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NOTICE TO ALL BANKS AND PRIMARY MORTGAGE BANKS

EXPOSURE DRAFT OF THE REGULATORY AND SUPERVISORY FRAMEWORK FOR THE OPERATIONS OF A MORTGAGE RE-FINANCE COMPANY (MRC)

The Management of the Central Bank of Nigeria has approved the Regulatory and Supervisory Framework for the Operations of a Mortgage Re-finance Company as an exposure draft. The framework provides for the licensing and establishment of a Mortgage Refinance Company (MRC) as a specialized second-tier institution which would provide short-term liquidity, long-term funding and/or guarantees to mortgage originators and housing finance lenders.

Please find attached a copy of the approved exposure draft of the Regulatory and Supervisory Framework for the Operations of a Mortgage Re-finance Company (MRC) for your review and comments. The document is also available on the CBN web site.

Please address all your comments, observations and suggestions to the Director, Other Financial Institutions Supervision Department, Central Bank of Nigeria, Abuja with a soft copy sent to oafabamwo@cbn.gov.ng, aadesemoye@cbn.gov.ng or oiadebowale@cbn.gov.ng within fifteen (15) days ending 31st March, 2013.

Olufemi Fabamwo
Director,
Other Financial Institutions Supervision Department
CENTRAL BANK OF NIGERIA

REGULATORY AND SUPERVISORY FRAMEWORK
FOR THE OPERATIONS OF
A MORTGAGE REFINANCE COMPANY
(MRC)

DECEMBER 2012
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I RISK WEIGHTS FOR ASSETS

II APPROVED PERSONS' REGIME QUESTIONNAIRE
1.0 PREAMBLE

The establishment of a Mortgage Refinance Company (MRC) is primarily aimed at increasing the liquidity within the mortgage sub-sector and availability of mortgage credit in Nigeria, reduce mortgage and related costs, and make residential housing more affordable. The benefits of such mortgage liquidity facilities are well documented and globally acknowledged. As a financial institution, the MRC would be under the regulatory and supervisory purview of the Central Bank of Nigeria (CBN).

This regulatory framework is therefore designed to ensure that the MRC operates in a safe and sound manner, on internationally accepted principles, standards and best practice in mortgage liquidity facilities.¹ The regulatory framework is drawn pursuant to the provisions of the Central Bank of Nigeria (CBN) Act 2007, Banks and Other Financial Institutions Act (BOFIA) CAP B3, Laws of the Federation of Nigeria (LFN) 2004, other relevant Laws, and extant CBN Guidelines and Circulars.

The Framework prescribes the basic regulatory requirements for the MRC’s principal line of business of re-financing credits to borrowers on the security of residential mortgage assets and other qualified collaterals. It also sets the capital adequacy requirements for the MRC, including its minimum paid-up capital, maximum leverage limit, and the minimum risk-weighted capital requirement. Furthermore, the framework specifies the types of collateral that a borrower can pledge for the MRC’s advances, and the discount that the MRC shall apply in determining how much it can lend against any qualified collateral. It also prescribes procedures for the management of the MRC’s interest rate risk, its permissible investments and liquidity requirements.

This framework is divided into ten parts, beginning with a preamble, which includes a statement on the major regulatory powers and duties of the CBN.

¹ Specifically, this regulatory review covered the French national mortgage liquidity, Caisse de Refinancement de l’Habitat (CRH), the Tanzania Mortgage Refinance Company, the Egyptian Mortgage Refinance Company, and the United States’ national mortgage liquidity facility, the Federal Home Loan Bank System.
with respect to the MRC’s operations. The second part discusses mortgage liquidity operations, followed by the licensing requirements for the approval-in-principle and the grant of final licence in Part 3.

The fourth part highlights the MRC’s corporate governance requirements, including the specific duties and responsibilities of its Board of Directors and senior management. The remaining six parts of the framework discuss sources of funds, rendition of returns, prudential requirements, on-site examination, reporting and off-site monitoring of the MRC and the administrative sanctions that the CBN may impose for violations of any of the specified regulatory requirements.

1.1 POWERS AND DUTIES OF THE CENTRAL BANK OF NIGERIA WITH RESPECT TO A MORTGAGE REFINANCE COMPANY

The Central Bank of Nigeria (hereinafter referred to as “the Bank”) shall have the following powers and duties with respect to the operations of the Mortgage Refinance Company:

(a) To license the MRC.

(b) To determine the MRC’s capital adequacy standards and requirements.

(c) To supervise the MRC’s business operations, which include:
   (i) Prescribing rules and conditions upon which the MRC may extend credit (“loans or advances”) to borrowers.
   (ii) Prescribing minimum liquidity requirements and permissible investments.
   (iii) Prescribing eligible mortgage assets or portfolio of eligible assets and the appropriate valuation model or methodology.
   (iv) Conducting both on-site and off-site supervision of the MRC operations.
   (v) Reviewing and approving the MRC’s Memorandum and Articles of Association (MEMART), Business Plan, Capital Plan, Credit Policy, Asset/Liability Management Policy, Financial Management Policy, and Code of Ethics and Business Conduct.
(vi) Approving the Board and Management team of the MRC in accordance with the provisions of BOFIA and the Approved Persons Regime.

(vii) Approving the appointment of the External Auditors.

(viii) Approving the annual audited accounts of the MRC before its publication and presentation at the AGM.

(IX) Approving change(s) in the MRC’s organisational structure before its implementation.

(d) To issue and enforce these regulations, and other such regulations and directives that the Bank may deem necessary, to ensure that the MRC operates in a safe and sound manner and remains healthy.

(e) Undertake such other activities as may be necessary or expedient for giving full effect to the provisions of these Regulations.
2.0 MRC OPERATIONS

2.1 DEFINITION OF MRC

A Mortgage Refinance Company (MRC): is a financial institution established to provide short-term liquidity and/or medium- to long-term funding or guarantees to housing finance lenders.

2.2 OBJECTIVES OF AN MRC

The objectives of the MRC shall be to support mortgage originators such as Primary Mortgage Banks (PMBs) and Deposit Money Banks (DMBs) to increase mortgage lending by refinancing their mortgage loan portfolios. It shall act as an intermediary between originators of mortgage loans and capital market investors who typically are looking for long-dated high quality securities.

