boosted agricultural output. Other drivers of growth included an increase in crude oil production throughout the year, stability in the price and supply of petroleum products, the successful implementation of the Federal Government amnesty programme, huge investment in infrastructure by government, building and construction activities across the country and continued expansion in the telecommunications sub-sector.

Figure 6.1 GDP Growth Rate (2006-2010)

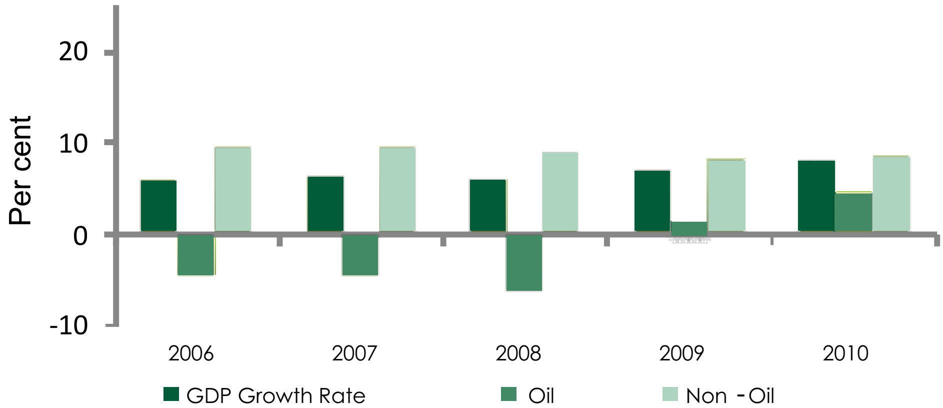


Table 6.1: Sectoral Growth Rates of GDP at 1990 Constant Basic Prices (per cent)

Activity Sector	2006	2007	2008	2009 1/	2010 2/
1. Agriculture	**7.4**	**7.1**	**6.3**	**5.9**	**5.7**
Crop Production	7.5	7.3	6.2	5.8	5.7
Livestock	6.9	6.9	6.9	6.5	6.5
Forestry	6.0	6.1	6.1	5.9	5.9
Fishing	6.6	6.6	6.6	6.2	6.0
2. Industry	**-2.5**	**-2.2**	**-3.4**	**2.0**	**5.3**
Crude Petroleum	-4.5	-4.5	-6.2	0.5	4.6
Solid Minerals	10.3	12.8	12.8	12.1	12.3
Manufacturing	9.4	9.6	8.9	7.9	7.6
3. Building & Construction	**13.0**	**13.0**	**13.1**	**12.0**	**12.2**
4. Wholesale & Retail Trade	**15.3**	**15.2**	**14.0**	**11.5**	**11.2**
5. Services	**9.2**	**9.9**	**10.4**	**10.8**	**11.9**
Transport	6.9	7.0	7.0	6.8	6.7
Communications	32.5	28.5	34.0	34.2	34.5
Utilities	4.9	4.9	3.7	3.2	3.3
Hotel & Restaurant	12.9	13.0	12.9	11.9	12.0
Finance & Insurance	5.0	5.0	4.8	4.0	3.9
Real Estate & Business Services	11.3	11.4	11.4	10.6	10.4
Producers of Govt. Services	5.9	5.9	6.0	5.9	5.7
Comm., Social & Pers. Services	10.6	10.6	10.7	9.8	9.9
TOTAL (GDP)	**6.0**	**6.5**	**6.0**	**7.0**	**7.9**
NON-OIL (GDP)	**9.4**	**9.5**	**9.0**	**8.3**	**8.5**

1/ Revised

2/ Provisional

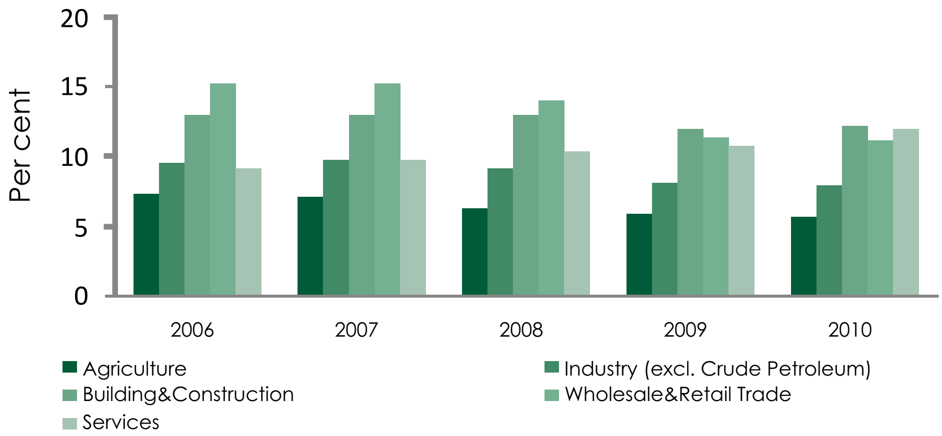
Source: National Bureau of Statistics (NBS)

Table 6.2: Sectoral Contribution to Growth Rates of GDP at 1990 Constant Basic Prices (percentage points)					
Activity Sector	**2006.0**	**2007.0**	**2008.0**	**2009 1/**	**20101/**
1. Agriculture	**3.1**	**3.0**	**2.8**	**2.5**	**2.4**
Crop Production	2.8	2.7	2.4	2.2	2.1
2. Industry	**-0.7**	**-0.6**	**-0.5**	**0.4**	**1.1**
Crude Petroleum	-1.1	-1.0	-0.9	0.1	0.7
3. Building & Construction	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
4. Wholesale & Retail Trade	**2.1**	**2.3**	**2.3**	**2.0**	**2.0**
5. Services	**1.4**	**1.6**	**1.7**	**1.8**	**2.1**
Communication	0.5	0.6	0.7	1.0	1.3
TOTAL (GDP)	**6.0**	**6.5**	**6.0**	**7.0**	**7.9**
NON-OIL (GDP)	**9.4**	**9.5**	**9.0**	**8.3**	**8.5**
1/ Revised					
2/ Provisional					
Source: National Bureau of Statistics (NBS)					

Non-oil GDP grew by 8.5 per cent in 2010, compared with 8.3 per cent in 2009. The performance was driven, largely, by agricultural production which grew by 5.7 per cent, attributable to the favourable weather conditions, improved supply of inputs, and the impact of various government intervention programmes and policies. Other drivers of growth in non-oil GDP included building and construction, services, and wholesale and retail trade, which recorded growth rates of 12.2, 11.9 and 11.2 per cent, respectively. In the services sub-sector, communications recorded the highest growth rate of 34.5 per cent, buoyed by the sustained liberalisation and expansion of telecommunications services. In 2010, industrial output grew by 5.3 per cent. This development was attributable mainly to the effective and successful implementation of the Federal Government amnesty programme, which paved the way for an increase in crude oil production, stability in the price and supply of petroleum products, as well as huge government investment in critical infrastructure development. Other government programmes and policies in support of the real sector, especially small- and medium-scale enterprises, also impacted positively on growth. Solid minerals and manufacturing output grew by 12.5 and 7.6 per cent, respectively.

Figure 6.2: Sectoral Share in GDP

Figure 6.3: Growth Rate of Major Sectors of Non-oil GDP

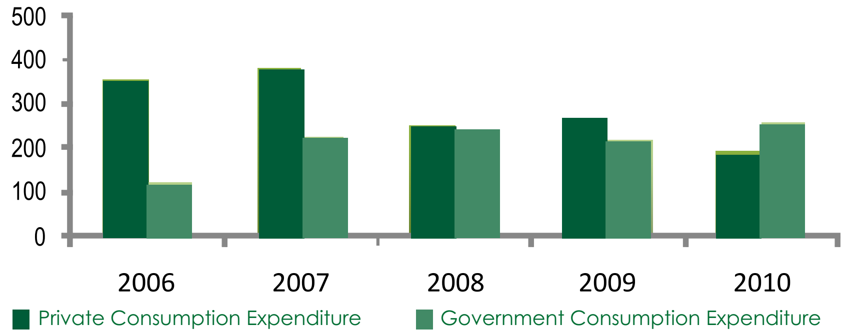


Sectoral analysis indicated that the agricultural sector contributed the largest share of 40.9 per cent to real GDP in 2010, compared with 41.7 per cent in 2009. The share of industry and crude oil in GDP declined from 20.8 and 16.3 per cent, respectively in 2009, to 20.3 and 15.8 per cent. The contributions of solid minerals and manufacturing components of industry remained insignificant. Services as a group contributed 18.1 per cent to the GDP, of which communications, finance and insurance, utilities and transport accounted for 4.6, 3.6, 3.2 and 2.7 percentage points, respectively.

Figure 6.4: Contribution to Growth Rate of Non-oil GDP

Provisional data showed that real domestic demand at 1990 purchasers' price (GDP by Expenditure approach) fell by 6.2 per cent and stood at ₦525.2 billion in 2010, compared with ₦560.0 billion in 2009. Private consumption was ₦193.7 billion, while government final consumption expenditures totalled ₦254.1 billion in 2010, compared with ₦264.1 billion and ₦215.6 billion, respectively in the preceding year. This indicated a decrease of 26.7 per cent in real private consumption expenditure and an increase of 17.9 per cent in real government consumption expenditure. Real investment (gross fixed capital formation) fell by 3.6 per cent, while net exports grew by 150.1 per cent, in real terms. The increase in government consumption was attributed mainly to government's huge investment in the power sector and other critical infrastructure, while the decrease in private consumption resulted from the impact of the low level of credit to the economy, particularly to the private sector, exacerbated by the dip in the capital market occasioned by the global economic and financial crises, and the double digit inflation recorded during the year. As a share of aggregate demand, private consumption constituted 36.9 per cent.

Figure 6.5: GDP (Expenditure Approach) at 1990 Purchasers' Price



6.2 AGRICULTURE

6.2.1. Agricultural Policy and Institutional Support

Government intervention in the agricultural sector was informed by the need for national food security to ensure sustainable access to, and availability and affordability of good quality food for all Nigerians. Other objectives of government included the production of agricultural raw materials for the industrial sector and the export market, promotion of the value-chain approach in the agricultural sector, enhancement of farm income and reduction of poverty.

Government vigorously pursued the establishment of agro-processing centres and export crop handling through a Public-Private Partnership (PPP) arrangement, This was informed by lessons of experience from past programmes that had over-emphasized production and the impact of the global food crisis of 2007 and 2008. To this end, 17 integrated large scale rice processing mills in 12 states of the Federation were at various stages of completion. The states are: Adamawa, Anambra, Bayelsa, Benue, Ebonyi, Enugu, Kano, Kebbi, Kwara, Niger, Ogun and Taraba. When operational, the mills would significantly boost local capacity to produce high quality processed rice. In addition, the establishment of 6 export crop handling, preservation and conditioning centres commenced in Cross River, Enugu, Gombe Kaduna, Kebbi and Nasarawa states. Furthermore, the construction of 8 agro-processing centres commenced in existing grain silo complexes in Benue, Cross River, Jigawa, Gombe, Kwara, Niger, Ondo and Oyo states. In addition, the establishment of 2 agro-processing estates commenced in Bakura and Maradun in Zamfara state for the production of edible flour, milled rice and vegetable oil.

Government continued to provide support to farmers under the Fertilizer Market Stabilization Programme. The Federal Government provided the sum of ₦22.30 billion as its 25 per cent subsidy contribution to the procurement and distribution of 900,000 tonnes of fertilizer to the states and the FCT, valued at ₦89.31 billion. This represented the highest provision in any single year since the inception of the fertilizer subsidy programme in 1999. However, as a long-term strategy to cut import dependence, there were renewed emphasis on partnering with local fertilizer manufacturers and blenders to produce suitable blends of fertilizer for the country, as well as promote the use of organic fertilizers to complement the inorganic ones.

The Nigerian Country-Stat Project was launched on September 16, 2010 to address the perennial problem of the absence of a reliable agricultural database for the country. The Project was sponsored by the Bill and Melinda Gates Foundation, in collaboration with the Food and Agriculture Organization (FAO).

The Guaranteed Minimum Price Scheme (GMPS), instituted in 2008 to encourage farmers and stabilize food prices, was sustained. A total of 63 licensed buying agents were engaged nationwide while the sum of ₦8.76 billion was spent on the purchase of assorted grains and garri for storage under the Strategic Grains Reserve Programme. Besides the 12 functional silos, with a combined capacity of 300,000 tonnes, additional ones were being constructed across the country to bring the national storage capacity to 1,350,000 tonnes.

In the fisheries sub-sector, activities were focused on achieving self-sufficiency in fish production, through the improvement of the means of production, processing, storage and marketing. Some major achievements recorded included: the rehabilitation of 5 modern fish hatcheries and fingerlings production centres at Olupona (Osun State), Tiga Dam (Kano State), Gubi Dam (Bauchi State), Mando (Kaduna State) and Umuna-Okigwe (Imo State). Government also established fish feed and fingerlings production centres nationwide; 12 cage fish culture development centres in all the geo-political zones; ornamental fish production centres in Imo, Edo, Ogun and Rivers States and; shrimp production centres in Ekiti, Nasarawa and Oyo States. The design and construction of the Lokoja boatyard and the model fish feed mill in Ibadan at ₦35.0 million was also undertaken. In addition, there were sensitisation workshops on fish farming and fish seed certification in all 36 states and the FCT.

Access to affordable credit continued to receive attention as the CBN monitored and encouraged the disbursement of funds under the ₦200 billion Commercial Agricultural Credit Scheme (CACS). As at end-December 2010, the Bank had released ₦96.81 billion to 11 participating banks for disbursement to 86 projects/promoters (including 18 state governments).

In order to further improve the lending environment in the agricultural sector the CBN, in collaboration with other stakeholders, initiated the Nigerian Incentive-based Risk Sharing System for Agricultural Lending (NIRSAL).

Specifically, the objectives of NIRSAL included the following:

- Stimulate innovations in agricultural lending;
- Encourage bank lending to the sector;
- Eliminate state dependency by banks for deploying loanable funds to agriculture;
- Leverage DMBs' balance sheet for lending into agriculture; and
- Build a business approach to lending to the sector and motivate banks to share in the risk.

To further improve the lending environment in the agriculture sector the CBN, in collaboration with other stakeholders, initiated the Nigerian Incentive-based Risk Sharing System for Agricultural

The Rural Finance Institution Building Programme (RUFIN) commenced operations during the year. The Programme has the potential of impacting positively on the capacity of rural financial institutions to meet the credit requirements of rural farm communities. The programme was being implemented in 12 selected states through a loan of US$27.2 million from IFAD, a grant of US$0.5 million from the Ford Foundation and counterpart funding from the Federal Government and the participating states.

The increase in agricultural production was propelled, largely, by the favourable weather conditions and the sustained implementation of various agricultural programmes initiated in 2009.

6.2.2 Agricultural Production

At 255.9 (1990=100), the provisional aggregate index of agricultural production increased by 5.7 per cent, compared with the 6.8 per cent increase in 2009. The growth was, however, below the national sectoral target of 8.0 per cent. The increase in agricultural production was propelled, largely, by the favourable weather condition and the sustained implementation of various agricultural programmes initiated in 2009.

6.2.2.1 Crop Production

The output of staples grew by 5.7 per cent, compared with the 6.2 per cent growth in 2009. Similarly, the output of cash crops increased by 7.2 per cent, relative to the level in the preceding year.

Table 6.3: Growth in Major Crop Production (per cent)

Crop	2009	2010	Crop	2009	2010
Wheat	7.8	5.5	Plantain	7.9	5.5
Sorghum	8.1	4.0	Potatoes	9.9	5.8
Rice (Paddy)	9.1	4.0	Yam	9.0	4.8
Maize	9.1	5.9	Beans	9.0	6.1
Millet	9.7	4.9	Cassava	9.4	6.9
Soya Beans	10.0	8.4	Palm Oil	11.1	8.2
Rubber	9.5	5.6	Cocoa	7.2	6.6

The crops sub-sector sustained its impressive performance on account of the favourable weather conditions in most parts of the country and the continuation of various government programmes initiated in 2009. One of such initiatives is the identification of, and targeted intervention in, thirteen (13) strategic crops by the Federal Government. Consequently, cassava output grew by 6.9 per cent while paddy rice production increased by 4.0 per cent over the level in 2009.

6.2.2.2 Livestock

Livestock production increased by 6.4 per cent, compared with the 6.8 per cent increase in the preceding year. The development was attributed to the measures taken to control livestock diseases, especially the deadly Avian Flu, and improved access to credit. Further analysis showed that poultry and beef production increased by 19.5 and 8.9 per cent, respectively, when compared with the growth rates in 2009. This was as a result of the support provided to expand the livestock value chain, including the establishment of modern abattoirs and sanitary sale outlets across the country.

6.2.2.3 Fishery

Fish output increased by 7.0 per cent from its level in 2009 to 759,163 tonnes. This was, however, lower than the estimated national demand of 1.5 million tonnes, but reflected the impact of the various efforts by government towards improving activities in the value chain of the sub-sector.

6.2.2.4 Forestry

Forestry production increased by 4.9 per cent to 165.1 million cubic metres, but was lower than the 5.9 per cent recorded in 2009. The increase was attributed to the sustained demand for wood products. The Forestry Research Institute of Nigeria (FRIN) continued to intensify efforts in the supply of improved breeder seedlings to replace the harvested tree stocks in order to sustain wood production. Challenges faced by the sub-sector in 2010 included inadequate and untimely distribution of fertilizers, dearth of processing and storage facilities and an inefficient transportation infrastructure.

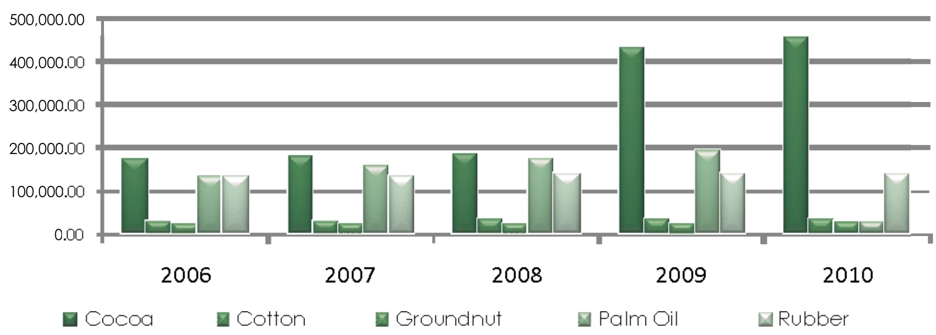
6.2.3 Agricultural Prices

The prices of most of Nigeria's agricultural export commodities were higher in 2010 when compared to the previous year. The overall index, computed in US dollar terms, stood at 727.7 (1990=100), representing an increase of 26.9 per cent over the level in 2009. Cocoa and palm oil recorded the highest price increases of 46.9 and 31.4 per cent, respectively over the levels in 2009. The increase in the price of cocoa was attributed, largely, to the relatively strong demand brought about by a cut in output, arising from bad weather conditions in some producing countries, the spread of crop diseases, smuggling activities in some producing countries, the fear of a supply shortage in 2011, and currency fluctuations[10]. Coffee, soyabean, cotton and copra recorded price increases of 5.6, 6.2, 20.9 and 9.4 per cent, respectively. In naira terms, the all-commodities price index increased by 29.2 per cent to 10,347.7 (1990=100) in 2010. The prices of cocoa, cotton, palm oil, coffee, copra and soya beans recorded increased of 46.9, 20.9, 31.4, 5.6, 7.2 and 6.0 per cent, respectively.

Available data indicated that the domestic prices of most commodities increased.

Available data indicated that the domestic prices of most commodities increased, ranging from 1.6 per cent for rubber to 72.3 per cent for wheat. The increase in prices was attributed to the high cost of farm inputs and increased demand from agro-processors, industrial users and neighbouring countries.

Figure 6.6: Average Prices of Selected Cash Crops (Naira per Tonne)



[10]International Cocoa Organisation (ICCO)

BOX 7: RECENT CBN INITIATIVES TO BOOST REAL SECTOR ACTIVITIES

The real sector plays strategic roles in an economy, particularly in a developing economy such as Nigeria. First, the sector produces and distributes tangible goods and services required to satisfy aggregate demand. Its performance is a gauge or an indirect measure of the standard of living of the people. Second, the performance of the sector can be used to gauge the effectiveness of macroeconomic policies. Third, a vibrant real sector, particularly the agriculture and manufacturing sub-sectors, creates more linkages in the economy than any other sector, and thus, reduces the pressure on the external sector. Fourth, it builds capacity and generates employment and income.

The sector has, however, grossly underperformed as a result of various constraints. The major constraints were poor access to credit the high cost of credit, inadequate power supply and other infrastructural challenges. The constraint of credit has been further exacerbated by the impact of the global financial crisis on the economy, as the pool of loanable funds shrank significantly. Against this background, the CBN and the Federal Government initiated measures to boost credit to the real sector. These initiatives included the following:

₦200 Billion Commercial Agricultural Credit Scheme (CACS)

The Scheme was established in 2009 by the CBN, in collaboration with the Federal Ministry of Agriculture and Water Resources (FMA&WR). The objective of the Scheme was to promote commercial agricultural enterprises in Nigeria. The Scheme was funded through the issuance of FGN Bonds worth ₦200 billion. The first tranche of ₦100 billion was raised and passed on to participating banks for on-lending to farmers. All the 24 banks in the country were expected to participate in the administration of the Scheme, but only 11 banks have been involved so far. By end- December 2010, the CBN had released the sum of ₦96.81 billion for disbursement to 86 projects/promoters, including 18 state governments.

₦200 Billion Small and Medium Scale Enterprises Guarantee Scheme (SMECGS)

The ₦200 Billion Small and Medium Scale Enterprises Guarantee Scheme (SMECGS) was established by the CBN in 2010. The main objectives of the Scheme were to: fast-track the development of the SME/manufacturing sector of the Nigerian economy, set the pace for the industrialisation of the economy; and increase access to credit by promoters of SMEs and manufacturers. The Scheme provides guarantees on loans by banks to the sector in order to absorb the risks that had inhibited banks from lending to the real sector.

The activities covered under the Scheme include manufacturing and the agricultural value chain, private educational institutions, and the processing, packaging and distribution of primary products. Beneficiaries would be SMEs with assets not exceeding ₦300 million and a labour force of 11 to 300 staff. A maximum amount of ₦100 million would be guaranteed which could be in the form of working capital, term loans for refurbishment or equipment upgrade or expansion, and overdraft. The lending rate would be the prime lending rate of the banks. The guarantee covers 80 per cent of the said amount and is valid up to the maturity date of the loan (with maximum tenure of 5 years). All deposit money and development banks are eligible to participate in the Scheme. By end-December 2010, two applications, valued ₦7.5million and ₦100 million each had been approved for NERFUND, Abuja and the Nnewi branch of FBN, respectively.

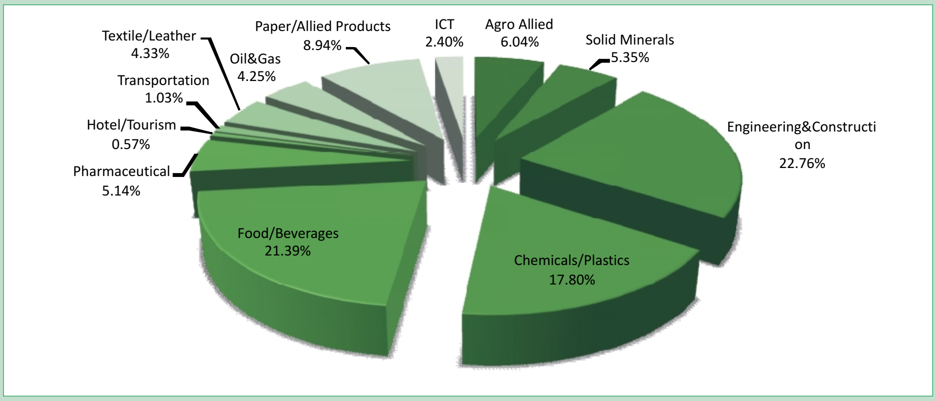
₦200 Billion SME Restructuring/Refinancing Fund

The CBN established the Fund for re-financing or re-structuring of banks' existing loan portfolios to the manufacturing sector and SMEs. The Fund was sourced from the ₦500 billion debenture stock issued by the Bank of Industry (BOI). Its main objective was to enhance access to credit by manufacturers and improve the financial position of the DMBs. All the DMBs and DFIs, excluding BOI, would participate in the Fund. Facilities under the Scheme would include long-term loans for the acquisition of plant and machinery, and re-financing of existing lease and working capital. The loan amount for a single obligor would be a maximum of ₦1.0 billion in respect of re-financing or re-structuring, with an interest rate of 7 per cent payable on a quarterly basis.

The expected economic benefits of the Scheme would include the creation of an additional 7,195 direct jobs and substantial indirect employment for suppliers of inputs, marketers and distributors of products; enhanced capacity utilisation from 25 to 29 per cent; a reduction in the cost of fund, as well as a favourable cash flow to beneficiaries.

The sum of ₦199.67 billion had been released to the BOI by the CBN, out of which the sum of ₦197.59 had been disbursed to the participating banks for restructuring or refinancing of loans to 539 eligible projects as at end-December, 2010. A sectoral breakdown of the amount disbursed is shown in Figure 6.7 below.

Figure 6.7: Sectoral Analysis of Disbursment of the SME Restructuring/Refinancing Fund



₦300 Billion Power and Aviation Intervention Fund

The CBN set aside ₦300 billion to stimulate credit to the domestic power and troubled airline industries. The main objective was to refinance existing loans and leases and provide working capital for the power and aviation sectors. Borrowing under the Scheme would attract a concessionary interest rate of 7 per cent (1.0% BOI as management fee and 6.0% to participating banks), payable on a quarterly basis, including all charges. The Fund is being managed by BOI, with the Africa Finance Corporation as the technical adviser. All commercial banks and Development Finance Institutions (excluding BOI) have been enlisted to participate in the Scheme.

Companies in the power sub-sector wishing to participate in the Scheme must have been duly registered and involved in the electricity power supply value chain, which include power generation, transmission, distribution and associated services. Also, eligible projects could be promoted by the private or public sector or a combination of both, and be properly structured, either as a profit-oriented business concern or a public service so long as on the condition that contracted cash flows or financing support is provided to ensure repayment of both principal and interest, in addition to ensuring long-term viability. With regard to aviation projects, any airline duly incorporated under the Companies and Allied Matters Act (CAMA) 1990 and operating in Nigeria would eligible to apply for the facility.

By end-December, 2010, 16 and 5 applications valued ₦147.54 billion and ₦37.62 billion for the aviation and power sectors, respectively, had been received, processed and awaiting approval/disbursement by the CBN. In addition, 3 applications valued ₦5.85 billion were being processed for aviation projects while 15 applications valued ₦47.68 billion were being similarly processed for power projects. The total value of applications being processed was ₦238.71 billion. It was expected that the balance of ₦16.28 billion would be committed by the end of the first quarter in 2011.

The Nigerian Incentive-based Risk Sharing System for Agricultural Lending (NIRSAL)
The Nigerian Incentive-based Risk Sharing System for Agricultural Lending (NIRSAL), was an initiative of the CBN, in collaboration with various stakeholders, to simultaneously address, in an integrative manner, the risks and capacity bottlenecks inherent in the agricultural value-chain. NIRSAL is a demand-driven credit facility, rather than the current supply-driven funding. It would adopt a value chain approach to lending. Banks would be free to choose which part of the value chain they would like to patronise. It would build the capacity of the banks to engage and deliver loans; reduce counterpart risks facing banks through innovative crop insurance products; reward performance in agricultural lending; and would be managed with performance-based incentives. The Scheme would also pool current resources in CBN's agricultural financing schemes and other investors' funds and transfer them to the five components of the programme that would be managed outside of the CBN. The existing agricultural support frameworks, such as CACS, ACGS, ACSS and NAIC, etc, would be assessed, modified and integrated into five components of NIRSAL as follows: Risk Sharing Facility (RSF), Insurance Component (IC), Technical Assistance Facility (TAF), Bank Incentive Mechanism (BIM), and Agricultural Bank Rating System (ABRS).

6.3 INDUSTRY

6.3.1 Industrial Policy and Institutional Support

The need to diversify the resource base of the economy, especially away from the oil and gas sector, and increase the contribution of other sectors to gross domestic output, among others, defined the policy thrust of 2010. Particularly, several initiatives were pursued to reposition the industrial sector to play its pivotal role in the economy. The Ministry of Petroleum gave unfettered access to low pour fuel oil (LPFO) to manufacturers at concessionary prices.

The Federal Ministry of Commerce and Industry set up a committee to develop a 10-year National Strategic Industrial Development Master Plan that would ensure increased employment and enhance output from the sector. The committee, at the end of 2010, had finalised consultations with stakeholders and developed an *Industrial Sector Specific Action Plan (ISSAP)*. The Plan documented the various needs of the industrial sub-sector and identified actionable processes that would serve as inputs to the broader objectives of the *Vision 20:20: 20* proposals.

The Ministry also took wide-ranging steps to stem the bottlenecks associated with the importation of industrial inputs, particularly raw materials and intermediate goods, with the intention of reducing cost per unit of input. One of the key actions was the establishment of a task force on trade facilitation to enforce compliance with multilateral and regional decisions, prune down the numerous check points in border areas, and harmonise the activities of all government agencies involved in foreign trade.

The Federal Government unveiled a power sub-sector reform agenda. The reform is premised on the notion that private sector participation would break the vicious cycle of poor power supply in the country. In August 2010, the Roadmap for the Power Sector Reform was launched to fast-track the implementation of the *Electricity Power Sector Reform Act*, which was enacted in 2005. The Roadmap aims to deregulate the generation and distribution segments of the market. Consequently the PHCN would be unbundled into six autonomous generation companies and eleven distribution companies. Each company would be individually licensed, while government, through, the Transmission Company of Nigeria (TCN), would control the segment. The gas-fired generation companies would be privatised through the sale of at least 51 per cent of governments equity stake. Operators of the hydro-generation companies would be granted long-term concessions. In the distribution companies, 51 per cent of government equity stake would also be sold.

In the cement sub-sector, the Federal Government, through the Federal Ministry of Commerce and Industry, continued to pursue the policy of backward integration, with the objective of growing local productive capacity and conserve foreign exchange on imports. As part of the measures, the Ministry revoked all unutilised cement import licences issued between 2002 and 2008, while new licences were issued to companies that had demonstrated a visible commitment to local production of cement, effective between July and end-December 2010.

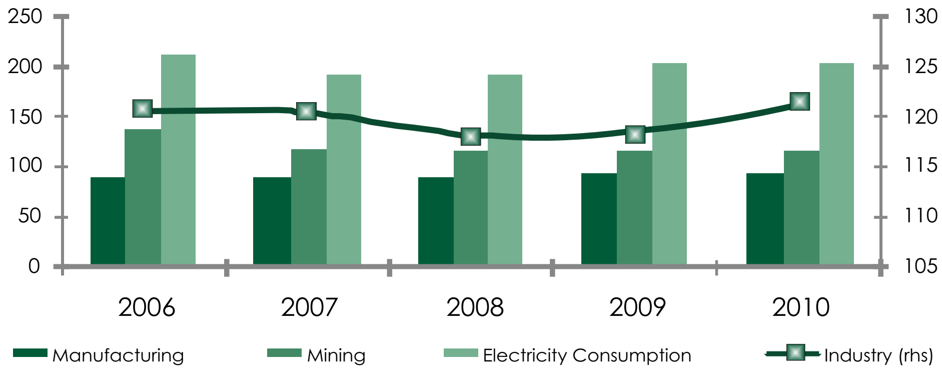
In the agro-allied sub-sector, the National Sugar Development Council, in conjunction with Bank PHB, the CBN and the Nigerian Agricultural Insurance Corporation (NAIC), continued the disbursement of input loans and credits to members of 40 outgrower associations. The Bank of Industry approved ₦58 billion to 675 small enterprises to increase the utilisation of raw materials, increase export potentials, deepen banks' credit delivery process, through cooperative lending and group guarantee arrangements. The Federal Ministry of Commerce and Industry collaborated with the Common Fund for Commodity (CFC) for the provision of prototype cassava processing plants, and one of which is located in Lafia, Nasarawa state. The Nigerian Palm Oil Project also benefited from the US$4.6 billion grant to Nigeria and Cameroun to improve production, through the acquisition of improved management capacities of small producers.

In 2010, the Federal Government, through its agencies and parastatals inaugurated several financing schemes to unlock the potentials of the industrial sub-sector. Such packages included the ₦100 Billion Textile Intervention Fund, the ₦200 Billion Commercial Agriculture Credit Scheme, the ₦300 Billion Power and Aviation Intervention Fund, the ₦200 Billion Refinancing/Restructuring Facility for the manufacturing sector, and the ₦200 Small and Medium Scale Enterprises Credit Guarantee Scheme. At end-December 2010, the restructuring/refinancing facility had been fully drawn down, and the textile fund had facilitated the re-opening of two textile firms in Kaduna and Kano states.

6.3.2 Industrial Production

The index of industrial production, estimated at 121.5 (1990 = 100) increased by 2.8 per cent over the level in 2009. This was driven by the increase of 1.4 and 1.8 per cent in manufacturing production and mining indices, respectively.

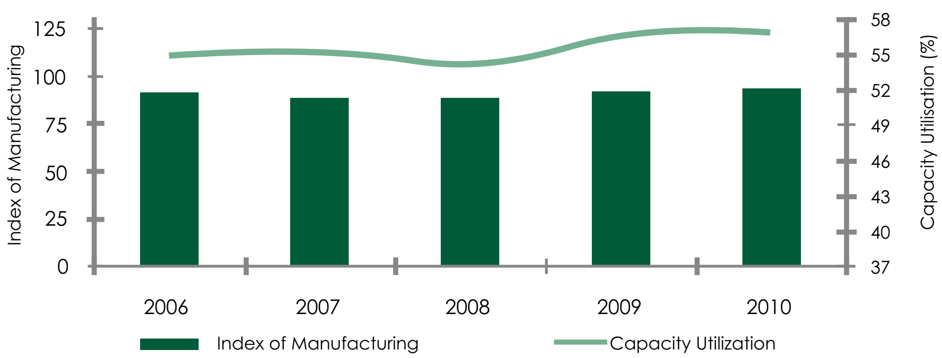
Figure 6.8: Index of Industrial Production 2006-2010 (1990 = 100)



6.3.2.1 Manufacturing

The index of manufacturing production, estimated at 93.7 (1990=100) rose by 1.4 per cent above the level of 2009, while the average capacity utilisation rate of the manufacturing sub-sector also showed a slight improvement, from 55.4 per cent in 2009 to 55.5 per cent in 2010. The increase was attributed, mainly, to the improved performance in the cement sub-sector.

Figure 6.9: Index of Manufacturing Production and Capacity Utilisation



6.3.2.2 Mining

6.3.2.2.1 Crude Oil

The Nigerian Local Content Policy Bill was passed by the National Assembly and consequently signed into law in April, 2010. The major objectives of the Nigerian local content policy are as follows:

- Promote the addition of value to the local economy;
- Increase local participation in the oil and gas sector;
- Build local capacity on the back of ongoing projects;
- Increase linkage to other sectors of the national economy; and
- Generally grow local content by 70.0 per cent.

The mechanisms put in place to enhance the Nigerian local content included a project-specific local content plan and the employment of competent and qualified local contractors to provide technical and non-technical services and support. Other measures include investing in the training of Nigerians to participate in higher-level activities, as well as investing in the provision of office space, logistics, accommodation, computing systems and other business-support infrastructure, goods and services - all of which would be purchased locally to augment other equipment procured internationally.

The increase in manufacturing was attributed mainly, to the performance in the cement sub-sector.

b. Crude Oil Production and Prices

i. Production

Nigeria's aggregate crude oil production, including condensates and natural gas liquids, averaged 2.13 million barrels per day (mbd), or 777.45 million barrels in 2010, compared with 1.82 mbd or 664.3 million barrels, in the preceding year. This represented a 17.0 per cent increase relative to 2009. The development was attributed to the success of the Federal Government's amnesty programme, which brought relative peace to the Niger-Delta region and paved the way for improved oil production.

Aggregate export of crude oil was estimated at 1.68 mbd, or 613.2 million barrels, compared with 1.37 mbd, or 500.1 million barrels in the preceding year.

ii Prices

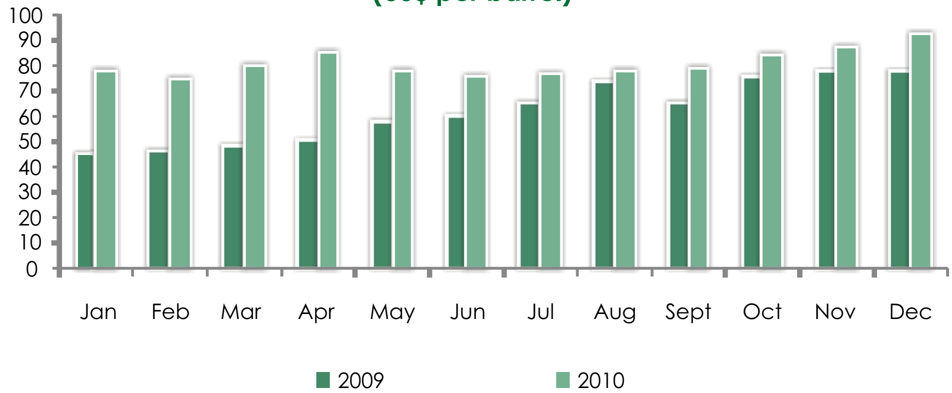
The average spot price of Nigeria's reference crude, the Bonny Light, (37° API), stood at US$80.81 per barrel in 2010, compared with the preceding year's average of US$62.08 per barrel, an increase of 30.2 per cent. The average prices of other crude streams, such as the West Texas Intermediate (WTI) at US$79.12; UK Bren at US$79.75, and Forcados at

The average spot price of Nigeria's reference crude, the Bonny Light (370 API), stood at $80.81 per barrel in 2010, compared with the preceding year's average of $62.08 per barrel, an increase of 30.2 per cent.

US$80.88 exhibited a similar trend as the Bonny Light. The average price of OPEC's basket of 11 crude streams also increased by 26.8 per cent to US$77.45 per barrel in 2010. The development was due to the global economic recovery.

The increased crude oil production was attributed to the success of the Federal Government's amnesty programme, which brought relative peace to the Niger-Delta region.

Figure 6.10: Bonny Light Monthly Prices in 2009 and 2010 (US$ per barrel)



iii Refinery Utilisation

The volume of crude oil refined domestically was estimated at 6,996,486.0 tonnes, up from the 2,887,815.0 tonnes processed in 2009.

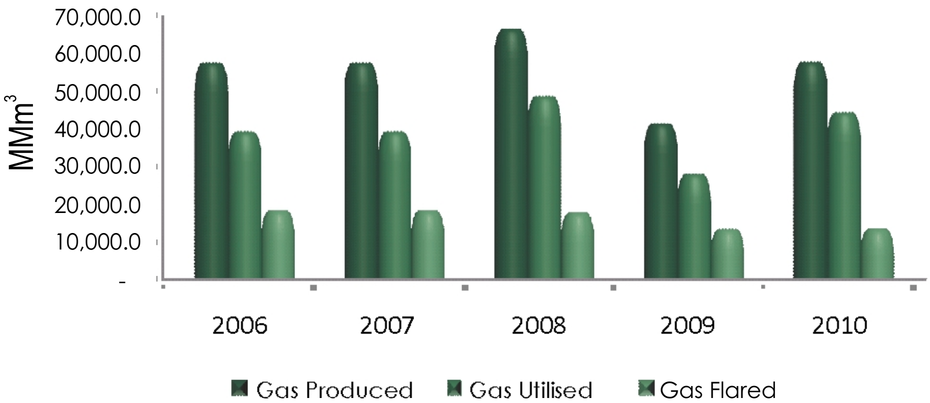
6.3.2.2.2 Gas

New cost regimes for gas-to-power and gas-to-industry were introduced to ensure sustainability of gas supply to the power plants, as well as ensure that the manufacturing sector was effectively covered in the gas supply arrangement.

a. Gas Production

The volume of gas produced increased by 39.7 per cent to 58,005.96 MMm3, above the level in 2009. Of the total, 76.7 per cent was utilised, while the balance was flared. About 48.9 per cent was sold to industries, such as the Power Holding Company of Nigeria (PHCN), cement and steel companies, as against 36.4 per cent in 2009, while 15.1 per cent was sold to the Nigeria Liquefied Natural Gas (NLNG). Gas converted to natural gas liquids and gas lift accounted for 3.8 and 3.3 per cent, respectively, while the oil companies used 7.1 per cent as fuel gas.

Figure 6.11: Gas Production and Utilisation (2006-2010)



6.3.2.2.3 Solid Minerals

a. Institutional Support for the Sector

As part of efforts to support the solid minerals sub-sector, the Federal Government, in 2010, established a "Solid Minerals Development Fund", as provided for in the *Nigerian Mining Act of 2007*, to boost mining operations. Government also put in place numerous incentives for foreign investors in the industry, as well as a favourable tax regime: a three-year tax holiday for new companies, a 10 per cent reduction in the capital gains tax, a5 per cent reduction in companies' profit tax, as well as internationally competitive fiscal incentives enshrined in the law. The Ministry of Solid Mineral Development and the Nigerian Geological Survey Agency (NGSA), in collaboration with the World Bank created a data base, produced maps, reports and publications through national surveys. The Metallurgical Inspectorate and Raw Materials Development Department (MI&RMD) was established to regulate the operation of metallurgical industries by ensuring that metallurgical raw materials and products produced in the country meet international standards and comply with environmental regulations.

As part of the overall development initiative for the sub-sector, particularly curbing illegal mining, especially in gemstones, the Federal Ministry of Mines and Steel Development organized artisanal miners into co-operative groups.

b. Solid Minerals Production

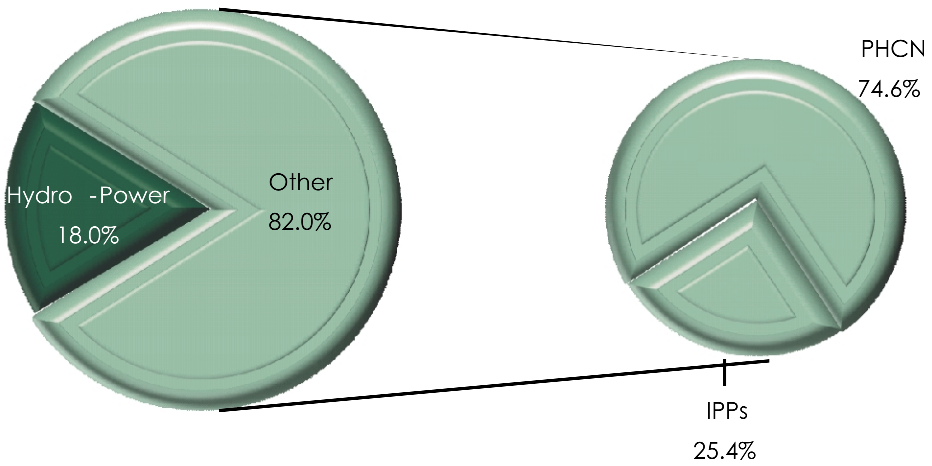
Provisional data showed that aggregate output of solid minerals increased by 7.8 per cent to 48.3 million tonnes. The development was accounted for by increased production of limestone, gold, lead/zinc and cassiterite marble. However, the production of other minerals, such as barites, clay, iron ore, laterite and columbite declined.

6.3.3 Electricity Generation

The total installed electricity generation capacity stood at 8815 Mega Watts in 2010, an increase of 4.1 per cent over the level in 2009. The composition of the electric power system remained as follows: 1,938.4 MW of hydro-power (22.0 per cent) and 6,876.6 MW of thermal power (78.0 per cent). The Power Holding Company of Nigeria (PHCN) accounted for 74.6 per cent of the total installed capacity, while the IPPs accounted for the remaining 25.4 per cent.

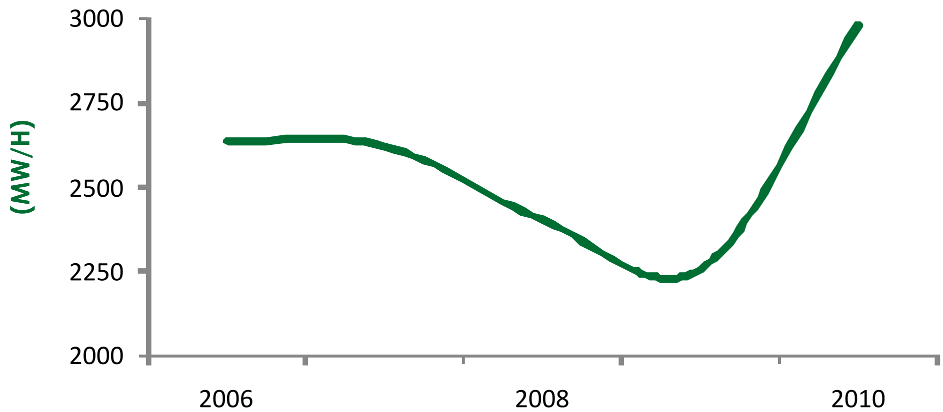
The performance of the power generating plants showed an increase of 7.1 percentage point in capacity utilisation, as their average capacity utilisation rose from 26.7 per cent in 2009 to 33.8 per cent in 2010.

Fig. 6.12: Nigeria's Power System Composition in 2010



At 2,981.9 mega-watts per hour (Mw/h), total electricity generation increased by 32.08 per cent above its level in 2009. The increase was attributed to an increase in gas supply to thermal stations.

Figure 6.13: Electric Power Generation



6.3.4 Energy Consumption

The aggregate energy consumed in 2010 showed an improvement, compared to 2009. At 179.1 (1990=100), the index of energy consumption rose by 2.8 per cent, compared with a decline of 1.9 per cent recorded in 2009. In absolute terms, aggregate energy consumed stood at 19.1 million tonnes of coal equivalent (tce) in 2010, from 18.3 million tce in the preceding year, representing a 4.9 per cent fall. The improvement in aggregate energy consumption was attributed to the increase in natural gas supply (by 143.6 per cent).

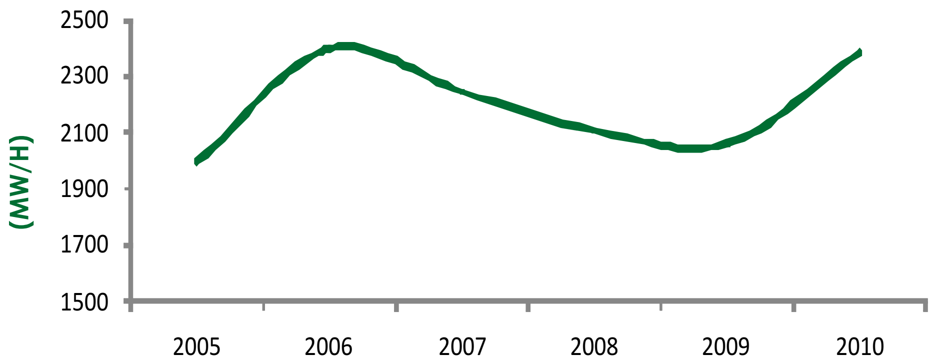
6.3.4.1 Petroleum Products Consumption

The total volume of petroleum products consumed was about 7,758.25 million litres compared with the level of 8,379.65 million litres in 2009, representing a decrease of 7.4 per cent. A breakdown by product showed that Premium Motor Spirit (PMS) had the highest figure of 6,594.17 million litres (85.0% of total). This was followed by Automotive Gas Oil (AGO), with 722.74 million litres (9.3% of total), Dual Purpose Kerosene (DPK, with 406.25 million litres (5.2%), and Low Pour Fuel Oil (LPFO), with 35.09 million litres (0.5%).

6.3.4.2 Electricity Consumption

At 2,383.08 mega-watts per hour (Mw/h), total estimated electricity consumption increased by 15.6 per cent above the 2,060.71 Mw/h in 2009. The development was attributed to enhanced generation and improvement in the transmission and distribution infrastructure. Residential consumption accounted for 57.3 per cent of total electricity consumption, while commercial and street-lighting, and industrial consumption accounted for 26.1 and 16.6 per cent of the total, respectively.

Figure 6.14: Electricity Consumption



6.3.4.3 Hydropower Consumption

At 3,582,840 tce, hydropower consumption in 2010 declined by 2.5 per cent, compared with the level in 2009. The development was attributable to a fall in electricity generated at the Shiroro plant, which fell by 49.0 per cent to 1,156,320.0 mwh in 2010, compared with 2,267,195.8 mwh in 2009. The performance of the Kainji and Jebba plants, however, improved with generation increasing by 22.0 and 14.6 per cent, respectively.

6.3.4.4. Coal Consumption

Estimated aggregate coal consumption remained low at 500.5 tonnes of coal equivalent. The stagnation in coal consumption is a reflection of the shift of industrial consumers to more environmentally friendly sources of energy.

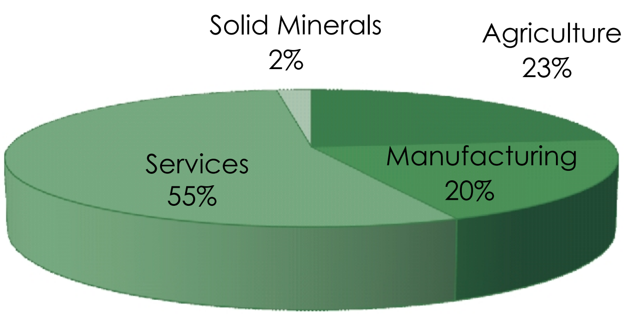
6.3.5. Industrial Financing

6.3.5.1 Nigeria Export-Import Bank (NEXIM)

The Nigeria Export Import Bank (NEXIM) approved thirty-five (35) applications, valued at ₦21,651.40 million, under its main facilities to various beneficiaries. The share of the various facilities were as follows; total local input facility ₦9,943.36 million, direct lending facility ₦7,390.30 million, the guarantee facility received ₦4,017.74 million, while the stocking facility got ₦300.0 million. In the export support services, total availments amounted to ₦6,880.80. Out of this amount, stocking and direct lending facilities got ₦1,600.00 and ₦1322.94, respectively. The local input facility and the start-your-own-business facility received ₦750.0 million and ₦0.70 million, respectively. The guarantee facility had the highest allocation of ₦3,207.16 million.

A sectoral breakdown of the disbursement showed that the services sector received the highest amount of ₦4,227.31 million, or 54.56 per cent of the total, the agriculture sub-sector followed with 23.23 per cent while the manufacturing and solid minerals sub-sectors got 20.07 and 2.14 per cent, respectively.

Figure 6.15: Sectoral Distribution of NEXIM's Credit in 2010



6.4. TRANSPORTATION AND COMMUNICATIONS

6.4.1 Airline Services

6.4.1.1 Policy and Operational Environment

The airport modernization project which commenced two years ago continued with the commissioning of the Total Radar Coverage of Nigeria (TRACON) built at the cost of US$66.5 million. The Akanu Ibiam International Airport, Enugu was reopened after rehabilitation. In addition, approval was given by the Federal Government to re -model the Murtala Mohammed International Airport, Lagos; the Nnamdi Azikiwe International Airport, Abuja; the Port Harcourt International Airport, Port Harcourt; and the Aminu Kano International Airport, Kano to international standards at a total cost of N90.0 billion. Also, a N50 billion intervention fund was established to boost the operations of domestic airlines.

On August 23, 2010, the United States, FAA, granted Nigeria aviation Category 1 status. This allows Nigerian carriers to fly directly to the US, while Arik Air was also issued a US-FAA Operator Certification to operate direct flights to the US.

The Federal Airports Authority of Nigeria (FAAN), Nigerian Airspace Management Authority (NAMA) and the Nigerian Civil Aviation Authority (NCAA) continued to enforce international standards for passenger safety, for which a security sensitization seminar for agents of foreign airlines and a ministerial conference on civil aviation security was held during the year. The United State's Federal Aviation Agency (FAA) granted the Aviation Category 1 Status to Nigeria. This allows Nigerian carriers to fly directly to the US, while Arik Air was also issued a US-FAA Operator Certification to operate direct flights to the US.

6.4.1.2 Domestic Airlines

The operations of airlines on the domestic route improved in 2010. The number of passengers airlifted increased by 12.8 per cent from 9.5 million in 2009 to 10.7 million. Also aircraft movement increased by 8.0 per cent from 188,649 in 2009 to 203,710 in 2010. The development reflected increased competition, improved government funding and greater public confidence in the sector. The performance of the sector was further enhanced by intensified efforts at the rehabilitation and replacement of obsolete infrastructure in the sector by the Federal Government, in order to achieve full implementation of the International Civil Aviation Organisation's Standards and recommended practices in the various areas of air transportation.

6.4.1.3 Foreign Airlines

The operational performance of airlines on the international routes was impressive in 2010, as the number of passengers airlifted on the routes increased by 7.1 per cent to 3.2 million, compared with 3.0 million in 2009. International aircraft movement also increased by 7.9 per cent from 32,643 aircrafts in 2009 to 35,214 in 2010. The development could be attributed to political and economic stability in the country and the result of government's effort at attracting investors into the country.

6.4.2 Railway Services

The Nigerian Railway Modernisation Project, which was resuscitated in 2009, continued in 2010. Ongoing rehabilitation projects included the upgrade of the outstanding 22km of the 257km AjaokutaWarri standard gauge; the 640km JebbaKano axial line; the 221km ZariaKaura Namoda rail line; the culvert and drainage works at the AkerriMinna, KadunaKano and KanoChallowa sections. Work on the 488km Lagos-Jebba track rehabilitation, contracted to China Civil Engineering Construction Corporation (CCECC), also recorded significant progress.

The Nigerian Railway Corporation (NRC) Mass Transit service moved 1.4 million passengers in 2010, compared with 1.09 million in 2009. The Corporation received 25 new C25-EMPD locomotive engines between February and September from General Electric (GE), Brazil at the cost of US$76.2 million to boost mass transit operations in the country. Also, it secured a US$200 million loan to refurbish its dilapidated rail network. Consequently, the intra-city mass transit train services of 11 trains per day in Lagos and Kano started, with plans to extend the same facility to Port-Harcourt, Jos, Maiduguri and Enugu. The NRC also finalised arrangements for the commencement of a cement freight train from Larfarge Cement Company at Ewekoro and Lakatabu to Lagos and other parts of the country.

The Nigerian Railway Modernization Project which was resuscitated in 2009 continued in 2010.

6.4.3 Maritime Services

There were remarkable improvement in the activities in the maritime sector in 2010. This was attributed to the successful implementation of the Federal Government Port Reform Programme aimed at making Nigerian ports favourably competitive, with other ports in the world. The Federal Government pursued key maritime programmes in the areas of safety, security, marine environment protection and human development. Also, a number of special intervention projects were implemented to increase maritime activities, including, the establishment of the Maritime Policy Advisory Group (MAPAG) and constitution of the Ministerial Task Force on Wreck Removal.

The Cabotage Vessel Finance Fund (CVFF) established in 2003, generated over ₦13 billion from the maritime sub-sector in 2010, while 285 vessels were registered by the Nigerian Ship Register Office, bringing the total to 1,371 with a gross tonnage of 1,966,285.7 in 2010.

The cargo throughput handled in Nigerian ports increased by 12.0 per cent from 66,908,322 metric tonnes in 2009 to 74,910,284 in 2010. General cargo shipment increased by 10.4 per cent from 8,196,251 metric tonnes in 2009 to 9,047,030, while crude oil shipment increased by 41.0 per cent over the 101,622,957 metric tons in 2009. The increase in cargo throughput reflected the regular dredging/maintenance of the channels that allowed for bigger draught vessels with large volume of cargo into the Nigerian ports.

The improved performance in the sector was reflected in the average turnaround time of vessels for all the ports, which declined to 5.9 days from 6.7 days in 2009, while the average waiting time of vessels in all ports dropped to 27.4 hours, from 50.4 hours in 2009. In the same vein, dollar revenue generated and collected stood at $592.2 million and $457.8 million,

respectively, indicating a growth of 15.3 and 9.8 per cent over 2009, respectively.
Ship traffic at Nigerian ports increased in 2010. Available data show that the number of ocean going vessels completed in 2010 stood at 4,962, reflecting an increase of 79.0 per cent. The total gross tonnage of the ocean going vessels increased by 20.1 per cent to 108,621,872, compared with 97,796,560 in 2009. Coastal vessels that called at the ports in 2010 increased by 26.1 per cent over 2009 to 21,950, while the gross tonnage of the coastal vessels grew by 18.6 per cent to 6,818,827 in 2010.

6.4.4 Communications

The communications sector sustained its growth driven mainly by the Global System of Mobile Communications (GSM).

Table 6.4: The Nigerian Telecommunications Market Statistics

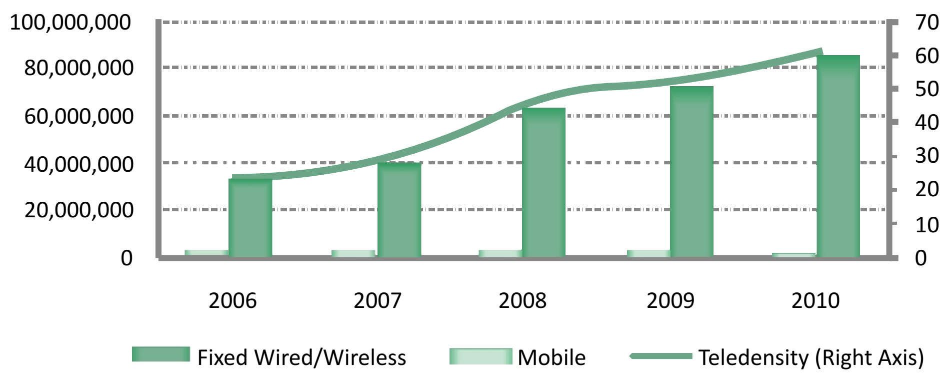
	2006	2007	2008	2009	2010
No. of Active Fixed Wired/Wireless Lines('000)	1,673	1,580	1,308	1,481	1,050
No. of Active Digital Mobile Lines (million)	32.32	55.24	62.99	73.10	87.29
No. of National Carriers	2	2	2	2	2
No. of Operating ISPs	117	**117**	83		
No. of Active Licensed Fixed Line Operators	26	29	20	22	
Number of Licensed Mobile Operators	4	4	9	8	8
Teledensity	24.18	29.98	45.93	53.23	63.11
Cumulative Investment (US$ million)	8,150	11,500	12,000	18,000	

Source: Nigerian Communications Commission (NCC)

As at end-December 2010, the combined subscriber strength of the telecommunications sub-sector had increased by 18.5 per cent, over its December 2009 level, to a total of 88,348,026 active lines (1,050,237 fixed wired/wireless and 87,287,889 mobile lines). Consequently, the teledensity increased from 53.23 lines per 100 inhabitants, as at December 2009, to 63.11 lines per 100 inhabitants. This exceeded the International Telecommunication Union (ITU) minimum standard of 1:100. In addition, the output of the sub-sector grew by 34.9 per cent in 2010 and accounted for 4.6 per cent of the GDP. Other developments in the sub-sector included the launch of compulsory SIM card registration in May 2010.

The communications sector continued sustained growth driven mainly by the Global System of Mobile Communications (GSM).

Figure 6.16: Trends of Total Connected Lines and Teledensity



The commercial services of Glo-1 and Main-one broadband cables were launched to reduce the cost of satellite bandwidth and provide quality service in telecommunications and related fields. The leading Indian telecommunications company, Bharti-Airtel took over Zain Africa the parent company of Zain Nigeria. Furthermore, pursuant to its privatisation programme, the Federal Government continued its efforts to secure investors' interest in the purchase of the Nigeria Telecommunications (NITEL) and its subsidiary, Mobile Telecommunication (MTEL) to reposition NITEL.

6.5 CONSUMER PRICES

Inflationary pressures moderated in 2010 though the rate remained above the single digit. The composite Consumer Price Index (CPI) was revised, based on the Nigeria Living Standard Survey (NLSS) 2003/2004 with the new base period as November 2009. Also, a new sub-index, the Imported Food Index, was included in the revised CPI. The weight assigned to food in the CPI basket was reduced from 63.8 to 50.7 per cent.

Inflationary pressure moderated in 2010 though the rate remained above the single digit.

