



THE Nigerian STOCK EXCHANGE

NIGERIA'S GROWTH PROSPECT *Navigating Challenges, Extracting Opportunities*

Presented by

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for

Association of Asset Custodians

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Nigeria – Quick Overview

Population (2013)	173.6m
GDP (2013)	\$510,00b
% Real GDP Growth (2013)	7.41%
Inflation (Dec '14)	8.0%
External Reserves (Dec '14)	\$36.96b
Industries	Agriculture, Real Estate, Manufacturing, Trade, ICT, Quarrying & Mining, Services
Resources	Oil & Gas, Coal, Forestry, Corp Production



Main Stock Market (Q4 '14)		NSE	
Equities Mkt Cap	N11.49t	\$61.72b	
Total Mkt Cap	N16.88t	\$90.68b	

Best Performing Sectors (Q2-Q3 '14)	Q2Q % growth	% of real GDP
Agriculture	38.5	26.6
Real Estate	6.5	7.6
Quarrying & Mining	5.4	10.6
Manufacturing	5.2	9.8
Trade	3.7	16.0

Nigeria today... The largest economy in Africa and the *26th largest* in the world, with GDP of *\$510 billion*.

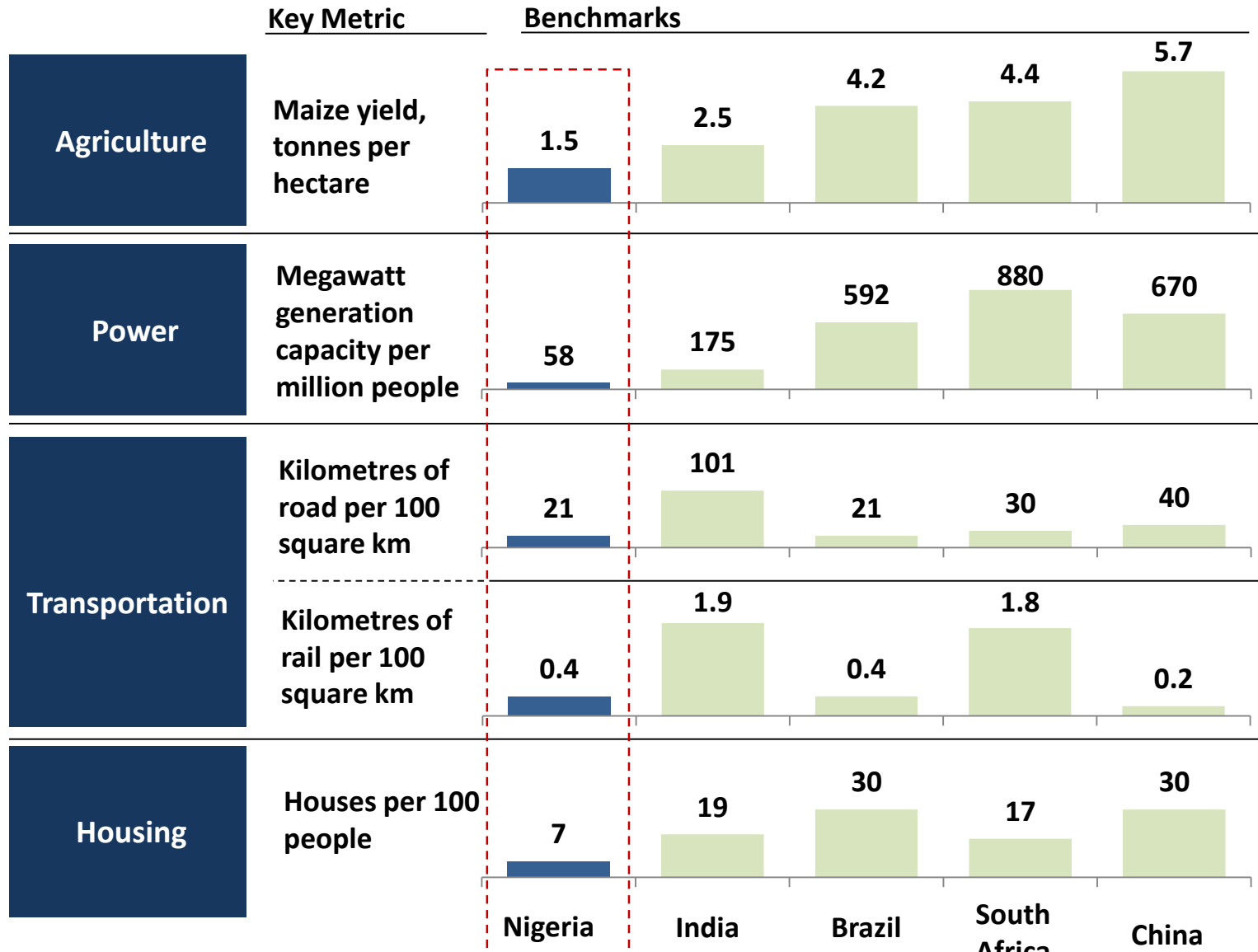
In stable GDP growth phase, Only *14%* of GDP is from *Resources*, with retail and wholesale trade as the biggest drivers of GDP growth.

- Potential to achieve *7.1%* annual GDP growth could make Nigeria a top-20 economy by 2030, with GDP of more than *\$1.6 trillion*.

