NATIONAL TREASURER'S REPORT

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FOR THE YEAR ENDED 31ST DECEMBER, 2023

1.0 Introduction

Distinguished Members, this report supports the audited financial statements of the Institute for the 12 months period for year ended 31st December 2023 and provides further commentary on the statements contained in them. The Accounts conform to statutory requirements and is intended to provide further interpretation and explanation on the financial position of our revered Institute.

This should be read in conjunction with the comprehensive Annual Report, which provides a full overview of the activity undertaken by the Institute in line with its mandate.

In the period under review, the financial statements of the Institute and that of its only subsidiary - The Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS) Limited/gte were prepared in line with accepted external and regulatory standards. The management of the Institute was responsible for preparing the financial statements while our external auditor; RoseWater Partners (a firm of Chartered Accountants) was responsible for expressing an opinion indicating that reasonable assurance has been obtained that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and that they are fairly presented in accordance with the relevant accounting standards (e.g., International Financial Reporting Standards).

The auditor considers a number of factors in determining whether the financial statements are free of material misstatement, and in evaluating any misstatements identified. These factors require professional judgement, where auditors use their skill and experience to form a view based upon the evidence gathered on the financial statements taken as a whole. The audit opinion is clearly stated as a separate paragraph in the audit report and it gladdens my heart to report once again that the auditor issued a 'clean' opinion, indicating that the financial statements are free from material misstatement.

As a membership-based organization, the audited financial statements were presented by the auditors to the various strata of corporate governance of the Institute. It went through the Executive Management, Audit Committee, Finance & General-Purpose Committee, Office Holders and finally to the Governing Council. And here we are today, the report will be presented to the Members of the Institute at the Annual General Meeting (AGM) for consideration and ratification.

2.0 Review of the Macroeconomic Environment

2.1 Global Economic Outlook

In the year 2023, the global economy experienced an unprecedented mix of challenges that slowed growth to 3.0%, as reported by the IMF World Economic Outlook. The year under review underwent strong resilience following elevated inflation that prevailed for most of the period and several other factors that hindered global growth, pushing the world economy closer to its pre-pandemic growth levels. The year experienced high price levels that caused a significant drag in consumer demand, sustained interest rate hikes that disincentivized investments, weaker trade, and several sequences of geopolitical tensions which eroded investors' confidence by fueling market uncertainties in addition to supply chain disruptions across the global economy. While these fluctuations lingered, the global economy managed to stay ahead of recession, as Central Banks around the world raised interest rates, which further slowed economic growth, reining inflation to their 2% target.

World growth was held up well in 2023. Chinese consumer spending patterns have normalised after the removal of Covid-19 pandemic restrictions at the start of the year and US growth has picked up on renewed fiscal easing and surprisingly resilient household spending. This has outweighed a sharp slowdown in Europe - in the aftermath of the severe regional energy shock in 2022 and has helped global growth to move up to 2.9% from 2.7% last year. But Fitch expects world growth to slow sharply in 2024 to 2.1% as the full impact of recent monetary tightening feeds through to private spending, consumption growth in China fades with investment and export prospects there remaining weak and the eurozone recovers only marginally. Global growth is likely to recover in 2025 on interest rate cuts starting in 2024 but will remain below trend on a relatively weak US recovery.

The Global Economic Outlook 2023 reveals that a significant uplift in global growth is unlikely in 2024 with no short-term end in sight to geopolitical uncertainty and tight monetary policies.

With global trade plateauing in recent years, driven in part by the pandemic, geopolitical tensions and rising protectionist measures, the KPMG report warns of potentially large output losses from geoeconomic fragmentation over the longer term. The report forecasts global GDP growth of 2.2% in 2024 down from 2.6% in 2023, with a return to 2.6% growth anticipated in 2025.