2.3 PERMISSIBLE ACTIVITIES

The MRC shall engage in the following activities:

a. Refinancing of fully secured mortgage loans.

b. Investment in debt obligations issued or guaranteed by the Federal Government of Nigeria or any of its agencies.

c. Issuing guarantee for mortgage loans as part of its off-balance sheet engagements.

d. Issuing bonds and notes to fund its purchase of eligible mortgages.

e. Other activities as may be prescribed by the CBN from time to time.

2.4 NON-PERMISSIBLE ACTIVITIES

The MRC shall NOT engage in the following activities:

a. Grant consumer or commercial loans.

b. Acceptance of demand, savings and time deposits, or any type of deposits.

c. Real estate construction finance.

d. Estate agency or facilities management.

e. Project management for real estate development.

f. Management of pension funds/schemes.

g. All other businesses NOT expressly permitted by the CBN.
3.0 LICENSING REQUIREMENTS

The procedures and criteria to be used in granting a licence to the MRC shall be the same as specified for banks under the Banks and Other Financial Institutions Act, CAP B3, Laws of the Federation of Nigeria, 2004 (herein after referred to as “BOFIA) and any other regulations issued by the Bank.

3.1 REQUIREMENTS FOR AN APPROVAL-IN-PRINCIPLE:

Any promoter(s) seeking a licence for the operation of the MRC in Nigeria shall apply in writing to the Governor of the Central Bank of Nigeria. The application shall be accompanied with the following documents:

a. A non-refundable application fee of N100,000 [one hundred thousand Naira only] or any other amount that may be determined by the Bank from time to time payable to the Central Bank of Nigeria.

b. A detailed feasibility report containing information that shall include:
   i. The objectives and aims of the proposed MRC (including a vision & mission statement);
   ii. The need for the services of the MRC;
   iii. The branch expansion program [if any] within the first 5 years;
   iv. The proposed training programs for staff and management, as well as succession plan;
   v. A five year financial projections for the operation of the MRC indicating expected growth and profitability;
   vi. Details of the assumptions which form the basis of the financial projection;
   vii. Details of risk controls and mitigation strategies;
   viii. The organizational structure of the MRC indicating the functions and responsibilities of the top management team;
   ix. The composition of the Board of Directors and the interests represented;
   x. The conclusions based on the assumptions made in the feasibility report.

c. A copy of the draft Memorandum and Articles of Association (MEMART);

d. A list (in tabular form) showing the names of the promoters, amounts subscribed, details of the payment instrument (bank name and cheque number), their business and residential addresses and the names and addresses of their bankers;
e. Curriculum vitae of each member including other directorships held [if any];

f. Evidence of payment of the sum of N5 billion to the CBN via NIBSS, being minimum capital deposit which will be refunded with interest after the proposed institution obtains its final licence; and

g. Draft detailed manual of operations namely:

A. Credit Policy that describes the credit products that the MRC offers to its borrowers, including the terms and conditions for issuing advances, and sets forth the standards that the MRC will use to manage credit risk in these products. The Credit Policy should, at a minimum be designed to:

i. Specify the underwriting criteria to be applied in evaluating applications for advances.

ii. Specify the levels of collateralization, valuation of collateral, and the discounts that are to be applied to collateral values securing advances. These collateral requirements shall comply with the requirements of these regulations.

iii. Specify the standards and criteria for, and timing of, periodic assessments of the creditworthiness of borrowers, obligors, or other counterparties, and for the establishment of credit limits.

iv. Specify the fees to be charged for obtaining, or pre-paying, advances, including any schedules or formulas pertaining to such fees.

v. State the standards and criteria for the pricing of the MRC’s products, including differential pricing of advances.

vi. Include a Master Servicing and Refinancing Agreement that will govern the lending conditions between the MRC and its borrowers.

B. Asset/Liability Management Policy (ALM Policy) that highlights the MRC’s permissible assets and liabilities, sets the standards for managing its interest rate risk and liquidity risk, and delineates the composition, duties, and operational procedures for the MRC’s
Asset/Liability Management Committee.

C. Financial Management Policy that highlights the MRC’s financial management policies and procedures, and system of internal controls. The Policy should include, at a minimum:

i. Accounting policies and principles.

ii. Roles and responsibilities of the senior management officials responsible for financial management.

iii. Treasury operations, including cash management, vouchers, payroll and procurement.

iv. Financial record keeping and reporting.

v. Auditing and periodic testing of internal controls.

D. Code of Ethics and Business Conduct that specifies high standards for honesty, integrity, and impartiality for the MRC’s employees, officers, and directors and provides guidance on avoiding conflicts of interest, self-dealing, and other types of impropriety as specified in the BOFIA or by the Bank. Every director and officer of the MRC shall be required to sign the Code of Ethics and Business Conduct.

The application will be subjected to an appraisal which could lead to an approval-in-principle (AIP), if successful. The AIP will state conditions to be complied with for the grant of a final licence.

Following the receipt of an application with complete and satisfactory documentation, the Bank shall communicate the status of the application to the applicant within 90 days of receipt.

No proposed MRC shall incorporate/register its name with the Corporate Affairs Commission (CAC) until an Approval in Principle (AIP) has been obtained from the CBN, in writing, a copy of which shall be presented to the Corporate Affairs Commission for registration;
3.2 GENERAL CONDITIONS FOR GRANTING A FINAL LICENCE

a. The promoters of the MRC shall submit the following documents to the Bank before such company is considered for the grant of a final licence and thereafter, permitted to commence operations.

(i) Evidence of payment of a non-refundable licensing fee of N200,000² [two hundred thousand Naira only], or any other amount that may be determined by the Bank from time to time, payable to the Central Bank of Nigeria.

(ii) A copy of the shareholders’ register in which the equity interest of each shareholder is properly reflected [together with the original for sighting].

(iii) A copy of the share certificate issued to each shareholder.

(iv) Certified true copies of Form CAC 2 (Statement of Share capital and Return of Allotment), Form CAC 3 (Notice of Situation/Change of Registered Address) and Form CAC 7 (Particulars of Directors).

(v) An undertaking stating the following:

- The Board of Directors approved by the CBN has been inaugurated.
- It shall not engage in capital reduction.
- Quorum for its Board meetings shall be 2/3 of members.
- It shall not change the Board composition, external auditor or engage a management staff without the prior written approval of the CBN.
- Its directors would comply with the code of conduct for directors of other financial institutions in Nigeria.

(vi) A certified true copy (CTC) of the Memorandum and Articles of Association filed with the Corporate Affairs Commission.

