THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

TRUST AND HONESTY

CIBN

NATIONAL TREASURER'S Report

DR. PETER ASHADE, FCIB
National Treasurer

1.0 Introduction

Distinguished members, it is with great pleasure and honour that I welcome you to the 2024 Annual General Meeting of our highly revered Institute and to present the audited financial statements for the year ended December 31, 2024. Indeed, I am privileged to present this report, detailing the financial performance of our esteemed Institute for the year ending December 31, 2024.

The Institute's audited financial statements and those of its subsidiary, CIBN Center for Financial Studies (CIBNCFS) Limited/gte, were consolidated to provide an all-inclusive view of its financial performance and position as at 31st December 2024. These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and other subsisting accounting standards in tandem with global best practice.

Rosewater Partners, our external auditors, issued an unqualified audit opinion, having fulfilled their statutory obligations. Their audit procedures and assessment identified no control deficiencies deemed to be a material weakness impacting the financial statements.

2.0 Review of the Macroeconomic Environment

2.1 Global Economic Outlook

According to the IMF, the global economy witnessed reduction from 3.3% in 2023 to 3.2% in 2024. Also, the advanced economies generally experienced slower expansion, with the United States recording a growth rate of 2.8%, a slight decline from 2.9% in 2023, while the Eurozone and the United Kingdom posted modest improvements. Emerging markets demonstrated stronger yet uneven growth, with India remaining among the top performers. In contrast, China's recovery remained speculative, constrained by ongoing challenges in the property sector, subdued domestic demand, and deflationary pressures, despite policy interventions such as credit stimulus and regulatory easing. Global inflation moderated significantly, declining to 4.3% from a peak of 7.9% in 2022, primarily due to reduced energy and food prices. Key economies, including the United States, the United Kingdom, and the Eurozone, witness inflation rates approach target levels, while China faced near-zero inflation and Japan contended with rising food costs.

Central banks shifted toward a more accommodative monetary stance, with significant interest rate cuts implemented by the U.S. Federal

Reserve, the European Central Bank, the Bank of England, and other major institutions to curb inflation and bolster economic growth. In parallel, China lowered its loan prime rate to stimulate domestic demand. Geopolitical tensions—particularly the ongoing conflicts in Ukraine and the Middle East- continued to present substantial risks to energy markets and broader economic stability. Simultaneously, fiscal pressures intensified due to elevated debt burdens, as global public debt surpassed $100 trillion, accompanied by rising debt servicing costs, especially in advanced economies. Labour markets in these economies began to show signs of easing, evidenced by increasing unemployment rates alongside sustained wage growth. In contrast, developing countries continued to grapple with elevated unemployment levels, particularly among youth, as well as persistent gender-based disparities in labour force participation.

2.1.1 Global Banking Sector Performance

In 2024, the global banking sector exhibited resilience and sustained robust profitability amid prevailing economic uncertainties. Leading financial institutions reported record-high trading revenues, primarily driven by activity in equity derivatives, credit transactions, and securitization markets. This performance reflected favourable market conditions and the successful execution of trading strategies. Profit after tax (PAT) rose across several major banks, with some institutions reporting notable year-on-year increases. However, the sector experienced a modest decline in Return on Equity (ROE) compared to its post-financial crisis peak in 2023, suggesting that while profitability remained strong, profit margins had begun to narrow slightly.

Capital adequacy remained strong across most major banks, although certain institutions faced increased regulatory scrutiny following high-profile acquisitions. In particular, stricter capital requirements were proposed by regulators in response to concerns arising from the integration of financially distressed entities. These developments followed the collapse of banks due to inadequate risk management and significant exposure to high-risk assets, as well as failures prompted by substantial deposit outflows. Nevertheless, overall asset quality within the global banking sector remained stable. Loan impairment rates and credit cost ratios experienced modest declines, indicating that credit losses were largely contained. The sector's capacity to maintain stable asset quality and profitability under challenging conditions highlights its enhanced resilience and the effectiveness of strengthened regulatory frameworks introduced since previous financial crises.

2.1.2 Sub-Saharan Africa Banking Sector Performance

In 2024, the Sub-Saharan African banking sector demonstrates a dynamic blend of resilience, innovation, and emerging opportunities, largely propelled by rapid digital transformation. The region's fintech landscape has expanded significantly, with the number of fintech firms nearly tripling from 450 in 2020 to 1,263 by early 2024. This growth has been instrumental in enhancing financial inclusion, particularly in underserved and remote areas. Digital-only banks have gained substantial traction, with some achieving notable milestones in customer acquisition and profitability, marking a turning point for the continent's digital banking evolution. At the same time, central banks across the region are actively advancing digital currency initiatives to promote financial inclusion and improve operational efficiency. While some countries have already launched digital currencies, others are in the pilot phase of their Central Bank Digital Currency (CBDC) programs, reflecting a broader commitment to modernizing the region's financial infrastructure.

