

MONEY

Investors stake N10bn on TBills

THE Central Bank of Nigeria says it has withdrawn N10bn from circulation through the sale of treasury bills.

The News Agency of Nigeria reported that the mop up was low when compared with that of the previous week when the bank withdrew N63.66bn from circulation.

According to the bank's report, which was obtained by NAN in Lagos on Monday, the money was withdrawn last week through the issuance of government securities at the Primary Market Auction.

At the PMA window last Thursday, the CBN sold 91-day tenor bills worth N5bn and 182-day tenor bills worth N5bn.

But investors over subscribed the two bills with an increase of N1.94bn and N16.48bn respectively which put the total subscription at N6.944bn and N21.48bn.

The bid rates on the 91-day tenor bills varied between 8.2000 per cent and 9.7000 per cent, while that of 182-day tenor bills was between 9.2990 and 10.0000 per cent.

NAN reports that the yield on the two bills when they mature on November 20, 2008 and February 19, 2009 respectively would be 9.3113 per cent and 9.9754 per cent each.

Spring Capital to raise N4.5bn

Udemekwe

SPRING Capital Markets Limited, a subsidiary of Spring Bank Plc, has disclosed plans to boost its shareholders funds, and create value for investors.

Following this, the company has declared its plans to raise N4.5bn from the capital market, through hybrid offers to selected investors.

In a chat with newsmen, the Chairman of the company, Mr. Chris Oshiah, said that the funds were also required to deepen the company's underwriting businesses.

He said the company aimed to be a leading investment banking firm in Nigeria in a few years, adding that it also planned to have strong presence in emerging markets in Africa, Europe and in the United States within the next four years.

He added that the company had the intention of supplementing government efforts towards raising funds for its Vision 2020 agenda.

According to him, "We intend to harness funding possibilities through the issuance of exotic products to an ever expanding market internationally and will also create a specialised platform for private equity investments in Nigeria with a view to assisting the government in financing its seven-point agenda."

CBN abandons common year end policy

Yemi Kolapo

THE Central Bank of Nigeria has reversed the policy that mandates banks to adopt a common accounting year end.

In a circular to all banks and discount houses on Monday, the apex bank stated that the adoption of the common year-end, which had earlier been put on hold, was no longer required.

The circular with Ref No. BSD/DIR/CIR/GEN/VOL 2/008 dated August 25, 2008 and signed by the Director of Banking Supervision, Mr. Ignatius Inala, said, "Each bank and discount house is now at liberty to adopt its own accounting year end as it deems appropriate and inform the CBN accordingly."

It noted that the CBN had at its Monetary Policy Committee meeting of August 5, 2008, further reviewed the policy in the light of the development in the economy and the misplaced perception that interest rates trends were linked to the requirement of a common year end.

It, therefore, decided that the common year end would no longer be a requirement.

According to stakeholders, prior to the directive by the CBN for all banks to adopt the common year-end, many banks, as a result of different accounting

periods, usually went to the inter-bank market, where banks borrowed funds from one another to meet their immediate needs and boost their balance sheets.

And as soon as the regulatory authorities finished verifying their

financials, the funds were usually returned to the inter-bank market, they said.

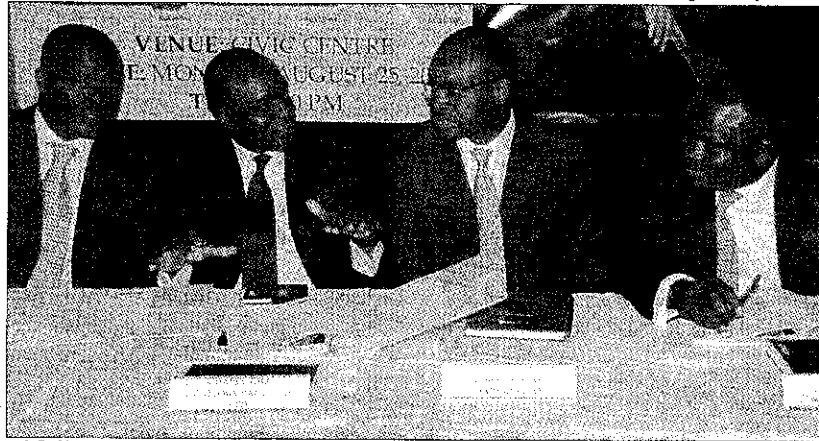
This, experts said, might have led to the directive by the regulator for the adoption of the uniform year-end, originally billed to

commence in December 2008, and later shifted to December 2009.

Speaking on the development, the CBN Governor, Prof. Chukwuma Soludo, had announced that the decision was taken in response to the observed

desperate behaviour of some banks in deposit mobilisation and interest rate hikes to levels that could not be justified by their fundamentals.

He had stated that the rates were inconsistent with the economic fundamentals and were becoming a threat to market stability, adding that the CBN would investigate these practices.