Nigeria's Growth Challenges

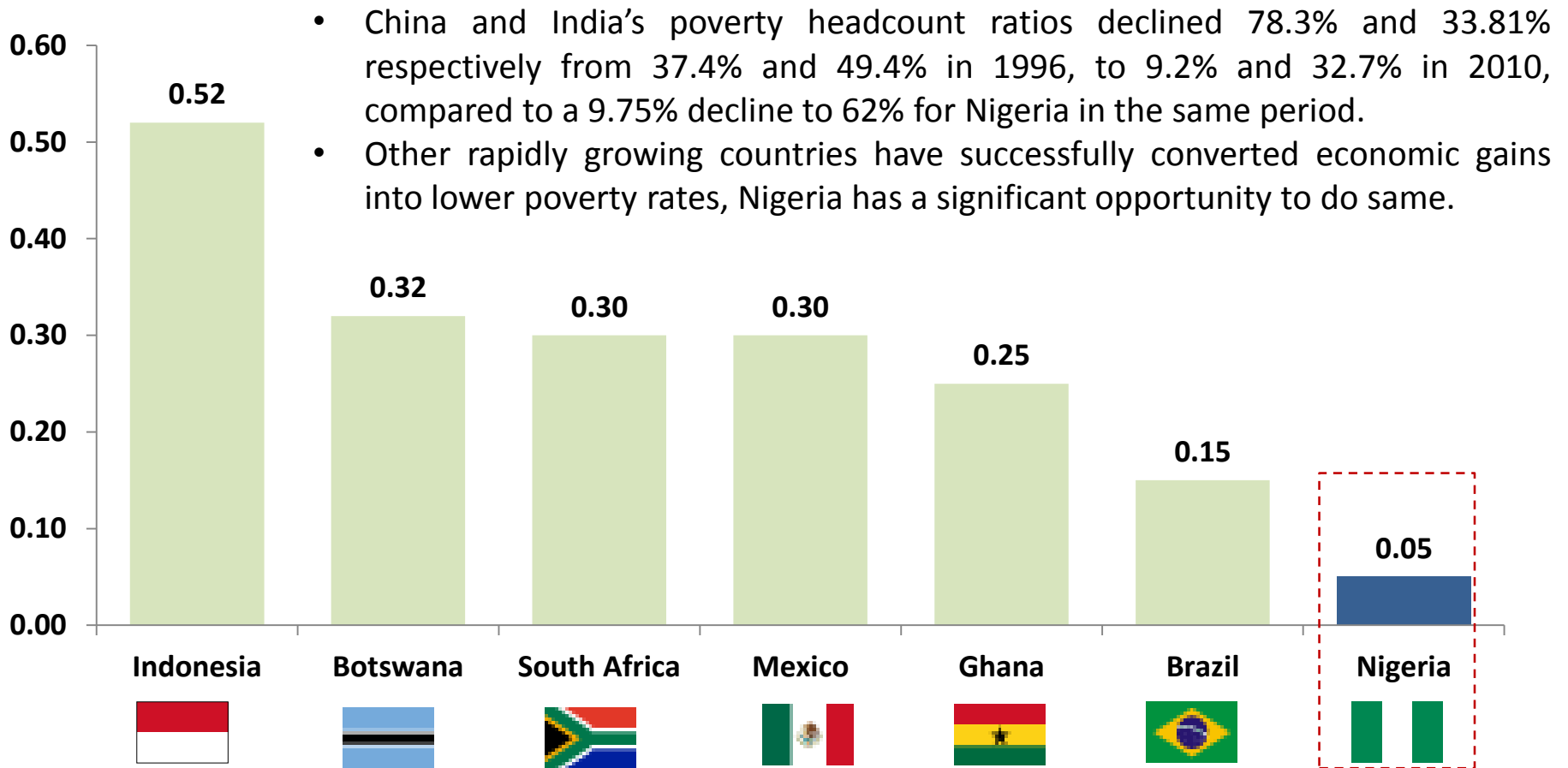
Nigeria has performance gaps relative to peer developing economies across major sectors. The country trails other countries on many performance metrics.

In agriculture, for instance, yields are far below levels in benchmark countries, and Nigeria has one-third of India's power generating capacity per million people and less than one-tenth of China's.