The regional economic trend saw multiple layers of challenges ranging from sluggish growth, aggravated levels of inflation, currency depreciation, rising debt and debt forgiveness stress as well as political tensions. The continuing wars in Ukraine and the Gaza Strip continued to disrupt supply chains and energy markets. With the concerted efforts put in place by the regional governments to manage the effect of these challenges, it is expected that in 2024, there will be moderate resilience in global and regional economic performance arising from sustained economic reforms, moderate inflation rate, higher income and consumer demand, and expansion of the global economy.

2.1.1 Global Banking Sector Performance

The global banking outlook for the year under review showed strong indices of growth, resilience and adaptation to current challenges and regulations. Higher interest rates boosted their profits and provided the potential for a "soft landing", while moderate inflation and economic growth kept things optimistic. The McKinsey's Global Banking report 2023 reported that the global banking industry recorded the strongest profit growth in the past 18 months since 2007, boosted by rising interest rates. However, the report noted that the industry is facing a period of significant change, which it termed "Great Banking Transition". This transition is driven by factors like increased regulations, digital innovation, and new competition. To sustain this transition, it is noted that banks need to adapt to changing dynamics and embrace technology and artificial intelligence (AI) to streamline operations, manage talent, and improve product and service delivery. Banks will need to strengthen their customer focus through improved distribution channels such as embedded finance, leveraging digital and AI-powered advisory services while adapting to new and evolving risk landscapes to navigate the changing financial environment.

2.2 Nigerian Economic Outlook

The Nigerian banking sector showed resilience in 2023 despite facing a challenging economic environment. The sector remained profitable, although growth slowed compared to 2022. According to peer reports from Agusto & Co and Afrinvest, Nigerian banks have navigated a difficult economic landscape with rising inflation, currency fluctuations, and policy uncertainties. Nigerian Banks maintained focus on innovation and collaboration with financial technology (FinTech) companies to deepen market reach and drive positive performance. This has resulted in the expansion of services to both banked and unbanked populations in the economy. However, a major change over during the period was the rising non-performing loans (NPLs) due to a weaker economic climate.

