2020 ANNUAL REPORT
Citibank Nigeria Limited

Citibank Nigeria Limited is Regulated by the Central Bank of Nigeria

MEMBER NDIC (DIS)

Citi's Value Proposition:

A Mission of Enabling Growth and Progress

What You Can Expect from Us and What We Expect from Ourselves

Citi's mission is to serve as a trusted partner to its clients by responsibly providing financial services that enable growth and economic progress. Our core activities are safeguarding assets, lending money, making payments and accessing the capital markets on behalf of our clients. We have 200 years of experience in helping our clients meet the world's toughest challenges and embrace its greatest opportunities. We are Citi, the global bank — an institution connecting millions of people across hundreds of countries and cities.

We protect people's savings and help them make the purchases — from everyday transactions to buying a home — that improve the quality of their lives. We advise people on how to invest for future needs, such as their children's education and their own retirement, and help them buy securities, such as stocks and bonds.

We work with companies to optimise their daily operations, whether they need working capital to make payroll or export their goods overseas. By lending to companies large and small, we help them grow, creating jobs and real economic value at home and in communities around the world. We provide financing and support to governments at all levels so they can build sustainable infrastructure, such as housing, transportation, schools and other vital public works.

These capabilities create an obligation to act responsibly, do everything possible to create the best outcomes and prudently manage risk. If we fall short, we will take decisive action and learn from our experience.

We strive to earn and maintain the public's trust by constantly adhering to the highest ethical standards. We ask our colleagues to ensure that their decisions pass three tests: they are in our clients' interests, create economic value and are always systemically responsible. When we do these things well, we make a positive financial and social impact in the communities we serve and show what a global bank can do.

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CEO REMARKS

Ireti Samuel-Ogbu
Chief Executive Officer
September 2020

Akin Dawodu
Chief Executive Officer
June 2015 - September 2020

The year 2020 was an unprecedented year for the Nigerian economy and world at large. Although we started the year with buoyant expectation spurred by the modest domestic economic recovery in 2019 and positive global outlook, the optimism was drowsed quickly as the wide spread of the Coronavirus (Covid-19) put the world on its knees.

The twin impact of a total economic lockdown and the rapid fall in global commodity prices led to drastic decline in government revenue amidst huge funding need for an already struggling health sector.

In line with global trend, Nigeria slipped into a Covid-induced recession having recorded negative real GDP growth in the second and third quarters. Although the public health and macroeconomic implications of Covid has been severe and unusually challenging, the sustained fiscal injection as well as the timely breakthrough of Covid-19 vaccine put the Nigerian economy on its path to recovery.

Our bank has stayed focused on the continued demonstration of our operational resilience and the results are admirable. Despite the global economic shock and its impacts, Citibank remained resolute through the year with a relatively stable NPL ratio. We remained focused on driving sustainable financing while leveraging our unique global footprint to spur customer-led revenue growth. Consequently, amidst the general risk-off sentiment, we continued to lend within our acceptable tolerance levels.

Although we might have successfully navigated the peak of the Covod-19 crisis, we are aware that the challenges are far from being over. The impact of the anticipated normalization of global interest rate will likely require swift policy decisions from the domestic regulators. The need to reflate an economy growing slower than the country's population growth is evident

We believe that 2021 will present its own opportunities for us as a bank. We anticipate further improvements in key macroeconomic variables, which will require adequate support through progressive regulatory policies and governance.

Ireti Samuel-Ogbu
Chief Executive Officer,
Citibank Nigeria Limited

BOARD OF DIRECTORS

Mr. Olayemi Cardoso
Chairman

Mrs. Ireti Samuel-Ogbu

Dr. Shamsuddeen Usman

Dr. Hilary Onyiuke

Dr. Daphne Dafinone

Mr Oyesoji Oyeleke SAN

Mr. Peter McCarthy

Mrs. Funmi Ogunlesi

Mrs. Nneka Enwereji

Mr. Oluwole Awotundun

Mrs. Ngozi Omoke-Enyi

Mrs. Olusola Fagbure
Company Secretary
and Legal Adviser

MANAGEMENT COMMITTEE

Mrs. Ireti Samuel-Ogbu
Managing Director/
Chief Executive Officer

Mrs. Funmi Ogunlesi
Executive Director Public Sector Group Europe, Middle East and Africa (EMEA)

Mrs. Nneka Enwereji
Executive Director and Head of Global Subsidiaries Group (GSG)

Mr. Oluwole Awotundun
Executive Director and Country Risk Manager for Nigeria, West & Central Africa

Mrs. Ngozi Omoke-Enyi
Executive Director and Head of Operations and Technology

Mr. Segun Adaramola
Head Treasury and Trade Solutions (TTS)

Mr. Faisal Masood
Head of Corporate and Investment Banking

Mr. Bayo Adeyemo
Country Treasurer and Head of Markets

Mrs. Aderonke Adetoro
Securities Services Head

Mrs. Sola Fagbure
Country Counsel and Company Secretary

Opeyemi Adojutelegan
Country Chief Compliance Officer

Mr. Gboyega Oloyede
Country Human Resources Officer

Mr. Sharaf Muhammed
Chief Finance Officer

Ms. Chidinma Ohajunwa
Country Head of Operational Risk Management

Mr. Bolaji Ajao
Head of Internal Audit

Mrs. Lola Oyeka
Country Head of Public Affairs

ANNUAL GENERAL MEETING NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CITIBANK NIGERIA LIMITED WILL BE HELD AT CHARLES S. SANKEY HOUSE, 27, KOFO ABAYOMI STREET, VICTORIA ISLAND, LAGOS ON THURSDAY MARCH 25 2021 AT 1.30 P.M. FOR THE TRANSACTION OF THE FOLLOWING BUSINESS::

ORDINARY BUSINESS:

1. To receive the Report of the Directors, the Balance Sheet as at 31st December, 2020 together with the Profit and Loss Account for the year ended on that date and the Report of the Auditors thereon.

2. To declare a final dividend.

3. To re-elect Directors.

4. To authorize the Directors to fix the remuneration of the Auditors.

5. To appoint KPMG Professional Services as Auditors of the Bank in place of retiring Auditors, PriceWaterhouseCoopers.

6. Disclosure of the remuneration of Managers of the Bank.

SPECIAL BUSINESS:

1. To receive the Report on the Board performance review conducted by DCSL Corporate Services Ltd.

2. To consider and if thought fit, to pass the following as an Ordinary Resolution:

   "That the total remuneration of the Directors of the Bank for the financial year ending December 31, 2021 be and is hereby fixed at N300,000,000."

BY ORDER OF THE BOARD

OLUSOLA FAGBURE
Company Secretary

Dated this 22nd day of February 2021

Charles S. Sankey House
27, Kofo Abayomi Street
Victoria Island, Lagos.

NOTES

1. *In view of the Covid-19 pandemic and the need to comply with government regulations and to protect participants health and safety, attendance and participation in the general meeting shall be by means of tele/video-conference.*

2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and such proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the meeting, it must be completed and deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.*

CHAIRMAN'S STATEMENT

Fellow shareholders, members of the board of directors, distinguished ladies and gentlemen.

I am pleased to welcome you to the 37th Annual General Meeting of Citibank Nigeria Limited and present to you the Bank's financial results and key achievements during the year 2020. Citibank Nigeria Limited continues to grow and make progress by creating sustained value for customers, employees, and shareholders of the Bank.

Olayemi Cardoso
Chairman

Macroeconomic Overview

World Economy
Due to the devastating effect of the Covid-19 pandemic, the world economy contracted by an estimated 4.3% in 2020, the sharpest contraction of global output since the Great Depression. Developed countries were hit the hardest which resulted in the strict lockdown measures that many countries in Europe and several states in the United States of America imposed early on during the outbreak. As a result of the lockdown, much of international travel was brought to a halt, the global supply chains were disrupted, manufacturing activities were halted, and service sectors slowed down considerably. This impacted the global financial markets, resulting in a significant fall in Equity prices, as investors reallocated their portfolios in favour of safe-haven asset classes. Consequently, output in developed economies is estimated to have shrunk by 5.6% in 2020. In the United States of America, output is estimated to have contracted by 3.6%. In the Eurozone, output contracted by 7.4%, while activities in Japan and China are estimated to have shrunk by 5.3% and 2.6% respectively.

Developing countries also experienced contraction due to the pandemic, though less severe than in developed economies, with output shrinking by 2.5% in 2020. The least developed economies saw their gross domestic product (GDP) shrink by 1.3%. Countries in Latin America and the Caribbean were severely affected by the pandemic, from both a health and an economic perspective. Pandemic-control measures, risk aversion among household and firms, and spillovers from a shrinking global economy resulted in an estimated 6.9% GDP contraction in the region in 2020. East Asia and Pacific experienced output slowdown of 0.9%, though the pandemic is expected to leave lasting economic scars on the region and dampen potential growth. Output in the Middle East and North America is estimated to have contracted by 5.0% in 2020.

For the region, the significant disruptions related to Covid-19 have been compounded by the sharp fall in oil prices and demand. The pandemic also had a devastating effect on South Asia, leading to an estimated 6.7% output contraction in 2020. The pandemic is expected to inflict long-term damage on growth prospects in the region by depressing investment, eroding human capital, undermining productivity, and depleting policy buffers.

Sub-Saharan Africa was also hard-hit by the pandemic, with activity in the region shrinking by an estimated 3.7% in 2020. The pandemic is likely to weigh on growth in the region for a long period, as the rollout of vaccines in the region is expected to lag that of advanced economies, further dampening growth. As a result, living standards are projected to be set back a decade and tens of millions of people in the region could be pushed into extreme poverty. Risks to the region are tilted to the downside and include weaker-than-expected recoveries in key trading partner economies, logistical hurdles that further impede vaccine distribution, and scarring of labor productivity that weakens potential growth and income over the longer term. Consequently, growth is forecast to resume at a moderate average pace of 3% in 2021 – well below previous projections.

The impact of the pandemic was also felt in crude oil prices. Oil demand drastically declined following lockdowns and travel restrictions due to the coronavirus pandemic in 2020. Initial outlooks and uncertainty surrounding the course of the pandemic led to a disagreement between two of the largest oil producers, Russia, and Saudi Arabia in early March. Bilateral talks between global oil producers ended in agreement on April 13th, with promises to cut petroleum output and hopes rising that these might help stabilize the oil price in the coming weeks. However, with storage facilities and oil tankers quickly filling up, fears grew over where to store excess oil, leading to benchmark prices seeing record negative prices between April 20 and April 22. For example, while Brent crude oil prices started strong in 2020, averaging $64pbl in January, these plummeted in the second quarter, closing as low as around $9pbl in April, when the price of West Texas Intermediate (WTI) at Cushing in the United States fell to an unprecedented negative price of around -$37pbl.

To abate the effect of the pandemic on economic activities, most countries implemented large monetary and fiscal stimulus to support individuals and businesses that were most vulnerable to the effect of the pandemic. The U.S. Federal Reserve slashed interest rates to near zero and committed to not raising them until inflation exceeds its 2% target. Central banks in advanced economies – including the Fed and the European Central Bank - also increased their asset purchases to inject more money into the financial system. The move was also adopted by an increasing number of central banks in emerging markets as they explored ways to support their respective economies hard-hit by the pandemic.

In the third quarter of the Year, countries started to relax lockdown measures to allow for the pickup of economic activities. Also, the progress recorded in the development of vaccines and therapeutics were incentives for a pick-up in economic activities. With the easing of restrictions, the Global Economy began a gradual recovery in the third quarter of the year. Consequently, the IMF revised its global economy contractions to 3.5% in 2020 compared to an initial projection of a 4.9% contraction at the peak of the pandemic (June 2020). The positive expectations resulted in a strong rally in crude oil and Equity prices from their pandemic-induced plunge. Accordingly, the Global Equities Market (tracked by the MSCI World Index) returned 13.5% at the end of 2020, although lower than the return of 25.2% recorded in 2019. The average crude oil price (Brent) declined to $41.69pbl in 2020 from $64.34pbl in 2019. The pickup in crude prices was precipitated by the decision of OPEC+ to reduce members production quota by 7.7million barrels per day.

Nigerian Economy

The Nigerian economy was not spared by the Covid-19 pandemic, with the first case reported in Nigeria on 27th February 2020. Just like the rest of the world, output growth was significantly affected by the decline in crude oil production volumes and prices, as well as the various anti-pandemic measures put in place which included the lockdown of major commercial hubs and the Federal Capital Territory, Abuja. As a result, the country's GDP which grew by 1.87% in Q1

2020 – at the onset of the pandemic in Nigeria – contracted by 6.1% and 3.62% in Q2 and Q3 respectively, thereby slipping the country into its first recession since 2016 and the worst in four decades. However, in Q4, the country returned to a growth path with a GDP of 0.11%. Overall, in 2020, the country's economic activities contracted by 1.92%, representing a decline of 4.20 percentage points when compared to 2.27% recorded in 2019. Before Covid-19, the Nigerian economy was projected to expand by 2.1% in 2020. However, this forecast was later in the year reviewed downward by the World Bank to a contraction of 3.2%. It is therefore safe to say that an actual contraction of 1.92% in 2020 was a significant feat for the country.

This was made possible by the prompt actions of the Fiscal and Monetary Authorities in Nigeria, just like the rest of the world, who rolled out suites of stimulus packages to support firms and households, and ultimately output growth. Amongst the Covid-19 monetary policy measures put were the reduction of interest rates on all applicable CBN interventions from 9% to 5%, a N1 trillion credit facility for the manufacturing sector and a N50bn targeted credit facility (TCF) for households and micro, small and medium enterprises. Others were the granting of an additional one-year moratorium on all CBN related intervention programmes, and a N100bn credit facility for pharmaceutical companies and to restructure loans in impacted sectors. Additionally, a bailout of N5bn for airline operators and other business owners in the subsector was approved, while a Special Grant Project for Rural Women with a target of empowering over 700,000 women with a grant of N20,000 each to cushion the effects of the pandemic on rural households was also initiated.

The oil sector contracted by 8.89% in 2020, compared with a growth of 4.59% in 2019. Responsible for this was the combination of weak crude oil prices and lower production volumes, as the country complied with the prescribed OPEC production quota. Nigeria production volume went down from a high of 2.07mbpd in Q1 2020 to 1.56mbpd in Q4 of the year. The non-oil sectors also contracted by 1.25% in 2020, compared with a growth of 2.06% in 2019. The non-oil sectors' contribution to GDP, however, was 91.84% in 2020 compared to 91.22% recorded in 2019, due to steeper contraction in the oil sector and growth recorded in some non-oil sectors like Agriculture, Telecommunications, Broadcasting, Chemical & Pharmaceuticals, and Financial Institution

In real terms, the Agriculture sector grew by 2.17% (year-on-year) in 2020 against 2.36% growth in 2019. Telecommunications, which benefited from stay at home and work from home policies expanded by 15.9% in 2020, a 4.5% point increase when compared to 11.41% in 2019. Broadcasting also benefited from the new normal introduced by the pandemic in 2020 with a growth of 4.85% in 2020 against 2.17% growth in 2019. Chemical & Pharmaceuticals sub-sector grew by 2.54% in 2020 as against just 0.35% growth in prior year. Financial Institutions benefitted from increased private sector credit and deposits during the year, hence the sector recorded a growth of 13.34% in 2020 which represents 10.94% points over 2.4% growth in 2019.

Contrary to the growth recorded in the sectors listed above, double digit contractions were recorded by some other non-oil sectors that were more sensitive to the Covid-19 lockdowns imposed by the Federal Government. Among these were the Transportation and Storage sectors which contracted by 22.26% in 2020 against 10.73% growth in 2019. The Education sector also recorded a double-digit contraction of 13.57% in 2020, a drop of14.38% points when compared to the marginal growth of 0.8% recorded in 2019. The real sectors of the economy, especially Trade and Manufacturing also took a hit from the new normal in 2020. While the Trade sector contracted by 8.49% in 2020, the Manufacturing sector also contracted by 2.75%.

The impact of the covid-19 pandemic and the consequent restrictions and lockdowns was also felt in the capital importation into the country. The total value of capital importation in 2020 stood at $9,680.49m compared to $23,990.05m in 2019, representing a decline of 59.65% between the two years. The largest amount of capital importation by type was received through portfolio investment amounting to $5,137.20m as against $16,365.46 in 2019 (or 53.1% in 2020 vs 68.2% in 2019). This was followed by Other investment which amounted to $3,514.39 (2019: $6,690.25), and lastly Foreign Direct Investment which contributed $1,028.91m (10.6%) in 2020 as against $934.34m (3.9%) in 2019.

The country experienced increase in the prices of food during the year, fueled by the incessant farmer-herder conflicts, the escalating security challenges in many parts of the country and the incidences of floods in some food producing states. Additionally, the border closure directive by the Federal Government also resulted in shortage in supply. As a result, the inflation rate closed at 15.75% in 2020 (an average rate of 13.25% for the year) from 11.39% in 2019. In the same vein, core inflation (which excludes agricultural produce) stood at 11.37% in December 2020. This was driven by the increases recorded in the prices of passenger transport by air, medical services, hospital services, pharmaceutical products and passenger transport by road due to the deregulation of the downstream sector of the Oil & Gas Industry, and the attendant rise in the price of Premium Motor Spirit (PMS). The devaluation of the Naira equally played a major role in the increase in prices as significant proportion of goods and services consumed domestically are imported.

The Government's dwindling foreign exchange earnings during the year because of reduced oil revenues and capital inflows, as well as remittances, put a lot of pressure on the exchange rates in the course of the year. The CBN official exchange rate depreciated to N379.5/$ at the end of 2020 from N306.5/$ at the beginning of the year. Likewise, the exchange rate at the Investors' and Exporters' window depreciated to N410.25/$ at the end of 2020 from N365.70/$ in 2019. Aiming to achieve exchange rate stability, the apex bank continued its intervention sales in the FX market. This further impacted the external reserves, which dropped to $35.3billion at the end of 2020 from $38.5billion in 2019. This resulted in a dwindling supply of foreign currency by the Central Bank to support imports that are the bedrock of the economy. Consequently, credit lines for many banks were either halted or reduced by international lenders on the fear that the banks might not be able to pay back. While many businesses scaled back on production, some turned to other sources of foreign currency, especially the parallel market. This further increased traffic at the parallel market where Naira traded around 20% below the official rate. Another action taken by the Central Bank to achieve exchange rate stability was the introduction of discretionary cash reserve requirement (CRR) to mop up excess liquidity which was caused by trapped cash created by lack of foreign currency. This led to a surge in the CRR balances in the year, leaving banks with reduced liquidity. Despite this, our bank continued to manage its liquidity in such a way to get the best value for its shareholders and this is evident by the payment of interim dividend during the year.

Interest rates trended downwards during the year, with yields on treasury bills falling to unprecedented levels. Hence there was reallocation of portfolio in favour of loans and advances by Financial Institutions. The move by Financial Institutions also served a dual purpose of an attempt to meet the apex bank's regulatory requirement of 65% loans to deposits ratio (LDR). Consequently, the financial industry also experienced a downward repricing of Risk Assets, especially the investment grade names, due to heightened competition for high-grade obligors. Net Domestic Credit, therefore, grew by 17.6% from N36.2trillon in December 2019 to N42.6trillion in December 2020. Despite the increase in Net Domestic Credit, non-performing loans (NPLs) dropped marginally to 6.01% in December 2020, from 6.1% in December 2019, largely due to the forbearance granted by the Central Bank to obligors affected by the pandemic and various incentives to businesses and households to cushion the impact of the pandemic on the economy.

The dwindling revenue experienced in 2020 negatively impacted the fiscal policy. Due to significant revenue shortfall, the 2020 revenue budget was revised downward to N5.83trn from N8.42trn original revenue projection, while expenditure was revised upward to N10.81trn from N10.59trn leading to a wide fiscal deficit. As a result, the country's domestic debt increased from N14.3trn in December 2019 to N15.8trn in September 2020. External debt also increased to $31,985.17million in September 2020 from $27,676.14million in December 2019. Consequently, the total public debt closed at N32.2trn in September 2020 from N27.4trn in December 2019.

Financial Performance 2020

Despite a challenging economic environment, Citibank Nigeria Limited's gross earnings increased by 6.0% to N72.1 billion (N68.0 billion in 2019). Net operating income after loan impairment charges was N62.1 billion, an increase of 4.2% from N59.6 billion in 2019. Operating expenses increased marginally by 1.3% to N19.3 billion from N19.0 billion in 2019. Profit before tax for the year was N42.8 billion, 5.6% more than the prior year's profit of N40.6 billion, while profit after tax increased by 12.9% to N42.2 billion compared to N37.3 billion in 2019.

The Bank's strong risk management strategy stood the test of the challenges brought by the pandemic. The Bank did not record any new bad loans during the year. Non-Performing Loans (NPL), however, increased to 1.58% in 2020 from 1.31% in 2019 due to a reduction in Total Gross Loans. The ratio is well below both the industry average and the regulatory requirement ratio of 6.01% and 5% respectively. Total assets on the Bank's balance sheet at the end of 2020 stood at N1.04 trillion compared to N874.9 billion in the prior year. Return on Assets dropped to 4.4% in 2020 from 4.7% in 2019 while Return on Equity decreased in 2020 to 33.5% (2019:35.8%).

Citibank Nigeria Limited complied with the Central Bank of Nigeria Basel II regulatory capital guidelines and remained well capitalized with a Capital Adequacy Ratio of 29.85%, (2019 :28.0%) as at December 31, 2020, which was significantly above the minimum regulatory requirement of 10.0%. The Bank's Liquidity ratio of 162.35% at the end of 2020 was also well above the CBN's minimum requirement of 30.0%.

The 2020 financial results and corporate actions reflect our resilience as an organization. Despite the tough economic terrain and challenges posed by Covid-19 precautions, the Bank was able to pay interim dividend and is also holding its Annual General Meeting earlier in this financial year compared to prior periods. These also reveal the continued dedication and efforts of the Board and all employees of the Bank despite the challenging economic environment. The Board and Management are optimistic that the Bank's performance will continue to improve in the coming years. Citibank Nigeria Limited is adequately capitalized and well positioned to take advantage of opportunities to support business expansion, deepen relationships, and provide tailored advice for its customers in the year ahead.

Notable Events and Activities

Citi remains committed to building capacity amongst its key stakeholders and taking advantage of its global resources to strengthen the knowledge base in the financial industry through various events and training. Some of the notable events and activities during the year include the following:

- **Citi Journalistic Excellence Award**
  Citi hosted the 2020 Citi Journalistic Excellence Award (CJEA) to recognize journalists for excellence in financial and business reporting in the markets in which Citi does business around the world. Mr. Hanafi Afeez a journalist with the Punch Newspaper emerged as the winner of the Citi Journalist Excellence Award 2020 from Nigeria. Mr. Afeez's winning article was the "Fading glory of abandoned Lagos' multi-million-naira Agric Centre". The nominees are selected by an independent panel of judges assembled by Citi. The 2020 judges were:
  - Dr. Richard Ikiebe, Senior Fellow, and pioneer Director of the Center for Leadership in Journalism at the School of Media & Communication Pan-Atlantic University
  - Mr. Anthony Osae-Brown, Nigeria Bureau Chief Bloomberg and previous CJEA Nigeria Winner
  - Mr. Ferdy Adimefe, Founder Magic Carpet Studios

- **Virtual Luncheon in Honour of IMF Mission Chief & Senior Resident Representative**
  Citi in partnership with the American Business Council, hosted the newly appointed IMF Mission Chief and Senior Resident Representative for Nigeria, Ms. Jesmin Rahman. Over 130 participants attended the virtual session that was moderated by David Cowan, Citi's Africa Chief Economist. Ms. Rahman gave a

presentation on Nigeria's post-COVID-19 Economic Outlook, it's key fiscal and other policy challenges, and the process by which the IMF Board was able to approve the recent $3.4 Billion RFI, which was approved in April 2020.

Citi and ABC also hosted a separate Virtual fireside chat for the media after the webinar.

- **The Race for Digital Sales in the New Normal – a winning model in Nigeria**
  Citi TTS Online Academy hosted a Webinar, "The Race for Digital Sales in the New Normal – a winning model in Nigeria" to discuss experiences and how companies have or are resetting processes to mitigate negative working capital impacts, achieve efficient and optimum collections and payments processes, protect against cyber-attacks and stay ahead by being proactive

- **The Global Trade Review West Africa Summit**
  Citi moderated a panel at The Global Trade Review West Africa Summit in Lagos. The panel discussed private sector investment and infrastructure modernization, assessing export credit financing capacity and appetite for West Africa.

Awards and Recognitions

Citi's continued focus as a trusted banking partner to its target market is evident in the numerous awards received as an institution. The most notable award received was the **Global Finance – Global Awards** Best Corporate/Institutional Digital Bank in Nigeria.

Corporate Citizenship

As the world around us continued to adjust in response to COVID-19, Citi reinforce our commitment to partnering with our various community partners' unprecedented time. The health and safety of our colleagues and their families, as well as our clients and the communities we serve, are of the utmost importance and we continued to take proactive measures to preserve their well-being while we maintain our ability to serve our clients.

- **COVID-19 Support**
  - Citi is one of the founding members of the Coalition Against COVID-19 (CACOVID), the private sector's effort to support the Nigerian Government's efforts in combating the impact of the pandemic. Citi donated N250,000,000 to CACOVID.
  - Citi in collaboration with LEAP Africa and Dow Chemical's supported the most vulnerable in Nigeria by working through LEAP Africa's social entrepreneurs who are at the frontline of providing relief to the poorest communities who have been hardest hit by the crisis. The interventions are catering to the welfare and wellbeing of these low-income families and focus areas were Provision of Personal Protective Equipment (PPE), Food Supplies & Toiletries and sensitization.
  - Citi ran a one-month COVID-19 sanitization campaign across radio stations in Nigeria. The one-minute radio jingles were in English, Pidgin, Igbo, Hausa, and Yoruba
  - Citi's Global Subsidiaries Group (GSG) Team in Nigeria undertook a social impact project called 'The Mask Crusaders' to provide masks to vulnerable essential workers in our operating environment. The team raised $5,000 procuring 15,000 reusable masks for donation to vulnerable essential service providers to protect them, their extended families, and communities.

- **Citi Cares4Nigeria**
  Citi Cares4Nigeria campaign is a relief effort that seeks to support Nigeria businesses who were negatively impacted by the looting and vandalism that occurred across Nigeria following the events around the #EndSARS protests. Initiatives included a donation to be made to TechnoServe, a Citi and Citi Foundation flagship community partner in Nigeria, in support of relief efforts for severely affected businesses following protests in Nigeria. TechnoServe's current programme, supported by Citi and the Citi Foundation, will train young people who are owners, managers, or employees of small, retail shops, on business and

financial management skills. They will provide tailored advisory support, reduce youth unemployment, and explore innovative activities aimed at unemployed youth.

Additionally, through Citi Foundation's flexible funding and support, our community partners have been able to pivot their programming to virtual/digital formats. The Foundation will continue to learn from our partners and the young people they serve to adjust programming as needed and continue taking a flexible approach to funding that enables them to quickly respond to changing needs. Other notable community initiatives included:

- **Twenty Years of the Company Program**
  Junior Achievement Nigeria (JA Nigeria) in partnership with Citi and the Citi Foundation hosted a virtual youth conference to commemorate twenty years of the Company Program. The Commissioner of Education for Lagos State was the keynote speaker and the theme was "The Need for Entrepreneurship Education in Nigerian Secondary Schools". The 2-hour virtual event was focused on the Citi-funded Company Program and the need for entrepreneurship education in Nigerian schools. The goal was to bring together stakeholders, current and past beneficiaries of the JA Company Program to discuss the theme, foster learning, inspiration and wonder and provoke conversations that matter.

Board of Directors

In 2020, the Board of Directors continued to ensure that high standards of corporate governance were maintained in the Bank. Mr. Akin Dawodu resigned from the Board in September 2020 following his appointment as Citi Cluster Head for Sub-Saharan Africa. Mr. Dawodu joined the Board of the Bank in 2013 as an Executive Director and was appointed Managing Director in 2015. We are grateful for his service to Citibank Nigeria Limited and wish him success in his expanded role. Mrs. Ireti Samuel-Ogbu, who had served on the Board as a non-executive director since 2014, was appointed Managing Director with effect from September 2020. Mrs. Samuel-Ogbu is the first female Managing Director of the Bank. We congratulate her on this historic achievement. There were no other changes to the Board.

Conclusion

On behalf of the Board of Directors, I wish to extend our heartfelt appreciation to the management and staff for their unceasing commitment to Citibank Nigeria Limited despite the tough operating environment.

I also wish to express my appreciation to the shareholders of Citibank Nigeria Limited for their unwavering support and loyalty over the course of the last year. Your contributions are immensely valuable and have played a major role in the continued success of our bank.

Lastly, I offer my gratitude to my colleagues and fellow members of the Board of Directors. Your cooperation, wisdom, loyalty, and hard work have immeasurably contributed to the success and continued development of Citibank Nigeria Limited. I wish you the very best as we look to the future.

Olayemi Cardoso
Chairman

Citi, as a global bank, employer and philanthropist, is focused on catalyzing sustainable growth through transparency, innovation and market-based solutions. Change is happening. Our economies are becoming greener, and consumption patterns and business cultures are changing.

From climate change to social inequality to financial inclusion, there are numerous challenges facing society today. Citi is committed to contributing to solutions that address these issues. Citi Nigeria incorporates the Nigerian Sustainable Banking Principles (NSBP), which aim to integrate environmental and social considerations into its operations and core business activities. It also incorporates specific guidelines for the agriculture, oil & gas and power sectors, as prescribed in the NSBP. The NSBP covers nine principles including Environmental and Social Risk Management, Operational and Social Footprint, Human Rights, Women's Economic Empowerment, Financial Inclusion, Capacity Building, and ESG.

Citi collaborates both internally across our business units and externally with stakeholders to maximize its impact on the society. At Citi Nigeria, we continue to learn from our experience and to bring diverse stakeholders to the table to help us understand what leadership looks like on these evolving issues.

Our participation in the United Nation Environment Finance Initiative (UNEP FI)'s Principles for Responsible Banking, is also an important part of our efforts to enhance transparency and engagement with investors as we evaluate different approaches to climate risk assessment and the sensitivity of our lending portfolios to potential climate risks. It also highlights our efforts to ensure our strategy and practice align with the vision set out by the United Nation's Sustainable Development Goals and the Paris Climate Agreement. The Principles for Responsible Banking provide a framework for a sustainable banking system. They embed sustainability at the strategic, portfolio and transactional levels, and across all businesses.

The Principles are:

- **Alignment** – We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals.
- **Impact & Target Setting** – We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services.
- **Clients & Customers** – We will continue to work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity.
- **Stakeholders** – We will continue to proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.
- **Governance & Culture** – We will implement our commitment to these Principles through effective governance and a culture of responsible banking.
- **Transparency & Accountability** – We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our impacts and contribution to society's goals.

Sustainable Progress Strategy

In 2020, Citi launched its new 2025 Sustainable Progress Strategy that sets out business drivers for sustainability - combatting climate change is one of the main themes. The aim is to drive the transition to a sustainable, low-carbon future in an environmentally responsible way that serves society's economic needs.

The impact of climate change is becoming increasingly clear – not just the physical effects of a warming planet as it threatens communities and reshapes urban infrastructure but also the economic impact as every sector examines its material risks and opportunities associated with these changes.

The data is irrefutable, climate change is a monumental challenge, and we need to move toward a low-carbon global economy. While scaling financial flows to low-carbon solutions is a critical aspect of the transition, we also need a more holistic approach that supports the transition of existing carbon-intensive sectors. In addition to helping clients realize the opportunities inherent in transitioning to a low-carbon economy, we are conducting sophisticated analyses of the risks associated with our own and our clients' exposure to a variety of transition scenarios. We are also assessing our exposure to climate hazards to inform business continuity and resilience planning. The financial sector has an important role to play in addressing this crisis by supporting the transition to a sustainable, low-carbon economy that balances the environmental, social and economic needs of society.

Our 2025 Sustainable Progress Strategy has been launched with the ambition to be the world's leading bank in driving the transition to a low-carbon economy. As one of the largest financiers of carbon intensive sectors such as oil & gas, power and industrials, we know that this ambition to bring our business and the global economy into alignment with the Paris Agreement will not be easy. We also know that delaying this transition could significantly increase the costs and reduce the range of effective responses to the challenge in the medium and long term.

As we start the "Decade of Action" to achieve the UN Sustainable Development Goals and Paris Agreement, our 2025 Sustainable Progress Strategy sets out three key pillars of activity that contribute to the world's sustainable development agenda: Low-Carbon Transition, Climate Risk and Sustainable Operations.

Low-Carbon Transition
Accelerate the transition to a low-carbon economy through Environmental Finance Goal. Finance and facilitate environmental solutions over five years in support of:

- Renewable Energy
- Clean Technology
- Sustainable Transportation
- Energy Efficiency
- Green Buildings
- Water Quality and Conservation
- Circular Economy
- Sustainable Agriculture and Land Use

Citi will also continue to develop innovative financing structures and look for opportunities to scale positive impacts in these and other areas.

Climate Risk
Measure, manage and reduce the climate risk and impact of our client portfolio. Measuring the climate impact on our climates will help accelerate our understanding of the climate risks faced by Citi and our clients, and the possible pathways for our collective transition to a low-carbon economy.

Our approach to analyzing and reducing climate risks associated with our clients includes three areas of activity:

1. Policy Development – Integrate climate risk into our policies and frameworks
2. Portfolio Analysis and Measurement
3. Engagement – Engage with our clients on their climate risk management and low-carbon transition strategies

Sustainable Operations
Reduce the environmental footprint of our facilities and strengthen our sustainability culture. Citi remains committed to minimizing the impact of our global operations through operational footprint goals, and further integrate sustainable practices across the company.

HUMAN RIGHTS

Citi supports the protection and fulfilment of human rights around the world and is guided by fundamental principles of human rights. Citi is also a signatory to the United Nations (UN) Global Compact. Our provision of financial services could entail potential risks to internationally recognized human rights, including the risks posed by our clients' activities to other rights holders. Citi strives to prevent impacts to human rights and seeks to do business with clients who share our commitment to respect human rights. We carry out appropriate due diligence on clients to maintain our high ethical standards and to protect rights holders potentially affected by unethical and harmful activities.

Across our operations, in our supply chain and in our lending activities, we seek to avoid the risk of being linked through our business relationships to any form of modern slavery, including forced labor or human trafficking. As an employer, we have instituted the policies reflected in our Code of Conduct to promote the respectful treatment of our employees.

Beyond our own operations and supply chain, we evaluate all clients for risks related to modern slavery through our Anti-Money Laundering Program and Know Your Customer protocols. These protocols designate human trafficking as among the most severe types of risks for financial crimes due to the risks of traffickers laundering their illicit proceeds via our financial products, services, or those of our correspondent banking relationships.

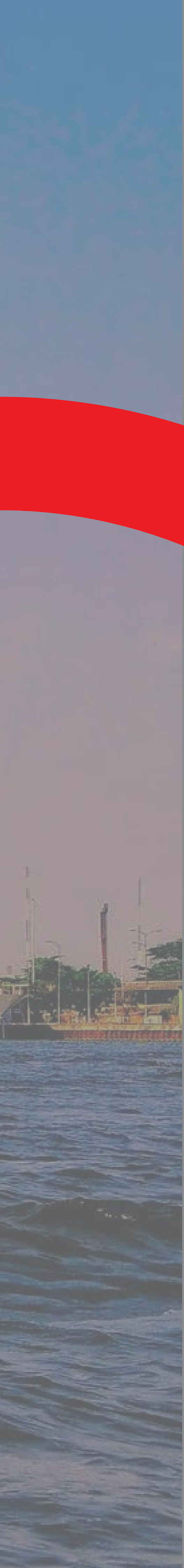
FINANCIAL INCLUSION & ACCESS TO CAPITAL

The past year has brought to the forefront the long-standing social and economic inequities that have faced our communities. As a financial institution with a long history of commitments to support resilient and inclusive communities, we continue to challenge ourselves to look at how we can do things differently.

Citi is committed to sharing best practices and improving the financial literacy base of financially excluded individuals. Citi Nigeria extended a loan of NGN500 million to Accion Microfinance Bank (Accion MFB) in Nigeria to drive and promote the development of the microfinance sector in Nigeria. The loan will fund Accion's loan portfolio and support the development of approximately five thousand micro and small enterprises in the country. The agreement will also support the Central Bank of Nigeria's National Financial Inclusion Strategy (NFIS) to reduce the number of excluded persons by bringing them into the formal banking fold. This loan is part of a long-term business partnership between Citi Inclusive Finance, Citi's specialized unit for microfinance and inclusive finance transactions, and the Overseas Private Investment Corporation (OPIC).

By partnering with other banks and microfinance institutions, Citi continues to explore innovative avenues to provide capital to those who otherwise would not have had access. The promotion of diversity, one of the key pillars of Citi's operating culture, also ensures that Citi continues to provide equal opportunities for all irrespective of gender, religion or race.

Sustainability is a growing priority around the world, and we are channeling this enthusiasm by strengthening Citi's sustainability culture, engaging our employees and integrating sustainable practices across the organization.



Business Report

TREASURY AND TRADE SOLUTIONS

Segun Adaramola
Head Treasury and Trade Solutions (TTS)

year 2020 was challenging for humanity and for businesses as well. However, the challenges to normal life and business activities provided the opportunity for future thinking organizations to demonstrate embedded resilience in their processes and operational capacities. The drive for digitization across all our transaction banking client touchpoints positioned the business for continued support and provision of transaction services to our clients despite the extensive lockdown period. The Treasury and Trade Solutions (TTS) business continued to extend the strength of Citi's global network, product capabilities and industry platforms to support the treasury management needs of our clients. We remained at the forefront of providing leading collections, payments and trade solutions to our client segments.

The impact of Covid-19 globally necessitated the need for increased utilization of our electronic channels by customers for their banking needs. The migration to electronic channels that Citi has heralded through the years laid the foundation for the increased momentum and growth in use of our digital channels across both Cash and Trade with greater impact on our Trade business. On the business end, we witnessed drop in business momentum and transaction volumes in the year but with recovery noticed towards the end of 2020. The migration to virtual platforms for engagement and interaction with our clients enabled the hosting of a number of successful client events and seminars. As Treasurers shared their priorities, Citi proactively showcased thought leadership via marketing events, webinars and literatures that clients found very useful in navigating through the challenges of 2020.

We remain committed to harnessing the benefits of technology solutions and platforms. Our clients continue to collaborate with us in the drive to review their treasury processes with the ultimate objective of continuous improvement to keep their operations and activities profitable.

Innovation and 'Being the Best' remains a key element of our strategy as we sustain the focus to deliver exceptional solutions via leveraging global relationships to partner with clients in the provision of best-in class solutions always.

As we transit into 2021, we are committed to further harnessing our product capability, technology platforms and relationships to be the best for our clients.

Cash Management

The importance of an efficient and safe payment system that is accessible to all users of financial service underlies the various activities that continue to engage the attention of stakeholders in the Nigeria payments space. Financial inclusion took center stage in 2020 following the licensing of 3 operators with full Payment Service Bank (PSB) licenses. PSBs are expected to use technology and mobile to drive financial inclusion in the country. The drive for improvement in risk management architecture and environment continued with the issuance of regulatory framework for Nigerian Payments System Risk and Information Security Management.