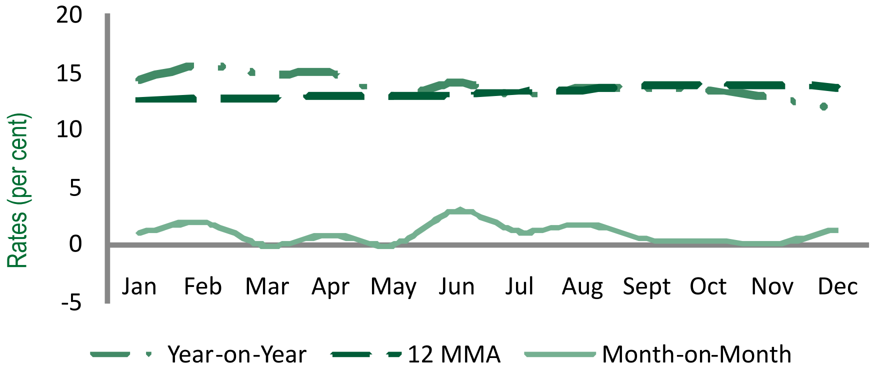
The all-items composite CPI was 114.2 (November 2009=100) in December 2010, compared with 102.2 in the corresponding month of 2009. This represented a year-on-year headline inflation rate of 11.8 per cent, which was 2.1 percentage points below the rate in December 2009.The development was attributable to a number of factors, including an increase in agricultural production, a decrease in the prices of staples, relative stability in the supply and prices of petroleum products, seasonal effects, and the re-basing of the CPI.

The inflation rate, on a year-on-year basis, which stood at 14.4 per cent in January 2010, went up to 15.0 in April, before assuming a downward trend to 13.6 per cent by the end of the third quarter and 11.8 per cent at end-December 2010. Further analysis indicated that the urban headline inflation rate (year-on-year) increased from 9.3 per cent in 2009 to 10.7 per cent in December 2010. However, the rural inflation rate fell from 16.6 to 12.7 per cent during the same period. The inflation rate at the end of the year exceeded both the national and the WAMZ single-digit inflation rate targets.

Table 6.5: Annual Headline Inflation Rates (Year-on-Year) (per cent)

	2006	2007	2008	2009	2010
January	10.7	8.0	8.6	14.0	14.4
February	10.8	7.1	8.0	14.6	15.6
March	12.0	5.2	7.8	14.4	14.8
April	12.6	4.2	8.2	13.3	15.0
May	10.5	4.6	9.7	13.2	12.9
June	8.5	6.4	12.0	11.2	14.1
July	3.0	4.8	14.0	11.1	13.0
August	3.7	4.2	12.4	11.0	13.7
September	6.3	4.1	13.0	10.4	13.6
October	6.1	4.6	14.7	11.6	13.4
November	7.8	5.2	14.8	12.4	12.8
December	8.5	6.6	15.1	13.9	11.8
Average	***8.4***	***5.4***	***11.5***	***12.6***	***13.8***

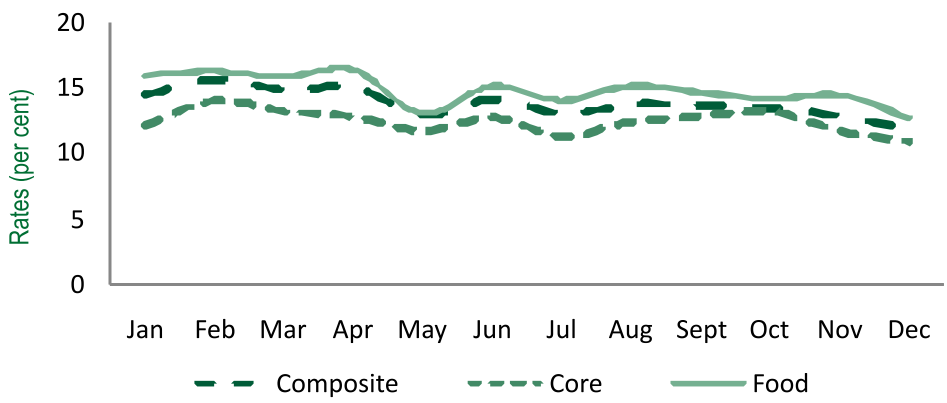
Figure 6.17: Trends in Inflation in 2010



1/ 12 MMA is 12-month moving average

In the same vein, the 12-month moving average headline inflation rate, which was 12.5 per cent at end-December 2009, rose to 13.7 per cent in 2010. The year-on-year food inflation rate, which stood at 15.5 per cent at end-December 2009, went up by 0.4 percentage point in January 2010. It declined to 13.0 per cent in May, rose again to 14.1 per cent in October, before declining to 12.7 per cent in December 2010. Thus, food price increase was the major driver of inflation.

Figure 6.18: Trends in Inflation (Composite, Core and Food) in 2010



The core inflation (all-items, less farm produce) on a year-on-year basis, which stood at 12.1 per cent in January, increased to 13.2 per cent by March 2009. It went from 11.7 per cent in May to 13.2 per cent in October and closed at 10.9 per cent in December 2010.

Food price increase was the major driver of inflation.

6.6 THE SOCIAL SECTOR

6.6.1 Demography

The 2006 population and housing census put Nigeria's population at 140,003,542, with an annual growth rate of 3.2 per cent. The country's population was, therefore, estimated at 158,802,674 in 2010 and the total labour force was projected at 67,039,103 in 2010. In fulfilment of its mandate to provide the nation with accurate and reliable demographic data, the National Population Commission conducted the 2010 Internal Migration Survey (IMS) in all states of the Federation and the Federal Capital Territory.

6.6.2 Unemployment

Available estimates showed that the national unemployment rate in 2010 was 21.1 per cent, compared with 19.7 per cent in 2009. When the unemployment statistics was disaggregated, it revealed that almost half of 15 24 year olds that were unemployed lived in the urban areas. The rise in the unemployment rate was largely attributed to the increased number of school graduates with no matching job opportunities, a freeze on employment in many public and private sector institutions, as well as the slow disbursement of the capital budget by the Federal Government.

Table 6.6: Labour Statistics, 2006-2010

	2006	2007	2008*	2009*	2010*
Total Population	140,003,542	144,483,655	149,107,132	153,878,560	158,802,674
Total Labour Force	58,933,891	61,249,485	62,946,096	64,960,371	67,039,103
Total Employment [1]	50,886,826	52,326,923	53,807,775	55,529,624	57,306,572
Total Unemployment	8,047,065	8,922,562	9,204,515	9,499,059	9,803,029
Unemployment Rate (%)[2]	12.3	12.7	14.9	19.7	21.1

Source: National Bureau of Statistics
1/TheLabour force consists of the number of people aged 15 and over who are employed (that is, those who currently have jobs) and unemployed (that is, those who do not have jobs, but who are actively looking for work). Individuals who do not fall into either of these groups, such as retired people and discouraged workers, are not included in the calculation of the labour force.
2/The International Labour Organization (ILO) defines 'unemployment' as the proportion of the labour force which was available for work but did not work for at least one hour in the week preceding the survey period. However, the definition used in this Report is that of the National Bureau of Statistics (NBS), Nigeria. The NBS defines unemployment as 'the proportion of the labour force that is available for work but did not work for at least 39 hours in the week preceding the survey period'.
**Staff Estimates*

CHAPTER SEVEN

EXTERNAL SECTOR DEVELOPMENTS

The external sector was under pressure, with the overall balance of payments (BOP) and international investment position (IIP) in deficit. The development was reflected in the depletion of external reserves, huge import bills, rising external debts, increased repatriations of investment income, declining foreign direct investment (FDI) inflows, as well as the weak global economic recovery. The overall BOP deficit represented 6.0 per cent of the gross domestic product (GDP,) while the current account surplus narrowed from 8.0 per cent of GDP in 2009 to 1.5 per cent. The surplus in capital and financial account reduced by 6.1 percentage point to 1.8 per cent of GDP in 2010. These developments, notwithstanding, there was a rebound in the oil sector, occasioned by remarkable improvements in crude oil production and international prices. The resurgence was driven by renewed oil demand by Nigeria's major trading partners, following global recovery, as well as the relative stability in the oil-rich Niger Delta region. Crude oil production rose from an average of 1.82 million barrels per day (mbpd) in 2009 to 2.13 million mbpd. Similarly, the price of Nigeria's reference crude (Bonny Light 370 API) and the average volume of exports grew by 30.7 and 22.6 per cent, respectively. External debt stock remained at a tolerable level though up by 16.0 per cent to US$4.6 billion. The stock of external reserve fell by 23.7 per cent to US$32.4 billion, representing 7.2 months of imports in 2010, which exceeds the West African Monetary Zone (WAMZ) requirement of 3 months. The external sector remained fragile due to the continued dependence on the oil sector and the un-competiveness of the non oil sector. Movement in exchange rates was relatively stable throughout the year in all segments of the foreign exchange market.

7.1 BALANCE OF PAYMENTS

7.1.1 Major Developments

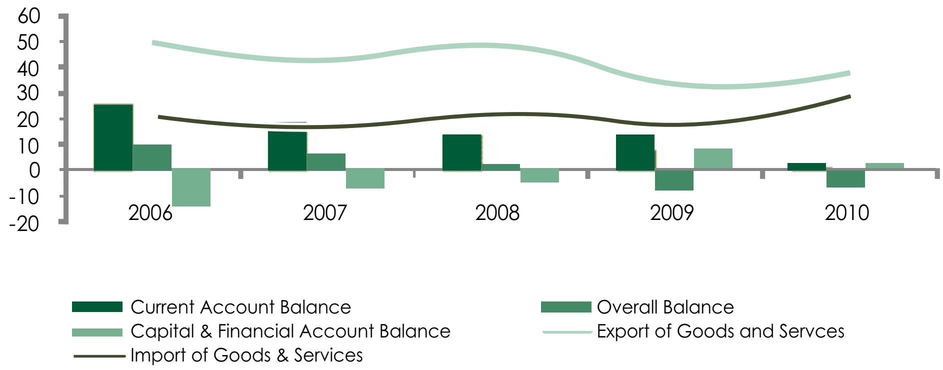
The BOP position showed lower surpluses in both the current and capital and financial accounts, which reflected the lingering impact of the global economic and financial crises. Despite the rise in crude oil prices at the international market, the surplus in the current account declined from ₦1,958.5 billion in 2009 to ₦370.8 billion due to high import bills and increased income repatriation by non-resident investors. The value of crude oil export rose by 32.0 per cent to ₦9,666.1 billion (US$65.1) billion as a result of increased global demand for crude oil and surging prices. The deficit in the services and income account (net) widened by 17.4 and 30.0 per cent, respectively, while net transfers increased by 8.1 per cent. The capital and financial account, which recorded a lower

The pressure on the external accounts persisted.

surplus of ₦443.4 billion, or 1.8 per cent of GDP relative to ₦1,954.8 billion in 2009, was driven by the increased portfolio investment and other investment (asset), which moderated the reduced foreign direct investment (FDI) and rising external debt. The overall balance of payments deficit of ₦1,491.5 billion, or 6.0 per cent of GDP, was indicative of the continued pressure on the sector. The pressure was reflected in the depletion of external reserves, huge import bills, rising external debts, declining foreign direct investment (FDI), increased repatriation of investment income as well as weak global economic recovery. The stock of external debt increased by 16.0 per cent to US$4.6 billion, but remained sustainable.

The pressure was reflected in the depletion of external reserves, huge import bills, rising external debts, increased repatriation of investment income, declining foreign direct investment (FDI) inflows as well as weak global economic recovery.

Figure 7.1: Balance of Payments (per cent GDP)



7.2 THE CURRENT ACCOUNT

The current account surplus declined sharply by 81.1 per cent to ₦370.8 billion despite increased earnings from crude oil exports. The development reflected, largely, the growth in import bills, deteriorating services and income accounts. The trade (goods) balance decreased from a surplus of ₦3,773.3 billion in 2009 to ₦3,030.4 billion. The surge in import bills was traceable to the financing of the power sector and other economic infrastructure, as well as consumer goods imports. The deficit in the services account widened by 17.4 per cent, driven by increased overseas travels, freight charges and education expenses abroad. The deficit in the income account (net) expanded by 30.0 per cent, due to increased repatriation of dividends, coupled with lower earnings on external reserves. Current transfers (net), which comprised mainly workers' remittances, increased by 8.1 per cent to ₦3,008.7 billion.

The current account surplus declined sharply by 81.1 per cent to ₦370.8 billion (US$2.5 million), reflecting the growth in import bills and worsening services and income accounts.

Table 7.1: Summary of the Provisional Balance of Payments Statement 1/

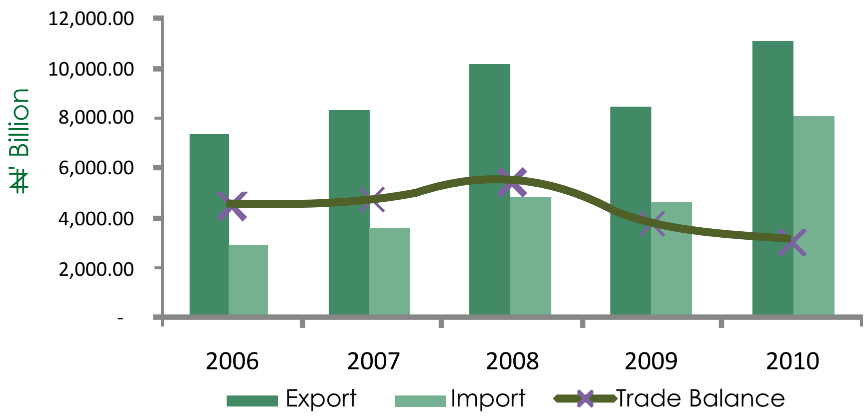
	₦' billion				US$' billion			
	2007	2008	2009 2/	2010 3/	2007	2008	2009 2/	2010 3/
CURRENT ACCOUNT	3,478.4	3,328.2	1,958.5	370.8	27.9	28.3	13.3	2.5
Goods	4,749.9	5,438.8	3,773.4	3,030.4	38.1	46.2	25.6	20.4
Exports (fob)	8,309.8	10,161.5	8,356.4	11,035.8	66.6	84.2	54.8	71.6
Imports (fob)	-3,559.9	-4,722.7	-4,583.0	-8,005.4	-28.5	-40.1	-31.1	-53.9
Services(net)	-2,126.8	-2,621.1	-2,453.7	-2,879.7	-17.1	-22.3	-16.7	-19.4
Credit	181.6	268.3	330.2	460.6	1.5	2.3	2.2	3.1
Debit	-2,308.4	-2,889.4	-2,784.0	-3,340.3	-18.5	-24.5	-18.9	-22.5
Income(net)	-1,478.2	-1,785.0	-2,144.7	-2,788.7	-11.9	-15.2	-14.6	-18.8
Credit	322.6	278.8	139.3	147.0	2.6	2.4	1.0	1.0
Debit	-1,800.8	-2,063.7	-2,283.9	-2,935.7	-14.4	-17.5	-15.5	-19.8
Current transfers(net)	2,333.5	2,295.4	2,783.5	3,008.7	18.7	19.5	18.9	20.3
Credit	2,352.4	2,358.4	2,852.6	3,082.2	18.9	20.0	19.4	20.8
Debit	-18.9	-62.9	-69.0	-73.5	-0.2	-0.5	-0.5	-0.5
CAPITAL AND FINANCIAL ACCOUNT	-1,354.2	-992.7	1,954.8	443.4	-10.9	-8.4	13.3	3.0
Financial account(net)	-1,354.2	-992.7	1,954.8	443.4	-10.9	-8.4	13.3	3.0
Assets	-2,706.6	-2,142.2	249.1	988.3	-21.7	-18.2	1.7	6.7
Direct investment (Abroad)	-109.2	-124.7	-227.1	-137.1	-0.9	-1.1	-1.5	-0.9
Portfolio investment	-231.9	-560.5	-122.4	-167.9	-1.9	-4.8	-0.8	-1.1
Other investment	-1,238.3	-1,260.7	-965.2	-2,174.9	-9.9	-10.7	-6.6	-14.7
Reserve assets	-1,127.2	-196.4	1,563.7	1,491.5	-9.0	-1.7	10.6	10.0
Liabilities	1,352.3	1,149.5	1,705.7	1,431.7	10.8	9.8	11,958.0	9.6
Direct investment (in reporting economy)	759.4	971.5	1,273.8	905.7	6.1	8.3	8.7	6.1
Portfolio investment	332.6	157.2	70.9	556.6	2.7	1.3	0.5	3.8
Other investment liabilities	260.41	20.84	360.94	-30.62	2.09	0.18	2.45	-0.21
NET ERRORS AND OMISSIONS	-2,124.1	-2,335.5	-3,913.3	(814.18	-17.0	-19.8	-26.6	-5.5
Memorandum Items:								
Current Account Balance as % of G.D.P	16.8	13.7	7.9	1.5	16.8	13.7	7.9	1.5
Capital and Financial Account Balance as % of G.D.P	-6.6	-4.1	7.9	1.8	-6.6	-4.1	7.9	1.8
Overall Balance as % of G.D.P	5.5	0.8	-7.7	-6.0	5.5	0.8	-7.7	-6.0
External Reserves - Stock (US $ million)	51,333.2	53,000.4	42,382.5	32,339.3	51,333.2	53,000.4	42,382.5	32,339.3
Number of Months of Imports Equivalent	21.6	15.9	16.3	7.2	21.6	15.9	16.3	7.2
External Debt Stock (US$ million)	3,654.0	3,720.0	3,947.3	4,578.8	3,654.0	3,720.0	3,947.3	4,578.8
Effective Central Exchange Rate (N/$)	124.8	117.8	147.3	148.5	124.8	117.8	147.3	148.5
Average Exchange Rate (N/$)	125.8	118.5	148.9	149.7	125.8	118.5	148.9	149.7
End-Period Exchange Rate (N/$)	118.0	132.6	149.6	150.7	118.0	132.6	149.6	150.7

1/ The conversion of BOP purposes was based on the mid-point or the effective central exchange rate
2/ Provisional
3/ Overall balance mirrors the movement in external reserves

7.2.1 The Goods Account

At ₦3,030.4 billion, the goods account (fob) surplus adjusted for balance of payments (trade balance) decreased by 19.7 per cent, accounted for solely by the 74.7 per cent increase in import bills,as the receipts from gross exports (crude oil, gas and non-oil exports) rose by 32.1 per cent. Further analysis revealed that both export volume and the price of crude oil increased in 2010. This was due to relative stability in the Niger Delta region and the favourable developments in the international oil market. The volume of crude oil production and export improved from an average of 1.82 and 1.37 mbpd in 2009 to 2.13 and 1.68 mbpd, respectively. Similarly, the price of Nigeria's reference crude (Bonny Light 370 API) increased on an annualised basis from an average of US$62.1 per barrel in 2009 to US$80.81. The oil and non-oil components of unadjusted merchandise trade (imports and exports) increased by 40.0 and 60.1 per cent to ₦12,773.2 billion and ₦6,929.1 billion, respectively. Although, the oil sector component continued to dominate total trade, its share decreased from 67.8 per cent in 2009 to 64.8 per cent. The degree of openness of the economy, as measured by the total trade/GDP ratio was 66.8 per cent, compared with 53.4 per cent in 2009.

Figure 7.2: Value of Imports, Exports and Trade Balance



7.2.1.1 Imports: Cost and Freight (c&f)

At ₦8,666.6 billion, total imports unadjusted for balance of payments, increased significantly by 69.8 per cent as a result of higher domestic demand for consumer goods to meet production gaps, industrial raw materials and capital goods for the oil sector activities, and the ongoing infrastructure development projects. A breakdown of imports, using returns by Deposit Money Banks' (DMBs) on foreign exchange utilization, revealed that industrial imports accounted for 22.0 per cent of the total, oil (19 per cent), financial (19 per cent), manufactured goods (14 per cent), food products (13 per

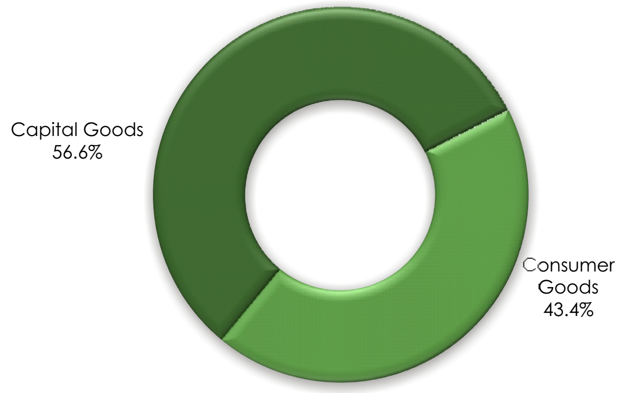
Total imports increased significantly reflecting higher domestic demand for consumer goods, industrial raw materials and capital goods.

cent), business services (5 per cent), transport (4 per cent), agricultural sector imports (1 per cent), and others (3 per cent).

(a) Import by End-User

The analysis of aggregate imports by end-users showed that the share of consumer goods increased by 1.8 percentage points to 43.4 per cent, reflecting the gap in domestic industrial output, particularly in the manufacturing sub-sector. In the consumer goods category, the bulk of imports was durable goods with a share of 67.8 per cent while the non-durable goods took the remainder.

Figure 7.3: Imports by Major Groups in 2010



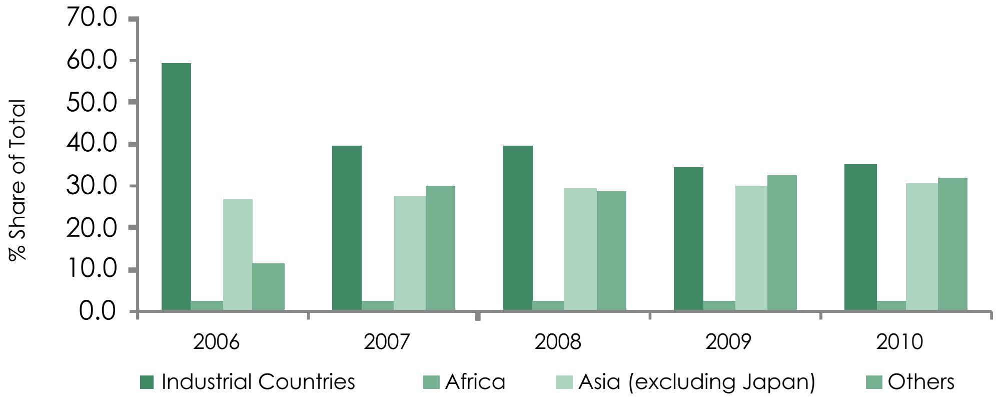
The share of capital goods and raw materials in total imports, however, decreased by 1.5 percentage points to 56.1 per cent. Within the group, raw materials (chemicals) and capital goods (spare parts and agricultural machinery) accounted for 27.9 and 72.1 per cent, respectively.

(b) Non-oil Imports by Country of Origin

Available data revealed that industrialised countries remained the dominant source of imports to Nigeria and accounted for 35.0 per cent of the total. This was followed by Asia (excluding Japan) with a share of 30.7 per cent, while 'others' accounted for the remainder. On country basis, China accounted for the highest share of 16.9 per cent, followed by the USA, the UK, India and Germany with 9.9, 5.0, 4.8 and 4.6 per cent, respectively. Further analysis revealed that imports from Africa as a group recorded the lowest share of 2.7 per cent.

Available data revealed that industrialized countries remained the dominant source of imports to Nigeria and accounted for 35.0 per cent of total, up from 34.6 per cent in 2009.

Figure 7.4: Non-Oil Imports by Origin in 2010



7.2.1.2 Exports: Free on Board (fob)

Aggregate export receipts, at ₦11,035.8 billion rebounded, with a growth of 32.1 per cent. The development reflected increased demand by Nigeria's major trading partners, notably the United States of America and the United Kingdom, whose economies experienced some recovery during the year as well as higher international prices of crude oil. Complementary to the above was the improvement in domestic oil production as it increased by 17.0 per cent to 2.13 mbpd in 2010. The bulk of the export proceeds was accounted for by crude oil (87.6 per cent) while gas and non-oil exports accounted for 8.8 and 3.6 per cent, respectively. The value of gas exports was ₦973.3 billion, while non-oil exports (including estimates for unrecorded trade) stood at ₦396.4 billion.

The value of total exports grew by 32.1 per cent in 2010 to ₦11,035.8 billion reflecting increased demand by Nigeria's major trading partners.

[a] Direction of Oil Exports

All Nigeria's major trading partners increased their share of crude oil imports relative to their patronage in 2009. The development was attributable to the global recovery and the severe winter conditions experienced in the year. The USA was the largest importer of Nigeria's crude oil (30.1 per cent), followed by India (18.3 per cent), Brazil (10.0 per cent), Equatorial Guinea and Indonesia (5.3 per cent each) as well as Spain (4.6 per cent).

The USA remained the largest single importer of Nigeria's crude oil, accounting for 54.8 per cent of the total.

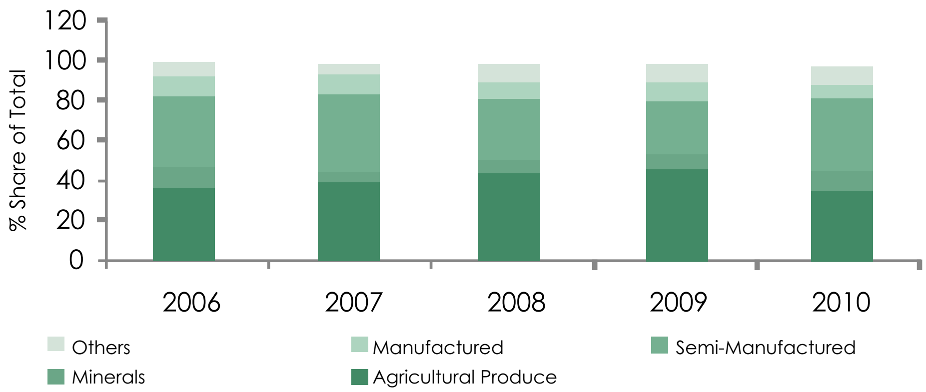
[b] Non-oil Exports

The value of non-oil exports increased by 37.1 per cent to ₦396.4 billion, attributed to improvements in production, processing and packaging of Nigeria's semi-manufactured and agricultural products for oversea markets. Despite this development, the non-oil export subsector performed dismally, accounting for 3.6 per cent of the total. The factors that influenced non-oil performance included poor infrastructure, policy slippages and volatility in commodity pricing.

Further analysis of the performance of non-oil exports by product showed that semi-manufactured goods, agricultural produce, solid minerals, and manufactured goods accounted for 37.5, 35.7, 11.2 and 5.8 of total, respectively. Other exports, which comprised petroleum products, charcoal, scrap metals, crafts, ammonia and cement/lime products accounted for 9.8 per cent of total. The agricultural produce category had an aggregate contribution of 35.7 per cent and comprised cocoa beans (13.0 per cent), rubber and cotton (5.0 per cent each), fish/shrimp (2.2 per cent), and others (10.5 per cent). In the semi-manufactured category, processed skins and furniture/processed wood contributed 27.8 and 3.3 per cent of the total non-oil exports, respectively.

The value of non-oil exports increased by 37.1 per cent to ₦396.4 billion.

Figure 7.5: Non-Oil Exports by Product in 2010



[c] Non-oil Exports to the ECOWAS Sub-Region

Aggregate non-oil exports to ECOWAS countries stood at US$226.0 million in 2010, compared with US$189.9 million in 2009, indicating an increase of 19.0 per cent. Non-oil exports to Ghana ranked the highest with US$81.0 million, followed by Niger, Togo, Benin, Burkina Faso and Cote d' Ivoire with US$42.8 million, US$33.10 million, US$21.4 million, US$19.4 million and US$16.5 million, respectively. Other ECOWAS importing countries from Nigeria were Guinea, Senegal and Guinea Bissau. Major export products continued to be tobacco, plastics, paint, rubber, footwear, plastic paint containers, and poly bags.

[d] Analysis of Shipment by Top 100 Non-oil Exporters

the value of the "Top 100 Non-oil Exporters" which represented 82.8 per cent of total non-oil receipts, was US$2,210.8 million. A ranking of the shipments by these exporters revealed that Olam Nigeria Limited was at the top position and accounted for 16.0 per cent of total. This was followed by Bolawole Enterprises Nigeria Limited, while the third place went to Unique Leather Furnishing Company Limited. Their products included cotton lint, fermented cocoa bean and goat skin leather, and were exported to Malaysia, The Netherlands and Italy, respectively.

7.2.2 The Services Account

The deficit in the services account (net) was unabated and, widened from ₦2,453.7 billion in 2009 to ₦2,879.7 billion. The persistent deficit was traceable to the dominance of the freight and transportation business by foreign carriers and the increase in the volume of business and private travels abroad. Payments for transportation and travels increased by 36.1 and 14.4 per cent to ₦1,011.6 billion and ₦751.1 billion respectively. Under transportation (net), the deficits in both passenger fares and freight charges rose by 155.0 and 5.1 per cent respectively.

The deficit in the services account (net) remained unabated and widened from ₦2,453,7 billion in 2009 to ₦2,879.7 billion.

Analysis of the share of major components of services in net deficit in the account, revealed that transportation, travels, insurance, construction and personal cultural and recreational services widened, and represented 36.1, 26.1, 2.8, 0.7 and 0.3 per cent of total, respectively. However, the shares of communication, financial services, computer and information services, royalties and licence fees, government services and 'other' business services all narrowed.

Figure: 7.6 Percentage Share of Major Invisible Services

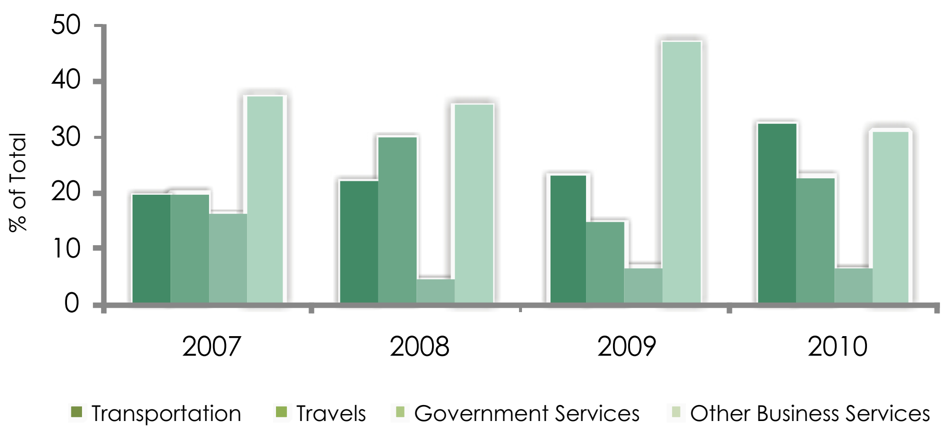


Table: 7.2 Percentage Share of Major Invisible Transactions in Net Deficit

Items	2006	2007	2008	2009	2010
Transportation	22.2	19.6	21.9	32.3	**36.1**
Travel	13.5	19.8	29.8	22.7	**26.1**
Insurance Services	0.1	1.9	2.5	2.5	**2.8**
Communication Services	2.4	1.7	1.7	2.0	**1.2**
Construction Services	0.8	0.6	0.6	0.3	**0.7**
Financial Services	0.3	0.04	0.04	0.2	**0.1**
Computer and Information Services	2.7	1.8	1.8	1.2	**0.6**
Royalties and Licence Fees	1.3	1.6	1.6	1.4	**1.2**
Government Services	1.2	15.9	4.6	6.4	**0.7**
Personal, Cultural & Recreational Services	0.01	0	0	0.0	**0.3**
Other Business Services	55.5	37.2	35.6	31.0	**23.2**

7.2.3 The Income Account

The outcome of transactions in the income account resulted in a higher net deficit of ₦2,788.7 billion, compared with ₦2,144.7 billion in 2009. The development was attributed to out-payments in respect of dividends and distributed branch profits which increased by 27.8 per cent and the reduced earnings on external reserves. Despite the deficit in the major sub-accounts, compensation on employees and interest income on debt netted surplus positions of ₦22.2 billion and ₦82.0 billion, respectively.

7.2.4 Current Transfers

The surplus in current transfers (net) increased by 8.1 per cent to ₦3,008.7 billion in 2010. The inward transfers, at ₦3,082.2 billion, exceeded the outward transfers of ₦73.5 billion. The outward transfers reflect government expenses on foreign embassies, payments to international organisations, and the remittances of foreigners resident in the country. The inward transfer was dominated by workers' remittances which accounted for 95.5 per cent of total inflows.

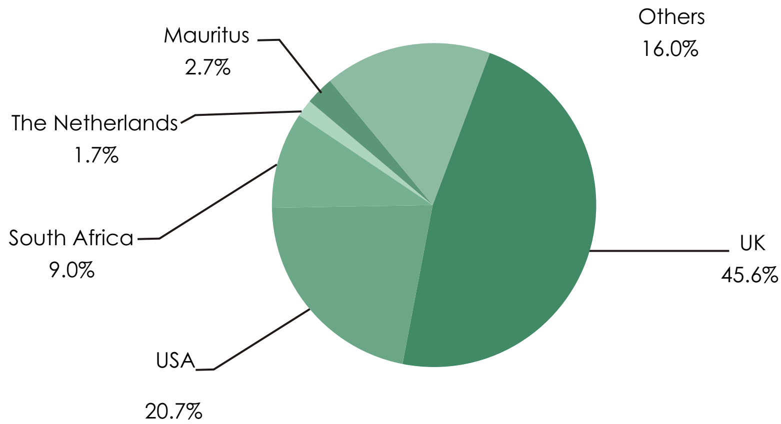
Table 7.3: Current Transfers (Naira billion)		
	2009	**2010**
TOTAL INFLOWS (credit)	**2,852.5**	**3,082.2**
1.General government (grants, ODA, Technical Assistance & gifts)	137.4	138.8
2. Other sector workers' remittances and other transfers in kind	2,715.1	2,943.4
TOTAL OUTFLOWS (debit)	**(69.0)**	**(73.5)**
1.General government (Payments to International Organizations & other payments)	(17.5)	(25.3)
2. Other sector workers' remittances and other transfers	(51.5)	(48.2)
NET CURRENT TRANSFERS	2,783.5	3,008.7

7.3 THE CAPITAL AND FINANCIAL ACCOUNT

The capital and financial account registered a lower surplus of ₦443.4 billion, or 1.8 per cent of GDP, as against ₦1,954.8 billion or 7.9 per cent of GDP in the preceding year. The development in the financial account was influenced by increased portfolio investment (asset) and other investment (asset), which moderated reduced foreign direct investment inflows and increased external borrowing. Net foreign direct investment declined by 26.2 per cent, representing reduction in capital inflow in the form of equity and lower reinvested earnings by FDI enterprises. The low performance of the FDI account was attributable to the lingering challenges posed by the poor state of infrastructure and global economic uncertainty. However, the rekindled investor confidence in the financial markets especially in the bond and equity markets, resulted in a significant growth of 87.2 per cent in portfolio investment. Portfolio investment (asset) and other investment (asset) increased over their levels in 2009 by 296.8 and 37.2 per cent, respectively, indicating active participation of Nigerians in the global financial market. The growth in other investment was driven by trade credit, other sectors and currency and deposits. The stock of external reserve fell by 24.0 per cent to US$32.3 billion.

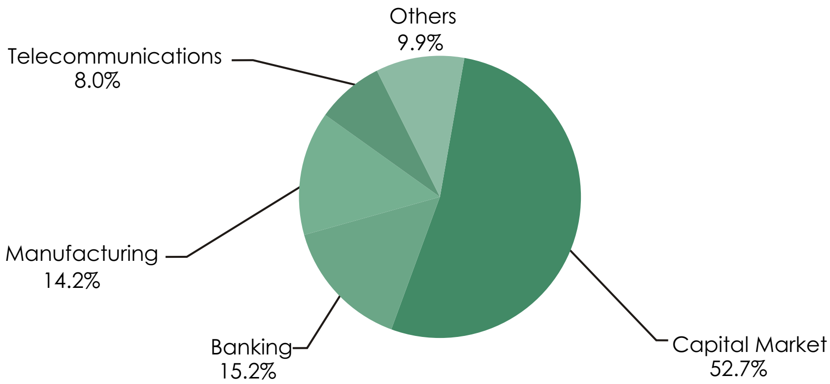
The capital and financial account registered a lower surplus of ₦443.4 billion, or 1.8 per cent of GDP, as against ₦1,954.8 billion, or 7.9 per cent of GDP, in the preceding year.

Figure: 7.7 Capital Importation by Country: 2010 (per cent)



Inflows, according to economic sectors, showed that the stock market received a boost with US$3,161.0 million for the purchase of shares, as against the capital reversals witnessed in the wake of the global financial crisis, indicative of the renewed investor confidence in the Nigerian capital market, following a series of reforms. Notably, the market went through reforms which included a new management for the Nigerian Stock Exchange, the enforcement of rules and regulations by the Security and Exchange Commission (SEC) on the updating and rendition of financial reports, the strengthening of the Nigerian Stock Exchange Arbitration Committee, and zero tolerance for market infractions.

Figure: 7.8 Capital Importation by Sector: 2010 (per cent)



Capital inflows to telecommunications, manufacturing, services and construction sectors also increased but declined for banking, oil and gas, trading and transport sectors. As a share of total flow, the capital market, banking, manufacturing and telecommunications accounted for 52.7, 15.2, 14.2 and 8.0 per cent, respectively.

Table 7.4: Capital Importation: Country and Sector Inflows (US$ Million)

Country	2007	2008	2009	2010	Sector	2007	2008	2009	2010
United Kingdom	4,705	4,105	**731**	2,732	Banking	3,541	4,681	**2,624**	909
United States	1,850	4,950	**3,296**	1,241	Shares	2,612	3,424	**1,479**	3,161
South Africa	1,109	468	**224**	537	Financing	929	749	**205**	171
Mauritius	500	216	**77**	161	Telecommunications	777	717	**336**	479
Netherlands	157	154	**186**	0.1	Production/Manufacturing	563	504	**294**	854
Cyprus	141	83	**64**	45	Servicing	492	94	**33**	179
Switzerland	128	73	**69**	58	Brewery	151	-	**60**	25
Luxembourg	102	-	**4**	121	Oil and Gas	152	641	**114**	89
Germany	95	18	**23**	62	Trading	125	63	**37**	35
Denmark	87	213	**-**	3	Construction	74	130	**13**	43
Sweden	85	22	**10**	90	Hotels	45	-	**-**	2
China	11	36	**139**	9	Transport	14	14	**50**	3
United Arab Emirates	33	151	**18**	75	Marketing	14	21	**28**	0
Others	570	682	**459**	860	Others	84	133	**27**	44
COUNTRY INFLOWS (TOTAL)	**9,573**	**11,171**	**5,300**	**5,994**	**SECTOR INFLOWS (TOTAL)**	**9,573**	**11,171**	**5,300**	**5,994**

Analysis of capital importation into the economy, as captured from the DMBs' database, revealed a total inflow of US$5,994.2 million, comprised foreign direct investment (12.2 per cent), portfolio investment (65.6 per cent), other investments trade credit, loans, currency deposits and other claims (22.2 per cent). Foreign direct investment inflows declined by 78.1 per cent, accounted for solely by the fall in equity which offset the significant growth in 'other' capital flows. Portfolio inflows improved remarkably as reflected in the growth of equity, bonds and money market instruments. Of the total portfolio inflows of US$3.9 billion, equity, money market instruments and bonds accounted for 75.8, 22.5 and 1.7 per cent, respectively. In the "other" investment category loans which accounted for the bulk of the inflows, increased by 71.4 per cent. Further review of capital importation revealed that the highest inflow came from the United Kingdom (45.6%), followed by the United States (20.7%), South Africa (9.0%), Mauritius (2.7%), Luxembourg (2.0%), Sweden (1.5%), UAE (1.3%) and "others" (14.3%).

Table 7.5: New Capital Inflows (US$' thousand)

NATURE OF CAPITAL	2007	2008	2009	2010
Foreign Direct Investment - Equity	4,243,535.0	4,597,675.3	3,305,678.3	668,350.9
Foreign Direct Investment - Other capital	38,037.1	63,605.9	20,719.3	60,602.2
Portfolio Investment - Equity	2,488,462.2	2,349,962.5	1,443,229.0	2,979,446.7
Portfolio Investment - Bonds	1,058,089.1	420,057.2	12,617.4	68,476.8
Portfolio Investment - Money Market Instruments	147,919.9	659,673.0	84,151.7	883,844.2
Other Investments - Trade Credits	82,719.9	15,000.0	7,915.1	154.9
Other Investments - Loans	1,501,392.2	2,735,581.5	816,670.0	1,399,457.4
Other Investments - Currency Deposits	-	-	9,200.0	-
Other Investments - Other Claims	13,011.5	328,133.5	2,708.2	2,225.4
TOTAL	**9,573,167.0**	**11,169,688.8**	**5,702,888.9**	**5,994,150.0**

Other investment liabilities revealed that government's repayments of debt due declined by 23.4 per cent, while fresh commitments in 2010 resulted in an increased debt stock, from US$3.9 billion in 2009 to US$4.6 billion. The loans were additional disbursements from the International Development Agency (IDA), the African Development Bank (AfDB), and the International Fund for Agricultural Development (IFAD).

7.4 INTERNATIONAL INVESTMENT POSITION (IIP)

Provisional Nigeria's net International Investment Position (IIP) revealed that Nigeria recorded a higher deficit of US$11.0 billion, as against US$0.7 billion in 2009, reflecting the continued pressure on the external sector as a result of the lingered impact of the global financial crisis. The IIP account revealed that the value of total foreign assets and liabilities amounted to US$83.7 billion and US$94.7 billion, compared with US$83.9 billion and US$84.7 billion in 2009, respectively.

The Nigerian International Investment Position (IIP) revealed that there was continued pressure on the external sector as Nigeria recorded a deficit of US$8.6 in 2010 as against US$0.7 billion in 2009.

Further analyses revealed that assets abroad - direct investment, portfolio investment, external reserves and "other" amounted to US$5.0 billion, US$12.7 billion, US$32.3 billion and US$33.5 billion, respectively. Both direct and portfolio investment stock abroad increased by US$922.9 million and US$941.9 billion in 2010. Compared with 2009, the total official reserves decreased by 23.7 per cent to US$32.4 billion in 2010 and accounted for 38.7 per cent of Nigeria's total foreign assets.

The stock of liabilities, valued US$94.7 billion, was made up of direct investment, (US$60.3 billion) and portfolio investment, stocks and debt securities (US$18.1 billion). The surge in capital claims by the rest of the world on the economy raised Nigeria's liabilities to 48.4 per cent of GDP.

Figure 7.9: Assets and Liabilities: International Investment Position (IIP)

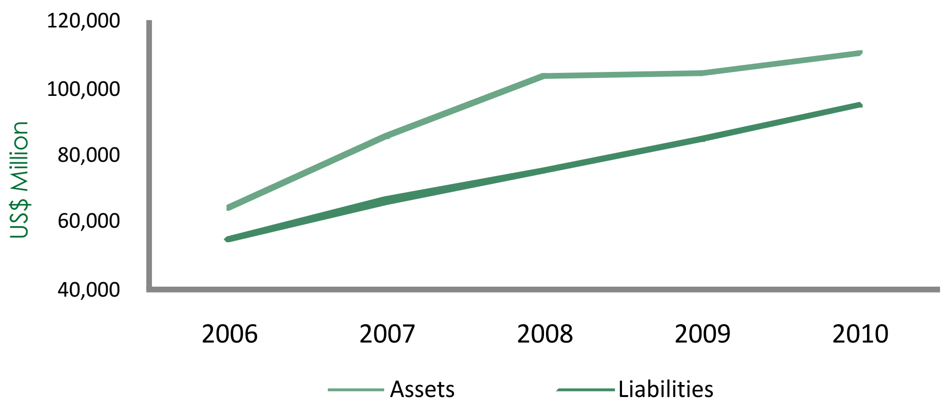
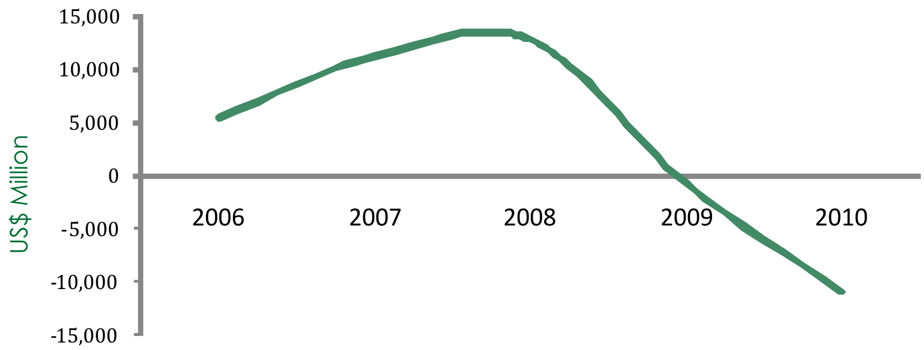


Figure 7.10: Net International Investment Position



7.5 EXCHANGE RATE MOVEMENTS

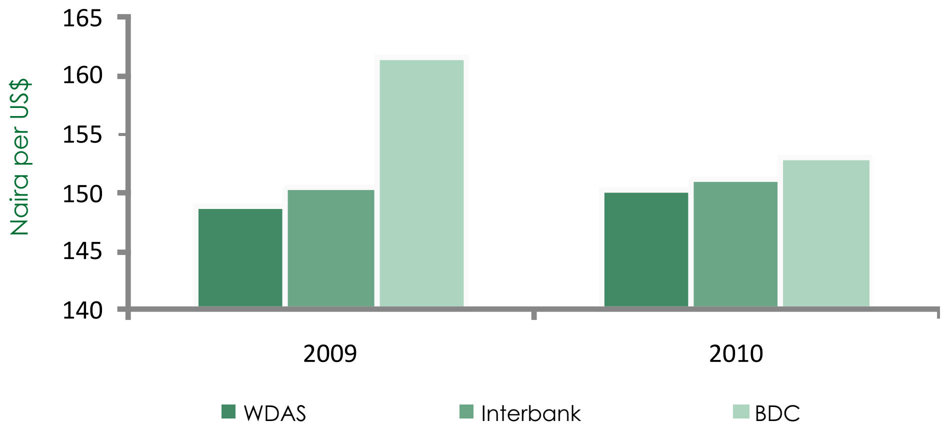
The premium between WDAS/inter-bank and WDAS/BDC rates narrowed from 1.0 and 8.6 per cent in 2009 to 0.5 and 1.8 per cent, respectively, in 2010.

The exchange rate of the naira to the US dollar was relatively stable in 2010. The average exchange rate of the naira at the WDAS segment of the foreign exchange market in 2010 was ₦150.30 per US dollar, a depreciation of 0.9 per cent, compared with the level in 2009. Similarly, at the inter-bank market, the naira depreciated by 0.5 per cent to ₦151.09 per US dollar. However, at the BDC segment, the naira strengthened against the US dollar by 5.6 per cent, compared with the level in 2009, to ₦153.06 per US dollar. Consequently, the premium between WDAS/inter-bank and WDAS/BDC rates narrowed from 1.0 inter-bank and 8.6 per cent in 2009 to 0.5 and 1.8 per cent, respectively.

Table 7.6: International Investment Position (IIP) of Nigeria (2006-2010) [Millions of dollars]

Type of Asset/Liability	2006	2007	2008	2009	2010
Net international investment position of Nigeria	**5,529.09**	**11,208.93**	**12,841.52**	**-723.97**	**-11,009.16**
Assets	**60,495.21**	**77,498.53**	**88,463.64**	**83,928.45**	**83,668.50**
Direct investment abroad	624.48	1,506.42	2,564.69	**4,118.29**	**5,041.17**
Portfolio investment abroad	4,349.21	6,208.32	10,967.09	**11,797.86**	**12,739.73**
Equities	3,923.17	5,643.86	9,710.55	**10,472.09**	**11,508.15**
Money Market	426.05	564.47	1,256.55	**1,325.78**	**1,231.59**
Banks	426.05	564.47	1,256.55	**1,325.78**	**1,231.59**
Bonds	-	-	-	**-**	
Financial Derivatives	-	-	-	**-**	
Other foreign assets	13,223.40	18,450.63	21,931.49	**25,629.80**	**33,548.34**
Public Sector assets, excluding official reserves	745.52	2,019.36	4,103.86	**6,408.50**	**8,443.14**
Banks	**4,974.70**	**5,779.57**	**9,257.14**	**6,351.18**	**6,494.39**
Deposits	7,475.67	10,059.95	17,616.49	**17,060.91**	**24,484.88**
Loans	1,050.92	1,167.69	1,459.61	**1,824.51**	**2,069.69**
Non-banks					
Deposits					
Trade Credits	7,943.69	15,166.68	18,022.07	**24,748.74**	**31,742.51**
Nigeria official reserve assets	42,298.11	51,333.15	53,000.36	**42,382.49**	**32,339.25**
Liabilities	**54,966.12**	**66,289.60**	**75,622.12**	**84,652.42**	**94,677.66**
Direct investment	31,242.81	37,329.54	45,578.18	**54,227.71**	**60,326.67**
Portfolio investment	9,703.19	12,368.69	13,702.99	**14,368.88**	**18,116.78**
Equities	5,335.00	6,794.49	5,834.69	**6,327.36**	**8,506.64**
Money Markets	**293.49**	**441.41**	**1,378.32**	**1,459.44**	**2,343.15**
Banks	293.49	441.41	1,378.32	**1,459.44**	**2,343.15**
Bonds:	**4,074.70**	**5,132.79**	**6,489.98**	**6,582.08**	**7,266.99**
Gen. Government	4,074.70	5,132.79	6,489.98	**6,582.08**	**7,266.99**
Others	-	-	-	**-**	
Financial Derivatives	-	-	-	**-**	
Other Investments	14,020.12	16,591.37	16,340.95	**16,055.83**	**16,234.20**
Deposits:	**8,888.23**	**10,589.46**	**10,589.46**	**9,762.66**	**9,312.08**
Banks	5,613.00	6,464.23	6,190.55	**5,777.15**	**5,551.86**
Non-banks	3,275.23	4,125.23	4,398.91	**3,985.51**	**3,760.22**
Loans	**8,744.90**	**8,719.56**	**9,550.78**	**10,534.50**	**11,827.53**
Long Term					
Gen. Government	4,046.20	3,533.20	3,507.20	**3,707.12**	**4,429.25**
Banks	1,084.46	2,468.71	2,244.30	**2,586.05**	**2,492.87**
Others	3,275.23	4,125.23	4,398.91	**3,985.51**	**3,760.22**

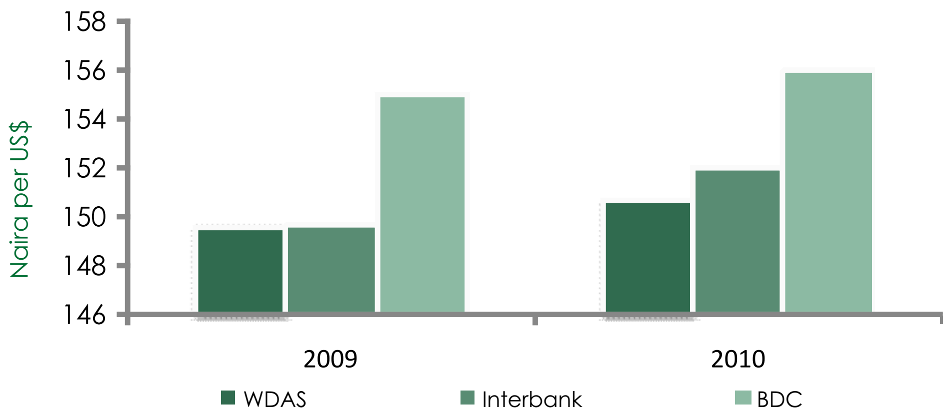
Fig 7.11: Average Yearly Exchange Rate of the Naira per US Dollar



The end-period exchange rate of the naira to the US dollar in 2010 at the WDAS segment of the foreign exchange market stood at ₦150.66 per dollar, a depreciation of 0.7 per cent, compared with the level in 2009. Similarly, at the Inter-bank and BDC markets, the rate depreciated by 1.5 and 0.6 per cent, compared with the level in 2009, to ₦152.00 and ₦156.00 per dollar, respectively.

The exchange rate of the naira to the US dollar was relatively stable in 2010.

Fig 7.12: End-period Exchange Rate of the Naira per US Dollar



7.6 The Nominal Effective Exchange Rate (NEER) and the Real Effective Exchange Rate (REER)

The average 13-currency Nominal Effective Exchange Rate (NEER) index increased by 0.9 per cent over the level in 2009 to 96.6 (May 2003=100) indicating a marginal loss of competitiveness of the naira. In contrast, the average 13-currency Real Effective

Exchange Rate (REER) index, declined by 6.3 per cent below the level in the preceding year to 92.3 in 2010. The development was due to a decline in the Consumer Price Index (CPI) as the base year was revised from May 2003=100 to November 2009=100. The 13-currency REER index opened at 94.97 and closed 5.0 percentage points lower at end-2010 as a result of relative increase in the CPI of the country's major trading partners. The development was due to various fiscal and monetary measures deployed to promote recovery in their economies.

Figure 7.13: Nominal and Real Effective Exchange Rate Indices

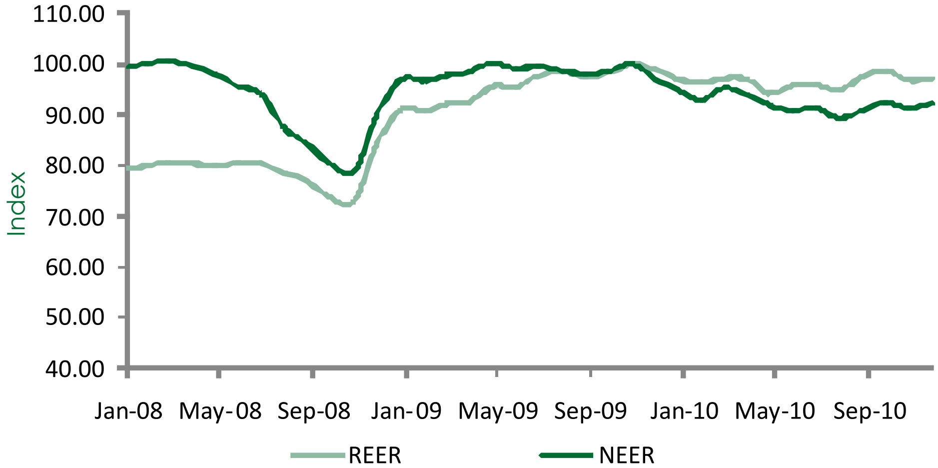


Table 7.7: Nominal and Real Effective Exchange Rate Indices (May 2003=100)

	December 2009		December 2010		
	Monthly Index	Annual Average	Monthly Index	Annual Average	%Change in Annual Average
NEER	98.91	95.73	97.20	96.57	0.9
REER	97.19	98.47	92.21	92.31	(6.3)

CHAPTER EIGHT

INTERNATIONAL AND REGIONAL INSTITUTIONS

The 2010 Spring and Annual Meetings of the Bretton Woods Institutions (BWIs) focused on the pace of global economic recovery, trade flows, reforms of the BWIs and the IMF's mandate. Members welcomed the steps taken to enhance the IMF's lending toolkit as part of the efforts to strengthen global financial safety nets and the establishment of the Precautionary Credit Line (PCL) to meet the diverse needs of its members At US$72.9 billion, the World Bank Groups' commitment to various projects in 2010 increased by 24.0 per cent, compared with US$58.8 billion in 2009. Nigeria signed a Memorandum of Understanding (MoU) with Namibia, on the holding of political and diplomatic consultations, to aid the exchange of views on bilateral, regional and international issues of mutual interest. At the continental level, the African Heads of State and Government discussed and agreed to take necessary actions aimed at attaining the Millennium Development Goals (MDGs) 4, 5 and 6; mobilised adequate resources for integrated health programmes of up to 15.0 per cent of national budgets; and urged member countries to continue to speak with one voice. At the sub-regional level, the Economic Community of West African States (ECOWAS) Technical Sub-Committee on the Abuja 2020 Roadmap on the Single Currency Programme, assessed progress on the implementation of the road map and stressed the need for monitoring institutions (the ECOWAS Commission, the West African Monetary Agency (WAMA), the West African Monetary Institute (WAMI) and the West African Bankers Association (WABA)) to intensify efforts on their assigned responsibilities in order to achieve a single currency in the ECOWAS Sub-region by 2020.

8.1 THE INTERNATIONAL MONETARY SYSTEM

8.1.1 The Group of Twenty-Four (G-24) and the IMF/World Bank Annual Meetings

The 2010 Meetings of the Inter-Governmental Group of Twenty-Four (G-24) under the Bretton Woods Institutions (BWIs) , the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) discussed, amongst others, global economic and financial developments, trade, reforms of the BWIs, and the IMF's mandate. The Ministers and Governors at the IMF/World Bank Group meetings:

- Observed that the pace of global economic recovery had weakened and had become more uncertain since the Euro Area sovereign debt problem became more severe in April, 2010;

- Noted that while most developing economies had continued to maintain their growth momentum, reflecting strong fundamentals and robust macroeconomic frameworks, the recovery in advanced economies remained sluggish, with some of them facing a vicious circle of weak sovereign balance sheets, high unemployment, lack of consumer confidence, and continued fragile financial sector;

- Called on the IMF to strengthen the monitoring of surging capital flows, as well as consider options for mitigating associated risks and the strengthening of the Fund's bilateral and multilateral surveillance for the uncovering of vulnerabilities in large advanced economies;

- Agreed to complete the Fourteenth General Review of Quotas by January 2011, to help bring about a shift of at least 5 percentage points from advanced economies to Emerging Markets and Developing Countries (EMDCs);

- Urged countries that have not yet ratified the 2008 quota and voice reform to do so;

- Welcomed the steps taken to enhance the IMF's lending toolkit as part of the efforts to strengthen global financial safety nets and the establishment of the Precautionary Credit Line (PCL) to meet the diverse needs of its membership;

- Noted that International Development Association (IDA) had been a pivotal instrument in the support of low-income countries and called for an ambitious replenishment of IDA-16, as well as the establishment of a permanent instrument to assist low-income countries to cope with external shocks, through an IDA Crisis Response Window; and

- Constituted a 3rd Constituency for Africa at the World Bank that comprised South Africa, Nigeria and Angola.

8.1.2 The International Monetary Fund (IMF)

The IMF's outstanding global credit increased to SDR 60.4 billion at end-December 2010, from SDR 42.3 billion at end-December 2009. This comprised the General Resources Account (GRA) disbursements (SDR 55.6 billion) and the Poverty Reduction and Growth Facility Exogenous Shocks Facility (PRGF-ESF) disbursement (SDR 4.8 billion).

8.1.3 The World Bank Group

The World Bank Group committed US$72.9 billion in fiscal year 2010, representing an increase of 24.0 per cent over the US$58.8 billion in 2009. The International Bank for Reconstruction and Development (IBRD or World Bank) and the International

Development Association (IDA) together committed US$58.7 billion in loans and grants to its member countries. A further breakdown indicated that out of this amount, IDA committed US$14.5 billion and IBRD US$44.2 billion.

The International Finance Corporation (IFC) committed US$12.7 billion and mobilised an additional US$5.4 billion for private sector development in developing countries, out of which US$4.9 billion was channelled through IDA to member countries. The Multilateral Investment Guarantee Agency (MIGA) issued US$1.5 billion in investment guarantees for 19 projects in developing countries. This represented a US$0.1 billion increase over the US$1.4 billion new issues in 2009.

8.1.4 International Commodity Organisations

8.1.4.1 The Cocoa Producers' Alliance

The 73rd General Assembly and Council of Ministers Meeting of the Cocoa Producers' Alliance (COPAL) was held from September 20-24, 2010 in Kuala Lumpur, Malaysia. The meeting, among others:

- Constituted a committee to shortlist candidates for the position of Secretary-General of COPAL;
- Noted with concern the gap in the cocoa value chain and considered it detrimental to the producers and, therefore, adopted the use of supply strategies to enhance income to producers;
- Requested the Government of Malaysia to prepare and circulate for consideration a concept note for remedial action; and
- Directed the Secretariat to respect the budget in all ramifications and to forward the budget drawdown to the Internal Auditor on a quarterly basis.

8.1.4.2 The Organization of Petroleum Exporting Countries (OPEC)

The organization of Petroleum Exporting Countries (OPEC) held three meetings, two ordinary (156th and 157th) meetings and one extraordinary (158th) in 2010.

