

Etisalat: FDC forecasts aggressive bank debt recovery drive

FORECAST

Debt will have a -12% impact on banks' profitability

Tony Chukwunye

In the wake of the Etisalat Nigeria \$1.2-billion loan issue, commercial banks in the country are likely to become more aggressive in debt collection, analysts at Financial Derivatives Company Limited (FDC), have predicted.

In the firm's July Lagos Business School (LBS) presentation, obtained by New Telegraph last weekend, the analysts stated: "The post-Etisalat impact on banking and corporate governance will be profound... Banks will become extra aggressive in debt collection."

The analysts, who put the banking industry's total exposure to the telecommunications sector at over N673-billion, also said that the Etisalat loan debt posed a threat to the profitability of lenders.

Specifically, they estimated that the debt will have a -12 per cent impact on banks' profitability; 3 per cent impact on shareholders' funds and, "a modest hit of 0.3 per cent on capital adequacy."

The analysts also predicted that lenders exposed to the telecom firm will take a haircut at the end of negotiations to resolve the issue.

According to the experts, the vulnerability of the banking industry continues to be seen in the rising Non-Performing Loans (NPLs), which is necessitating additional

capital raising by lenders.

As part of measures to curb the surge in volume of bad loans, the banking watchdog had in June 2015 ordered all Deposit Money Banks (DMBs) in the country to publish the names of chronic debtors by August 1, of that year.

The then Director, Banking Supervision Department of the CBN, Mrs. Tokunbo Martins, who announced this at the end of the 322nd meeting of the Bankers' Committee, stated that the apex bank was issuing the order on the publication of the debtors' names after the expiration of the three months grace period to all debtors to service their debts with banks.

The CBN's Financial System Stability report at the end of December 2016, showed that 50 debtors owed N5.59 trillion (84 per cent) of the banking industry's total credit exposure

of N16.29 trillion.

Analysts point out that the N5.59 trillion represents 77 per cent of the nation's 2017 N17-trillion Federal Government.

It will be recalled that following the collapse of talks between Etisalat Nigeria and 13 banks on how to resolve the telecom firm's indebtedness, the CBN and the Nigerian Communications Commission (NCC) intervened to prevent a takeover of the company.

In a statement last week, the CBN and the NCC named Deputy Governor of the CBN Joseph Nnanna, as the new Chairman of Etisalat Nigeria. Also appointed to the board of the firm were Mr. Boye Oluasanya (Chief Executive Officer), Mr. Oluaseyi Bidicaceth and Mr. Ken Igboke, as non-executive directors and Mrs. Funmi Ighodaro as the Chief Finance Officer.

JAN partners Union Bank on 'LEAD' camp

Junior Achievement Nigeria (JAN) is partnering with Union Bank to empower 50 girls from various regions of Nigeria in the eighth edition of Leadership, Empowerment, Achievement and Development (LEAD) Camp taking place from the 9th to the 16th of July in Lagos.

In a statement, the organisation said that participants are taken through series of leadership workshops administered by HOD Consulting Inc., and are exposed to and mentored by leading women from the private and public sectors in Nigeria who share tips on building successful careers.

"To be eligible, beneficia-

ries must have previously participated in JAN's flagship Company Program, which provides training in the different facets of setting up and running a business. As indicated in the name, LEAD Camp will consist of activities in leadership, empowerment, achievement and development," the statement added.

Executive Director, Junior Achievement Nigeria, Mrs. Simi Nwoogu, said: "I developed LEAD Camp back in 2001 because after two years of running JAN, I noticed that some of the girls who were shy or timid at the beginning of the Company Program, were more confident

JAIZ Bank is first in Customs' e-auction platform

Isa Abdulwahab

Jaiz Bank Plc, the only full-fledged non-interest bank in Nigeria has emerged the first commercial bank in the country to integrate the Nigerian Customs Service e-auction platform.

The e-auction platform was part of the restructuring mandate initiated by the Comptroller General of Customs, Col. Hameed Ibrahim Ali (Rtd) when he resumed duty in 2015. It was aimed at blocking revenue leakages, thereby increasing revenue generation for the government.

After repeated tests of the e-auction platform, the Nigeria Customs deployed the e-auction portal last Friday with Jaiz Bank as the only lender that has successfully completed the

integration process, thus enabling auction transactions on the portal.

The portal according to a statement from Jaiz Bank, is now fully networked to the lender as the only bank that has successfully completed the integration process out of the designated banks.

This according to the statement, will ensure that money accruing from the auction gets to the Central Bank of Nigeria (CBN) Treasury Single Account for transparency and accountability.

The platform, which is highly interactive will only give access to holders of TIN. Such tax payers will log in, read the guidelines, pay the non-refundable one thousand auction fee and proceed to bid for the items on auction. Hitherto, all auction by the custom are conducted through a manual process, which was identified as non-competitive and opened to abuses hence the introduction of e-auction.