The issuance of regulatory circulars on revised standards on Nigeria Uniform Bank Account Number (NUBAN), ISO20022 SWIFT updated Timelines for migration and SWIFT Universal Payment Confirmations reinforced the regulator's commitment to payment system standardization and modernization.

These developments are well-aligned and positively resonate with the global digitization strategies of the Treasury and Trade Solution (TTS) business. We leverage our global product rollout, as well as local product development and initiatives to enrich our client engagement and enhance the value proposition of our cash management products to clients.

We will continue to focus on differentiating ourselves in the marketplace with our range of Cash Management Solutions across the 3 product pillars. For Payments, our Citi connect for API enhances our host-to-host integration strategy by providing API-based transaction initiation to support urgent payments. Our Commercial Cards payment offering significantly impacted by travel restrictions arising from C-19 is beginning to witness recovery. Our receivables offerings continue to leverage bank agnostic market platforms whilst we continue to enhance our Liquidity management offerings by extending global liquidity solutions to clients. We have enhanced our product value proposition with the rollout of Payment Insight for cross border transactions and Citi Payment Outlier Detection solution for detecting and reporting unusual transactions. Reconciliation products and solutions such as Citi Smart Match and Payer ID, already approved by the regulator, are being commercialized to achieve near 100% match rate of reconciliation output for our high volume paying and receivables clients. Our effort at commercializing tailored market infrastructure remains an important aspect of our cash management strategy in Nigeria.

The outlook for the cash management business into 2021 promises to be exciting from our product/channel positioning in the market. We will continue the digitization drive across all our product offerings and client engagement touchpoints along the paths defined so far from 2020, and focus on-boarding clients to our global solutions for improved treasury management. We will continue to actively engage and interact with clients to leverage expected benefits in the use of our platforms and products for process efficiency and effectiveness.

Trade Services and Trade Finance

In 2020, clients continued to experience challenges at the Ports; rise in inflation and low consumer purchasing power as well as the other effects of the global pandemic which led to major disruptions in global supply chain. The unprecedented decline in oil prices also put pressure on the country's FX and Reserves thereby impacting US Dollar liquidity, hence reducing our client's import trade activities.

These headwinds had significant impact on our Trade business as clients struggled to get foreign exchange to support their import business. Notwithstanding, we pursued a multi prong strategy of service excellence, digitization, pricing and enhanced credit support, to drive the Trade Business and deepened our share of wallet with clients. Our pricing remained competitive and we made excellent progress by converting a high number of our active Trade clients to our best in class CitiDirect for Trade digital platform, in line with our Trade digitization strategy. We implemented tailor made solutions to meet the changing needs of our client, provided excellent service and pursued our Trade digitization strategy while remaining competitive on pricing. In addition to our existing best in class Citidirect for trade digital solution for initiating trade transactions, we introduced Optical Character Recognition (OCR) electronic forms for initiating Letters of Credit and discontinued manual paper applications. Citi also successfully implemented the Central Bank of Nigeria (CBN)'s Trade Monitoring System Application Portal for registering, processing and reporting Export NXP activities

To ensure constant flow of raw materials to keep factories working, our offering of Supply Chain Financing have been able to provide optimal post-performance financing to vendors of our clients. Secondly, to assist our clients as they diversify into the export business, we have designed pre and post-shipment export financing products that have positively impacted their cost of funds. Citi Nigeria has been able to offer these products with a touch of technology to ensure that our clients (and their suppliers/ vendors) conduct business on their hand-held devices. Our Citi Supplier Finance platform continued to be instrumental in driving our supplier finance proposition, with a significant number of our manufacturing clients turning to Citi for Supply Chain Financing to ensure improved working capital management and continuity of their operations.

With the COVID vaccines now available, crude oil price on the rise, and African Continental Free Trade Area (AfCFTA) coming into effect from January, the outlook for 2021 is quite promising with expected stability in government policies. Citi is well positioned to continue to partner with our key clients to take advantage of emerging opportunities in the environment, to grow our Trade business. Our focus on digitizing Trade processes will be heightened with the goal of complete migration of our letters of credit issuance to our CitiDirect for Trade Platform. Our product offering remains strong while we will continue to provide innovative solutions to meet the changing needs of clients in response to the business environment.

In 2021, we expect government policies on exchange rate, border closure and trade digitization to continue. With the expected stability, Citi is well positioned to partner with our clients take advantage of emerging opportunities, in line with our growth strategy.

Sales

2020 saw a the slump that had happened in 2020 as a result of the oil crisis (at the beginning of the year) and COVID-19. In our role as partner and trusted advisor to our clients, we continued to stay close to them and advise on best practice and best-in-class solutions. We continued to share in-country dynamics, regulations, and processes with their decision makers to contribute to improved operations of our clients. It was an opportunity for us to re-emphasize to our clients that we are here for them and here for good, and our clients have continued to rely on us for achievement/ sustenance of treasury efficiency.

In response to COVID-19, we saw a surge of interest in a more "touchless" manner of operating and engaging, with our clients embracing digitization a lot more than they had in the past. This led to a renewal of interest in digital and connectivity related solutions by our clients. As the year progressed, clients modified their method of operation to reflect the new normal way of doing things virtually and in an increasingly digitized manner, adopting solutions such as digital / ecommerce collections, Connectivity for payments, Multi-banking for auto-reporting & sweeping, visibility and control of various banking relationships from single interface. We continued to partner with our clients in achieving their centralization and standardization objectives by providing advisory and local expertise to support global solutions. On the macro side, foreign exchange (FX) remained very scarce, prompting us to structure and propose solutions to help clients remain operational and mitigate the effects of the shortage, with solutions such as structured trade transactions, working capital finance on the NGN side, Citi offshore foreign currency (FCY) loanfunded trade transactions, etc.

We again won the Euromoney award for Best Domestic Cash Management Bank in Nigeria, underlining the value we bring to the table for our clients.

We also organized a number of client workshops, marketing and thought leadership sessions, which included a cash digitization workshop, in line with the global and local focus on automated and digitized solutions.

Implement

The implementation Team helped Citi clients deliver on their key strategic projects, which cut across all Treasury and Trade Solutions offerings. We implemented several strategic deals ranging from electronic collections solutions that helped Citi's clients collect from their customers and reconcile real time and efficiently, Enterprise Resource Planning integration solutions for Payments and Receivables and Trade digitization for Import Letters of Credit and Supplier Financing. In the FI space, we implemented Payment insights, a tool that facilitates transactions tracking and queries real time.

In 2021, Citi will continue to drive its implementation goals and objectives in the areas of employing innovative project management Self Service tools, such as ERP integrators (SAP and Oracle), Clients Self testing tools, automated project status updates, self on-boarding tools, APIs tools etc.
The implementation team will continue to leverage on the Voice of the Client (VOC) system to receive feedback in a bid to improve our project management process and respond to clients' emerging and dynamic needs or requirements.

CORPORATE AND INVESTMENT BANKING

Faisal Masood
Head of Corporate and Investment Banking

Citi Corporate and Investment bank, part of the wider Banking Capital Markets and Advisory (BCMA) unit, remains focused on being a strategic advisor to our clients, providing best in class solutions for various financial services ranging from investment banking, financing, risk management, treasury management, transaction services (Cash management, Trade products) and advisory solutions. Our experienced coverage team leverages on our unmatched proprietary network in providing a comprehensive set of innovative products aimed at helping clients achieve their business objectives. As a trusted partner of clients, we are consistent in providing guidance on optimal capital deployment, risk management solutions and access to capital markets. Deal origination remains at the "front of mind" of our bankers, as we aid clients' access to local and international markets to fund capital-raising needs.

2020 Overview

The COVID-19 pandemic brought unprecedented challenges for Corporate Clients in Nigeria as worldwide supply chain disruptions reduced trade volumes, while the 8-week lockdown affected sales volumes. These had an adverse effect on the fragile macro-economic conditions in the Nigerian economy – recovering from the second recession in 5 years. Foreign exchange shortages due to the global collapse in Oil prices and reduced inflows was a major challenge for our clients given the import-dependent nature of the Nigerian economy. Increased electricity tariffs and the removal of the petroleum subsidy in September 2020, continue to inflict inflationary pressures on prices of goods and services – annual inflation reached a 3 year high of 16.47% (January 2021). The Central Bank also employed several monetary measures to manage system liquidity and exchange rate, resulting in banks having significantly higher cash reserves with the Central Bank. However, the issuance of special bills by the Central Bank in Q4 2020, in lieu of some of the sterilized cash led to significant improvement in the liquidity ratio of banks. The Central Bank also progressively reduced the Monetary Policy Rate during the year by 200 bps (13.5% to 11.5%) in a bid to encourage lending to the real sector and at the same time reducing the Treasury Bills rate to near zero – further compelling banks to lend.

Despite the severe economic headwinds experienced in 2020, Citi successfully helped clients optimize their capital and trade financing structure to navigate various operating challenges and at the same time position themselves to take advantage of growth opportunities. Being proactive in providing the required technology infrastructure in the digitization of existing banking processes, we were able to maintain the best possible service and responsiveness to clients. We continue to be the preferred banker for Top tier Local Corporates, Public Sector, Energy and Financial Institutions in Nigeria. Corporate bank continues to build on our trusted advisor status, evidenced by various key transactions successfully closed last year. We provided liquidity to our Corporate and FI clients via FCY trade financing to underline our broad-based support for Nigerian economy. We also helped an FI client access the int'l debt capital market with a very successful Eurobond issuance, which was the first post-COVID issuance in Nigeria.

Due to the expansive monetary policy employed by the CBN, high levels of liquidity in the economy present a unique opportunity for Citi to grow credit assets to our target market. Through strong capital management and our unique ability to leverage on a global network, Citi is poised to play a major part in encouraging economic growth and financial progress in Nigeria. We have consistently maintained a highly profitable portfolio with a return on tangible common equity of 113.4% for our Nigeria portfolio, a testament to the efforts of the experienced team which imbibe our "responsible financing" mind-set in daily activities.

2021 Outlook

Trade remains a strategic priority for Corporate Bank as post-pandemic world economies gradually open up, following the dispensation of COVID-19 vaccines. A bright spot is the prospect of the African Continental Free Trade Area (AfCFTA) agreement in promoting free trade within the continent. The agreement requires that 97% of existing tariff lines are removed by member countries, over the next five to ten years. Citi's extensive presence on the continent provides the perfect platform to utilise the enormous intracontinental free trade potential. This is quite timely for Nigeria, as the world shifts away from hydrocarbons towards more sustainable and environmentally friendly energy sources. Following the passage of the 2021 budget, we expect increased levels of economic activity compared to recent years, as the government spurs economic recovery through record levels of expenditure (21% YOY increase). The 2021 budget most notably features a 55% growth in capital expenditure spending, which will address critical infrastructure deficits in various parts of the country. The budget deficit, which increased by approximately 4.42% to N5.2 trillion, will be financed by new debt, proceeds from privatisation sales and drawdowns on loans assigned to specific projects. These present opportunities for Citi in leveraging its unique capabilities in value creation for our public sector clients.

Challenges for the Nigerian economy remains a high reliance on oil for foreign exchange earnings to the government purse. This makes the economy vulnerable to oil price shocks, which have become more frequent as the world weans away from fossil fuels. In addition, increasing inflation rates due to the lingering effects of the 16-month border closure and the high levels of insecurity affecting parts of the country are also detrimental to economic growth. Signs of progress were seen in Q4 '20 where the Nigerian economy grew marginally by 0.11% after 3 consecutive quarters of contractions. This is a result of the gradual return of economic activities as the country tries to manage the effects of the COVID-19 pandemic. We are committed to helping our clients' weather economic headwinds by providing the required solutions to aid optimal working capital and capital expenditure needs.

In a challenging year where unprecedented challenges and adverse conditions plagued economies around the world, Citi showed resilience in ensuring we "be the best" for the client. Our unwavering commitment in serving our clients ensured the steady and meaningful progress in achieving business objectives. Through our unique sector and product expertise, we look forward to harnessing our various strengths in creating diverse opportunities for the business, while providing best in class solutions to our clients.

GLOBAL SUBSIDIARIES GROUP

Nneka Enwereji
Executive Director and Head of Global Subsidiaries Group (GSG)

The year 2020 may well be remembered for being the year everything changed. The economic challenges induced by the global policy responses to the COVID-19 health pandemic, especially the lockdown of major economies around the world triggered economic and operational challenges for our multinational clients in Nigeria. The Global Subsidiaries Group (GSG) was at the forefront of client engagement, leveraging Citi's global network, knowhow and its strong local knowledge to provide solutions in one of the most challenging years of our lifetime.

The local regulatory landscape remained dynamic with actions from the government and the Central Bank of Nigeria (CBN) playing a crucial role in how Citibank's multinational clients conducted their business during the year. In addition to the government's policy response to the COVID-19 outbreak, other policy developments had some meaningful impact on business activities, notably the extended closure of land borders to neighbouring countries, the increase in VAT from 5% to 7.5%, the implementation of the new national minimum wage, the restriction of importation through third party companies and disruptions from civil protests against police brutality.

Amidst these operating challenges, one of the key priorities for Citi's clients was the continuity of their business which partly entailed having unfettered access to the full banking suite despite their mostly working from home. Citi efficiently harnessed its robust systems and digital platforms to deliver a seamless remote processing experience to these clients. As a client coverage team, the GSG deployed virtual channels to collaborate quite effectively across the bank network to seamlessly deliver the firm to the clients. The bank also successfully acquired new multinational clients from different industries, notably from the dynamic Fintech segment, thereby expanding the client base.

The GSG team maintained a frequent, intense and multiple levels of client engagement which has helped reinforce Citi's positioning as a trusted advisor to its clients. Throughout the year, the bank hosted several virtual thought leadership events which provided insightful macroeconomic updates and topics covered include the digitalisation of supply chains, a pharmaceutical industry update, plus bespoke events for the bank's China desk and Japan desk clients. During the bank's annual voice of client survey, 90% of the sampled clients voted Citi as their trusted advisor and best in class bank provider. For the fifth consecutive time in five years, Citi was again voted as the Most Customer Focused Bank in the wholesale banking category, in KPMG's banking industry annual customer satisfaction survey, all of which corroborate the efficacy of Citi's client coverage and service delivery model.

The covid-19 lockdown measures imposed by governments around the world caused severe disruptions to supply chains and securing adequate product supplies was another critical priority for Citi's clients, especially the fast moving consumer goods sector. This challenge was further exacerbated by foreign currency liquidity shortages in Nigeria plus a marked reduction in letter of credit confirmation lines by some correspondent banks, in response to the sovereign rating downgrade. Citi leveraged its global network and some structured cross-border trade solutions to support its multinational clients' import trade activities, thereby cementing its place as a trusted and reliable financial services partner. Local trade was not left behind as we continued our expansion of the supply chain finance program to provide relief on working capital and financing costs requirements.

2021 Outlook

Whilst the global economic recovery depends on the policy responses to further waves of the COVID-19 plus the effective roll out of vaccines, local monetary and fiscal policy responses would remain critical to the business landscape. The double digit inflationary trends, negative real interest rates, exchange rate adjustments, inadequate foreign currency supply and the direction of capital flows will remain under focus. Corporate revenues will remain under pressure as consumers' purchasing power continue to shrink, while the escalating cost environment will depress profit margins, more so as price competitiveness remains key. Citi's bespoke inventory financing and working capital optimisation solutions will be made available to clients, to help improve some of the business outcomes.

The COVID-19 pandemic has also accelerated the digital era and the nationwide implementation of the cashless policy also makes digital innovation more critical than ever before. Citi will remain at the forefront of the necessary client engagements to deploy bespoke digital solutions.

As a bank, we approach the New Year relentless in our commitment to deploy best in class banking solutions to help the bank's clients meet their strategic objectives. Citi's solid understanding of the local market environment, its rich experience helping clients in the most challenged economies, global network connectivity, innovation track record and deep client engagement, provide the solid footing to make a difference.

MARKETS

Bayo Adeyemo
Country Treasurer and Head of Markets

The year 2020 was defined largely by the impact of the COVID-19 pandemic and the adaptive and corrective policy responses by governments and institutions to the changed economic and social landscape.

The novel coronavirus was already in the news early in the year, and concerns grew as more countries began reporting their first cases of COVID-19. As infections multiplied around the world through February, and by early March, when the outbreak was labeled a pandemic, it was clear that the crisis would affect nearly every area of our lives as governments around the world instituted different degrees of restriction on movement and gatherings in order to contain its spread.

The lockdowns resulted in steep declines in global crude oil demand, rising oil inventory and lower prices. In addition to the above, the Price war that broke out between Saudi Arabia and Russia in March due to the collapse of the OPEC+ agreement worsened the drop in prices. West Texas Intermediate (WTI) crude oil traded at negative prices in April, the first time the price for the WTI futures contract fell to less than zero since trading began in 1983. Brent crude oil, the global crude oil price benchmark that Nigeria's oil tracks, also fell to $9.12 per barrel, its lowest daily price in decades.

The lower oil prices and the nationwide lockdowns led to massive disruptions in the supply chain and impacted the economy negatively. The GDP growth dropped from 1.87% in Q1 to -6.10% in Q2, the worst quarterly GDP growth in over two decades. Despite the easing of the lockdown in Q3 and a moderate recovery in oil price, the economy slid into a technical recession with a -3.62% growth recorded in Q3. Pickup in economic activities and the continued recovery in oil prices resulted in Nigeria exiting recession with a growth of 0.11% in Q4.

In response to the lower oil prices and the global pandemic, we saw significant pick-up in portfolio FX outflows from the country. This mounted pressure on the exchange rate, which had been relatively stable since the commencement of the Investors & Exporters Window in 2017. The exchange rate at the Investors & Exporters window rose from $/NGN365 to $/NGN385 and eventually to $/NGN393 by the end of the year. The CBN official exchange rate was also adjusted from $/NGN306 at the start of the year to $/NGN379 by year end, a 24% depreciation in the currency. Despite the currency adjustments, foreign investors' inflow into Nigeria was the lowest since the FX crisis period of 2016.

Inflation remained outside the CBN's target band of 6-9%, rising from 12.13% in January to 15.75% by December largely due to bottlenecks in the supply chain for food and other essential items. Despite rising inflation, Monetary Policy was broadly accommodative. The CBN enlarged its development finance activity in a bid to ensure critical sectors of the economy were insulated from the ensuing impact of the COVID-19 pandemic. Among the measures was the creation of a NGN50bn targeted credit facility to support households and SMEs while intervention funds of NGN1tn and NGN100bn were created to support the manufacturing and healthcare sectors respectively. Furthermore, the Monetary Policy Rate (MPR) was reduced from 13.50% to 11.50% during the year. Average overnight lending rates was 6.54%, significantly lower than the 11.58% level recorded in 2019.

On the fiscal side, the 2020 budget was revised to reflect the new pandemic economic reality; the oil price benchmark was lowered to $28/bbl from $57/bbl, oil production levels was cut to 1.8mb/d from 2.18mb/d and the budget exchange rate was devalued by 15% from $/NGN305 to $/NGN360. Nigeria also took bold strides toward the removal of fuel subsidy and adjustment of electricity tariff to a more cost reflective tariff as government revenue became pressured. The unfavorable international debt market environment resulted in the government shelving its Eurobond issuance plans for 2020 and instead focused on borrowing in the more favorable local market. The DMO increased local debt issuance from NGN744bn budgeted at the start of the year to NGN2.2trn. Despite increased issuance of FGN securities during the year, yields generally trended down due to increased local investor demand as a result of CBN accommodative monetary policy. The 10 year FGN bond opened the year at 11.6% and closed at 7%. Nigeria also successfully accessed USD3.4bn from the IMF under the rapid Financing Instrument (RFI) to meet balance of payment needs that stemmed from the outbreak of COVID-19 pandemic.

In 2020, the disruption caused by the pandemic and challenging macroeconomic environment also presented opportunities. Citibank Nigeria Markets leveraged on the talent of team members and commitment to clients to provide innovative solutions and maximize value presented by the changing market dynamics.

The continued national and global efforts at vaccination should drive a gradual return to normalcy on the economic and social front. Increased economic activities would likely lead to higher oil prices, improved foreign reserve accretion and GDP growth. Challenges and risk to this outlook is the likelihood of tightening of monetary policy both globally and locally as economies begin to improve and the Central banks focuses more on their traditional role of ensuring price stability.

The gradual improvement in economic activities in 2021 will present a wide array of opportunities for Citibank Nigeria Markets to build on its local and global capabilities with a view to serving our clients and driving value for the franchise.

DIRECT CUSTODY AND CLEARING

Aderonke Adetoro
Securities Country Manager, Direct Custody and Clearing

2020 Overview

Direct Custody and Clearing (DCC) is an integral part of Citi's Securities Services (SS) business. DCC provides core custody services including safekeeping, securities settlement and clearing as well as asset servicing, and other value-added services to both foreign and domestic clients.

2020 was unlike any year experienced in the last century - however DCC continued to leverage Citi's robust technology systems allowing remote access enabling customers continued access to custody-related technology platforms, including CitiDirect for Securities to execute their settlements. Citi brought its extensive market knowledge expertise to bear in supporting clients through what was a tumultuous year for most, reflecting in higher revenues despite a reduction in Asset under Custody (AUC) vis-a-vis 2019.

Due to the modified nature of interactions in 2020, DCC hosted the Foreign Portfolio Investor (FPI) Due Diligence visits virtually via zoom. Despite the absence of physical meetings, Citi remained equipped in its widespread consultation with domestic clients on their business objectives and ways in which Citi could better support their business activities.

Citi also maintained its engagements with regulators, looking at how best to continuously modify the investment process in the market and ensuring Nigeria is ready for foreign investment. In addition Citi provided our in-house perspective through discussions on the Nigerian economy especially the challenging foreign exchange (FX) environment with insight from the Citi Africa Economist. Citi's custody service offering, especially our differentiating factors, as well as the developments in the Nigerian capital market were also constantly highlighted. For example, the recent amendment in 2020 version of the Company and Allied Matters (CAMA) Act in Nigeria that governs how companies are run and set up now permits virtual meetings for private companies. It also provides for electronic signatures, saying: "An electronic signature is deemed to satisfy the requirements of signing of documents requiring authentication by the Company." In terms of service delivery and specifically securities settlement and asset servicing, Citi also explored various ways to improve our clients' experience, including amending settlement cut-off times, making them more competitive.

In the fixed income space, year-to-date movement in yields have been downward trending due mainly to the limited supply of available securities to local players. Bond yields decreased from their opening levels – benchmark 7-year government bond yields have decreased by 500 basis points (bps) from January 2020 levels to 5.5% at the close of 2020 (Mar 2027 Bonds). The trend is repeated for T-bills which dropped by 600bps – at the last primary auction conducted in 2020, 91-day, 182-day and 364-day T-bills closed at 0.035%, 0.5%, and 1.21% respectively.

Where equities are concerned, the Nigeria Stock Exchange (NSE) All Share Index (ASI) closed 2020 at 43,755.38, 52% higher than the closing 2019 of 26,416.48, with analysts touting the Nigerian stock market as one of the best performing in its category, due partly to money market policies which saw the rates on federal government issued treasury bills and bonds decline significantly leaving investors with a dearth of available high yielding asset. Securities market liquidity is still a factor, the equities markets for example has a daily trading turnover of approximately US$20million average.

Looking at the macro fundamentals, the COVID-19 outbreak led to a crash in oil prices and higher stockpiles globally. Given that crude oil accounts for 87% of Nigeria's total exports and 65% of total Federal Government Revenue (despite being less than 10% of the Nigerian economy) this fall in crude prices put a strain on government revenue and led to the removal of fuel subsidy, a restructuring of the power tariff and ultimately leading to a significant decline in foreign exchange trading volumes in comparison to the preceding 3 years. At year end, the FX reserves at US$35.3billion cover approximately 9 months of imports.

Despite this macro-backdrop, investors could still expect to benefit from the high yields on fixed income instruments compared to similar markets. Although there is limited liquidity in the FX market, investors have typically enjoy exchange rate stability.

On a regulatory front, the main regulators governing the market with regards to investment and associated activities are the Nigerian Securities and Exchange Commission and the Central Bank of Nigeria. In recent years, regulators typically exposing proposed regulatory changes to the public for comment giving market participants the opportunity to make valuable input. In terms of Market Infrastructure developments, the Central Securities Clearing Systems Plc continued its quarterly meetings with Custodians over the course of 2020, to discuss matters that will improve market infrastructure.

2021 Outlook

After a challenging 2020, Citi has no choice but be optimistic about the coming year and renewed foreign investor confidence in the Nigerian capital market resulting in an increase in the portfolio investment into the country. We also expect growth in GDP, oil production and prices, and as a result more flows and better liquidity in the FX market. As a business, Citi will continue to leverage the achievements of previous years, lessons learnt in 2020 and the bank's extensive global footprint in the DCC space. This will include the work of eliminating the divergence between international norms and processes in Nigeria e.g. the use of ISINs in trading and settlement, eVoting & virtual meetings vs physical annual general meetings as well as limited asset classes available. We will strive to deliver of best in class products and services to our clients, while continuing to provide thought leadership through our interactions with market regulators, market infrastructures and other capital market operators/ participants, as well as through our involvement in various capital market groups.

OPERATIONS AND TECHNOLOGY

Ngozi Omoke-Enyi
Executive Director and Head of Operations and Technology

Operations & Technology (O&T) continues to represent the formidable pillar that provides an integrated support for delivery of top line products and services to our customers, enabling Citi to achieve efficiencies and scale in its business and growth goals. In line with our mission, O & T delivered sustainable competitive advantage to the business which facilitated the execution of Citi's strategies with significant shareholder value in 2020.

Despite the ravaging impact of the COVID – 19 Pandemic with attendant limitation to physical contact as well as lockdown measures, O & T demonstrated operational resilience, embraced the changes, leveraging Citi's high digital offerings and forward compatible teams to ensure business continuity and sustenance of acceptable production service levels.

Client Experience

Our service teams stayed close to our clients virtually, helping them to navigate the new ways of doing business without disruption. The pandemic further reinforced our digitization initiatives and its their adoption as our clients had a better appreciation of technology and its criticality for uninterrupted service during unprecedented times.

O & T deployed the following additional innovative tools to improve processing timelines turnaround times and average resolution time for enquiries with an overall positive client experience.

- Citidirect for Trade - migration of Trade clients to our electronic banking platform. Letters of Credit initiated digitally increased to 75% in 2020. This has brought about process efficiency, convenience and cost savings to our clients utilizing the functionality.
- Payment Insights functionality on CitiDirect - this empowers clients to track their payments from initiation to completion. The team conducted several client webinars to socialize and demonstrate the efficiency and value of the service.
- Security Manager uptake – many more clients can now actively manage their profiles on CitiDirect on their own without having to call on engagement with the bank for intervention.
- Over 30 Roundtables and 40 distinct virtual client engagement sessions covering new regulatory guidelines, emerging market trends and other uses were held.

For the 3rd time since 2018, Citi emerged as the 'Most Customer Focused Bank' in the wholesale segment of the independent KPMG Banking Industry Client Experience Survey.

People Development

O & T fosters a culture of equity, diversity, and inclusion through respect for diverse backgrounds and ideas. In 2020, specific effort was deployed to build capacity, improve effective communication, and train future compatible workforce. Specifically, O & T:

- Embraced the new split work culture, adopted virtual interactions for trainings and engagement sessions. A total of 1170 training hours were completed by staff within a 6-month period.
- Held Masterclasses on operational resilience and career development.
- Instituted virtual huddles and bonding events to foster team spirit and effective engagement in coping with pandemic related challenges.

Technology

In 2020, Technology played a crucial role in enabling Citi transition into the new normal way of working remotely in a virtual challenging working environment with its challenges. Outstanding effort went into provisioning, configuring, testing, and activating technology tools to support split work arrangements, remote access, working from home, and general continuity of business capabilities with minimal physical presence. In the process, the effectiveness of our contingency planning and commitment to service delivery were fully validated on an unprecedented scale. Beyond the immediate needs of the moment, these developments accelerated our strategic progression towards mobile, cloud-ready technology solutions for the virtual workspace. Despite the unplanned work overheads created by the COVID-19 pandemic, the following projects planned to add value to our business and meet regulatory requirements were accomplished.

- Deployment of encryption technologies and password management tools to manage and strengthen controls on local application functional IDs.
- Upgrade of Head Office Board Room's audio system and deployment of Zoom video conferencing solution
- Upgrade of our international links to London and Frankfurt to meet increased bandwidth demand due to video conferencing needs
- Refresh of end-of-life firewall infrastructure for B2B connectivity with regulators and payment switches.
- Implemented Global Standing Instructions in line with Central Bank of Nigeria directives
- Enhanced Turnaround time for processing Nigeria Instant Payments to 30 seconds
- Automated the generation of stamp duty, VAT, and WHT reports and implemented straight-through processing of SWIFT MT101 and MT103 messages.
- We insourced our customer statements platform and localized SMS notification solution for improved security. Account balances were included in SMS transaction alerts in line with Consumer Protection regulation requirements

Risk & Controls

Strong risk and controls culture which delivers operating leverage and protects our franchise against operational risk; remains our focal point in building a stronger business performance.

In 2020, we focused on safety and soundness, business resiliency and information security. O & T instituted a Lessons Learned culture for managing controls through identification of Operational Risk Events. Through the process, we learn from mistakes, build more knowledgeable and resilient teams that hold each other accountable for managing risks and controls.

No fraud or significant control breaches were recorded during the period. The effectiveness of our operational controls was tested by external, internal, and regulatory examiners with satisfactory outcomes.

Cyber Security

The year 2020 witnessed an increase in cyber risk due to staff transitioning from the traditional office environment to working remotely. In reaction, Citi cyber and information security programs for safeguarding the confidentiality, integrity, and availability of information and information assets were strengthened. These included the introduction of the Cyber and Information Security Policy for supporting cyber and information security, staff training & circulation of awareness messages on precautions to take while working remotely, heightened focus on system access and user entitlement reviews.

In addition, the Cyber Security Fusion Centre (CSFC) conducted a cyber exercise for the Crisis Management Team (CMT) along with quarterly phishing test campaigns to gauge staff awareness on phishing and social engineering tactics.

Outlook for 2021

As the economy slowly recovers from the global recession, it has become apparent that the future of financial ecosystem is being reshaped by technology. Therefore, deepening our technology offerings and embedding operational resilience in our processes will be the focus as we continuously strive to be a competitive advantage to the business. O & T is well positioned to support the business to compete and win at all-times through:

- Deepening post-sales relationships / engagements and focusing on client-led initiatives
- Supporting business growth and Transformation through Digitization & more responsive Technology
- Reinforcing risk and controls environment as a strategic imperative - cyber security, business continuity and Operational Resilience. We live in a regulatory environment that is constantly changing.
- Continuing to strengthen the in-country team by building an engaged, forward compatible work force.

INDEPENDENT RISK MANAGEMENT

Oluwole Awotundun
Executive Director and Country Risk Manager, Nigeria, West and Central Africa

The year 2020 began on a buoyant note as the world braced up for reduced United States (US) – China tension, clarity on Britain's exit from The European Union, and an extension to the production cut agreement between OPEC and its allies. These had been perceived as the major economic risk factors, which had grabbed the headlines for a prolonged period. Consequently, growth optimism emerged as the prospect of recovering from a relatively low global economic base of 2019 became more feasible.

Despite the positive start to the year, optimism was doused by concerns around the spread of the deadly viral disease (Covid-19), which originated from Wuhan, China. The world's second largest economy had struggled to get back on its feet after an extended Lunar New Year holiday - with the virus already killing over a thousand people as at that time. As the spread intensified across various regions, with over 5.1 million reported cases in more than 150 countries, the outbreak was declared a pandemic by the World Health Organization (WHO) in mid-March.

Public health responses included travel restrictions, quarantines, curfews, event postponements and eventual cancellations. Governments around the world also introduced draconian restrictions on public life, as they tightened border controls to check the spread of the disease. Despite the level of attention, the pandemic received globally, the spread continued unabated with several countries introducing varied degrees of movement restrictions and lockdown.

The coronavirus ricocheted through economies, the resulting impact on employment, trade and aggregate income levels have been staggering – leading to one of the worst economic contractions since the global financial crisis. Commodity prices traded lower with increased volatility. Despite the decision of OPEC and its allies to further cut oil production, oil prices raced south with brent crude trading as low as $25pb before rebounding.

To alleviate the negative effects of social restrictions on the economy and to support public welfare, governments adopted a mix of fiscal and monetary policy measures. These economic measures were targeted towards households, firms, health systems and banks, and varied across countries. Monetary policies adopted by countries consisted of the emergency lowering of interest rates and the provision of liquidity support to banks, while fiscal policies included cash payments to households and businesses, extension of social security benefits and funding for the healthcare system.

Surprisingly, amongst major economies, the Chinese economy has so far coped best – being the only major economy that expanded in 2020. Despite initial fears from the fierce lockdown that saw the Chinese economy contract by a historic 6.8% in Q1'20, it rebounded to record a 2.3% y/y real GDP growth in 2020. The performance was supported by strict adherence to the virus containment measures as well as emergency relief for businesses and individuals.

Being one of the countries hardest hit by the pandemic, the United States recorded its first economic contraction since the financial crisis, and the biggest since the great depression. Down 3.5% y/y, the coronavirus pandemic brought the country to a shuddering halt. The impact was also felt across other regions; according to a first estimation of annual growth for 2020, real GDP growth fell by 6.8% in the euro area.

Driving it home, the pandemic took a significant toll on the Nigerian economy amidst an already struggling health sector. The double whammy impact of weaker oil prices and reduction in oil output, due to the need to comply with OPEC's production cut, compounded the woes on government finances. Amidst dwindling foreign reserve portfolio, intensified global risk aversion led to further reversal of capital flows. Despite the willingness of the apex bank to continue to defend the currency, market realities impeded its ability to do so as the bank was forced to devalue the currency at different times within the year. Notwithstanding the series of official devaluation, the official rates continue to trade at a premium to the black market, whilst foreign exchange liquidity remains a challenge across the markets.

Major macro-economic indicators deteriorated within the year. Particularly, inflation maintained an upward trend, racing north consistently and averaging 13.2% in 2020 (2019: 11.4%) – ending the year at a 3-year high of 15.7%. The main trigger points were exchange rate passthrough, impact of border closure on food prices, lingering ethnic conflict and continuous flooding in the food producing regions of the country amongst other factors. The CBN's Purchasing Managers' Index (PMI) also reflected the negative

sentiment, with Manufacturing and Non-Manufacturing PMI contracting for most part of the year – following the 36 and 34 consecutive months of expansion respectively. The depth of rout was reflected in the average 49.2 and 45.3 recorded in Manufacturing and Non-Manufacturing PMI for the year vs. the 58.1 and 59.1 recorded respectively in the prior year.
In line with global trend, both fiscal and monetary policy tools were thrown at the coronavirus pandemic in a bid to stop the accelerating collapse. Notably, pressured by the declining revenue estimation and resulting widening funding gap, the Federal Government passed a revised budget for the year, cutting both expected revenue and estimated expenditure to reflect the new realities. With a more conservative budget, the government introduced some palliatives in a bid to support affected individuals and sectors. As at November 2020, the capital expenditure performance stood at 68% - the highest on record. That said, the debt service to revenue ratio rose to 89%.

Caught in stagflation, the CBN battled between supporting economic growth and taming inflation. The apex bank's policies were however in favor of growth as the bank cut rates and stimulated the economy through some of its intervention programs. With other policies that limited retail and institutional investors in participating in the periodic OMO auction, market rates trended lower – resulting in a negative real interest rate for most of the year.

The pandemic ended twelve quarters of positive output growth, post-2016-recession. While the delayed transmission of the adverse effect of the pandemic on the Nigerian economy resulted in slower growth of 1.87% y/y in Q1'20, the impact of the five-week lockdown reverberated across the country's economic sectors in Q2'20, causing a 6.1% y/y contraction in the second quarter and extended to Q3'20 in a 3.6% y/y contraction. In a sharper than expected recovery, the country exited recession following a mild 0.11% growth in Q4'20. Overall, Nigeria recorded a real GDP contraction of 1.92% in 2020, albeit better than market expectations.

The equity market, however, was bullish. Save for the downward trend observed at the start of the pandemic, the market trended higher for most of the year. The upward trend was supported by low fixed income rates as investors switched asset allocation in a bid to seek alpha. The free funds from various stimulus packages also found its way into the equity market. Overall, the Nigerian Stock Exchange All Share Index (NSE ASI) rose 50% in the year, highest annual return since 2007. Notably, the positive equity market trend was a general global trend with most markets returning positive returns within the year.

The Coronavirus pandemic has had far-reaching economic consequences, and the end is not yet in sight. However, for the first in a long time, there is now optimism about the future. The progress recorded with vaccines and its treatment have raised expectations, and uncertainty has retroceded. With economies gradually opening and demand strengthening, commodity prices are on the uptrend. Crude oil prices have rallied, with Brent up from the pandemic low, breaching the $65pb mark for the first time since January, 2020.

From the lows of 2020, the outlook across various markets are looking up for 2021. Monetary and fiscal authorities have indicated willingness to further stimulate economies. The United States recently passed a $1.9 trillion COVID-19 relief package. According to IMF's January 2021 outlook update, the global economy is projected to grow by 5.5% and 4.2% in 2021 and 2022 respectively. "The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers and structural characteristics entering the crisis".

Outlook for the domestic economy is also looking stronger. With the recent recovery in oil price and the decision of OPEC and its allies to maintain production cuts, the oil-dependent economy should be up for a modest recovery. The early passage of the 2021 budget of "Economic Recovery and Resilience" is also a good step in the right direction. The key budget assumptions of oil price benchmark ($40pb) and oil production (1.86mbpd) appear quite conservative for the N13.6 trillion budget, based on current realities. The IMF forecasts a real GDP growth of 1.5% for Nigeria in 2021. However, should oil prices stay strong in line with recent trend, the growth forecast might be conservative.

2020 was widely regarded as the "Year of Survival". From the risk management standpoint, it was a year of unprecedented volatility - of a scale that challenged most economic forecasts. Above all, it was a test of resilience and adaptability, and indeed opportunities. Given the anticipated lagging impact of the pandemic on economic activities and financial performance on obligors within various sectors, continued vigilance is imperative, as we strive to grow the loan book within the bounds of responsible finance, consistent with our target market and risk acceptance criteria, and in a way that creates economic value.

The world spent the prior year planning and thinking about the biggest risk factors to the global economy and businesses. However, with the benefit of hindsight, most of these factors didn't matter as the most important risk factor for the year (Covid-19) was largely unforeseen. Importantly, as we journey through the year, we are guided by the fact that Risk is not static.

HUMAN RESOURCES

Gboyega Oloyede
Country Human Resources Officer

Covid-19 pandemic with its unprecedented impact on all aspect of life and the general state of insecurity, made the year 2020 an uncommon one. Most employees worked remotely from home for greater part of the year. Exception were few critical resources that worked from the office. The country slipped into recession with inflation rate increasing from 11.44% in 2019 to 12.88%. Strict scrutiny from regulators in the Nigeria Banking Industry continued. Despite the various challenges, the Bank remained focused on identified people objectives with high priority placed on employee safety, health, and wellbeing.

Employee Assistance Program

As a responsible employer and in recognition of employees need for support on issues relating to health, illness, debt and family problems, Citi implemented an Employee Assistance Program (EAP). A unique benefit which cover all employees and their family members that provides participants with free and anonymous specialist support and guidance through different kinds of life events such as:

- Abuse
- Addictive Behaviors
- Child & Family Care
- Discrimination/Harassment
- Health & Lifestyle Management
- Information & Resources
- Legal Issues
- Loss Issues
- Mental Illness/Psychiatric
- Money Management
- Organizational Issues
- Personal development.

