FINANCIAL STABILITY REPORT

DECEMBER 2024

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LIST OF ACRONYMS

Acronym	Description
AACB	Association of African Central Banks
ACGS	Agricultural Credit Guarantee Scheme
AEs	Advanced Economies
AMCON	Asset Management Corporation of Nigeria
AML/CFT/CPF	Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing
ASI	All Share Index
AuM	Assets under Management
BCBS	Basel Committee on Banking Supervision
BDCs	Bureaux de Change
BOA	Bank of Agriculture
BOI	Bank of Industry
BRICS	Brazil, Russia, India, China, and South Africa
BVN	Bank Verification Number
CABS	Community of African Banking Supervisors
CACS	Commercial Agriculture Credit Scheme
CAR	Capital Adequacy Ratio
CBDC	Central Bank Digital Currency
CBN	Central Bank of Nigeria
CCP	Central Counterparties
CIBN	Chartered Institute of Bankers of Nigeria
CIC	Currency in Circulation
CIS	Collective Investment Scheme
CMNBs	Commercial, Merchant and Non-interest Banks
CMOs	Capital Market Operators
COB	Currency Outside Banks
CODC	Currency Outside Depository Corporations
CPI	Consumer Price Index

Acronym	Description
CPS	Contributory Pension Scheme
CRMS	Credit Risk Management System
CRR	Cash Reserve Requirement
CSE	Crisis Simulation Exercise
CSWAMZ	College of Supervisors of the West African Monetary Zone
DAX	Deutscher Aktienindex (German stock index of 30 major German companies)
DCs	Depository Corporations
DFIs	Development Finance Institutions
DIF	Deposit Insurance Fund
D-SIBs	Domestic Systemically Important Banks
DVP	Delivery Versus Payment
EBAs	Eligible Bank Assets
ECB	European Central Bank
EGX CASE 30	Egypt Stock Exchange (Cairo and Alexandria Stock Exchange) 30 Stock Index
EMDEs	Emerging Markets and Developing Economies
ESG	Environmental, Social & Governance
ETF	Exchange Traded Funds
EVD	Ebola Virus Disease
FAO	Food and Agriculture Organisation
FATF	Financial Action Task Force
FCs	Finance Companies
FGN	Federal Government of Nigeria
FMBN	Federal Mortgage Bank of Nigeria
FPI	Foreign Portfolio Investment
FRACE	Financial Regulation Advisory Council of Experts
FSIs	Financial Soundness Indicators
FSR	Financial Stability Report

Acronym	Description
FSRCC	Financial Services Regulation Co-ordinating Committee
GCMX	Gezawa Commodity Market and Exchange Limited
GDP	Gross Domestic Product
GIABA	Inter-Governmental Action Group Against Money Laundering in West Africa
GSE	Ghanaian Stock Exchange
GSI	Global Standing Instruction
HHI	Herfindahl-Hirschman Index
I&E	Investor & Exporter
ICAAP	Internal Capital Adequacy Assessment Process
ICE	Intercontinental Exchange
ICFA	Implied Cash Flow Analysis
IFOs	Illegal Fund Operators
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRRBB	Interest Rate Risk in the Banking Book
KOB	Knowledge of Business
KYC	Know Your Customer
LCFE	Lagos Commodities and Futures Exchange
LDR	Loan-Deposit Ratio
LR	Liquidity Ratio
M1	Narrow Money Supply
M2	Broad Money Supply
M3	M2 plus CBN Bills held by the money-holding sectors
MC	Market Capitalization
MENA	Middle East and North African Countries
MFBs	Microfinance Banks
MHSs	Money Holding Sectors
MICEX	Moscow Interbank Currency Exchange

Acronym	Description
MMOs	Mobile Money Operators
MoUs	Memoranda of Understanding
MPR	Monetary Policy Rate
MSMEs	Micro, Small and Medium Enterprises
MTDS	Medium-Term Debt Strategy
NAICOM	National Insurance Commission
NAPGEP	National Peer Group Educator Programme
NASD	National Association of Securities Dealers
NAV	Net Asset Value
NBS	National Bureau of Statistics
NCR	National Collateral Registry
NDA	Net Domestic Assets
NDIC	Nigeria Deposit Insurance Corporation
NDPR	Nigerian Data Protection Regulation
NEXIM	Nigerian Export-Import Bank
NFA	Net Foreign Assets
NFIU	Nigerian Financial Intelligence Unit
NGX	Nigerian Exchange Limited
NIBSS	Nigeria Inter-Bank Settlement System
NICPAS	Nigeria Cheque Printers' Accreditation Scheme
NIDIF	Non-Interest Deposit Insurance Fund
NIMC	National Identity Management Commission
NIN	National Identity Number
NMRC	Nigeria Mortgage Re-finance Company Plc
NPLs	Non-Performing Loans
NSBPs	Nigeria Sustainable Banking Principles
NSE 20	Nairobi Stock Exchange 20-Share Index
NSE ASI	Nigerian Stock Exchange All-Share Index
NTBs	Nigerian Treasury Bills

Acronym	Description
NYSC	National Youth Service Corps
OAGF	Office of the Accountant General of the Federation
OBB	Open Buy Back
ODCs	Other Depository Corporations
OFIs	Other Financial Institutions
OPEC	Organisation of Petroleum Exporting Countries
OPEC+	OPEC Members plus 10 other oil-producing countries
ORB	OPEC Reference Basket
OTC	Over-the-Counter
PAIF	Power and Aviation Infrastructure Fund
PAR	Portfolio-At-Risk
PCX	Prime Commodity Exchange
PENCOM	National Pension Commission of Nigeria
PFAs	Pension Fund Administrators
PFCs	Pension Fund Custodians
PMBs	Primary Mortgage Banks
PoS	Point of Sale
PSBs	Payment Service Banks
PSDIF	Payment Service Deposit Insurance Fund
PSPs	Payments System Providers
PSV 2025	Payments System Vision 2025
QR	Quick Response
RAS	Risk Assessment Summary
RBS	Risk-Based Supervision
RCAR	Root Cause Analysis Report
RCMMP	Revised Capital Market Master Plan
ROA	Return on Assets
ROE	Return on Equity
RRPs	Recovery and Resolution Plans

Acronym	Description
RTGS	Real-Time Gross Settlement
S&P/FMDQ	Standards and Poor's Financial Market Dealers Quotations
S&P/TSX	Standards and Poor's Composite Index of the Toronto Stock Exchange
SANEF	Shared Agent Network Expansion Facilities
SCV	Single Customer View
SDRs	Special Drawing Rights
SEC	Securities and Exchange Commission
SIF	Securities Issuers Forum
SMEs	Small and Medium Enterprises
SRE	Supervisory Review and Evaluation
SSA	Sub-Saharan Africa
TIN	Tax Identification Number
WAMZ	West African Monetary Zone
WEO	World Economic Outlook
WTI	West Texas Intermediate

GOVERNOR'S STATEMENT

The Financial Stability Report highlights developments in the Nigerian financial system, in the light of geopolitical tensions, global and domestic macroeconomic headwinds that impact on financial system stability. The Report captures the multi-pronged measures undertaken by the Central Bank of Nigeria to sustain financial stability and support inclusive economic growth.

The ability of central banks in the preceding year to meet their core function of price stability was negatively impacted by global inflationary pressure. However, inflationary pressure moderated in response to sustained contractionary monetary policy, lower commodity prices, and slower wage growth, while global output remained stable at about 3.3 per cent.

In Nigeria, output rose by 0.57 percentage point to 3.65 per cent, compared with 3.08 per cent in the first half of the year, despite persistent inflation. The growth in Nigeria was spurred by the deliberate efforts of the Bank to encourage credit flows to the key sectors of the economy, which stood at ₦59.22 trillion at end-December 2024.

Notwithstanding global and domestic headwinds in the macroeconomic space, the Bank continued to promote price stability, implement regulatory and supervisory measures, as well as sustain market development initiatives, such as banking-sector recapitalisation, foreign exchange market reforms, among others. The outcomes of these actions were reflected in the resilience and stability of the financial system.

The 2025 domestic outlook for Nigeria remains optimistic. Given increased production by the indigenous petroleum refineries, fiscal savings from subsidy removal, foreign exchange reforms and innovative payment system initiatives, the stability of the financial system is expected to be sustained. In addition, increased collaboration with the fiscal authorities and other financial system regulators will further promote a safe, stable, and sound financial system in Nigeria.

Olayemi Michael Cardoso
Governor, Central Bank of Nigeria

FOREWORD

The global financial system showed mixed results due mainly to a combination of factors, including geopolitical and trade frictions, commodity price volatility, higher debt levels and disruptive technologies. The bond markets experienced divergent yields, shaped by the different monetary policy stance across many AEs and EMDEs. In the stock markets, performances were largely bullish, driven by decelerating inflationary pressures and expectations of policy normalisation.

In Nigeria, the stable exchange rate in the second half of 2024, coupled with the attractive yields in the bond and equity markets resulted in a generally bullish financial market. Despite the elevated inflation levels, the markets were broadly stable and attractive to both domestic and foreign investors. Financial Soundness Indicators for the banking system revealed a healthy banking industry, with capacity to support the real sector. Furthermore, regulatory oversight was focused on ensuring that banks shore up capital to sustain resilience and soundness in the banking system.

Although global geo-political and macroeconomic shocks continue to threaten stability, the Bank remains confident that its regulatory policy toolkit will remain effective in maintaining safety and soundness of the financial system. In addition, sustained collaboration with other financial sector regulators and the fiscal authority, will promote confidence and stability in the market.

The December 2024 edition of the FSR is structured into nine sections. Section one considers developments in the global and domestic economies, while section two outlines developments in the financial system. Sections three and four highlight regulatory and supervisory issues as well as developments in the payments system. Sections five, six and seven focus on major activities in the deposit insurance schemes, pension and insurance subsectors, respectively. Sections eight and nine discuss the key risks and the outlook for financial stability, respectively.

Philip Ikeazor
Deputy Governor, Financial System Stability

EXECUTIVE SUMMARY

Global economic growth remained steady at 3.3 per cent in 2024, unchanged from the 2023 level, supported by resilient labour markets and easing inflation in major economies. However, growth was uneven across regions, as output in Advanced Economies held firm at 1.7 per cent, while output growth in Emerging Market and Developing Economies moderated to 4.2 per cent, reflecting slower activity in China and India. Sub-Saharan Africa recorded output growth of 3.8 per cent in 2024, driven by a recovery in services and improved supply chain efficiency. Global financial conditions improved, aided by the expected monetary policy easing and receding near-term financial stability risks.

Global inflation eased to 5.7 per cent in 2024 from 6.7 per cent in 2023, with price pressures declining in both Advanced and Emerging Economies to 2.6 per cent and 6.7 per cent, respectively. However, inflation in Sub-Saharan Africa rose slightly to 18.3 per cent, driven by higher energy costs and currency depreciations, which continued to undermine the efforts of central banks to anchor inflation expectations and maintain financial stability.

On the domestic scene, the Nigerian economy grew by 3.65 per cent in real terms in the second half of 2024, from 3.08 per cent in the first half, buoyed mainly by the non-oil sector. The services sector contributed 2.90 percentage points, followed by agriculture and industry sectors. Oil sector growth moderated but remained positive. Headline inflation rose marginally to 34.80 per cent at end-December 2024, compared with 34.19 per cent at end-June 2024, reflecting elevated energy prices and exchange rate pass-through. In response, the Central Bank of Nigeria maintained a tight monetary policy stance.

The Nigerian financial system remained sound and resilient. In particular, the banking industry showed improved financial soundness indicators, with banking stress test results confirming adequate solvency and liquidity buffers. Regulatory oversight was intensified while macroprudential measures were strengthened to maintain stability. In furtherance of banking sector reforms, the Bank sustained implementation of the recapitalisation policy, which mandates new minimum capital requirements by March 2026, while efforts to improve financial inclusion and strengthen digital finance infrastructure continued.

The Nigerian payments system sustained growth, marked by rising BVN enrolment and increased activity in e-payment channels. The number of licensed Payment Service Providers (PSPs) increased further, enhancing access to financial services. In the foreign exchange market, the Naira depreciated moderately during the review period. However, external reserves rose to US$40.19 billion by end-December 2024, reflecting increased oil-related inflows and investor confidence in the reform measures.

To further bolster public confidence, the Nigeria Deposit Insurance Corporation (NDIC) maintained enhanced deposit insurance coverage. The pension industry recorded growth in membership and asset-to-GDP ratio, while the insurance sector recorded significant growth as the ratio of insurance assets to GDP improved to 1.78 per cent, reflecting gradual progress in deepening insurance penetration. In addition, the insurance industry capital adequacy ratio remained above the regulatory threshold, indicating strong solvency.

Capital market activity remained positive, with the equities market sustaining gains, supported by recapitalisation-related listings and robust investor interest. The NGX All-

Share Index and market capitalisation rose by 2.87 per cent and 10.89 per cent, respectively, in the second half of 2024. Domestic participation remained dominant, while foreign portfolio flows remained positive. Conversely, the debt market witnessed a decline in new issuances and market capitalisation, particularly for FGN bonds and Eurobonds.

Key risks to financial system stability included high inflation, operational and cybersecurity risks. Nevertheless, the financial system outlook remained positive, underpinned by proactive regulatory oversight and reform momentum. The Bank and other financial system regulatory authorities, in partnership with the fiscal authority, remain committed to implementing robust risk mitigation frameworks to preserve financial stability in Nigeria.

1. ECONOMIC AND FINANCIAL DEVELOPMENTS

1.1 Output Growth

1.1.1 Global Output Growth

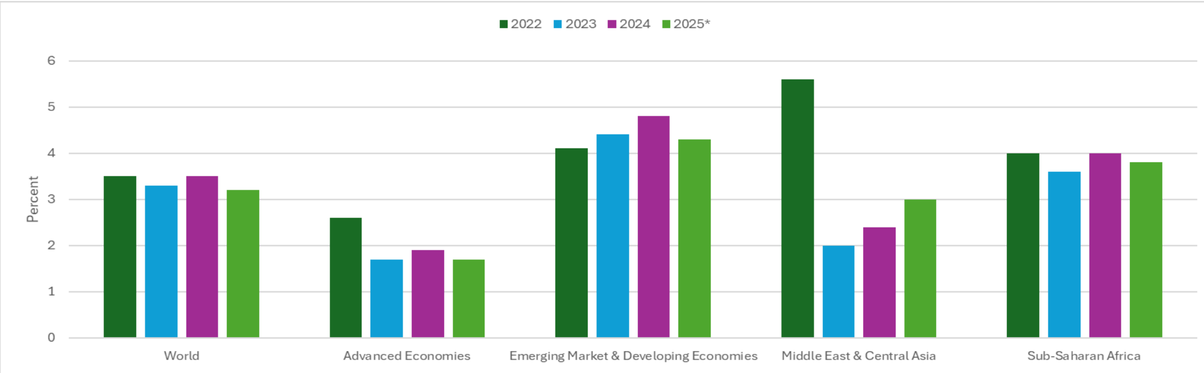
Global growth remained steady at 3.3 per cent in 2024, as resilient labour markets and easing inflationary pressures largely offset rising trade tensions and persistent structural constraints. However, this stability masks divergent growth trends across regions (IMF, WEO April 2025).

Output growth in Advanced Economies (AEs) remained unchanged at 1.7 per cent in 2024, supported by positive wealth effects, easing monetary policy, and favourable financial conditions, particularly in the United States. By contrast, growth in Emerging Market and Developing Economies (EMDEs) fell slightly to 4.3 per cent in 2024, from 4.7 per cent in 2023, reflecting declines in China and India. In China, economic activity slowed, owing to the weak rebound of the property sector and subdued consumer sentiment. Similarly, India experienced a deceleration, driven largely by a slowdown in industrial production.

In the euro area, growth remained sluggish, constrained by continued weakness in manufacturing and goods exports, particularly in Germany, despite a modest rebound in household consumption.

In Sub-Saharan Africa (SSA), output growth rose to 3.8 per cent in 2024, from 3.6 per cent in 2023, supported by expansion in the services sector, gradual resolution of supply bottlenecks, and favourable weather conditions.

Figure 1.1 Global Output Growth



Source: IMF World Economic Outlook Update, July 2024

Table 1.1: Global Output Growth

	2020	2021	2022	2023	2024	2025*
World	-3.1	6.3	3.5	3.3	3.2	3.3
Advanced Economies	-4.5	5.4	2.6	1.7	1.7	1.9
United States	-3.4	5.9	1.9	2.9	2.8	2.7
Euro Area	-6.4	5.3	3.4	0.4	0.8	1.0
Japan	-4.5	2.2	1.0	1.5	-0.2	1.1
United Kingdom	-9.4	7.6	4.3	0.3	0.9	1.6
Canada	-5.2	5.0	3.8	1.5	1.3	2.0
Emerging Market & Developing Economies	-2.0	6.8	4.1	4.4	4.2	4.2

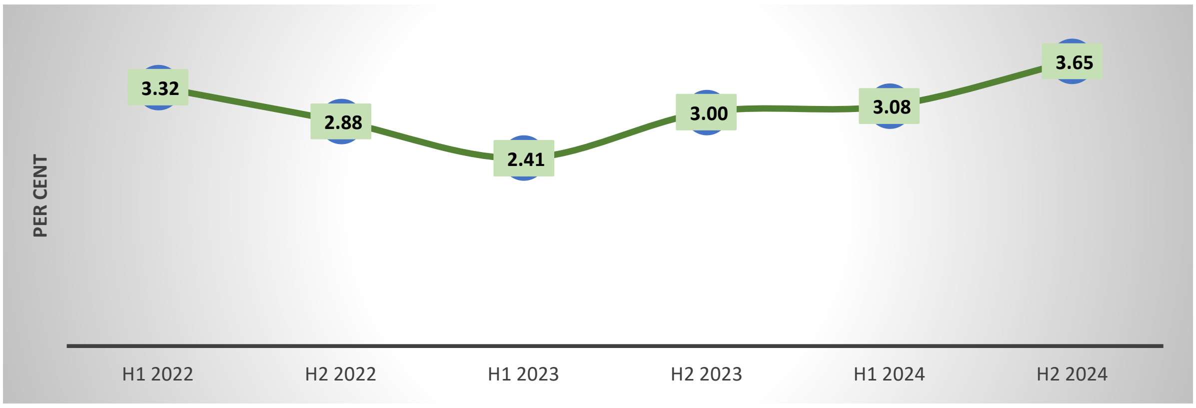
China	2.3	8.4	3.0	5.2	4.8	4.6
Middle East & Central Asia	-3.2	4	5.6	2.0	2.4	3.6
Sub-Saharan Africa	-1.7	4.7	4.0	3.6	3.8	4.2
Nigeria	-1.8	3	3.3	2.9	3.4	3.2

*Source: IMF WEO January 2025 *IMF Projections*

1.1.2 Domestic Output Growth

The domestic economy sustained its positive trajectory in the second half of 2024. Real output grew by 3.65 per cent in the second half of 2024, compared with 3.08 per cent in the first half.

Figure 1.2 Gross Domestic Product (Growth %)



Source: National Bureau of Statistics

The non-oil sector remained the main driver of growth, contributing 3.49 percentage points, while the oil sector contributed 0.16 percentage point. The growth in the non-oil sector was due to the improved performance of the services sector. Oil GDP expanded by 3.32 per cent compared with 7.92 per cent in the preceding half year. The expansion in the oil sector was largely attributed to enhanced surveillance at critical production terminals, which boosted oil production by 6.39 per cent to 1.38 million barrels per day (mbpd) during the review period.

Table 1.2: Crude Oil Production

H1 2024	Daily Average	H2 2024	Daily Average
January	1,426,574	**July**	1,306,657
February	1,322,208	**August**	1,351,689
March	1,230,518	**September**	1,324,293
April	1,281,478	**October**	1,333,322
May	1,251,494	**November**	1,485,656
June	1,276,159	**December**	1,484,585
AVERAGE	**1,298,072**	**AVERAGE**	**1,381,034**

Source: Nigerian Upstream Petroleum Regulatory Commission (NUPRC)

An analysis of sectoral contribution to real GDP growth indicated that the services sector contributed 2.90 percentage points, relative to the 2.34 percentage points in the preceding half year. The sustained performance of the services sector was driven largely by growth in the ICT sub-sector, which was primarily propelled by the continuous adoption of remote work and virtual collaboration tools, underscoring the robust growth of the digital ecosystem.

The agricultural sector contributed 0.40 percentage point to real GDP growth, higher than 0.18 percentage point in the preceding half year. The contribution was largely driven by growth in crop production, spurred by improved crop yield and reduced post-harvest losses. The industry sector recorded a contribution of 0.35 percentage point, compared with 0.56 percentage point, in the preceding half year. (Tables 1.2 & 1.3).

Table 1.3: Sectoral Contributions to Real GDP Growth

Sector	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024
Agriculture	**0.42**	**0.66**	**0.41**	**0.68**	**0.50**	**0.48**	**0.07**	**0.47**	**0.18**	**0.40**
Of which: Crop Production	0.37	0.63	0.38	0.68	0.45	0.48	0.38	0.48	0.34	0.39
Industry	**-1.17**	**-1.42**	**-0.02**	**-0.17**	**-1.05**	**-0.87**	**-0.15**	**0.37**	**0.56**	**0.35**
Of which: Oil	-0.07	-1.40	-0.66	-0.69	-1.64	-1.17	-0.56	0.24	0.44	0.17
Manufacturing	**-0.38**	**-0.13**	**0.32**	**0.29**	**0.42**	**0.04**	**0.18**	**0.08**	**0.13**	**0.11**
Services	**-1.43**	**-0.94**	**2.31**	**3.50**	**3.87**	**3.30**	**2.49**	**2.16**	**2.34**	**2.90**
Of which: Finance & Insurance	**0.63**	**-0.02**	**-0.06**	**0.68**	**0.78**	**0.41**	**1.05**	**1.08**	**1.59**	**1.36**
ICT	**1.62**	**1.81**	**0.95**	**1.02**	**1.49**	**1.54**	**1.63**	**1.03**	**0.91**	**0.97**
Real GDP Growth	**-2.18**	**-1.70**	**2.70**	**4.01**	**3.32**	**2.91**	**2.41**	**3.00**	**3.08**	**3.65**

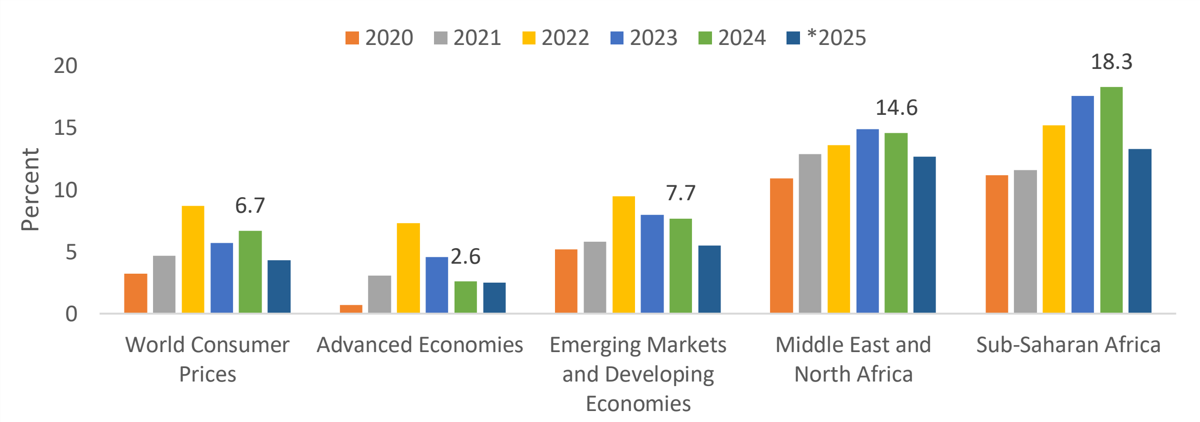
Source: National Bureau of Statistics

1.2 Inflation

1.2.1 Global Inflation

Global inflation eased to 5.7 per cent in 2024, from 6.7 per cent in 2023, reflecting continued impact of tight monetary policy, lower commodity prices, and slower wage growth. Inflation in AEs fell to 2.6 per cent in 2024 from 4.7 per cent in 2023, driven largely by the easing of inflationary pressures in the United States. In EMDEs, inflation moderated to 5.5 per cent in 2024, from 8.1 per cent in 2023, propelled largely by tight monetary conditions, lower energy costs, and broad-based cooling of core inflation. However, in SSA inflation remained elevated at 18.3 per cent in 2024 from 17.6 per cent in 2023, primarily driven by high energy prices and currency depreciation across several economies.

Figure 1.3 Global Inflation



*Source: WEO Update, April 2025 *IMF Projection*

Table 1.4: Global Inflation

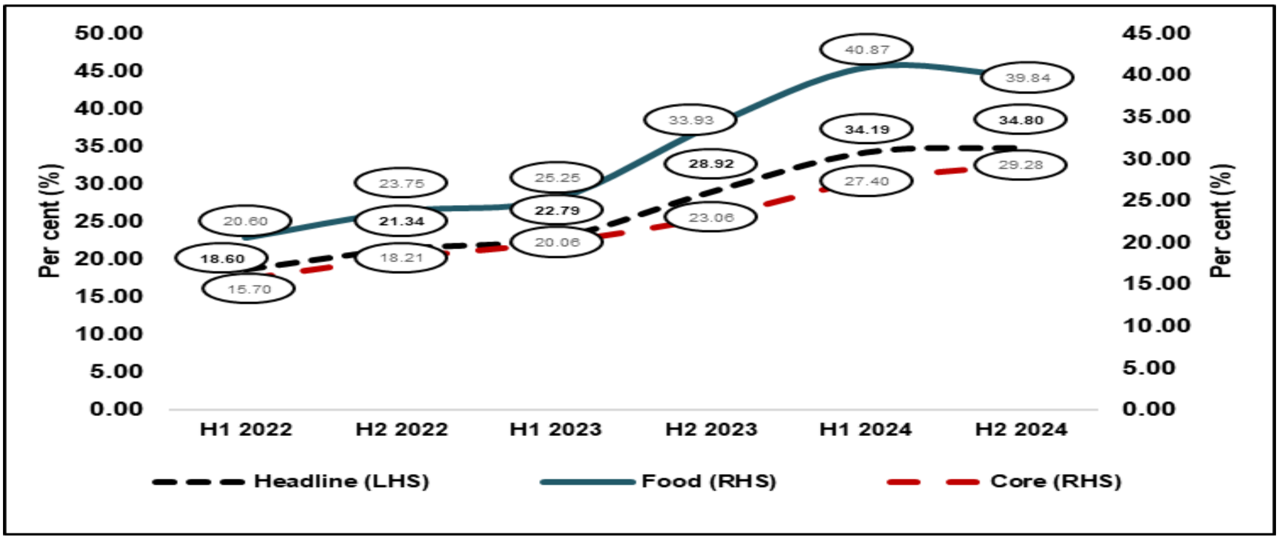
	2020	2021	2022	2023	2024	*2025
World Consumer Prices	**3.25**	**4.7**	**8.7**	**5.7**	**6.7**	**4.3**
Advanced Economies	**0.7**	**3.1**	**7.3**	**4.6**	**2.6**	**2.5**
United States	1.3	4.7	8.0	4.1	3.0	3.0
Euro Area	0.3	2.6	8.4	5.4	2.4	2.1
Japan	0	–0.2	2.5	3.3	2.7	2.4
United Kingdom	0.9	2.6	9.1	7.3	2.5	3.1
Emerging Market and Developing Economies	**5.2**	**5.8**	**9.5**	**8.0**	**7.7**	**5.5**
Middle East and North Africa	**10.9**	**12.9**	**13.6**	**14.9**	**14.6**	**12.7**
Sub-Saharan Africa	**11.2**	**11.6**	**15.2**	**17.6**	**18.3**	**13.3**

*Source: IMF WEO April 2025 *IMF Projection*

1.2.2 Domestic Inflation

Inflation remained elevated in the second half of 2024, mainly driven by non-food components of the Consumer Price Index (CPI) basket. Headline inflation (year-on-year) rose to 34.80 per cent at end-December 2024, from 34.19 per cent at end-June 2024. The drivers were the residual impact of Premium Motor Spirit (PMS) subsidy removal and exchange rate depreciation, exacerbated by persistent structural factors and inflation expectations.

Figure 1.4 Inflationary Trends



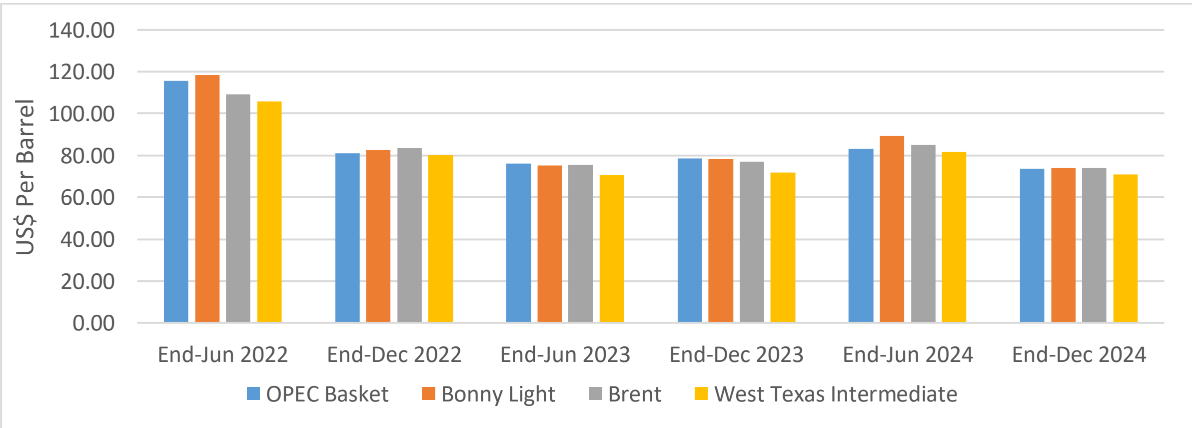
Source: National Bureau of Statistics

Food inflation (year-on-year) moderated to 39.84 per cent, from 40.87 per cent in the first half of 2024. However, core inflation rose to 29.28 per cent, compared with 27.40 per cent in the preceding half, due to high costs of manufacturing inputs.

1.3 Oil Prices

Oil prices fell to US$73.60 from US$83.20 per barrel at end-June 2024. Similarly, Bonny Light, Brent, and WTI prices declined by 17.25 per cent, 12.82 per cent and 13.13 per cent to US$73.90, US$74.10 and US$70.80 per barrel, from US$89.30, US$85.00 and US$81.50 per barrel at end-June 2024, respectively. These movements reflected the impact of weakening global demand, increased production by OPEC+ and price adjustment by Saudi Arabia.

Figure 1.5: Oil Prices (US$ per barrel)



Source: OPEC Monthly Oil Market Report

Note: Brent is North Sea Dated

Table 1.5: Oil Prices (US$ Per Barrel)

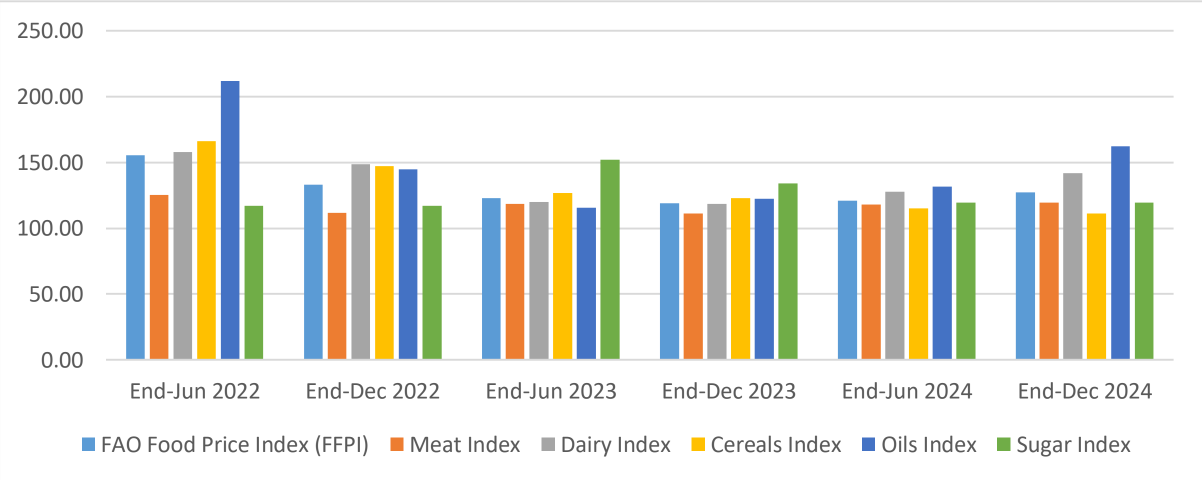
Selected Price Benchmarks	2022 Jun	2022 Dec	2023 Jun	2023 Dec	2024 Jun	2024 Dec
OPEC Basket	115.61	81.14	76.14	78.44	83.22	73.58
Bonny Light	118.60	82.58	75.16	78.19	89.31	73.94
UK Brent	109.03	83.33	75.41	77.15	85.00	74.07
West Texas Intermediate	105.76	80.00	70.64	71.77	81.54	70.85

Source: Reuters

1.4 Food Prices

The Food and Agriculture Organization (FAO) food price index rose by 6.4 points to 127.4 index points, up from 121.0 index points in June 2024. During the review period, all sub-indices, except cereals and sugar, posted gains.

Figure 1.6: FAO Food Price Index



Source: FAO

Table 1.6: FAO Food Price Index

	End-Jun 2020	End-Dec 2020	End-Jun 2021	End-Dec 2021	End-Jun 2022	End-Dec 2022	End-Jun 2023	End-Dec 2023	End-Jun 2024	End-Dec 2024
FAO Food Price Index (FFPI)	93.14	108.46	125.36	133.72	155.66	133.10	123.01	119.07	120.99	127.41
Meat Index	94.47	94.65	110.87	110.52	125.43	111.93	118.63	111.15	118.08	119.58
Dairy Index	98.30	108.70	120.07	130.39	158.16	148.58	119.88	118.69	127.86	141.91
Cereals Index	97.31	116.39	130.31	140.49	166.34	147.25	126.60	122.80	115.17	111.38
Oils Index	86.61	131.20	157.68	178.51	211.80	144.60	115.79	122.30	131.81	162.08
Sugar Index	74.94	87.14	107.73	116.43	117.28	117.18	152.16	134.23	119.36	119.29

Source: FAO

1.5 International Stock Markets

Globally, stock markets were bullish in the second half of 2024, driven largely by strong corporate earnings, decelerating inflationary pressures and expectations of policy normalisation (Appendix 1). African and Asian stock markets were bullish while European and North American stock markets' performance were mixed. The Nigerian stock market sustained its bullish trend as indicated by the performance of the equities, bonds, and exchange-traded products segments.

Regional performances of stock markets are reflected in the charts below.