The 156th ordinary meeting was convened on March 17, 2010 at the Organization's new Headquarters' in Vienna. The meeting reviewed oil market developments, in particular supply/demand projections, as well as the outlook for 2010, and noted that, while the global economy was clearly rebounding from the preceding year's recession, with continued positive signals coming from the manufacturing and services sectors, serious threats remained. The downside risks included: the mounting and potentially unsustainable public debt in most advanced economies; degrading fiscal position which might lead OECD governments to tighten fiscal and monetary policies despite rising unemployment; weak demand; persistent global imbalances; and rising protectionism. The meeting further noted with concern that, although world oil demand was projected to increase marginally during the year, the rise could be offset by the expected increase in non-OPEC supply. The meeting therefore decided to retain the current oil production ceiling.

The 157th meeting of OPEC was held on October 14, 2010, amidst growing crises in Ecuador, a member country. The meeting observed that, whilst economic recovery was underway, there was still considerable concern about the magnitude and pace of the recovery, especially in the major industrialized countries of the OECD. The meeting noted that, while there had been some easing of the overhang in crude oil stocks, market fundamentals remained weak, refinery utilization rates were low and product inventories had risen considerably. Analysis of important market drivers revealed that the market was well supplied. Consequently, the meeting retained the current production levels, but reaffirmed its determination to ensure reliable supply to the market, at reasonable and fair prices, supported by an adequate level of spare capacity.

The 158th Extraordinary Meeting of OPEC was convened in Quito, Ecuador, on December 11, 2010. The meeting reviewed the oil market outlook, including the overall demand/supply projections for 2011 and agreed to maintain the current oil production levels. Member Countries acknowledged their commitment to individually agreed production allocations, as outlined in the Oran Agreement of December 2008, and reiterated their readiness to rapidly respond to any developments that might jeopardize oil market stability and Member Countries' interests. The Conference further renewed its call on other oil producers/exporters to cooperate with the Organization in its endeavours to secure oil market equilibrium.

8.1.5 Bilateral Relations

8.1.5.1 The Central Bank of Nigeria/Bank Negara Malaysia Agreement

The Board of Directors of the Central Bank of Nigeria undertook a study tour of Malaysian financial institutions from March 22 26, 2010, at the end of which it signed a Memorandum of Understanding with Bank Negara Malaysia, to share expertise and exchange relevant information in the areas of banking supervision, small and medium enterprises (SMEs), microfinance, islamic finance, monetary policy, development finance institutions, external reserve management, institutional arrangement for financial crisis management and resolution, foreign exchange administration, performance management and corporate strategy, leadership development and talent management.

8.1.5.2 Nigeria-Cameroun Joint Commission

The 5th Session of the Nigeria-Cameroun Joint Commission was held in Abuja from November 23 - 24, 2010. The meeting:

- Reviewed the relation between the two countries and expressed satisfaction with the outcome of the Green Tree Agreement;
- Called for the speedy implementation of all pending Cooperation Agreements between the two countries for the mutual benefit of the citizens of the two countries;
- Agreed to implement the various recommendations on posts, telecommunications, and funds transfer adopted at a meeting in October 2009;
- Noted the concerns raised by Cameroun about the prohibition of some imports by Nigeria and the inability of some Cameroonian goods to enter the Nigerian market due to lack of NAFDAC certification and agreed to explore areas where exemptions on import prohibition can be made for Camerounian exports. It was also agreed that NAFDAC and its Cameroonian counterpart should meet and agree on protocols on product certification;
- Entered into a Framework Agreement on electricity interconnection which would cover the institutional framework for planning, coordination, financing and the realisation of electricity interconnection between the contracting parties. The Camerounian side agreed to supply electric power from the Lagdo Dam on River Benue to Adamawa state in Nigeria;
- Agreed that the Free-Trade Zone Authority of Nigeria should provide necessary information at the Nigerian Embassy in Yaounde to enable Cameroonians know the steps to follow in applying for space at any of the Free-Trade Zones in Nigeria;
- Agreed to conclude a new trade agreement by the first quarter of 2011 between both countries, which would provide for the establishment of a joint trade committee that would address bilateral economic relations issues; and
- Expressed satisfaction with the progress so far made in the construction of the Bamenda-Manfe-Abakaliki-Enugu highway which was being financed by the African Development Bank (AfDB).

8.1.5.3 Nigeria - Namibia Joint Commission

The 4th Session of the Nigeria-Namibia Joint Commission was held in Abuja from September 22 - 23, 2010. At the end of the session, a Memorandum of Understanding (MoU) on the holding of political and diplomatic consultations was signed by the two nations. The MoU committed each country to allowing regular diplomatic consultations in order to exchange views on bilateral, regional and international issues of mutual interest. The Joint Commission considered, among others, economic, infrastructure and socio-cultural matters, as well as diplomatic, defence and legal issues.

8.2 REGIONAL INSTITUTIONS

8.2.1 The African Union (AU)

The 15th African Union (AU) Summit of Heads of State and Government, with the theme, "Maternal, Infant and Child Health and Development in Africa" was held from July 25-27, 2010, in Kampala, Uganda. On the sidelines of the summit, were the 13th Summit of Heads of State and Government of the African Peer Review Mechanism, the 23rd Summit of the NEPAD Implementation Committee and the Joint Heads of State and Government meeting on climate change.

During the Summit, the leaders:

- Agreed to take necessary actions in various member states aimed at attaining the MDGs 4, 5 and 6, including the launching of a campaign on accelerated reduction of maternal mortality in Africa (CARMMA), the mobilisation of adequate resources for integrated health programmes of up to 15 per cent of national budgets, the sharing of best practices within regions, and regular evaluation and reporting of progress achieved by member states;

- Extended the accelerated action towards universal access to HIV/AIDS, tuberculosis and malaria services in Africa (the Abuja Call) to 2015 to coincide with the Millennium Development Goals (MDGs);

- Welcomed the efforts deployed by the AU and the regional economic communities/regional mechanisms for conflict prevention, management and resolution (RECs/RMs), with the support of the international community, towards the full operationalisation of the African Peace and Security Architecture, in particular the Continental Early Warning System (CEWS) and the African Standby Force (ASF);

- Reiterated its commitment to the vision of gradually transforming the African Union Commission into the African Union Authority in order to strengthen the institutional building processes of the African Union and to accelerate integration of the continent;

- Reaffirmed the Ezulwini Consensus and the Sirte Declaration on the Reform of the United Nations Security Council containing the African common position, called for its intensive promotion, and stressed the need for Africa to continue to speak with one voice; and

- Decided that the theme of the summit in July 2011 would be "Accelerating Youth Empowerment for Sustainable Development".

8.2.2 Joint Annual Meetings of the African Union (AU) Conference of Ministers of Economy and Finance and the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development

The 2010 Joint Annual Meetings of the African Union (AU) Conference of Ministers of Economy and Finance and the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development was held in Lilongwe, Malawi from March 25-30, 2010. In attendance were Ministers of Finance, Planning and Economic Development and Governors of Central Banks from African countries. The Ministers Conference was preceded by the meeting of experts which was held from March 27-28, 2010.

During the meeting, the members:

- Reviewed recent economic and social developments in Africa as presented by the ECA;
- Noted that the global economic crisis had taken a heavy toll on economic activity, employment and social conditions;
- Noted that the overall objectives of the Millennium Development Goals (MDGs) would be compromised unless bold steps were taken towards high, sustainable and employment focused growth;
- Recommended that countries should draw lessons from the experiences of others and adopt policies and strategies that would promote backward and forward linkages between sectors, pursue regional integration and move away from total dependence on commodity exports;
- Expressed concern that the positive growth achieved in most African countries in 2009 had not translated to any significant improvement in employment creation and poverty reduction, and therefore stressed that monetary policy should go beyond the price stability objective, to include support for growth and employment generation;
- Concluded that inadequate infrastructure and limited access to finance and other supporting services were major constraints to the development of the private sector which should play a pivotal role in investment and job creation;
- Urged governments to allocate more resources to sectors that could generate employment and help reduce poverty, such as agriculture and rural development. They noted that good political and economic governance was a major prerequisite for growth and job creation; and

- Agreed on the need for promotion of domestic resource mobilisation, economic diversification, internal policy harmonisation among ministries and agencies to enhance efficiency and effectiveness in mainstreaming employment in development plans and programmes.

8.2.3 African Development Bank (AfDB)

The 2010 Annual Meetings of the African Development Bank (AfDB) Group was held in Abidjan, Cote d'Ivoire on May 27, 2010. At the meeting, the President, Donald Kaberuka noted that the AfDB had helped member countries to overcome the effects of the global financial crisis by providing necessary support to enable them substantially grow the private sector, and to fill the gap left by donors involved in key infrastructure projects. Furthermore, the meeting:

- Approved its 6th General Capital Increase, and the 12th replenishment of the African Development Fund (ADF); and

- Created two new constituencies, raising the number of board chairs from 18 to 20.

8.2.4 The Developing Eight (D-8)

The 7th Summit of the D-8 Heads of State and Government was held in Abuja, Nigeria, from July 4 - 10, 2010. The Central Bank of Nigeria hosted the D-8 Central Bank Governors' Meeting as part of the 7th D-8 Summit. At the meeting, leaders of member nations of the Group of 8 (D-8):

- Declared their interest to pursue and boost a viable South-South cooperation, with a view to enhancing greater economic growth and globalisation;

- Agreed that in an increasingly globalised world, the D-8 model of cooperation would provide a viable form of South-South cooperation, hence the resolve to broaden and strengthen this cooperation in order to develop the economies and also empower member countries to participate more actively in the process of globalisation;

- Recognized the role of governments as catalysts and enablers of economic growth, but noted that the D-8 cooperation must essentially be private-sector driven;

- Stressed that intra D-8 investments were essential for deepening the economic relationship among member states and, therefore, resolved to take immediate measures to encourage, facilitate and promote foreign direct investment (FDI) in priority areas;

- Directed the D-8 Commission to explore ways and means of establishing a D-8 Investment Fund and identify investment opportunities in the member countries, including the proposal by Iran to establish the D-8 Joint Investment Fund (JIF);

- Endorsed the report of the 12th and 13th sessions of D-8 Council of Ministers and welcomed the prioritisation of activities of the D-8 roadmap in the areas of trade, agriculture and food security, industrial cooperation and small and medium scale enterprises (SMEs), transportation, and energy and minerals; and

- Agreed on boosting collaborative efforts on capacity building, transfer of technology, development of alternative fuels, renewable sources of energy, and peaceful uses of nuclear energy for power generation.

8.2.5 The Association of African Central Banks (AACB)

8.2.5.1 The Ordinary Meeting of the Bureau of the AACB

The Ordinary Meeting of the Bureau of the Association of African Central Banks (AACB) was held at the Headquarters of the Central Bank of West African States in Dakar, Senegal, February 22 - 24, 2010. The meeting assessed the status of implementation of the decisions taken by the Assembly of Governors at its 33rd Ordinary Session held on August 21, 2009 in Kinshasa, Democratic Republic of the Congo and reviewed the progress made on the African Monetary Cooperation Programme (AMCP). The Governors welcomed the continued cooperation with the African Union (AU) within the framework of the Joint Committee charged with drafting a strategy for the establishment of the African Central Bank (ACB).

The 34th Annual Meeting of the AACB was held in Dakar, Senegal, August 16-20, 2010. The meeting was attended by 39 member countries of the AACB, with Nigeria's delegation headed by the Central Bank of Nigeria's Governor, Mallam Sanusi Lamido Sanusi. The meeting called on African central banks to fully assume their roles of financial regulation to prevent possible crises in the future. The meeting also noted that there was a pressing need for Africa's central banks to work for the creation of an efficient device for the regulation of financial systems.

8.2.6 The Steering Committee of the African Central Bank

The Steering Committee of the African Central Bank commenced operations at its office in Abuja, Nigeria on June 14, 2010. The Committee was chaired by the Governor, Central Bank of Nigeria, Mallam Sanusi Lamido Sanusi and comprised a team of five Consultants from AU member countries. Its roles and functions were contained in the Memorandum of Understanding (MoU), signed in Washington, DC on April 24, 2009 between the African Union Commission and the Government of the Federal Republic of Nigeria. These included working out the modalities for the establishment of the African Central Bank. As at December 2010, the Committee had developed a fairly large data base and literature for conducting a study on the need for a single currency in Africa.

8.3 SUB-REGIONAL INSTITUTIONS

8.3.1 The Economic Community of West African States (ECOWAS)

The Second meeting of the Technical Sub-Committee on the Economic Community of West African States (ECOWAS) Single Currency Programme was held in Accra, Ghana from July 21 - 22, 2010. The meeting was convened by the ECOWAS Commission to assess progress on the implementation of the Abuja 2020 Roadmap on the ECOWAS Single Currency Programme. The meeting was attended by representatives from the ECOWAS Commission, the UEMOA Commission, the West African Monetary Institute (WAMI), the West African Monetary Agency (WAMA), the West African Bankers Association (WABA), the Central Bank of West African States, the Bank of Ghana, and the central banks of The Gambia, Guinea, Liberia, Sierra Leone and Nigeria.

Progress reports were presented by the four monitoring institutions namely, the ECOWAS Commission, WAMA, WAMI and WABA. After extensive discussions of the monitoring institutions' progress report towards a single currency in the ECOWAS Region, the Committee recommended as follows:

i) *That ECOWAS Commission:*

- Continue contacts with the authorities of Cape Verde to ensure that its National Coordinating Committee (NCC) was established as soon as possible;

- Build the cost of living index in each member country into the salaries of Macroeconomists and Bilingual Secretaries;

- Urge each member countries to supplement the financing of NCC activities in the country; and

- Provide more information on the challenges of implementing VAT in The Gambia and Liberia to facilitate the adoption of VAT in both countries.

ii) *That WAMA:*

- Work with WAMI and the BCEAO on the study on the harmonisation of monetary policy frameworks in the ECOWAS Region. This would include the terms of reference (TOR) for the consultant to undertake the study as well as reviewing and finalising the consultant's report before its submission to the technical sub-committee.

iii) *That WABA:*

- Work with WAMA, WAMI and the BCEAO to finalise the document on quoting and trading of national currencies and forward the document to the technical sub-committee; and

- Intensify efforts to make the WAMZ payments system infrastructure compliant with that of the UEMOA zone.

iv) That WAMI:

- Bring on board WAMA and the BCEAO into the coordination of capital account liberalisation in ECOWAS member states.

8.3.2 The West African Monetary Agency (WAMA)

The 2010 statutory meeting of the West African Monetary Agency (WAMA) was held in Dakar, Senegal from November 23-25, 2010. The meeting of the Committee of Governors, which was held on November 25, was preceded by the Joint Technical Committee meeting from November 23-24, 2010. The Committee:

- Noted that public expenditure by member countries remained a major challenge to regional integration. Nonetheless, the meeting observed that although there was need to reduce expenditure, capital expenditure should not be affected due to its implications for output and employment;

- Underscored the importance of financial sector integration in ECOWAS, and observed the need for the process to begin with all the relevant components at the national level. Member countries were urged to remove all impediments to integration at the national level in order to facilitate a region-wide integration;

- Decided that the College of Supervisors in the WAMZ countries should be embraced by the UEMOA zone so as to foster region-wide financial sector integration and collaborative oversight; and

- Consulted and agreed that Nigeria should retain the Chair of the Committee, pending the restoration of stability in Guinea.

8.3.3 The West African Institute for Financial and Economic Management (WAIFEM)

The Board of the West African Institute for Financial and Economic Management (WAIFEM) was unable to meet in 2010. However, WAIFEM executed thirty one (31) training and capacity building programmes in the year. The activities consisted of ten (10) courses and workshops, as well as missions conducted under debt management department, twelve (12) by macroeconomic management department and nine (9) by the financial sector management department. Eight hundred and fifty-seven (857) senior/executive level officials from central banks, core economic ministries, public and private sector agencies participated in the various programmes.

In terms of participation by user institutions, central banks accounted for 381 or 44.5 per cent, core economic ministries 164 or 19.1 per cent, while other public sector agencies and private sector organisations accounted for 51 or 6.0 per cent. Regarding gender distribution, there were 693 or 80.9 per cent male and 164 or 19.1 per cent female participants at the WAIFEM training programmes in 2010.

WAIFEM relocated to its permanent administrative block, following the completion of its renovation by the Central Bank of Nigeria. In 2010, the Board of Governors of the Institute recruited Dr. Johnson Asiama from the Bank of Ghana as Director, Macroeconomic Management Department and Mr. Euracklyn Williams from the Bank of Sierra Leone as Director, Administration and Finance.

The Management of WAIFEM also recruited staff for the positions of Senior Programme Manager (Financial Sector Management Department), Programme Managers (Macroeconomic and Debt Management Departments), an Internal Auditor and a Research Officer.

In its efforts to remain the centre of excellence in capacity building, WAIFEM, signed Memoranda of Understanding (MoU) with the following institutions:

(i) The Centre for Research on Political Economy (CREPOL), based in Dakar, Senegal. The MoU allowed the two Institutions to collaborate in the areas of training, research, advisory services, advocacy, policy debates, exchange of information and data, as well as staff exchange and sabbatical leave; and

(ii) The West African Monetary Institute (WAMI), Ghana, for capacity building.

The Institute also received technical support from the World Trade Organization (WTO), the Economic Commission for Africa (ECA), the World Bank and the IMF. It opened discussions with the African Growth Initiative of the Brookings Institute in Washington, D. C., USA with a view to accessing funds to support WAIFEM's research activities, as well as other areas of collaboration.

Appendix A1

Balance Sheet
As at 31st December, 2010

	Note	2010 ₦' Million	2009 ₦' Million
Assets:			
External reserves	2	4,953,779	6,191,163
Holdings of Special Drawing Rights	3	384,833	352,465
Nigerian Government Securities	4	272,829	317,269
Loans and advances	5	320,163	387,549
Investments	6	107,191	88,584
Other assets	8	475,647	464,700
Fixed assets	9	208,192	159,182
		6,722,634	**7,960,912**
Liabilities:			
Deposit accounts	10	4,145,816	5,088,242
Central Bank of Nigeria instruments	11	105,878	50,800
Notes and coins in circulation	12	1,378,135	1,181,828
International Monetary Fund allocation of Special Drawing Rights	14	384,870	388,982
Other financial liabilities	15	515,345	666,914
		6,530,044	**7,376,766**
Capital and reserves:			
Share capital	18	5,000	5,000
General reserve fund	19	83,477	71,854
Fixed assets revaluation reserve	20	57,069	63,143
Foreign currency revaluation reserve	21	14,070	379,982
Reserve on fund managers' investments	22	32,974	64,167
		192,590	**584,146**
Liabilities and Equity		**6,722,634**	**7,960,912**

	Governor	24 February 2011
	Director	24 February 2011
	Director	24 February 2011
	Director of Finance	24 February 2011

The accounting policies on pages 174 to 180 and the notes on pages 181 to 199 form part of these financial statements.

Appendix A2

Income Statement
For the Year ended 31st December, 2010

	Notes	2010 ₦'Million	2009 ₦'Million
Interest income	23	106,742	158,850
Interest expense	24	(33,921)	(22,665)
Net Interest Income		**72,821**	**136,185**
Realised gain on foreign currency	21	354,712	449,704
Other operating income	25	**134,648**	**123,132**
		562,181	**709,021**
Provision for bad and doubtful debts	26	(206,400)	(412,295)
Operating Costs	27	(298,685)	(256,913)
		57,096	39,813
(Net charge)/Write back to provisions	17	(10,603)	4,050
Surplus available for appropriation		**46,493**	**43,863**
Appropriation:			
Transfer to general reserve fund	19	11,623	10,966
Transfer to Federal Government of Nigeria under S.5 (3) of the Central Bank of Nigeria Act 2007	16	34,870	32,897
		46,493	43,863

The accounting policies on pages 174to 180 and the notes on pages 181 to 199 form part of these financial statements.

Appendix A3

Statement of Cash Flows
For the Year ended 31st December, 2010

	Notes	2010 N'Million	2009 N'Million
Cash flow generated from operating activities			
Net Cash utilised by from operating activities	28	(1,127,029)	(634,070)
Cash flow (utilised by)/generated from investing activities			
Purchase of fixed assets		(58,567)	(32,340)
Proceeds from sale of fixed assets		12	30
Deposit for shares		(5,493)	(10,186)
Purchase of promissory notes of Transnational Corporation of Nigeria Plc		-	(63,000)
Increase in Investment (Note 6)		(18,667)	-
Net investment in Government bonds		44,440	(44,862)
Net cash utilised by investing activities		(38,275)	(150,358)
Cash flow utilised by financing activities			
Surplus paid to the Federal Government of Nigeria		(39,712)	(6,239)
Net cash utilised by financing activities		(39,712)	(6,239)
Decrease in cash and cash equivalents		(1,205,016)	(790,667)
Balance at the beginning of the year		6,543,628	7,334,295
Decrease in cash and cash equivalents		(1,205,016)	(790,667)
Balance at the end of the year		5,338,612	6,543,628
The balance at the end of the year is analysed as follows:			
Bank balances		5,218,256	6,469,430
Sundry currencies		120,356	74,198
		5,338,612	6,543,628

Appendix B1

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies were adopted by the Bank in the preparation of its financial statements and have been consistently applied:

a. Basis of presentation

These are the financial statements of the Central Bank of Nigeria (CBN or the Bank), a body corporate established by the Central Bank of Nigeria Act of 1958 as amended by the CBN Act No. 7 of 2007. The financial statements are prepared under the historical cost convention as modified by the valuation of certain fixed assets and comply with the accounting policies set out below:

b. Consolidation

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have not been consolidated. These entities are not consolidated because their activities and accounting policies are different from those of the Bank. Such entities are accounted for as long-term investments.

c. Foreign currency activities

Foreign currency transactions are recorded in Naira, using the exchange rates prevailing at the dates of the transactions. Differences arising at the dates of settlement are recognized in the income and expenditure account.

At the balance sheet date, assets and liabilities denominated in foreign currencies are converted to Naira, using the closing rate except where a balance is to be settled at a contracted rate, then that rate is used. All differences arising on conversion are taken to the income and expenditure account, except differences on long-term foreign currency monetary items which are deferred and taken to the income and expenditure account on a systematic basis over the remaining lives of the monetary items concerned.

d. External reserves

Gold reserves are held for long-term purposes and are not being traded. It is carried at cost.

External reserve balances at year-end are converted into Naira in accordance with the policy in "c" above. All gains and losses realized on external reserve balances are recognized as follows: revaluation gains and losses on reserves due to the Federal Government of Nigeria (FGN) are for the account of the FGN and, consequently, all translation profits and losses are transferred to the respective deposit accounts of the FGN:

Revaluation gains and losses on external reserve balances of the Bank are transferred to its Foreign Currency Revaluation Reserve Account.

e. Loans and receivables

The following assets have been classified as loans and receivables for the purposes of assessing their recoverability: loans and advances; amounts due by liquidator of distressed banks; and other assets.

A specific credit risk provision is established to provide for Management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This provision is made for each account that is not performing in accordance with the terms of the related facility. The basis is as follows:

Interest and/or principal outstanding for over	Classification	Provision
90 days but less than 180 days	Sub-standard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Lost	100%

In addition, a provision of 1% is made for all performing risk assets to recognize losses in respect of risks inherent in any credit portfolio. The 1% provision is applicable to only loans and advances.

Provisions for losses on doubtful receivables are recognized in the income and expenditure account.

When a loan is deemed not collectible, it is written off against the related provision for loan losses and subsequent recoveries are credited to income.

Risk assets in respect of which a previous provision was not made are written directly to the income statement when they are deemed to be not collectible.

In addition to the above basis, Management subjectively makes provisions for loans on the basis of their assessment of the likelihood of recoverability of the facility, and/or risks inherent in such facilities.

f. Investment securities

The Bank's investments in securities are categorized into: long-term investments and short-term investments.

(i) Long term investments

Long-term investments are equity and debt held by the Bank over a long period of time to earn income.

Long-term investments are carried at cost. When there has been a permanent decline in the value of an investment, the carrying amount of the investment is written down to recognize the loss. Such a reduction is charged to the income statement. Reduction in the carrying amount is reversed when there is an increase, other than temporary, in the value of the investment, or if the reasons for the reduction no longer exist.

(ii) Nigerian Government Securities

Nigerian Government Bonds represent debt instruments issued by the Federal Government of Nigeria (FGN) in which the Bank has invested. These bond issues are normally underwritten by the Bank and the investments arise as a result of crystallization of its underwriting commitment.

Treasury bills of the Federal Government of Nigeria are initially recorded at cost and subsequently measured at amortized cost.

Treasury bonds and development stocks are initially recorded at cost, plus the incidental cost of acquisition and subsequently measured at amortised cost. A decline in value is not taken into account unless it is considered to be permanent. Where a permanent decline in the value of such bonds and development stock are deemed to have occurred, the carrying amounts of these bonds are written down to recognize the loss.

Interest earned on investment securities is reported as interest income. Dividend received is reported as dividend income.

g. Fixed Assets

All items of fixed assets are initially recognized at cost. Cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent measurement Fixed assets at historical cost

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income and expenditure account during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight line basis to write down the cost/valued amounts of fixed assets to their residual values over their estimated useful life at the following rates:

Land and Buildings	2.0%
Motor Vehicles:	
Buses	12.5%
Cars	20.0%
Lorries	10.0%
Plant and equipment	
Air conditioners, generators and water pumps	15.0%
Currency processing machines	10.0%
Furniture and Fittings	20.0%
Computer software/hardware	33.3%

Costs related to fixed assets under construction or in the course of implementation are disclosed as capital work-in-progress. The attributable cost of each asset is transferred to the relevant category immediately the asset is put into use and then subjected to depreciation.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the income and expenditure account for the year.

h. Borrowings (loans)

Borrowings are recognized initially at their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Interest paid on borrowings is recognized in the income and expenditure accounts for the year on a prorata basis.

i. Currency in circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. The liability in respect of notes and coins in issue at the balance sheet date is stated at the nominal value of the currency.

j. Central Bank of Nigeria instruments

Central Bank of Nigeria instruments comprise Promissory Notes and Open Market Operations Bills.

Central Bank of Nigerian Promissory Notes represent short- to medium-term debt instruments issued by the Bank to commercial banks assuming net liabilities under the Purchase and Assumption distress resolution programme for banks which could not meet the minimum capital requirement for licensed banks.

Promissory Notes are recognized at the face value of the instrument.

Open Market Operations Bills represent short-term debt instruments of the Bank issued to commercial banks as a liquidity management tool. They are recognized at cost less any unamortized premiums/discounts.

Interest paid on these instruments is recognized in the income and expenditure account for the year.

k. Retirement benefits

The Bank operates a defined benefit plan and a contributory retirement savings scheme as required by the Pension Reforms Act of 2004. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Bank and the employees pay fixed contributions into a separate entity. The Bank contributes 15% of basic salary, housing and transport allowances of the qualifying employees while the employees contribute 7.5% on the same basis towards the pension plans.

For the defined benefit plan, the employer's obligation is calculated periodically by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial deficit arising from adjustments and changes in actuarial assumptions are to be amortised systematically over a period of not more than three (3) years.

For defined contribution plans, the Bank pays contributions to privately administered pension fund administrators on a monthly basis. The contributions are recognized as employee benefit expense in the income and expenditure account. The Bank has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

l. Provisions

Provisions are recognized when the Bank has a present obligation, whether legal or constructive, as a result of a past event for which it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

i. **Internal Currency insurance**
This provision is accumulated to cover possible losses that could arise on currency stock held within the Bank and in transit. The provision is determined as premium payable to provide insurance cover over such losses.

ii. **Contingency/Guarantees**
Contingency/Guarantees provision are determined on the basis of experts' valuation (where applicable) and/or the best estimate by Directors of the Bank of the probable resources required to meet the Bank's present obligations, if and when they crystallise.

iii. **Self-insurance schemes**
The Bank operates self-administered insurance schemes through duly constituted trustees for all potential losses for currency in transit and in vaults and for replacement and major repairs for its fleet of vehicles. Annual appropriations are made, based on past experience.

These schemes are fully funded and managed independent of the Bank's operations.

m. Sale and repurchase agreements

The Bank has entered into repurchase agreements as part of its monetary policy activities. Securities purchased under agreements to resell are recorded under the heading "Loans and Advances" as loans and receivables. Securities sold under agreement to repurchase are disclosed as reverse repurchase agreements included in deposit accounts.

The underlying Securities purchased under repurchase agreements are not recorded by the Bank. Likewise, underlying securities sold under repurchase agreements are retained in the books of the Bank.

The differences between the purchase and sale prices are treated as interest and recognized on an accrual basis.

n. Appropriations

In accordance with Section 5(2) of the Central Bank of Nigeria Act No.7 of 2007, the Bank makes an annual appropriation representing one-quarter of the operating surplus of the Bank for the year to a general reserve fund.

All remaining surplus after the statutory appropriation to the general reserve fund is payable to the Federal Government of Nigerian on a semi-annual basis. This is in accordance with section 5(3) of the Central Bank of Nigeria Act No. 7 of 2007.

o. Cash flow

For the purpose of the cash flow statement, cash and cash equivalents comprise sundry currency balances and bank balances with foreign banks.

p. Revenue recognition

Interest income and expenses are recognised on a time proportion basis, taking account of the principal outstanding amount and the rate over the period to maturity.

Interest income and expenses are recognised in the income and expenditure account for all interest-bearing instruments on an accrual basis. Where the instrument is deemed to be non-performing, interest income is suspended and recognized on a cash basis. Interest income and expense include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its determined amount at maturity.

Fees and commissions, where material, are amortized over the life of the related service. Otherwise fees, commissions and other income are recognized as earned upon completion of the related service.

Dividends are recognized when the right to receive payment is established.

Other revenue arising from the provision of services to clients is recognized on an accrual basis in accordance with the substance of the relevant transaction.

q. Currency issuance and management expenses

Note-printing and coin-minting expenses include ordering, printing, minting, freight, insurance and handling costs. These costs are recorded as prepaid expenses and subsequently released to the income and expenditure account when the currency is delivered to the Bank.

Appendix B2

Notes to the Financial Statements for the Year ended 31st December, 2010

1. General Information

The Central Bank of Nigeria (CBN or the Bank) is the apex regulatory authority of the banking system in Nigeria .It was established by the ***Central Bank of Nigeria Act of 1958***, as amended by the CBN Act No7 of 2007. It commenced operations on 1 July 1959.

The issued capital of the Bank is wholly owned by the Federal Government of Nigeria .The principal objectives of the Bank are to ensure monetary and price stability, issue legal tender currency in Nigeria, maintain external reserves to safeguard the international value of the legal tender currency, promote a sound financial system in Nigeria, act as banker to the Federal Government and Federal Government Parastatals, and provide financial advice to the Federal Government of Nigeria.

2. External reserves

	2010 ₦' Million	2009 ₦' Million
Convertible Currencies (see notes 2 a and 2b)	4,953,737	6,191,121
International Monetary Fund Reserve tranche	23	23
Gold	19	19
	4,953,779	**6,191,163**
(a) Convertible currencies comprise:		
Current account with foreign banks	821,585	725,240
Time deposits and money employed	1,872,343	2,699,809
Domiciliary accounts	469,834	630,965
Other foreign securities	1,669,619	2,060,909
Sundry currencies and travellers' cheques	120,356	74,198
	4,953,737	**6,191,121**

Included in convertible currencies is an amount of N2,046.62 million, (2009 N2,568.71 billion), which represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts for letters of credit transactions and other purposes. The corresponding liability for this amount is included in deposits. (see note 10b)

	2010 ₦' Million	2009 ₦' Million
(a) Convertible currencies are further analysed by Currency		
United States Dollar	4,064,423	5,306,668
British Pounds Sterling	193,191	195,832
Euro	688,903	680,299
Japanese Yen	4,230	2,448
Others	2,990	5,874
	4,953,737	**6,191,121**
3. Holdings of Special Drawing Rights		
At 1 January	352,465	156
Additional holdings	-	355,863
Acquisitions during the year	34,274	7
Interest earned in the year	992	306
Charges for the year	(1,034)	(513)
Revaluation	(1,864)	(3,354)
At 31 December	**384,833**	**352,465**
4. Nigerian Government Securities		
Nigerian Treasury Bills	44,169	1,900
Nigerian Treasury Bonds	228,651	252,314
Nigerian Development Stocks	9	25
Promissory notes	-	63,030
	272,829	**317,269**

The CBN invested in Nigeria Treasury Bonds with coupon rates of 5% - 12.5%. The last Treasury bond will mature on 15 October 2024. The Bank as directed by the Federal Government through a refinancing arrangement purchased promissory notes issued by the Federal Government of Nigeria to Union Trustees in respect of loans granted to Transnational Corporation of Nigeria Plc. by a consortium of banks (represented by Union Trustees Limited). The promissory notes, with an interest rate of 8.28%, were converted to Federal Government Bonds on 22 September 2010.

5. Loans and advances

	2010 ₦' Million	2009 ₦' Million
Overdraft balances & short - term advances	263,571	184,225
Staff loans	5,165	3,203
Loans to DMBs on Commercial Agricultural Credit Scheme (Note 15)	95,606	43,333
Advances to Federal Mortgage Bank of Nigeria	9	9
Other loans	12,794	17,174
Long-term loans (see 5(b))	603,319	637,000
	980,464	**884,944**
Provision for loan losses (Note 5a):	**(660,301)**	**(497,395)**
	320,163	**387,549**

5a Movement in provision for loan losses

	2010 ₦' Million	2009 ₦' Million
At 1 January	497,395	85,559
Eliminated through forebearance	(36,940)	(24,594)
	460,455	60,965
Provision for the year	199,846	436,430
At 31 December	660,301	497,395

Overdraft balances and short-term advances

Overdraft balances represent lending to customers and are collateralized by Treasury Bills and Federal Government Bonds.

Other loans

Other loans represent accommodation to distressed and liquidated banks. These have been fully provided for.

5b Long term loans:

	2010 ₦' Million	2009 ₦' Million
At 1 January	637,000	7,127
Addition in the year	3,694	667,000
Repayments during the year	(435)	(12,533)
Eliminated through forbearance	(36,940)	(24,594)
	603,319	637,000

Details of benefitting banks and amounts granted by CBN:

Afribank Plc	50,000	50,000
Bank PHB Plc	70,000	70,000
Finbank Plc	50,000	50,000
Intercontinental Bank Plc	100,000	100,000
Oceanic Bank Plc	100,000	100,000
Societe Generale Bank Ltd	3,258	-
Spring Bank Plc	60,000	60,000
Union Bank Plc	120,000	120,000
Wema Bank Plc	50,061	87,000
	603,319	637,000

Except for Societe Generale Bank Ltd., long term loans represent Central Bank of Nigeria's 7 years special intervention support to under-capitalized deposit money banks at an interest rate of 3.25% per annum as at 31 December 2010. (2009: 8% per annum). A provision of 100% has been effected in the financial statements as at 31 December 2010 for the loan balance. As at 31 December 2010, the Assets Management Corporation of Nigeria (AMCON) had been established and had acquired some of the toxic assets of these banks.

6. Investments

	Percentage Holding	2010 ₦' Million	2009 ₦' Million
Investments in subsidiaries and associates:	%		
Abuja Securities & Commodity Exchange	51	408	408
Africa Finance Corporation	42	57,958	57,958
Asset Management Corporation of Nigeria	50	250	-
Bank of Industry	40	2,708	2,708
National Economic Reconstruction Fund	33	100	100
Nigerian Agricultural Cooperative and Rural Development Bank	40	4,027	4,027
Nigeria Deposit Insurance Corporation	60	1,380	1,380
Nigerian Security Printing and Minting Company Plc (NSPMC)	77	13,390	13,250
Nigerian Export Import Bank	40	25,000	6,723
6% Perpetual Debentures in Nigeria n Export Import Bank	-	1,250	1,250
		106,471	**87,804**
Other Investments:			
Agricultural Credit Guarantee Scheme Fund	40	1,200	1,200
Federal Mortgage Bank of Nigeria		60	60
Nigerian Interbank Settlement System	4	53	53
		1,313	1,313
		107,784	**89,117**
Provision for diminution in value of investments		(593)	(533)
		107,191	**88,584**

7. Amount paid out in respect of the following distressed banks

	2010	2009
African Express Bank	663	930
African International Bank	2,300	-
All States Trust Bank	15,922	15,922
Assurance Bank	4,475	4,475
City Express Bank	5,372	5,181
Gulf Bank	6,108	5,662
Hallmark Bank	2,979	1,886
Lead Bank	3,821	4,979
Trade Bank	7,303	8,103
	48,943	47,138
Provision for doubtful balances	(48,943)	(47,138)

The Bank entered into Purchase and Assumption arrangements with the Nigeria Deposit InsuranceCorporation (NDIC) and some banks over private sector deposits and certain capital assets of some distressed banks in liquidation. Accordingly, the Bank issued promissory notes for the net liabilities assumed. See Note 11 for the liability in respect of the promissory note issued.

8. Other assets

Due from Agricultural Credit Guarantee Scheme Fund	711	1,176
Accrued interest receivable	13,805	26,593
Accounts receivable	29,738	33,302
Deposit for shares (NSPMC, BOI, Islamic Liquidity Management Corporation, Malaysia and AMCON) (Note (8a) below)	20,625	15,132
Sundry receivables (Note (8b) below)	415,484	390,929
	480,363	**467,231**
Provision for doubtful balances	(4,716)	(2,432)
	475,647	**464,700**

8a. Deposit for shares represents deposits made by the Bank in respect of equity of the Nigerian Security Printing and Minting Company Plc. (N10.19 billion), bank of Industry (N4.95 billion), Islamic Liquidity Management Corporation, Malaysia (N743 million) and Asset Management Corporation of Nigeria (N4.75 billion). The shares have not been allotted as at 31 December 2010.

8b. Sundry receivables are further analysed as:

Deferred interest and prepayments	8,292	2,584
IMF Quota	402,747	382,422
Cheques in clearing	3,522	2,405
Others	923	3,518
	415,484	**390,929**

9. Fixed Assets

	Land & buildings	Plants & equipment	Furniture & fittings	Computers	Motor vehicles	Capital work in progress	Total
	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M
2010:							
Cost/valuation:							
At 1-January	79,001	27,042	2,191	5,881	4,021	77,709	195,845
Additions	-	5,192	270	2,352	1,146	49,607	58,567
Disposals	-	-	-	-	(25)	-	(25)
Transfers in/(out)	-	-	-	-	-	-	-
Adjustments	-	(11,743)	(457)	(808)	(3,058)	-	(16,066)
At 31-December	**79,001**	**20,491**	**2,004**	**7,425**	**2,084**	**127,316**	**238,321**
Accumulated depreciation:							
At 1 January	8,444	19,076	1,880	5,432	1,831	-	36,663
Charge for the year	2,022	946	367	694	261	-	4,290
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	(25)	-	(25)
Adjustments	-	(8,283)	(392)	(745)	(1,379)	-	(10,799)
At 31-December	**10,466**	**11,739**	**1,855**	**5,381**	**688**	**-**	**30,129**
Net book value	**68,535**	**8,752**	**149**	**2,044**	**1,396**	**127,316**	**208,192**

During the year, the Bank conducted a fixed asset verification exercise and effected adjustments as deemed necessary. Fully depreciated assets are carried at nominal values.

In 2003, the Bank reinstated items of fixed assets that had been previously written off. Accordingly, all assets except motor vehicles and the Head Office building were valued by Messrs Onakanmi and Partners, Supo Ojo and Co, Ora Egbunike and Associates, Bello and Co, Adamu Muhammed and Partners, OlatoyeOgundana and Partners, Dosu Fatokun and Co, and Mohammed and Co. The assets were valued as at 31 December 2002 on either open market basis assuming a willing seller and an able buyer or depreciated replacement cost basis where market information was not available. Subsequent additions have been incorporated at cost

APPENDIX B2

NOTES TO THE FINANCIAL STATEMENTS

9. Fixed Assets Cont'd

2009:

Cost/valuation:	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M
At 1 January	66,317	19,559	2,006	6,194	2,706	69,262	166,044
Additions	969	2,124	261	33	1,278	27,675	32,340
Disposals	-	-	-	-	(21)	-	(21)
Transfers in/(out)	11,366	2,898	-	-	-	(14,264)	-
Adjustments	349	2,461	(76)	(346)	58	(4,964)	(2,518)
At 31-December	**79,001**	**27,042**	**2,191**	**5,881**	**4,021**	**77,709**	**195,845**
Accumulated depreciation:							
At 1 January	7,340	9,183	1,783	5,120	1,191	-	24,617
Charge for the year	1,900	2,434	29	355	364	-	5,082
Disposals	-	-	-	-	(18)	-	(18)
Adjustments	(796)	7,459	68	(43)	294	-	6,982
At 31-December	**8,444**	**19,076**	**1,880**	**5,432**	**1,831**	**-**	**36,663**
Net Book Value	**70,557**	**7,966**	**311**	**449**	**2,190**	**77,709**	**159,182**

10. Deposit accounts

	2010 ₦' Million	2009 ₦' Million
Government deposits:		
-Capital/settlement accounts	**1,703,128**	**2,267,979**
-Domiciliary accounts	**469,834**	**630,965**
Other Accounts (see (a) below)	**1,576,786**	**1,937,743**
Financial Institutions:		
-Current/settlement accounts	**302,527**	**165,952**
-Bank's reserve accounts	**93,541**	**85,603**
	4,145,816	**5,088,242**

10a. Other accounts are further analysed as follows:

	2010	2009
FGN PPT Naira funding account	508,898	973,760
Special reserve account	627	622
FGN excess crude oil proceeds (Naira funding) account	273,347	178,910
Letters of credit consolidated account	314,653	283,905
FGN (External creditors) funding account	42,767	88,345
NNPC/ NAPIMS cash call account	6,353	6,353
Deposits for Naira draft account	2,832	2,953
Monetary policy stabilization account	4,618	4,618
IMF Securities Account	397,373	379,484
Sundry accounts	25,318	18,793
	1,576,786	**1,937,743**

10b. Foreign currency deposits held on behalf of customers for letters of credit transactions and other purposes are analysed below:

	2010	2009
Domiciliary accounts	469,834	630,965
Other accounts	1,576,786	1,937,743
	2,046,620	**2,568,708**

	2,046,620	**2,568,708**
11. Central Bank of Nigeria instruments		
Central Bank of Nigeria Promissory Notes (see 11(a))		
At 1 January	-	19,343
Issues during the year	4,030	6,708
Redemption in the year	(2,993)	(25,924)
Accrued interest	91	(127)
At 31 December	1,128	-
Open Market Operations - CBN bills (see 11(b)):		
At 1 January	50,800	607,725
Issued during the year	270,750	254,491
Redemption during the year	**(216,800)**	**(811,416)**
At 31 December	**104,750**	**50,800**
Total Central Bank of Nigeria Instruments	**105,878**	**50,800**

(a) The CBN issued Promissory Notes to Ecobank Nigeria Plc. and United Bank for Africa Plc as part of a Purchase and Assumption Arrangement over the private sector deposits and certain assets of African International Bank Limited and Hallmark Bank Plc (Ecobank Nigeria Plc), City Express Bank Plc (United Bank for Africa Plc). The Promissory Notes have tenors of 1 2 years and carry coupon rates of 4.2% - 4.6%.

(b) Central Bank of Nigeria Bills represent bills of the Bank issued to commercial banks as a liquidity management tool. These instruments have tenors ranging from 7 days 365 days and carry discount rates ranging from 1.1% - 8.6% per annum.

	2010 ₦' Million	**2009 ₦' Million**
12. Notes and coins in circulation		
Notes	1,376,993	1,180,686
Coins	1,142	1,142
	1,378,135	**1,181,828**
13. Employment benefit liabilities		
Defined benefit scheme:		
At 1 January	-	40,163
Contributions	-	2,345
Provision for actuarial deficit	-	22,280
Remittances/Transfers to trustees	-	(64,788)
At 31 December	**-**	**-**
Defined contributory scheme:		
At 1 January	-	-
Contributions	4,345	43
Remitted to trustees	(4,345)	(43)
At 31 December	**-**	**-**

The Bank operated a non-contributory defined benefit pension scheme (Legacy scheme) for existing pensioners and staff. The scheme was funded by contributions of 50% of the employees' annual salary and certain allowances. An actuarial valuation is conducted by qualified independent actuaries and any resulting deficit recognized in the income and expenditure statement.

In accordance with the Pension Reform Act of 2004 and following approval from the National Pension Commission, the Bank introduced contributory defined benefit and defined contribution schemes (both referred to as the hybrid scheme) to replace the legacy scheme. The hybrid scheme allowed members of the legacy scheme to elect to either continue with the defined benefit scheme or join a defined contribution scheme. For members electing to join the defined contribution scheme element of the hybrid scheme, the balance due to them under the defined benefit scheme was determined and remitted to a pension fund administrator chosen by the member. Subsequent to 31 December 2007, new employees of the Bank would join the defined contribution scheme element of the hybrid scheme.

Under the terms of the hybrid scheme, the Bank contributes 15% of basic salary, housing and transport allowances of qualifying employees, while the employees contribute 7.5% on the same basis. Contributions to the hybrid scheme are remitted to pension fund administrators through deposit accounts maintained by trustees of the scheme. An actuarial valuation of the defined benefit element of the hybrid scheme is conducted by qualified independent actuaries and the Bank has agreed to make good any deficit arising from the actuarial valuation.

The defined benefit element of the hybrid scheme was actuarially assessed independently by the firm of Alexander Forbes Consulting Actuaries and HR Nigeria (Consultants and Actuaries) as at 31 December 2009 and actuarial surpluses of N20.06 billion and N37.20 billion were respectively established against the deficit of N89.12 billion for the year ended 31 December 2008. The sum of N44.56 billion, representing 50% of the actuarial deficit, has been charged to the financial statements for the year ended 31 December 2008 while N 22.28 billion, representing 25% of the deficit, has been charged to the financial statements of the Bank for the year ended 31 December 2009, in line with accounting policy. The balance of N22.28 billion representing 25% of the deficit is no longer required to be charged to the financial statements for the year ended 31 December 2010 as the board approved the discontinuance of the non-contributory deficit pension scheme on 31 December 2009.

The trustees maintain a deposit account with the Bank with respect to contributions and as at 31 December 2010, the balance was N2.13 million (2009: N157.89 million).

As at 31 December 2009, the Bank approved the discontinuance of the hybrid scheme and its substitution with defined contribution scheme to forestall any future actuarial deficit going forward in respect of the remaining employees.

14. IMF Allocation of Special Drawing Rights	**2010 ₦' Million**	**2009 ₦' Million**
At 1 January	388,982	31,769
Additional allocation	-	357,213
Revaluation	(4,112)	-
At 31 December	**384,870**	**388,982**

Special Drawing Rights (SDR) are issued by the International Monetary Fund (IMF) to member countries and represent allocations available to member countries in managing and meeting their sovereign payment obligations. The IMF calculates the daily value of the SDR in terms of the United States of America (US) Dollars by reference to a valuation basket of four currencies (USD, GBP, Euro & Japanese Yen). The applicable interest rate on SDR is set at the weekly interest rates on the basis of a weighted average of interest rates on the short-term instruments in the markets of the currencies included in the SDR allocation basket.

15. Other financial liabilities	**₦' M**	**₦' M**
Interest payable	408	172
Accrued charges	83,972	45,428
Surplus payable to the Federal Government of Nigeria (Note 16)	28,352	33,194
Sundry payables	155,685	351,795
Payable to DMO on Commercial Agricultural Credit Scheme	200,000	200,000
Bank of Tokyo-Commodity loan	1	1
Other provisions (Note 17)	46,927	36,324
	515,345	**666,914**

The Bank, on 6 March 2009, obtained the approval of the Federal Government to mobilize the sum of N200 billion through the issuance of Federal Government Bonds for disbursement to Commercial Agric Farmers as part of CBN's developmental role in the economy. In that regard, the CBN signed an MoU with the DMO to source and issue the said bond at the rate of 10.14% which is the average of the marginal rates for the three-year bond from March to July 2009. A total of N95.6 billion (Note 5) out of the said amount has been paid by the Bank to the DMBs for disbursement to the farmers, as at 31 December 2010.

16. Surplus payable to Federal Government of Nigeria

	₦' M	₦' M
At 1 January	33,194	6,536
Transfer from income and expenditure account	34,870	32,897
Paid during the year	(39,712)	(6,239)
At 31 December	**28,352**	**33,194**

17. Other provisions

	At 1 January ₦' Million	Additional Provision ₦' Million	At 31 December ₦' Million
2010:			
Contingency (see (a) below)	31,890	-	31,890
Internal currency insurance funds (see (b) below)	4,434	-	4,434
Agricultural credit fund (see (c) below)	-	10,603	10,603
At 31 December	**36,324**	**10,603**	**46,927**
2009			
Contingency	32,234	(344)	31,890
Internal currency insurance funds	7,800	(3,366)	4,434
Agricultural credit fund	340	(340)	-
At 31 December	**40,374**	**(4,050)**	**36,324**

(a) Contingency provisions represent provisions in respect of probable legal obligations (note 29a).

(b) The Bank makes provisions for Internal currency insurance, based on the premium that would be payable to external insurers had they been engaged. Losses incurred are indemnified against these provisions.

(c) The Agricultural Credit Guarantee Fund was set aside to provide guarantees to third party lenders on behalf of participating agricultural enterprises. Amounts provided were based on the guarantees issued by the Bank. Following the creation of the Nigerian Export-Import Bank (NEXIM), this function was transferred out of the Bank. No additional provisions have been made in the current year.

	2010 ₦' Million	2009 ₦' Million
18. Capital		
Authorised share capital	100,000	100,000
Issued and fully paid up:		
At 1 January and 31 December	5,000	5,000

Section 4(1) of the Central Bank of Nigeria Act No 7 2007 gave approval to the increase in authorized capital of the Bank from N5 billion to N100 billion. S4 (2) provides that all the capital of the Bank shall be subscribed and held only by the Federal Government of Nigeria.

19. General reserve fund

	2010	2009
At 1 January	71,854	60,888
Transfer from appropriation account	11,623	10,966
At 31 December	**83,477**	**71,854**

20. Fixed assets revaluation reserve

	2010	2009
At 1 January	63,143	63,143
Realised on disposal/verification exercise carried out during the year	(6,074)	-
At 31 December	**57,069**	**63,143**

21. Foreign currency revaluation reserve

	2010	2009
At 1 January	379,982	358,130
Net gain/(loss) on revaluation during the year	(11,200)	471,556
	368,782	829,686
Realized gain transferred to income and expenditure account	**(354,712)**	**(449,704)**
At 31 December	**14,070**	**379,982**

The foreign currency revaluation reserve is used to record exchange movements on long-term monetary assets of the Bank. Unrealised losses or gains on revaluation of these assets are recorded in the account and upon realisation of the asset, the corresponding gain or loss is transferred to the income and expenditure account.

22. Reserve on fund managers' investments	2010	2009
At 1 January	64,167	16,429
Movement during the year	(31,193)	47,738
At 31 December	**32,974**	**64,167**

23. Interest income		
Analysis by type		
Time deposits and money employed	31,520	56,432
Federal Government Securities	33,995	27,801
Loans and advances	41,227	74,617
	106,742	**158,850**
Analysis by geographical location:		
Domestic	75,222	102,418
External	31,520	56,432
	106,742	**158,850**

24. Interest expense		
Central Bank of Nigeria Instruments	4,593	12,276
Interest on Treasury Bonds	2,608	3,927
Deposit Balances	3,660	1,218
Interest subsidy on Commercial Agricultural Credit Scheme	23,060	5,244
	33,921	**22,665**

All interest was paid locally

25. Other operating income		
Fees	2,475	2,953
Foreign exchange earnings	80,540	77,244
Commissions	26	149
Gain on sale of fixed assets	12	27
Realized gain on fund managers' investments	37,734	-
Other income	13,861	42,759
	134,648	**123,132**

26. Provisions		
Loans and advances	199,845	436,430
Promissory notes issued	4,030	6,708
Contingent liabilities	-	31,890
Investments	60	-
Other assets	2,465	2,315
Provision no longer required	-	(65,048)
	206,400	**412,295**

27. Operating costs

Currency issue expenses	57,931	57,091
Salaries and wages	51,916	25,900
Gratuity	37,408	35,806
Other staff expenses	5,533	5,468
Pension costs	2,928	23,417
Administrative expenses	42,364	36,937
Banking Sector Resolution Cost Sinking Fund	50,000	-
Donations	1,473	209
Depreciation charge	4,290	5,082
Repairs and maintenance	8,410	9,477
Consultancy fees	9,814	4,388
Bank charges	386	298
Audit fees	200	140
Directors'related expenses	307	530
Centres of excellence	1,229	2,716
Realised loss on fund managers' investments	-	49,454
Contribution to international conference center*	20,417	-
Contribution to internal national security	4,078	-
	298,685	**256,913**

*The CBN, in conjunction with the Federal Government of Nigeria, will be constructing a world class centre suitable for hosting of international conferences.

28. Cash generated from operating activities

Reconciliation of surplus for year to cash generated from operating activities:	**2010**	**2009**
Surplus before appropriation	46,493	43,863
Adjustments for:		
Depreciation	4,290	5,082
Profit on disposal of fixed assets	(12)	(27)
Provisions	217,003	412,295
Realised loss/(gain) on fund managers	(37,734)	49,454
Realised gain on foreign exchange currency	(354,712)	(449,704)
Net cash (utilised)/generated from operating activities	**(124,672)**	**60,963**

Changes in working capital:		
decrease on loans and advances	(95,520)	(276,358)
(Decrease)/Increase in foreign currency revaluation reserve	(11,200)	443,744
(Decrease)/Increase in fund managers' reserve	(31,193)	47,738
Decrease in other assets	100,911	342,451
Decrease in deposit accounts	(942,426)	1,169,756
Increase/(Decrease) in Central Bank of Nigeria instruments	55,078	(602,192)
Increase in notes and coin in circulation	196,307	26,778
Revaluation (loss)/gain on IMF allocation of SDR	(4,112)	51,017
(Decrease)/Increase in other financial liabilities	(270,202)	441,545
Cash utilised by changes in working capital	(1,002,357)	(695,033)
Cash utilised by operating activities	**(1,127,029)**	**(634,070)**

29. Contingent liabilities and commitments

(a) Legal proceedings

There were a number of legal proceedings outstanding against the Bank as at 31 December 2010 with contingent liabilities of N3,154 billion (2009=N637.784 billion). The Directors estimate that provision made for the contingent liability will be adequate to meet any liability that may crystalise.

The Directors are also of the opinion that all known liabilities and commitments which are relevant in the assessment of the state of affairs of the Bank have been taken into consideration in the preparation of these financial statements.

(b) Capital and other commitments

	2010 ₦' Million	2009 ₦' Million
Intervention funds	1,054,700	-
Capital Commitments	95,053	44,500
	1,149,753	**44,500**

Intervention funds balance of N1,055 billion represents commitments made in respect of Commercial Agricultural Credit Guarantee Scheme, Small and Medium Enterprises Credit Guarantee Scheme, Power and Aviation Fund, SME/Manufacturing Sector Intervention Fund and the Banking Sector Resolution Cost Sinking Fund. The capital commitments are in respect of fixed assets and will be funded from internal resources.

(a) Guarantees

	2010 ₦' Million	2009 ₦' Million
Deposit Money Banks	897,680	964,960
Discount Houses	42,160	19,500
Pension Fund Administrators	110,170	206,770
Foreign Banks	-	814,375
	1,050,010	**2,005,605**

The Bank during the year guaranteed local interbank balances and balances with other financial institutions. Guarantees represent total exposure to the Nigerian Financial Sector for foreign credit lines extended to deposit money banks.

30. Related party information

The Bank entered into banking transactions with related parties in the normal course of business. These transactions include the sale and purchase of currencies, services, loans, deposits, and foreign currency transactions.

All transactions with related parties were, however, carried out at arm's length.

31. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Appendix B3

REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF DIRECTORS OF THE CENTRAL BANK OF NIGERIA

Report on the Financial Statements

We have audited the accompanying financial statements of Central Bank of Nigeria, which comprise the balance sheet as at 31 December, 2010, the income statement, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 202 to 222.

Directors' Responsibility for the Financial Statements

In accordance with the provisions of the *Central Bank of Nigeria Act*, the Board of Directors are responsible for the preparation of the financial statements which give a fair presentation of the state of affairs of the Bank at the end of the year and its income and expenditure.

The responsibilities include ensuring that:

i. the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the *Central Bank of Nigeria Act*;

ii. appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;

iii. the Bank prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and

iv. it is appropriate for the financial statements to be prepared on a going concern basis.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the *Central Bank of Nigeria Act*.

The Directors are of the opinion that the financial statements give a fair presentation of the state of the financial affairs of the Bank and of its income and expenditure and cash flows.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Sanusi Lamido Sanusi, CON
Chairman
24th February 2011

Stephen Oronsaye, CFR
Director
24th February 2011

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements of the Bank on pages 171 to 197 for the year ended 31 December 2010 have been properly prepared in accordance with the accounting policies set out on pages 174 to 180 and complies with the provisions of the Central Bank Act No. 7 of 2007.

Akintola Williams Deloitte
Chartered Accountants
Abuja, Nigeria
28 February 2011

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
28 February 2011

APPENDIX C

GLOSSARY OF SELECTED TERMS

Approval in Principle: This refers to the grant of an initial permit/permission to any financial institution, pending the time it would meet the necessary requirements for operation to qualify it for a formal licence.

Balance of Payments (BOP): These are records of economic transactions between the residents of a country and the rest of the world during a given period of time. The major components of a BOP are the ***current account, the capital account and the official settlement balance***. The current account comprises transactions arising from the sale or purchase of goods and services and unrequited transfers, while the capital account is the record of assets and financial transactions. The official settlement account is used to equalise any imbalance that may exist in the current and capital accounts so that all the BOP accounts sum to zero.

Balance of Payments Position: *see* ***Foreign Exchange and Balance of Payments Position***

Bank Credit is a major determinant of the money supply and it embraces the amount of loans and advances given by the CBN as well as deposit money banks to economic agents. This is the banking system credit to the economy which can be broken down into bank credit to government and the private sector.

Capital Expenditure: Payment for non-financial assets used in the production process for more than one year. Loan amortisation (capital repayment) is included.

Cost of Capital is the cost incurred in securing funds or capital for productive purposes. The cost includes interest rate, legal, administrative and information search charges. This means that cost of capital is likely to be greater than or equal to interest rates on loans.

Cost of Funds: This refers to net expenses incurred in raising funds, including a reasonable profit margin. The expenses include the interest on deposits, reserve requirements and other administrative expenses, as a proportion of total funds borrowed.

Credit Risk: Credit risk arises from potential that an obligor is either unwilling to perform an obligation, or its ability to perform such an obligation is impaired, resulting in loss to the Bank. In addition to direct accounting loss, credit risk should be viewed in the context of other economic exposures which include opportunity costs, transaction costs and expenses associated with non-performing assets over and above the accounting loss.

Debentures are fixed interest-bearing securities. They are usually of two types, debenture with floating charge and debenture with fixed charge. Debenture holders are creditors to the company rather than owners.

Debt Stock/GDP: This measures the level of domestic indebtedness relative to the country's economic activity.

Discount House is a financial institution devoted to trading in government secondary instruments (treasury bills and certificates and other eligible instruments). The discount house submits bids from authorised dealers, including its needs for OMO instruments, to the Central Bank and facilitates the payments and settlement of the transactions.

Distressed Banks: These are banks with problems relating to illiquidity, poor earnings and non-performing assets. The extreme case of distress is referred to as insolvency, which implies that a bank's liabilities are more than its assets.

Dutch Auction System (DAS): This is a method of exchange rate determination, through auction, where the bidders pay according to their bid rates. The ruling rate is arrived at with the last bid rate that clears the market where the authorities elect to operate a single exchange rate.

Equity Price Risk:Equity price risk is the risk to earnings or capital resulting from adverse changes in the value of the equity-related portfolios of a financial institution. The price risk could relate to changes in the overall level of equity prices or price volatility that is determined by firm specific characteristics.

Exchange Rate: This is the price of one currency in terms of another.

External Assets: These are the reserves held by the monetary authorities, as well as the banking and non-bank public, in foreign countries. Thus, external assets comprise the external reserves and the private sector holdings of foreign exchange.