(vii) A certified true copy of the certificate of incorporation of the company [together with the original for sighting purposes only].

(viii) A list of the proposed management team, attaching the personally signed and dated curriculum vitae (CV) of each person.

(ix) The proposed firm of external auditors, attaching a profile of the firm.

(x) An application for a refund of the balance of its capital deposit (where it had received 20per cent of the capital deposit post AIP or full sum where it had not), giving its bank details such as account name, account number, sort code and branch address.
(xi) Evidence of acquisition of a conducive office space and equipping of same, which shall be subject to the CBN’s inspection prior to recommendation for final licence.

3.3 CONDITIONS PRECEDENT TO COMMENCEMENT OF OPERATIONS

3.3.1 Where the company has been granted a final licence for MRC operations, it will submit the following documents prior to commencement of business:

(i) A copy of the letters of offer and acceptance of employment by the top management staff and a written confirmation that the management team approved by the CBN has been engaged.

(ii) The opening statement of affairs audited by an approved firm of accountants.

(iii) A letter to the CBN, stating the date of commencement of business.

3.3.2 The CBN may, at any time, vary or review any condition of a licence or impose additional conditions.

3.3.3 Where a licence is granted subject to conditions, the MRC shall comply with those conditions to the satisfaction of the CBN within such period as the CBN may deem appropriate in the circumstance. Any MRC that fails to comply with such conditions shall be guilty of an offence under BOFIA.

3.4 FINANCIAL REQUIREMENTS

The financial requirements which may be varied as the CBN considers necessary are as follows:

Minimum capital: - ₦5,000,000,000.00

Non-refundable application fee - ₦100,000.00

Non-refundable licensing fee - ₦200,000.00

Change of name fee - ₦50,000.00
4.0 CORPORATE GOVERNANCE REQUIREMENTS

4.1 BOARD OF DIRECTORS

4.1.1 The ultimate responsibility for every MRC’s operations shall be vested in its Board of Directors.

4.1.2 The number of directors on the board of the MRC shall be a minimum of seven [7] and a maximum of fifteen [15]. The non-executive members must be at least twice the number of the executive directors at any point in time.

4.1.3 The Bank shall approve the appointment of each director who shall meet the qualifications for licensed bank directors as specified in the BOFIA, or as may be specified by the Bank from time to time.

4.1.4 Executive directors of the MRC shall hold office for a fixed term of not more than 5 years and such term may be renewed only once, while non-executive directors shall serve for a fixed term of not more than 4 years and such term may be renewed only twice. For the avoidance of doubt, the maximum tenure of an executive director shall not exceed a total of 10 years while a non-executive director shall not serve for periods exceeding 12 years in total.

4.1.5 Any executive director who has served two 5-year terms may equally serve as Managing Director, if so appointed, for the maximum of two 5-year terms (a combined maximum of 20 years).

4.2 MINIMUM QUALIFICATIONS FOR BOARD MEMBERS

4.2.1 The following minimum qualifications and experience are mandatory for persons who may occupy the positions of Managing Director/Chief Executive or executive members of the Board.

(i) A recognized University Degree or its equivalent in any discipline or a Professional qualification in banking, finance or other related fields with at least 10 years post qualification experience in banking or related industry...

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2This provision is in harmony with CAMA and the Code of Corporate Governance.
(ii) Any person with any other qualifications or experience that may be considered adequate by the CBN can also hold any of the positions.

(iii) The appointment of the MRC’s Chief Executive Officer shall be subject to the written approval of the Bank.

4.2.2 The following minimum qualifications and experience are mandatory for persons who may occupy the positions of Non-Executive members of the Board.

(i) A recognized University Degree, its equivalent or Professional qualification with at least 5 years post qualification experience.

(ii) Any person with any other qualifications or experience that may be considered adequate by the CBN can also hold the position.

(iii) The appointment of any Non-Executive board member shall be subject to the written approval of the Bank.

4.3 FUNCTIONS OF THE BOARD OF DIRECTORS

4.3.1 The Board of Directors shall ensure that the MRC establishes and maintains an effective internal control system in line with the key components of the Committee of Sponsoring Organizations of the Treadway Commission’s Integrated Framework for Internal Control (2004) and that addresses, at a minimum, the control environment, risk assessment, control activities, information and communication, and monitoring.

4.3.2 The Board of Directors shall appoint annually a person approved by the Bank to be the MRC’s auditor. The approved auditor shall meet the qualifications and have the duties, responsibilities, and authorities of approved bank auditors as specified in the BOFIA or by the Bank.

4.3.3 The Board of Directors shall establish, document, and communicate an organizational structure for the MRC that clearly shows the lines of authority, provides for effective communication, and ensures that there are no gaps in the lines of authority.

4.3.4 The Board of Directors shall review all delegations of authority to specific personnel or committees and require that such delegations state the extent of the authority and responsibilities delegated.
4.3.5 The Board of Directors shall establish reporting requirements for senior management, including specifying the nature and frequency of the management reports it shall receive.

4.3.6 The Board of Directors shall establish board committees to assist it in the discharge of its responsibilities, including an ALM committee and an audit committee. The ALM and audit committees shall consist of at least three directors, at least one of whom shall have extensive accounting or related financial management experience. The Board of Directors shall specify the scope of the committees’ powers and responsibilities, and their structures, processes and membership requirements.

4.4 DUTIES OF DIRECTORS

4.4.1 Directors shall have the duty to:

(a) Act in good faith, in a manner they believe to be in the MRC’s best interests, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

(b) Administer the MRC’s affairs fairly and impartially and without discrimination in favour of, or against, any shareholder or borrower.

(c) Direct the MRC’s operations in conformity with the requirements set forth in these regulations and other such requirements and directives as the Bank shall issue from time to time.

(d) Review at least annually, and amend as appropriate, the following MRC’s plans and policies: Business Plan, Capital Plan, Credit Policy, ALM Policy, Financial Management Policy, and the Code of Ethics and Business Conduct.

(e) Prepare and publish the MRC’s annual report, including its audited financial statements, annually.

(f) Approve annual budgets, financial projections, and proposed pay-outs of dividends.
4.4.2 The “Approved Persons Regime” questionnaire (Annexure II) shall be completed and attached to the signed Curriculum Vitae (CV) of each significant shareholder (holding at least 5 per cent of the MRC’s equity), proposed director and top management staff.

