



NATIONAL PENSION COMMISSION (PenCom)

2015 ANNUAL REPORT & *Statement of Accounts*

CORPORATE VISION AND MISSION STATEMENT

Corporate Vision

“By 2019, to be a pension industry with 20 million contributors delivering measurable impact on the Economy”

Mission Statement

“PenCom exists for the effective regulation and supervision of the Nigerian Pension Industry to ensure that retirement benefits are paid as and when due”

EXECUTIVE COMMITTEE MEMBERS



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Director General



Ebenezer Foby
Commissioner, Administration



Adesoji Olaoba-Efuntayo
Commissioner, Finance &
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Commissioner, Inspectorate



Reuben G. Omotowa
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Prof. Mohammed K. Abubakar, FSA	Commissioner Inspectorate
Mr. Rueben G. Omotowa	Commissioner Technical
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Mr. Ebenezer Foby	Commissioner Administration
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Mr. Muhammad B. Umar	Head (Compliance & Enforcement Department)
Mrs. Grace Usoro	Head (Public Sector Pensions Department)
Mr. Muhammad Y. Datti	Head (Surveillance Department)
Mr. Moses O. Loyinmi	Head (Benefits & Insurance Department)
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Dr. Umaru F. Aminu	Head (Research & Corporate Strategy Department)
Mr. Ehimeme Ohioma	Head (Investment Supervision Department)
Mr. Aliyu A. Tijjani	Head (Contributions Remittance Department)
Mr. Muminey A. Odebiyi	Head (Information Technology Department)
Mr. Nickolas Z. Mbajwa	Head (Internal Audit Department)
Mr. Emeka Onuora	Head (Communication Unit)
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ORGANISATION CHART

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ABBREVIATIONS AND ACRONYMS

AES	Approved Existing Scheme
AFIS	Automatic Fingerprint and Identification System
ASI	All Share Index
BOI	Board of Inquiry
CBN	Central Bank of Nigeria
CPFA	Closed Pension Fund Administrators
CPS	Contributory Pension Scheme
CRM	Customer Relationship Management
CRR	Cash Reserve Ratio
CRS	Contributor Registration System
DB	Defined Benefits
DC	Defined Contribution
DMO	Debt Management Office
ETF	Exchange Traded Fund
EXCO	Executive Committee
FGN	Federal Government of Nigeria
FICAN	Finance Correspondents Association of Nigeria
FTSE	Financial Times Stock Exchange
GDP	Gross Domestic Product
IFC	International Finance Corporate
IFRS	International Financial Reporting Standard
IOPS	International Organization of Pension Supervisors
ISSA	International Social Security Association
LR	Liquidity Ratio
MCC	Management Consultative Committee
MDA	Ministries, Departments and Agencies
MPG	Minimum Pension Guarantee
MPR	Monetary Policy Rate
NAHCO	Nigerian Aviation Handling Company
NAICOM	National Insurance Commission
NAV	Net Assets Value
NECA	Nigeria Employers Consultative Association
NIBOR	Nigerian Interbank Offer Rate
NOK	Next of Kin
NPF	Nigerian Police Force Pensions Limited
NSE	Nigeria Stock Exchange
NSITF	National Social Insurance Trust Fund
NUPEMCO	Nigerian Universities Pension Management Company
PE	Private Equity
PenCom	National Pension Commission
PenRSS	Pension Returns Rendition System
PFA	Pension Fund Administrators
PFC	Pension Fund Custodian
PRA 2004	Pension Reform Act 2004

PTAD	Pension Transitional Arrangement Department
RBBRFA	Retirement Benefit Bond Redemption Fund Account
RMAS	Risk Management and Analysis System
ROI	Return on Investment
RSA	Retirement savings Account
SPV	Special Purpose Vehicle
TBs	Treasury Bills
TRIPP	Transparency Responsiveness Integrity Proactivity Professionalism
UPDC	UACN Property Development Company
WARR	Weighted Average Rate of Return

PART ONE

MANDATE AND CORE VALUES

1.1 ORGANIZATIONAL MANDATE

Section 14(1) of the Pension Reform Act (PRA) 2004 provides for the establishment of PenCom to “*regulate, supervise and ensure the effective administration of pension matters in Nigeria*”.

1.2 CORE VALUES

The core values of PenCom form an integral part of its people and culture, which are imbibed by its staff to effectively actualise its mandate. The core values emphasize **Transparency, Responsiveness, Integrity, Proactivity** and **Professionalism (TRIPP)**.

- **Transparency:** PenCom regulates and supervises a transparent and accountable pension industry. In this regard, its employees are required to maintain the highest ethical standards as well as create an atmosphere of mutual trust and confidence through openness and clarity in the discharge of their responsibilities.
- **Responsiveness:** The requirement for promptness and efficiency as well as the culture of timeliness and accuracy in service delivery is a cardinal quality of staff of PenCom.
- **Integrity:** Staff are expected to attain the highest level of integrity in both their personal and official engagements. Commitment to honesty and dedication to duty are virtues that are a hallmark of all staff of PenCom.
- **Proactivity:** In the commitment to the creation of an anticipatory and change-oriented organisation, PenCom staff are required to possess the ability to act in advance of a future situation, rather than reacting to it.
- **Professionalism:** Staff of PenCom are expected to exhibit a high degree of professionalism in the discharge of their responsibilities. As such, staff must be competent, accountable, respectful, creative, and above all, team players.

1.3 PenCom Charter

PenCom adopts a tailored approach in meeting the needs of each class of its stakeholders as highlighted below:

Stakeholder		Promise
Pensioners		<ul style="list-style-type: none"> ▪ Timely payment of pension ▪ Security of pension assets
Contributors		<ul style="list-style-type: none"> ▪ Security of pension assets ▪ Ensuring compliance of employers ▪ Ensuring effective service delivery by operators
Government		<ul style="list-style-type: none"> ▪ A safe and sound industry ▪ Positive contribution to economic development ▪ Contribution to social safety net
PenCom Staff		<ul style="list-style-type: none"> ▪ Recognition and reward for good performance ▪ Provision of a learning environment, opportunities for career advancement/development ▪ Promotion of team spirit and provision of conducive working environment ▪ Provision of effective communication channel
Public		<ul style="list-style-type: none"> ▪ Effective communication and enlightenment ▪ Responsible corporate citizen ▪ Environment friendly organization
Employers		<ul style="list-style-type: none"> ▪ Pro-activity and responsiveness ▪ Ensure compliance ▪ Safety of pension assets and fair returns on investment ▪ Effective supervision
Pension Operators		<p><i>PFAs, CPFAs & PFCs</i></p> <ul style="list-style-type: none"> ▪ Effective and efficient regulation and supervision ▪ Prompt regulatory and supervisory intervention on all operators' issues ▪ Effective capacity development for the industry <p><i>National Insurance Commission and Pension Transitional Arrangement Department (PTAD)</i></p> <ul style="list-style-type: none"> ▪ Continuous collaboration with NAICOM for a flourishing life insurance business ▪ Effective supervision (PTAD) ▪ Technical support for both PTAD and insurance companies in the implementation of the CPS

PART TWO: CORPORATE ACTIVITIES

2.1 Regulatory and Supervisory Activities

The regulatory and supervisory activities of the Commission continued in an open, transparent and consultative nature for the smooth functioning of the pension industry, particularly, in surveillance; compliance and enforcement; investments monitoring; and the maintenance of databank on pension matters.

2.1.1 Issuance of Guidelines and Regulations

The following Circulars were issued during the year under review:

- (i) Circular on Management of the Statutory Reserve Fund
- (ii) Circular on Transfer/Changes in Shareholding Structure of Licensed Pension Fund Operators
- (iii) Circular on the Establishment of Customer Contact Centre by Pension Fund Administrators

All the Regulations, Guidelines and Frameworks issued by PenCom are available on www.pencom.gov.ng.

2.1.2 Surveillance of the Pension Industry

The surveillance of pension operators involved both on-site and off-site examinations.

(a) On-Site Examination of Licensed Operators

In pursuant of Section 92(1) of the Pension Reform Act (PRA) 2014, which empowered the Commission to supervise and examine licensed Pension Operators, routine examination was conducted on all licensed Operators in 2015 with the exception of NPF Pensions Limited that had its maiden examination. In addition, special examinations were conducted on five (5) PFAs during the year.

PFAs were evaluated in eleven operational areas, including Company Operations; Board and Management; Information and Communications Technology; Pension Administration; Benefit Administration & Payment Arrangements; Fund Management; Fund Accounting; Risk Management; Compliance; Internal Audit & Control and Service Delivery. While the examination of PFCs covered the core Custody functions of Collection; Safe Keeping; Settlement; and Corporate Action. An application for a PFA license was processed during the year. The Department issued circulars on Management of the Statutory Reserve Fund, Transfer/Changes

in Shareholding Structure of Licensed Pension Fund Operators and the establishment of Customer Contact Centre by Pension Administrators.

(b) Update on Off-Site Activities

(i) Update on Risk Management and Analysis System (RMAS)

A total of 31 Licensed Pension Operators comprising 20 PFAs, 7 CPFAs and 4 PFCs rendered returns on the Funds under their management/custody as well as their company accounts to the Commission through RMAS for the year ended 31 December, 2015. The Nigeria Police Force Pensions Limited (NPF), which was issued an operational license in 2014 was yet to commence returns rendition as at the period under review. The Commission did not impose any penalties on Operators for late or non-rendition of returns during the year under review.

(ii) Compliance Reports

Compliance Reports were received from all Pension Operators during the year under review. The major issues observed from the review of the compliance reports included non-compliance with investment limits by some PFAs, un-credited pension contributions without appropriate schedules, huge-backlog of unresolved customers' complaints, failure to fill vacant management positions, failure of some operators to renew Group Life Insurance Policies and non-implementation of Disaster Recovery Plans by some operators. The Commission had appropriately advised the concerned operators through letters, which were effectively followed up to ensure resolution of the issues.

(iii) Risk Management

The review of the various Risk Management Reports submitted to the Commission during the year revealed that some operators were faced with operational risks associated with receipt of pension contributions without appropriate schedules, litigations, portfolio investment concentration and non-funding of RSAs by employers. The affected operators have been advised to further strengthen their mitigating measures to avert the identified risks.

(iv) Review of Corporate Governance Reports

Corporate Governance Reports for the year ended 31 December, 2015 were received from Pension Operators. The review of the reports indicated violations by some Pension Operators in the area of non-submission and evaluation of performance of the Board, Board Committees and individual Directors; and inadequate attendance by Board Members to both Board and Committee

meetings. The affected operators had been communicated to on the need to urgently address the aforementioned corporate governance issues.

(v) Review of Actuarial Valuation Reports of Defined Benefit Schemes

The Commission had received and reviewed Actuarial Valuation Reports (AVR) of eleven (11) Defined Benefit Schemes for the financial year ended 31 December, 2014 during the year under review. The reports indicated that some of the schemes were under-funded. The Commission had instructed the concerned sponsors of the schemes to come up with a funding arrangement to defray the identified deficits.

2.1.3 Compliance and Enforcement Activities

(i) Compliance of Self-funded Government Agencies with the PRA 2014

The Commission assessed the level of compliance of 42 self-funded federal government agencies in 2015. The review showed that out of the 42 self-funded agencies assessed, 36 are in substantial compliance while 6 agencies were yet to show any significant level of compliance. The assessment also revealed that about 95% of serving employees of the self-funded agencies had opened RSAs with PFAs of their choices. The agencies had remitted about 99% of the total contributions amounting to ₦92.66 billion into their employees' RSAs. Actuarial valuation had been conducted by 24 agencies for 21,057 active employees that transited to the CPS and a total sum of ₦126.77 billion was determined, out of which the sum of ₦104.8 billion, representing about 83% of the computed amount had been transferred to the employees' RSAs. A total of 9 agencies had maintained Group Life Insurance policies for their employees in line with the provision of Section 4(5) of the PRA 2014. However, 18 agencies had inadequate Group Life Insurance policies while the remaining 10 agencies were yet to implement Group Life Insurance policies for their employees.

(ii) Issuance of Compliance Certificates

During the year under review, the Commission received 4,104 applications for Compliance Certificates. Out of that number, 3,620 certificates were issued while 484 applications were rejected due to non-remittance of pension contributions and provision of Group Life Insurance Policy for staff.

(iii) Recovery of Outstanding Pension Contributions and Penalty from Defaulting Employers

The Commission retained the services of Recovery Agents to review the pension records of private sector employers and recover outstanding pension contributions with penalty from defaulting employers. Following the issuance of demand notice to defaulting employers whose liabilities had been established by the consultants, some employers remitted their outstanding pension contributions and penalty. During the year, the sum of ₦2.98 billion representing principal contributions of ₦1.29 billion and penalty of ₦1.69 billion were recovered. This brought the total recoveries made by the consultants to ₦9.05 billion since inception of the recoveries in 2012. Also, 231 employers that failed to remit outstanding pension contributions and penalty as established by the consultants were being prosecuted for violating the provisions of the PRA 2014.

(v) Update on Implementation of the Contributory Pension Scheme by State Governments

As at 31 December, 2015, twenty six (26) States had enacted their laws on the CPS, while ten (10) States were currently at the bill stage. The 26 states that had enacted their laws were Lagos, Osun, Ogun, Oyo, Ekiti, Ondo, Jigawa, Kaduna, Zamfara, Kebbi, Sokoto, Kano, Niger, Kogi, Nasarawa, Delta, Rivers, Bayelsa, Edo, Akwa Ibom, Imo, Anambra, Enugu, Taraba, Gombe, and Adamawa States while the ten states at the stage of drafting their bill were Katsina, Benue, Kwara, Plateau, Cross River, Abia, Ebonyi, Bauchi, Borno, and Yobe States.

(vi) Update on Supervision of the Pension Transitional Arrangement Directorate (PTAD)

In line with the Commission's mandate, the maiden inspection of the PTAD was conducted in April, 2015. The Inspection was conducted to ascertain the agency's level of compliance with the provisions of the PRA 2014. Following the conclusion of the maiden inspection, which was risk-based, a comprehensive report was forwarded to PTAD highlighting the Commission's assessment of the various implementation milestones. The report also recommended various corrective actions to address all observed issues.

The Commission drafted a guideline for the establishment of a Management Team for PTAD to institute a more effective and efficient operating structure for the agency. The Commission also supervised the verification exercises organized by the PTAD for the Civil Service, Customs, Immigration and Prisons pensioners and NoKs of deceased personnel. The exercise, which covered some states in the country, was aimed at building a biometric enabled database of pensioners. In

overseeing the verification exercise, the Commission ascertained whether adequate arrangements were put in place for a robust IT and database management support. In addition, assessment was made of the adequacy of controls to ensure the overall integrity of the data generated.

2.1.4 Resolution Activities

(i) Update on NSITF Fund

a. Transfer of NSITF Contributions into Members Retirement Savings Account (RSAs)

During the year ended 31 December, 2015, the Commission reviewed and conveyed approval to Trustfund PFA for the transfer of ~~N~~293.73 million into 4,439 RSAs. This brought the total NSITF contributions transferred to ~~N~~9.1 billion for 126,274 NSITF Scheme members.

b. Payment of Benefits

Lump Sum Payments

The Commission had received 575 requests for the payment of ~~N~~23.07 million as lumpsum from NSITF contributors during the year. A total of 511 requests amounting to ~~N~~20.14 million were approved while the remaining 64 were rejected because of lack of RSAs into which their contributions would be transferred. Thus, to date, the Commission had granted approval to Trustfund PFA to make lump sum payment of ~~N~~1.31 billion to 19,107 NSITF contributors.

Monthly NSITF Pensions Payments

The Commission, during the year under review had granted approval to Trustfund PFA for the payment of ~~N~~224.27 million as monthly pension to 5,323 NSITF pensioners. This brought the total pension payment to NSITF pensioners to ~~N~~3.47 billion as at 31 December 2015.

(ii) Update on 15% Custody Fund Under the Management of Trustfund Pension Plc

The private sector commenced contributions into the CPS in 2005, prior to the licensing of the first set of pension operators and the commencement of registration of contributors in February 2006. During this period, the Commission had mandated the NSITF to collect the contributions remitted by the private sector

and these funds were tagged *15% Custody Fund*. The contributions remitted into the Fund during that period had been under the management of Trustfund PFA.

The Commission has commenced the transfer of the Fund to the RSAs of the contributors and has, during the year under review, approved the six requests for the transfer of ~~N~~1.16 million into the applicants' RSAs. After factoring the interest generated on the fund, ~~N~~2.25 million was transferred to the RSAs. In this regard, a total 29 requests for transfer of contributions from the 15% Custody Fund were approved as at 31 December 2015 while the amount requested was ~~N~~15.78 million. However, after factoring the interest generated on the fund, ~~N~~27.98 million had been transferred for the approved requests.

2.1.5 Supervision of Investment of Pension Assets

The Commission continued its analysis of the daily investment valuation reports submitted by pension operators. The valuation reports enabled the Commission to monitor pension fund investments to ensure compliance with the Regulations on Investment, Valuation and Fees Structure. All noted deviations were promptly highlighted and corrective actions taken.

During the year, PFAs substantially complied with the provisions of the Investment Regulations, although there were a few violations such as inaccurate and incomplete reporting as well as delayed/non-submission of valuation reports. These violations were dealt with in the course of the routine examination of the pension portfolios.

2.1.6 Databank on Pension Matters

(i) Enrolment of Federal Government Employees Due for Retirement in 2014

A total of 14,286 FGN employees due to retire in 2016 were enrolled for payment of accrued benefits during the 2015 annual verification/enrolment exercise. An additional 555 employees were enrolled at the in-house enrolment exercise, which was availed to those employees who were unable to attain the main enrolment exercise which resulted in a total of 14,842 prospective retirees who were enrolled for payment of accrued benefits during the year.

(ii) Update on Retirement Benefits Bond Redemption Fund Account

The total sum of **N94.14** billion was released into the RBBF in 2015. This amount was comprised of the sum of **N60.25** billion being monthly releases from the Office of the Accountant General of the Federation for January to December 2015; the

sum of **₦26.02** billion being part of the unutilized contribution portion of exempted Military Personnel as approved by the Federal Government; and the sum of **₦7.87** billion being refunded part of accrued pension rights paid to Military and Security Service Agencies personnel exempted from the CPS. However, a total sum of **₦91.72** billion was paid to 20,989 retirees/Next of KINs (NOKs) of deceased FGN employees between the months of January and December 2015, thus resulting in a closing balance of **₦2.42** billion in the RBBRF as at 31 December, 2015.

2.2 Departmental Activities

2.2.1 Benefits and Insurance Department

The Department processed requests for approvals to access the RSA balances for retirement/terminal benefits, death benefits as well as employees who disengaged from work before attainment of 50 years, and other entitlements. It also supervised all issues relating to Group Life Insurance Policy and retirements on Life Annuity. During the year under review, the department led an interdepartmental Committee in developing the Frameworks and Guidelines for the Implementation of the Pension Protection Fund and Minimum Pension Guarantee (MPG) as provided under Sections 82 & 84 of the PRA 2014.