Jaiz Bank PLC is a quoted public company owned by over 26,000 shareholders spread over the six geopolitical zones of Nigeria. The Bank's balance sheet has grown from N11 billion in 2012 to about N60 billion, with asset financing of over N30 billion (as at end of 2016) and customer base of over 230,000 cutting across all strata of the society.

LCCI hosts sustainable economic devt discourse

The Financial Services Group of the Lagos Chamber of Commerce and Industry (LCCI) has announced plans to host Corporate Nigeria to a breakfast meeting on sustainable economic development.

Theme of the breakfast meeting scheduled to hold at Four Points by Sheraton in Lagos on July 12, 2017, according to a statement from the organisers, is Economic Recovery and Growth Plan: Roadmap to A Sustainable Economy.

The meeting aims to chart a sustainable economic recovery course for the nation ensuring that immediate national needs are met without compromising the ability of future generations to meet their own needs.

Renowned economist and Chief Executive Officer of Economic Associates, Dr. Ayo Teriba, is keynote speaker at the breakfast meeting. He will address key players from all sectors of the economy on re-suscitating the economy and placing it on the path of sustainable development.

Speaking on the importance of the session, Chairperson, Financial Services Group head and General Manager, Corporate Banking, Sterling Bank

Pic. Mrs. Mojibola Bakare, said it was necessitated by the need for financial and economic experts as well as relevant stakeholders in the economy to address current issues and proffer strategic options to the federal government as it seeks to stabilize the economy after a grueling recession.

She said: "The Financial Services Group is keen on the resolution of issues stifling Nigeria's economic development. We hope to achieve this by engaging and highlighting areas of need to business leaders and policy makers, among other relevant stakeholders, for action. We believe that the private and public sector can work collaboratively to deliver sustainable economic and development solutions to the nation."

The Financial Services Group of the LCCI consists of a wide range of business organisations operating in the financial sector of the Nigerian economy such as banks, insurers, credit card companies, stockbroking firms amongst others. The group, which has over 150 members, is very vibrant and dynamic, being the sector that is the driver of the Nigerian economy," the statement added.

Economic Indicators

		As at
M2*	N19,142,526.05m	Mar, 2015
CPS*	N18,579,219.49m	Mar, 2015
INF	16.25	May, 2017
MPR	14	23/05/2017
21-day NTB	10.77	Mar 2015
Bonny Light	US\$48.16	7/7/2017
Ext Res**	US\$30,333,811,210	6/7/2017

Source: CBN

FGN Bonds

Description	TIM	Price	Bid Yield	Change (%)	Price	Offer Yield	Change (%)
15.10.22 APR 2017	1.87	104.65	10.38	-0.02 ▼	104.69	10.45	-0.01 ▼
16.06.25 APR 2017	1.74	114.32	10.55	-0.01 ▼	114.29	10.45	-0.01 ▼
15.14.13 FEB 2020	1.87	111.96	11.60	0.06 ▲	112.26	11.51	0.05 ▲
16.10.22 APR 2017	1.82	120.58	11.44	0.00 ▲	120.86	11.38	0.01 ▲
16.20.14 MAR 2024	2.95	128.83	12.27	-0.07 ▼	129.26	12.32	-0.02 ▼
15.10.22 APR 2017	9.81	100.54	12.40	-0.08 ▼	100.64	12.14	-0.03 ▼
16.08.22 APR 2016	14.31	89.82	12.44	-0.02 ▼	84.72	12.32	-0.01 ▼
13.14.03 APR 2014	18.29	97.56	12.49	0.02 ▲	97.66	12.44	0.02 ▲

NIBOR

Over Days	Rate (%)	Change (%)	Over (Months)	Rate (%)	Change (%)
Call	4.453	-2.50 ▼	1	6.999	3.72 ▲
90	5.071	-0.74 ▼	2	7.298	-0.77 ▼
180	11.010	-0.63 ▼	3	8.081	-0.17 ▼
360	13.378	-0.68 ▼	6	9.205	-0.11 ▼
			9	9.572	0.01 ▲
			12	10.582	0.41 ▲

Treasury Bills

Maturity Date	Discount	Bid Yield	Change (%)	Discount	Offer Yield	Change (%)
10 Jun 16	7.92	8.05	-0.51 ▼	7.67	7.82	-0.51 ▼
6 Oct 16	8.59	8.99	-0.31 ▼	8.34	8.71	-0.31 ▼
18 Mar 17	9.16	10.28	-0.07 ▼	9.11	9.98	-0.07 ▼

Money Market

	Rate (%)	Change (%)
Open Market Sale	4.81	-0.75 ▼
Overnight O/N	4.81	-0.86 ▼