4.5 MINIMUM QUALIFICATIONS FOR SENIOR MANAGEMENT

The following minimum qualifications and experience are mandatory for officers who may occupy senior management positions in the MRC.

(i) A recognized University Degree in any discipline, its equivalent or Professional qualification in banking, finance or other related fields with at least 7 years post qualification experience in banking or related industry.

(ii) Any person with any other qualifications or experience that may be considered adequate by the Bank can hold any of the positions within the institution.

(iii) Every MRC shall be required to obtain a written approval of the Bank for its organizational structure and top management team.

4.6 DUTIES OF SENIOR MANAGEMENT

Every MRC’s senior management shall be responsible for carrying out the directives of the Board of Directors and for conducting the day-to-day operations of the MRC in a safe and sound manner, including the establishment, implementation, and maintenance of the internal control system required by these regulations.

4.6.1 Senior management shall also:

(a) Ensure that the employees of the MRC fully understand and comply with all policies, procedures, and legal requirements applicable to their positions and responsibilities, including adherence to approved risk tolerances and mitigation strategies.

(b) Ensure that there is appropriate segregation of duties among employees and those employees are not assigned conflicting responsibilities.

(c) Ensure that employees receive necessary and appropriate information and training.
(d) Develop and implement operating procedures that translate the major business objectives, strategies, and policies established by the Board of Directors into effective operating standards.

(e) Ensure adherence to the lines of authority and responsibility established by the Board of Directors.

(f) Oversee the implementation and maintenance of management information and other operating systems.

(g) Establish and implement an effective system to track internal control weaknesses and the action taken to correct them.

(h) Monitor, and report periodically to the Board of Directors and audit committee about, the achievement of a MRC’s business objectives and effectiveness of the internal control system.

(i) Perform, at least annually, a risk assessment that identifies and evaluates all material risks, including both quantitative and qualitative risks that could adversely affect the achievement of the MRC’s business and performance objectives and compliance requirements. The risk assessment shall be in written form and shall be reviewed promptly by the Board of Directors upon its completion.
5.0 SOURCES OF FUNDS

The sources of funds for the MRC shall consist of the following:
1) Equity, paid up share capital and reserves
2) Long term loans from sponsors
3) Debentures/bonds
4) Loans from national and supra-national governments and other bodies
5) Funds from developmental partners.
6.0 RENDITION OF STATUTORY RETURNS

6.1 MONTHLY AND QUARTERLY RETURNS

In compliance with the provisions of sections [2] [b] of BOFIA the following returns shall be submitted to the CBN by the MRC:

a. Monthly Returns and attached schedules: Monthly Returns shall include statements of financial condition, income and capital compliance and leverage.

b. Monthly returns shall be submitted to the Director, Financial Policy and Regulations Department, CBN.

c. Quarterly Returns. Quarterly Returns include statements of cash flow, capital, investments, outstanding advances and commitments, outstanding liabilities, and shareholders’ stock holdings.

d. Quarterly returns shall be submitted to the Director, Financial Policy and Regulations Department (FPRD) and Director, Other Financial Institutions Supervision Department (OFISD), CBN.

e. Annual Financial Statements: Annual audited financial statements produced in accordance with International Financial Reporting Standards (IFRS) including the auditor’s management letter and a statement on the effectiveness of internal controls signed by MRC’s Board of Directors.

6.2 DEADLINE FOR SUBMISSION OF RETURNS

The MRC shall submit the required returns to the Bank within the period specified as follows or any other time as may be specified by the CBN from time to time:

a. Monthly – Not later than fourteen (14) days after the end of each month.

b. Quarterly - Not later than fourteen [14] days after the end of each quarter.

c. Annually – It shall submit and obtain a written approval of the Bank not later than four [4] months after the end of its accounting year.

6.3 DOMESTIC REPORT & AUDIT OPINION ON GOING-CONCERN STATUS

6.3.1 In accordance with Section 29(8) of BOFIA the approved auditor is to forward to the Bank, a copy of the domestic report [management letter] on
the MRC’s activities, not later than 3 months after the end of its financial year.

6.3.2 Every audited financial statement of the MRC shall contain opinion on the ability of such an institution to continue as a going concern into the foreseeable future as required by the International Auditing Guidelines No. 23 on Going Concern.

6.3.3 Any auditor that fails to comply with the requirement of this section shall be blacklisted by the Bank.

6.4 PUBLICATION OF AUDITED ACCOUNTS

In accordance with the provisions of section 27(1) BOFIA,

a. The MRC shall submit its audited financial statements and the abridged version of the accounts to the Director of Other Financial Institutions Supervision Department for approval before publication.

b. The MRC shall, subject to a written approval of the CBN, not later than 4 months after the end of its financial year:

(i) Publish its approved financial statements in a daily newspaper printed in and circulating in Nigeria and as approved by the Bank; and

(ii) Exhibit its approved audited Financial Statement in a conspicuous position in each of its offices and branches in Nigeria.

c. Every published account of the MRC shall disclose in details penalties paid as a result of contravention of the provisions of BOFIA, and provisions of any policy, circulars and guidelines in force during the financial year in question and the auditor’s report shall reflect such contravention(s).

d. A copy of the newspaper in which the approved account is published shall be forwarded to the Central Bank of Nigeria.

e. Every audited financial statement must bear the auditors’ signature, seal and certification stamp.

f. The financial statements submitted for the Bank’s approval must be accompanied with:
(i) The abridged version of the accounts;
(ii) Copies of all relevant certificates of deposit, placement and sums on call from the respective correspondent banks.

6.5 REPORT ON INTERNAL CONTROL

a. Every MRC must, as part of its audited financial statements, include a statement on the effectiveness of the internal control signed off by the Board of Directors.

b. The internal control framework adopted by the MRC should be developed in line with key components of the Committee of Sponsoring Organizations of the Treadway Commission’s Integrated Framework for Internal Control (2004) and should comprise the following areas of Internal control: control environment, risk assessment, control activities, information and communication and monitoring.

6.6 DISCLOSURE

a. The MRC must develop, implement and submit evidence of implementation of an internal control framework (this should be clearly ascertainable from its manual of operations).

b. The MRC shall make a declaration on the risks faced by the entity and the controls implemented to mitigate the identified risks as part of its directors’ report.
7.0 PRUDENTIAL REQUIREMENTS

7.1 CAPITAL ADEQUACY REQUIREMENTS

7.1.1 The MRC shall commence operations with, and maintain at all times, a minimum paid-up capital of 5.0 billion Naira, or such higher amount as the Bank may prescribe.