2.1.3 Nigerian Banking Sector Performance

In 2024, Nigeria's banking sector experienced substantial structural reforms and regulatory measures aimed at bolstering capital adequacy and reinforcing financial stability. The Central Bank of Nigeria (CBN) initiated a comprehensive recapitalization program, introducing revised minimum capital requirements to be achieved by March 2026. These thresholds range from ₦10 billion for regional non-interest [illegible] ₦500 billion for international commercial banks. Concurrently, the CBN implemented measures to mitigate foreign exchange market volatility, including the removal of the ±2.5% cap on interbank FX spreads and the introduction of the Electronic Foreign Exchange Matching System (EFEMS). While the Naira continued to face depreciation pressures, these reforms contributed to a record inflow of US$14 billion in foreign portfolio investments. Additionally, the CBN restricted the use of foreign currency-denominated collateral for Naira-denominated loans, except for selected federal Eurobonds and foreign bank guarantees, further reinforcing efforts to stabilize the financial system.

To address surging inflation, which reached 34.8% in December 2024, the Central Bank of Nigeria (CBN) implemented a series of aggressive monetary tightening measures. These included raising the Monetary Policy Rate (MPR) to 27.5%, increasing the Cash Reserve Ratio (CRR) to 50%, and issuing ₦12.83 trillion in treasury bills. Concurrently, the banking sector experienced significant growth driven by digital innovation and fintech expansion. Digital banking advanced rapidly, with seven major banks generating ₦132.45 billion from e-business activities and electronic transaction volumes reaching ₦234.4 trillion in the first quarter of 2024. The fintech industry also continued to flourish, attracting over $1.5 billion in investments—a 30% increase year-on-year. These trends underscore the sector's ongoing shift toward innovation, digital transformation, and broader financial inclusion.

Despite increased competition from fintech firms, traditional banks delivered strong performance in both deposit mobilization and profitability. Total deposits rose sharply by 63%, reaching ₦115 trillion, while credit to the private sector expanded by nearly 66%, primarily driven by increased lending to the oil and gas industry. Aggregate profit after tax among major banks reached ₦3.41 trillion, up from ₦2.1 trillion in 2023, supported by higher interest income and gains from currency revaluation. The Nigerian stock market reflected this positive momentum, with the All-Share Index increasing by 37.65% and market capitalization rising by ₦21.85 trillion. Nonetheless, certain challenges persisted; while the non-performing loan (NPL) ratio improved slightly to 4.3%, credit losses remained at relatively high levels.

2.2 2025 Banking Outlook

2.2.1 Global Banking Sector Outlook

The World Bank and the International Monetary Fund (IMF) project that the global banking sector will experience modest growth in 2025, amid increasing financial vulnerabilities and intensifying geopolitical tensions. The IMF warns of rising risks to financial stability, citing elevated asset valuations, high levels of leverage within financial institutions, and mounting pressures in sovereign debt markets. Heightened trade frictions, exacerbated by recent U.S. tariff measures, have contributed to increased market volatility, posing particular challenges for banks engaged in trade finance and other market-sensitive operations. In response, the IMF emphasizes the urgent need for enhanced regulatory oversight, calling for the comprehensive implementation of Basel III capital standards to strengthen the sector's resilience. Moreover, the expanding role of non-bank financial entities, such as pension and investment funds, and their growing interlinkages with traditional banks, have raised concerns about the potential amplification of systemic risks during periods of market stress.

2.2.2 Sub-Saharan Africa Banking Sector Outlook

The 2025 outlook for Sub-Saharan Africa's banking sector reflects cautious optimism, as expectations of economic recovery are moderated by persistent challenges such as elevated debt levels, inflationary pressures, and ongoing global financial uncertainty. Fitch Ratings maintains a 'neutral' view on the region's banks, citing their continued vulnerability to both domestic and external risks, including potential declines in commodity prices. Nevertheless, digital transformation remains a central driver of growth. The widespread adoption of mobile money continues to expand financial inclusion and intensify competition with traditional banks, particularly across West Africa. The fintech landscape is also advancing rapidly, with emerging services such as digital lending, Buy Now Pay Later (BNPL) solutions, and open finance frameworks creating new avenues for bank collaboration and service diversification. In parallel, countries such as Nigeria and South Africa are progressing in the development of regulatory frameworks for virtual assets, facilitating innovation and fostering closer integration between banks and fintechs. With rising digital adoption, cybersecurity has become a strategic imperative for financial institutions seeking to safeguard customer data and uphold trust within an increasingly digital financial environment.