Internal Management Structure

The Bank operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility.

Staffing

Attrition rate was 3.96% in 2020, which is a reduction from the previous year's 7.19%. The few resignations provided valuable opportunities for competent employees to step into new roles with extensive responsibilities. We continue to work with the business to ensure top talents are retained and key areas fortified with suitable staff.

Careers

We remain committed to offering employees opportunities for career development in line with their career aspirations and the goals of the organization.

Development

Given the peculiarities of the year, emphasis on development was on-line and virtual trainings.

As the economy and countries open up, post covid-19, we will continue to expose our people to training and developmental opportunities that will ensure our employees are engaged and motivated, as well as maintain our position as an organization with strong focus on talent development.

Diversity

Commitment to diversity remains core to our values. We continue to build an inclusive culture by increasing diversity, creating a transparent and inclusive workplace. Our inclusive workplace orientation effectively incorporates differences without eliminating them and is one in which people flourish individually and unite as a high performing team.

In support of the drive for diversity this, Citi Nigeria joined at a global level, events addressing issue of racism and celebration of International Women's day.

Citi Women's Employee Network, Nigeria, was officially launched on 8th September 2020. The networks' mission is to provide a supportive network that enables women to reach their full potential and to thrive in an inclusive environment. Employee Networks are run by employees, for employees, and are part of a Citi global programme.

Citi Employee Networks are open to all employees and provide a wide variety of activities to assist the company in recruiting and retaining talent, celebrating ethnic, cultural and community diversity, supporting community outreach and providing professional and personal development opportunities to their members.

Nigeria's Citi Women's Employee Network is the 67th Women's Network chapter globally, the 22nd Women's Network chapter in EMEA and the first formal network to launch in Africa.

Reward & Recognition

Our reward program is under-pinned by Citi's compensation philosophy which seeks to achieve the following objectives:

- Align compensation programs, structures, and decisions with shareholder and other stakeholder interests
- Reinforce a business culture based on the highest ethical standards
- Manage risks to Citi by encouraging prudent decision-making
- Reflect regulatory guidance in compensation programs
- Attract and retain the best talent to lead the Company to success

Staff Participation Scheme

The Bank has in place a Staff Participation Scheme that was established in 1993 under a Trust Deed which vested a certain number of shares in Nigeria International Bank Ltd (now Citibank Nigeria Ltd., "the Bank") in named trustees to be held in trust for all the Nigerian employees of the Bank.

The scheme was established for the benefit of the Bank's staff as an incentive mechanism, through the distribution of benefits accruing from dividends to all Employees as a portion of their respective compensation in a manner determined by Trustees of the scheme from time to time to time.

Citi Gratitude - the bank's global employee recognition system designed to empower and reward employees who demonstrate exceptional performance continue to run. The program provides a platform for reinforcing a culture of recognition through an innovative, easy-to-use tool that also allow for peer recognition.

Voice of the Employee

The Voice of Employee (VOE) is a medium for employees to express their opinions, give feedback on the organization, and influence decisions. It is a measure of employee behavior, perception and overall satisfaction with Citi and assesses the level of employee engagement with the organization.

This year's survey result yielded an "overall company satisfaction" (i.e. engagement level/VOE score) of 79% for Citi Nigeria which represents a 12% increase on the 2019 survey result.

In addition, the impact of Covid-19 pandemic on employee engagement vis-à-vis Citi's response/intervention was also measured, and the results were very favorable

We will continue to explore various programs that will increase employee morale, positively impact employee satisfaction, productivity, and retention. The goal is to make Citibank Nigeria an Employer of Choice and a great place to work for employees.

Citibank is an equal opportunity employer.

Financial Report

DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

Mr. Olayemi Cardoso		Chairman
Mr. Akinsowon Dawodu*		Managing Director
Mrs. Ngozi Omoke-Enyi	(appointed Dec. 5, 2019, CBN approved Jan 29, 2020)	Executive Director
Mrs. Funmi Ogunlesi		Executive Director
Mrs. Nneka Enwereji		Executive Director
Mr. Oluwole Awotundun		Executive Director
Mr. Oyesoji Oyeleke		Non Executive Director
Mr. Peter McCarthy		Non Executive Director
Prof. Hilary Onyiuke		Non Executive Director
Mrs. Ireti Samuel-Ogbu**		Non Executive Director
Dr. Shamsuddeen Usman		Independent Director
Dr. Daphne Dafinone		Independent Director
Mrs. Olusola Fagbure		Company Secretary

** Mr. Akin Dawodu resigned from the Board with effect from 20th September 2020.*
*** Mrs. Ireti Samuel-Ogbu was appointed as Managing Director/Chief Executive Officer with effect from 21st September 2020.*

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Website: www.pwc.com/ng
Engagement Partner: Samuel Abu
FRC no.: FRC/2013/ICAN/00000001495

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors have pleasure in presenting their report for the financial year ended 31 December 2020 on the affairs of Citibank Nigeria Limited and its subsidiary entity ("the Group") together with the financial statements and auditors' report for the year ended 31 December 2020.

Legal form

The Bank was incorporated in Nigeria under the Companies and Allied Matter Act as a private limited liability company on 2 May 1984. It was granted a license on 14 September 1984 to carry on the business of commercial banking and commenced business on 14 September 1984.

Principal activity and business review

The principal activity of the Group is the provision of commercial banking services to its customers. Such services include transactional services, corporate finance, provision of finance, custodial business and money market and trading activities.

The Bank has a subsidiary, Nigeria International Bank Nominees Limited. The company acts as the holder of securities purchased for customers of the Bank's custodial business.

Operating results

The net operating income and profit before tax of the Group increased by 30.52% and 26.97% respectively over prior period. During the financial year 2020, the Directors declared and paid an interim dividend of N1.60k per share. The directors recommend the payment of a final dividend of N22,908,973,278 (N8.20k per share) from the outstanding balance in the retained earnings account as at 31 December 2020, bringing the total dividend for the financial year to N9.80k (Dec 2019:N8.69k). The dividends are subject to deduction of withholding tax of 10%.

Highlights of the Group's operating results for the year under review are as follows:

	2020 N'000	2019 N'000	% change
Net operating Income	62,082,782	59,517,814	4.31%
Profit before tax	42,136,909	40,363,638	4.39%
Taxation	(660,288)	(3,223,155)	-79.51%
Profit for the year	41,476,621	37,140,483	11.67%
Other comprehensive income/ loss for the year, net of tax	(819,530)	8,233,123	-109.95%
Total comprehensive income for the year	40,657,091	45,373,606	-10.39%

Directors' shareholding

The following directors of the Bank held office during the year and had direct and indirect interests in the issued share capital of the Bank as recorded in the register of directors' shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act 2004, as noted below:

	Director	Position	Date of appointment/ resignation in 2020	Direct Shareholding Number of Ordinary Shares held in 2020	Number of Ordinary Shares held in 2019
1	Mr. Olayemi Cardoso	Chairman		-	-
2	Mr. Akinsowon Dawodu*	Managing Director	resigned Sep 20, 2020	-	-
3	Mrs. Funmi Ogunlesi	Executive Director		-	-
4	Mrs. Ngozi Omoke-Enyi	Executive Director	appointed Dec 5, 2019, CBN approved Jan 29, 2020	-	-
5	Mrs. Nneka Enwereji	Executive Director		-	-
6	Mr. Oluwole Awotundun	Executive Director		-	-
7	Mrs. Ireti Samuel-Ogbu*	Non Executive Director		-	-
8	Prof. Hilary Onyiuke	Non Executive Director		-	-
9	Mr. Peter McCarthy (British)	Non Executive Director		-	-
10	Mr. Oyesoji Oyeleke, SAN	Non Executive Director		-	-
11	Dr. Shamsuddeen Usman	Independent Director		-	-
12	Dr. Daphne Dafinone	Independent Director		-	-

Prof. Hilary Onyiuke has an indirect shareholding through Gauthier Investments Ltd which has a shareholding of 35,516,214 ordinary shares.

Mr. Olayemi Cardoso has an indirect shareholding through the Estate of F.B. Cardoso which has a shareholding of 32,680,915 ordinary shares.

Mr. Oyeleke has an indirect shareholding through Bola Holdings Ltd which has a shareholding of 26,302,199 ordinary shares.

The Directors to retire by rotation at the next Annual General Meeting (AGM) are Mrs. Nneka Enwereji, Mr. Peter McCarthy, Dr. Daphne Dafinone, and Dr. Shamsuddeen Usman. Being eligible, they will offer themselves for re-election.

*Ireti Samuel-Ogbu was appointed as Managing Director/Chief Executive Officer with effect from 21st September 2020.

PROFILE OF DIRECTORS OF CITIBANK NIGERIA LTD

S/N	NAME	BRIEF PROFILE
1	Mr. Yemi Cardoso	Mr Cardoso holds a business degree from Aston University and a post graduate degree from Harvard University. He worked for Citi in various countries between 1981 and 1990 and left to co-found Citizens International Bank where he served as an executive director for several years. Mr. Cardoso served as the first commissioner for Economic Planning and Budget in Lagos State and was widely credited for writing the blue print that catalyzed economic development in the state. Mr. Cardoso has served on the board of directors of several companies including Chevron Oil Plc and was Chairman of the Bill and MelindaGates financial inclusion company EFINA. He is presently a member of the Belgian based Cities Alliance Think Tank, a World Bank / UnitedNations global partnership and consults on financial and developmental activities. Mr. Cardoso was awarded an honorary Doctorate degreefrom Aston university in 2017. He was appointed to the Board of Directors of the Bank in November 2010. He is in his sixties.
2	Mr. Akinsowon Dawodu	Mr. Akinsowon Dawodu holds a B.Sc. degree in Accounting from the University of Lagos. He also holds an MBA (1997) from the Manchester Business School. He became a Chartered Financial Analyst in 2004. He has worked in Citi since 2000. Between 2005 and 2007 he served as Senior Treasury Manager for MTN Communications Nigeria Ltd. In Citi he has served as Country Treasurer, and Chief Operating Officer and Public Sector Head. He was appointed to the Board in 2013 and was appointed Managing Director in 2015. He is in his forties. Mr Akinsowon Dawodu resigned from the Board with effect from 20 September 2020.
3	Mrs. Funmi Ogunlesi	Mrs. Funmi Ogunlesi is Executive Director and the Head of Public Sector for Citibank Nigeria. In this capacity, she supervises Citi's coverage of government clients within Nigeria and Ghana. Prior to this, she was the Citi Treasury and Trade Solutions (TTS) Head for Public Sector agencies in Africa. Funmi has led local Citi teams that have facilitated the access of several governments and their agencies into the International Capital Markets. She has also held previous roles as the Chief Operating Officer of Citibank Nigeria and had also served as Country Manager (CCO) of Citibank Gabon from 2002 to 2007. In addition to a degree in History from Leicester University (UK), Funmi Ogunlesi also holds BA and MA Degrees in Law from Kings College, Cambridge University (UK) as well as an MBA from Cambridge University. Mrs. Ogunlesi is in her fifties and was appointed to the Board in 2007.
4	Dr. Hilary Onyiuke	Prof. Onyiuke holds an MB, B.S. degree from the College of Medicine, University of Ibadan (1982). He is a Fellow of the Royal College of Surgeons of Canada in 1992, Diplomate of the American Board of Neurological Surgeons in 1997 and a Fellow Member of the American Association of Neurological Surgeons. He is also a Senior Spine Surgeon and Co-Director of the University of Connecticut School of Medicine Spine Program. An Associate Professor of Surgery, in the Division of Neurosurgery since 2001. Prof. Onyiuke 'became an Associate Professor, Neurosurgery Division, University of Connecticut School of Medicine in 2001. He was appointed to the Board of the Bank in June 2010. Prof. Onyiuke is in his fifties.

PROFILE OF DIRECTORS OF CITIBANK NIGERIA LTD (Cont'd)

S/N	NAME	BRIEF PROFILE
5	Mrs. Nneka Enwereji	Mrs. Nneka Enwereji is currently the Head of the Global Subsidiaries Group, leading the coverage of Citi's multinational clients and their top-tier local corporate partners. Prior to this role, she was responsible for Citi's Africa Trade Services business, across 35 presence and non-presence countries. Mrs Enwereji has had a diverse 26-year banking career, spanning Treasury, Corporate & Investment Banking, Risk Management, Transaction Services and Operations. She has been pivotal to several landmark transactions and has a rich business growth track record across multiple businesses in the firm. Mrs Enwereji, who is in her fifties, has a passion for talent development and is involved in formal and informal coaching and mentoring programs. Mrs Enwereji holds a degree in Computer Science and Economics with first class honors from the Obafemi Awolowo University and an MBA from the Warwick Business School in the United Kingdom. She is also an alumnus of UCLA's Women's Leadership Development program. Mrs. Nneka Enwereji joined the Board in 2014.
6	Mrs. Ireti Samuel-Ogbu	Mrs. Ireti Samuel-Ogbu holds a Bachelor degree in Accounting & Finance from Middlesex University (1984). She also obtained a Masters degree in Business Administration from the University of Bradford (1987). She is a seasoned banker with over thirty years banking experience. She joined the Bank in 1988 as Unit Head, Global Subsidiaries Group (formerly the Commercial Bank.) Mrs. Samuel-Ogbu has worked in various capacities in Citibank offices which include Operations, Corporate Finance , Public Sector and Transaction Banking in Lagos, Johannesburg and London. she is currrently Europe, Middle East & Afrrica head for Institutional Payments, Treasury And Trade Solutions. Mrs. Samuel-Ogbu, who is in her fifties was appointed to the Board of the Bank in June 2014. She was appointed Managing Director with effect from 21 September 2020.
7	Mr. Peter McCarthy	Mr. McCarthy qualified as a Chartered Accountant in 1981. He has over 30 years of experience in the Financial Services industry. Shortly before joining Citigroup in 1987 as Head of Management Accounting within the Finance Division in London, Mr. McCarthy was the European Financial Controller, Merrill Lynch. He has held various positions of responsibility in Fixed Income, Currencies and Commodities, and Technology. Prior to his current role as EMEA Chief Administrative Officer, (Europe, Middle East and Africa), Mr. McCarthy was EMEA Chief Administrative Officer for the Markets Business responsible for the Operating infrastructure and Franchise Governance for the Institutional Sales and Trading business (Fixed Income, Foreign Exchange, Commodities and Equities) across EMEA. Mr. McCarthy who is in his sixties was appointed to the Board in April 2016.
8	Dr. Daphne Terri Dafinone	Dr. Daphne Oterie Dafinone is the Chief Operating Officer of Horwath Dafinone, Chartered Accountants. She holds a B. A. (Hons) Economics from Victoria University of Manchester, a M.Sc. (Internal Audit & Management) and a PhD (internal Audit & Corporate Governance) from City University, London. She is a Fellow of the Institute of Chartered Accountants in England and Wales, Associate Member, Chartered Taxation Institute of Nigeria,and a Fellow, Institute of Chartered Accountants of Nigeria. She worked with KPMG, Chartered Accountants, London from 1987 to 1990 and Horwath Dafinone, Chartered Accountants, Lagos from 1990 to date. She became a partner in the firm in March 1997, and was appointed the Chief Operating Officer of the firm in January 2013. Dr. Dafinone, who is in her fifties was appointed to the Board in June 2016.

PROFILE OF DIRECTORS OF CITIBANK NIGERIA LTD (Cont'd)

S/N	NAME	BRIEF PROFILE
9	Mr. Oyesoji Oyeleke SAN	Oyesoji Gbolahan Oyeleke SAN, FCIS is the lead at Law Offices of OG Oyeleke LLP, a firm of Barristers, Solicitors & Notary Public in Marina Lagos.He is a 1982 graduate of Obafemi Awolowo University. Mr Oyeleke provides his services mainly in complex dispute resolution in all its facets. He also has extensive experience and specializes in all forms of commercial Litigation, including regularly providing advice in commercial transactions and advice to underwriters in the shipping industry. His varied work load spanning over 3 decades has covered many aspects of shareholders disputes, obtaining injunction and other remedial reliefs, including providing opinion and speaking on different aspects and corporate/commercial work. He is a Notary(1991),Senior Advocate of Nigeria (2016) and member of various professional bodies including the Nigeria and International Bar Associations, Institute of Chartered Secretaries and Administrators and the Commercial Law League of America.He was appointed to the Board of Citibank Nigeria Limited in April 2017. Mr. Oyeleke is in his fifties.
10	Dr. Shamsudeen Usman	Dr. Shamsuddeen Usman is the Chairman/CEO of Susman & Associates Ltd. He holds a Ph.D in Economics from the London Schoolof Economics and Political Science, University of London (LSE), UK (1980). Dr. Usman, who is in his sixties, has over 40 years professional experience in both the Public and Private sectors of the economy. He has served at various times as the Hon. Minister of Finance; Hon. Minister of National Planning; Deputy Governor, Central Bank of Nigeria; Managing Director, NAL Merchant Bank; Director-General, Technical Committee on Privatisation and Commercialisation (TCPC); Executive Director, United Bank for Africa; Executive Director, Union Bank of Nigeria Plc; and Director of Budget/Special Economic Adviser to the Kano State Government. Dr. Usman, who is in his sixties, also sits on the boards of a number of public and private companies, including Lafarge Africa Plc. He was appointed to the Board of Citibank Nigeria in April 2017.
11	Mr. Oluwole Awotundun	Mr. Oluwole Awotundun joined the Bank in 1995, and has held various roles in Credit Administration, Portfolio Management, Commercial Banking, Credit Analytics and Risk Management - covering a number of African countries. He was appointed Regional CountryRisk Manager – West & Central Africa (excluding Nigeria) in June 2014. In September 2017, Mr. Awotundun was appointed as the Country Risk Manager for Nigeria & Ghana, in addition to his prior role as thecluster Risk Manager for West & Central Africa. Mr. Awotundun is a 1993 graduate of Mechanical Engineering from the University of Ilorin, and holds an MBA from the University of Lagos. (1999). Mr. Awotundun also holds the International Certificate of Banking Risks & Regulations (ICBRR) of the Global Association of Risk Professionals (GARP). He was appointed to the Board of Citibank Nigeria in December 2017. He is in his forties.
12	Mrs. Ngozi Omoke-Enyi	Mrs. Omoke-Enyi holds a Bachelor of Science degree from the University of Nigeria, Nsukka. She also holds an MSc in Agricultural Economics from the University of Ibadan as well as an MBA in Banking and Finance from the Enugu State University. She is a fellow of the Institute of Credit Administration, Nigeria. Mrs. Omoke-Enyi joined the Bank in 1990 and has since worked in various capacities spanning Financial Planning and Budgeting; Franchise and Risk Management; Strategic Management; Talent and People Management; and Process Management. She was appointed Head of Operations & Technology, Citibank Nigeria and TTS Client Operations Head in 2015. Mrs. Omoke-Enyi was appointed to the Board of the Bank in January 2020. She is in her fifties.

PROPERTY AND EQUIPMENT

Information relating to changes in property, plant and equipment is given in Note 25 of the financial statements.

Shareholding analysis

The shareholding pattern of the Bank as at 31 December 2020 is as stated below:

Share Range	No of Shareholders	Percentage of Shareholders (%)	No. of Holdings	Percentage Holdings
500,001 - 1,000,000	1	4%	950,011	0.03%
1,000,001 - 5,000,000	-	-	-	0.00%
5,000,001 - 10,000,000	4	16%	28,579,722	1.02%
10,000,001 - 50,000,000	18	72%	415,642,155	14.88%
50,000,001 - 100,000,000	1	4%	60,416,666	2.16%
100,000,001 - 500,000,000	-	-	-	0.00%
500,000,001 - 1,000,000,000	-	-	-	0.00%
Foreign Shareholders Above 1,000,000,000	1	4%	2,288,188,675	81.90%
TOTAL	**25**	**100%**	**2,793,777,229**	**100.00%**

Substantial interest in shares

According to the register of members as at 31 December 2020, no shareholder held more than 5% of the issued share capital of the Bank, except the following:

Shareholder	No. of shares held	Percentage of shareholding
Citibank Overseas Investment Corporation	2,288,188,675	81.90%

DIRECTORS

Directors' remuneration was paid as follows:

	2020 N'000	2019 N'000
Fees and sitting allowances	158,967	105,518
Executive compensation	655,871	650,002
Executive pension cost	19,510	14,235
Total	834,349	769,755

DONATIONS AND CHARITABLE GIFTS

The Group made provisions and payments of the underlisted contributions to charitable and non-political organizations amounting to N250,000,000 during the year as analyzed below:

	Citibank Nigeria Limited Donations	N'000
1	Coalition against Covid-19 (CACOVID)	250,000
		250,000

POST BALANCE SHEET EVENTS

Aside from the final dividend of N8.20k per share declared by the Board of Directors (Dec 2019: N8.69k), there were no other events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements

EMPLOYMENT OF DISABLED PERSONS

The Group continues to maintain a policy of giving fair consideration to application for employment made by disabled persons with due regard to their abilities and aptitudes. The Group's policies prohibit discrimination against disabled persons in the recruitment, training and career development of employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Group continues and appropriate training arranged to ensure that they fit into the Group's working environment.

HEALTH, SAFETY AND WELFARE AT WORK

The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. In addition, medical facilities are provided for staff and their immediate families at the Group's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Group's premises.

The Group operates both Group Personal Accident and Workmen's Compensation Insurance cover for the benefit of its employees. It is also fully compliant with the provisions of the Employee Compensation Act. The Group also operates a contributory pension plan in line with the Pension Reform Act, 2014.

In response to the Covid-19 pandemic, the Group published several awareness articles on health and safety to help the employees to maintain physical and mental fitness. In addition, contactless thermometers were made available for checking temperatures of all coming into the premises. The Group also procured and placed hand sanitizers and anti-bacteria wipes in strategic places where they can easily be within reach. Physical meetings were discouraged and percentage of workforce allowed to work physically in the office was limited to 40%.

EMPLOYEE INVOLVEMENT AND TRAINING

The Group ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Group's policy of continuous development, the Group draws extensively on Citigroup's training programmes around the world. The programmes include on the job training, classroom sessions and web-based training programmes which are available to all staff. In addition, employees of the Group are nominated to attend both locally and internationally organized courses.

DIVERSITY IN EMPLOYMENT

The Group recognises that the recruitment, involvement and advancement of women and a diverse workforce are business imperatives. During the financial year ended 31st December 2020:

- There were 74 women out of 200 employees comprising 37% of the total number of employees;
- There were 5 women out of 11 Directors on the Board of Directors;
- There were 34 women out of 95 top management staff, including executive directors
- There were 30 women out of 90 top management staff between Assistant General Manager to General Manager grade;
- There were 4 women out of 5 top management staff between Executive Director to Chief Executive Officer;
- The bank had no persons with disabilities in its employment.

The Group is committed to maintaining a positive work environment and to conducting business in a positive, professional manner by consistently ensuring equal employment opportunity. The Group has programs aimed at achieving gender balance which include developmental programs targeted for women; mentoring; and policies that support Work-Life balance.

CONSUMER HELP DESK

Citi has a robust complaint management and feedback process, the object of which is to ensure that our clients are satisfied with our products and services at all times.

All client communication channels e.g. phone calls, emails, letters etc. are monitored and tracked to ensure that satisfactory service quality is maintained consistently. Also all queries are registered and monitored to resolution in line with pre-established service level standards. 90% of client enquiries were resolved within 24 hours.

We value our clients' feedback, and as such, we carry out frequent surveys to gauge their satisfaction with our products and services. All feedback received through this forum is treated on a priority basis and required adjustment made accordingly.

Citi complies with all the Central Bank of Nigeria's (CBN) guidelines on Customer Complaints Handling.

We have established a consumer complaints help desk to handle all categories of customer complaints and provide a monthly report to the CBN in line with the guideline on customer complaint resolution.

The status of consumer complaints received in 2020 vs 2019 is presented below:

S/N		NUMBER		AMOUNT CLAIMED (N)		AMOUNT REFUNDED (N)	
		2020	2019	2020	2019	2020	2019
1	Pending complaints B/F	-	-	-	-	-	
2	Received complaints	8	5	2,284,289	34,319,747	1,091,593	33,989,525
3	Resolved complaints	8	5	2,284,289	34,319,747	1,091,593	33,989,525
4	Unresolved complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	-	-	-	-	-	-

GUIDELINES ON ELECTRONIC PAYMENT OF SALARIES, PENSIONS, SUPPLIERS AND TAXES IN NIGERIA

The Group has implemented the requirements in the guideline of e-payment of salaries, pensions, suppliers and taxes in Nigeria. All forms of salaries, pensions, suppliers and taxes payment were initiated on our secure internet banking platform, CitiDirect, during the financial year ended 31 December, 2020.

Guidelines On Card Issuance & Usage In Nigeria

During the financial year ended 31 December, 2020, the summary of activities relating to cards are as contained in the table below:

Item Description	Values
Card Type	Citi Commercial Card (A corporate charge card)
Transaction Volume	64,862
Transaction Value	N5,295,575

Fraud Incidents as at December 2020:

Unsuccessful		Successful	
Count	Value (NGN)	Count	Value (NGN)
27	480,054	9	589,361

Fraud Incidents as at December 2019:

Unsuccessful		Successful	
Count	Value (NGN)	Count	Value (NGN)
24	1,396,176	67	403,751

During the year, a total of 36 (Dec 2019:91) card fraud attempts affecting 10 cardholders was reported. No staff fraud occurred during this period. The total value involved amounted to N1,069,415 (Dec 2019:N1,799,926.92). Of the 9 successful attempts totaling N589,361, N575,199 was recovered.

CONTINGENCY PLANNING FRAMEWORK

Overview

Citibank Nigeria Limited implements a Contingency Planning Framework (business continuity) which aligns with Citigroup's global business continuity framework

The business continuity program includes:

- Business Continuity Assessment processes
- Crisis Management Planning
- Recovery Planning
- Testing; Maintenance
- Independent Review
- Monitoring and Reporting
- Training and Awareness.

Citigroup has a global Continuity of Business (CoB) Program Operations organization which is responsible for developing and managing the enterprise-wide CoB policy, standards, tools, and guidance. Citibank Nigeria Limited also uses a software tool called CoB Trac to support CoB assessment, planning, and testing and provide evidence of compliance.

GOVERNANCE
Citibank Nigeria Limited has a crisis management team which has the responsibility of managing crisis events. This team is chaired by the Citi Country Officer (CCO). In addition, each business unit is required to designate at least one Business Recovery Coordinator (BRC) and one Business Unit Head (BUH) to manage the CoB program in their business unit. The activities of all the BRCs are coordinated by the Country CoB Coordinated who is appointed by CCO.

ASSESSMENT
All business units in Citibank Nigeria Limited performs a Business Impact Analysis (BIA) on an annual basis. The purpose is to define the processes and timeframes required for recovery. Threat and Vulnerability Analysis and Proximity Risk Assessments are also performed for all in-scope locations, as defined in the CoB standards. External third parties' resilience and recovery capabilities are also assessed and monitored.

CRISIS MANAGEMENT
Citibank Nigeria Limited also develops and maintains an enhanced country crisis management plan which provides a framework for managing Crisis. The country crisis management plans include the evacuation plans for each location in the bank. The Crisis Management team have the responsibility for managing crisis in the bank.

PLANNING
Business units and technology units in the bank are required to document and maintain plans for the recovery of their processes in the event of a business interruption or technology service disruption.

Application Managers are required to create and maintain an Application Recovery Plan (ARP) for each Citibank Nigeria Limited-owned or Citibank Nigeria Limited–managed application to which they are assigned in the Citi Systems Inventory. For each Infrastructure component, Technology Managers from Citi Technology Infrastructure (CTI) must create and maintain a Technology Recovery Plan (TRP). ARPs and TRPs must contain the appropriate actions to be taken during the recovery and resumption of services.

TESTING
Citibank Nigeria Limited performs business and technology tests in order to verify that processes can be recovered in line with the business's continuity objectives, as defined by the Business Impact Analysis process. Business Recovery Coordinators are responsible for ensuring that test objectives are met. Business recovery teams, crisis management teams, infrastructure teams, and application teams must participate in CoB testing, as appropriate

MAINTENANCE
CoB documentation, including policy, standards, as well as recovery and crisis management plans are reviewed and approved at least annually and refreshed more frequently as needed. Specific maintenance triggers for CoB documentation are documented in the bank's CoB standards document.

QUALITY REVIEW
Quality reviews must be conducted on a regular basis as required by the Bank's CoB Standards document.

MONITORING AND REPORTING
The Country CoB coordinator provides quarterly Business Continuity updates to the Audit Committee of the Citibank Nigeria Limited board. Citibank Nigeria Limited CoB Program undergo independent review by Internal Audit.

TRAINING
The business recovery coordinators for all business units are required to take at least one CoB training annually. This training is tracked by the office of business continuity. Also, CoB training is included in the new hire induction program.

Compensation Policy

Citibank Nigeria Limited has a compensation plan which is fair, transparent, and consistent. We have a Pay for Performance culture to enable us attract and retain people of the highest quality. Our total compensation package is designed to retain and motivate people to constantly exceed their goal; differentiate between levels of performance and thus increasing the total compensation available to the employees based on performance.

Our Compensation policy is linked to:

- The performance of the Organization as a whole
- The performance of the Country/business/teams in which our people work
- The individual performance of each employee
- The ability to pay for the total compensation programme

To remain competitive as an employer of choice, Citibank Nigeria Limited regularly benchmarks its compensation practices with the market through participation in remuneration surveys.

Overall individual salary decisions are taken on the basis of assessment of performance against measurable goals and targets, which is fair, consistent and explainable. Each year, individual goals and targets are set in line with the overall plan for the business in the country. At the end of the year, a formal meeting takes place between the employee and the manager to discuss achievements against goals.

Our goal is to recognize the contribution of our people and reward their successes.

We will know that our compensation program is working well when we are able to attract, retain and motivate staff who give us competitive advantage in our chosen markets; when our people believe that they are recognized, valued and their compensation is determined by performance and competitive market positioning. The better the employee's performance the better the total compensation.

Auditors

In line with Section 28 of BOFIA 2020, PricewaterhouseCoopers will cease to remain the auditors of the Bank after a tenure of 10 years. In accordance with Section 401(1) of the Companies and Allied Matters Act (2020), a resolution for the appointment of new auditors will be passed.

Charles S. Sankey House
27, Kofo Abayomi Street
Victoria Island
Lagos

March 3, 2021

BY ORDER OF THE BOARD

Olusola Fagbure, Company Secretary
FRC/2013/CIBN/00000002203

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

In accordance with Section 405 of the Companies and Allied Matters Act 2020, we have reviewed the December 2020 financial statements and based on our knowledge confirm that:

i. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;
ii. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for the year ended 31 December 2020;
iii. The Bank's established internal control is maintained and designed to ensure that material information is made known by the responsible officers and provided to the Auditors during their audit;
iv. The Bank's internal controls were evaluated within 90 days of the financial reporting date abd are effective as at 31 December 2020;
v. We have disclosed to the Bank's Auditors and Audit Committee that;

    a. There are no significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data and have discussed with the Auditors any weaknesses identified in internal controls during the course of the audit;

    b. There is no fraud that involves management or other employees who have a significant role in the company's internal control;

vi. There are no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses subsequent to the date of this audit.:

MR. SHARAFADEEN MUHAMMED
CHIEF FINANCIAL OFFICER
FRC/2017/ICAN/00000015901
March 3, 2021

MRS. IRETI SAMUEL-OGBU
MANAGING DIRECTOR
FRC/2020/003/00000022118
March 3, 2021

Citibank Nigeria Limited is committed to ensuring the implementation of good corporate governance principles in all its activities. Citibank Nigeria Limited adheres to the provisions of the Central Bank of Nigeria Code on Corporate Governance for Banks and Discount Houses ('the Code') and to Citigroup's corporate governance principles. Corporate governance compliance is monitored and a quarterly report on the Bank's compliance with the Code is submitted to the Central Bank of Nigeria. The Board of Directors undergoes training in corporate governance best practices..

THE BOARD OF DIRECTORS

As at 31 December, 2020 the Board of Directors consisted of eleven members comprising the Chairman, the Managing Director, five Non-Executive Directors and four Executive Directors. Two of the Non-Executive Directors are Independent Directors, appointed based on criteria laid down by the Central Bank of Nigeria. The Independent Directors have no shareholding interest or business relationship with the Bank. The Directors and their shareholdings are listed in the Directors' report.

The Board is responsible for the oversight of executive management, ensuring that the Bank's operations are conducted in accordance with legal and regulatory requirements, approving and reviewing corporate strategy and performance, and ensuring that the rights of the shareholders are protected at all times. The members of the Board possess the necessary experience and expertise to exercise their oversight functions.

In accordance with the provisions of the Code, the office and responsibilities of the Chairman and the Managing Director/ Chief Executive are separate.

The Board meets quarterly and additional meetings are convened as required. The Board may take decisions between meetings by way of written resolution, as provided for in the Articles of Association of the Bank. As at 31 December 2020 the Board had met seven times.

2020 DIRECTORS' BOARD MEETING ATTENDANCE:

Mr. Olayemi Cardoso	7	Chairman
Mr. Akin Dawodu	5	resigned wef September 20
Mrs. Ngozi Omoke-Enyi	7	
Mrs. Funmi Ogunlesi	7	
Dr. Daphne Dafinone	7	
Prof. Hilary Onyiuke	6	
Mrs. Nneka Enwereji	7	
Mrs. Ireti Samuel-Ogbu	7	
Dr. Shamsuddeen Usman	7	
Mr. Oyesoji Oyeleke, SAN	7	
Mr. Peter McCarthy	6	
Mr. Wole Awotundun	7	

BOARD COMMITTEES

The Board has delegated some of its responsibilities to the following board committees: Risk Management Committee, Audit Committee, Credit Committee and the Board Governance and Nominations Committee. Each of these committees reports to the Board on its activities. The Chairman of the Board is not a member of any of the board committees. The membership of the Board Committees is in line with the requirements of the CBN Code of Corporate Governance for Banks and Discount Houses.

Board Committees

a) **The Risk Management Committee**
The Risk Management Committee consists of six directors, three of whom, including the Chairman of the Committee, are Non- Executive Directors. One of the members of the Committee is an Independent Director. The Committee is responsible for overseeing the Bank's Risk Management policies and procedures in the areas of franchise, operational, credit and market risk. The Committee meets quarterly and met five times as at 31 December 2020.

2020 COMMITTEE MEMBERS' MEETING ATTENDANCE:

Mr. Oyesoji Oyeleke	5	Chairman
Mrs. Ngozi Omoke-Enyi	5	
Mr. Akin Dawodu	2	Resigned from the Board wef September 20
Prof. Hilary Onyiuke	2	Became a member of the Committee in September
Mr. Wole Awotundun	5	
Dr. Daphne Dafinone	5	

b) The Credit Committee

The Credit Committee consists of eight directors, four of whom, including the Chairman of the Committee are Non- Executive Directors. The Chairman of the Committee is an Independent Director. The Committee is responsible for approving credits above such limits as may be prescribed by the Board of Directors from time to time. The Committee meets quarterly and met five times as at 31 December 2020.

2020 COMMITTEE MEMBERS' MEETING ATTENDANCE:

Dr. Shamsuddeen Usman	**5**	
Prof. Hilary Onyiuke	5	
Mr. Akin Dawodu	3	Resigned from the Board wef September 20
Mrs. Ireti Samuel-Ogbu	2	Became a member of the Committee in September
Mrs. Funmi Ogunlesi	5	
Mrs. Nneka Enwereji	5	
Mr. Oyesoji Oyeleke, SAN	5	
Mr. Wole Awotundun	5	
Dr. Daphne Dafinone	2	Became a member of the Committee in September

c) The Audit Committee

The Audit Committee consists of three non-executive directors, two of whom are Independent Directors. The Chairman of the Committee is an Independent Director.

The Committee's responsibilities include the review of the integrity of the Bank's financial reporting, oversight of the independence and objectivity of the external auditors, the review of the reports of external auditors and regulatory agencies and management responses thereto, and the review of the effectiveness of the Bank's system of accounting and internal control.

During the period the Committee reviewed and approved the internal auditor's audit plan. The Committee also received regular internal audit reports from the Bank's internal auditor. Members of the Committee have unrestricted access to the Bank's external auditors.

The Committee meets quarterly and met five times as at 31 December 2020.

2020 COMMITTEE MEMBERS' MEETING ATTENDANCE AS AT 31 DECEMBER:

Dr. Daphne Dafinone	**5**	**Chairman**
Mrs. Ireti Samuel-Ogbu	3	Ceased to be a member of the Committee in September
Dr. Shamsuddeen Usman	5	
Mr. Oyesoji Oyeleke, SAN	2	Became a member of the Committee in September

d) Board Governance and Nominations Committee

The Committee is made up of five non-executive directors. Two of the members of the Committee are Independent Directors. The Committee's responsibilities include recommending the criteria for the selection of new directors to serve on the Board, identifying and evaluating individuals qualified to be nominated as directors of the Bank, or any of the Board's committees, evaluating and making recommendations to the Board regarding compensation for non-executive directors, and considering and approving the remuneration of executive directors.

The Committee is required to hold a minimum of two meetings in a year. The Committee met five times as at 31 December.

2019 COMMITTEE MEMBERS' MEETING ATENDANCE:

Dr. Hilary Onyiuke	**5**	**Chairman**
Mr. Peter McCarthy	5	
Dr. Daphne Dafinone	5	
Mr. Oyesoji Oyeleke, SAN	5	
Dr. Shamsuddeen Usman	2	Became a member of the Committee in September

GENERAL MEETINGS

The last Annual General Meeting was held on April 2, 2020.

Management Committees

The following are the key management committees: Country Co-Ordinating Committee, Business Risk and Compliance Committee, Assets and Liabilities Committee, Country Senior Human Resources Committee, Information Technology Steering Committee, Management Credit Committee, and Third Party Management Committee.

RISK AND CONTROLS

In line with Citigroup policies, Citibank Nigeria Limited maintains a strong control environment, which is hinged on:

- Establishing long and short-term strategic objectives, and adopting operating policies to achieve these objectives in a legal and sound manner.
- Maintaining acceptable risk appetite – consistent with the local and global environment and regulations, and ensuring adherence to the risk management framework – consistent with the strategic plan of the business.
- Ensuring that the Bank's operations are controlled adequately and are in compliance with governing laws and policies.
- Ensuring the balance of risks and returns, and capital performance through sustainable risk management practices.

The Bank's internal control systems are designed to achieve efficiency and effectiveness of its operations, reliability of financial reporting, adherence to its risk tolerance and policies, and compliance with applicable laws and regulations at all levels.

The Bank's risk management policies and mechanisms ensure effective identification of risk and effective control, and an active commitment to a strong culture of compliance, control and ethical conduct. The Board, through the Board Risk Management Committee, oversees the Bank's risk management policies.

WHISTLE BLOWING PROCEDURES

In line with the Bank's commitment to instill best corporate governance practices, the Bank has established a robust whistle blowing procedure that ensures anonymity for whistle-blowers. The procedures provide a clear framework for reporting suspected breaches of laws, regulations and the Bank's internal policies.