Figure 1.7 Indices of African Stock Markets

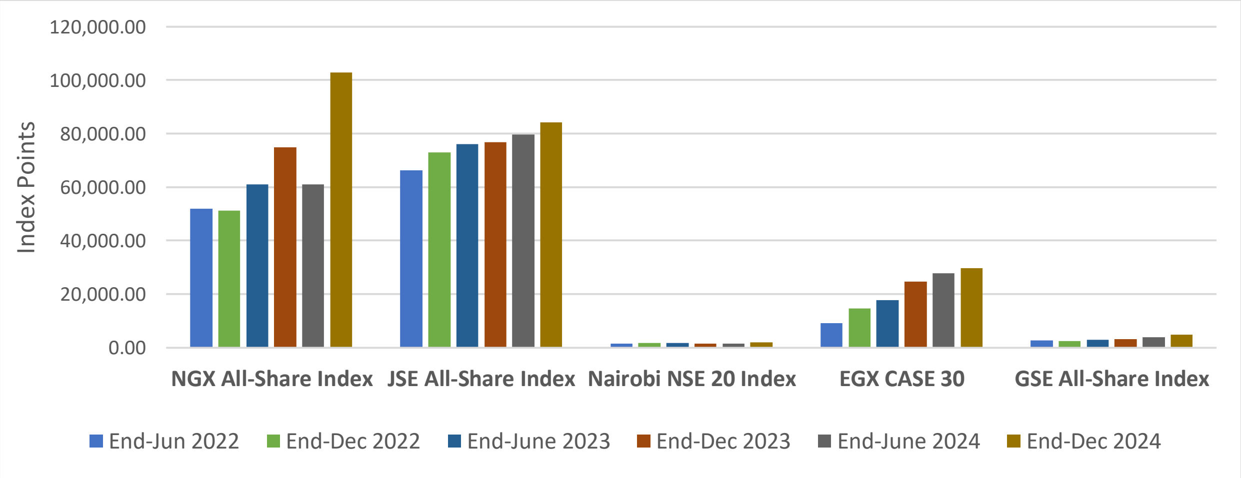
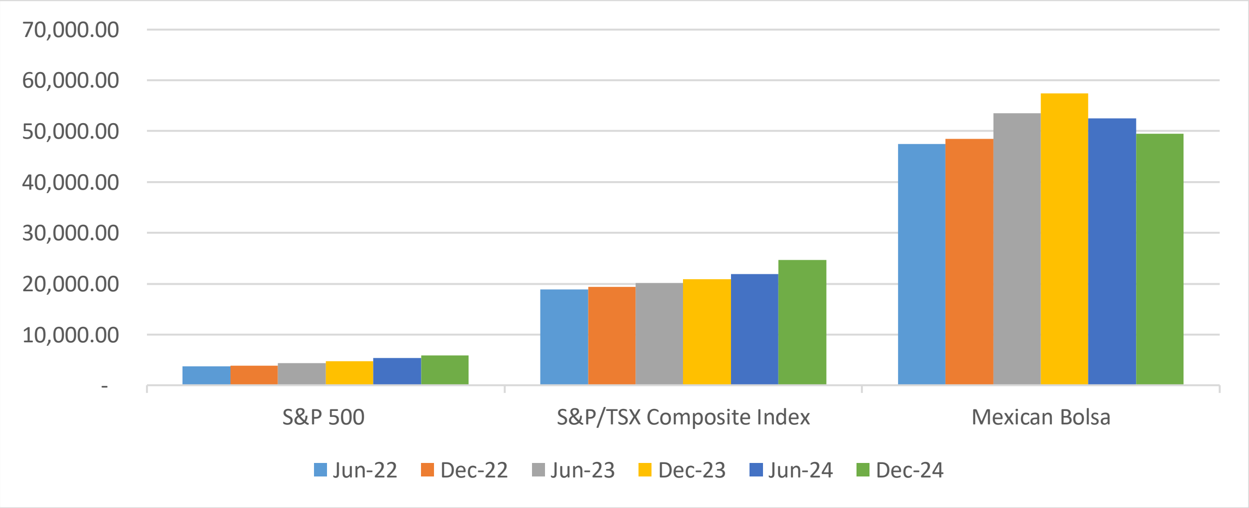


Figure 1.8 Indices of North American Stock Markets



Source: Bloomberg

Figure 1.9 Indices of South American Stock Markets

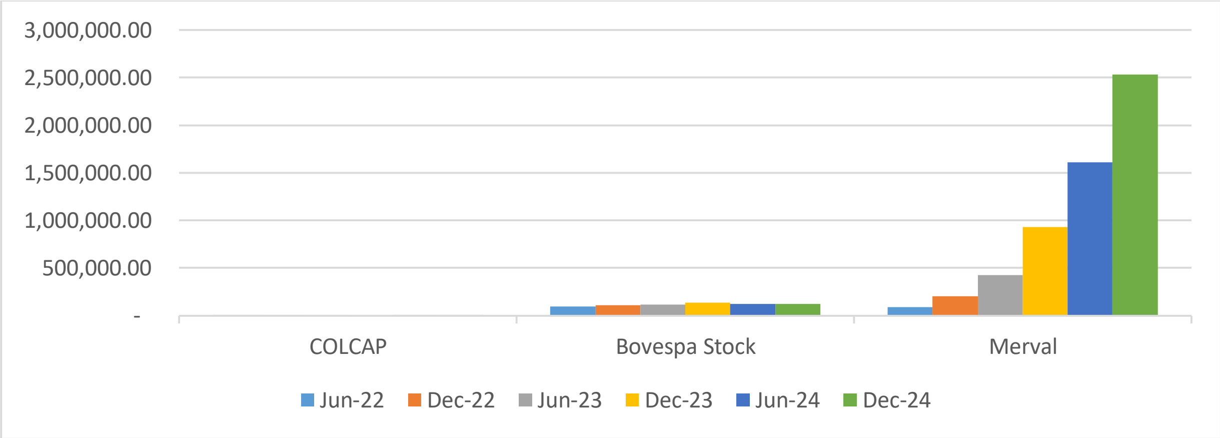
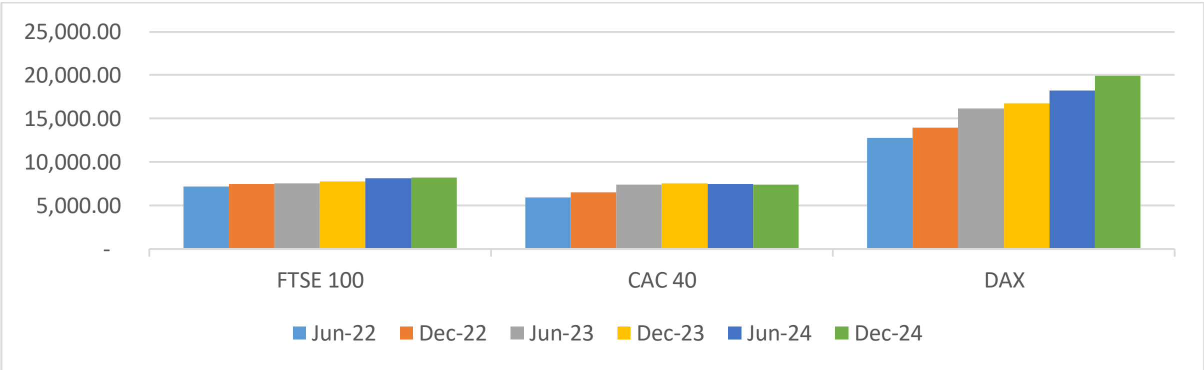
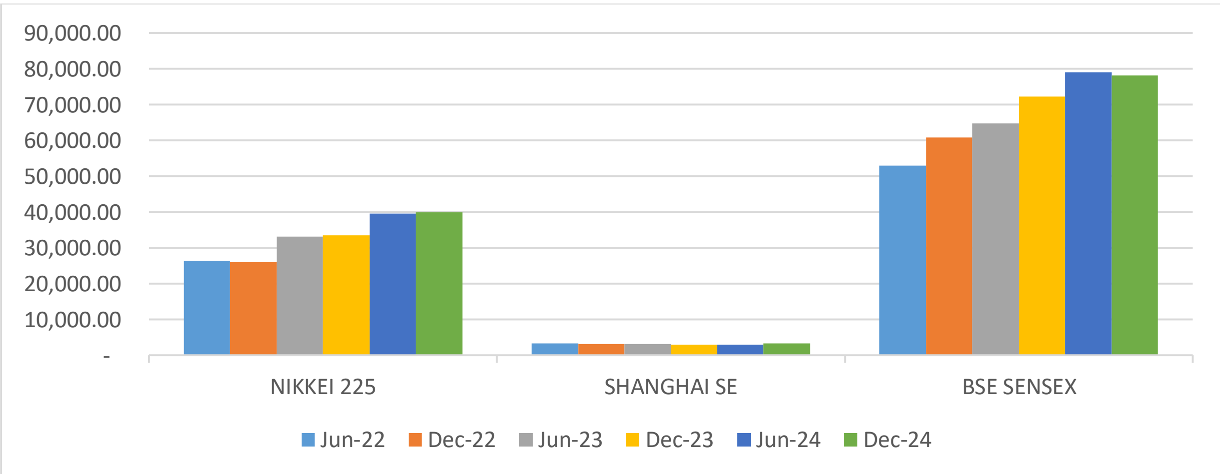


Figure 1.10 Indices of European Stock Markets



Source: Bloomberg

Figure 1.11 Indices of Asian Stock Markets



Source: Bloomberg

1.6 Foreign Exchange Markets

Major currencies across Africa, North America, South America and Europe depreciated against the US dollar. In Europe, the Russian Ruble posted the steepest slide, weakening by approximately 24.27 per cent. This was primarily driven by monetary policy uncertainty, following indications from the Central Bank of Russia of a possible withdrawal of support measures for the currency.

In Asia, the Chinese Renminbi continued to face downward pressure, largely owing to a widening interest rate differential between China and the United States, as the People's Bank of China maintained an accommodative stance to stimulate domestic growth. The depreciation was further reinforced by weak external demand, limited capital account liberalisation, and rising concerns over structural vulnerabilities.

In Africa, the Egyptian Pound depreciated by 5.52 per cent to EGP50.84/US$ at end-December 2024, due to persistent foreign exchange shortages and elevated external debt servicing costs. Similarly, the Nigerian Naira depreciated marginally by 1.73 per cent to N1,535.82/US$ at end-December 2024, indicating underlying foreign exchange supply-demand imbalances. However, exchange rate unification and liberalisation reforms in Nigeria continued to strengthen price discovery mechanisms, improve transparency and market efficiency (Appendix 2).

1.7 Monetary Policy Rates

Monetary policy stances varied across countries during the review period, reflecting divergent macroeconomic conditions and policy priorities. In advanced economies, most central banks including the European Central Bank (ECB), Bank of England (BoE), US Federal Reserve (Fed), and Bank of Canada (BoC) adopted an accommodative stance by reducing policy rates to support economic activity. Among the BRICS economies, China and South Africa eased monetary conditions through rate cuts, while Brazil and Russia implemented rate hikes in response to inflationary pressures. India, however, maintained a neutral stance with an unchanged policy rate. In other emerging markets and South American economies, including Mexico, Chile, and Colombia, central banks reduced policy rates to stimulate growth. In contrast, monetary authorities in Nigeria raised rates to rein in inflation, whereas Ghana implemented a rate cut over the same period. On the other hand, Egypt's policy rate remained unchanged during the period. (Appendix 3).

1.8 External Reserves

The gross external reserves increased by 15.62 per cent to US$40.19 billion, from US$34.76 billion at end-June 2024, representing 14.1 months of import cover. Analysis showed that 79.48 per cent of the reserves were held in US dollars, 10.31 per cent in Special Drawing Rights (SDRs), 8.14 per cent in Renminbi and 2.07 per cent in other currencies compared with 76.65, 12.16, 9.34 and 1.85 per cent, respectively, in the preceding period.

Total inflows rose by 42.34 per cent to US$23.60 billion, from US$16.58 billion in the first half of 2024. This was driven largely by an increase in crude oil-related taxes, royalties and third-party receipts. Similarly, total outflow increased by 19.02 per cent to US$17.52 billion, from US$14.72 billion in the first half of the year, driven largely by increases in foreign exchange (FX) swap payments and third-party payments. Consequently, net flows rose significantly by 226.88 per cent to US$6.08 billion from US$1.86 billion at end-June 2024.

Figure 1.12 External Reserves (US$ Billion)

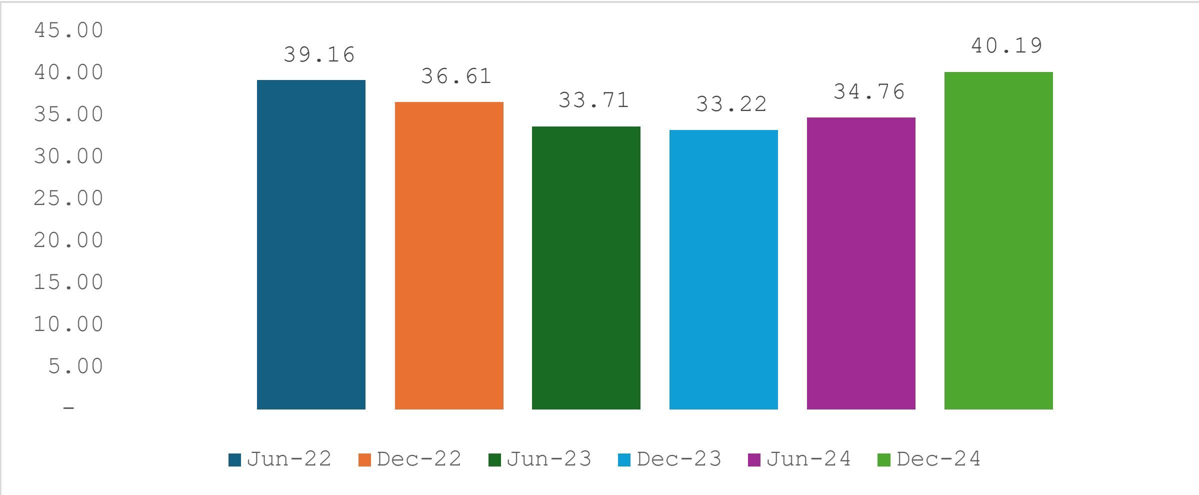


Table 1.7: Foreign Exchange Flows through the CBN

Period	First Half		Second Half		Total	End December	
	Inflow US$ Billion	Outflow US$ Billion	Inflow US$ Billion	Outflow US$ Billion	Inflow US$ Billion	Outflow US$ Billion	Net Flow US$ Billion
2020	24.84	27.32	15.15	14.92	39.99	42.24	(2.25)
2021	14.06	17.64	26.00	18.56	40.06	36.20	3.86
2022	16.40	16.89	13.49	16.05	29.89	32.94	(3.05)
2023	12.58	15.22	11.39	12.15	23.96	27.37	(3.42)
2024	16.58	14.72	23.60	17.52	40.18	32.25	7.93
2025	18.34	20.47					(2.13)

2. DEVELOPMENTS IN THE FINANCIAL SYSTEM

2.1. Monetary and Credit Developments

Reserve money grew by 30.57 per cent, driven by 34.39 per cent and 29.83 per cent rise in currency-in-circulation (CIC) and liabilities to other depository corporations (ODCs), respectively. A disaggregation of CIC revealed an increase in the value of notes and coins by 34.55 per cent to ₦5,422.85 billion, while eNaira transactions declined by 0.36 per cent to ₦18.31 billion. The growth in notes and coins was due largely to increased cash demand by economic agents.

Table 2.1: Components of Reserve Money (₦ Billion)

	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024
Reserve Money	**13,245.39**	**13,107.92**	**12,333.85**	**13,295.15**	**13,860.27**	**16,032.96**	**17,339.25**	**24,735.52**	**25,023.19**	**32,672.83**
Currency-In-Circulation	*2,300.83*	*2,908.46*	*2,741.26*	*3,325.16*	*3,255.56*	*3,012.06*	*2,603.27*	*3,653.30*	*4,048.73*	*5,441.16*
Of which Naira & Coins	*2,300.83*	*2,908.46*	*2,741.26*	*3,324.22*	*3,254.21*	*3,009.51*	*2,596.11*	*3,639.32*	*4,030.35*	*5,422.85*
eNaira	-	-	-	*0.94*	*1.35*	*2.55*	*7.16*	*13.98*	*18.38*	*18.31*
Liabilities to ODCs	*10,944.55*	*10,199.46*	*9,592.59*	*9,969.99*	*10,604.70*	*13,020.91*	*14,735.98*	*21,082.21*	*20,974.46*	*27,231.67*
Reserve Money (% Growth)	*52.58*	*-1.04*	*-5.91*	*7.79*	*4.25*	*15.68*	*8.15*	*42.66*	*1.16*	30.57

Broad money (M3) grew by 11.72 per cent, compared with the provisional benchmark of 15.60 per cent. The rise in M3 was driven by 38.41 per cent and 3.86 per cent increases in net foreign assets (NFA) and net domestic assets (NDA), respectively. The growth in NFA was due largely to 26.61 per cent rise in claims on non-residents. Similarly, the increase in NDA was due to a rise in net claims on government and claims on “other sectors” by 13.40 per cent and 6.60 per cent, respectively.

Table 2.2: Growth Rates of Monetary Aggregates

% Change	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024
Net Foreign Assets	40.64	7.34	-18.73	28.25	-34.68	-37.09	49.67	62.36	147.27	38.41
Net Domestic Assets	-5.18	9.21	7.64	8.92	21.94	12.98	23.53	17.07	12.10	3.86
Domestic Claims	4.74	7.62	6.85	10.27	17.82	15.10	31.04	10.89	1.08	8.28
Net Claims on Central Government	-11.88	29.15	0.88	19.37	31.61	30.07	35.70	4.35	-28.66	13.40
Claims on Other Sectors	11.04	1.13	9.15	7.03	12.35	8.16	28.44	14.74	17.03	6.60
Other Items (Net)	137.02	-12.04	11.97	24.83	7.92	30.78	29.70	-35.98	65.18	-113.41
Currency Outside Depository Corporations	-7.63	33.58	-9.91	30.70	-7.46	-5.53	-11.88	51.68	10.39	35.21

Transferable Deposits	21.88	26.92	3.25	9.74	16.61	3.11	24.42	18.01	23.68	2.06
Narrow Money Supply (M1)	16.27	1.95	1.17	12.68	12.70	1.95	19.93	21.07	22.17	5.48
Other Deposits	10.88	8.80	3.86	15.54	8.19	8.75	28.98	21.63	32.73	15.27
Monetary Liabilities (M2)	12.87	5.92	2.73	14.36	10.02	5.92	25.35	21.42	28.69	11.72
Total Monetary Liabilities (M3)	2.63	8.77	1.56	12.49	10.02	6.73	25.46	21.04	28.02	11.72

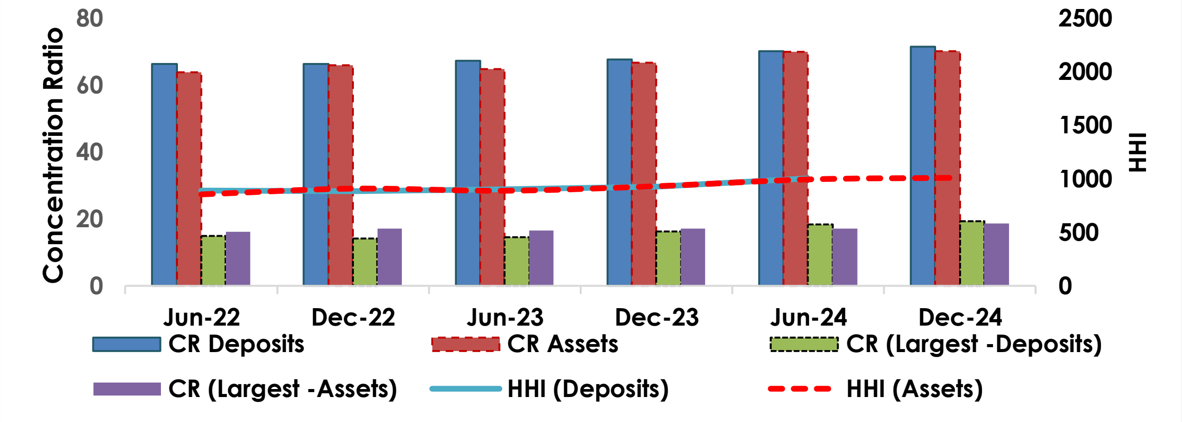
The growth in total monetary liabilities was on account of 35.21 per cent, 15.27 per cent, 2.06 per cent growth in currency outside depository corporations, other deposits and transferable deposits, respectively. The significant growth in other deposits was attributed to the rise in foreign currency deposits of depository corporations, due to the revaluation effect triggered by reforms in the foreign exchange market. In terms of contribution to growth in broad money liabilities, other deposits contributed the most at 9.73 percentage points, currency outside depository corporations contributed 1.32 percentage points, and transferable deposits contributed 0.67 percentage point.

2.1.1. Market Structure of the Banking Industry

The banking system remained highly competitive, as depicted by the Herfindahl-Hirschman Index[1] (HHI). The HHI, in terms of deposits and assets, stood at 1,010.94 and 1,012.92, compared with 1,008.86 and 997.60 in the preceding half year, respectively. The concentration ratio of the six largest banks (CR_6) in terms of deposits and assets rose to 71.49 per cent and 70.14 per cent from 70.28 per cent and 69.99 per cent at end-June 2024. In addition, the shares of individual banks in total deposits and assets ranged from 0.09 to 19.36 and 0.08 to 18.77 per cent, respectively.

[1] HHI values range from 100 (highly competitive) to 10,000 (monopoly)

Figure 2.1 Herfindahl-Hirschman Index and Concentration Ratios of the Banking Industry Assets and Deposits



2.1.2. Sectoral Distribution of Credit

Total credit to key sectors of the economy increased by 6.29 per cent to ₦59,216.95 billion, from ₦55,713.80 billion at end-June 2024. Credit utilisation across all sectors recorded mixed performance, as agriculture and services sectors increased by 16.95 per cent and 13.90 per cent, respectively, while the industry sector declined by 3.66 per cent. A disaggregation of the sectoral credit utilisation revealed that the services sector, at ₦32,691.09 billion, accounted for the largest share (55.2 per cent), followed by industry, ₦23,671.35 billion (40.0 per cent) and agriculture, ₦2,854.51 billion (4.8 per cent).

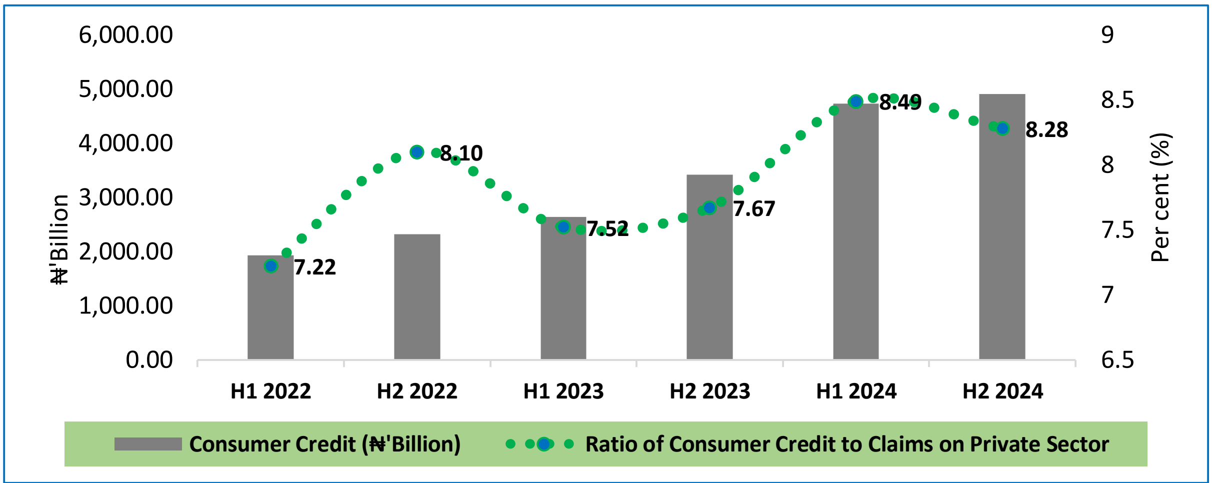
Table 2.3: Sectoral Credit Utilisation

ITEM	End-Dec 2023	End-Jun 2024	End-Dec24	Percentage Share in Total			% Change Between	
	₦"Billion	₦"Billion	₦"Billion	Dec-23	Jun-24	Dec-24	(1) & (2)	(2) & (3)
	(1)	(2)	(3)	(4)	(5)	(6)		
[a] Agriculture	**2,255.36**	**2,440.83**	**2,854.51**	**5.07**	**4.38**	**4.82**	**8.22**	**16.95**
[b] Industry	**18,781.93**	**24,571.78**	**23,671.35**	**42.17**	**44.10**	**39.97**	**30.83**	**-3.66**
of which Manufacturing	7,732.46	9,263.98	8,528.59	17.36	17.36	14.40	19.81	-7.94
[c] Services	**23,498.84**	**28,701.19**	**32,691.09**	**52.76**	**51.52**	**55.21**	**22.14**	**13.90**
of which Finance, Insurance & Capital Market	4,327.86	6,159.99	7,745.45	9.72	9.72	13.08	42.33	25.74
Trade/General Commerce	3,548.74	3,565.94	4,536.64	7.97	7.97	7.66	0.48	27.22
TOTAL PRIVATE SECTOR CREDIT	**44,536.13**	**55,713.80**	**59,216.95**	**100**	**100**	**100**	**25.10**	**6.29**

2.1.3. Consumer Credit

Consumer credit rose by 3.70 per cent to ₦4,903.39 billion, compared with ₦4,728.23 billion at end-June 2024. The share of consumer credit to total claims on private sector stood at 8.28 per cent, relative to 8.49 per cent in the preceding half year. A breakdown of consumer credit shows that personal loans and retail loans accounted for 78.55 per cent and 21.45 per cent, compared with 73.35 per cent and 26.65 per cent, respectively, at end-June 2024.

Figure 2.2 Consumer Credit



2.2. Composition of Banks and Other Financial Institutions

The number of licensed Commercial, Merchant and Non-Interest Banks (CMNBs) increased to 38, following the issuance of licences to three regional banks. The licensed CMNBs comprised 28 commercial, six merchant and four non-interest banks (NIBs).

Seven commercial banks with international authorisation had 56 cross-border banking subsidiaries and one branch. The number of representative offices was five, bringing the total number of offshore affiliates to 61.

A total of 13 Microfinance Banks (MFBs) and six Finance Companies (FCs) were licensed during the review period. The total number of Other Financial Institutions (OFIs) was 2,496 at the end of the reporting period.

Table 2.4: Composition of Banks and Other Financial Institutions

S/N	Type	End-Jun 2024	End-Dec 2024	Change
1	CMNBs			
	Commercial Banks:			
	• International	7	7	-
	• National	14	14	-
	• Regional	4	7	3
	Merchant Banks:			
	• National	6	6	-
	Non-Interest Banks:			
	• National	4	4	-
A	Sub-total	35	38	3

2	Microfinance Banks: National State Tier 1 Unit Tier 2 Unit	 9 123 248 426 806	 9 123 254 433 819	 - - 6 7 13
3	Bureaux De Change	1629*	1629	-
4	Finance Companies	118	124	6
5	Development Finance Institutions	7	7	-
6	Primary Mortgage Banks	34	34	-
B	**Sub-total**	**2,594**	**2,613**	**19**
7	Financial Holding Companies	7	7	-
8	Representative Office	1	1	-
9	Payment Service Banks	5	5	-
C	**Sub-total**	**13**	**13**	**-**
	Grand Total	**2,607**	**2,626**	**22**

*Revised figure

2.3. Financial Markets

Developments in the global financial markets were shaped by a mix of factors, including geopolitical risks, trade frictions, fluctuations in commodity prices, elevated debt levels and technological innovations. The monetary policy stance across many AEs, and EMDEs to support price stability resulted in diverse yield adjustments in the bond market, while most currencies depreciated against the US dollar. The performance of the stock market, gauged by the Morgan Stanley Capital International (MSCI) world index, declined as investors flocked to safe-haven assets.

The Nigerian financial markets reflected structural adjustments, attributed largely to foreign exchange market initiatives of the Bank. Despite macroeconomic headwinds, the markets were broadly stable and resilient, underpinned by proactive regulatory oversight as well as sustained reforms aimed at enhancing market transparency, promoting ethical market conduct and fostering investor confidence.

2.3.1. Money Market

The Bank sustained liquidity management strategies, including Open Market Operations (OMO) auctions, discount window operations, FX market interventions, and cash reserve ratio (CRR) adjustments to manage liquidity and rein in inflation. Consequently, liquidity conditions remained stable as the market rates were well-anchored by the policy rate.

2.3.1.1. Interbank Market Rates

The interbank money market remained active, dominated by collateralised transactions. Interbank money market rates trended upward in the review period, compared with the preceding period. The factors that impacted the market included net fiscal flows, CRR maintenance operations, OMO, and operational changes to the foreign exchange market. In the review period, rates were within the band of the policy rate.

The open-buy-back (OBB) weighted daily average rate opened on July 1, 2024, at 27.08 per cent, compared with 13.85 per cent on January 2, 2024. The rate peaked at 37.34 per cent on August 8, moderated to 19.21 per cent on August 30, and thereafter trended upwards to close at 27.20 per cent on December 30, 2024, compared with a closing rate of 13.83 per cent on June 30, 2024. The daily OBB rate ranged between 19.21 and 37.34 per cent, compared with 4.29 and 32.25 per cent in the first half of 2024.

In the unsecured segment of the market, the weighted daily average rate opened at 14.00 per cent on July 1, 2024, lower than 15.75 per cent recorded on January 3, 2024. Thereafter, the rate peaked at 36.00 per cent on July 23, moderated to 19.00 per cent on August 29, and closed at 26.50 per cent on December 27, 2024. The inter-bank call rates ranged from 19.00 to 36.00 per cent, compared with 4.29 to 32.25 per cent in the first half of 2024.

The monthly average OBB and inter-bank call rates were 29.75 per cent and 29.31 per cent in December 2024, compared with 26.64 per cent and 25.13 per cent in June 2024. The upward trajectory was largely influenced by the tight monetary policy stance.

Volatility in the OBB rate declined to 0.26 percentage point from 1.08 percentage points in the preceding half year. Similarly, at the inter-bank call segment, volatility declined to 1.06 percentage points, from 1.94 percentage points in the preceding half. These developments reflected increased stability, attributed largely to the positive effect of market reforms.

Figure 2.3 Volatility in Open-Buy-Back Rates

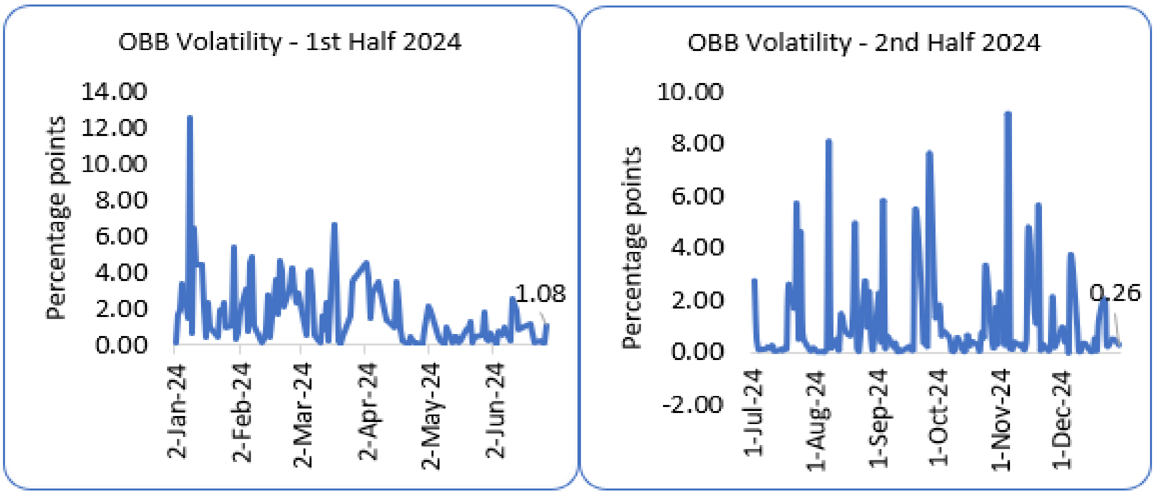


Figure 2.4 Volatility in Interbank Call Interest Rates

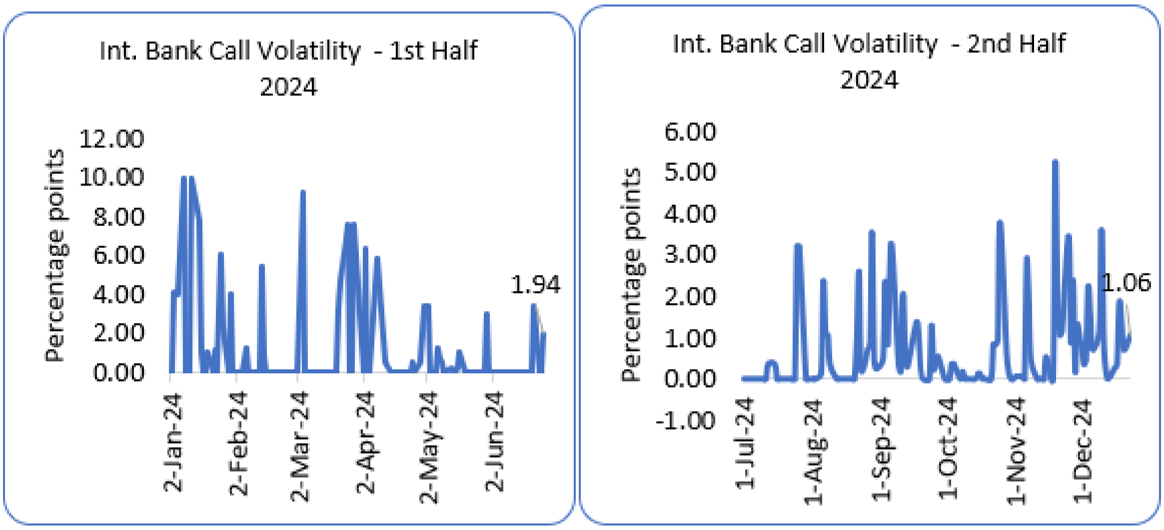
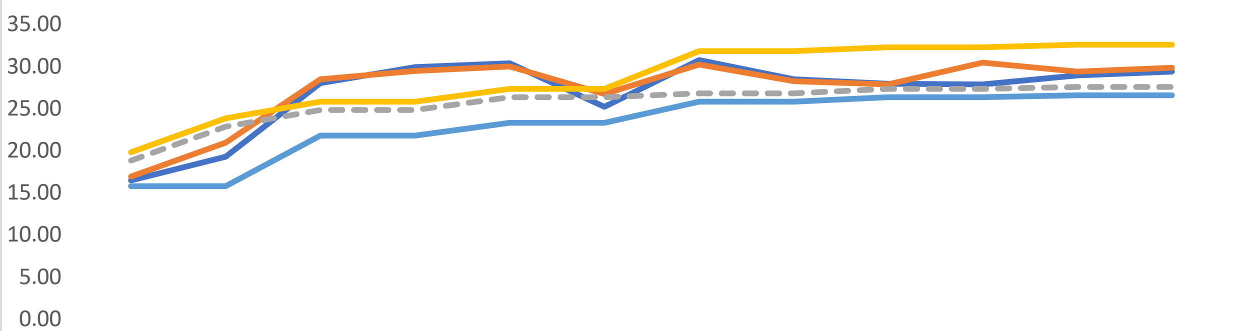


Figure 2.5 Money Market Rates



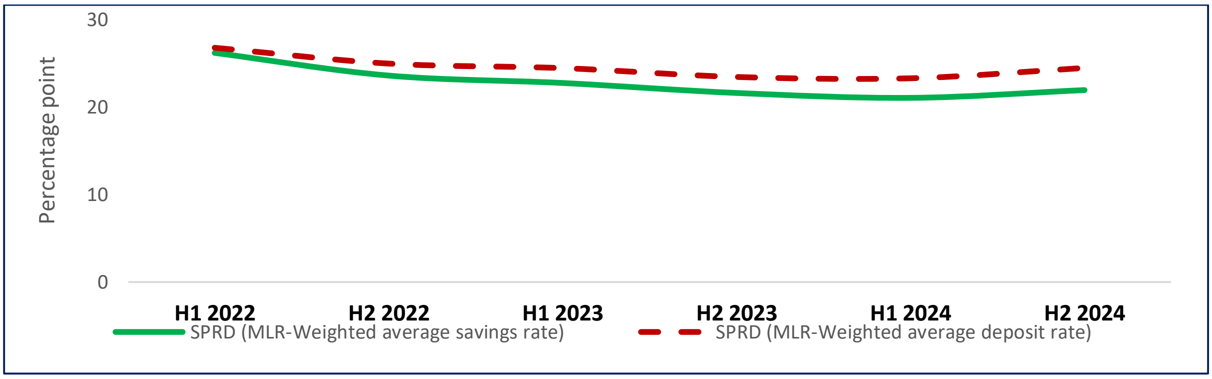
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Inter-Bank Call	16.43	19.25	27.95	29.88	30.29	25.13	30.73	28.44	27.92	27.83	28.88	29.31
Open Buy Back	16.89	20.85	28.45	29.39	29.93	26.64	30.18	28.17	27.79	30.42	29.36	29.75
MPR	18.75	22.75	24.75	24.75	26.25	26.25	26.75	26.75	27.25	27.25	27.50	27.50
SLF	19.75	23.75	25.75	25.75	27.25	27.25	31.75	31.75	32.25	32.25	32.50	32.50
SDF	15.75	15.75	21.75	21.75	23.25	23.25	25.75	25.75	26.25	26.25	26.50	26.50

2.3.1.2. Deposit and Lending Rates

During the review period, the weighted average prime and maximum lending rates increased due to a sustained tight monetary policy stance. The rates rose by 2.08 percentage points and 1.50 percentage points to 17.33 per cent and 29.88 per cent, respectively, above the levels in the preceding half year.