2.2.2 Contributions Remittance Department

The Department handled the computation and remittance of pension contributions of employees of Treasury-Funded FGN MDAs as released by the Office of the Accountant-General of the Federation (OAGF).

2.2.3 Internal Audit Department

The Department audited prepayment and post payment of the financial transactions of the Commission as well as revenue assurance, which ensures revenue due are received and correctly recorded. Similarly, it carried out reconciliation of remittances of pension contributions made to PFAs/PFCs by the Contribution Remittance Department; and Accrued Rights of retiring Federal Government workers under the CPS paid by the National Databank Department.

The Department also monitored the security systems within the Commission to ameliorate possible risks to assets of the Commission as well as periodically re-evaluated the adequacy of the controls put-in-place.

2.2.4 Investment Supervision Department

The Department supervised the investment of pension fund assets through the review of daily and monthly portfolio valuation reports of the Defined Contribution Schemes as well as the actuarial valuation reports of Defined Benefit Schemes. The supervisory activities of the Department included making sure that the fund managers maintained the safety of the pension assets and obtained fair returns on all of their investments activities.

Furthermore, it ensured that pension fund assets were properly valued and were in compliance with the stipulated Regulation on the Valuation of Pension Fund Assets.

2.2.5 Management Services Department

The Department provided the necessary human, material and logistics support for the smooth operation of the Commission. In accordance with the Public Procurement Act, 2007 as advised by the Office of the Secretary to the Government of the Federation, the Department procured and supervised the supply of all required equipment and materials needed to foster the delivery of good services by the Commission.

2.2.6 National Data Bank Department

The Department maintained a comprehensive database of retirees and contributors under the CPS. In addition, it conducted the registration, verification, validation of prospective retirees and remitted their accrued benefits into their RSAs in accordance with the provisions of the PRA Act 2014.

2.2.7 Compliance and Enforcement Department

The Department continued the enforcement of compliance with the provisions of the PRA 2014. To further obtain more compliance by employers, On-site and Off-site inspections of employers were carried out and public enlightenment campaigns were organized. The Department evaluated applications and issued Compliance Certificates to deserving organizations bidding for contracts with the Federal Government Ministries, Departments and Agencies (MDAs) in accordance with the provisions of the Public Procurement Act, 2007.

2.2.8 Corporate Affairs Department

The corporate image of the Commission was promoted by the department through sensitizing the public on the roles and activities of the Commission as well as the workability of the CPS through the print and electronic media as well as other social

media platforms. The Department also played a key role in providing protocol services, such as, handling immigration requests, ticketing and procurement of visas. It also handled liaison activities with different arms of government on behalf of the Commission for smooth and harmonious working relationships.

2.2.9 Surveillance Department

The Department conducted Routine, Maiden and Special Examinations on licensed Pension Operators to ensure the effective administration of the Pension Industry. In line with consultative philosophy of PenCom, quarterly Consultative meetings with licensed Operators in the Pension Industry were held during the year under review.

2.2.10 Research and Corporate Strategy Department

The Department remained responsible for driving the formulation, monitoring and implementation/performance evaluation of the initiatives contained in the Commission's Corporate Strategy Plan. It coordinated research activities, the findings of which formed the basis for policy decisions by the Commission. It also prepared the Commission's Quarterly and Annual Reports. Similarly, it monitored, analysed and maintained pension industry statistics as well as drafted position papers for the consideration of management. In addition, it developed and presented papers at various sensitization and awareness campaigns in addition to participation in roundtable discussions.

The department also managed the Commission's website and Help Desk, and coordinated the activities of the Contact Centre. Other activities included the management of the Commission's Library, and PenCom's SERVICOM Secretariat.

2.2.11 Human Resources Department

The department was responsible for capacity building for the staff of the Commission and, on some areas, for the operators in the industry. The Department has continued to seek for opportunities to expose the Commission's staff to best practices and improved ways of operations. Hence, appropriate training programmes were identified for individual staff while customized and suitable intervention programmes were designed for certain categories of staff to address skill gaps.

Accordingly, the Department facilitated a number of courses both within and outside the country for skills acquisition and development of staff that included

courses on leadership development for Middle-Management in order to prepare them for the challenges of leadership in the Commission.

2.2.12 Public Sector Pension Department

The Department supervised and regulated all public sector pension schemes including the Pension Transitional Arrangement Department (PTAD). In this regard, the Department handled all cases relating to the Federal Pension Departments under the PTAD in addition to Unified Pension Schemes and the implementation of the CPS by State Governments. During the year under review, the Department conducted the Maiden inspection of the PTAD, supervised the verification exercises organised by the PTAD as well as drafted a guideline for the establishment of a Management Team for PTAD for a more effective and efficient structure. The Department provided technical support in the implementation of the CPS by State Governments, while it continued to process the refund of pension contributions to members of the Armed Forces and Security Agencies, now exempted from the CPS.

2.2.13 Finance Department

The Finance Department maintained complete, accurate and reliable financial records as well as ensured the provision of funds for the smooth operations of the Commission. The Department coordinated the preparation of the Commission's budget for 2015 and ensured strict compliance with the various budget control mechanisms. It also facilitated the external audit of the Commission's accounts for the year ended 31 December 2014 and ensured best practices were adhered to on the physical control of the Commission's fixed assets.

2.2.14 Information Technology Department

The Information & Communication Technology Department provided and ensured the smooth running of all ICT support applications, which include the Risk Management and Analysis System (RMAS), the Contributor Registration Application (CRS) as well as participated in the development of User Requirement for Pension Administration System (PAS), which would replace CRS. The Department also ensured the smooth operations of the existing hardware and network connectivity within the Commission, as well as rendered Technical Support during the nationwide enrolment exercise for the year under review.

2.2.15 The Commission Secretariat/Legal Department

The Legal Department rendered legal and secretarial services to the Board, Management and Management Consultative Committee. The department equally

provided legal advisory support and advice to the departments on operational issues; and complaints forwarded by the Solicitors on behalf of retirees, contributors, and beneficiaries of deceased employees of the Scheme.

The Department also organised sensitization conferences and workshops in all the six geo-political zones on the workings and implementation of the PRA 2014. It managed pending cases, as well as potential litigations involving the Commission, directly and through the engagement of external solicitors. During the year under review, eight (8) cases instituted against the Commission on various issues ranging from non-payment of pension under the DBS to delays in issuance of Compliance Certificates and non-remittance of pension contributions were handled.

2.2.16 Zonal Offices Operations Department

The Department continued to provide services at the six geo-political zones to stakeholders notably- requests for Compliance Certificate, resolution of complaints and enquiries, conduction of awareness programs and engagement of State Governments in driving implementation of the Contributory Pension Scheme (CPS) by the States.

2.3 Other Activities of the Commission

2.3.1 Sensitization Workshops/Seminars and Public Enlightenment

During the year under review, PenCom collaborated with other organisations to organize various seminars, workshops, conferences and interactive sessions as part of its mandate on public awareness and education.

Series of sensitisation and enlightenment programmes were conducted in various languages through the print and electronic media and at various seminars, roundtable discussions and conferences. Some of these workshops/seminars, conferences and interactive sessions conducted during the year included the following:

- (i) Interactive Workshops on the Contributory Pension Scheme for the Association of Proprietors of Private Schools (NAPPS) in Rivers, Lagos and Kano States. Also, an enlightenment session on the Contributory Pension Scheme was organized for the Akwa Ibom Hotel Proprietors Association (APHA) in Uyo, Akwa Ibom State.
- (ii) The Commission engaged the Nigerian Ports Authority to ensure that all private sector employers in the Maritime Industry fulfil their pension obligation

to their employees. This engagement led to the constitution of a Joint Committee comprising of representatives from the Commission, Nigeria Ports Authority (NPA), Nigerian Maritime Administration and Safety Agency (NIMASA), Shippers Council and the Maritime Workers Union. The Inter-Agency Committee was to fashion out the best strategy for engaging and ensuring that all private sector employers in the Maritime Industry comply with the PRA 2014.

- (iii) The Commission sponsored the 27th Annual National Education Conference of the National Union of Textile Garment and Tailoring Workers of Nigeria (NUTGTWN) at the National Teachers Institute (NTI) Kaduna.
- (iv) Sensitization workshops for various stakeholders in Delta, Niger, Nasarawa, Kaduna and Lagos States. The topics discussed included the overview of the CPS, new provisions in the PRA 2014 and retirement benefits administration, which educated the participants on the benefits of implementing the CPS while allaying their fears regarding the Scheme.
- (v) Attended a pre-implementation and implementation meetings with stakeholders in Kaduna, Bauchi, Edo and Enugu States. The meetings highlighted the necessary steps to be taken by the States so as to ensure the smooth implementation of the CPS.
- (vi) Interactive Workshops on the CPS for the Association of Proprietors of Private Schools (NAPPS) in Rivers, Lagos and Kano States. Also, an enlightenment session on the CPS was organized for the Akwa Ibom Hotel Proprietors Association (APHA) in Uyo, Akwa Ibom State.
- (v) One-day seminar organized by the Commission to sensitize stakeholders on the new developments ushered in by the PRA 2014, on 9 July, 22 October, and 9 December, 2015.
- (vi) Featured on various radio and television programmes. These were aired on various channels, including NTA, AIT, Channels TV, 95.1 Nigeria Info FM, CNBC Africa, Radio Nigeria and Love 104.5 FM.
- (vii) Conducted 95 awareness campaigns via its Zonal Offices in the year 2015. The North-Central Zonal Office conducted 32 awareness campaigns, South-South Zonal Office had 20 awareness campaigns, South-West conducted 20 awareness campaigns, South-East Zonal Office conducted 10 awareness campaigns, North-West Zonal Office conducted 10 awareness campaigns, and North-East Zonal Office conducted 3 awareness campaigns.

- (viii) Following the successful conduct of the Sensitization Conference on PRA 2014 for the Commission's major stakeholders in Lagos on 30 October, 2014, sensitization conferences were organized in Abuja, which was held on 20 May, 2015; Enugu State on 8 July, 2015; Akwa Ibom State on 22 October, 2015; and Kaduna State on 9 December, 2015.
- (ix) Conducted sensitization workshops for staff of the Economic and Financial Crimes Commission (EFCC) on the workings and implementation of the PRA 2014. The workshops were held in Abuja and across the six geo-political zones.

2.3.2 Collaborative Activities

PenCom had collaborated with domestic and international organizations on the following activities during the year:

- (i) The Commission engaged the Nigeria Ports Authority (NPA) to ensure that all private sector employers in the Maritime Industry fulfil their pension obligation to their employees. This engagement led to the constitution of a Joint Committee comprising of representatives from the Commission, NPA, Nigerian Maritime Administration and Safety Agency (NIMASA), Shippers Council and the Maritime Workers Union. The Inter-Agency Committee was mandated to fashion out the best strategy for engaging and ensuring that all private sector employers in the Maritime Industry comply with the PRA 2014.
- (ii) The Commission sponsored the 27th Annual National Education Conference of the National Union of Textile Garment and Tailoring Workers of Nigeria (NUTGTWN) at the National Teachers Institute (NTI) Kaduna.

2.4 World Pension Summit “Africa Special”

The World Pension Summit “Africa Special” brings together pension professionals from across the African continent and global experts on pension, strategy, investments, technology, etc, and provides a unique platform for presentations and discussions on specific African pension issues, innovations, key scenarios, and scheme developments. The Commission partnered with World Pension Summit (WPS) to organize the second edition of the World Pension Summit ‘Africa Summit’ (WPS “AS”) on 5 and 6 October, 2015 in furtherance of its commitment to building a pension industry that impacts on nation building and national development. The Summit, which took place at Abuja, had as its main theme “Building Sustainable Pension Systems in Africa”. The theme was informed by the need to lay a solid

foundation for the establishment of enduring pension systems in Africa and also chart ways for effectively channelling African pension funds into sustainable investments such as railways, power, agriculture and real estate. During the Summit, expertise was shared particularly in the areas of pension investments, risk management, funds management, pension fund administration, regulatory essentials and communications/financial literacy, with a view to stimulate pension market developments and pension innovation in the African continent.

In order to stimulate and encourage African Pension Scheme owners and funds to work on professionalizing retirement practice in Africa, PenCom introduced the Africa Pension Awards (APA) during the second edition of the WPS 'AS'. The main aim of APA is to recognize excellence, achievement and commitment to the development of the African pensions industry, in order to entrench good and innovative practices in pension administration and regulation, amongst African countries.

Participants at the Summit and APA were drawn from social security/pension regulatory agencies from other African countries, pension professionals/academics, fund managers across Africa, other financial sector regulatory agencies in Nigeria, State Government Pension Bureaux and private sector organisations.

2.5 Membership of Professional Organizations

The Commission maintained its memberships of two international professional organizations, namely, the International Organization of Pension Supervisors (IOPS) and the International Social Security Association (ISSA). Also, it continued leveraging on the expertise and experiences of these professional bodies in achieving its mandate.

PART THREE: THE PENSION INDUSTRY

3.1 The Operating Environment

3.1.1 Macroeconomic Developments

The Pension Industry operated in an environment of declining macroeconomic performance in 2015 as the real growth rate of Gross Domestic Product (GDP) significantly decreased to 2.11 percent in 2015 from 5.96 percent in 2014. This represented a drop of 3.88 percent. The non-oil sector accounted for the largest contribution to the economic activities in the year at 91.94 percent, higher than the previous year's 91.03 percent. The oil production lowered by 1.0 percent when compared to 2014, hence the contribution of the oil sector to the growth of the economy stood at 8.06 percent during the period under review. This shows a 0.19 percentage points lower than what was recorded last year.

The rate of inflation was 9.55 percent in 2015 indicating a 19.38 percent increase from 8.00 percent recorded in 2014. This could be explained by the significant pressure recorded on food prices, particularly imported food items with the Food sub-index increasing to 10.6 percent in the period. Other key sub-sectors that contributed to the rise in the Consumer Price Index (CPI) included Transportation (as a result of intermittent PMS supply shortage), Alcohol Beverages, Tobacco and Kola, as well as Clothing and Foot wares. The rising trend in the rate of inflation will adversely affect the real returns on pension fund investments.

3.1.2 Developments in the Stock Market

The performance of the Nigerian stock market declined in 2015 compared to the preceding year in terms of the market value as the total market capitalization dropped by ₦1.63 trillion (14.19 percent) to ₦9.86 trillion from the 2014 value of ₦11.49 trillion. Likewise, the NSE All Share Index (NSE-ASI) depreciated from 34,657.15 basis points in 2014 to 28,642.25 basis points in 2015, indicating a 17.36 percent decline. In the same vein, the total volume of equities traded decreased by 10.55 billion (36.48 percent) to stand at 18.37 billion as against 28.92 billion in the previous year.

The decline witnessed in the equities market could be explained by a combination of factors, which included: fall in crude oil prices and the eventual pressure on the Naira resulting in currency volatility; Nigeria's declining foreign reserves; uncertainty around the 2015 elections; economic policy stability, amongst others. The modicum of uncertainty that prevailed in the Nigerian Capital Market's operating environment throughout 2015 caused investors to increasingly adopt a 'flight to safety' strategy.

All the NSE market indices performed poorly with exception of NSE Industrial and NSE ASeM Indices which grew by 1.27 and 0.39 percent respectively. The NSE Banking Index was the worst hit plunging 23.58 percent, NSE 30 Index and NSE Main Board Index followed closely, dwindling by 17.63 and 17.60 percent respectively. The NSE Pension Index was introduced in 2015.

The Nigerian Stock Exchange (NSE) witnessed four (4) new equity listings in the year. Conversely, five (5) companies were delisted in the same period, bringing the number of listed companies and number of listed equities to 184 and 190 respectively.

3.1.3 Developments in the Bond Market

The improved capitalization of the Nigerian Stock Market was driven by the activities in the bonds market. The Nigerian bond market capitalization grew by ₦1.76 trillion in 2015. The Corporates raised a total of ₦112.0 billion in seven (7) new listings in the debt market. The Federal and State Governments raised ₦76.5 billion and ₦35.8 billion in debt capital, respectively in the period under review. The total number of listed bonds increased from 52 in 2014 to 60 in 2015.

The Over the Counter (OTC) market witnessed a significant shift in activities despite the economic and political uncertainties in the year. This was evident in the ₦137.43 trillion turnover recorded in 2015 as against ₦103.70 trillion in 2014. This represent a growth of 32.53 percent (₦33.73 trillion) over the previous year. Although the FX market contribution to the total OTC market turnover dropped to 25 percent compared to 38 percent in 2014, trading activities in the bond market increased significantly in the year with an increased turnover of ₦10.73 trillion, which represented a 38.81 percent growth in turnover from ₦7.73 trillion in 2014. Treasury Bills market accounted for 35 percent of total market turnover.

3.1.4 Developments in the Money Market

The Central Bank of Nigeria (CBN) reviewed Monetary Policy Rate (MPR) downward in 2015 to 11 percent from 13 percent in 2014 as part of an expansionary measure adopted for the monetary policy. Similarly, the Cash Reserve Ratio (CRR) on private sector deposit was maintained at 20 percent in 2015, the same level with previous year. This measure was to ease liquidity into the growth and productive sector of the economy.

However, the Federal Government of Nigeria directed all the Ministries, Departments and Agencies of Government (MDAs) to transfer all public sector funds from the Deposit Money Banks to CBN following the full implementation of

the Treasury Single Account (TSA) to reduce proliferation of bank accounts by the MDAs and promote financial accountability in the public sector.

As part of monetary easing stance of the monetary policy of the CBN, all rates on deposits of various maturities dropped from a range of 3.46 – 9.77 percent in 2014 to a range of 3.33 – 7.11 percent as at December 2014. At the interbank funds segment, the weighted average inter-bank call rate, dramatically decreased by 96.83 per cent (23.53 percentage points) from 24.30 percent recorded in 2014 to 0.77 per cent by the end of 2015.

3.2 Licensing of Operators

There was no new licence issued by the Commission in 2015. Consequently, the number of Approved Existing Schemes (AES), Pension Fund Custodians (PFCs), and Closed Pension Fund Administrators (CPFAs) remained at 19, 4, 7 and 21 respectively. A breakdown of the Pension Fund Operators and AES is given in Table 3.1

Table 3.1: Number of Pension Operators as at December 2015

Pension Operators	2011	2012	2013	2014	2015
Pension Fund Administrators	24	20	20	21	21
Pension Fund Custodians	4	4	4	4	4
Closed Pension Fund Administrators	7	7	7	7	7
Approved Existing Schemes	19	19	19	19	19
Total	54	50	50	51	51

3.3 Membership of Pension Schemes

The total membership of pension schemes increased from 6,460,985 in 2014 to 6,950,503 in 2015, representing an increase of 7.58 percent. Membership of RSA scheme dominated total pension scheme memberships at 6,885,396, representing a proportional contribution of 99.06 percent. The AES and the CPFA, however, accounted for the balance of 0.94 percent.