2.2.3 Nigeria Banking Sector Outlook

In 2025, Nigeria's banking sector is undergoing a period of significant change, influenced by regulatory reforms, adjustments in the macroeconomic environment, and a wave of strategic consolidations. According to Fitch Solutions, asset and loan growth are projected to slow down as a result of currency stabilization and stricter capital requirements. Specifically, asset growth is projected to decrease from 55% in year 2024 to 20% in year 2025, while loan growth will decline from 50% to 24%. Despite these challenges, profitability is anticipated to remain robust, supported by high net interest income and currency revaluation gains. However, factors such as a windfall tax on foreign exchange gains and increased regulatory costs may put pressure on margins. The non-performing loan (NPL) ratio, which stood at 4.1% in mid-2024, is expected to rise slightly due to ongoing economic pressures.

Digital innovation and regulatory compliance continue to be key priorities, as the Central Bank of Nigeria (CBN) progresses with initiatives including the implementation of the Open Banking Framework, the enhancement of contactless payment systems, and the revision of agency banking regulations. These measures are designed to modernize the country's financial infrastructure and align with Nigeria's objective of exiting the Financial Action Task Force (FATF) grey list by mid-2025, through the enforcement of stricter anti-money laundering and cybersecurity standards. Concurrently, ongoing recapitalization efforts are expected to reshape the competitive dynamics of the banking sector, potentially elevating the position of certain Tier-2 institutions. The CBN is also anticipated to introduce more robust supervisory frameworks to ensure financial stability and promote sustainable long-term growth within the sector.

3.0 Financial Position

It is my pleasure to present the National Treasurer's report, outlining the financial performance of our institution for the year ending December 31, 2024, with comparative figures from the previous year.

Highlight of Financial Performance

ITEMS	2024 (₦'000)	2023 (₦'000)	% GROWTH
Total Revenue Generated	3,820,236	2,782,064	37.32%
Internally Generated Fund	3,370,721	2,386,795	41.22%
Operating Expenses	1,741,482	1,404,575	(23.99%)
Net Operating Surplus	1,992,897	1,346,021	48.06%
Net Assets	10,159,462	8,172,237	24.32%
Cost to Income Ratio	51.66%	58.85%	12.22%

Source: CIBN Financials

- **Total Revenue Generated:** The Institute generated a total revenue of N3.82 billion against a budgetary target of N3.007 billion. This represents a remarkable 127.33% budget performance for the period under review. In comparison with the actual performance of N2.78 billion in 2023, the Institute recorded an impressive growth of 37.41%. This growth is a testament to the impact of the various laudable initiatives embarked upon, which were reflected in the performance of the various Directorates and Units during the year.

- **Internally Generated Revenue (IGR):** Our efforts to enhance financial sustainability through internally generated revenue have been particularly successful. We recorded an impressive growth of 41.22% in IGR, increasing from N2.387 billion in 2023 to N3.371 billion in 2024. This strong performance indicates the success of our revenue diversification initiatives and our ability to adapt to the prevailing economic conditions.