The Bank has instituted a strong whistle blowing culture among staff and also published a copy of the whistleblowing policy on its website with the aim of ensuring that all cases of irregularities are made known and addressed by the Bank. The Bank has a dedicated whistle blowing hotline and e-mail address through which stakeholders can anonymously report suspected wrong-doing. The whistle blowing platforms are accessible to all. The Chief Compliance Officer forwards quarterly returns to the Central Bank of Nigeria on all all whistle-blowing reports. All whistleblowing reports are reported to the Board Audit Committee.

CODE OF CONDUCT

The Bank has a Code of Conduct which sets out the Bank's expectations from its directors and staff and which all staff and directors of the Bank are expected to adhere to. All staff and directors are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as prescribed in the Code of Conduct. Below are some relevant provisions in the Citigroup Code of Conduct.

Act with Integrity: Demonstrate a commitment to the highest standards of ethics and professional behavior in dealings with clients, business colleagues, shareholders, communities, and each other. Ask questions when you are uncertain about the best course of action in a particular situation, and speak up if you reasonably suspect or become aware of possible misconduct.

Treat Others Fairly: Treat other employees, customers and third-parties fairly and with respect. Create a work environment free of discrimination, harassment, and retaliation.

Respect Privacy: Treat confidential information as such Use or share information only for the purpose for which it was collected and only with authorized persons. Do not disclose any non-public information unless authorized by law.

Protect Citi's Assets: Maintain accurate and complete records. Follow Citi's expense management and fraud control policies. Immediately report a suspected or attempted fraud. Do not use communications equipment, systems, and services provided or approved by Citi for any inappropriate or unauthorized purpose.

Avoid Conflicts of Interest: Do not act in ways that conflict, or appear to conflict, with the interests of Citi, its clients, shareholders, or the responsibilities of your employment at Citi. Be alert for situations in which personal activities, interests, or relationships could interfere with, or be perceived to interfere with, your objectivity. Report real or perceived conflicts.

Avoid Corruption: Never attempt to bribe someone or offer anything of value to another person in exchange for an improper business advantage.

Do Not Retaliate: Never retaliate against any colleague for raising a concern in good faith or participating in an investigation.

Escalate: Promptly raise any concerns or questions you may have about your conduct or that of others, either through the Citi Ethics Hotline or one of the other contacts listed in the Code.

MANAGEMENT SUCCESSION

The Bank has a strong management team and a documented succession plan for every executive role within the Bank.

REMUNERATION POLICY

The Bank's employee remuneration policy revolves around Pay for Performance, to enable the Bank to attract and retain people of the highest quality. Employees total compensation package is linked to the performance of the organisation as a whole, as well as to the individual performance of each employee as assessed against measurable goals and targets.

Board Compensation

Members of the Board are paid directors fees, sitting allowances and reimbursable expenses as provided for in the Code of Corporate Governance for banks.

INSIDER CREDIT POLICY

Policy Statement and Certain Key Definitions

Citibank Nigeria Limited has established a framework to satisfy safety and soundness concerns and comply with all applicable laws and regulations concerning Extensions of Credit to Insiders

Extensions of Credit to insiders must be made within legal and regulatory limits and on substantially the same as those prevailing at the time for comparable transactions by Citi for non-insiders and reported in accordance with applicable requirements as described in this Policy.

Insiders are board members and executive officers, directors, significant shareholders and employees, including the Immediate Family and Related Interests of each. According to Banks and Other Financial Institutions Acts (BOFIA), the term "director" includes director's wife, husband, father, mother, brother, sister, son, daughter and their spouses.

Significant shareholding is defined as a holding of at least 5% (individually or in aggregate) of the bank's equity

Prohibition On Using Position To Obtain Extensions Of Credit

All Citi employees are prohibited from using their positions to make, or influence the making of, extensions of Credit by Citi to themselves and/or their Immediate Family or Related Interests that (i) are not on market terms and conditions and/or (ii) reflect more than a normal risk of repayment ("Preferential Terms").

Regulatory Guidance

The Bank has established procedures to ensure compliance with the provisions of the Prudential Guidelines and local regulation including approval and disclosure requirements.

Specific roles and responsibilities designed to ensure compliance with regulatory and internal requirements are summarized below.

S/N	General Rule Applicable to:	Regulatory / Policy Requirement	Responsible party
1	Approval	Lending to insiders, including directors shall substantially be at the same terms as those prevailing at the time for comparable transactions by Citi for non-Insiders They shall be subject to the bank's Risk Policy requirements, in addition to explicit approval by the Board Credit Committee of Citibank Nigeria Limited	Business Sponsor Independent Risk Credit Officer shall provide the covering limit. Board Credit Committee shall approve by circulation and/or at scheduled approval meetings
2	Audit Report and Opinion	The external auditors and audit committees should include in their report, their opinion on related-party credits	Chief Finance Officer and AuditCommittee
3	Write-off of Fully Provided Insider-Credits	Policies and procedures for write-off of fully provided credit facilities: (a) The facility must have been fully provided for in line with the loan loss provisioning guidelines and must be in bank's book for at least one year after full provision. (b) There should be evidence of board approval. (c) 'If the facility is insider or related party credit, the approval of CBN is required (d) The fully provisioned facility must be appropriately disclosed in the audited financial statement	Chief Finance Officer
4	Disclosure of Insider Credits in the Financial Statements	(a) The aggregate amount of insider-related loans, advances and leases outstanding as at the financial year end should be separately stated in a note to the accounts and the non-performing component further analyzed by security, maturity, performance, provision, interest-in suspense and name of borrowers (b) Notes to the accounts on guarantees, commitments and other contingent liabilities should also give details of those arising from related-party transactions (c) The external auditors and audit committees should include in their report, their opinion on related-party credits	Chief Finance Officer

Specific Exclusions: The Insider-Credit requirements do not apply to credits extended to employees under their employment scheme of service, or to shareholders whose shareholding and related interests are less than 5% of the bank's paid up capital as at the date of the financial report or to public limited liability companies in which a director has an interest that is less than 5%

Board Performance Review

An annual review of the Board's performance is conducted by DCSL Corporate Services Limited. A summary of DCSL Corporate Services Limited's review is on the next page.

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Lagos, Nigeria

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RC No. 352393

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February 2021

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF CITIBANK NIGERIA FOR THE YEAR ENDED 31 DECEMBER 2020

DCSL Corporate Services Limited was appointed to undertake an appraisal of the Board of Directors of Citibank Nigeria Limited ("Citibank", "the Company") for the year-ended 31st December 2020 in line with the provisions of **Section 2.8 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the CBN Code"), and Principle 14 of the Nigerian Code of Corporate Governance, 2018 (NCCG).** The evaluation entailed a comprehensive review of the Bank's corporate and statutory documents, the Minutes of Board and Committee meetings, policies currently in place and other ancillary documents made available to us, Board and Peer Review Surveys administered as well as information derived from our interaction with Directors.

The appraisal centered on confirming the level of the Board's compliance with corporate governance practices with particular reference to the provisions of the CBN Code using the following seven key corporate governance parameters:

1. Board Structure and Composition
2. Strategy and Planning
3. Board Operations and Effectiveness
4. Measuring and Monitoring of Performance
5. Risk Management and Compliance
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Our review of the corporate governance standards and processes affirm that the Board complied with the provisions of the CBN Code, the National Codes of Corporate Governance and other relevant corporate governance best standards. The activities of the Board and the Bank are also in compliance with corporate governance best practice and individual Directors remain committed to enhancing the Bank's growth.

Details of our key findings and recommendations are contained in our Report.

Yours faithfully,

For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Directors: ■ Abel Ajayi (Chairman) ■ Obi Ogbechi ■ Adeniyi Obe ■ Adebisi Adeyemi (Managing Director)

DCSL Corporate Services Limited

STATEMENT OF DIRECTORS' RESPONSIBILITY AND APPROVAL

FOR THE YEAR ENDED 31 DECEMBER 2019

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

In accordance with the provisions of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, the directors are responsible for the preparation of the annual financial statements which give a true and fair view of the state of affairs of the Group at the end of the year and of the financial performance and cashflows for the year then ended. The responsibilities include ensuring that:

i. the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

ii. appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;

iii. the Group prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied; and

iv. it is appropriate for the financial statements to be prepared on a going concern basis.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with,

- International Financial Reporting Standards;
- Prudential Guidelines for Licensed Banks;
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act;
- The requirements of the Companies and Allied Matters Act; and
- The requirements of the Financial Reporting Council of Nigeria Act.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

MR. OLAYEMI CARDOSO
CHAIRMAN
FRC/2013/CISN/00000002200
March 3, 2021

MRS. IRETI SAMUEL-OGBU
MANAGING DIRECTOR
FRC/2020/003/00000022118
March 3, 2021

pwc

Independent auditor's report

To the Members of Citibank Nigeria Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Citibank Nigeria Limited ("the bank") and its subsidiary (together "the group") as at 31 December 2020, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Citibank Nigeria Limited's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss for the year ended 31 December 2020;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment allowance of loans and advances to customers - N2.4 billion (refer to notes 2.6, 3.2, 3.3, 3.4 and 21)	
This is considered a key audit matter because of the size of the loans and advances balance net of impairment (N123.9 billion) and the significant use of management judgement in determining the timing and recognition of impairment. The measurement of impairment allowance involves the exercise of significant judgments and the use of complex models and assumptions. The key areas of significant judgment in the calculation of Expected Credit Loss (ECL) include: • Assessment of exposures which experienced significant increase in credit risk (SICR); • Determination of the probability of default (PD) used in the ECL model; • Estimation of the Loss Given Default (LGD) based on the loss data observed over time for different segments; • Estimation of the Exposure at Default (EAD) used in computing expected credit losses over the life of risk assets; • Incorporation of forward-looking used in determining the economic scenarios within the ECL model. This is considered a key audit matter in the consolidated and separate financial statements.	We adopted a combination of controls and substantive approach in assessing the expected credit loss. We evaluated and tested the design and operating effectiveness of controls around the ECL. model. We evaluated management's default definition against the 90 days past due rebuttable presumption as well as other qualitative default indicators as stipulated under IFRS 9. We selected a sample of credit facilities and performed a detailed review of the related customer files and account statements to assess SICR. With the assistance of our credit - modelling experts, we: • checked the accuracy of the PD and LGD values applied in the ECL model by performing independent computations and comparing the values with the ECL model output. We also established the appropriateness of inputs into the PD and LGD computation. • assessed the appropriateness of the methodology applied in calculating EAD by performing an independent calculation for a select sample of loans and off balance sheet assets; and • assessed the forward-looking information (FLI) across different scenarios and established that they have been appropriately incorporated into the ECL model. We reviewed the IFRS 9 disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report are Directors' report, Statement of Corporate Responsibility, Corporate Governance report, Board Performance Review, Statement of Directors' responsibility and approval, Statement of value added and Consolidated five year financial summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standard and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
iii the bank's statement of financial position, statement of profit or loss and statement of comprehensive income are in agreement with the books of account and returns;
iv the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 34.3 to the consolidated and separate financial statements; and
v the bank did not pay penalties in respect of contraventions of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2020.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
SC/ICAN
0727486

For: PricewaterhouseCoopers
Chartered Accountants
Lagos Nigeria

4 March 2021

Engagement Partner: Samuel Abu
FRC/2013/ICAN/00000001495

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER

	Note	Group		Bank	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
Interest income from financial instruments:					
Interest income	5	29,382,918	29,170,548	29,382,918	29,170,548
Interest expense	6	(8,031,555)	(8,239,641)	(8,031,555)	(8,239,641)
Net interest income		**21,351,363**	**20,930,907**	**21,351,363**	**20,930,907**
Net credit losses	13	(1,961,235)	(156,461)	(1,961,222)	(156,461)
Net interest income after loan impairment charge		**19,390,128**	**20,774,446**	**19,390,141**	**20,774,446**
Fee and commission income	7	7,768,471	7,463,602	7,768,471	7,463,601
Fee and commission expense	7	(5,595)	(5,446)	(5,595)	(5,446)
Income from financial instruments at FVTPL	8	12,329,245	26,067,235	12,329,245	26,067,234
Investment income	9	5,305,837	537,362	5,305,837	592,837
Other operating income	10	17,294,696	4,680,615	17,294,696	4,680,615
Net operating income		**62,082,782**	**59,517,814**	**62,082,795**	**59,573,289**
Personnel expenses	11	(9,892,842)	(9,449,043)	(9,271,215)	(9,116,765)
Other operating expenses	12	(9,733,254)	(9,561,428)	(9,735,595)	(9,563,008)
Amortisation of rights of use assets	12.1	(27,201)	(29,547)	(27,201)	(29,547)
Depreciation of property, plant and equipment	25	(239,074)	(310,389)	(239,074)	(310,389)
Operating profit		**42,190,411**	**40,167,407**	**42,809,710**	**40,553,580**
Share of profit/(loss) of associates accounted for using equity method	24	(53,502)	196,231		
Profit before tax		**42,136,909**	**40,363,638**	**42,809,710**	**40,553,580**
Taxation	14	(660,288)	(3,223,155)	(659,544)	(3,222,544)
Profit for the year		**41,476,621**	**37,140,483**	**42,150,166**	**37,331,036**
Profit attributable to:					
Owners of the parent		41,476,621	37,140,483	42,150,166	37,331,036
		41,476,621	**37,140,483**	**42,150,166**	**37,331,036**

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

		Group		Bank	
	Note	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
Profit for the year		**41,476,621**	**37,140,483**	**42,150,166**	**37,331,036**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Fair value reserve (fair value through OCI):					
Net change in fair value	22	4,632,132	11,202,731	4,632,132	11,202,731
Net amount recycled to profit or loss	22	(5,451,662)	(2,969,609)	(5,451,662)	(2,969,609)
Other comprehensive income/(loss) for the year, net of tax		**(819,530)**	**8,233,123**	**(819,530)**	**8,233,122**
Total comprehensive income for the year		**40,657,091**	**45,373,606**	**41,330,636**	**45,564,158**
Total comprehensive income attributable to:					
Owners of the parent		40,657,091	45,373,606	41,330,636	45,564,158
		40,657,091	**45,373,606**	**41,330,636**	**45,564,158**

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at	Note	Group		Bank	
		31 December 2020 ₦'000	31 December 2019 ₦'000	31 December 2020 N'000	31 December 2019 N'000
ASSETS					
Cash and balances with banks	16	230,918,571	84,194,004	230,918,571	84,194,004
Loans and advances to banks	17	109,525,060	220,073,577	109,525,060	220,073,577
Financial assets at fair value through profit or loss	18	231,477,737	207,373,649	231,477,737	207,373,649
Derivative financial instruments - assets	19	28,980,537	34,119,650	28,980,537	34,119,650
Assets pledged as collateral	20	51,012,000	45,125,359	51,012,000	45,125,359
Financial assets at:					
Fair value through other comprehensive income	22	224,499,428	75,999,310	224,499,428	75,999,310
Loans and advances to customers	21	123,945,298	153,579,341	123,945,298	153,579,341
Other assets	23	36,995,410	51,697,200	36,995,410	51,697,200
Investments in associate	24	1,033,648	1,087,151	246,556	246,556
Investment in subsidiary	37	-	-	1,000	1,000
Property, plant and equipment	25	2,487,646	2,496,443	2,487,646	2,496,443
Right-of-use assets	23	16,660	24,930	16,660	24,930
Total assets		**1,040,891,995**	**875,770,614**	**1,040,105,903**	**874,931,019**
LIABILITIES					
Deposits from banks	26	1,332,807	4,876,934	1,332,807	4,876,934
Deposits from customers	27	503,983,768	298,145,123	503,985,776	298,147,131
Derivative financial instruments - liabilities	19	25,852,402	6,395,573	25,852,402	6,395,573
Lease liabilities	29	28,833	26,096	28,833	26,096
Current income tax liabilities	28	1,014,589	3,432,720	1,013,389	3,432,263
Other borrowed funds	30	60,141,226	183,696,071	60,141,226	183,696,071
Other liabilities	29	315,662,129	258,929,838	315,666,057	258,931,437
Deferred tax liability	31	108,395	33,958	108,395	33,959
Total liabilities		**908,124,149**	**755,536,313**	**908,128,885**	**755,539,464**
EQUITY					
Share capital	32	2,793,777	2,793,777	2,793,777	2,793,777
Share premium	32	11,643,995	11,643,995	11,643,995	11,643,995
Treasury share reserve	32	(60,417)	(60,417)	-	-
Regulatory reserve	32	2,780,915	2,780,915	2,780,915	2,780,915
Statutory reserves	32	49,079,250	42,756,725	49,079,250	42,756,725
Fair value reserve		3,557,942	4,377,472	3,557,942	4,377,472
Retained earnings		62,972,384	55,941,834	62,121,139	55,038,671
Total equity		**132,767,846**	**120,234,301**	**131,977,018**	**119,391,555**
Total equity and liabilities		**1,040,891,995**	**875,770,614**	**1,040,105,903**	**874,931,019**

The financial statements were certified by:

Managing Director: Mrs. Ireti Samuel-Ogbu
FRC/2020/003/00000022118

Chief Finance Officer: Mr.Sharafadeen Muhammed
FRC/2017/ICAN/00000015901

The notes on the accompanying pages are an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 3 March 2021 and were signed on its behalf by:

Chairman: Mr. Olayemi Cardoso
FRC/2013/CISN/00000002200

Managing Director: Mrs. Ireti Samuel-Ogbu
FRC/2020/003/00000022118

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to equity holders of the parent							N'000
	Share capital	Share premium	Treasury shares reserve	Retained earnings	Regulatory risk reserve	Statutory reserve	Fair value reserve	Total
Balance at 1 January 2020	2,793,777	11,643,995	(60,417)	55,941,834	2,780,915	42,756,725	4,377,472	120,234,301
Profit	-	-	-	41,476,621	-	-	-	41,476,621
Change in fair value of financial assets FVTOCI, net of tax	-	-	-	-	-	-	(819,530)	(819,530)
Total comprehensive income	-	-	-	41,476,621	-	-	(819,530)	40,657,091
Dividend paid	-	-	-	(28,123,546)	-	-	-	(28,123,546)
Transfer to Statutory reserve	-	-	-	(6,322,525)	-	6,322,525	-	-
At 31 December 2020	2,793,777	11,643,995	(60,417)	62,972,384	2,780,915	49,079,250	3,557,942	132,767,846

	Attributable to equity holders of the parent							N'000
	Share capital	Share premium	Treasury shares reserve	Retained earnings	Regulatory risk reserve	Statutory reserve	Fair value reserve	Total
Balance at 1 January 2019	2,793,777	11,643,995	(60,417)	40,385,328	1,829,443	37,157,068	(3,855,651)	89,893,543
Profit	-	-	-	37,140,483	-	-	-	37,140,483
Change in fair value of financial assets FVTOCI, net of tax	-	-	-	-	-	-	8,233,123	8,233,123
Total comprehensive income	-	-	-	37,140,483	-	-	8,233,123	45,373,606
Dividend paid	-	-	-	(15,032,849)	-	-	-	(15,032,849)
Transfer to Statutory reserve	-	-	-	(5,599,657)	-	5,599,657	-	-
Transfer to regulatory risk reserve	-	-	-	(951,472)	951,472	-	-	-
At 31 December 2019	2,793,777	11,643,995	(60,417)	55,941,834	2,780,915	42,756,725	4,377,472	120,234,301

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Bank — Attributable to equity holders of the bank — N'000

	Share capital	Share premium	Retained earnings	Regulatory risk reserve	Statutory reserve	Fair value reserve	Total
Balance at 1 January 2020	2,793,777	11,643,995	55,038,671	2,780,915	42,756,725	4,377,472	119,391,555
Profit	-	-	42,150,166	-	-	-	42,150,166
Change in fair value of financial instruments FVTOCI, net of tax	-	-	-	-	-	(819,530)	(819,530)
Total comprehensive income	-	-	42,150,166	-	-	(819,530)	41,330,636
Dividend paid	-	-	(28,745,173)	-	-	-	(28,745,173)
Transfer to Statutory reserve	-	-	(6,322,525)	-	6,322,525	-	-
At 31 December 2020	2,793,777	11,643,995	62,121,139	2,780,915	49,079,250	3,557,942	131,977,018

Attributable to equity holders of the bank — N'000

	Share capital	Share premium	Retained earnings	Regulatory risk reserve	Statutory reserve	Fair value reserve	Total
Balance at 1 January 2019	2,793,777	11,643,995	39,623,893	1,829,443	37,157,068	(3,855,651)	89,192,525
Profit	-	-	37,331,038	-	-	-	37,331,038
Change in fair value of financial instruments FVTOCI, net of tax	-	-	-	-	-	8,233,122	8,233,122
Total comprehensive income	-	-	37,331,038	-	-	8,233,122	45,564,160
Dividend paid	-	-	(15,365,129)	-	-	-	(15,365,129)
Transfer to Statutory reserve	-	-	(5,599,657)	-	5,599,657	-	-
Transfer to regulatory risk reserve	-	-	(951,472)	951,472	-	-	-
At 31 December 2019	2,793,777	11,643,995	55,038,673	2,780,915	42,756,725	4,377,472	119,391,557

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS

For the year ended	Note	Group 31 December 2020 ₦'000	Group 31 December 2019 ₦'000	Bank 31 December 2020 ₦'000	Bank 31 December 2019 ₦'000
Cash flows from operating activities					
Profit before tax		42,136,909	40,363,638	42,809,710	40,553,580
Adjustment for non-cash items					
Depreciation	25	239,074	310,389	239,074	310,389
Amortisation	23	27,201	-	27,201	-
Fair value gains on trading securities (MTM)	8	(28,569,741)	(22,782,477)	(28,569,741)	(22,782,477)
Loan loss provision	13	1,961,222	156,462	1,961,222	156,462
Unrealised exchange gain/(loss) on revaluation	10	(17,249,995)	77,553	(17,249,995)	77,553
Interest income	5&8	(30,021,784)	(29,925,718)	(30,021,784)	(29,925,718)
Interest expense	6	8,031,555	8,239,641	8,031,555	8,239,641
(Gains) on disposal of PPE	10	(44,701)	(22,327)	(44,701)	(22,327)
Share of profit/(loss) in associate	24	53,503	(140,757)	-	-
Dividend income	9	-	(121,891)	-	(121,891)
Fair value gain on unquoted securities	18	(1,915,560)	(1,320,448)	(1,915,560)	(1,320,448)
Provision for litigation	29	-	(314,362)	-	(314,362)
		(25,352,317)	**(5,480,296)**	**(24,733,019)**	**(5,149,598)**
Changes in operating assets and liabilities					
Change in restricted cash	16.1	(137,652,256)	34,884,342	(137,652,256)	34,884,342
Change in loans & advances		50,749,677	(74,192,840)	50,749,677	(74,192,839)
(Increase)/decrease in FVTPL	18.1	44,089,560	(42,679,822)	44,089,560	(42,679,822)
(Increase)/decrease in derivative financial instruments - assets	19	5,139,113	(3,154,505)	5,139,113	(3,154,505)
(Increase)/decrease in assets pledged as collaterals	20	(6,456,016)	(15,941,038)	(6,456,016)	(15,941,038)
(Increase)/decrease in other assets	23	4,005,096	(15,885,337)	4,005,096	(15,885,342)
(Increase)/decrease in right of use assets	23	8,270	(36,180)	8,270	(36,180)
(Decrease) in deposits from banks	26	(3,454,350)	(191,737,963)	(3,454,350)	(191,737,963)
Increase/(decrease) in deposits from customers	27	243,446,061	(84,988,014)	243,446,061	(84,987,717)
Increase in derivative financial instruments - liability	19	19,456,829	3,165,586	19,456,829	3,165,586
Increase in other liabilities	29	53,127,474	211,330,342	53,129,803	211,331,271
		272,459,458	**(179,235,430)**	**272,461,787**	**(179,234,208)**
Interest received		35,916,976	29,307,877	35,916,976	29,307,877
Interest paid		(9,255,210)	(9,833,247)	(9,255,210)	(9,833,247)
Income tax paid	28	(3,009,746)	(4,554,434)	(3,009,746)	(4,554,094)
Net cashflows generated/(used in) operating activities		**270,759,161**	**(169,795,530)**	**271,380,788**	**(169,463,271)**
Cash flows from investing activities					
Purchase of Property, plant & equipment	25	(236,323)	(579,156)	(236,323)	(579,156)
Purchase of FVTOCI	22.1	(264,683,918)	(22,761,440)	(264,683,918)	(22,761,440)
Proceed from disposal of FVTOCI	22.1	109,390,229	26,003,022	109,390,229	26,003,040
Proceed from sale of property, plant and equipment		50,746	86,016	50,746	86,016
Dividend received	9	-	121,891	-	121,891
Net cash from (used in) investing activities		**(155,479,266)**	**2,870,333**	**(155,479,266)**	**2,870,351**
Cash flows from financing activities					
Dividend paid		(28,123,546)	(15,032,851)	(28,745,173)	(15,365,129)
Repayment of borrowings	30	(193,414,000)	-	(193,414,000)	-
Proceed from borrowings	30	60,049,500	182,350,000	60,049,500	182,350,000
Principal elements of lease payments	29.4	(19,702)	-	(19,702)	-
Net cash (used in) financing activities		(161,507,748)	167,317,149	(162,129,375)	166,984,871
(Decrease)/ increase in cash & cash equivalent		(46,227,853)	391,951	(46,227,853)	391,951
Cash & cash equivalent at beginning of year		203,558,308	203,389,374	203,558,308	203,389,375
Effect of exchange rate changes on cash and cash equivalents		249,343	(223,017)	249,343	(223,017)
Cash & cash equivalent at end of year	16	**157,579,798**	**203,558,309**	**157,579,798**	**203,558,309**

1. **General information**

Citibank Nigeria Limited ("the Bank") is a company domiciled in Nigeria. The Bank was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 2 May 1984. It was granted a license on 14 September 1984 to carry on the business of commercial banking and commenced business on 14 September 1984. The address of the Bank's registered office is 27 Kofo Abayomi Street, Victoria Island, Lagos. These consolidated financial statements for the financial year ended 31 December 2020 are prepared for the Bank and its subsidiary (together, "the Group"). The Group is primarily involved in commercial banking that includes transactional services, corporate finance, provision of finance, custodial business and money market and trading activities. The Bank has a subsidiary, Nigeria International Bank Nominees Limited.

2. **Summary of significant accounting policies**

2.1 **Introduction to the summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2 **Basis of preparation**

The consolidated financial statements for the year 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

They have also been prepared in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria, Financial Reporting Council of Nigeria and relevant Central Bank of Nigeria circulars.

These financial statements are prepared on a going concern basis and have been prepared under the historical cost convention as modified to include the fair value of certain financial instruments to the extent required or permitted under the accounting standards and as set out in the relevant accounting policies.

Additionally, as was reported in the Ultimate Parent Company's (Citigroup's) Annual Report on SEC Form 10-K for the year ended 31 December 2020, Citigroup disclosed that in addition to the widespread public health implications, the emergence of the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in the U.S. and around the world.

In considering going concern, the Company continues to closely monitor developments related to the outbreak of COVID-19. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers.

During the pandemic, the Company has remained well positioned from a capital and liquidity perspective, and has maintained strong business operations.

Due to rounding to nearest thousand, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. All figures are presented in Naira unless where otherwise stated.

2.2.1 <u>Basis of measurement</u>

The financial statements are prepared under the historical cost convention, modified to include the fair value of certain financial instruments to the extent required or permitted under the accounting standards as set out in the relevant accounting policies.

In specific terms, these financial statements have been prepared on the historical cost basis except for the following:
- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss are measured at fair value.
- Fair value through other comprehensive income (FVOCI) equity financial assets are measured at fair value through equity.
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- The liability for defined benefit obligations recognized as the present value of the defined benefit obligation less fair value of the plan assets.
- Assets and liabilities held for trading are measured at fair value.
- Loans and receivables are measured at at amortized cost

2.2.2 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions are based on management's best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

2.2.3 Changes in accounting policies and disclosures

Below is the disclosure of International Financial Reporting Standards that are applicable in terms of effective period to the Bank.

There are a number of accounting standards that have been issued by the International Accounting Standards Board (IASB), and are effective

Standards and interpretations that became effective during the period

Standard	Content	Effective date
IFRS 3	Business Combination	01-Jan-20
IAS 1 & 8	Definition of "Material" Information	01-Jan-20
IFRS 9 & 7	Interest Rate Benchmark Reform	01-Jan-20
Revised Conceptual	Framework for Financial Reporting	01-Jan-20
IFRS 16	Leases	01-Jun-20

IFRS 3 Business Combination

• The amendment outlines the accounting when an acquirer obtains control of a business in Merger and Acquisition (M & A) transaction.

In October 2018 the IASB issued an amendment to IFRS 3 which became effective for annual periods beginning on or after 1 January 2020.

The amemdment clarifies that to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. It further arrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

In addition, it removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. Lastly it adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

This standard does not have any impact on the Group.

IAS 1 and 8 on Definition of Material

- In October 2018, the IASB issued the definition of Material. The amendments became effective 1 January 2020 and it intended to clarify, modify and ensure that the definition of Material' is consistent across all IFRS. In IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'Material' is stated as ''An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of the general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity.''

The amendments emphasised five (5) ways material information can be obscured as follows:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements
- If dissimilar items, transactions or other events are inappropriately aggregated
- If similar items, transactions or other events are inappropriately disaggregated
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material

The Group has taken into consideration the new definition in the preparation of this financial statement.

IFRS 9, IAS 39 & IFRS 7 on Interest Rate Benchmark Reform
On 26 September 2019, the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

The International Accounting Standards Board (IASB) identified two groups of accounting issues that could impact financial reporting namely
1) Pre replacement issues i.e . issues affecting financial reporting in the period before terms of financial instruments are modified (Phase 1)
2) Replacement issues i.e. issues that might affect financial reporting when existing interest rate benchmark is reformed or replaced ('Phase 2')

IASB considered the pre replacement issues to be more urgent , and on 26 September 2019 published "Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)" as a first response to the potential effects the IBOR reform could have on financial reporting, current service cost and net interest for the period.

The amendments are mandatory and effective for annual periods beginning on or after 1 January 2020.

These amendments do not lead to a change in any of the Group's accounting policies as it does not have interest rate hedge relationship.

Revised Conceptual Framework for Financial Reporting
The International Accounting Standards Board has issued the revised conceptual framework for financial reporting in March 2018. The revised conceptual framework is applicable for annual periods beginning on or after 1 January 2020.

The conceptual framework sets out:
- The objective of financial reporting
- The qualitative characteristics of useful financial information
- A description of the reporting entity and its boundary
- Definitions of an asset, a liability, equity, income and expenses
- Criteria for including assets and liabilities in financial statements (recognition) and guidance on when to remove them (derecognition)
- Measurement bases and guidance on when to use them
- Concepts and guidance on presentation and disclosure

The revised framework has updated the definition of the assets and liabilities reflecting the concepts in the new standards developed by IASB
The main changes to definition of asset clarifies that an asset is not an inflow of economic benefits rather it is the economic resources controlled by the entity. The flow of economic benefits to the entity need to not be certain or even likely.

A liability is defined as an obligation to transfer economic resource not an ultimate flow of economic resource, and entity should not have practical ability to avoid transfer of the resources, which includes responsibilities that arise from the entity customary practices, published policies or specific statements.

The Group has applied the provision of the revised conceptual framework in the preparation of this financial statement.

IFRS 16 on Covid-19-Related Rent Concessions
The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:

1. Provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
2. Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
3. Require lessees that apply the exemption to disclose that fact; and
4. Require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The Group has nothing to disclose with this respect given that there was no modification to lease payment.

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period. Amended standards did not result in changes in the amounts previously recognised in the financial statements.

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2020:

Standard	Content	Effective date
IAS 1	Classification of Liabilities	1 - Jan -2022
IFRS 3	Business Combination	1 - Jan -2022
IFRS 9	Financial Instruments	1 - Jan -2022
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on IBOR Reform-phase 2 amendments		1 - Jan -2021
IFRS 9, IFRS 16, IFRS 1 and IAS 41 on annual improvement to IFRS Standards		1 - Jan -2022

The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates. Commentaries on these new standards/amendments are provided below.

Amendment to IAS 1
This amendment relates to classification of Liabilities as Current or Non-current which will provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the balance sheet date.

The amendment only affect the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendment will

- clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the balance sheet date
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The Group does not anticipate early adopting the standard and is currently evaluating its impact.

Amendment to IFRS 3
The amendment to IFRS 3 relates to the following:

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group does not anticipate early adopting the standard.

Amendment to IFRS 9
The amendment relates to Fees in the '10 per cent' test for derecognition of financial liabilities.

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The Group does not anticipate early adopting the standard.

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on IBOR Reform-phase 2
The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7. The ammendment addresses the following:

- **Modification of financial assets, financial liabilities and lease liabilities:** The amendment introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis).
  These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

- **Disclosures:** In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition; quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark; to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how is the entity managing those risks.

The Group will disclose the impact of the amendment in the next financial statement issued during or after the financial year starting January 1 2021.

2.3 Consolidation
The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the parent company's reporting date.

Subsidiary
The consolidated financial statements of the Group comprise the financials statements of the parent entity and subsidiary as at 31 December 2020. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The group financial statements consolidate the financial statements of the Bank and its wholly owned subsidiary company, NIB Nominees Limited. Subsidiary undertakings of those companies in which the Group, directly or indirectly, has power to exercise control over their operations, are consolidated.

Structured entities are consolidated where the group has control. The activities of the staff participation scheme has been consolidated into the financial statements of the Group resulting in the assets of the staff participation scheme, which are the shares of the bank, being recognised in shareholders equity as Treasury shares (Note 2.13).

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

The subsidiaries were fully consolidated from the date control was transferred to the Group.The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

In the seperate financial statements for the bank, the investment in the subsidiary is carried at cost.

Associates
Associates are those entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. In addition, it includes entities where the shareholding is less than 20% but such significant influence can be demonstrated with the existence of representation on the board of directors or equivalent governing body of the investee.

Investment in associates is accounted for by the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the acquisition date.

The Group's share of post-acquistion profit or loss is recognised in the statement of profit or loss, and its share of post-acquistion movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of an associate" in the statement of profit or loss.

In the seperate financial statements for the bank, the investment in the associate is carried at cost.

2.4 Segment Reporting
The Group is a private company that has no debt or equity traded in a public market therefore there is no disclosure required for segment reporting.

2.5 Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').The consolidated financial statements are presented in Naira, which is the Group's presentation currency. The figures shown in the consolidated financial statements are stated in thousands in Naira.

(b) Transactions and balances
Transactions in foreign currencies are translated to Naira at the rates of exchange ruling at the date of each transaction (or where appropriate the rate of the related forward contracts). Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the statement of financial position date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the statement of profit or loss under other income.

Changes in fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security.
Translation differences related to changes in amortised cost are recognised in the statement of profit or loss, and other changes in carrying amount are recognised in other comprehensive income. The Bank's foreign currency balances are translated using NAFEX rate.

2.6 Financial assets and liabilities
In accordance with IFRS 9 all financial assets and liabilities have to be recognised in the consolidated statement of financial position and measured in accordance with their assigned category.

i) Financial Assets – Derivatives and Equity Instruments
Under IFRS 9, derivatives and in-scope equity instruments are measured at fair value, with changes reflected through the profit and loss account (FVTPL). Exceptions can only apply if the derivative is part of a hedge accounting programme

The Group measures all equity instruments in scope of IFRS 9 at FVTPL

ii) Financial Assets – Debt Instruments
Under IFRS 9, the following primary classification and measurement categories exist for financial assets-debt instruments:

• Amortized cost;
• Fair value through other comprehensive income (FVOCI); and
• Fair value though profit or loss (FVTPL)

In addition, IFRS 9 provides special designation options for financial assets-debt instruments that are either measured at 'amortized cost' or 'FVOCI'. An entity has an option to designate such instruments at FVTPL only where this designation eliminates or significantly reduces an accounting mismatch.

The following paragraphs explain the classification criteria for the 3 categories in more detail.

- Amortized Cost

A financial asset-debt instrument shall be classified and subsequently measured at amortized cost only if both of the following conditions are met:

a) Business Model test: the financial asset--debt instrument is held in a business which has a business model whose objective is to hold assets in order to collect contractual cash flows; and

b) SPPI test: the contractual terms of the financial asset-debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

- FVOCI

A financial asset shall be classified and measured at FVOCI if both of the following conditions are met:

a) Business Model test: the financial asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: and

b) SPPI test: the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

- FVTPL

Any financial instrument that does not fall into either of the above categories shall be classified and measured at fair value through profit and loss. For example, where the asset is not held within a business model whose objective is to hold to collect the contractual cash flows or within a business model whose objective is to both collect the cash flows and to sell the assets, then the asset will be classified as FVTPL.

Moreover, any instrument for which the contractual cash flow characteristics do not comprise solely payments of principal and interest (that is, they fail the SPPI test) must be classified in the FVTPL category.

Business Model Assessment
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Group's business model does not depend on management's intentions for an individual instrument (i.e., it is not an instrument-by-instrument assessment). This assessment is performed at a higher level of aggregation. The level of aggregation is at a level which is reviewed by key management personnel, enabling them to make strategic decisions for the business. The Group has more than one business model for managing its financial instruments.

The assessment of the business model requires judgment based on facts and circumstances, considering quantitative factors and qualitative factors.

The Group considers all relevant evidence that is available at the date of the assessment. Such relevant evidence includes, but is not limited to:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

d) The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment of whether the contractual cash flows are solely payments of principal and interest

If an instrument is held in either a hold to collect or a or hold to collect and sell business model, then an assessment to determine whether contractual cash flows are solely payments of principal and interest on the principal outstanding (SPPI) is required to determine classification. For SPPI, interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a period of time. It can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time and a profit margin that is consistent with a basic lending arrangement. Other contractual features that result in cash flows that are not payments of principal and interest result in the instrument being measured at FVTPL.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that meet the SPPI criteria.

The contractual cash flow test must be performed at initial recognition of the financial asset and, if applicable, as at the date of any subsequent changes to the contractual provisions of the instrument

iii) Financial Liabilities
For financial liabilities, there are two measurement categories: amortized cost and fair value through profit and loss (including a fair value option category). The Group separates derivatives embedded in financial liabilities where they are not closely related to the host contract

The Group designates financial liabilities at fair value through profit or loss if one of the following exist:

- The liability is managed and performance evaluated on a fair value basis
- Electing fair value will eliminate or reduce an accounting mismatch; or
- The contract contains one or more embedded derivatives

For financial liabilities designated at fair value through profit or loss, fair value changes are presented as follows:
- The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability must be recorded in OCI, and
- The remaining amount of the change in the fair value of the liability is recorded in P&L.

Upon early extinguishment (e.g., liability is repurchased before maturity), changes in own credit previously recorded in OCI will not be recycled to P&L. The OCI balance is reclassified directly to retained earnings.

iv) Reclassifications
Financial asset classification is determined at initial recognition and reclassifications are expected to be extremely rare. A financial asset can only be reclassified if the business model for managing the financial asset changes.

Reclassification of financial liabilities is not permitted. Reclassification of financial instruments designated under FVTPL or FVOCI is also not permitted.

v) Modifications

Financial assets
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Impairment test is performed before the modifications.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss.

As the Group classifies a financial asset at initial recognition on the basis of the contractual terms over the life of the instrument, reclassification on the basis of a financial asset's contractual cash flows is not permitted, unless the asset is sufficiently modified that it is derecognized.