7.1.2 Every MRC shall maintain, at all times, a minimum ratio of core capital to total assets (leverage ratio) of not less than 5.0 per cent.

7.1.3 Core, or Tier 1, capital shall consist of paid-up capital and reserves plus retained earnings, statutory reserves, other reserves and published current earnings, less goodwill and other intangible assets and identified losses, or as otherwise defined by the Bank for licensed financial institutions.

7.1.4 The MRC shall maintain at all times a minimum ratio of qualifying capital to the value of its risk-weighted assets of not less than 10.0 per cent.

7.1.5 Asset risk weights to be used for this computation shall be those prescribed by the Bank for licensed banks.

7.1.6 Capital requirements for any of the MRC’s off-balance sheet exposures shall be computed according to the Bank’s guidelines prescribed for licensed banks.

7.2 LIQUIDITY REQUIREMENT

7.2.1 The MRC shall maintain at all times sufficient liquid assets for meeting its maturing obligations in amounts that comply with the minimum liquidity ratio as specified by the Bank for licensed banks, or as otherwise specified by the Bank.

7.2.2 Every MRC shall adopt and implement sound and prudent liquidity management and funding policies that are consistent with the liquidity requirements and principles as specified in the BOFIA for licensed banks.

7.2.3 The MRC’s liquidity policies shall be described in detail in its ALM Policy and be overseen by the Asset/Liability Management Committee.
7.2.4 The MRC’s liquidity management should include:

(a) Techniques and procedures that effectively identify, measure, monitor and manage its liquidity risk.

(b) Periodic analyses of net funding requirements under alternative scenarios.

(c) Contingent liquidity planning.

7.3 CREDIT EXTENSION AND QUALIFIED COLLATERAL

7.3.1 CREDIT EXTENSION

7.3.1.1 The MRC shall only extend credit to borrowers in good standing.

7.3.1.2 The MRC shall deem a borrower not to be in good standing if that borrower:

(a) is delinquent on his payment obligations at any time, or

(b) receives a qualified opinion on its most recent audited financial statement, or

(c) is unprofitable for four consecutive quarters, or

(d) fails to meet its capital adequacy requirements as prescribed by the Bank, or

(e) is a borrower for whom the MRC receives a written notice from the Bank expressing material concerns about the borrower’s financial condition or business operations resulting from its most recent supervisory inspection.

7.3.1.3 The MRC’s credit extensions shall be fully secured by pledged qualified collateral at all times, with each borrower providing a specific listing of otherwise unencumbered collateral that secures each advance.
7.3.1.4 A credit extension shall be deemed fully secured when the value of the pledged qualified collateral exceeds at least 125 per cent of the advanced amount.

7.3.1.5 The MRC shall not extend total outstanding credit to any single borrower which is equal to or more than twenty times the value of the borrower’s MRC shares.

7.3.1.6 The MRC, in its discretion, may require delivery of a borrower’s pledged collateral to its own custodian for safekeeping.

7.3.1.7 The MRC’s outstanding advances to a borrower shall become immediately due and payable if that borrower is unable to provide sufficient qualified collateral to support its outstanding advances.

7.3.1.8 The MRC’s advances shall be made with clearly disclosed, non-preferential terms and conditions.

7.3.2 QUALIFIED COLLATERALS

7.3.2.1 Qualified collaterals shall be limited to the following assets:

(a) First lien mortgages on owner-occupied residential properties that:

   (i) meet the uniform underwriting standards as prescribed by the Bank for all MRCs;

   (ii) are fully insured against common real property perils; and

   (iii) have not had any arrears over the past six months.

(b) Securities issued, insured or guaranteed by the Federal Republic of Nigeria or any agency thereof.

(c) Bank deposits.

(d) Other assets as specified in the MRC’s Credit Policy.
7.3.2.2 The MRC shall assess the value of the collateral that is to secure the advances before the advances are made, and at least within every six months thereafter for all outstanding advances.

7.3.2.3 Every MRC shall require borrowers to provide additional qualified collateral to compensate for any declines in the value of the pledged collateral securing their outstanding advances.

7.3.2.4 The MRC shall require borrowers to provide substitute qualified collateral if any security or residential mortgage securing an outstanding advance matures, prepays, defaults, or becomes more than 90 days delinquent.

7.4 MANAGEMENT OF INTEREST RATE RISK

7.5.1 Every MRC shall be required to match-fund its long-term advances to borrowers with obligations of similar characteristics and duration so as to maintain minimal risk exposure to fluctuations in market interest rates.

7.5 PERMISSIBLE INVESTMENTS AND RESTRICTIONS

7.5.1 The following assets shall be the only permissible MRC’s investments:

(a) Debt obligations issued, insured, or guaranteed by the Federal Republic of Nigeria or any agency thereof.

(b) Demand deposits, term deposits, or certificates of deposit in licensed banks.

(c) Deposits and reserves held at the Bank.

(d) Other investments specifically permitted by the Bank.

7.5.2 At no time, except in the first two years of the MRC’s operations, shall its permissible investments exceed 40.0 per cent of its total assets, unless otherwise stipulated by the Bank in considering the MRC’s liquidity needs and its borrowers’ demands for loanable funds.

7.5.3 At no time shall the MRC incur any foreign exchange, commodity, or equity risks, or use financial derivatives except as hedging instruments.
7.6 OTHER KNOWN LOSSES (OKL)

All assets for which the net realizable value has fallen below the historical cost shall have the difference in value recognized and charged to the income account as “other known losses”.

7.7 MAINTENANCE OF STATUTORY RESERVES

Every MRC shall maintain a reserve fund and shall out of its net profit after taxation and before any dividend is declared, transfer to the statutory reserves as follows:

a. Where the reserve fund is less than the paid-up share capital, a minimum of 30.0 per cent of the net profits; or
b. Where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 15.0 per cent of net profit;
c. No transfer to the reserve fund shall be made until all identifiable losses have been made good.