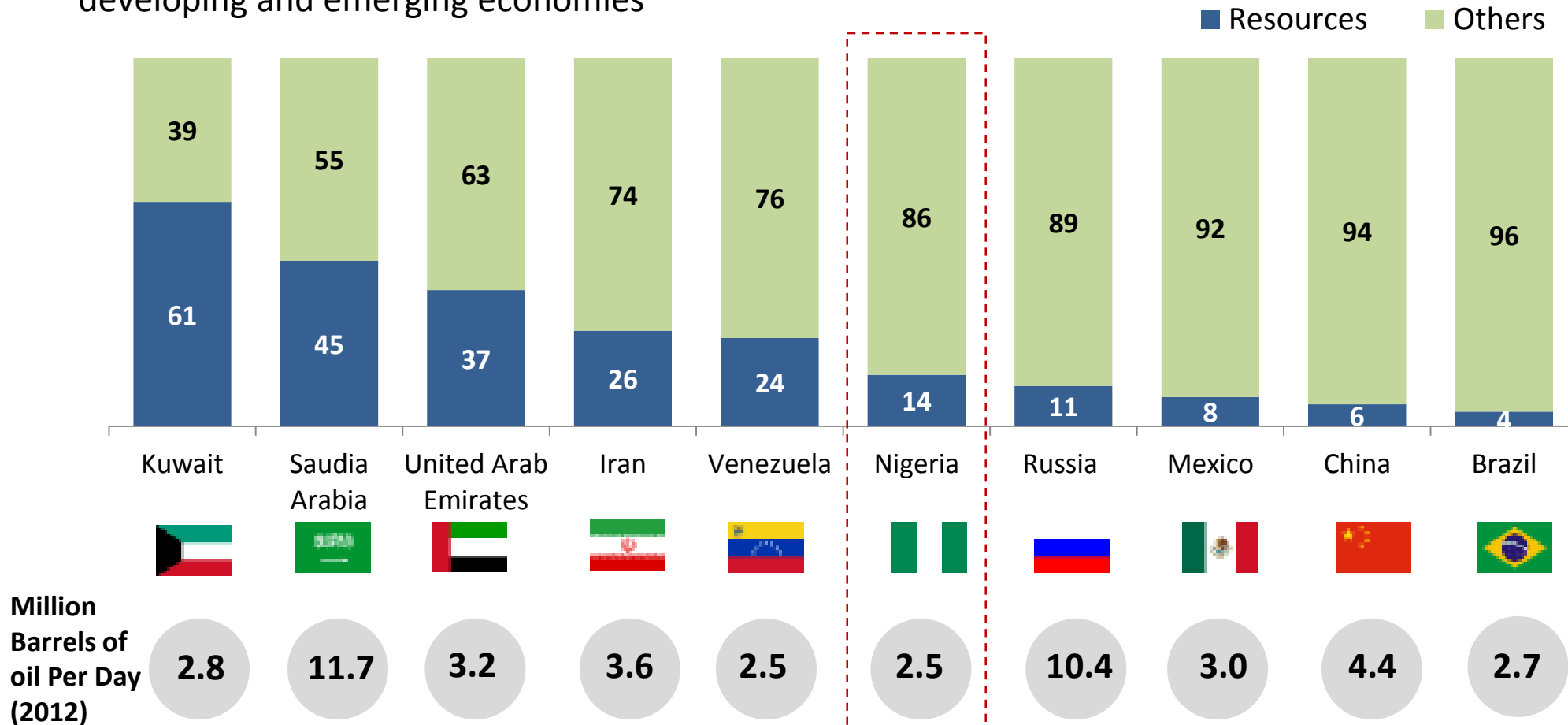


% Point Reduction in Poverty for every % of GDP growth, 1999–2010

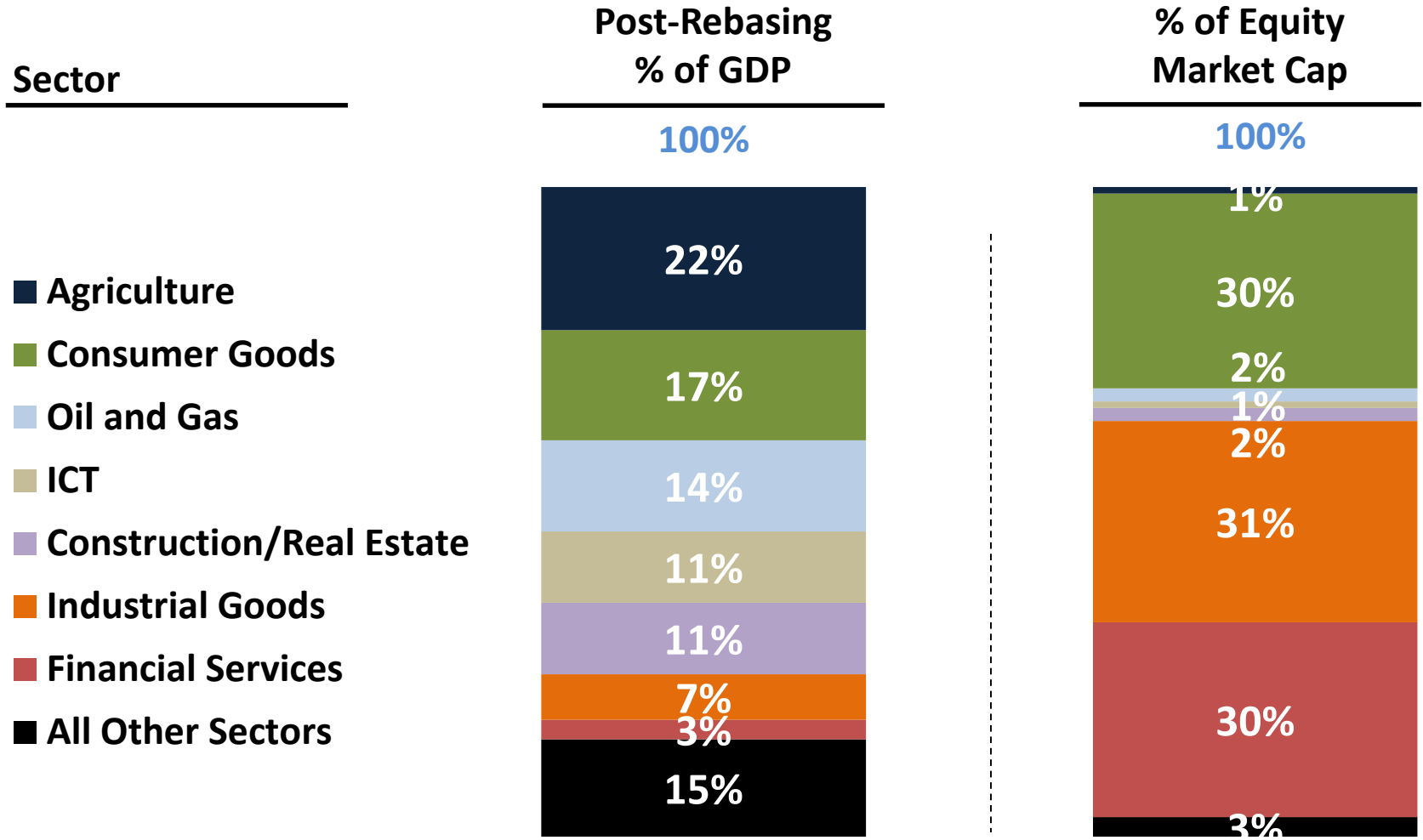


Leading Oil Producers – % of GDP for Resources vs. Others

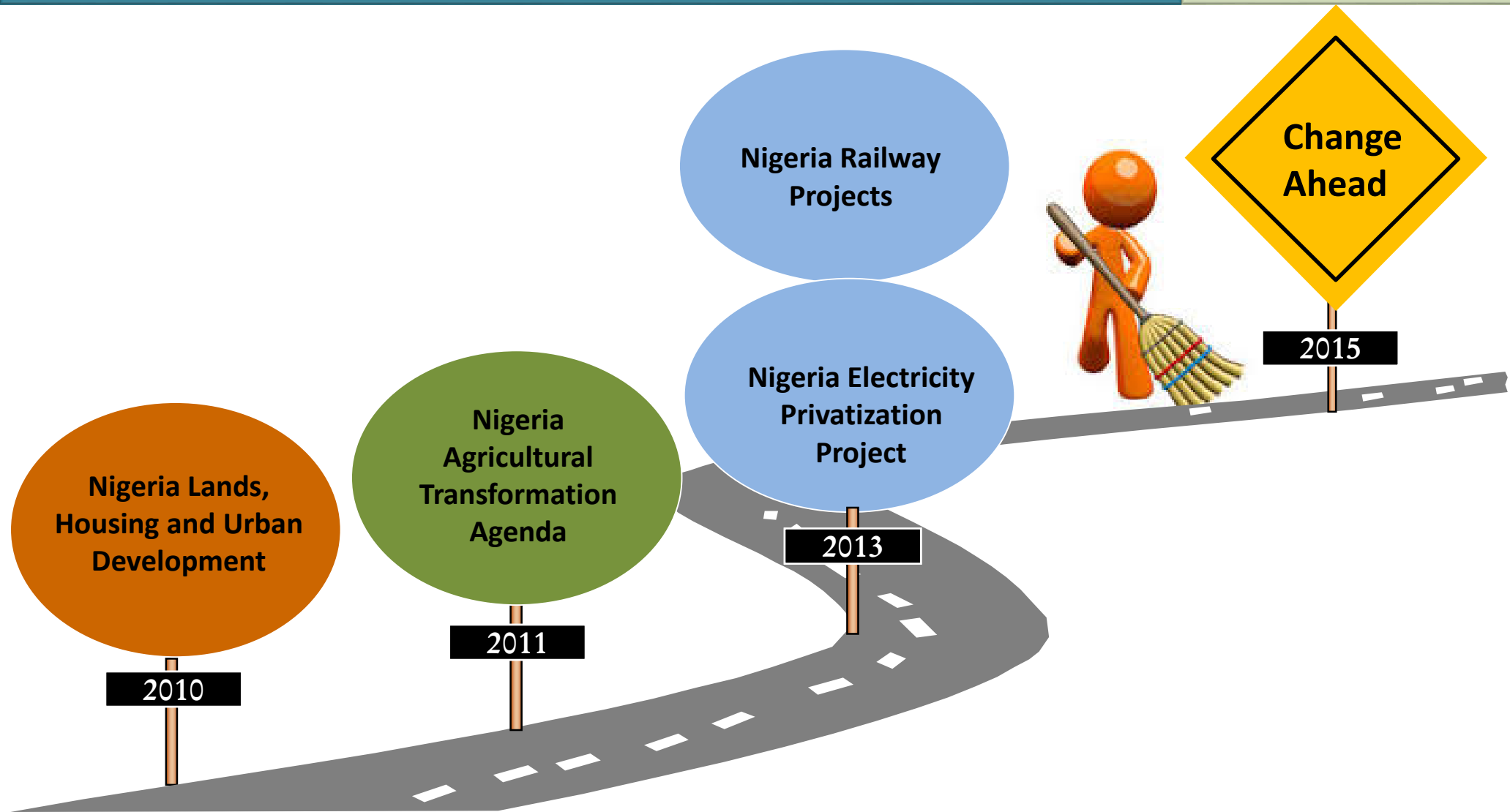
Nigeria's economy is relatively diversified when compared with other leading oil producers in developing and emerging economies