Financial Liabilities
The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss

Impairment
The IFRS 9 impairment standard applies to any debt instruments measured at amortised cost or at fair value through other comprehensive income and also to off balance sheet loan commitments and financial guarantees, including:

• Investments in debt instruments measured at amortized cost. Such investments will include:
- Corporate and commercial loans
- Deposits with banks; and
- Reverse repurchase agreements and securities borrowing transactions

• Investments in debt instruments measured at fair value through other comprehensive income (FVOCI)
• All irrevocable loan commitments that are not measured at FVTPL
• Written financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at FVTPL
• Lease receivables recognized , acting as the lessor, that are within the scope of IFRS 16 (Leases)
• Trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 (Revenue contracts with customers); and
• Any other receivables (e.g., brokerage receivables)

Expected credit loss impairment model
Credit loss allowances will be measured on each reporting date according to a three-Stage expected credit loss impairment model under which each financial asset is classified in one of the stages below:

Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults expected over the next 12 months. Interest is calculated based on the gross carrying amount of the asset.

Stage 2 – Following a significant increase in credit risk relative to the risk at initial recognition of the financial asset, a loss allowance is recognized equal to the full credit losses expected over the remaining life of the asset. Interest is calculated based on the gross carrying amount of the asset.

The credit losses for financial assets in Stage 1 and Stage 2 are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to the full lifetime expected credit losses will be recognized. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Evidence that a financial asset is impaired includes observable data that comes to the attention of the Company such as:
• Significant financial difficulty of the issuer or obligor;
• A breach of contract, such as a default or delinquency in interest or principal payments;
• It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
• The disappearance of an active market for that financial asset because of financial difficulties; or
• Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio;
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

Loans are written off when there is no realistic probability of recovery.

The estimation of an expected credit loss (ECL) is required to be unbiased and probability weighted, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The estimate also considers the time value of money.

The measurement of an ECL is primarily determined by an assessment of the financial asset's probability of default (PD), loss given default (LGD) and exposure at default (EAD) where the cash shortfalls are discounted to the reporting date. For a financial asset in Stage 1, the Group will utilise a 12-month PD, whereas a financial asset within Stage 2 and Stage 3 will utilise a lifetime PD in order to estimate an impairment allowance.

Wholesale Classifiably Managed Exposures
An impairment allowance will be estimated for Corporate loans utilising sophisticated models depending on the relative size, quality and complexity of the portfolios.

Delinquency Managed Exposures
In particular, for Consumer loan portfolios, where the Group does not have access to detailed historical information and/or loss experience, the Group will adopt a simplified approach using backstops and other qualitative information specific to each portfolio.

Other Financial Assets Simplified Approaches
For other financial assets, being short term and simple in nature, the Group will apply a simplified measurement approach that may differ from what is described above. This approach leverages existing models currently used globally for stress-testing and regulatory capital reporting purposes, but incorporates specifically developed components to make the estimates compliant with IFRS 9.

Significant increase in credit risk (SICR)
A financial asset will move from Stage 1 to Stage 2 if there has been a significant increase in credit risk relative to initial recognition. The Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. Determining whether there has been a significant increase in credit risk requires significant estimates and judgement.
When making this assessment, the Group considers the increase in the risk of default (both in relative terms and absolute terms) over the expected life of the financial asset. A given change in absolute terms of the risk of a default since initial recognition will be more significant for a financial instrument with a lower initial risk of default compared to one with a higher initial risk of default. A change in the probability of default of the obligor is driven primarily by the obligor risk rating. Internal credit risk rating categories will capture the further qualitative indicators that act as backstops

Staging
Financial assets can move in both directions through the Stages of the IFRS 9 impairment model depending on whether there is a significant increase of credit risk since initial recognition or whether the asset is credit impaired.

In order to determine the ECL reporting stage for an obligation, the Group will check whether the asset is already impaired (Stage 3) or not (Stage 1 and 2). Stage 2 will be determined by the existence of a significant credit deterioration (or credit improvement) compared with the credit rating at initial recognition. Stage 1 assets do not have significant credit deterioration compared with that at initial recognition. All newly acquired or originated financial assets that are not purchased or originated credit impaired (POCI) are recognised in Stage 1 initially. The existence of a (statistically) significant deterioration/improvement is combined with the materiality of the probability of default to determine whether a transfer in stages is required. Further, the Group will not rebut the presumption that exposures 30 days past due are deemed to have incurred a significant increase in credit risk.
Additional qualitative reviews are also performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.

Changes in the required credit loss allowance, including the impact of movements between Stage 1 (12-month expected credit losses) and Stage 2 (lifetime expected credit losses), are recorded in profit or loss as an adjustment of the provision for credit losses

Expected life
When measuring ECL, the Group must consider the maximum contractual period over which the Group is exposed to credit risk, including possible drawdowns and the expected maturity of the financial asset. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Stage 3 definition of default
As mentioned above, to determine whether an instrument should move to a lifetime ECL, the change in the risk of a default occurring over the expected life of the financial instruments is considered.

The Group applies a default definition that is consistent with that used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate. The definition of default used for this purpose is applied consistently to all financial instruments unless information becomes available that demonstrates another default definition is more appropriate for a particular financial instrument.

A default shall be considered to have occurred in regard to a particular obligor when either or both of the following have taken place

1. There are material exposures which are more than 90 days past-due;
2. The obligor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due

Forward Looking Information and multiple economic scenarios

Estimates must consider information about past events, current conditions and reasonable and supportable forecasts around future events and economic conditions. The application of forward looking information (FLI) requires significant estimates and judgment.
The Group has developed models that include multiple economic scenarios that consider the variability and uncertainty in expected losses including factors such as GDP growth rates and unemployment rates, provided by the economists in Citi's Global Country Risk Management (GCRM). These estimates are based on portfolio data that reflect the current risk attributes of obligors and debt instruments combined with loss projections derived from the rating migration, PD and loss models built for estimating stress credit losses for wholesale portfolios. As mentioned above, these models have incorporated specifically developed components to make the estimates compliant with IFRS 9. The PD, LGD and Credit Conversion Factor (CCF) models are calibrated to the observed historical patterns of defaults and losses over several years and linked to economic drivers. The model reflects different loss likelihood and loss severity as a function of different economic forecasts. The Group does not use the best case or worst case scenario, but assesses a representative number of scenarios (at least 3 when applying a sophisticated approach and where multiple scenarios are deemed to have a material non-linear impact) and probability weights these scenarios to determine the ECL

Presentation of the allowance of ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows;

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the asset
- Loan commitments and financial guarantee contracts: as a provision
- Debt instruments measured at FVOCI: as the carrying amount of these financial assets is at fair value, no loss allowance is recognised in the statement of financial position, however, the loss allowance is disclosed in note 22 and is recognised in the fair value reserve

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

Central to the projections of lifetime ECL are the lifetime risk parameters, i.e., probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Standard requires that the reserve calculation should incorporate forward-looking information in relation to future macroeconomic scenarios. As such, Citi has decided to leverage models developed for stress testing (primarily to support the Comprehensive Capital Analysis and Review ("CCAR") credit models) as the basis for the IFRS-9 implementation, developing certain components as needed to meet the IFRS-9 requirement for the reserve process for international Classifiably Managed Portfolios.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a siginificant increase in credit risk has occurred since initial recognition or whether as asset is considered to be credit-impaired. ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per :Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. (LGD) varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. (LGD) is expressed as apercentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-months LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over theremaining expected lifetime of the loan.

2.6.1 Recognition

The Group initially recognises loans, debts and equity securities, deposits at their fair value of consideration paid. Other financial assets and liabilities deesignated at fair value through profit or loss are recognised on the basis of settlement date accounting.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss. Subsequent recognition of financial assets and liabilities is at amortised cost or fair value.

2.6.2 Classification

The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. See accounting policies 2.6.10 to 2.6.17.

2.6.3 Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, secured borrowing and repurchase transactions. Such assets are reported as Assets pledged as collateral in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cummulative gain or loss that had been recognized in other comprehensive income is recognised in profit or loss.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group contiunes to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

2.6.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position where there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously

2.6.5 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as assets pledged as collateral when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

2.6.6 Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

2.6.7 Fair value measurement
Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value of trading assets, financial assets held at fair value through profit or loss are based on quoted market prices, excluding transaction costs. If a quoted market price is not available for the financial assets, the fair value is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

2.6.8 Regulatory risk reserve
In compliance with the Prudential Guidelines for Licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. These apply objective and subjective criteria towards providing for losses in risk assets. Assets are classed as performing or non-performing. Non-performing assets are further classed as Substandard, Doubtful or Lost with attendant provision as per the table below based on objective criteria.

Classification	% Provided	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days.
Doubtful	50%	Interest and/or principal overdue by more than 180 days but less than 365 days.
Lost	100%	Interest and/or principal overdue by more than 365 days.

A more accelerated provision may be done using the subjective criteria. A 2% provision is taken on all risk assets not specifically provisioned.

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the statement of profit or loss (Note 13). Where the Prudential Guidelines provision is greater, the difference is appropriated from Retained Earnings and included in a non-distributable reserve called Regulatory Risk Reserve. Where the IFRS 9 impairment is greater, no appropriation is made and the amount of the IFRS 9 impairment is recognised in the statement of profit or loss.

In subsequent periods, reversals or additional appropriations are made between the Statutory Credit Reserve and Retained Earnings to maintain total provisions at the levels expected by the Regulator.

2.6.9 Cash and cash equivalents
Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.6.10 Financial assets measured at amortised cost
Financial assets held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.
Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses in the statement of financial position.

2.6.11 Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship, any changes in fair value due to changes in the hedged risk is recognized in Non-interest income in the statement of profit or loss. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Non-interest income in the statement of profit or loss. Interest revenue, impairment gains and losses and foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the statement of profit or loss. Premiums, discounts and related

transaction costs are amortized over the expected life of the instrument to Interest income in the statement of profit or loss using the effective interest rate method.

2.6.12 Financial assets measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income as part of Non-interest income. Realized and unrealized gains and losses are recognized as part of Non-interest income in the Consolidated Statement of Income.

2.6.13 Derivative financial instruments

Derivative financial instruments are recognised initially at fair value on the date when the derivative contract is entered into and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in fair value are recognised immediately in the statement of profit or loss.

Derivatives are valued based on observable market inputs where readily available. However, where any of these market inputs is not readily available, a derived value can be implied based on what is readily available in the market or on market data. Derivatives are classified as financial assets/ liabilities at FVTPL.

2.6.14 Non-derivative Financial liabilities

Financial liabilities are initially measured at fair value net of transaction costs at trade date. Subsequently, they are measured at amortized cost using the effective interest rate method.

2.6.15 Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase for equity instruments that are not traded. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Non-interest income in the statement of profit or loss.

2.6.16 Financial Liabilities at fair value through profit or loss

This classification applies to derivatives, financial liabilities held for trading (e.g. trading book short position) and other financial liabilities designated as FVTPL at intial recognition.

2.6.17 Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method.

2.7 Revenue recognition

Interest income and expense

Interest income and expense are recognised in the statement of profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the expected estimated future cash payments and receipts through the expected life of the financial asset or liability. Fees and direct costs relating to loan origination, re-financing or restructuring and to loan commitments are deferred and amortised to interest earned on loans and advances using the effective interest method.

Fees and commission income

Fees and commissions are generally recognised on an incurred basis when the related services are provided or on execution of a significant act. Fees and commissions arising from negotiating or participating in the negotiation of a transaction from a third party such as letters of credit, cash clearing are recognised on an accrual basis as the service is provided. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionment basis. Custody related fees are recognized over the period in which the service is provided.

Net income from financial instruments held at fair value through profit and loss

Net income on items at fair value through profit and loss comprises of all gains less losses related to trading assets and liabilities and financial instruments designated at fair value, and include all realized and unrealized fair value changes, together with related interest and foreign exchange differences.

Dividend income

Dividends are recognised in Investment income in the statement of profit or loss when the entity's right to receive payment is established.

Rental income

Property held for the purpose of leasing to third parties under operating leases are included in "Property, plant and equipment" and depreciated on a straight-line basis over their estimated useful lives. Rentals receivable are accounted for on a straight-line basis over the period of the lease and are included within "Other operating income".

Revenue under IFRS 15 is recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

Revenue is presented gross of expenses when the Bank is principal and presented net when it acts as agent.

2.8 Property, plant and equipment

Recognition and Measurement

Land and buildings comprise mainly headoffice and branch offices. All property, plant and equipment used by the parent and its subsidiary is stated at historical cost less depreciation and imapairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items of property and equipment.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation of assets is calculated using the straight-line method to allocate the cost of property and equipment to their residual values over their estimated useful lives, as follows:

- Leasehold improvements	Over the lease period or useful life whichever is shorter
- Building	50 years
- Furniture and equipment	5 years
- Computer equipment	3 years
- Motor vehicles	4 years

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Capital work-in-progress is not depreciated. Upon completion it is transferred to the relevant asset category.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets (including land) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'other operating income' in the statement of profit or loss.

2.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed as a whole at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.
An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of assets are allocated to reduce the carrying amount of the assets.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the present value of the expenditures expected to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.11 Income taxation

Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred tax arises from temporary differences in the recognition of items for accounting and tax purposes and is calculated using the liability method. Deferred tax is provided on timing differences, which are expected to reverse in the foreseeable future at the rates of tax likely to be in force at the time of reversal. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabiltites and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax related to fair value measurement, after initial recognition, of FVTOCI, is recognised in other comprehensive income.

2.12 Employee benefits

Defined contribution scheme
The Group operates a defined contributory pension scheme. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic for an employee upon commencement of duties at the Group. The Group contributes 10% while the employee contributes 8% of gross emoluments to the scheme. The Group's contributions to this scheme are charged to the statement of profit or loss in the period to which they relate.

Short - term employee benefits
Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits.
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based incentive plans
As part of the Group's remuneration programme it participates in a number of Citigroup share-based incentive plans. These plans involve the granting of stock options, restricted or deferred share awards and share payments. Such awards are used to attract, retain and motivate officers and employees to provide incentives for their contributions to the long-term performance and growth of the Group, and to align their interests with those of the shareholders.

In the share award programme Citigroup issues in the form of restricted share awards, deferred share awards and share payments. For all stock award programmes during the applicable vesting period, the shares awarded are not issued to a participants (in the case of a deferred stock award) or cannot be sold or transferred by the participants (in the case of a restricted stock award), until after vesting conditions have been satisfied. Recipients of deferred share awards do not have any sharehloder rights until shares are delivered to them, but they generally are entitled to receive dividend-equivalent payments during vesting period. Recipients of restricted share awards are entitled to a limited voting right an to receive dividend or dividend-equivalent payments during the vesting period. Once a share award vests the shares become freely transferrable, but in the case of certain employees, may be subject to transfer restriction by their terms or share ownership commitment.

However, given the rules-based nature of IFRS 2, Citibank Nigeria Limited accounts for Capital Accumulation Programme (CAP) and stock options in its financial statements as cash-settled (liability) awards.

Deferred Cash Awards
Citibank Nigeria Limited granted awards to employees other than cash incentive compensation, Capital Accumulation Programme (CAP) or stock options. Those awards include (Deferred Cash Stock Unit Awards) DCSUs, which are 'cash-settled awards with the payment made to employees being equal to Citi's share price at the relevant vesting date and Deferred Cash Awards which are fixed amounts plus interest at a stated rate with a required future service (vesting) period.

For Deferred Cash Awards, the bank accrues a liability over the vesting period because that reflects the period over which employees must provide services.

2.13 Share Capital

Dividend on ordinary shares
Dividend on ordinary shares is appropriated from retained earnings in the period it is approved by the Group's shareholders. Dividend per share is calculated based on the declared dividend during the period and the number of shares in issue at the date of the declaration and qualifying for dividend.

Dividend for the current period that is approved by the Directors after the statement of financial position date is disclosed in the subsequent events note to the financial statements.

Dividend proposed by Directors' but not yet approved by members is disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act of Nigeria.

Share issue costs
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

Treasury shares
Where the Bank or any member of the Group purchases the Bank's share capital, the consideration paid, if any, is deducted from the shareholders equity as treasury shares until they are cancelled or disposed, as disclosed in note 40. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders equity.

2.14 Contingent assets and liabilities

Contingent assets
Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed in the financial statements when they arise.

Contingent liabilities
Contingent liability is a probable obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are disclosed in the financial statements. However they are recognized, if it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Financial guarantees
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

2.15 Comparatives
Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.16 Leases
(a) The Group is the lessee
At the commencement date, the Group recognises a right-of-use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Group measures the right-of-use asset at cost less any remeasurement of the lease liability. The Group subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The corresponding lease liabilities, where applicable, are included in other liabilities. The interest element of the lease liabilities is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) The Group is the lessor
When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable.
The difference between the gross receivable and the present value of the receivable is recognised as unearned finance

income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

3 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1. Business model and SPPI decision

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

3.2. Significant increase in credit risk (SICR)

A financial asset will move from Stage 1 to Stage 2 if there has been a significant increase in credit risk relative to initial recognition. The Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. Determining whether there has been a significant increase in credit risk requires significant estimates and judgement.

When making this assessment, the Group considers the increase in the risk of default (both in relative terms and absolute terms) over the expected life of the financial asset. A given change in absolute terms of the risk of a default since initial recognition will be more significant for a financial instrument with a lower initial risk of default compared to one with a higher initial risk of default. A change in the probability of default of the obligor is driven primarily by the obligor risk rating. Internal credit risk rating categories will capture the further qualitative indicators that act as backstops.

3.3. Forward looking information and multiple economic scenarios

Estimates must consider information about past events, current conditions and reasonable and supportable forecasts around future events and economic conditions. The application of forward looking information (FLI) requires significant estimates and judgment.

The Group has developed models that include multiple economic scenarios that consider the variability and uncertainty in expected losses including factors such as GDP growth rates and unemployment rates, provided by the economists in Citi's Global Country Risk Management (GCRM). These estimates are based on portfolio data that reflect the current risk attributes of obligors and debt.

The credit losses for financial assets in Stage 2 are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit losses in Stage 3 are measured as the difference between the gross carrying amount and the present value of estimated future cash flows.

3.4 ECL measurement of financial assets

The measurement of an ECL is primarily determined by an assessment of the financial asset's probability of default (PD), loss given default (LGD) and exposure at default (EAD) where the cash shortfalls are discounted to the reporting date. For a financial asset in Stage 1, the Group will utilise a 12-month PD, whereas a financial asset within Stage 2 and Stage 3 will utilise a lifetime PD in order to estimate an impairment allowance.

3.5 Determination of rates used to translate foreign currency denominated transactions

The bank uses NAFEX rate (which is the rate at which banks and other financial institutions conduct business) to translate its financial activities at the reporting date. It is the average rate of both demand and supply in the market.

3.6 Unquoted equity investments

Unquoted equities held by the Group is measured at fair value through profit or loss. In deriving the valuation of unquoted equities, accounting judgment and estimates were used. Kindly refer to Notes .5.2 and 4.5.3.

4. Financial risk management

The risk management framework has as its foundation a robust set of policies, procedures and processes covering the following broad categories of risk: Credit risk, Market risk and Liquidity risk.

The risk management policies serve as the basis for risk identification and analysis inherent in the product offering as well as operating environment, setting of appropriate risk limits and controls and monitoring adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Business managers and functional heads are acountable for risks in their businesses and functions. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Enterprise risk review
The diversity of customers, products, and business strategies at Citibank Nigeria Limited requires that we have a well-defined, risk management framework to identify, analyze, originate, monitor and report on acceptable risk taking activities within pre-defined thresholds.

The Group's risk management function works with the business towards the goal of taking intelligent risk with shared responsibility, without forsaking individual accountability and mitigating the potential of losses in risk activities under 3 broad categories: Credit risk, Liquidity and Market risk. Senior Business Management's objectives (budgets, portfolios and investments) must be prudent, reflecting their view of risks and rewards arising from market conditions and should dynamically adjust these strategies and budgets to fit changing environments.

Governance structure
The key governance structure includes the Board of Directors, Credit Committees, Risk Management committee and senior management committees which specifically focus on the broad risk categories stated above.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board Credit Committee has the responsibility for approval of credit facilities, delegation of approval limits and ratification of Management Credit committee limits as recommended by the Country Risk Manager.

All Board committees report regularly to the board of directors on their activities.

Asset and Liability Committee (ALCO) is responsible for the market risk management and oversight for the bank. The ALCO establishes and implements liquidity and price risk management policies; approves the annual liquidity and funding plans; approves and reviews the liquidity and price risk limits; monitors compliance with regulatory risk capital and the capital management process.

IFRS 9 Governance Standards
There is the local IFRS 9 oversight committee, jointly chaired by Finance and Risk Senior Officers. The committee is established to:

Oversee, challenged and champion the application of Citi standard risk models to ensure consistently accurate reporting of Estimated Credit Loss (ECL) and staging relevant to each reporting period.

Ensure all IFRS9 related risk and finance documented processes are being adhered to and that documentation is being updated and maintained at least semi-annually

Ensure local IFRS9 risk and finance responsible process owners understand central model execution and are satisfied with the reasonableness and accuracy of final IFRS9 ECL reported numbers each reporting period and clearly document explanations for periodic movements in ECL reserves

Ensure that a formal framework exists locally to communicate and remediate ECL model output errors that arise directly as a result of factors under the control of the local business entity e.g. local critical data input errors

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.
Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific concentration limits based on the Group's overall risk capacity, capital considerations and evaluation of internal and external environments. Identified concentrations of credit risks are monitored, controlled and managed accordingly.

4. Financial risk management

Classification of financial instruments according to IFRS 9

Group

Dec 2020	Fair Value through Profit or Loss N'000	Fair value through OCI N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	230,918,571	230,918,571
Loans and advances to banks	-	-	109,525,060	109,525,060
Financial assets at fair value through profit or loss	231,477,737	-	-	231,477,737
Derivative financial instruments	28,980,537	-	-	28,980,537
Assets pledged as collateral	-	51,012,000	-	51,012,000
Loans and advances to customers	-	-	123,945,298	123,945,298
Debt instrument at fair value through other comprehensive income	-	224,499,428	-	224,499,428
Other assets (excluding prepayments)	-	-	35,397,075	35,397,075
	260,458,273	275,511,429	499,786,005	1,035,755,707
Deposits from banks	-	-	1,332,807	1,332,807
Deposits from customers	-	-	503,983,768	503,983,768
Other borrowed funds	-	-	60,141,226	60,141,226
Derivative financial instruments	25,852,402	-	-	25,852,402
Other liabilities (excl. accrued expenses etc)	-	-	312,414,530	312,414,530
	25,852,402	-	877,872,331	903,724,733
Bonds and guarantees	-	-	16,429,684	16,429,684
Loan commitments	-	-	26,270,346	26,270,346
Other credit related obligations	-	-	63,315,659	63,315,659
Total	**-**	**-**	**106,015,689**	**106,015,689**

Bank

Dec 2020	Fair Value through Profit or Loss N'000	Fair value through OCI N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	230,918,571	230,918,571
Loans and advances to banks	-	-	109,525,060	109,525,060
Financial assets at fair value through profit or loss	231,477,737	-	-	231,477,737
Derivative financial instruments	28,980,537	-	-	28,980,537
Assets pledged as collateral	-	51,012,000	-	51,012,000
Loans and advances to customers	-	-	123,945,298	123,945,298
Debt instrument at fair value through other comprehensive income	-	224,499,428	-	224,499,428
Other assets (excluding prepayments)	-	-	35,397,075	35,397,075
	260,458,273	275,511,429	499,786,005	1,035,755,707
Deposits from banks	-	-	1,332,807	1,332,807
Deposits from customers	-	-	503,985,776	503,985,776
Other borrowed funds	-	-	60,141,226	60,141,226
Derivative financial instruments	25,852,402	-	-	25,852,402
Other liabilities (excl. accrued expenses)	-	-	312,414,530	312,414,530
	25,852,403	-	877,874,339	903,726,742
Bonds and guarantees	-	-	16,429,684	16,429,684
Loan commitments	-	-	26,270,346	26,270,346
Other credit related obligations	-	-	63,315,659	63,315,659
Total	**-**	**-**	**106,015,689**	**106,015,689**

Group

Dec 2019	Fair Value through Profit or Loss N'000	Fair value through OCI N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	84,194,004	84,194,004
Loans and advances to banks	-	-	220,073,577	220,073,577
Financial assets at fair value through profit or loss	207,373,649	-	-	207,373,649
Derivative financial instruments	34,119,650	-	-	34,119,650
Assets pledged as collateral	-	45,125,359	-	45,125,359
Loans and advances to customers	-	-	153,579,341	153,579,341
Debt instrument at fair value through other comprehensive income	-	75,999,310	-	75,999,310
Other assets (excluding prepayments)	-	-	49,904,398	49,904,398
	241,493,299	121,124,669	507,751,320	870,369,288
Deposits from banks	-	-	4,876,934	4,876,934
Deposits from customers	-	-	298,145,123	298,145,123
Other borrowed funds	-	-	183,696,071	183,696,071
Derivative financial instruments	6,395,573	-	-	6,395,573
Other liabilities (excl. accrued expenses etc)	-	-	255,592,633	255,592,633
	6,395,573	-	742,310,761	748,706,334
Bonds and guarantees	-	-	31,162,001	31,162,001
Loan commitments	-	-	21,599,191	21,599,191
Other credit related obligations	-	-	84,737,144	84,737,144
Total	-	-	137,498,336	137,498,336

Bank

Dec 2019	Fair Value through Profit or Loss N'000	Fair value through OCI N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	84,194,004	84,194,004
Loans and advances to banks	-	-	220,073,577	220,073,577
Financial assets at fair value through profit or loss	207,373,649	-	-	207,373,649
Derivative financial instruments	34,119,650	-	-	34,119,650
Assets pledged as collateral	-	45,125,359	-	45,125,359
Loans and advances to customers	-	-	153,579,341	153,579,341
Debt instrument at fair value through other comprehensive income	-	75,999,310	-	75,999,310
Other assets (excluding prepayments)	-	-	49,904,398	49,904,398
	241,493,299	121,124,669	507,751,319	870,369,287
Deposits from banks	-	-	4,876,934	4,876,934
Deposits from customers	-	-	298,147,131	298,147,131
Other borrowed funds	-	-	183,696,071	183,696,071
Derivative financial instruments	6,395,573	-	-	6,395,573
Other liabilities (excl. accrued expenses)	-	-	255,592,633	255,592,633
	6,395,573	-	742,312,769	748,708,342
Bonds and guarantees	-	-	31,162,001	31,162,001
Loan commitments	-	-	21,599,191	21,599,191
Other credit related obligations	-	-	84,737,144	84,737,144
Total	-	-	137,498,336	137,498,336

4. Financial risk management

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's loans and advances to customers and banks, and investment debt securities. For risk management reporting purposes the bank considers and consolidates all elements of credit risk exposure.

4.1.1 Management of credit risk

The credit policy is the bedrock of the credit risk management and is predicated on the Group's business strategy and return objective through well pre-defined target market, risk acceptance criteria and stress testing. Based on Board approval, independent risk committee in conjuction with the business unit set and monitor limits.

To manage the credit process with predictable results, the Group has a dynamic and interactive three phased approach:

i. Portfolio strategy and planning: Where the Group defines desired financial results and strategies required to achieve those results. Target market is part of the strategy that identifies the acceptable profile of customers and the products the Group propose to offer;

ii) Credit Origination and Maintenance: Where the Group creates and maintains transactions and portfolios with characteristics that are consistent with institutional strategies; and

iii) Performance Assessment and Reporting: Where the Group monitors the performance for continual improvement.

System capture of credit information and documentation review is another critical attribute of financial analysis which facilitates credit monitoring done both on obligor and portfolio basis.

<u>Methodology for risk rating</u>
The Risk Rating Process is the end-to-end process for deriving Obligor Risk Rating (ORR's) and Facility Risk Rating (FRR's). These ratings are derived as part of the overall risk rating process that involves the use of risk rating models, supplemental guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that the Group undertakes in order to arrive at ORR's and FRR's. The required inputs into the model for deriving the risk rating are the obligor's financial statements. The models are statistical models, which are revalidated periodically by the Credit and Operational Risk Analytics Group of Citigroup.

The Obligor Risk Rating (ORR) represents the probability that an obligor will default within a one-year time horizon. Risk ratings for obligors are assigned on a scale of 1 to 10, with sub-grades, where '1' is the best quality risk and '7' is the worst for performing and accruing obligors that are not in default. ORR "9" and "10" rating categories indicate that the obligor is in default (ORR "8" is applicable only to adverse classifications resulting solely from cross-border events such as FX restrictions).

The Facility Risk Rating (FRR) approximates a 'Loss Norm' for each facility, and is the product of two components: the Default Probability of the Obligor, i.e. the final ORR, and the Loss Given Default ('LGD'). FRR's are assigned on a scale of 1 to 10, with sub-grades, where '1' is the best quality risk and '7' is the worst for performing facilities with already identified significant increase in credit risk (SICR/stage 2). The 8, 9 and 10 rating categories indicate facilities that have been classified as impaired (stage 3). However, Management assessment of whether credit risk has increased (or decreased) significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Obligor Limit Rating (OLR) represents a longer-term (beyond one year) view of an obligor's credit quality. The OLR is derived from the final ORR and considers a range of factors, such as quality of management and strategy, nature of industry, and regulatory environment, among other factors.

As part of the risk management process, the Group assigns numeric risk ratings to its Obligors based on quantitative and qualitative assessment of the obligor and facility. These risk ratings are reviewed at least annually or more often if material events related to the obligor or facility warrant.

4.1.2 Credit Risk Measurement

The Group's credit facilities reflect the potential maximum credit exposure or loss to counter-party for a particular product and exposure type. In furtherance of this objective, we consistently ensure the Group's business strategy and exposure appetite are aligned. The key attributes of our credit policy are also consistent with the Citigroup Institutional Clients Group (ICG) Principles and Policy Framework. This policy framework dictates best international practices in Risk Management, including credit risk.

To enable consistent monitoring of exposure and risk:

i) All credit exposures must be captured in the credit systems - irrespective of absolute size of exposure, duration, location, counterparty, authorization level obtained or perceived economic risk.

ii) Credit facility amounts must capture exposure (the maximum potential for loss to an obligor or counterparty). Risk adjustments are reflected for obligor limits and in other reporting.

iii) All potential credit relationships should have a proper account opened in the name of the obligor. For current credit system integration, the client should have a Global Finance Customer Identifier (GFCID) created.

iv) Every business unit must maintain adequate controls to ensure compliance with all facility terms and conditions established.

v) Single name triggers prevent excessive concentrations of loss to a single name, and together form the basis for compliance with regulatory rules such as legal lending limits.

vi) Obligor limits are the basis for credit portfolio managers to prevent concentrations of loss to any one obligor or relationship. Business units must escalate any potential breach of a limit as provided for in the Citigroup ICG Risk Manual.

vii) Credit facilities and the ability to manage the exposure should be in place prior to executing any new business.

viii) All credit relationships should be reviewed annually, at a minimum, unless otherwise duly extended, where appropriate.

ix) Risk ratings must be established for all obligors and facilities using the Citigroup approved risk rating methodology.

Credit exposure
Credit risk is measured by the total exposure to an obligor, and consists of outstanding and unused committed facility amounts. Financial assets and other financial facilities constitute the primary offering of the Group. The offering is based on a detailed credit review process, which involves analysis of both quantitative and qualitative factors. This includes risk rating of the obligor and matching of the obligor's qualitative and quantitative attributes to pre-defined Target Market and Risk Acceptance Criteria, to determine the optimal product and credit exposure.

Based on the credit review, each obligor is assigned an Obligor Risk Rating (ORR). The ORR rating is an assessment of the probability of default of a specific obligor within a one-year horizon and is derived from either the Debt Rating Model or Scorecard. The Scorecard is used if the obligor does not have enough financial information. The baseline ORR factors both quantitative and qualitative inputs. The FRR rating is an assessment of the likely loss characteristics for an individual facility, given the probability of default of a specific obligor (product of the final ORR and the Loss Given Default (LGD).

The Group's internal ratings scale and mapping to external ratings are listed below:

Internal Rating	Description of the grade	External rating: Standard & Poor's equivalent	External rating: Moody's equivalent
1 - 4	Investment Grade	AAA to BBB-	Aaa to Baa3
5 - 6	Non Investment Grade	BB+ to B-	Ba1 to B3
7	Speculative Grade	CCC+ to CCC-	Caa1 to Caa3
8 -10	Default	Unrated*	Unrated

The internal ratings are assigned on a scale of 1-10 (with sub-grades), defined as follows:
• 1 is the best quality risk for obligors not in default
• 7 is the worst quality for obligors not in default (stage 2 facilities)
• 8 to 10 are ratings assigned to obligors that are in default and have non-performing facilities (stage 3 facilities)

The internal rating classifications reflect the risk profile, which dictates approval level, exposure appetite and level of monitoring required. Based on this, the investment grade represents the lowest risk profile while the speculative grade reflects the highest risk of a performing obligor. All internal ratings are cross referenced to S&P and Moody's as an effective calibration to external market data..

Monitoring
Once the credit transactions have been approved, there is an established process for monitoring the risk exposure and maintaining it at acceptable levels. These risk management processes include:
• Annual review of facilities which will involve revalidation of exposure limits, review of risk ratings and general account performance during the review period;
• At a minimum, quarterly credit customer calls including approving credit officers;
• Review of the monthly and quarterly portfolio trends; and
• Documentation review to ensure all required documentation is in place.

4.13 Risk limit control and mitigation policies

The Group as part of its portfolio monitoring functions routinely defines concentration limits, with the goal of establishing a well-diversified portfolio where expected return on risk capital should be commensurate with the inherent risk therein. Single name triggers prevent excessive concentrations of loss to a single name, and together form the basis for compliance with regulatory rules such as legal lending limits. Concentration limits are monitored on a monthly basis.

Some other specific control and mitigation measures are outlined below.

Authorizing level approval limit

The Group's internal credit approval limits are a function of experience and credit exposure in line with the Citigroup ICG Risk Manual requirement and the authorities delegated by the board. However, the board approved limits are listed below:

Authorizing Level	Approval Limit
Board	N6billion and above for non cash collateralized facilities (for ratification)
Board Credit Committee (see note below)	1. N1.5billion – N4billion for non cash-collateralised facilities (for noting).
	2. N4billion - N6billion for non cash-collateralised facilities.
	3. Over N6billion subject to final ratification by the Board, after board review of the full credit approval packages.
Management Credit Committee	1. All fully cash-collateralised facilities.
	2. Up to N4billion for non cash collateralized facilities

Note: Where the Board Credit Committee's approval for a non cash-collateralised facility is required, which is over and above any cash collateralised facilities to the same obligor, the Board Credit Committee must be informed of the total facilities granted, i.e. inclusive of cash collateralised facilities.

The key feature of credit approval in the Group is the fact that no one person can singly approve a credit, irrespective of the limit.

Exposure to credit risk is also managed through periodic calls on the borrowers to ascertain operating performance and determine their continued ability to meet all obligations as and when due.

Collateral

The Group focuses primarily on the cash-flows of the borrower for its repayments. The general principle is that repayment should come from the transactions financed or other operating cash-flows. The Group maintains a policy of not lending in an inferior position, without proper approvals (and only in exceptional circumstances), or where it is at a disadvantage to other lenders as regards seniority of claim in a default scenario.

During the annual credit review process, searches are conducted to verify that the Group is not lending in an inferior position. In instances where pre-existing charges exist on the customer's assets, the Group generally demands a pari-passu ranking with other lenders. However, based on the credit profile assessment on a case by case basis, the Board Credit Committee may also request for additional collateral for credit enhancement.

For term loans for the acquisition of specific assets, the Group generally takes a charge over the assets financed by the term loan.

As a general principle, all credits are reviewed and approved based broadly on the under listed key factors:
- The operations of the Borrower/Obligor falling within the approved target market.
- Strong financial profile with emphasis on present and future cash flow which determines the capacity of the operations to meet debt obligations.
- Review and assessment of Borrower/Obligor management and sponsors.
- Credit history track record.
- Economic/industry trends.
- For an international company where the Group has recourse to branches or subsidiaries of Citibank outside Nigeria, or where the exposure is secured against guarantees, cash or other types of collateral, the Bank may reserve the right not to insist on obtaining a local security ranking pari-passu with other local lenders, in view of the superior access it maintains through its global affiliates to the parent company seniors.

The Group implements the above guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:
1. Floating charge which covers all the assets of the company and the value can change in the normal course of business e.g. stocks, receivables etc.
2. All assets debenture which is a fixed and floating charge on the assets of the company.
3. Fixed charge which covers specicifc assets of the company.
4. Mortgage debenture in which a charge is taken on land or real estates as well as other assets.
5. Legal mortgage in which a charge is taken on other assets.

The Group's summary policy on collateral for short term exposure is as summarized below
- If the practice of the obligor has been to secure the overdrafts or other facilities for other lenders, then Citi will join the consortium in order to retain a pari-pasu position with other lenders
- When security is obtained in the form of a floating charge or all asset debentures, there is no reliance placed on this and it is considered merely a leverage or negotiation tool in the event of adverse development i.e treated as support not security.
- Given the minimal reliance on such security, the Group will not normally request insurance policies and valuation of the assets (excluding land and buildings) unless this is required in the inter-creditor agreement and is enforced by all lenders. Land and buildings taken as support under charge will be valued at establishment of the charge (but not thereafter) and insured.
- In certain exceptional cases, the Group may request other forms of security such as assignment and domiciliation of receivables where reliance is placed on the security as a primary way out.
- For secured lending and reverse repurchase transactions, cash or securities;
- For commercial lending, cash or charges over real estate properties, inventory and trade receivables;
- Charges over financial instruments such as debt securities.

The Group also obtains guarantees from parent companies for loans to their subsidiaries in Nigeria.

The total collateral held for loans and advances and other financial facilities as at 31 December 2020 (31 Dec 2019: N443,079,000)

4. Financial risk management

Master netting arrangements

The Group restricts its exposure to credit losses by entering into Master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

Group/ Bank

2020				Related amounts not offset in the statement of financial position		
Assets:						
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments (including non cash collateral)	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Loans and receivables	-	-	-	-	-	-

				Related amounts not offset in the statement of financial position		
Liabilities:						
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments (including non cash collateral)	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Deposits/ borrowings	-	-	-	-	-	-

Group/ Bank						
2019		Related amounts not offset in the statement of financial position				
Assets:						
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments (including non cash collateral)	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Loans and receivables	443,079	-	443,079	199,079	-	244,000

		Related amounts not offset in the statement of financial position				
Liabilities:						
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments (including non cash collateral)	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Deposits/ borrowings	199,079	-	199,079	443,079	-	(244,000)

4.1.4 Impairment and provisioning policies

The IFRS 9 impairment standard applies to any debt instruments measured at amortised cost or at fair value through other comprehensive income and also to off balance sheet loan commitments and financial guarantees, see section 2.2.3 for more disclosure on impairment policy

		2020		2019	
Group rating	Description of the grade	Credit Exposure (%)	Impairment (%)	Credit Exposure (%)	Impairment (%)"
1 - 4	Investment Grade	73.69%	55.60%	64.24%	-
5 - 6	Non Investment Grade	25.90%	8.03%	34.79%	-
7	Speculative Grade	0.01%	0.02%	0.48%	-
8 -10	Default	0.41%	36.35%	0.50%	100.00
		100.00%	100.00	100.00	100.00

4.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

	2020 N'000	2019 N'000
Balances with Central Bank of Nigeria	228,445,541	82,082,542
Loans and advances to banks	109,525,060	220,073,577
Financial assets at fair value through profit or loss	231,477,737	207,373,649
Derivative financial instruments	28,980,537	34,119,650
Assets pledged as collateral	51,012,000	45,125,359
Loans and advances to customers	123,945,298	153,579,341
Fair value through other comprehensive income	224,499,428	75,999,310
Other assets	35,397,075	49,904,398
	1,033,282,676	868,257,826

Credit risk exposures relating to other credit commitments at gross amounts are as follows:

Bonds and guarantees	16,429,684	31,162,001
Loan commitments	26,270,346	21,599,191
Other credit related obligations (note 33.2)	63,315,659	84,737,144
	106,015,689	137,498,336
Balance at the end	1,139,298,366	1,005,756,162

The table above shows a worst-case scenario of credit risk exposure to the Group at 31 December 2020 and 31 December 2019, without taking account of any collateral held or other credit enhancements attached. For financial assets, the exposures set out above are based on amounts as reported in the consolidated statement of financial position.