7.8 UNIFORM UNDERWRITING STANDARDS

The MRC shall uphold the underwriting standards for mortgages and commercial real estate financing as shall be jointly agreed with the Mortgage Banking Association of Nigeria (MBAN) members and other primary mortgage originators from time to time.
8.0 OTHER REGULATORY APPROVALS

8.1 APPOINTMENT OF EXTERNAL AUDITORS

a. Every MRC shall appoint a person approved by the Bank as “the approved auditor”.

b. The duties of the approved auditor shall include the issuance of a report to the shareholders on the financial statements of the MRC and such report shall contain statements as to the matters and such other information that may be prescribed from time to time by the Bank.

c. The report of the approved auditor shall be read together with the report of the directors at the annual general meeting of the shareholders of the MRC.

d. Directors of the MRC shall be subject to tenure rules and limits as stipulated by the CBN.

e. The approved auditor shall be an auditor who satisfies the following requirements:

   (i) membership of a recognized professional accountancy body in Nigeria;
   (ii) approved by the Central Bank of Nigeria;
   (iii) resident in Nigeria;
   (iv) carrying on in Nigeria a professional practice as an accountant and/or auditor.

f. No person shall be appointed as the auditor of the MRC if:

   (i) He has any interest whatsoever, in that institution
   (ii) He is a director, officer or agent of such institution
   (iii) His firm is one in which a director of the MRC has any interest as partner or director

g. Any auditor who, after appointment, is subsequently affected by section f [i-iii] shall immediately cease to continue as an auditor of the MRC.

h. If an approved auditor in the course of his duties as an auditor of a MRC is satisfied that:

   (i) There has been a contravention of the BOFIA or that an offence under any other law, guidelines, circulars, etc. has been committed by the MRC or any of its officers; or
   (ii) Losses have been incurred by the MRC which substantially reduce its capital funds; or
(iii) Any irregularity which jeopardizes the interest of creditors of the MRC or any other irregularity has occurred; or

(iv) He is unable to confirm that the claims of creditors are covered by the assets of the MRC.

He shall immediately report the matter to the Central Bank of Nigeria.

i. The approved auditor shall also forward to the CBN, a copy of his domestic report on the activities of the MRC not later than three [3] months after the end of its financial year.

j. The approved auditor shall have the right of access at all times to all books, accounts and vouchers of the MRC and shall be entitled to require from the directors, managers and officers of the MRC all information and explanations that he considers necessary for the performance of his audit.

k. If the MRC fails to appoint or fill a vacancy for an approved auditor, the CBN shall appoint a suitable person for that purpose and shall fix the remuneration to be paid by the MRC to such auditor.

l. The appointment of an approved auditor shall not be determined without a prior written approval of the CBN.

m. Any approved auditor who acts in contravention of the foregoing requirements or fails deliberately or negligently to comply with the requirements of this section shall be liable to a fine of a maximum of N500,000 or a determination of his status as an approved auditor to all financial institutions under the supervisory purview of the CBN.

n. An approved auditor shall hold office for a continuous period not exceeding 10 years.

8.2 BRANCH EXPANSION, RELOCATION/CLOSURE

a. No MRC shall open, relocate or close a branch without the prior approval in writing of the Bank.

b. Every application for the opening of a new branch shall be accompanied with the following documents:

   (i) A copy of Board resolution in support of the proposed branch

   (ii) A detailed feasibility report on the proposed branch showing the:

        • Rationale for the proposed branch.
        • Initial capital outlay for the proposed branch.
        • Projected income and expenditures for a 3-year period.
        • Proposed organisational structure of the proposed branch.
- Staffing requirements.
- Assumption for the financial projection in the report.

c. Every MRC seeking approval for the opening of a new branch must have a track record of good financial performance, regularity in the rendition of all required returns, compliance with laws, rules and regulations.

d. Every application for the closure of a branch shall be accompanied with the following:
   (i) A copy of the Board’s resolution authorizing the closure.
   (ii) Reasons for the closure with relevant evidence.
   (iii) Arrangement put in place to settle the customers of the affected branch.

8.3 CHANGES IN THE OWNERSHIP STRUCTURE

Except with the prior written consent of the Bank, no MRC shall enter into an agreement or arrangement:

a. which results in a change in the control or ownership of the MRC
b. for sale, disposal or transfer of the whole or any part of the business of the MRC
c. for the amalgamation or merger of the MRC with any other person
d. for the reconstruction of the MRC
e. to employ a management agent or to transfer its business to any such agent.
9.0 EXAMINATION, REPORTING AND OFF-SITE MONITORING

9.1 EXAMINATION

9.1.1 The MRC shall be subject to the Bank’s examinations, following the same procedures and protocols that the Bank use to examine licensed banks.

9.1.2 The MRC shall make its books and records readily available for inspection and other supervisory purposes within a reasonable period of time upon request by the Bank.

9.2 REPORTING AND OFF-SITE MONITORING

9.2.1 Every MRC shall be subject to the Bank’s off-site monitoring and shall make periodic reports in accordance with the forms, instructions and schedules specified by the Bank, including:

(a) Monthly call reports, including statements of condition, income and capital compliance and leverage.

(b) Quarterly call reports, including statements of cash flow, capital, investments, outstanding advances and commitments, outstanding liabilities, and shareholders’ stock holdings.

(c) Annual audited financial statements produced in accordance with International Financial Reporting Standards (IFRS) and including the auditor’s management letter and a statement on the effectiveness of internal controls signed by the MRC’s Board of Directors.

(d) Annual updated projections of its business plan, balance sheet, income statement, and cash flow.

9.2.2 The MRC shall submit its monthly and quarterly call reports not later than 14 days after the end of each reporting period.

9.2 The MRC shall submit its annual financial statements and financial projections not later than 4 months after the end of each accounting year.
10.0 ADMINISTRATIVE SANCTIONS AND ACTIONS

10.1 Without prejudice to the other penalties and actions prescribed by the BOFIA, the Bank may impose one or more of the following sanctions where any of the provisions of these regulations are contravened:

(a) Monetary penalties on the MRC, its directors, officers or employees found responsible for non-compliance in such amounts as may be determined by the Bank.

(b) Prohibition from declaring or paying dividends.

(c) Suspension of access to the credit facilities of the Bank.

(d) Suspension of lending and investment operations, capital expenditure, and/or debt issuance.

(e) Suspension or removal from office of the offending director, officer or employee.

(f) Disqualification from holding any position or office in any licensed bank, MRC or other financial institution in the Federal Republic of Nigeria.

(g) Revocation of licence.