Similarly, weighted average deposit (demand, savings and term) rate increased by 0.46 percentage point to 5.55 per cent from 5.09 per cent in the preceding half year. Consequently, the spread between the average maximum lending rate and the weighted average deposit rate widened by 1.18 percentage points to 24.47 percentage points from 23.29 percentage points in the preceding half year.

Figure 2.6 Interest Rates Spread



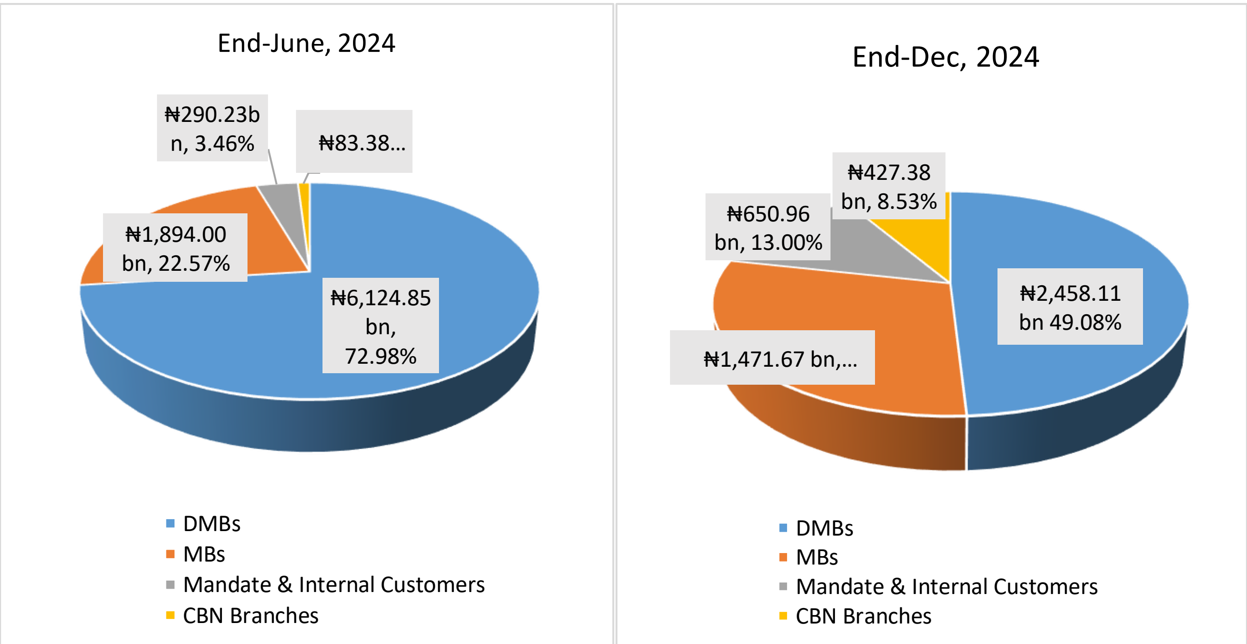
2.3.1.3. Nigerian Treasury Bills

The value of the NTBs for 91-, 182- and 364-day tenors offered and allotted in the second half of 2024 was ₦5,008.12 billion apiece, a decrease of 40.33 per cent below the level in the preceding half year.

Similarly, total subscriptions decreased by 43.14 per cent to ₦10,921.51 billion. Thus, the bid-cover ratio in the second half of 2024 was 2.18, compared with 2.29 in the preceding half of 2024. Although the bid-cover ratio declined, it remained reflective of strong investor sentiment and demand.

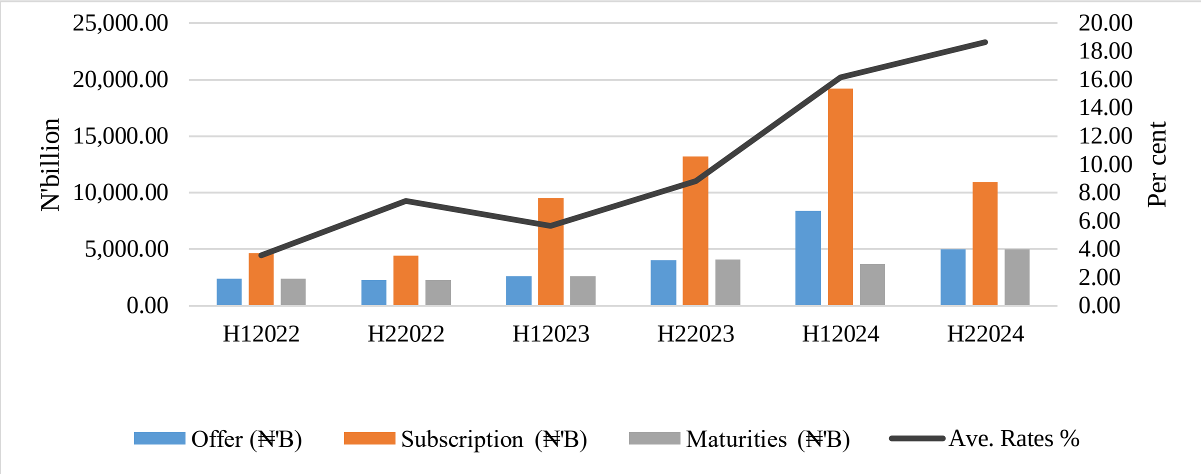
The average stop rates were higher at 17.58, 18.22, and 21.38 per cent, compared with 14.69, 15.69, and 19.02 per cent for the 91-day, 182-day, and 364-day tenors, respectively, in the preceding half-year.

Figure 2.7 Primary Market: Nigerian Treasury Bills Allotment



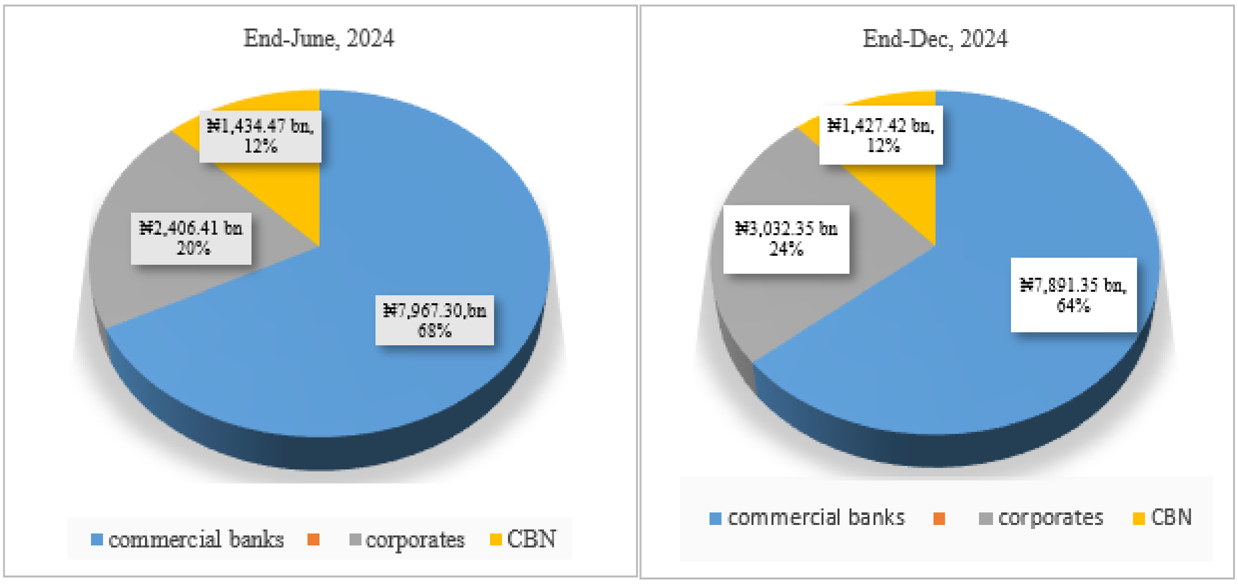
Classified as Confidential

Figure 2.8 Primary Market: NTBs Transactions



The outstanding NTBs stood at ₦12,351.12 billion, an increase of 4.60 per cent from ₦11,808.18 billion at end-June 2024. Commercial banks remained the dominant holders of NTBs, accounting for 64.00 per cent of the total in the review period.

Figure 2.9 Holdings of NTBs Outstanding (Per cent and ₦'Billion)

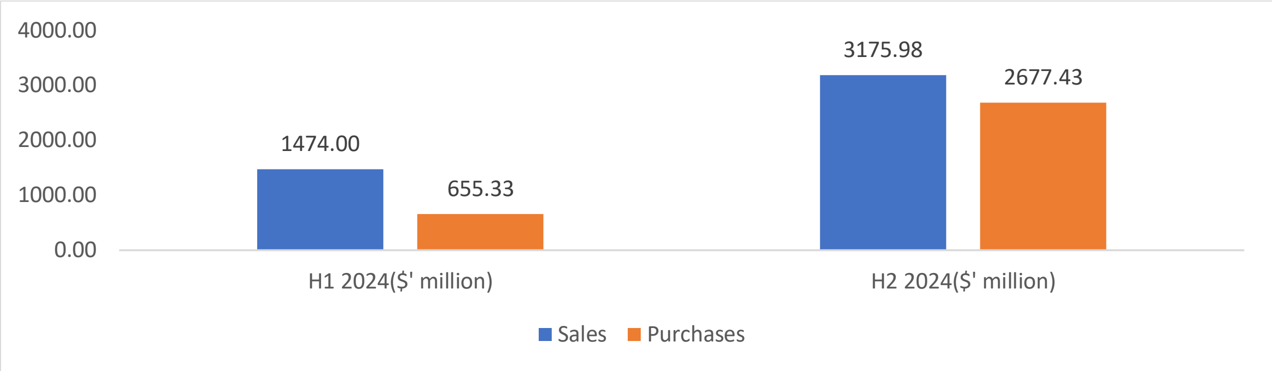


2.3.2. Nigerian Foreign Exchange Market

The total foreign exchange sales by the Bank amounted to US$3.18 billion, compared with US$1.47 billion in the first half. Furthermore, the Bank purchased US$2.68 billion, resulting in a net sale of US$0.50 billion, compared with US$0.82 billion in the first half.

The intervention was to enhance market liquidity as part of a broader strategy aimed at stabilising the domestic currency. There was no new transaction at the FX forwards segment at end-June 2024 and end-December 2024.

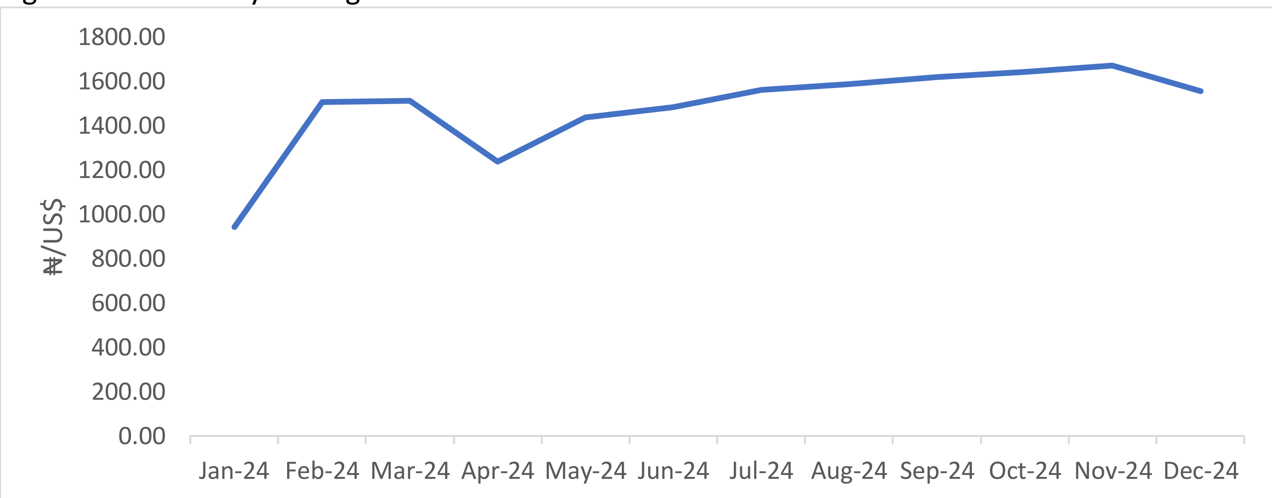
Figure 2.10 Transactions at the Nigerian Foreign Exchange Market



2.3.2.1. Foreign Exchange Rate

The exchange rate at the Nigerian Foreign Exchange Market (NFEM) opened at ₦1,509.69/US$ on July 1, 2024, and closed at ₦1,535.82/US$ at December 31, 2024, reflecting a depreciation of 1.73 per cent, compared with 60.83 per cent in the preceding half year. The relative stability during the review period was due largely to the introduction of the Electronic Foreign Exchange Matching system (EFEMS) anchored on the Bloomberg Matching (BMatch) solution, signalling a movement from a quote-based to an order-based system. In addition, the Bank released the exposure draft of the Foreign Exchange Code (FX Code). These measures significantly promoted market-based price discovery, market transparency, FX market liquidity, ethical market conduct and investor confidence.

Figure 2.11 Monthly Average Rates at the NFEM



2.3.2.2. Over-the-Counter Foreign Exchange Futures

There were no new over-the-counter (OTC) FX Futures contracts; however, matured contracts decreased to US$78.70 million compared with US$3,031.83 million at end-June 2024. Thus, the outstanding contracts decreased to US$88.05 million, from US$166.75 million at end-June 2024.

2.3.3. Capital Market

The market sustained a bullish trend in the second half of 2024 as indicated by the performance of the equities, collective investment schemes and exchange-traded products segments. The positive performance was attributed to the banking sector recapitalisation exercise, listing of new firms on the Exchange and increased participation of domestic investors.

The ASI increased by 2.87 per cent to 102,926.40 from 100,057.49 at end-June 2024. Overall, the total YTD return for 2024 was 37.65 per cent, marking the stock market's fifth consecutive year of growth. On a year-on-year basis, the NGX-ASI outperformed indices such as NASDAQ, S&P 500, FTSE 100, DAX, Nikkei and JSE, but trailed indices of some African countries, such as Ghana (GSE-Composite), Malawi (MASI) and Zambia (LASI). Similarly, collective investment schemes expanded significantly, with net asset value reaching ₦3,833.33 billion, from ₦2,960.18 billion at end-June 2024. The Africa Exchange (AFEX) and Lagos Commodity Futures Exchange (LCFE) also recorded strong gains.

2.3.3.1. New Issues of Securities

New issues of securities in the capital market witnessed a shift during the review period, driven by preference for equity-based financing, relative to debt-based financing. In the equities segment, the number of public offers increased to three from one, valued ₦612.44 billion and ₦97.50 billion, first half of 2024. Similarly, rights issues experienced significant growth as the number of issues grew to 11 from three, valued ₦2,066.78 billion from ₦621.32 billion in the preceding half year.

The number of private placements, however, decreased to two from six, valued ₦75.34 billion from ₦149.56 billion in the preceding period. Consequently, the total value raised through equities increased substantially to ₦2,754.57 billion from ₦868.39 billion recorded in the first half of 2024.

In contrast to the equities market, the debt market experienced a downturn, owing to portfolio switch driven by evolving investor sentiment, tight monetary policy stance and changing market conditions. The number of debt issues declined by 80.00 per cent, to two from 10 in the preceding half year. In terms of value, debt issuance decreased by 99.51 per cent to ₦18.50 billion from ₦3,811.16 billion in the first half year. The decline was attributed to non-issuance of FGN bonds and Eurobonds during the review period. There were two issues of corporate bonds valued ₦18.50 billion compared with one issue valued ₦46.00 billion in the preceding half-year.

Table 2.5: New Issues in the Capital Market

Type	Number of Issues			Value of Issues (N'Bn)		
	End-Dec 2024	End-June 2024	Change %	End-Dec 2024	End-June 2024	Change %
IPO	0	0	*0*	0.00	0.00	*100.00*
Public Offer/Offer for Sale	3	1	*200.00*	612.44	97.50	*528.15*
Private Placements	2	6	*(66.67)*	75.34	149.56	*(49.63)*
Rights	11	3	*266.67*	2,066.78	621.32	*232.64*
Total Equities	**16**	**10**	***60.00***	**2,754.57**	**868.39**	***217.21***
Corporate Bonds	2	1	*100.00*	18.50	46.00	*(59.78)*
Sub-national Bonds	0	0	*0*	0.00	0.00	*0*
FGN Bonds	0	9	*(100.00)*	0.00	3,765.16	***(100.00)***
Eurobond	0	0	*0*	0.00	0.00	***0***
Total Debt	**2**	**10**	***(80.00)***	**18.50**	**3,811.16**	***(99.51)***
Total (Equities & Debt)	**18**	**20**	***(10.00)***	**2,773.07**	**4,679.55**	***(40.74)***

Source: SEC, DMO

2.3.3.2. Equities Market

The NGX All-Share Index (ASI) rose by 2.87 per cent, closing at 102,926.40 points at end-December 2024. Equities market capitalisation increased by 10.89 per cent to ₦62,763.28 billion, underscoring investor confidence driven by strong corporate earnings and favourable market conditions.

The total value of stocks traded at the market grew by 3.15 per cent to ₦1,400.73 billion in 1,192,388 deals, compared with ₦1,444.93 billion in 1,189,829 deals in the first half. Furthermore, the total volume of stocks traded rose to 68.20 billion from 64.44 billion in the first half of 2024.

The bullish sentiment was reflected in strong performances across several sectors. The NGX Banking, Insurance, Oil & Gas, and Consumer Goods Indices increased by 30.63, 83.83, 88.25 and 9.49 per cent, respectively. However, the NGX Industrial Index declined by 23.93 per cent to 3,572.17 points. The NGX Sovereign Bond Index also decreased by 21.47 per cent, reflecting rising interest rates and decline in new debt issuance, particularly in FGN bonds.

Table 2.6: Nigerian Exchange Limited Indices, ASI and Equity Market Capitalisation

Description	**End-Jun 2023** (a)	**End-Dec 2023 (b)**	**End-Jun 2024 (c)**	**End-Dec 2024 (d)**	**Change % (c&d)**
NGX ASI (Points)	60,968.27	74,773.77	100,057.49	102,926.40	2.87
Equity Market Cap (₦'trn)	33.20	40.92	z56.61	62.77	10.89
NGX Main-Board Index	2,675.20	3,461.22	4,692.94	4,988.79	6.30

NGX 30 Index	2,201.23	2,790.28	3,710.32	3,811.94	2.74
NGX CG Index	1,788.36	2,209.04	2,228.44	2,814.39	26.29
NGX Premium Index	6,256.51	7,227.22	9,864.01	9,719.75	-1.46
NGX Banking Index	645.42	897.2	830.20	1,084.52	30.63
NGX Pension Index	2,581.82	3,241.03	3,762.21	4,521.13	20.17
NGX Insurance Index	277.07	321.66	390.57	718.00	83.83
NGX ASeM Index	659.42	639.55	1,504.55	1,583.71	5.26
NGX-AFR Bank Value Index	1,570.77	2075.5	1,890.00	2,467.38	30.55
NGX AFR Div Yield Index	5,064.38	7,423.65	10,652.71	16,642.63	56.23
NGX Meri Growth Index	3,396.92	4,547.40	4,590.75	6,490.69	41.39
NGX Meri Value Index	3,543.64	5,194.34	6,970.70	10,375.32	48.84
NGX Consumer Goods Index	894.76	1121.29	1,581.55	1,731.67	9.49
NGX Oil & Gas Index	775.85	1043.06	1,440.67	2,712.06	88.25
NGX Lotus Islamic Index	4,039.16	4,619.73	6,287.43	6,955.89	10.63
NGX Industrial Index	2,491.31	2,712.27	4,696.04	3,572.17	-23.93
NGX Growth Index	2,493.13	6,299.16	5,576.43	7,762.86	39.21
NGX Sovereign Bond Index	762.86	759.75	766.01	601.54	-21.47
NGX Pension Board		1,308.54	1,771.41	1,826.89	3.13

Source: NGX Reports

2.3.3.3. Foreign and Domestic Participation

Foreign portfolio inflows to the equities market totalled ₦167.34 billion, representing a 26.95 per cent decrease from ₦229.07 billion in the first half. Also, foreign portfolio outflows declined by 53.69 per cent to ₦144.21 billion from ₦311.41 billion in the preceding half. This resulted in a net inflow of ₦22.13 billion, compared with a net outflow of ₦82.34 billion in the first half. The decline in foreign portfolio flows reflects earlier global monetary tightening and rising interest rates in advanced economies, which made developed markets more attractive. However, the onset of global monetary easing around mid-2024 may have contributed to the moderation in outflows.

The decline in foreign portfolio flows reflects the earlier phase of global monetary tightening and the associated rise in interest rates across advanced economies, which enhanced the attractiveness of developed markets. However, the commencement of global monetary easing around mid-2024 may have contributed to a subsequent moderation in capital outflows.

Equity transactions rose by 14.55 per cent to ₦2,982.87 billion from ₦2,604.10 billion in the preceding half. Of the total equity transactions, domestic transactions dominated market activities, accounting for 89.56 per cent, compared with 79.25 per cent in the first half. Meanwhile, foreign transactions accounted for 10.44 per cent, compared with 20.76 per cent in the preceding half.

Table 2.7: Foreign and Domestic Portfolio Participation in Equities Trading

Transaction Type (₦'b)	Jan-Dec 2023 (a)	Jan-Dec 2024 (b)	Jan-Jun 2024 (c)	Jul-Dec 2024 (d)	% change (c&d)
Total Equity transactions	3,577.96	5,586.97	2,604.1	2,982.87	14.55
Foreign portfolio transaction	410.62	852.03	540.80	311.55	(42.46)
Foreign (%)	11.48	16.75	20.75	10.44	
Domestic transactions	3,167.34	4,734.94	2,063.62	2,671.32	29.45
Domestic (%)	88.52	84.75	79.25	89.56	
Foreign inflow	174.80	396.41	229.07	167.34	(26.95)
Foreign outflow	235.82	455.62	311.41	144.21	(53.69)
NGX-ASI	74,773.77	102,926.40	100,057.49	102,926.40	2.87

Source:NGX

2.3.3.4. National Association of Securities Dealers OTC Market

The National Association of Securities Dealers (NASD) OTC Market experienced substantial growth at end-December 2024 as the Unlisted Securities Index rose significantly by 98.95 per cent, reaching 3,049.90 points, from 1,533.00 points at end-June 2024. This growth demonstrated a strong upward trend in the market. However, market capitalisation declined by 50.22 per cent to ₦1,045.65 billion from ₦2,100.74 billion at end-June 2024, driven by the delisting of two large-cap companies on the NASD.

This contrasts with a sharp rise in trading activity, as the number of deals surged by 177.34 per cent, from 3,176 to 8,808.22. Similarly, the volume traded increased by 208.80 per cent, from ₦961.27 million to ₦2,968.38 million.

The total value of transactions also saw impressive growth, rising by 381.12 per cent to ₦104,008.30 million, compared with ₦21,617.76 million at end-June 2024. This increase in transaction value highlights a surge in market activity, despite the decline in market capitalization. The significant rise in the number of deals and volume traded indicated heightened market participation and investor interest, even as the overall market capitalisation contracted by year-end.

Table 2.8: Transactions on the NASD OTC Market

OTC Market	End-Jun 2024	End-Dec 2024	% change
Unlisted Index (Points)	1,533.00	3,049.90	98.95
Market cap (N'bn)	2,100.74	1,045.65	-50.22
Number of Deals	3,176.00	5,632.22	77.34
Volume traded (N'mn)	961.27	2,007.11	108.08
Total value (N'mn)	21,617.76	82,390.53	281.12

Source: NASD

2.3.3.5. Debt Market

Total public debt outstanding stood at ₦144,665.45 billion (52.13 per cent of GDP), repre-senting a 7.72 per cent increase above the level at end-June 2024. The rise was due to the revaluation effects arising from exchange rate depreciation and new borrowings to fi-nance the 2024 budget deficit. A breakdown of the total public debt showed that domestic debt accounted for 51.41 per cent, while external debt constituted 48.59 per cent.

The domestic debt stock comprised instruments issued by the FGN and sub-nationals. The stock of domestic debt outstanding stood at ₦74,377.92 billion at end-December 2024, with the FGN debt accounting for 94.67 per cent of the total. This indicated an in-crease of 4.43 per cent from ₦71,224.99 billion at end-June 2024.

Table 2.9: Outstanding Debt Instruments

Instrument	End-Jun 2020	End-Dec 2020	End-Jun 2021	End-Dec 2021	End-Jun 2022	End-Dec 2022	End-Jun 2023	End-Dec 2023	End-June 2024	End-Dec 2024	% Change (June - Dec 2024)	Proportion of Total (Dec-2024)
(a) Federal Government	**15,455.70**	**16,023.88**	**17,631.80**	**19,242.56**	**20,948.94**	**22,210.37**	**48,314.74**	**53,258.01**	**66,957.88**	**70,409.86**	**5.16**	**48.67**
Nig. Treasury Bills	2,760.44	2,720.43	2,991.87	3,786.14	4,504.80	4,422.72	4,722.72	6,522.00	11,808.18	12,351.12	4.6	8.54
FGN Bonds	11,241.30	11,830.26	13,245.27	13,963.22	15,194.10	16,421.56	41,972.74	44,260.22	52,315.23	55,436.12	5.97	38.32
FGN Savings Bonds	12.98	12.29	15.54	16.42	20.86	27.51	30.7	39.17	55.2	72.87	32.01	0.05
FGN Sukuk	362.56	362.56	362.56	612.56	612.56	742.56	742.55	1,092.56	1,092.56	992.56	-9.15	0.69
FGN Green Bonds	25.69	25.69	25.69	25.69	25.69	15	15	15	15	15	0	0.01
Nig. Treasury Bonds	100.99	100.99	100.99	75.99	75.99	50.99	50.99	0	0	0	0	0
FGN Promissory Notes	951.74	971.66	889.88	762.54	514.94	530.03	780.04	1,329.06	1,671.71	1,542.19	-7.75	1.07
(b) Sub-National	**4,189.70**	**4,186.01**	**4,122.32**	**4,458.24**	**5,281.28**	**5,337.75**	**5,815.68**	**5,862.85**	**4,267.11**	**3,968.06**	**-7.01**	**2.74**
Total Domestic Debt	19,645.40	20,209.89	21,754.12	23,700.80	26,230.22	27,548.12	54,130.42	59,120.86	71,224.99	74,377.92	4.43	51.41

(c) External	**11,363.24**	**12,705.62**	**13,710.88**	**15,855.23**	**16,615.66**	**18,702.25**	**33,248.98**	**38,219.85**	**63,072.68**	**70,287.53**	**11.44**	**48.59**
Multilateral	5,906.01	6,832.72	7,524.80	7,704.86	7,944.96	9,061.36	16,016.77	19,021.60	31,792.78	34,263.33	7.77	23.68
Bilateral	1,425.46	1,546.63	1,741.24	1,844.43	1,949.53	2,272.89	4,251.27	5,358.08	8,656.09	9,350.79	8.03	6.46
Commercial	4,031.77	4,255.14	4,370.40	6,057.88	6,477.24	7,251.38	12,749.83	13,597.33	22,226.86	26,589.17	19.63	18.38
Syndicated Loan	-	71.13	74.44	248.06	243.93	116.62	231.11	242.84	396.95	84.24	-78.78	0.06
Total Debt	**31,008.64**	**32,915.51**	**35,465.00**	**39,556.03**	**42,845.88**	**46,250.37**	**87,379.40**	**97,340.71**	**134,297.67**	**144,665.45**	**7.72**	**100.00**

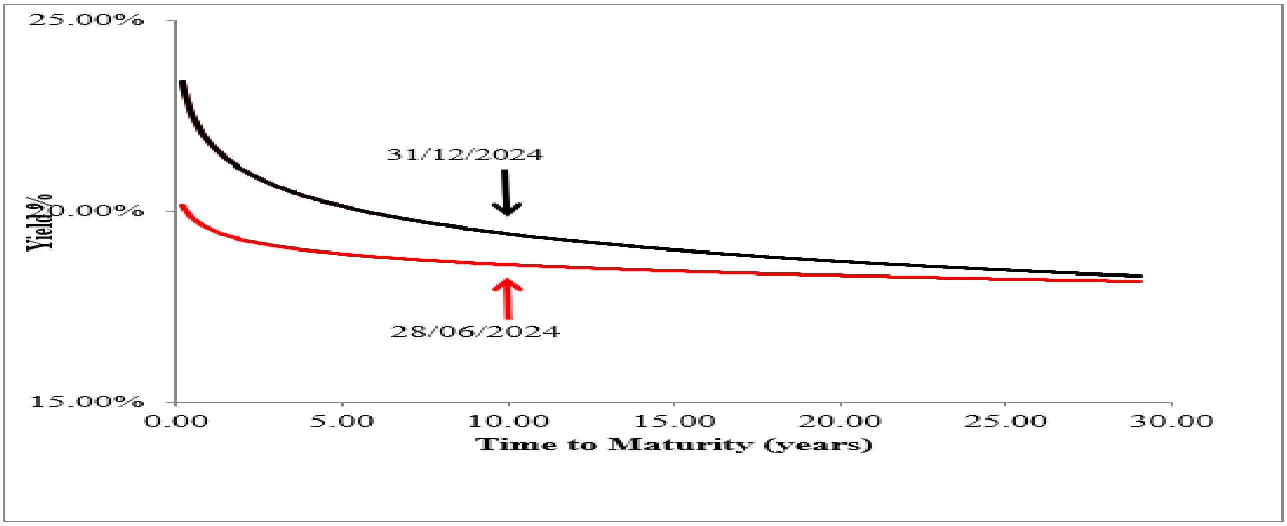
2.3.3.6. New Issues, Maturities and Outstandings

2.3.3.6.1.FGN Bonds

FGN Bonds valued ₦1,100.00 billion were offered in the review period, lower than ₦4,660.00 billion recorded in the preceding half year. Similarly, public subscriptions and allotments decreased to ₦2,192.45 billion and ₦1,711.90 billion, compared with ₦4,899.14 billion and ₦3,994.66 billion, respectively, in the first half.

The yield curve was downward sloping at end-December 2024, indicating investors' expectation of declining long-term inflation and policy rates.

Figure 2.12 Yield Curve



Source: FMDQ-OTC Plc

2.3.3.6.2.FGN Savings Bonds

FGN savings bonds worth ₦22.74 billion, comprising 2-year and 3-year tenors, were offered and allotted in the review period, reflecting an increase of 4.26 per cent from ₦21.81 billion offered in the preceding half year. The coupon rates for the 2-year and 3-year tenors ranged from 1.2044 per cent to 17.4800 per cent and 2.3672 per cent to 18.4800 per cent, respectively, compared with a range of 11.0330 per cent to 17.4140 per cent and 12.0330 per cent to 18.4140 per cent in the preceding half year. FGN savings bond maturities amounted to ₦1.37 billion, while the outstanding bonds stood at ₦72.87 billion at end-December 2024.

2.3.3.6.3.FGN Green Bonds

The outstanding stock of green bonds remained unchanged at ₦15.00 billion at end-December 2024, as in the preceding half year. The 14.50 per cent FGN 7-year Green Bonds (series II) is expected to mature in June 2026.

2.3.3.6.4.FGN Sukuk

There was no FGN Sukuk issued or allotted in the review period, the same as at end-June 2024. However, sukuk worth ₦100.00 billion matured. Consequently, FGN sukuk valued ₦992.56 billion was outstanding, compared with ₦1,092.56 billion at end-June 2024.

2.3.3.6.5.Sub-National Bonds

There was no new issue of sub-national bonds in the review period. However, the aggregate value of sub-national bonds decreased by 3.96 per cent to ₦350.54 billion from ₦365.00 billion at end-June 2024, due mainly to the redemption of ₦14.26 billion bonds by Lagos and Kogi State governments.

2.3.3.6.6.Corporate Bonds

The total value of corporate bonds issued was ₦68.22 billion, while ₦52.90 billion were redeemed during the review period. Consequently, corporate bonds valued ₦1,662.47 billion were outstanding, compared with ₦1,647.15 billion at end-June 2024.

2.3.3.7. Bonds - Secondary Market

The bond market recorded a mixed performance during the review period as FGN bond market capitalisation declined slightly to ₦44.93 trillion, from ₦46.13 trillion in June 2024. State and Local Government bonds remained unchanged at ₦348.99 billion, reflecting in-activity in the sub-national bond segment. Corporate bond market capitalisation increased marginally to ₦1.19 trillion from ₦1.17 trillion, demonstrating modest sentiment in corporate debt instruments. Overall, the total bond market capitalisation decreased to ₦46.47 trillion in December 2024 from ₦47.65 trillion in June 2024.

Investor participation in NGX FGN bonds Market declined, as reflected across major activity indicators. The number of deals dropped to 702 from 792, representing a decline of 11.36 per cent and suggesting reduced trading interest. Similarly, the trading volume fell by 10.68 per cent to 2,934,505 units from 3,285,343 units, indicating a contraction in investor participation. The total value of transactions also declined by 11.35 per cent, to ₦2.89 billion from ₦3.27 billion, reinforcing the trend of waning market activity. However, there was no trading activity for promissory notes, commercial papers, agency bonds, and money market derivatives during the review period, indicating limited investor appetite for these segments.

Table 2.10: Market Capitalisation (Debt Securities/Bonds)

	End-Jun 2024	End-Dec 2024
	Supra-National	
Federal	46,130.21	44,930.39
State and Local	349.00	349.00
Corporate	1,171.32	1,186.96
Total Mkt Cap (Bonds)	47,650.53	46,466.35
	NGX FGN Bond Market activity	
Deal	792	702
Volume	3,285,343	2,934,505
Value	3.27	2.89

The FMDQ Exchanges Limited total turnover grew by 49.26 per cent to ₦65.90 trillion from ₦44.15 trillion at end-June 2024. The number of deals also rose by 8.57 per cent to 83,743 compared with 77,134, in the preceding half year, indicating increased market participation and liquidity.

The fixed-income market performance was mixed in the review period. FGN Bonds re-mained dominant, as number of deals and traded value increased by 19.64 per cent to 4,731 and 25.46 per cent to ₦2,628.73 billion from ₦2,103.53 billion, respectively. The val-ue of NTBs traded increased by 149.63 per cent to ₦6,550.38 billion from ₦2,627.62 bil-lion. Similarly, OMO Bills, Sukuk and Eurobonds rose by 74.96, 88.91 and 90.96 per cent, to ₦12,564.68 billion, ₦59.00 billion and ₦113.69 billion from ₦7,195.26 billion, ₦31.29 billion and ₦59.48 billion, respectively. Conversely, short-term bonds and unsecured placements/takings declined by 26.22 per cent and 93.38 per cent. There was no trading activity in the corporate bonds, CBN special bills, promissory notes, agency bonds, state/municipal bonds, supranational bonds, green bonds, commercial papers, and money market derivatives segments of the market during the review period.

The performance of the foreign exchange products and derivatives market was equally mixed. Foreign exchange products recorded a 48.87 per cent increase in traded value to ₦18.75 trillion, while foreign exchange derivatives declined by 54.43 per cent in value. Re-purchase Agreements/Buy-Backs remained a key driver, increasing by 45.41 per cent to ₦23.65 trillion. The overall increase in market turnover highlights strong liquidity conditions, driven by activity in government securities such as FGN Bonds, NTBs, and OMO Bills.

