



TREASURER'S REPORT

**NATIONAL TREASURER'S REPORT FOR
THE YEAR ENDED 31ST DECEMBER, 2020**

1.0 Introduction

Distinguished Members, Ladies and Gentlemen, I consider this report as a privileged opportunity to appreciate all stakeholders for your continuing commitment to the growth and sustenance of our great Institute. I warmly welcome you to the 2021 Annual General Meeting and present to you the audited Financial Statements for the year ended 31st December, 2020.

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) since its adoption by the Institute in 2013. The standards were established to bring about consistency in accounting standards and practices, regardless of the company or the country. The audited financial statements of the Institute were consolidated with that of its two subsidiaries, the CIBN Press Limited and CIBN Center for Financial Studies (CIBNCFS) Limited/gte, to provide an all-inclusive view of the financial performance and position of the Institute as at 31st December, 2020.

It is worthy of note to highlight that the Accounts passed through the required levels of internal corporate controls and processes in strict adherence to established corporate governance. The financial statements were considered by the Executive Management, Audit Committee, and the Finance & General Purposes Committee prior to further consideration and approval by the Governing Council at its meeting of March 18, 2021.

Despite the economic uncertainties experienced during the year arising from the Coronavirus pandemic, the Institute's financial position remained strong in the fiscal year 2020. This was achieved through prudent management of the investment portfolio, enhanced efficiency, unalloyed support from various institutions and members in the payment of their corporate subscriptions, internally generated revenues and the paradigm shift in our business operations through innovative technology.



**2.0 Review of the
Macroeconomic
Environment**

The global coronavirus pandemic which started in December 2019 and subsequently worsened in 2020 had a significant negative effect on the entire world economy including that of Nigeria. Given the fact that the Nigerian economy is largely driven by and dependent on oil revenue, the critical variables and parameters upon which the 2020 budget were predicated were significantly impacted by the double shocks of the crash in

crude oil prices and COVID - 19 pandemic. Moreover, the accelerating double-digit inflation and tight foreign exchange liquidity weakened consumer purchasing power and disrupted general business operations.

Consequently, the country went into economic recession by the third Quarter of 2020. The Nigerian economy recorded an overall negative growth of 1.92% for the financial year 2020. However, the economy witnessed a positive growth of 0.11% in Quarter 4, thereby resulting in the country exiting recession.

A new VAT regime of 7.5% which took effect from February 2020 and the Finance Act 2021 should result in an increase in the revenue accruable to the various tiers of government. A new VAT regime of 7.5% which took effect from February 2020 and the Finance Act 2021 should result in an increase in the revenue accruable to the various tiers of government.

It is projected that the economy will continue in its positive trajectory and experience tapered growth in 2021. However, the positive outlook remains fragile, clouded by uncertainty regarding the oil price trajectory, rising inflation, elevated unemployment and security challenges.

3.0 FINANCIAL POSITION

The Institute's net assets amounted to N5.63 billion as at December 31, 2020, resulting in an increase from the prior year figure by N0.48 billion (9.11%). This variance was mainly due to the acquisition of the Institute's Bankers House property in Abuja.

The cash and cash equivalents at the end of the year stood at N3.30 billion, remaining largely unchanged from the prior year balance of N3.23 billion with about N70 million increase (2.17%).

Total liabilities decreased by N9.96 million over the prior year figure, representing about 1.1% decrease, mainly on account of the forbearance of the 2020 gratuity provision by the staff as well as the slight decline in other liabilities and accruals.

4.0 Operating Results

The Institute ended the fiscal year with an operating surplus of N570.27 million before impairment and amortization. This surplus was primarily as a result of careful management of expenses and strict adherence to budget provisions.

It is pertinent to mention that the Finance & General Purposes Committee, based on the recommendation of management, had to review the year 2020 budget downward mid-year due to the uncertainty posed by the Covid-19 pandemic. The initially approved net operating surplus budget was N535.49 million but this was reviewed to N316.17 million and the review was approved by the Governing Council.

The consolidated net operating surplus for the year ended December 31, 2020 showed a slight decrease when compared to the previous year. The actual net operating surplus of N570.27million represented a decrease of 0.6% over the N573.71million recorded in 2019.

However, the 2020 actual net operating surplus was higher than both the 2020 revised budget and initial budget figures of N316.17million and N535.49million respectively. The overall cost to income ratio also improved from 63% in 2019 to 61% in 2020, an improvement of 200 basis points.