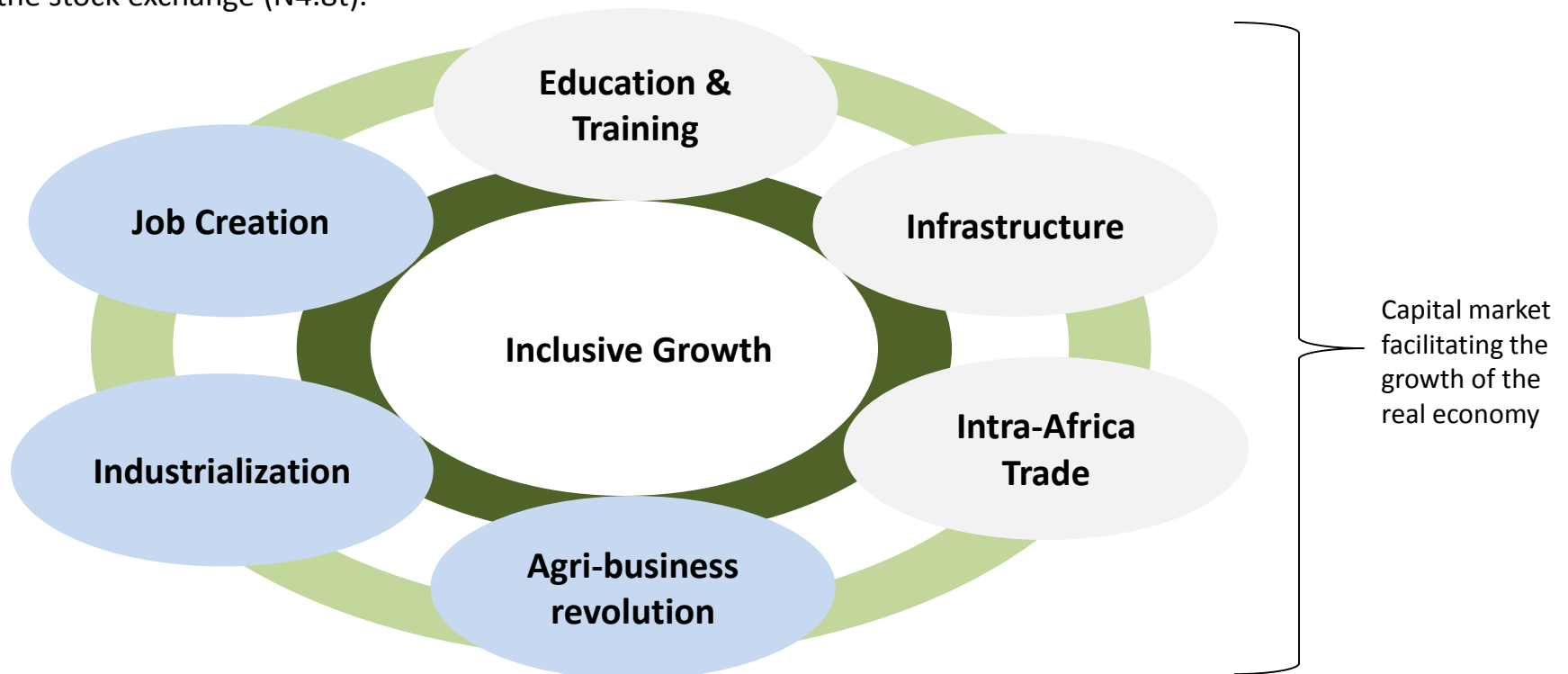
Nigerian GDP Breakdown Vs. Market Cap



- *Market cap as % of GDP (PPP) from ~ 40% to ~ 20% post rebasing. South Africa at 160% of market cap-to-GDP.*
- *Immense gap in capital market as a reflection of the real economy.*



- As a MINT (Mexico, Indonesia, Nigeria and Turkey) nation, Nigeria is slated to be one of the emerging market pacesetters after the BRICS (Brazil, Russia, India, China, South Africa).
- The capital market enables the creation of durable wealth with NSE listed companies providing quality employment for Nigeria's working population.
- The capital market is a real driver of the economy; over 60% of federal domestic debt in 2014 were listed FGN bonds on the stock exchange (N4.8t).