3.3.1 Membership of RSA

The total RSA registration in the private and public sectors recorded an increase of 489,727 as total registration moved from 6,395,669 in 2014 to 6,885,396 in 2015, representing an increase of 7.66 percent. The private sector accounted for a higher proportion of total registration in 2015 at 3,616,957 representing 52.53 percent of the total RSA registrations. A graphical presentation of public/private sector memberships of RSA is presented in Figure 3.1.

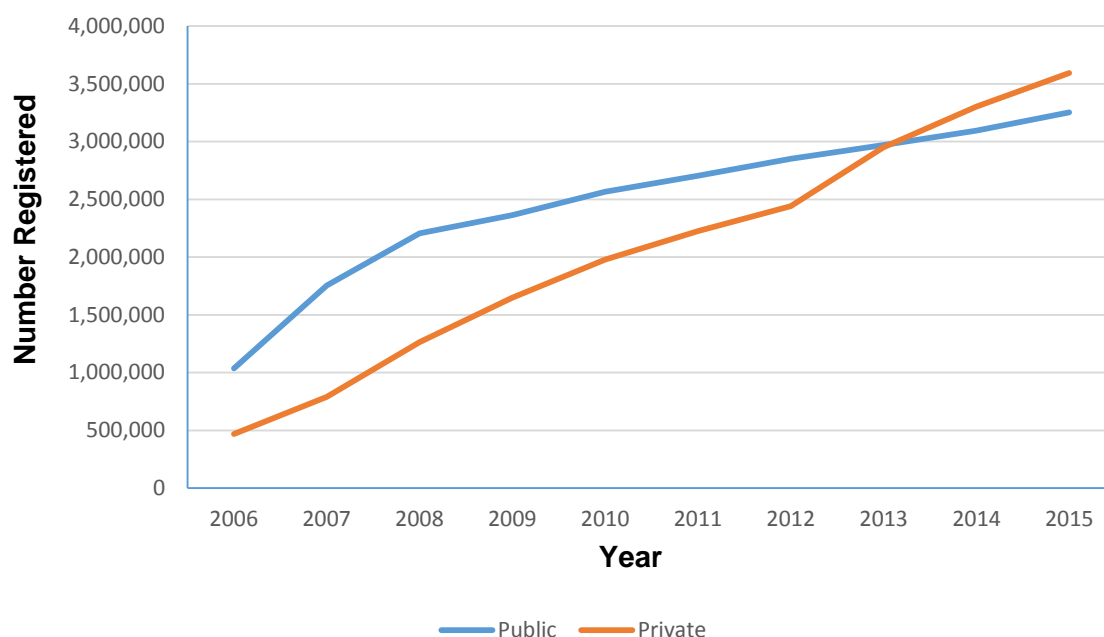


Figure 3.1: RSA Registration by Sector

A further review of Figure 3.1 shows that the total number of registered RSA holders continued to increase in both the public and private sectors from inception to date. It can be inferred that the rate of increase of RSA registration was higher in the private sector than the public sector.

The increase in private sector RSA registrations could be explained by such factors as: the engagement of Recovery Agents to recover outstanding pension contributions with interest penalties; compliance with a provision in the Public Procurement Act 2007 of the provision of evidence of compliance with the PRA 2014 as part of bidding requirements; and the level of awareness created in the private sector through intensive sensitization workshops and seminars.

The increase in the public sector RSA registrations could largely be ascribed to the increased adoption and implementation of the CPS by the State Governments. So

far, 21 States have enacted their pensions laws, 14 others were at various stages of implementing the CPS, while one state was at the Bill stage.

A review of RSA registration by age distribution of participants shows that the contributors in the age bracket “30-39 years” accounted for the highest proportion of RSA holders in 2015 as shown in Table 3.2. This age category accounted for 39.14 percent of RSA holders during the period under review. RSA holders in the age bracket “40-49 years” made the second highest proportional contribution at 27.05 percent. Overall, these two age brackets accounted for more than half of the RSA holders at 66.19 percent.

Table 3.2: RSA Registrations in 2015

Age Bracket	Public Sector		Private Sector		Total		Grand Total	% Percent
	Male	Female	Male	Female	Male	Female	Number	
Less than 30 yrs	133,317	58,351	366,181	168,135	499,498	226,486	725,984	10.54
30 - 39 yrs	732,529	364,947	1,171,224	426,149	1,903,753	791,096	2,694,849	39.14
40 - 49 yrs	584,986	365,386	726,550	185,667	1,311,536	551,053	1,862,589	27.05
50 - 59 yrs	501,807	269,739	369,618	62,578	871,425	332,317	1,203,742	17.48
60 - 65 yrs	147,711	52,127	85,367	9,431	233,078	61,558	294,636	4.28
above 65 yrs	46,981	10,558	42,153	3,904	89,134	14,462	103,596	1.5
Total	2,147,331	1,121,108	2,761,093	855,864	4,908,424	1,976,972	6,885,396	100

The implication of the foregoing is that majority of RSA holders are relatively young. This provides the opportunity for investing Pension Funds in relatively longer-term instruments. Thus, a significant proportion of pension funds could be invested in infrastructure and other alternative asset classes with long gestation periods.

It is expected that RSA registration will continue to grow as more state governments implement the CPS and more private sector employers buy into the scheme due to the compliance efforts of the Commission and the marketing strategies of the PFAs.

3.3.2 Memberships of CPFA and AES

The respective memberships of CPFAs and AES were 24,156 and 40,951 as at 31 December, 2015 as shown in Tables 3.3 and 3.4 respectively. There were no remarkable changes in the memberships of both AES and CPFAs in 2014 and 2015 as they are occupational pension schemes restricted to staff of the sponsor organizations. The PRA 2014 has provided that all new employees of AES and CPFA schemes must join the CPS and open RSAs with PFAs of their choice.

Table 3.3: Membership of CPFA in 2015

Enrolment Type	2014		2015	
	Number	% of Total	Number	% of Total
Active Members	17,935	73.61	17,599	72.86
Current pensioners	5,835	23.95	5,962	24.68
Deferred Pensioners ¹	595	2.44	595	2.46
Total	24,365	100.00	24,156	100.00

Note: (1) Deferred pensioners are pensionable retirees who were not eligible to start drawing pensions until they reach certain age(s) in accordance with the rules and regulations of their respective schemes.

Table 3.4: Membership of AES in 2015

Enrolment Type	Number		Number	
	2014	% of Total	2015	% of Total
Active Members	24,255	59.23	24,255	59.23
Current pensioners	15,313	37.39	15,313	37.39
Deferred Pensioners	149	0.36	149	0.36
Dependents ¹	1,234	3.01	1,234	3.01
Total	40,951	100.00	40,951	100.00

Note: (1) Dependants are protégés of deceased employees

3.4 Pension Contributions

The total pension contributions into the RSA of employees in the private and public sectors amounted to ₦558.96 billion in 2015 as shown in Tables 3.5 and 3.6. The private sector accounted for the higher value of ₦358.69 billion, which represents 64.21 percent of total pension contributions in the year. However, the total pension contributions from inception to 31 December, 2015 amounted to ₦3.39 trillion. This was made up of ₦1.81 trillion contributions from the public sector, which represents

53.55 percent and ₦1.57 trillion from the private sector, which represents 46.45 percent.

Table 3.5: Public Sector Pension Contributions as at December 2015

Year	Amount (₦ Billion)	Percentage of Total
2004	15.6	0.97
2005	34.68	2.15
2006	37.38	2.32
2007	80.63	4.99
2008	99.28	6.15
2009	137.1	8.49
2010	162.46	10.06
2011	228.92	14.18
2012	302.24	18.72
2013	278.5	17.25
2014	237.49	14.71
2015	200.05	11.03
TOTAL	1,814.33	100.00

It should be noted that the total contributions from the public sector included contributions from participating State, Local Governments employees and self-funding State and FGN agencies. The average monthly contributions from the public sector decreased from ₦19.79 billion in 2014 to ₦16.67 in 2015, representing a decrease of 15.8 percent.

Table 3.6: Private Sector Pension Contributions as at December 2015

Year	Amount (₦ Billion)	Percentage of Total
2006	23.03	1.90
2007	68.34	5.63
2008	80.81	6.65
2009	91.21	7.51
2010	103.03	8.48
2011	119.53	9.84
2012	159.52	13.13
2013	225.42	18.56
2014	343.89	28.31
2015	358.91	22.81
TOTAL	1,573.69	100.00

Similarly, the private sector pension contribution recorded an increase of 46.45 percent in 2015 as it moved from ₦1.21 trillion in 2014 to ₦1.57 trillion in 2015. However, the average monthly pension contribution increased from ₦28.67 billion in 2014 to ₦29.91 billion in 2015, representing an increase of 4.32 percent.

3.5 Industry Portfolio Analysis

The total value of Pension Fund Assets based on unaudited valuation reports stood at ₦5.30 trillion as at 31 December, 2015. This represents about 15 percent net growth of ₦691 billion from the ₦4.61 trillion recorded as at 31 December, 2014. The growth resulted from monthly inflows of pension contributions into the RSA Funds, fund injections by DB scheme sponsors of CPFA and AES Funds and interest incomes.

Table 3.7 below shows that about 67 percent of the pension fund assets were invested in Federal Government Securities (FGN Bonds and Treasury Bills). The high allocation of the fund to the FGN securities was due to its higher risk adjusted returns compared to other available fixed income securities. Also, investments in corporate debt securities increased from 2.58 percent to 3.23 percent of total pension assets as at 31 December, 2015.

Table 3.7: Pension Fund Portfolio as at 31 December, 2015

S/N	Asset Class	RSA		AES	CPFA	Total				Variance Between 2015 and 2014)	
		Active	Retiree			2015		2014		Amount N Billion	Weight %
		Amount N Billion	Amount N Billion			Amount N Billion	Weight %	Amount N Billion	Weight %		
1	Quoted Ordinary Shares	347.77	2.52	102.73	66.77	519.79	9.80	542.29	11.76	(22.50)	(4.15)
2	FGN Bonds	2,242.65	278.81	274.38	265.64	3,061.48	57.73	2398.15	52.00	663.33	27.66
3	Treasury Bills	270.24 ¹	27.90	76.57	96.97	471.68	8.89	498.78	10.82	(27.10)	(5.43)
4	State Govt. Securities	98.12	20.51	22.84	11.32	152.79	2.88	172.38	3.74	(19.59)	(11.36)
5	Corporate Debt Securities	88.56	23.93	26.80	31.84	171.13	3.23	118.88	2.58	52.25	48.95
6	Local Money Market Securities	362.60	59.27	76.85	67.09	565.81	10.67	539.33	11.70	26.48	4.91
7	Open/Close end Funds	14.71	0.00	3.81	4.30	22.82	0.43	20.36	0.44	2.46	12.08
8	Supranational Bonds	6.80	3.51	0.00	2.51	12.82	0.24	12.88	0.28	(0.06)	(0.47)
9	Private Equity Funds	5.49	0.00	0.00	9.91	15.40	0.29	11.87	0.26	3.53	29.74
10	Infrastructure Funds	0.53	0.00	0.00	0.45	0.98	0.02	0.00	0.00	0.98	100.00
11	Real Estate Properties	0.00	0.00	86.49	127.70	214.19	4.04	213.5	4.63	0.69	0.32
12	Foreign Equities	0.00	0.00	0.00	68.35	68.35	1.29	59.5	1.29	8.85	14.87
13	Foreign Money market Securities	0.00	0.00	0.00	0.13	0.13	0.002	0.12	0.003	0.01	8.33
14	Cash & other Assets	17.62	4.47	1.19	2.11	25.39	0.48	23.58	0.51	1.81	7.68
	Net Asset Value	3,455.09	420.92	671.81	755.09	5,302.89	100.00	4,611.62	100.00	691.14	14.99

Note: ¹ This includes ₦63 billion balance of unreconciled contributions of FGN Treasury funded employees managed by the CBN

A further breakdown of pension fund assets as at 31 December, 2015 indicated that significant investments were in Quoted Ordinary Shares (9.80 percent) and Local Money Market Investments (10.67 percent). It is important to note the increased investments by pension funds in alternative assets such as investments in Private Equity Funds increased by 29.74 percent, while the Infrastructure Funds recorded 100 percent increase with the new investments made by the PFAs in the instrument during the year under review.

3.6 Analysis of RSA 'Active' Funds

The Net Asset Value (NAV) of pension fund assets in the RSA 'Active' Funds amounted to ~~N~~3.39 trillion as at 31 December, 2015 representing a net growth of 19.34 percent (~~N~~549.72 billion) during the year as shown in Table 3.8. The total RSA 'Active' portfolio value was exclusive of ~~N~~63.09 billion pension contributions of the Treasury Funded Federal Government of Nigeria (FGN) employees awaiting transfer to their RSAs as at the end 2015. However, the funds were invested in Treasury Bills by the Central Bank of Nigeria as the managing institution.

Table 3.8: Portfolio of RSA 'Active' Fund as at 31 December, 2016

S/N	ASSET CLASS	Portfolio Limit	2015		2014		Variance Btw 2015 & 2014	
			%	Amount N Billion	Weight %	Amount N Billion	Weight %	Amount N Billion
1	Quoted Ordinary Shares	25		347.77	10.25	336.82	11.85	10.95
2	Federal Government Securities:	80						
	i. FGN Bonds			2,242.65	66.12	1,739.56	61.2	503.09
	ii. Treasury Bills			207.14	6.11	205.7	7.24	1.44
3	State Government Bonds	20		98.12	2.89	110.67	3.89	-12.55
4	Corporate Debt Securities	35		88.56	2.61	46.96	1.65	41.6
5	Money Market Instruments	35		362.6	10.69	366.57	12.9	-3.97
6	Open/Close-End Funds	20		14.71	0.43	14.67	0.52	0.03
7	Supranational Bonds	20		6.8	0.2	6.83	0.24	-0.03
8	Private Equity Funds	5		5.49	0.16	4.11	0.14	1.38
9	Infrastructure Funds	5		0.53	0.02	0	0	0.53
10	Cash & Other Assets			17.62	0.52	10.39	0.37	7.23
	Net Asset Value			3,392.00	100	2,842.28	100	549.72

The pension fund assets were spread across nine asset classes with major investments in Federal Government of Nigeria Securities (72.22 percent), Money Market Instruments (10.69 percent) and Quoted Equities (10.25 percent). All

investments were within the portfolio limits stipulated in the Investment Regulation issued by the Commission.

3.6.1 Sources of Portfolio Growth / Diminution

The investment of RSA 'Active' Fund witnessed a net growth of ₦549.72 billion. The sources of portfolio growth were provided in Table 3.9 below:

Table 3.9: Source of RSA 'Active' Portfolio Growth as at 31 December, 2016

S/N	Sources of Portfolio Growth	2015	2014	Variance Btw 2015 & 2014
		Amount N Billion	Amount N Billion	Amount N Billion
1.	New Inflow of Funds <ul style="list-style-type: none"> Contributions 	474.56	498.64	(24.08)
2.	Investment Income <ul style="list-style-type: none"> Interests/Coupons Dividends Net Realized Gains/ (Losses) 	365.15 16.57 29.71	278.71 15.37 4.27	86.44 1.20 25.44
3.	Net Unrealized Gains/ (Losses) on Quoted Equities/Equity Funds	(80.76)	(85.67)	4.91
4.	Benefits Paid / Transfers to Retiree Fund	(180.02)	(164.54)	(15.48)
5	Asset Based Fees (and VAT)	(75.49)	(61.26)	(14.23)
	Total	549.72	485.52	64.20

A total of ₦474.56 billion was received as pension contributions in 2015, representing a decrease of 5.07 percent from ₦498.64 billion received in 2014. The monthly pension contributions received during the year averaged ₦40 billion, compared to a monthly average of ₦42 billion in 2014.

Investments in fixed income securities (money market instruments and bonds) of the RSA 'Active' Fund returned a total of ₦365.15 billion as interests/coupons during the period under review. This amount represented a 31 percent increase compared to the sum of ₦278.71 billion earned in 2014. The higher interest income in 2015 resulted from a combination of slightly higher yields in the first three quarters of 2015 and the increase in the absolute value of investments, which averaged ₦2.31 trillion in 2014 and ₦2.75 trillion in 2015.

The net unrealized losses on investments in equities/equity funds amounted to ₦80.76 billion, comparable to unrealized losses of ₦85.67 billion recorded in 2014. The unrealized losses were a reflection of the 'bearish' trend that characterised the Nigerian Stock Market in 2014 and 2015, which resulted in the Nigerian Stock Exchange All Share Index (NSE-ASI) recording negative rates of return of 17.36

percent and 16.14 percent in 2015 and 2014 respectively. The unrealized losses were traceable to stocks in the banking and industrial goods subsectors, which had relatively high weightings in the portfolio of PFAs.

The net realized gains on sale of equities and bonds were ₦29.71 billion, which was significantly higher than the ₦4.27 billion recorded in 2014. The stock market provided profit taking opportunities for PFAs during the year as there were periods during the year when the stock market rallied to record appreciation in prices of stocks.

Total transfers to RSA Retiree Funds and benefits payment due to temporary unemployment (payment of 25 percent of RSA balance) amounted to ₦180.02 billion. This represented an increase of 9 percent over ₦164.54 billion recorded in 2014. The increased payments were partly a reflection of the increase in the number of new retirees by 19.8 percent in 2015. The total asset based fees charged to the Fund (including 5% VAT) was ₦75.49 billion. This was ₦5.02 billion higher than the total fee of ₦60.47 billion charged in 2014 due to a corresponding increase in Net Asset Value of the pension funds in line with the Regulations on Fees Structure.

3.6.2 Portfolio Performance

The Weighted Average Return on Investment (ROI) on the RSA 'Active' Fund was 8.65 percent while the average inflation rate was 9.01 in 2015 resulting in negative real return of 0.36 percent. The performance was slightly better than the Weighted Average Rate of Return of 6.13 percent with a real return of -1.93 percent given the average inflation rate of 8.06 percent recorded in 2014.