*L-R: Chairman, Chapel Hill Denham Group, Mr. Olawale Edun; Managing Director/CEO, Mr. Bolaji Balogun; Managing Director, First City Monument Bank, Mr. Ladi Balogun; and Executive Director, Access Bank Plc, Mr. Okey Nuuke, during the completion board meeting for the initial public offering of the women's investment fund, in Lagos...on Monday. Photo: Segun Bakare.

NAPEP seek banks' partnership on poverty alleviation

Ayo Olesin

COMMERCIAL and microfinance banks have been urged to partner more effectively with the National Poverty Eradication

Programme in order to grant the poor more access to funds in order to add value to commercial activities in rural communities.

Senior Special Assistant to the President and National Coordinator, NAPEP, Dr. Magnus

Kpekol, said in Lagos on Friday at a media parley that financial institutions needed to play a more active role in current efforts to reduce poverty rate in both rural and urban populations from the current 50 per cent.

"Local and state governments need to get together with banks and microfinance banks to make sure that funds are available to fight poverty," he said.

Kpekol said that the key to reducing poverty in the communities was to make sure that value was added to whatever was produced in the villages to boost income levels.

He said, "There must be processing. Whether it is cassava or yam chips, agricultural produce

must be processed in order to keep jobs in the rural areas and give the produce a competitive advantage in the market."

He said a few banks, including Intercontinental Bank Plc and Oceanic Bank Plc as well as several microfinance banks, were already working with NAPEP by providing funding to poor people who were nonetheless active in income generating activities but needed finance to increase capacity and market access.

Such banks, he said, were providing up to 200 per cent of NAPEP's budget in additional funding and also channeling funds to the business of the active poor.

Microfinance banks grant N34bn loans to customers

THE Deputy Governor of CBN, Mr. Tunde Lemo, has said that about 800 microfinance banks in the country have granted loans and advances totaling N34.54bn as at June this year.

According to the News Agency of Nigeria, Lemo, who is in charge of Financial Sector Surveillance at the CBN, told newsmen in Lagos on Saturday that the banks had N50.28bn deposit.

He said that 607 out of 761 community banks that were in existence before the emergence of microfinance banks in January this year successfully converted to microfinance banks.

According to him, 72 additional investors came into the sub-sector while 89 new banks have been given approval in principle.

Lemo said that the CBN recently approved an interim capacity building programme for about 2,864 staff of microfinance banks and that the programme would kick off on September 1.

He disclosed that the CBN had also approved the establishment of a certification process to ensure that all

categories of workers in the microfinance banks were trained in best practices by certified trainers.

Another major achievement of the microfinance, according to Lemo, is the establishment of entrepreneurship development centres in the country's six geo-political zones.

He said that the centres

were established to complement efforts of other relevant agencies in the development of entrepreneurship spirit amongst Nigerians.

Lemo said that the programme, which had started on a pilot basis in Oritsha, Kano and Lagos, was evolved to bridge the skill among the staff and that the dearth of skilled personnel was still a challenge to the sub-sector.

'Ecobank's \$2.5bn cross-border offer for expansion'

Udemekwe

THE Managing Director, Ecobank Nigeria Plc, Mr. Offiong Ambah, said on Monday that the proceeds of the bank's \$2.5bn cross-border hybrid offer would be used for general expansion of branches in 'presence countries', and to recapitalise its subsidiaries.

Ambah, who spoke during the official inauguration of the offer in Lagos said 56 per cent of the funds raised would be used to capitalise existing affiliates; 22 per cent for acquisition of new facilities; 14 per cent for expansion into new markets; three per cent for technology

and process upgrade; and five per cent for share offer expenses.

He stated that investors stood to benefit immensely from the offer, assuring them of good dividend issues, to be paid in United States Dollars.

He noted that the company had good liquidity as a result of its listing in three countries, adding that "this is the first multi-level offer structure, and we are the first in Africa to raise \$2.5bn."

The capital raising exercise, which is the first trans-border initial public offering and Rights Issue in Africa, is expected to be sold simultaneously on three stock exchanges.

They are the Ghana Stock Exchange, the Nigerian Stock Exchange and the 'Bourse Régionale des Valeurs Mobilières,' the regional stock exchange in Abidjan.

The details of the offer showed that ETI would raise the \$2.5bn equity through a 3.76 billion rights issue, being offered at \$0.27 apiece at a ratio of five new shares for every nine held.

The bank also said 5.12 billion shares are also being offered to the public at \$0.29 each.

"This implies a discount of 20 per cent for the rights offer and 12.5 per cent for the public offer to the 30-day volume-weighted average

price of the company's stock across the three stock markets where it trades," it said.

The Chairman, ETI, Mr. Mande Sidibe, who spoke at a recent world press conference in Accra, Ghana, said that the approvals for the registration and listing of the new shares obtained from the relevant regulatory authorities also included the "Union Economique et Monétaire Ouest Africaine."

Sidibe said the proceeds of the offer would also be used to further strengthen the Ecobank Group's accelerated branch network growth plans in countries where it currently operated.