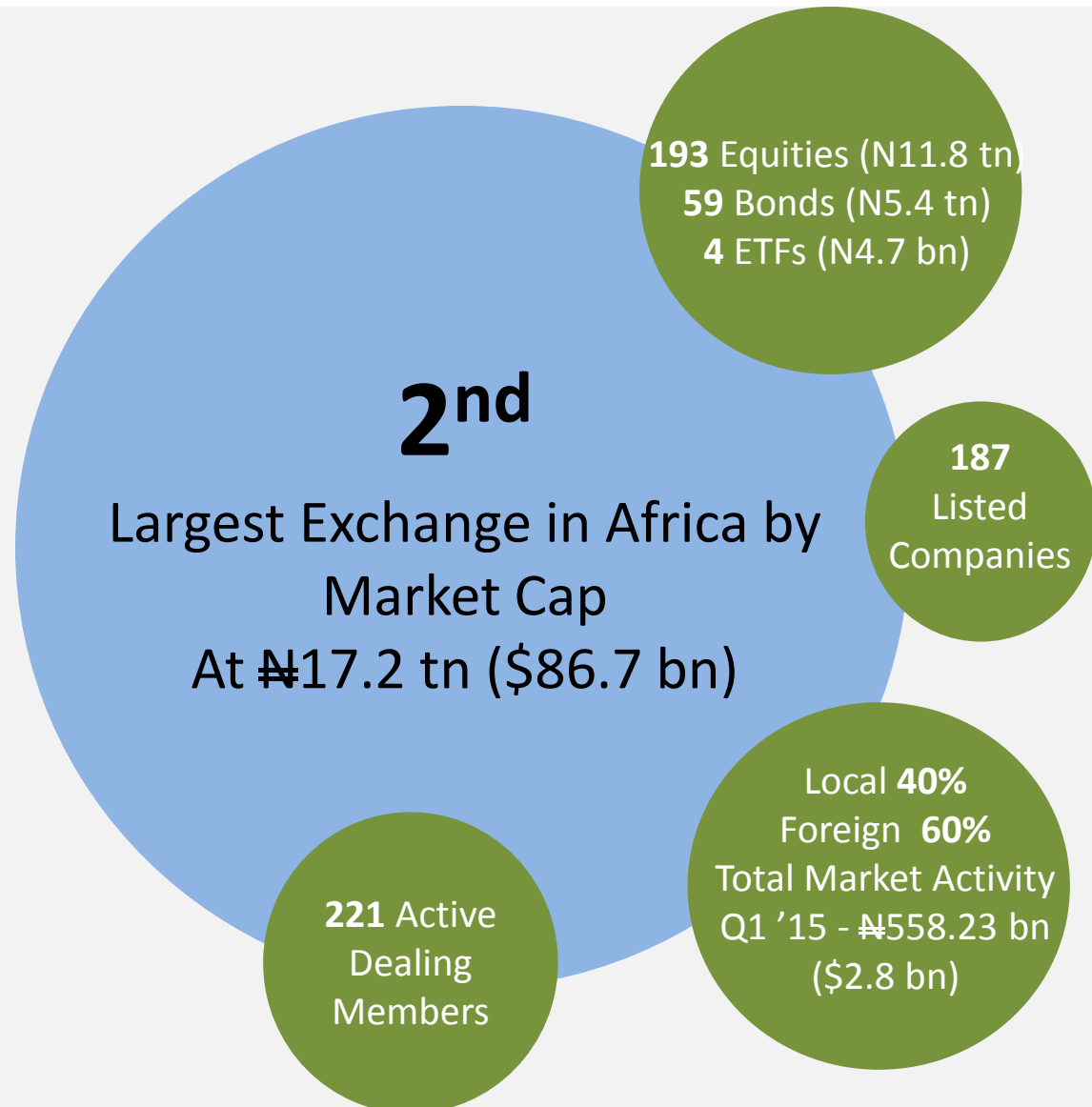


The capital market, being an *organized financial marketplace*, is an *agent of economic growth* due to the role it plays in facilitating and mobilizing savings and investments.

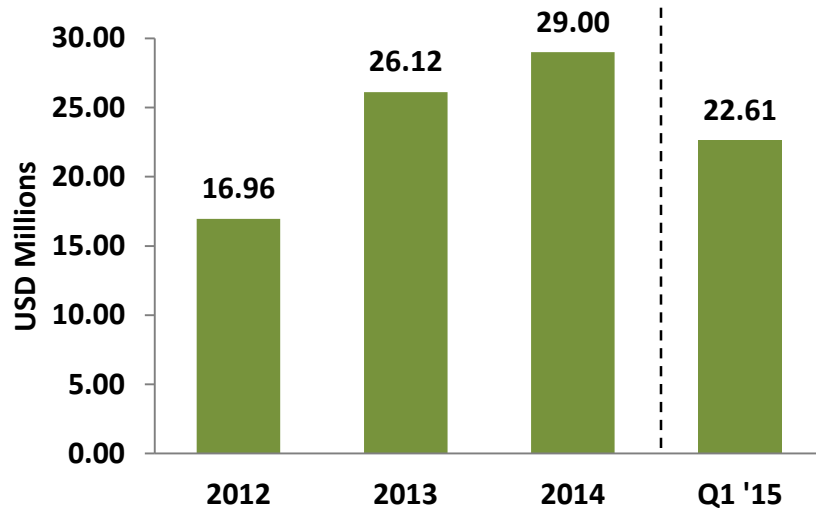


Company Profile:

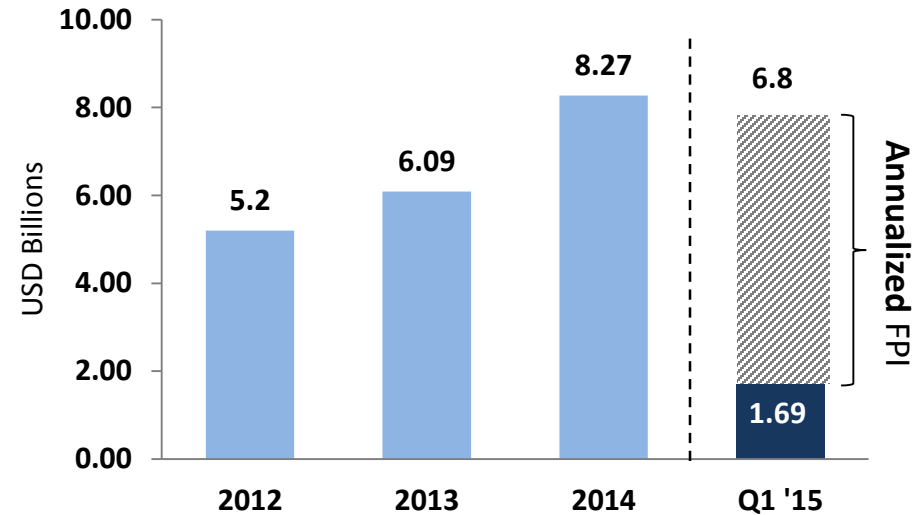
- The NSE is a self-regulatory organization (SRO), founded in 1960.
- The Exchange offers listing and trading services, licensing services, market data solutions, ancillary technology services, and more.
- The Exchange Services the largest economy in Africa, and is the first West African country to become a member of the World Federation of Exchanges (WFE).
- The NSE is championing the development of Africa's financial markets.