External Reserves: These are portions of foreign exchange receipts saved by the monetary authorities for the purpose of enhancing the creditworthiness of the economy, protecting the international value of the domestic currency, and financing temporary shocks in the balance of payments. Reserves are held in the form of monetary gold, the reserve position at the International Monetary Fund (IMF), Special Drawing Rights (SDRs), and foreign bank balances.

Federation Account: This is an account opened by the Federal Republic of Nigeria into which all revenues of the Federation are paid for eventual distribution to all tiers of government in Nigeria.

Fiscal Deficit refers to the excess of expenditure over revenue of government. It is usually assessed by its size in relation to the nominal Gross Domestic Product (GDP). The fiscal deficits may be financed in various ways external borrowing and internal borrowing (banking system and non-bank public). It is inflationary when financed by the banking system, especially the central banks.

Fiscal Operations: This refers to government financial transactions involving the collection, spending and borrowing of government for a given period.

Fixed Deposit Rate: When deposits are for a fixed period of time, say 90 or 180 days, the interest rates paid are called fixed deposit rates. They normally attract higher interest rates; early withdrawals may attract interest penalties.

Foreign Exchange: This is a means of international payments. It includes the currencies of other countries that are freely acceptable in effecting international transactions.

Foreign Exchange and Balance of Payments Position: The foreign exchange position is the difference between foreign exchange receipts and foreign exchange disbursements. If receipts are higher than disbursements, there is a net inflow or an accretion to reserves. On the other hand, if receipts are lower, there is a net outflow and the reserves would be depleted. The balance of payments position is the difference between the receipts by the residents of one economy from the rest of the world and the payments by these residents to the rest of the world. An excess of receipts over payments shows a balance of payments surplus, while the reverse represents a deficit. When foreign exchange receipts and payments are adjusted for valuation changes in reserves, the net position would be identical to the balance of payments position.

Foreign Exchange Risk*:* Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Foreign exchange risk may also arise as a result of exposures of banks to interest rate risk arising from the maturity mismatching of foreign currency positions.

Government Expenditure:Payment or flow of financial resources out from government.

High-powered Money: *see* ***Monetary Base***

Inter-bank Interest Rate: This is the rate that applies to transactions among banks, mostly for overnight and other short-term funds.

Interest Rate is the price of money. It is the opportunity cost of holding money and the return for parting with liquidity.

Interest Rate Risk*:*Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustments within a specified period. Interest rate risk is usually assessed from two perspectives: the earnings perspective which focuses on the impact of variation in interest rate on accruals or reported earnings, and the economic value perspective which reflects the impact of fluctuations in interest rates on the economic value of a financial institution.

Interest rate risk also includes risks associated with the term structure of interest rates and basis risk.Basis risk is also known as spread risk and it arises when a bank prices its assets and liabilities using different interest rate basis. On the other hand, risks associated with the term structure of interest rates are also known as the yield curve risk. The impact of shifts in the yield curve on earnings is evaluated using stress tests.

Internal Balance: This refers to a state of convergence between domestic output and absorption or expenditure. When output is identical with expenditure, internal balance is considered to have been achieved and the rate of inflation is expected to be stable. The achievement of the savings-investment identity is also viewed as internal balance. Monetary and fiscal policies and external debt management measures are usually applied to achieve internal balance.

Key Risk Indicator*:* A key risk indicator is a risk item that has been assessed to be important, given all relevant factors. This indicator is used to monitor exposure to risks and could be quantitative or qualitative in nature. It should be forward-looking in order to serve as an effective risk mitigant.

Liquidity Ratio: This ratio is defined as the ratio of total specified liquid assets to total current liabilities and reflects the liquidity position of a bank.

Liquidity Risk*:* Liquidity risk is the potential loss to a bank, arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable costs or losses. Liquidity risk should not be seen in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other bank risks, such as credit, market and operations risks.

Market Capitalisation is the market value of a company's issued share capital. It is the product of the current quoted price of shares and the number of shares outstanding. The term is also used as a performance indicator of the capital market.

Maximum Lending Rate: This refers to the rate charged by banks for lending to customers with a low credit rating.

Minimum Rediscount Rate: This refers to the amount that is charged by the CBN for lending to banks in the performance of its function of lender of last resort and also as a signal of the desired direction of monetary policy.

Monetary Base (or High-powered Money or Reserve Money) comprises certain liabilities of the CBN and includes currency with the non-bank public and total bank reserves. The main sources of monetary base are the net foreign assets of the CBN, net claims on government, claims on government, claims on deposit money banks, and other assets (net) of the CBN.

Money Supply(or Money Stock) refers to the total value of money in the economy and this consists of currency (notes and coins) and deposits with deposit money banks (DMBs). For purposes of policy, there are two variants of money supply in Nigeria M1 and M2. M1 is the narrow measure of money supply which includes currency in circulation with the non-bank public and demand deposits (current accounts) at the deposit money banks. M2 is the broad measure of money supply and includes M1 and savings and time deposits at the DMBs. Savings and time deposits are also called quasi-money. M2 measures total liquidity in the economy. Excess liquidity is the amount of liquidity over and above the optimum level of liquidity, determined by the levels of output and prices.

Net Foreign Assets (NFA) constitute the foreign exchange holdings of the CBN and the deposit money banks, after netting out the claims of foreigners. Changes in NFA should reflect developments in the balance of payments. A deficit in the balance of payments would lead to a decrease in foreign asset holdings and ultimately the money stock. A surplus in the balance of payments produces the opposite effect.

New Issues are securities raised in the primary market for the first time.

Nominal Exchange Rate: The nominal exchange rate is the price of one currency relative to another. The real exchange rate is the nominal exchange rate deflated by changes in relative prices.

Nominal Interest Rate: This is the actual rental value paid for the use of money or credit. It includes the effects of inflation and uncertainty.

Offer for Sale is an offer by shareholders to sell existing shares to the public. The sale is effected usually through stockbrokers and does not affect the capital base of a company.

Offer for Subscription is an invitation by a company to the public to subscribe to new issues. This increases the capital base of the company.

Open Market Operations involve the discretionary power of the CBN to purchase or sell securities in the financial markets in order to influence the volume of liquidity and levels of interest rates which ultimately would affect money supply. When the CBN sells financial instruments, the liquidity (excess reserves) of the banking system reduces. This restricts the capacity of banks to extend credit or induce monetary expansion. On the other hand, when the CBN purchases such instruments, it injects money into the system and banks' ability to expand credit is enhanced.

Operational Risk: Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is present in virtually all banking transactions and activities.

Other Assets (net) is the other assets of CBN, deposit money banks less (their) other liabilities.

Preference Shares are shares of companies on which dividends must be paid before any other shares.

Prime Lending Rate: This is the interest rate applied to loans made to customers with the highest rating. For each bank, this rate also represents the minimum lending rate.

Prudential Guidelines: These are guidelines and practices which all licensed banks are required to adhere to in reviewing and reporting their performance, particularly in the areas of credit portfolio classification and disclosure; the provision for non-performing facilities and interest accrual; the classification of other assets; and off-balance sheet engagements.

Real Exchange Rate: This is the nominal exchange rate deflated by change in relative prices. *See also* ***Nominal Exchange Rate***

Real Interest Rate: This is the nominal interest rate adjusted for expected inflation. In orderto encourage savings, real interest rate is expected to be positive.

Recurrent Expenditure: Expenditure on goods and services (other than capital assets) used in the process of production within one year. Interest on loans is included.

Required Reserves are a fraction of commercial and merchant banks' money held for the purpose of backing up their deposit operations and partly to control the level of liquidity in the economy. They are made up of cash reserves and liquid assets and specified in the form of ratios. The cash reserves ratio is the percentage of deposit money banks' cash deposits with the CBN in relation to their total demand, savings and time deposits. The liquidity ratio is the percentage of banks' liquid assets to their total deposits liabilities.

Reserve Money: *see* ***Monetary Base***

Reserve Requirement refers to the proportion of total deposit liabilities which the deposit money banks are expected to keep as cash in vaults and deposits with the CBN. The CBN can control the money stock by varying the requirement as desirable. Usually, banks keep reserves over and above the legal requirement for safety. The cash ratio requires the deposit banks to keep a certain proportion of their total deposit liabilities in cash balances with the CBN, while the liquidity ratio stipulates the proportion of total deposits to be kept in specified liquid assets, mainly to safeguard the ability of banks to meet depositors' cash withdrawals and ensure confidence in the banking system. The CBN also has powers to call for special deposits from banks for the purpose of controlling liquidity.

Rights Issues are shares offered to companies' existing shareholders in proportion to the number of shares held and usually at below the market price to make the offer attractive.

Savings Deposit Rate: The savings deposit rate is the amount paid by banks for funds withdrawable after seven days' notice. This restriction is, however, seldomly applied.

Total Reserves: This is the sum of required reserves and excess reserves.

Vault Cash: Deposit money banks keep "petty cash" in their vaults for emergency transactions before they can access their accounts with the CBN. The amount so kept is called vault cash.

Ways and Means Advances constitute a portion of credit by the CBN to government. These are temporary loans to government to bridge shortfalls in revenue. Statutorily, the CBN must not give more than 12.5 per cent of government's current revenue.

Yield Curve: Shows the relationship between the rate of interest and the time to maturity of different financial assets.

Appendix D
Policy Circulars and Guidelines Issued in 2010

1. BANKING SUPERVISION

S/N	Reference No.	Name of Circular	Date Issued
1.	BSD/DIR/GEN/CIR/04/001	Re Publication of interest rates	6/1/2010
2	BSD/DIR/GEN/CIR/04/004	Minimum Information to be Disclosed in Financial Statements for the Year ended December 31, 2009	18/1/2010
3	BSD/DIR/GEN/CIR/04/005	Review of 26 Resident Examiners Programme of the Central Bank of Nigeria	21/1/2010
4	BSD/DIR/GEN/FCL/02/008	Update of Lending to all Tiers of Government and their Agencies	4/2/2010
5	BSD/DIR/GEN/CIR/04/066	Review of the Prudential Requirements of 1% Provision of Non-Performing Loans	9/2/2010
6	BSD/DIR/GEN/FCL/02/017	Templates for Reports on Non-Performing Loans and Group Proprietary Institutions as at December, 2009	9/2/2010
7	BSD/DIR/GEN/CIR/04/007	Failure to Banks to Update Records – Threat to Anti-Money Laundered Programme	21/2/2010
8	BSD/DIR/GEN/CIR/04/010	Guidelines on the Issuance and Treatment of Bankers' Acceptance and Commercial Papers	30/3/2010
9	BSD/DIR/GEN/CIR/04/011	Reconciliation of Monthly Bank Returns (MBR) to Audited Financial Statements	1/4/2010
10	BSD/DIR/GEN/CIR/04/015	The Need for Banks to Develop and Implement a Risk-Based Pricing Model	30/4/2010
11	BSD/DIR/GEN/CIR/04/016	Re: Monthly Submission of Credit Portfolio Classification by Banks	30/4/2010
12	BSD/DIR/GEN/CIR/04/014	Data Exchange Agreements with at Least Two Licensed Credit Bureaus in Nigeria	7/7/2010
13	BSD/DIR/GEN/CIR/04/015	The Need for Banks to Develop and Implement a Risk-Based Pricing Model	7/7/2010
14	BSD/DIR/GEN/FFT/02/089	Disbursement of the Proceeds of Foreign Funds Transfer	7/7/2010
15	BSD/DIR/GEN/NPG/04/001	New Prudential Guidelines for Deposit Money Banks	8/7/2010
16	BSD/DIR/CBGIR/2010/02	CBN Scope, Conditions & Minimum Standards for Commercial Banks Regulations No. 2010	16/7/2010
17	BSD/DIR/SBG/2010/03	Review of Guidelines for Specialized Institutions	16/7/2010
18	BSD/DIR/MBG/2010/05	CBN Scope, Conditions & Minimum Standards for Merchant Banks Regulations No. 02, 2010	9/8/2010
19	BSD/DIR/SIG/2010/06	CBN Scope, Conditions & Minimum Standards for Specialized Institutions Regulations No. 03, 2010	9/8/2010
20	BSD/DIR/GEN/UBN/03/061	Re: repeal of Universal Banking and Regulation for Transitional Arrangement for Existing Banks	8/9/2010
21		CBN/Securities and Exchange Commission Approved Rules on Margin Lending	1/10/2010
22	BSD/DIR/GEN/BOD/04/060	Document for Board of Directors' Meeting	21/10/2010
23	BSD/DIR/RBG/2010/08	Regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010	9/11/2010
24	BSD/DIR/CIR/RSB/2010/05	Supervisory Framework for Banks and Other Financial Institutions in Nigeria	23/12/2010
25	BSD/DIR/GEN/CIR/04/009	Re: Extension of the CBN Guarantee of Placements With Bonus by the Pension Fund Administrators from March 31, 2010 to December 31, 2010	31/12/2010

1. FINANCIAL POLICY & REGULATION DEPARTMENT

S/N	Reference No.	Name of Circular	Date Issued
1.	FPR/DIR/CIR/AML/CFT/01/001	The Circular informed Stakeholders of the Gazetting of the AML/CFT Regulation. The Circular also m\Mandated Deposit Money Banks to Comply with the Provisions of the Regulation.	5/5/2010
2	FPR/DIR/GDL/01/002	The Circular Listed the Various Names Associated with a Terrorist Group (AQI) and Required Banks to Render Returns upon Discovery of any Related Account within their Institutions.	17/6/2010
3	FPR/DIR/CIR/AML/CFT/01/002	This Circular Required Banks to Forward all AML/CFT Returns to the Director, Financial Policy & Regulation Department.	8/7/2010
4	FPR/DIR/CIR/CFP/Vol.1/003	The Circular Directed Banks to Review their Processes for Handling exited Staff Matters and to Issue Favourable/Adverse Clearances within 60 days of the date of receipt of the request for clearance.	15/7/2010
5		This Policy Listed the Terms/Conditions for the Grant of Liquid Asset Status to State Governmental Bonds.	9/9/2010
6	FPR/DIR/CIR/FXM/01/004	The Circular informed Stakeholders of the Revocation of the Licences of Class 'A' Bureaux De Change	02/11/10

2. FINANCIAL MARKETS DEPARTMENT

S/N	Reference No.	Name of Circular	Date Issued
1.		Guidelines for Granting Liquid Asset Status to State Government Bonds	12/8/2010
2	FMD/FED/CIR/GEN/01/082/10	Revised Guidelines for the Operation of the Foreign Exchange Market: Wholesale Dutch Auction System	29/12/2010

3. TRADE AND EXCHANGE DEPARTMENT

S/N	Reference No.	Name of Circular	Date Issued
1.	028	Deadline for Rendition of Returns through eFASS	9/6/2010
2	029	Process Flow for Marking up the Master Certificate of Capital Importation (CCI) on Nigeria GDRs	24/6/2010
3	030	Re: Monetary, Credit, Foreign Trade and Exchange Policy Guidelines for Fiscal Year 2010/2011	28/6/2010
4	032	Appointment of Citibank, Standard Chartered Bank and Access Bank Plc as Designated Banks for the Collected of NEDD Fees under the Nigeria Export Supervision Scheme (NESS)	23/9/2010
5	036	Re: Liberalisation on Unconfirmed Letters of Credit	24/11/2010
6	038	Specified Currencies for Transaction in the Foreign Exchange Market	22/12/2010

4. BANKING AND PAYMENTS SYSTEM DEPARTMENT

S/N	Reference No.	Name of Circular	Date Issued
1.		**The Circular made Clarifications on the Policy of N10 million Maximum cap for single Cheque Payment as follows:** • Cheques (to include Bank Drafts and Manager Cheque) • In-House Cheques Drawn by all Classes of Account holders of the same Bank and or Branch • Across-the-Counter Cash Withdrawals with Cheque by Customers of Banks • Dividend/Interest Warrant • All Classes of Cheques Issued Prior to the Take-Off Date of the Policy with Value Higher than N10 Million, but yet to be paid after January 1, 2010. Cheques in this Category were Allowed to be Presented within Two Weeks from January 4, 2010.	4/1/2010
2		**Circular on Accreditation of Cheque Printers :** The Circular Notified the Public that the CBN has Approved the Accreditation and Re-accreditation of 14 Cheque Printers Under "Nigeria Cheque Printer Accreditation Scheme" (NICPA)	1/3/2010
3		**Standards and Guidelines on Automated Teller Operations in Nigeria:** • No ATM Owner of Acquirer shall Discriminate Against any Card Scheme or Issuer • ATM Complaints to be Responded to within a Maximum of 72 Hours from the Date of Receipt the Complaints • PIN Change shall be Provided Free of Charge Throughout the Entire Value Chain • The ATM Downtime (Due to Technical Fault) is not more than Seventy-Two (72) Hours Consecutively and Helpdesk Contacts should be Adequately Displayed • All ATM Surcharges are to be fully Disclosed to Customers • Every ATM shall have Cameras which shall View and Record all Persons using the Machines and every Activity at the ATM. Where the User of an ATM Blocks His Image for Camera Capture, the ATM shall be Capable of Aborting the Transaction. • Liability Shifts in the Event of ATM Fraud is Provided.	04/2010
4		**Nigerian Uniform Bank Account Number (NUBAN) Standards:** -The Proposed NUBAN is a 10-digit Bank Account Number format, with the Following Structure: 999999999 - Account Serial Number 9 - A Check Digit constructed to support a Modulus Check, which Enables the Presenting Bank to Perform Checks • The Check Digit is Derived from an Algorithm that Operates on a Combination of the 3-Digit CBN-Assigned Bank Code and the 9-Digit Account Serial Number. • Every Bank is Required to Create and Maintain a NUBAN Code for Every Customer Account (Current, Savings, etc) in its Customers Records Database, and the NUBAN Code should be the Only Account Number to be used at all Interfaces with a Bank Customer. • The Bank Customer should be provided with only the NUBAN Code Supplied by the Customer to the Relevant Internal Account Number within the Bank's Technology System. • Effective Date for the Implementation is 9 Months	19/8/2010

5		**Circular on Interoperability and Interconnectivity of the Payments System Infrastructure in Nigeria:** The Circular stipulated that all Parties to the Nigerian Switching Infrastructure shall ensure that: • All Terminal Access Devices (POS and ATM etc) are Configured to Accept and Process All Payment Cards Schemes and other Electronic Payment Instruments that are Acceptable in Nigeria on or before 1st December 2010. • Their Switching Systems connect to the Nigeria Central Switch and only One Other Private Switch of their Choice as Determined by their Business Case. All Participants with Multiple Connection to Private Switches are hereby given till December 1, 2010 to Terminate all multiple Connections as appropriate.	25/8/2010
6		**Circulars on the Need to Combat Card Fraud:** • No Debit Card should be Issued on an Account without a Written Request from the Account Holder. Henceforth, DMBs shall bear Liability for any Fraud Perpetrated with the Use of Cards Issued without written Request from the Account Holder, and such Card must be Delivered in such a Manner that the Confidentiality of the Information is not Compromised. • DMBs should set and Implement Mandatory Daily Limits for ATM Cash Withdrawals. All other related Transactions, including POS and WEB Purchases should be Subject to Stringent Limits as Agreed and Documented between the DMBs and their Customers. It is the Responsibility of the DMBs to Ensure that the Agreements are Documented and that such Limits are Embedded with the Card so as to Automatically initiate a trigger when Limits are exceeded. • The Use of 2nd Level Authentication for Internet Transactions is now Mandatory for all Payment Cards. It is the responsibility of the Issuer to Ensure that Transactions Emanating from its WEB Merchants are Properly Scrutinized and Operations are Permitted Only After 2nd Level Verification. • DMBs must Send SMS Alerts to the Telephone/emails Addresses of Cardholders whenever there is a Debit Transaction via Payment Card. Evidence of the Dispatch of such Messages would be required in Cases of no-receipt of the Alerts by Account Holders as a Result of Telephone Network Failures. • Cardholders should be Provided with a Facility to Block their Accounts Immediately from their Mobile Phones whenever the SMS Alert is received in Respect of Suspicious Transactions so as to Prevent Further Fraudulent Transactions from being Perpetrated. • All Card Issuing Banks should deploy Fraud Monitoring Tools that have the Capability to Monitor the normal spending trends of a Card Holder as ell as Automatically Stop Abnormal Transactions that are Perceived to be Fraudulent. The Block shall only be Lifted by Express Instruction by the Card Holder. • The Use of Temporary Staff, i.e Students on Industrial Attachment/Vacation Job, NYSC Members and Contract Staff for Card Management and Issuance/Distribution of PIN Mailers should be stopped forthwith.	30/8/2010

7		Circular on Compliance with Due Diligence in the Deployment of Point of Sale (POS) Terminals: The Circular Stipulated that the Deposit Money Banks should: • Conduct Proper KYC on all their Merchants with POS • Set Merchants Limits Based on the Volume of Business/Commercial Activities • Set Customer Limit Based on Card Class • Instruct Merchants to Enforce Cardholder's Identification at the Point of Payment for Transactions above a Specific Limit as Agreed Between the Bank and the Merchant.	19/10/2010
8		**Circular to All Approved Mobile Payments Scheme Operators: The Circular Stipulated that the Sixteen Mobile Payment Scheme Operators should observe the following:** • A four-month, closed pilot run in no more than four Locations, one Urban Area and Three Rural Area • The Pilot run should be limited to not more than 5,000 Participants and not more than 100 agents. • Not to commence Media Campaign during the Pilot Run.	13/12/2010

Table 1
Selected Interest Rates
(per cent)

	2006				2007				2008				2009/1				2010/2			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Goverrnment Securities																				
Treasury Bill Issue Rate	9.6	11.2	6.9	7.3	6.9	6.6	7.1	7.9	8.5	8.3	8.8	8.7	4.0	7.4	6.4	6.4	1.47	2.99	5.23	8.95
Minimum Rediscount Rate	13.0	14.0	14.0																	
Monetary Policy Rate 3/				10.00	10.00	8.00	8.00	9.50	9.50	10.25	9.75	9.75	9.75	8.00	6.00	6.00	6.00	6.00	6.25	6.25
Deposit Rates 4/																				
Savings	2.98	2.96	2.93	3.25	4.30	3.78	3.05	3.19	2.94	2.79	2.75	2.92	2.62	2.67	2.36	3.33	3.03	1.95	1.49	1.51
Call	3.25	4.15	3.53	4.17	4.19	3.60	3.87	4.03	3.78	4.02	4.47	4.63	5.36	4.55	6.04	4.80	2.66	1.63	3.34	1.82
Term Deposits Maturing in:																				
7 days	4.78	4.96	3.71	5.21	5.55	5.74	6.12	5.82	6.46	5.98	5.92	6.64	5.90	6.71	6.08	5.77	2.91	2.64	1.80	1.77
1 month	9.37	9.49	8.98	9.99	10.48	10.25	10.43	10.18	10.61	11.26	12.13	11.65	12.92	11.69	11.12	12.73	7.36	4.51	3.58	3.66
3 months	9.62	9.95	9.57	10.25	10.46	10.24	10.37	10.29	10.40	11.96	12.81	12.26	12.84	12.63	12.17	13.15	8.60	4.98	5.16	4.63
6 months	8.61	9.43	9.31	9.93	10.00	10.00	9.49	9.53	9.72	11.76	13.06	12.45	12.57	13.12	12.42	13.34	7.59	4.85	4.40	3.50
12 months	9.17	8.19	7.78	7.45	8.30	8.02	8.12	7.92	10.01	11.95	12.95	12.41	11.44	12.67	13.25	12.17	5.55	4.90	3.68	3.53
Over 12 months	8.56	7.81	8.16	8.53	9.31	10.06	9.45	9.67	9.69	12.11	13.26	12.51	13.02	13.24	4.98	14.13	6.59	4.23	2.17	5.49
Prime	16.30	17.08	17.19	17.33	17.18	16.92	16.46	16.46	15.23	15.17	14.77	15.26	19.19	19.08	18.91	19.55	19.03	17.65	16.66	15.74
Maximum	17.89	18.61	18.52	18.66	18.92	18.74	18.27	18.21	17.58	18.03	19.24	21.15	22.62	22.67	22.81	23.77	23.62	22.03	22.20	21.86
Average Term Deposit	8.35	8.31	7.92	8.56	9.02	9.05	9.00	8.90	9.48	10.83	11.69	11.32	11.45	11.68	10.00	11.88	6.43	4.35	3.47	3.76
Spread (Maximum Lending-Average Term Deposit)	9.5	10.3	10.6	10.1	9.9	9.7	9.3	9.3	8.1	7.2	7.6	9.8	11.2	11.0	12.8	11.9	17.2	17.7	18.7	18.1
Inter-bank Rate (End-Period)	7.77	8.16	10.45	8.98	7.68	8.46	6.24	8.99	9.37	11.23	15.42	12.17	20.60	18.60	9.70	4.68	1.50	2.73	2.71	8.03

1/ Revised
2/ Provisional
3/ MRR was changed to MPR in December 2006
4/ With the introduction of universal banking in January 2001, banks' interest rates represent industry averages.
Source: Central Bank of Nigeria

Table 2
Loans Guaranteed under ACGSF By Size and Purpose
(January - December, 2010)

Purpose	N 5,000 & Below		N 5,001 - 20,000		N 20,001 - 50,000		N 50,001 - 100,000		Above N 100,000		Total		% of Total	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount (N)	No	Amount
LIVESTOCK														
Poultry	-	-	-	-	5	240.0	18	1,515.0	188	90,404.8	211	92,159.8	3.85	11.4
Cattle	-	-	-	-	-	-	2	200.0	33	24,135.0	35	24,335.0	0.64	3.0
Sheep/Goat	-	-	-	-	-	-	-	-	1	250.0	1	250.0	0.02	0.0
Others	-	-	-	-	-	-	-	-	20	10,390.0	20	10,390.0	0.36	1.3
SUB-TOTAL	-	-	-	-	5	240.0	20	1,715.0	242	125,179.8	267	127,134.8	4.87	15.8
FISHERIES	-	-	-	-	1	40.0	1	100.0	64	43,045.0	66	43,185.0	1.20	5.4
MIXED FARMING	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FOOD CROPS	-	-	-	-	-	-	-	-	-	-			-	-
Vegetables	-	-	-	-	-	-	-	-	5	1,740.0	5	1,740.0	0.09	0.2
Beans	-	-	4	80.0	46	1,535.0	44	3,550.0	25	5,340.0	119	10,505.0	2.17	1.3
Soyabeans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grains	-	-	424	8,108.0	1,900	78,837.0	1,317	100,857.3	703	171,269.0	4,344	359,071.3	79.21	44.5
Tuber/Roots	-	-	8	128.0	127	5,282.0	111	8,855.0	421	246,403.3	667	260,668.3	12.16	32.3
SUB-TOTAL	-	-	436	8,316.0	2,073	85,654.0	1,472	113,262.3	1,154	424,752.3	5,135	631,984.5	93.64	78.3
CASH CROPS	-	-	-	-	-	-	-	-	-	-			-	-
Oil Palm	-	-	-	-	2	90.0	3	220.0	2	600.0	7	910.0	0.13	0.1
Rubber	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ginger	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cotton	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Groundnuts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cocoa	-	-	-	-	-	-	1	100.0	-	-	1	100.0	0.02	0.0
SUB-TOTAL	-	-	-	-	2	90.0	4	320.0	2	600.0	8	1,010.0	0.15	0.1
OTHERS	-	-	-	-	-	-	-	-	8	3,470.0	8	3,470.0	0.15	0.4
TOTAL	**-**	**-**	**436**	**8,316.0**	**2,081**	**86,024.0**	**1,497**	**115,397.3**	**1,470**	**597,047.0**	**5,484**	**806,784.3**	**100.00**	**100.0**

Table 3
Currency in Circulation
(Naira billion)

Year	Month	Vault Cash	Currency Outside Banks	Currency in Circulation
2006	December	128.3	650.9	779.2
2007	January	103.8	601.4	705.2
	February	100.5	604.1	704.6
	March	134.1	593.3	727.4
	April	156.5	609.5	766.0
	May	177.5	565.4	742.8
	June	189.2	525.7	715.0
	July	195.2	519.1	714.3
	August	193.7	524	717.7
	September	178.9	543.4	722.3
	October	184.3	571.3	755.6
	November	156.1	634.1	790.2
	December	222.9	737.9	960.8
2008	January	197.9	668.0	865.9
	February	179.1	687.6	866.7
	March	229.0	662.8	891.8
	April	224.1	674.8	898.9
	May	256.7	660.2	916.9
	June	245.2	673.1	918.3
	July	231.8	705.1	936.9
	August	221.3	727.0	948.3
	September	219.6	756.8	976.4
	October	223.0	743.2	966.1
	November	243.8	744.3	988.2
	December	262.7	892.7	1,155.3
2009	January	225.4	839.2	1,064.6
	February	209.3	814.9	1,024.2
	March	233.7	804.1	1,037.8
	April	224.4	823.8	1,048.1
	May	262.5	764.4	1,026.9
	June	260.1	746.5	1,006.6
	July	241.4	766.9	1,008.3
	August	259.6	759.9	1,019.4
	September	253.1	778.7	1,031.9
	October	238.8	781.3	1,020.1
	November	257.2	851.4	1,108.6
	December	254.3	927.2	1,181.5
2010	January	247.7	820.5	1,068.2
	February	237.3	812.1	1,049.4
	March	252.9	833.6	1,086.5
	April	241.3	831.3	1,072.6
	May	239.3	817.4	1,056.7
	June	268.2	795.4	1,063.6
	July	271.2	805.7	1,076.9
	August	272.5	822.2	1,094.7
	September	244.5	880.9	1,125.4
	October	278.3	874.9	1,153.2
	November	335.3	892.3	1,227.6
	December	1/ 295.8	1,082.2	1,378.0

1/ Provisional

Table 4
Money Supply and its Determinants
(Naira million)

Category	Dec-06	Dec-07	Dec-08 1/	Dec-09 1/	Dec-10 2/
1.Domestic Credit (net)	**714,205.7**	**2,688,236.5**	**4,951,860.3**	**7,903,792.1**	**8,962,973.1**
(a) Claims on Federal Government (net)	-1,936,615.7	-2,368,484.4	-3,107,688.6	-2,302,294.7	-740,728.1
By Central Bank	-2,796,026.9	-4,074,422.8	-4,532,113.6	-3,731,603.8	-2,586,329.7
By Deposits Money Banks	859,411.2	1,705,938.5	1,424,425.0	1,429,309.2	1,845,601.6
(b).Claims on Private Sector	**2,650,821.5**	**5,056,720.9**	**8,059,548.9**	**10,206,086.7**	**9,703,701.2**
By Central Bank	41,532.1	236,025.2	260,148.8	538,210.1	588,914.9
By Deposits Money Banks	2,609,289.4	4,820,695.7	7,799,400.1	9,667,876.7	9,114,786.3
(i) Claims on State and Local Governments 3/	**80,652.4**	**87,753.6**	**149,765.1**	**310,324.3**	**369,809.8**
By Central Bank	0.0	0.0	0.0	0.0	0.0
By Deposits Money Banks	80,652.4	87,753.6	149,765.1	310,324.3	369,809.8
(ii) Claims on Non-Financial Public Enterprises	**13,249.4**	**0.0**	**0.0**	**0.0**	**0.0**
By Central Bank	13,249.4	0.0	0.0	0.0	0.0
By Deposits Money Banks					
(iii) Claims on Other Private Sector	**2,556,919.7**	**4,968,967.3**	**7,909,783.8**	**9,895,762.5**	**9,333,891.3**
By Central Bank	28,282.7	236,025.2	260,148.8	538,210.1	588,914.9
By Deposits Money Banks	2,528,637.0	4,732,942.1	7,649,635.0	9,357,552.4	8,744,976.4
(2) Foreign Assets (net) 4/	**6,307,859.3**	**7,266,512.1**	**8,550,430.3**	**7,593,321.8**	**6,303,633.0**
By Central Bank	5,603,376.8	6,570,263.7	7,270,807.4	6,522,239.5	5,169,300.2
By Deposits Money Banks	704,482.4	696,248.4	1,279,622.9	1,071,082.3	1,134,332.8
(3) Other Assets (net)	**-2,994,163.3**	**-4,144,922.1**	**-4,335,455.3**	**-4,729,736.1**	**-3,777,890.9**
Total Monetary Assets	**4,027,901.7**	**5,809,826.5**	**9,166,835.3**	**10,767,377.8**	**11,488,715.2**
Quasi-Money 5/	**1,747,252.76**	**2,693,554.3**	**4,309,523.1**	**5,763,511.2**	**5,954,260.5**
Money Supply	**2,280,648.93**	**3,116,272.1**	**4,857,312.2**	**5,003,866.6**	**5,534,454.8**
Currency Outside Banks	**650,943.60**	**737,867.2**	**892,675.6**	**927,236.4**	**1,082,185.2**
Demand Deposits 6/	**1,629,705.3**	**2,378,404.9**	**3,964,636.7**	**4,076,630.1**	**4,452,269.6**
Total Monetary Liabilities	**4,027,901.7**	**5,809,826.5**	**9,166,835.3**	**10,767,377.8**	**11,488,715.2**
GROWTH RATE OVER THE PRECEDING DECEMBER					
Credit to the Domestic Economy (net)	**-69.1**	**276.4**	**84.2**	**59.6**	**13.4**
Credit to the Private Sector	**32.1**	**90.8**	**59.4**	**26.6**	**-4.1**
Claims on Federal Government (net) 7/	**-732.8**	**-22.3**	**-31.2**	**25.9**	**64.2**
By Central Bank	**-1259.0**	**-45.7**	**-11.2**	**17.7**	**30.7**
Claims on State and Local Governments	**47.9**	**8.8**	**70.7**	**107.2**	**19.2**
Claims on Non-Financial Public Enterprises	**440.9**	**-100.0**	**0.0**		**0.0**
Credit to the Other Private Sector	**31.1**	**94.3**	**59.2**	**25.1**	**-4.8**
Foreign Assets (net)	**53.9**	**15.2**	**17.7**	**-11.2**	**-17.0**
Other Assets (net)	**16.8**	**-38.4**	**-4.6**	**-9.1**	**20.1**
Quasi-Money	**60.4**	**54.2**	**60.0**	**33.7**	**3.3**
Money Supply (M1)	**32.2**	**36.6**	**55.9**	**3.0**	**10.6**
Broad Money (M2)	**43.1**	**44.2**	**57.8**	**17.5**	**6.7**

NOTES :
1/ Revised.
2/ Provisional.
3/ For the purpose of monetary and credit survey, credit to government sector refers strictly to Federal Government and excludes state and local governments.
4/ External assets and liabilities were converted into naira at the official rate on the balance sheet date, except holdings purchased at the AFEM.
5/ Quasi-Money consists of Time, Savings and Foreign Currency Deposits of Commercial and Merchant Banks excluding Takings from Discount Houses.
6/ Demand Deposits consist of state, local and parastatals deposits at the CBN; state, local and private sector deposits as well as demand deposits of non-financial public enterprises at Commercial and Merchant banks.
7/ In 2002, the increase reflected the substantial draw down on Federal Government deposits with the CBN.

Table 5
Banking System Credit to the Economy
(Naira million)

End of Month	Aggregate Credit to the Economy	Credit to Federal Govt	Credit to Private Sector	Credit to State &Local Governments 1/	Credit to Non-Financial Public Enterprises	Credit to 'Other' Private Sector	Central Bank Credit to					Deposit Money Banks Credit to			
							Federal Government	Private Sector	State &Local Governments	Non-Financial Public Enterprises	'Other' Private Sector	Federal Government	Private Sector	State & Local Governments	'Other'Private Sector
2006															
January	2,399,397.6	417,689.8	1,981,707.7	65,383.4	2,939.3	1,913,385.0	-197,144.8	19,779.6	0.0	2,939.3	16,840.3	614,834.6	1,961,928.1	65,383.4	1,896,544.7
February	1,293,706.7	179,810.7	1,113,895.9	27,330.3	3,821.1	1,082,744.6	-241,423.4	18,094.2	0.0	3,821.1	14,273.1	421,234.1	1,095,801.8	27,330.3	1,068,471.5
March	2,598,849.0	471,892.3	2,126,956.6	80,799.0	5,349.5	2,040,808.1	-213,946.7	19,317.9	0.0	5,349.5	13,968.4	685,839.1	2,107,638.7	80,799.0	2,026,839.7
April	2,696,782.2	523,023.3	2,173,758.9	69,673.7	5,689.1	2,098,396.1	-221,756.3	20,396.6	0.0	5,689.1	14,707.5	744,779.6	2,153,362.3	69,673.7	2,083,688.6
May	2,359,847.2	8,761.3	2,351,085.9	61,401.8	5,832.2	2,283,851.9	-906,341.6	70,223.4	0.0	5,832.2	64,391.2	915,102.9	2,280,862.5	61,401.8	2,219,460.7
June	2,664,489.9	360,789.4	2,303,700.5	42,200.9	4,045.8	2,257,453.8	-638,498.2	69,959.1	0.0	4,045.8	65,913.3	999,287.6	2,233,741.4	42,200.9	2,191,540.5
July	2,229,906.1	-154,889.2	2,384,795.4	45,510.6	2,968.7	2,336,316.1	-1,061,785.6	67,715.6	0.0	2,968.7	64,746.9	906,896.4	2,317,079.8	45,510.6	2,271,569.2
August	2,458,387.9	-84,417.3	2,542,805.2	48,223.6	4,522.7	2,490,058.9	-977,738.1	69,802.1	0.0	4,522.7	65,279.4	893,320.8	2,473,003.1	48,223.6	2,424,779.5
September	2,336,533.4	-235,144.7	2,571,678.0	70,730.6	6,472.5	2,494,474.9	-1,106,115.7	73,957.1	0.0	6,472.5	67,484.6	870,971.0	2,497,721.0	70,730.6	2,426,990.3
October	1,739,878.6	-894,120.9	2,633,999.4	76,295.6	35,659.2	2,522,044.6	-1,816,380.4	49,697.2	0.0	35,659.2	14,038.0	922,259.5	2,584,302.3	76,295.6	2,508,006.6
November	1,062,510.8	-1,589,697.2	2,652,208.0	92,141.3	26,135.4	2,533,931.3	-2,648,968.7	38,290.6	0.0	26,135.4	12,155.2	1,059,271.5	2,613,917.4	92,141.3	2,521,776.1
December	714,205.7	-1,936,615.7	2,650,821.5	80,652.4	13,249.4	2,556,919.7	-2,796,026.9	41,532.1	0.0	13,249.4	28,282.7	859,411.2	2,609,289.4	80,652.4	2,528,637.0
Monthly Average	2,046,207.9	-244,409.9	2,290,617.8	63,361.9	9,723.7	2,217,532.1	-1,068,843.9	46,563.8	0.0	9,723.7	36,840.1	824,434.0	2,244,054.0	63,361.9	2,180,692.0
2007															
January	-262,342.7	-2,598,554.7	2,336,212.0	71,142.9	13,249.4	2,251,819.8	-3,203,935.2	42,879.8	0.0	13,249.4	29,630.4	605,380.6	2,293,332.2	71,142.9	2,222,189.4
February	-97,763.2	-2,469,053.1	2,371,289.9	48,906.2	13,249.4	2,309,134.3	-3,068,463.6	31,723.3	0.0	13,249.4	18,473.9	599,410.5	2,339,566.6	48,906.2	2,290,660.3
March	540,315.8	-2,508,626.6	3,048,942.3	53,475.9	13,249.4	2,982,217.1	-3,312,619.4	39,329.0	0.0	13,249.4	26,079.6	803,992.8	3,009,613.3	53,475.9	2,956,137.4
April	456,853.0	-2,754,698.0	3,211,551.0	50,962.3	13,249.4	3,147,339.4	-3,585,162.8	38,574.2	0.0	13,249.4	25,324.8	830,464.8	3,172,976.8	50,962.3	3,122,014.6
May	988,694.1	-2,436,619.1	3,425,313.2	34,373.6	13,249.4	3,377,690.3	-3,295,495.4	66,896.6	0.0	13,249.4	53,647.2	858,876.3	3,358,416.6	34,373.6	3,324,043.1
June	888,710.9	-2,615,012.0	3,503,723.0	40,279.2	0.0	3,463,443.7	-3,596,910.4	58,781.8	0.0	0.0	58,781.8	981,898.4	3,444,941.2	40,279.2	3,404,661.9
July	1,086,789.1	-2,742,458.0	3,829,247.1	47,539.3	0.0	3,781,707.7	-3,883,809.2	28,870.7	0.0	0.0	28,870.7	1,141,351.2	3,800,376.4	47,539.3	3,752,837.1
August	1,414,020.8	-2,495,428.9	3,909,449.7	55,552.6	0.0	3,853,897.1	-3,746,062.4	32,763.4	0.0	0.0	32,763.4	1,250,633.6	3,876,686.3	55,552.6	3,821,133.6
September	1,740,308.5	-2,462,861.0	4,203,169.5	58,996.8	0.0	4,144,172.7	-3,818,351.5	39,218.9	0.0	0.0	39,218.9	1,355,490.5	4,163,950.6	58,996.8	4,104,953.8
October	1,789,865.7	-2,625,690.8	4,415,556.4	61,786.4	0.0	4,353,770.0	-3,980,395.2	98,541.9	0.0	0.0	98,541.9	1,354,704.5	4,317,014.5	61,786.4	4,255,228.1
November	2,515,492.5	-2,197,226.5	4,712,718.9	91,889.0	0.0	4,620,829.9	-3,831,026.5	93,523.4	0.0	0.0	93,523.4	1,633,800.0	4,619,195.5	91,889.0	4,527,306.5
December	2,688,236.6	-2,368,484.3	5,056,720.9	87,753.6	0.0	4,968,967.3	-4,074,422.8	236,025.2	0.0	0.0	236,025.2	1,705,938.5	4,820,695.7	87,753.6	4,732,942.1
Monthly Average	1,145,765.1	-2,522,892.7	3,668,657.8	58,554.8	5,520.6	3,604,582.4	-3,616,387.9	67,260.7	0.0	5,520.6	61,740.1	1,093,495.1	3,601,397.1	58,554.8	3,542,842.3
2008															
January	2,918,850.5	-2,419,584.3	5,338,434.8	104,540.4	0.0	5,233,894.4	-4,196,604.8	151,654.9	0.0	0.0	151,654.9	1,777,020.4	5,186,779.9	104,540.4	5,082,239.5
February	3,282,957.9	-2,456,442.8	5,739,400.7	94,935.8	0.0	5,644,464.9	-4,326,255.6	164,782.2	0.0	0.0	164,782.2	1,869,812.8	5,574,618.5	94,935.8	5,479,682.7
March	3,462,330.5	-2,501,996.3	5,964,326.8	101,999.7	0.0	5,862,327.1	-4,474,048.8	145,417.9	0.0	0.0	145,417.9	1,972,052.4	5,818,908.9	101,999.7	5,716,909.2
April	3,599,023.0	-2,895,186.4	6,494,209.4	82,508.7	0.0	6,411,700.7	-4,813,325.6	167,383.8	0.0	0.0	167,383.8	1,918,139.3	6,326,825.6	82,508.7	6,244,317.0
May	3,693,217.7	-3,094,241.2	6,787,458.9	109,331.7	0.0	6,678,127.2	-4,751,320.0	149,452.4	0.0	0.0	149,452.4	1,657,078.8	6,638,006.4	109,331.7	6,528,674.7
June	4,038,236.3	-2,716,445.3	6,754,681.6	99,399.9	0.0	6,655,281.7	-4,413,045.0	114,037.1	0.0	0.0	114,037.1	1,696,599.7	6,640,644.5	99,399.9	6,541,244.5
July	4,907,125.3	-2,433,993.0	7,341,118.3	127,555.1	0.0	7,213,563.2	-4,432,987.4	89,863.4	0.0	0.0	89,863.4	1,998,994.4	7,251,254.9	127,555.1	7,123,699.7
August	4,438,433.7	-2,986,658.7	7,425,092.4	99,602.5	0.0	7,325,489.9	-4,974,053.2	239,880.9	0.0	0.0	239,880.9	1,987,394.5	7,185,211.5	99,602.5	7,085,609.0
September	4,244,627.1	-3,230,039.3	7,474,666.4	96,140.3	0.0	7,378,526.1	-5,107,624.4	171,846.4	0.0	0.0	171,846.4	1,877,585.2	7,302,820.0	96,140.3	7,206,679.7
October	4,254,703.7	-3,439,071.7	7,693,775.4	115,024.8	0.0	7,578,750.6	-5,193,020.4	228,463.4	0.0	0.0	228,463.4	1,753,948.7	7,465,312.0	115,024.8	7,350,287.3
November	4,337,279.2	-3,635,992.3	7,973,271.5	149,033.2	0.0	7,824,238.3	-5,248,564.0	247,452.5	0.0	0.0	247,452.5	1,612,571.8	7,725,818.9	149,033.2	7,576,785.8
December	4,951,860.3	-3,107,688.6	8,059,548.9	149,765.1	0.0	7,909,783.8	-4,532,113.6	260,148.8	0.0	0.0	260,148.8	1,424,425.0	7,799,400.1	149,765.1	7,649,635.0
Monthly Average	4,010,720.4	-2,909,778.3	6,920,498.8	110,819.8	0.0	6,809,679.0	-4,705,246.9	177,532.0	0.0	0.0	177,532.0	1,795,468.6	6,742,966.8	110,819.8	6,632,147.0

1/ Provisional
2/ Revised

Table 5 Cont.
Banking System Credit to the Economy
(Naira million)

End of Month	Aggregate Credit to the Economy	Credit to Federal Govt	Credit to Private Sector	Credit to State &Local Governments 1/	Credit to Non-Financial Public Enterprises	Credit to 'Other' Private Sector	Central Bank Credit to					Deposit Money Banks Credit to			
							Federal Government	Private Sector	State &Local Governments	Non-Financial Public Enterprises	'Other' Private Sector	Federal Government	Private Sector	State & Local Governments	'Other'Private Sector
2009															
January	5,293,462.4	-3,215,117.1	8,508,579.5	264,287.9	0.0	8,244,291.6	-4,583,401.3	295,217.5	0.0	0.0	295,217.5	1,368,284.2	8,213,362.0	264,287.9	7,949,074.0
February	4,493,177.5	-3,974,800.6	8,467,978.1	260,251.6	0.0	8,207,726.5	-5,040,270.0	340,924.2	0.0	0.0	340,924.2	1,065,469.4	8,127,053.9	260,251.6	7,866,802.3
March	4,820,837.5	-3,405,605.1	8,226,442.6	210,869.8	0.0	8,015,572.8	-4,658,177.1	313,611.6	0.0	0.0	313,611.6	1,252,572.0	7,912,830.9	210,869.8	7,701,961.2
April	5,273,397.8	-3,106,511.3	8,379,909.0	213,670.0	0.0	8,166,239.1	-4,350,533.7	324,755.9	0.0	0.0	324,755.9	1,244,022.5	8,055,153.1	213,670.0	7,841,483.1
May	5,480,085.8	-3,029,260.4	8,509,346.3	250,069.4	0.0	8,259,276.9	-4,304,546.8	321,497.9	0.0	0.0	321,497.9	1,275,286.4	8,187,848.3	250,069.4	7,937,778.9
June	5,677,163.2	-2,879,781.4	8,556,944.7	251,661.2	0.0	8,305,283.5	-4,348,811.3	336,125.0	0.0	0.0	336,125.0	1,469,029.9	8,220,819.7	251,661.2	7,969,158.5
July	5,938,120.4	-3,087,954.2	9,026,074.5	274,338.8	0.0	8,751,735.7	-4,393,800.8	423,809.9	0.0	0.0	423,809.9	1,305,846.7	8,602,264.6	274,338.8	8,327,925.8
August	6,563,419.6	-3,111,598.1	9,675,017.7	280,416.2	0.0	9,394,601.5	-4,309,740.0	468,378.8	0.0	0.0	468,378.8	1,198,141.9	9,206,638.9	280,416.2	8,926,222.7
September	6,991,205.6	-2,820,157.7	9,811,363.3	294,951.7	0.0	9,516,411.6	-3,970,780.4	445,686.8	0.0	0.0	445,686.8	1,150,622.7	9,365,676.4	294,951.7	9,070,724.8
October	7,203,294.8	-2,650,321.4	9,853,616.2	282,892.8	0.0	9,570,723.4	-3,977,385.1	362,376.3	0.0	0.0	362,376.3	1,327,063.7	9,491,239.9	282,892.8	9,208,347.1
November	7,496,539.0	-2,493,442.4	9,989,981.5	302,620.3	0.0	9,687,361.2	-3,949,873.5	398,900.9	0.0	0.0	398,900.9	1,456,431.0	9,591,080.6	302,620.3	9,288,460.4
December 2/	7,903,792.1	-2,302,294.7	10,206,086.7	310,324.3	0.0	9,895,762.5	-3,731,603.8	538,210.1	0.0	0.0	538,210.1	1,429,309.2	9,667,876.7	310,324.3	9,357,552.4
Monthly Average	6,094,541.3	-3,006,403.7	9,100,945.0	266,362.8	0.0	8,834,582.2	-4,301,577.0	380,791.2	0.0	0.0	380,791.2	1,295,173.3	8,720,153.8	266,362.8	8,453,790.9
2010															
January	7,753,820.7	-2,314,928.2	10,068,748.9	310,251.1	0.0	9,758,497.8	-3,892,223.4	489,199.3	0.0	0.0	489,199.3	1,577,295.2	9,579,549.6	310,251.1	9,269,298.5
February	8,147,345.9	-1,908,865.9	10,056,211.8	304,693.3	0.0	9,751,518.5	-3,577,465.3	405,586.6	0.0	0.0	405,586.6	1,668,599.4	9,650,625.1	304,693.3	9,345,931.9
March	8,387,950.7	-1,649,471.8	10,037,422.5	321,814.4	0.0	9,715,608.1	-3,434,395.3	425,432.6	0.0	0.0	425,432.6	1,784,923.4	9,611,990.0	321,814.4	9,290,175.6
April	8,513,781.7	-1,552,194.1	10,065,975.8	331,350.3	0.0	9,734,625.5	-3,424,015.6	375,827.9	0.0	0.0	375,827.9	1,871,821.4	9,690,148.0	331,350.3	9,358,797.7
May	8,882,624.6	-1,131,095.1	10,013,719.7	315,763.9	0.0	9,697,955.8	-3,043,976.1	362,234.9	0.0	0.0	362,234.9	1,912,881.0	9,651,484.7	315,763.9	9,335,720.8
June	8,612,940.0	-1,489,877.5	10,102,817.5	319,167.1	0.0	9,783,650.4	-3,272,806.1	396,545.3	0.0	0.0	396,545.3	1,782,928.5	9,706,272.2	319,167.1	9,387,105.1
July	8,595,036.6	-1,315,669.0	9,910,705.6	286,697.3	0.0	9,624,008.3	-3,270,122.2	488,181.4	0.0	0.0	488,181.4	1,954,453.2	9,422,524.2	286,697.3	9,135,826.9
August	9,326,102.8	-787,098.6	10,113,201.4	294,724.9	0.0	9,818,476.5	-2,748,070.5	493,564.1	0.0	0.0	493,564.1	1,960,971.9	9,619,637.3	294,724.9	9,324,912.4
September	9,309,837.5	-1,026,277.3	10,336,114.8	341,241.2	0.0	9,994,873.6	-3,037,356.8	564,780.9	0.0	0.0	564,780.9	2,011,079.5	9,771,333.9	341,241.2	9,430,092.7
October	9,460,245.2	-1,074,120.6	10,534,365.8	384,831.2	0.0	10,149,534.6	-2,894,776.9	664,063.8	0.0	0.0	664,063.8	1,820,656.3	9,870,302.1	384,831.2	9,485,470.8
November	9,547,259.2	-1,201,120.1	10,748,379.3	365,652.0	0.0	10,382,727.3	-2,976,072.8	683,581.8	0.0	0.0	683,581.8	1,774,952.7	10,064,797.6	365,652.0	9,699,145.6
December 1/	8,962,973.1	-740,728.1	9,703,701.2	369,809.8	0.0	9,333,891.3	-2,586,329.7	588,914.9	0.0	0.0	588,914.9	1,845,601.6	9,114,786.3	369,809.8	8,744,976.4
Monthly Average	8,791,659.8	-1,349,287.2	10,140,947.0	328,833.0	0.0	9,812,114.0	-3,179,800.9	494,826.1	0.0	0.0	494,826.1	1,830,513.7	9,646,120.9	328,833.0	9,317,287.9

1/ Provisional
2/ Revised

Table 6
Summary of Deposit Money Banks' Activities (Naira million)

Item	2006	2007	2008	2009 /1	2010 /2	2006	2007	2008	2009 /1	2010 /2
	(N' Million)					Growth Rate (%)				
Reserves	670,463.8	659,631.3	910,673.4	655,864.4	583,822.1	30.1	-1.6	38.1	-28.0	-11.0
Aggregate Credit (Net)	4,066,689.2	7,076,493.0	9,897,796.2	11,340,061.5	11,217,244.8	57.1	74.0	39.9	14.6	-1.1
Loans and Advances	2,338,718.7	4,493,303.9	7,602,165.8	8,451,378.2	6,629,580.7	25.8	92.1	69.2	11.2	-21.6
Total assets	7,172,932.1	10,981,693.6	15,919,559.8	17,522,858.2	17,331,559.0	58.9	53.1	45.0	10.1	-1.1
Total Deposit Liabilities	3,245,156.5	5,001,470.5	7,960,166.9	9,150,037.7	9,784,542.4	59.4	54.1	59.2	14.9	6.9
Demand deposits	1,497,903.7	2,307,916.2	3,650,643.9	3,386,526.5	3,830,282.0	58.2	54.1	58.2	-7.2	13.1
Time, Savings & Foreign Currencies Deposits	1,747,252.8	2,693,554.3	4,309,523.1	5,763,511.2	5,954,260.5	60.4	54.2	60.0	33.7	3.3
Foreign Assets (Net)	704,482.4	696,248.4	1,279,622.9	1,071,082.3	1,134,332.8	60.1	-1.2	83.8	-16.3	5.9
Credit from Central Bank	62,991.4	49,741.6	132,195.3	409,159.1	418,714.0	47.6	-21.0	165.8	209.5	2.3
Capital Accounts	1,388,856.0	2,225,394.2	3,364,693.4	4,930,613.0	2,217,804.4	46.1	60.2	51.2	46.5	-55.0
Capital & Reserves	1,043,008.2	1,712,986.5	2,788,537.4	2,201,836.0	429,609.0	76.3	64.2	62.8	-21.0	-80.5
Other Provisions	345,847.8	512,407.7	576,156.0	2,728,777.1	1,788,195.5	-3.6	48.2	12.4	373.6	-34.5
Average Liquidity Ratio (%)	81.4	56.6	37.3	35.4	47.5	110.3	-30.5	-34.1	-15.8	-4.8
Average Loan/Deposit Ratio (%)	96.8	83.3	86.8	88.3	77.6	26.2	-13.9	4.2	1.7	-12.1

/1 Revised
/2 Provisional

Table 7
Deposit Money Banks' Sources and Application of Funds
(Naira million)

Item	2006		2007		2008		2009		2010	
	Sources	Application	Sources	Application	Sources	Application	Sources	Application	Sources	Application
Assets										
Reserves	-43,558.6	0.0	-6,423.2	0.0	0.0	121,576.5	0.0	68,385.8	**-34,043.2**	**0.0**
Foreign assets	0.0	174,868.8	0.0	92,361.8	0.0	500,156.8	0.0	13,084.2	**-11,164.1**	**0.0**
Claims on Central Government	0.0	740,767.5	-46,947.5	0.0	-180,450.9	0.0	-36,551.3	0.0	**0.0**	**94,667.8**
Claims on State & Local Government	0.0	7,669.5	0.0	29,041.4	0.0	732.0	0.0	7,704.0	**0.0**	**4,157.8**
Claims on Private Sector	0.0	525,482.0	0.0	666,306.5	0.0	72,849.2	0.0	69,092.1	**-954,169.1**	**0.0**
Claims on Other Financial Institutions	0.0	102,549.5	-1,386.6	0.0	0.0	196,518.0	-2,603.0	0.0	**0.0**	**23,934.8**
Unclassified Assets	0.0	377,887.5	-231,633.6	0.0	0.0	294,468.3	-38,853.6	0.0	**-97,416.6**	**0.0**
Liabilities										
Demand Deposits	268,708.2	0.0	23,135.0	0.0	377,843.2	0.0	1,575.2	0.0	**34,651.4**	**0.0**
Time, Savings & Foreign Currency Deposits	650,186.6	0.0	79,983.0	0.0	191,350.2	0.0	245,849.5	0.0	**85,851.2**	**0.0**
Money Market Instruments	31,724.9	0.0	0.0	-41,235.9	0.0	-2,924.6	9,295.6	0.0	**0.0**	**-34,296.3**
Bonds	0.0	-3,028.8	14,432.3	0.0	7,817.2	0.0	29,971.0	0.0	**843.6**	**0.0**
Foreign Liabilities	13,136.8	0.0	2,445.5	0.0	0.0	-21,645.3	0.0	-2,188.3	**393.6**	**0.0**
Central Government Deposits	42,695.8	0.0	0.0	-3,569.9	7,695.9	0.0	0.0	-9,429.4	**24,018.9**	**0.0**
Credit from Central Bank	0.0	-26,092.6	20,234.6	0.0	1,319.5	0.0	0.0	-34,839.7	**0.0**	**-45,589.9**
Capital Accounts	332,594.8	0.0	272,939.5	0.0	104,561.0	0.0	0.0	-69,930.5	**0.0**	**-1,131,709.7**
Unclassified Liabilities	575,740.5	0.0	132,954.6	0.0	339,832.8	0.0	0.0	-90,045.2	**91,804.6**	**0.0**
Funds Sourced & Used	**1,958,346.2**	**1,958,346.2**	**832,515.5**	**832,515.5**	**1,210,870.6**	**1,210,870.6**	**364,699.1**	**364,699.1**	**1,334,356.4**	**1,334,356.4**

Table 8
Summary of Community Banks/Microfinance Banks' Activities
(Naira million)

Item	2006	2007	2008	2009 /1	2010 /2
Number of Licensed CBs/MFBs	757	709	745	828	866
Number of Reporting CBs/MFBs	757	709	745	828	800
Number of Non-Reporting CBs/MFBs					
Capital and Reserves	12,619.90	14,250.70	33,361.30	45,258.60	43,702.70
Total Assets	55,056.10	55,616.10	115,124.50	158,795.90	170,582.30
Deposit Liabilities	34,008.80	33,088.30	58,481.30	72,750.60	76,483.70
Loans & Advances	16,498.60	16,450.80	42,024.40	55,818.90	54,348.60
Investments	3,868.20	2,592.40	7,317.70	7,753.60	8,618.60
Average Loan/ Deposit Ratio (%)	48.51	49.72	71.86	76.73	71.06
Percentage Change (%)					
Number of Reporting Banks	4.41	-6.34	5.08	11.14	-3.38
Capital and Reserves	25.52	12.92	134.10	35.66	-3.44
Total Assets	19.52	1.02	107.00	37.93	7.42
Deposit Liabilities	18.40	-2.71	76.74	24.40	5.13
Loans & Advances	13.41	-0.29	155.46	32.82	-2.63
Investments	7.63	-32.98	182.28	5.96	11.16
Sectoral Distribution of Loans & Advances					
(i) Agriculture and Forestry	956.10		2,961.57	5,957.80	4,584.00
(ii) Mining & Quarrying	405.00		345.28	491.98	681.70
(iii) Manufacturing	1,088.70		2,032.35	2,624.97	2,143.80
(iv) Real Estate and Construction	839.80		2,267.85	2,411.45	2,211.60
(v) Commerce	4,504.00		2,126.78	25,036.66	23,581.70
(vi) Transportation/Communication	2,087.40		2,649.20	3,357.01	2,214.30
(vii) Others	6,608.50		16,054.90	20,554.89	17,678.10
Deposits and Lending Rates (average %)					
(i) Savings deposits	**Negotiable**	**Negotiable**	**Negotiable**	**Negotiable**	**Negotiable**
(ii) Time/Term deposits	**Negotiable**	**Negotiable**	**Negotiable**	**Negotiable**	**Negotiable**
(iii) Interest rate on Loan & Advances	**Negotiable**	**Negotiable**	**Negotiable**	**Negotiable**	**Negotiable**

Note: /1 Revised
/2 Provisional

Table 9
Discount Houses' Statement of Assets and Liabilities
(Naira million)