As shown above, 22.57% (2019: 43.03%) of the total maximum exposure is derived from loans and advances to banks and customers; 48.09% (2019: 36.83%) represents exposure to investments in debt securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio and debt securities based on the following:

- 99.59% of the financial instrument portfolio is categorised in the top two grades of the internal rating system as stated in note 4.1.4. (2019: 99.03%);
- 98.1% of the financial instrument portfolio is considered to be in stage 1 (2019: 99.50%); and
- The Group has stringent selection process for granting loans and advances.

4.1.6 Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table analyses the Group's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at 31 December 2020. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Group/ Bank Dec 2020	Nigeria N'000	USA N'000	Europe/Other N'000	Total N'000
Balances with Central Bank of Nigeria	228,445,541	-	-	228,445,541
Loans and advances to banks	12,835,249	78,331,968	18,357,843	109,525,060
Financial assets at fair value through profit or loss	231,477,737	-	-	231,477,737
Derivative financial instruments - assets	28,325,688	654,849	-	28,980,537
Assets pledged as collateral	51,012,000	-	-	51,012,000
Loans and advances to customers	123,945,298	-	-	123,945,298
Fair value through other comprehensive income	224,499,428	-	-	224,499,428
Other assets	35,397,075	-	-	35,397,075
	935,938,016	78,986,817	18,357,843	1,033,282,676
Bonds and guarantees	16,429,684	-	-	16,429,684
Loan commitments	26,270,346	-	-	26,270,346
Other credit related obligations (note 33.2)	63,315,659	-	-	63,315,659
	106,015,689	-	-	106,015,689
At 31 December 2020	1,041,953,705	78,986,817	18,357,843	1,139,298,365
Collateral held as at 31 December 2020	-	-	-	-

Group/ Bank Dec 2019	Nigeria N'000	USA N'000	Europe/Other N'000	Total N'000
Balances with Central Bank of Nigeria	82,082,542	-	-	82,082,542
Loans and advances to banks	387,438	202,599,316	17,086,822	220,073,577
Financial assets at fair value through profit or loss	207,373,649	-	-	207,373,649
Derivative financial instruments - assets	34,119,650	-	-	34,119,650
Assets pledged as collateral	45,125,359	-	-	45,125,359
Loans and advances to customers	152,473,342	1,105,999	-	153,579,341
Fair value through other comprehensive income	75,999,310	-	-	75,999,310
Other assets	49,904,398	-	-	49,904,398
	647,465,689	203,705,315	17,086,822	868,257,826
Bonds and guarantees	31,162,001	-	-	31,162,001
Loan commitments	21,599,191	-	-	21,599,191
Other credit related obligations (note 33.2)	84,737,144	-	-	84,737,144
	137,498,336	-	-	137,498,336
At 31 December 2019	784,964,024	203,705,315	17,086,822	1,005,756,162
Collateral held as at 31 December 2019	443,079	-	-	443,079

Industry sectors

The following table analyses the Group/ Bank's credit exposure (without taking into account any collateral held or other credit support), as categorised by industry sectors of the Group/ Bank's counterparties.

Group/ Bank Dec 2020	Manufacturing N'000	Financial Institutions N'000	Government N'000	Transport & Communication N'000	Oil & Gas N'000	General Commerce N'000	Others N'000	Total N'000
Balances with Central Bank of Nigeria	-	228,445,541	-	-	-	-	-	228,445,541
Loans and advances to banks	-	109,525,060	-	-	-	-	-	109,525,060
Loans and advances to customers	65,021,710	-	-	21,601,012	25,008,390	11,749,244	564,942	123,945,298
Financial assets at fair value through profit or loss	-	10,638,806	220,838,931	-	-	-	-	231,477,737
Derivative financial instruments-assets	4,026,536	24,737,198	-	-	9,872	206,931	-	28,980,537
Fair value through other comprehensive income	-	-	224,499,428	-	-	-	-	224,499,428
Assets pledged as collateral	-	-	51,012,000	-	-	-	-	51,012,000
Other assets	-	-	-	-	-	35,397,075	-	35,397,075
	69,048,246	373,346,604	496,350,359	21,601,012	25,018,262	47,353,250	564,942	1,033,282,676
Bonds and guarantees	2,306,497	11,146,676	-	399,707	2,443,181	130,623	3,000	16,429,684
Loan commitments	2,187,721	657,442	-	11,689,866	11,152,221	111,905	471,191	26,270,346
Other credit related obligations (note 33.2)	52,591,455	-	-	253,955	613,433	9,062,826	793,990	63,315,659
	57,085,673	11,804,118	-	12,343,528	14,208,835	9,305,354	1,268,181	106,015,689
At 31 December 2020	126,133,919	385,150,722	496,350,359	33,944,540	39,227,097	56,658,604	1,833,123	1,139,298,365
Collateral held as at 31 December 2020	-	-	-	-	-	-	-	-
Maximum Loan Exposure to Customers (without collateral)	65,021,710	-	-	21,601,012	25,008,390	11,749,244	564,942	123,945,298

Group/ Bank Dec 2019	Manufacturing N'000	Financial Institutions N'000	Government N'000	Transport & Communication N'000	Oil & Gas N'000	General Commerce N'000	Others N'000	Total N'000
Balances with Central Bank of Nigeria	-	82,082,542	-	-	-	-	-	82,082,542
Loans and advances to banks	-	220,073,577	-	-	-	-	-	220,073,577
Loans and advances to customers	74,130,641	-	-	19,611,444	43,437,038	12,708,456	3,691,762	153,579,341
Financial assets at fair value through profit or loss	-	8,723,246	198,650,403	-	-	-	-	207,373,649
Derivative financial instruments-assets	3,068,423	30,787,550	-	-	18,190	245,488	-	34,119,650
Fair value through other comprehensive income	-	-	75,999,310	-	-	-	-	75,999,310
Assets pledged as collateral	-	-	45,125,359	-	-	-	-	45,125,359
Other assets	-	-	-	-	-	49,904,398	-	49,904,398
	77,199,064	341,666,913	319,775,072	19,611,444	43,455,227	62,858,342	3,691,762	868,257,826
Bonds and guarantees	4,452,242	22,228,518	-	49,593	3,005,628	377,236	1,048,784	31,162,001
Loan commitments	19,184,441	136,401	-	2,005,850	102,631	169,867	-	21,599,191
Other credit related obligations (note 33.2)	71,704	-	-	-	1,964	9,614	84,653,863	84,737,144
	23,708,387	22,364,919	-	2,055,443	3,110,223	556,717	85,702,647	137,498,336
At 31 December 2019	100,907,451	355,308,586	328,498,318	21,666,887	46,565,451	63,415,059	89,394,408	1,005,756,162
Collateral held as at 31 December 2019	243,172	-	-	-	163,406	33,000	3,500	443,079
Maximum Loan Exposure to Customers (without collateral)	58,897,592	758,069	-	1,124,506	35,923,380	10,621,735	2,818,230	110,143,512

Collateral held as security for loans -
Group/ Bank

Sectoral breakdown	Dec 2020 N'000	Dec 2019 N'000
Others	-	3,500
General Commerce	-	33,000
Manufacturing	-	243,172
Oil & Gas	-	163,406
	-	443,078

Summary of collateral pledged against loans and advances by collateral type

Group/ Bank	Collateral amount	Gross Loan and advances to customers	% coverage	Collateral amount	Gross Loan and advances to customers	% coverage
	Dec 2020			Dec 2019		
	N'000	N'000		N'000	N'000	
Cash	-	-	0%	199,079	6,627	3004%
Fixed & Floating debenture	-	-	0%	33,000	1,105,999	3%
Floating debenture	-	-	0%	211,000	1,466,585	14%
Unsecured	-	126,323,286	0%	-	153,235,457	0%
	-	126,323,286		443,079	155,814,668	

Gross Loans and advances by Ratings

Group/ Bank	Dec 2020
Investment Grade	41,747,363
Non Investment Grade	82,556,167
Speculative Grade	22,313
Default Grade	1,997,443
Total	126,323,286

Gross Loans and advances by Ratings

Group/ Bank	Dec-2019
Investment Grade	76,910,315
Non Investment Grade	75,498,458
Speculative Grade	1,358,253
Default Grade	2,047,642
Total	155,814,668

Loans and advances in stage 1

The credit quality of the portfolio of loans and advances that are in stage 1 can be assessed by reference to the internal rating system adopted by the Group/ Bank.

		Loans and advances to customers: Corporate		
Stage 1 (Gross loan)		Dec 2020		
Description of the grade	Group's rating	Overdraft N'000	Term loans N'000	Total N'000
Investment Grade	1 - 4	712,953	41,034,410	41,747,363
Non Investment Grade	5 - 6	2,033,706	80,522,461	82,556,167
Speculative Grade	7	254	22,059	22,313
		2,746,913	121,578,930	124,325,843

		Loans and advances to customers: Corporate		
		Dec 2019		
Description of the grade	Group's rating	Overdraft N'000	Term loans N'000	Total N'000
Investment Grade	1 - 4	10,290,022	66,620,293	76,910,315
Non Investment Grade	5 - 6	1,815,385	73,683,073	75,498,458
Speculative Grade	7	-	1,358,253	1,358,253
		12,105,407	141,661,619	153,767,026

Stages 1 and 2 (Gross loan)		Dec 2020	
		Stage 1	Stage 2
Investment Grade	1 - 4	41,747,363	-
Non Investment Grade	5 - 6	82,556,167	-
Speculative Grade	7	-	22,313
		124,303,530	22,313

Stages 1 and 2 (Gross loan)		Dec 2019	
		Stage 1	Stage 2
Investment Grade	1 - 4	76,910,315	-
Non Investment Grade	5 - 6	75,498,458	-
Speculative Grade	7	1,358,253	-
		153,767,026	-

Loans and advances individually impaired (Stage 3 loans)

The breakdown of the gross amount of individually impaired loans and advances by class, are as follows:

	Loans and advances to customers	
	Dec 2020	Dec 2019
	Loans and advances to customers N'000	Loans an advances to customers N'000
Gross amount	1,997,443	2,047,642
Impairment	1,997,443	2,047,642
Fair value of collateral	-	-
Amount of over collaterisation	-	-

4.1.8 Analysis of financial assets by credit rating

	Dec 2020				
Group's rating	1 - 4	5 - 6	7	8 -10	
Description of the grade	Investment Grade	Non Investment Grade	Speculative Grade	Default	Total
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	228,445,541	-	-	-	228,445,541
Loans and advances to banks	96,901,930	12,623,130	-	-	109,525,060
Loans and advances to customers	41,719,148	82,204,754	21,396	-	123,945,298
Financial assets at fair value through profit or loss	231,477,737	-	-	-	231,477,737
Derivative financial instruments-assets	28,980,537	-	-	-	28,980,537
Fair value through other comprehensive income	224,499,428	-	-	-	224,499,428
Assets pledged as collateral	51,012,000	-	-	-	51,012,000
Other assets	-	35,397,075	-	-	35,397,075
	903,036,321	130,224,959	21,396	-	1,033,282,676

	Dec 2019				
Group's rating	1 - 4	5 - 6	7	8 -10	
Description of the grade	Investment Grade	Non Investment Grade	Speculative Grade	Default	Total
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	82,082,542	-	-	-	82,082,542
Loans and advances to banks	220,073,577	-	-	-	220,073,577
Loans and advances to customers	76,910,315	75,310,770	1,358,253	-	153,579,338
Financial assets at fair value through profit or loss	207,373,649	-	-	-	207,373,649
Derivative financial instruments-assets	34,119,650	-	-	-	34,119,650
Fair value through other comprehensive income	75,999,310	-	-	-	75,999,310
Assets pledged as collateral	45,125,359	-	-	-	45,125,359
Other assets	-	49,904,398	-	-	49,904,398
	741,684,402	125,215,168	1,358,253	-	868,257,823

4.2 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises both currency risk and price risk. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Price risk is the earnings risk from changes in interest rates, equity and commodity prices. Price risk arises in non-trading portfolios, as well as in trading portfolios.

Market risks are measured in accordance with established standards to ensure consistency across businesses and the ability to aggregate risk. The Group is required to establish, with approval from independent market risk management, a market risk limit framework for identified risk factors that clearly defines approved risk profiles which are within the parameters of Citigroup's overall risk appetite. In all cases, the Group's Treasury department is ultimately responsible for the market risks of the Group and for remaining within its defined limits.

4.2.1 Interest rate risk

One of Group's primary business functions is providing financial products that meet the needs of its customers. Loans and deposits are tailored to the customers' requirements with regard to tenor, index, and rate type. Net interest revenue (NIR) is the difference between the yield earned on the non-trading portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or wholesale borrowings). NIR is affected by changes in the level of interest rates. For example:

Interest rate risk governance

The risks in the Group's non-traded portfolios are estimated using a common set of standards that define, measure, limit and report the market risk. Each business is required to establish, with approval from independent market risk management, a market risk limit framework that clearly defines approved risk profiles and is within the parameters of the Group's overall risk appetite.

In all cases, the businesses are ultimately responsible for the market risks they take and for remaining within their defined limits. These limits are monitored by independent market risk, country and business ALCOs and financial control.

Interest rate risk measurement

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury in its day-to-day monitoring activities.

The Group's principal measure of risk to net interest revenue is interest rate exposure (IRE). IRE measures the change in expected net interest revenue in each currency resulting solely from unanticipated changes in interest rates. Factors such as changes in volumes, spreads, margins and the impact of prior-period pricing decisions are not captured by IRE. IRE assumes that businesses make no additional changes in pricing or balances in response to the unanticipated rate changes.

IRE mesures the potential impact on net interest revenue over a specified period, for the accrual positions, from a defined parallel shift in the yield curve. It is a forward-looking measure, analogous to factor sensitivity on the trading portfolios. The IRE measures the potential change of interest rate margin of the Bank for 100 basis points parallel change of interest rate curve in the horizon.

The impact of changing prepayment rates on loan portfolios is incorporated into the results. For example, in the declining interest rate scenarios, it is assumed that mortgage portfolios faster have a faster repayment period and income is reduced. In addition, in a rising interest rate scenario, portions of the deposit portfolio are assumed to experience rate increases that may be less than the change in market interest rates.

Sensitivity analysis interest rate risk

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to specific interest rate scenarios. The sensitivity analysis is the effect of the assumed changes in interest rates on the profit or loss for the period, based on the floating rate non–trading financial assets and financial liabilities held at 30 June 2020. The sensitivity analysis on the non-trading portfolio is measured by the change in DV01(Dollar value of 01) that measures the change in value of the non-trading accrual portfolio due to a 100 basis point parallel move in the interest rates. At 31 December 2020, a 100 basis point parallel increase in the interest rates of FVTPL with all other variables held constant would have resulted to a total loss of N57,368,000 (2019: N26,476,000). On the FVTOCI investment securities, a 100 basis point parallel increase in the interest rates with all other variables held constant, as at 31 December 2020, would have resulted to an income loss of N170,731,000 (2019: N116,757,000).

Conversely, a 100 basis point parallel decrease in the interest rates of FVTPL with all other variables held constant would have resulted to a total gain of N57,368,000 (2019: N26,476,000). On the FVTOCI investment securities, a 100 basis point parallel decrease in the interest rates with all other variables held constant, as at 31 December 2020, would have resulted to an income gain of N170,731,000 (2019: N116,757,000).

Mitigation of Risk

All financial institutions' financial performance is subject to some degree of risk due to changes in interest rates. In order to manage these risks effectively, the Group may modify pricing on new customer loans and deposits, enter into transactions with other institutions or enter into forward exchange contracts that have the opposite risk exposures. Therefore, the Group regularly assesses the viability of strategies to reduce unacceptable risks to earnings and implements such strategies when the Group believes those actions are prudent. As information becomes available, the Group formulates strategies aimed at protecting earnings from the potential negative effects of changes in interest rates.

The Group employs additional measurements, including stress testing on the impact of non-linear interest rate movements on the value of the balance sheet; the analysis of portfolio duration, volatility and the potential impact of the change in the spread between different market indices.

The table below summarises the interest rate risk exposure of the financial assets and liabilities. The assets and liabilities are included at carrying amount and categorized by the earlier of contractual re-pricing or maturity dates.

Group

Dec 2020	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Assets:							
Cash and cash equivalent	228,445,541	-	-	-	-	-	228,445,541
Loans and advances to banks	109,525,060	109,016,896	-	-	508,164	-	-
Loans and advances to customers	123,945,298	8,259,733	49,810,632	27,228,661	31,137,860	7,508,412	-
Financial assets at fair value through profit or loss	231,477,737	60,448,163	44,664,482	115,470,878	12,403	10,881,811	-
Derivative financial instruments-assets	28,980,537	15,668,181	6,421,474	6,890,882	-	-	-
Fair value through other comprehensive income	224,499,428	82,492,868	138,227,111	3,746,248	33,201	-	-
Assets pledged as collateral	51,012,000	-	51,012,000	-	-	-	-
Other assets	35,397,075	-	-	-	-	-	35,397,075
Total financial assets	1,033,282,676	275,885,841	290,135,699	153,336,669	31,691,628	18,390,223	263,842,616

	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Liabilities:							
Deposits from banks	1,332,807	1,332,807	-	-	-	-	-
Deposits from customers	503,983,768	443,189,378	59,942,035	852,355	-	-	-
Derivative financial instruments-liabilities	25,852,402	13,136,557	6,294,417	6,421,428	-	-	-
Other borrowed funds	60,141,226	-	-	60,141,226	-	-	-
Other liabilities (excluding accruals)	312,414,530	-	-	-	-	-	312,414,530
Total financial liabilities	903,724,733	457,658,742	66,236,452	67,415,009	-	-	312,414,530

Bank

Dec 2020	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Assets:							
Cash and cash equivalent	228,445,541	-	-	-	-	-	228,445,541
Loans and advances to banks	109,525,060	109,016,896	-	-	508,164	-	-
Loans and advances to customers	123,945,298	8,259,733	49,810,632	27,228,661	31,137,860	7,508,412	-
Financial assets at fair value through profit or loss	231,477,737	60,448,163	44,664,482	115,470,878	12,403	10,881,811	-
Derivative financial instruments-assets	28,980,537	15,668,181	6,421,474	6,890,882	-	-	-
Fair value through other comprehensive income	224,499,428	82,492,868	138,227,111	3,746,248	33,201	-	-
Assets pledged as collateral	51,012,000	-	51,012,000	-	-	-	-
Other assets	35,397,075	-	-	-	-	-	35,397,075
Total financial assets	1,033,282,676	275,885,842	290,135,698	153,336,669	31,691,628	18,390,223	263,842,616

	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Liabilities:							
Deposits from banks	1,332,807	1,332,807	-	-	-	-	-
Deposits from customers	503,985,776	443,191,386	59,942,035	852,355	-	-	-
Derivative financial instruments-liabilities	25,852,402	13,136,557	6,294,417	6,421,428	-	-	-
Other borrowed funds	60,141,226	-	-	60,141,226	-	-	
Other liabilities (excluding accruals)	312,414,530	-	-	-	-	-	312,414,530
Total financial liabilities	903,726,741	457,660,750	66,236,452	67,415,009	-	-	312,414,530

Group

Dec 2019	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Assets:							
Cash and cash equivalent	82,082,542	-	-	-	-	-	82,082,542
Loans and advances to banks	220,073,577	219,552,577	-	-	-	521,000	-
Loans and advances to customers	153,579,341	18,711,040	31,334,103	69,284,251	34,249,946	-	-
Financial assets at fair value through profit or loss	207,373,649	-	1,093,344	180,296,897	17,260,162	8,723,246	-
Derivative financial instruments-assets	34,119,650	1,373,794	1,859,179	30,858,314	28,364	-	-
Fair value through other comprehensive income	75,999,310	-	-	3,359,736	67,150,779	5,488,796	-
Assets pledged as collateral	45,125,359	-	-	-	45,125,359	-	-
Other assets	49,904,398	-	-	-	-	-	49,904,398
Total financial assets	868,257,826	239,637,411	34,286,626	283,799,198	163,814,609	14,733,042	131,986,940

	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Liabilities:							
Deposits from banks	4,876,934	4,876,934	-	-	-	-	-
Deposits from customers	298,145,123	247,764,278	46,299,261	4,036,531	45,053	-	-
Derivative financial instruments-liabilities	6,395,573	64,276	1,010,981	5,320,316	-	-	-
Other borrowed funds	183,696,071	-	-	183,696,071	-	-	-
Other liabilities (excluding accruals)	255,592,633	-	-	-	-	-	255,592,633
Total financial liabilities	748,706,335	252,705,488	47,310,242	193,052,918	45,053	-	255,592,633

Bank

Dec 2019	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Assets:							
Cash and cash equivalent	82,082,542	-	-	-	-	-	82,082,542
Loans and advances to banks	220,073,577	219,030,860	-	-	521,717	521,000	-
Loans and advances to customers	153,579,341	18,711,040	31,334,103	69,284,251	34,249,946	-	-
Financial assets at fair value through profit or loss	207,373,649	-	1,093,344	180,296,897	17,260,162	8,723,246	-
Derivative financial instruments-assets	34,119,650	1,373,794	1,859,179	30,858,314	28,364	-	-
Fair value through other comprehensive income	75,999,310	-	-	3,359,736	67,150,779	5,488,796	-
Assets pledged as collateral	45,125,359	-	-	-	45,125,359	-	-
Other assets	49,904,398	-	-	-	-	-	49,904,398
Total financial assets	868,257,826	239,115,694	34,286,626	283,799,198	164,336,326	14,733,042	131,986,940

	Carrying amount N'000	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Non interest bearing N'000
Liabilities:							
Deposits from banks	4,876,934	4,876,934	-	-	-	-	-
Deposits from customers	298,147,131	247,766,286	46,299,261	4,036,531	45,053	-	-
Derivative financial instruments-liabilities	6,395,573	64,276	1,010,981	5,320,316	-	-	-
Other borrowed funds	183,696,071	-	-	183,696,071	-	-	-
Other liabilities (excluding accruals)	255,592,633	-	-	-	-	-	255,592,633
Total financial liabilities	748,708,341	252,707,496	47,310,242	193,052,918	45,053	-	255,592,633

4.2.2 Foreign exchange risk

Foreign Exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group is exposed to foreign exchange risk primarily through its assets, managing customers' deposits and through acting as an intermediary in foreign exchange transactions.

Foreign exchange risk management

The Group has a robust risk management system that identifies, measures and mitigates the foreign currency exchange rate risk on its financial position and cash flows. Apart from regulatory imposed limits such as the net open position limit (OPL) that helps to limit these exposures, the Group has market risk limits such as:

- Individual overnight position limits for individual currency positions, which limits exchange rate risk in all currencies that the Group has exposures.
- Cross currency funding limits (CCFL) that restricts the proportion of local currency assets funded by foreign currency liabilities.
- Daily mark-to-market mechanism that revalues all currency positions daily, ensuring that foreign currency positions are valued at current market price and not at cost.
- Trading Management Action Trigger (MAT): This limits, on a realized or mark–to-market basis, the maximum loss that your total currency position can make before escalation is made to the Group's management and the positions liquidated or effectively hedged.

Where there are financial instruments denominated in currencies other than the local currency (Naira), the Group could mitigate the change in fair value attributable to foreign-exchange rate movements in those securities. Typically, the instruments employed are forward foreign-exchange contracts.

The table below summarizes the Group's exposure to foreign currency exchange rate risk at 31 December 2020. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by currency.

Group

Dec 2020	Naira	Dollar	GBP	Euro	Others	Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	228,816,786	2,037,155	38,162	26,468	-	230,918,571
Loans and advances to banks	719,953	98,854,525	710,448	8,457,549	782,585	109,525,060
Loans and advances to customers	63,606,418	56,580,866	361,365	3,327,461	69,188	123,945,298
Financial assets at fair value through profit or loss	231,477,737	-	-	-	-	231,477,737
Derivative financial instruments-assets	647,678	26,203,082	171,704	1,957,220	853	28,980,537
Fair value through other comprehensive income	224,499,428	-	-	-	-	224,499,428
Assets pledged as collateral	51,012,000	-	-	-	-	51,012,000
Other assets	32,580,683	2,516,853	1,365	255,907	42,267	35,397,075
Total financial assets	833,360,683	186,192,481	1,283,044	14,024,605	894,893	1,035,755,706

	Naira	Dollar	GBP	Euro	Others	Total
Liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Deposits from banks	1,106,900	151,937	54,118	339	19,513	1,332,807
Deposits from customers	324,597,475	169,186,495	913,321	9,285,118	1,359	503,983,768
Derivative financial instruments-liabilities	19,490,835	5,117,129	99,490	1,144,948	-	25,852,402
Other borrowed funds	-	60,141,226	-	-	-	60,141,226
Other liabilities(excluding accruals)	286,742,345	23,772,663	100,746	1,151,210	647,566	312,414,530
Total financial liabilities	631,937,555	258,369,450	1,167,675	11,581,615	668,438	903,724,733
Net financial position	201,423,128	(72,176,969)	115,369	2,442,990	226,455	132,030,973
Credit commitments and other financial facilities	13,199,764	77,307,713	90,442	11,174,155	4,243,615	106,015,689

Bank

Dec 2020	Naira	Dollar	GBP	Euro	Others	Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	228,816,786	2,037,155	38,162	26,468	-	230,918,571
Loans and advances to banks	719,953	98,854,525	710,448	8,457,549	782,585	109,525,060
Loans and advances to customers	63,606,418	56,580,866	361,365	3,327,461	69,188	123,945,298
Financial assets at fair value through profit or loss	231,477,737	-	-	-	-	231,477,737
Derivative financial instruments-assets	647,678	26,203,082	171,704	1,957,220	853	28,980,537
Fair value through other comprehensive income	224,499,428	-	-	-	-	224,499,428
Assets pledged as collateral	51,012,000	-	-	-	-	51,012,000
Other assets	32,580,683	2,516,853	1,365	255,907	42,267	35,397,075
Total financial assets	833,360,683	186,192,481	1,283,044	14,024,605	894,893	1,035,755,706

	Naira	Dollar	GBP	Euro	Others	Total
Liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Deposits from banks	1,106,900	151,937	54,118	339	19,513	1,332,807
Deposits from customers	324,599,483	169,186,495	913,321	9,285,118	1,359	503,985,776
Derivative financial instruments-liabilities	19,490,835	5,117,129	99,490	1,144,948	-	25,852,402
Other borrowed funds	-	60,141,226	-	-	-	60,141,226
Other liabilities (excluding accruals)	286,742,345	23,772,663	100,746	1,151,210	647,566	312,414,530
Total financial liabilities	631,939,563	258,369,450	1,167,675	11,581,615	668,438	903,726,741
Net financial position	201,421,120	(72,176,969)	115,369	2,442,990	226,455	132,028,965
Credit commitments and other financial facilities	13,199,764	77,307,713	90,442	11,174,155	4,243,615	106,015,689

Group

Dec 2019	Naira	Dollar	GBP	Euro	Others	Total
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalent	81,976,613	2,087,652	91,045	38,693	-	84,194,004
Loans and advances to banks	389,247	212,199,751	202,481	7,135,811	146,286	220,073,577
Loans and advances to customers	78,565,594	69,250,841	941,396	2,507,234	2,314,276	153,579,341
Financial assets at fair value through profit or loss	207,373,649	-	-	-	-	207,373,649
Derivative financial instruments-assets	-	33,765,847	1,576	352,227	-	34,119,650
Fair value through other comprehensive income	75,999,310	-	-	-	-	75,999,310
Assets pledged as collateral	45,125,359	-	-	-	-	45,125,359
Other assets	43,635,627	3,954,251	-	2,314,520	-	49,904,398
Total financial assets	533,065,400	321,258,343	1,236,498	12,348,486	2,460,562	870,369,288
Liabilities						
Deposits from banks	2,741,307	120,829	246,752	1,768,046	-	4,876,934
Deposits from customers	156,409,899	136,168,368	926,117	4,640,739	-	298,145,123
Derivative financial instruments-liabilities	6,395,573	-	-	-	-	6,395,573
Other borrowed funds	-	183,696,071	-	-	-	183,696,071
Other liabilities(excluding accruals)	240,518,579	11,092,354	32,906	2,348,183	1,600,612	255,592,633
Total financial liabilities	406,065,358	331,077,621	1,205,774	8,756,969	1,600,612	748,706,334
Net financial position	127,000,042	(9,819,278)	30,724	3,591,517	859,950	121,662,954
Credit commitments and other financial facilities	10,279,173	112,407,716	296,595	12,106,548	2,408,304	137,498,336

Bank

Dec 2019	Naira	Dollar	GBP	Euro	Others	Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	81,976,613	2,087,652	91,045	38,693	-	84,194,004
Loans and advances to banks	389,247	212,199,751	202,481	7,135,811	146,286	220,073,576
Loans and advances to customers	78,565,594	69,250,841	941,396	2,507,234	2,314,276	153,579,341
Financial assets at fair value through profit or loss	207,373,649	-	-	-	-	207,373,649
Derivative financial instruments-assets	-	33,765,847	1,576	352,227	-	34,119,651
Fair value through other comprehensive income	75,999,310	-	-	-	-	75,999,310
Assets pledged as collateral	45,125,359	-	-	-	-	45,125,359
Other assets	43,635,627	3,954,251	-	2,314,520	-	49,904,399
Total financial assets	533,065,400	321,258,343	1,236,498	12,348,486	2,460,562	870,369,289
Liabilities						
Deposits from banks	2,741,307	120,829	246,752	1,768,046	-	4,876,933
Deposits from customers	156,411,907	136,168,368	926,117	4,640,739	-	298,147,131
Derivative financial instruments-liabilities	6,395,573	-	-	-	-	6,395,573
Other borrowed funds	-	183,696,071	-	-	-	183,696,071
Other liabilities (excluding accruals)	240,518,579	11,092,354	32,906	2,348,183	1,600,612	255,592,633
Total financial liabilities	406,067,366	331,077,621	1,205,774	8,756,969	1,600,612	748,708,342
Net financial position	126,998,035	(9,819,278)	30,724	3,591,517	859,950	121,660,946
Credit commitments and other financial facilities	10,279,173	112,407,716	296,595	12,106,548	2,408,304	137,498,336

Foreign exchange sensitivity analysis

The group is part of an international entity that operates and has exposures to foreign exchange risk arising from various currency exposures, mainly to the US dollar, UK pound and the Euros.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Instruments such as foreign currency denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt etc. are all exposed to foreign exchange risk.

The fair values of the Group and bank's monetary items (including financial investments and derivative financial instruments) that have foreign currency exposure at 31 December are shown below

	Dec 2020			Dec 2019		
Group / Bank	**Dollar**	**GBP**	**Euro**	**Dollar**	**GBP**	**Euro**
in NGN'thousands						
Loans and advances to banks	98,854,525	710,448	8,457,549	212,199,751	202,481	7,135,811
Loans and advances to customers	56,580,866	361,365	3,327,461	69,250,841	941,396	2,507,234
Derivative financial instruments-assets	26,203,082	171,704	1,957,220	33,765,847	1,576	352,227
Other assets (excl. prepayments)	2,516,853	1,365	255,907	3,954,251	-	2,314,520
Deposits from banks	(151,937)	(54,118)	(339)	(120,829)	(246,752)	(1,768,046)
Deposits from customers	(169,186,495)	(913,321)	(9,285,118)	(136,168,368)	(926,117)	(4,640,739)
Other borrowed funds	(60,141,226)	-	-	(183,696,071)	-	-
Derivative financial instruments-liabilities	5,117,129	99,490	1,144,948	-	-	-
Other liabilities (excl. accruals)	(23,772,663)	(100,746)	(1,151,210)	(11,092,354)	(32,906)	(2,348,183)
Foreign currency exposure on net monetary items	**(63,979,866)**	**276,187**	**4,706,418**	**(11,906,928)**	**(60,322)**	**3,552,824**

The value of these instruments fluctuate with changes in the level of volatility of currency exchange rates or foreign interest rates.

In determining the sensitivity of the foreing exchange exposure portfolio, the Group carried out the impact of exchange rate fluctuation by 5% and 10% on the major currencies. The result of this exercise is shown below.

	Dec 2020			2019		
	Dollar	GBP	Euro	Dollar	GBP	Euro
Sensitivity @ 5% increase (2019:5%)	8,023,075	55,572	603,574	16,955,102	54,129	566,266
Sensitivity @ 10% increase (2019:10%)	16,046,150	111,143	1,207,148	33,910,204	108,258	1,132,533
Sensitivity @ 5% decrease (2019:5%)	(8,023,075)	(55,572)	(603,574)	(16,955,102)	(54,129)	(566,266)
Sensitivity @ 10% decrease (2019:10%)	(16,046,150)	(111,143)	(1,207,148)	(33,910,204)	(108,258)	(1,132,533)

CBN rates as at December 2020 stood at:

USD - 400.33

GBP - 546.3703

EUR - 491.345

4.2.3 Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Group assess the potential impact that fluctuations of identified market risk factors would have on the Group's income and the value of its holdings of financial instruments.

The Group employs additional measurements, including stress testing on the impact of non-linear interest rate movements on the value of the balance sheet; the analysis of portfolio duration, volatility and the potential impact of the change in the spread between different market indices.

Trading portfolios

Price risk in trading portfolios is monitored using a series of measures, including:

- Factor sensitivities
- Value-at-Risk (VAR)
- Stress testing

i) Factor sensitivities

Factor sensitivities are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the price of a treasury bill for a one-basis-point change in interest rates.

The Group's independent market risk management ensures that factor sensitivities are calculated, monitored and, in most cases, limited, for all relevant risks taken in a trading portfolio.

ii) Value-at-Risk (VAR)

The Group applies a Value at Risk (VAR) methodology to its trading portfolios to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. The VAR method incorporates the factor sensitivities of the trading portfolio with the volatilities and correlations of those factors and is expressed as the 'maximum' amount the Bank might lose over a one-day holding period, at a 99% confidence level. The Group's VAR is based on the volatilities and correlations among a multitude of market risk factors as well as factors that track the specific issuer risk in debt securities.

As VAR constitutes an integral part of the Group's market risk control regime, VAR limits are set by the Group's ALCO, after consultations with Citigroup Independent Risk Management. Actual exposure against limits, together with a bank-wide VAR, is reviewed daily by Treasury. The following table summarises trading price risk by disclosing the VAR exposure as at the end of the period: :

VAR analysis	Dec 2020 N'000	2019 N'000
Interest rate risk	2,640,577	4,240,732
Foreign currency risk	7,606	1,349
Overall portfolio risk	2,640,977	4,245,108

The Group periodically performs extensive back-testing of many hypothetical test portfolios as one check of the accuracy of its VAR. Back-testing is the process in which the daily VAR of a portfolio is compared to the actual daily change in the market value of its transactions. Back-testing is conducted to confirm that the daily market value losses in excess of a 99% confidence level occur, on average, only 1% of the time. The VAR calculation for the hypothetical test portfolios, with different degrees of risk concentration, meets these statistical criteria.

iii) Stress testing

Stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements. It is performed on both individual trading portfolios, and on aggregations of portfolios and businesses. Independent market risk management, in conjunction with the businesses, develops stress scenarios, reviews the output of periodic stress testing exercises, and uses the information to make judgments as to the ongoing appropriateness of exposure levels and limits.

Each trading portfolio has its own market risk limit framework encompassing these measures and other controls, including permitted product lists and a new product approval process for complex products.

The level of price risk exposure at any given point in time depends on the market environment and expectations of future price and market movements, and will vary from period to period.

Fair Value of Unquoted Securities

The fair value of investment securities in non-quoted equity securities is based on a model that takes observable data with significant unobservable adjustments or assumptions required (included in the observable data are performance of firms in same industry and emerging markets factors) . A +/- 100 basis point adjustment in the value of unobservable adjustments or assumptions made in the fair valuation of Level 3 non-quoted equity securities as at December 2020 would result in N106,388,000 increase or decrease in the value of those unquoted securities. Note 4.5.3 details the movement in FVTPL

The table below shows +/-100 bps adjustment to the discount factor. .

Investment	Impact to profit or loss/Equity	
	Dec 2020	Dec 2019
	N'000	N'000
CSCS	7,525	50,000
NIBSS	74,392	141,099
UPS	24,472	81,398
	106,388	272,497

Sensitivity Analysis of unquoted securities

	CSCS	NIBSS	UPS
	N'000	N'000	N'000
Current fair value as at 31 December 2020	752,500	7,439,152	2,447,153
Revised fair value with 1% downward shift on discounted value	744,975	7,364,760	2,422,681
Revised fair value with 1% upward shift on discounted value	760,025	7,513,544	2,471,625
Plus 1%	7,525	74,392	24,472
Minus 1%	(7,525)	(74,392)	(24,472)

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the financial instruments at FVTPL and FVTOCI. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 5% increase or decrease in market yields.

	Carrying value N'000	Impact of increasing yield by 5% N'000	Impact of reducing yield by 5% N'000
Fair value through profit or loss: Bonds	262,435	275,557	249,313
Fair value through profit or loss: T-bills	220,576,496	231,605,321	209,547,671
Pledged assets: T-Bills	51,012,000	53,562,600	48,461,400
Fair value through OCI: Bonds	33,201	34,861	31,541
Fair value through OCI: T-Bills	224,466,227	235,689,538	213,242,916

4.2.4 ECL macroeconomic variables

The following are the most significant variables affecting the ECL allowance computation:

i. GDP (inflation adjusted): Given its impact on clients performance
ii. Interest rate: Given its impact on the ability of clients to meet contractual cashflows
iii. Unemployment rate: Given the impact it has on client's ability to meet contractual payment

Due to the expected impact of Covid 19, the Group applied some degree of shocks to the scenario used in the computation of the ECL numbers

The table below shows the shocks applied to the relevant variables

	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4
Group Growth Rate (Delta Change)	-0.10	-3.67	-4.91	-3.99	-2.54	0.22	0.39	0.33	0.27	0.16	0.13	0.09
Unemployment Rates (Delta Change)	0.16	0.50	0.74	0.97	1.18	1.09	0.39	0.59	0.41	0.28	0.23	0.19

The impact of the above is an additional N817,000,000 on the ECL.

In sensitizing the variables above, the Bank estimated the impactof 1% change on the EC. The result is increase of N1,427,000 in ECL.

Additional impairment on new facilities booked during the period is N369,806,000 (Dec 2019: N187,688,000)

4.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations as and when they fall due without affecting its daily operations or its financial condition. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation.