3.0 Financial Position

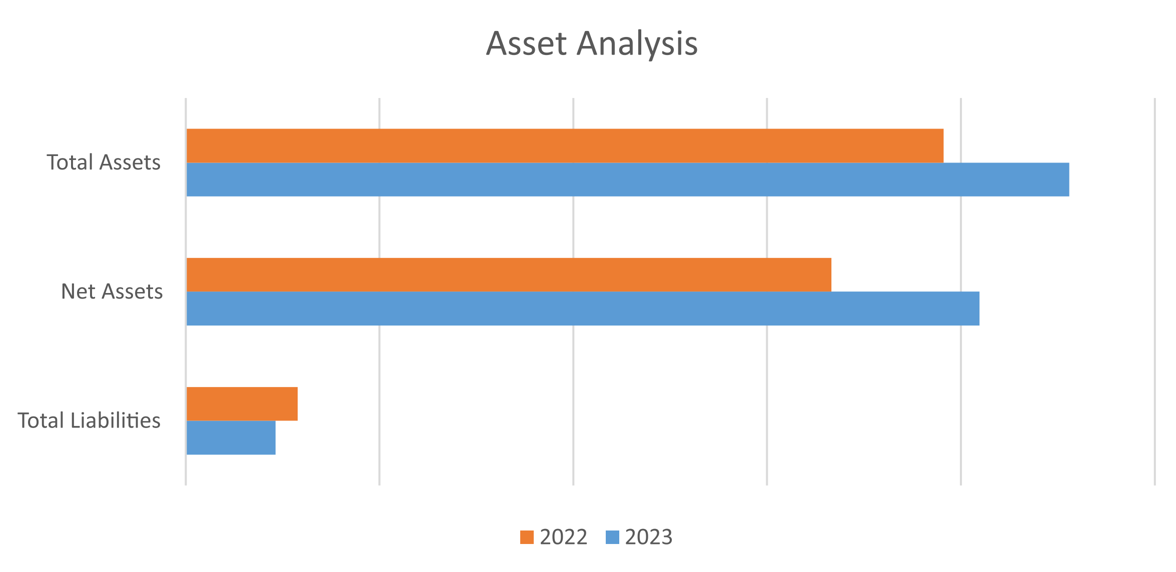
Highlight of Financial performance

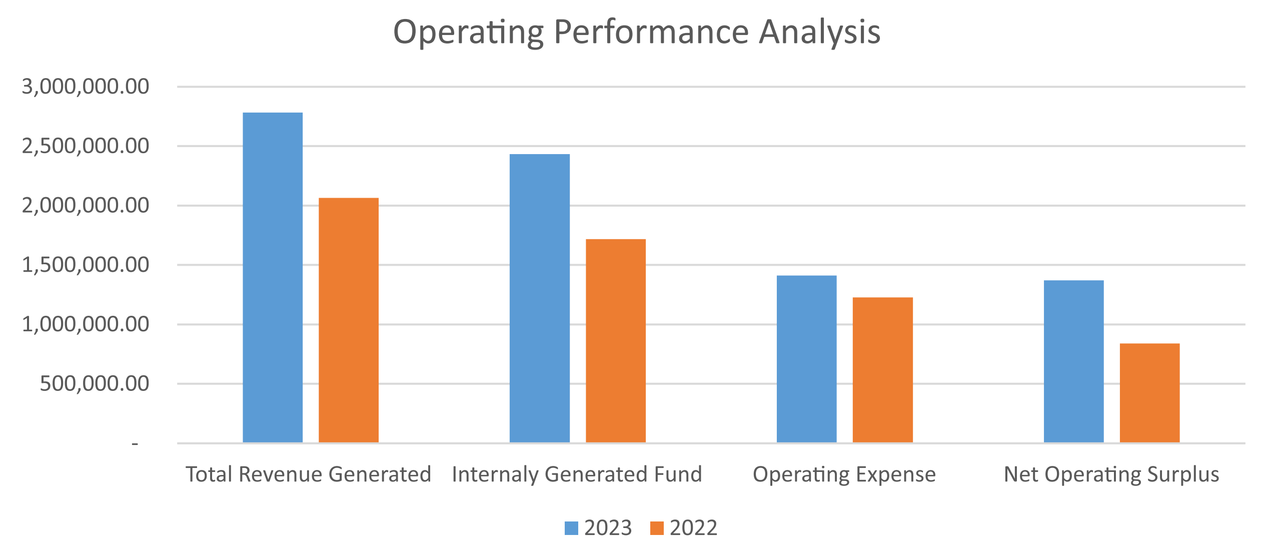
	2023 (₦'000)	2022 (₦'000)	Variance (₦'000)	Variance (%)
Total Revenue Generated	2,782,064	2,064,548	717,516	34.75%
Internally Generated Fund	2,422,327	1,716,371	705,956	41.13%
Operating Expense	1,410,951	1,226,467	184,484	15.04%
Net Operating Surplus	1,371,113	837,943	533,170	63.63%
Net Assets	8,192,707	6,664,810	1,527,897	22.92%
Cost to Income Ratio	50.72	59.41	-	-8.69

The Institute generated a total revenue of N2.782 billion against a budgetary target of N2.471 billion. This represents a remarkable 112.59% budget performance for the period under review. In comparison with the actual performance of N2.064 billion of 2022, the Institute recorded an impressive growth of 34.75% performance. This growth is a testament to the impact of the various laudable initiatives embarked upon, which was reflected in the performance of the various Directorates and Units during the year.

The financial performance of the Institute recorded an unprecedented leap by crossing the N1 billion threshold in its audited Net Operating Surplus for the year under review. This milestone achievement aligns with the aspirations of the founding fathers that the Institute should be financially autonomous. The recorded net operating surplus before tax and impairment stood at N1.371 billion compared to the 2022 result of N837.94 million resulting in a positive variance of N533.17 million and a growth rate of 63.63%, reflecting management's efficient resource allocation and optimisation of results despite the high inflationary constraints experienced during the year under review.