Table 2.11: FMDQ Market Size

Bonds	Number of Deals Traded			Face Value of Traded Securities (₦bn)		
	End-Jun 2024	**End-Dec 2024**	**% change**	**End-Jun 2024**	**End-Dec 2024**	**% Change**
Federal Government Bonds	3,954	4,731	19.64	2,103.53	2,638.73	25.46
Sukuk	70	36	-48.57	31.29	59.00	88.91
Eurobonds	105	152	44.76	59.48	113.69	90.96
Short-term Bonds	858	604	-29.65	456.42	336.80	-26.22
Treasury Bills (NTB)	4,581	7,457	62.79	2,627.62	6,550.38	149.63
OMO Bills	2,777	5,303	90.66	7,195.26	12,564.68	74.96
Unsecured Placements/ Taking	62	5	-91.94	172.50	11.40	-93.38
Foreign Exchange Products	60,952	61,875	1.51	12,578.85	18,751.14	48.87
Repurchase Agreement/Buy Backs	3,539	3,134	-11.46	16,243.92	23,654.69	45.41
Foreign Exchange Derivatives	232	446	92.24	2,675.78	1,222.60	-54.43
Promissory Notes	4	0	-100	8.00	0.00	-100
Total	**77,134**	**83,743**	8.57	**44,152.64**	**65,903.11**	49.77

2.3.3.8. Mutual Funds

The Net Asset Value (NAV) of registered funds stood at ₦3,978.26 billion, reflecting a significant rise of 28.82 per cent from ₦3,088.00 billion at end-June 2024. The growth was largely attributed to increase in Money Market Funds (57.83 per cent), Infrastructure Funds (25.18 per cent) and Dollar Funds (18.59 per cent).

Money market funds recorded the largest gain, reflecting investors' preference for low-risk, and liquid instruments in response to market volatility, while growth in Infrastructure Funds indicated growing interest by some investors in long-term development projects. Furthermore, Dollar Funds increased, due largely to investors hedging against exchange rate risk. Other categories such as Equity-Based, Real Estate, Balanced, Ethical and Shariah Compliant funds recorded moderate to strong increases.

Conversely, Bond/Fixed Income Funds contracted by 15.65 per cent, due largely to a shift in investor sentiment to short-term debt from long-term instruments.

The robust growth in the collective investment schemes contributed to financial stability by enhancing liquidity, promoting diversified investment portfolios, and mitigating risks associated with market volatility. By providing a stable channel for capital allocation and risk management, these funds helped foster a resilient financial system to support sustainable economic growth.

Table 2.12: Collective Investment Schemes (₦'Billion)

Products	End-Dec 2023	End-Jun 2024	End-Dec 2024	Change (%)
	(a)	(b)	(c)	(b&c)
Ethical Funds	4.39	5.189	5.88	13.38
Shariah Compliant Funds	46.07	48.04	52.35	5.48
Dollar Funds	750.66	1,444	1,708.64	18.59
Bond/Fixed Income Funds	287.68	232.7	196.30	-15.65
Equity Based Funds	24.41	28.74	31.20	8.55
Real Estate Funds	96.69	98.61	99.95	1.35
Money Market Funds	881.60	1,064	1,680.79	57.83
Balanced Based Funds	42.56	50.39	54.72	8.58
Exchange Traded Funds	10.49	12.64	12.77	4.10
Infrastructure Funds	94.66	105.40	131.94	25.18
Specialised Funds	-	-	3.72	-
Total	**2,239.20**	**3,088.00**	**3,978.26**	**28.82**

Source: SEC

The Exchange Traded Funds (ETFs) on the Nigerian Exchange market demonstrated modest growth. The total Net Asset Value (NAV) increased by 4.96 per cent, rising to ₦12.54 billion from ₦11.98 billion at end-December 2024, indicating increased investor interest and asset accumulation. The most significant growth was observed in the number of unit holders, which rose by 11.11 per cent, to 2,470 from 2,223 within six months, indicating broader market participation and improved retail uptake. Similarly, the number of units in circulation grew marginally by 0.47 per cent, from approximately 290 million to 291.4 million units.

Table 2.13: NGX Exchange-Traded Products

	Net Asset Value			Unit Holders			Number of Units		
	End-June 2024	End-Dec 2024	Change (%)	End-Jun 2024	End-Dec 2024	Change (%)	End-Jun 2024	End-Dec 2024	Change (%)
Exchange Traded Funds*	11,948.02	12,540.43	4.95	2,223	2,470	11.11	290,024,157.29	291,373,238.19	0.48

Source: NGX

**ETPs include Exchange Traded funds and Exchange Traded Futures*

2.3.4. Commodities Market

The Nigerian commodities market expanded in the review period, enhancing liquidity, improving price discovery, and promoting financial stability. Increased market participation and higher transaction volumes across the exchanges indicate growing investor confidence and stronger integration between the real sector and financial markets.

2.3.4.1. AFEX Commodities Exchange

Transactions on the Africa Exchange experienced a significant contraction in the second half of 2024. Total trade volume fell by 44.37 per cent, while value dropped by 46.6 per cent, compared to the first half of 2024. Most commodities recorded sharp declines in both volume and value, driven by insecurity, poor logistics, and weak market linkages.

Cashew, cocoa, sesame, and soyabean trade volumes declined by over 85.00 per cent, with cashew and sesame nearly disappearing from the market. Paddy rice and wheat also recorded a steep decline. In contrast, Sorghum was the only commodity to post gains, with volume and value rising by 5.65 per cent and 62.60 per cent, respectively, indicating resilient demand. Maize maintained a stable volume but recorded 18.50 per cent increase in value, owing to improved pricing. Meanwhile, fixed income trading also contracted by 36.60 per cent and 59.30 per cent in volume and value, reflecting reduced investor activity.

The market's overall downturn highlights urgent needs for improved aggregation systems, enhanced investor confidence, and strategic interventions to revitalize Nigeria's commodities ecosystem.

Table 2.14: Transactions on AFEX (N'M)

	H2 2023	H1 2024	H2 2024		H2 2023	H1 2024	H2 2024	
	Total Volume Million/KG			% hange	Total Value ₦ ('M)			% change
Cashew Nut	1.9	0.09	0.00	-98.24	981.96	115.76	2.04	-98.24
Cocoa	0.03	0.03	0.00	-85.99	78.48	326.25	50.39	-84.55
Ginger	0.1				52.29			
Maize	174.09	15.34	15.18	-1.07	54,796.55	8,818.35	10,446.04	18.46
Paddy Rice	18.98	12.17	3.31	-72.81	7,378.01	5,187.93	2,438.39	-53.00
Sesame	1.4	0.85	0.00	-99.96	2,105.75	1,644.45	0.64	-99.96
Sorghum	18.93	4.78	5.05	5.65	6,345.37	2,834.43	4,608.35	62.58
Soyabean	64.63	14.41	1.36	-90.56	25,680.75	8,266.79	1,213.35	-85.32

Wheat	2.78				1,358.80			
Fixed Income	86.39	20.8	13.19	-36.59	13,846.32	33,461.08	13,631.96	-59.26
Total	**369.23**	**68.47**	**38.09**	-44.37	**112,624.28**	**60,655.04**	**32,391.16**	-46.60

Source: AFEX

2.3.4.2. Lagos Commodities and Futures Exchange

The Exchange experienced substantial growth in both Eko Gold Coin and Grains, reflecting increased investor participation and improved trading infrastructure. The volume of Eko Gold Coin traded rose sharply from 547 grams to 1,939 grams, a remarkable 254.48 per cent increase. In parallel, its value increased from ₦44.58 million to ₦116.90 million, reflecting a 162.21 per cent rise. This indicated strong investor demand for gold, driven by inflation hedging and enhanced confidence in the digital gold trading platform.

The volume of grains traded increased to 521.021 metric tons from 293.73 metric tons recorded in the first half of the year, indicating a 77.37 per cent rise. Correspondingly, the value of grains traded rose by 88.19 per cent, from ₦92.93 million to ₦174.86 million. This suggests greater market activity, potentially influenced by improved aggregation, seasonal harvest patterns, and enhanced participation in the exchange.

Overall, the period saw significant capital inflows and transaction volumes in these asset classes, reinforcing the growing momentum in Nigeria's structured commodities trading ecosystem.

Table 2.15: Lagos Commodities and Futures Exchange Transactions

	End-Dec 2023	**End-Jun 2024**	**End-Dec 2024**		**End-Dec 2023**	**End-Jun 2024**	**End-Dec 2024**	
Total Volume				**% change**	**Total Value ₦ ('M)**			**% change**
Eko Gold Coin (g)	447	547	1,939	254.30	15.97	44.58	116.90	162.21
Grains (MT)	262.61	293.73	521.021	77.37	107.38	92.93	174.86	88.19

Source: SEC

2.3.4.3. Nigeria Commodity Exchange

Trading activity recorded a moderate uptick, with the number of deals increasing by 29.41 per cent to 22, from 17 in the preceding period, indicating growing participation. Similarly, the volume traded and value of transactions rose slightly by 3.76 per cent and 6.28 per cent, respectively.

Table 2.16: Nigeria Commodities Exchange (NCX) Transactions

Period	End-June 2024	End-Dec 2024	% Change
No. of Deals	17	22	**29.41**
Volume Traded (MT)	3,884.099	4,029.84	**3.76**
Value (₦)	1,857,048,123.00	1,973,795,223.06	**6.28**

Source: SEC

The overall expansion of Nigeria's commodity exchanges in the review period further highlighted their increasing role in deepening financial markets, improving risk management, and promoting economic resilience.

2.4. Securities and Exchange Commission Regulatory and Supervisory Activities

2.4.1. Registrations

The Commission cleared the backlog of capital market operator applications by integrating Fintechs through the Regulatory Incubator and Accelerated Regulatory Incubator Programmes.

2.4.2. Onsite Inspection

The Commission sustained its Risk-Based Supervision (RBS) examination of entities within the holding companies in collaboration with other financial system regulators. Five intermediaries of three holding companies were examined during the review period, and appropriate regulatory measures were taken to address observed infractions.

2.5. Real Sector Interventions

The Bank sustained its advisory role while intensifying efforts towards the recovery of outstanding intervention funds. Total recoveries from across all intervention projects amounted to ₦394.24 billion, reflecting a 2.90 per cent increase compared to ₦383.24 billion recorded in the first half of 2024. The recoveries were from Agricultural Policy Support, Agricultural Credit Guarantee Scheme, Industrial Policy Support, Export Policy Support, Energy Policy Support and Other Policy Support Programmes.

Furthermore, disbursements to legacy interventions in the energy and infrastructure sectors reached ₦43.54 billion, a notable rise from ₦15.59 billion in the preceding period, underscoring the Bank's continued commitment to strategic real sector support and financial stability.

Table 2.17: Summary of Real Sector Interventions

ITEM		End-Jun 2024		End-Dec 2024	
S/N	Intervention	Disbursement (₦' Billion)	Repayment (₦' Billion)	Disbursement (₦' Billion)	Repayment (₦' Billion)
1	Power and Airline Intervention Fund (PAIF)	-	-	-	-
2	Nigerian Electricity Market Stabilization Fund (NEMSF)	-	-	17.42	18.32
3	Nigerian Electricity Market Stabilization Fund- 2 (NEMSF 2)	13.49	9.29	17.02	14.52
4	Nigerian Electricity Market Stabilization Fund-3 (NEMSF-3)	-	34.25	3.36	-
5	Nigerian Bulk Electricity Trading- Payment Assurance Fund (NBET-PAF)		-	-	-
6	Family Homes Intervention Facility (FHIF)	-	-	-	
7	Solar Connection Facility (SCF)	-	-	0.87	0.56
8	National Mass Metering Programme (NMMP)	2.09	-	3.27	2.86
9	Intervention Facility for National Gas Expansion (IFNGEP)	-	-	11.84	1.94
10	CBN-Bank Of Industry Intervention Fund (CBIF)	-	-	-	-
11	Real Sector Support Facility (RSSF)	-	-	12.03	15.9
12	Textile Sector Intervention Facility (TSIF)	-	-	7.16	20.47
13	Differentiated Cash Reserve Requirement (RSSF-DCRR)	-	-	203.76	105.94
14	Small & Medium Enterprise Restructuring & Refinancing Facility (SMERRF)	-	-	-	-
15	Health Sector Intervention Facility (HSIF)	-	-	9.72	15.44
16	Covid-19 Intervention for the Manufacturing Sector (CIMS)	-	-	-	52.92
17	Health Sector Research & Development Intervention Scheme (HSRDIS)	-	-	-	-
18	100 FOR 100 Policy on Production and Productivity	-	-	17.29	13.81
19	Youth Entrepreneurship Intervention Programme (YEDP)	-	-	-	-
20	Targeted Credit Facility (TCF)	-	-	4.05	0.3
21	Creative Industry Financing Initiative (CIFI)	-	-	0.60	0.33
22	National Youth Intervention Fund (NYIF)	-	-	-	-
23	Agri-business Small & Medium Enterprises Intervention Scheme (AgSMEIS)	-	-	1.66	0.82
24	Tertiary Institution Entrepreneurship Scheme (TIES)	-	-	0.13	0.03
25	Anchors Borrowers Programme (ABP)	-	-	10.39	220.99
26	Accelerated Agricultural Development Scheme (AADS)	-	-	2.18	2.58
27	Commercial Agriculture Credit Scheme (CACS)	-	-	22.14	20.2
28	Paddy Aggregated Scheme (PAS)	-	-	-	2.7
29	Maize Aggregated Scheme (MAS)	-	-	-	0.12
30	Rice Distribution Facility (RDF)	-	-	-	-
31	National Food Security Programme (NFSP)	-	-	5.66	5.01
32	NESF	-	-	3.80	3.8
33	Export Financing Initiative (EFI)		-	1.68	7.08
34	Presidential Fertilizer Initiative (PFI)	-	-	0.36	5.39
35	Export Development Fund (EDF)	-	-	-	-
36	Micro, Small and Medium Enterprise Development Fund (MSMEDF)	-	-	1.02	1.24
37	Shared Agency Network Expansion Facility (SANEF)	-	-	0.51	0.32
TOTAL		**15.58**	**380.40**	**43.54**	**357.92**

Source: Central Bank of Nigeria
****Figures are provisional and are as of June 30, 2024***

2.6. Financial Inclusion and Institutional Support

2.6.1. Financial Inclusion

The Bank sustained efforts in promoting financial inclusion in collaboration with financial service providers and other industry stakeholders, which resulted in an increase in the proportion of financially-included Nigerians to 74.00 per cent.

New BVN enrolment increased to 2,420,595 at end-December 2024, from 2,238,172 at end-June 2024. Of the total BVNs enrolled in the review period, 1,088,541 (44.97 per cent) were for female customers. Also, 125,154 new agents were onboarded under the SANEF agent expansion scheme, bringing the total number of agents to 1,952,242 and increasing access points per capita to 1,758 per 100,000 adults

Table 2.18: Key Financial Inclusion Indicators

Indicator	End-Jun 2024	End-Dec 2024*
New BVN Registration	2,238,172	2,420,595
New BVN Registration (Female)	998,374	2,015,551
Total Agents	1,892,516	1,952,242
Total No. of Onboarded (New) Agents	65,428	125,154

**All figures are provisional.*
***Nos of Agents Per 100,000 Adults was calculated using 111 million adult population from the 2023 EFInA Survey*

2.6.2. Financial Literacy and Consumer Education

During the review period, the Bank continued to implement a range of financial literacy and consumer education initiatives aimed at enhancing public awareness and understanding of financial products, services, and consumer rights. These efforts were part of the Bank's broader mandate to promote financial inclusion and ethical financial behaviour. Key activities undertaken were:

2.6.2.1. SabiMONI Platform

The total enrolment on the platform was 12,314, reflecting an increase from the 11,446 at end-June 2024. The growth underscored continued interest in digital financial education initiatives, as well as the Bank's efforts to promote financial literacy through accessible and scalable learning tools.

2.6.2.2. World Savings Day

The Bank commemorated the 2024 World Savings Day with the theme "100 Years Forward Together – Shaping the Future of Responsible Banking". The activities featured included a financial literacy fair, which provided a platform to educate children on savings and investments, a school mentoring programme and a visit to the CBN Currency Museum by selected schools across the six geo-political zones. A total of 433 students participated in the two events, 57.00 per cent female and 43.00 per cent male.

2.6.2.3. Financial Literacy Training for Faith-Based Organisations

The Bank conducted a Training-of-Trainers (ToT) programme for 160 participants from three faith-based organisations to promote consumer education and financial literacy. The training covered savings, budgeting, investment and financial discipline as fundamentals for informed financial decisions.

2.6.2.4. National Peer Group Educator Programmes

The Bank, in collaboration with the Federal Ministry of Youth Development, National Youth Service Corps (NYSC) and other stakeholders, sustained the implementation of the National Peer Group Educator ToT programme. The programme was conducted at NYSC Camps in seven states and a total of 300 Volunteer Corps Members were trained.

2.6.3. National Collateral Registry

The number of financing statements and borrowers increased during the review period by 8.62 per cent and 9.98 per cent to 39,578 and 42,261, respectively, indicating a sustained increase in demand for credit secured by movable assets. Individuals continued to be the highest number of borrowers utilising the Secured Transactions in Movable Assets (STMA) de-risked lending environment, followed by medium businesses, in both the first and second halves of 2024.

The values of Naira and USD-denominated financing statements increased by 38.55 per cent and 33.31 per cent, respectively, reflecting increased use of movable assets as collateral.

Table 2.19: Transactions on the National Collateral Registry Portal

Debtor Type	Number of Financing Statements		Number of Borrowers		Currency	Value of Financing Statements	
	End-Jun 2024	End-Dec 2024	End-Jun 2024	End-Dec 2024		End-Jun 2024	End-Dec 2024
Individual	32,326	34,214	33,677	35,940	(₦' billion)	193.76	217.874
					($' million)	-	0.1
Large Business	264	368	378	520	(₦' billion)	269.41	443.44
					($' million)	126.00	56.26

Medium Business	2,170	2,841	2,451	3,318	(₦' billion)	130.83	215.99
					($' million)	31.25	14.20
Micro Business	213	186	264	318	(₦' billion)	32.93	2.99
Small Business	1,463	1,969	1,657	2,165	(₦' billion)	30.63	30.75
					($' million)	-	139.06
Total	**36,436**	**39,578**	**38,427**	**42,261**	(₦' billion)	**657.56**	**911.05**
					($' million)	**157.25**	**209.64**

Furthermore, the number of financing statements for women and women-owned enterprises increased by 5.07 per cent, to 16,774 from 15,964 in the first half of the year, while the number of women and women-owned enterprises that borrowed increased by 6.47 per cent. Total financing of women and women-owned enterprises grew by 44.27 per cent, indicating improved access to credit.

The number of women and women-owned enterprises accessing credit secured with movable assets declined by 37.78 per cent. Similarly, the number of financing statements and the Naira-denominated value of financing statements declined by 38.09 per cent and 29.77 per cent, respectively.

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

Debtor Type	Number of Financing Statements		Number of Women and Women-owned Enterprises		Currency	Value of Financing Statement	
	End-Jun 2024	End-Dec 2024	End-Jun 2024	End-Dec 2024		End-Jun 2024	End-Dec 2024
Individual	15,368	15,797	15,726	16,341	(₦' billion)	75.90	108.48
Large Business	29	51	51	73	(₦' billion)	0.85	1.93
Medium Business	346	530	398	620	(₦' billion)	5.66	8.20
Small Business	186	361	238	420	(₦' billion)	0.42	0.34
Micro Business	35	35	42	65	(₦' billion)	1.79	3.13
Total	**15,964**	**16,774**	**16,455**	**17,519**	(₦' billion)	**84.62**	**122.08**

Cumulatively,169 financial institutions registered 449,707 financing statements valued ₦22,082.24 billion, US$3.88 billion, €0.01 billion, and £27,352 at end-December 2024.

3. CENTRAL BANK REGULATORY AND SUPERVISORY ACTIVITIES

3.1. Financial Soundness Indicators

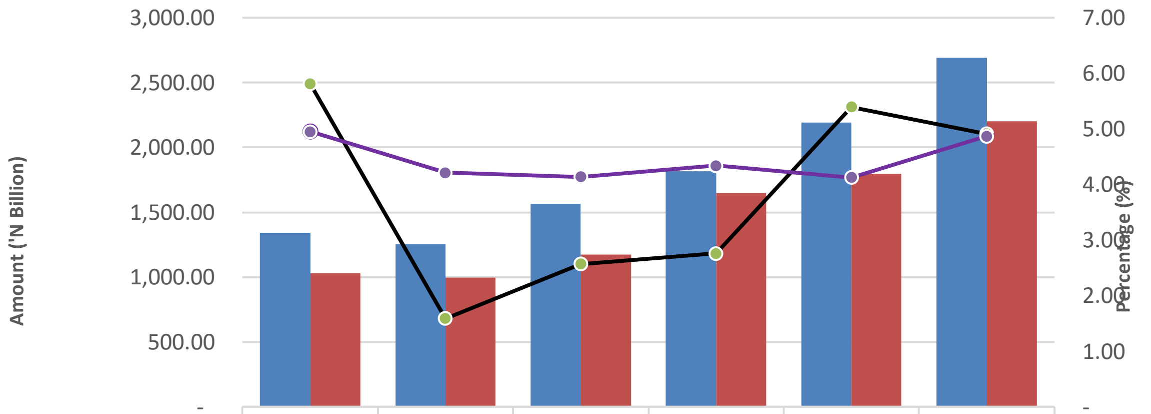
Despite the macroeconomic challenges, the banking industry was resilient as reflected by key financial soundness indicators during the review period. Asset quality remained strong, with robust solvency levels capable of absorbing potential losses. Liquidity remained above the regulatory threshold, and industry earnings were acceptable, with significant profits generated from core operations, underscoring banks' operational efficiency and financial strength (Appendix 5).

3.1.1. Asset-Based Indicators

3.1.1.1. Non-Performing Loans Ratio

The non-performing loans (NPLs) ratio increased to 4.87 per cent, from 4.12 per cent at end-June 2024, but remained below the regulatory limit. In addition, the ratio of NPLs net of provisions to capital improved slightly, decreasing to 4.91 per cent from 5.39 per cent, indicating improved buffers to absorb potential loan losses. These indicators reflected the Bank's continuous effort to strengthen the regulatory framework amid evolving risks.

Figure 3.1 Banking Industry NPLs Ratio

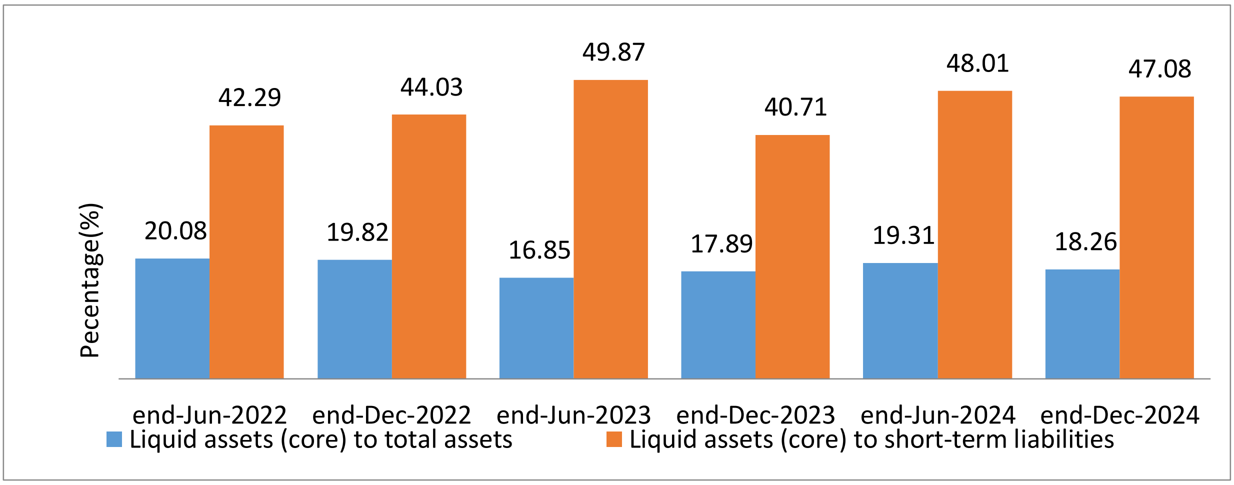


	end-Jun-2022	end-Dec-2022	end-Jun-2023	end-Dec-2023	end-Jun-2024	end-Dec-2024
NPLs-LHS	1,339.42	1,250.46	1,565.71	1,814.25	2,192.63	2,693.34
Specific Provisions-LHS	1,030.76	995.07	1,172.25	1,650.81	1,797.13	2,200.79
NPLs net of provisions to capital	5.81	1.59	2.57	2.76	5.39	4.91
NPL to Gross Loans	4.95	4.21	4.14	4.34	4.12	4.87

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

The ratio of core liquid assets to total assets decreased marginally by 1.05 percentage points to 18.26 per cent from 19.31 per cent at end-June 2024, driven mainly by the significant increase in total assets, which outweighed the increase in core liquid assets. Similarly, the ratio of core liquid assets to short-term liabilities declined by 0.94 percentage point to 47.08 per cent, owing mainly to the significant increase in deposit liabilities, especially the foreign currency deposits due to revaluation. These ratios remain robust, reflecting the adequacy of the banking industry's liquidity buffers.

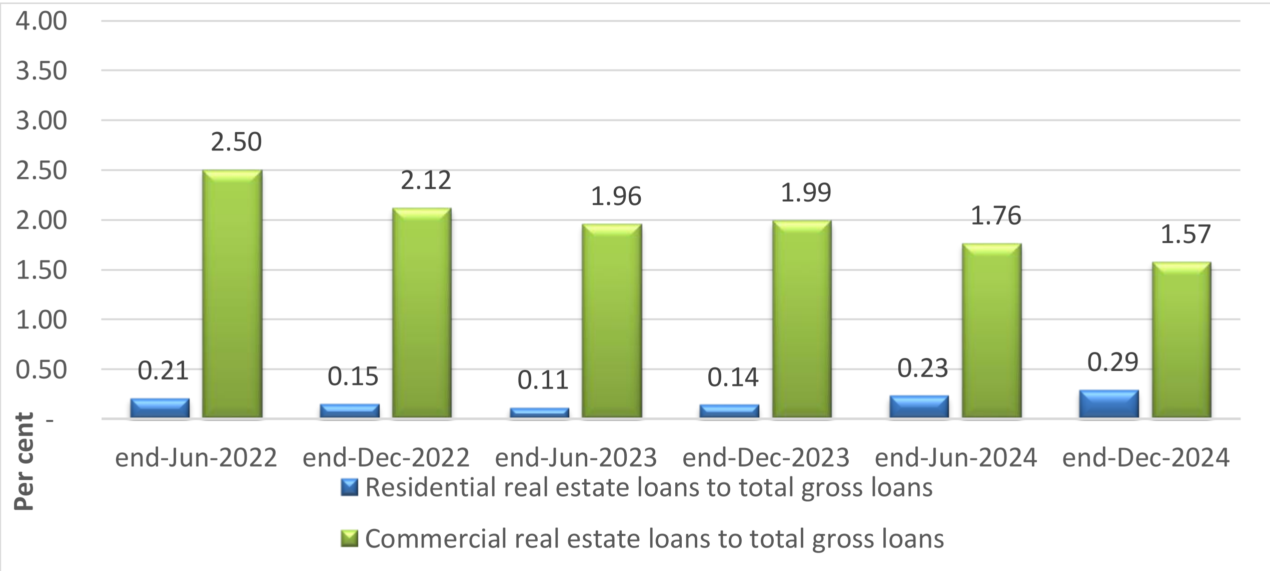
Figure 3.2 Banking Industry Liquidity Indicators



3.1.1.3. Exposure of the Banking Industry to Real Estate Sector

The ratio of residential real estate loans to total gross loans increased by 0.06 percentage point to 0.29 per cent from 0.23 per cent, while the ratio of commercial real estate loans to total gross loans declined by 0.19 percentage point to 1.57 per cent from 1.76 per cent at end-June 2024.

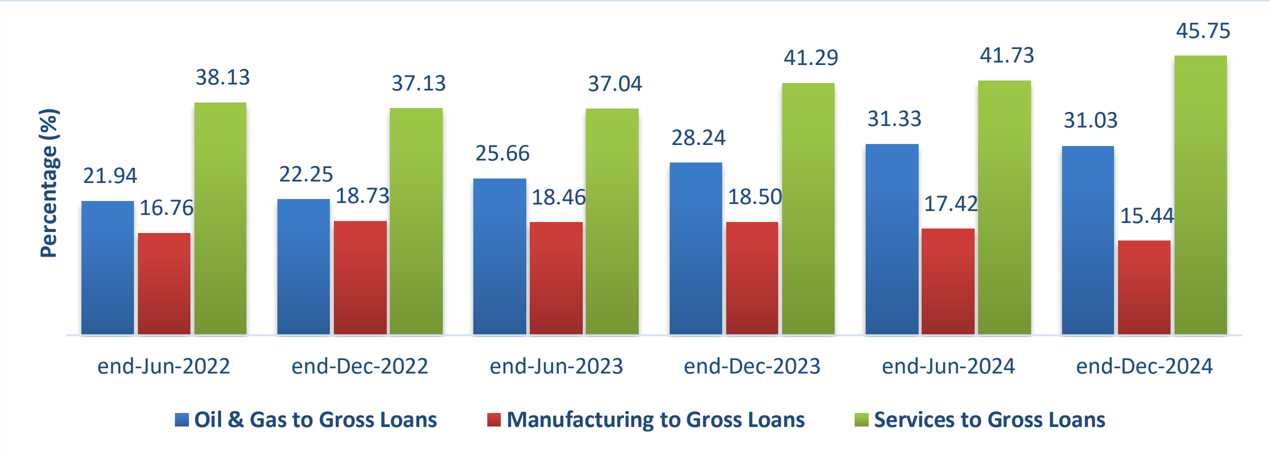
3.3 Exposure to Real Estate Sector



3.1.1.4. Exposure to Oil & Gas, Manufacturing and Services Sectors

The banking industry exposure to oil & gas and manufacturing sectors as a proportion of gross loans decreased by 0.30 and 1.98 percentage points to 31.03 per cent and 15.44 per cent, respectively. However, exposure to the services sector increased by 4.02 percentage points to 45.75 per cent.

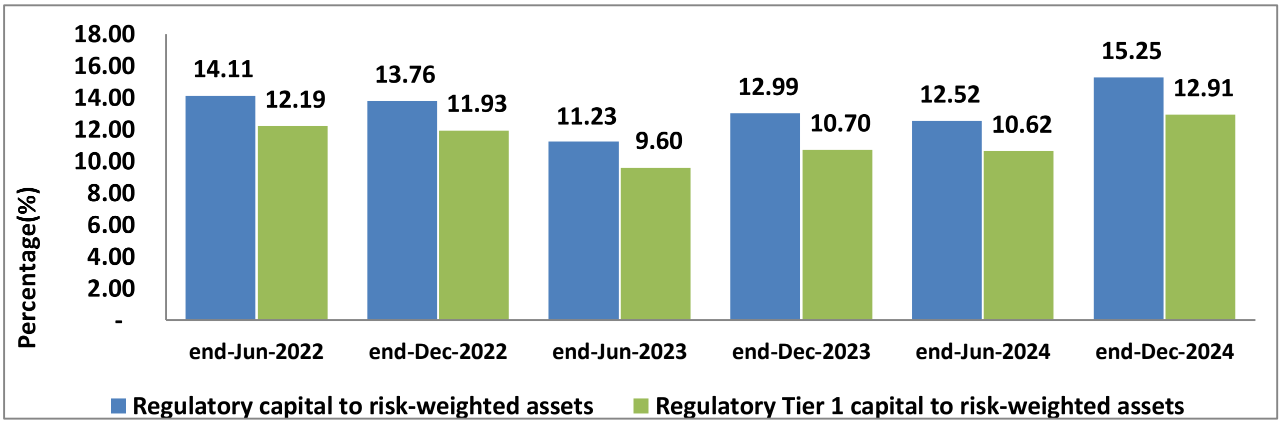
Figure 3.4 Exposure of Banking System to Oil & Gas, Manufacturing and Services[2]



3.1.2. Capital-Based Indicators

The banking industry solvency improved during the review period as capital adequacy ratio rose significantly to 15.25 per cent from 12.52 per cent at end-June 2024, strengthening the banks' capital buffer and capacity to withstand shocks. Similarly, Tier-1 capital to risk-weighted assets increased to 12.91 per cent at end-December, 2024 from 10.62 per cent at end-June 2024. The rise in capital was due largely to increase in earnings and the banking industry recapitalisation exercise.

Figure 3.5 Banking Industry Capital Adequacy Indicators



The ratios are computed based on IMF-FSI Manual

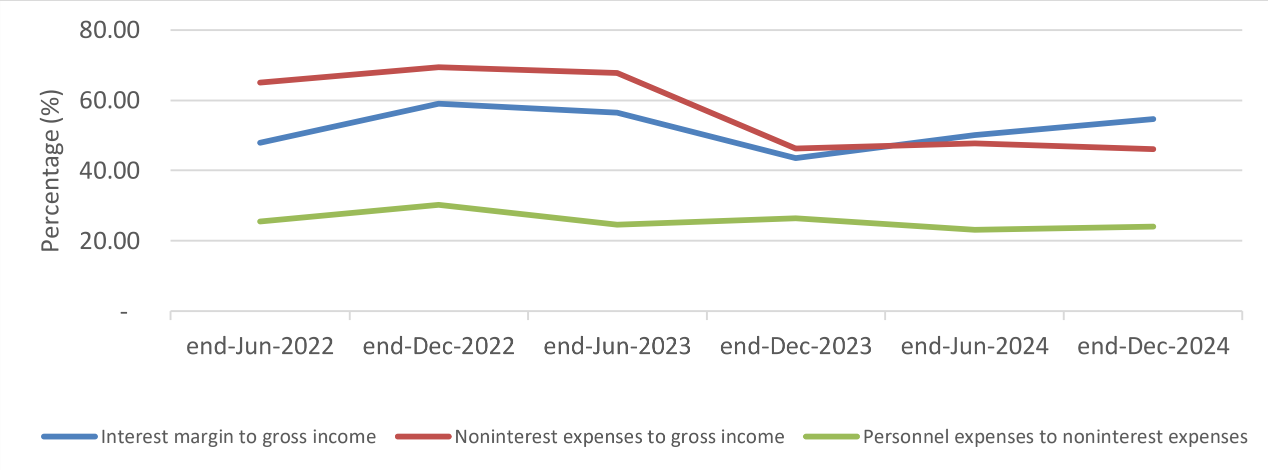
3.1.3. Income and Expense Ratios

The industry's profitability remained strong, with interest margins rising to 54.73 per cent from 50.07 per cent at end-June 2024. This reflected the enhanced interest income

[2] *Services include: Real Estate, Finance, Insurance & Capital Market, Education, Upstream and Oil & Gas Services, Power Transmission and Distribution, Information & Communication, Transportation & Storage, General and Others*

generation relative to gross income. Non-interest expenses, as a share of gross income, decreased slightly to 46.10 per cent, from 47.65 per cent in the preceding half year, indicating gains in operational efficiency. However, personnel expenses as a proportion of non-interest expenses increased marginally to 24.12 per cent, from 23.09 per cent in the first half of 2024.

Figure 3.6 Income and Expense Ratios



Overall, Nigerian banks continued to demonstrate resilience, underpinned by robust capital buffers and stable liquidity positions. However, the rising level of non-performing loans underscored the need for sustained risk management and appropriate macroprudential measures.

3.2. Other Financial Institutions[3]

The total assets of OFIs, excluding the BDCs, increased by 20.72 per cent to ₦13,135.16 billion from ₦10,880.94 billion at end-June 2024. The increase in assets was contributed by DFIs (15.77 per cent), MFBs (3.32 per cent), FCs (1.36 per cent) and PMBs (0.27 per cent). The improvement was largely attributed to an increase in investments and placements.

Investment grew by 43.17 per cent to ₦5,408.18 billion from ₦3,777.35 billion in the preceding half year. Placements increased by 14.73 per cent to ₦1,690.12 billion from ₦1,473.15 billion, in the preceding half year. Cash & bank balances and fixed assets increased by 38.74 per cent and 62.28 per cent to ₦751.59 billion and ₦461.96 billion from ₦541.71 billion and ₦284.66 billion, respectively at end-June 2024.

Deposits and borrowings increased by 45.48 per cent and 29.30 per cent to ₦3,253.04 billion and ₦5,813.96 billion from ₦2,236.03 billion and ₦4,496.38 billion, respectively, at end-June 2024. Similarly, Other liabilities increased by 22.76 per cent to ₦2,525.16 billion from ₦2,056.99 billion at end-June 2024. However, long-term liabilities decreased by 74.36

[3] Other Financial Institutions (OFIs) refer to Microfinance Banks, Development Finance Institutions, Primary Mortgage Banks and Finance Companies.

per cent to ₦221.54 billion from ₦864.09 billion in the first half of 2024. Shareholders' funds grew by 7.57 per cent to ₦1,140.22 billion from ₦1,059.96 billion at end-June 2024.