Item	2006	2007	2008	2009	2010
ASSETS					
CASH AND BALANCES WITH BANKS	2,976.8	635.6	7,240.0	2,398.3	**6,102.3**
i) Cash on hand	0.9	1.5	1.3	0.7	**1.2**
ii) Balances with CBN	3,286.0	-5,133.6	2,099.2	695.8	**1,293.7**
iii) Balances with other banks	-310.1	5,767.7	5,139.5	1,701.8	**4,807.4**
CLAIMS ON FEDERAL GOVERNMENT	101,038.2	178,572.8	217,303.1	230,233.2	**255,245.8**
i) Treasury Bills	70,164.7	115,365.9	45,578.1	52,366.0	**55,084.4**
ii) FGN Bonds	12,947.0	52,517.3	171,725.0	177,867.2	**200,161.4**
iii) Treasury Certificate Maturing	0.0	0.0	0.0	0.0	**0.0**
iv) Treasury Bonds	1,863.7	0.0	0.0	0.0	**0.0**
v) Eligible Development Stock	16,062.8	10,689.6	0.0	0.0	**0.0**
CLAIMS ON STATE GOVERNMENTS	415.6	0.0	0.0	0.0	**1,350.6**
CLAIMS ON BANKS	51,827.1	86,569.3	155,487.8	2,150.4	**7,917.1**
i) Money at Call	1.8	7,000.0	20,121.9	0.0	**0.0**
ii) Loans and Advances	1,000.0	0.0	5,601.2	0.0	**6,350.0**
iii) Commercial Bills:	11,886.8	79,569.3	129,764.7	2,150.4	**1,019.9**
a) Bankers Acceptances	0.0	0.0	0.0	0.0	**0.0**
b) Promissory Notes	0.0	0.0	0.0	0.0	**0.0**
c) Negotiable Certificate of Deposit	0.0	0.0	0.0	0.0	**0.0**
d) Stabilisation Securities	0.0	0.0	0.0	0.0	**0.0**
iv) Others	38,938.5	0.0	0.0	0.0	**547.2**
CLAIMS ON OTHER FINANCIAL INSTITUTIONS	0.0	1,784.2	0.0	0.0	**0.0**
Money at Call	0.0	0.0	0.0	0.0	**0.0**
Loans and advances	0.0	0.0	0.0	0.0	**0.0**
Commercial Bills:	0.0	0.0	0.0	0.0	**0.0**
a) Promissory Notes	0.0	0.0	0.0	0.0	**0.0**
b) Negotiable Certificate of Deposit/Others	0.0	1,784.2	0.0	0.0	**0.0**
CLAIMS ON OTHERS	20,348.7	21,102.5	23,057.7	88,269.1	**65,205.6**
i) Commercial Bills	18,791.2	15,835.2	17,529.3	67,770.2	**44,844.0**
ii) Loans and Advances	1,557.5	5,267.2	4,794.3	20,863.9	**20,361.7**
iii) Others	0.0	0.0	734.1	-365.0	**0.0**
OTHER ASSETS	9,175.4	9,038.0	13,401.0	22,250.1	**24,041.4**
FIXED ASSETS	749.5	563.6	665.0	653.1	**1,215.7**
TOTAL ASSETS	186,531.3	298,266.0	417,154.6	345,954.1	**361,078.5**
LIABILITIES					
CAPITAL AND RESERVES	16,326.4	22,849.1	33,684.3	41,997.3	**41,374.9**
i) Paid-up Capital	9,780.7	11,086.5	11,544.6	14,590.6	**15,590.6**
ii) Statutory Reserves	3,631.3	4,217.4	5,828.8	7,873.9	**8,553.2**
iii) Share Premium	50.3	1,614.6	1,737.3	4,737.3	**4,737.3**
iv) Other Reserves	757.9	3,581.9	9,665.1	7,762.9	**6,579.2**
v) General Reserve	2,106.2	2,348.6	4,908.5	7,032.6	**5,914.7**
MONEY-AT-CALL	76,020.2	97,049.8	195,901.0	206,713.2	**247,727.7**
i) Commercial Banks	72,973.7	91,982.1	192,751.5	180,874.1	**221,977.1**
ii) Merchant Banks	0.0	0.0	0.0	0.0	**0.0**
iii) Non-Bank Financial Institutions	0.0	2,800.0	0.0	0.0	**0.0**
iv) Others	3,046.5	2,267.7	3,149.5	25,839.2	**25,750.6**
v) Associated Treasury Notes	0.0	0.0	0.0	0.0	**0.0**
OTHER AMOUNT OWING TO:	81,915.8	158,579.5	42,145.9	69,467.9	**21,224.0**
i) Commercial Banks	63,486.2	146,330.9	30,830.5	63,419.4	**19,325.3**
ii) Merchant Banks	0.0	0.0	0.0	0.0	**0.0**
iii) Non-Bank Financial Institutions	13,720.9	1,000.0	0.0	0.0	**0.0**
iv) Others	4,708.7	11,248.7	11,315.4	6,048.5	**1,898.7**
BORROWINGS	7.5	3,239.6	118,201.0	16.9	**5,850.9**
i) Central Bank of Nigeria	0.0	0.0	0.0	0.0	**0.0**
ii) Overdrafts	7.5	0.0	85.4	16.9	**0.9**
iii) Other Banks	0.0	3,239.6	118,115.6	0.0	**5,850.0**
OTHER LIABILITIES	12,261.4	16,548.0	27,222.4	27,758.8	**44,901.1**
TOTAL LIABILITIES	**186,531.3**	**298,266.0**	**417,154.6**	**345,954.1**	**361,078.5**

Table 10
Summary of Assets and Liabilities of Finance Companies
(Naira million)

Item	2006 /1	2007 /2	2008 /3	2009 /4	2010 /5
1 Cash and Cash Items	4,220.70	3,820.10	5,965.3	112,642.0	2,741.0
2 Investments	8,755.10	12,756.00	34,442.3	31,613.2	9,202.8
3 Due from other Finance Companies	9,293.40	11,458.90	21,791.9	24,742.7	74,437.6
4. Loans and Advances	23,845.80	26,779.10	50,387.8	41,111.8	61,133.6
5. Fixed Assets	4,341.30	3,687.60	6,881.4	7,490.0	17,644.1
6. Other Assets	3,861.80	7,302.90	14,711.5	15,830.5	20,453.5
Total Assets	54,318.00	65,804.60	134,180.1	120,900.8	185,612.6
1.Capital and Reserves	11,185.60	14,856.70	25,201.6	14,237.8	48,317.6
2. Share Deposits	185.8	0	0.0	0.0	0.0
3. Due to other Finance Companies	127.4	156.7	7,108.9	8,174.0	4,458.9
4. Borrowings	34,647.10	39,948.50	83,132.9	81,199.6	107,506.9
5. Other Liabilities	8,152.10	10,842.70	18,736.8	17,289.4	25,329.2
Total Liabilities	54,298.00	65,804.60	134,180.1	120,900.8	185,612.6

1/ 77 Finance companies out of 112 reported
2/ 81 Finance Companies out of 112 reported
3/ 56 Finance Companies out of 113 reported
4/ 75 Finance Companies out of 114 reported
5/ Provisional

Table 11
Value of Money Market Assets
(Naira million)

	2006	2007	2008	2009	2010
Treasury Bills	701399.8	574,929.4	471,929.4	797,482.0	1,277,100.0
Treasury Certificates	0.0	0.0	0.0	0.0	-
Development Stocks	720.0	620.0	520.0	520.0	220.0
Certificates of Deposits	0.0	0.0	0.0	0.0	-
Commercial Papers	204613.7	363,369.5	822,700.9	509,079.1	189,216.4
Bankers' Acceptances	78497.6	81,834.0	66,398.7	62,243.6	79,172.3
FGN Bonds	643940.0	1,186,150.5	1,445,999.6	1,974,930.0	2,901,600.0
Total	**1,629,171.1**	**2,206,903.4**	**2,807,548.6**	**3,344,254.7**	**4,447,308.7**
Treasury Bills	-17.9	-18.0	-17.9	69.0	69.5
Treasury Certificates	0.0	0.0	0.0	0.0	-
Eligible Development Stocks	-26.5	-13.9	-16.1	0.0	-57.7
Certificates of Deposits	0.0	0.0	0.0	0.0	-
Commercial Papers	5.2	77.6	126.4	-38.1	-62.8
Bankers' Acceptances	90.9	4.3	-18.9	-6.3	27.2
FGN Bonds	156.7	84.2	21.9	36.6	49.1
Total	21.4	35.5	27.2	19.1	33.0

1/ revised
2/ provisional

Table 12
Treasury Bills: Issues and Subscriptions
(Naira million)

Period	Issues	Subscriber		
		Central Bank	Deposit Money Banks	Non-Bank Public 1/
2006				
January	150000.0	16570.0	74470.0	58960.0
February	157350.0	2740.0	103450.0	51160.0
March	181780.0	10060.0	95350.0	76370.0
April	104990.0	160.0	37090.0	67740.0
May	124950.0	3780.0	85380.0	35790.0
June	140000.0	18860.0	53870.0	67270.0
July	85000.0	3120.0	20970.0	60910.0
August	125000.0	6290.0	50910.0	67800.0
September	105000.0	280.0	51350.0	53370.0
October	104865.0	1015.0	81460.0	22390.0
November	125000.0	0.0	89470.0	35530.0
December	105000.0	780.0	52340.0	51880.0
Total	**1509070.0**	**63790.0**	**796110.0**	**649170.0**
Average	**125755.8**	**5315.8**	**66342.5**	**54097.5**
2007				
January	115000.0	0.0	71400.0	43600.0
February	90106.6	0.0	63600.0	26500.0
March	138000.0	0.0	97400.0	40600.0
April	139466.7	0.0	40300.0	96700.0
May	115106.6	0.0	106300.0	72700.0
June	106356.2	0.0	63200.0	43200.0
July	105110.5	0.0	62400.0	42600.0
August	125106.6	6473306.0	86700.0	38300.0
September	98000.0	13113475.0	57600.0	39400.0
October	86466.7	0.0	112300.0	50400.0
November	100106.6	3393845.0	128400.0	56600.0
December	85356.2	2089232.0	235100.0	104900.0
Total	**1304182.4**	**27159090.0**	**1124700.0**	**655500.0**
Average	**108681.9**	**2263257.5**	**93725.0**	**54625.0**
2008				
January	100110.4	159.4	57147.0	42804.1
February	75106.6	0.0	37756.2	37350.3
March	78000.0	6217.4	33250.2	38532.4
April	76466.7	1197.9	30750.1	44518.7
May	89451.5	0.0	28701.8	60749.7
June	75356.2	2.3	27931.2	47422.7
July	60110.5	0.0	30104.5	30006.0
August	50761.6	0.0	19599.6	31162.0
September	54344.9	0.0	23233.1	31111.9
October	101466.7	1.0	58528.8	42936.9
November	85106.6	6.5	57476.6	27623.5
December	70000.0	0.0	48291.5	21708.5
Total	**916281.6**	**7584.3**	**452770.6**	**455926.7**
Average	**76356.8**	**632.0**	**37730.9**	**37993.9**
2009				
January	115470.0	30.0	87680.0	27760.0
February	80110.0	0.0	64460.0	15650.0
March	80000.0	0.0	41510.0	38490.0
April	101360.0	0.0	47780.0	53580.0
May	120220.0	0.0	95430.0	24790.0
June	120000.0	0.0	79070.0	40930.0
July	125360.0	0.0	83030.0	42330.0
August	105220.0	0.0	76180.0	29040.0
September	91760.0	0.0	54440.0	37320.0
October	170260.0	0.0	127410.0	42850.0
November	120220.0	0.0	74640.0	45580.0
December	162560.0	0.0	125240.0	37320.0
Total	**1392540.0**	**30.0**	**956870.0**	**435640.0**
Average	**116045.0**	**2.5**	**79739.2**	**36303.3**
2010				
January	149830.0	0.0	140590.0	9240.0
February	100220.0	0.0	97910.0	2310.0
March	65000.0	0.0	54960.0	10040.0
April	160490.0	0.0	127420.0	33070.0
May	100220.0	0.0	93530.0	6690.0
June	158700.0	0.0	116150.0	42550.0
July	250910.0	0.0	185640.0	65270.0
August	141160.0	0.0	130260.0	10900.0
September	206570.0	0.0	165740.0	40830.0
October	167010.0	0.0	151870.0	15140.0
November	205930.0	0.0	175890.0	30040.0
December	297910.0	0.0	239910.0	58000.0
Total	**2003950.0**	**0.0**	**1679870.0**	**324080.0**
Average	**166995.8**	**0.0**	**139989.2**	**27006.7**

1/ Includes Discount houses,Government parastatals, Savings type institutions etc.

Note: With the commencement of universal banking in January 2001, the dichotomy between banks was removed.

Table 13
Holdings of Treasury Bills Outstanding
(Naira billion)

Period	Total Outstanding	Central Bank including Rediscount	Deposit Money Banks	Others
2006				
January	854.8	121.0	537.1	196.8
February	854.8	53.0	587.1	214.7
March	815.0	32.0	611.5	171.5
April	815.0	14.5	627.2	173.3
May	835.3	10.8	653.3	171.2
June	785.3	40.5	580.7	164.2
July	715.3	7.7	541.4	166.2
August	715.3	20.5	525.3	169.6
September	715.3	46.1	526.9	142.4
October	715.3	13.5	541.1	160.7
November	701.4	20.9	538.2	142.3
December	701.4	24.5	520.6	156.3
Average	**768.7**	**33.8**	**565.9**	**169.1**
2007				
January	690.0	22.9	505.9	161.1
February	675.1	20.6	521.2	133.3
March	698.1	16.4	547.2	134.5
April	732.6	13.9	547.2	171.5
May	727.6	14.0	662.3	51.3
June	716.9	0.6	647.7	68.6
July	705.9	0.6	647.0	58.4
August	705.9	0.7	663.2	42.1
September	677.9	0.7	676.9	0.3
October	625.9	0.1	615.8	10.0
November	600.9	3.6	591.3	6.0
December	574.9	5.9	551.4	17.6
Average	**677.7**	**8.3**	**598.1**	**71.2**
2008				
January	574.93	5.21	524.31	45.40
February	574.9	2.7	525.5	46.7
March	574.9	3.1	559.6	12.2
April	574.9	3.5	519.7	51.7
May	574.9	3.5	519.7	51.7
June	574.9	6.3	495.3	73.3
July	534.9	6.9	452.0	76.0
August	500.6	8.0	446.7	46.0
September	471.9	7.1	400.8	64.0
October	471.9	7.4	382.7	81.8
November	471.9	4.3	388.9	78.7
December	471.9	0.4	352.4	119.1
Average	**531.1**	**4.9**	**464.0**	**62.2**
2009				
January	1,156.3	624.5	386.8	145.0
February	521.5	0.00	404.4	117.1
March	546.9	2.9	401.0	143.0
April	561.9	3.8	376.3	181.9
May	601.9	1.3	408.7	192.0
June	641.9	23.4	417.1	201.4
July	676.9	3.1	476.5	197.3
August	711.9	5.7	539.6	166.6
September	753.6	2.1	559.7	191.8
October	787.5	1.4	650.3	135.8
November	792.5	1.5	667.3	123.6
December	797.5	1.9	644.8	150.8
Average	**712.5**	**61.1**	**494.4**	**162.2**
2010				
January	837.3	0.0	711.0	126.4
February	837.3	0.0	645.3	192.0
March	837.3	0.0	634.3	203.0
April	837.3	0.0	511.3	326.0
May	837.3	0.0	579.0	258.4
June	901.0	0.0	785.2	115.8
July	977.0	0.0	679.9	297.2
August	1,018.0	0.0	764.3	253.7
September	1,064.3	24.5	658.3	381.5
October	1,106.3	24.5	729.6	352.3
November	1,191.1	24.5	698.3	468.4
December	1,277.1	24.5	925.3	327.3
Average	**976.8**	**8.2**	**693.5**	**275.2**

Table 14
Open Market Operations

Period	Total Bids (N' Million)	Amount Sold (N' Million)	Average Tenor (Days)	Average Yield (%)
2006				
January	38,600.0	26,100.0	40.0	10.9
February	360,100.0	200,000.0	93.0	11.3
March	182,600.0	149,000.0	115.0	9.6
April	211,500.0	189,900.0	95.0	8.2
May	159,500.0	133,400.0	205.0	7.2
June	254,300.0	197,200.0	309.0	11.2
July	416,700.0	343,100.0	146.0	11.1
August	225,370.0	168,690.0	235.0	8.8
September	56,600.0	56,600.0	146.0	6.9
October	232,930.0	217,930.0	63.0	5.7
November	30,500.0	25,000.0	82.0	5.0
December	101,500.0	101,500.0	91.0	7.3
Total	2,270,200.0	1,808,420.0	1,620.0	103.2
Average	189,183.3	150,701.7	135.0	8.6
2007				
January	0.0	0.0	0.0	0.0
February	68,200.0	80,100.0	50.0	7.3
March	216,900.0	227,100.0	71.0	7.3
April	50,300.0	80,100.0	100.0	7.7
May	62,400.0	100,100.0	48.0	7.2
June	14,000.0	563,500.0	74.0	7.7
July	170.0	82,200.0	57.0	6.7
August	37,750.0	304,500.0	86.0	7.1
September	0.0	461,000.0	99.0	6.7
October	19,500.0	528,700.0	77.0	6.8
November	24,000.0	570,000.0	106.0	7.3
December	134,200.0	585,300.0	223.0	8.1
Total	627,420.0	3,582,600.0	991.0	79.9
Average	52,285.0	298,550.0	82.6	6.7
2008				
January	0.0	148,300.0	229.0	213.0
February	0.0	174,770.0	265.0	249.0
March	0.0	210,350.0	206.0	213.0
April	10.0	291,650.0	160.0	159.0
May	24.0	205,530.0	168.0	168.0
June	0.0	439,200.0	160.0	159.0
July	0.0	760,080.0	171.0	169.0
August	0.0	101,460.0	194.0	191.0
September	0.0	0.0	0.0	0.0
October	0.0	0.0	0.0	0.0
November	0.0	0.0	0.0	0.0
December	0.0	0.0	0.0	0.0
Total	34.0	2,331,340.0	0.0	0.0
Average	2.8	194,278.3	129.4	126.8
2009				
January	68,540.0	20,290.0	2.0	n/a
February	0.0	0.0	n/a	n/a
March	71,000.0	42,000.0	2.7	n/a
April	128,150.0	95,150.0	4.3	n/a
May	77,100.0	39,250.0	4.0	n/a
June	126,850.0	57,800.0	5.1	n/a
July	n/a	n/a	n/a	n/a
August	n/a	n/a	n/a	n/a
September	n/a	n/a	n/a	n/a
October	n/a	n/a	n/a	n/a
November	n/a	n/a	n/a	n/a
December	n/a	n/a	n/a	n/a
Total	471,640.0	254,490.0	18.1	0.0
Average	78,606.7	42,415.0	3.6	0.0
2010				
January	0.0	0.0	0.0	0.0
February	0.0	0.0	0.0	0.0
March	0.0	0.0	0.0	0.0
April	280,500.0	120,000.0	186.0	2.4
May	116,942.0	40,000.0	130.0	2.4
June	200.0	2,000.0	44.0	1.2
July	0.0	0.0	0.0	0.0
August	0.0	0.0	0.0	0.0
September	70,250.0	24,000.0	79.0	5.1
October	2,000.0	2,000.0	181.0	8.6
November	47,250.0	29,500.0	240.0	10.0
December	99,181.0	53,250.0	148.0	7.4
Total	616,323.0	270,750.0	1,008.0	37.1
Average	51,360.3	27,000.0	84.0	0.0

Table 15
Transactions on the Nigerian Stock Exchange

Items	2006	2007 /1	2008 /1	2009	2010
Volume of Stocks ('000)					
Government	1593.4	0.0	0.0	0.0	0.0
Industrial	800.0	2,869.9	3,571.2	412.8	0.0
Second-Tier Securities	13,538.1	257,208.5	201,514.0	1,127,466.5	0.0
Bonds*	0.0	0.0	0.0	0.1	114.0
Equities	36,647,637.3	137,852,243.5	192,867,507.7	101,724,204.4	93,332,072.1
Total	**36,663,568.8**	**138,112,321.9**	**193,072,592.9**	**102,852,083.8**	**93,333,212.1**
Number of Deals					
Government	5.0	0.0	0.0	0.0	0.0
Industrial	1.0	37.0	138.0	15.0	0.0
Second-Tier Securities	997.0	4788.0	8759.0	1043.0	1346.0
Bonds*	0.0	0.0	0.0	1.0	4.0
Equities	1,366,951.0	2,610,195.0	3,526,734.0	1,738,306.0	1,924,125.0
Total	**1,367,954.0**	**2,615,020.0**	**3,535,631.0**	**1,739,365.0**	**1,925,475.0**
Value of Stocks (N' Million)					
Government	1593.4	0.0	0.0	0.0	0.0
Industrial	72.0	1136.5	3528.9	412.8	0.0
Second-Tier Securities	32.6	845.1	1822.8	1372.3	702.6
Bonds*	0.0	0.0	0.0	0.1	14.1
Equities	468,555.8	2,098,328.6	2,394,759.4	683,932.1	796,837.5
Total	**470,253.8**	**2,100,310.2**	**2,400,110.3**	**685,717.3**	**797,554.2**
Market Capitalization (N' Million)	**5,120,943.2**	**13,294,584.9**	**9,535,819.5**	**7,032,121.0**	**9,918,218.7**
Value Index of Equities (1984 = 100)	**33,358.3**	**57,990.2**	**31,450.8**	**20,827.2**	**24,770.5**

1. Revised

Table 16
Market Capitalisation of Quoted Companies: Equities
(Naira thousand)

CATEGORY	2006	2007	2008	2009	2010
AGRICULTURE	**15,964,001.2**	**30,924,310.0**	**34,041,823.9**	**19,899,543.4**	**17,331,955.6**
FINANCIAL	**2,198,156,504.9**	**6,903,133,644.4**	**4,079,523,775.3**	**2,455,225,199.6**	**2,885,224,164.1**
Banking	2,142,745,733.1	6,432,245,733.3	3,715,544,229.6	2,238,130,310.2	2,710,167,833.0
Managed Funds	3,018,101.6	6,620,913.4	0.0	0.0	
Insurance	52,392,670.2	419,016,997.7	313,873,459.7	201,522,031.5	147,896,811.9
Other Financial Institutions		0.0	47,885,886.0	13,572,857.8	12,718,530.3
Real Estate Investment Trust		0.0	2,220,200.0	2,000,000.0	14,440,989.1
Mortgage		45,250,000.0	54,202,386.3	24,850,814.5	23,154,065.5
MANUFACTURING	**1,186,991,049.5**	**2,075,963,486.2**	**1,343,077,748.7**	**1,591,107,747.6**	**3,935,471,347.6**
Breweries	444,302,931.8	569,614,151.5	472,657,836.3	599,067,028.7	881,806,021.9
Building Materials	358,477,246.7	498,299,115.8	177,229,727.7	300,124,243.6	2,063,168,046.6
Chemical & Paints	7,979,755.0	24,252,251.6	20,898,952.4	14,929,765.0	21,507,491.5
Food, Beverages & Tobacco	336,926,516.1	900,869,005.7	561,302,464.7	594,372,544.5	880,718,117.1
Industrial and Domestic Products	6,561,523.5	16,972,126.1	25,716,839.7	19,676,872.0	17,484,154.2
Packaging	4,073,305.4	15,952,014.0	43,535,290.1	25,210,330.2	28,712,726.8
Healthcare	26,490,010.8	46,519,124.7	38,576,816.5	36,124,724.1	41,442,326.5
Textiles	2,179,760.1	3,485,696.8	3,159,821.2	1,602,239.4	632,462.9
COMMERCIALS	**612,322,784.9**	**838,526,906.0**	**886,263,192.5**	**528,164,461.2**	**637,025,809.0**
Automobile & Tyres	10,956,622.4	31,525,103.7	17,466,607.8	8,023,488.2	4,755,379.4
Conglomerates	333,671,406.0	317,563,740.0	178,921,497.3	233,275,243.2	294,157,765.4
Commercial / Services	80,853.4	27,431,138.3	83,170,810.3	28,099,539.9	14,613,343.0
Computer & Office Equipments	999,729.5	2,839,664.8	10,732,356.0	5,646,712.7	4,698,426.8
Footwear	220,340.8	415,811.3	1,315,303.0	298,898.9	244,170.9
Machinery (Marketing)	38,496.5	1,290.5	1,290.5	1,290.5	1,290.5
Petroleum (Marketing)	266,355,336.3	458,750,157.5	594,655,327.5	252,819,287.8	318,555,432.9
SERVICES	**57,050,763.5**	**152,388,325.5**	**641,699,446.4**	**204,284,024.9**	**231,900,469.7**
Construction	16,602,698.5	38,232,556.4	106,870,970.6	60,279,219.4	92,633,786.8
Real Estate	15,180,000.0	25,707,000.0	29,524,000.0	21,845,999.9	22,701,249.9
Engineering Technology	346,648.7	2,587,042.0	5,722,433.0	2,161,697.0	3,298,759.9
Airline Services	5,679,000.0	31,143,060.0	20,107,386.3	10,514,865.6	13,641,261.3
Printing & Publishing	2,020,033.2	18,254,066.7	8,323,289.5	10,476,916.0	10,187,738.3
Hotel and Tourism	5,818,785.7	16,337,480.9	28,764,850.0	9,956,087.1	17,291,774.9
Maritime	1,411,097.4	9,329,569.4	22,921,488.3	7,076,852.9	8,767,782.4
Aviation			1,740,000.0	1,740,000.0	1,740,000.0
Road Transport		3,993,550.0	2,818,090.0	1,145,320.0	798,710.0
Leasing		4,860,000.0	6,660,000.0	4,161,544.4	2,474,025.3
Information, Communications & Telecommunications		0.0	54,168,881.8	67,217,124.7	52,105,502.3
Media		0.0	26,480,000.0	7,708,397.8	6,259,878.5
The Foreign Listing	156,649,089.6	292,250,544.6	273,395,670.7	163,729,199.5	188,356,567.6
Total	**5,120,943,219.6**	**10,293,187,216.7**	**6,957,453,501.0**	**4,989,385,147.5**	**7,906,045,270.9**

Source: NES

Table 17
Value Index of All Common Stocks Listed by Sector on the Nigerian Stock Exchange
(1984 = 100)

Category	2006	2007	2008	2009 /2	2010 /1	Growth rate (%)				
						2006	2007	2008	2009 /2	2010 /1
A G R I C U L T U R E	**103.46**	**174.22**	**153.88**	**83.07**	**54.30**	**-7.66**	**68.39**	**-11.67**	**-46.02**	**-34.63**
F I N A N C I A L	**17,246.5**	**38,891.2**	**18,441.3**	**10,248.8**	**9,039.7**	**19.4**	**173.0**	**-52.6**	**-44.4**	**-11.8**
Banking	16,887.3	36,238.3	16,795.9	9,342.6	8491.3	20.0	160.9	-53.7	-44.4	-9.1
Managed Funds	19.6	37.3				-43.7	90.7			
Insurance	339.6	2360.7	1418.8	841.2	463.4	3.4	595.2	-39.9	-40.7	-44.9
Other Financial Institutions			216.5	56.7	39.8				-73.8	-29.7
Real Estate Investment Trust			10.0	8.3	45.2				-16.8	442.0
Mortgage		254.9	245.0	103.7	72.5			-3.9	-57.7	-30.1
M A N U F A C T U R I N G	**9,693.0**	**11,695.7**	**6,071.3**	**6,641.8**	**12,330.3**	**-5.6**	**52.0**	**-48.1**	**9.4**	**85.6**
Breweries	2,879.6	3,209.1	2,136.6	2,500.7	2,762.8	-26.3	11.4	-33.4	17.0	10.5
Building Materials	3,323.3	2,807.3	801.2	1,252.8	6,464.1	112.2	20.8	-71.5	56.4	416.0
Chemical & Paints	51.7	136.6	94.5	62.3	67.4	13.2	164.2	-30.9	-34.0	8.1
Food, Beverages & Tobacco	3,183.7	5,075.4	2,537.3	2,481.1	2,759.4	-22.3	132.4	-50.0	-2.2	11.2
Industrial and Domestic Products	42.5	95.6	116.3	82.1	54.8	-30.1	124.8	21.6	-29.3	-33.3
Packaging	26.4	89.9	196.8	105.2	90.0	-39.7	240.4	119.0	-46.5	-14.5
Healthcare	171.7	262.1	174.4	150.8	129.8	12.2	52.7	-33.5	-13.5	-13.9
Textiles	14.1	19.6	14.3	6.7	2.0	-54.0	39.0	-27.3	-53.2	-70.4
C O M M E R C I A L S	**5,965.5**	**4,724.1**	**4,006.3**	**2,204.7**	**1,995.9**	**10.3**	**19.0**	**-15.2**	**-45.0**	**-9.5**
Automobile & Tyres	71.0	177.6	79.0	33.5	14.9	40.5	150.1	-55.5	-57.6	-55.5
Conglomerates	4,139.6	1,789.1	808.8	973.8	921.6	83.9	-17.3	-54.8	20.4	-5.4
Commercial / Services	0.5	154.5	376.0	117.3	45.8	-45.1	29391.9	143.3	-68.8	-61.0
Computer & Office Equipments	6.5	16.0	48.5	23.6	14.7	47.6	146.9	203.3	-51.4	-37.5
Footwear	1.4	2.3	5.9	1.2	0.8	55.2	64.0	153.8	-79.0	-38.7
Machinery (Marketing)	0.2	0.0	0.0	0.0	0.0	-34.5	-97.1	-19.8	-7.7	-24.9
Petroleum (Marketing)	1,726.3	2,584.5	2,688.1	1,055.3	998.1	-27.0	49.7	4.0	-60.7	-5.4
S E R V I C E S	**369.8**	**858.5**	**2,900.8**	**852.7**	**726.6**	**25.6**	**132.2**	**237.9**	**-70.6**	**-14.8**
Construction	107.6	215.4	483.1	251.6	290.2	10.9	100.2	124.3	-47.9	15.3
Real Estate	98.4	144.8	133.5	91.2	71.1	7.1	47.2	-7.8	-31.7	-22.0
Engineering Technology	2.2	14.6	25.9	9.0	10.3	-30.4	548.7	77.5	-65.1	14.5
Airline Services	36.8	175.5	90.9	43.9	42.7	89.6	376.7	-48.2	-51.7	-2.6
Printing & Publishing	13.1	102.8	37.6	43.7	31.9	40.7	685.5	-63.4	16.2	-27.0
Hotel and Tourism	37.7	92.0	130.0	41.6	54.2	-35.5	144.1	41.3	-68.0	30.4
Maritime	9.1	52.6	103.6	29.5	27.5	-39.6	474.7	97.1	-71.5	-7.0
Aviation			7.9	7.3	5.5				-7.7	-24.9
Road Transport		22.5	12.7	4.8	2.5			-43.4	-62.5	-47.7
Leasing		27.4	30.1	17.4	7.8			10.0	-42.3	-55.4
Information, Communications & Telecommunications			244.9	280.6	163.3				14.6	-41.8
Media			119.7	32.2	19.6				-73.1	-39.0
The Foreign Listing	**1,015.3**	**1,646.5**	**1,235.9**	**683.5**	**590.1**		**62.2**	**-24.9**	**-44.7**	**-13.7**
Total	**33,358.3**	**57,990.2**	**31,450.8**	**20,827.2**	**24,770.5**	**37.8**	**74.7**	**-45.8**	**-33.8**	**18.9**

Source: NES

Table 18
Federation Account Operations
(Naira billion)

	2006	2007	2008	2009	2010 1/
Total Revenue(Gross)	6,069.8	5,727.5	7,866.6	4,844.6	7,303.7
Oil Revenue (Gross)	5,287.6	4,462.9	6,530.6	3,191.9	5,396.1
Crude Oil / Gas Exports	2,074.2	1,851.0	2,251.4	897.8	1,696.2
PPT and Royalties etc.	2,038.3	1,500.6	2,812.3	1,256.5	1,944.7
Domestic Crude Oil Sales	1,171.8	1,094.6	1,462.5	953.0	1,746.3
Other Oil Revenue	3.2	16.8	4.4	84.5	8.8
Less:					
Deductions 2/	2,723.3	1,807.0	3,261.2	1,174.8	2,393.7
Oil Revenue (Net)	2,564.3	2,655.9	3,269.5	2,017.2	3,002.4
Non- Oil Revenue	782.2	1,264.6	1,336.0	1,652.7	1,907.6
Companies Income Tax.	244.9	327.0	416.8	568.1	657.3
Customs & Excise Duties.	177.7	241.4	281.3	297.5	309.2
Privatisation/GSM Proceeds	-	-	-	-	-
Value-Added Tax (VAT)	230.4	301.7	404.5	468.4	562.9
Independent Revenue of Fed. Govt. (incl.GSM)	33.3	268.7	114.0	73.2	153.6
Education Tax	28.4	51.8	47.2	139.5	114.5
Custom Levies	67.5	74.1	72.2	98.5	103.4
National Information Technology Development Fund (NITDF)	-	-	-	7.5	6.8
Less:					
Deductions 2/	32.0	42.2	52.6	69.8	125.5
Non- Oil Revenue (Net)	750.3	1,222.5	1,283.4	1,582.9	1,782.0
Federally - collected revenue + Transfers	3,314.6	3,878.4	4,552.8	3,600.1	4,784.5
Less	350.3	684.2	621.7	768.4	918.6
Transfer to Federal Govt. Ind. Revenue	33.3	268.7	114.0	73.2	153.6
Transfer to VAT Pool Account	221.1	289.6	388.3	449.7	540.3
Other Transfers 3/	95.9	125.9	119.4	245.6	224.7
Federally Collected Revenue (Net)	2,964.2	3,194.2	3,931.1	2,831.7	3,865.9
Memorandum Items:					
Deductions:	2,755.2	1,849.1	3,313.8	1,244.5	2,519.2
Oil Revenue	2,723.3	1,807.0	3,261.2	1,174.8	2,393.7
JVC Cash calls	527.8	550.0	579.1	809.6	962.9
Excess Crude Proceeds	1,422.1	1,168.5	1,728.5	60.4	615.8
Excess PPT & Royalty	773.4	88.5	953.6	218.0	179.3
Others	-	-	-	86.7	635.7
Non -oil Revenue	32.0	42.2	52.6	69.8	125.5
4% FIRS collection cost	9.8	13.1	16.7	22.7	26.3
7% NCS collection cost	12.7	16.9	19.7	20.8	21.6
Cost of collection for VAT	9.2	12.1	16.2	18.7	22.5
Others	0.2	0.1	0.0	7.5	55.1

1/ Provisional
2/ As contained in memorandum items
3/ Includes Education Tax and Customs levies
Source: Federal Ministry of Finance

Table 19
Federally Collected Revenue Distributions
(Naira billion)

Source	2006	2007	2008	2009	2010 1/
Federally Collected Revenue (Net)	**2,964.2**	**3,194.2**	**3,931.1**	**2,831.7**	**3,865.9**
Add					
Other Revenue	700.0	797.0	1,637.0	1,706.1	1,365.3
Excess Crude	637.0	499.6	1,106.9	812.4	886.5
Share of Budgtary Difference	63.1	49.1	67.8	119.1	339.6
Revenue Augmentation	0.0	248.3	462.2	615.9	99.3
Exchange Rate Gain	0.0	0.0	0.0	158.7	39.9
Total Revenue	**3,664.3**	**3,991.2**	**5,568.2**	**4,537.8**	**5,231.2**
Distributed as Follows					
Statutory Allocation	**2,964.3**	**3,194.2**	**3,931.1**	**2,831.7**	**3,865.9**
Federal Government	1,385.9	1,500.8	1,847.0	1,353.6	1,830.9
State Government	703.0	761.2	936.8	686.6	928.7
Local Government	542.0	586.9	722.3	529.3	716.0
13% Derivation	333.4	345.3	425.0	262.24	390.3
Excess Crude	**637.0**	**499.6**	**1,106.9**	**812.4**	**886.5**
Federal Government (Gross)	291.9	229.0	249.3	296.8	406.3
Less: Refund to Local Governments	*0.0*	*0.0*	*0.0*	*0.0*	*121.6*
Federal Government (Net)	291.9	229.0	249.3	296.8	284.6
State Governments (Gross)	148.1	116.1	395.7	265.0	206.1
Less: Refund to Local Governments	*0.0*	*0.0*	*0.0*	*0.0*	*4.3*
State Governments (Net)	148.1	116.1	395.7	265.0	201.8
Local Governments	114.2	89.5	391.2	145.0	158.9
Add: Refund from Federal Government	*0.0*	*0.0*	*0.0*	*0.0*	*121.6*
Add: Refund from State Governments	*0.0*	*0.0*	*0.0*	*0.0*	*4.3*
Local Governments (Net)	114.2	89.5	391.2	145.0	284.8
13% Derivation	82.8	64.9	70.7	105.6	115.2
Share of Diff.Btw. Provisional Distribution and Actual Budget	**63.1**	**49.1**	**67.8**	**119.1**	**339.6**
Federal Government	28.9	22.5	31.1	54.6	155.7
State Government	14.7	11.4	15.8	27.7	79.0
Local Government	11.3	8.8	12.2	21.3	60.9
13% Derivation	8.2	6.4	8.8	15.5	44.2
Federation Revenue Augmentation	**0.0**	**248.3**	**462.2**	**615.9**	**99.3**
Federal Government	0.0	113.8	211.86	282.3	45.5
State Government	0.0	57.7	107.5	143.2	23.1
Local Government	0.0	44.5	82.8	110.4	17.8
13% Derivation	0.0	32.3	60.1	80.1	12.9
Exchange Rate Gain	**0.0**	**0.0**	**0.0**	**158.7**	**39.9**
Federal Government	0.0	0.0	0.0	72.7	18.3
State Government	0.0	0.0	0.0	36.9	9.3
Local Government	0.0	0.0	0.0	28.4	7.1
13% Derivation	0.0	0.0	0.0	20.6	5.2
VAT POOL	**221.1**	**289.6**	**388.4**	**449.6**	**540.3**
Federal Government	33.2	43.4	58.2	67.4	81.1
State Government	110.6	144.8	194.2	224.8	270.2
Local Government	77.4	101.4	135.9	157.4	189.1
Total Statutory Revenue and VAT Distribution	**3,885.4**	**4,280.9**	**5,956.5**	**4,987.5**	**5,771.5**
Federal Government	1,739.9	1,909.5	2,397.5	2,127.5	2,537.7
State Government	976.3	1,091.3	1,649.9	1,384.1	1,516.2
Local Government	744.9	831.1	1,344.4	991.8	1,149.8
13% Derivation	424.4	448.9	564.7	484.0	567.8

1/ Provisional
Source: Federal Ministry of Finance

Table 20
Summary of General Government Finances
(Naira billion)

	2006	2007	2008	2009	2010 1/
Total Revenue (Gross)	**6,855.7**	**6,997.3**	**10,254.5**	**7,307.2**	**9,544.3**
Oil Revenue (Gross)	5,287.6	4,462.9	6,530.6	3,191.9	5,396.1
Less:					
Deductions	2,723.3	1,807.0	3,261.2	1,174.8	2,393.7
Oil Revenue (Net)	2,564.3	2,655.9	3,269.4	2,017.1	3,002.4
Add:					
Revenue Augmentation from Excess Crude	475.5	685.1	1,679.8	1,706.1	1,334.8
Revenue from Oil Sources	**3,039.8**	**3,341.0**	**4,949.2**	**3,723.2**	**4,337.2**
Non-Oil Revenue (Gross)	748.9	995.9	1,222.0	1,579.5	1,754.0
of which: VAT	230.4	289.6	404.5	468.4	562.9
International Trade Taxes	177.7	241.4	281.3	297.5	309.2
Company Income Tax	244.9	327.0	416.8	568.1	657.3
Less:					
Deductions	32.0	42.2	52.6	69.8	125.5
Non-Oil Revenue (Net)	716.9	953.7	1,169.4	1,509.7	1,628.5
Add:					
FG Independent Revenue	33.3	268.7	114.0	73.2	153.6
SG Internally-Generated Revenue	125.2	305.7	441.1	461.2	420.5
LG Internally-Generated Revenue	23.2	21.3	23.1	26.1	26.2
Grants & Others	162.0	257.7	243.9	269.2	244.5
Revenue from Non-Oil Sources	**1,060.7**	**1,807.1**	**1,991.5**	**2,339.4**	**2,473.3**
Add:					
Balances in Special Accounts for the Previous Year	-	-	-	-	214.6
Others	172.7	228.2	686.0	446.3	384.8
Total Collected Revenue (Net)	**4,273.2**	**5,376.3**	**7,626.7**	**6,508.9**	**7,409.9**
Transfers:					
Education Tax & Other Levies	117.8	144.9	119.4	245.6	224.3
Others	-	-	-	-	49.7
TOTAL REVENUE	**4,155.4**	**5,231.4**	**7,507.3**	**6,263.3**	**7,135.8**
TOTAL EXPENDITURE	**4,290.7**	**5,394.4**	**7,644.6**	**7,258.0**	**8,370.9**
Recurrent Expenditure	**2,327.4**	**3,133.7**	**3,972.6**	**3,925.8**	**4,965.2**
Goods & Services	**1,988.7**	**2,809.9**	**3,525.1**	**3,541.1**	**4,490.3**
Personnel Cost	1,085.8	1,530.0	1,664.5	1,697.4	2,221.9
Pension	143.5	161.0	208.2	269.4	261.7
Overhead Cost	625.0	917.6	1,261.5	1,246.4	1,768.9
Others	134.4	201.3	390.9	327.9	237.8
Interest Payments	**338.7**	**323.8**	**447.5**	**384.7**	**474.9**
Foreign	118.4	103.2	59.0	37.2	39.9
Domestic	220.3	220.6	388.5	347.5	435.1
Capital Expenditure	**1,404.1**	**1,757.9**	**2,979.2**	**2,800.0**	**2,755.9**
Transfers	**450.7**	**458.9**	**632.5**	**465.5**	**554.3**
NDDC	29.9	24.0	60.1	51.3	44.9
NJC	35.0	43.0	58.5	78.0	91.0
UBE	30.5	35.3	44.0	39.3	46.1
Subnational Governments' Transfers	102.1	216.4	271.8	169.2	205.5
Special funds	253.2	140.2	198.1	124.1	147.5
Other Transfers				3.6	19.3
Others (incl. sub. govt. extrabudgetary exp.)	**108.5**	**43.9**	**60.3**	**66.7**	**95.4**
Balances					
Current Balance	1,268.8	1,594.9	2,842.0	1,805.3	1,520.9
Primary Balance	203.4	160.8	310.3	(610.0)	(760.1)
OVERALL BALANCE	**(135.3)**	**(163.0)**	**(137.2)**	**(994.7)**	**(1,235.0)**
FINANCING	**135.3**	**163.0**	**137.2**	**994.7**	**1,235.0**
Foreign (Net)	-	6.1	38.3	101.7	99.8
Domestic (Net)	135.3	156.9	98.8	893.0	1,135.1
Banking System	27.0	188.1	131.0	279.3	978.8
CBN/Sinking Fund	-	-	(4.2)	318.5	118.5
DMBs	27.0	188.1	135.2	(39.2)	860.3
Non-Bank Public	45.0	40.2	82.8	796.8	354.5
Other Funds	63.3	(71.4)	(114.9)	(183.1)	(198.2)

1/ Provisional
Source: Federal Ministry of Finance

Table 21
Summary of Federal Government Finances
(Naira billion)

	2006	2007	2008	2009	2010 1/
FEDERAL GOVERNMENT RETAINED REVENUE	**1,937.2**	**2,333.7**	**3,193.4**	**2,643.0**	**3,089.2**
Share of Federation Account	1,486.5	1,500.9	1,847.0	1,353.6	1,830.9
Share of VAT Pool Account	33.2	43.4	58.3	67.4	81.1
Federal Government Independent Revenue	33.3	268.7	114.0	73.2	153.6
Share of Excess Crude Account	320.8	299.1	492.2	815.4	464.1
Privatization Proceeds	29.5	-	-	-	-
Loan recovery from States	-	-	-	-	-
Others 2/	33.8	221.6	682.0	333.3	559.5
TOTAL EXPENDITURE	**2,038.0**	**2,450.9**	**3,240.8**	**3,453.0**	**4,194.6**
Recurrent Expenditure	**1,390.2**	**1,589.3**	**2,117.4**	**2,128.0**	**3,109.4**
Goods and Services	887.6	1,235.4	1,538.1	1,712.5	2,546.2
Personnel Cost	527.9	761.2	942.8	952.6	1,380.5
Pension	101.2	106.1	137.9	195.7	183.5
Overhead Cost	258.6	368.1	457.4	564.2	982.3
Interest Payments	249.3	213.7	**381.2**	**251.8**	**415.6**
Foreign	118.4	103.2	59.0	37.2	39.9
Domestic	130.9	110.5	322.2	214.5	375.8
Transfers	**253.2**	**140.2**	**198.1**	**163.7**	**147.5**
FCT & Others(Special funds)	253.2	140.2	198.1	163.7	147.5
Capital Expenditure & Net Lending	**552.4**	**759.3**	**960.9**	**1,152.8**	**883.9**
Domestic Financed Budget	552.4	759.3	960.9	1,152.8	883.9
Budgetary	552.4	759.3	960.9	1,152.8	883.9
Transfers	**95.4**	**102.3**	**162.6**	**172.2**	**201.3**
NDDC	29.9	24.0	60.1	51.3	44.9
NJC	35.0	43.0	58.5	78.0	91.0
UBE	30.5	35.3	44.0	39.3	46.1
Others	-	-	-	3.6	19.3
Balance of Revenue and Expenditure:					
Primary Surplus(+)/Deficit(-)	148.5	96.5	333.8	(558.2)	(689.8)
Current Surplus(+)/Deficit(-)	547.0	744.4	1,076.1	515.0	(20.2)
OVERALL SURPLUS(+)/DEFICIT(-)	**(100.8)**	**(117.2)**	**(47.4)**	**(810.0)**	**(1,105.4)**
FINANCING	**100.8**	**117.2**	**47.4**	**810.0**	**1,105.4**
Foreign (Net)	-	-	-	29.8	75.0
Domestic (Net)	45.0	212.3	150.7	577.6	1,110.7
Banking System	-	159.8	67.9	175.6	749.8
Central Bank	-	-	(4.2)	-	118.5
Deposit Money Banks	-	159.8	72.1	175.6	631.3
Non-Bank Public	45.0	40.2	82.8	395.0	354.5
Privatization Proceed	-	12.3	-	7.0	6.4
Other Funds	55.8	(95.1)	(103.3)	202.6	(80.2)

1/ Provisional
2/ Includes FGN balances of special accounts
Source: Federal Ministry of Finance

Table 22
Functional Classification of Federal Government Recurrent Expenditure
(Naira billion)

	2006	2007	2008	2009	2010 1/
ADMINISTRATION	**522.3**	**626.3**	**731.0**	**820.8**	**1,201.6**
General Administration	284.6	310.1	369.6	437.9	694.8
National Assembly	35.5	62.8	68.7	106.4	146.5
Defence	84.2	72.1	95.8	54.8	72.9
Internal Security	118.0	181.3	196.9	221.7	287.4
ECONOMIC SERVICES	**79.7**	**179.1**	**313.8**	**317.2**	**585.0**
Agriculture	17.9	32.5	65.4	22.4	29.6
Roads & Construction	20.1	71.3	94.5	80.6	138.1
Transport & Communications	9.8	32.2	67.4	90.0	178.7
Others	31.9	43.1	86.5	124.1	238.7
SOCIAL & COMMUNITY SERVICES	**194.2**	**256.7**	**332.9**	**354.2**	**546.6**
Education	119.0	150.8	164.0	137.1	158.6
Health	62.3	81.9	98.2	90.2	102.6
Others	12.9	24.0	70.7	126.9	285.4
TRANSFERS	**594.0**	**527.2**	**739.7**	**635.8**	**775.8**
Public Debt Charges (Int)	249.3	213.7	381.2	251.8	415.6
Domestic	130.9	110.5	322.2	214.5	375.7
Foreign	118.4	103.2	59.0	37.3	39.9
Pensions & Gratuities	101.2	106.2	137.9	195.7	183.5
FCT & Others	143.6	178.0	198.1	163.7	147.2
Contingencies (Others)	-	-	-	-	-
External Obligations	-	-	-	-	-
Extra-Budgetary Expenditure	-	-	-	-	-
Deferred Customs Duties	-	-	-	-	-
Unspecified Expenditure	-	-	-	-	-
Others	**99.9**	**29.3**	**22.5**	**24.5**	**29.6**
TOTAL	**1,390.2**	**1,589.3**	**2,117.4**	**2,127.9**	**3,109.0**

1/ Provisional
Sources: Federal Ministry of Finance and Central Bank of Nigeria

Table 23
Functional Classification of Federal Government Capital Expenditure
(Naira billion)

	2006	2007	2008	2009	2010 1/
ADMINISTRATION	**185.2**	**227.0**	**287.1**	**315.9**	**326.0**
General Administration	152.8	178.3	210.3	212.2	214.2
National Assembly	4.1	9.2	15.6	24.2	25.0
Defence	15.7	24.3	32.3	47.3	52.4
Internal Security	12.6	15.2	28.9	32.1	34.5
ECONOMIC SERVICES	**262.2**	**358.4**	**504.4**	**506.0**	**434.5**
Agriculture & Natural Resources	89.5	94.1	106.0	138.9	140.7
Manuf., Mining & Quarrying	7.3	8.1	12.7	31.0	33.1
Transport & Communications	8.2	31.4	80.1	106.2	103.7
Housing	2.8	5.8	8.9	-	-
Roads & Construction	72.5	105.7	126.9	138.5	139.2
National Priority Projects	-	-	-	-	-
JVC Calls/NNPC Priority Projects	-	-	-	-	-
PTF	-	-	-	-	-
Counterpart Funding	-	1.6	2.0	3.4	5.0
NDDC	-	-	-	-	-
Others	81.8	111.7	167.8	88.1	12.8
SOCIAL & COMMUNITY SERVICES	**78.7**	**150.9**	**152.1**	**120.7**	**104.9**
Education	32.7	46.8	48.8	43.4	47.6
Health	32.2	96.9	97.2	52.5	53.8
Others	13.8	7.2	6.1	24.8	3.6
TRANSFERS	**26.3**	**23.0**	**17.3**	**210.2**	**18.5**
Financial Obligations	-	-	-	-	-
Capital Repayments	-	-	-	-	-
Domestic	-	-	-	-	-
Foreign	-	-	-	-	-
External Obligations	-	-	-	-	-
Contingencies	-	-	-	-	-
Capital Supplementation	26.3	23.0	17.3	210.2	18.5
Net Lending to States/L.G.s/Parast.	-	-			
Grants to States	-	-			
Others	**-**	**-**			
TOTAL	**552.4**	**759.3**	**960.9**	**1,152.8**	**883.9**

1/ Provisional
Sources: Federal Ministry of Finance and Central Bank of Nigeria

Table 24
Summary of State Governments' and FCT Finances
(Naira billion)

	2006	2007	2008	2009	2010 1/
Total Revenue plus Grants	**1,543.8**	**2,065.4**	**2,934.8**	**2,590.7**	**2,739.4**
Share of Federation Account 2/	1,016.1	1,109.3	1,709.2	973.8	1,353.7
Share of Excess Oil Revenue	154.7	258.9	354.1	376.8	329.0
Budget Augmentation	-	-	-	272.8	162.9
Exchange Gain	-	-	-	58.9	14.8
Share of VAT 3/	110.6	144.4	198.1	229.3	275.6
Internally Generated Revenue	125.2	305.7	441.1	461.2	420.5
Grants & Others	125.3	209.4	179.0	188.0	140.4
Share of Stabilization Fund	11.9	37.7	53.4	29.7	42.5
Total Expenditure	**1,586.8**	**2,116.1**	**3,021.6**	**2,776.9**	**2,871.5**
Recurrent Expenditure	**894.3**	**1,217.4**	**1,505.6**	**1,426.1**	**1,437.0**
Personnel Cost	288.8	361.9	380.3	438.5	524.9
Overhead Cost	259.7	328.8	448.5	353.5	391.7
CRF Charges	76.8	99.4	153.6	144.4	118.2
Pensions	42.3	54.9	70.3	73.7	78.2
Debt Charges	89.4	110.1	66.3	133.0	59.3
Transfer to LGs	31.9	112.2	145.5	101.7	68.6
Other Transfers	70.2	104.2	126.3	67.5	136.9
Others	35.3	45.9	114.8	113.8	59.2
Capital Expenditure	**584.0**	**854.8**	**1,455.7**	**1,284.2**	**1,339.0**
Extra-Budgetary Expenditure 4/	**108.5**	**43.9**	**60.3**	**66.7**	**95.4**
Current Balance 5/	**649.4**	**848.0**	**1,429.2**	**1,164.6**	**1,302.4**
Overall Balance 5/	**(43.0)**	**(50.7)**	**(86.8)**	**(186.2)**	**(132.1)**
Financing	**43.0**	**50.7**	**86.8**	**186.2**	**132.1**
External Loans	-	5.9	38.3	8.0	24.8
Internal Loans	27.0	25.7	60.2	162.3	225.8
Other Funds	16.1	19.1	(11.7)	16.0	(118.5)
GDP	**18,709.6**	**20,940.9**	**24,665.2**	**25,225.1**	**29,498.61**

1/ Provisional and comprises 36 states and FCT
2/ Gross Statutory Allocation
3/ Includes contribution to external debt fund and other deductions at source
4/ positive (+) sign connotes surplus while negative (-) sign connotes deficit
Sources: State Governments' Ministries of Finance and Office of the Accountant-General of the Federation's reports

Table 25
Functional Classification of State Government Recurrent and Capital Expenditure
(Naira billion)

	2006	2007	2008	2009	2010 1/
Total Expenditure	**1,587.7**	**2,116.1**	**3,107.8**	**2,776.9**	**2,871.5**
A. RECURRENT EXPENDITURE	**894.3**	**1,217.4**	**1,591.8**	**1,426.1**	**1,437.0**
A1. ADMINISTRATION	**276.8**	**318.0**	**465.0**	**321.7**	**327.8**
General Administration	166.2	208.5	291.4	186.1	174.4
State Assembly	36.4	41.7	76.0	36.0	49.9
State Judiciary	24.3	33.7	51.8	45.1	47.0
Others	49.9	34.1	45.7	54.5	56.5
A2. ECONOMIC SERVICES	**129.2**	**226.6**	**324.5**	**486.4**	**450.2**
Agriculture	27.8	30.8	44.3	59.3	57.1
Livestock	1.4	2.2	4.6	17.8	29.6
Forestry	1.0	2.3	3.7	12.6	26.8
Industry	1.4	9.5	15.7	35.5	29.3
Commerce	4.7	5.6	10.0	29.4	33.7
Finance	31.0	38.1	45.5	31.4	49.5
Transport	18.9	26.6	63.2	50.9	56.9
Cooperative/Supply	0.7	2.1	6.6	10.4	24.0
Power (Incl. Rural Electrification)	8.5	21.8	49.7	76.9	39.2
Roads Construction				91.1	49.0
Others	33.8	87.5	81.2	71.2	55.0
A3. SOCIAL SERVICES	**334.0**	**238.4**	**279.2**	**381.5**	**426.2**
Education	126.3	101.1	146.4	140.8	139.2
Health	73.0	54.7	58.4	77.3	90.6
Water Supply	29.7	22.7	28.0	47.7	37.1
Information & Culture	15.3	6.5	8.4	8.9	29.5
Social & Comm. Dev.	28.9	6.9	10.3	16.9	32.2
Housing	8.9	5.4	6.0	35.8	34.7
Town & Country Planning	5.2	7.1	5.9	18.2	31.2
Others	46.6	34.0	15.9	36.0	31.6
A4. TRANSFERS	**154.2**	**434.5**	**523.2**	**236.5**	**232.7**
Debt Charges (Interest Payments)	35.0	110.1	66.3	134.0	59.3
Pensions & Gratuities	72.3	54.9	70.3	73.9	78.2
Others	46.9	269.5	386.6	28.6	95.2
B. CAPITAL EXPENDITURE	**585.0**	**854.8**	**1,455.7**	**1,284.2**	**1,339.0**
B1. ADMINISTRATION	**107.4**	**174.9**	**180.3**	**171.0**	**137.6**
General Administration	90.3	134.0	140.3	112.0	105.3
State Assembly	11.6	28.0	23.2	11.1	11.6
State Judiciary	5.4	11.0	14.3	7.8	11.0
Others	0.0	1.8	2.5	40.0	9.7
B2. ECONOMIC SERVICES	**259.1**	**409.5**	**757.8**	**677.1**	**768.0**
Agriculture	29.9	31.3	46.7	52.2	86.3
Livestock	3.2	4.2	6.4	9.3	7.9
Forestry	1.8	1.8	1.1	7.5	10.7
Industry	6.9	14.0	18.5	18.4	9.9
Commerce	17.1	39.8	52.5	26.3	61.6
Finance	4.8	14.4	40.3	26.8	33.6
Transport	97.5	107.5	131.7	90.8	94.4
Cooperative/Supply	3.5	6.9	4.5	5.7	16.2
Power (Incl. Rural Electrification)	36.6	47.5	54.8	48.0	67.8
Roads Construction	42.0	113.7	355.8	339.4	322.2
Others	15.8	28.4	45.7	52.7	57.4
B3. SOCIAL SERVICES	**199.8**	**238.7**	**456.3**	**401.2**	**381.8**
Education	50.8	63.2	88.3	93.5	102.1
Health	29.8	31.2	59.0	72.4	60.4
Water Supply	23.2	26.0	35.9	52.1	40.2
Information & Culture	18.5	16.6	11.1	10.8	13.0
Social & Comm. Development	6.8	11.2	19.5	19.8	32.6
Housing	29.0	31.6	33.3	28.0	19.8
Town & Country Planning	20.2	27.6	160.9	55.6	57.5
Others	21.7	31.3	48.3	69.0	56.2
B4. TRANSFERS	**18.6**	**31.7**	**61.3**	**34.9**	**51.6**
Capital Repayments	6.7	2.3	8.5	6.1	9.5
Grants to LGs/Parastatals/Higher Inst.	7.0	27.7	43.4	23.7	33.1
Others	4.9	1.7	9.3	5.1	9.0
C. EXTRA-BUDGETARY EXPENDITURES	**108.5**	**43.9**	**60.3**	**66.7**	**95.4**

1/ Provisional and comprises 36 states and FCT
Source: State Governments' Accountants- General and OAGF

Table 26
Summary of State Governments' and FCT Finances (State-By-State, 2010 1/)
(Naira billion)

S/N	STATES	REVENUE & OTHER RECEIPTS									
		Gross Statutory Allocation 2/	Distribution from Excess Crude A/C as Augmentation	Share of Excess Oil Revenue	Exchange Gain	VAT	Internally Gen. Rev. (IGR)	Grants	Stabilization Fund & Others	Others	TOTAL
			(1)			(2)	(3)	(4)	(5)		(6)
1	Abia	27.8	3.35	6.59	0.30	5.55	9.9	-	-	-	**53.5**
2	Adamawa	25.0	2.75	5.55	0.25	5.85	4.2	16.2	0.96	2.4	**63.2**
3	Akwa Ibom	132.4	18.93	38.81	1.71	7.65	12.1	-	-	-	**211.6**
4	Anambra	25.2	2.77	5.60	0.25	6.49	4.8	13.7	-	4.4	**63.3**
5	Bauchi	29.3	3.22	6.50	0.29	6.60	2.3	32.2	-	-	**80.4**
6	Bayelsa	85.6	8.81	21.43	0.80	5.01	3.9	3.4	-	3.1	**132.1**
7	Benue	27.0	2.96	5.99	0.27	6.36	8.3	0.2	3.15	-	**54.3**
8	Borno	29.8	3.27	6.61	0.30	6.40	2.1	-	-	-	**48.5**
9	Cross River	24.7	2.58	5.37	0.23	5.63	7.1	-	-	-	**45.6**
10	Delta	108.5	16.54	30.21	1.52	7.34	15.6	-	-	-	**179.8**
11	Ebonyi	20.7	2.28	4.60	0.21	5.24	2.1	-	-	-	**35.1**
12	Edo	28.5	3.59	6.79	0.33	6.23	12.4	-	5.53	0.3	**63.7**
13	Ekiti	20.9	2.30	4.64	0.21	5.31	2.7	2.5	-	-	**38.6**
14	Enugu	23.6	2.59	5.23	0.24	5.87	4.1	-	-	-	**41.6**
15	Gombe	22.2	2.44	4.92	0.22	5.34	9.5	5.2	0.90	-	**50.7**
16	Imo	30.5	3.64	7.23	0.33	6.21	5.2	-	-	-	**53.1**
17	Jigawa	27.6	3.04	6.14	0.28	6.52	2.4	0.1	0.36	8.2	**54.7**
18	Kaduna	31.5	3.46	6.99	0.31	7.66	9.3	1.3	-	-	**60.5**
19	Kano	39.5	4.34	8.76	0.39	10.61	12.2	-	-	-	**75.8**
20	Katsina	30.0	3.30	6.66	0.30	7.34	3.2	0.5	-	-	**51.4**
21	Kebbi	25.1	2.76	5.57	0.25	5.88	3.8	-	-	-	**43.4**
22	Kogi	25.1	2.75	5.56	0.25	6.37	3.3	2.0	-	-	**45.3**
23	Kwara	22.8	2.51	5.07	0.23	5.38	11.3	1.7	2.51	0.7	**52.2**
24	Lagos	35.7	3.92	7.92	0.36	47.29	147.1	-	-	-	**242.3**
25	Nassarawa	21.4	2.35	4.75	0.21	5.00	2.4	-	-	-	**36.1**
26	Niger	29.2	3.21	6.48	0.29	6.26	3.1	-	3.66	1.2	**53.5**
27	Ogun	24.4	2.68	5.42	0.24	6.17	11.2	-	-	2.9	**53.1**
28	Ondo	42.3	5.77	11.10	0.52	6.06	3.8	-	-	-	**69.6**
29	Osun	23.2	2.55	5.14	0.23	6.01	5.4	-	-	-	**42.5**
30	Oyo	29.2	3.21	6.48	0.29	7.64	11.9	-	-	3.6	**62.2**
31	Plateau	24.5	2.69	5.44	0.24	5.86	3.6	-	1.09	-	**43.4**
32	Rivers	126.0	17.58	35.65	1.59	10.61	58.5	-	19.62	-	**269.5**
33	Sokoto	26.1	2.86	5.78	0.26	6.13	3.1	-	3.66	1.2	**49.1**
34	Taraba	24.7	2.71	5.48	0.25	5.24	3.3	4.2	1.05	0.2	**47.2**
35	Yobe	24.5	2.69	5.43	0.24	5.30	1.8	-	-	-	**40.0**
36	Zamfara	24.6	2.70	5.45	0.25	5.75	2.9	-	-	28.6	**70.2**
37	FCT	34.8	3.82	7.71	0.35	5.40	10.3	-	-	-	**62.3**
	TOTAL	**1,353.7**	**162.9**	**329.0**	**14.8**	**275.6**	**420.5**	**83.3**	**42.5**	**57.1**	**2,739.4**

1/ Provisional
2/ Gross allocation.
3/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds.
Source: State Governments' and FCT Abuja Accountants- General's Reports.