10.2 The Bank may also issue cease and desist orders on the MRC, or on any director or officer, that the Bank believes is engaging in, has engaged in, or the Bank has probable cause to believe is about to engage in, an unsafe and unsound practice in conducting the MRC business, or in any conduct that violates any provision of these regulations or any other applicable laws and Bank directives.
## 11.0 PENALTIES FOR VARIOUS OFFENCES

<table>
<thead>
<tr>
<th>S/N</th>
<th>OFFENCES</th>
<th>PENALTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operating without a valid licence</td>
<td>Outright closure of the institution and prosecution of its promoters.</td>
</tr>
<tr>
<td>2</td>
<td>Engaging in activities outside the approved business.</td>
<td>A fine of ₦100,000 for each day of the default with a maximum of ₦5 million. In addition, the institution should forfeit the estimated profit</td>
</tr>
<tr>
<td>3</td>
<td>Failure to obtain the approval of the CBN for the appointment of new Directors and top management staff</td>
<td>A fine of ₦100,000 payable, by the institution, for each of the Directors or top management staff so appointed. In addition, the appointee should cease to function in that position.</td>
</tr>
<tr>
<td>4</td>
<td>Late rendition of monthly or quarterly returns</td>
<td>A fine of ₦10,000 for each day of the default</td>
</tr>
<tr>
<td>5</td>
<td>Late submission of audited annual accounts.</td>
<td>A fine of ₦300,000 for each month during which default occurs.</td>
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<tr>
<td>7</td>
<td>Failure to convene a special meeting of the Board of Directors for the presentation of an Examination Report within four weeks and failure to convey the reaction of the Directors to the CBN within two weeks of the presentation.</td>
<td>A fine of ₦200,000 for each week during which the offence continues.</td>
</tr>
<tr>
<td>8</td>
<td>Submission of false/Inaccurate information to regulators.</td>
<td>For the Institution, a fine of ₦5,000,000 For individuals, a fine of ₦100,000. All the Officers involved should be sanctioned</td>
</tr>
<tr>
<td>9</td>
<td>Failure to publish annual accounts.</td>
<td>A fine of ₦500,000 for non publication and thereafter publish in a newspaper</td>
</tr>
<tr>
<td>10</td>
<td>Failure to disclose contraventions and penalties in the audited annual accounts.</td>
<td>A fine of ₦2,500,000 for non-disclosure and thereafter publish again, disclosing the contraventions.</td>
</tr>
<tr>
<td>11</td>
<td>Failure to maintain proper books of accounts and records.</td>
<td>A fine of ₦100,000 for each Director and ₦50,000 each for the officers involved.</td>
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<tr>
<td>S/N</td>
<td>OFFENCES</td>
<td>PENALTIES</td>
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<tr>
<td>12</td>
<td>Failure to provide any information required by the CBN in the prescribed manner and as at when required.</td>
<td>In the case of the institution, a fine not more than ₦500,000. In the case of individuals, a fine not more than ₦50,000 in addition to other disciplinary action deemed necessary by the CBN.</td>
</tr>
<tr>
<td>13</td>
<td>Failure to report dismissed MRC staff to the CBN</td>
<td>A fine of ₦100,000 payable by the institution.</td>
</tr>
<tr>
<td>14</td>
<td>Failure to report fraud and forgeries to CBN</td>
<td>A fine of ₦500,000 payable by the institution.</td>
</tr>
<tr>
<td>15</td>
<td>(a) Opening or relocation of branch without the approval of the CBN.</td>
<td>A fine of ₦500,000 and the closure of such branch/cash centres.</td>
</tr>
<tr>
<td></td>
<td>(b) Closing of branch without the approval of the CBN.</td>
<td>A fine of ₦500,000 and in addition the branch should be re-opened.</td>
</tr>
<tr>
<td>16</td>
<td>Revaluation of fixed assets without CBN approval.</td>
<td>Reversal to the previous value and issuance of a warning letter.</td>
</tr>
<tr>
<td>17</td>
<td>Change in ownership, take over or amalgamation without CBN approval.</td>
<td>A fine of not less than ₦2million.</td>
</tr>
<tr>
<td>18</td>
<td>Contravention of the single obligor limit without CBN approval.</td>
<td>A fine of not less than ₦500,000 for the institution and ₦100,000 together with a warning letter for the approving officer.</td>
</tr>
<tr>
<td>19</td>
<td>Change of name without the approval of the CBN.</td>
<td>A fine of ₦500,000 and an immediate reversal to the former name.</td>
</tr>
<tr>
<td>20</td>
<td>Non-display of operating licence and the interest rate in a conspicuous location in the Head-Office/Branches.</td>
<td>A fine of ₦100,000 and the immediate display of the licence/interest rate.</td>
</tr>
<tr>
<td>21</td>
<td>Failure to implement the recommendations contained in the examination report</td>
<td>A fine of ₦5,000 for each day of the default and a warning letter to Management and Board.</td>
</tr>
<tr>
<td>22</td>
<td>Change of External Auditors without the approval of the CBN.</td>
<td>A warning letter to the Board. In addition the former External Auditor should be reinstated.</td>
</tr>
<tr>
<td>S/N</td>
<td>OFFENCES</td>
<td>PENALTIES</td>
</tr>
<tr>
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<td>--------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>23</td>
<td>Failure to report Director related credits to the CBN.</td>
<td>A fine of ₦ 500,000.00 and in addition, the appropriate officer should be sanctioned</td>
</tr>
<tr>
<td>24</td>
<td>Failure by Directors to complete the code of conduct forms.</td>
<td>Disqualification and removal of the Director from Office</td>
</tr>
<tr>
<td>25</td>
<td>Non-compliance with the code of conduct by the Directors</td>
<td>Removal of the Director from Office</td>
</tr>
<tr>
<td>26</td>
<td>Holding AGM without approved accounts</td>
<td>A fine of ₦5,000,000.</td>
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</tbody>
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CENTRAL BANK OF NIGERIA
ABUJA.
January 2013
ANNEXURE I: Risk Weights for Assets

To compute its risk-based capital requirements, MRC’s balance sheet assets and off-balance-sheet items shall be risk-weighted as shown below. Account definitions shall conform to International Financial Reporting Standards (IFRS). The value of the MRC’s total risk-weighted assets shall be the summation of the products from multiplying the value of each asset, or group of assets, times its corresponding risk weighting factor.

1. Cash and demand deposits, including:
   - Vault cash and balances at the Central Bank of Nigeria.
   - Demand deposits in commercial banks licensed by the Central Bank of Nigeria.