NSE VALUE TRADED – DAILY AVERAGE



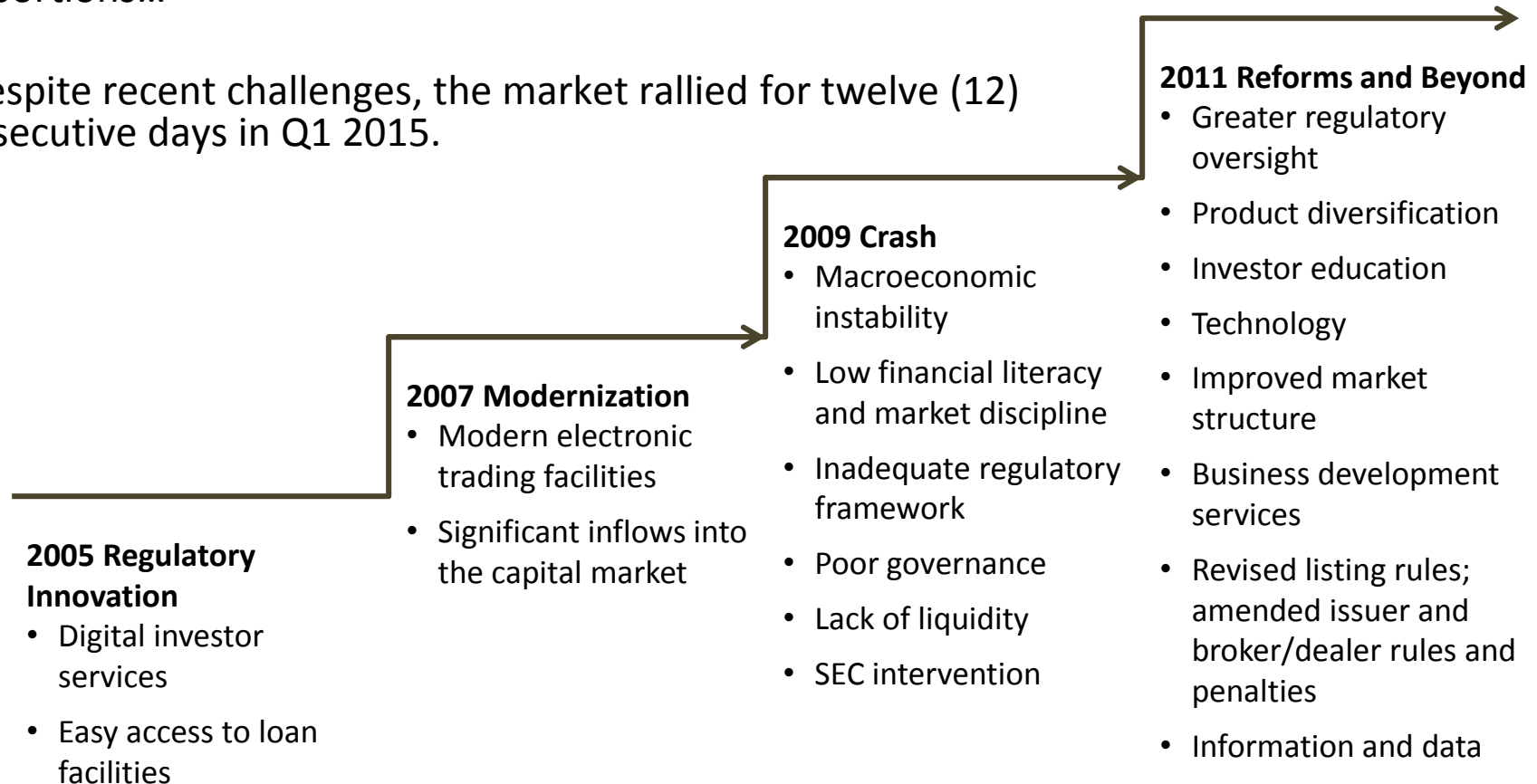
FPI MARKET ACTIVITY



- Equity market capitalization of N10.73 trillion (\$53.86 billion); Fixed income capitalization of N5.52 trillion (\$27.72 billion); 258 listed securities; and 3+ million investors as at the end of Q1 '15.
- The NSE is a full member of the World Federation of Exchanges (WFE), founding member of the African Securities Exchanges Association (ASEA), and an affiliate member of the International Organization of Securities Commissions (IOSCO).

The Nigerian capital market has undergone transformation of great proportions...

...Despite recent challenges, the market rallied for twelve (12) consecutive days in Q1 2015.





Equities

- Market Cap: N11.5t (\$69.3b)
- Total Symbols: 197
- Avg Daily Turnover: N5.4b (\$29.0m)
- 12 industry sectors
- Market makers
- Common shares, preference shares, rights, investment trusts and closed-end funds

ETPs

- Market Cap: N5.4t (\$29.0b)
- Symbols: 5
- Avg Daily Turnover: N1.3m (\$7.1k)
- Liquidity providers
- ETFs and ETNs

Market Indices

Benchmark Indices

- NSE 30
- All Share Index (ASI)
- ASeM

Sector Indices

- NSE Banking
- NSE Consumer Goods
- NSE Industrial
- NSE Insurance
- NSE Oil & Gas

Thematic Index

- NSE Lotus Islamic

Fixed Income

- Market Cap: N5.4t (\$29.0b)
- Total Symbols: 52
- Avg Daily Turnover: N1.4m (\$7.5k)
- Fixed income market makers
- Corporate, state, municipal, federal government and supra-national bonds

Funds

- Mutual funds (memorandum listings): 28

Derivatives

- Feasibility study completed
- Project to kick off in 2015
- CCP project team working on indicative CCP project plan

As of December 31, 2014.



2013

- ASeM Re-Launch ✓
- X-Issuer Portal ✓
- Delivery of X-Gen ✓
- Automation of Transaction Lifecycle ✓
- Derivatives Feasibility Study ✓
- Transaction Cost Analysis ✓
- Whistle Blowing Program ✓



2014

- Co-Hosting ✓
- Disaster Recovery Services ✓
- Min. Standards for Market Operators ✓
- Direct Market Access (DMA) ✓
- Operation of the IPF ✓
- Risk-Based Supervision Framework ✓
- WFE Membership ✓
- Corp. Governance Rating Sys. (CGRS) ✓
- Enhanced Rulebook ✓



2015

- Nigerian Depository Receipts (NDRs)
- Competitive Fee Structure
- Premium Board
- Growth Board
- Data Center
- Market Surveillance Software and Tools
- Project BROMIS
- Rules Portal



1. Promote the Nigerian capital market as an African hub for growth companies

2. Attract more domestic flows into the market

3. Implement a more competitive price structure in conjunction with the Regulator and other market participants

4. Intensify efforts towards developing a more sustainable market.

NSE Strategic Themes for 2015



Diversified Economy

- Continued growth of the contribution of the ICT and Construction and Real estate sectors to Nigerian GDP.
- More growth expected in the Agricultural sector.



Improved Corporate Governance

- Adoption of the CGRS rating system, even among non listed companies.
- Effective trust enhancing regulation and enforcement processes and tools.
- Increased transparency at company board level.