The recurrent expenditure for the year was N1.411 billion against the budgeted figure of N1.619 billion. This reflects a positive cost savings of N208 million in overhead expenses. However, compared with total expenses of N1.226 million in the corresponding period, expenses grew by 15.09%, driven mainly by inflation and general price increases that prevailed during the reporting period.





4.0 Other Financial Highlights

4.1 Capacity Building, Certification & Standards

The Directorate was a key driver of our success over the period under review, recording a 91.86% increase in performance over last year. This significant increase was largely influenced by the full adoption of remote proctored examination processes and activation of the various specialised certifications, which became fully effective in 2023. The implementation of these processes has led to a more efficient and reliable examination system, together with aggressive marketing of the Institute's examinations and certifications. As a result, we have seen a significant increase in students' enrolment for the various examinations. We are confident that this trend will be sustained with pragmatic strategies in place to improve awareness as well as the increase in the number of examination diets from the traditional April and October diets.

4.2 Membership Services and Learning & Development Directorates

The Membership Services Directorate and the Learning and Development Directorates recorded a modest improvement in performance over the 2022 figures, recording a 5.58% improvement over the prior year's figures. The 50% discount offered during the 60th Anniversary of the Institute helped to reactivate a number of dormant members, who will henceforth, from this year, pay the full annual subscription fees, and invariably will shore up the revenue going forward. This will also impact other membership services, including learning and development, as well as CCPD results in the 2024 and subsequent years' performance.

4.3 Finance and Corporate Services Directorate

The Directorate achieved a 243.13% performance in investment income over the previous year, improving its internally generated revenue (IGR) from N253.715 million in 2022 to N870.567 million in 2023. The management fees earned on managed funds improved from N14.521 million to N21.896 million, resulting in a 50.79% performance over the previous year.

Management has implemented strategies to improve the revenue-generating abilities of the Bankers House in Lagos and Abuja by appointing dedicated estate managers to manage the properties.

4.4 Fund Appropriations

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

5.0 Future Plan

Membership continues to be the lifeblood of our Institute for the promotion of our core mandates and in terms of our finances through subscriptions, examinations and training income. Our focus over previous years has meant that member numbers have increased, which has in turn ensured a strong financial position. The Council and its committees are continuing its previously agreed strategy of investing our reserves in developing a range of initiatives designed to help our members.

The investment in membership activities, training and learning have already shown to be successful, both financially and in terms of promoting our Code of Conduct. The investment in work to design our new website and digitalise our processes will deliver further benefits in 2024 and beyond. Most notably, the investment in our workforce, will enable and empower the staff to work more efficiently and enhance their competences for the benefits of our members.

Through our annual and strategic planning cycle for the next five (5) years, we shall structure our activity through areas of strategic intent, encompassing a combination of 'business as usual' and new areas of work that we need to develop or respond to in order to support our members and their clients in the most effective ways possible.

6.0 Conclusion

We will continue to monitor our financial position closely to ensure continued support for members, structured through our strategic intents. We will continue to provide our members with products and services to help them in their day-to-day work by equipping them competencies needed for the changing environment in which they work.

I must appreciate the members of the Institute for the rare privilege to serve as the National Treasurer for the second year. While I aspire to serve the Institute in higher capacity and contribute my quota to its success and sustainability, today marks my as I prepare to transition from the position of National Treasurer of our dear Institute.

I am overwhelmed and appreciate everyone for the unflinching support, encouragement and prayers during my tenure. I remain committed and look forward to a mutually beneficial growth of the Institute and the entire financial services industry.

Mrs. Mojisola Adebisi Bakare-Asieru, FCIB
National Treasurer