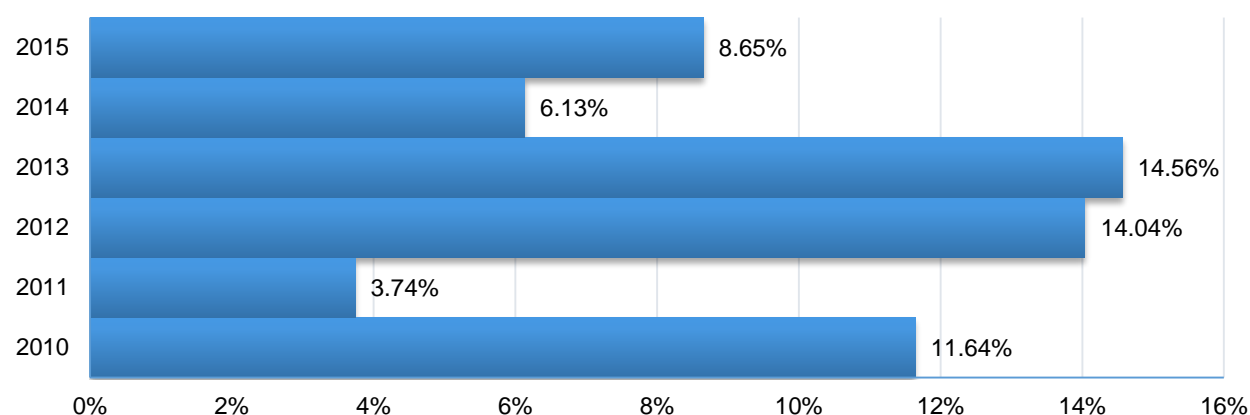


Figure 3.2: Trend of RSA Funds Return on Investment

The performance of the RSA 'Active' Funds was largely influenced by the negative performance of the Nigerian Stock Market in 2015. The stock market experienced a sustained bearish trend during the year, as the shares of the highly capitalized quoted companies recorded significant reduction in prices during the year.

The yields and interest incomes from investments in fixed income securities, to a great extent cushioned the effect of the unrealised losses on equity/equity fund investments. The CBN had maintained the Monetary Policy Rate (MPR) at 13 percent in 2015, only reducing it in November of the same year to 11 percent. Thus, average yields/interest rates on pension fund investments in Bonds, Treasury Bills and other Money Market instruments ranged between 9.25 percent per annum and 16.25 percent per annum, depending on the tenor and instrument type.

3.6.3 Review of Asset Classes

(a) Domestic Quoted Ordinary Shares

The value of investment in quoted ordinary shares was ₦347.77 billion as at 31 December 2015, representing 10.25 percent of portfolio value. This was an increase of ₦10.95 billion over ₦336.82 billion as at corresponding period of the previous year. The growth in 2015 was primarily due to additional investments by PFAs during the year as the stock market recorded a sustained downturn in market prices.

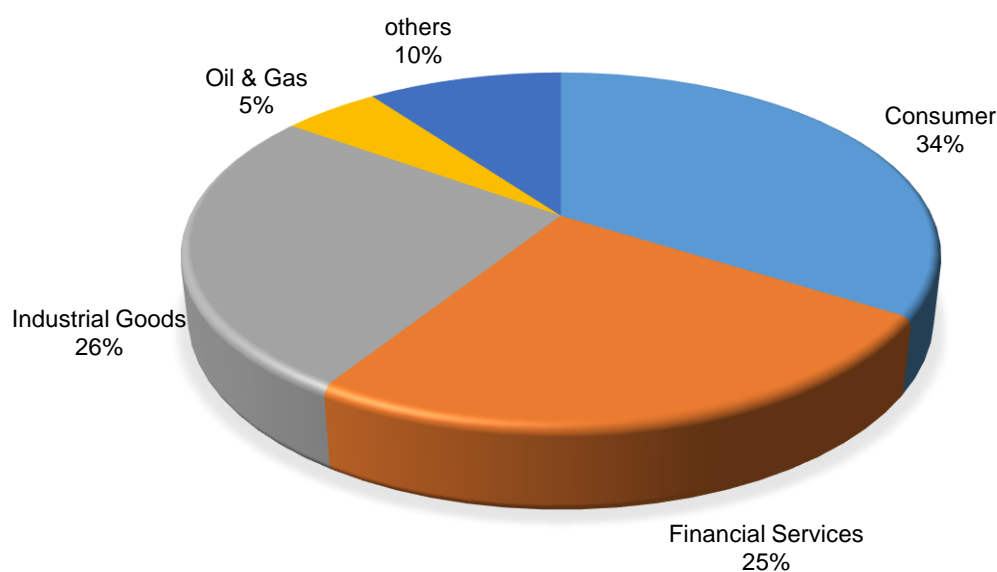


Figure 3.3: RSA 'Active' Fund Investments in Ordinary Shares

Equity investments in Consumer Goods, notably breweries, food & beverages and house-hold products, had the highest asset allocations accounting for 34 percent of total value of equity investments, up from 27 percent in 2014.

Other major equity investments were in Financial Services, which reduced to 25 percent from 29 percent in 2014; Industrial Goods, 26 percent; and Oil & Gas, 5 percent.

(b) Federal Government of Nigeria (FGN) Securities

Investments in Federal Government of Nigeria (FGN) Securities (bonds and treasury bills) grew by 25 percent from ₦1.95 trillion in 2014 to ₦2.44 trillion as at 31 December, 2015. PFA investments in FGN securities averaged 71 percent of total RSA 'Active' Fund portfolio due to its relatively higher yields. Investments in FGN Bonds were valued at ₦2.24 trillion, while Treasury Bills amounted to ₦207.14 billion.

The 'Term-To-Maturity' (TTM) profile of investments in FGN Bonds as at the review period is shown in the Table 3.10.

Table 3.10: Maturity Profile of the FGN Bonds Investments

S/N	Term to Maturity	Amount (₦ Billion)	% of Total Value of FGN Securities
1	Below 3years	477.40	21%
2	3years – 5years	349.41	16%
3	Above 5years – 10yrs	664.28	30%
4	Above 10years	751.56	34%
	Total	2,242.65	100%

A breakdown of Table 3.7 demonstrated that pension fund investments were in longer tenured bonds with TTM of above 5 years, which constituted about 64% of the portfolio.

The yields on FGN Bonds and Treasury Bills (364-days) had been above inflation rate for most part of the year except in November, 2015 due partly to the reduction in MPR from 13 percent down to 11 percent.

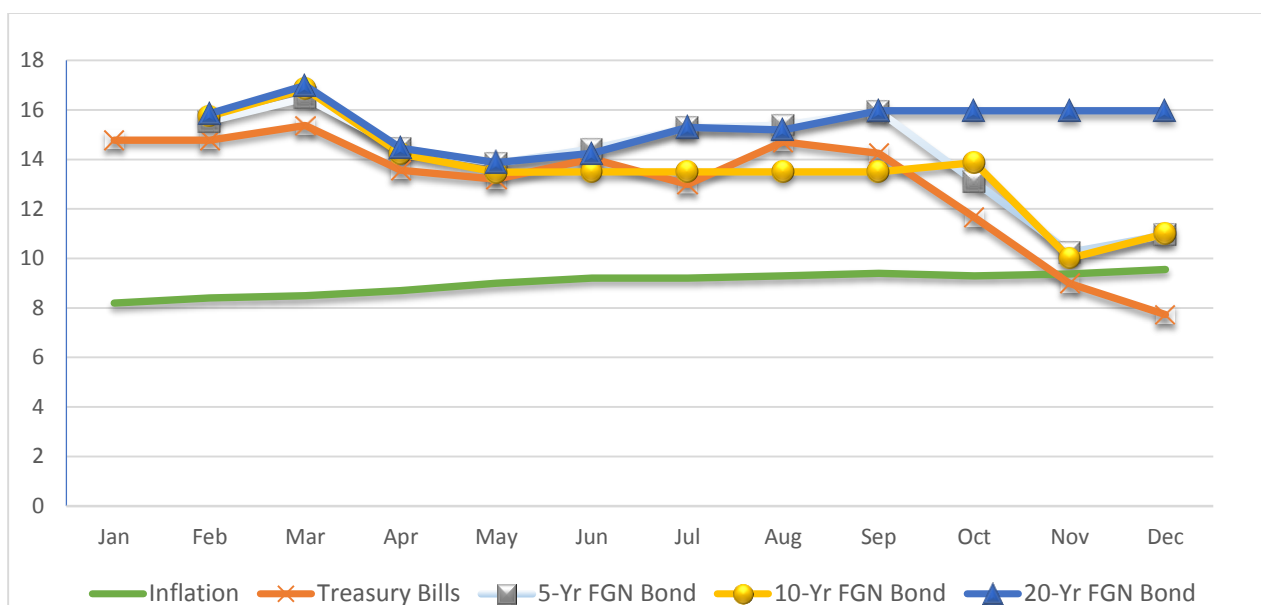


Figure 3.4: Inflation Rate and Yields on FGN Securities

The marginal yields on FGN Bonds Primary Auctions averaged 16.25 percent, 14.06 percent, 10.34 percent and 11.53 percent in Q1, Q2, Q3 and Q4 of 2015 respectively. Also, yields on 364-day Treasury Bills averaged 15.03 percent, 13.66 percent, 14.05 percent and 9.46 percent in the four Quarters of 2015 respectively.

c) State Government Bonds

The value of investments in State Government Bonds was ~~N~~98.12 billion, accounting for 4 percent of total portfolio value of RSA 'Active' Funds as at 31 December 2015. This figure represented 11.34 percent decrease from the value of ~~N~~110.67 billion as at 31 December, 2014. The decrease in the value of investments was due to full redemption of bonds issued by two State Governments. There were no new investments in State Government Bonds in 2015.

The distribution of pension fund investments in State Government Bonds as at 31 December, 2015 is given in Table 3.11.

Table 3.11: Pension Fund Investments in State Government Bonds

State Governments	Credit Rating	Maturity Date	Tenor (Years)	Coupon Rate (%)	Market Value of Investment (₦ Billion)	Weight (%)
Bayelsa State	A	30/06/2017	7	13.75	3.07	3.13
Delta State	A	30/09/2018	7	14.00	12.20	12.43
Imo State	A	30/06/2016	7	15.50	1.26	1.28
Lagos State (Series 2)	A	19/04/2017	7	10.00	11.04	11.25
Lagos State (Series 1)	A	22/11/2019	7	14.50	20.73	21.13
Lagos State (Series 2)	A	27/11/2020	7	13.75	31.47	32.07
Niger State (Series 2)	A	26/09/2018	7	14.00	6.54	6.67
Osun State	A	12/12/2019	7	14.75	10.07	10.26
Ekiti State			7	15	1.74	1.77
Total					98.12	100.00

Investments in bonds issued by Lagos State Government amounted to ₦63.24 billion, accounting for 64.45 percent of total investments in State Government Bonds. Other major investments were in Delta State Bond valued at ₦12.20 billion (12.43 percent); Osun State Bond, ₦10.07 billion (10.26 percent); Niger State Bond, ₦6.54 billion (6.67 percent); and Bayelsa State Bond, ₦3.07 billion (3.13 percent).

(d) Corporate Debt Securities

Investments in Corporate Debt Securities was valued at ₦88.56 billion, which was 89 percent increase over the value of investments in corporate debt in 2014. Two corporate bonds were issued by Fidelity Bank Plc (7year bond) and Transcorp Hotels Plc (7 & 5 year bonds) and satisfied the minimum requirements for pension fund investments. Also, two corporate bonds issued by Flour Mills Plc and UAC Property Development Company Plc matured in 2015 and were fully redeemed. Table 3.12 presents the distribution of pension fund investments in the various Corporate Bonds.

Table 3.12: Pension Fund Investments in Corporate Bonds

S/N	Name of Issuer	Maturity Date	Tenor (years)	Coupon (%)	Total RSA 'Active' Investment (₦ Billion)	Weight (%)
1	C & I LEASING	20/11/2017	5	17.5	0.18	0.20
2	Dana Group Plc	09/04/2018	7	MPR+7	0.09	0.10
3	(a) FCMB SPV	16/11/2021	7	14.25	11.01	12.43
	(b) FCMB (Series 2)	11/06/2020	5	15	18.14	20.49
4	Fidelity Bank Plc	13/05/2022	7	16.48	15.81	17.85
5	Fidson	07/11/2019	5	15.5	0.10	0.11
6	FSDH SPV	25/10/2016	3	14.25	1.69	1.91
7	La Casera Company Plc	18/10/2018	5	15.25	0.51	0.58
8	Nigerian Aviation Handling Company Plc	20/09/2016	5	13	1.64	1.85
9	Nigerian Aviation Handling Company Plc	12/05/2020	7	15.25	0.15	0.17
10	Stanbic IBTC	30/09/2024	10	13.25	7.55	8.53
11	Tower Funding Plc	09/09/2018	7	MPR+7/MPR+5	0.27	0.30
12	UBA Plc (Series 1)	30/09/2017	7	13	3.60	4.07
13	UBA Plc (Series 2)	20/09/2018	7	14	13.23	14.94
14	UBA Plc	30/12/2021	7	16.45	11.54	13.03
15	Transcorp	26/10/2022	7	15.5	0.82	0.93
16	Transcorp	4/12/2020	5	16	1.72	1.94
17	Diamond Bank (Eurobond)	21/05/2019	5	8.75	0.50	0.56
	Total				88.55	100.00

(e) Money Market Instruments

Investments in money market instruments were valued at ₦362.60 billion (11 percent of RSA 'Active' Fund value) as at 31 December, 2015. This was a reduction of ₦3.97 billion, compared to the value of ₦366.57 billion as at the corresponding period in 2014. The average rates on placements across all tenors during 2015 were 13.25 percent in the first quarter; 15.29 percent in the second quarter; 15 percent in the third quarter; and 11.58 percent in the fourth quarter.

(f) Open / Close – ended / Hybrid Funds (including ETFs & REITs)

Investments in Open/Close-ended/Hybrid Funds were valued at ₦14.71 billion as at the end of the year, representing less than 1 percent of total value of RSA 'Active' Fund. Pension Fund investments were mainly in the UAC Property Development Company REITs, which accounted for 43 percent of total mutual fund investments. Other major investments were in the Union Homes Plc REITs (15 percent); SIM Capital Fund (14 percent); and ARM Discovery Fund (5 percent).

(g) Supranational Bonds

Investments in Supranational Bonds were valued at ~~N~~6.80 billion as at 31 December, 2015, representing less than 1 percent of total value of RSA 'Active' Fund. The investments were in bonds issued by the International Finance Corporation (IFC) in 2013 and the African Development Bank (AfDB) in July 2014. Both bonds have a credit rating of 'AAA' and satisfied other stipulated investment criteria for pension funds.

(h) Private Equity (PE) Fund

The value of investment in Private Equity (PE) Funds stood at ~~N~~5.49 billion, an increase of ~~N~~1.38 billion over the value of ~~N~~4.11 billion as at end of 2014. The growth was due to additional capital calls during the year.

(i) Infrastructure Fund

Pension Fund Investments in Infrastructure Fund was ~~N~~528 million as at 31 December, 2015 and were in the ARM-Harith Infrastructure Fund launched in 2014 and managed by ARM Capital Partners.

(j) Un-invested Cash

The un-invested cash balance was ~~N~~17.62 billion as at 31 December 2015. This represented newly unitized pension contributions awaiting deployment into the approved asset classes as well as matured tenured placements awaiting re-investment as at the reporting date. The average interest rate on un-invested cash balances ranged between 2 percent and 5 percent per annum.

3.7 Analysis of RSA Retiree Funds

The Net Asset Value of the RSA 'Retiree' Fund investments valued at ~~N~~420.92 billion were spread across the six approved asset classes as presented in Table 3.13. The investment were more clustered towards the debts securities and Money Market Instruments. The allocation to the Federal Government Securities was 73 percent of the total asset value (FGN Bonds: 66 percent; Treasury Bills: 7 percent). Placements in Money Market Instruments and Corporate Debt Securities amounted to 14 percent and 6 percent respectively.

Table 3.13: RSA Retiree Fund Portfolio

ASSET CLASS	Portfolio Limit (%)	2015		2014		Variance	
		(₦ Billion)	Weight %	(₦ Billion)	Weight %	(₦ Billion)	Weight %
Quoted Equities	10	2.52	1	4.07	1	(1.55)	(38)
Federal Government Securities	80						
(i) FGN Bonds		278.81	66	225.74	52	53.07	24
(ii) Treasury Bills		27.90	7	45.90	19	(18)	(39)
State Government Bonds	20	20.51	5	23.32	9	(2.81)	(12)
Corporate Debt Securities	35	23.93	6	13.51	2	10.42	77
Supranational Bonds	20	3.51	1	3.53	0	(0.02)	(1)
Money Market Instruments	35	59.27	14	42.75	15	16.52	39
Cash & Other Assets		4.47	1	6.19	2	(1.11)	(18)
Net Asset Value		420.92	100	365.01	100	55.91	15

3.7.1 Sources of Portfolio Growth/Diminution

The RSA Retiree Fund had a net growth of ₦55.92 billion, increasing from ₦365.01 billion in 31 December, 2014 to ₦421.53 billion as at 31 December, 2015. The sources of net portfolio growth for the year were given in Table 3.14.

Table 3.14 RSA 'Retiree' Fund Source of Portfolio Growth

S/N	Sources of Portfolio Growth	Jan - Dec 2015	Jan - Dec 2014	Variance
		(₦ Billion)	(₦ Billion)	(₦ Billion)
1.	New Inflow of Funds • Transfers of RSA 'Active' balances/Accrued Rights	214.86	183.76	31.10
2.	Investment Income • Interests/Coupons • Dividends • Net Realized Gains	50.18 0.14 2.16	44.09 0.19 0.83	6.09 (0.05) 1.33
3	Net Unrealized Gains/Losses on Equities/Equity Funds	(0.85)	(1.60)	0.75
4.	Retirement Benefits Paid	(206.47)	(182.80)	(23.67)
5	• Income Based Fees (+ VAT)	(4.11)	(3.32)	(0.79)
	Total	55.92	41.15	14.77

(a) Transfers from RSA ‘Active’ Fund

The transfers from the RSA ‘Active’ Fund and accrued rights account with the CBN amounted to ~~N~~216.58 billion in 2015, an increase from ~~N~~186.76 billion received in 2014. The transferred funds comprised of accrued rights for past service rendered before and up to June 2004 and RSA balances of contributors who retired during the course of the year.

(b) Income (Interests/Coupons/Dividends)

The interests and coupons earned on investments in fixed income securities (money market instruments and bonds) totalled ~~N~~50.53 billion, representing a 15 percent growth over the income of ~~N~~44.09 billion received in 2014. The higher interest income in 2015 resulted from the combined effects of slightly higher yields in FGN securities in 2015 and increase in the absolute value of investments in fixed income securities during the year.

(c) Net Unrealized Losses on Equity Investments

The net unrealised losses on equity investments amounted to ~~N~~846 million compared to unrealised losses of ~~N~~1.60 billion in 2014. The unrealised losses were due to the sustained diminution in the prices of stocks, which resulted in the ASI returning a negative 17.36 percent in 2015.