Liquidity risk management

Management of liquidity at the Group is the responsibility of the Risk Treasurer. There is a uniform liquidity risk management policy for Citigroup. Under this policy, there is a single set of standards for the measurement of liquidity risk in order to ensure consistency across businesses, stability in methodologies and transparency of risk. Management of liquidity risk is performed on a daily basis and is monitored by the Country Treasurer and independent risk management, combined with an active corporate oversight function.

The Group's ALCO undertakes this oversight responsibility along with the Country Treasurer. One of the objectives of ALCO is to monitor and review the overall liquidity and balance sheet positions of the Group. The Risk Treasurer must prepare an annual funding and liquidity plan for review by the Country Treasurer and approved by independent risk management. The funding and liquidity plan includes analysis of the statement of financial position, as well as the economic and business conditions impacting the liquidity of the Group. As part of the funding and liquidity plan, liquidity limits, liquidity ratios, market triggers, and assumptions for periodic stress tests are established and approved. At a minimum, these parameters are reviewed on an annual basis.

Liquidity limits

Liquidity limits establish boundaries for market access in business-as-usual conditions and are monitored against the liquidity position on a daily basis. These limits are established based on the size of the statement of financial position, depth of the market, experience level of local management, stability of the liabilities and liquidity of the assets. Finally, the limits are subject to evaluation of the Group's stress test result. Generally, limits are established such that in stress scenarios, the entities are self-funded or net providers of liquidity. Thus, the risk tolerance of the liquidity position is limited based on the capacity to cover the position in a stressed environment. These limits are the key daily risk management tools for Treasury management.

Liquidity sources

The Group maintains cash and a portfolio of highly liquid government securities that could be sold or financed on a secured basis.

Liquidity ratios

A series of standard corporate-wide liquidity ratios have been established to monitor the structural elements of the Group's liquidity. Ratios are established for liquid assets against short-term obligations. Key liquidity ratios include cash capital (defined as core deposits, long-term debt, and capital compared with illiquid assets), liquid assets against liquidity gaps, core deposits to loans, and deposits to loans. Several measures exist to review potential concentrations of funding by individual name, product, industry, or geography. Triggers for management discussion, which may result in other actions, have been established against these ratios.

The Central Bank of Nigeria requires banks to maintain a statutory minimum liquidity ratio of 30% of liquid assets to all its local currency deposit liabilities. For this purpose, liquid assets comprise cash and balances with Central Bank of Nigeria and other local banks, treasury bills, FGN Bonds, placement and money at call with other banks. Deposit liabilities comprise deposits from customers, deposits from banks. The liquidity ratio at the reporting date 31 December 2020 was 162.35% (2019: 189.99%).

Market triggers:

Market triggers are internal, external market or economic factors that may imply a change to market liquidity or Citigroup's access to the markets. Citibank Nigeria's market triggers are monitored on a weekly basis by the Country Treasurer and the head of Risk and are presented to the ALCO at the monthly meeting.

Stress testing:

Simulated liquidity stress testing is periodically performed by the Group. A variety of firm-specific and market related scenarios are used at the consolidated level and in individual businesses. These scenarios include assumptions about significant changes in key funding sources, credit ratings, contingent uses of funding, and political and economic conditions in specific countries. The results of the stress tests are reviewed to ensure that the bank is either a self-funded or net provider of liquidity. In addition, a Contingency Funding Plan is prepared on a periodic basis for Citigroup. The plan includes detailed policies, procedures, roles and responsibilities, and the results of corporate stress tests. The product of these stress tests is a series of alternatives that can be used by the Treasurer in a liquidity event.

Credit Risk Agencies

The Credit Rating Agency (Agusto & Co.) continuously review the Credit Ratings of Citibank Nigeria Limited and certain of Its subsidiary, and ratings downgrades could have a negative impact on Citibank Nigeria Limited's funding and liquidity due to reduced funding capacity and increased funding costs, including derivatives triggers that could require cash obligations or collateral requirements.

Ratings result	Dec 2020	2019
Rating Assigned	Aa	Aa
Outlook	Stable	Stable
Issue date	July 08, 2020	August 19, 2019
Expiry Date	June 30, 2021	June 30, 2020

4.3.1 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the remaining maturity profile of the financial assets and liabilities:

Group

Dec 2020	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Assets:						
Cash and cash equivalent less restricted cash	21,682,265	-	-	-	-	21,682,265
Loans and advances to banks	109,016,896	-	-	508,164	-	109,525,060
Derivative financial instruments-assets	15,668,181	6,421,474	6,890,882	-	-	28,980,537
Financial assets at fair value through profit or loss	60,448,163	44,664,482	115,470,878	12,403	10,881,811	231,477,737
Loans and advances to customers	8,259,733	49,810,632	27,228,661	31,137,860	7,508,412	123,945,298
Other assets	27,525,544	-	-	7,871,531	-	35,397,075
Fair value through other comprehensive income	82,492,868	138,227,111	3,746,248	82,526,069	-	306,992,296
Restricted balance	-	-	-	209,236,306	-	209,236,306
Assets pledged as collateral	-	51,012,000	-	-	-	51,012,000
Total financial assets	325,093,650	290,135,699	153,336,669	331,292,333	18,390,223	1,118,248,574

	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Liabilities:						
Deposits from banks	1,332,807	-	-	-	-	1,332,807
Deposits from customers	443,189,378	59,942,035	852,355	-	-	503,983,768
Derivative financial instruments-liabilities	13,136,557	6,294,417	6,421,428	-	-	25,852,402
Other borrowed funds	-	-	60,141,226	-	-	60,141,226
Other liabilities (excl. accrued expenses)	312,414,530	-	-	-	-	312,414,530
Total financial liabilities	770,073,272	66,236,452	67,415,009	-	-	903,724,733
Net financial asset/(liabilities)	(444,979,622)	223,899,247	85,921,660	331,292,333	18,390,223	214,523,841

Bank

31 December 2020	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Assets:						
Cash and cash equivalent less restricted cash	21,682,265	-	-	-	-	21,682,265
Loans and advances to banks	109,016,896	-	-	508,164	-	109,525,060
Derivative financial instruments-assets	15,668,181	6,421,474	6,890,882	-	-	28,980,537
Financial assets at fair value through profit or loss	60,448,163	44,664,482	115,470,878	12,403	10,881,811	231,477,737
Loans and advances to customers	8,259,733	49,810,632	27,228,661	31,137,860	7,508,412	123,945,298
Other assets	27,525,544	-	-	7,871,531	-	35,397,075
Fair value through other comprehensive income	82,492,868	138,227,111	3,746,248	82,526,069	-	306,992,296
Restricted balance	-	-	-	209,236,306	-	209,236,306
Assets pledged as collateral	-	51,012,000	-	-	-	51,012,000
Total financial assets	325,093,650	290,135,699	153,336,669	331,292,333	18,390,223	1,118,248,574

	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Liabilities:						
Deposits from banks	1,332,807	-	-	-	-	1,332,807
Deposits from customers	443,191,386	59,942,035	852,355	-	-	503,985,776
Derivative financial instruments-liabilities	13,136,557	6,294,417	6,421,428	-	-	25,852,402
Other borrowed funds	-	-	60,141,226	-	-	60,141,226
Other liabilities (excl. accrued expenses)	312,414,530	-	-	-	-	312,414,530
Total financial liabilities	770,075,280	66,236,452	67,415,009	-	-	903,726,741
Net financial asset /(liabilities)	(444,981,630)	223,899,247	85,921,660	331,292,333	18,390,223	214,521,833

Group

Dec 2019	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Assets:						
Cash and cash equivalent less restricted cash	12,609,954	-	-	-	-	12,609,954
Loans and advances to banks	189,855,010	-	-	30,218,566	-	220,073,576
Derivative financial instruments-assets	1,373,794	1,859,179	30,858,314	28,364	-	34,119,651
Financial assets at fair value through profit or loss	-	1,093,344	180,296,897	17,260,162	8,723,246	207,373,649
Loans and advances to customers	18,711,039	31,334,103	69,284,251	34,249,946	-	153,579,341
Other assets	49,904,398	-	-	-	-	49,904,398
Fair value through other comprehensive income	-	-	3,359,736	72,639,574	-	75,999,310
Restricted balance	-	-	-	71,584,050	-	71,584,050
Assets pledged as collateral	-	-	-	45,125,359	-	45,125,359
Total financial assets	272,454,195	34,286,626	283,799,198	271,106,021	8,723,246	870,369,287

	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Liabilities:						
Deposits from banks	4,876,934	-	-	-	-	4,876,934
Deposits from customers	247,764,278	46,299,261	4,036,531	45,053	-	298,145,123
Derivative financial instruments-liabilities	64,276	1,010,981	5,320,316	-	-	6,395,573
Other borrowed funds	-	-	183,696,071	-	-	183,696,071
Other liabilities (excl. accrued expenses)	255,592,633	-	-	-	-	255,592,633
Total financial liabilities	508,298,121	47,310,242	193,052,918	45,053	-	748,706,334
Net financial asset /(liabilities)	(235,843,926)	(13,023,616)	90,746,280	271,060,968	8,723,246	121,662,952

Bank

Dec 2019	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Assets:						
Cash and cash equivalent less restricted cash	12,609,954	-	-	-	-	12,609,954
Loans and advances to banks	189,855,010	-	-	30,218,566	-	220,073,576
Derivative financial instruments-assets	1,373,794	1,859,179	30,858,314	28,364	-	34,119,651
Financial assets at fair value through profit or loss	-	1,093,344	180,296,897	17,260,162	8,723,246	207,373,649
Loans and advances to customers	18,711,039	31,334,103	69,284,251	34,249,946	-	153,579,339
Other assets	49,904,398	-	-	-	-	49,904,398
Fair value through other comprehensive income	-	-	3,359,736	72,639,574	-	75,999,310
Restricted balance	-	-	-	71,584,050	-	71,584,050
Assets pledged as collateral	-	-	-	45,125,359	-	45,125,359
Total financial assets	272,454,195	34,286,626	283,799,198	271,106,021	8,723,246	870,369,286

	Up to 1 month N'000	1 - 3 months N'000	3 - 12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Liabilities:						
Deposits from banks	4,876,934	-	-	-	-	4,876,934
Deposits from customers	247,766,286	46,299,261	4,036,531	45,053	-	298,147,131
Derivative financial instruments-liabilities	64,276	1,010,981	5,320,316	-	-	6,395,574
Other borrowed funds	-	-	183,696,071	-	-	183,696,071
Other liabilities (excl. accrued expenses)	255,592,633	-	-	-	-	255,592,633
Total financial liabilities	508,300,129	47,310,242	193,052,918	45,053	-	748,708,343
Net financial asset /(liabilities)	(235,845,935)	(13,023,616)	90,746,280	271,060,970	8,723,246	121,660,944

Credit commitments and other financial facilities

Group/ Bank

31 December 2020	**Up to 1 month N'000**	**1 - 3 months N'000**	**3 - 12 months N'000**	**1 - 5 years N'000**	**Over 5 years N'000**	**Total N'000**
Loan commitments	-	9,482,522	547,353	565,803	15,674,668	26,270,346
Guarantees, acceptances and other financial facilities	3,706,974	26,484,372	44,333,807	3,975,775	1,244,415	79,745,343
Total	3,706,974	35,966,894	44,881,160	4,541,578	16,919,083	106,015,689

31 December 2019	**Up to 1 month N'000**	**1 - 3 months N'000**	**3 - 12 months N'000**	**1 - 5 years N'000**	**Over 5 years N'000**	**Total N'000**
Loan commitments	5,542,191	-	-	1,115,467	14,941,533	21,599,191
Guarantees, acceptances and other financial facilities	12,679,516	30,659,403	65,231,167	3,896,825	3,432,235	115,899,145
Total	18,221,707	30,659,403	65,231,167	5,012,292	18,373,768	137,498,336

4.4 Capital management

The Group's capital management process is designed to ensure maintenance of sufficient capital consistent with the Group's risk profile, all applicable regulatory standards and guidelines. It is the Group's objective to maintain a strong capital base to support the business and regulatory capital requirements at all times. The capital management process is centrally overseen by senior management and is reviewed at the legal entity level

Regulatory capital

The Group's primary regulator, Central Bank of Nigeria, sets and monitors capital requirements for the bank. It prescribes the minimum ratio for capital adequacy and minimum capital requirements. The Bank must at all times meet the relevant minimum capital requirements of the Central Bank of Nigeria. The Bank has established processes and controls in place to monitor and manage its capital requirements and remained in compliance with these requirements throughout the year.

The capital adequacy requirements as set out in the Central Bank of Nigeria, prescribes a minimum ratio of total capital to total risk-weighted assets. The risk weighted assets are arrived at using the Basel II framework, as defined in the Central Bank of Nigeria guidelines on both balance sheet position and credit commitments and other financial facilities to reflect the relative risk of each asset and counterparty, as well as Market and Operational risks elements.

The Bank's regulatory capital comprises of two tiers as follows:
Tier 1 capital: share capital, statutory reserve, SMEIS reserve, retained earnings and reserves created by appropriations of retained earnings with an adjustment for deferred tax asset and 50% of the value of investment in unconsolidated banking and financial subsidiary; and
Tier 2 capital: other comprehensive income (the greater of last audited position or current period losses) with adjustment for 50% of the value of investment in unconsolidated banking and financial subsidiary

The regulatory capital is managed by Treasury.

Further, ALCO monitors the Regulatory and Citigroup capital ratio requirements to ensure compliance. As at 31 December 2020, the Bank was in compliance with all the applicable capital ratios.

The table below summarises the composition of regulatory capital and the capital adequacy ratios of the Bank for the year ended 31 December 2020 and year ended 31 December 2019. During these two years, the Bank complied with all of the externally imposed capital requirements.

	Dec 2020 N'000	Dec 2019 N'000
CONSTITUENTS OF CAPITAL		
TIER 1 CAPITAL		
Paid-up ordinary shares	2,793,777	2,793,777
Share premium	11,643,995	11,643,995
General reserve (Retained Profit)	62,121,139	55,038,671
SMEEIS Reserve	3,340,909	3,340,909
Statutory Reserve	45,738,341	39,415,816
Tier 1 Sub-Total	**125,638,161**	**112,233,169**
Less:		
50% of investments in unconsolidated banking and financial subsidiary/associate companies	123,278	123,278
NET-TOTAL TIER 1 CAPITAL	**125,514,883**	**112,109,891**
TIER 2 CAPITAL		
Other Comprehensive Income (OCI)	3,557,942	4,377,472
Tier 2 Sub-total	**3,557,942**	**4,377,472**
50% of investments in unconsolidated banking and financial subsidiary/associate companies	123,278	123,278
NET-TOTAL TIER 2 CAPITAL	**3,434,664**	**4,254,194**
TOTAL QUALIFYING CAPITAL	**128,949,546**	**116,364,084**
COMPUTATION OF RISK-WEIGHTED ASSETS		
1. Credit Risk: Standardised Approach		
Total Risk-weighted Amount for Credit Risk	216,143,534	298,949,629
2. Operational Risk		
2(a). Basic Indicator Approach: Calibrated risk-weighted amount	104,987,467	99,184,104
Risk-weighted Amount for Operational Risk	**104,987,467**	**99,184,104**
3. Market risk: Standardised Approach		
Risk-weighted Amount for Market Risk	**2,200,949**	**17,799,193**
AGGREGATE RISK-WEIGHTED ASSETS	**323,331,950**	**415,932,925**
TOTAL RISK-WEIGHTED CAPITAL RATIO	**39.88%**	**27.98%**
TIER 1 RISK-BASED CAPITAL RATIO	**38.82%**	**26.95%**

The minimum regulatory requirement for Capital Adequacy Ratio is 10%

4.5 Fair value of financial assets and liabilities

4.5.1 The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at fair value in the Group's consolidated statement of financial position. All fair value measurements are recurring. See note 4.5.3 for heirarchy.

	Carrying value		Fair value	
31 December	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Financial assets				
Loans and advances to banks	109,525,060	220,073,577	109,525,060	220,073,577
Loans and advances to customers	123,945,298	153,579,341	123,945,298	153,579,341
Other assets (excluding prepayments)	35,397,075	49,904,398	35,397,075	49,904,398
	268,867,433	423,557,316	268,867,433	423,557,316
Financial liabilities				
Deposits from banks	1,332,807	4,876,934	1,332,807	4,876,934
Deposits from customers	503,983,768	298,145,123	503,983,768	298,145,123
Other liabilities	312,414,530	255,592,633	312,414,530	255,592,633
	817,731,105	558,614,690	817,731,105	558,614,690
Credit commitments and other financial facilities				
Loan commitments	26,270,346	21,599,191	26,270,346	21,599,191
Guarantees, acceptances and other financial facilities	79,745,343	115,899,145	79,745,343	115,899,145
	106,015,689	137,498,336	106,015,689	137,498,336

i) Loans and advances to banks

Loans and advances to banks include interbank placements, loans and items in the course of collection. These are valued at amortised cost.

The carrying amount of the floating rate placements and overnight deposits is a reasonable approximation of fair value.

ii) Loans and advances to customers

Loans and advances to customers are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates. Expected cash flows are discounted at current market rates to determine fair value. A substantial proportion of loans and advances reprice within 12 months and hence the gross carrying amount is a good proxy of the fair value.These are valued at amortised cost.

iii) Other assets

Other assets relate to receivables that have a short term maturity (less than one year) therefore it is assumed that the carrying amounts approximate their fair value.

iv) Deposits from banks and customers and other liabilities

The estimated fair value of deposits with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits without quoted market prices is based on discounting cash flows using the prevailing market.

A substantial proportion of deposits mature within 6 months and hence the carrying amount is a good estimate of the fair value.

(v) Credit commitments and other financial facilities

The estimated fair values of the credit commitments and other financial facilities are based on market prices for similar facilities. When this information is not available, fair value is estimated as the carrying value.

4.5.2 Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the difference between the instruments.

The Group uses the following procedures to determine the fair value of financial assets and liabilities:

Financial Assets Held for Trading

Where available, the Group uses the quoted market prices to determine the fair value of trading assets and such items are classified as Level 1 of the fair value hierarchy.

Where there are securities that are not actively traded, the Group uses internal valuation techniques which are based on observable inputs obtained from the quoted market prices of similiar actively traded securities.

Derivatives

The derivatives entered into by the Group are executed over the counter and so are valued using internal valuation techniques. These derivatives consist of foreign exchange forward contracts and the principal technique used to value these instruments is based on market observable inputs. The valuation techniques include forward pricing based on interpolation of the current interest rates and foreign exchange rates.

The key inputs depend upon the the type of derivative and the nature of underlying instrument and include interest rate yield curves and foreign exchange rates, which are based on observable input therefore classified as Level 2.

Financial instruments at FVTPL

Investment securities classified as FVTPL are measured at fair value by reference to quoted market prices when available and therefore are classified as Level 1.

If quoted market prices are not available, the fair values are estimated based on internal valuation techniques. The key inputs depend upon the type of investment security and the nature of inputs to the valuation technique. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model.

Valuation process for Level 3 Fair Value Measurements

Price verification procedures and related internal control procedures are governed by the Citibank Pricing and Price Verification Policy and Standards, which are jointly owned by Finance and Risk Management. Finance has implemented the Pricing and Price Verification Standards and Procedures to facilitate compliance with this policy.

For fair value measurements of substantially all assets and liabilities held by Citibank, individual business units are responsible for valuing the trading account assets and liabilities, and Product Control within Finance performs independent price verification procedures to evaluate those fair value measurements. Product Control is independent of the individual business units and reports into the Global Head of Product Control, who ultimately reports to the Citibank Chief Financial Officer. Fair value measurements of assets and liabilities are determined using various techniques including, but not limited to, discounted cash flows and internal models, such as option and correlation models.

Based on the observability of inputs used, Product Control classifies the inventory as Level 1, Level 2 or Level 3 within the fair value hierarchy. When a position involves one or more significant inputs that are not directly observable, additional price verification procedures are applied. These procedures may include reviewing relevant historical data, analysing profit and loss, valuing each component of a structured trade individually and benchmarking, amongst others.

Reports of Level 3 inventory of each business line of the bank are distributed to senior management in Finance, Risk and the individual business lines. Reports are also discussed at the EMEA Risk Committee, the Citibank Risk Committee and in monthly meetings with Senior Management. Whenever a valuation adjustment is needed to bring the price of an asset or liability to its exit price, Product Control reports it to management along with other price verification results.

In addition, the pricing models used in measuring fair value are governed by an independent control framework. Although the models are developed and tested by the individual business units, they are independently validated by the Model Validation Group within Model Risk Management and reviewed by Finance with respect to their impact on the price verification procedures. The purpose of this independent control framework is to assess model risk arising from models' theoretical soundness, calibration techniques where needed, and the appropriateness of the model for a specific product in a defined market. To ensure their continued applicability, models are independently reviewed annually. In addition, Risk Management approves and maintains a list of products permitted to be valued under each approved model for a given business.

Transfers into or out of Level 1 - 3 are primarily driven by changes in the availability of independent data for positions where the Company has risk exposure, yet the market is no longer considered to be active. As liquidity and transparency improves, the financial instrument may transfer back to a previous classification level.

Unobservable inputs

During the year, for investment securities, total changes in fair value, representing a gain of N1,915,560,000 were recognised in the profit and loss account relating to items where fair value was estimated using a valuation technique that incorporated one or more significant inputs based on unobservable market data. As these valuation techniques were based upon assumptions, changing the assumptions would change the estimate of fair value.

The methodology used to derive the impact across each product is determined by applying adjustments to the price or significant model input parameters used in the valuation.

4.5.3 The table below shows the classification of financial instruments in the appropriate hierarchy based on the valuation as at 31 December:

Group

Dec 2020	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	198,829,473	22,009,458	10,638,806	231,477,737
Derivative financial instruments	-	28,980,537	-	28,980,537
Financial assets at FVTOCI	180,986,065	43,513,363	-	224,499,428
Loans and advances to banks	-	109,525,060	-	109,525,060
Loans and advances to customers	-	123,945,298	-	123,945,298
Other assets	-	35,397,075	-	35,397,075
Total assets	379,815,539	363,370,791	10,638,806	753,825,135
Liabilities				
Derivative financial instruments	-	25,852,402	-	25,852,402
Deposits from banks	-	1,332,807	-	1,332,807
Deposits from customers	-	503,983,768	-	503,983,768
Other liabilities	-	312,414,530	-	312,414,530
Total liabilities	-	843,583,507	-	843,583,507

Bank Dec 2020	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	198,829,473	22,009,458	10,638,806	231,477,737
Derivative financial instruments	-	28,980,537	-	28,980,537
Financial assets at FVTOCI	180,986,065	43,513,363	-	224,499,428
Loans and advances to banks	-	109,525,060	-	109,525,060
Loans and advances to customers	-	123,945,298	-	123,945,298
Other assets	-	35,397,075	-	35,397,075
Total assets	379,815,539	363,370,791	10,638,806	753,825,135
Liabilities				
Derivative financial instruments	-	25,852,402	-	25,852,402
Deposits from banks	-	1,332,807	-	1,332,807
Deposits from customers	-	503,983,768	-	503,983,768
Other liabilities	-	312,414,530	-	312,414,530
Total liabilities	-	843,583,507	-	843,583,507

Group Dec 2019	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	5,663,210	192,987,193	8,723,246	207,373,649
Derivative financial instruments	-	34,119,650	-	34,119,650
Financial assets at FVTOCI	75,883,672	115,638	-	75,999,310
Loans and advances to banks	-	220,073,577	-	220,073,577
Loans and advances to customers	-	153,579,341	-	153,579,341
Other assets	-	49,904,398	-	49,904,398
Total assets	81,546,882	650,779,797	8,723,246	741,049,925
Liabilities				
Derivative financial instruments	-	6,395,574	-	6,395,574
Deposits from banks	-	4,876,934	-	4,876,934
Deposits from customers	-	298,145,123	-	298,145,123
Other liabilities	-	255,592,633	-	255,592,633
Total liabilities	-	565,010,264	-	565,010,264

Bank Dec 2019	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	5,663,210	192,987,193	8,723,246	207,373,649
Derivative financial instruments	-	34,119,650	-	34,119,650
Financial assets at FVTOCI	75,883,672	115,638	-	75,999,310
Loans and advances to banks	-	220,073,577	-	220,073,577
Loans and advances to customers	-	153,579,341	-	153,579,341
Other assets	-	49,904,398	-	49,904,398
Total assets	81,546,882	650,779,797	8,723,246	741,049,925
Liabilities				
Derivative financial instruments	-	6,395,574	-	6,395,573
Deposits from banks	-	4,876,934	-	4,876,934
Deposits from customers	-	298,147,131	-	298,147,131
Other liabilities	-	255,592,633	-	255,592,633
Total liabilities	-	565,012,272	-	565,012,271

The group classified financial instruments as level 3 of the fair value hierarchy when there is a reliance on at least one significant unobservable input to the valuation model. The gains and losses presented below include changes in the fair value related to the observable and unobservable inputs.

Movement in unquoted securities	Dec 2020 N'000	Dec 2019 N'000
At 1 January	8,723,246	7,402,797
Net change in fair value of equity investments	1,915,560	1,320,448
At 31 December	10,638,806	8,723,245

Level 3 financial instruments relates to some derivatives (CBN swaps) and available-for-sale unlisted equity securities and since quoted market prices are not available, the fair values are estimated based on internal valuation techniques as follows:

i) Investment in SME II Partnership fund which in turn has equity investment in various small and medium enterprises. The investment valuation is based on the portfolio valuation done by the SME fund Managers.

ii) Other equity investment relate to Central Securities Clearing System Limited, Nigerian Interbank Settlement System Plc and Unified Payments Services Limited. The valuation is based on a market approach valuation where the adjusted price/earnings multiple of comparable companies is utilised.

Table below shows description of valuation methodology and inputs.

Type of financial instrument	Fair value as at 31 Dec. 2020 N'000	Valuation technique	Significant unobservable input	Estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	10,638,806	Market approach	Emerging market factor	17%	Significant increases in emerging market factor, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
			Private company factor	19%	Significant increases in private company factor, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
Derivative financial instruments Swap Contracts	28,980,537	Discounted cash flow	Forward swap rate	100%	Significant increases in foreign currency exchange rate would result in higher fair values. Significant reduction would result in lower fair values
Total	**39,619,343**				

Type of financial instrument	Fair value as at 31 Dec. 2019 N'000	Valuation technique	Significant unobservable input	Estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	8,723,246	Market approach	Emerging market factor	17%	Significant increases in emerging market factor, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
			Private company factor	19%	Significant increases in private company factor, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
			National scope factor	N/A	Significant increases in national scope factor, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
Derivative financial instruments Swap Contracts	28,391,128	Discounted cash flow	Forward swap rate	100%	Significant increases in foreign currency exchange rate would result in higher fair values. Significant reduction would result in lower fair values
Total	**37,114,374**				

Other risk elements

The following discussion sets forth what management currently believes could be the some of the risks and uncertainties that could impact Citibank Nigeria Limited businesses, results of operations and financial condition. Other risks and uncertainties, including those not currently known to Citibank Nigeria Limited or its management, could also negatively impact Citibank Nigeria Limited businesses,results of operations and financial condition. Thus, the following should not be considered a complete discussion of all of the risks and uncertainties Citibank Nigeria Limited may face.

Strategic Risks

Citibank Nigeria Limited has a robust process in place in identifying, assessing and managing the risks in the Bank's business strategy which also include mitigating actions for crystalized risks.

The Board of Directors is responsible for the oversight of executive management, ensuring that the Bank's operations are conducted in accordance with legal and regulatory requirements, approving and reviewing corporate strategy and performance, and for ensuring that the rights of the shareholders are protected at all times. The board of directors has ultimate oversight responsibility and accountability for approving the entity's risk management framework. The Board Risk Management Committee is responsible for overseeing the Bank's Risk Management policies and procedures in the areas of franchise, operational, credit and market risk.

Business Model and Long Term Strategy

Citibank Nigeria Limited applies Citigroup's strategic framework and initiatives to enhance the depth and quality of its customer engagement and the productivity and efficiency of its supporting operations. Its success in doing so is measured by enhanced client satisfaction, increased wallet share, improved returns on assets and equity and operating efficiency.

In pursuing the above strategy, Citibank Nigeria Limited and its management team are charged with furthering the highest standards of ethical behaviour and conduct into all aspects of the business.

Citibank Nigeria Limited offers the following products to its clients : Markets, Securities and Fund Services, Treasury and Trade Solutions, Issuer Services, Corporate Portfolio Management (CPM).

Target Market
In the long term, our Target Market is composed of the following:

Top Tier Local Corporates (TTLC)
Public Sector (PS)
Oil & Gas
Financial Institutions (FI)
Global Subsidiaries Group (GSG) – Inbound Multinational Corporates with which Citi has top tier relationship globally

Operational Risks
Operational Risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. It includes reputation and franchise risks associated with the Group's business practices or market conduct.
It also includes the risk of failing to comply with applicable laws, regulations, but excludes strategic risk.

Operational risk is inherent in the Group's business activities, as well as the internal processes that support those business activities, and can result in losses. The Group manages its operational risk through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

- Recognised ownership of the risk by the businesses;
- Oversight by The Group's independent control functions; and
- Independent assessment by The Group's Internal Audit function

The framework establishes a foundation on which the activities of the Group, the resulting operational risks and the associated controls are, identified, periodically assessed, subject to corrective action, appropriately documented and communicated. Specifically, the framework establishes minimum standards for consistent identification, measurement, monitoring, reporting and management of operational risk across the Group. Through an established self-assessment program, business managers' self-assess their key operational risks and controls; identify and address weaknesses in the design and/or effectiveness of internal controls that mitigate significant operational risks.

In support of the framework, The Group's Business Risk, Compliance and Control (BRCC) Committee provides oversight for operational risk across the Group and a forum to review any changes in the operational risk profile of the Group. The BRCC Committee challenges management of the most significant risk and control issues that affect business activities, including the proposed associated corrective actions and remediation plans.

The Operational Risk Management function proactively assists the Businesses, Operations and Technology and the other Independent Control functions in enhancing the effectiveness of controls and managing operational risks across products and business lines. On a quarterly frequency, the Operational Risk Management function provides reports on the Group's overall operational risk and control environment to the BRCC Committee and the Board Risk Management Committee.

The Group's goal is to keep operational risk at appropriate levels relative to the characteristics of the Group's businesses, the markets in which it operates its capital and liquidity, and the competitive, economic, and regulatory environment.

5. Interest income

Interest income generated from financial instruments at amortized costs

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Cash and balances to Central bank	54,126	200,726	54,126	200,726
Loans and advances to banks	1,163,579	3,687,182	1,163,579	3,687,182
Loans and advances to customers	11,022,811	13,606,915	11,022,811	13,606,915
Investment securities	17,142,402	11,675,725	17,142,402	11,675,725
	29,382,918	29,170,548	29,382,918	29,170,548

6. Interest expense

Interest expense comprises:	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Deposits from banks and leases	3,074,921	2,781,202	3,074,921	2,781,202
Deposits from customers	4,956,634	5,458,439	4,956,634	5,458,439
	8,031,555	8,239,641	8,031,555	8,239,641

Included in interest expense on deposits from banks and leases is N2,974,000 which represents interest expense on lease liability.

7. Fee and commission income and expense

Fee and commission income:	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Advisory related fees and commissions	9,683	15,542	9,683	15,542
Custody fees	1,243,880	1,521,539	1,243,880	1,521,539
Transactional services fees	6,403,916	5,838,469	6,403,916	5,838,469
Other fees and commissions	110,992	88,051	110,992	88,051
	7,768,471	7,463,602	7,768,471	7,463,602
Fee and commission expense:				
Fees paid	5,595	5,446	5,595	5,446
	5,595	5,446	5,595	5,446

8. Income from financial instruments at FVTPL

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Trading income on securities	5,736,835	2,647,630	5,736,835	2,647,630
Fair value gains on trading securities	28,569,741	20,134,846	28,569,741	20,134,846
Interest income from financial assets at FVTPL	638,866	955,895	638,866	955,895
Fair value gain on unquoted securities	1,915,560	1,320,448	1,915,560	1,320,448
	36,861,002	25,058,820	36,861,002	25,058,820
Gains/ (losses) on foreign currency transactions				
(Losses)/Gains on foreign currency trading transactions	(24,531,757)	1,008,415	(24,531,757)	1,008,415
Net foreign exchange income	(24,531,757)	1,008,415	(24,531,757)	1,008,415
	12,329,245	**26,067,235**	**12,329,245**	**26,067,235**

9. Investment income

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Profits on sale of FVOCI securities	5,305,837	470,946	5,305,837	470,946
Dividend on equity securities	-	66,416	-	121,891
	5,305,837	537,362	5,305,837	592,837

10. Other operating income

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Rental income	-	76,068	-	76,068
Gains on foreign exchange revaluation*	17,249,995	4,582,220	17,249,995	4,582,220
Gain on disposal of property, plant and equipment	44,701	22,327	44,701	22,327
	17,294,696	4,680,615	17,294,696	4,680,615

* Prior year balance has been reclassified to align with the current year classification.

11. Personnel expenses

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Wages and salaries	6,440,638	6,005,484	6,440,638	6,005,484
Pension costs	358,516	345,688	358,516	345,688
Executive compensation (Note 35.2)	655,871	650,002	655,871	650,002
Other indirect employee costs (Note 11.1)	1,931,748	1,947,309	1,310,121	1,615,031
Group life	247,441	231,142	247,441	231,142
Travel allowance	258,628	269,418	258,628	269,418
	9,892,842	9,449,043	9,271,215	9,116,765

11.1 Included in other indirect employee cost for the Group is dividend paid to the Staff Participation Scheme (The shares are held by the staff participation scheme) of N621,627,000 (2019: N332,277,000) which is subject to with-holding tax.

12. Other operating expenses

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
General adminstrative expenses	1,354,072	746,025	1,356,413	747,605
Legal and Communication	109,003	72,124	109,003	72,124
Other related operating expenses	248,782	275,360	248,782	275,360
AMCON charge (see note 12.1)	5,062,147	4,140,697	5,062,147	4,140,697
Deposit insurance premium	1,134,221	2,191,318	1,134,221	2,191,318
Communications and postages	347,515	416,700	347,515	416,700
Travel and entertainment	98,082	291,212	98,082	291,212
Premises, furniture and equipment	786,354	849,006	786,354	849,006
Consultants fee	434,111	473,468	434,111	473,468
Directors fees and sitting allowances (Note 35.2)	158,967	105,518	158,967	105,518
	9,733,254	9,561,428	9,735,595	9,563,008

Included within the General administrative expenses is auditors' remuneration as follows:

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Auditor's remuneration	142,222	99,225	142,222	96,915
Non-audit services	22,645	18,850	20,280	18,850

Auditor's remuneration for 2020 included the fees for both the interim and full year audits

During the year, the external auditors rendered non-audit services which included deposit certification for NDIC premium purpose and assessment of risk management and whistleblowing policies. The reports on the two services were signed on behalf of PwC by Samuel Abu (FRC/2013/ICAN/00000001495).

12.1 Amortisation of rights of use assets

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Right of use assets amortisation	27,201	29,547	27,201	29,547

This relates to amortisation of prepaid rent.

13. Net credit losses	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Stage 1 impairment				
(Increase) in Loans and advances to banks	(4,018)	(12,060)	(4,018)	(12,060)
(Increase) in Loans and advances to customers	(191,941)	(76,288)	(191,941)	(76,288)
Financial assets at FVOCI	(1,202,813)	(47,563)	(1,202,813)	(47,563)
Asset pledged as collateral	(569,375)	181,637	(569,375)	181,637
Other assets	(6,946)	(495)	(6,933)	(495)
Contingents	(29,126)	30,613	(29,126)	30,613
Stage 2 impairment				
Loans and advances	(916)	-	(916)	-
Contingents	(3,987)	(27)	(3,987)	(27)
Financial assets at FVOCI	(2,312)	(72,153)	(2,312)	(72,153)
Stage 3 impairment - Loans and advances to customers	50,199	(160,127)	50,199	(160,127)
	(1,961,235)	(156,462)	(1,961,222)	(156,462)

14. Taxation

14.1 The tax charge for the year comprises:

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Corporate income tax	155,445	2,408,368	154,701	2,407,757
Education tax	-	193,870	-	193,870
Police Trust Fund Levy	2,132	-	2,132	-
Technology levy	428,274	405,536	428,274	405,536
	585,851	3,007,774	585,107	3,007,163
Deferred taxation	74,437	215,381	74,437	215,381
Current income tax charge	660,288	3,223,155	659,544	3,222,544

14.2 The tax on the Group's profit differs from the theoretical amount using the basic tax rate as follows:

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Profit before tax	42,136,909	40,363,638	42,809,710	40,553,580
Computed tax using the applicable corporate tax rate at 30%	12,641,073	12,109,091	12,842,913	12,166,074
Education tax	-	193,870	-	193,870
Technology levy	428,274	405,536	428,274	405,536
Tax effect on associate's share of profit reported net of tax	(16,051)	58,869	-	-
Tax effect of non-deductible expenses	3,060,087	2,620,727	3,060,087	2,620,726
Tax effect of non-taxable income	(15,609,928)	(12,164,938)	(15,828,563)	(12,163,661)
Police Trust Fund Levy	2,132	-	2,132	-
Minimum tax requirement	154,701	-	154,701	-
Income tax expense	660,288	3,223,155	659,544	3,222,544

The effective tax rate is 1.57% (2019: 7.95%).

15. Earnings per share

15.1 Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the year excluding the average number of ordinary shares held by the Group as treasury shares.

	Group Dec 2020	Group Dec 2019	Bank Dec 2020	Bank Dec 2019
Profit attributable to ordinary shareholders (N'000)	41,476,621	37,140,483	42,150,166	37,331,036
Weighted average number of ordinary shares in issue ('000)	2,793,777	2,793,777	2,793,777	2,793,777
Less Treasury shares ('000)	(60,417)	(60,417)	-	-
Adjusted weighted average number of ordinary shares in issue	2,733,360	2,733,360	2,793,777	2,793,777
Basic earnings per share (expressed in Naira per share)	14.85	13.29	15.09	13.36

15.2 Diluted

The Group does not have potential ordinary shares with convertible option and therefore there is no dilutive impact on the profit attributtable to the ordinary shareholders of the Group (2019: Nil).

16. Cash and balances with banks

16.1 Cash and balances with Central Bank of Nigeria:

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Cash	2,473,030	2,111,462	2,473,030	2,111,462
Balances held with Central Bank of Nigeria:				
Current accounts	19,209,235	10,498,492	19,209,235	10,498,492
Total included in cash and cash equivalents (16.2)	21,682,265	12,609,954	21,682,265	12,609,954
Mandatory reserve deposit (see (16.2) below)	209,236,306	71,584,050	209,236,306	71,584,050
	230,918,571	84,194,004	230,918,571	84,194,004

All balances are current

16.2 Cash and cash equivalents include	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Cash and balances with Central Bank of Nigeria	21,682,265	12,609,954	21,682,265	12,609,954
Trading securities - Treasury bills with tenor of less than 3 months	39,130,789	1,093,344	39,130,789	1,093,344
Loans and advances to banks (Note 17)	96,766,744	189,855,010	96,766,744	189,855,010
	157,579,798	203,558,308	157,579,798	203,558,308

17. Loans and advances to banks	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
In Nigeria:				
Current accounts - Local	72,382	149,782	72,382	149,782
Secured placements	4,221	92,148	4,221	92,148
Outside Nigeria:				
Current accounts - Foreign	96,690,141	189,613,080	96,690,141	189,613,080
Total included in cash and cash equivalents (Note 16)	96,766,744	189,855,010	96,766,744	189,855,010
Loans to banks in Nigeria 17.1	12,774,594	30,230,827	12,774,594	30,230,827
Less allowance for impairment (Note 17.2)	(16,278)	(12,260)	(16,278)	(12,260)
	109,525,060	220,073,577	109,525,060	220,073,577
Current	109,016,896	189,842,750	109,016,896	189,842,750
Non Current	508,164	30,230,827	508,164	30,230,827
Total	109,525,060	220,073,577	109,525,060	220,073,577

17.1 Loans to Banks include loans purchased from Citibank Europe (CEP) Plc. CEP entered into loan agreements with Nigerian banks. The purchase agreement transferred all risks and rewards of the transactions to Citibank Nigeria Limited.