Brand Stock Market

- The exchange of choice for Africa's growth companies.
- Trading of highly liquid securities supported by a breadth of trading technology.
- Streamlined and standardized listings regulation processes.

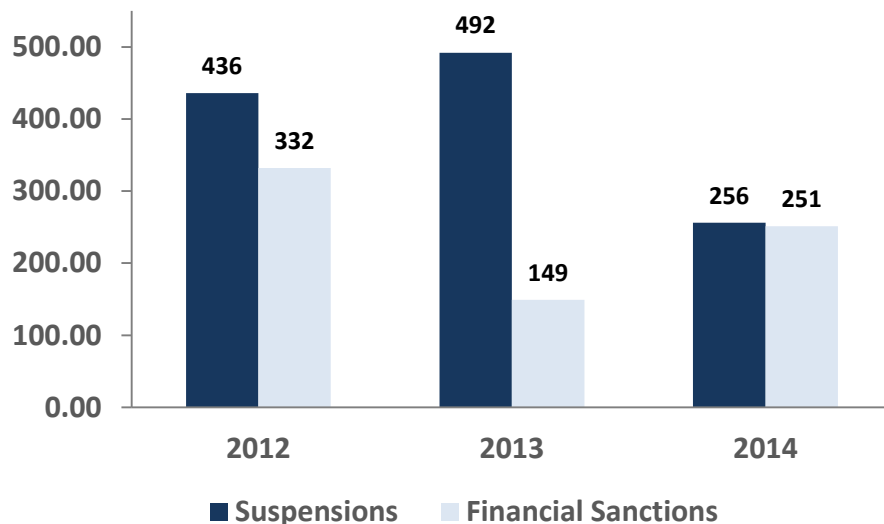


Mega Cities

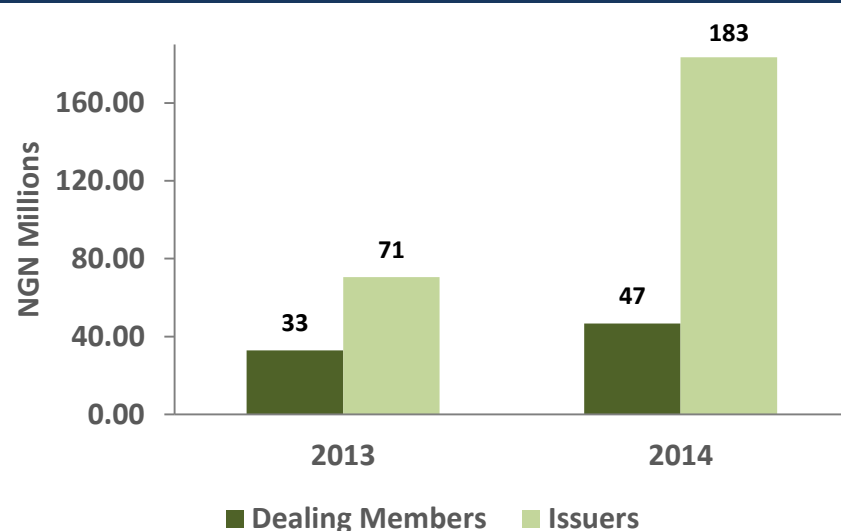
- Successful reform of the power sector.
- Sustained investments in infrastructure.
- Developed and thriving tourism sector.



DEALING MEMBER SANCTIONS



NSE PENALTY FEES



- The Exchange operates a zero-tolerance policy on market infractions, and in 2014, the number of dealing members suspended declined by ~50% from the previous year.
- At the NSE, late submission of financial statements attract a fine of N100,000 (\$644) per week. In 2014, through our market surveillance process, we effectively investigated and penalized an Issuer's malpractice driving revenue in the segment up by 160% from the previous year.
- The NSE operates an Investor Protection Fund (IPF) with a maximum payout of N400k per claim. So far, 343 claims have been verified under the rules of the fund.

On the Road to an Emerging Market



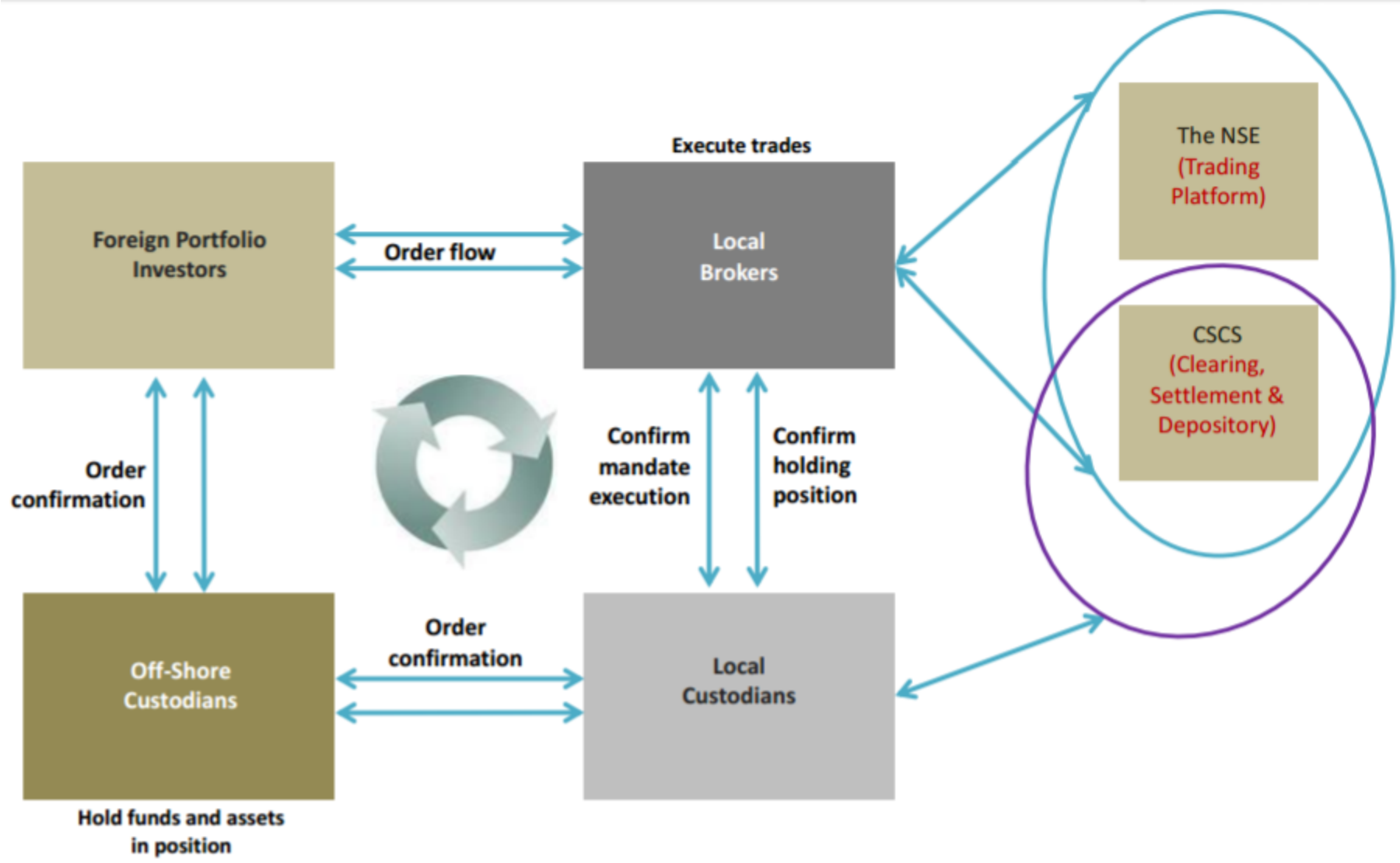
CRITERIA	FRONTIER MARKET	NSE'S CURRENT POSITION (as of Q1 2015)	EMERGING MARKET
Openness to Foreign Ownership	At least some	Significant	Significant
Ease of Capital Inflow/Outflow	At least partial	Significant	Significant
Efficiency of the Operational Framework	Modest	Modest	Good & Tested
Stability of Institutional Framework	Modest	Modest	Modest
No. of Cos. with Full Market Cap	2 / \$516M	11 / \$1,032M	3 / \$1,032M
No. of Cos. with Float Market Cap	2 / \$37M	13 / \$516M*	3 / \$516M
No. of Cos. with Security Liquidity	2 / 2.5% ATVR	13 / >2.5% ATVR*	3 / 15% ATVR
Repatriation of Capital and Income	Modest	Significant	Significant
Foreign Ownership Restrictions	Modest	Low	Low
Broker Competition To Ensure High Quality Services	Low	Low	Modest