(d) Net Realized Gains on Equities and Bonds

The net realized gains on the disposal/divestment in equities and bonds amounted to ~~N~~2.16 billion. The realized gains signified profit taking by PFAs from sale of mostly FGN Bonds and equities during the year.

(e) Retirement Benefits Payments

A total of ~~N~~206.59 billion was paid out as retirement benefits during the year compared to the sum of ~~N~~182.80 billion in 2014. The breakdown of the payments indicated that payments were made to 173,476 retirees, made up of 126,775 on programmed withdrawal, 26,332 on Annuity payments while 15,250 retirees were paid enbloc.

(f) Income Based Fees and Taxes

The total income based fees (inclusive of 5 percent VAT) charged to the Retiree Fund and paid to pension operators was ~~N~~4.04 billion, and accounted for 7.70 percent of total investment income of ~~N~~52.48 billion. The slight excess over the

maximum rate of 7.50 percent stipulated in the Regulation on Fees Structure, represented the 5 percent VAT charges on fees payable to the PFAs and PFCs. Other miscellaneous charges such as audit fees amounted to ~~N~~81 million.

3.7.2 Portfolio Performance

The RSA Retiree Fund recorded a Weighted Average Rate of Return (WARR) of 13.05 percent in 2015. This was slightly higher than the rate of return of 11.60 percent recorded in 2014. Yields on fixed income securities were slightly higher in 2015 compared to 2014, except for the last two months in 2015 when yields on fixed income securities experienced significant reductions due to the effect of the Monetary Policy.

3.7.3 Review of Asset Classes

(a) Domestic Ordinary Shares

The value of quoted ordinary shares was ~~N~~2.52 billion as 31 December, 2015, accounting for 1 percent of total portfolio value. This was a significant reduction from the value of ~~N~~4.07 billion as at the end of 2014. Ordinary share investment in the Financial Services sub-sector accounted for 44 percent of equity investments. Other significant investments were in Consumer Goods (32 percent); and Industrial Goods (12 percent).

(b) Federal Government of Nigeria (FGN) Securities

Investments in Federal Government Securities (bonds and treasury bills) were valued at ~~N~~306.71 billion and accounted for 73 percent of total RSA Retiree Funds. The Term to Maturity (TTM) profile of investments in FGN Bonds as at 2015 is provided in Table 3.15.

Table 3.15: Profile of RSA 'Retiree' Investments in FGN Bonds

S/N	Term to Maturity	Amount (N Billion)	% of Total FGN Bonds
1	Below 3years	43.57	14
2	3years – 5years	48.77	17
3	Above 5years – 10yrs	81.06	29
4	Above 10years	105.41	38
	Total	278.81	100

Breakdown of Table 3.12 indicates that investments were skewed towards longer tenured bonds with TTM of above 5 years, which constituted 67 percent of

placements in FGN bonds. Investment in Treasury Bills (TBs) amounted to ~~N~~27.90 billion.

(c) State Government Bonds

The value of investments in State Government Bonds was ~~N~~20.51 billion as at 31 December 2015. This was a reduction of 12 percent compared to the value of ~~N~~23.32 billion in 2014. The reduced value was as a result of the maturity and full redemption of bonds issued by Ebonyi and Kaduna State Governments in 2015.

The distribution of investments in the various State Government Bonds is presented in the Table 3.16.

Table 3.16: Investment in State Government Bonds

S/N	State Government	Credit Rating	Maturity Date	Tenure	Coupon Rate (%)	Total (N Billion)	Weight (%)
1	Bayelsa State	A	30/06/2017	7	13.75	0.59	2.88
2	Delta State	A	30/09/2018	7	14	1.89	9.22
4	Imo State	A	30/06/2016	7	15.5	0.24	1.17
8	Lagos State (Series 2)	A	19/04/2017	7	10	2.77	13.51
9	Lagos State (Series 1)	A	22/11/2019	7	14.5	3.26	15.89
10	Lagos State (Series 2)	A	27/11/2020	7	13.75	5.66	27.60
12	Niger State (Series 2)	A	6/09/2018	7	14	2.76	13.46
13	Osun	A	12/12/2019	7	14.75	3.34	16.28
	Total					20.51	100.00

Table 3.13 shows that investment in the bonds issued by Lagos State was the highest, with market value of ~~N~~11.69 billion (58 percent of the total value of investments in State Government Bonds). Other significant investments were in bonds issued by Osun State, ~~N~~3.34 billion (16 percent); Niger State, ~~N~~2.76 billion (13 percent); and Delta State, ~~N~~1.89 billion (9 percent).

(d) Corporate Debt Securities

Investment in Corporate Debt Securities was valued at ~~N~~23.67 billion as at 31 December, 2015 (6 percent of total portfolio value), which indicated a growth in value of 75 percent above ~~N~~13.51 billion being the value of investments in Corporate Debts as at 31 December, 2014.

The distribution of pension fund investments in the various corporate bonds as at 31 December 2015 is given in Table 3.17.

Table 3.17: RSA ‘Retiree’ Investments in Corporate Bond

S/N	Name of Issuer	Maturity Date	Tenor (years)	Coupon (%)	Total RSA ‘Retiree’ Investment (N Billion)	Weight (%)
1	C & I LEASING	20/11/2017	5	17.5	0.02	0.08
2	FCMB SPV	16/11/2021	7	14.25	4.04	17.07
3	FCMB (Series 2)	11/06/2020	5	15	0.66	2.79
4	Fidelity Bank Plc	13/05/2022	7	16.48	3.15	13.31
5	FSDH SPV	25/10/2016	3	14.25	0.07	0.30
6	La Casera Company Plc	18/10/2018	5	15.25	0.09	0.38
7	Nigerian Aviation Handling Company Plc	20/09/2016	5	13	0.51	2.15
8	Nigerian Aviation Handling Company Plc	12/05/2020	7	15.25	0.05	0.21
9	Stanbic IBTC	30/09/2024	10	13.25	0.70	2.96
10	Stanbic IBTC	30/09/2024	10	16.29	1.57	6.63
11	Tower Funding Plc	09/09/2018	7	MPR+7/MPR+5	0.01	0.04
12	UBA Plc (Series 1)	30/09/2017	7	13	3.86	16.31
13	UBA Plc (Series 2)	20/09/2018	7	14	3.25	13.73
14	UBA Plc	30/12/2021	7	16.45	4.63	19.56
15	Transcorp	26/10/2022	5	15.5	1.00	4.22
16	Diamond Bank (Eurobond)	21/05/2019	5	8.75	0.06	0.25
	Total				23.67	100

The significant increase in the value of Corporate bonds was due to new investments in bonds issued by Fidelity Bank Plc and Transcorp Hotels Plc. There were also major investments in bonds issued by UBA Plc (49 percent of total investments in corporate bonds); FCMB Plc (17 percent); and Fidelity Bank Plc (13 percent).

(e) Money Market Securities

Investments in money market instruments were valued at ~~N~~59.27 billion (14 percent of portfolio value of RSA Retiree Fund) as at 31 December, 2015. This was higher than the value of ~~N~~42.75 billion as at 31 December, 2014.

The money market investments were mainly in instruments issued by the following Banks: Skye Bank Plc (13 percent of total investments in money market investments); FCMB Plc (11 percent); Access Bank Plc (9 percent); Diamond Bank Plc (7 percent); Eco Bank Plc (7 percent); and UBA Plc (7 percent). Similarly, investments in the Commercial Paper issued by Guinness Nigeria Plc was ~~N~~43.89 million.

(f) Supranational Bonds

The investments in Supranational Bonds were valued at ~~N~~3.51 billion as at 31 December, 2015. This was made up of investments in bonds issued by the African Development Bank (AfDB).

(g) Cash & other Assets

The un-invested cash balance was ~~N~~5.08 billion as at 31 December, 2015. The cash balances were in respect of matured tenured placements awaiting re-investment and transfers from RSA 'Active' Fund awaiting deployment as at 31 December 2015.

3.8 Closed Pension Fund Administrators (CPFAs) Fund

The net value of the CPFA Funds assets recorded a growth of ~~N~~92.66 billion (14 percent), as it increased from ~~N~~622.43 billion on 31 December 2014 to ~~N~~755.09 billion as at 31 December 2015. The increase in value of pension fund assets resulted from investment income and funds injected by Scheme Sponsors to bridge funding deficits.

The CPFA investments were spread across eight asset classes, but majorly in Ordinary Shares (Domestic and Foreign, 9 percent each); Government Securities (FGN Bonds and Treasury Bills: 48 percent); Real Estate Properties (17 percent); Domestic Money Market Instruments (9 percent); and Corporate Debt Securities (4 percent).

A summary of the actual assets allocation of CPFA investments for the years ended 31 December 2014 and 31 December 2015 as well as the variances between both year-ends is presented in Table 3.18 below:

Table 3.18: CPFA Investment Portfolio

Asset Class	31-Dec-15		31-Dec-14		Variance	
	₦ Billion	Weight (%)	₦ Billion	Weight (%)	₦ Billion	Weight (%)
Domestic Ordinary Shares	66.77	8.84	85.76	12.95	(18.99)	-22.00
Foreign Ordinary Shares	68.35	9.05	59.50	8.98	8.85	14.87
FGN Securities:						
i) FGN Bonds	265.64	35.18	195.66	29.54	69.98	35.77
ii) Treasury Bills	96.97	12.84	83.76	12.64	13.21	15.77
State Govt. Bonds	11.32	1.50	11.72	1.77	(0.40)	-3.41
Corporate Debt Securities	31.84	4.22	34.14	5.15	(2.30)	-6.74
Supranational Bonds	2.51	0.33	2.52	0.38	(0.01)	-0.40
Local Money Market Instruments	67.09	8.89	52.01	7.85	15.08	28.99
Foreign Money Market Instruments	0.13	0.02	0.12	0.02	0.01	8.33
Open/Close-End Funds	4.30	0.57	3.49	0.53	0.81	23.21
Real Estate Property	127.70	16.91	126.28	19.06	1.42	1.12
Private Equity	9.91	1.31	7.76	1.17	2.15	27.71
Infrastructure Funds	0.45	0.06	0.00	0.00	0.45	0.00
Cash & Other Assets	2.11	0.28	-0.29	-0.04	2.40	-827.59
Total Pension Fund Assets	755.09	100.00	662.43	100.00	92.66	13.99

3.8.1 Sources of Portfolio Growth / Diminution

The breakdown of the net growth of ₦92.66 billion in 2015 and corresponding figures in 2014 is presented in Table 3.19 below.

Table 3.19: CPFA Fund Sources of Portfolio Growth

Sources of Growth	2015	2014	Variance	
	₦ Billion	₦ Billion	₦ Billion	Weight (%)
New Contributions/Funds Injected by the Scheme Sponsors	55.60	54.16	1.44	3
Interest/Coupon Income	57.79	44.50	13.29	30
Dividend Income	3.98	7.49	(3.51)	-47
Rental Income	6.76	4.72	2.04	43
Net Unrealized Gains/(Losses) on Equities	(2.04)	(21.20)	19.16	-90
Net Realized Gains/(losses) on Equities & Bonds	16.64	3.28	13.36	407
Payment of Retirement Benefits	(44.40)	(46.67)	2.27	-5
Asset Based Fees	(3.93)	(4.09)	0.16	-4
Other Charges & Expenses	2.26	(1.98)	4.24	-214
Total	92.66	40.21	52.45	130

(a) Contributions Received/Funds Injected by Scheme Sponsors

During the year under review, the new funds injected into the Funds by Scheme Sponsors and new contributions made by members of Defined Contribution Schemes amounted to ₦55.60 billion, which was slightly higher than the amount of ₦54.16 billion injected in 2014.

(b) Investment Income (Interests/Coupons)

The total Interests/Coupons received for the period was ₦57.79 billion, and represented an increase of ₦13.29 billion (30 percent) over the interest income of ₦44.50 billion recorded in 2014. This resulted primarily from the increase in the absolute value of fixed income investments by CPFA as well as higher bond yields in 2015 relative to 2014. The CPFAs showed preference for FGN Bonds, which was viewed as a ‘flight-to-safety’ strategy due to uncertainties that characterized the stock market.

(c) Dividend Income

Dividend received on investment in ordinary shares was valued at ₦3.98 billion during the year, which was significantly lower than the dividend income of ₦7.49 billion recorded in 2014. The reduced dividend received in 2015 was a reflection of the lower dividend pay-outs as well as reduced equity holdings by CPFAs in 2015.

(d) Rental Income

Rental income on real estate properties amounted to ~~N~~3.22 billion majorly from real estate properties of Total and Chevron CPFA. This was marginally lower than ~~N~~3.42 billion recorded in 2014. In addition, there was a revaluation surplus of ~~N~~3.53 billion mainly from real estate properties of Total CPFA, which was significantly higher than the value of ~~N~~1.30 billion recorded in 2014.

(e) Net Unrealized Gains/ (Losses) on Equities/Equity Funds & Bonds

The CPFA Funds recorded net unrealized losses of ~~N~~2.04 billion on investments in equity/equity funds and bonds during the period under review. This marked a significant reduction in unrealised losses compared to ~~N~~21.20 billion recorded in 2014. It should be noted that the unrealized losses on equity investments of ~~N~~10.27 billion was cushioned by unrealized gains on FGN Bonds totalling ~~N~~8.23 billion as valued based on International Financial Reporting Standards (IFRS) requirements.

The losses on equity investments was as a result of the decline in the value of stocks quoted on the NSE as reflected by the negative performance of the Nigerian Stock Exchange All Share Index (NSE-ASI). The key market indicators, the NSE ASI and Market Capitalization declined by 17.36 percent and 14.27 percent, respectively. This showed a decline from 34,657.15 basis points and ~~N~~11.48 trillion on 31 December, 2014 to close the year at 28,642.25 basis points and ~~N~~9.85 trillion respectively as at 31 December, 2015.

(f) Net Realized Gains

The net realized gains on sale of equities (~~N~~2.55 billion) and bonds (~~N~~799 million) as well as currency exchange gains of ~~N~~13.29 billion, totalled ~~N~~16.64 billion, compared to the realized gains of ~~N~~3.28 billion recorded in 2014.

(g) Asset Based Fees

The total asset based fees paid was ~~N~~3.93 billion based on an average monthly portfolio value of ~~N~~710 billion during the year, as against the fees of ~~N~~4.09 billion recorded in 2014. The average rate of fees charged was 0.71 percent, which is below the maximum allowable rate of 1.55 percent of Net Assets Value of the CPFA Funds.

(h) Other Charges and Expenses

The other charges to the Funds relate to provisions for audit expenses and taxes (VAT & Withholding Taxes).

3.8.2 Portfolio Performance

The performances of the respective CPFA Funds were reflective of their portfolio mix and exposure to equity/equity fund investments. It should be highlighted that most CPFA Funds had relatively high exposure to equities/equity funds in line with the demographic distribution of their members. Thus, their performances ranged between 7 percent and 12 percent, in contrast to the performance of between 3 percent and 12 percent recorded in 2014. The rates of return in 2015 for the respective CPFA Funds are as shown in the Table 3.20.

Table 3.20: Performance of the various CPFAs

CPFA Fund	Shell	UNICO	Progress Trust	Nestle	Chevron	Total	Agip	Average
ROR (%) 2015	12.98%	7.26%	8.58%	11.43%	7.73%	15.19%	15.15%	12.55%
ROR (%) 2014	4.61%	0.08%	2.78%	7.36%	5.93%	8.83%	12.53%	6.02%

Nigerian Agip CPFA had the highest return of 15.15 percent, due to its low exposure to equity investment (less than 1 percent of its portfolio value) and high investment in fixed income securities (99 percent of portfolio value).

The relatively high yields and interest rates on fixed income investments, to a great extent, cushioned the effect of the huge unrealized losses on equity investments. The rental incomes on real estate investments were slightly higher in 2015 compared to 2014, which also enhanced returns on investment of the Funds. Overall, the performances of the respective CPFA Funds in 2015 was better than that of 2014.

3.8.3 Review of Asset Classes

(a) Domestic and Foreign Ordinary Shares

The value of domestic ordinary share investments was ~~N~~66.77 billion, as at 31 December 2015, accounting for 9 percent of CPFAs' total portfolio value. This was lower than ~~N~~86.16 billion being the value of investment in domestic equities as at 31 December 2014. The decrease in the value of domestic ordinary shares was primarily due to the decline in the market value of stocks, as reflected by the

depreciation of both the Nigerian Stock Exchange All Share Index (NSE-ASI) and Market Capitalization during the year. The banking stocks were the worst hit as the NSE Banking index shed 23.59 percent, followed by the Consumer Goods Index, which dipped by 17.41 percent .

Equity investments in the Consumer Goods Sub-sector, accounting for 47 percent of domestic equity investments by CPFAs. Other significant investments were in Financial Services (31 percent); Construction/Real Estate (11 percent); Industrial goods (5 percent); Conglomerates (3 percent) and Oil & Gas (2 percent).

Nonetheless, the value of foreign equity investments by CPFAs grew by ₦8.85 billion (15 percent), increasing from ₦59.50 billion on 31 December, 2014, to ₦68.35 billion as at 31 December, 2015 due to currency exchange gains.

(b) Federal Government of Nigeria (FGN) Securities

The investments in Federal Government Securities (Bonds and Treasury Bills) were valued at ₦362.61 billion (Bonds: ₦265.64 billion; Treasury bills: ₦96.97 billion) as at 31 December 2015 and accounted for 48 percent of CPFAs total portfolio value. The 'Term to Maturity' profile of CPFAs' investments in FGN Bonds as at 31 December 2015 is presented in Table 3.21 below.

Table 3.21: CPFA Investment in FGN Bonds

FGN Bonds	Market Value (₦ Million)	%
0 - 3yrs	74,368.31	28%
3yrs - 5yrs.	47,824.20	18%
5yrs - 10yrs	78,942.21	30%
Above 10yrs.	64,506.71	24%
Total	265,640.88	100%

The distribution of FGN Securities, as shown in Table 3.21, indicated that most investments were in FGN Bonds with term to maturity of between 5 years and 10 years. This could be attributed to the CPFA's strategy to invest in the short and mid-end of the market, in order to adequately manage interest rate and duration risks. Also, investment in Treasury Bills amounted to ₦96.97 billion, with an average yield of 13 percent per annum.

(c) State Government Securities

The value of investments in State Government Bonds was ~~N~~11.32 billion as at 31 December 2015, representing a decrease of ~~N~~0.40 billion (3.41 percent) compared to the value of investments of ~~N~~11.72 billion as at 31 December 2014 as shown in Table 3.22. The slight decrease was as a result of maturity of the Kaduna State Government Bond in August, 2015.