Figure 3.7 OFIs Asset to GDP (Percentage Ratio)

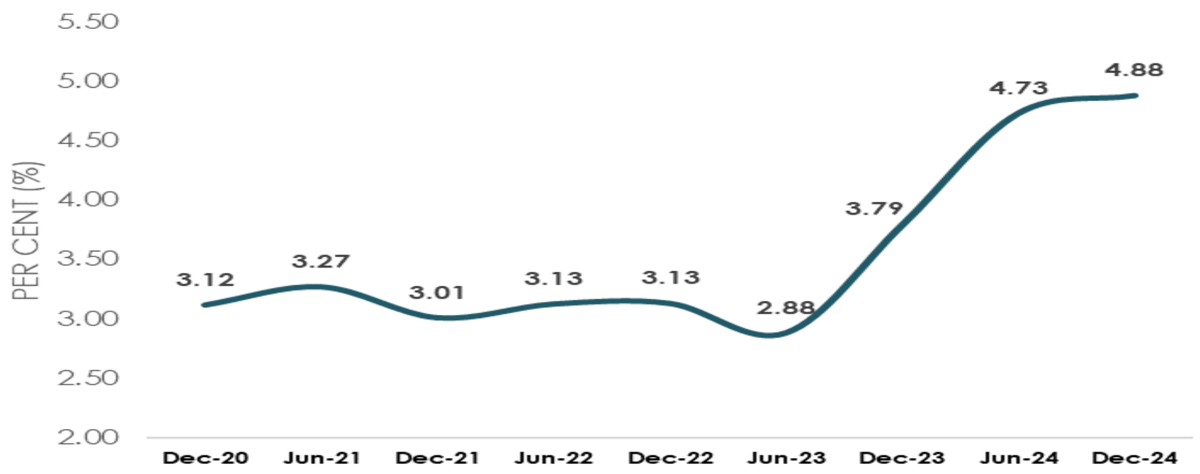


Figure 3.8 Consolidated Balance Sheet of OFIs

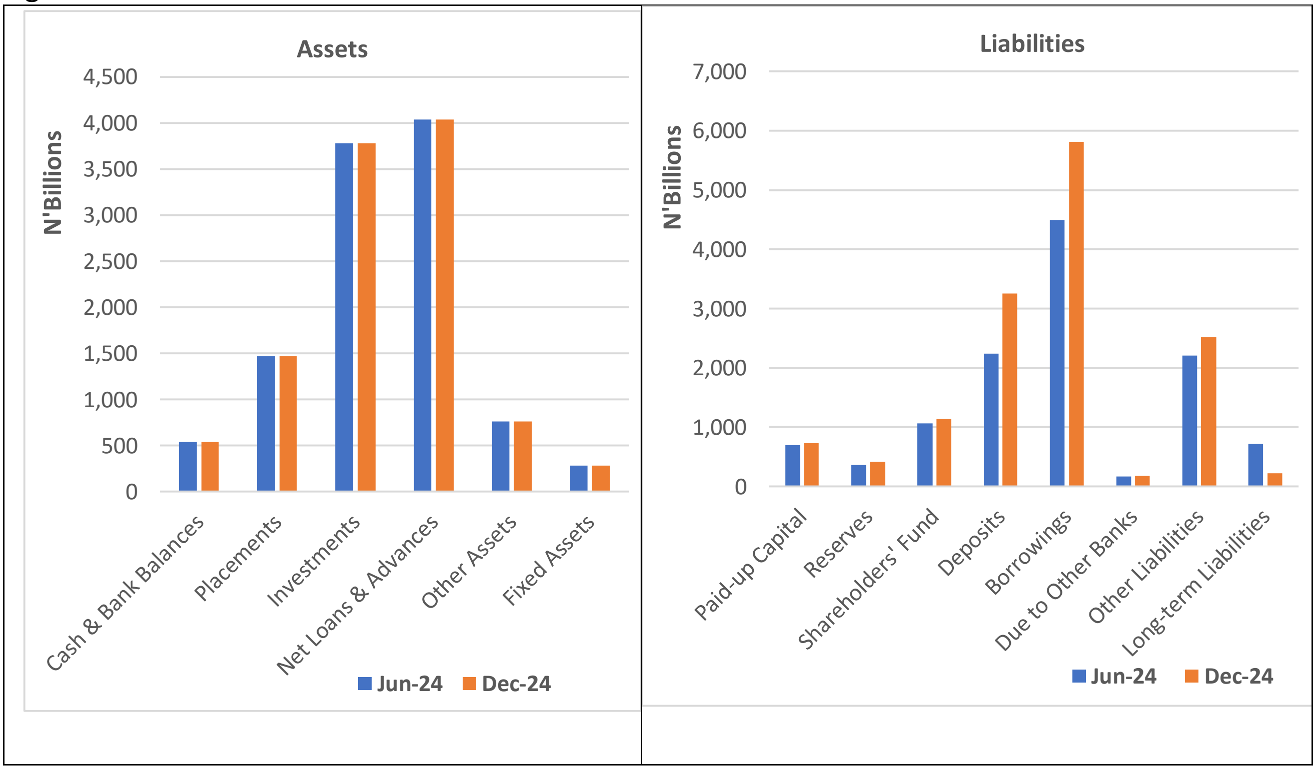
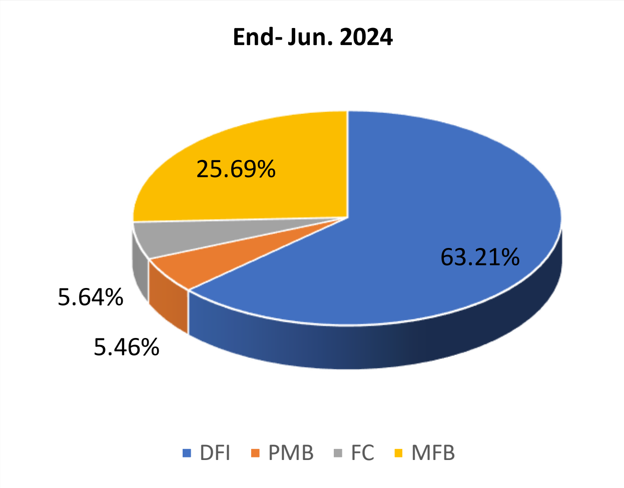
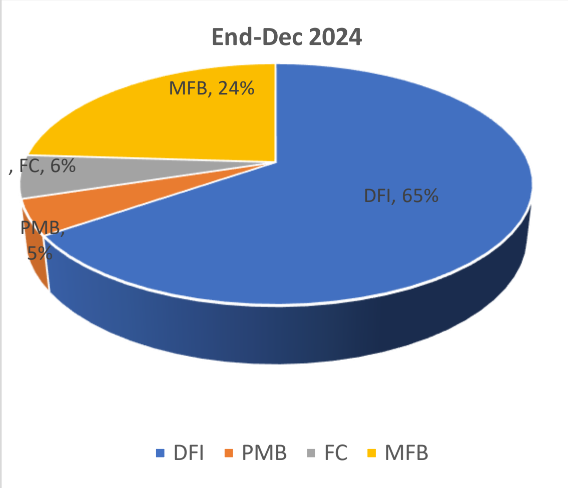


Figure 3.9 Total Assets Structure of OFIs





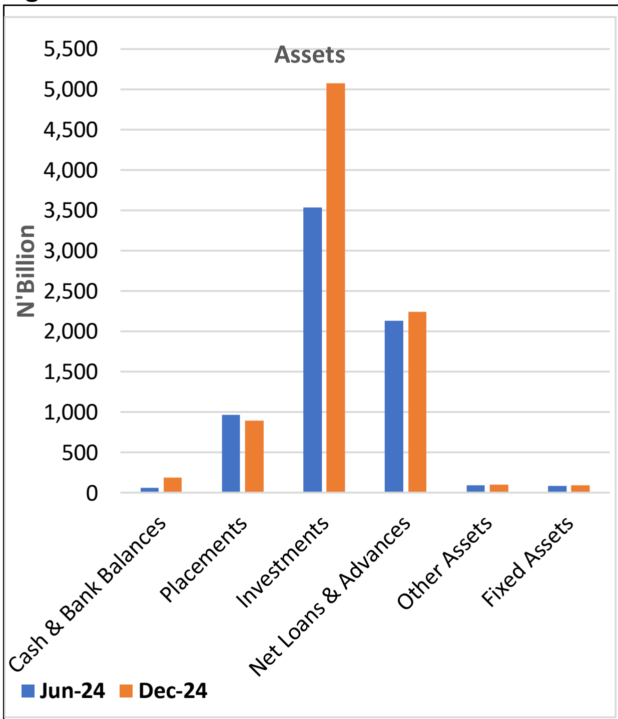
3.2.1. Development Finance Institutions

The total assets of the DFI sub-sector increased by 24.95 per cent to ₦8,593.85 billion from ₦6,877.89 billion at end-June 2024, owing largely to increases in investments, loans, and cash & bank balances. Three DFIs accounted for 87.91 per cent of the total assets compared with 91.91 per cent in the preceding half year.

Borrowings and other liabilities increased by 30.62 per cent and 36.68 per cent to ₦5,371.89 billion and ₦1,519.05 billion from ₦4,112.70 billion and ₦1,111.37 billion at end-June 2024, respectively. However, long-term liabilities decreased by 1.13 per cent to ₦65.83 billion, compared with ₦66.58 billion at end-June 2024. The shareholders' funds increased by 2.00 per cent to ₦759.28 billion, from the ₦744.40 billion in the preceding period, owing to increased retained earnings.

CAR and LR were 24.15 per cent and 337.68 per cent and above the minimum regulatory benchmarks, respectively. Furthermore, the NPL ratio improved by 1.14 percentage points to 18.24 per cent, from 19.38 per cent at end-June 2024. The improvement in the FSIs was mainly attributable to increased operational efficiency and loan repayments.

Figure 3.10 Consolidated Balance Sheet of DFIs



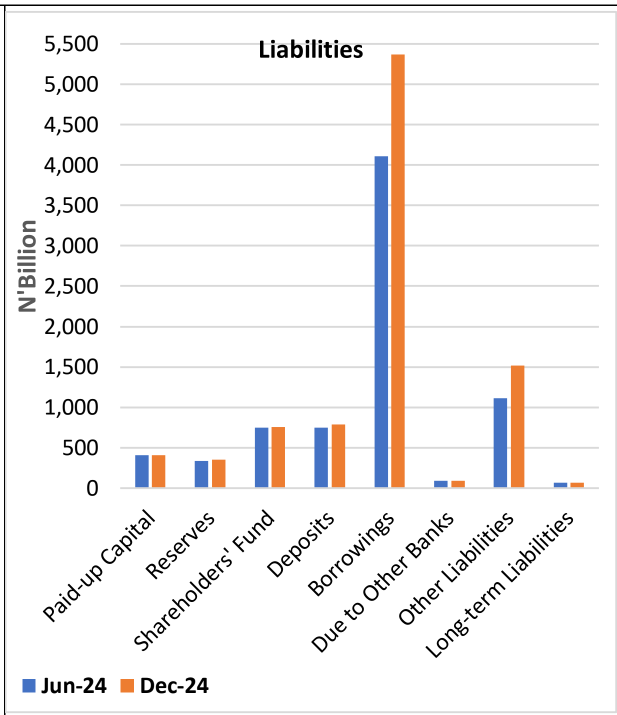
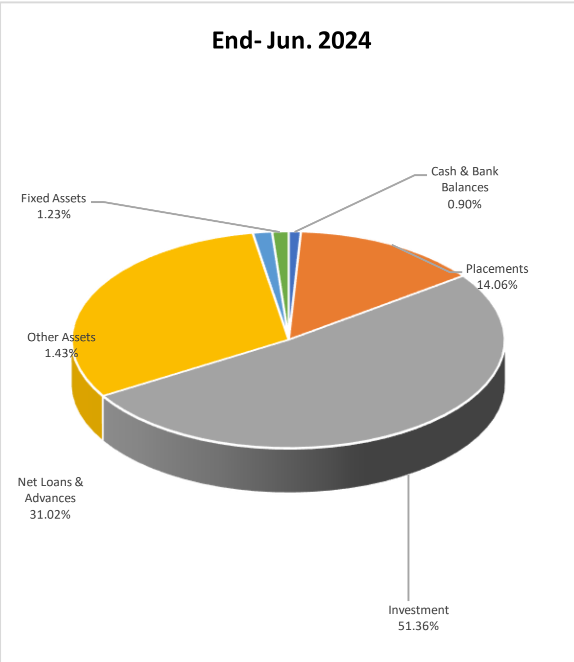


Figure 3.11 Total Assets of DFIs



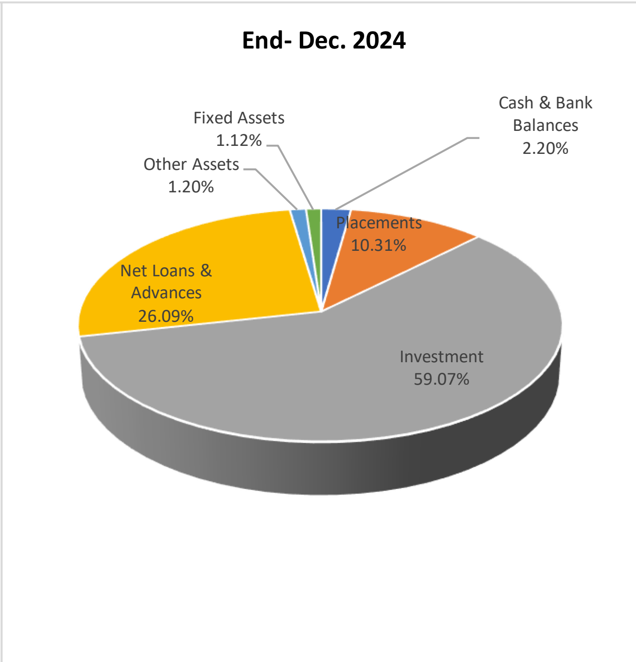
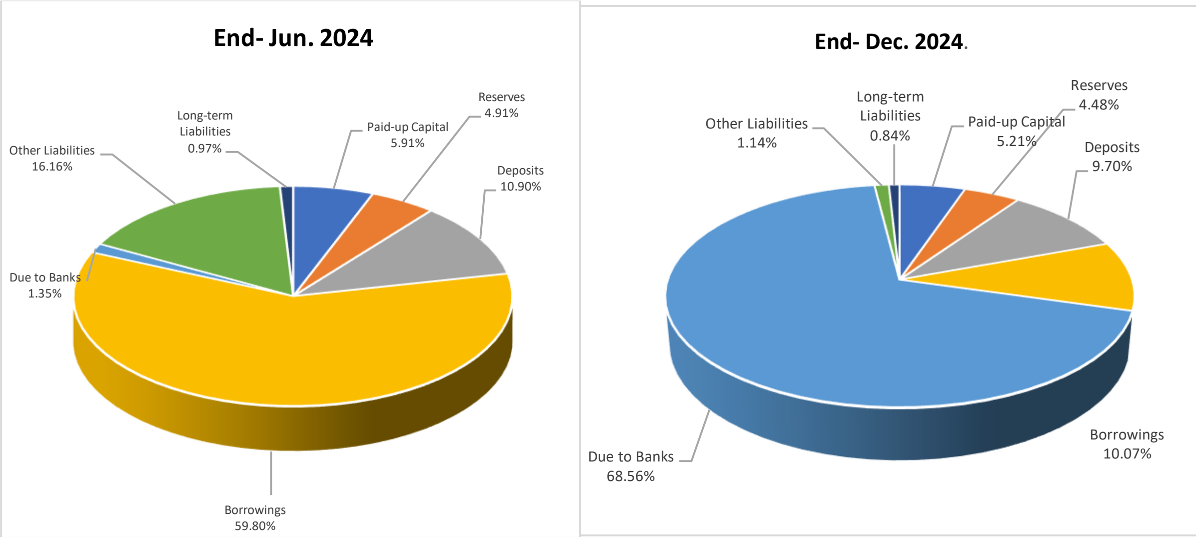


Figure 3.12 Total Liabilities of DFIs



3.2.2. Primary Mortgage Banks

The total assets of the sub-sector increased by 4.98 per cent to ₦624.06 billion from ₦594.48 billion at end-June 2024, owing largely to increases in placements, short term investments and other assets. Placements and other assets increased by 23.28 and 7.46 per cent to ₦119.62 billion and ₦76.70 billion, from ₦97.03 billion and ₦71.37 billion, respectively, at end-June 2024.

Similarly, deposits increased by 7.11 per cent to ₦252.07 billion from ₦235.34 billion, while borrowings increased by 76.94 per cent to ₦28.01 billion, from ₦15.83 billion at end-June 2024. Also, the shareholders' funds increased by 24.04 per cent to ₦57.61 billion owing to a combination of fresh capital injection and accretion to reserves from retained profits.

Investible funds available to the PMB sub-sector amounted to ₦45.58 billion against the ₦45.36 billion recorded at end-June 2024. The funds were mainly from increases of ₦16.73 billion, ₦9.77 billion and ₦12.18 billion in deposits, reserves, and borrowings from banks, respectively. These were largely used to finance increases of ₦22.59 billion, ₦6.58 billion and ₦5.32 billion in placements, short-term investments and other assets, respectively.

The LR stood at 56.28 per cent, above the regulatory minimum of 20.00 per cent. The NPL ratio rose to 21.80 per cent, from 17.43 per cent at end-June 2024, but remained within the regulatory limit of 30.00 per cent.

Figure 3.13 Consolidated Balance Sheet of PMBs

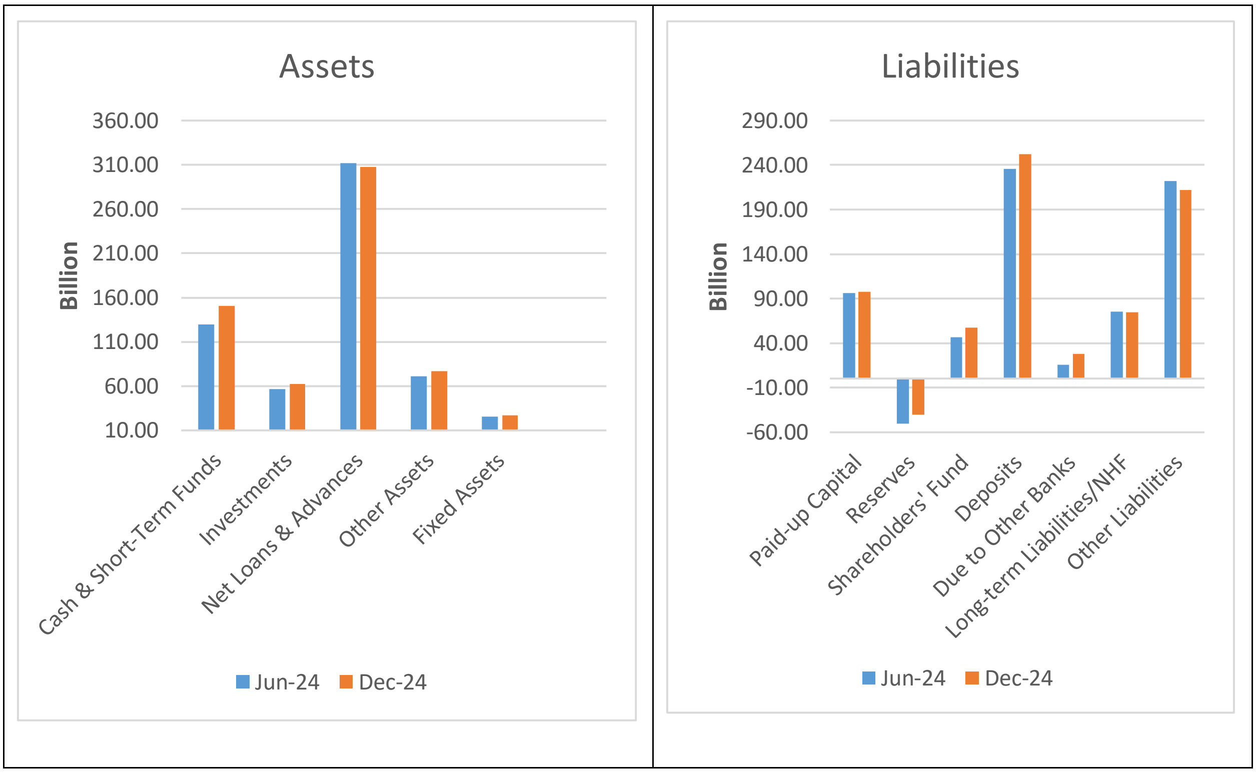


Figure 3.14 Composition of Assets of PMBs

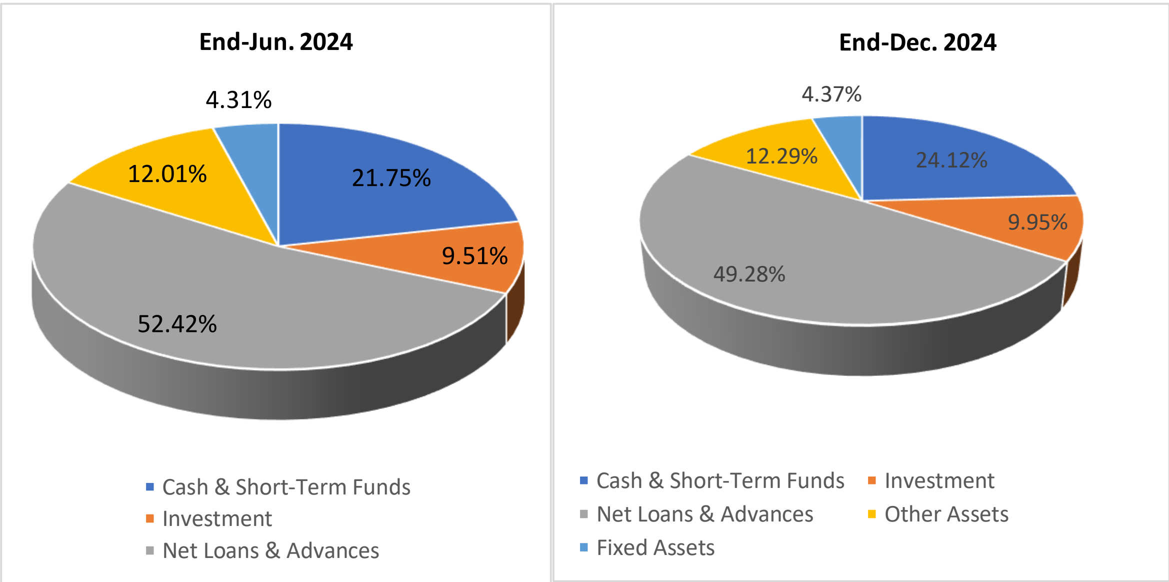


Figure 3.15 Composition of Liabilities of PMBS

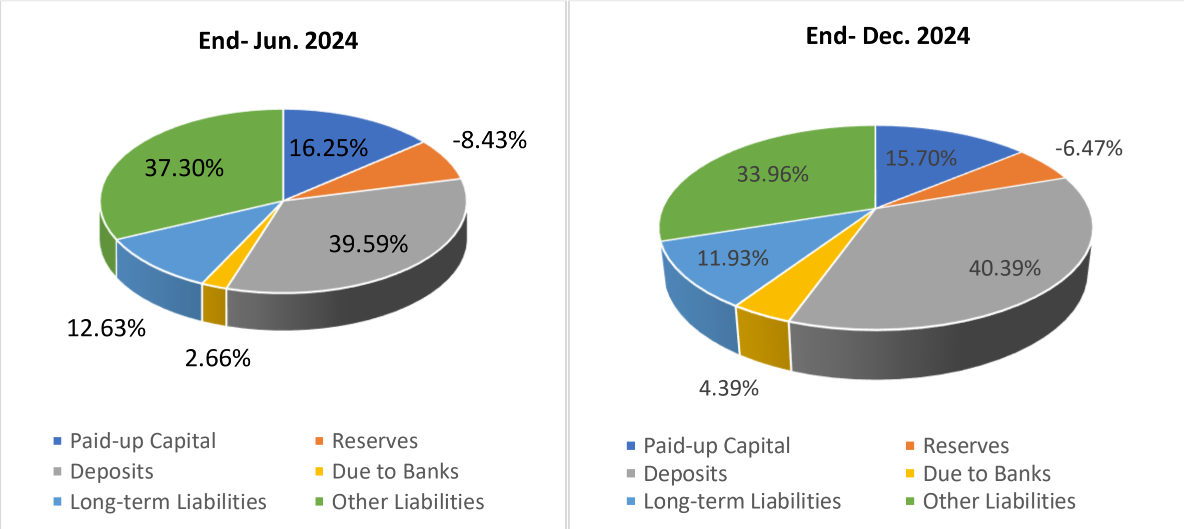


Table 3.1: Financial Highlights of PMBs

	End-June 2024 (₦' billion)	End-December 2024 (₦' billion)	Change (₦' billion)	% Change
Total Assets	594.48	624.06	29.58	4.98
Net Loans and Advances	311.61	307.51	(4.1)	(1.32)
Placements	97.03	119.62	22.59	23.28
Other Assets	71.37	76.70	5.33	7.47
Fixed Assets	25.63	27.26	1.63	6.36
Reserves	(50.13)	(40.36)	9.77	(19.49)
Deposit liabilities	235.34	252.07	16.73	7.11
Other liabilities	221.76	211.92	(9.84)	(4.64)
Paid-up Capital	96.58	97.97	1.39	1.44
Shareholders' funds	46.44	57.61	11.17	24.05
Capital Adequacy Ratio (%)	12.53	15.12	-	2.59
Liquidity Ratio (%)	56.69	56.28	-	(0.4)
Non-performing Loans (%)	17.43	21.86	4.43	25.42

Table 3.2: Sources and Utilisation of Investible Funds of PMBs as at December 2024

Items	Source (N'million)	Utilisation (N'million)
Cash	456,375	
Bank Balances	935,398	
Placements		22,590,199
Investments		5,523,583
Loans And Advances	4,095,703	
Other Assets		5,324,754
Fixed Assets		1,629,845
Paid-Up Capital	1,393,414	
Reserves	9,772,937	
Deposits	16,727,181	
Due To Other Banks	12,186,410	
Long Term Loans/NHF		665,415
Other Liabilities		9,833,622
Total	**45,567,418**	**45,567,418**

3.2.3. Finance Companies

The total assets of FCs increased by 24.08 per cent to ₦760.83 billion during the review period from ₦613.17 billion in the preceding period, largely owing to increases in net loans and advances, placements and other assets. Net loans and advances, placements and other assets grew by 21.70 per cent, 45.57 per cent and 30.16 per cent to ₦410.18 billion, ₦103.84 billion and ₦94.52 billion, respectively.

Similarly, borrowings and long-term liabilities increased by 15.22 per cent and 729.17 per cent to ₦442.06 billion and ₦3.98 billion, from ₦383.68 billion and ₦0.48 billion, respectively, at end-June 2024. Also, shareholders' funds grew by 25.81 per cent to ₦72.50 billion from ₦57.62 billion, following increases in paid-up capital and reserves.

Investible funds rose mainly from increased borrowings, shareholders' funds, and other liabilities. The funds were utilised to create additional loans & advances, placements and investments.

The NPL of the subsector improved from 12.61 per cent at end-June 2024 to 9.17 per cent, which was within the regulatory limit of 10.00 per cent. The reduction reflected improvements in asset quality and loan recovery. Similarly, CAR improved to 9.86 per cent from 9.07 per cent but remained below the regulatory minimum of 12.50 per cent.

Table 3.3: Highlights of Financial Position of Finance Companies

	End-June 2024 (₦' billion)	End-December 2024 (₦' billion)	Change (₦' billion)	% Change
Total Assets	613.17	760.83	147.66	24.08
Balances with Banks	46.03	49.00	2.97	6.43
Net Loans and Advances	337.03	410.18	73.15	21.70
Investments	41.38	50.15	8.76	21.18
Placements	71.34	103.84	32.50	45.57
Fixed Assets	44.28	51.97	7.69	17.35
Borrowings	383.68	442.06	58.38	15.22
Other Liabilities	171.38	242.28	70.90	41.37
Shareholders' Funds	57.62	72.50	14.87	25.81
Paid-up Capital	32.90	42.96	10.06	30.56
Reserves	24.73	29.55	4.82	19.50
Capital Adequacy Ratio (%)	9.07	9.86	-	0.79
Non-performing Loans (%)	12.61	9.17	-	(3.44)

Figure 3.16 Consolidated Balance Sheet of Finance Companies

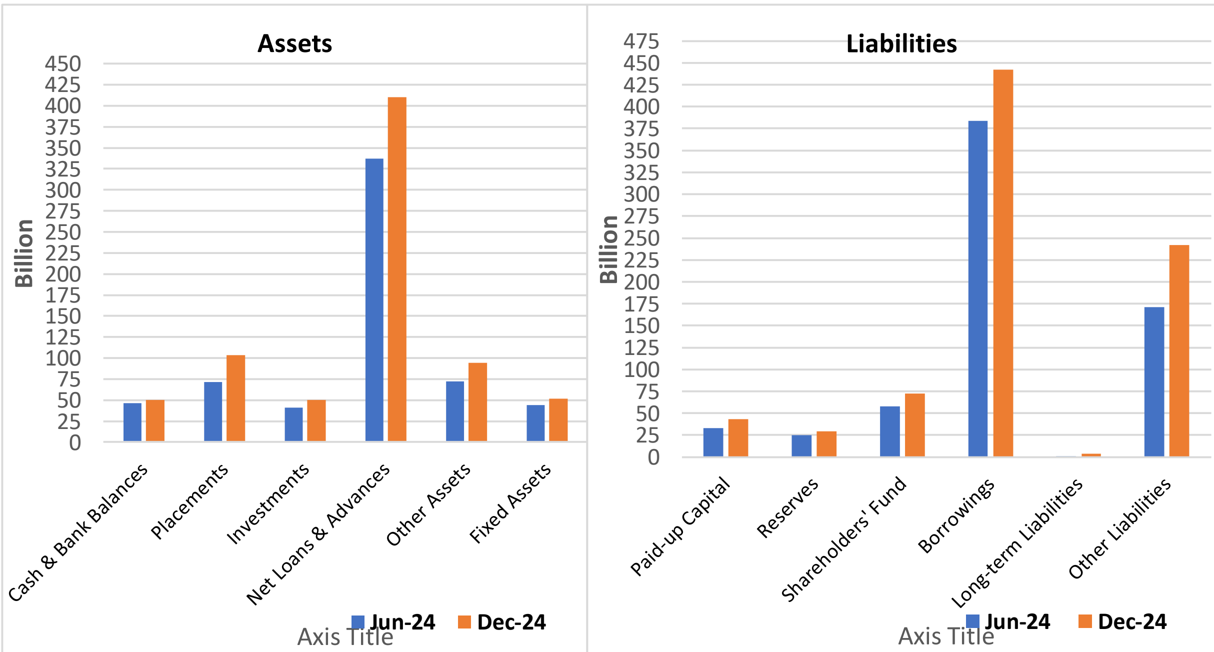


Figure 3.17 Composition of Assets

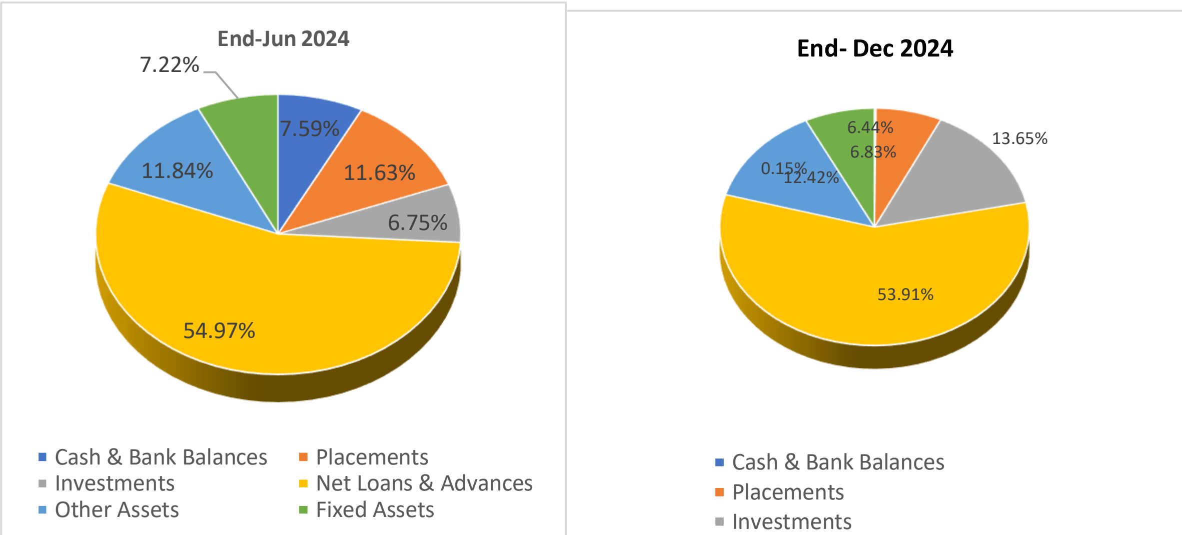


Figure 3.18 Composition of Liabilities of Finance Companies

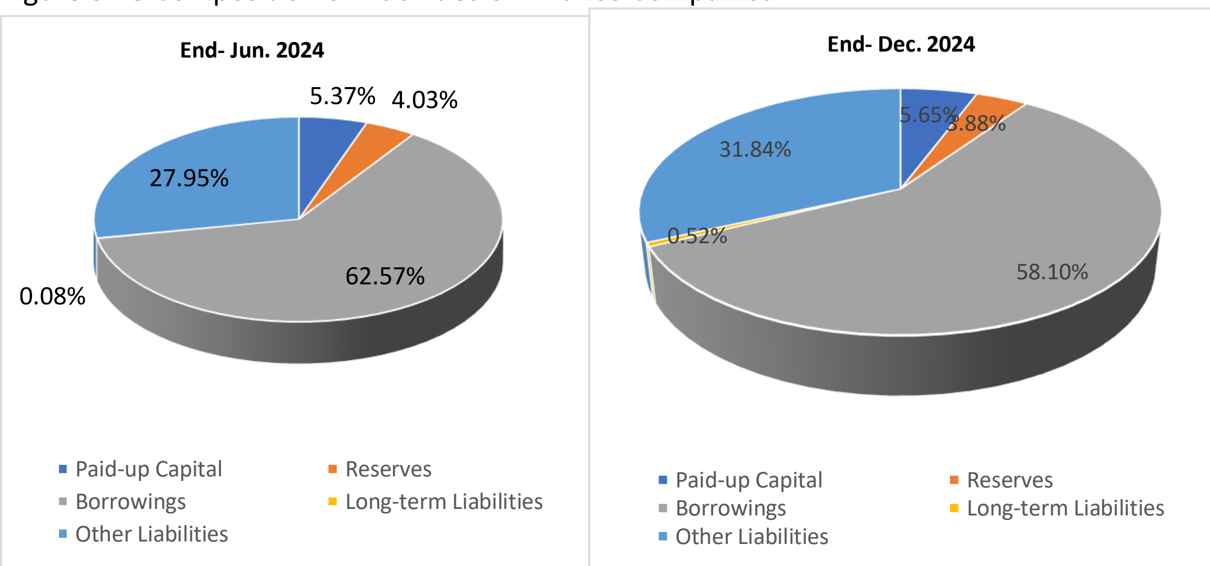


Table 3.4: Sources and Utilisation of Investible Funds of Finance Companies as at December 2024

	₦'000	₦'000
	Source	**Utilization**
Bank Balances		3,651,989
Placements		32,504,318
Investments		8,764,701
Net Loans and Advances		73,147,298
Other Assets		21,907,900
Fixed Assets		7,685,311
Paid-Up Capital	10,055,137	

Reserves	4,820,498	
Long-term Liabilities	3,500,944	
Borrowings	58,385,368	
Other Liabilities	70,899,569	
Total	**147,661,517**	**147,661,517**

3.2.4. Microfinance Banks

Total assets grew by 12.92 per cent to ₦3,156.42 billion from ₦2,795.40 billion at end-June 2024, owing to increases in placements, cash & bank balances and fixed assets. Placements, bank balances and fixed assets rose by 69.63, 19.97 and 120.07 per cent above levels recorded in the first half of 2024 to ₦573.38 billion, ₦481.18 billion and ₦286.54 billion, respectively. Loans and advances declined to ₦1,066.87 billion from ₦1,256.32 billion at end-June 2024. The trends in the indicators reflected a shift in the focus of MFBs to low-risk investments.