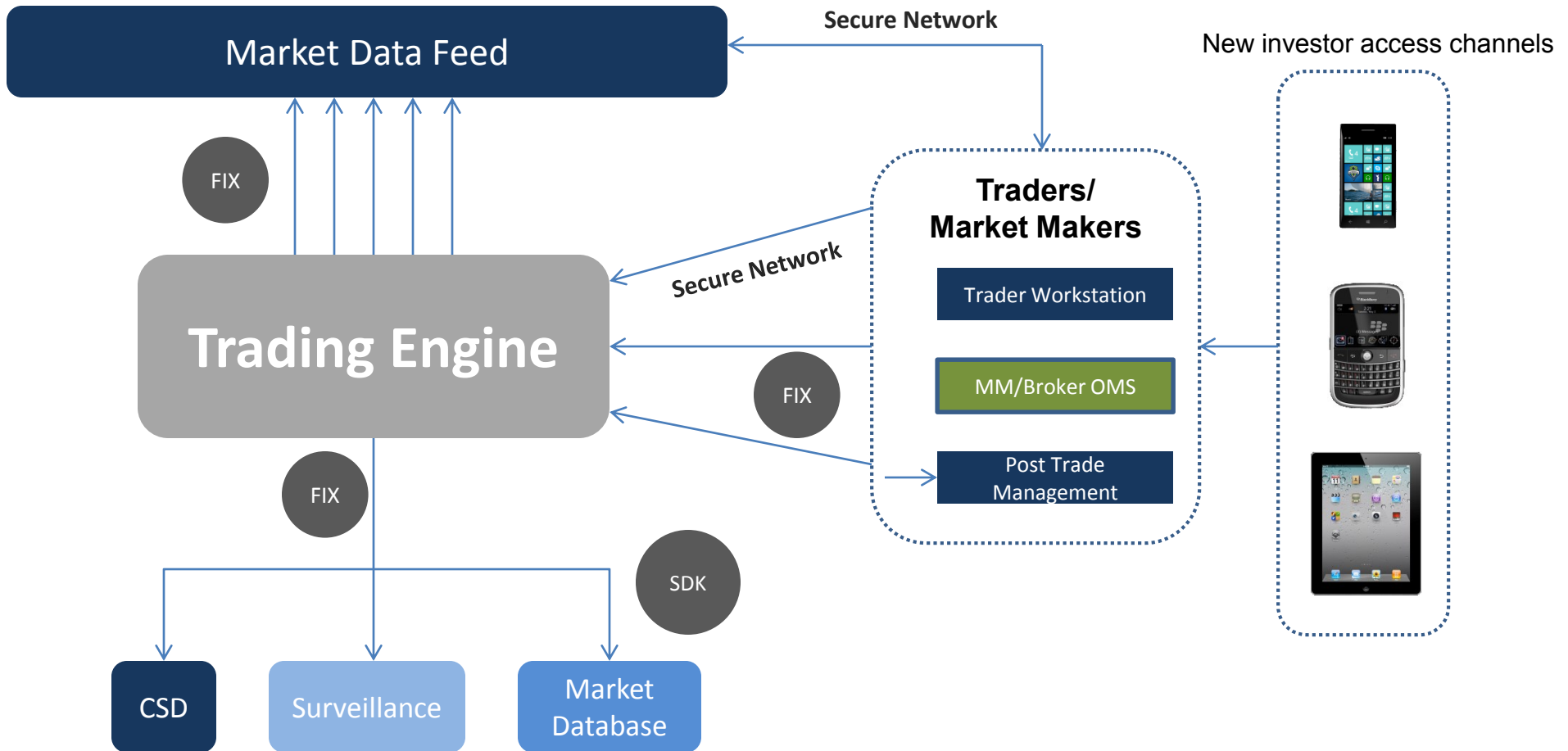
*As of 2013

The Nigerian Stock Exchange



- The NSE meets 7-of-the-10 criteria for an emerging mkt
- Currently 3m investor accounts (CSCS)
- 220+ broker dealer firms
- Approximately 190 listed companies
- ASI up 0.15%+ YTD
- 140m mobile phones
- 83m with Internet access
- 85m between ages of 15-64
- N4.6tr (\$24.8b) in pension assets (Dec'14)
- N17.2tr (\$86.7b) in exports, N7.23tr (\$38.9b) in imports (2014)







Commitment to International Best Practices





With the spotlight brightly on Africa,
if there is one destination to
consider on the continent, that destination is
NIGERIA.



THANK YOU

Questions & Answers

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