Table 3.22: CFPA Investment in State Government Bonds

S/N	State Government	Credit Rating	Maturity Date	Tenure	Coupon Rate (%)	Total (N Billion)	Weight (%)
1	Bayelsa State	A	30/06/2017	7	13.75	0.59	2.88
2	Delta State	A	30/09/2018	7	14	1.89	9.22
3	Imo State	A	30/06/2016	7	15.5	0.24	1.17
4	Lagos State (Series 2)	A	19/04/2017	7	10	2.77	13.51
5	Lagos State (Series 1)	A	22/11/2019	7	14.5	3.26	15.89
6	Lagos State (Series 2)	A	27/11/2020	7	13.75	5.66	27.60
7	Niger State (Series 2)	A	26/09/2018	7	14	2.76	13.46
8	Osun State	A	12/12/2019	7	14.75	3.34	16.28
	Total					20.51	100.00

The Lagos State Government Bond (Series I and II) had the highest investment, as it accounted for 91 percent of total investments in State Government Bonds by CPFAs.

(d) Corporate Debt Securities

The investments in Corporate Debt Securities was ~~N~~31.84 billion (4 percent of CPFA Fund Value) as at 31 December 2015, which was a decrease of ~~N~~2.30 billion (7 percent), compared to the value of ~~N~~34.14 billion as at 31 December, 2014. The decrease was attributed to matured investments in UPDC Bonds (UACN Property Development Company Plc).

(e) Money Market Securities (Domestic and Foreign)

The domestic money market investments were valued at ~~N~~67.09 billion as at 31 December, 2015, which indicated an increase of 29 percent when compared to the value of ~~N~~52.01 billion on 31 December, 2014. The investments were in

instruments of 14 banks, which all met the minimum quality requirements for pension fund investments.

The largest investments were in Access Bank Plc: ~~N~~16.55 billion (25 percent of total money market investments); Zenith Bank Plc: ~~N~~10.81 billion (16 percent); SIBTC Plc: ~~N~~9.03 billion (13 percent), Fidelity Bank Plc: ~~N~~7.64 billion (11 percent) and Standard Chartered Bank limited: ~~N~~5.33 billion (8 percent). The average deposit rates were 13.25 percent per annum in Q1; 15.29 percent per annum in Q2; 15 percent per annum in Q3; and 11.58 percent per annum in the Q4 of 2015. Interest rates slightly dipped in Q4 of 2015 due to reduction in the Monetary Policy Rate (MPR) from 13 percent to 11 percent. This had an impact on yields on fixed income securities in the last two months of the year.

The value of foreign money market investments of the CPFA Funds stood at ~~N~~128.78 million and accounted for less than 1 percent of total Funds. The increase of ~~N~~8.1 billion was due to accrued income on investments during the year.

(f) Supranational Bonds

The investment in Supranational Bonds was valued at ~~N~~2.51 billion as at 31 December, 2015, representing less than 1 percent of total value of CPFA portfolio. The investments were in the African Development Bank (AfDB)-Naira denominated Bond and International Finance Corporation (IFC) “Naija’ Bond, each of which had “AAA” ratings and satisfied other stipulated quality requirements for pension fund investments.

(g) Real Estate Properties

The real Estate Properties were valued at ~~N~~127.70 billion (17 percent of total CPFA Funds) as at 31 December 2015, representing an increase of ~~N~~1.42 billion (1 percent) over value of ~~N~~126.28 billion in 2014. The increase was mainly due to revaluation surpluses.

(h) Open/Closed End Funds

The investments in Open/Closed-End Funds were valued at ~~N~~4.30 billion (1 percent of total CPFA Funds), as at 31 December, 2015, which was an increase of ~~N~~812.43 million when compared to ~~N~~3.49 billion as at 31 December, 2014. The increase was mainly due to new investments in this instrument by the CPFAs during the year.

(i) Private Equity (PE) Fund

The value of investment in Private Equity (PE) Funds was ~~N~~9.91billion as at 31 December, 2015, an increase of ~~N~~2.15 billion over the value of ~~N~~7.76 billion as at end of 2014. The growth was due to additional capital calls in respect of the Africa Capital Alliance (ACA) Fund IV, based on earlier commitments by the respective CPFAs.

(j) Infrastructure Fund

The investments in Infrastructure Fund was in the ARM-Harith Fund (ARMHIF), valued at ~~N~~455 million as at 31 December, 2015. Out of the 7 CPFAs, 3 invested in the Fund.

(k) Cash & other Assets

Cash & Other assets were valued at ~~N~~690 million as at 31 December, 2014. The cash balances are made up of recently matured tenured deposits awaiting re-investment as well as cash provisions to meet the liquidity requirements of the Funds for payment of monthly pensions to retirees.

3.9 Approved Existing Schemes Fund

The net asset value of Approved Existing Schemes (AESs) increased from ~~N~~654.82 billion as at 31 December, 2014 to ~~N~~671.81 billion as at 31 December 2015, indicating a net growth of ~~N~~16.99 billion (3 percent). This is an increase of ~~N~~4.08 billion compared to a net growth of ~~N~~12.91 billion in 2014. The net increase in the value of assets was primarily attributed to new contributions/funds injected by Scheme Sponsors and interest/coupon income.

Table 3.23 provides a summary of the actual assets allocation of the AES Funds for the year ended 31 December 2015 as well as comparative figures for 2014.

Table 3.23: AES Fund Investment Portfolio

Portfolio Mix	2015		2014		Variance	
	₦ Billion	Weight (%)	₦ (Billion)	Weight (%)	₦ Billion	Weight (%)
Ordinary Shares	102.73	15.29	115.64	17.66	-12.91	-11.16
FGN Securities	351.1	52.26	313.53	47.88	37.57	11.98
State Govt. Securities	22.84	3.40	26.67	4.07	-3.83	-14.36
Corporate Debt Securities	26.8	3.99	24.27	3.71	2.53	10.42
Money Market Instruments	76.85	11.44	77.98	11.91	-1.13	-1.45
Open/Close-End Funds	3.81	0.57	2.21	0.34	1.6	72.40
Real Estate Properties	86.49	12.87	87.23	13.32	-0.74	-0.85
Cash & Other Assets	1.19	0.18	7.29	1.11	-6.1	-83.68
Total Pension Fund Assets	671.81	100.00	654.82	100.00	16.99	2.59

The pension assets of the AES Schemes were spread across eight asset classes, namely, Quoted Ordinary Shares (15 percent); Federal Government Securities (52 percent); State Government Securities (3 percent); Corporate Debt Securities (4 percent); Money Market Instruments (11 percent); Real Estate Properties (13 percent); and Open/Closed End Funds (0.57 percent).

The pension assets were invested in line with the respective Schemes' Internal Investment Guidelines and satisfied the minimum quality requirements stated in the Investment Regulation issued by the Commission.

3.9.1 Sources of Portfolio Growth/Diminution

The total value of AES Funds had a net growth of ₦16.99 billion (3 percent), as Net Assets Value (NAV) increased from ₦654.82 billion on 31 December 2014 to ₦671.81 billion as at 31 December 2015. The breakdown of the net growth is presented in Table 3.24

Table 3.24: AES Fund Sources of Growth

Sources of Growth	2015	2014	Variance	
	₦ Billion	₦ Billion	₦ Billion	Weight (%)
New Contributions/Funds Injected by the Scheme Sponsors	37.75	104.13	(66.38)	(63.75)
Interest/Coupon Income	52.25	42.96	9.29	21.62
Dividends Received	5.10	6.65	(1.55)	(23.31)
Rental Income	0.15	0.10	0.05	50.00
Revaluation Surplus on Real Estate Properties	3.21	17.60	(14.39)	(81.76)
Net Unrealized Gains/(Losses)	(15.51)	(25.75)	10.24	(39.77)
Net Realized Gains/(losses)	0.56	2.24	(1.68)	(75.00)
Payment of Retirement Benefits	(57.35)	(75.66)	18.31	(24.20)
Asset Based Fees/Other Charges	(6.68)	(7.65)	0.97	(12.68)
Transfer to RSA 'Active' Fund	(2.49)	(51.71)	49.22	(95.18)
Total	16.99	12.91	4.08	31.60

(a) Contributions/ Funds injected by Scheme Sponsors/Transfer of Legacy Assets

New fund inflows amounted to ₦37.75 billion and represented pension contributions and funds injected by Scheme Sponsors to bridge funding deficits in some of the Funds. The most significant inflows during the year were ₦16 billion injected into the NNPC Pension Fund to bridge its funding gap as well as ₦11.67 billion remitted by the Central Bank of Nigeria (CBN) into its Pension (Retiree) Fund.

(b) Interest/Coupon Income

The major source of portfolio growth during the year was from Interests/Coupons on fixed income investments, which amounted to ₦52.25 billion, representing an increase of ₦9.29 billion over the interest income of ₦42.96 billion recorded in 2014.

(c) Dividends

Dividends received on investment in ordinary shares were ₦5.10 billion, which was significantly lower than the dividend income of ₦6.65 billion received in 2014. The

diminution was due to poor financial performances and low dividend payouts by companies in 2015 relative to 2014.

(d) Rental Income

Rental income increased from ₦102.55 million in 2014 to ₦151.35 million in 2015. The outstanding rental income was mostly from the NSITF Fund and was partly due to non-payment by tenants in some of the properties. There was revaluation surplus of ₦3.21billion on the real estate properties during the year.

(e) Net Unrealized Losses

The AES Schemes recorded net unrealized losses amounting to ₦15.51 billion in 2015, compared to the unrealised losses of ₦25.75 billion recorded in 2014. The actual unrealized losses on equity investment were ₦26.61billion, but were cushioned by unrealized gains on FGN Bonds of ₦11.02 billion.

Notably, ExxonMobil accounted for unrealized losses of ₦11.15 billion out of the total unrealized losses of ₦26.61billion, due to its relatively high assets allocation (28 percent) to equity investments. A significant portion of the unrealized losses were primarily from banking stocks, which accounted for 33 percent of total equity investments, as most AES Funds had relatively high exposure to the banking Sub-sector.

(f) Net Realized Gains

The net realized gains totalled ₦562.92 million as at 31 December 2015, compared to the net realized gains of ₦2.24 billion recorded in 2014. The gains were mostly from the sale of bonds, especially in Q4 of 2015. The realized gains were mainly from NNPC Pension Fund (₦183 million); CBN Fund (₦495 million), and Exxon Mobil Fund (₦898 million). Furthermore, Jigawa State Fund recorded realized loss of ₦910 million from part sale of their equity investments in order to rebalance their portfolio and reduce their total exposure to variable income securities.

(g) Payments of Retirement Benefits

A total of ₦57.35 billion was paid as retirement benefits in 2015. This was lower than ₦75.66 billion paid as retirement benefits in 2014. The relatively higher benefits paid in 2014 was as a result of transfers to the RSA Fund from the CBN Fund for its active employees, which were supposed to be classified as benefit payments.

(h) Asset/Income Based Fees

The total Asset/Income Based Fees paid was ~~N~~5.66 billion as at 2015, while other charges amounting to ~~N~~650 million represented statutory charges such as WHT and other charges on investments. The average rate of fees charged was 1.01 percent, as opposed to the maximum allowable rate of 1.55 percent of Net Asset Value.

3.9.2 Portfolio Performance

The Return on Investment (ROI) on the AES Funds ranged between 3.53 percent and 16.24 percent depending on the Funds' level of exposure to ordinary shares and real estate properties. This was a slightly better performance over the performance recorded in 2014 where the ROI ranged between 1.69 percent and 15.74 percent.

3.9.3 Review of Asset Classes

(a) Domestic Quoted Equities

The value of investments in quoted ordinary shares was ~~N~~102.73 billion as at 31 December, 2015, accounting for 15 percent of the total AES Funds under management. This was lower than ~~N~~115.62 billion as at 31 December, 2014. The decrease in the value of ordinary shares was primarily due to market valuation. The banking stocks were amongst the worst hit as the NSE Banking Index shed 23.59 percent in 2015.

Equity investments in the Financial Sub-Sector accounted for highest equity placements at 33 percent of total equity investments. Other significant investments were in Consumer Goods (32 percent), Industrial Goods (15 percent) and Construction/Real Estate (7 percent).

(b) Federal Government of Nigeria (FGN) Securities

Investment in Federal Government Securities (Bonds and Treasury Bills) were valued at ~~N~~351.10 billion (FGN Bonds: ~~N~~274.53 billion; Treasury Bills: ~~N~~76.57 billion) as shown in Table 3.25. This constituted 52 percent of total portfolio value.

Table 3.25: AES Fund Investment in FGN Bond

S/N	Term to Maturity	Amount N 'Million	% of Govt. Securities
	Bonds		
1	Below 3years	40,172.54	15
2	3years – 5years	49,573.51	18
3	Above 5years – 10yrs	91,340.98	33
4	Above 10years	93,441.02	34
	Total Bonds	274,528.05	100

The distribution of investment in FGN Bonds as shown in Table 3.25, indicated that most had Term to Maturity (TTM) of above 5 years. However, there was a reasonable spread across the various tenors.

(c) State Government Securities

The value of investments in State Government Bonds was ~~N~~22.84 billion as at 31 December 2015, representing a 14 percent (~~N~~3.83 billion) decrease over the value of investments of ~~N~~26.67 billion in 2014. The decrease was due to matured bonds issued by Ebonyi and Kaduna States.

Table 3.26: AES Fund Investment in State Government Bonds

S/N	State Government	Credit Rating	Coupon Rate (%)	Tenor (Years)	Maturity Date	Market Value of Investment (N'M)	Weight (%)
1	Bayelsa	A	13.75	7	30/06/2017	1,676.04	8.01
2	Delta	A	14.00	7	30/09/2018	2,764.09	13.21
3	Imo	A	15.50	7	30/06/2016	2,210.92	10.57
4	Lagos State (Series 1)	A	14.50	7	22/11/2019	2,261.04	10.81
5	Lagos State (Series 2)	A	10.00	7	19/04/2017	4,968.09	23.75
6	Lagos State (Series 2)	A	13.75	7	27/11/2020	5,658.18	27.04
7	Niger State (Series 1)	A	14.00	7	26/09/2018	588.84	2.81
8	Osun State	A	14.75	7	12/12/2019	795.89	3.80
	Total					20,923.09	100.00

As noted in Table 3.22 above, investments in bonds issued by Lagos State Government accounted for about 61 percent of total investment in State Government Bonds. Other major investments were in bonds issued by Delta (13.21 percent), Imo (10.57 percent) and Bayelsa (8.01 percent).

(d) Corporate Debt Securities

AES Fund investments in Corporate Debt Securities was ₦26.80 billion, accounting for 4 percent of the total Fund Value. This represented an increase of ₦2.53 billion (10 percent) over the value of ₦24.27 billion as at 31 December, 2014. The increase was as a result of new investment during the year.

Two new corporate bonds issued in 2015 qualified for pension fund investments, namely Fidelity Bank Plc and Transcorp Hotels Plc. These bonds were issued at coupon rates of 16.48 percent and 15.50 percent respectively. The distribution of pension fund investments in corporate bonds as at 31 December, 2015 is given in Table 3.27 below.

Table 3.27: AES Fund Investments in Corporate Bonds

S/N	Name of Issuer	Maturity Date	Tenor (years)	Coupon (%)	Total 'Active' Investment (N Million)	Weight (%)
1	FCMB SPV	11/07/2021	7	14.25	2,917.17	10.89
2	FCMB (Series 2)	11/06/2020	5	15	585.88	2.18
3	Fidelity Bank Plc	13/05/2022	7	16.48	3,534.62	13.19
4	Fidson Healthcare	07/11/2019	5	15.5	189.56	0.71
5	FSDH SPV	10/08/2016	3	14.25	810.39	3.02
6	Stanbic IBTC	30/8/2024	10	13.25	818.91	3.06
7	Stanbic IBTC	30/08/2024	10	16.29	124.55	0.46
8	Transcorp Hotels Plc	26/10/2022	7	16	846.97	3.16
9	Transcorp Hotels Plc	12/04/2020	5	15.5	438.22	1.64
10	UBA Plc 16.5%	30/12/2021	7	16.45	4271.33	15.94
11	UBA Plc 14%	20/09/2018	7	14	7938.84	29.62
12	UBA 13%	30/09/2017	7	13	4,321.74	16.13
	Total				26,798.18	100

(e) Domestic Money Market Securities

Domestic money market investments were valued at ₦76.85 billion (11 percent of AES Fund value) as at 31 December, 2015. This represents a slight decrease of 1 percent when compared to the value of ₦77.98 billion as at 31 December, 2014. Money market investments were in 17 banks, which all met the minimum quality requirement for pension fund assets, with the highest investment in Skye Bank: ₦11.63 billion (15 percent of total money mark investments); Fidelity Bank:

~~₦~~9.77billion (13 percent), Access Bank: ~~₦~~8.13 billion (11 percent) and Sterling Bank: ~~₦~~7.50 billion (10 percent).

(f) Open/Closed End Funds

Investments in Open/Closed End Funds were valued at ~~₦~~3.81 billion (1 percent of the total AES Fund value), as at 2015, which was an increase of less than 1 percent when compared to the value of investments of ~~₦~~2.21 billion as at 2014. The highest investment was made in Stanbic IBTC Nigeria Equity Fund, which accounted for 35 percent of investments (~~₦~~996 million). Other major investments were in the ARM Aggressive Growth Fund (~~₦~~388 million) and ARM Discovery Fund (~~₦~~257 million).

(g) Real Estate Properties

Real Estate Properties were valued at ~~₦~~86.49 billion (13 percent of total AES Funds) as at 2015, representing a decrease of ~~₦~~740 million (0.84 percent) compared to the value of ~~₦~~87.23 billion as at 2014. The major investments were notably in NNPC: ~~₦~~58.98 billion; WAEC: ~~₦~~15.18 billion; and NSITF: ~~₦~~9.75 billion. These investments were legacy real estate assets transferred to the Funds by the Scheme Sponsors.

It should be noted that the real estate properties of the NNPC Pension Fund were yet to be transferred to licensed PFCs by the Scheme Sponsor. However, the Commission has been liaising with the management of the NNPC Pension Fund and the Scheme Sponsor, NNPC to resolve this issue.

(h) Cash & Other Assets

Un-invested cash was ~~₦~~1.19 billion, which represented matured investments awaiting re-investment as at 31 December 2015 as well as cash provisions to meet liquidity requirements of the funds.

3.10 Processing Retirement/Terminal Benefits

3.10.1 Retirement on Programmed Withdrawal

The total number of retirees on programmed withdrawal increased from 103,081 in 2014 to 126,775 as at 31 December 2015. This represented an increase of 22.99 percent over the 2014 figures. A breakdown of the total number of retirees shows that while the Federal Government of Nigeria (FGN) retirees accounted for 83,677

retirees (66.00 percent), the States accounted for 8,784 (6.93 percent) while the private sector accounted for 34,314 (27.07 percent) during the year.