Also, the rise in liabilities was largely due to increase in deposits and accretion to reserves, by 76.87 and 57.77 per cent above the levels in the first half of 2024 to ₦2,212.43 billion and ₦74.07 billion, respectively. The improvement in deposits was mainly driven by the sustained application of financial technology in the operations of MFBs. The shareholders' funds also grew by 18.61 per cent to ₦250.84 billion, at end-December 2024, owing to accretion to reserves and fresh capital injection.

The CAR and LR at 11.44 and 53.00 per cent, were above the minimum regulatory requirements of 10.00 and 20.00 per cent, respectively. The CAR improved by 1.48 percentage points, from 9.96 per cent at end-June 2024, while the LR declined by 12.46 percentage points from 65.46 per cent in the first half of 2024.

Investible funds rose by ₦508.24 billion, attributable largely to growth in deposits of ₦961.54 billion. The funds were utilised mainly to increase placements and fixed assets.

Table 3.5: Highlights of Financial Position of Microfinance Banks

	End-June 2024 (N' Billion)	End-December 2024 (N' Billion)	Change (₦' Billion)	% Change
Total Assets	2,795.40	3,156.42	361.02	12.91
Investments	146.31	797.50	651.19	445.08
Net Loans and Advances	1,256.32	1,066.87	(189.45)	(15.08)
Other Assets	523.49	524.34	0.85	0.16
Fixed Assets	130.20	286.54	156.34	120.08
Paid up capital	164.54	176.77	12.23	7.43
Reserves	46.95	74.07	(18.45)	57.76
Shareholders' Funds	211.48	250.84	27.12	18.61
Deposits	1,250.89	2,212.43	961.54	76.87
Takings from Other Banks	58.62	63.96	5.34	9.11
Long Term Loans/On-lending	575.27	77.28	(497.99)	(86.57)
Other Liabilities	699.13	551.91	(147.22)	(21.06)
Capital Adequacy Ratio (%)	9.96	11.44	-	1.48
Liquidity Ratio (%)	65.46	53.00	-	(12.46)
Portfolio-at-Risk (PAR) (%)			4.99	40.73

Figure 3.19 Balance Sheet of Microfinance Banks

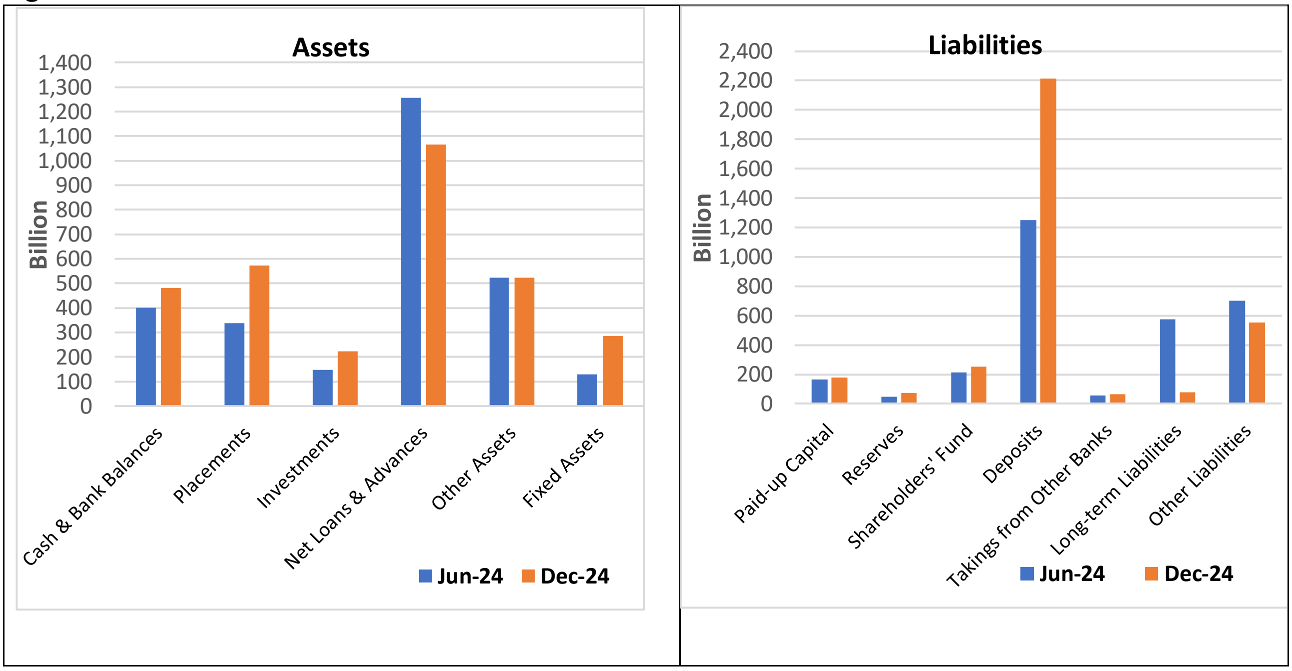


Figure 3.20 Composition of Assets

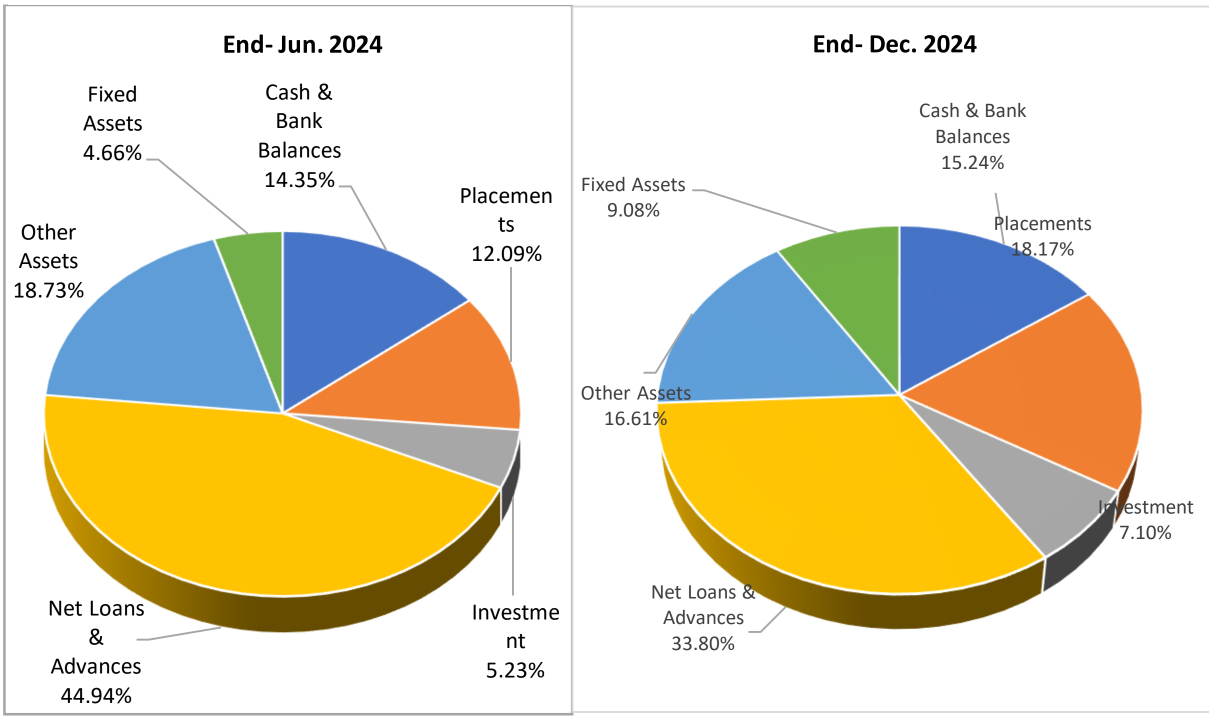


Figure 3.21 Composition of Liabilities of Microfinance Banks

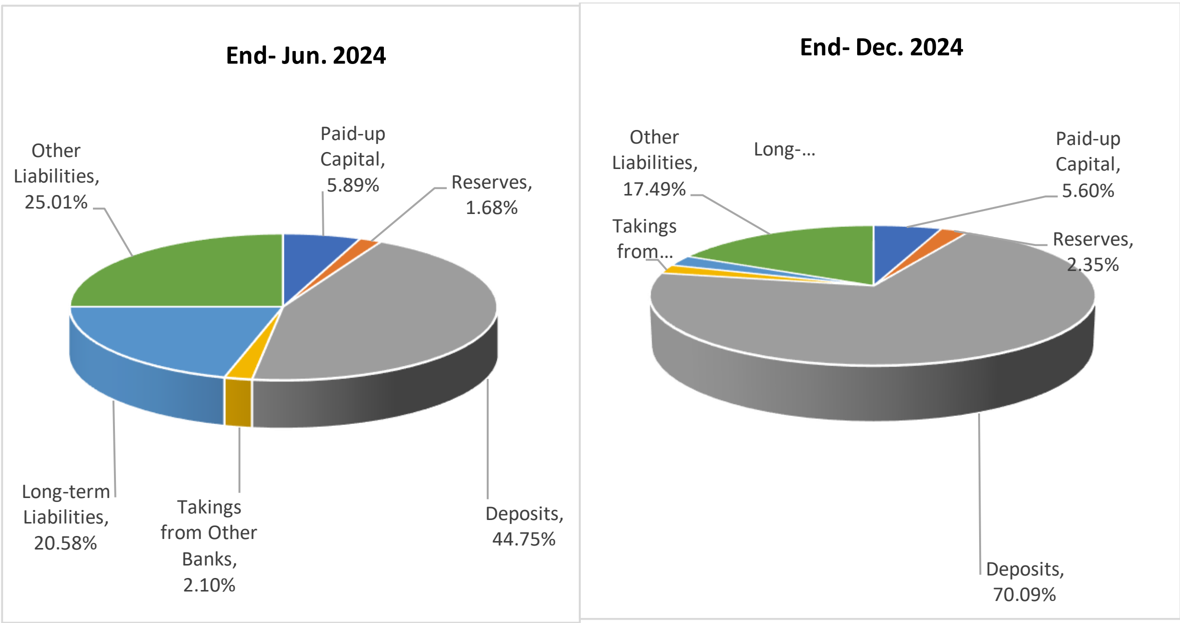


Table 3.6: Sources and Utilisation of Investible Funds of Microfinance Banks as at December 2024

	₦'000	₦'000
	Source	**Utilisation**
Cash		4,706,271
Bank Balances		75,398,093
Placements		235,368,403
Investments		77,808,847
Loans And Advances	189,453,271	
Other Assets		854,406
Fixed Assets		156,337,787
Paid-up Capital	12,230,586	
Reserves	27,122,937	
Deposits	961,543,693	
Takings From Other Banks	5,342,517	
Long-term Loans (On-lending)		497,994,532
Other Liabilities		147,224,665
Total	**1,195,693,004**	**1,195,693,004**

3.2.5. Maturity Structure of MFB Loans & Advances and Deposit Liabilities

The maturity profile of the MFB subsector showed that loans and advances were mainly short-tenured, accounting for 60.60 per cent, compared with 62.59 per cent at end-June 2024.

Similarly, the deposit structure remained largely short-term, with deposits of less than one year constituting 63.45 per cent, compared with 75.52 per cent at end-June 2024. Deposits with maturities of over one year increased to 36.55 per cent, compared with 24.48 per cent in the preceding period, suggesting an improvement in stable funding of the subsector.

Table 3.7: Maturity Structure of MFBs Loans and Advances and Deposit Liabilities

	End-Jun 2024		End-Dec 2024	
Tenor/Period	**Loans and Advances (%)**	**Deposits (%)**	**Loans and Advances (%)**	**Deposits (%)**
0-30 Days	27.52	30.82	29.97	32.55
31-60 Days	4.23	6.85	5.07	3.6
61-90 Days	3.61	6.99	4.19	4.11
91-180 Days	14.41	17.49	11.12	15.85
181-360 Days	12.82	13.37	10.25	7.34
Short-Term	62.59	75.52	60.60	63.45
Above 360 Days	37.41	24.48	39.4	36.55
Total	100.00	100.00	100	100

3.2.6. Other Developments in the OFI Sub-sector

The Bank sustained engagements with Development Bank of Nigeria (DBN), Bank of Industry (BOI), and the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) to bridge the funding gap between DFIs and eligible MFBs.

3.2.7. Asset Management Corporation of Nigeria

In the review period, cash recoveries decreased by 11.18 per cent to ₦51.71 billion from ₦57.49 billion in the first half of 2024, while investment income from treasury operations increased by 36.25 per cent to ₦14.91 billion from ₦9.51 billion in the preceding half year.

The Corporation achieved a total recovery of ₦2,323.68 billion from inception, comprising cash of ₦918.38 billion; other collections (proceeds from property sales, share sales, rental income, dividend income, sale of bridge banks and reinvestment income), amounting to ₦1,270.76 billion; and asset forfeitures of ₦134.54 billion.

The carrying value of AMCON's liabilities increased by 3.22 per cent to ₦5,687.36 billion, from ₦5,504.39 billion at end-June 2024. The Corporation's total assets net of impairment stood at ₦1,319.20 billion, compared with ₦1,104.00 billion in the first half of 2024, reflecting an increase of 19.49 per cent.

Collections into the Banking Sector Resolution Cost Fund (BSRCF) amounted to ₦577.84 billion contributed by the Bank and 15 banks. The funds were utilised by AMCON at end-December 2024 to settle its obligations on issued securities.

3.3. Banking Industry Stress Tests

The Bank maintained its oversight role by conducting comprehensive top-down solvency and liquidity stress tests. These assessments serve as a forward-looking mechanism for identifying potential vulnerabilities and emerging risks within the banking industry, enabling timely implementation of appropriate regulatory interventions to ensure long-term stability (Appendix 6).

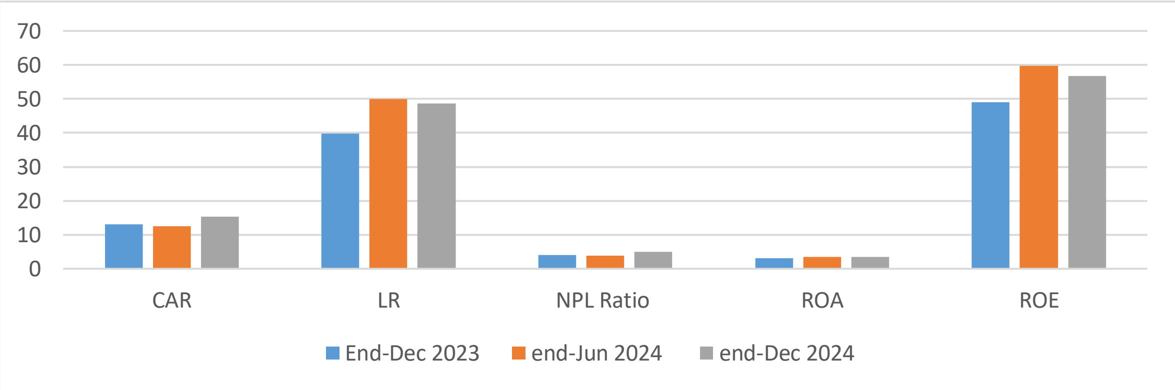
3.3.1. Solvency Stress Test Baseline Position

The baseline CAR, LR and NPL ratio of the banking industry in the period under review were 15.25, 48.62 and 4.87 per cent, respectively, which were within regulatory thresholds. Return on Asset (ROA) and Return on Equity (ROE) stood at 3.49 and 56.74 per cent, respectively.

Table 3.8: Banking Industry Baseline Selected Key Indicators

	CAR (%)	LR (%)	NPL Ratio (%)	ROA (%)	ROE (%)
a. Dec 2023	13.13	39.89	4.04	3.16	49.04
b. Jun 2024	12.52	50.02	3.90	3.47	59.81
c. Dec 2024	15.25	48.62	4.87	3.49	56.74
Percentage Points Change (c – b)	2.67	(1.40)	0.59	0.02	(3.07)

Figure 3.22 Banking Industry Selected Key Indicators



3.3.1.1. Credit and Credit Concentration Risk

Stress test results highlighted the robustness of the banking industry in managing general credit and credit concentration risks, even under adverse conditions. The industry demonstrated resilience against a 30.00 per cent increase in NPLs, with the CAR remaining above the regulatory threshold of 10.00 per cent. Under the shock of a 50.00 per cent increase in NPLs, the industry's CAR remained above the regulatory minimum, underscoring the sector's ability to withstand significant credit deterioration.

A scenario in which the five largest corporate credit facilities deteriorate from performing to sub-standard, the industry CAR would remain above the minimum threshold of 10.00 per cent, reflecting adequate corporate risk diversification and prudent credit portfolio management.

The results of general credit and credit concentration stress test showed that banks had sufficient capital buffers to absorb potential losses arising from increased loan defaults.

Table 3.9 Credit Default Stress Test

Shocks	June 2024 CAR (%)	December 2024 CAR (%)
Baseline	12.52	15.25
10% increase in NPLs	12.25	14.97
15% increase in NPLs	12.12	14.82
20% increase in NPLs	11.98	14.68
30% increase in NPLs	11.71	14.39
50% increase in NPLs	11.17	13.80

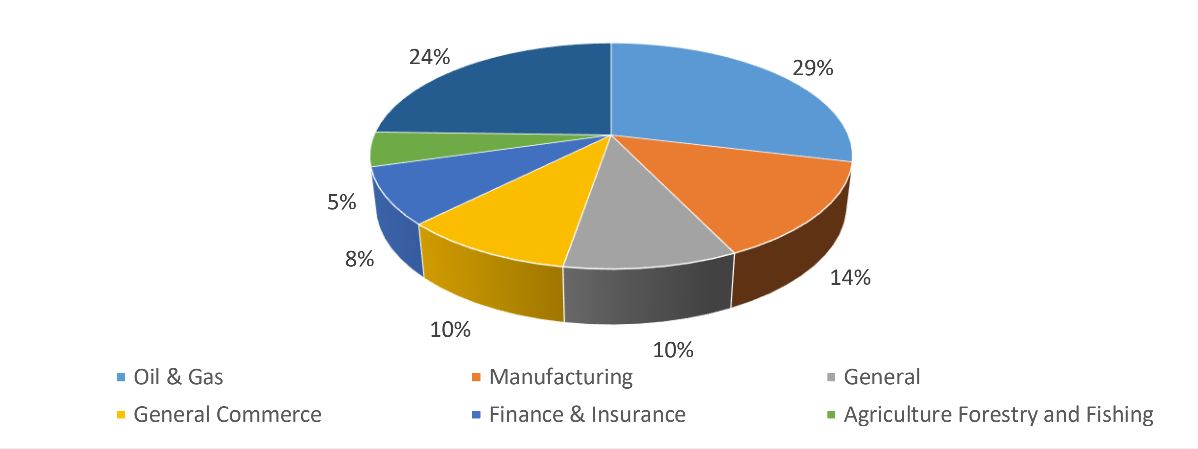
3.3.1.2. Credit Concentration Stress Test

A breakdown of the CMNB's total credit by sector at end-December 2024 showed that the Oil and Gas sector had the highest proportion of total credit exposure, accounting for 28.78 per cent, followed by manufacturing with 14.09 per cent.

Table 3.10 Credit Exposure by Sectors

S/No	SECTOR	End-Dec 2024 (N'Bn)	% to Total Credit
1	Oil & Gas	17,235.69	28.78
2	Manufacturing	8,437.60	14.09
3	General	5,854.98	9.78
4	General Commerce	5,848.69	9.77
5	Finance & Insurance	4,849.54	8.10
6	Agriculture, Forestry and Fishing	2,940.51	4.91
7	Others	14,710.47	24.57
	Total	**59,877.49**	**100**

Figure 3.23 Credit Exposure by Sectors



The stress test results underscored the banking industry's ability to navigate sectoral and obligor credit concentration risks, even under adverse conditions. A 20.00 per cent classification of Oil & Gas exposures as doubtful would result in the CAR declining to 13.42 per cent, indicating a potential strain, but still above the regulatory threshold. Similarly, a 20.00 per cent classification of Oil & Gas exposures as lost would decrease CAR to 11.15 per cent, highlighting the resilience of the banking industry to shocks emanating from the Oil & Gas sector.

Under obligor credit concentration risks, if the five largest corporate credit facilities deteriorated from performing loans to sub-standard (Scenario 1), the industry CAR would decline to 14.94 per cent, a moderate impact. Under further strained shocks from sub-standard to doubtful (Scenario 2), CAR would reduce to 14.46 per cent, indicating sustained pressure on bank capital buffers. A worst-case shift from doubtful to lost (Scenario 3) would result in CAR dropping to 13.64 per cent, which would still maintain resilience above regulatory benchmarks.

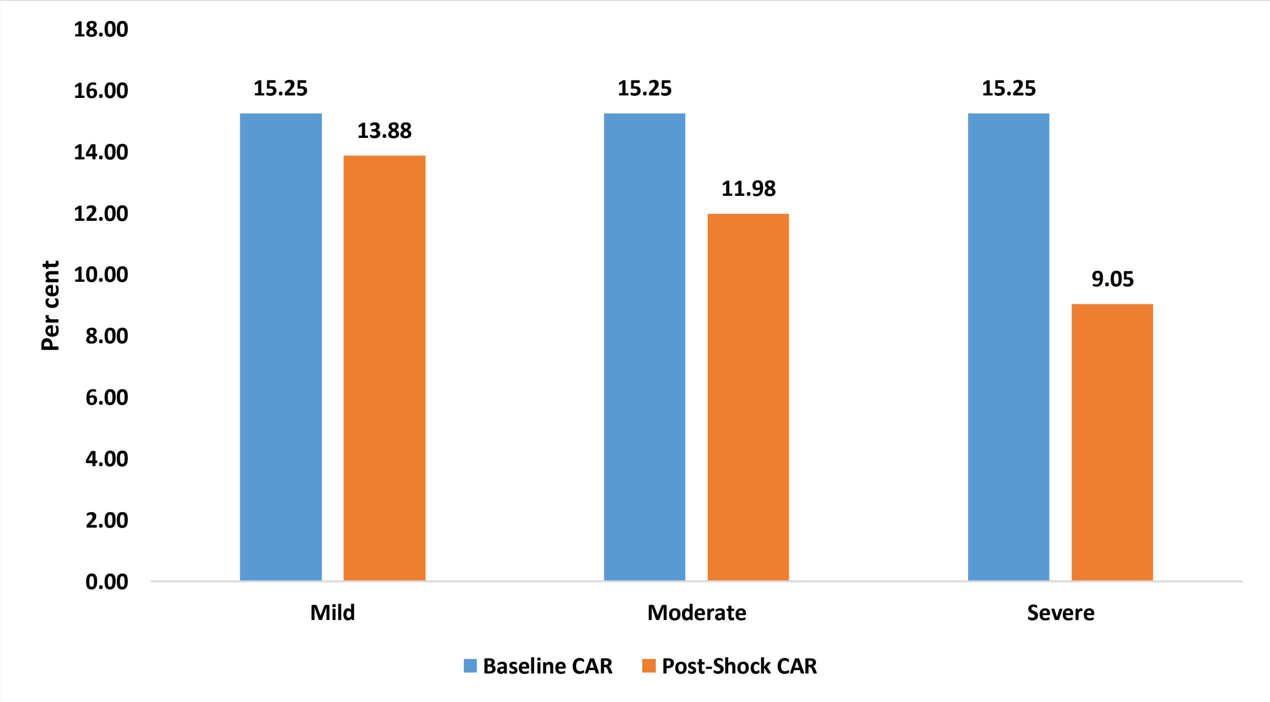
Table 3.11 Obligor Credit Concentration Stress Tests

Scenarios	**Jun 2024 CAR (%)**	**Dec 2024 CAR (%)**
Baseline	12.52	15.25
Scenario 1 **Five largest corporate credit facilities shifted from performing to sub-standard (10% provision)**	12.15	14.94
Scenario 2 **Five largest corporate credit facilities shifted from sub-standard to doubtful (50% provision)**	11.59	14.46
Scenario 3 **Five largest corporate credit facilities shifted from doubtful to lost (100% provision)**	10.65	13.64

3.3.1.3. Climate Risk Stress Test

The climate risk stress test results indicated that banking solvency would decline under varying levels of severity, falling to 13.88 per cent in a mild scenario, 11.98 per cent in a moderate scenario, and 9.05 per cent under severe conditions. These findings highlighted the potential financial vulnerability of banks to climate-related risks, such as losses to businesses resulting from floods and the shift to eco-friendly technologies (Appendix 7).

Figure 3.24 Climate Risk Stress Test: Impact on CAR



3.3.2. Liquidity Stress Test

The test indicated that, in a one-day run scenario, the LR would decrease to 37.05 per cent from the baseline of 48.62 per cent, a milder decline from the preceding half-year's drop from 50.02 per cent to 35.19 per cent. In 3 and 5 days' run scenarios, the LR would further decline to 8.82 per cent and 0.00 per cent, respectively, leading to liquidity shortfalls of ₦7,918.72 billion and ₦9,055.58 billion, compared with ₦8,260.53 billion and ₦10,203.52 billion outcomes at end-June 2024. However, available cash reserve balances, amounting to ₦20,422.32 billion, would be sufficient to offset any liquidity deficits.

Figure 3.25 Liquidity Stress Test

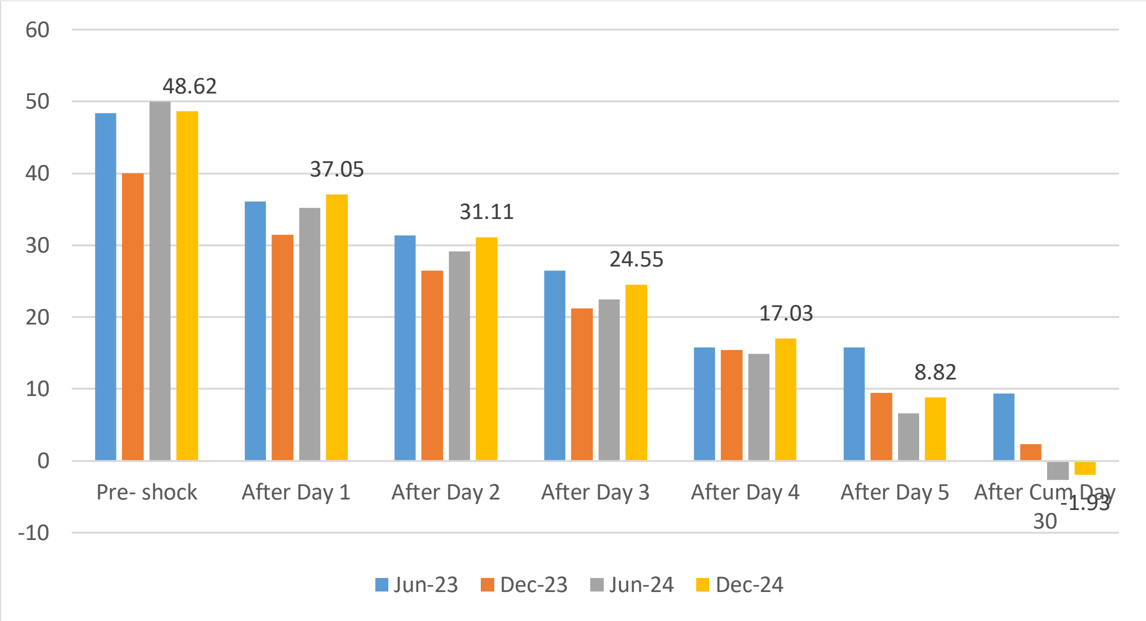


Table 3.12: Implied Cash Flow Liquidity Stress Test Results

	No. of Banks with LR < 30%					
	Dec 2023	**Jun 2024**	**Dec 2024 LR (%)**	**Shortfall to 30% LR threshold (₦' billion)**	**Jun 2024 LR (%)**	**Shortfall to 30% LR threshold (₦' billion)**
Day 1	15	14	31.48	*(693.31)	35.19	*(2,599.77)
Day 2	20	21	26.49	1,547.41	29.12	405.19
Day 3	24	24	21.20	3,621.48	22.47	3,191.21
Day 4	25	26	15.42	5,614.85	14.87	5,882.57
Day 5	25	26	9.42	7,345.10	6.56	8,260.53
Day 30	26	27	2.32	9,055.58	(2.66)	10,203.52

**( ) denotes liquidity below threshold.*

3.3.2.1. Maturity Mismatch

The asset-liability structure revealed significant imbalances, particularly in short-term funding buckets, highlighting liquidity concerns. The baseline evaluation of assets and liabilities revealed a mismatch totaling **₦23,599.30 billion**, with current assets exceeding current liabilities. The shorter end of the market, ≤90-day bucket, recorded a significant mismatch of **₦16,974.62 billion**, indicating heightened liquidity risk in short-term obligations.

Under Static Rollover Risk (Test 2) and Dynamic Rollover Risk (Test 3), significant mismatches of ₦31,231.02 billion and ₦36,650.34 billion were observed, compared with mismatches of ₦25,826.10 billion and ₦29,498.19, respectively, at end-June 2024.

The observed maturity mismatch and rollover risk profiles presented clear evidence of elevated short-term liquidity stress. While long-term stability provided a cushion, the substantial gaps in near-term buckets required enhanced supervisory oversight.

3.13: Maturity Profile of Assets and Liabilities

Bucket	Liabilities	Assets	Mismatch	Cumulative Mismatch
	₦' billion			
≤30 days	83,175.48	67,612.90	15,562.58	15,562.58
31-90 days	7,948.97	6,536.92	1,412.05	16,974.62
91-180 days	2,847.03	9,675.90	(6,828.88)	10,145.74
181-365 days	2,897.94	7,327.44	(4,429.50)	5,716.25
1-3 years	2,632.92	12,067.06	(9,434.14)	-3,717.89
>3 years	8,269.71	28,151.12	(19,881.41)	-23,599.30
Total	**107,772.05**	**131,371.35**		

Table 3.14: Stress Test Results for Maturity Mismatch

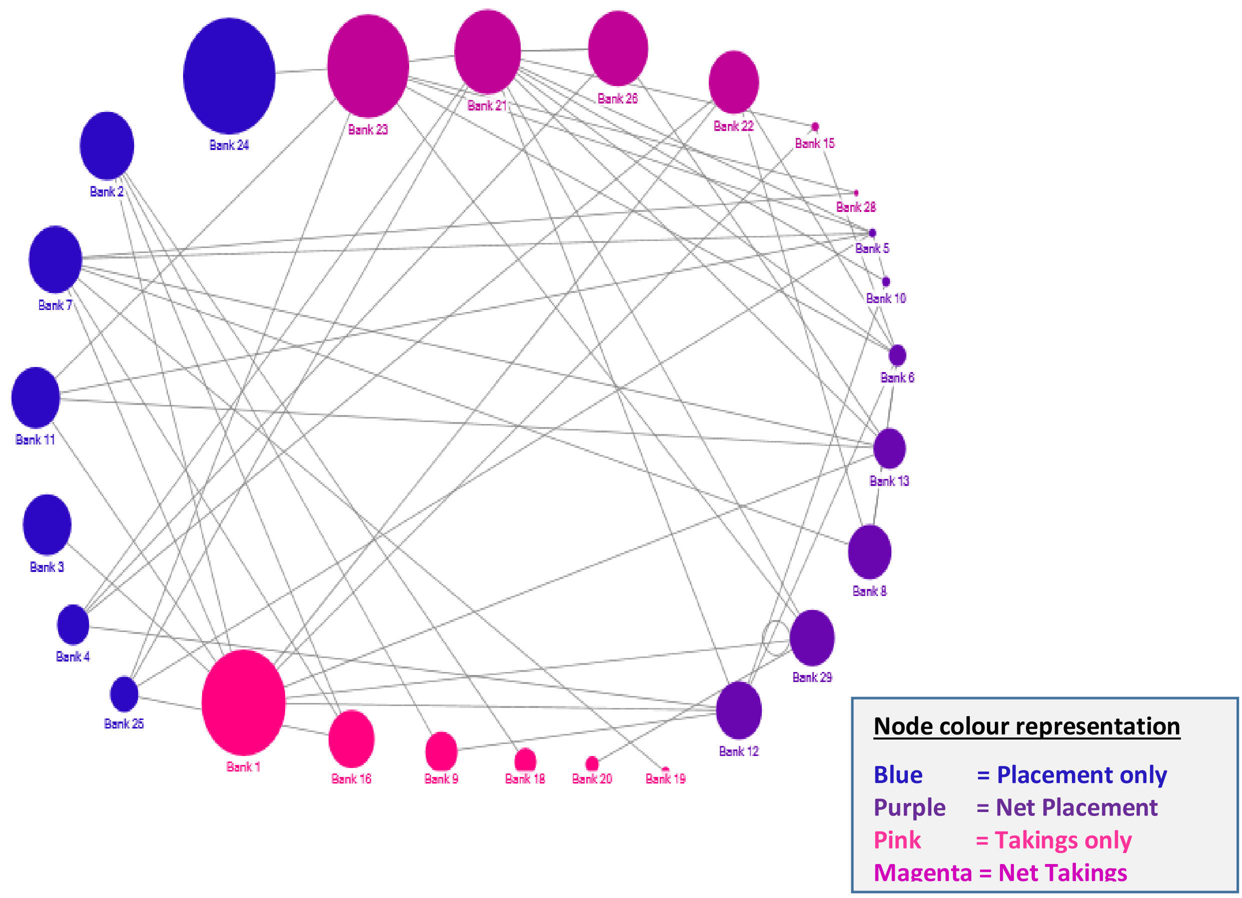
	Test 1 Descriptive Maturity Mismatch. (No consideration of rollover)		**Test 2 Static Rollover Risk Analysis. (No possibility to close liquidity gaps in other buckets)**		**Test 3 Dynamic Rollover Risk test. (Free assets used to close liquidity gaps in other buckets)**	
	₦' billion	**No. of banks with mismatch**	**₦' billion**	**No. of banks with mismatch**	**₦' billion**	**No. of banks with mismatch**
≤30 days	29,020.33	2	12,385.23	8	(2,982.56)	8
31-90 days	14,857.93	2	(813.67)	18	(1,204.62)	9
91-180days	6,617.01	6	(7,398.28)	25	(3,194.24)	12
181-365days	9,028.25	12	(5,298.88)	3	(2,480.12)	14
1-3 Years	4,023.61	16	(10,224.01)	31	(7,478.53)	16
Above 3 years	(6,572.59)	27	(19,881.41)	31	(19,310.27)	22
Total	**56,974.54**		**(31,231.02)**		**(36,650.34)**	

3.3.2.2. Contagion Risk Analysis

The contagion risk associated with inter-bank placements and takings increased as total exposure rose by 23.41 per cent to ₦2,053.36 billion compared with ₦1,663.83 billion at end-June 2024. A closer analysis revealed that eight out of 26 banks accounted for 84.20 per cent per cent of the total placements, while eight banks were responsible for 96.73 per cent of total takings.

Despite the rise in exposure, risk to financial system stability remained largely unaffected, as all placements were fully collateralised.

Figure 3.26 Network Analysis based on Interbank Exposures



3.4. Supervision of Banks and Other Financial Institutions

The Bank continued the close supervision and surveillance of banks and financial holding companies to promote their safety and soundness as well as financial system stability in the second half of 2024. During the period, off-site supervisory activities and onsite assessments (routine examinations and special investigations) were conducted.

3.4.1. Routine and Target Examination

Risk-based examination of 18 banks and four financial holding companies was conducted during the review period. The examination confirmed that the banks remained safe, stable and sound. However, some lapses were observed in respect of corporate governance, prudential requirements, and Shariah compliance by NIBs. The appropriate regulatory actions were implemented.

3.4.2. Consolidated Supervision

The consolidated examinations of two financial holding companies were conducted in collaboration with relevant financial services regulators. A few observations relating to the impact of corporate governance on the non-bank subsidiaries of the financial holding companies were made and appropriate regulatory measures were taken. On a consolidated basis, the institutions remained stable and sound.