Table 26 Cont.
Summary of State Government and FCT Finances (State-By-State, 2010 1/)
(Naira billion)

S/N	STATES	EXPENDITURE & TRANSFERS								BALANCE		FINANCING				
		RECURRENT				SUB-TOTAL	CAPITAL	EXTRA-BUDGETARY EXPENDITURE	TOTAL EXPENDITURE	Current	Overall	LOANS			OTHER FUNDS 3/	TOTAL
		Personnel Cost	Overhead Cost	Transfers	Others							Internal	External	Sub-Total		
		(7)	(8)		(9)	(10)	(11)	(12)	(13)	(14)	(15)	(17)	(18)		(19)	
1	Abia	5.2	0.3	33.7	-	**39.3**	21.8	1.98	63.0	**14.3**	**(9.5)**	8.6	0.2	**8.8**	0.7	**9.5**
2	Adamawa	11.7	19.3	2.5	2.6	**36.1**	30.1	2.96	69.1	**27.1**	**(6.0)**	10.1	0.5	**10.6**	(4.6)	**6.0**
3	Akwa Ibom	17.9	4.1	5.7	-	**27.6**	160.8	0.96	189.4	**184.0**	**22.3**	-	0.4	**0.4**	(22.7)	**(22.3)**
4	Anambra	3.7	5.0	11.1	-	**19.8**	30.7	0.69	51.1	**43.6**	**12.2**	-	0.6	**0.6**	(12.8)	**(12.2)**
5	Bauchi	8.1	14.3	13.0	2.3	**37.8**	37.4	2.00	77.2	**42.6**	**3.2**	1.4	1.6	**3.0**	(6.2)	**(3.2)**
6	Bayelsa	21.5	12.0	42.1	-	**75.6**	35.0	17.00	127.6	**56.6**	**4.5**	78.5	0.2	**78.7**	(83.3)	**(4.5)**
7	Benue	14.9	8.4	3.5	3.6	**30.3**	25.2	3.76	59.3	**23.9**	**(5.0)**	-	0.0	**0.0**	5.0	**5.0**
8	Borno	13.1	8.0	6.6	-	**27.7**	23.9	0.23	51.9	**20.7**	**(3.4)**	-	(0.2)	**(0.2)**	3.6	**3.4**
9	Cross River	12.3	8.9	8.5	-	**29.6**	23.7	3.00	56.3	**16.0**	**(10.7)**	-	1.4	**1.4**	9.3	**10.7**
10	Delta	19.1	16.7	77.7	-	**113.5**	51.3	8.54	173.3	**66.3**	**6.5**	-	(0.5)	**(0.5)**	(6.0)	**(6.5)**
11	Ebonyi	7.1	3.3	3.5	-	**13.9**	27.7	3.27	44.9	**21.3**	**(9.7)**	0.8	0.3	**1.2**	8.6	**9.7**
12	Edo	17.1	17.9	10.2	-	**45.2**	24.4	2.80	72.4	**18.5**	**(8.7)**	-	(0.1)	**(0.1)**	8.9	**8.7**
13	Ekiti	11.4	2.3	25.3	-	**38.9**	18.9	0.39	58.2	**(0.4)**	**(19.7)**	7.3	0.1	**7.3**	12.4	**19.7**
14	Enugu	10.7	6.4	3.5	0.1	**20.7**	17.6	0.94	39.2	**21.0**	**2.5**	8.1	0.6	**8.6**	(11.1)	**(2.5)**
15	Gombe	7.4	14.4	9.0	3.1	**33.9**	24.5	1.53	59.9	**16.8**	**(9.3)**	6.5	0.7	**7.2**	2.0	**9.3**
16	Imo	6.8	11.3	17.2	5.9	**41.2**	3.2	5.66	50.1	**11.9**	**3.0**	9.0	0.0	**9.1**	(12.1)	**(3.0)**
17	Jigawa	1.7	5.5	4.1	4.3	**15.6**	48.1	1.66	65.3	**39.1**	**(10.7)**	0.3	0.5	**0.9**	9.8	**10.7**
18	Kaduna	12.1	13.7	11.5	0.0	**37.3**	27.2	2.97	67.5	**23.2**	**(7.0)**	0.0	3.2	**3.3**	3.7	**7.0**
19	Kano	65.4	20.7	3.3	-	**89.3**	12.6	1.05	103.0	**(13.5)**	**(27.1)**	-	1.5	**1.5**	25.7	**27.1**
20	Katsina	16.7	5.0	3.8	-	**25.4**	29.4	1.53	56.4	**25.9**	**(5.0)**	-	0.4	**0.4**	4.7	**5.0**
21	Kebbi	4.5	5.2	14.4	-	**24.2**	36.4	3.23	63.8	**19.2**	**(20.4)**	1.0	0.1	**1.1**	19.2	**20.4**
22	Kogi	9.2	3.0	5.8	0.8	**18.8**	21.2	1.65	41.6	**26.5**	**3.7**	3.0	0.2	**3.2**	(6.8)	**(3.7)**
23	Kwara	6.1	12.4	12.8	-	**31.3**	24.9	0.34	56.6	**20.9**	**(4.3)**	-	2.0	**2.0**	2.3	**4.3**
24	Lagos	32.7	37.2	16.5	9.7	**96.1**	157.4	7.60	261.1	**146.2**	**(18.8)**	41.0	7.9	**48.9**	(30.1)	**18.8**
25	Nassarawa	5.7	12.8	22.6	-	**41.1**	10.9	1.28	53.3	**(5.0)**	**(17.2)**	4.3	0.7	**5.0**	12.2	**17.2**
26	Niger	18.0	5.8	1.1	-	**24.9**	6.2	4.54	35.7	**28.6**	**17.8**	-	0.3	**0.3**	(18.2)	**(17.8)**
27	Ogun	13.2	9.5	1.9	-	**24.6**	8.5	0.37	33.5	**28.5**	**19.6**	-	2.1	**2.1**	(21.7)	**(19.6)**
28	Ondo	14.3	27.2	2.6	-	**44.1**	17.5	1.10	62.8	**25.5**	**6.8**	-	1.1	**1.1**	(8.0)	**(6.8)**
29	Osun	14.3	27.0	4.3	0.7	**46.3**	12.6	0.84	59.7	**(3.8)**	**(17.2)**	-	(0.3)	**(0.3)**	17.5	**17.2**
30	Oyo	11.2	5.5	6.9	2.1	**25.7**	26.4	3.07	55.1	**36.5**	**7.1**	-	(1.9)	**(1.9)**	(5.2)	**(7.1)**
31	Plateau	12.3	14.7	11.3	-	**38.3**	24.7	2.09	65.1	**5.1**	**(21.7)**	3.9	(0.7)	**3.2**	18.5	**21.7**
32	Rivers	36.5	14.1	10.2	4.0	**64.7**	227.0	1.08	292.8	**204.8**	**(23.4)**	30.0	0.3	**30.3**	(6.9)	**23.4**
33	Sokoto	18.0	5.8	1.1	-	**24.9**	6.2	0.31	31.4	**24.2**	**17.7**	-	0.3	**0.3**	(18.1)	**(17.7)**
34	Taraba	10.6	4.9	10.2	-	**25.7**	26.1	0.14	52.0	**21.5**	**(4.8)**	7.5	0.0	**7.5**	(2.8)	**4.8**
35	Yobe	8.5	3.7	3.7	3.8	**19.7**	20.5	0.79	41.0	**20.3**	**(1.1)**	-	0.2	**0.2**	0.9	**1.1**
36	Zamfara	14.8	1.6	31.4	8.8	**56.5**	10.3	2.12	69.0	**13.7**	**1.2**	4.4	0.2	**4.6**	(5.8)	**(1.2)**
37	FCT	11.2	3.8	8.8	7.4	**31.2**	28.8	1.97	62.0	**31.1**	**0.4**	-	0.9	**0.9**	(1.3)	**(0.4)**
	TOTAL	**524.9**	**391.7**	**461.2**	**59.2**	**1,437.0**	**1,339.0**	**95.4**	**2,871.5**	**1,302.4**	**(132.1)**	**225.8**	**24.8**	**250.6**	**(118.5)**	**132.1**

1/ Provisional
2/ Gross allocation.
3/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds.
Source: State Governments' and FCT Abuja Accountants- General's Reports.

Table 27
State Governments' and FCT Expenditure on Selected Sectors
(Naira billion)

	2009			2010			2010		2009	2010 1/
SELECTED SECTORS	Recurrent	Capital	Total	Recurrent	Capital	Total	Changes	% Changes	As % of GDP	
Education	140.77	93.48	**234.24**	139.21	102.09	**241.30**	7.06	3.0	0.9	0.8
Health	77.27	72.39	**149.66**	90.64	60.42	**151.06**	1.40	0.9	0.6	0.5
Agriculture	89.69	69.02	**158.71**	113.54	104.93	**218.47**	59.75	37.6	0.6	0.7
Water Supply	47.70	52.05	**99.75**	37.13	40.22	**77.35**	(22.40)	-22.5	0.4	0.3
Housing	35.84	27.98	**63.82**	34.72	19.80	**54.52**	(9.30)	-14.6	0.3	0.2
TOTAL	**391.27**	**314.92**	**706.19**	**415.25**	**327.45**	**742.71**	36.52	5.2	2.8	2.5
TOTAL EXPENDITURE	**1,505.63**	**1,455.70**	**3,021.60**	**1,437.00**	**1,339.03**	**2,871.47**	(150.13)	-5.0	12.0	9.7

1/ Provisional
Source: Federal Ministry of Finance and Central Bank of Nigeria

Table 28
Summary of Local Government Finances
(Naira billion)

	2006	2007	2008	2009	2010 1/
Gross Revenue	**674.3**	**832.3**	**1,379.0**	**1,069.4**	**1,359.2**
Share of Federation Account 2/	550.8	568.3	722.3	529.3	716.0
Share of VAT	75.9	105.1	135.9	157.4	189.1
Internally Generated Revenue	23.2	21.3	23.1	26.1	26.2
Grants and Others 3/	14.8	3.8	0.3	20.3	36.3
Share of Stabilization Fund	6.1	3.7	4.4	11.4	12.6
State Allocation	3.4	3.0	6.8	19.7	12.7
Share of Excess Crude	-	127.1	486.1	145.0	158.9
FGN Refunds to LGs	-	-	-	-	121.6
Budget Augmentation	-	-	-	131.7	78.7
Exchange Gain	-	-	-	28.4	7.1
Total Expenditure	**665.8**	**827.4**	**1,382.0**	**1,067.6**	**1,356.7**
Recurrent Expenditure	**398.2**	**683.6**	**819.4**	**704.6**	**823.7**
Personnel Cost	269.1	406.9	341.4	306.3	316.5
Overhead Cost	106.8	220.7	355.6	328.7	395.0
CRFC & Others	22.3	56.0	122.5	69.7	112.2
Capital Expenditure	**267.7**	**143.8**	**562.6**	**363.0**	**533.0**
Administration	28.0	15.0	72.8	57.4	78.7
Economic Services	101.3	54.4	252.8	175.0	247.2
Social & Community Services	111.4	59.9	219.8	124.2	183.3
Transfers	26.9	14.5	17.2	6.5	23.7
Current Balance	**276.1**	**148.7**	**559.6**	**364.8**	**535.5**
Overall Balance	**8.4**	**4.9**	**(3.0)**	**1.8**	**2.5**
Financing	**(8.4)**	**(4.9)**	**3.0**	**(1.8)**	**(2.5)**
External Loans	-	0.2	-	-	-
Internal Loans	-	2.6	2.9	6.1	3.2
Opening Cash Balance	12.1	37.3	6.2	38.5	30.4
Other Funds 4/	(20.6)	(44.9)	(6.1)	(46.3)	(36.2)
	18,709.6	**20,940.9**	**24,665.2**	**25,225.1**	**29,498.6**

1/ Provisional: Consisting of 685 returns from the Annual Survey and 89 were provisional data
2/ Gross
3/ Includes N8.0 billion refunded by States and FIRS & NCS to LGs in 2010
4/ Includes Closing Balance
Source: Federal Ministry of Finance, Office of the Accountant General of the Federation, CBN/NBS/NCC 2010 Collaborative Survey and Staff Estimates

TABLE 29
Summary of Local Governments' Finances (State-By-State, 2010 1/)
(Naira billion)

S/N	States	Revenue and Other Receipts												
		Gross Statutory Allocation	Exchange Gain	Share of Excess Oil Revenue	FGN Refunds to LGs	Augmentation	VAT	(IGR) Tax	(IGR) Non-Tax	(IGR) Sub-Total	State Allocation	Grants and Others	Stabilization Funds & Others	Total
1	Abia	14.93	0.15	3.31	2.54	1.64	3.31	0.50	0.27	0.8	0.21	2.04	-	28.9
2	Adamawa	19.21	0.19	4.26	3.26	2.11	4.00	0.23	0.60	0.8	0.02	1.25	-	35.1
3	Akwa Ibom	25.34	0.25	5.62	4.31	2.78	6.34	0.07	0.29	0.4	0.34	0.61	0.47	46.4
4	Anambra	19.05	0.19	4.23	3.24	2.09	4.43	0.10	0.18	0.3	-	0.31	0.00	33.8
5	Bauchi	22.03	0.22	4.89	3.74	2.42	4.41	0.15	0.36	0.5	0.20	2.41	1.03	41.9
6	Bayelsa	8.10	0.08	1.80	1.38	0.89	1.82	0.02	0.39	0.4	0.04	0.77	-	15.3
7	Benue	22.40	0.22	4.97	3.81	2.46	4.60	0.03	0.33	0.4	0.01	0.44	0.92	40.2
8	Borno	25.74	0.26	5.71	4.37	2.83	5.11	0.11	0.22	0.3	0.00	0.31	0.01	44.7
9	Cross River	16.00	0.16	3.55	2.72	1.76	3.48	0.09	0.27	0.4	0.12	1.33	0.55	30.0
10	Delta	21.14	0.21	4.69	3.59	2.32	5.42	0.00	0.42	0.4	2.69	0.79	0.18	41.5
11	Ebonyi	11.40	0.11	2.53	1.94	1.25	2.60	0.06	0.71	0.8	0.04	0.16	0.33	21.1
12	Edo	16.01	0.16	3.55	2.72	1.76	3.85	0.00	0.59	0.6	-	0.58	0.09	29.3
13	Ekiti	13.02	0.13	2.89	2.21	1.43	3.02	0.05	0.32	0.4	0.04	0.32	0.09	23.5
14	Enugu	15.43	0.15	3.42	2.62	1.70	3.52	0.07	0.45	0.5	-	0.17	-	27.5
15	Gombe	11.26	0.11	2.50	1.91	1.24	2.42	0.01	0.44	0.5	0.16	2.90	0.51	23.5
16	Imo	22.34	0.22	4.96	3.80	2.46	4.99	0.05	0.32	0.4	0.01	0.62	-	39.8
17	Jigawa	23.44	0.23	5.20	3.98	2.58	5.20	0.06	0.29	0.4	0.04	1.64	3.15	45.8
18	Kaduna	25.14	0.25	5.58	4.27	2.76	5.48	0.01	1.63	1.6	0.45	0.69	0.11	46.4
19	Kano	41.26	0.41	9.16	7.01	4.53	10.00	0.02	0.84	0.9	0.68	2.43	0.26	76.6
20	Katsina	30.17	0.30	6.69	5.13	3.31	6.62	0.03	0.91	0.9	0.21	0.37	0.01	53.8
21	Kebbi	18.74	0.19	4.16	3.18	2.06	4.02	0.05	0.51	0.6	0.12	1.07	-	34.1
22	Kogi	19.42	0.19	4.31	3.30	2.13	4.32	0.02	0.81	0.8	0.06	0.60	0.23	35.4
23	Kwara	14.92	0.15	3.31	2.53	1.64	3.06	0.03	0.19	0.2	1.03	0.25	-	27.1
24	Lagos	25.06	0.25	5.56	4.26	2.75	28.88	1.40	4.65	6.0	0.49	2.27	1.84	77.4
25	Nassarawa	11.94	0.12	2.65	2.03	1.31	2.44	0.02	0.17	0.2	0.20	0.59	0.19	21.7
26	Niger	24.19	0.24	5.37	4.11	2.66	4.77	0.14	0.75	0.9	0.06	1.74	-	44.0
27	Ogun	17.90	0.18	3.97	3.04	1.97	4.10	0.00	0.67	0.7	-	0.57	-	32.4
28	Ondo	16.52	0.16	3.67	2.81	1.82	3.77	0.02	0.35	0.4	-	0.19	0.07	29.4
29	Osun	22.52	0.22	5.00	3.83	2.47	5.20	0.01	0.26	0.3	0.80	0.38	0.42	41.1
30	Oyo	28.79	0.29	6.39	4.89	3.16	6.67	0.24	0.44	0.7	1.61	0.79	0.04	53.3
31	Plateau	16.48	0.16	3.66	2.80	1.81	3.51	0.09	0.26	0.4	0.04	1.54	0.93	31.3
32	Rivers	21.58	0.22	4.79	3.67	2.37	7.19	0.42	0.99	1.4	0.24	0.69	1.10	43.2
33	Sokoto	20.69	0.21	4.59	3.51	2.27	4.44	0.10	0.25	0.3	0.01	1.22	-	37.3
34	Taraba	16.47	0.16	3.65	2.80	1.81	2.97	0.12	0.37	0.5	0.25	2.18	0.05	30.8
35	Yobe	15.97	0.16	3.54	2.71	1.75	3.13	0.14	0.65	0.8	0.09	0.99	0.05	29.2
36	Zamfara	14.99	0.15	3.33	2.55	1.65	3.09	0.06	0.16	0.2	0.96	0.83	-	27.8
37	FCT	6.38	0.06	1.42	1.08	0.70	6.96	0.01	0.30	0.3	1.48	0.25	-	18.6
	TOTAL	**716.0**	**7.1**	**158.9**	**121.6**	**78.7**	**189.1**	**4.6**	**21.6**	**26.2**	**12.7**	**36.3**	**12.6**	**1,359.2**

1/ Provisional
Source: Federal Ministry of Finance, Office of the Accountant-General of the Federation, CBN Fiscal Survey 2010

TABLE 29 Cont.
Summary of Local Governments' Finances (State-By-State, 2010 1/)
(Naira billion)

S/N	States	Expenditure and Transfers							Balance		Financing						Outstanding Debt		
		RECURRENT										LOANS							
		Personnel Cost	Overhead Cost	Transfers	Others 4/	Sub-Total	Capital	Total Expenditure	Current	Overall	Opening Balance	Internal	External	Sub-Total	Other Funds 2/	Total	Domestic	Foreign	Total
1	Abia	7.25	9.61	1.19	1.37	19.4	11.97	31.4	9.5	(2.5)	1.05	-	-	-	1.46	2.51	0.23	-	0.23
2	Adamawa	8.07	11.96	2.47	0.05	22.5	16.26	38.8	12.6	(3.7)	0.11	0.65	-	0.7	2.91	3.67	0.39	-	0.39
3	Akwa Ibom	6.79	7.05	11.05	1.82	26.7	11.31	38.0	19.7	8.4	0.27	-	-	-	(8.68)	(8.41)	0.11	-	0.11
4	Anambra	3.68	4.61	1.11	0.35	9.7	7.64	17.4	24.1	16.4	1.96	-	-	-	(18.40)	(16.43)	0.08	-	0.08
5	Bauchi	8.54	9.75	1.22	0.02	19.5	13.48	33.0	22.3	8.8	0.21	0.25	-	0.3	(9.30)	(8.84)	0.26	-	0.26
6	Bayelsa	5.12	4.66	2.36	0.34	12.5	4.50	17.0	2.8	(1.7)	0.05	0.06	-	0.1	1.57	1.67	0.01	-	0.01
7	Benue	10.20	6.96	8.61	0.25	26.0	11.32	37.3	14.2	2.9	0.48	0.17	-	0.2	(3.50)	(2.86)	0.41	-	0.41
8	Borno	9.66	17.46	2.76	0.37	30.3	25.57	55.8	14.4	(11.2)	0.56	-	-	-	10.59	11.15	0.07	-	0.07
9	Cross River	11.18	9.68	2.81	0.08	23.7	8.71	32.5	6.3	(2.4)	0.34	0.00	-	0.0	2.08	2.43	0.30	-	0.30
10	Delta	12.85	11.96	0.36	0.02	25.2	12.88	38.1	16.3	3.4	1.22	0.21	-	0.2	(4.84)	(3.41)	0.62	-	0.62
11	Ebonyi	2.58	5.31	0.17	0.50	8.6	8.98	17.5	12.6	3.6	0.29	-	-	-	(3.88)	(3.59)	0.03	-	0.03
12	Edo	6.80	10.72	1.21	0.08	18.8	16.48	35.3	10.5	(6.0)	1.38	0.05	-	0.0	4.55	5.97	1.09	-	1.09
13	Ekiti	7.87	5.20	0.36	-	13.4	5.25	18.7	10.1	4.9	0.35	0.16	-	0.2	(5.36)	(4.85)	0.28	-	0.28
14	Enugu	6.72	5.80	1.12	-	13.6	9.85	23.5	13.9	4.1	0.90	-	-	-	(4.96)	(4.05)	0.78	-	0.78
15	Gombe	4.77	9.88	0.48	0.01	15.1	7.22	22.4	8.3	1.1	0.82	0.02	-	0.0	(1.95)	(1.12)	-	-	-
16	Imo	7.06	12.09	1.36	2.31	22.8	16.91	39.7	16.9	0.0	0.21	0.01	-	0.0	(0.24)	(0.02)	0.20	-	0.20
17	Jigawa	9.33	15.76	0.65	-	25.7	14.31	40.1	20.1	5.8	0.58	0.02	-	0.0	(6.36)	(5.76)	0.08	-	0.08
18	Kaduna	9.34	12.07	3.32	0.28	25.0	11.19	36.2	21.4	10.2	0.82	0.01	-	0.0	(11.02)	(10.19)	0.39	-	0.39
19	Kano	15.51	42.74	3.67	0.76	62.7	21.04	83.7	13.9	(7.1)	1.00	0.02	-	0.0	6.12	7.13	0.88	0.04	0.92
20	Katsina	10.68	13.17	4.21	0.11	28.2	25.78	54.0	25.6	(0.2)	1.00	-	-	-	(0.81)	0.20	0.07	-	0.07
21	Kebbi	8.47	5.08	3.04	0.01	16.6	15.46	32.1	17.5	2.0	0.36	0.01	-	0.0	(2.40)	(2.03)	0.04	-	0.04
22	Kogi	14.12	7.44	0.83	1.15	23.5	10.70	34.2	11.9	1.2	4.58	0.13	-	0.1	(5.87)	(1.17)	0.93	-	0.93
23	Kwara	4.51	11.44	1.37	0.01	17.3	15.99	33.3	9.8	(6.2)	0.60	-	-	-	5.61	6.21	0.16	-	0.16
24	Lagos	9.82	32.85	3.05	1.67	47.4	35.40	82.8	30.0	(5.4)	2.68	0.30	-	0.3	2.40	5.38	1.35	-	1.35
25	Nassarawa	6.51	5.29	0.32	0.16	12.3	4.09	16.4	9.4	5.3	0.23	0.14	-	0.1	(5.65)	(5.28)	0.22	-	0.22
26	Niger	15.46	8.46	0.35	-	24.3	15.86	40.1	19.8	3.9	(0.27)	-	-	-	(3.63)	(3.90)	0.01	-	0.01
27	Ogun	6.66	6.34	0.33	0.86	14.2	9.16	23.4	18.2	9.0	0.42	0.06	-	0.1	(9.51)	(9.03)	0.12	-	0.12
28	Ondo	6.67	10.24	1.05	-	18.0	17.23	35.2	11.4	(5.8)	1.32	-	-	-	4.50	5.82	0.17	-	0.17
29	Osun	8.21	6.78	9.17	-	24.2	7.86	32.0	17.0	9.1	0.90	0.05	-	0.1	(10.06)	(9.11)	0.17	-	0.17
30	Oyo	7.46	17.10	4.31	0.02	28.9	38.21	67.1	24.4	(13.8)	2.34	0.06	-	0.1	11.40	13.80	0.02	-	0.02
31	Plateau	9.05	9.64	1.33	0.14	20.2	9.10	29.3	11.1	2.0	1.18	0.05	-	0.1	(3.24)	(2.01)	1.48	-	1.48
32	Rivers	12.22	12.74	2.28	1.94	29.2	11.91	41.1	14.1	2.2	1.18	0.09	-	0.1	(3.43)	(2.16)	0.03	-	0.03
33	Sokoto	9.89	12.73	1.07	0.00	23.7	14.49	38.2	13.6	(0.9)	0.64	0.26	-	0.3	(0.00)	0.90	0.28	-	0.28
34	Taraba	12.09	5.96	1.88	0.74	20.7	9.04	29.7	10.2	1.1	0.33	0.03	-	0.0	(1.47)	(1.12)	0.18	-	0.18
35	Yobe	7.61	4.54	3.54	0.01	15.7	37.84	53.5	13.5	(24.4)	0.05	-	-	-	24.31	24.36	0.01	-	0.01
36	Zamfara	6.35	6.77	12.27	0.11	25.5	13.23	38.7	2.3	(11.0)	0.24	0.46	-	0.5	10.28	10.97	0.10	-	0.10
37	FCT	7.38	5.14	0.02	-	12.5	6.75	19.3	6.1	(0.6)	0.04	-	-	-	0.61	0.65	1.26	-	1.26
	TOTAL	**316.5**	**395.0**	**96.7**	**15.5**	**823.7**	**533.0**	**1,356.7**	**535.5**	**2.5**	**30.4**	**3.2**	**-**	**3.2**	**(36.2)**	**(2.5)**	**12.8**	**0.0**	**12.8**

1/ Provisional
2/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds.
Source: Federal Ministry of Finance, Office of the Accountant-General of the Federation, CBN Fiscal Survey 2010

TABLE 30
Consolidated Debt of the Federal Government
(Naira billion)

Type	2006	2007	2008	2009	2010 1/
External Debt	454.7	431.1	493.2	590.4	689.8
Domestic Debt	1,753.3	2,169.6	2,320.3	3,228.0	4,551.8
Total	**2,207.9**	**2,600.7**	**2,813.5**	**3,818.5**	**5,241.7**

Domestic Public Debt (end - Period)

Item	2006	2007	2008	2009	2010 1/
Composition of Debt					
Instruments					
i Treasury Bills	695.0	574.9	471.9	797.5	1,277.1
ii Treasury Bonds	413.6	407.9	402.3	392.1	372.9
iii Development Stocks	0.7	0.6	0.5	0.5	0.2
iv FGN Bonds	477.2	1,007.7	1,445.6	1,974.9	2,901.6
v Special FGN Bonds	166.8	178.4	0.0	0.0	0.0
vi Promisory Notes	0.0	0.0	0.0	63.0	0.0
Holders					
i Banking System	1,218.4	1,703.6	1,771.5	1,882.5	3,092.5
a. Central Bank	335.5	293.6	289.4	323.2	343.1
b. Deposit Money Banks (DMBs)	882.9	1,410.0	1,482.2	1,274.6	2,605.0
c. Sinking Fund	0.0	0.0	0.0	284.7	144.4
ii Non-Bank Public	534.9	466.0	548.8	1,345.6	1,459.3
Tenor					
2 years and below	897.1	709.8	952.0	1,421.4	2,850.7
2-5 years	431.2	820.9	472.7	947.3	501.7
5-10 years	194.0	252.9	406.1	294.7	481.1
Over 10 years	231.0	386.0	489.5	564.6	718.3
Total Debt Outstanding	**1,753.3**	**2,169.6**	**2,320.3**	**3,228.0**	**4,551.8**

1/ Provisional
Source: Debt Management Office and Central Bank of Nigeria

Table 31
External Public Debt Outstanding

External Debt Stock										
	US $' Million					N' Billion				
Holder	2006	2007	2008	2009	2010 1/	2006	2007	2008	2009	2010 1/
1. Multilateral	2,608.3	3,080.9	3,172.9	3,504.5	4,217.8	334.6	363.5	420.6	524.2	635.4
2. Paris Club	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. London Club	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(a) Par Bonds	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
(b) Promissory Notes	509.0	0.0	0.0	0.0	0.0	65.3	0.0	0.0	0.0	0.0
4. Others 2/	427.2	573.3	547.5	442.8	361.0	54.8	67.6	72.6	66.2	54.4
Total Debt Outstanding	**3,544.5**	**3,654.2**	**3,720.4**	**3,947.3**	**4,578.8**	**454.7**	**431.1**	**493.2**	**590.4**	**689.8**

External Debt Service Payments										
	US $' Million					N' Billion				
Holder	2006	2007	2008	2009	2010 1/	2006	2007	2008	2009	2010 1/
Multilateral	**424.6**	**392.8**	**380.6**	**260.5**	**212.6**	**50.5**	**47.9**	**31.0**	**38.8**	**32.0**
(i) I.B.R.D.	273.5	203.7	204.4	141.4	73.3	26.2	25.7	16.8	21.1	11.0
(ii) E.I.B.	11.0	3.9	1.9	0.0	0.0	0.5	0.2	0.0	0.0	0.0
(iii) A.D.B. & Others	140.1	185.2	174.4	119.0	139.3	23.8	21.9	14.2	17.7	20.9
Paris Club	4,519.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
London Club	1,584.7	102.6	41.7	0.0	0.0	13.2	5.2	0.0	0.0	0.0
Promissory Notes	170.9	476.6	0.0	0.0	0.0	61.3	0.0	0.0	0.0	0.0
Others 3/	27.8	50.1	42.3	167.5	141.8	6.4	5.3	19.9	24.9	21.3
Total	**6,727.8**	**1,022.0**	**464.6**	**428.0**	**354.4**	**131.5**	**58.5**	**50.9**	**63.7**	**53.3**

1/ Provisional
2/ Includes Non-Paris Bilateral and Commercial debts
3/ Includes Non-Paris Bilateral, Non-Paris Commercial and Oil Warrants
Source: Debt Management Office, The Presidency, Abuja.

Table 32
Gross Domestic Product at 1990 Constant Basic Prices
(Naira billion, unless otherwise stated)

Activity Sector	2006	2007	2008	2009 /1	2010 /2	Share in Total (%)				
						2006	2007	2008	2009 /1	2010 /2
1. Agriculture	**248.6**	**266.5**	**283.2**	**299.8**	**317.0**	**41.7**	**42.0**	**42.1**	**41.7**	**40.9**
(a) Crop Production	221.6	237.7	252.5	267.2	282.3	37.2	37.5	37.6	37.2	36.4
(b) Livestock	15.7	16.7	17.9	19.0	20.3	2.6	2.6	2.7	2.6	2.6
(c) Forestry	3.2	3.4	3.6	3.8	4.0	0.5	0.5	0.5	0.5	0.5
(d) Fishery	8.1	8.7	9.2	9.8	10.4	1.4	1.4	1.4	1.4	1.3
2. Industry	**155.2**	**151.7**	**146.5**	**149.5**	**157.4**	**26.0**	**23.9**	**21.8**	**20.8**	**20.3**
(a) Crude Petroleum	130.2	124.3	116.6	117.1	122.5	21.9	19.6	17.3	16.3	15.8
(b) Solid Minerals	1.7	1.9	2.1	2.4	2.7	0.3	0.3	0.3	0.3	0.3
(c) Manufacturing	23.3	25.5	27.8	30.0	32.3	3.9	4.0	4.1	4.2	4.2
3. Building & Construction	**9.7**	**10.9**	**12.3**	**13.8**	**15.5**	**1.6**	**1.7**	**1.8**	**1.9**	**2.0**
4. Wholesale & Retail Trade	**89.1**	**102.6**	**117.0**	**130.4**	**145.1**	**14.9**	**16.2**	**17.4**	**18.1**	**18.7**
5. Services	**93.3**	**102.5**	**113.2**	**125.4**	**140.4**	**15.7**	**16.2**	**16.8**	**17.4**	**18.1**
(a) Transport	15.9	17.0	18.2	19.4	20.8	2.7	2.7	2.7	2.7	2.7
(b) Communication	11.4	14.6	19.6	26.3	35.4	1.9	2.4	3.0	3.7	4.6
(c) Utilities	21.1	22.2	23.0	23.7	24.5	3.5	3.5	3.4	3.3	3.2
(d) Hotel & Restaurant	2.4	2.7	3.1	3.5	3.9	0.4	0.4	0.5	0.5	0.5
(e) Finance & Insurance	23.2	24.4	25.6	26.6	27.7	3.9	3.8	3.8	3.7	3.6
(f) Real Estate & Business Services	9.5	10.6	11.8	13.0	14.4	1.6	1.7	1.8	1.8	1.9
(h) Producers of Govt. Services	5.6	5.9	6.3	6.7	7.0	0.9	0.9	0.9	0.9	0.9
(I) Comm., Social & Pers. Services	4.2	5.1	5.6	6.2	6.8	0.7	0.7	0.8	0.9	0.9
TOTAL (GDP)	**595.8**	**634.3**	**672.2**	**719.0**	**775.4**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
NON-OIL (GDP)	**465.6**	**510.0**	**555.6**	**601.9**	**652.9**	**78.1**	**80.4**	**82.7**	**83.7**	**100.0**
TOTAL GDP GROWTH RATE (%)	**6.0**	**6.5**	**6.0**	**7.0**	**7.9**					
OIL GDP GROWTH RATE (%)	**-4.5**	**-4.5**	**-6.2**	**0.5**	**4.6**					
NON-OIL GDP GROWTH RATE (%)	**9.4**	**9.5**	**9.0**	**8.3**	**8.5**					
Of which Agriculture (%)	***7.4***	***7.2***	***6.3***	***5.9***	***5.7***					
Industry (%)	***-2.5***	***-2.2***	***-3.4***	***2.0***	***5.3***					
Services (%)	***9.2***	***9.9***	***10.4***	***10.8***	***11.9***					
Finance & Insurance (%)	***5.0***	***5.0***	***4.8***	***4.0***	***3.9***					
Manufacturing (%)	***9.4***	***9.6***	***8.9***	***7.9***	***7.6***					
Mining and Quarying (%)	***10.3***	***12.7***	***12.8***	***12.1***	***12.3***					
Communication (%)	***32.5***	***28.5***	***34.0***	***34.2***	***34.5***					

1/ Revised
2/ Provisional
Source: National Bureau of Statistics (NBS)

Table 33
Gross Domestic Product at Current Basic Prices
(Naira billion, unless otherwise stated)

Activity Sector	2006	2007	2008	2009 /1	2010 /2	Share in Total (%) 2006	2007	2008	2009	2010
1. Agriculture	**5940.2**	**6757.9**	**7981.4**	**9186.3**	**10363.7**	**32.0**	**32.7**	**32.9**	**37.1**	**35.6**
(a) Crop Production	5291.6	6024.4	7114.8	8200.9	9250.1	28.5	29.2	29.3	33.1	31.8
(b) Livestock	378.7	434.2	512.9	583.6	661.6	2.0	2.1	2.1	2.4	2.3
(c) Forestry	73.5	83.8	99.0	111.1	124.3	0.4	0.4	0.4	0.4	0.4
(d) Fishery	196.5	215.5	254.6	290.7	327.7	1.1	1.0	1.1	1.2	1.1
2. Industry	**7488.7**	**8085.4**	**9719.5**	**8071.1**	**10221.4**	**40.3**	**39.1**	**40.0**	**32.6**	**35.1**
(a) Crude Petroleum	6982.9	7533.0	9097.8	7418.1	9527.8	37.6	36.5	37.4	29.9	32.7
(b) Solid Minerals	27.3	31.5	36.2	40.6	45.7	0.1	0.2	0.2	0.2	0.2
(c) Manufacturing	478.5	520.9	585.6	612.3	647.9	2.6	2.5	2.4	2.5	2.2
3. Building & Construction	**250.3**	**266.5**	**306.6**	**347.7**	**394.0**	**1.3**	**1.3**	**1.3**	**1.4**	**1.4**
4. Wholesale & Retail Trade	**2741.8**	**3044.8**	**3503.2**	**4082.4**	**4668.7**	**14.8**	**14.7**	**14.4**	**16.5**	**16.0**
5. Services	**2143.5**	**2502.8**	**2785.7**	**3106.8**	**3460.3**	**11.5**	**12.1**	**11.5**	**12.5**	**11.9**
(a) Transport	441.8	473.4	479.1	506.7	528.2	2.4	2.3	2.0	2.0	1.8
(b) Communication	167.7	246.2	252.6	256.0	262.6	0.9	1.2	1.0	1.0	0.9
(c) Utilities	42.6	45.8	52.7	62.1	70.5	0.2	0.2	0.2	0.3	0.2
(d) Hotel & Restaurant	57.6	72.8	86.1	99.0	113.7	0.3	0.4	0.4	0.4	0.4
(e) Finance & Insurance	296.7	340.9	392.0	444.2	507.6	1.6	1.7	1.6	1.8	1.7
(f) Real Estate & Business Services	808.6	925.6	1064.4	1213.0	1373.3	4.4	4.5	4.4	4.9	4.7
(h) Producers of Govt. Services	168.8	193.4	223.4	255.4	292.6	0.9	0.9	0.9	1.0	1.0
(l) Comm., Social & Pers. Services	159.7	204.6	235.3	270.3	311.7	0.9	1.0	1.0	1.1	1.1
TOTAL (GDP)	**18564.6**	**20657.3**	**24296.3**	**24794.2**	**29108.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
NON-OIL (GDP)	**11581.7**	**13124.3**	**15198.6**	**17376.1**	**19580.2**	**101.5**	**63.5**	**62.6**	**70.1**	**100.0**
TOTAL GDP GROWTH RATE (%)	**27.4**	**11.3**	**17.6**	**2.0**	**17.4**					
OIL GDP GROWTH RATE (%)	**23.3**	**7.9**	**20.8**	**-18.5**	**28.4**					
NON-OIL GDP GROWTH RATE (%)	**30.0**	**13.3**	**15.8**	**14.3**	**12.7**					
Of which Agriculture (%)	***24.4***	***13.8***	***18.1***	**15.1**	**12.8**					
Of which Industry (%)	***22.9***	***8.0***	***20.2***	**-17.0**	**26.6**					
Of which Services (%)	***32.3***	***16.8***	***11.3***	**11.5**	**11.4**					
Of Finance & Insurance (%)	***126.9***	***14.9***	***15.0***	**13.3**	**14.3**					
Of which Manufacturing (%)	***15.9***	***8.9***	***12.4***	**4.6**	**5.8**					
Of which Mining and Quarying (%)	***57.7***	***15.3***	***15.1***	**12.2**	**12.4**					
Of which Communication (%)	***306.4***	***46.8***	***2.6***	**1.3**	**2.6**					

1/ Revised
2/ Provisional
Source: National Bureau of Statistics (NBS)

Table 34
Gross Domestic Product at 1990 Purchasers' Price
(Expenditure Approach)
(Naira billion)

COMPONENT	2006	2007	2008 1/	2009 2/	2010 2/
Domestic demand	**535.7**	**681.6**	**556.4**	**560.0**	**525.2**
Private Consumption Expenditure	354.5	378.0	248.3	264.1	193.7
Government Final Expenditure	117.7	224.6	234.5	215.6	254.1
Gross Fixed Capital Formation	63.4	79.0	73.6	80.3	77.4
Increase in Stocks	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Net Export of Goods and Non-Factor Service	**70.4**	**-48.6**	**91.3**	**34.1**	**85.3**
Export of Goods and Non-Factor Services	238.1	210.3	301.6	211.1	235.2
Less Import of Goods and Non-Factor Services	167.7	258.9	210.3	177.0	150.0
Gross Domestic Product (At 1990 Purchaser's Price)	**606.2**	**633.0**	**647.8**	**594.2**	**610.6**

1/ Revised
2/ Provisional
Source: National Bureau of Statistics (NBS)

Table 35
Gross Domestic Product at Current Purchasers' Price
(Expenditure Approach)
(Naira billion)

COMPONENT	2006	2007	2008 1/	2009 2/	2010 2/
Domestic demand	**14,664.5**	**20,226.5**	**20,941.1**	**25,120.8**	**25,812.7**
Private Consumption Expenditure	11,834.6	15,682.9	15,756.2	18,859.6	17,539.0
Government Final Consumption Expenditure	1,283.4	2,608.6	3,134.2	3,213.2	4,265.9
Gross Fixed Capital Formation	1,546.5	1,935.0	2,050.8	3,048.0	4,007.8
Increase in Stocks	**1.5**	**1.6**	**1.7**	**1.8**	**1.9**
Net Export of Goods and Non-Factor Service	**4,043.8**	**712.8**	**3,722.5**	**102.6**	**3,683.4**
Export of Goods and Non-Factor Services	8,066.0	7,063.1	9,837.3	7,766.2	13,441.3
Less Import of Goods and Non-Oil Services	4,022.2	6,350.3	6,114.8	7,663.6	9,757.9
Gross Domestic Product (At Current Purchasers' Price)	**18,709.8**	**20,940.9**	**24,665.3**	**25,225.1**	**29,498.0**

1/ Revised
2/ Provisional
Source: National Bureau of Statistics (NBS)

Table 36
National Income at Constant Market Prices
(Naira billion)

COMPONENT	2006	2007	2008 1/	2009 2/	2010 2/
1. Gross Domestic Product					
(At Constant Market Prices)	**606.1**	**633.0**	**647.8**	**594.2**	**601.6**
LESS					
Net Factor Income From Abroad	-15.4	-64.5	-51.7	-34.3	-34.6
Other Current Transfers	39.2	66.7	67.9	73.0	44.2
2. Gross National Income	**582.4**	**630.8**	**631.6**	**555.4**	**592.0**
LESS					
Consumption of Fixed Capital (Depreciation)	18.3	11.3	7.9	6.4	5.2
3. Net National Income (Market prices)	**564.1**	**619.5**	**623.7**	**549.0**	**586.7**

1/ Revised
2/ Provisional
Source: National Bureau of Statistics (NBS).

Table 37
Index of Agricultural Production by Type of Activity
(1990=100)

Sub-Sector	2006	2007	2008 1/	2009 2/	2010 2/
Crops	**195.3**	**208.4**	**222.0**	**237.1**	**250.6**
(a) Staples	215.0	229.5	245.9	268.2	287.5
(b) Other Crops	93.3	98.9	106.3	113.8	120.8
Livestock	**265.0**	**279.7**	**299.0**	**319.4**	**340.0**
Fishery	**190.7**	**201.7**	**214.9**	**270.0**	**288.8**
Forestry	**134.8**	**138.4**	**147.4**	**155.5**	**163.0**
Aggregate	**200.1**	**212.8**	**226.7**	**242.1**	**255.9**

1/: Revised
2/: Provisional
Source: Derived from data compiled by National Bureau of Statistics

Table 38
Estimated Output of Major Agricultural Commodities
('000 Tonnes, Except Otherwise Stated)

	Area planted (Million Ha)					Production ('000Tonnes)				
Item	**2006**	**2007**	**2008**	**2009**	**2010**	**2006**	**2007**	**2008 /1**	**2009 /1**	**2010 /2**
Crop Production	**104,555.8**	**109,354.4**	**109,303.8**	**112,902.1**	**145,087.5**	**130,574.08**	**139,315.13**	**149,442.19**	**158,679.29**	**167,795.55**
Staples	**96,102.6**	**100,907.7**	**100,434.8**	**103,480.7**	**135,423.0**	**120,470.58**	**128,601.59**	**138,116.94**	**146,680.19**	**155,064.51**
Maize	9,973.0	10,471.7	8,949.9	8,775.1	8,950.3	11,087.36	11,875.70	12,708.90	13,450.12	14,240.8
Millet	6,072.0	6,375.6	5,967.9	6,034.4	6,100.9	7,905.00	8,399.37	8,951.82	9,417.35	9,882.0
Guineacorn/Sorghum	9,624.0	10,105.2	9,545.9	9,680.3	9,352.2	11,234.78	11,892.60	12,600.65	13,316.65	13,849.6
Rice	3,694.0	3,878.7	3,235.0	3,143.6	33,124.2	4,200.00	4,522.90	4,852.49	5,213.94	5,420.2
Wheat	14.3	15.0	15.9	16.7	17.5	62.57	66.71	70.90	75.44	79.6
Acha	206.8	217.2	223.0	231.9	238.7	107.61	113.69	120.43	127.22	133.6
Beans/Cowpeas	9,839.0	10,331.0	10,679.7	11,123.9	11,504.5	4,791.50	5,128.20	5,497.62	5,792.96	6,146.0
Cassava Old	3,897.4	4,092.3	4,463.5	4,717.2	5,049.2	39,704.87	42,661.82	46,553.95	49,631.58	53,056.1
Potatoes	225.7	237.0	249.9	261.7	274.3	1,730.03	1,856.11	1,974.44	2,096.70	2,218.9
Yam	3,272.1	3,435.7	3,603.6	3,768.6	3,833.7	30,343.87	31,986.28	33,873.63	35,928.56	37,653.4
Cocoyam	47,953.1	50,350.8	51,983.0	54,125.5	55,268.1	2,663.27	2,857.02	3,067.00	3,304.04	3,455.9
Plantain	108.4	113.8	120.0	125.7	131.3	1,314.82	1,401.80	1,486.46	1,565.23	1,651.1
Vegetables	1,222.7	1,283.8	1,397.5	1,476.1	1,578.1	5,324.90	5,839.39	6,358.63	6,760.39	7,277.3
Other crops	**8,453.2**	**8,446.7**	**8,869.0**	**9,421.5**	**9,664.6**	**10,103.50**	**10,713.53**	**11,325.25**	**11,999.10**	**12,731.04**
Melon	376.3	395.1	405.6	421.6	437.7	541.21	574.43	608.41	640.21	673.8
Groundnnut/Peanut	3,335.1	3,501.8	3,576.5	3,712.5	3,807.7	3,812.61	4,036.17	4,256.02	4,489.22	4,728.5
Benniseed/Sesame	72.9	76.5	80.6	84.4	88.4	126.98	137.10	146.68	158.15	168.0
Soya Bean	2,473.2	2,596.9	2,647.2	2,746.4	2,813.0	1,635.32	1,728.50	1,826.55	1,928.63	2,090.1
Cotton	816.6	857.5	879.8	914.5	929.2	631.48	667.35	703.81	748.46	787.5
Oil Palm	76.7	80.6	87.3	92.1	108.2	209.16	233.10	254.00	272.14	294.6
Cocoa	1,039.5	1,091.5	1,106.0	1,145.5	1,165.0	227.72	240.20	253.65	271.98	289.9
Rubber	4.4	4.6	4.9	5.1	5.4	259.62	277.40	295.06	311.95	329.4
Sugarcane	134.0	140.7	148.2	155.2	162.5	2,453.04	2,601.20	2,750.81	2,932.37	3,106.9
Kolanut	110.0	115.5	118.0	122.5	124.7	83.20	87.82	92.66	99.38	107.1
Ginger	7.9	8.3	8.7	9.1	9.5	93.50	98.69	104.13	110.41	116.1
Cashew	5.4	5.7	5.9	6.2	6.4	21.96	23.18	24.46	26.52	28.5
Pinneaple	1.1	1.2	1.2	1.3	1.6	3.46	3.80	4.09	4.39	4.8
Palm Produce	4.3	4.5	4.8	5.0	5.3	4.22	4.60	4.94	5.29	5.7
Livestock Products						**3,455.52**	**3,647.33**	**3,858.44**	**4,119.27**	**4,384.96**
Poultry						115.45	122.90	129.39	139.31	166.5
Goat Meat						559.20	597.00	636.97	677.83	726.7
Mutton						531.43	556.30	587.92	625.36	663.6
Beef						262.22	275.80	298.85	316.99	345.3
Pork						69.63	73.15	76.72	81.30	84.8
Milk						1,313.33	1,390.20	1,468.92	1,567.02	1,648.8
Eggs						604.26	631.98	659.68	711.45	749.2
Fishery						**600.65**	**635.20**	**668.75**	**709.68**	**759.16**
(1) Artisanal Coastal and Brackish Water Catches						250.88	262.70	274.49	291.87	305.0
(2) Artisanal Inland Rivers and Lakes Catches						232.72	244.80	255.47	270.32	286.4
(3) Fish Farming						68.29	76.30	84.51	89.92	107.2
(4) Industrial (Trawling) Coastal Fish & Shrimps						48.76	51.40	54.27	57.57	60.6
Forestry ('000 cu meteres)						**141,812.75**	**145,593.07**	**148,747.64**	**157,449.38**	**165,085.62**
Roundwood						139,359.60	143,072.08	146,169.78	154,709.79	161,886.2
Sawnwood						2,248.55	2,311.00	2,363.89	2,510.06	2,948.0
Wood Based Panels						177.45	181.70	184.73	198.42	215.0
Papers & Paperboards ('000MT)						27.15	28.29	29.25	31.11	36.4

Source: National Bureau of Statistics
1/ Revised
2/ Provisional

Table 39
Indices of Average World Prices (c.i.f) of Nigeria's Major Agricultural Export Commodities (Dollar-based, 1990=100)

COMMODITY	2006	2007	2008	2009	2010
Cocoa	216.9	276.0	348.2	520.4	764.5
Coffee	83.9	282.7	284.0	207.3	218.9
Copra	144.6	123.0	173.7	154.6	169.1
Cotton	69.7	154.0	126.1	155.7	188.2
Palm Oil	147.6	223.9	337.6	381.5	501.3
Soya Beans	123.2	159.4	261.1	245.2	260.4
All Commodities	206.0	413.6	514.8	572.8	727.2

Source: Public Ledger and Financial Times (London)

Table 40
Indices of Average World Prices (c.i.f) of Nigeria's Major Export Commodities (Naira-based, 1990 = 100)

COMMODITY	2006	2007	2008	2009	2010
Cocoa	**2,522.8**	**3,472.2**	**4,128.5**	**6,156.8**	**9,044.4**
Coffee	**1,334.7**	**3,312.2**	**3,196.2**	**2,333.2**	**2,463.9**
Copra	**2,262.4**	**2,105.3**	**2,591.6**	**2,280.6**	**2,445.2**
Cotton	**1,096.8**	**2,428.2**	**1,874.5**	**2,315.0**	**2,798.8**
Palm Oil	**2,643.0**	**1,189.2**	**1,720.8**	**1,946.6**	**2,557.8**
Soya Bean	**1,946.1**	**4,793.6**	**7,401.3**	**7,568.0**	**8,037.3**
All Commodities	**2,521.3**	**5,713.1**	**7,198.5**	**8,009.1**	**10,347.7**

Source: Public Ledger and Financial Times (London)

Table 41
Average Prices of Selected Cash Crops
(Naira per tonne)

COMMODITY	2005	2006	2007	2008 1/	2009 2/	2010 2/
Benniseed	86,927.8	92,954.4	94,706.7	97,424.8	103,763.4	173,998.6
Cocoa	168,099.9	175,632.8	182,490.0	220,000.0	435,000.0	457,183.6
Coffee (Arabica)	154,308.8	158,544.5	172,003.6	181,665.2	193,795.4	205,355.8
Tea	207,908.2	251,536.0	308,406.7	335,546.5	390,854.7	432,859.9
Cotton	30,480.0	32,151.1	33,822.2	35,628.3	36,295.6	38,034.2
Groundnut (Unshelled)	25,080.8	25,681.2	26,281.6	26,903.4	27,499.5	28,110.6
Ginger (Peeled)	91,981.9	92,872.5	194,746.7	205,847.3	237,172.8	293,660.2
Palm Kernel	26,312.2	26,930.2	48,796.7	57,946.1	63,615.7	79,123.6
Palm Oil (Special)	122,078.1	133,003.6	161,358.2	179,398.0	194,530.0	257,727.2
Soya Beans	59,379.7	62,717.2	65,720.0	69,056.1	72,292.4	107,461.8
Rubber (100% Dry Lump top quality)	132,808.4	135,047.6	137,286.8	139,582.3	142,810.2	145,077.6
Cashew Nut	52,922.0	53,568.0	54,214.0	54,860.0	57,506.0	78,152.0
Wheat	81,102.1	89,199.6	67,136.7	68,768.1	75,064.1	129,310.5

1/ Revised
2/ Provisional
Sources: (i) CBN-NBS-NCC Socio-Economic Nationwide Survey
(ii) Agricultural Projects Monitoring and Evaluation Unit (APMEU) Bulletin on prices
(iii) NAERLS Bulletin on prices

Table 42
Index of Industrial Production
(1990=100)

Year/Quarter	Manufacturing	Mining	Electricity	Total (All Sectors)
2006	89.6	142.7	198.1	120.8
2007	**89.2**	**132.7**	**190.2**	**119.4**
1st Quarter	89.4	132.0	189.7	120.3
2nd Quarter	89.6	132.2	190.3	120.1
3rd Quarter	89.0	133.1	190.1	119.5
4th Quarter	88.6	133.3	190.8	117.5
2008	**91.2**	**129.6**	**198.2**	**117.8**
1st Quarter	90.8	130.9	194.2	118.3
2nd Quarter	91.0	129.4	199.0	117.7
3rd Quarter	91.3	129.0	199.5	118.0
4th Quarter	91.7	129.0	200.0	117.2
2009 1/	**92.4**	**129.4**	**198.3**	**118.2**
1st Quarter	91.6	127.2	198.0	116.9
2nd Quarter	92.3	129.5	195.9	118.1
3rd Quarter	92.8	130.5	199.3	118.9
4th Quarter	93.0	130.5	200.0	119.0
2010 2/	**93.7**	**131.7**	**201.6**	**121.5**
1st Quarter	92.9	130.9	195.5	118.6
2nd Quarter	92.9	130.7	199.7	120.2
3rd Quarter	93.2	131.2	200.2	121.4
4th Quarter	95.9	134.0	210.9	125.9

1/ Revised
2/ Provisional
Sources: Computed from data obtained from National Bureau of Statistics (NBS); C.B.N. Surveys; N.N.P.C.; Federal Ministry of Power and Steel; and Ministry of Solid Minerals Development.

Table 43
Index of Manufacturing Production
(Base Quaterly Average, 1990 = 100)

Year/Quarter	Sugar Confectionery	Soft Drinks	Beer & Stout	Cotton Textiles	Synthetic Fabrics	Foot Wear	Paints	Refined Petroleum	Cement	Roofing Sheets	Vehicle Assembly	Soap & Detergents	Radio & T.V	Total
2006	50.6	53.2	137.5	80.3	44.6	99.0	184.6	132.8	113.4	37.4	64.1	140.1	27.9	89.4
2007	**51.3**	**53.0**	**131.7**	**79.8**	**46.3**	**96.5**	**187.1**	**129.9**	**113.5**	**39.2**	**64.9**	**138.0**	**27.8**	**89.2**
1st Quarter	43.7	54.3	138.1	79.2	73.4	91.5	157.0	135.6	113.3	43.0	68.6	137.0	28.0	89.4
2nd Quarter	58.9	51.1	124.0	84.3	46.7	103.3	159.9	134.5	115.3	43.6	72.0	144.1	27.6	89.6
3rd Quarter	45.5	55.9	135.9	83.9	42.1	90.9	212.3	119.5	106.1	42.2	59.0	135.2	27.9	89.0
4th Quarter	57.0	50.8	128.9	72.0	23.0	100.4	219.3	130.0	119.1	28.2	60.2	135.5	27.9	88.6
2008	**57.9**	**55.0**	**129.1**	**80.1**	**46.7**	**89.2**	**192.1**	**131.8**	**126.7**	**43.3**	**62.1**	**140.4**	**31.3**	**91.2**
1st Quarter	54.3	54.3	127.1	79.2	70.7	90.3	169.9	130.6	124.0	40.8	68.8	140.9	29.9	90.8
2nd Quarter	56.9	55.9	128.9	84.3	50.3	89.2	180.2	131.8	126.5	44.6	60.4	144.1	30.2	91.0
3rd Quarter	56.1	56.9	129.7	83.9	42.1	89.0	200.8	131.9	127.3	44.9	59.0	135.2	30.3	91.3
4th Quarter	64.2	52.8	130.8	73.0	23.9	88.4	217.4	132.9	128.9	42.9	60.2	141.5	34.9	91.7
2009 1/	**65.3**	**57.2**	**131.0**	**69.2**	**41.4**	**88.1**	**200.1**	**128.8**	**138.1**	**48.0**	**58.5**	**141.4**	**34.5**	**92.4**
1st Quarter	64.3	54.1	130.6	68.9	40.3	88.0	199.8	127.9	135.0	47.9	58.9	141.0	34.1	91.6
2nd Quarter	65.0	56.9	130.9	69.0	40.3	88.2	200.0	128.7	138.9	48.0	59.0	141.2	34.0	92.3
3rd Quarter	65.8	58.9	131.2	69.9	42.1	88.3	200.0	129.0	139.1	48.1	58.1	141.5	34.9	92.8
4th Quarter	66.0	59.1	131.4	68.9	43.0	88.0	200.8	129.7	139.3	48.1	58.0	142.0	35.1	93.0
2010 2/	**66.1**	**58.4**	**131.9**	**70.4**	**42.6**	**88.8**	**200.4**	**129.4**	**141.4**	**48.9**	**60.8**	**143.3**	**36.3**	**93.7**
1st Quarter	65.8	55.6	131.2	68.9	42.7	88.6	199.9	128.8	139.8	48.6	58.9	142.3	35.7	92.8
2nd Quarter	65.0	56.9	130.9	69.8	41.8	88.9	200.0	128.7	140.2	48.0	59.0	142.7	35.8	92.9
3rd Quarter	65.8	58.9	131.2	69.9	42.1	88.6	200.0	129.0	140.6	48.6	59.5	142.9	36.2	93.3
4th Quarter	67.7	62.3	134.2	72.8	43.9	89.2	201.8	130.9	144.8	50.2	65.9	145.2	37.5	95.9

1/ Revised
2/ Provisional
Source: Data Derived from NBS and CBN Surveys.