Table 3.28: Payment of Retirement Benefits through Programmed Withdrawal

Sector	Number of Retirees				Average Monthly Pension (₦ Million)	Lumpsum (₦ Million)
	FGN	State	Private	Total		
Cumulative to 2013	62,236	3,209	14,179	79,624	2,447.96	202,300.94
2014	12,293	2,221	8,943	23,457	756.80	47,472.78
2015	9,148	3,354	11,192	23,694	978.72	66,981.62
Total	83,677	8,784	34,314	126,775	4,183.48	316,755.34

Breakdown of Table 3.28 shows that the sums of ~~₦~~47,472.78 million and ~~₦~~756.80 million were paid as total lump sum and average monthly pension respectively for the year 2014, while the sums of ~~₦~~66,981.62 million and ~~₦~~978.72 million were paid as total lump sum and monthly pension respectively as at the year 2015. The cumulative average monthly pension payment under the Programmed Withdrawal option from inception to 31 December, 2015 was ~~₦~~4.18 billion, while the cumulative lump sum paid from inception to date stood at ~~₦~~316.76 billion.

3.10.2 Retirement on Annuity

The number of retirees on Life Annuity was 26,332 representing 20.77 percent of the total retirees as at 31 December, 2015. The total number of retirees on Life Annuity increased from 14,062 in 2014 to 26,332 in the review period. This represented an increase of 87.26 percent over the 2014 figures. As shown in Table 3, while the Federal and State Government retirees were 17,324 (65.79 percent) and 2,447 (9.29 percent) respectively, the private sector retirees were 6,561 (24.92 percent) as at the end of the year.

Table 3.29: Payment of Retirement Benefits through Life Annuity

Sector	Number of Retirees				Average Monthly Annuity (₦ Million)	Lumpsum (₦ Million)	Premium (₦ Million)
	FGN	State	Private	Total			
Cumulative to 2013	5,982	754	763	7,499	367.50	16,327.88	36,834.67
2014	3,668	501	2,394	6,563	324.39	8,023.63	32,623.81
2015	7,674	1,192	3,404	12,270	666.56	13,536.44	60,144.47
TOTAL	17,324	2,447	6,561	26,332	1,358.45	37,887.95	129,602.95

Table 3.29 shows that the cumulative average monthly payments to retirees under Life Annuity from inception to date was ₦1.36 billion, after collecting a cumulative lump sum of ₦37.89 billion. The total premium transferred to Insurance Companies from inception to date was ₦129.6 billion. Further analysis demonstrated that although retirees under Programmed Withdrawal were significantly higher than those under Life Annuity, the increase in the number and growth rate of retirees under Life Annuity over the years showed some high level of awareness of the product and its increasing appeal to retirees.

3.10.3 En Bloc Payment to Retirees/Foreigners

Approval was granted during the year for en bloc payment of RSA balances amounting to ₦4.15 billion. These payments were from RSAs balances that were insufficient to fund 50 percent of the last emoluments of 15,252 retirees either by Programmed Withdrawal or Life Annuity.

Table 3.30: En Bloc Payment of Retirement Benefits

Sector	Number of Retirees					Amount (₦ Million)
	FGN	State	Private	Total	% of Total	
Cumulative to 2013	4,993	90	31,435	36,518	57.72	7,914.90
2014	367	331	10,798	11,496	18.14	2,850.13
2015	348	625	14,279	15,252	24.11	4,148.16
Total	5,708	1,046	56,512	63,266	100.00	14,913.19

3.10.4 Payment of Death Benefits

During the year under review, approvals were granted for payment of death benefits to 6,483 Next of Kin of deceased employees of the FGN, State and private organizations amounting to ₦21.54 billion. The cumulative payment stood at ₦94.28 billion to Next-of-Kin of 32,404 deceased employees from inception to 31 December, 2015.

Table 3.31: Payment of Death Benefits

Sector	Number of Retirees				Amount (₦ Million)
	FGN	State	Private	Total	
Cumulative to 2013	14,727	171	3,133	18,031	49,292.10
2014	6,159	402	1,329	7,890	23,445.90
2015	4,097	1,040	1,346	6,483	21,540.70
TOTAL	24,983	1,613	5,808	32,404	94,278.70

3.10.5 Payment of Retirement Benefits on Medical Grounds

This relates to the benefits of those who retired from employment on medical grounds as certified by Qualified Physicians or Medical Board. There were no new cases of retirement on medical grounds in 2015. However, since inception, a total of 283 persons who retired on medical grounds were paid ₦119.13 million as lump sum.

Table 3.32: Payment of Retirement Benefits on Medical Ground

Sector	No of Retirees				Lumpsum (₦ million)	Monthly (₦ million)
	FGN	State	Private	Total		
Cumulative to 2013	38	2	202	242	75.98	17.74
2014	10	0	31	41	43.15	0.45
2015	0	0	0	0	00.00	0.00
TOTAL	48	2	233	283	119.13	18.19

3.10.6 Withdrawal Due to Temporary Loss of Employment

RSA holders who were disengaged or retired before the age of 50 years and had stayed for 4 months without securing another employment are eligible to access their RSAs for withdrawal of 25 percent of the balances in the RSA. During the year under review, approvals were granted for payment of 25 percent of RSA balances in respect of 52,172 RSA holders amounting to ₦14.61 billion. This was an increase of 116 percent in the number of disengaged employees over the figure recorded in 2014. A breakdown showed that employees of the Federal and State Governments accounted for 1,085 and 999 beneficiaries respectively while the Private Sector had 50,088 beneficiaries. From inception to date, a total of 148,853 RSA holders in this category had collected a cumulative amount of ₦46.23 billion.

Table 3.33: Payment of 25 percent to RSA Holders

Sector	No. of RSA Holders				Amount (N Billion)
	FGN	State	Private	Total	
Cumulative to 2013	2,691	94	69,778	72,536	23,552.44
2014	994	684	22,467	24,145	8,069.35
2015	1,085	999	50,088	52,172	14,611.30
Total	4,770	1,777	142,333	148,853	46,233.09

PART FOUR: PENSION OPERATORS STATISTICS

4.1 RSA Registration by PFA

The PFAs registered a total number of 6,934,699 RSA holders as at 31 December, 2015 (see Table 4.1). An analysis of membership by PFAs shows that IBTC PFA had the highest proportion of RSA registrations with 24.21 percent of the total registration. Trustfund Pensions Plc and Sigma Pensions Limited followed with 8.92 percent and 8.92 percent respectively. Apt and IGI Pension Fund Managers Limited registered 0.40 percent and 0.06 percent of the RSA holders respectively.

Table 4.1: RSA Registrations by PFA as at 31 December 2015

S/N	Name of PFA	RSA Registration	Weigh (%)
1	IBTC PFA	1,678,932	24.21
2	Trustfund PFA	618,710	8.92
3	Sigma PFA	618,400	8.92
4	Arm PFA	563,735	8.13
5	Premium Pension PFA	558,199	8.05
6	Pensure PFA	451,830	6.52
7	Pension Alliance PFA	414,211	5.97
8	Legacy PFA	324,651	4.68
9	Aiico PFA	247,810	3.57
10	Crusader PFA	244,061	3.52
11	NPF Pensions	243,005	3.50
12	First Guarantee PFA	238,503	3.44
13	NLPC PFA	209,239	3.02
14	Oak	138,625	2.00
15	Fidelity	109,965	1.59
16	Anchor	83,545	1.20
17	Penman	56,494	0.81
18	Fug	52,058	0.75
19	Gt- Am Pension	51,047	0.74
20	Apt	27,393	0.40
21	IGI Pension	4,286	0.06
	Total	6,934,699	100.00

A look at additional classification of RSA registrations by the PFAs ranking indicates that the top 3 PFAs accounted for 42.05 percent of total RSA registrations as demonstrated in Table 4.2. The top 5 and top 10 PFAs accounted for 58.23 and 82.49 percent proportion of the total RSA registrations respectively.

Table 4.2: Ranking of PFAs based on RSA Registrations

Rank	Total	Percentage of Total
Top 3	2,916,042	42.05
Top 5	4,037,976	58.23
Top 10	5,720,539	82.49
Bottom 3	82,726	1.19
Bottom 5	191,278	2.76
Bottom 10	971,155	14.00

In addition, Table 4.2 further shows that the bottom 3 PFAs accounted for 1.19 percent of total RSA registration while the bottom 5 and 10 PFAs accounted for 2.76 and 14.00 percent respectively during the review period.

The RSA Active and Retiree Funds under the Management of Stanbic IBTC Pension Managers represent 36.88 percent of the total assets as at the end of the reporting period as presented in Table 4.3 below. ARM Pension Managers and Premium Pension limited that made up the remaining top three ranked PFAs accounted for 8.86 and 8.58 respectively.

Table 4.3: Pension Fund Assets under the Management of PFAs

PFA	RSA Active	RSA Retiree	Total (₦ Million)	Weight (%)
	(₦ Million)			
Stanbic IBTC	1,256,748.78	149,528.21	1,406,276.99	36.88
ARM	303,190.60	34,580.57	337,771.17	8.86
Premium	283,206.02	44,056.16	327,262.18	8.58
Trustfund	219,072.83	31,758.57	250,831.40	6.58
Sigma	183,808.48	42,140.14	225,948.62	5.93
NPF Pensions	207,284.19	0	207,284.19	5.44
PAL	164,853.83	15,797.14	180,650.97	4.74
Leadway	161,862.84	18,250.40	180,113.24	4.72
NLPC	108,219.92	18,942.21	127,162.13	3.33
Crusader	105,027.32	17,917.36	122,944.68	3.22
Legacy	102,628.17	13,659.33	116,287.50	3.05
First Guarantee	89,750.53	18,325.94	108,076.47	2.83
AIICO	50,595.69	3,282.45	53,878.14	1.41
Oak	42,339.69	4,056.48	46,396.17	1.22
FUG	29,918.21	3,756.21	33,674.42	0.88
Fidelity	27,342.26	1,062.03	28,404.29	0.74
APT	24,536.19	1,120.29	25,656.48	0.67
IEI-Anchor	17,880.99	1,374.60	19,255.59	0.5
AXA Mansard	9,154.02	443.1	9,597.12	0.25
Investment One	3,791.54	1,024.70	4,816.24	0.13
IGI Pensions	772.31	69.72	842.03	0.02
TOTAL	3,391,984.43	421,145.59	3,813,130.01	100

Further analysis of the PFAs ranking based on the pension assets under their management showed that the top 5 PFAs and top 10 PFAs had 66.82 percent and 88.28 percent of the total assets under their management as shown in Table 4.4.

Table 4.3: Ranking of PFAs Based on Pension Assets under Management

Rank of PFA	RSA 'Active'	RSA 'Retiree'
Top 3	56.26	55.18
Top 5	70.59	73.20
Top 10	91.03	94.40
Bottom 3	0.40	0.09
Bottom 5	1.59	0.43
Bottom 10	8.97	5.60

4.2 Pension Fund Contributions by PFA

A summary of the Pension Fund contributions received by PFAs suggest that one PFA had received 32.23 percent of total pension fund contributions from inception to the end of 2015. The second and third highest contributions received accounted for 9.95 and 8.68 percent of the total pension contributions respectively as shown in Table 4.5.

Table 4.4: Pension Fund Contribution by PFA

S/N	PFA	₦ Million	% of Total
1	IBTC Stanbic	1,076,285.20	32.24
2	Premium Pension	332,309.11	9.95
3	ARM	289,693.50	8.68
4	Trustfund	242,496.61	7.26
5	NPF Pensions	197,092.20	5.90
6	Sigma	186,736.82	5.59
7	Pension Alliance	174,482.05	5.23
8	Pensure	165,143.89	4.95
9	Legacy	145,390.39	4.35
10	First Guarantee	114,294.22	3.42
11	Crusader	107,394.92	3.22
12	NLPC	98,971.60	2.96
13	AIICO	55,105.52	1.65
14	Oak	48,273.44	1.45
15	FUG	29,278.39	0.88
16	Fidelity	23,319.07	0.70
17	Apt	18,943.51	0.57
18	Anchor	18,382.17	0.55
19	Penman	9,592.31	0.29
20	Gt-Am Pension	5,030.28	0.15
21	IGI Pension	680.28	0.02
	Total	3,338,895.46	100.00

A categorization of PFAs by market share of pension contributions shows that the top 3 and the bottom 3 PFAs had 50.86 percent and 0.46 percent share of total pension contributions respectively as shown in Table 4.6.

Table 4.5: Pension Fund Contribution by Rank of PFA

Rank of PFA	Total (N' Billion)	% of Total
Top 3	1,698,287.81	50.86
Top 5	1,940,790.32	67.58
Top 10	2,923,923.99	87.57
Bottom 3	33,566.10	0.46
Bottom 5	52,628.54	1.58
Bottom 10	307,576.56	9.21

PART FIVE: OUTLOOK OF THE PENSION INDUSTRY

5.1 Regulatory and Supervisory Outlook of the Pension Industry

The Pension Reform Act 2014 expanded coverage of the CPS to the Organized Private Sector with three or more employees and the informal sector, which accounts for a greater percentage of the Nigerian labour force, as well as to States and Local Governments. Based on this, the Commission in conjunction with Pension Industry operators developed an industry-wide strategy to ensure an inclusive and expanded coverage of the CPS in Nigeria whilst also ensuring excellence in service delivery within the Industry. The overarching objective is to significantly increase RSA registrations to over 40% of the entire working population by 2024.

The Micro Pension Scheme would be developed and incentives defined that is targeted at motivating employees in the informal sector of the Nigerian economy and the self-employed to participate to save for their old age. In this regard, engagement meetings would be intensified between the Commission and relevant key stakeholders including Trade Unions as well as other relevant Associations, to enlighten them on how its members can participate in the Scheme. The Commission would ensure that the operational Guidelines are finalized and the Scheme is rolled out in 2016.

In addition, the PRA 2014 has provided that an RSA holder can use a portion of his/her RSA balance to make equity contribution for residential mortgage. In this regard, the Commission would developed the operational Guidelines on how this provision would be implemented. It is expected that the Guideline would be finalized in 2016, which would give RSA holders the opportunity to use their RSA balances to own homes.

Regulations for the Multifund Structure would be finalized subsequently implemented in 2016. It is envisaged that the Regulations would refocus the investment of Pension Fund assets towards facilitating the diversification of the Nigerian economy through provision of financial intermediation for the development of infrastructure and housing. This is in line with the industry strategy initiative to ensure increased investment in identifiable infrastructure and other alternative assets to 40% by the end of 2019. These initiatives would be pursued vigorously in 2016 to actualize the anticipated positive impact of pension fund investments on the Nigerian economy.

The development and implementation of the Pension Administration System (PAS) is expected to commence in 2016. When completed, the PAS would provide the platform for maintaining a robust database of pension matters in the country. As

an important prerequisite to the PAS, the Commission would conclude preparations for biometric data recapturing to ensure that records of contributors and retirees are unique. The Commission would continue to intensify its efforts in developing a database of employers and working population to enable full monitoring of compliance by all eligible employers.

While the above changes are being anticipated, PenCom will continue to collaborate with other regulatory agencies to further deepen the pension market and optimize the use of the pension fund assets for economic development. Collaborations with regulators would be intensified such as the Securities and Exchange Commission (SEC) to encourage the development of the corporate bond market; Debt Management Office (DMO) to enhance the secondary market for government bonds and in the development of indexed bonds; and the Central Bank of Nigeria in deepening the non-interest finance in order to successfully establish the multi-fund structure for pension fund investments.

PART SIX: ADDRESSES AND PROFILES OF PENSION OPERATORS

6.1 Contact Details of Pension Fund Operators

Table 6. 1: Pension Fund Administrators

<i>S/N</i>	<i>Name of Operator</i>	<i>Managing Director</i>	<i>Address</i>	<i>Phone No.</i>	<i>E-mail and Web Addresses</i>
1	Aiico Pension Managers Limited	Eguarekhide J. Longe	Plot 2, Oba Akran Avenue, Ikeja Lagos	08157306868	elonge@aiicopension.com www.aiicopension.com
2	ARM Pension Managers (PFA) Limited	Wale Odutola	5, Mekunwen Road Off Onyinkan Abayomi Drive Ikoyi, Lagos	08033048473	wale.odutola@armpension.com www.armpension.com
3	Apt Pension Funds Managers Limited	Dr. Al-Mujtaba Abubakar	Federal Mortgage Bank House, Plot 266, Cadastral AO, Central Business District, Garki, Abuja	08033146939	gummi@aptpension.com www.aptpensions.com
4	AXA Mansard Pensions Limited	Oladapo O. Akinsanya	21b Olosa Street, Victoria Island Lagos	08034881902	dapo.akisanya@axamansardpensions.com Website: www.axamansardpensions.com
5	Crusader Sterling Pensions Ltd	Adeniyi Falade	Plot 14, Keffi Street Off Awolowo Way Ikoyi, Lagos	08058004953	adeniyi.falade@crusaderpensions.com www.crusaderpensions.com
6	Fidelity Pension Managers Limited	Amaka Andy-Azke (Ag.MD/CEO)	2 Adeyemo Alakija Street, Victoria Island, Lagos	08033257523,	amaka.azike@fidelitypensionmanagers.com www.fidelitypensionmanagers.com
7	First Guarantee Pensions Limited	Chima Akalezi (Ag.MD/CEO) Interim Management Committee	Irorun Plaza 65, Kudirat Abiola Way Oregun, Ikeja, Lagos.	08033279973	cakalezi@firstguaranteepension.com www.firstguaranteepension.com

Table 6.1: Pension Fund Administrators (Cont'd)

S/No	Name of Operator	Managing Director	Address	Phone No.	E-mail and Web Addresses
8	Future Unity Glanvills Pensions Limited	Usman Suleiman	26 Commercial Avenue Yaba, Lagos	08033435906,	usuleiman@fugpensions.com www.fugpensions.com
9	IEI-Anchor Pension Managers Limited	Glory Etaduovie	No. 22 Otukpo Street Off Gimbiya Street Area 11, Garki, Abuja	08034541500	glory.etaduovie@ieianchorpensions.com www.ieianchorpensions.com
10	IGI Pension Fund Managers Limited	Stannis Uchenna Ezeobi	8, Adeola Odeku Street, Victoria Island, Lagos	08084995466	sezeobi@igipfm.com www.igipfm.com
11	Investment One Pensions Limited	Azubuike Okonkwo	Plot 871 Tafawa Balewa Way Opposite NICON Luxury Hotel Area 11, Garki Abuja	08023204661	azubuike.okonkwo@gtbampensions.com www.gtbampension.com
12	Leadway Pensure PFA Limited	Aderonke Adedeji	121/123 Funsho Williams Street, Surulere Lagos	08066438653	r-adedeji@leadway-pensure.com www.leadway-pensure.com
13	Legacy Pension Managers Limited (PFA)	Misbahu Umar Yola	No. 39, Adetokunbo Ademola Crescent, Wuse II, Abuja	08022235807	misbahuyola@legacypension.com www.legacypension.com
14	NLPC Pension Fund Administrators Limited	Wale O. Kolawole	No. 312A, Ikorodu Road, Anthony, Lagos	08034027008	wale.kolawale@nlpcpfa.com www.nlpcpfa.com
15	NPF Pensions Limited	Dr. Hamza Sule Wuro Bokki	Behing Force Headquarters Louis Edt House Shehu Shagari Way Area 11, garki, Abuja	08033139435	hamza.s.w.bokki@npfpensions.com www.npfpensions.com

