



Nigeria: Finance Corporation to Inject U.S.\$300 Million Into Banks

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Lagos — The International Finance Corporation (IFC), an arm of the World Bank, has announced that it is injecting some \$300 million into Nigerian banks to support attempts to revamp the banking sector.

The amount is for the first phase of the support planned by the institution.

IFC's Vice-president for Global Industries Jyrki Koskelo said at a press briefing in Lagos yesterday that the support is "to major financial institutions in Nigeria and is part of IFC's broader strategy to the strengthening of Nigerian banks in the aftermath of the global financial crisis."

Nine Nigerian banks will benefit from the intervention by IFC. They are United Bank for Africa, First Bank of Nigeria Plc, Guaranty Trust Bank Plc, Ecobank Nigeria Plc, Access Bank Plc, First City Monument Bank Plc, Diamond Bank Plc, Zenith Bank Plc and Stanbic IBTC bank Plc.

The banks were selected based on their best governance practices attested internationally; their long term partnership with the IFC; the strength of the banks, said the institution.

Koskelo said in the first series of support to the nine banks, IFC is providing \$200 million (about N30 billion) in long-term funding to GTBank and \$100 million (about N15billion) in convertible sub-debt and senior loans to First Bank.

The investments in the two banks are however, subject to the approval of their Boards and shareholders. The shareholders of FCMB had at their annual general meeting in Lagos recently, passed a special resolution empowering their Board to take such actions on behalf of the bank.

The IFC Vice-president held meetings with various stakeholders yesterday on ways to encourage the institution's activities in the nation's economic sector.

He also participated in an infrastructure development roundtable in Lagos yesterday and is scheduled to meet the Minister of Finance Segun Aganga and the Central Bank of Nigeria (CBN) Governor Sanusi Lamido Sanusi in Abuja today.

The visiting IFC official applauded the banking reforms, stressing that the intervention by the CBN is a good corrective measure for the industry. He said that it has helped to regain confidence in the sector, in addition to motivating the IFC to extend support to the banks.

"In the wake of a crisis, Nigeria has made significant progress towards creating a policy environment in which good banks can thrive.

"IFC is stepping up its support for the financial sector in Nigeria to help local banks grow more and contribute to the private sector development," he stated.

"This is the right moment for IFC and private investors to work with banks best positioned to realize growth profitably," Koskelo further stated.

He stressed that the corporation is committed to partnerships in Nigeria that helps encourage a growing banking sector through a consolidated banking response.

"IFC's financial sector strategy include providing long term financing to encourage well managed systemic banks to achieve growth objectives within the constraints of the banking crisis, improving their reach to underserved segments such as infrastructure and SMEs.

"IFC is also helping partner banks improve corporate governance, risk management and develop robust environments and social monitoring systems as well as supporting the CBN's initiatives to strengthen the banking sector," he added.

On whether the IFC has any plan towards successful implementation of the asset management corporation of Nigeria (AMCON) signed into law recently, Koskelo explained that assets resolution is of global interest to the IFC, but that the organisation is still studying the Nigerian situation and is yet to take a decision.

Nigeria is IFC's second largest portfolio in Africa, after South Africa. In the fiscal year ended June 2010, it committed \$704 million in the country.