Table 44
Production of Principal Solid Minerals, 2006 - 2010
(Tonnes)

SOLID MINERALS	2006	2007	2008	2009	2010	Absolute Change Between	Percentage Change Between
	1	2	3	4	5	4&5	4&5
Baryte	30,011.00	18,046.58	926,418.97	514,313.90	470,899.00	(43,414.90)	-8.4
Clay	155,336.00	233,932.46	108,499.58	153,676.41	139,298.61	(14,377.80)	-9.4
Marble Aggregates	1,185,722.00	904,120.00	6,133.00	8,995.00	9,356.00	361.00	4.0
Sand	941,176.00	1,722,737.04	3,551,738.20	1,050,023.79	1,254,230.53	204,206.74	19.4
Stone Aggregates	1,635,556.00	2,923,642.00	3,583,215.64	3,762,376.42	3,672,796.03	(89,580.39)	-2.4
Gold	170,982.00	582,868.00	2,890.00	1,350.00	2,518.00	1,168.00	86.5
Lead/Zinc	492,261.00	581,509.00	2,267.00	1,867.00	2,400.00	533.00	28.5
Limestone	15,280,815.00	3,323,331.64	3,472,830.46	3,242,890.05	5,125,281.67	1,882,391.62	58.0
Iron Ore	88,180.00	57,900.00	61,779.30	99,424.17	62,799.60	(36,624.57)	-36.8
Laterite	979,148.00	1,642,170.63	3,014,293.00	2,739,973.18	2,321,906.19	(418,066.99)	-15.3
Shale	1,251,834.00	83,378.00	9,162,131.00	7,234,878.95	6,689,910.73	(544,968.22)	-7.5
Cassiterite	1,818.00	229.00	27,853.00	58,986.00	79,409.00	20,423.00	34.6
Columbite	387.00	180.00	335,012.00	330,814.48	281,136.00	(49,678.48)	-15.0
Other Minerals	13,817,990.00	23,545,194.65	19,543,448.05	25,582,406.50	28,141,776.39	2,559,369.89	10.0
TOTAL	**36,031,216.00**	**35,619,239.00**	**43,798,509.20**	**44,781,975.85**	**48,253,717.75**	**3,471,741.90**	**7.75**

Source: Federal Ministry of Mines and Steel Development

Table 45
Energy Consumption
(Tonnes of Coal Equivalent (TCE))
(1990=100)

Type	Weight	2004	2005	2006	2007	2008	2009 /1	2010 /2
Coal	**0.13**	**8,065.7**	**8,050.7**	**8,050.5**	**8,050.7**	**8,050.7**	8,050.7	NA
Percentage Share	0.13	0.03	0.03	0.05	0.0	0.04	0.04	-
Hydro - Power	**0.93**	**4,041,442.2**	**3,046,626.7**	**2,965,770.7**	**3,113,567.2**	**3,669,824.5**	3,675,254.5	3,582,840.0
Percentage Share	0.93	17.4	12.0	17.0	19.2	18.0	20.1	18.7
Natural Gas	**0.04**	**1,054,218.6**	**1,384,201.5**	**1,310,102.5**	**2,172,121.9**	**2,632,301.0**	1,371,644.0	3,341,720.0
Percentage Share	0.04	4.5	5.5	7.5	13.4	12.9	7.5	17.5
Petroleum Products 1/	**98.90**	**18,135,575.4**	**20,855,705.9**	**13,137,540.5**	**10,950,530.1**	**14,098,510.6**	13,196,266.2	12,217,692.4
Percentage Share	98.9	78.0	82.5	75.4	67.4	69.1	72.3	63.8
Total	**100.00**	**23,239,301.9**	**25,294,584.8**	**17,421,464.2**	**16,244,269.9**	**20,408,686.8**	18,251,215.4	19,142,252.4
Percentage Share	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Index of Energy Consumption(1990=100)		**175.7**	**176.7**	**170**	**169.2**	**177.5**	**174.2**	**179.1**

1/ Revised
2/ Provisional
Sources: Federal Ministry of Solid Mineral Development; Federal Ministry of Power & Steel, NNPC & PHCN.

Table 46
Consumption of Petroluem Products
(Tonnes)

Product	2006	2007	2008	2009 1/	2010 2/
Liquefied Petroluem Gas or Cooking Gas	26016.0	25948.5	25888.6	NA	NA
Premium Motor Spirit (PMS- Gasoline)	5925738.2	5750174.6	6894459.3	6828814.4	6594168.4
Dual Purpose Kerosine (DPK)	674032.0	321496.0	537531.5	590220.4	406249.4
Automative Gas Oil (AGO) and Diesel	1361296.0	683665.6	1145877.6	821819.3	722738.4
Low Pour Fuel Oil (LPFO)	135844.4	77644.6	99766.3	138791.6	35094.0
Bitumen/Asphalt	111536.9	99756.9	223802.8	NA	NA
Others (Wax, Petroleum Jelly, Grease, Base Oil etc)	17420.7	20862.8	25246.0	NA	NA
Total	**8251884.2**	**6979549.0**	**8952572.1**	**8379645.8**	**7758250.2**

1/ Revised
2/ Provisional
Sources: Nigerian National Petroleum Corporation

Table 47
Gas Production, Utilisation and Disposal

	2006	2007	2008	2009	2010 1/	Absolute Change Between				Percentage Change Between			
	1	2	3	4	5	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)
Gas Produced	57753.7	65936.5	66640.8	41534.2	58006.0	8182.8	704.3	-25106.6	16471.8	14.2	1.1	-37.7	39.7
Gas Used as Fuel	2584.9	3656.9	3268.2	1993.6	3154.1	1072.0	-388.8	-1274.5	1160.4	41.5	-10.6	-39.0	58.2
Gas Sold to Industries	15824.0	19564.4	19615.5	10221.1	21747.5	3740.4	51.0	-9394.3	11526.4	23.6	0.3	-47.9	112.8
Gas Sold to LNG	6071.0	6239.9	7514.6	4442.7	6705.4	168.9	1274.7	-3071.9	2262.7	2.8	20.4	-40.9	50.9
Gas Reinjected	12223.1	13299.1	15126.9	9084.1	9733.7	1076.0	1827.8	-6042.8	649.6	8.8	13.7	-39.9	7.2
Gas Lifted	1173.8	1406.4	1416.0	1172.0	1460.7	232.6	9.5	-244.0	288.7	19.8	0.7	-17.2	24.6
Gas Converted to NGLs	1498.0	1639.4	1854.9	1163.0	1705.4	141.4	215.5	-691.9	542.4	9.4	13.1	-37.3	46.6
Total Gas Utilised	39374.8	45806.1	48796.0	28076.5	44506.6	6431.3	2989.9	-20719.4	16430.1	16.3	6.5	-42.5	58.5
Gas Utilised as % of Gas Produced	68.2	69.5	73.2	67.6	76.7	1.3	3.8	-5.6	9.1	1.9	5.4	-7.7	13.5
Gas Flared	18378.9	20130.4	17844.8	13457.2	13499.3	1751.5	-2285.6	-4387.6	42.1	9.5	-11.4	-24.6	0.3
Gas Flared as % of Gas Produced	31.8	34.5	26.8	32.4	23.3	2.7	-7.7	5.6	-9.1	8.4	-22.4	21.0	-28.2

1/ Provisional
Source: NNPC, DPR, CBN Estimates

Table 48
World Crude Oil Production and Consumption
(Million Barrels Per Day)

	2006	2007	2008	2009	2010	ABSOLUTE CHANGE BETWEEN				PERCENTAGE CHANGE BETWEEN			
	1	2	3	4	5	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)
Supply													
OPEC	35.50	36.22	37.10	33.4	33.9	0.7	0.9	-3.7	0.5	2.0	2.4	(10.0)	1.6
Crudes	31.40	31.82	32.10	28.70	29.14	0.4	0.3	-3.4	0.4	1.3	0.9	(10.6)	1.5
NGLs and condensates	4.10	4.40	5.00	4.70	4.80	0.3	0.6	-0.3	0.1	7.3	13.6	(6.0)	2.1
TOTAL NON -OPEC	48.90	49.55	49.50	51.3	52.3	0.6	0.0	1.8	1.0	1.3	(0.1)	3.6	1.9
Total World Supply	**84.40**	**85.77**	**86.60**	**84.70**	**86.20**	**1.4**	**0.8**	**-1.9**	**1.5**	**1.6**	**1.0**	**(2.2)**	**1.8**
Demand													
OECD	49.30	49.20	47.50	45.5	46.0	-0.1	-1.7	-2.0	0.5	(0.2)	(3.5)	(4.2)	1.1
NON - OECD	35.30	36.60	38.30	39.4	40.2	1.3	1.7	1.1	0.8	3.7	4.6	2.9	2.0
Total World Demand	**84.60**	**85.80**	**85.8**	**84.9**	**86.2**	**1.2**	**0.0**	**-0.9**	**1.3**	**1.4**	**-**	**(1.0)**	**1.5**
Nigeria													
Output	2.23	2.15	1.98	1.82	2.13	-0.1	-0.2	-0.2	0.3	(3.6)	(7.9)	(8.1)	17.0
Exports	1.78	1.70	1.53	1.37	1.68	-0.1	-0.2	-0.2	0.3	(4.5)	(10.0)	(10.5)	22.6
Domestic Consumption	0.45	0.45	0.45	0.45	0.45	0.0	0.0	0.0	0.0	-	-	-	-

Source: Reuters

Table 49
Analysis of Average Spot Prices of Selected Crudes Traded at the International Oil Market
(US Dollar per barrel)

Crude Type	2006	2007	2008	2009	2010	Absolute Change Between				Percentage Change Between			
	1	2	3	4	5	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)
UK Brent	65.0	72.7	98.5	62.7	79.7	7.7	25.8	-35.8	17.0	11.9	35.4	-36.3	27.1
Arab Light	59.9	68.2	0.0	0.0	0.0	8.3	-68.2	0.0	0.0	13.9			
West Texas Intermediate(WTI)	65.8	72.1	100.8	63.5	79.1	6.3	28.6	-37.2	15.6	9.6	39.7	-37.0	24.6
Bonny Light	66.4	75.0	101.2	62.1	80.8	8.6	26.2	-39.1	18.7	12.9	34.9	-38.6	30.2
Forcados	66.1	74.7	101.5	64.2	80.9	8.6	26.8	-37.3	16.7	13.0	35.9	-36.7	25.9
OPEC Basket	61.1	69.0	94.5	61.1	77.5	7.9	25.4	-33.4	16.4	13.0	36.8	-35.4	26.8

Source: Reuters

Table 50
Composite Consumer Price Index
(November 2009 = 100)

	2006	2007	2008	2009	2010	*percentage change between*			
	1	2	3	4	5	*(1) & (2)*	*(2) & (3)*	*(3) & (4)*	*(4) & (5)*
All- Item	73.1	77.9	89.7	102.2	114.2	*6.6*	*15.1*	*13.9*	*11.8*
All- Item Less Farm Produce	79.7	82.6	91.2	101.5	112.6	*3.6*	*10.4*	*11.2*	*10.9*
All- Item Less Farm Produce & Energy	85.1	79.6	91.7	101.9	112.5	*-6.5*	*15.3*	*11.1*	*10.4*
Imported Food	-	-	-	101.5	115.4	-	-	-	*13.7*
Food	69.4	75.1	88.6	102.4	115.4	*8.2*	*18.0*	*15.5*	*12.7*
Food & Non-Alcoholic Beverages	69.4	75.4	88.7	102.7	115.5	*8.6*	*17.6*	*15.8*	*12.5*
Alcoholic Beverage, Tobacco & Kola	91.3	94.4	97.5	101.9	111.9	*3.4*	*3.3*	*4.5*	*9.8*
Clothing & Footwear	88.5	86.5	96.9	101.5	113.7	*-2.2*	*12.1*	*4.7*	*12.0*
Housing, Water, Electricity, Gas & other Fuel	77.1	83.6	93.5	100.2	113.2	*8.4*	*11.7*	*7.2*	*12.9*
Furnishing & household Equipment Maintenance	75.7	77.8	87.1	101.7	113.2	*2.7*	*11.9*	*16.8*	*11.3*
Health	90.1	84.3	96.1	101.8	112.7	*-6.5*	*14.0*	*6.0*	*10.7*
Transport	83.9	89.8	90.9	101.8	112.9	*7.0*	*1.2*	*12.0*	*10.9*
Communication	94.1	94.6	97.1	100.0	102.4	*0.6*	*2.6*	*3.0*	*2.4*
Recreation & Culture	86.7	86.4	93.5	101.9	107.8	*-0.4*	*8.3*	*8.9*	*5.8*
Education	63.8	74.2	87.6	101.5	109.1	*16.2*	*18.1*	*15.9*	*7.5*
Restaurant & Hotels	66.2	79.5	99.5	102.6	109.6	*20.0*	*25.3*	*3.1*	*6.8*
Miscellaneous goods & Services	80.4	80.8	92.9	101.7	112.1	*0.4*	*15.0*	*9.5*	*10.2*

Imported Food component was introduced in 2009
Source: National Bureau of Statistics (NBS)

Table 51
Urban Consumer Price Index
(November 2009 = 100)

	2006	2007	2008	2009	2010	Percentage change between			
	1	2	3	4	5	(1) & (2)	(2) & (3)	(3) & (4)	(4) & (5)
All- Item	74.7	83.3	92.8	101.4	112.2	11.6	11.4	9.3	10.7
All- Item Less Farm Produce	79.3	90.7	97.8	101.3	112.2	14.4	7.8	3.6	10.7
All- Item Less Farm Produce & Energy	77.8	89.9	97.9	101.8	111	15.6	8.8	4.0	9.1
Imported Food	-	-	-	100.5	113.5	-	-	-	12.9
Food	72.3	78.9	89.6	101.6	113.4	9.0	13.6	13.4	11.6
Food & Non-Alcoholic Beverages	72.3	79.0	89.7	101.7	113.4	9.2	13.6	13.4	11.5
Alcoholic Beverage, Tobacco & Kola	92.0	101.2	97.5	99.9	109.7	10.0	-3.6	2.5	9.8
Clothing & Footwear	90.3	94.0	98.5	100.9	113.8	4.1	4.8	2.4	12.8
Housing, Water, Electricity, Gas & other Fuel	74.8	88.3	98.8	101.4	111.8	18.0	11.8	2.7	10.2
Furnishing & household Equipment Maintenance	78.7	89.9	96.2	100.8	111.5	14.2	7.0	4.8	10.6
Health	89.2	91.2	95.9	101.6	112.9	2.2	5.1	5.9	11.2
Transport	85.1	98.6	93.9	102.0	111.7	15.8	-4.8	8.6	9.5
Communication	97.8	101.4	99.3	99.2	100.8	3.7	-2.1	-0.1	1.6
Recreation & Culture	99.3	98.4	98.6	104.2	109.2	-0.9	0.2	5.7	4.8
Education	69.3	86.2	90.9	100.7	109.3	24.4	5.5	10.8	8.5
Restaurant & Hotels	77.2	91.0	102.7	103.2	111.3	17.9	12.8	0.5	7.8
Miscellaneous goods & Services	79.9	87.6	93.7	101.6	112.7	9.7	7.0	8.3	11.0

Source: National Bureau of Statistics (NBS)

Table 52
Rural Consumer Price Index
(November 2009 = 100)

	2006	2007	2008	2009	2010	Percentage change between			
	1	2	3	4	5	(1) & (2)	(2) & (3)	(3) & (4)	(4) & (5)
All- Item	72.4	75.4	88.2	102.8	115.9	4.1	17.0	16.6	12.7
All- Item Less Farm Produce	80.0	78.8	88.1	101.7	113.8	-1.5	11.8	15.4	11.9
All- Item Less Farm Produce & Energy	88.7	74.5	88.7	102.1	113.7	-16.0	19.1	15.1	11.4
Imported Food	-	-	-	102.3	117.0	-	-	-	14.4
Food	68.4	73.8	88.3	103.1	117.1	7.9	19.6	16.7	13.6
Food & Non-Alcoholic Beverages	68.4	74.2	88.3	103.5	117.2	8.3	19.1	17.2	13.2
Alcoholic Beverage, Tobacco & Kola	90.4	85.8	97.5	103.5	113.7	-5.0	13.5	6.2	9.9
Clothing & Footwear	86.4	78.4	95.2	102.0	113.6	-9.3	21.5	7.1	11.3
Housing, Water, Electricity, Gas & other Fuel	80.0	77.8	86.8	99.2	114.3	-2.8	11.6	14.3	15.2
Furnishing & household Equipment Maintenance	73.9	70.3	81.4	102.4	114.7	-4.9	15.8	25.7	12.0
Health	90.8	78.2	96.2	102.0	112.6	-13.9	23.0	6.1	10.4
Transport	81.8	75.0	85.8	101.6	114.0	-8.3	14.5	18.4	12.2
Communication	90.9	88.9	95.3	100.6	103.6	-2.2	7.2	5.6	3.0
Recreation & Culture	79.0	79.1	90.5	99.9	106.6	0.1	14.4	10.4	6.7
Education	58.6	62.7	84.4	102.1	109.0	7.0	34.5	21.0	6.7
Restaurant & Hotels	59.9	72.8	97.7	102.0	108.2	21.6	34.2	4.4	6.0
Miscellaneous goods & Services	80.9	74.9	92.2	101.9	111.5	-7.4	23.0	10.5	9.4

Source: National Bureau of Statistics (NBS)

Table 53
Balance of Payments
(US$' million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
CURRENT ACCOUNT	**36,844.5**	**27,880.5**	**28,257.3**	**13,298.6**	**2,496.9**
Goods	**35,259.4**	**38,072.2**	**46,176.5**	**25,622.0**	**20,406.1**
Credit	57,443.9	66,606.0	86,273.5	56,741.9	74,312.3
Debit	(22,184.5)	(28,533.8)	(40,097.0)	(31,120.0)	(53,906.2)
Exports fob	***57,443.9***	***66,606.0***	***86,273.5***	***56,741.9***	***74,312.3***
Crude oil & gas	56,396.2	65,008.8	84,169.3	54,778.5	71,643.2
Crude oil	51,278.0	58,164.5	74,304.5	49,714.3	65,088.9
Gas	5,118.2	6,844.3	9,864.7	5,064.2	6,554.3
Non-oil	1,047.7	1,597.1	2,104.2	1,963.4	2,669.1
Imports fob	***(22,184.5)***	***(28,533.8)***	***(40,097.0)***	***(31,120.0)***	***(53,906.2)***
Crude oil & gas	(5,071.9)	(5,603.5)	(10,714.0)	(6,910.8)	(13,963.0)
Non-oil	(14,397.3)	(18,434.0)	(29,383.0)	(24,209.2)	(39,943.2)
Trading Partner Adjustment	(2,715.3)	(4,496.3)	-	-	-
Services(net)	**(11,729.1)**	**(17,047.2)**	**(22,253.4)**	**(16,661.3)**	**(19,391.0)**
Credit	2,319.2	1,455.3	2,278.1	2,242.4	3,101.8
Debit	(14,048.3)	(18,502.5)	(24,531.5)	(18,903.7)	(22,492.8)
Transportation(net)	(1,484.6)	(4,188.3)	(5,695.9)	(5,048.4)	(6,811.9)
Credit	1,843.2	836.7	1,216.8	1,110.4	1,977.7
Debit	(3,327.8)	(5,025.0)	(6,912.7)	(6,158.8)	(8,789.6)
Of which: Passenger	(234.2)	(958.8)	(845.7)	(1,046.6)	(2,646.5)
Credit	25.4	125.1	392.0	190.9	168.7
Debit	(259.6)	(1,083.9)	(1,237.7)	(1,237.5)	(2,815.2)
Of which: Freight	(2,666.9)	(3,478.8)	(5,163.6)	(4,185.5)	(4,361.2)
Credit	375.7	378.6	418.5	573.2	1,438.5
Debit	(3,042.6)	(3,857.3)	(5,582.1)	(4,758.7)	(5,799.7)
Of which: Other	1,416.5	249.3	313.3	183.8	195.7
Credit	1,442.1	333.0	406.4	346.4	370.5
Debit	(25.6)	(83.7)	(93.0)	(162.6)	(174.8)
Travel	(3,122.5)	(5,421.8)	(9,268.2)	(4,459.1)	(5,057.6)
Credit	185.8	215.1	572.6	608.4	575.9
Debit	(3,308.4)	(5,637.0)	(9,840.8)	(5,067.6)	(5,633.5)
Business travel	(243.4)	(558.6)	(933.9)	(735.0)	(764.4)
Credit	-	-	-	-	-
Debit	(243.4)	(558.6)	(933.9)	(735.0)	(764.4)
Personal travel	(2,879.1)	(4,863.3)	(8,334.3)	(3,724.2)	(4,293.2)
Credit	185.8	215.1	572.6	608.4	575.9
Debit	(3,064.9)	(5,078.4)	(8,906.9)	(4,332.6)	(4,869.1)
Education related expenditure	(1,073.1)	(2,546.0)	(4,759.9)	(2,192.7)	(2,415.5)
Credit	-	-	-	-	-
Debit	(1,073.1)	(2,546.0)	(4,759.9)	(2,192.7)	(2,415.5)
Health related expenditure	(1,003.3)	(1,076.7)	(1,804.7)	(892.1)	(1,009.0)
Credit	-	-	-	-	-
Debit	(1,003.3)	(1,076.7)	(1,804.7)	(892.1)	(1,009.0)
Other Personal Travels	(802.7)	(1,240.6)	(1,769.7)	(639.4)	(868.7)
Credit	185.8	215.1	572.6	608.4	575.9
Debit	(988.6)	(1,455.7)	(2,342.2)	(1,247.8)	(1,444.7)
Insurance services	(276.5)	(206.9)	(1,020.0)	(395.2)	(535.4)
Credit	0.7	4.6	0.4	0.8	1.0
Debit	(277.1)	(211.5)	(1,020.4)	(396.0)	(536.4)
Communication services	(163.1)	(185.4)	(206.0)	(310.0)	(240.0)
Credit	23.8	27.0	30.0	37.0	48.0
Debit	(186.9)	(212.4)	(236.0)	(347.0)	(288.0)
Construction services	(53.5)	(60.8)	(67.5)	(43.9)	(130.5)
Credit	-	-	-	-	-
Debit	(53.5)	(60.8)	(67.5)	(43.9)	(130.5)
Financial services	(18.9)	4.7	(17.0)	(41.8)	(20.1)
Credit	12.2	13.5	15.0	8.2	14.0
Debit	(31.0)	(8.8)	(32.0)	(50.0)	(34.1)
Computer & information services	(177.1)	(201.2)	(223.6)	(188.2)	(125.2)
Credit	-	-	-	-	-
Debit	(177.1)	(201.2)	(223.6)	(188.2)	(125.2)
Royalties and license fees	(85.0)	(174.1)	(191.6)	(210.7)	(226.1)
Credit	-	-	-	-	-
Debit	(85.0)	(174.1)	(191.6)	(210.7)	(226.1)

Table 53 Cont.
Balance of Payments
(US$' million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
Other business services	(4,766.7)	(4,145.1)	(4,184.6)	(4,181.8)	(4,496.0)
Credit	9.5	10.0	10.5	14.4	18.5
Debit	(4,776.2)	(4,155.1)	(4,195.1)	(4,196.2)	(4,514.5)
Operational leasing services	(977.4)	(824.6)	(1,008.8)	(1,197.8)	(1,123.4)
Credit	-	-	-	-	-
Debit	(977.4)	(824.6)	(1,008.8)	(1,197.8)	(1,123.4)
Misc. business, professional, and technical services	(3,789.3)	(3,320.6)	(3,175.8)	(2,984.0)	(3,372.6)
Credit	9.5	10.0	10.5	14.4	18.5
Debit	(3,798.8)	(3,330.6)	(3,186.3)	(2,998.4)	(3,391.1)
Personal, cultural & recreational services	(0.3)	(0.4)	(0.4)	(11.5)	(53.1)
Credit	-	-	-	-	-
Debit	(0.3)	(0.4)	(0.4)	(11.5)	(53.1)
Government Services	(1,580.9)	(2,467.8)	(1,378.6)	(1,770.6)	(1,695.0)
Credit	244.1	348.4	432.9	463.3	466.7
Debit	(1,825.0)	(2,816.2)	(1,811.4)	(2,233.8)	(2,161.8)
Income(net)	**(4,642.8)**	**(11,848.4)**	**(15,154.6)**	**(14,562.8)**	**(18,778.2)**
Credit	1,891.9	2,585.7	2,366.8	945.6	990.1
Debit	(6,534.7)	(14,434.1)	(17,521.4)	(15,508.5)	(19,768.3)
Compensation of employees	126.7	191.8	92.6	120.8	149.6
Credit	193.7	219.8	127.8	139.6	168.6
Debit	(67.0)	(28.0)	(35.3)	(18.8)	(19.0)
Investment income	(4,769.4)	(12,040.2)	(15,247.2)	(14,683.6)	(18,927.8)
Credit	1,698.2	2,365.9	2,238.9	806.0	821.6
Debit	(6,467.7)	(14,406.1)	(17,486.2)	(15,489.6)	(19,749.3)
Direct investment	(5,805.1)	(13,146.3)	(17,035.7)	(15,101.8)	(19,160.9)
Credit	14.8	22.0	72.6	106.2	119.6
Debit	(5,819.9)	(13,168.3)	(17,108.2)	(15,208.0)	(19,280.5)
Income on equity	(5,753.0)	(13,072.3)	(16,955.4)	(15,079.3)	(19,121.6)
Credit	13.9	21.0	70.8	104.2	116.9
Debit	(5,766.9)	(13,093.3)	(17,026.2)	(15,183.5)	(19,238.5)
Dividends and distributed branch profits	(3,908.9)	(10,967.3)	(13,736.9)	(11,912.1)	(16,295.6)
Credit	8.0	14.0	62.9	92.6	103.9
Debit	(3,916.9)	(10,981.3)	(13,799.9)	(12,004.7)	(16,399.5)
Reinvested earnings and undistributed branch profit	(1,844.1)	(2,105.0)	(3,218.5)	(3,167.2)	(2,826.1)
Credit	5.9	7.0	7.9	11.6	13.0
Debit	(1,850.0)	(2,112.0)	(3,226.3)	(3,178.8)	(2,839.0)
Income on Direct Investment Loans (interest)	(52.1)	(74.0)	(80.3)	(22.5)	(39.2)
Credit	0.9	1.0	1.8	2.0	2.8
Debit	(53.0)	(75.0)	(82.1)	(24.5)	(42.0)
Portfolio investment	(431.0)	(536.1)	(207.1)	(141.7)	(319.6)
Credit	54.0	53.4	73.7	18.9	24.4
Debit	(485.0)	(589.4)	(280.8)	(160.6)	(344.0)
Other investment	1,466.7	1,642.2	1,995.6	559.9	552.7
Income on debt (interest)	1,466.7	1,642.2	1,995.6	559.9	552.7
Credit	1,629.5	2,290.6	2,092.7	681.0	677.5
Debit	(162.8)	(648.4)	(97.1)	(121.0)	(124.8)
Current transfers(net)	**17,957.0**	**18,704.0**	**19,488.9**	**18,900.8**	**20,260.0**
Credit	18,135.7	18,855.3	20,022.9	19,369.6	20,754.8
Debit	(178.7)	(151.4)	(534.1)	(468.8)	(494.8)
General government	984.2	784.1	701.6	814.5	764.4
Credit	1,032.3	867.7	820.8	933.3	934.6
Debit	(48.1)	(83.6)	(119.3)	(118.8)	(170.2)
Other sectors	16,972.8	17,919.9	18,787.3	18,086.3	19,495.5
Credit	17,103.4	17,987.7	19,202.1	18,436.3	19,820.2
Debit	(130.6)	(67.7)	(414.8)	(350.0)	(324.6)
Workers' remittances	16,854.6	17,919.5	19,176.7	18,403.3	19,785.4
Credit	16,890.0	17,945.9	19,200.0	18,432.0	19,814.4
Debit	(35.4)	(26.5)	(23.3)	(28.7)	(29.0)
Other Transfers	118.3	0.4	(389.4)	(317.0)	(289.8)
Credit	213.4	41.7	2.1	4.3	5.8
Debit	(95.2)	(41.3)	(391.6)	(321.3)	(295.6)

Table 53 Cont.
Balance of Payments
(US$' million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
CAPITAL AND FINANCIAL ACCOUNT	**(19,540.0)**	**(10,854.7)**	**(8,428.2)**	**13,273.5**	**2,985.6**
Capital account(net)	**10,650.0**	**-**	**-**	**-**	**-**
Credit	10,650.0	-	-	-	-
Debit	-	-	-	-	-
Capital transfers	10,650.0	-	-	-	-
Credit	10,650.0	-	-	-	-
General Government	10,650.0	-	-	-	-
Debt Forgiveness	10,650.0	-	-	-	-
Other Sector	-	-	-	-	-
Debit	-	-	-	-	-
Acquisition/disposal of nonproduced, nonfin assets	-	-	-	-	-
Credit					
Debit					
Financial account(net)	**(30,190.0)**	**(10,854.7)**	**(8,428.2)**	**13,273.5**	**2,985.6**
Assets	**(22,121.8)**	**(21,694.2)**	**(18,188.1)**	**1,691.4**	**(6,655.1)**
Direct investment (Abroad)	(322.5)	(875.0)	(1,058.3)	(1,542.0)	(922.9)
Equity capital	(316.6)	(868.0)	(1,050.4)	(1,530.4)	(909.9)
Claims on direct investment enterprises	(316.6)	(868.0)	(1,050.4)	(1,530.4)	(909.9)
Liabilities to direct investors					
Reinvested earnings	(5.9)	(7.0)	(7.9)	(11.6)	(13.0)
Other capital	-	-	-	-	-
Claims on direct investment enterprises					
Liabilities to direct investors					
Portfolio investment	**(1,526.0)**	**(1,859.1)**	**(4,758.8)**	**(830.8)**	**(1,130.2)**
Equity securities	(1,376.6)	(1,720.7)	(4,066.7)	(761.5)	(1,036.1)
Debt securities	(149.5)	(138.4)	(692.1)	(69.2)	(94.2)
Long-term					
Short-term	(149.5)	(138.4)	(692.1)	(69.2)	(94.2)
Other investment	**(6,254.4)**	**(9,925.0)**	**(10,703.9)**	**(6,553.7)**	**(14,645.2)**
Trade credits	(4,696.8)	(7,223.0)	(2,855.4)	(6,726.7)	(6,993.8)
Loans	(126.1)	(116.8)	(291.9)	(382.6)	(227.5)
Currency and deposits	(1,431.5)	(2,585.3)	(7,556.5)	555.6	(7,424.0)
Monetary authorities					
General government	119.8	(1,273.8)	(2,084.5)	(2,304.6)	(2,034.6)
Banks	(1,419.3)	(804.9)	(3,477.6)	2,906.0	(143.2)
Other sectors	(132.0)	(506.6)	(1,994.5)	(45.7)	(5,246.1)
Other Assets					
Reserve assets	(14,018.9)	(9,035.1)	(1,667.2)	10,617.9	10,043.2
Monetary Gold					
SDRs				(2,410.7)	
Reserve Positions in the Fund					
Foreign exchange	(14,018.9)	(9,035.1)	(1,667.2)	13,028.6	10,043.2
Other Claims					
Liabilities	**(8,068.1)**	**10,839.5**	**9,759.9**	**11,582.1**	**9,640.7**
Direct Invesment in reporting economy	**4,897.8**	**6,086.7**	**8,248.6**	**8,649.5**	**6,099.0**
Equity capital	3,047.8	3,936.7	4,958.7	5,450.0	3,199.3
Claims on direct investors					
Liabilities to direct investors	3,047.8	3,936.7	4,958.7	5,450.0	3,199.3
Reinvested earnings	1,850.0	2,112.0	3,226.3	3,178.8	2,839.0
Other capital	-	38.0	63.6	20.7	60.6
Claims on direct investors					
Liabilities to direct investors	-	38.0	63.6	20.7	60.6
Portfolio Investment	**2,825.6**	**2,665.5**	**1,334.3**	**481.7**	**3,747.9**
Equity securities	1,785.0	1,459.5	(959.8)	492.7	2,179.3
Debt securities	1,040.6	1,206.0	2,294.1	(11.0)	1,568.6
Long-term	1,011.7	1,058.1	1,357.2	(92.1)	684.9
Short-term	28.9	147.9	936.9	81.1	883.7

Table 53 Cont.
Balance of Payments
(US$' million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
Other investment liabilities	**(15,791.5)**	**2,087.2**	**176.9**	**2,450.9**	**(206.2)**
Trade credits	-	-	-	-	-
Short-term	-	-	-	-	-
Long-term	-	-	-	-	-
Loans	(15,896.8)	1,237.2	450.6	453.6	19.1
General government	(16,430.0)	(513.0)	(26.0)	199.9	722.1
Long-term	(16,430.0)	(513.0)	(26.0)	199.9	722.1
Drawings	501.0	425.0	361.0	532.8	975.1
Repayments	(16,931.0)	(938.0)	(387.0)	(332.9)	(253.0)
short-term					
Monetary authorities					
Banks	99.2	1,384.2	(224.4)	(341.8)	(93.2)
Other sectors	434.0	366.0	701.0	595.4	(609.9)
Long-term	434.0	366.0	701.0	595.4	(609.9)
Short-term	-	-	-	-	-
Currency & Deposits	105.2	850.0	(273.7)	(413.4)	(225.3)
Monetary Authority			-	-	-
Banks	105.2	850.0	(273.7)	(413.4)	(225.3)
Other Liabilities -monetary authority SDR allocation				2,410.7	-
NET ERRORS AND OMISSIONS	**(17,304.5)**	**(17,025.8)**	**(19,829.1)**	**(26,572.1)**	**(5,482.5)**

Memorandum Items:	**2006 /2**	**2007 /2**	**2008 /2**	**2009 /2**	**2010 /1**
Current Account Balance as % of G.D.P	25.3	16.8	13.7	7.9	1.5
Capital and Financial Account Balance as % of G.D.P	(13.4)	(6.6)	(4.1)	7.9	1.8
Overall Balance as % of G.D.P	9.6	5.5	0.8	(7.7)	(6.0)
External Reserves - Stock (US $ million)	42,298.0	51,333.2	53,000.4	42,382.5	32,339.3
Number of Months of Imports Equivalent	22.9	21.6	15.9	16.3	7.2
External Debt Stock (US$ million)	3,545.0	3,654.0	3,720.0	3,947.3	4,578.8
Debt Service Due as % of Exports of Goods and Non Factor Services	-	-	-	-	-
Effective Central Exchange Rate (N/$)	127.5	124.8	117.8	147.3	148.5
Average Exchange Rate (N/$)	128.7	125.8	118.5	148.9	149.7
End-Period Exchange Rate (N/$)	128.3	118.0	132.6	149.6	150.7

1/ Provisional
2/ Revised
Source: Central Bank of Nigeria

Table 54
Balance of Payments
(Naira million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
CURRENT ACCOUNT	**4,698,047.1**	**3,478,374.8**	**3,328,212.2**	**1,958,490.5**	**370,801.8**
Goods	**4,495,928.0**	**4,749,881.4**	**5,438,769.7**	**3,773,346.4**	**3,030,420.3**
Credit	7,324,680.6	8,309,758.3	10,161,490.1	8,356,385.6	11,035,794.5
Debit	(2,828,752.6)	(3,559,876.9)	(4,722,720.4)	(4,583,039.2)	(8,005,374.2)
Exports fob	**7,324,680.6**	**8,309,758.3**	**10,161,490.1**	**8,356,385.6**	**11,035,794.5**
Crude oil & gas	7,191,085.6	8,110,500.4	9,913,651.1	8,067,233.0	10,639,417.4
Crude oil	6,538,465.5	7,256,604.3	8,751,759.4	7,321,425.8	9,666,073.9
Gas	652,620.2	853,896.1	1,161,891.8	745,807.2	973,343.5
Non-oil	133,595.0	199,257.9	247,839.0	289,152.6	396,377.2
Imports fob	**(2,828,752.6)**	**(3,559,876.9)**	**(4,722,720.4)**	**(4,583,039.2)**	**(8,005,374.2)**
Crude oil & gas	(646,721.5)	(699,086.4)	(1,261,924.2)	(1,017,748.8)	(2,073,579.0)
Non-oil	(1,835,800.1)	(2,299,830.8)	(3,460,796.1)	(3,565,290.4)	(5,931,795.2)
Trading Partner Adjustment	(346,231.0)	(560,959.6)	-	-	-
Services (net)	**(1,495,583.6)**	**(2,126,812.5)**	**(2,621,053.0)**	**(2,453,707.6)**	**(2,879,672.4)**
Credit	295,722.9	181,558.2	268,321.8	330,241.5	460,638.4
Debit	(1,791,306.6)	(2,308,370.8)	(2,889,374.9)	(2,783,949.1)	(3,340,310.8)
Transportation(net)	(189,306.7)	(522,531.1)	(670,879.6)	(743,480.6)	(1,011,610.8)
Credit	235,020.4	104,384.2	143,318.7	163,530.1	293,699.3
Debit	(424,327.2)	(626,915.3)	(814,198.3)	(907,010.6)	(1,305,310.1)
Of which: Passenger	(29,864.2)	(119,622.4)	(99,605.0)	(154,139.4)	(393,014.8)
Credit	3,236.2	15,603.7	46,168.3	28,108.0	25,052.5
Debit	(33,100.4)	(135,226.1)	(145,773.3)	(182,247.4)	(418,067.3)
Of which: Freight	(340,060.8)	(434,010.1)	(608,180.7)	(616,402.3)	(647,663.1)
Credit	47,900.5	47,231.6	49,286.0	84,413.7	213,625.4
Debit	(387,961.3)	(481,241.7)	(657,466.7)	(700,816.0)	(861,288.5)
Of which: Other	180,618.2	31,101.4	36,906.0	27,061.1	29,067.0
Credit	183,883.7	41,548.8	47,864.4	51,008.4	55,021.4
Debit	(3,265.5)	(10,447.4)	(10,958.3)	(23,947.3)	(25,954.3)
Travel	(398,154.4)	(676,428.8)	(1,091,634.6)	(656,697.5)	(751,082.8)
Credit	23,696.5	26,840.9	67,438.6	89,605.0	85,529.8
Debit	(421,850.9)	(703,269.6)	(1,159,073.2)	(746,302.5)	(836,612.6)
Business travel	(31,039.8)	(69,689.7)	(109,999.2)	(108,239.0)	(113,519.5)
Credit	-	-	-	-	-
Debit	(31,039.8)	(69,689.7)	(109,999.2)	(108,239.0)	(113,519.5)
Personal travel	(367,114.6)	(606,739.1)	(981,635.4)	(548,458.5)	(637,563.3)
Credit	23,696.5	26,840.9	67,438.6	89,605.0	85,529.8
Debit	(390,811.1)	(633,579.9)	(1,049,074.0)	(638,063.5)	(723,093.0)
Education related expenditure	(136,829.9)	(317,637.7)	(560,634.3)	(322,918.9)	(358,713.0)
Credit	-	-	-	-	-
Debit	(136,829.9)	(317,637.7)	(560,634.3)	(322,918.9)	(358,713.0)
Health related expenditure	(127,928.4)	(134,330.3)	(212,566.4)	(131,382.5)	(149,840.0)
Credit	-	-	-	-	-
Debit	(127,928.4)	(134,330.3)	(212,566.4)	(131,382.5)	(149,840.0)
Other Personal Travels	(102,356.3)	(154,771.0)	(208,434.6)	(94,157.1)	(129,010.3)
Credit	23,696.5	26,840.9	67,438.6	89,605.0	85,529.8
Debit	(126,052.8)	(181,611.9)	(275,873.2)	(183,762.0)	(214,540.1)
Insurance services	(35,251.5)	(25,811.6)	(120,137.7)	(58,206.1)	(79,507.4)
Credit	86.7	571.4	43.9	112.9	151.3
Debit	(35,338.2)	(26,383.0)	(120,181.6)	(58,319.0)	(79,658.6)
Communication services	(20,800.5)	(23,127.1)	(24,259.6)	(45,647.1)	(35,633.9)
Credit	3,029.6	3,368.5	3,533.5	5,449.0	7,128.3
Debit	(23,830.2)	(26,495.7)	(27,793.1)	(51,096.1)	(42,762.2)
Construction services	(6,819.6)	(7,582.4)	(7,953.7)	(6,466.0)	(19,381.5)
Credit	-	-	-	-	-
Debit	(6,819.6)	(7,582.4)	(7,953.7)	(6,466.0)	(19,381.5)
Financial services	(2,403.6)	581.4	(2,002.3)	(6,160.3)	(2,990.8)
Credit	1,549.2	1,684.3	1,766.7	1,203.2	2,078.3
Debit	(3,952.8)	(1,102.9)	(3,769.0)	(7,363.5)	(5,069.1)
Computer & information services	(22,578.6)	(25,104.1)	(26,333.4)	(27,716.8)	(18,597.4)
Credit	-	-	-	-	-
Debit	(22,578.6)	(25,104.1)	(26,333.4)	(27,716.8)	(18,597.4)
Royalties and license fees	(10,842.2)	(21,725.7)	(22,561.2)	(31,032.7)	(33,575.7)
Credit	-	-	-	-	-
Debit	(10,842.2)	(21,725.7)	(22,561.2)	(31,032.7)	(33,575.7)

Table 54 Cont.
Balance of Payments
(Naira million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
Other business services	(607,804.1)	(517,146.4)	(492,869.5)	(615,860.3)	(667,686.2)
Credit	1,211.3	1,247.6	1,236.7	2,117.7	2,739.9
Debit	(609,015.5)	(518,394.0)	(494,106.2)	(617,978.0)	(670,426.2)
Operational leasing services	(124,633.6)	(102,874.6)	(118,820.0)	(176,403.7)	(166,830.3)
Credit	-	-	-	-	-
Debit	(124,633.6)	(102,874.6)	(118,820.0)	(176,403.7)	(166,830.3)
Misc. business, professional, and technical services	(483,170.6)	(414,271.8)	(374,049.5)	(439,456.6)	(500,855.9)
Credit	1,211.3	1,247.6	1,236.7	2,117.7	2,739.9
Debit	(484,381.9)	(415,519.4)	(375,286.2)	(441,574.4)	(503,595.8)
Personal, cultural & recreational services	(44.0)	(49.0)	(51.4)	(1,690.7)	(7,882.7)
Credit	-	-	-	-	-
Debit	(44.0)	(49.0)	(51.4)	(1,690.7)	(7,882.7)
Government Services	(201,578.3)	(307,887.7)	(162,370.0)	(260,749.5)	(251,723.2)
Credit	31,129.1	43,461.4	50,983.8	68,223.6	69,311.5
Debit	(232,707.4)	(351,349.1)	(213,353.8)	(328,973.2)	(321,034.8)
Income(net)	**(591,999.3)**	**(1,478,202.6)**	**(1,784,946.6)**	**(2,144,670.7)**	**(2,788,667.0)**
Credit	241,240.4	322,595.7	278,765.2	139,263.2	147,042.8
Debit	(833,239.6)	(1,800,798.3)	(2,063,711.8)	(2,283,933.9)	(2,935,709.9)
Compensation of employees	16,153.0	23,932.7	10,904.2	17,789.0	22,212.5
Credit	24,701.3	27,426.0	15,056.8	20,563.6	25,036.0
Debit	(8,548.3)	(3,493.3)	(4,152.5)	(2,774.6)	(2,823.5)
Investment income	(608,152.2)	(1,502,135.4)	(1,795,850.8)	(2,162,459.7)	(2,810,879.5)
Credit	216,539.1	295,169.7	263,708.4	118,699.6	122,006.9
Debit	(824,691.3)	(1,797,305.0)	(2,059,559.3)	(2,281,159.3)	(2,932,886.4)
Direct investment	(740,208.2)	(1,640,136.1)	(2,006,498.2)	(2,224,046.6)	(2,845,496.3)
Credit	1,882.1	2,741.0	8,550.4	15,640.1	17,767.1
Debit	(742,090.2)	(1,642,877.1)	(2,015,048.6)	(2,239,686.6)	(2,863,263.4)
Income on equity	(733,563.6)	(1,630,903.9)	(1,997,044.1)	(2,220,732.9)	(2,839,669.9)
Credit	1,768.6	2,616.2	8,338.4	15,345.5	17,358.7
Debit	(735,332.2)	(1,633,520.1)	(2,005,382.4)	(2,236,078.5)	(2,857,028.6)
Dividends and distributed branch profits	(498,418.2)	(1,368,280.3)	(1,617,967.2)	(1,754,296.4)	(2,419,985.0)
Credit	1,020.1	1,746.6	7,411.9	13,640.1	15,430.0
Debit	(499,438.3)	(1,370,027.0)	(1,625,379.1)	(1,767,936.6)	(2,435,415.0)
Reinvested earnings and undistributed branch profit	(235,145.4)	(262,623.5)	(379,076.9)	(466,436.5)	(419,684.9)
Credit	748.5	869.6	926.5	1,705.4	1,928.7
Debit	(235,893.9)	(263,493.1)	(380,003.4)	(468,141.9)	(421,613.6)
Income on Direct Investment Loans (interest)	(6,644.6)	(9,232.2)	(9,454.1)	(3,313.6)	(5,826.4)
Credit	113.5	124.8	212.0	294.5	408.4
Debit	(6,758.0)	(9,357.0)	(9,666.1)	(3,608.2)	(6,234.8)
Portfolio investment	(54,956.9)	(66,881.3)	(24,398.4)	(20,872.6)	(47,460.8)
Credit	6,885.6	6,657.2	8,676.8	2,776.0	3,625.6
Debit	(61,842.4)	(73,538.5)	(33,075.2)	(23,648.6)	(51,086.5)
Other investment	187,012.8	204,882.1	235,045.8	82,459.4	82,077.6
Income on debt (interest)	187,012.8	204,882.1	235,045.8	82,459.4	82,077.6
Credit	207,771.5	285,771.5	246,481.3	100,283.5	100,614.1
Debit	(20,758.7)	(80,889.4)	(11,435.5)	(17,824.1)	(18,536.5)
Current transfers(net)	**2,289,701.9**	**2,333,508.5**	**2,295,442.1**	**2,783,522.4**	**3,008,720.9**
Credit	2,312,484.2	2,352,392.2	2,358,349.1	2,852,561.5	3,082,200.5
Debit	(22,782.2)	(18,883.7)	(62,906.9)	(69,039.1)	(73,479.6)
General government	125,493.0	97,818.1	82,633.7	119,948.5	**113,520.7**
Credit	131,623.7	108,251.8	96,680.4	137,441.2	138,791.9
Debit	(6,130.7)	(10,433.7)	(14,046.7)	(17,492.7)	(25,271.2)
Other sectors	2,164,208.9	2,235,690.5	2,212,808.4	2,663,573.9	2,895,200.1
Credit	2,180,860.5	2,244,140.5	2,261,668.6	2,715,120.3	2,943,408.6
Debit	(16,651.6)	(8,450.0)	(48,860.2)	(51,546.4)	(48,208.4)
Workers' remittances	2,149,129.6	2,235,634.3	2,258,678.2	2,710,252.5	2,938,239.5
Credit	2,153,647.3	2,238,935.5	2,261,420.2	2,714,480.6	2,942,551.3
Debit	(4,517.7)	(3,301.1)	(2,742.0)	(4,228.1)	(4,311.9)
Other Transfers	15,079.4	56.1	(45,869.8)	(46,678.6)	(43,039.3)
Credit	27,213.2	5,205.0	248.5	639.7	857.2
Debit	(12,133.9)	(5,148.8)	(46,118.2)	(47,318.2)	(43,896.5)

Table 54 Cont.
Balance of Payments
(Naira million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
CAPITAL AND FINANCIAL ACCOUNT	**(2,491,546.6)**	**(1,354,231.2)**	**(992,698.4)**	**1,954,788.8**	**443,375.7**
Capital account(net)	**1,357,983.6**	**-**	**-**	**-**	-
Credit	1,357,983.6	-	-	-	-
Debit	-	-	-	-	-
Capital transfers	1,357,983.6	-	-	-	-
Credit	1,357,983.6	-	-	-	-
General Government	1,357,983.6	-	-	-	-
Debt Forgiveness	1,357,983.6	-	-	-	-
Other Sector	-	-	-	-	-
Debit	-	-	-	-	-
Acquisition/disposal of nonproduced, nonfin assets	-	-	-	-	-
Credit	-	-	-	-	-
Debit	-	-	-	-	-
Financial account(net)	**(3,849,530.2)**	**(1,354,231.2)**	**(992,698.4)**	**1,954,788.8**	**443,375.7**
Assets	**(2,820,760.4)**	**(2,706,564.5)**	**(2,142,236.1)**	**249,089.7**	**(988,320.0)**
Direct investment (Abroad)	(41,119.5)	(109,161.3)	(124,645.0)	(227,093.3)	**(137,053.6)**
Equity capital	(40,371.0)	(108,291.7)	(123,718.5)	(225,387.9)	**(135,124.9)**
Claims on direct investment enterprises	(40,371.0)	(108,291.7)	(123,718.5)	(225,387.9)	(135,124.9)
Liabilities to direct investors	-	-	-	-	-
Reinvested earnings	(748.5)	(869.6)	(926.5)	(1,705.4)	(1,928.7)
Other capital	-	-	-	-	-
Claims on direct investment enterprises	-	-	-	-	-
Liabilities to direct investors	-	-	-	-	-
Portfolio investment	**(194,585.8)**	**(231,942.4)**	**(560,498.5)**	**(122,347.5)**	**(167,847.7)**
Equity securities	(175,524.3)	(214,673.2)	(478,984.3)	(112,152.0)	(153,860.4)
Debt securities	(19,061.5)	(17,269.3)	(81,514.2)	(10,195.5)	**(13,987.3)**
Long-term	-	-	-	-	-
Short-term	(19,061.5)	(17,269.3)	(81,514.2)	(10,195.5)	(13,987.3)
Other investment	**(797,497.2)**	**(1,238,248.0)**	**(1,260,724.8)**	**(965,163.2)**	**(2,174,897.1)**
Trade credits	(598,891.2)	(901,140.2)	(336,314.4)	(990,636.5)	(1,038,614.7)
Loans -DMBs	(16,080.3)	(14,568.2)	(34,383.3)	(56,347.0)	**(33,781.2)**
Currency and deposits	(182,525.8)	(322,539.5)	(890,027.1)	81,820.3	(1,102,501.1)
Monetary authorities	-	-	-	-	-
General government	15,275.7	(158,924.3)	(245,517.2)	(339,404.3)	(302,155.6)
Banks	(180,970.1)	(100,415.6)	(409,596.6)	427,960.7	(21,266.8)
Other sectors	(16,831.3)	(63,199.7)	(234,913.3)	(6,736.1)	(779,078.7)
Other Assets	-	-	-	-	-
Reserve assets	(1,787,557.8)	(1,127,212.8)	(196,367.8)	1,563,693.7	1,491,478.4
Monetary Gold	-	-	-	-	-
SDRs	-	-	-	(355,029.7)	-
Reserve Positions in the Fund	-	-	-	-	-
Foreign exchange	(1,787,557.8)	(1,127,212.8)	(196,367.8)	1,918,723.4	1,491,478.4
Other Claims	-	-	-	-	-
Liabilities	**(1,028,769.8)**	**1,352,333.3**	**1,149,537.7**	**1,705,699.1**	**1,431,695.6**
Direct Invesment in reporting economy	**624,520.7**	**759,380.4**	**971,543.8**	**1,273,815.8**	**905,730.8**
Equity capital	388,626.9	491,142.7	584,048.3	802,624.0	475,117.4
Claims on direct investors	-	-	-	-	-
Liabilities to direct investors	388,626.9	491,142.7	584,048.3	802,624.0	475,117.4
Reinvested earnings	235,893.9	263,493.1	380,003.4	468,141.9	421,613.6
Other capital	-	4,744.6	7,492.1	3,050.0	8,999.8
Claims on direct investors	-	-	-	-	-
Liabilities to direct investors	-	4,744.6	7,492.1	3,050.0	8,999.8
Portfolio Investment	**360,291.5**	**332,547.8**	**157,157.2**	**70,938.5**	**556,585.1**
Equity securities	227,605.7	182,086.0	(113,047.2)	72,555.5	323,635.6
Debt securities	132,685.8	150,461.8	270,204.4	(1,617.0)	**232,949.5**
Long-term	129,002.1	132,007.3	159,853.0	(13,563.6)	101,712.9
Short-term	3,683.8	18,454.5	110,351.4	11,946.5	131,236.6

Table 54 Cont.
Balance of Payments
(Naira million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
Other investment liabilities	**(2,013,582.1)**	**260,405.1**	**20,836.8**	**360,944.8**	**(30,620.2)**
Trade credits	-	-	-	-	-
Short-term	-	-	-	-	-
Long-term	-	-	-	-	-
Loans	(2,026,999.8)	154,359.1	53,071.0	66,796.3	2,836.2
General government	(2,094,992.6)	(64,001.9)	(3,062.3)	29,442.2	107,240.4
Long-term	(2,094,992.6)	(64,001.9)	(3,062.3)	29,442.2	107,240.4
Drawings	63,882.6	53,023.0	42,519.4	78,469.9	144,809.4
Repayments	(2,158,875.2)	(117,024.9)	(45,581.8)	(49,027.7)	(37,569.0)
short-term	-	-	-	-	-
Monetary authorities	-	-	-	-	-
Banks	12,653.4	172,698.8	(26,432.1)	(50,330.5)	(13,838.0)
Other sectors	55,339.4	45,662.2	82,565.4	87,684.6	(90,566.2)
Long-term	55,339.4	45,662.2	82,565.4	87,684.6	(90,566.2)
Short-term	-	-	-	-	-
Currency & Deposits	13,417.7	106,046.0	(32,234.2)	(60,881.2)	(33,456.4)
Monetary Authority	-	-	-	-	-
Banks	13,417.7	106,046.0	(32,234.2)	(60,881.2)	(33,456.4)
Other Liabilities -monetary authority SDR allocation	-	-	-	355,029.7	-
NET ERRORS AND OMISSIONS	**(2,206,500.5)**	**(2,124,143.6)**	**(2,335,513.8)**	**(3,913,279.4)**	**(814,177.5)**

Memorandum Items:	**2006 /2**	**2007 /2**	**2008 /2**	**2009 /2**	**2010 /1**
Current Account Balance as % of G.D.P	25.3	16.8	13.7	7.9	1.5
Capital and Financial Account Balance as % of G.D.P	(13.4)	(6.6)	(4.1)	7.9	1.8
Overall Balance as % of G.D.P	9.6	5.5	0.8	(7.7)	(6.0)
External Reserves - Stock (US $ million)	42,298.0	51,333.2	53,000.4	42,382.5	32,339.3
Number of Months of Imports Equivalent	22.9	21.6	15.9	16.3	7.2
External Debt Stock (US$ million)	3,545.0	3,654.0	3,720.0	3,947.3	4,578.8
Debt Service Due as % of Exports of Goods and Non Factor Services	-	-	-	-	-
Effective Central Exchange Rate (N/$)	127.5	124.8	117.8	147.3	148.5
Average Exchange Rate (N/$)	128.7	125.8	118.5	148.9	149.7
End-Period Exchange Rate (N/$)	128.3	118.0	132.6	149.6	150.7

1/ Provisional
2/ Revised
Source: Central Bank of Nigeria

Table 55
Balance of Payments Analytical Presentation (US$ million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
CURRENT ACCOUNT	**36,844.5**	**27,880.5**	**28,257.3**	**13,298.6**	**2,496.9**
Goods	**35,259.4**	**38,072.2**	**46,176.5**	**25,622.0**	**20,406.1**
Exports (fob)	*57,443.9*	*66,606.0*	*86,273.5*	*56,741.9*	*74,312.3*
Oil and Gas	56,396.2	65,008.8	84,169.3	54,778.5	71,643.2
Non-oil	1,047.7	1,597.1	2,104.2	1,963.4	2,669.1
Imports (fob)	*(22,184.5)*	*(28,533.8)*	*(40,097.0)*	*(31,120.0)*	*(53,906.2)*
Oil	(5,071.9)	(5,603.5)	(10,714.0)	(6,910.8)	(13,963.0)
Non-oil	(14,397.3)	(18,434.0)	(29,383.0)	(24,209.2)	(39,943.2)
Unrecorded(TPAdj)	(2,715.3)	(4,496.3)	-	-	-
Services(net)	**(11,729.1)**	**(17,047.2)**	**(22,253.4)**	**(16,661.3)**	**(19,391.0)**
Credit	2,319.2	1,455.3	2,278.1	2,242.4	3,101.8
Transportation	1,843.2	836.7	1,216.8	1,110.4	1,977.7
Travel	185.8	215.1	572.6	608.4	575.9
Insurance Services	0.7	4.6	0.4	0.8	1.0
Communication Services	23.8	27.0	30.0	37.0	48.0
Construction Services	-	-	-	-	-
Financial Services	12.2	13.5	15.0	8.2	14.0
Computer & information Services	-	-	-	-	-
Royalties and License Fees	-	-	-	-	-
Government Services	244.1	348.4	432.9	463.3	466.7
Personal, cultural & recreational services	-	-	-	-	-
Other Bussiness Services	9.5	10.0	10.5	14.4	18.5
Debit	(14,048.3)	(18,502.5)	(24,531.5)	(18,903.7)	(22,492.8)
Transportation	(3,327.8)	(5,025.0)	(6,912.7)	(6,158.8)	(8,789.6)
Travel	(3,308.4)	(5,637.0)	(9,840.8)	(5,067.6)	(5,633.5)
Insurance Services	(277.1)	(211.5)	(1,020.4)	(396.0)	(536.4)
Communication Services	(186.9)	(212.4)	(236.0)	(347.0)	(288.0)
Construction Services	(53.5)	(60.8)	(67.5)	(43.9)	(130.5)
Financial Services	(31.0)	(8.8)	(32.0)	(50.0)	(34.1)
Computer & information Services	(177.1)	(201.2)	(223.6)	(188.2)	(125.2)
Royalties and License Fees	(85.0)	(174.1)	(191.6)	(210.7)	(226.1)
Government Services	(1,825.0)	(2,816.2)	(1,811.4)	(2,233.8)	(2,161.8)
Personal, cultural & recreational services	(0.3)	(0.4)	(0.4)	(11.5)	(53.1)
Income(net)	**(4,642.8)**	**(11,848.4)**	**(15,154.6)**	**(14,562.8)**	**(18,778.2)**
Credit	*1,891.9*	*2,585.7*	*2,366.8*	*945.6*	*990.1*
Investment Income	1,698.2	2,365.9	2,238.9	806.0	821.6
Compensation of employees	193.7	219.8	127.8	139.6	168.6
Debit	*(6,534.7)*	*(14,434.1)*	*(17,521.4)*	*(15,508.5)*	*(19,768.3)*
Investment Income	(6,467.7)	(14,406.1)	(17,486.2)	(15,489.6)	(19,749.3)
Compensation of employees	(67.0)	(28.0)	(35.3)	(18.8)	(19.0)
Current transfers(net)	**17,957.0**	**18,704.0**	**19,488.9**	**18,900.8**	**20,260.0**
Credit	*18,135.7*	*18,855.3*	*20,022.9*	*19,369.6*	*20,754.8*
General Government	1,032.3	867.7	820.8	933.3	934.6
Other Sectors	17,103.4	17,987.7	19,202.1	18,436.3	19,820.2
Workers Remittance	16,890.0	17,945.9	19,200.0	18,432.0	19,814.4
Debit	*(178.7)*	*(151.4)*	*(534.1)*	*(468.8)*	*(494.8)*
General Government	(48.1)	(83.6)	(119.3)	(118.8)	(170.2)
Other Sectors	(130.6)	(67.7)	(414.8)	(350.0)	(324.6)
Workers Remittance	(35.4)	(26.5)	(23.3)	(28.7)	(29.0)
CAPITAL AND FINANCIAL ACCOUNT	**(19,540.0)**	**(10,854.7)**	**(8,428.2)**	**13,273.5**	**2,985.6**
Capital account(net)	**10,650.0**	**-**	**-**	**-**	**-**
Credit	*10,650.0*	-	-	-	-
Capital Transfers(Debt Forgiveness)	10,650.0	-	-	-	-
Debit	-	-	-	-	-
Capital Transfers	-	-	-	-	-
Financial account(net)	**(30,190.0)**	**(10,854.7)**	**(8,428.2)**	**13,273.5**	**2,985.6**
Assets	**(22,121.8)**	**(21,694.2)**	**(18,188.1)**	**1,691.4**	**(6,655.1)**
Direct investment (Abroad)	(322.5)	(875.0)	(1,058.3)	(1,542.0)	(922.9)
Portfolio investment	(1,526.0)	(1,859.1)	(4,758.8)	(830.8)	(1,130.2)
Other investment	(6,254.4)	(9,925.0)	(10,703.9)	(6,553.7)	(14,645.2)
Change in Reserve	(14,018.9)	(9,035.1)	(1,667.2)	10,617.9	10,043.2
Liabilities	**(8,068.1)**	**10,839.5**	**9,759.9**	**11,582.1**	**9,640.7**
Direct Invesment in reporting economy	4,897.8	6,086.7	8,248.6	8,649.5	6,099.0
Portfolio Investment	2,825.6	2,665.5	1,334.3	481.7	3,747.9
Other investment liabilities	(15,791.5)	2,087.2	176.9	2,450.9	(206.2)
NET ERRORS AND OMISSIONS	**(17,304.5)**	**(17,025.8)**	**(19,829.1)**	**(26,572.1)**	**(5,482.5)**
Memorandum Items:	**2006 /2**	**2007 /2**	**2008 /2**	**2009 /2**	**2010 /1**
Current Account Balance as % of G.D.P	**25.3**	**16.8**	**13.7**	**7.9**	**1.5**
Capital and Financial Account Balance as % of G.D.P	**(13.4)**	**(6.6)**	**(4.1)**	**7.9**	**1.8**
Overall Balance as % of G.D.P	**9.6**	**5.5**	**0.8**	**(7.7)**	**(6.0)**
External Reserves - Stock (US $ million)	**42,298.0**	**51,333.2**	**53,000.4**	**42,382.5**	**32,339.3**
Number of Months of Imports Equivalent	**22.9**	**21.6**	**15.9**	**16.3**	**7.2**
External Debt Stock (US$ million)	**3,545.0**	**3,654.0**	**3,720.0**	**3,947.3**	**4,578.8**
Debt Service Due as % of Exports of Goods and Non Factor Services	**-**	**-**	**-**	**-**	**-**
Effective Central Exchange Rate (N/$)	**127.5**	**124.8**	**117.8**	**147.3**	**148.5**
Average Exchange Rate (N/$)	**128.7**	**125.8**	**118.5**	**148.9**	**149.7**
End-Period Exchange Rate (N/$)	**128.3**	**118.0**	**132.6**	**149.6**	**150.7**