Table 6.1: Pension Fund Administrators (Cont'd)

S/No	Name of Operator	Managing Director	Address	Phone No.	E-mail and Web Addresses
16	Oak Pensions Limited	Samuel Inyang	266 Muritala Mohammed Way Yaba, Lagos	08033094625	sami@oakpensions.com www.oakpensions.com
17	Pensions Alliance Limited	Emenike D. Uduanu	9th Floor UBA Building 57 Marina, Lagos	08034039191	duduanu@palpensions.com www.palpension.com
18	Premium Pension Limited	Wilson Ndidi Ideva	No. 4, Agwu Close Off Faskari Crescent Area 3, Garki Abuja	08073399874	wideva@premiumpension.com www.premiumpension.com
19	Sigma Pensions Limited	Umaru H. Modibbo	No. 29 Durban Street, Off Adetokunbo Ademola Crescent, Wuse II, Abuja	08033164996	modibbouh@sigmapensions.com www.sigmapensions.com
20	Stanbic IBTC Pension Managers Limited	Dr. Ademola Sogunle	Plot 1678, Olukunle Bakare Close, Off Sanusi Fafuwa Street Victoria Island, Lagos	08034020097	demola.sogunle@stanbicibtc.com www.stanbicibtcpension.com
20	Trustfund Pensions Plc	Helen Da-Souza	Plot 820/821, Labour House, Central Business District, Abuja	08052090315	helen@trustfundpensions.com www.trustfundpensions.com

Table 6. 2 Closed Pension Fund Administrators

S/No	Name of Operator	Managing Director	Address	Phone No.	E-mail and Web Addresses
1.	Chevron Nigeria Pension Plan Limited	Obafunke Alade-Adeyefa	Zasarii Building (behind Union Bank) 13, Cornelius Odinor Street Off Hameed Kasumu Street Chevy Estate (Off Chevron Drive) Lekki, Lagos	08035250363	aladeos@chevron.com www.chevron.com/nigeria
2.	Nestle Nigeria Trust (CPFA) Limited	Adewale Fakoya	22/24 Industrial Avenue, Ilupeju, Lagos	08034020175	adewale.fakoya@ng.nestle.com www.ng.nestle.com
3.	Nigerian Agip CPFA Limited	Ighojovbe Oghenekaro	No 1 Elsie Femi Pearse Street Off Adelo Odeku Street Victoria Island, Lagos	07034161327	Ighojovbe.oghenekaro@naoc.agip.it www.naoc.agip.it
4.	Progress Trust CPFA Limited	H.T. Lawani	No 1, Abebe Village Road, Iganmu, Lagos	08053184274	titi.lawani@heineken.nl www.progresstrustcpfa.com
5.	Shell Nig. Closed Pension Fund Administrator Ltd	Akeeb Akinola	1st Floor C-Wing, Bank of Industry Building, 23 Marina, Lagos	08070365632	a.akinola@shell.com www.shellnigeria.com
6.	Total (E & P) Nig. CPFA Ltd	Tai Oshisanya	30 Kofo Abayomi Street Victoria Island, Lagos	08037543096	tai.oshisanya@totalcpfa-ng.com www.total.com
7.	UNICO CPFA Limited	Muhibat Abbas	Niger House, 1-5 Odunlami Street, Lagos	08033340592	mabbas@uacnplc.com www.unicocpfa.com

Table 6. 3 Pension Fund Custodians

S/No	Name of Operator	Managing Director	Address	Phone No.	E-mail and Web Addresses
1.	Diamond Pension Fund Custodian Limited	Chinedu Osundu Ekeocha	1A Taimiyu Savage Street, Victoria Island, Lagos	07034111256	cekeocha@diamondpfc.com www.diamondpfc.com
2.	First Pension Custodian Nigeria Limited	Kunle Lawal Jinadu	124 Awolowo Road, Ikoyi, Lagos	08034022126	kunle.jinadu@firstpensioncustodian.com www.firstpensioncustodian.com
3.	UBA Pensions Custodian Limited	Bayo Yusuf	Plot 22b, Idowu Taylor Street, Victoria Island, Lagos	08033123174	bayo.yusuf@ubagroup.com www.ubagroup.com
4.	Zenith Pensions Custodian Limited	Nkem Oni-Egboma	No 22 Akin Adesola Street Victoria Island Lagos	08023164118	nkem.oni-egboma@zenithcustodian.com www.zenithcustodian.com

6.2 Profile of Pension Fund Operators

Table 6. 4: Profile of Pension Fund Administrators

S/N	PFA Name	Board of Directors		Paid-up Share Capital (N' million)	Number of Branches and Service Centre	External Auditors
1.	Allico Pension Managers Limited	Ebi Ernest Chukwudi Mr. Eguarekhide J. Longe Chief (Dr.) O. Fajemirokun B. J. Oluwadiya Ademola Abimbola Adebisi Akinjide Orimolade Adewale Adegbite Edwin Igbiti Vacant	Chairman Managing Director/CEO Director Director Director Director Director Director Independent Director	1,575,000,000	36	Ernst & Young
2.	APT Pension Funds Managers Limited	HRH Chief Ombo Odibo Tom Big Harry JP Al-Mujtaba Abubakar Gumi Kasimu Garba Kurfi Ahmed Rufai Alti Tanimu Yakubu Mohammed-Ja Festus Oladejo Ajani Garba Ahmed	Chairman Managing Director/CEO Director Director Director Director Director	1,378,400,000	4	Muhtari Dangana & Co. (Chartered Accountants)
3.	ARM Pension Managers Limited	Christopher Nonyelum Okeke Vacant Olayiwola Afolabi Ms. Jumoke Ogundare Aliyu Asgar Yar'Adua Akojobi Ndunaka Daniel Souleyman Ba Kamar Bakrin Emmanuel Ikazoboh	Chairman Managing Director/CEO Executive Director Director Director Director Director Director Independent Director	1,190,476,189	52	KPMG Professional Services

Table 6.4: Profile of Pension Fund Administrators (Cont'd)

S/N	PFA Name	Board of Directors		Paid-up Share Capital (N' million)	Number of Branches and Service Centre	External Auditors
4	AXA Mansard Pensions Limited	Umaru Kwairanga Oladapo O. Akinsanya Dr. Haruna Sanusi Tosin Runsewe Sola Adeeyo Frederic Flejou Oladimeji Tunde-Anjous	Chairman Managing Director/CEO Director Director Director Director Director	1,723,060,000	11	PKF Professional Services (Panell Kerr Forster)
5.	Crusader Sterling Pension Limited	Oluwole Bankole Oshin Adeniyi Falade Lanre Adesanya Tofarati Augusto Razack Adeyemi Adeola Richard Asabia Larry O. Ademeso Femi Oyetunji Kunle Omilani Ms. Bennedikter C. Molokwu Olusola Ojelade Segun Oluyori	Chairman Managing Director/CEO Director Director Director Director Director Director Director Independent Director Alternate Director to Tofarati Augusto Alternate Director to Razak A. Adeola	1,341,205,947	41	Pannel Kerr Forster
8.	Fidelity Pension Managers Limited	Chief Christopher Eze Amaka Andy Azike Mike Osime Chris Okenwa Professor Ike S. Ndolo	Chairman Managing Director/CEO Director Director Independent Director	1,576,583,829	26	Company and RSA: Akintola Williams Deloitte & Touche Retiree: D.C.C Alaibe & Co

Table 6.4: Profile of Pension Fund Administrators (Cont'd)

S/N	PFA Name	Board of Directors	Paid-up Share Capital (N' million)	S/N	Number of Branches and Service Centre	External Auditors
9.	IEI-Anchor Pension Managers Limited	Prof (Sen) Jonathan Silas Zwingina Glory etaduovie Rufai S. Hanga Martins Wayer Sen. Usman K. Umar Adewole Adeosun	Chairman Managing Director/CEO Director Director Director Independent Director	2,222,000,000	20	Pannel Kerr Forster
10.	IGI Pension Fund Managers Limited	Apostle (Dr.) Hayford Alile, OFR Stanislaus Uchenna Ezeobi Doyin Adebambo Remi Olowude, OON Gen. (Dr.) Yakubu Gowon(Rtd), GCFR Rotimi Fashola Chief Eugene Okwor Yinka Obalade	Chairman Managing Director/CEO Executive Director Director Director Director Independent Director Director	1,000,000,000	5	Akinola Akintunde & Co
11.	Investment One Pension Managers Limited	Alex Okoh Azubuike Okonkwo Mr. Nicholas Nyamali Mr. Bayo Omojola Mrs. Taiwo A. Mudasiru Abimbola Afolabi -Ajaji Mrs. Adegoke Chukwuma Mrs. Gbemi Victoria Adelekan	Chairman MD/CEO Director Director Director Director Director Director	1,301,447,368	1	KL & Co. (Nigeria) Chartered Accountants

Table 6.4: Profile of Pension Fund Administrators (Cont'd)

S/N	PFA Name	Board of Directors		Paid-up Share Capital (N' million)	Number of Branches and Service Centre	External Auditors
12.	Leadway Pensure PFA Limited	Mr Oye Hassan-Odukale Mrs. Aderonke Adedeji Olusakin Adebawale Labeodan Olanrewaju Taofeek Idris Dr. Balla Swamy Kofo Majekodunmi Tunde Hassan-Odukale Ike Osakwe Ibrahim Waziri	Chairman Managing Director/CEO Executive Director Executive Director Director Director Director Director Director	1,695,340,087	35	Akintola Williams Deloitte & Touche
13.	Legacy Pension Managers Limited PFA	Lamis Dikko Misbahu Umar Yola Umar Sanda Mairami Christopher Babatunde Bajowa Ahmed Lawan Kuru Segun Fowora Mahdi Mohammed Salihu Shuaibu Makarfi Peter Obaseki Nurudeen Rafindadi Suzanne O. Iroche	Chairman Managing Director/CEO Executive Director Executive Director Director Director Director Director Director Director Independent Director	800,000,000	29	KPMG Professional Services

Table 6.4: Profile of Pension Fund Administrators (Cont'd)

S/N	PFA Name	Board of Directors		Paid-up Share Capital (N' million)	Number of Branches and Service Centre	External Auditors
14.	NLPC Pension Fund Administrators Ltd.	J. O. Emmanuel A. O. Kolawole Mrs. C. O. Oyeleye Samuel Adewole Balogun E. O. Eleramo A. A. Adeyeye Chief F. R. A. Marinho Senator O. O. Omilani Ahmed Musa Muhammad Remilekun Odunlami	Chairman Managing Director/CEO Executive Director Executive Director Director Director Director Director Director Independent Director	1,460,216,440	5	Ajibade Durojaiye & Co (Chartered Accountants)
15.	Oak Pensions Limited	Dr. Awa Ibraheem Samuel Inyang Muhammed Baba Ganiyu Musa Anirejuoritse Ojuyah Adeyemi Abdullateef	Chairman Managing Director/CEO Director Director Director Independent Director	1,050,000,000		Ernst & Young
16.	Pensions Alliance Limited	Rilwan Bello Osagie Emenike.D. Udanu Aliyu Abdullahi Mohammed Godwin Onoro Daniel Agbor Mrs Hamda Ambah Junaid Dikko Alphonse O. Okpor Mrs. Olufunsho Olusanya Folashade Laoye	Chairman Managing Director/CEO Executive Director Executive Director Director Director Director Director Director Independent Director	1,100,000,000	37	Company : PriceWaterhouseCoopers (PWC) RSA & Retiree: KPMG Professional Services

Table 6.4: Profile of Pension Fund Administrators (Cont'd)

S/N	PFA Name	Board of Directors	Paid-up Share Capital (N' million)	Number of Branches and Service Centre	External Auditors	
17.	Premium Pension Limited	Aliyu A. Dikko Wilson Ideva Adamu Musa Mele Kayoed Akande Ahmed Almustapha Mohammed Inuwa Yahaya Ibrahim Alhassan Babayo Idris Saeed Engr. Victor Chukwudi Anohu Mr. Nelson Chidozie Nweke Paul Usoro (SAN)	Chairman Managing Director/CEO Executive Director Executive Director Director Director Director Director Director Director Independent Director	657,126,772	40	PriceWaterhouseCoopers (PWC)
18.	Sigma Pensions Ltd	Rasaki Oladejo Umaru H. Modibbo Mohammed A. Jalingo Dunami Stanley Balami	Chairman Managing Director/CEO Director Director	984,539,474	31	Muhtari Dangana & Co. (Chartered Accountants)
19.	Stanbic IBTC Pension Managers Limited	Mrs. Olusola A. David-Borha Eric Fajemisin Steve Elusope Oladele Sotubo Mr. Godwin U. S. Wiggle Mr. Dominic Bruyneels Oladipo Ajose-Adeogun Mr. Abubakar Balarabe Mahmoud Mrs. Yemisi Ayeni	Chairman Managing Director/CEO Executive Director Executive Director Director Director Independent Director Non-Executive Director Non-Executive Director	1,000,000,000	194	Company : KPMG Professional Services RSA & Retiree: Akintola Williams Deloitte & Touche

Table 6.4: Profile of Pension Fund Administrators (Cont'd)

<i>S/N</i>	<i>PFA Name</i>	<i>Board of Directors</i>	<i>Paid-up Share Capital (N' million)</i>	<i>Number of Branches and Service Centre</i>	<i>External Auditors</i>
20.	Trustfund Pensions Plc	Vacant Helen Da-Souza Musa Nasr Peter Esele Akinwumi Oladeji Mobolaji Oludamilola Balogun Ayyuba Wabba Dauda Kolapo Adedeji Osarenti Demuren Amaka Onwughalu June Chiemeka	Chairman Managing Director/CEO Executive Director Director Director Director Director Director Director Director Alternate Director to Mobolaji Oludamilola Balogun	1,000,000,000 17	Akintola Williams Deloitte & Touche

Table 6. 5: Profile of Closed Pension Fund Administrator

<i>S/N</i>	<i>CPFA Name</i>	<i>Name of Director</i>	<i>Appointment</i>	<i>Paid-up Share Capital (N' million)</i>	<i>External Auditors</i>
1.	Chevron Nigeria Pension Plan Limited	Robert C. Neff Obafunke Alade-Adeyefa Emmanuel O. Imafidon Ezekiel Olasupo Shadiya J. U. Uwakwe Samuel Samson Udokwe Eyitemi Ned Mojuetan Ihuoma Onyearuha Frank Esanubi Jerry L. Morgan	Chairman Managing Director/CEO Director Director Director Director Director Director Director Independent Director	150,000,000	PriceWaterhouseCoopers (PWC)
2.	Nestle Nigeria Trust (CPFA) Limited	Dharnesh Gordon Adewale Abiodun Fakoya Syed Saiful Islam Mr. Adesoye Akinsoyose Marie Owoniti S. O. Soles	Chairman General Manager/CEO Director Director Director Independent Director	2,500	KPMG Professional Services.
3.	Nigerian Agip CPFA Limited	Massimo Insulla Ighojovbe Oghenekaro Engr. Naaman F. Dienye Antonino Cacopardi Callista Azogu Bode Augusto	Chairman Managing Director/CEO Director Director Director Independent Director	1,262,500	Ernst & Young
4.	Progress Trust CPFA Limited	Mark Rutten Mrs. H. T. Lawani Anthony Anyansi Dick Okeke Ogbe Ogochukwu Agu Raphael Kunle Tukur	Chairman Managing Director/CEO Director Director Director Independent Director	150,000,000	PriceWaterhouseCoopers (PWC)

Table 6.5: Profile Closed Pension Fund Administrators (Cont'd)

S/N	CPFA Name	Name of Director	Appointment	Paid-up Share Capital (N' million)	External Auditors
5.	Shell Nig. Closed Pension Fund Administrator Ltd	Mutiu Sunmonu Mrs. Yemisi Ayeni Mrs Claire Ighodaro Beatrice Iyetule Spaine Jonathan Anolu Guy Janssens Tony Attah Mallam Balla Manu	Chairman Managing Director/CEO Director Director Director Director Director Independent Director	200,000	PriceWaterhouseCoopers (PWC)
6.	Total (E & P) Nigeria CPFA Limited	Paul Odekina Mrs. Tal Oshinaya Mrs.Chantal Bellaïrd Olaïere Babasola Mrs. Edith Ofili-Okonkwo Leo Klink John Emenike Aki Onuoha Benjamin Okorie-Agidi Emmanuel Ekut	Chairman Managing Director/CEO Director Director Director Director Director Director Director Director	5,000,000	KPMG Professional Services.
7.	Unico CPFA Limited	Joseph Ibrahim Dada Mrs. Muhibat O. Idowu Abbas Abdul Akhor Bello Adeniyi Taiwo Ayodele Abimbola Olashore Olayiwola A. Adetomiwa Olawole M. Anyinla	Chairman Managing Director/CEO Director Director Director Director Independent Director	150,000,000	Akintola Williams Deloitte & Touche

Table 6.6: Profile of Pension Fund Custodians

S/N	PFC Name	Name of Director	Appointment	Paid-up Share Capital (N' million)	External Auditors
1.	Diamond Pension Fund Custodian Limited	Oladele Akinyemi Chinedu Ekeocha Chizoma Okoli Joe Kyari Gadzama Adedoyin Salami	Chairman Managing Director/CEO Director Director Director	2,000,000,000	KPMG Professional Services.
2.	First Pension Custodian Nigeria Limited	Mallam Umar Yahaya Kunle Jinadu Urum Kalu Eke Ijeoma E. Jidenma Philip Bandele Olufunwa Adebayo O. Odeniyi	Chairman Managing Director/CEO Director Director Director Independent Director	2,000,000,000	Akintola Williams Deloitte & Touche
3.	UBA Pensions Custodian Limited	Victor Odozi Bayo Yusuf Bismarck Rewane Dr. (Mrs.) Vivien Elumelu Tukur Bello Ingawa Johnson Agoreyo Mr. Apollos Ikpobe Femi Olaloku Mr. Abbas Jega	Chairman Managing Director/CEO Director Director Director Director Director Director Independent Director	2,000,000,000	Akintola Williams Deloitte & Touche
4.	Zenith Pensions Custodian Limited	Peter Amangbo Nkem Oni-Egboma Adaora Umeoji Steve Omojafor Ebenezer Onyeagwu Prof. Grace Alele Williams	Chairman Managing Director/CEO Director Director Director Independent Director	2,000,000,000	KPMG Professional Services