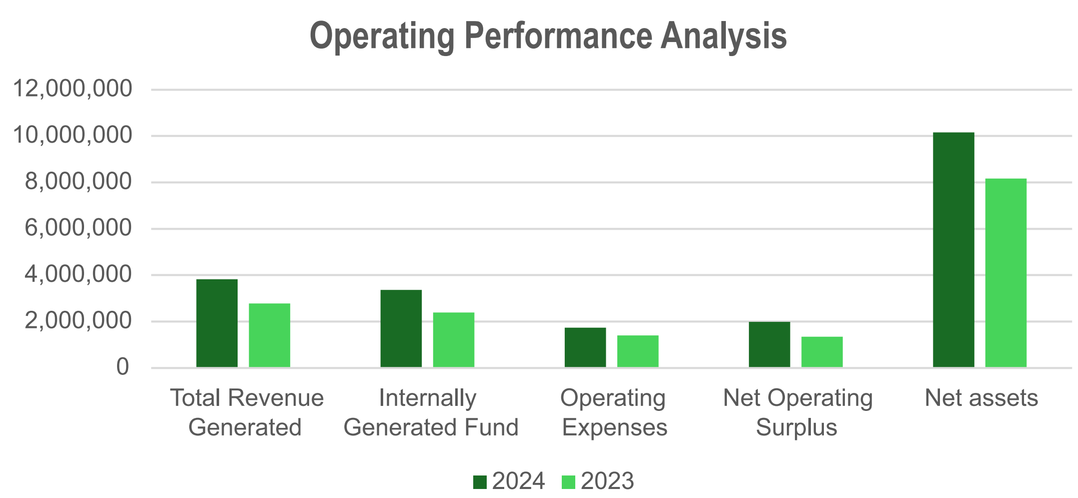
- **Operating Expenses:** In an environment of escalating inflation, managing expenditure has been a key focus. Our expenditure increased by **23.99%**, from N1.405 billion in 2023 to N1.742 in 2024. While this increase is partly attributable to the inflationary pressures on operational costs, it remains significantly lower than the growth in our revenue, demonstrating prudent cost management.

- **Net Operating Surplus (NOS):** We are pleased to report a substantial increase of **48.06%** in our Net Operating Surplus, growing from N1.346 billion in 2023 to N1.993 billion in 2024. This significant growth, achieved amidst rising costs driven by inflation, underscores the effectiveness of our operational strategies and our ability to generate surplus despite the economic pressures.

- **Net Assets:** Our overall financial strength, as reflected in our Net Assets, has also shown robust growth of **24.32%**, increasing from N8.172 billion in year 2023 to N10.159 billion in 2024. This substantial increase strengthens our financial position and provides a solid foundation for navigating future economic uncertainties and pursuing our strategic objectives.

- **Cost-to-Income Ratio (CIR):** A crucial indicator of efficiency, our Cost-to-Income Ratio improved significantly from **58.85%** in 2023 to **51.66%** in 2024. This improvement is particularly noteworthy given the inflationary context and the rise in the MPR, which typically impacts borrowing costs. This reduction indicates our success in generating more income compared to our expenses, highlighting enhanced operational efficiency.

Summary



Source: CIBN Financials

4.0 Other Financial Highlights

4.1 Capacity Building, Certification and Standards Directorate

In the year under review, the Capacity Building, Certification, and Standards Directorate generated a net income of N587.930 million, exceeding the year 2023 achievement of N392.625 million by 49.74%. This significant year-over-year growth reflects the strong market reception of our capacity-building programs and the efficacy of our proctored examination processes.

4.2 Membership Services Directorate

The Membership Services Directorate concluded the period ending December 31, 2024, with a net surplus of N400.608 million, compared to N437.469 million in the corresponding period of 2023. This resulted in a variance of N36.861 million. Recognizing this minor reduction, management has initiated a thorough investigation into the influencing factors and is developing strategies to enhance the Directorate's financial performance in subsequent periods.

4.3 Learning and Development Directorate

The successful Annual Banking and Finance Conference held during the year significantly boosted the Directorate's financial performance, leading to a 36% increase in net income. This growth saw net income rise from N393.943 million in 2023 to N535.932 million in the year under review.

4.4 Annual Dinner (Registrar's Office)

The income generated from the Annual Dinner witnessed a substantial 72% increase, growing from N221.057 million in 2023 to N380.284 million in 2024. This upward trend is a testament to the event's continued success and popularity among stakeholders.

4.5 Funds Appropriation

In the year under consideration, the Governing Council approved an increase of yearly appropriation from N297 million to N600 million to reflect current economic realities. These approved appropriations have been considered and provided for in the various funds accordingly.

5.0 Conclusion:

The financial performance of the Institute in the year 2024 is commendable, especially when viewed against the backdrop of an indeed challenging economic environment characterized by high inflation and a rising Monetary Policy Rate. The significant growth in Net Operating Surplus and Internally Generated Revenue, coupled with an improved Cost-to-Income Ratio and a substantial increase in Net Assets, demonstrates the resilience and effective management of our institution.

These positive results reflect the dedication of the management and staff in navigating these economic headwinds while effectively pursuing our mission. We remain vigilant in monitoring the economic landscape and are committed to implementing strategies that will ensure the continued financial sustainability and growth of our great Institute for the benefit of all our members as we continue the implementation of our "**LEGACY**" agenda.

Thank You.

Dr. Peter Ashade, FCIB
National Treasurer