     **Risk weighting for these assets shall be 0 per cent.**

2. Other liquid assets and investments, including:
   - Term deposits or certificates of deposit maturing in less than 12 months in commercial banks licensed by the Central Bank of Nigeria.
   - Marketable obligations of the Federal Government of Nigeria, or any agency thereof, maturing in 36 months or less.
   - Any other investments qualifying as liquid assets under BOFIA and any relevant CBN guidelines and circulars.

     **Risk weighting for these assets shall be 20 per cent.**

3. Advances, purchased member mortgage assets and other defined investments:
   - Advances.
   - Purchased member mortgage assets.
• All other bank deposits maturing in five years or less.

• All other obligations of the Federal Government of Nigeria and any agency thereof maturing in seven years or less.

• All other deposits or investments that qualify as liquid assets under BOFIA, CBN guidelines and circulars.

  Risk weighting for these assets shall be 50 per cent.

4. The risk weighting for all other assets and items shall be 100 per cent.
ANNEXURE II

CENTRAL BANK OF NIGERIA

QUESTIONNAIRE FOR MAJOR SHAREHOLDERS AND APPOINTEES TO BOARD AND MANAGEMENT POSITION IN BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA

This questionnaire is designed to elicit information which would enable the CBN ascertain your propriety as a shareholder or member of the board/top management in the institution. You are, therefore, required to answer every question that relates to you honestly and where applicable, provide evidence to support your answer. Please note that the CBN would periodically request you to attend a performance review interview.

A. BIODATA

1. Name of Institution ........................................................................................................................................
2. Name of the appointee/major shareholder.................................................................
3. Any relationship with the institution........................................................................
4. Current employment ............................................................................................................
5. Occupation........................................................................................................................................
6. Date of Birth........................................................................................................................................
7. Place of Birth ........................................................................................................................................
8. Nationality (foreigners)............................................................................................................
9. Entry/resident permit (foreigners).........................................................................................
10. Parental history.....................................................................................................................................

B. Competence and capability

1. Give details of educational institutions attended, academic and professional qualifications obtained with dates, in a resume format.

2. Give in a resume format, your:

   a) Employment history
   b) Type(s) of business(es)
   c) Title(s) and duties attached to it
   d) Date(s) of employment
   e) Name(s) of employer(s), date(s) and place(s) of the employment(s)
   f) Reason for leaving, position attained and two referees from former employer(s).
C. Honesty, integrity, and reputation

1. Have you at any time been charged or convicted of any offence (civil/criminal) or otherwise found liable by a tribunal whether in Nigeria or elsewhere? If so, please, give details of the charge and if convicted, the date(s) of conviction(s), particulars of the offence and the penalty (ies) imposed.

2. Have you ever been required to give evidence in any trial or proceedings involving fraud, dishonesty or similar matters, whether in Nigeria or elsewhere other than as an expert witness? If yes, please give details.

3. Has any suit ever been brought against you in your personal capacity or against any body corporate, partnership, society or any other business undertaking to which you are connected as a shareholder, partner, director or manager? If yes, please give details of the circumstances and, if not pending, how it was resolved?

4. Have you ever been denied membership of any professional body or entry to any profession or vocation whether in Nigeria or elsewhere? If yes, please give details:

5. Have you ever been dismissed, requested or advised to resign or suspended from any office or employment whether in Nigeria or elsewhere? If yes, please give details:

6. Has there been any civil action in court or petition by any body against you to any regulator in pursuance of personal debts or other obligations whether in Nigeria or elsewhere? If yes, please give details:

7. Give the name(s) and address(es) of all your bankers, including the names and numbers of personal and business accounts maintained over the past six years:
8. Have you any immediate relative who holds a top management position (AGM and above) or significant shares (5% and above) in the institution to which this questionnaire relates or with any entity affiliated to it? If so, please give details:

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9. Has any loan or credit facility (or part thereof) extended to you by any financial institution/lending agency been restructured, renegotiated, provisioned against or been a subject of write-off or forgiveness for reasons of non-payment by you? If so, please, provide full details of the debts, the circumstances surrounding the action and the current status:

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10. Please list below and give details of all the societies, clubs, associations and groups (organized or unorganized) either in school or thereafter, which you are or have been a member:

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11. Have you ever been accused, convicted or been a subject of an investigation panel set up for the purpose of examination malpractice, unethical practices, money laundering or other moral misconduct? If yes, please, provide the details:

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12. Provide any other information (if any), that would be of relevance to the CBN in determining your suitability or otherwise, for the appointment/position:

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D. Financial soundness and /or solvency

You are please required to:

1. Forward to the CBN, a statement of your networth comprising assets at current values and total liabilities as at the date of appointment, which must be accompanied by a sworn affidavit.
2. Forward to the CBN, your bankers’ declaration that you are not in any way indebted to them. If you are, the outstanding amount of the debts should be stated clearly indicating the performance status of the debt (whether performing or non-performing) and if it is adequately secured or not as well as the nature and type of security(ies) offered.

3. Submit to the CBN a report from at least, two Credit Bureaus registered in Nigeria in respect of you.

4. Submit to the CBN, a copy of your tax clearance certificate for the last three years.

5. Forward to the CBN any other information that could assist it in determining your financial stability.

D. Miscellaneous

1. Is any member of your family in any relationship with the institution to which this questionnaire relates? If so, please state the nature of relationship.

2. Are you a serving Non-Executive Director? If yes, when were you first appointed?

3. Please state the number of board meetings you have attended since your appointment in the following format:

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<tr>
<th>Year</th>
<th>Number of meetings</th>
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4. What percentage of the financial institution’s shares do you directly and/or indirectly own?

5. Have you been employed by an audit firm that assigned you to work on this institution’s financial statements during the last two years? If so, please state the name of the audit firm:

   …………………………………………………………………………………………………………………………………………………

Declaration by the appointee

I…………………………………………………………………………………………………hereby declare that the answers to the above questions are true and that I am fully aware that any concealment, provision of false or
misleading information aimed at influencing the approval of my appointment will constitute a breach of Section 60 of BOFIA, 1991, as amended.

I therefore, affirm that the information supplied above (including the attachment) are to the best of my knowledge, true and where any of it is discovered to be false, I shall be disqualified from the appointment being sought and subsequent appointments by any financial institution under the purview of the CBN.

Signature of Appointee/Significant Shareholder:

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Date .........................................................................................................................................................

In the presence of (Managing Director of requesting institution):

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Date .........................................................................................................................................................