3.4.3. Cross Border Supervision of Nigerian Banks

The Bank conducted risk-based routine and AML/CFT/CPF examinations of five cross-border subsidiaries of Nigerian banks compared to three in the preceding half year. It also concluded the remote risk-based examinations of six subsidiaries of a Nigerian bank in Chad, Cameroon, Congo Brazzaville, Gabon, Mali and Senegal. The reports on the examinations recommended measures to address the observed issues of supervisory concern.

3.4.4. AML Examinations

3.4.4.1. Spot Check Examination

Spot-check examinations of 17 banks, selected based on their risk profile, were conducted in the review period to evaluate the banks' compliance with the ML/TF/PF regulations on Politically Exposed Persons (PEPs) and Private Banking products and services, including the conduct of Enhanced Due Diligence (EDD) on the accounts. The outcomes of the examination revealed some infractions and necessary regulatory measures were taken.

Spot checks of compliance with Targeted Financial Sanction in relation to Terrorism and Proliferation Financing were conducted on 14 banks during the review period.

3.4.4.2. Risk-Based Supervision

Risk Based examination was conducted on 31 banks using the On-site Risk Assessment Methodology (ORAM) tool. Findings revealed some compliance issues and appropriate regulatory measures were taken.

3.4.4.3. Risk-Based Cybersecurity

The Bank issued a revised Risk-Based Cybersecurity Framework for Deposit Money Banks and Payment Service Banks which took effect on July 1, 2024. The framework was aimed at strengthening cybersecurity governance, risk management, and overall resilience.

In compliance with the framework, the CBN/NDIC conducted a review of the Cybersecurity Self-Assessment Reports of 17 banks. The review revealed inherent cybersecurity risk and varying levels of maturity in governance, incident response, and cyber controls. Key threat was concentration risks from reliance on a few third-party vendors. Consequently, appropriate supervisory actions were taken to address the threats.

3.4.4.4. Domestic Systemically Important Banks

Five banks maintained their designation as D-SIBs and continued to be subjected to enhanced supervision. At end-December 2024, the five D-SIBs accounted for 62.81 per cent of industry total assets of ₦160,520.42 billion; 61.45 per cent of total industry deposits of ₦99,104.46 billion; and 60.52 per cent of the aggregate industry credit of ₦59,922.10 billion. The D-SIBs remained compliant with prudential requirements.

3.4.5. Supervision of Payment Service Banks

The total number of licensed payment service banks (PSBs) at end-December 2024 remained five. The Bank conducted risk-based examinations of three PSBs. The examinations revealed some lapses and recommendations were made to address them.

At end-December 2024, the total assets of the five PSBs totalled ₦123.94 billion, while total deposits and liabilities stood at ₦26.41 billion and ₦98.31 billion, respectively.

3.4.5.1. Oversight and Compliance Assessment of Payment Service Providers

The Bank conducted routine examinations of 46 licensed Payment Service Providers (PSPs) to assess their compliance with corporate governance standards, AML/CFT/CPF regulations, operational resilience and risk management practices. The examinations were part of efforts to ensure that licensed PSPs adhere to regulatory standards. PSPs that violated applicable regulations were sanctioned.

3.4.5.2. Supervision of Other Financial Institutions

The Bank continued its supervisory activities to strengthen AML/CFT/CPF oversight in the Other Financial Institutions (OFIs) sub-sector and undertook the following activities:

i. Risk-based examinations of 68 MFBs, 79 FCs and 23 PMBs were conducted and recommendations were made to resolve identified deficiencies.

ii. The AML/CFT/CPF examination of 127 MFBs, 56 FCs, and three PMBs showed that most OFIs effectively implemented AML/CFT/CPF policies, adequately monitored suspicious transactions, and conducted enhanced due diligence on PEPs. Some OFIs were sanctioned for inadequate AML/CFT governance and failure to risk profile some customers.

iii. A monitoring exercise of 213 BDCs was conducted to follow up on the implementation of the recommendations of the previous examinations. The exercise revealed non-implementation of some of the recommendations, and appropriate regulatory sanctions were imposed on the affected BDCs.

3.5. Supervisory Collaboration

The Bank sustained collaborative engagements on cyber-security, cross-border supervision, and other emerging issues. These collaborations included participation in the following meetings:

- The 50th Meeting of the College of Supervisors of the West African Monetary Zone (CSWAMZ) held in September 2024 in Conakry, Republic of Guinea. The meeting reviewed banking sector developments across the Zone and deliberated on cross-border supervision issues, including examinations, Basel standards implementations, Expected Credit Loss (ECL) impairment models, and capacity building.

- The maiden meeting of the Expert Committee for Developing a Resolution and Crisis Management Framework for the West African Monetary Zone held in Aburi, Ghana, from September 23 – 27, 2024.
- Community of African Banking Supervisors (CABS) Working Group on Crisis Management, Banking Resolution and Fintech held a capacity-building workshop in Lagos, Nigeria, from December 2 - 4, 2024. The workshop, attended by delegates from 15 countries, provided participants with the opportunity to share experiences on Crisis Management and Banking Resolution, Early Warning Systems, and Managing AML/CFT Risks and Cyber Fraud in Digital Services Companies, among others.

- The Annual Meetings of the AACB Bureau and Assembly of Governors were held from August 25-30, 2024, in Port Louis, Mauritius. The meetings provided a platform for financial system supervisors and regulators in Africa to deliberate on major macroeconomic challenges and the way forward.

3.6. Credit Reporting

3.6.1. Credit Risk Management System

The CBN Credit Risk Management System (CRMS) continued to serve as a veritable source of credit information in the banking industry. The total number of credit facilities on the CRMS database decreased by 1.15 per cent to 60,826,788 from 61,533,958 at end-June 2024. The total facilities comprised 59,731,877 individual and 1,094,911 non-individual borrowers.

The total number of facilities with outstanding balances decreased by 56.77 per cent to 4,132,917 (comprising 4,038,477 individuals and 94,440 non-individuals), from 9,560,114 at end-June 2024. The decline, occasioned by tight credit conditions, was reflected in both individuals and non-individuals. The strict enforcement of the CBN Regulatory Guidelines on CRMS has led to enhanced compliance by banks, as signified by improved credit records.

Table 3.15: Credit Risk Management System Statistics

Borrowers from the Banking Sector (Commercial, Merchant and Non-Interest Banks)				
Description	**End-Jun 2024**	**End-Dec 2024**	**Change**	**Change (%)**
*** Total No. of Credit/facilities reported on the CRMS:**	61,533,958	60,826,788	(707,170)	(1.15)
Individuals	60,145,323	59,731,877	(413,446)	(0.69)
Non-Individuals	1,388,635	1,094,911	(293,724)	(21.15)
*** Total No. of Outstanding Credit facilities on the CRMS:**	9,560,114	4,132,917	(5,427,197)	(56.77)
Individuals	9,389,879	4,038,477	(5,351,402)	(56.99)
Non-Individuals	170,235	94,440	(75,795)	(44.52)

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

3.6.2. Credit Bureaux

The licensed credit bureaux remained three in the review period. The average number of uniquely identified credit records in the database of these credit bureaux increased by 36.26 per cent to 112.17 million, from 82.32 million in the preceding half year. The increase was mainly attributed to increased awareness and patronage by OFIs of the services of credit bureaux. The average number of subscribers in the database of the credit bureaux declined by 2.94 per cent to 1,549 from 1,596 at end-June 2024.

Table 3.16: Credit Bureaux Statistics

S/N		**End-June 2024**	**End-December 2024**	**Change (N)**	**% Change**
1	Number of credit records	317,025,068	336,508,865	19,483,797	6.15
2	Value of Credit Facilities (N'Tn)	214.81	250.18	35.37	16.47
3	Number of borrowers	94,387,537	99,120,080	4,732,543	5.01
4	Number of subscribers	4,789	4,648	(141)	(2.94)

3.7. Other Developments

3.7.1. Guidelines on Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets in Banks and Other Financial Institutions in Nigeria

The Bank issued the revised Guidelines on the Management of Dormant Accounts, Unclaimed Balances, and Other Financial Assets in Banks and Other Financial Institutions in Nigeria to operationalise Section 72 of the Banks and Other Financial Institutions Act (BOFIA), 2020. The Guidelines standardise the management of dormant and unclaimed balances.

3.7.2. Guidelines on the Implementation of the Foreign Currency Disclosure, Deposit, Repatriation, and Investment Scheme, 2024

The Bank issued the Guidelines on the Foreign Currency Disclosure, Deposit, Repatriation and Investment Scheme, 2024 in furtherance of the Presidential Executive Order No. 15, aimed at facilitating voluntary disclosure, deposit, and repatriation of internationally tradable foreign currencies held onshore and offshore by Nigerian citizens, resident within or outside Nigeria. The Guidelines provide modalities for the participation of Commercial, Merchant, and Non-Interest Banks (CMNBs) in the Scheme, including compliance with AML/CFT/CPF laws and regulations.

3.7.3. Banking Sector Recapitalisation

Sequel to the banking sector recapitalisation exercise announced in the first half of 2024, banks are making concerted efforts to meet the new capital requirement through private placements, rights issues, and public offers, towards March 31, 2026 deadline.

Box 1: Review of Minimum Capital Requirements for Commercial, Merchant, and Non-Interest Banks in Nigeria

The Bank on March 28, 2024, issued a circular announcing an upward review of the Minimum Capital Requirements for Commercial, Merchant and Non-Interest Banks in Nigeria in line with Section 9 of the Banks and Other Financial Institutions Act (BOFIA) 2020. This was aimed at engendering a more resilient, safe and sound financial system that would support the emergence of the FGN's targeted one trillion-dollar economy by 2030. The review also became necessary to strengthen and reposition the banking system since the last banking consolidation exercise in 2005. The circular stipulated March 31, 2026 as the deadline for compliance.

Category	***Minimum Capital Requirements ₦' Billion***	
	Current	***New***
International commercial banks	*50*	*500*
National commercial banks	*15*	*200*
Regional commercial banks	*10*	*50*

National merchant banks	*15*	*50*
National non-interest banks	*10*	*20*
Regional non-interest banks	*5*	*10*

Other details of the circular included:

Options for Meeting Requirements: Banks may raise capital through private placement, rights issue, public subscription, mergers and acquisitions, or adjusting their licence authorisation (upgrade/downgrade).

Timeline: Existing banks must meet the new capital requirements within 24 months, starting from April 1, 2024, and ending on March 31, 2026. New banks must meet the requirements upon application.

Compliance: Banks must submit an implementation plan to the CBN by April 30, 2024. The CBN will monitor compliance and enforce the requirements within the stipulated timeline.

For Existing and New Banks: For existing banks, the minimum capital shall include paid-up capital and share premium only and must adhere to the minimum capital adequacy ratio (CAR). New banks must meet the paid-up capital requirement directly.

3.8. Market Conduct Assessment

3.8.1. Monitoring of Quality of Service

An offsite review of the websites of selected CMNBs was conducted to evaluate compliance with the provisions of the Consumer Protection Regulation (CPR) relating to complaint handling mechanisms. Specifically, the review assessed whether the institutions provided multiple dedicated channels for receiving and resolving consumer complaints. The channels include telephone hotlines, email addresses, online complaint forms, and physical contact details. The availability, accessibility, and responsiveness of these channels were used to evaluate each institution’s commitment to consumer protection and regulatory compliance.

Of the 35 websites reviewed, 32 (91.43 per cent) were found to be fully compliant, one (2.86 per cent) was partially compliant, while two (5.71 per cent) failed to meet the required standards. The erring banks have taken corrective measures to address the regulatory concerns.

3.8.2. Complaint Management and Resolution

The number of escalated complaints declined by 73.39 per cent to 4,398, from 16,527 in the first half of 2024. The significant decline was largely attributed to proactive regulatory measures and stakeholder engagements aimed at strengthening the complaint resolution processes in financial institutions. The measures included stricter enforcement of timelines for complaint resolution, enhanced monitoring, and increased collaboration with financial service providers to address the root causes of recurring issues.

A breakdown of the escalated complaints revealed that CMNBs accounted for 95.38 per cent, OFIs 4.32 per cent, while 0.30 per cent were classified as miscellaneous, encompassing complaints that were not against institutions regulated by the Bank. In terms of categories, Electronic/Cards-related complaints accounted for 73.24 per cent; fraud, 13.67 per cent; account management, 10.35 per cent; excess charges, 1.77 per cent; and others 0.98 per cent. A total of 9,344 complaints were resolved/closed, indicating a decrease of 36.62 per cent from the 14,743 complaints resolved/closed in the preceding half-year.

Total claims amounted to ₦4.53 billion and US$9,121.43, compared with ₦12.60 billion and US$1,054,521.04, in the preceding period. The sums of ₦4.19 billion and US$9,131.43 were refunded, compared with ₦5.47 billion and US$665,126.33, respectively in the first half of 2024.

Table 3.17: Complaints Received

Category	End-June 2024	%	End-Dec 2024	%
Electronic/Cards	5,383	32.57	3,221	73.24
Fraud	6,857	41.49	601	13.67
Account Mgt.	3,699	22.38	455	10.35
Excess Charges	81	0.49	78	1.77
Others	507	3.07	43	0.98
Total	**16,527**		**4,398**	

Figure 3.27 Number of Complaints Received

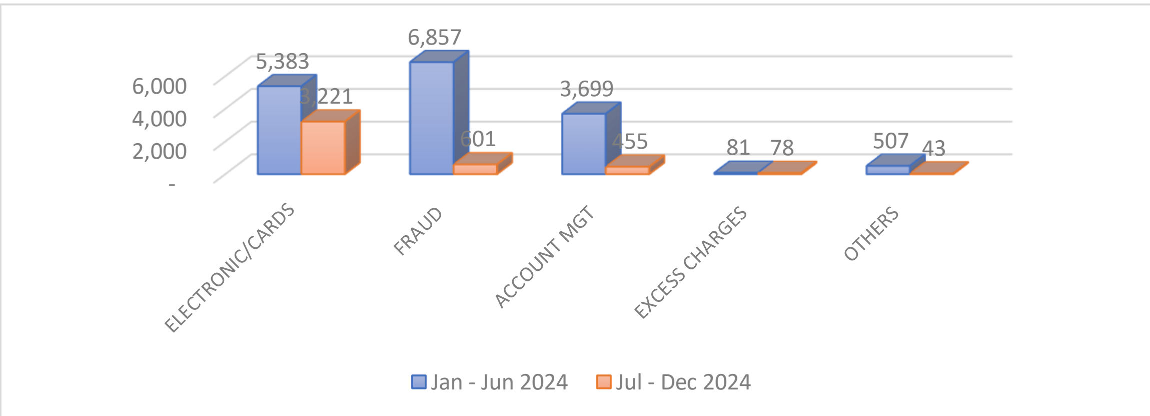


Figure 3.28 Complaints Resolved/Closed

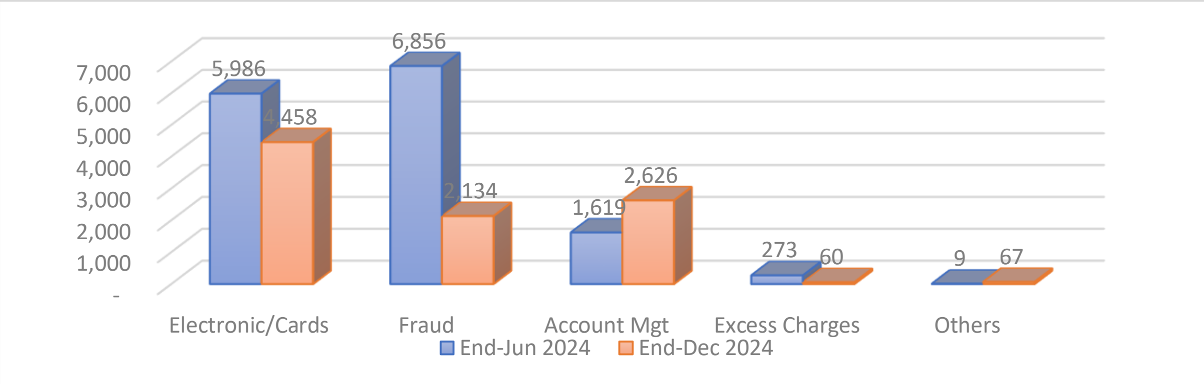
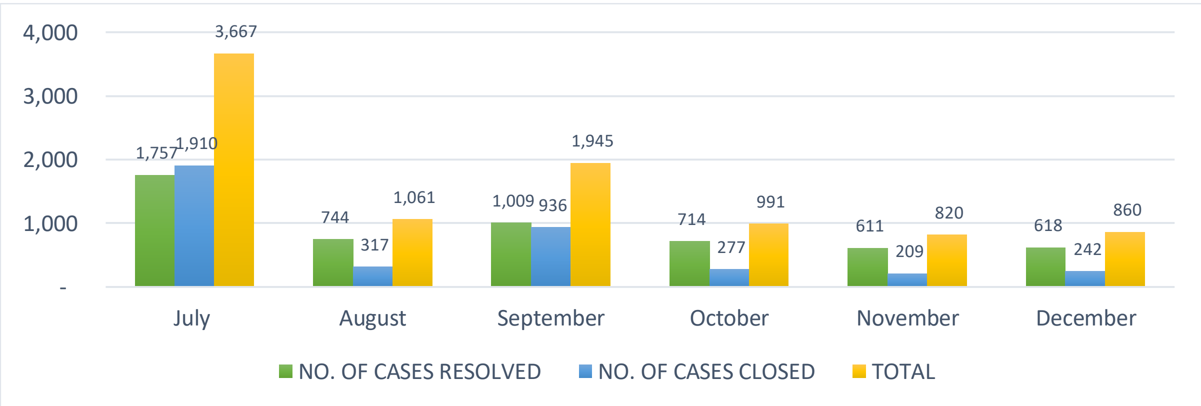


Table 3.18: Complaints Resolved/Closed

Category	Jun 2024	%	Dec 2024	%
Electronic/Cards	5,986	40.60	4,458	47.71
Fraud	6,856	46.50	2,134	22.83
Account Mgt.	1,619	10.98	2,626	28.10
Excess Charges	273	1.85	60	0.64
Others	9	0.06	67	0.72
Total	**14,743**		**9,344**	

Figure 3.29 Distribution of Complaints Resolved/Closed



4. DEVELOPMENTS IN THE PAYMENTS SYSTEM

As part of measures to promote an efficient and effective payment ecosystem, the Bank licensed, supervised payment service providers (PSPs) and sustained engagement with key stakeholders to foster innovation, enhance regulatory oversight and ensure adaptability to the rapidly evolving payment landscape.

4.1. Bank Verification Number

The cumulative number of Bank Verification Numbers (BVNs) enrolled stood at 64.80 million, reflecting an increase of 3.88 per cent from 62.38 million at end-June 2024. Of the 311.65 million active customer accounts, 297.29 million were linked with BVNs, while tier 1 accounts with only NIN accounted for the balance. A total of 730 BVNs were watch-listed during the review period.

Table 4.1 BVN Statistics

Description	End-June 2024	End-December 2024	% Change
BVNs enrolled	62,384,398	64,804,993	3.88
Accounts linked with BVN	208,148,596	297,286,819	42.82
Active Accounts	225,525,483	311,649,156	38.19
Watch-listed BVNs (Fraudulent)	8,746	9,476	8.35

Source: NIBSS

4.2. Licensing and Supervision of Payment Service Providers

The Bank issued licences to 18 PSPs, comprising two Payment Terminal Service Providers (PTSP), nine Payment Solution Service Providers (PSSP), six Super-Agents and one Payments Terminal Service Aggregator (PTSA), bringing the total number of licensed PSPs to 245.

Table 4.2 Payment Service Providers

Licence Type	Jun-2024	Dec-2024	Change
Card Schemes	8	8	-
Mobile Money Operator*	17	17	-
Switching/Processing Companies	18	18	-
Payment Solution Services			
Payment Terminal Services Provider**	41	43	2
Payment Solution Services Provider **	89	98	9

Super-Agent**	52	58	6
Payments Service Holding Company	1	1	-
Payments Terminal Service Aggregator	1	2	1
Total	**227**	**245**	**18**

**The data shown is for Non-Bank Licensed Mobile Money Operators.*

*** Some PSSPs, PTSPs and super agents hold a combination of authorisations.*

4.3. Cheque Standards and Cheque Printers' Accreditation Scheme

The Bank renewed the operating licences of two cheque printers and two cheque personalisers during the review period.

4.4. Trend in Payment System

4.4.1. Large Value Payments

The volume and value of inter-bank fund transfers through the CBN RTGS System increased to 182,584 and ₦95,087.00 billion from 158,988 and ₦61,360.00 billion in the preceding half-year, reflecting increases of 14.84 per cent and 54.97 per cent, respectively.

4.4.2. Cheque Payments

The volume and value of cheque payments increased by 5.17 per cent and 17.32 per cent to 1.83 million and ₦1,971.62 billion, from 1.74 million and ₦1,680.62 billion respectively, at end-June 2024. This indicated a reversal of the declining trend in the use of cheques as a means of payment.

4.4.2.1. Electronic Transactions

The volume and value of electronic transactions were 34.40 billion and ₦1,902,840.95 billion, compared to 29.61 billion and ₦1,542,018.27 billion respectively, recorded in the preceding period. This reflected increases of 16.18 per cent in volume and 23.40 per cent in value, which is attributable to the growing adoption of electronic channels for transactions, owing to its convenience.

Table 4.3: Electronic Transactions

Payment Channel	Number of Connected Terminals		Volume of Transactions (Million)		% Change Volume	Value ₦' Billion		% Change Value
	Jun-24	Dec - 24	Jan-Jun 2024	Jul – Dec 2024	Increase/ (decrease) %	Jan-Jun 2024	Jul – Dec 2024	Increase/ (decrease) %
ATMs	17,804.00	17,614	496.44	525.84	5.92	12,207.22	16,914.49	38.56
POS	2,935,765.00	5,560,422	6,395.67	6,679.66	4.44	85,914.70	137,358.12	59.88
Mobile Money	-	-	7,181.50	10,156.56	41.43	78,194.80	127,112.47	62.56
Online Transfers (Internet/Web)	-	-	11,638.14	12,099.44	3.96	825,501.16	1,055,177.60	27.82
Mobile App	-	-	3,493.12	4,529.20	29.66	159,422.24	233,289.69	46.33
USSD	-	-	252.06	301.78	19.73	2,188.10	2,227.21	1.79
Direct Debit	-	-	99.27	58.10	-41.47	12,519.27	10,791.80	-13.80
ACH/NEFT	-	-	44.83	42.32	-5.60	366,070.78	319,982.06	-12.59
Total			**29,601.03**	**34,392.90**	**16.19**	**1,542,018**	**1,902,853**	**23.40**

Figure 4.1 Volume of Electronic Transactions

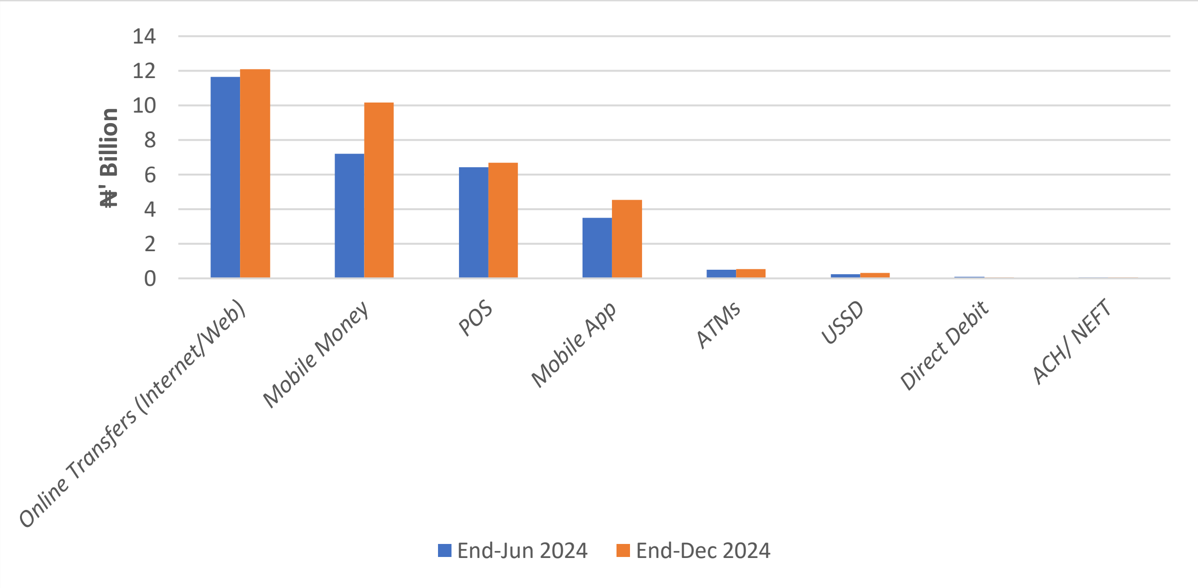
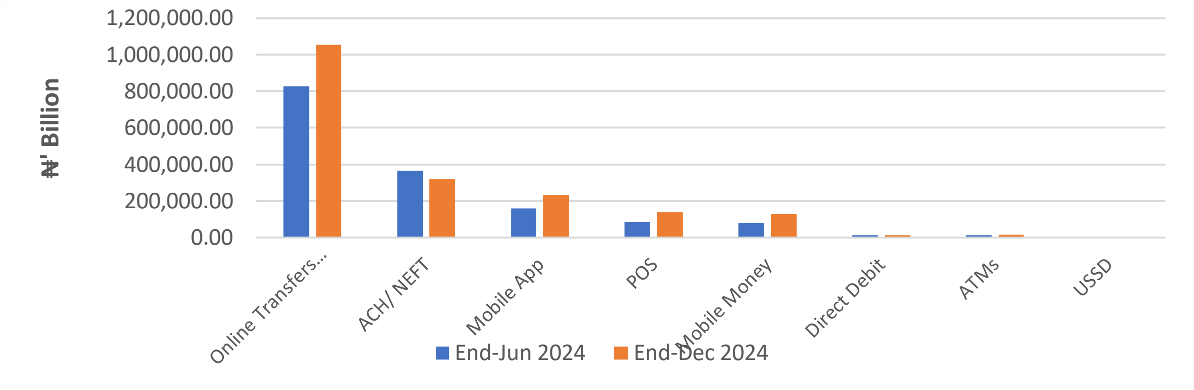


Figure 4.2 Value of Electronic Transactions



4.5. Recent Developments and Potential Risk to the Payment System

4.5.1. Licensing of Second Payment Terminal Service Aggregator

To improve the redundancy and scalability of the PoS infrastructure in the country, the Bank licensed an additional PTSA, thereby ensuring seamless transaction processing during peak periods and minimising system downtime. In addition, the Bank issued a circular to all PSPs mandating that all PoS transactions must be routed through a PTSA to strengthen the monitoring of electronic transactions and enhance financial system stability.

4.5.2. Cash-Out Limits for Agent Banking Transactions

The Bank issued a circular revising the cash withdrawal limits for agent banking transactions to curb money laundering and financing of terrorism activities through agent banking channels and establish uniform operational standards across the country.

4.6. Other Developments

4.6.1. Unclaimed Balances Trust Fund

Further to the issuance of the revised Guidelines on the Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets in Banks and Other Financial Institutions in Nigeria, the total amount received into the Unclaimed Balances Trust Fund (UBTF) pool accounts were ₦10.16 billion, US$0.14 billion, £0.12 million and €0.06 million at end-December 2024.

4.6.2. Pan-African Payment and Settlement System

The value of transactions settled on the Pan-African Payment and Settlement System (PAPSS) for Nigerian participants increased significantly to ₦14.72 billion from ₦2.80 billion in 2023. The significant increase in the value of transactions was due to the adoption of PAPSS by more African countries.

Pan-African Payment and Settlement System

The Pan-African Payment and Settlement System (PAPSS) is a centralised payments and settlement system developed by the African Export-Import Bank (Afreximbank) in collaboration with the African Union. The system is a secure multi-currency platform that enables real-time gross settlement with low transaction costs. It supports three core processes: instant payment, pre-funding and net settlement.

PAPSS enables efficient cross-border flow of money within Africa, minimising risk and contributing to financial integration and boosting intra-African trade.

The system is regulated in accordance with the PAPSS byelaw, the overarching framework for the operation and governance of the payments and settlement system. The byelaw outlines the Scheme Rules and technical standards essential for facilitating a stable and effective international payments system.

5. DEPOSIT INSURANCE

5.1. Deposit Guarantee

The Nigeria Deposit Insurance Corporation (NDIC) continued to guarantee payments to depositors, in the event of failure of an insured financial institution, to a maximum of ₦5,000,000 for CMNBs and subscribers of MMOs, and ₦2,000,000 per depositor for PMBs, PSBs and MFBs, respectively.

5.2. Deposit Insurance Coverage

The number of fully insured depositor accounts for CMNBs and MMO subscribers, at the coverage level of "₦5,000,000 and below," was 332,250,332 or 99.26 per cent, compared with 308,778,358 or 99.53 per cent at end-June 2024.

Table 5.1: Deposit Insurance Coverage for CMNBs, PSBs and MMOs

End-Jun-24		End-Dec-24	
Category of Depositors	**No. of Accts**	**Category of Depositors**	**No. of Accts**
<=₦5,000,000	**308,778,358**	<=₦5,000,000	**332,250,332**
>₦5,000,000	**1,443,705**	>₦5,000,000	**2,470,616**
TOTAL	**310,222,063**	**TOTAL**	**334,720,948**
Fully insured to Total Accounts (%)	**99.53**	Fully insured to Total Accounts (%)	**99.26**

Source: NDIC

Furthermore, the number of fully insured depositor accounts for PSBs, at the new coverage level of "₦2,000,000 and below" increased to 69,211,740 from 62,069,470 in the first half of the year. In both periods, 99.99 per cent of PSB depositors were covered.

Table 5.2: Deposit Insurance Coverage for PSBs

First Half 2024		Second Half 2024	
Category of Depositors	**No. of Accts**	**Category of Depositors**	**No. of Accts**
<=₦2,000,000	**62,069,470**	<=₦2,000,000	**69,211,740**
>₦2,000,000	**325**	>₦2,000,000	**337**
TOTAL	**62,069,795**	**TOTAL**	**69,212,077**
Fully insured to Total Accounts (%)	**99.9995**	Fully insured to Total Accounts (%)	**99.9995**

Source: NDIC

Thus, the percentage of fully insured accounts were above the range of 90.00 to 95.00 per cent recommended by the International Association of Deposit Insurers.

5.3. Deposit Insurance Funds

The NDIC maintains separate funds for CMBs, NIBs, MFBs, PMBs and PSBs namely: Deposit Insurance Fund (DIF), Non-Interest Deposit Insurance Fund (NIDIF), Special Insured Institutions Fund (SIIF), and Payment Service Deposit Insurance Fund (PSDIF), respectively.

The balances in the DIF declined by 1.89 per cent to ₦2,279.36 billion, compared with ₦2,323.36 billion in the first half, owing to payments to insured depositors of a bank-in-liquidation. On the other hand, the balances in the NIDIF, SIIF and PSDIF grew by 7.26 per cent, 3.48 per cent and 33.33 per cent to ₦30.89 billion, ₦245.93 billion and ₦0.84 billion, from ₦28.80 billion, ₦237.67 billion and ₦0.63 billion, respectively, in the preceding period. The increases were due to additional premium collections/contributions arising from the 2024 deposit verification.

Table 5.3: Balances of Insurance Funds

Fund Types	Institution Type	End-Jun 2024	End-Dec 2024	%
		₦' Billion	₦' Billion	Change
DIF	Commercial and Merchant Banks	2,323.36	2,279.36	1.89
NIDIF	Non-interest Banks	28.80	30.89	7.26
SIIF	Microfinance/Primary Mortgage Banks	237.67	245.93	3.48
PSDIF	Payment Service Banks	0.63	0.84	33.33

Source: NDIC

5.4. Payment of Insured Deposits and Liquidation Dividends

The number of insured financial institutions in liquidation from inception remained 651, comprising 50 Commercial and Merchant banks, 546 MFBs, and 55 PMBs, as no licences were revoked within the review period. The liquidation process aims to ensure the payment of the guaranteed sum, recovery of debts, sales of physical assets, and the distribution of liquidation dividends on the uninsured sums.

5.4.1. Payments to Insured Depositors

The sum of ₦40,827.91 million was paid to 550,674 insured depositors, compared with ₦10,217.68 million paid to 136,336 depositors in the first half of 2024. Cumulatively, the sum of ₦59,320.47 million was paid to 1,131,203 insured depositors of 50 Commercial and Merchant banks in-liquidation compared with ₦18,492.56 million made to 580,529 insured depositors of 50 Commercial and Merchant banks in-liquidation, at end-June 2024.

A total of ₦17.10 million was paid to 273 insured depositors of MFBs in-liquidation, compared with ₦110.20 million paid to 1,804 insured depositors in the first half of 2024. The cumulative payment of ₦5,156.67 million was made to 135,773 insured depositors of closed 546 MFBs, compared with ₦5,139.57 million payment to 135,500 insured depositors of 546 MFBs in-liquidation, at end-June 2024.

Similarly, 14 insured depositors of closed PMBs were paid ₦4.34 million compared with ₦22.07 million to 62 insured depositors in the first half of 2024. Cumulatively, the sum of ₦367.02 million was paid to 2,701 depositors of 55 closed PMBs, compared with ₦362.67 million to 2,687 depositors of 55 PMBs in-liquidation, at end-June 2024.

Table 5.4 Payments to Insured Depositors of Banks In-Liquidation

	For the		Cumulative as at	
	End-Jun 2024	**End-Dec 2024**	**End-Jun 2024**	**End-Dec 2024**
	₦' Million	₦' Million	₦' Million	₦' Million
CMBs	*10,217.68	40,827.91	*18,492.56	59,320.47
MFBs	110.20	17.10	5,139.57	5,156.67
PMBs	22.07	4.34	362.67	367.02
GRAND TOTAL	**10,349.95**	**40,849.35**	**23,994.80**	**64,844.16**

Source: NDIC

**Revised*

5.4.2. Payments to Uninsured Depositors[4]

The sum of ₦2.60 million was paid to uninsured depositors of 50 CMBs in-liquidation, compared with ₦515.10 million in the first half 2024. Consequently, the cumulative payment to uninsured depositors of CMBs stood at ₦105,765.73 million, compared with ₦105,763.13 million at end-June 2024.

A total of ₦0.25 million was paid to uninsured depositors of 546 closed MFBs, compared with ₦56.88 million in the first half of 2024. The payments to uninsured depositors of MFBs cumulated to ₦247.26 million, compared with ₦247.01 million at end-June 2024. Cumulatively, payment to uninsured depositors of closed PMBs remained ₦261.99 million as there was no payment during the review period.

Table 5.5: Payments of Liquidation Dividend to Uninsured Depositors of Banks In-Liquidation

	For the		Cumulative as at	
	First Half 2024	**Second Half 2024**	**First Half 2024**	**Second Half 2024**
	₦' Million			
CMBs	515,104,828.22	2,596,977.15	105,763.13	105,765.73
MFBs	56,880,494.80	249,492.45	247.01	247.26
PMBs	-	-	261.99	261.99
GRAND TOTAL	**571,985,323.02**	**2,846,469.60**	**106,272.13**	**106,274.98**

Source: NDIC

[4] Uninsured deposits refer to deposits in excess of maximum deposit insurance coverage.

5.4.3. Payments to Creditors and Shareholders of Banks In-Liquidation

There was nil payment in the second half, compared with ₦0.55 million paid to a creditor of one of the CMBs in-liquidation during the first half. Cumulatively, the sum of ₦1,282.50 million was paid to 1,034 creditors of the 50 CMBs in-liquidation, at end-December 2024.

There was no payment to creditors and shareholders of closed MFBs and CMBs during the second half compared with ₦0.61 million and ₦0.98 million paid to a creditor and nine shareholders of CMBs, respectively, in the first half. The cumulative payments to 1,007 shareholders remained ₦4,899.14 million at end-December 2024.

5.5. Recovery of Failed Banks' Assets

5.5.1. Risk Assets Recovery

As part of efforts to realise the assets of banks in-liquidation, the sum of ₦2,173.46 million was recovered during the second half, comprising ₦2,078.37 million, ₦29.68 million and ₦65.41 million from CMBs, MFBs and PMBs in-liquidation, respectively. In comparison, the sum of ₦439.66 million was recovered from banks In-Liquidation in the first half.