1/ Provisional
2/ Revised
Source: Central Bank of Nigeria

Table 56
Balance of Payments Analytical Presentation (Naira million)

	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
CURRENT ACCOUNT	**4,698,047.1**	**3,478,374.8**	**3,328,212.2**	**1,958,490.5**	**370,801.8**
Goods	**4,495,928.0**	**4,749,881.4**	**5,438,769.7**	**3,773,346.4**	**3,030,420.3**
Exports (fob)	*7,324,680.6*	*8,309,758.3*	*10,161,490.1*	*8,356,385.6*	*11,035,794.5*
Oil and Gas	7,191,085.6	8,110,500.4	9,913,651.1	8,067,233.0	10,639,417.4
Non-oil	133,595.0	199,257.9	247,839.0	289,152.6	396,377.2
Imports (fob)	*(2,828,752.6)*	*(3,559,876.9)*	*(4,722,720.4)*	*(4,583,039.2)*	*(8,005,374.2)*
Oil	(646,721.5)	(699,086.4)	(1,261,924.2)	(1,017,748.8)	(2,073,579.0)
Non-oil	(1,835,800.1)	(2,299,830.8)	(3,460,796.1)	(3,565,290.4)	(5,931,795.2)
Unrecorded(TPAdj)	(346,231.0)	(560,959.6)	-	-	-
Services(net)	**(1,495,583.6)**	**(2,126,812.5)**	**(2,621,053.0)**	**(2,453,707.6)**	**(2,879,672.4)**
Credit	295,722.9	181,558.2	268,321.8	330,241.5	460,638.4
Transportation	235,020.4	104,384.2	143,318.7	163,530.1	293,699.3
Travel	23,696.5	26,840.9	67,438.6	89,605.0	85,529.8
Insurance Services	86.7	571.4	43.9	112.9	151.3
Communication Services	3,029.6	3,368.5	3,533.5	5,449.0	7,128.3
Construction Services	-	-	-	-	-
Financial Services	1,549.2	1,684.3	1,766.7	1,203.2	2,078.3
Computer & information Services	-	-	-	-	-
Royalties and License Fees	-	-	-	-	-
Government Services	31,129.1	43,461.4	50,983.8	68,223.6	69,311.5
Personal, cultural & recreational services	-	-	-	-	-
Other Bussiness Services	1,211.3	1,247.6	1,236.7	2,117.7	2,739.9
Debit	(1,791,306.6)	(2,308,370.8)	(2,889,374.9)	(2,783,949.1)	(3,340,310.8)
Transportation	(424,327.2)	(626,915.3)	(814,198.3)	(907,010.6)	(1,305,310.1)
Travel	(421,850.9)	(703,269.6)	(1,159,073.2)	(746,302.5)	(836,612.6)
Insurance Services	(35,338.2)	(26,383.0)	(120,181.6)	(58,319.0)	(79,658.6)
Communication Services	(23,830.2)	(26,495.7)	(27,793.1)	(51,096.1)	(42,762.2)
Construction Services	(6,819.6)	(7,582.4)	(7,953.7)	(6,466.0)	(19,381.5)
Financial Services	(3,952.8)	(1,102.9)	(3,769.0)	(7,363.5)	(5,069.1)
Computer & information Services	(22,578.6)	(25,104.1)	(26,333.4)	(27,716.8)	(18,597.4)
Royalties and License Fees	(10,842.2)	(21,725.7)	(22,561.2)	(31,032.7)	(33,575.7)
Government Services	(232,707.4)	(351,349.1)	(213,353.8)	(328,973.2)	(321,034.8)
Personal, cultural & recreational services	(44.0)	(49.0)	(51.4)	(1,690.7)	(7,882.7)
Other Bussiness Services	(609,015.5)	(518,394.0)	(494,106.2)	(617,978.0)	(670,426.2)
Income(net)	**(591,999.3)**	**(1,478,202.6)**	**(1,784,946.6)**	**(2,144,670.7)**	**(2,788,667.0)**
Credit	*241,240.4*	*322,595.7*	*278,765.2*	*139,263.2*	*147,042.8*
Investment Income	216,539.1	295,169.7	263,708.4	118,699.6	122,006.9
Compensation of employees	24,701.3	27,426.0	15,056.8	20,563.6	25,036.0
Debit	*(833,239.6)*	*(1,800,798.3)*	*(2,063,711.8)*	*(2,283,933.9)*	*(2,935,709.9)*
Investment Income	(824,691.3)	(1,797,305.0)	(2,059,559.3)	(2,281,159.3)	(2,932,886.4)
Compensation of employees	(8,548.3)	(3,493.3)	(4,152.5)	(2,774.6)	(2,823.5)
Current transfers(net)	**2,289,701.9**	**2,333,508.5**	**2,295,442.1**	**2,783,522.4**	**3,008,720.9**
Credit	*2,312,484.2*	*2,352,392.2*	*2,358,349.1*	*2,852,561.5*	*3,082,200.5*
General Government	131,623.7	108,251.8	96,680.4	137,441.2	138,791.9
Other Sectors	2,180,860.5	2,244,140.5	2,261,668.6	2,715,120.3	2,943,408.6
Workers Remittance	2,153,647.3	2,238,935.5	2,261,420.2	2,714,480.6	2,942,551.3
Debit	*(22,782.2)*	*(18,883.7)*	*(62,906.9)*	*(69,039.1)*	*(73,479.6)*
General Government	(6,130.7)	(10,433.7)	(14,046.7)	(17,492.7)	(25,271.2)
Other Sectors	(16,651.6)	(8,450.0)	(48,860.2)	(51,546.4)	(48,208.4)
Workers Remittance	(4,517.7)	(3,301.1)	(2,742.0)	(4,228.1)	(4,311.9)
CAPITAL AND FINANCIAL ACCOUNT	**(2,491,546.6)**	**(1,354,231.2)**	**(992,698.4)**	**1,954,788.8**	**443,375.7**
Capital account(net)	**1,357,983.6**	**-**	**-**	**-**	**-**
Credit	*1,357,983.6*	-	-	-	-
Capital Transfers(Debt Forgiveness)	1,357,983.6	-	-	-	-
Debit	-	-	-	-	-
Capital Transfers	-	-	-	-	-
Financial account(net)	**(3,849,530.2)**	**(1,354,231.2)**	**(992,698.4)**	**1,954,788.8**	**443,375.7**
Assets	**(2,820,760.4)**	**(2,706,564.5)**	**(2,142,236.1)**	**249,089.7**	**(988,320.0)**
Direct investment (Abroad)	(41,119.5)	(109,161.3)	(124,645.0)	(227,093.3)	(137,053.6)
Portfolio investment	(194,585.8)	(231,942.4)	(560,498.5)	(122,347.5)	(167,847.7)
Other investment	(797,497.2)	(1,238,248.0)	(1,260,724.8)	(965,163.2)	(2,174,897.1)
Change in Reserve	(1,787,557.8)	(1,127,212.8)	(196,367.8)	1,563,693.7	1,491,478.4
Liabilities	**(1,028,769.8)**	**1,352,333.3**	**1,149,537.7**	**1,705,699.1**	**1,431,695.6**
Direct Invesment in reporting economy	624,520.7	759,380.4	971,543.8	1,273,815.8	905,730.8
Portfolio Investment	360,291.5	332,547.8	157,157.2	70,938.5	556,585.1
Other investment liabilities	(2,013,582.1)	260,405.1	20,836.8	360,944.8	(30,620.2)
NET ERRORS AND OMISSIONS	**(2,206,500.5)**	**(2,124,143.6)**	**(2,335,513.8)**	**(3,913,279.4)**	**(814,177.5)**

Memorandum Items:	**2006 /2**	**2007 /2**	**2008 /2**	**2009 /2**	**2010 /1**
Current Account Balance as % of G.D.P	**25.3**	**16.8**	**13.7**	**7.9**	**1.5**
Capital and Financial Account Balance as % of G.D.P	**(13.4)**	**(6.6)**	**(4.1)**	**7.9**	**1.8**
Overall Balance as % of G.D.P	**9.6**	**5.5**	**0.8**	**(7.7)**	**(6.0)**
External Reserves - Stock (US $ million)	**42,298.0**	**51,333.2**	**53,000.4**	**42,382.5**	**32,339.3**
Number of Months of Imports Equivalent	**22.9**	**21.6**	**15.9**	**16.3**	**7.2**
External Debt Stock (US$ million)	**3,545.0**	**3,654.0**	**3,720.0**	**3,947.3**	**4,578.8**
Debt Service Due as % of Exports of Goods and Non Factor Services	**-**	**-**	**-**	**-**	**-**
Effective Central Exchange Rate (N/$)	**127.5**	**124.8**	**117.8**	**147.3**	**148.5**
Average Exchange Rate (N/$)	**128.7**	**125.8**	**118.5**	**148.9**	**149.7**
End-Period Exchange Rate (N/$)	**128.3**	**118.0**	**132.6**	**149.6**	**150.7**

1/ Provisional
2/ Revised
Source: Central Bank of Nigeria

Table 57
Visible Trade
(Naira million)

Items	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
Imports (c&f)	**3,108,519.3**	**3,911,952.6**	**5,189,802.6**	**5,102,534.4**	**8,666,584.7**
Crude oil and Gas sector	710,683.0	768,226.8	1,386,729.9	1,063,544.2	2,133,834.7
Non-Oil sector	2,397,836.3	3,143,725.8	3,803,072.7	4,038,990.2	6,532,750.0
Exports (fob)	**7,324,680.6**	**8,309,758.3**	**10,161,490.1**	**8,356,385.6**	**11,035,794.5**
Crude oil and Gas sector	7,191,085.6	8,110,500.4	9,913,651.1	8,067,233.0	10,639,417.4
Non-Oil sector	133,595.0	199,257.9	247,839.0	289,152.6	396,377.2
Total Trade	**10,433,199.9**	**12,221,710.9**	**15,351,292.7**	**13,458,919.9**	**19,702,379.2**
Crude oil and Gas sector	7,901,768.6	8,878,727.2	11,300,381.1	9,130,777.2	12,773,252.1
Non-Oil sector	2,531,431.3	3,342,983.7	4,050,911.7	4,328,142.8	6,929,127.1
Balance of Trade	**4,216,161.3**	**4,397,805.7**	**4,971,687.5**	**3,253,851.2**	**2,369,209.8**
Crude oil and Gas sector	6,480,402.6	7,342,273.5	8,526,921.2	7,003,688.8	8,505,582.6
Non-Oil sector	(2,264,241.3)	(2,944,467.9)	(3,555,233.7)	(3,749,837.6)	(6,136,372.8)
Effective Central Exchange Rate (N/$)	**127.5**	**124.8**	**117.8**	**147.3**	**148.5**

1/ Provisional
2/ Revised
The figures include estimates made for informal/unrecorded imports and exports
Source: Central Bank of Nigeria

Table 58
Imports by Major Groups
(Naira million)

IMPORT GROUP	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
Consumer Goods	***1,732,803.63***	***1,837,735.42***	***1,931,443.45***	***2,119,895.39***	***3,757,916.17***
Durable	1,099,844.61	1,295,795.08	1,382,145.22	1,429,413.69	2,547,841.10
Non Durable	632,959.02	541,940.34	549,298.23	690,481.70	1,210,075.08
Capital Goods And Raw Materials	***1,359,252.70***	***2,047,431.95***	***3,225,650.78***	***2,943,426.37***	***4,865,098.49***
Capital Goods	1,181,474.39	1,339,288.91	2,246,851.61	2,177,277.15	3,510,033.77
Raw Materials	177,778.30	708,143.04	978,799.17	766,149.22	1,355,064.72
Miscellaneous	***16,462.99***	***26,785.25***	***32,708.39***	***39,212.62***	***43,570.04***
Total	**3,108,519.32**	**3,911,952.63**	**5,189,802.62**	**5,102,534.38**	**8,666,584.70**

1/ Provisional
2/ Revised
The figures include estimates made for informal imports - shuttle trade
Source: Central Bank of Nigeria

Table 59
Non-Oil Imports by Country of Origin (c&f)

	Value (Naira million)					Percentage (%)				
	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
Industrial Countries	**1,419,715.5**	**1,251,477.0**	**1,500,683.4**	**1,396,527.9**	**2,288,413.3**	**59.2**	**39.8**	**39.5**	**34.6**	**35.0**
United States of America	527,533.2	418,108.2	505,122.9	410,378.4	644,616.9	22.0	13.3	13.3	10.2	9.9
Japan	86,987.1	66,339.0	63,115.6	103,907.4	151,835.6	3.6	2.1	1.7	2.6	2.3
France	93,979.5	62,258.2	176,002.9	122,623.8	179,512.1	3.9	2.0	4.6	3.0	2.7
Germany	158,375.4	148,846.2	160,992.6	140,616.0	297,752.3	6.6	4.7	4.2	3.5	4.6
Switzerland	-	23,517.6	25,409.3	33,828.7	49,873.0	0.0	0.7	0.7	0.8	0.8
Belgium	181,860.7	170,848.7	164,680.8	137,194.8	237,536.9	7.6	5.4	4.3	3.4	3.6
Norway	-	-	20,872.7	24,301.9	43,637.9	0.0	0.0	0.5	0.6	0.7
Italy	81,985.7	76,335.4	86,477.3	85,783.3	182,429.3	3.4	2.4	2.3	2.1	2.8
Netherlands	67,213.2	94,533.1	98,187.6	110,114.1	172,933.4	2.8	3.0	2.6	2.7	2.6
United Kingdom	221,780.7	190,690.6	199,821.8	227,779.5	328,286.0	9.2	6.1	5.3	5.6	5.0
African	**54,436.4**	**80,896.8**	**96,347.1**	**111,109.1**	**175,233.1**	**2.3**	**2.6**	**2.5**	**2.8**	**2.7**
Cote d'Ivoire	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Ghana	-	-	-	-	65,375.0	0.0	0.0	0.0	0.0	1.0
Niger	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0
South Africa	54,436.4	80,896.8	66,337.9	76,497.4	109,858.1	2.3	2.6	1.7	1.9	1.7
Egypt	-	-	19,991.2	19,130.6	-	0.0	0.0	0.5	0.5	0.0
Swaziland	-	-	10,017.9	15,481.1	-	0.0	0.0	0.3	0.4	0.0
Others	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Asia (excluding Japan)	**642,446.5**	**859,946.5**	**1,106,127.0**	**1,213,913.6**	**2,002,823.3**	**26.8**	**27.4**	**29.1**	**30.1**	**30.7**
China, P.R	368,602.0	464,692.6	534,150.0	647,892.7	1,101,157.0	15.4	14.8	14.0	16.0	16.9
Hong Kong	36,682.4	32,171.6	28,860.3	33,056.2	36,815.2	1.5	1.0	0.8	0.8	0.6
India	137,997.4	172,935.7	139,986.2	177,796.5	314,707.4	5.8	5.5	3.7	4.4	4.8
Indonesia	-	21,617.2	23,009.4	26,551.9	41,327.3	0.0	0.7	0.6	0.7	0.6
Korea, Republic of	68,329.4	73,900.8	291,278.6	108,612.5	167,169.9	2.8	2.4	7.7	2.7	2.6
Singapore	-	25,012.9	26,625.8	45,961.8	71,736.9	0.0	0.8	0.7	1.1	1.1
Malaysia	-	-	10,475.2	18,903.3	32,802.0	0.0	0.0	0.3	0.5	0.5
Thailand	30,835.2	38,387.1	21,792.9	96,110.5	157,390.5	1.3	1.2	0.6	2.4	2.4
Taiwan, Province of China	-	31,228.4	29,948.8	59,028.2	79,717.0	0.0	1.0	0.8	1.5	1.2
Others	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Others	**281,237.9**	**951,405.6**	**1,099,915.2**	**1,317,439.6**	**2,066,280.3**	**11.7**	**30.3**	**28.9**	**32.6**	**31.6**
Russia	44,834.5	26,236.1	30,611.6	35,534.4	43,805.5	1.9	0.8	0.8	0.9	0.7
Turkey	-	-	15,463.3	28,563.9	60,421.3	0.0	0.0	0.4	0.7	0.9
Isreal	-	-	13,339.5	10,497.7	-	0.0	0.0	0.4	0.3	0.0
Ukraine	30,569.4	53,886.2	70,092.3	29,438.5	73,822.6	1.3	1.7	1.8	0.7	1.1
Lebanon	-	18,052.7	13,391.2	16,898.0	-	0.0	0.6	0.4	0.4	0.0
United Arab Emirates	35,585.4	73,048.9	65,102.7	103,951.7	171,493.9	1.5	2.3	1.7	2.6	2.6
Sweden	-	-	44,527.7	47,455.7	62,002.5	0.0	0.0	1.2	1.2	0.9
Ireland	-	47,869.2	33,900.1	35,163.6	62,083.0	0.0	1.5	0.9	0.9	1.0
Spain	33,120.9	26,553.9	28,185.9	31,361.0	110,501.5	1.4	0.8	0.7	0.8	1.7
Greece	-	-	27,441.0	16,106.2	34,894.5	0.0	0.0	0.7	0.4	0.5
Portugal	-	-	-	-	42,798.2	0.0	0.0	0.0	0.0	0.7
Argentina	-	17,153.2	15,991.0	13,599.1	-	0.0	0.5	0.4	0.3	0.0
Others	51,764.1	557,081.1	653,808.4	691,976.3	1,141,283.3	2.2	17.7	17.2	17.1	17.5
Saudi Arabia	-	21,170.4	-	11,379.0	30,717.7	0.0	0.7	0.0	0.3	0.5
Iceland	-	-	11,084.8	12,895.0	-	0.0	0.0	0.3	0.3	0.0
New Zealand	-	15,648.0	13,297.8	17,872.7	-	0.0	0.5	0.3	0.4	0.0
Mauritania	-	-	-	-	29,706.3	0.0	0.0	0.0	0.0	0.5
Finland	-	-	-	16,872.9	-	0.0	0.0	0.0	0.4	0.0
Canada	-	-	-	14,560.3	-	0.0	0.0	0.0	0.4	0.0
Poland	-	-	-	12,194.8	-	0.0	0.0	0.0	0.3	0.0
Denmark	-	-	-	11,286.5	-	0.0	0.0	0.0	0.3	0.0
Cyprus	-	-	-	10,182.7	-	0.0	0.0	0.0	0.3	0.0
Chile	-	15,276.6	-	28,601.5	27,620.6	0.0	0.5	0.0	0.7	0.4
Latvia	-	-	8,818.7	-	-	0.0	0.0	0.2	0.0	0.0
Brazil	85,363.5	79,429.3	54,859.1	121,048.1	175,129.5	3.6	2.5	1.4	3.0	2.7
TOTAL	**2,397,836.3**	**3,143,725.8**	**3,803,072.7**	**4,038,990.2**	**6,532,750.0**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

1/ Provisional
2/ Revised
The figures include estimates made for informal imports - shuttle trade
Source: Central Bank of Nigeria

Table 60
Direction of Crude Oil Exports

Region/country	Quantity (Thouand Barrels)					Value (N Million)				
	2006 /2	2007 /2	2008 /2	2009 /2	2010 1/	2006 /2	2007 /2	2008 /2	2009 /2	2010 1/
CANADA	17,604	15,135	24,497	30,115	37,436	140,817.3	138,704.1	295,922.3	286,640.6	431,832.6
U.S.A	383,437	416,222	318,069	246,875	252,315	3,067,194.8	3,814,417.6	3,842,297.0	2,349,831.6	2,910,493.0
SUB-TOTAL: NORTH AMERICA	**401,041**	**431,357**	**342,566**	**276,990**	**289,751**	**3,208,012.1**	**3,953,121.6**	**4,138,219.3**	**2,636,472.2**	**3,342,325.6**
ARGENTINA	-	-	7,534	8,941	6,840	-	-	91,006.7	85,104.5	78,905.4
URAGUAY	-	-	-	50,361	-	-	-	-	479,355.1	-
BRAZIL	56,143	59,398	48,527	15,615	84,017	449,097.1	544,349.4	586,215.1	148,632.9	969,149.4
PERU	2,943	3,899	949	3,046	12,370	23,545.0	35,731.5	11,467.5	28,991.6	142,695.1
CHILE	8,395	2,948	-	-	-	67,152.8	27,013.2	-	-	-
PUERTO RICO	600	5,929	4,572	999	-	4,801.6	54,339.2	55,228.3	9,509.6	-
VENEZUELA	-	-	-	-	-	-	-	-	-	-
SUB-TOTAL: SOUTH AMERICA	**68,081**	**72,174**	**61,582**	**78,963**	**103,228**	**544,596.5**	**661,433.3**	**743,917.6**	**751,593.7**	**1,190,749.9**
BAHAMAS	-	-	1,541	301	-	-	-	18,612.3	2,863.4	-
TRINIDAD & TOBAGO	-	-	650	-	-	-	-	7,849.8	-	-
SUB-TOTAL: CENTRAL AMERICA	**-**	**-**	**2,191**	**301**	**-**	**-**	**-**	**26,462.2**	**2,863.4**	**-**
VIRGIN ISLAND	-	-	-	-	-	-	-	-	-	-
SUB-TOTAL: CARRIBEAN ISLAND	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
GERMANY	9,149	10,870	11,451	8,516	950	73,188.6	99,614.7	138,323.0	81,053.1	10,957.1
FRANCE	45,221	23,408	36,027	30,947	-	361,731.7	214,518.4	435,204.4	294,562.5	-
ITALY	29,884	15,758	22,236	29,663	18,736	239,047.0	144,408.4	268,610.7	282,340.0	216,126.1
NETHERLANDS	15,252	9,876	33,613	23,849	36,152	122,001.9	90,507.3	406,047.0	227,006.4	417,020.4
POTUGAL	8,249	12,129	17,003	15,822	24,140	65,983.8	111,150.5	205,395.4	150,595.3	278,453.0
N, WE	-	4,843	5,048	-	-	-	44,383.9	60,977.3	-	-
SPAIN	44,925	34,670	36,132	36,704	38,216	359,365.8	317,732.1	436,473.6	349,355.9	440,824.8
UNITED KINGDOM	998	7,871	9,669	15,730	11,120	7,984.2	72,128.4	116,799.1	149,720.0	128,272.2
SWITZERLAND	999	1,697	-	-	1,182	7,988.3	15,554.3	-	-	13,632.8
SCOTLAND	1,450	524	-	-	-	11,600.8	4,804.9	-	-	-
TURKEY	-	-	-	1,998	962	-	-	-	19,016.2	11,093.2
WESTERN EUROPE	6,791	-	-	-	-	54,322.8	-	-	-	-
SWEDEN	-	-	949	400	-	-	-	11,469.6	3,807.3	-
SUB-TOTAL EUROPE	**162,918**	**121,645**	**172,127**	**163,628**	**131,457**	**1,303,215.0**	**1,114,802.8**	**2,079,300.1**	**1,557,456.7**	**1,516,379.8**
JAPAN	8,559	3,076	1,000	950	998	68,461.6	28,192.5	12,076.6	9,044.3	11,516.9
AUSTRALIA	-	-	-	2,856	959	-	-	-	27,186.9	11,064.5
INDIA	100,009	75,298	74,151	87,160	153,745	799,995.8	690,058.5	895,744.0	829,617.2	1,773,469.8
INDONESIA	-	7,515	949	10,841	44,362	-	68,868.5	11,469.0	103,185.1	511,722.8
KOREA	5,320	2,706	-	-	-	42,557.6	24,797.4	-	-	-
TAIWAN	949	3,800	-	948	-	7,588.6	34,822.8	-	9,025.1	-
CHINA	1,030	5,356	-	8,615	20,494	8,236.8	49,080.6	-	82,003.6	236,402.1
NEW ZEALAND	-	850	-	-	-	-	7,786.2	-	-	-
SINGAPORE	301	-	-	-	-	2,404.0	-	-	-	-
THAILAND	-	-	-	-	-	-	-	-	-	-
ISREAL	-	-	-	-	-	-	-	-	-	-
U.A.E	-	-	997	-	-	-	-	12,046.4	-	-
SUB-TOTAL: ASIA & FAR EAST	**116,167**	**98,600**	**77,097**	**111,371**	**220,559**	**929,244.4**	**903,606.5**	**931,336.0**	**1,060,062.2**	**2,544,176.1**
GHANA	9,104	10,883	8,497	5,049	20,115	72,821.7	99,738.4	102,639.5	48,056.2	232,030.1
COTE D'IVOIRE	23,509	22,301	21,145	27,845	13,773	188,053.3	204,370.9	255,436.7	265,038.4	158,875.9
SENEGAL	850	3,934	6,997	5,947	10,835	6,801.4	36,053.9	84,521.1	56,610.0	124,985.4
CAMEROUN	10,142	7,537	7,563	8,851	1,961	81,129.1	69,070.8	91,363.0	84,247.8	22,615.1
MEDITERRANEAN	-	-	-	-	-	-	-	-	-	-
MOROCCO	-	-	-	-	-	-	-	-	-	-
EQUITORIAL GUINEA	-	-	417	60,922	44,289	-	-	5,033.3	579,873.1	510,877.0
BENIN REPUBLIC	-	-	-	337	-	-	-	-	3,204.1	-
SOUTH AFRICA	25,576	23,396	24,299	28,991	1,999	204,591.9	214,405.8	293,530.6	275,947.9	23,058.9
SUB-TOTAL: AFRICA	**69,181**	**68,050**	**68,917**	**137,943**	**92,972**	**553,397.4**	**623,640.0**	**832,524.2**	**1,312,977.5**	**1,072,442.5**
Total	**817,388**	**791,827**	**724,480**	**769,195**	**837,967**	**6,538,465.5**	**7,256,604.3**	**8,751,759.4**	**7,321,425.8**	**9,666,073.9**

1/ Provision
2/ Revised
Source: Compiled from monthly returns on Crude Oil Exports by NNPC and Crude Oil Mining and Prospecting Co.

Table 61
Non-Oil Exports by Products
(Naira million)

Product	2006 /2	2007 /2	2008 /2	2009 /2	2010 /1	% Share in Total				
						2006 /2	2007 /2	2008 /2	2009 /2	2010 /1
(1) Agricultural Produce	***50,498.9***	***85,680.9***	***107,214.1***	***135,612.6***	***141,506.6***	***37.8***	***39.7***	***43.3***	***46.9***	***35.7***
Cocoa Beans	18,569.7	37,062.0	46,376.3	43,372.9	51,529.0	13.9	18.6	18.7	15.0	13.0
Rubber	7,214.1	10,959.2	13,713.4	17,349.2	19,818.9	5.4	5.5	5.5	6.0	5.0
Fish/Shrimp	9,218.1	6,575.5	8,228.1	6,939.7	8,720.3	6.9	3.3	3.3	2.4	2.2
Cotton	4,542.2	3,985.2	4,986.7	28,915.3	19,818.9	3.4	2.0	2.0	10.0	5.0
Others	10,954.8	27,099.1	33,909.6	39,035.6	41,619.6	8.2	13.6	13.7	13.5	10.5
(2) Minerals	***11,355.6***	***14,944.3***	***18,700.1***	***19,373.2***	***44,394.2***	***8.5***	***6.3***	***7.5***	***6.7***	***11.2***
Aluminium/Carbonate	7,748.5	8,568.1	10,721.4	12,433.6	24,575.4	5.8	4.3	4.3	4.3	6.2
Other Minerals	3,607.1	6,376.3	7,978.7	6,939.7	19,818.9	2.7	3.2	3.2	2.4	5.0
(3) Semi-Manufactured	***50,632.5***	***67,947.0***	***85,023.2***	***84,432.6***	***148,641.4***	***37.9***	***39.4***	***34.3***	***29.2***	***37.5***
Processed Skins	35,536.3	49,017.5	61,336.4	68,818.3	110,192.9	26.6	24.6	24.7	23.8	27.8
Cocoa Products	6,546.2	7,173.3	8,976.1	-	-	4.9	3.6	3.6	-	-
Texture Yarn	1,068.8	1,992.6	2,493.4	4,048.1	6,738.4	0.8	1.0	1.0	1.4	1.7
Furniture/Processed Wood	1,870.3	5,579.2	6,981.4	3,759.0	13,080.4	1.4	2.8	2.8	1.3	3.3
Others	5,611.0	4,184.4	5,236.0	7,807.1	18,629.7	4.2	2.1	2.1	2.7	4.7
(4) Manufactured	***14,829.0***	***23,313.2***	***27,676.2***	***26,312.9***	***22,989.9***	***11.1***	***10.3***	***11.2***	***9.1***	***5.8***
Tyres/Tubes	534.4	1,195.5	1,496.0	-	-	0.4	0.6	0.6	-	-
Textiles	935.2	996.3	1,246.7	2,024.1	1,585.5	0.7	0.5	0.5	0.7	0.4
Others	13,359.5	21,121.3	26,429.5	24,288.8	21,404.4	10.0	10.6	10.7	8.4	5.4
(5) Other Exports	***6,279.0***	***7,372.5***	***9,225.4***	***23,421.4***	38,845.0	***4.7***	***3.7***	***3.7***	***8.1***	***9.8***
Total	**133,595.0**	**199,257.9**	**247,839.0**	**289,152.6**	**396,377.2**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

1/ Provisional
2/ Revised
The figures include estimates made for informal/unrecorded exports
Source: Central Bank of Nigeria

Table 62
Top 100 Non-Oil Exporters in Nigeria in 2010

S/N	Expoter	FOB Value (USD)	Exported Products	Destination
1	Olam Nigeria Limited	427,380,120.22	Nigeria Cotton Lint (NOGA)	Malaysia
2	Bolawole Enterprises Nig. Limited	123,109,683.69	Good Fermented Nigerian Cocoa Beans (2010 Crop)	Netherlands
3	Unique Leather Finishing Co. Limited	87,983,471.84	Finished Leather (Goat Skin) Grades One, Two and Three	Italy
4	Saro Agro Allied Limited	87,217,970.00	Nigerian Dried Cocoa Beans	Netherlands
5	Eleme Petrochemicals Company Limited	81,823,259.21	HDPE Prime Injection Grade - HIU07060	Ghana
6	Armajaro Nigeria Limited	81,329,340.00	Ngerian Raw Cocoa Beans	Netherlands
7	Fata Tanning EPF	75,507,370.50	Crust Leather - WS-16 IWD	India
8	Agro Traders Limited	73,741,713.50	Ngerian Cocoa Beans	Netherlands
9	Mario Jose Enterprises Limited	68,742,007.60	Finished Leather	Italy
10	Mamuda Industries (Nig) Limited	67,453,987.00	Finished Leather	Italy
11	British American Tobacco Nigeria Limited	63,694,274.80	Benson & Hedges Liberia Cigarettes	Liberia
12	Sun and Sand Industries Limited	58,437,234.00	Auminium Alloys	Japan
13	Rubber Estates Nigeria Limited	38,832,880.22	Natural Rubber (RENL 20)	Spain
14	Tulip Cocoa Processing Limited	35,019,831.06	Pure Prime Pressed Nigerian Cocoa Butter	Netherlands
15	Dansa Food Processing Co. Limited	34,555,363.50	Gum arabic Spray Dried Powder	France
16	Imoniyame Holdings Limited	34,500,212.00	Nigerian Crumb Rubber - TSR 20	Spain
17	Alfa Ststems & Commodity Company Limited	33,311,458.33	Good Fermented Nigerian Cocoa Beans	Netherlands
18	Atlantic Shrimpers Limited	30,720,507.60	Frozen Prawns & Shrimps	Netherlands
19	West African Rubber Products (Nig) Limited	26,454,992.48	Assorted Bathroom Slippers	Democratic Republic of the Congo
20	Mahaza Company Limited	22,665,909.00	Finished Leather	Italy
21	Mavga West Africa Limited	21,509,060.37	Nigerian Cleaned Sesame Seeds (Crop 2010)	Japan
22	Multitan Limited	21,505,412.85	Finished Leather (Goat & Sheep) TR Grade	Italy
23	Yara Commodities Limited	20,592,804.78	Nigerian Cocoa Beans (Main Crop)	Netherlands
24	Multi-Trex Integrated Foods Plc.	19,359,962.67	Nigerian Pure Prime Pressed Cocoa Cake	Estonia
25	MINL Limited	18,983,295.91	Aluminium Corrugated Roofing Sheets	Ghana
26	Enghuat Industries Limited	18,066,274.40	Processed Rubber	China
27	Notore Chemical Industries Limited	17,425,094.51	Fertilizer Urea (Granular)	Togo
28	Starlink Global and Ideal Limited	16,520,175.78	Fully Fermented Nigerian Cocoa Beans	Germany
29	Flour Mills of Nigeria Plc	16,374,750.00	Wheat Bran Pellets	Mexico
30	West African Cotton Co. Limited	15,462,468.32	Nigeria Raw Cotton	Basngladesh
31	Star Seed Nigeria Limited	14,908,030.85	Polished Natural Sesame Seeds - Kano Type - Season 2010/2011	Netherlands
32	Akeem & Kamoru (Nig) Limited	14,283,588.80	Nigeria Cocoa Beans	Netherlands
33	Angel Spinning & Dyeing Limited	14,064,015.05	Textile Piece Goods (Wax Print) 100% Cotton	Togo
34	Kanotan S. A. Limited	13,766,200.44	Processed, Goat Leather TR Grade	China (Hong Kong)
35	AIS Trades & Industries Limited	13,573,978.00	Nigerian Cleaned Sesame Seeds (Crop 2010)	Japan
36	Stanmark Cocoa Processing Co. Limited	13,311,884.18	Cocoa Butter	Netherlands
37	West African Tannery Company Limited	12,962,155.60	Finished Sheep Leather A-65	Portugal
38	Enkay Indo-Nigerian Industries Limited	12,847,386.08	Nigeria Sesame Seeds	Japan
39	Cocoa Products (Ile-Oluyi) Limited	12,229,600.00	Cocoa Cake	Spain
40	Kimatrai Nigeria Limited	12,203,452.80	Nigeria Processed Natural Rubber (NSR 10)	Italy
41	Asia Plastics Industry (Nigeria) Limited	12,186,286.82	Assorted Eva Slippers	Chad
42	The Okomu Oil Palm Company Plc.	12,075,280.34	Processed Natural Rubber - NOKO 10	United States of America
43	RMM Global Company Limited	11,920,704.49	Nigerian dehulled Sesame Seeds (Crop 2010)	Canada
44	AA-Kkayz Resources Limited	10,394,804.63	Melted Copper Ingot	India
45	PZ Cussons Nigeria Plc	10,004,401.61	NUNU Milk Powder & Evaporated	Ghana
46	Gongoni Company Limited	9,646,048.69	Insecticides & Cosmetic Products	Sudan
47	Borkiri International Company Limited	9,540,450.00	Liquified Petroleum Gas (Cooking Gas)	Niger
48	Decent Bag Industries Limited	9,406,302.00	Assorted Polybags	Chad
49	Friesland Campina Wamco Nigeria Plc.	8,872,357.75	Full Cream Unsweetened Evaporated Peak Milk (24X170G) Tins Produced	Ghana
50	Beta Glass Plc.	8,767,194.41	Empty (200ML) Fanta Splash Bottles	Ghana
51	Viva Metal and Plastics Industries Limited	8,661,556.00	Assorted Polybags	Chad
52	Nivik Investment Limited	8,540,081.00	Good Fermented Nigerian Cocoa Beans	Germany
53	Alkem Nigeria Limited	8,434,252.98	Polyster Staple Fibre	South Africa
54	Vital Products Limited	7,947,295.00	Vitali Tomato Paste (140GMS) Sachets	Benin
55	Armada International Limited	7,731,488.56	Nigerian Origin Dried Split Ginger (2009/2010 Crop)	United States of America

Table 62 Cont.
Top 100 Non-Oil Exporters in Nigeria in 2010

S/N	Expoter	FOB Value (USD)	Exported Products	Destination
56	Ayafa Concepts Limited	7,695,517.01	Processed, Sheep Skins Leather	Italy
57	Sapele Integrated Industries Limited	7,311,067.48	Nigerian Specified Rubber (NSR 10)	Spain
58	Hakan Agro Nigeria Limited	6,740,406.00	Nigerian Hibiscus Flower	Mexico
59	Vakorede Nigeria Limited	6,684,584.10	Nigerian Sesame Seeds	China
60	Nure International Nigeria Limited	6,400,000.00	Good Fermented Nigerian Main Cocoa Beans (Crop 2009)	Canada
61	B & B Leather Limited	6,020,159.44	Nigerian BWS Goats & Sheepskins Finished Leather	China (Hong Kong)
62	AIS Trades and Industries Limited	5,683,449.40	Nigerian Sesame Seeds (Crops 2010)	Turkey
63	Standard Plastics Industry (Nig) Limited	5,585,412.16	Assorted Eva Slippers	Niger
64	Olokun (Pisces) Limited	5,519,655.00	Frozen Shrimps Tiger, Pub & Sole Fillets	France
65	ORC Fishing & Food Processing Limited	5,499,525.00	Various Processed Shrimps	Netherlands
66	Precise Saviour Industries Limited	5,359,098.82	Copper Wire Bars, Remelted Brass & Aluminium Ingots	India
67	Loquat Classic Nigeria Limited	5,240,843.84	Hibiscus Flowers (New Crop 2010/2011)	Mexico
68	Bissma Commodities Nigeria Limited	5,163,673.00	Nigeria Sesame Seeds (New Crops 2010/2011)	Turkey
69	Osse River Rubber Estates Limited	4,868,082.38	Standard African Rubber (SAR 20)	Spain
70	Chi Limited	4,830,021.90	Nigeria Premium Quality Colour sorted Seeds	China (Taiwan)
71	De United Foods Industries Limited	4,827,450.00	Noodles Chicken Flavour (Regular 70g)	Ghana
72	RGM Industries Limited	4,791,503.14	Nigerian Processed Wood Products (Iroko)	China
73	Prosel Ultimate Limited	4,776,479.00	Good Fermented Nigerian Cocoa Beans	Netherlands
74	New Star Metal International Limited	4,720,655.20	Aluminium Alloy Ingot	India
75	Araromi Rubbers Estates Limited	4,598,683.51	Standard African Rubber (SAR 20)	France
76	Spintex Mills (Nigeria) Limited	4,525,039.82	Cotton Yarn NE 20/1 OE Weaving Raw White	Portugal
77	Lela Agro Industries Limited	4,508,337.50	P.P. Woven Sacks	Burkina Faso
78	Cadbury Nigeria Plc	4,344,724.56	Confectionary	Ghana
79	Multi-Trex Investments Limited	4,146,079.27	Nigerian Pure Prime Pressed Cocoa Powder	Netherlands
80	Unilever Nigeria Plc	4,135,587.87	OMO Multiactive Supper and Sunlight Detergent Powder	Ghana
81	Aphropia Industries Limited	3,982,197.60	100% Leather Goods	Spain
82	United Nigerian Textiles Plc	3,647,263.77	Other Printing Processed Woven Fabrics of Cotton	Benin
83	Standard Footwear (Nigeria) Limited	3,465,398.60	Assorted Beachcombers	Sudan
84	Banarly (Nigeria) Limited	3,446,289.45	Frozen Shrimps & Crab Claw/Clusters	Portugal
85	International Polymer Systems Limited	3,350,592.00	Nigerian Crumb Rubber - TSR 20	United Kingdom
86	Dangote Agrosacks Limited	3,140,632.00	Printed Cement Sacks (S50 X 69CM)	Ghana
87	Waterside Rubber Estates Limited	3,138,366.45	Standard African Rubber (SAR 20)	Poland
88	ASCA Bitumen Company Limited	3,134,098.00	Bulk Bitumen 60/70	Chad
89	Cement Company of Northern Nigeria Plc.	2,999,340.00	Cement	Niger
90	Mainstream Trading & Investment Limited	2,945,280.00	Good Fermented Nigerian Cocoa Beans	Netherlands
91	LBM Overseas Nigeria Limited	2,877,436.56	Nigerian Cleaned Sesame Seeds	Japan
92	Guinness Nigeria Plc	2,795,440.48	Malta Guinnes Bottles	Ghana
93	FTN Cocoa Processors Limited	2,777,078.00	Nigerian Cocoa Cake	Spain
94	Kolorkote Nigeria Limited	2,773,065.73	Prepainted Aluminium Colis	Benin
95	Tower Aluminium (Nig) Plc	2,762,206.83	Alloyed Long homogenised 6063 Aluminium Billets	Kenya
96	JOFEC Limited	2,693,542.60	Ngerian Raw Cocoa Beans (Crop 2010)	Netherlands
97	Fullmark Commodities Limited	2,657,765.00	Nigerian Gum Arabic	Basngladesh
98	AFCOTT Nig PLc.	2,646,000.00	Soya Meal (DE-Oiled Cake)	Cameroon
99	Sino PP Woven Bag (Nig) Limited	2,536,120.00	PP Shopping Bags	Cameroon
100	Nigerian Bag Manufacturing Co. Limited	2,525,589.00	PP Woven Valve Bags formosa & Georgia Gulf	United States of America
Total		**2,210,829,419.67**		
Other Exports		**110,124,978.27**		
Grand Tota		**2,320,954,397.94**		

TABLE 63
Exchange Rate Movements
(Naira per US Dollar)

	CBN DAS/WDAS Rate					Bureaux de Change					Interbank Rate /1				
Month	**2006**	**2007**	**2008**	**2009**	**2010**	**2006**	**2007**	**2008**	**2009**	**2010**	**2006**	**2007**	**2008**	**2009**	**2010**
January	130.29	128.28	117.98	145.78	149.78	144.09	130.04	120.80	149.88	153.55	129.93	128.37	117.72	146.59	150.33
February	129.59	128.27	118.21	147.14	150.22	145.47	130.00	119.57	156.93	152.08	129.33	128.33	117.50	149.12	150.97
March	128.70	128.15	117.92	147.72	149.83	148.46	129.34	119.00	174.32	151.85	128.68	128.25	116.79	-	150.08
April	128.47	127.98	117.87	147.23	149.89	147.85	129.00	118.93	180.27	152.00	128.58	127.99	117.47	-	150.38
May	128.45	127.56	117.83	147.84	150.31	142.33	129.16	118.80	180.63	153.26	128.57	127.62	117.79	-	151.49
June	128.45	127.41	117.81	148.20	150.19	136.82	128.32	118.70	166.14	153.87	128.50	127.49	117.74	148.54	151.28
July	128.38	127.19	117.77	148.59	150.10	130.12	127.52	119.00	155.13	152.41	128.43	127.20	117.71	149.88	150.27
August	128.33	126.68	117.74	151.86	150.27	130.46	127.39	119.00	158.95	152.23	128.43	126.59	117.69	155.23	150.70
September	128.29	125.88	117.73	152.30	151.03	130.21	126.50	119.00	158.00	153.85	128.39	125.73	117.62	153.25	152.62
October	128.28	124.28	117.72	149.36	151.25	130.30	126.50	119.00	153.05	153.98	128.42	123.43	117.72	150.22	151.78
November	128.29	120.12	117.74	150.85	150.22	129.82	123.80	119.10	152.95	153.13	128.42	119.45	117.88	151.03	150.55
December	128.29	118.21	126.48	149.69	150.48	129.32	121.39	137.65	153.48	154.57	128.39	118.23	134.33	149.80	152.63
Average	**128.65**	**125.83**	**118.57**	**148.88**	**150.30**	**137.10**	**127.41**	**120.71**	**161.64**	**153.06**	**128.67**	**125.72**	**119.00**	**112.80**	**151.09**
End-period	**128.27**	**117.97**	**132.56**	**149.58**	**150.66**	**129.50**	**121.00**	**139.00**	**155.00**	**156.00**	**128.50**	**118.05**	**140.00**	**149.67**	**152.00**

Exchange Rate from August, 2005 includes 1% commission
1/ There was no Inter-Bank trade between 18th February - 28th May 2009.

Table 64
International Investment Position of Nigeria
[US$' million]

Type of Asset/Liability	2005	2006	2007	2008	2009	2010
Net international investment position of Nigeria	**-21,945.18**	**5,529.09**	**11,208.93**	**12,841.52**	**-723.97**	**-11,009.16**
ASSETS	**41,417.85**	**60,495.21**	**77,498.53**	**88,463.64**	**83,928.45**	**83,668.50**
Direct investment abroad	***302.00***	***624.48***	***1,506.42***	***2,564.69***	***4,118.29***	***5,041.17***
Equity Capital and Reinvested Earnings	302.00	624.48	1,506.42	2,564.69	4,118.29	5,041.17
Other Capital	-	-	-	-	-	-
Portfolio investment abroad	***2,823.17***	***4,349.21***	***6,208.32***	***10,967.09***	***11,797.86***	***12,739.73***
Equity Securities	2,546.62	3,923.17	5,643.86	9,710.55	10,472.09	11,508.15
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	2,546.62	3,923.17	5,643.86	9,710.55	10,472.09	11,508.15
Other Sector	-	-	-	-	-	
Debt Securities	276.56	426.05	564.47	1,256.55	1,325.78	1,231.59
Bonds and Notes	0.00	0.00	0.00	0.00	0.00	0.00
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	-	-	-	-	-	-
Other Sector	-	-	-	-	-	-
Money Market	276.56	426.05	564.47	1,256.55	1,325.78	1,231.59
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	276.56	426.05	564.47	1,256.55	1,325.78	1,231.59
Other Sector	-	-	-	-	-	-
Financial Derivatives	-	-	-	-	-	-
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	-	-	-	-	-	-
Other Sector	-	-	-	-	-	-
Other Assets	**10,215.90**	**13,223.40**	**18,450.63**	**21,931.49**	**25,629.80**	**33,548.34**
Trade Credit	3,246.88	4,696.81	7,222.99	2,855.39	6,726.67	6,993.77
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	-	-	-	-	-	-
Other Sector	3,246.88	4,696.81	7,222.99	2,855.39	6,726.67	6,993.77
Loans	924.81	1,050.92	1,167.69	1,459.61	1,842.22	2,069.69
Monetary Authority	-	-	-	-	-	-
Long-term						
Short-term						
General Government	-	-	-	-	-	-
Long-term						
Short-term						
Banks	924.81	1,050.92	1,167.69	1,459.61	1,842.22	2,069.69
Long-term						
Short-term	924.81	1,050.92	1,167.69	1,459.61	1,842.22	2,069.69
Other Sector	-	-	-	-	-	-
Long-term						
Short-term						
Currency and Deposits	6,044.21	7,475.67	10,059.95	17,616.49	17,060.91	24,484.88
Monetary Authority	-	-	-	-	-	-
General Government	865.32	745.52	2,019.36	4,103.86	6,408.50	8,443.14
Banks	3,555.44	4,974.70	5,779.57	9,257.14	6,351.18	6,494.39
Other Sector	*1,623.45*	*1,755.45*	*2,261.02*	*4,255.49*	*4,301.23*	*9,547.35*
Reserve Assets	***28,076.77***	***42,298.11***	***51,333.15***	***53,000.36***	***42,382.49***	***32,339.25***
Gold						
Special Drawing Rights						
Reserve Position in the Fund (IMF)						
Foreign Exchange	*28,076.77*	*42,298.11*	*51,333.15*	*53,000.36*	*42,382.49*	*32,339.25*

Table 64 Cont.
International Investment Position of Nigeria
[US$' million]

Type of Asset/Liability	2005	2006	2007	2008	2009	2010
LIABILITIES	63,363.03	54,966.12	66,289.60	75,622.12	84,652.42	94,677.66
Direct investment in Reporting Economy	***26,345.00***	***31,242.81***	***37,329.54***	***45,578.18***	***54,227.71***	***60,326.67***
Equity Capital and Reinvested Earnings	25,027.75	29,925.56	35,974.26	44,159.29	52,788.11	58,826.47
Other Capital	1,317.25	1,317.25	1,355.28	1,418.89	1,439.60	1,500.20
Portfolio investment in Reporting Economy	***6,877.60***	***9,703.19***	***12,368.69***	***13,702.99***	***14,368.88***	***18,116.78***
Equity Securities	3,550.00	5,335.00	6,794.49	5,834.69	6,327.36	8,506.64
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	-	-	-	-	-	-
Other Sector	3,550.00	5,335.00	6,794.49	5,834.69	6,327.36	8,506.64
Debt Securities	3,327.60	4,368.19	5,574.20	7,868.30	8,041.52	9,610.14
Bonds and Notes	3,063.00	4,074.70	5,132.79	6,489.98	6,582.08	7,266.99
Monetary Authority	-	-	-	-	-	-
General Government	3,063.00	4,074.70	5,132.79	6,489.98	6,582.08	7,266.99
Banks	-	-	-	-	-	-
Other Sector	-	-	-	-	-	-
Money Market	264.60	293.49	441.41	1,378.32	1,459.44	2,343.15
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	264.60	293.49	441.41	1,378.32	1,459.44	2,343.15
Other Sector	-	-	-	-	-	-
Financial Derivatives	-	-	-	-	-	-
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	-	-	-	-	-	-
Other Sector	-	-	-	-	-	-
Other Liabilities	30,140.43	14,020.12	16,591.37	16,340.95	16,055.83	16,234.20
Trade Credit	-	-	-	-	-	-
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	-	-	-	-	-	-
Other Sector						
Loans	24,631.43	8,405.89	10,127.14	10,150.40	10,278.68	10,682.34
Monetary Authority	-	-	-	-	-	-
Long-term						
Short-term						
General Government	20,476.20	4,046.20	3,533.20	3,507.20	3,707.12	4,429.25
Long-term	20,476.20	4,046.20	3,533.20	3,507.20	3,707.12	4,429.25
Short-term	-	-	-	-	-	-
Banks	985.23	1,084.46	2,468.71	2,244.30	2,586.05	2,492.87
Long-term	985.23	1,084.46	2,468.71	2,244.30	2,586.05	2,492.87
Short-term	-	-	-	-	-	-
Other Sector	3,170.00	3,275.23	4,125.23	4,398.91	3,985.51	3,760.22
Long-term	3,170.00	3,275.23	4,125.23	4,398.91	3,985.51	3,760.22
Short-term	-	-	-	-	-	-
Currency and Deposits	5,509.00	5,614.23	6,464.23	6,190.55	5,777.15	5,551.86
Monetary Authority	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Banks	5,509.00	5,614.23	6,464.23	6,190.55	5,777.15	5,551.86
Other Sector	-	-	-	-	-	-

Table 65
International Investment Position of Nigeria
[Naira million]

Type of Asset/Liability	2005	2006	2007	2008	2009	2010
Net international investment position of Nigeria	**(2,859,237.86)**	**709,216.02**	**1,322,317.15**	**1,702,271.29**	**252,306.47**	**(1,295,437.85)**
ASSETS	**5,396,331.32**	**7,759,720.23**	**9,142,501.26**	**11,726,739.75**	**12,914,615.43**	**12,968,698.45**
Direct investment abroad	**39,347.58**	**80,102.05**	**177,712.37**	**339,975.31**	**616,013.82**	**759,503.35**
Equity Capital and Reinvested Earnings	39,347.58	80,102.05	177,712.37	339,975.31	616,013.82	**759,503.35**
Other Capital	-	-	-	-	-	**-**
Portfolio investment abroad	**367,831.34**	**557,873.68**	**732,395.98**	**1,453,797.98**	**1,764,724.50**	**1,919,368.32**
Equity Securities	331,798.79	503,224.70	665,805.87	1,287,230.18	1,566,414.85	**1,733,817.50**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	331,798.79	503,224.70	665,805.87	1,287,230.18	1,566,414.85	**1,733,817.50**
Other Sector	-	-	-	-	-	**-**
Debt Securities	36,032.55	54,648.98	66,590.11	166,567.80	198,309.65	**185,550.82**
Bonds and Notes	-	-	-	-	-	**-**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	-	-	-	-	-	**-**
Other Sector	-	-	-	-	-	**-**
Money Market	36,032.55	54,648.98	66,590.11	166,567.80	198,309.65	**185,550.82**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	36,032.55	54,648.98	66,590.11	166,567.80	198,309.65	**185,550.82**
Other Sector	-	-	-	-	-	**-**
Financial Derivatives	-	-	-	-	-	**-**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	-	-	-	-	-	**-**
Other Sector	-	-	-	-	-	**-**
Other Assets	**1,331,030.03**	**1,696,165.93**	**2,176,621.20**	**2,907,238.74**	**3,833,705.77**	**5,054,393.29**
Trade Credit	423,036.00	602,459.82	852,096.13	378,510.50	1,006,175.10	**1,053,681.39**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	-	-	-	-	-	**-**
Other Sector	423,036.00	602,459.82	852,096.13	378,510.50	1,006,175.10	**1,053,681.39**
Loans	120,493.49	134,801.51	137,752.39	193,485.90	275,559.27	**311,820.13**
Monetary Authority	-	-	-	-	-	**-**
Long-term	-	-	-	-	-	**-**
Short-term	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Long-term	-	-	-	-	-	**-**
Short-term	-	-	-	-	-	**-**
Banks	120,493.49	134,801.51	137,752.39	193,485.90	275,559.27	**311,820.13**
Long-term	-	-	-	-	-	**-**
Short-term	120,493.49	134,801.51	137,752.39	193,485.90	275,559.27	**311,820.13**
Other Sector	-	-	-	-	-	**-**
Long-term	-	-	-	-	-	**-**
Short-term	-	-	-	-	-	**-**
Currency and Deposits	787,500.54	958,904.61	1,186,772.68	2,335,242.34	2,551,971.40	**3,688,891.77**
Monetary Authority	-	-	-	-	-	**-**
General Government	112,742.54	95,627.85	238,223.90	544,007.68	958,583.43	**1,272,043.47**
Banks	463,238.70	638,105.18	681,816.26	1,227,126.91	950,009.99	**978,444.55**
Other Sector	211,519.30	225,171.57	266,732.53	564,107.75	643,377.98	**1,438,403.75**
Reserve Assets	**3,658,122.36**	**5,425,578.57**	**6,055,771.71**	**7,025,727.72**	**6,700,171.34**	**5,235,433.49**
Gold	-	-	-	-	-	**-**
Special Drawing Rights	-	-	-	-	360,598.49	**363,202.09**
Reserve Position in the Fund (IMF)	-	-	-	-	-	**-**
Foreign Exchange	3,658,122.36	5,425,578.57	6,055,771.71	7,025,727.72	6,339,572.85	**4,872,231.41**

Table 65
International Investment Position of Nigeria
[Naira million]

Type of Asset/Liability	2005	2006	2007	2008	2009	2010
LIABILITIES	**8,255,569.18**	**7,050,504.21**	**7,820,184.11**	**10,024,468.46**	**12,662,308.96**	**14,264,136.30**
Direct investment in Reporting Economy	**3,432,490.05**	**4,007,515.24**	**4,403,765.83**	**6,041,843.54**	**8,111,380.86**	**9,088,816.43**
Equity Capital and Reinvested Earnings	3,260,865.55	3,838,551.58	4,243,883.45	5,853,755.48	7,896,045.49	**8,862,795.97**
Other Capital	171,624.50	168,963.66	159,882.38	188,088.06	215,335.37	**226,020.46**
Portfolio investment in Reporting Economy	**896,082.50**	**1,244,628.18**	**1,459,134.36**	**1,816,468.35**	**2,149,297.07**	**2,729,474.63**
Equity Securities	462,529.50	684,320.45	801,545.99	773,446.51	946,446.51	**1,281,610.49**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	-	-	-	-	-	**-**
Other Sector	462,529.50	684,320.45	801,545.99	773,446.51	946,446.51	**1,281,610.49**
Debt Securities	433,553.00	560,307.73	657,588.37	1,043,021.85	1,202,850.56	**1,447,864.14**
Bonds and Notes	399,078.27	522,661.77	605,515.24	860,311.75	984,547.53	**1,094,844.53**
Monetary Authority	-	-	-	-	-	**-**
General Government	399,078.27	522,661.77	605,515.24	860,311.75	984,547.53	**1,094,844.53**
Banks	-	-	-	-	-	**-**
Other Sector	-	-	-	-	-	**-**
Money Market	34,474.73	37,645.96	52,073.14	182,710.10	218,303.04	**353,019.61**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	34,474.73	37,645.96	52,073.14	182,710.10	218,303.04	**353,019.61**
Other Sector	-	-	-	-	-	**-**
Financial Derivatives	-	-	-	-	-	**-**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	-	-	-	-	-	**-**
Other Sector	-	-	-	-	-	**-**
Other Liabilities	**3,926,996.62**	**1,798,360.79**	**1,957,283.92**	**2,166,156.56**	**2,401,631.03**	**2,445,845.24**
Trade Credit	-	-	-	-	-	**-**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	-	-	-	-	-	**-**
Other Sector	-	-	-	-	-	**-**
Loans	3,209,229.01	1,078,223.51	1,194,698.71	1,345,537.25	1,537,484.93	**1,609,401.59**
Monetary Authority	-	-	-	-	-	**-**
Long-term	-	-	-	-	-	**-**
Short-term	-	-	-	-	-	**-**
General Government	2,667,844.10	519,006.07	416,811.60	464,914.43	554,511.01	**667,310.81**
Long-term	2,667,844.10	519,006.07	416,811.60	464,914.43	554,511.01	**667,310.81**
Short-term	-	-	-	-	-	**-**
Banks	128,365.62	139,103.68	291,233.72	297,503.80	386,821.63	**375,575.91**
Long-term	128,365.62	139,103.68	291,233.72	297,503.80	386,821.63	**375,575.91**
Short-term	-	-	-	-	-	**-**
Other Sector	413,019.30	420,113.75	486,653.38	583,119.02	596,152.29	**566,514.87**
Long-term	413,019.30	420,113.75	486,653.38	583,119.02	596,152.29	**566,514.87**
Short-term	-	-	-	-	-	**-**
Currency and Deposits	717,767.61	720,137.28	762,585.21	820,619.31	864,146.10	**836,443.65**
Monetary Authority	-	-	-	-	-	**-**
General Government	-	-	-	-	-	**-**
Banks	717,767.61	720,137.28	762,585.21	820,619.31	864,146.10	**836,443.65**
Other Sector	-	-	-	-	-	**-**