5.0 HIGHLIGHTS OF FINANCIAL PERFORMANCE

	2020 ₦'000	2019 ₦'000	Positive / (Negative) Variance (N'000)	Positive / (Negative) Variance (%)
Net Assets	5,631,605	5,156,560	475,045	9.21
Internally Generated Revenue (IGR)	1,140,264	1,266,943	126,679	(10.0)
Operating Expenses	897,897	1,000,156	102,259	10.2
Net Operating Surplus	570,265	573,708	(3,443)	(0.6)
% of IGR to Total Revenue	78%	80%	(126,679)	(2.0)
% of Corporate Subscription to Total Revenue	22%	20%	14,489	2.0%
Cost to Income ratio	61%	63%		(2%)

6.0 OTHER FINANCIAL HIGHLIGHTS

6.1 Capacity Building & Certification

The Capacity Building & Certification Division generated a net income of N313.83million in the year under review compared to N219.29million in 2019. This represented an improvement of 43.11% resulting mainly from income generated from Exemptions, Specialized Certification Programmes as well as main examinations.

The income from examinations and exemptions improved significantly due to increase in the number of student enrollment, with students taking advantage of the 50% discount granted to them during the year. Furthermore, examinations were conducted only once in the year due to the lockdown which in turn reduced attributable expenses.

6.2 Membership Services

There was a decline in this income line from N337.73million in 2019 to N260.55million in the year under review. This decline was primarily due to the rebate given to members on induction and investiture fees as well as the virtual execution of most of the programmes during the year. We are optimistic that the performance for subsequent years would be positive with intensified efforts in membership registration and subscription collection drive.

6.3 Learning & Development

There was a 31% increase in the net income generated by the Division from N155.73million in 2019 to N204.11million for the year under review. This improved performance was mainly due to the hybrid

Division from N155.73million in 2019 to N204.11million for the year under review. This improved performance was mainly due to the hybrid execution of the 13th Annual Banking and Finance Conference, 20th National Seminar on Banking and Allied Matters for Judges and other non-statutory training programmes and collaborations. While the income generated from these events increased, the expenses reduced through the leverage on technology.

6.4 CCPD/e-Learning

The income from this Division declined by 39.67% from N42.7million in 2019 to N25.76million in 2020. The decline in the income was mainly due to the uncertainty attributable to the total lockdown of operations because of the pandemic. This altered the conventional norms in delivering training programmes and the management had to re-strategise on the business continuity plan. However, the number of training programs organized by the Division increased in the second half of the year, although most of these training programs were virtually delivered.

6.5 Registrar's Office

This income line grew marginally by 1.08% from N96.83million in 2019 to N97.88million in 2020.

The Annual Dinner organised by the Institute accounted primarily for the income generated.

6.6 Returns on Investment from Operating Funds

There was a significant decline in the income on operating funds by 45% from N316.2million in 2019 to N174.7million in 2020. The sharp decline was primarily due to the unfavourable interest rate regime in the money market in the year under review. With the recent approval of the revised Investment policy, the portfolio would be spread for optimal yields.

6.7 Corporate Members' Subscription

The Corporate Members' Subscription was N492.9million in 2020 as against N473.2million in 2019, representing an increase of 4%. The growth was due to the subscriptions from the newly licensed Deposit Money Banks and additional Microfinance Banks included in the Corporate Membership.

6.8 Fund Appropriations

All Governing Council approved appropriations have been considered and provided for in the various funds accordingly.

6.9 Productivity Bonus

As a way of appreciating the commitment of staff for their outstanding performance in the year under review, the Governing Council approved the payment of productivity bonus to serve as incentives as well as encourage higher productivity for subsequent years. This is in line with the subsisting policy of the Institute.

7.0 Future Plan

• Investment policy

During the year, the Institute reviewed its strategic intent of financial independence with a resolution to put in place an encompassing Investment Policy toward diversification of our investment portfolio. The policy has since been developed and approved by the Governing Council to provide guidance for informed decision-making and serve as both a roadmap to successful investing and a safeguard against potential risks. The implementation of the policy would propel our appetite and inspiration for financial independence in the foreseeable future.

Technology driven activities

The Institute survived the uncertainty due to the pandemic with its adoption of technology driven programmes. Going forward, we will continue to embrace the use of technology to enlarge our horizon and membership base for value proposition.

Collaborations

With the ongoing transformation in the financial services sector, collaboration is the way to go. The emergence of innovative fintech firms and technology adoption in business operations are the major factors behind this strategic move. The Institute will continue to collaborate with competent institutions to upskill and train our members on the rapidly evolving needs and expectations of our relevant stakeholders.

8.0 CONCLUSION

Finally, I hold in high regard the outstanding contributions and support of the Governing Council, President and Chairman of Council, other members of the Office Holders, our Founding Fathers, Past Presidents and Registrars, the entire members of the CIBN, Bankers' Committee, CEOs of Banks, CBN, NDIC and the banking community.

I would also like to acknowledge the support provided by members of the Finance & General Purposes Committee and Audit Committee during the year. I must also commend the Executive Management and staff of the Institute led by the Registrar/Chief Executive, Mr. 'Seye Awojobi, FCIB for their tremendous contribution and commitment to the success of the Institute.

God bless the Federal Republic of Nigeria. God bless the CIBN!

Thanks for your kind attention. May God bless you all.

Mr. Dele Alabi, FCIB
National Treasurer