Table 5.6: Risk Assets Recovery for Banks In-Liquidation

	First Half 2024	Second Half 2024	Cumulative First Half 2024	Cumulative Second Half 2024
	₦' Million			
CMBs	319.25	2,078.37	31,462.61	**33,540.98**
MFBs	30.17	29.68	408.62	**438.30**
PMBs	90.24	65.41	931.45	**996.86**
Grand Total	**439.66**	**2,173.46**	**32,802.68**	**34,976.14**

Source: NDIC

5.5.2. Realisation of Investments and Fixed Assets

The sum of ₦826.72 million was realised from investments of banks in-liquidation, compared with ₦15.01 million in the first half of 2024. The cumulative sum realised from investments of banks in-liquidation at end-December 2024 was ₦6,832.73 million.

The sum of ₦4,828.18 million was realised from the sale of physical assets and receipt of rent on properties of banks in-liquidation, comprising ₦4,649.82 million, ₦174.97 million and ₦3.39 million from CMBs, MFBs and PMBs in-liquidation, respectively. Cumulatively, the sum realised stood at ₦28,713.77 million compared with ₦23,885.59 million at end-June 2024.

Table 5.7: Realisation of Investments of Banks In-Liquidation

	For the		Cumulative as at	
	First Half 2024	Second Half 2024	June 30, 2024	December 31, 2024
	₦' Million			
CMBs	2.39	788.04	5,805.34	6,593.38
MFBs	6.67	38.52	125.77	164.29
PMBs	5.95	0.16	74.90	75.05
Grand Total	**15.01**	**826.72**	**6,006.01**	**6,832.73**

Source: NDIC

Table 5.8: Realisation from Disposal and Rents of Fixed Assets of Banks In-Liquidation

	For the		Cumulative as at	
	First Half 2024	Second Half 2024	June 30, 2024	December 31, 2024
	₦' Million			
CMBs	0.04	4,649.82	22,528.27	27,178.09
MFBs	43.55	174.97	1,123.72	1,298.69
PMBs	0.18	3.39	233.60	236.99
Grand Total	**43.77**	**4,828.18**	**23,885.59**	**28,713.77**

Source: NDIC

5.6. Other Developments in Deposit Insurance

5.6.1. Fit and Proper Persons Enquiries

In the second half of 2024, 662 Fit and Proper Persons enquiries were received, of which 544 were processed and 92 incomplete requests were returned, while 26 requests were outstanding and required further investigation.

5.6.2. Fidelity Insurance Coverage

During the review period, 35 CMNBs and five PSBs submitted evidence of Fidelity Insurance Coverage of their employees compared with 29 CMNBs and two PSBs during the first half of 2024.

Furthermore, 28 of the 35 CMNBs and three of the five PSBs maintained adequate Fidelity Insurance Coverage of 15.00 per cent of the bank's Paid-up Capital at end-December 2024.

5.6.3. Whistle Blowing

In the second half of 2024, CMNBs closed 74 out of 129 whistle-blowing cases reported to NDIC, compared with 102 out of 128 in the first half of 2024. The cases bordered on service delivery, theft and cash suppression, among others.

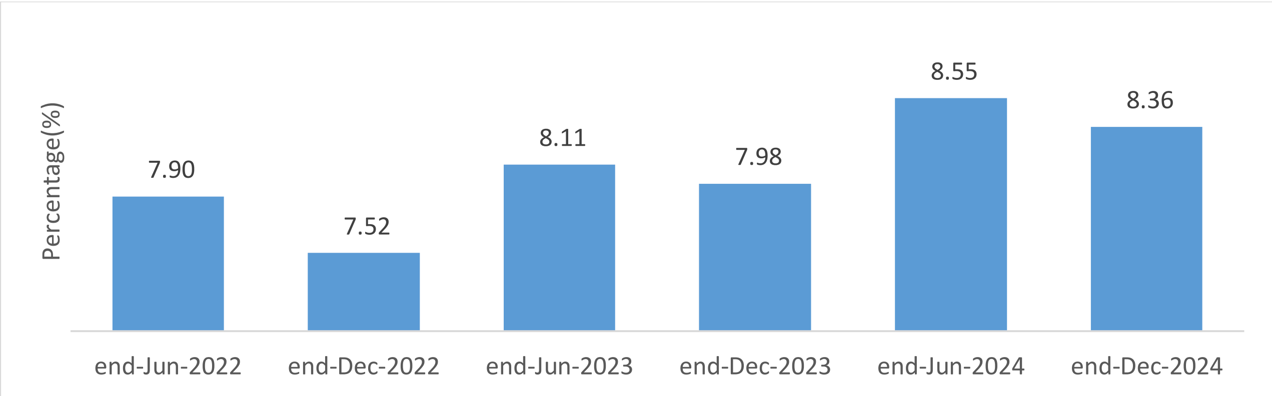
Overall, the NDIC continued to pursue the achievement of its mandates of protecting depositors and promoting safe and sound banking practices.

6. PENSIONS

During the review period, the pension industry engaged with the Federal Government to explore alternative strategies for reducing pension liabilities, expanding coverage to states and the informal sector. Additionally, efforts were intensified to improve public awareness and elevate stakeholder engagement.

Pension Assets under Management (AuM) grew by 9.91 per cent to ₦22,512.35 billion from ₦20,484.23 billion, driven largely by a combination of investment returns and additional contributions received during the review period. However, pension asset-to-GDP ratio decreased to 8.36 per cent from 8.55 per cent. The decrease is attributable to the growth in GDP which outweighed the increase in the pension assets under management.

Figure 6.1: Total Pension Assets to GDP Ratio



6.1. Other Developments in the Nigerian Pension Industry

6.1.1. RSA Membership

Total pension scheme membership increased to 10.58 million from 10.38 million in the first half of 2024, driven by enhanced private sector compliance and increased adoption of the Micro Pension Plan by informal sector workers. The growth is expected to persist with the continued implementation of the CPS by State Governments and informal sector workers.

6.1.2. Retirement Savings Account Transfer

A total of 51,665 RSAs were transferred, valued ₦314.17 billion, compared with 43,920 transfers valued ₦249.75 billion in the preceding half.

6.1.3. Accrued Pension Rights Payments

A total sum of ₦62.69 billion was disbursed to 15,686 beneficiaries, an increase of 324.44 per cent from ₦14.77 billion in the preceding half year, driven largely by enhanced engagement with the Federal Government.

Cumulatively, Accrued Pension Rights payments of ₦1,143.91 billion were made to 250,342 RSA holders at end-December 2024.

Table 6.1: Accrued Rights Payments

Payment Period	End-Jun 2024	End-Dec 2024
Number of Retirees	3,387	15,686
Accrued Rights Paid (₦ billion)	₦14,773,143,000	₦62,692,846,600

7. INSURANCE

The insurance industry recorded improved performance at end-December 2024 as reflected by key indicators.

7.1. Assets and Premium Income

The total assets of the insurance industry rose by 4.60 per cent to ₦3,857.60 billion from ₦3,687.90 billion at end-June 2024. Similarly, gross premium income and net premium income increased by 94.78 per cent and 98.53 per cent to ₦1,583.60 billion and ₦928.40 billion, respectively, owing to increased awareness and sustained market development initiatives.

Table 7.1: Assets and Premium Income

Period	End-Jun 2024 ₦ billion	End-Dec 2024 ₦ billion	% Increase
Gross Premium Income	813.04	1,583.60	94.78
Net Premium Income	467.65	928.40	98.52
Total (Gross) Claims	297.90	731.10	145.42
Total Assets	3,687.90	3,857.60	4.60

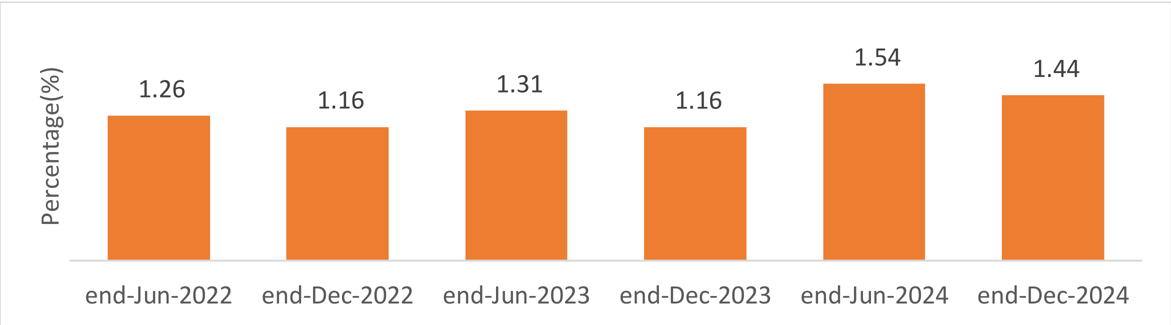
Source: NAICOM

7.2. Key Insurance Industry Financial Soundness Indicators

7.2.1. Insurance Assets to GDP

The industry's size, measured by the assets-to-GDP ratio, declined slightly by 0.10 percentage point to 1.44 per cent from 1.54 per cent at end-December 2024. The decrease is attributable to the growth in GDP which outweighed the increase in the insurance assets.

Figure 7.1 Total Insurance Assets to GDP

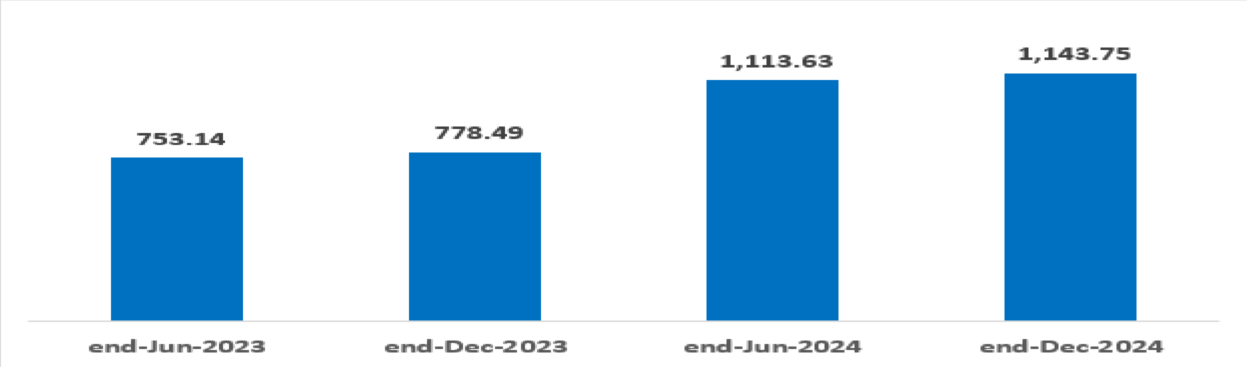


7.2.2. Capital Adequacy and Leverage

The industry remained solvent in the review period as the CAR, measured by capital to total assets, was above the regulatory threshold of 40.00 per cent, increasing to 42.70 per cent from 41.07 per cent at end-June 2024.

Similarly, the ratio of owners' equity to total invested assets continued its upward trend, largely driven by capital injections and retained earnings.

Figure 7.2: Equity to Total Invested Assets



7.2.3. Liquidity

The industry's liquid assets to current liabilities ratio stood at 121.65 per cent, compared with 120.15 per cent at end-June 2024, demonstrating sufficiency to cover significant claims.

7.2.4. Other Prudential Ratios

The retention ratio, measured by insurance premium retained to total premium generated, increased by 1.74 percentage points to 73.67 per cent, from 71.93 per cent at end-June 2024, reflecting an improvement in the industry's capacity to undertake large insurance policies.

The combined ratio, which measures the profitability of insurance companies, decreased by 9.6 percentage points to 61.46 per cent, from 71.06 per cent at end-June 2024. It remained below the 100.00 per cent limit.

Table 7.2 Insurance Industry Dashboard

KEY INDICATORS	End-Jun 2024	End-Dec 2024	Change
CAR (Capital/Total Asset)	41.07	42.70	1.63
Liquidity Ratio (liquid assets/current liabilities)	120.15	121.65	1.5
Claims Ratio %	45.77	58.30	12.53
Expense Ratio %	25.29	23.16	(2.13)
Combined Ratio %	71.06	61.46	(9.6)
Underwriting Profit Margin	20.43	21.63	1.2
Investment to Total Assets Ratio %	70.67	76.80	6.13
Change in Gross Written Premium (in %)	35.98	35.02	(0.96)
Change in Net Written Premium (in %)	36.17	35.19	(0.98)
Change in Capital & Surplus (in %)	10.05	11.43	1.38
Retention Ratio (in %)	71.93	73.67	1.74
Return on Assets (in %)	1.52	2.06	0.54

8. RISKS TO THE FINANCIAL SYSTEM

8.1. Credit Risk

Risk Rating (High, Stable)	⟺

The NPL ratio of CMNBs increased to 4.87 per cent, from 4.12 per cent at end-June 2024, below the regulatory limit of 5.00 per cent. Despite improved risk management practices and enhanced borrower repayment capacity, vulnerabilities remain, particularly in sectors with elevated exposure to FX and commodity price movements.

In the first half of 2025, credit risk is expected to be significantly impacted by the potential effects of forbearance exit, high interest rates and macroeconomic headwinds, including tighter financial conditions and reduced disposable income. However, improved capital buffers resulting from the banking industry recapitalisation exercise, expanded use of the Global Standing Instruction (GSI) by OFIs, improved sovereign ratings and enhanced loan recovery frameworks are expected to moderate the impact.

8.2. Liquidity Risk

Risk Rating (Low, Stable)	⟺

During the second half, the industry liquidity ratios of CMNBs, PMBs and MFBs remained above regulatory benchmarks at 48.62, 56.28 and 53.00 per cent, respectively, reflecting robust liquidity conditions in the industry.

The Bank's contractionary monetary policy stance and continued enforcement of the Cash Reserve Ratio, Loan-to-Deposit ratio and other macro-prudential tools are expected to effectively manage banking liquidity levels.

8.3. Market Risk

Risk Rating (Medium, Stable)	⟺

Despite headwinds including high inflation and exchange rate pressures, the domestic fi-nancial market demonstrated remarkable resilience, as evidenced by the largely positive performance indicators across various subsectors, including banking, capital markets, pensions and insurance.

The equities segment of the capital market maintained a bullish trajectory in the second half of 2024, bolstered by the listing of new firms, increased domestic investor participation, and the momentum generated by the banking sector recapitalisation exercise. Similarly, exchange-traded products recorded positive performance, reflecting improved investor appetite and broader market confidence. In contrast, the debt market weakened signifi-cantly, with an 80 per cent decline in new debt issues between both halves of 2024.

Market risk is expected to trend downward in the first half of 2025 as structural reforms aimed at boosting market efficiency and enhancing transparency, such as the Electronic Foreign Exchange Matching System (EFEMS) and FX market unification efforts, impact the market.

8.4. Operational Risk

Risk Rating (Medium, Trending up)	⇧

Operational risk continued to trend upward, largely driven by digital infrastructure strain, increased transaction volumes, and elevated fraud threats. The exit of experienced financial and IT professionals from the sector further heightened operational risk.

The Bank continued to enforce stronger KYC, CDD and AML measures to close identified control gaps, including mandatory BVN/NIN linkage for Tier 1 accounts, and restricted new account opening without BVN/NIN to address fraud concerns. Consequently, while report-ed fraud cases increased, actual financial losses declined in the second half of 2024.

The protection of organisational data, enhanced operational efficiencies and staff capacity building remain critical in mitigating operational risks.

8.5. Cybersecurity Risk

Risk Rating (High, Trending up)	⇧

Cybersecurity risk remained high and trended upward during the review period due to evolving cyber threats, including ransomware, phishing, and third-party service risks.

The Bank continued to enforce the Risk-Based Cybersecurity Framework for DMBs and PSBs while cyber-incident reporting was sustained via the Cyber-incident Reporting Portal. Furthermore, third-party risk assessments were enhanced in the period.

The increased digitisation of financial services and the use of outsourced platforms, sustained investment in infrastructure, staff training, and regulatory oversight would promote cyber-resilience.

8.6. Macroeconomic Risk

Risk Rating (High, Trending up)	⇧

Macroeconomic risk trended upward in the second half of 2024, as inflation remained elevated. The lingering impact of petroleum subsidy removal, inability to meet the OPEC production quota, higher electricity tariffs and foreign exchange reforms exerted significant upward pressure on domestic prices.

Global economic headwinds, including geopolitical tensions and shipping disruptions, contributed to supply-side shocks while increased debt service burden and constrained revenue generation further strained fiscal space.

Nevertheless, improved oil production, oil sector reforms, acquisitions of oil assets, as well as, improved fiscal-monetary coordination are expected to strengthen macroeconomic fundamentals in the medium term.

9. Outlook

The global economic outlook for the first half of 2025 remained uncertain, shaped by persistent geopolitical tensions, elevated global debt levels, and disruptions along key trade corridors. These would weaken investor sentiment and contribute to increased volatility in financial markets as well as reduce capital flows to emerging markets such as Nigeria.

On the domestic front, Real GDP growth for 2025 was projected to range between 3.4 per cent and 3.6 per cent, buoyed by improvements in oil and gas production, domestic refining capacity, production and services in the non-oil sector following tax reform, and improved security and business environment. Growth in the capital market, insurance and pension sectors is expected to continue, driven by increased coverage, digital innovation, and deepening financial inclusion. Furthermore, improved coordination between the monetary and fiscal authorities, the recapitalisation of banks, and the implementation of broad structural reforms are expected to support macroeconomic stability over the medium term. The external sector is also expected to strengthen further as the foreign exchange market becomes more liberalised and oil-related earnings improve. These factors should support the external reserves and help ease pressure on the naira, even in the face of global headwinds. Thus, Nigeria's financial system is projected to remain resilient, underpinned by strong capital buffers, adequate liquidity levels, sustained investment in financial infrastructure and proactive regulatory oversight. Meanwhile, the Bank will sustain its close surveillance of cross-border risks associated with global monetary tightening and geopolitical instability, through regular stress testing, macroprudential reviews, and the strengthening of cyber and operational resilience frameworks.

Overall, the outlook for Nigeria's financial system in 2025 is cautiously optimistic. While external risks and domestic inflationary pressures present ongoing challenges, sustained reform momentum, regulatory vigilance, and robust macro-financial management are expected to provide a stable foundation for continued resilience and growth.

APPENDIX 1: INDICES OF SELECTED STOCK MARKETS

Country	Stock Index	End-Dec 2022	End-June 2023	End-Dec 2023	End-June 2024	End-Dec 2024	% Change
		1	2	3	4	5	(5) & (4)
				AFRICA			
Nigeria	NGX All-Share Index	51,251.06	60,968.27	74,773.77	100,057.49	102,926.00	2.87
South Africa	JSE All-Share Index	73,048.57	76,027.83	76,893.15	79,707.11	84,095.14	5.51
Kenya	Nairobi NSE 20 Index	1,676.10	1,574.92	1,501.16	1,656.50	2,010.65	21.38
Egypt	EGX CASE 30	14,598.53	17,665.29	24,691.43	27,766.27	29,740.58	7.11
Ghana	GSE All-Share Index	2,444.25	2,808.36	3,130.57	3,829.94	4,888.82	27.65
				NORTH AMERICA			
US	S&P 500	3,818.15	3,407.60	4,769.83	5,480.37	5,881.63	7.32
Canada	S&P/TSX Composite	19,371.87	20,155.29	20,958.44	21,875.79	24,727.94	13.04
Mexico	Bolsa	49,517.86	53,526.10	57,386.25	52,453.72	49,513.27	-5.61
				SOUTH AMERICA			
Brazil	Bovespa Stock	109,735.00	118,087.00	134,185.24	123,906.55	120,283.00	-2.92
Argentina	Merval	197,182.00	426,281.00	929,704.20	1,611,295.13	2,534,000.00	57.26
Columbia	COLCAP	1,286.07	1,133.60	1,195.20	1,380.90	1,379.58	-0.10
				EUROPE			
UK	FTSE 100	7,451.74	7,531.53	7,733.24	8,164.12	8,173.02	0.11
France	CAC 40	6,507.50	7,400.06	7,543.18	7,479.40	7,380.74	-1.32
Germany	DAX	13,923.59	16,147.90	16,751.64	18,235.45	19,909.14	9.18
				ASIA			
Japan	NIKKEI 225	26,094.50	33,189.04	33,464.17	39,583.08	39,894.54	0.79
China	Shanghai SE A	3,238.19	3,356.65	3,119.10	3,110.91	3,513.38	12.94
India	BSE Sensex	60,840.74	64,718.56	72,271.94	79,032.73	78,139.01	-1.13

Source: Bloomberg

APPENDIX 2: PERFORMANCE OF SELECTED CURRENCIES AGAINST THE US DOLLAR

	Currency	End-December 2023	End-June 2024	End-December 2024	Change (%) App + /Dep -
		a	b	c	b/c
			AFRICA		
Nigeria	Naira	899.89	1,470.69	1,535.82	-4.24
South Africa	Rand	18.30	18.19	18.84	-3.47
Kenya	Shilling	156.66	129.33	129.30	0.02
Egypt	Pound	30.91	48.03	50.84	-5.52
Ghana	Cedi	11.95	15.27	14.70	3.88
			NORTH AMERICA		
Canada	Dollar	1.33	1.37	1.44	-4.76
Mexico	Peso	16.97	18.32	20.83	-12.04
			SOUTH AMERICA		
Brazil	Real	4.85	5.59	6.18	-9.51
Argentina	Peso	808.50	911.42	1,030.99	-11.60
Colombia	Peso	3,875.07	4,143.85	4,405.77	-5.94
			EUROPE		
UK	Pound	0.79	0.79	0.80	-1.13
Euro Area	Euro	0.91	0.93	0.97	-3.72
Russia	Ruble	90.00	85.99	113.55	-24.27
			ASIA		
Japan	Yen	141.03	160.89	157.20	2.35
China	Renminbi	7.10	7.27	7.30	-0.40
India	Rupee	83.21	83.38	85.61	-2.60

Bloomberg: https://www.bloomberg.com

APPENDIX 3: MONETARY POLICY RATES OF SELECTED COUNTRIES

Countries	End-June 2020	End-Dec 2020	End-June 2021	End-Dec 2021	End-June 2022	End-Dec 2022	End-June 2023	End-Dec 2023	End-June 2024	End-Dec 2024
	Developed Economies									
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.1	0.25
Europe	0	0	0	0	0	2.5	4	4.5	4.25	3.15
UK	0.1	0.1	0.1	0.25	1.25	3.5	5	5.25	5.25	4.75
US	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-1.75	0.00-4.5	0.00-5.25	0.00-5.5	0.00-5.5	0.00-4.5
Canada	0.25	0.25	0.25	0.25	1.5	4.25	4.75	5	4.75	3.25
South Korea	0.5	0.5	0.5	1	1.75	3.25	3.5	3.5	3.5	3
New Zealand	0.25	0.25	0.25	0.75	2	4.25	5.5	5.5	5.5	4.25
Australia	0.25	0.1	0.1	0.1	0.85	3.1	4.1	4.35	4.35	4.35
Indonesia	4.25	3.75	3.25	3.25	3.25	5.5	5.75	6	6.25	6
Malaysia	2	1.75	1.75	1.75	2	2.72	3	3	3	3
	BRICS									
Brazil	2.25	2	4.25	9.25	13.25	13.75	13.75	11.75	10.5	12.25
Russia	4.5	4.25	5.5	8.5	9.5	7.5	7.5	16	16	21
India	4	4	4	4	4.9	6.25	6.5	6.5	6.5	6.5
China	3.85	3.85	3.85	3.8	3.7	3.65	3.65	3.45	3.45	3.1
South Africa	3.75	3.5	3.5	3.75	4.75	7	8.25	8.25	8.25	7.75
	Other Emerging Economies & South America									
Mexico	5	4.25	4.25	5.5	7.75	10.5	11.25	11.25	11	10
Chile	0.5	0.5	0.5	4	9	11.25	11.25	8.25	5.75	5
Colombia	2.5	1.75	1.75	3	7.5	12	13.25	13	11.25	9.5
	Africa									
Egypt	9.25	8.25	8.25	8.25	11.25	16.25	18.25	19.25	27.25	27.25
Ghana	14.5	14.5	13.5	14.5	19	27	29.5	30	29	27
Nigeria	12.5	11.5	11.5	11.5	13	16.5	18.5	18.75	26.25	27.5

APPENDIX 4: REAL SECTOR INITIATIVES: SUMMARY OF DISBURSEMENTS AND REPAYMENTS

ITEM		End-Jun 2024		End-Dec 2024	
S/N	Intervention	Disbursement (₦' Billion)	Repayment (₦' Billion)	Disbursement (₦' Billion)	Repayment (₦' Billion)
1	Power and Airline Intervention Fund (PAIF)	-	-	-	-
2	Nigerian Electricity Market Stabilization Fund (NEMSF)	-	-	17.42	18.32
3	Nigerian Electricity Market Stabilization Fund- 2 (NEMSF 2)	13.49	9.29	17.02	14.52
4	Nigerian Electricity Market Stabilization Fund-3 (NEMSF-3)	-	34.25	3.36	-
5	Nigerian Bulk Electricity Trading- Payment Assurance Fund (NBET-PAF)		-	-	-
6	Family Homes Intervention Facility (FHIF)	-	-	-	
7	Solar Connection Facility (SCF)	-	-	0.87	0.56
8	National Mass Metering Programme (NMMP)	2.09	-	3.27	2.86
9	Intervention Facility for National Gas Expansion (IFNGEP)	-	-	11.84	1.94
10	CBN-Bank Of Industry Intervention Fund (CBIF)	-	-	-	-
11	Real Sector Support Facility (RSSF)	-	-	12.03	15.9
12	Textile Sector Intervention Facility (TSIF)	-	-	7.16	20.47
13	Differentiated Cash Reserve Requirement (RSSF-DCRR)	-	-	203.76	105.94
14	Small & Medium Enterprise Restructuring & Refinancing Facility (SMERRF)	-	-	-	-
15	Health Sector Intervention Facility (HSIF)	-	-	9.72	15.44
16	Covid-19 Intervention for the Manufacturing Sector (CIMS)	-	-	-	52.92
17	Health Sector Research & Development Intervention Scheme (HSRDIS)	-	-	-	-
18	100 FOR 100 Policy on Production and Productivity	-	-	17.29	13.81
19	Youth Entrepreneurship Intervention Programme (YEDP)	-	-	-	-
20	Targeted Credit Facility (TCF)	-	-	4.05	0.3
21	Creative Industry Financing Initiative (CIFI)	-	-	0.60	0.33
22	National Youth Intervention Fund (NYIF)	-	-	-	-
23	Agri-business Small & Medium Enterprises Intervention Scheme (AgSMEIS)	-	-	1.66	0.82
24	Tertiary Institution Entrepreneurship Scheme (TIES)	-	-	0.13	0.03
25	Anchors Borrowers Programme (ABP)	-	-	10.39	220.99
26	Accelerated Agricultural Development Scheme (AADS)	-	-	2.18	2.58
27	Commercial Agriculture Credit Scheme (CACS)	-	-	22.14	20.2
28	Paddy Aggregated Scheme (PAS)	-	-	-	2.7
29	Maize Aggregated Scheme (MAS)	-	-	-	0.12
30	Rice Distribution Facility (RDF)	-	-	-	-
31	National Food Security Programme (NFSP)	-	-	5.66	5.01
32	NESF	-	-	3.80	3.8
33	Export Financing Initiative (EFI)		-	1.68	7.08
34	Presidential Fertilizer Initiative (PFI)	-	-	0.36	5.39
35	Export Development Fund (EDF)	-	-	-	-
36	Micro, Small and Medium Enterprise Development Fund (MSMEDF)	-	-	1.02	1.24
37	Shared Agency Network Expansion Facility (SANEF)	-	-	0.51	0.32
TOTAL		**15.58**	**380.40**	**43.54**	**357.92**

Source: Central Bank of Nigeria
****Figures are provisional and are as of June 30, 2024***

APPENDIX 5: SELECTED FINANCIAL SOUNDNESS INDICATORS OF THE NIGERIAN BANKING INDUSTRY

Indicators	2023		2024	
	End June	End Dec	End June	End Dec
1. Assets-Based Indicators				
Nonperforming loans to total gross loans	4.14	4.34	4.12	4.87
Liquid assets (core) to total assets	16.85	17.89	19.31	18.26
Liquid assets (core) to short-term liabilities	49.87	40.71	48.01	47.08
Residential real estate loans to total gross loans	0.12	0.14	0.23	0.29
Commercial real estate loans to total gross loans	2.09	1.99	1.76	1.57
Return on assets	2.54	5.57	3.89	3.50
2. Capital-Based Indicators				
Regulatory capital to risk-weighted assets	11.23	12.99	12.52	15.25
Regulatory Tier 1 capital to risk-weighted assets	9.60	10.70	10.62	12.91
Nonperforming loans net of provisions to capital	2.57	2.76	5.39	4.91
3. Income and Expense-Based Indicators				
Interest margin to gross income	56.54	43.61	50.07	54.73
Noninterest expenses to gross income	67.81	46.33	47.65	46.10
Personnel expenses to noninterest expenses	24.63	26.44	23.09	24.12
4. Exposure to Selected Sectors				
Oil & Gas to Gross Loans	25.66	28.24	31.33	31.03
Manufacturing to Gross Loans	18.46	18.50	17.42	15.44
Services to Gross Loans	37.04	41.29	41.73	45.75
5. OFCs Assets Indicators				
Pension Assets to GDP	8.11	7.98	8.55	8.36
Insurance Assets to GDP	1.31	1.16	1.54	1.44

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

APPENDIX 6: Stress Test Methodology, Assumptions and Scenarios

Methodology

A multifactor shock stress testing methodology was used to assess the adequacy of banks' solvency and liquidity positions in relation to economic activities. Different scenarios were used, encompassing the principles of plausibility, duration, and severity to capture tail risks.

Macroeconomic Assumptions

- Persistence in global inflationary pressures leading to prolonged contractionary policy actions and sharp contraction of global output.
- Moderate to sharp fall in global demand for crude oil leading to commensurate decline in oil prices.
- Local crude oil production remained significantly below the approved OPEC quota for Nigeria.
- High inflation, rising unemployment, heightened security challenges and low agricultural production.

Satellite Assumptions

- Macroeconomic conditions and developments apply to the banking industry symmetrically.
- Severity and determination of tail risks are generally recursive with significant likelihood.
- There are no regulatory interventions nor banks' management actions during the shocks.
- Capitalization under stress is first mitigated by net income as follows:

  $$\left[\text{Capitalization}_{(t)} + \text{Net Income}_{(t+1)}\right] / \text{RWAs}_{(t+1)}$$

- Fuel subsidy policy change, persistent inflationary pressures, and prolonged contractionary policy stance.

  Impact on banks:

- *Increased NPLs as households and corporates experience more difficulty in servicing their loans.*
- *Mark-to-market losses on fixed income securities as a result of rise in interest rates, especially those classified under FVTPL & FVTOCI.*
- *Maturity mismatch at the shorter end of interest sensitive assets/liabilities. Through assets and maturity transformation, banks borrow short and lend long to gain from interest differential. In periods of stress, this has both liquidity and capital implications. Prolonged high interest rates regime will result in losses to banks with long positions.*

Other Credit-related Risks

In periods of heightened stress, the following are significant risks to assess:

- Credit concentration risk is often pronounced in period of stress, resulting in significant solvency/capital implications for banks.

Contagion Risk Analysis

Interconnectedness, especially through interbank transactions, generates and amplifies significant risks to the banking system, leading to possible system collapse.

Unification of the Foreign Exchange Windows & Floating of the Naira

- Resulted in the depreciation of the naira against other currencies, particularly the US dollar.
- Impact on banks:
    - Translation gain/loss on their net foreign assets
    - Increased NPLs in FCY-denominated loan portfolio.
    - Increased cost of servicing FCY-denominated liabilities - Eurobonds and other securities issued in FCY.

Climate Risk Factors

Physical

- Extreme weather conditions resulting in severe and frequent floods, affecting businesses and impacting:
    - Exposure to agriculture in varying degrees of severity; and
    - General credit exposure in varying degrees of severity.

Transition

Increased cost of fossil energy owing to regional conflicts, international sanctions, and domestic reforms (fuel subsidy removal and increased electricity tariff) leading to shift towards eco-friendly sources of energy such as solar power system, electric car, gas powered generators and vehicles. These are expected to impact exposures to:

- Downstream oil and gas; and
- Power and energy sub-sector

APPENDIX 7: CLIMATE RISK STRESS TEST SCENARIO ASSUMPTIONS

Scenarios	Mild	Moderate	Severe
Physical risk factors – Losses in credit exposures due to floods affecting businesses.	i) 1% loss in total credit exposure (excluding Agriculture) ii) 10% loss in Agric-credit exposure	i) 2.5% loss in total credit exposure (excluding Agriculture) ii) 25% loss in Agric-credit exposures	i) 5% loss in total credit exposures (excluding Agriculture) ii) 50% loss in Agric-credit exposures
Transition risk factors - Losses in credit exposures due to shift to eco-friendly technologies.	i) 5% loss in exposure to Downstream Sub-sector ii) 5% loss in exposure to Power & Energy Sub-sector	i) 10% loss in exposure to the Downstream Sub-sector ii) 10% loss in exposure to the Power & Energy Sub-sector	i) 15% loss in exposure to the Downstream Sub-sector ii) 15% loss in exposure to the Power & Energy Sub-sector

APPENDIX 8: LIQUIDITY STRESS TEST ASSUMPTIONS

Implied Cash Flow Analysis

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

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

The Maturity Mismatch/Rollover Risk

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

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

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

iii. ***Test 2c: Dynamic Rollover Risk*** *made the same assumption as in 2b above, but with the option of closing the liquidity gap from other buckets.*

TABLE 0.1 PERCENTAGE OF ASSETS UNENCUMBERED AFTER FIRE SALES

Item No	Assets	% Unencumbered
1.	Cash and cash equivalents	100
2.	Current account with CBN	100
3.	Government bonds, treasury bills and other assets with 0% risk-weighting	66.5
4.	Certificates of deposit held	66.5

	5.	*Other short-term investments*	*49*	
	6.	*Collateralized placements and money at call*	*49*	
	7.	*CRR*	*100*	

APPENDIX 9: PENSION INDUSTRY PORTFOLIO

ASSET CLASSES	End-Jun 2024	End-Dec 2024
	₦ 'Million	₦ 'Million
DOMESTIC ORDINARY SHARES	1,967,462.68	2,241,924.37
FOREIGN ORDINARY SHARES	279,741.38	267,986.94
TOTAL FGN SECURITIES	**12,960,020.11**	**14,114,343.22**
* FED. GOVT BONDS (HTM)	12,221,035.89	12,015,063.50
* FED. GOVT BONDS (AFS)		1,248,569.37
* TREASURY BILLS	399,459.03	704,529.28
* AGENCY BONDS (NMRC)	8,802.08	45,378.34
* SUKUK BONDS (HTM)	114,196.04	79,739.70
* SUKUK BONDS (AFS)		13,917.04
* GREEN BONDS	216,527.07	7,145.99
STATE GOVT SECURITIES	260,102.82	250,855.02
CORP. DEBT SECURITIES	**2,207,237.74**	**2,246,508.38**
* CORPORATE BONDS (HTM)	1,436,607.49	1,452,693.58
* CORPORATE BONDS (AFS)	744,163.81	765,896.34
* CORPORATE INFRASTRUCTURE BONDS	15,861.31	27,918.46
* CORPORATE GREEN BONDS	10,605.13	-
MONEY MKT INSTR.	1,913,056.79	**2,215,529.02**
FIXED DEPOSIT/ BANK ACCEPTANCE	1,482,186.93	1,925,972.96
COMMERCIAL PAPERS	327,346.72	161,161.51
FOREIGN MONEY MKT INSTR.	103,523.13	128,394.55
MUTUAL FUNDS	83,017.70	**80,782.52**
OPEN/CLOSE FUNDS	67,989.13	58,785.39

REITs	15,028.56	21,997.13
SUPRA-NATIONAL BONDS	22,717.60	20,771.23
INFRASTRUCTURE FUNDS	162,488.06	214,325.13
REAL ESTATE	278,442.12	283,619.13
PRIVATE EQUITIES	109,199.65	147,861.87
CASH & OTHER ASSETS	240,745.17	427,839.34
CURRENT NET ASSET VALUE	**20,484,231.81**	**22,512,346.17**

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