17.2 The movement on the allowance for loans to banks during the year was as follows:

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
	Stage 1	Stage 1	Stage 1	Stage 1
Opening balance	12,260	200	12,260	200
Charge in profit	4,018	12,060	4,018	12,060
Closing balance	16,278	12,260	16,278	12,260

18. Financial assets at fair value through profit or loss

This comprises of:

18.1 Held for trading	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Treasury bills	220,576,496	181,347,178	220,576,496	181,347,178
Federal Government of Nigeria bonds	262,435	17,303,225	262,435	17,303,225
	220,838,931	198,650,403	220,838,931	198,650,403
Included in cash & cash equivalent				
Trading securities - Treasury bills (Note 16)	39,130,789	1,093,344	39,130,789	1,093,344

18.2 Unquoted equities	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
As at January 1	8,723,246	7,402,798	8,723,246	7,402,798
Net change in fair value	1,915,560	1,320,448	1,915,560	1,320,448
	10,638,806	8,723,246	10,638,806	8,723,246
Held for trading	220,838,931	198,650,403	220,838,931	198,650,403
Unquoted equities	10,638,806	8,723,246	10,638,806	8,723,246
Total Financial assets through profit or loss	231,477,737	207,373,649	231,477,737	207,373,649

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Current	220,583,523	181,390,240	220,583,523	181,390,240
Non current	10,894,214	25,983,409	10,894,214	25,983,409
	231,477,737	207,373,649	231,477,737	207,373,649

19. Derivative financial instruments

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices. The types of derivatives used by the Group are set out below.

All derivatives are initially recognised at fair value and subsequently measured at fair value, with all fair value changes recognised in the statement of comprehensive income.

The table below analyses the notional principal amounts and the positive (assets) and negative (liabilities) fair values of the Group's derivative financial instruments. Notional principal amounts are the amounts of underlying the contract at the reporting date.

Group & Bank

Dec 2020	Notional principal amounts N'000	Assets N'000	Liabilities N'000
Foreign exchange forward contracts	1,082,620,995	24,490,675	23,802,918
Swap	280,703,759	4,489,862	2,049,484
	1,363,324,754	28,980,537	25,852,402

Dec 2019	Notional principal amounts N'000	Assets N'000	Liabilities N'000
Foreign exchange forward contracts	538,853,031	5,050,878	5,717,929
Swap	490,119,571	29,068,772	677,644
	1,028,972,602	34,119,650	6,395,573

The counterparties to the derivatives are of high quality with satisfactory credit status, therefore, there was no need for counterparty valuation adjustment for the period.

	December 2020	
Current	28,980,537	25,852,402
	28,980,537	25,852,402

	December 2019	
Current	34,119,650	6,395,573
	34,119,650	6,395,573

20. Assets pledged as collateral	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Investment in treasury bills FVTOCI	51,870,814	45,414,799	51,870,814	45,414,799
Impairment	(858,814)	(289,440)	(858,814)	(289,440)
	51,012,000	45,125,359	51,012,000	45,125,359

All assets pledged as collateral are current

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Current	51,012,000	45,125,359	51,012,000	45,125,359
	51,012,000	45,125,359	51,012,000	45,125,359

These assets are pledged as security deposit to clearing house and payment agencies. The Group cannot trade on these pledged assets during the period that such assets are committed as pledged. The Bank is required to pledge the assets, which are based on market prices, in order to have continuous access to the collection and settlement platforms.

20.1 Movement in impairment on Assets Pledged as Collateral	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Impairment charge at 1 January 2019	289,440	471,077	289,440	471,077
(Write back)/ Impairment charge during the year	569,374	(181,637)	569,374	(181,637)
Impairment charge at December 2019	858,814	289,440	858,814	289,440

21. Loans and advances to customers

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Corporate cards	177,343	344,965	177,343	344,965
Discounted Bills	42,596,691	56,919,909	42,596,691	56,919,909
Overdrafts	4,515,407	6,915,690	4,515,407	6,915,690
Term loan	79,033,845	91,634,106	79,033,845	91,634,106
Gross amount	126,323,286	155,814,670	126,323,286	155,814,670
Impairment	(2,377,988)	(2,235,329)	(2,377,988)	(2,235,329)
Net amount	123,945,298	153,579,341	123,945,298	153,579,341

21.1 The classification of loans and advances is as follows:

Group Dec 2020	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Loans and advances customers	124,303,530	22,313	1,997,443	126,323,286
Impairment allowance	(379,629)	(916)	(1,997,443)	(2,377,988)
Net Loans and advances	123,923,901	21,397	-	123,945,298

Group Dec 2019	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Loans and advances customers	153,767,029	-	2,047,642	155,814,670
Impairment allowance	(187,688)	-	(2,047,642)	(2,235,329)
Net Loans and advances	153,579,341	-	-	153,579,341

Bank Dec 2020	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Loans and advances customers	124,303,530	22,313	1,997,443	126,323,286
Impairment allowance	(379,629)	(916)	(1,997,443)	(2,377,988)
Net Loans and advances	123,923,901	21,397	-	123,945,298

Bank Dec-2019	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Loans and advances customers	153,767,026	-	2,047,642	155,814,670
Impairment allowance	(187,688)	-	(2,047,642)	(2,235,329)
Net Loans and advances	153,579,338	-	-	153,579,341

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Current (Gross)	85,939,803	131,249,652	85,939,803	131,249,652
Non-current (Gross)	40,383,483	24,565,018	40,383,483	24,565,018
	126,323,286	155,814,670	126,323,286	155,814,670

Movement gross loans during the year

Group/Bank Dec-2020	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Opening balance	153,767,026	-	2,047,642	155,814,668
Additions in the period	104,998,112	-	-	104,998,112
Reclassification between stage 1 and stage 2	(1,361,540)	1,361,540	-	-
Payments in the period	(133,100,068)	(1,339,227)	(50,199)	(134,489,494)
Closing Balance	124,303,530	22,313	1,997,443	126,323,286

Movement in impairments during the year

Group/Bank Dec-2020	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Opening Balance	187,688	-	2,047,642	2,235,329
Transfer between stages	(24,336)	24,336	-	-
Additions/(reversal) during the year	216,277	(23,420)	(50,199)	142,659
Closing Balance	379,629	916	1,997,443	2,377,988

Group/Bank Dec-2019	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Opening Balance	111,399	-	1,887,515	1,998,914
Additions/(reversal) during the year	76,289	-	160,127	236,416
Closing Balance	187,688	-	2,047,642	2,235,330

22. Financial instruments fair value through other comprehensive income

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Debt securities - at FVTOCI	226,601,998	76,896,755	226,601,998	76,896,755
Impairment	(2,102,570)	(897,445)	(2,102,570)	(897,445)
Total financial instruments FVTOCI	224,499,428	75,999,310	224,499,428	75,999,310

Movement in impairment on FVOCI	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Impairment charge at January	897,445	777,729	897,445	777,729
Impairment charge during the period	1,205,125	119,716	1,205,125	119,716
Impairment charge at the end of the period	2,102,570	897,445	2,102,570	897,445

Federal Government of Nigeria Bonds	33,201	50,322,558	33,201	50,322,558
Treasury bills	224,466,227	26,574,197	224,466,227	26,574,197
	224,499,428	76,896,755	224,499,428	76,896,755

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Current	222,363,657	25,676,753	222,363,657	25,676,753
Non-current	2,135,771	50,322,557	2,135,771	50,322,557
	224,499,428	75,999,310	224,499,428	75,999,310

22.1 Movement in FVOCI securities can be summarised as follows:

Group/ Bank	Dec 2020 N'000	Dec 2019 N'000
Opening balance	75,999,310	71,451,691
Purchase of financial instruments FVTOCI	264,683,918	22,761,440
Disposal of financial instruments FVTOCI	(113,261,700)	(28,519,109)
Impairment of FVOCI	(2,102,570)	(897,445)
Net change in fair value	4,632,132	14,172,341
Net amount recycled to profit or loss (Note 22.2)	(5,451,662)	(2,969,609)
At the end of the year	224,499,428	75,999,310

22.2. This relates to recycling of realised net gains on financial instruments FVTOCI on disposal or maturity that have been recognised through statement of comprehensive income.

23. Other assets	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Prepayments	1,598,335	1,792,802	1,598,335	1,792,802
Receivables	29,110,738	45,477,666	29,110,725	45,477,666
Contribution to AGRICSME	6,294,653	4,428,102	6,294,653	4,428,102
Impairment	(8,316)	(1,370)	(8,303)	(1,370)
	36,995,410	51,697,200	36,995,410	51,697,200

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Current	29,123,879	47,269,098	29,123,879	47,269,098
Non-current	7,871,531	4,428,102	7,871,531	4,428,102
	36,995,410	51,697,200	36,995,410	51,697,200

23.1 Movement in impairment on other assets during the year

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Opening balance	1,370	875	1,370	875
Additional/(reversal of) impairment during the year	6,946	495	6,946	495
Closing balance	8,316	1,370	8,303	1,370

23.2 Right-of-use Assets	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Right-of-use Assets	16,660	24,930	16,660	24,930

The balances are non-current.

Movement of Right-of-use Assets

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Opening balance	24,930	-	24,930	-
IFRS16 Adjustment	-	(148)	-	(148)
Additions During the Period	18,931	65,728	18,931	65,728
Amortization During the Period	(27,201)	(29,547)	(27,201)	(29,547)
Reclass from prepayment	-	(11,102)	-	(11,102)
Closing balance	16,660	24,930	16,660	24,930

For the Group, the right-of-use assets relates to lease rentals on branch premises.
Lease rentals was reported as part of Prepayments in Other Assets before the introduction of IFRS16.

24. Investments in associate

Associates are those entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. In addition, it includes entities where the shareholding is less than 20% but such significant influence can be demonstrated with the existence of representation on the board of directors or equivalent governing body of the investee. The Group has determined that its investment in Accion Microfinance Bank Limited should be treated as an investment in associate based on board representation in the company. The Group shareholding in Accion is 20.21%

The associate company's principal place of business is Lagos, Nigeria which is also the same as the country of incorporation. The company is a micro finance bank licensed by the Central Bank of Nigeria.

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	1,087,150	946,394	246,556	246,556
Share of profit/(loss) after tax	(53,502)	196,231	-	-
Dividends received	-	(55,475)	-	-
Balance at the end	1,033,648	1,087,150	246,556	246,556

All balances are non-current

The information above reflects the amounts presented in the financial statements of the associates (and not Citibank Nigeria Limited share of those amounts) adjusted for differences in accounting policies between the group and the associate.

Summarised financial information of the Group's associate accounted for using the equity method are as follows:

	Dec 2020 N'000	Dec 2019 N'000
Total assets	12,727,876	12,399,261
Total liabilities	(7,613,339)	(7,019,994)
Net assets	5,114,537	5,379,267
Revenues	3,945,350	5,237,330
Profit/(loss)	(118,984)	1,051,522
Total comprehensive income/(loss)	(118,984)	1,051,522
Group share of profit	(53,502)	196,231
Group share of total comprehensive income	(53,502)	196,231

Reconciliation of summarized financial information

	Dec 2020 N'000	Dec 2019 N'000
Current assets	2,948,441	1,058,670
Non current assets	9,779,435	11,340,591
Total assets	**12,727,876**	**12,399,261**
Current liabilities	4,435,954	4,614,460
Non current liabilities	3,177,385	2,405,534
Total liabilities	**(7,613,339)**	**(7,019,994)**
Net assets	5,114,537	5,379,267
Interest in associate (20.21%)	1,033,648	1,087,150
Carrying value of investment in associate	1,033,648	1,087,150

There were no published price quotations for the associate of the Group. Furthermore, there are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, or repayment of loans or advances.

25. Property, plant and equipment

The movement in property, plant and equipment during the period was as follows:

Group/ Bank

Year ended 31 December 2020	Land N'000	Leasehold improvements and buildings* N'000	Computer Equipment, Furniture & Equipment N'000	Motor Vehicles N'000	Work in Progress (WIP) N'000	Total N'000
COST:						
At 1 January	596,385	1,738,214	2,958,403	403,852	-	5,696,854
Additions	-	80,870	112,235	43,218	-	236,323
Disposals	-	(196,499)	(873,666)	(18,378)	-	(1,088,543)
At 31 December	596,385	1,622,585	2,196,972	428,692	-	4,844,634
ACCUMULATED DEPRECIATION						
At 1 January	-	580,620	2,413,662	206,130	-	3,200,412
Charge for the year	-	122,016	86,606	30,452	-	239,074
Disposals	-	(194,696)	(869,424)	(18,378)	-	(1,082,498)
At 31 December	-	507,940	1,630,844	218,204	-	2,356,988
NET BOOK VALUE						
At 31 December 2020	596,385	1,114,645	566,128	210,488	-	2,487,646

*Includes leasehold improvement of N22,986,000

All balances are not current

Year ended 31 December 2019	Land N'000	Leasehold improvements and buildings N'000	Computer Equipment, Furniture & Equipment N'000	Motor Vehicles N'000	Work in Progress (WIP) N'000	Total N'000
COST:						
At 1 January	596,385	1,483,423	3,223,556	379,102	4,033	5,686,499
Additions	-	310,369	244,037	24,750	-	579,156
Disposals	-	(55,578)	(509,190)	-	(4,033)	(568,801)
At 31 December	596,385	1,738,214	2,958,403	403,852	-	5,696,854
ACCUMULATED DEPRECIATION						
At 1 January	-	479,526	2,714,949	200,660	-	3,395,135
Charge for the year	-	156,670	148,248	5,470	-	310,389
Disposals	-	(55,578)	(449,536)	-	-	(505,112)
At 31 December	-	580,620	2,413,662	206,130	-	3,200,412
NET BOOK VALUE						
At 31 December	596,385	1,157,595	544,742	197,722	-	2,496,443

26. Deposits from banks	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Current accounts	1,328,586	4,785,909	1,328,586	4,785,909
Term deposits	4,221	91,025	4,221	91,025
	1,332,807	4,876,934	1,332,807	4,876,934

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Current	1,332,807	4,876,934	1,332,807	4,876,934
Non-current	-	-	-	-
	1,332,807	4,876,934	1,332,807	4,876,934

Deposit from banks only include financial instruments classifed as liabilities at amortised cost.

Deposits from banks have fixed or variable interest rates.

27. Deposits from customers

Deposits and other accounts comprise:	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Demand	428,581,561	225,810,135	428,583,569	225,812,143
Term	75,402,207	72,334,988	75,402,207	72,334,988
	503,983,768	298,145,123	503,985,776	298,147,131

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Current	503,983,768	298,100,070	503,985,776	298,102,078
Non-current	-	45,053	-	45,053
	503,983,768	298,145,123	503,985,776	298,147,131

Deposit from customers only include financial instruments classifed as liabilities at amortised cost.

28 Current income tax liabilities

The movement in Income tax payable during the year is as follows:

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	3,432,720	4,979,380	3,432,263	4,979,194
Payments during the year	(3,009,746)	(4,554,434)	(3,009,746)	(4,554,094)
Current year tax charge	585,851	3,007,774	585,108	3,007,163
Adjustments in respect of prior year	5,764	-	5,764	-
Balance at the end	1,014,589	3,432,720	1,013,389	3,432,263

All balances are current

29 Other liabilities

Other liabilities comprise:	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Managers' cheques	3,585,205	3,347,209	3,585,205	3,347,209
Payables*	61,891,097	22,675,460	61,891,097	22,675,460
Sundry accounts**	242,394,035	228,598,049	242,394,035	228,598,049
Deposit for foreign exchange purchase	2,539,661	64,044	2,539,661	64,044
Unapplied customer funds***	1,464,289	254,492	1,464,289	254,492
Unclaimed customer balance	540,243	653,379	540,243	653,379
Financial liabilities	312,414,530	255,592,633	312,414,530	255,592,633
Accruals	2,148,231	2,325,241	2,152,159	2,326,840
Allowance on contingents	45,395	12,282	45,395	12,282
Provison for litigation (note 29.3)	733,508	733,508	733,508	733,508
Unearned income	320,465	266,174	320,465	266,174
Non financial liabilities	3,247,599	3,337,205	3,251,527	3,338,804
	315,662,129	258,929,838	315,666,057	258,931,437

	Dec 2020 N'000	Dec 2019 N'000	Dec 2020 N'000	Dec 2019 N'000
Current	312,414,530	255,592,633	312,414,530	255,592,634
Non-current	3,247,599	3,337,205	3,251,527	3,338,803
	315,662,129	258,929,838	315,666,057	258,931,437

* Included in this amount is N288,592,000 for 2020 in respect of CAP and deferred cash award (see note 40).

Also included is dividend payable of N22billion.

** Included in sundry is various customers' funds amounting to N189billion awaiting FX.

***Unapplied customer balance is the Naira value of foreign currencies held on behalf of customers as cash collateral in respect of letter of credit transactions.

29.1 Movement in allowance on contingents during the year

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Opening balance	12,281	44,258	12,281	44,258
(Writeback)/ additional impairment during the year	33,114	(31,977)	33,114	(31,977)
Closing balance	45,395	12,281	45,395	12,281

29.2 Retirement benefit obligations

Group and its employees make a joint contribution of 18% (Employer 10%, employee 8%) of gross monthly emoluments.

29.3 Provisions (movement in provision for litigation)

Provisions for litigation comprise:

	Dec 2020 N'000	Dec 2019 N'000
At 1 January	733,509	419,147
Addition/ (release) during the year	-	314,362
At the end of the period	733,509	733,509

	Dec 2020 N'000	Dec 2019 N'000
Current	-	-
Non-current	733,509	733,509
	733,509	733,509

All balances are non-current

There was no addition during the year (2019: N314,362,000) to provision for litigation. The provision is the probable liability which may arise from the cases pending against the Bank. The timing of the outflow is not certain.

29.4 Lease liabilities	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Lease liabilities	28,833	26,096	28,833	26,096

The Group leases a number of properties to utilze as its branches in various locations.

The Group applied 11.5% as the weighted average incremental borrowing rate to lease liability on transition date

The period of future economic outflows of the lease liabilities is as shown below:

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Above one year	28,833	26,096	28,833	26,096

Movement in lease liability during the year is as shown below:

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Opening balance in January 2020	26,096	-	26,096	-
Lease liability originated due to adoption of IFRS 16	-	26,096	-	26,096
Interest cost	2,974	-	2,974	-
Payment during the year	(19,702)	-	(19,702)	-
Addition during the year	19,465	-	19,465	-
	28,833	26,096	28,833	26,096

30 Other borrowed funds

The outstanding borrowed funds relates to a one-year $150 million loan which was obtained in August 2020.

The applicable interest rate is 0.39%. Both principal and interest will be paid at maturity.

Movement in other borrowed funds during the period

	Dec 2020 N'000	Dec 2019 N'000
Opening balance	183,696,071	-
Additions	60,049,500	182,350,000
Interest paid	(3,615,780)	-
Repayments (principal)	(193,414,000)	-
Exchange difference	11,063,999	-
Accrued interest	2,361,436	1,346,071
Balance at the end of the period	60,141,226	183,696,071

The balance is current

The repayment during the period relates to a one-year $500 million loan from Citibank N. A. (DIFC branch), United Arab Emirates which matured in August 2020 and was fully repaid.

31. **Deferred taxation**

Movement on deferred tax account during the year was as follows:

Group / Bank

Deferred tax asset:	At 1 January 2020 N'000	Recognized in income N'000	At 31 December 2020 N'000
Property and equipment	91,046	(74,437)	16,609
	91,046	(74,437)	16,609

Deferred tax liability:	At 1 January 2020 N'000	Recognized in income N'000	At 31 December 2020 N'000
Impairment reserve	(125,004)	-	(125,004)
	(125,004)	-	(125,004)
Deferred tax asset /(liability):	(33,958)	(74,437)	(108,395)

Group / Bank

Deferred tax asset:	At 1 January 2019 N'000	Recognized in income N'000	At 31 December 2019 N'000
Property and equipment	(408,561)	499,607	91,046
	(408,561)	499,607	91,046

Deferred tax liability:	At 1 January 2019 N'000	Recognized in income N'000	At 31 December 2019 N'000
Impairment reserve	159,222	(284,226)	(125,004)
	159,222	(284,226)	(125,004)
Deferred tax asset /(liability):	(249,339)	215,381	(33,958)

	Dec 2020 N'000	Dec 2019 N'000
Deferred tax assets to be recovered after 12 months	16,609	91,046
Deferred tax liabilities to be recovered after 12 months	125,004	125,004

Deferred tax assets have only been recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.

Hence, deferred tax asset of N830,174,633 was computed but not recognized by the Bank.

32. Share capital

Share capital comprises:	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
Authorised:				
3.0 billion Ordinary shares of N1.00 each	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid				
2.794 billion Ordinary shares of N1.00 each	2,793,777	2,793,777	2,793,777	2,793,777

Other reserves include:

32.1. Share premium

Premiums from the issue of shares are reported in the share premium.

32.2. Treasury shares reserve

Treasury shares reserve holds 60,416,666 units of the Bank's shares which are held in trust by the staff participation scheme (31 December 2019: 60,416,666).

Employees are not eligible to own any unit of the shares. And it is neither an equity nor a cash settled share based scheme.

32.3. Statutory reserve

Statutory reserves include i) the mandatory annual appropriation as required by the Banks and Other Financial Institution Act of Nigeria and ii) the N3,340,909,050 Small and Medium Scale Industries Reserve (SMEEIS) reserve (31 December 2019: N3,340,909,050) maintained to comply with the Central Bank of Nigeria requirement.

32.4. Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of FVTOCI securities until the investment is derecognised or impaired.

32.5. Regulatory risk reserve

The regulatory risk reserve would be reflected where the impairment losses required by prudential regulations exceed those computed under IFRS. Such excess is recognised as a statutory credit reserve and is accounted for as an appropriation of retained earnings.

Statement of Prudential adjustments

	Dec 2020 N'000	Dec 2019 N'000
IFRS impairment losses		
- Loans and advances to banks (Note 17)	16,278	12,260
- Loans and advances to customers (Note 21.1)	2,377,988	2,235,329
Other impairment	3,006,779	1,199,167
Total	5,401,045	3,446,756
Loan analysis by performance		
Performing:		
- Loans and advances to banks (Note 17)	12,774,594	521,917
- Loans and advances to customers (Note 21)	124,325,843	108,367,397
Non-performing:		
- Gross non performing loans and advances to customers (Note 21)	1,997,443	1,887,515
	139,097,880	110,776,829
Prudential provisions		
- Specific	1,971,091	2,097,801
- General	2,746,095	4,129,871
Total	4,717,186	6,227,672
Excess/(shortfall) of IFRS impairment over prudential provision	683,859	(2,780,916)

33. Contingent liabilities and commitments

33.1 Litigations and claims

There were 32 litigations and claims as at 31 December 2020 with an estimate of N3.3 billion and $23.9 million (2019: N3.5 billion and $26.6 million)). These litigations and claims arose in the normal course of business and are being contested by the Group. However, the solicitors of the Bank are of the view that the probable liability which may arise from the cases pending against the Bank is not likely to exceed N734 Million (31 December 2019: N734 Million). This probable liability has been fully provided for by the Bank (refer to Note 29).

33.2 Credit commitments and other financial facilities

	Dec 2020 N'000	Dec 2019 N'000
Acceptances	572,457	696,979
Letters of credit	62,743,202	84,040,165
Bonds and guarantees	16,429,684	31,162,001
Loan commitments	26,270,346	21,599,191
	106,015,689	137,498,336

Certain bonds and guarantees are cash collateralized and secured with a total sum of N8,840,181 (2019: N18,840,181). The collateral is part of customers deposits.

33.3 Capital commitments

The group's capital commitment as at 31 December 2020 is N225,628,000 (2019: N151,291,000)

	Dec 2020 N'000	Dec 2019 N'000
Not Later than 1 year	-	-
Later than 1 year but not later than 5 years	225,628	151,291
	225,628	151,291

34. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions, or another party controls both entities. The Group definition of related parties includes subsidiary, associates and key management personnel. This is in line with IAS 24 which requires disclosures about transactions and outstanding balances with an entity's related parties

See note 24 for disclosures of relationship with associate

Transactions with key management personnelThe Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management personnel exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

34.1. Parent and ultimate controlling party

81.9% of the Bank's share capital is held by Citibank Overseas Investment Corporation. The ultimate parent of the Group is Citigroup Inc. which is incorporated in the United States of America. In the normal course of the bank's business, the Group enters into business transactions with other Citigroup offices (also controlled by Citigroup Inc.).

Balances with other Citigroup offices as at 31 December

	Dec 2020 N'000	Dec 2019 N'000
Assets		
Loans and advances to Banks	96,684,718	1,398,599,061
Derivative financial instruments	1,887,335	40,876,057
	98,572,053	1,439,475,118

	Dec 2020 N'000	Dec 2019 N'000
Liabilities		
Other borrowed funds	60,123,131	1,103,322,229
Deposits from Banks	960,850	141,186,617
Other liabilities	14,040,802	-
Derivative financial instruments	343,899	6,667,161
	75,468,682	1,251,176,007

Income from and expenses to other Citigroup offices during the year

	Dec 2020 N'000	Dec 2019 N'000
Interest and similar income	501,880	2,005,462
Interest and similar expense	(2,454,168)	(2,108,339)
Net interest income	(1,952,288)	(102,877)
Fee and commission income	546,311	804,134
	(1,405,977)	701,257
Dividend paid	23,543,173	12,584,509

34.2. Key management personnel and their immediate relatives engaged in the following transactions with the Group as at 31 December 2020

	Dec 2020 N'000	Dec 2019 N'000
Loans and advances	30,622	11,379
Deposits	48,136	23,033

	Dec 2020 N'000	Dec 2019 N'000
Interest income on KMP loans	371	673
Interest expense on KMP deposits	65	515

Loans and advances granted to key management personnnel are loans extended to directors under the employment scheme of service with rate of 3%. No specific impairment losses have been recorded against balances outstanding at the end of the period as the loans are performing. There is also no collateral in respect to the loans. Refer to note 35.2 for further disclosures on key management personnel.
Also, the above stated loans and advances (2020: N30,622,000 and 2019: N11,379,000) were granted to executive directors under the employment scheme of service. These facilities are classified as performing and there are no collateral to back them up, as repayment is directly deducted from the executive director's monthly salary.

Key management personnel compensation for the period is disclosed under Note 35.2.

34.3. In accordance with the Central Bank of Nigeria circular BSD/1/2004 on disclosure requirements on insider related credits. The Bank during the year granted credit facilities to an organisation whose director is also a director of Citibank Nigeria Limited. The aggregate amount of the credits as at December 2020 is N12.07 billion. The facilities are performing and are uncollaterised.

34.4 Transactions between Citibank Nigeria Limited and its subsidiary also meet the definition of related party transactions. These transactions are eliminated on consolidation, and are not disclosed in the consolidated financial statements.

Deposits outstanding as at 31 December

Name of company	Relationship	Type of deposit	Dec 2020 N'000	Dec 2019 N'000
Nigeria International Bank Nominees Limited	Subsidiary	Deposit	2,008	2,008
			2,008	2,008

The investment in associate is disclosed under Note 24.

34.5 Other related parties disclosure

For the year ended December 2020

Name of Counterparty	Relationship	Type of relationship	Status	Collateral Type	Amount (N'000)
NIB Nominees	Subsidiary	Deposit	Current	N/A	2,008
Accion Micro Finance Bank	Associate	Loans	Performing	Clean	508,164
Citi China	Other Citigroup entity	Loans	Performing	Clean	198,077
Citi China	Other Citigroup entity	Derivative Liability	Performing	Clean	51
Citi New York	Other Citigroup entity	Other Liability	Performing	Clean	1,094,958
Citibank Abidjan	Other Citigroup entity	Loans	Performing	Clean	1,469
Citibank Australia	Other Citigroup entity	Loans	Performing	Clean	2,923
Citibank Dubai	Other Citigroup entity	Deposits	Performing	Clean	36,177
Citibank Dubai	Other Citigroup entity	Borrowing	Performing	Clean	60,123,131
Citibank Europe Plc	Other Citigroup entity	Other Liability	Performing	Clean	203,740
Citibank Europe Plc - Worldlink	Other Citigroup entity	Deposits	Performing	Clean	764,755
Citibank Europe Plc Dublin	Other Citigroup entity	Loans	Performing	Clean	6,107,960
Citibank International Plc	Other Citigroup entity	Loans	Performing	Clean	2,601,488
Citibank N.A London	Other Citigroup entity	Deposits	Performing	Clean	19,707
Citibank N.A London	Other Citigroup entity	Loans	Performing	Clean	3,397,456
Citibank N.A London	Other Citigroup entity	Other Liability	Performing	Clean	504
Citibank N.A London	Other Citigroup entity	Derivative Asset	Performing	Clean	622,354
Citibank N.A London	Other Citigroup entity	Derivative Liability	Performing	Clean	250,026
Citibank N.A New York	Other Citigroup entity	Loans	Performing	Clean	84,171,720
Citibank N.A.	Other Citigroup entity	Deposits	Performing	Clean	6,824
Citibank N.A.	Other Citigroup entity	Other Liability	Performing	Clean	4,333,768
Citibank NA, London Branch	Other Citigroup entity	Deposits	Performing	Clean	120,676
Citibank Senegal SA	Other Citigroup entity	Deposits	Performing	Clean	937
Citibank South Africa	Other Citigroup entity	Deposits	Performing	Clean	31,480
Citibank South Africa	Other Citigroup entity	Loans	Performing	Clean	154,794
Citibank South Africa	Other Citigroup entity	Other Liability	Performing	Clean	691
Citibank NA South Africa	Other Citigroup entity	Derivative Asset	Performing	Clean	2,319
Citigroup Global Markets	Other Citigroup entity	Deposits	Performing	Clean	8,954,039
Citigroup Global Markets	Other Citigroup entity	Derivative Asset	Performing	Clean	30,177
Citigroup Global Markets	Other Citigroup entity	Derivative Liability	Performing	Clean	337,849

Name of Counterparty	Relationship	Type of relationship	Status	Collateral Type	Amount (N'000)
NIB Nominees	Subsidiary	Deposit	Current	N/A	2,008
Accion Micro Finance Bank	Associate	Loans	Performing	Clean	521,775
Citi Bank New York Custody	Other Citigroup entity	Deposits	Performing	Clean	9,259,199
Citi Bank New York Custody	Other Citigroup entity	Loans	Performing	Clean	1,044,306
Citibank Abidjan	Other Citigroup entity	Placements	Performing	Clean	12,121
Citibank Abidjan	Other Citigroup entity	Loans	Performing	Clean	2,416
Citibank Australia (Sydney Branch)	Other Citigroup entity	Borrowing	Performing	Clean	3,954
Citibank Australia (Sydney Branch)	Other Citigroup entity	Placements	Performing	Clean	521,016
Citibank China Co. Ltd	Other Citigroup entity	Placements	Performing	Clean	1,210,037
Citibank China Co. Ltd	Other Citigroup entity	Loans	Performing	Clean	301,365
Citibank Dubai	Other Citigroup entity	Deposits	Performing	Clean	81,578
Citibank Dubai	Other Citigroup entity	Loans	Performing	Clean	5,724
Citibank Europe Plc	Other Citigroup entity	Deposits	Performing	Clean	110,224
Citibank Europe Plc	Other Citigroup entity	Loans	Performing	Clean	111,289
Citibank Europe Plc - Worldlink	Other Citigroup entity	Deposits	Performing	Clean	1,047,913
Citibank Europe Plc Dublin	Other Citigroup entity	Placements	Performing	Clean	95,081,189
Citibank Europe Plc Dublin	Other Citigroup entity	Loans	Performing	Clean	7,999
Citibank International Plc	Other Citigroup entity	Placements	Performing	Clean	92,817,353
Citibank International Plc	Other Citigroup entity	Loans	Performing	Clean	10,887,374
Citibank Kuala-Lumpur (Fin.Inst.)	Other Citigroup entity	Loans	Performing	Clean	11,881
Citibank N. A New York - Intl Try	Other Citigroup entity	Borrowing	Performing	Clean	177,727,900
Citibank N. A. Settlement Account	Other Citigroup entity	Deposits	Performing	Clean	71,396
Citibank N.A London	Other Citigroup entity	Borrowing	Performing	Clean	8,126,066
Citibank N.A London	Other Citigroup entity	Placements	Performing	Clean	487,870,992
Citibank N.A London	Other Citigroup entity	Derivative	Performing	Clean	31,831
Citibank N.A London	Other Citigroup entity	Loans	Performing	Clean	1,005,363
Citibank N.A New York	Other Citigroup entity	Borrowing	Performing	Clean	10,226,075
Citibank N.A New York	Other Citigroup entity	Placements	Performing	Clean	712,654,506
Citibank N.A New York	Other Citigroup entity	Deposits	Performing	Clean	78,194
Citibank N.A New York	Other Citigroup entity	Derivative	Performing	Clean	228,737
Citibank N.A New York	Other Citigroup entity	Loans	Performing	Clean	498,077
Citibank N.A.	Other Citigroup entity	Deposits	Performing	Clean	22,301,654
Citibank N.A.	Other Citigroup entity	Loans	Performing	Clean	315,688
Citibank N.A. South Africa	Other Citigroup entity	Borrowing	Performing	Clean	80,561
Citibank N.A. South Africa	Other Citigroup entity	Placements	Performing	Clean	150,283
Citibank N.A. South Africa	Other Citigroup entity	Deposits	Performing	Clean	97,972
Citibank N.A. South Africa	Other Citigroup entity	Derivative	Performing	Clean	54
Citibank N.A., London A&T Sec Agent	Other Citigroup entity	Deposits	Performing	Clean	12,770
Citibank N.A., London A&T Sec Agent	Other Citigroup entity	Loans	Performing	Clean	925,960
Citibank Na, London Branch	Other Citigroup entity	Deposits	Performing	Clean	1,293,077
Citibank Na-Mumbai Dn Road Branch	Other Citigroup entity	Loans	Performing	Clean	13,649
Citibank Senegal Sa	Other Citigroup entity	Deposits	Performing	Clean	10,306
Citigroup Global Markets Limited	Other Citigroup entity	Deposits	Performing	Clean	81,483,209
Citigroup Global Markets Limited	Other Citigroup entity	Derivative	Performing	Clean	42,189,929
Citigroup Global Markets Limited	Other Citigroup entity	Loans	Performing	Clean	60,714
Citigroup Global Markets Nigeria	Other Citigroup entity	Deposits	Performing	Clean	5,021,782
Citibank N.A New York	Other Citigroup entity	Loans	Performing	Clean	15,123
Citi Bank Zambia Limited	Other Citigroup entity	Borrowing	Performing	Clean	15,752
Citibank Singapore	Other Citigroup entity	Placements	Performing	Clean	1,476
Citibank Bahrain	Other Citigroup entity	Deposits	Performing	Clean	17,118
Citi Bank London Custody	Other Citigroup entity	Derivative	Performing	Clean	993,483

35. Employees and directors

35.1 Employees:

The number of persons employed as at the end of the year is as follows:

	Dec 2020	Dec 2019
Executive Directors	5	4
Management	90	89
Non-management	105	113
	200	206

Cost of employees, including executive directors, during the year is as follows:

	Group 2020 N'000	Group 2019 N'000	Bank 2020 N'000	Bank 2019 N'000
Wages and salaries	7,602,578	7,156,046	7,602,578	7,156,046
Pension costs	358,516	345,688	358,516	345,688
	7,961,094	7,501,734	7,961,094	7,501,734
Other indirect employee costs	1,931,748	1,947,309	1,310,121	1,615,031
Total personnel expenses (Note 11)	9,892,842	9,449,043	9,271,215	9,116,765
Executive Compensation	(655,871)	(272,536)	(655,871)	(272,536)
Executive Pension costs	(19,510)	(18,362)	(19,510)	(18,362)
	9,217,461	9,158,145	8,595,834	8,825,868

The number of persons employed by the Group, who received emoluments in the following ranges (excluding pension contribution), were:

	2020	2019
N4,000,001 - N5,000,000	5	3
N5,000,001 - N6,000,000	-	3
N6,000,001 - N7,000,000	2	3
Above N7,000,000	193	197
	200	206

35.2 Directors

Directors' remuneration was paid as follows:

	2020 N'000	2019 N'000
Executive compensation (Note 11)	655,871	650,002
Fees and sitting allowances (Note 12)	158,967	105,518
Executive pension costs	19,510	14,235
	834,349	769,755

The directors' remuneration shown above includes:

	2020 N'000	2019 N'000
Chairman	22,340	18,620
Highest paid director	303,920	266,838

The number of other directors who received fees and other emoluments in the following ranges were:

	2020 Number	2019 Number
Directors with fees above N2,000,000	5	5

36. Dividend

The 2019 full year dividend of N8.69k amounting to a total dividend of N24,265,173,411 was declared during the year. In addition, an interim dividend for the period ended 30 June 2020 of N1.60k per share, amounting to a total dividend of N4,480,000,000 was declared and paid during the period. The directors are proposing final dividend of N22,908,973,278 (N8.20k) per share for the 2020 financial year.

37 Group entities

37.1	Investments in subsidiaries comprises:	2020 N'000	2019 N'000
	Nigeria International Bank Nominees Limited	1,000	1,000

There was no movement in the Bank's investment in the share capital of its fully owned subsidiary during the year.

37.2 Investment in Associates comprises of Accion Microfinance Bank as disclosed in Note 24.

37.3 Treasury shares comprises of the staff participation scheme as disclosed in Note 32.2.

37.4 Condensed results of the consolidated entities are as follows:

31 December 2020	Bank N'000	NIB N'000	Staff participation Scheme N'000	Elimination Entries N'000	Group N'000
Operating income	62,082,795	25,740	-	(25,740)	62,082,795
Operating expenses	(19,273,085)	(23,413)	(621,627)	25,740	(19,892,385)
	42,809,710	2,327	(621,627)	-	42,190,410
Share of profit of associates accounted for using equity method	-	-	-	(53,502)	(53,502)
Profit before tax	42,809,710	2,327	(621,627)	(53,502)	42,136,908
Tax	(659,544)	(745)	-	-	(660,288)
Profit after tax	42,150,166	1,583	(621,627)	(53,502)	41,476,620
Total assets	1,040,105,903	45,320	60,417	680,356	1,040,891,996
Liabilities	(908,128,885)	(40,587)	-	45,322	(908,124,150)
Net assets	131,977,018	4,733	60,417	725,678	132,767,846
Equity	131,977,018	4,733	60,417	725,678	132,767,846

31 December 2019	Bank N'000	NIB N'000	Staff participation Scheme N'000	Elimination Entries N'000	Group N'000
Operating income	59,573,289	17,585	-	(73,060)	59,517,814
Operating expenses	(19,019,709)	(15,987)	(332,278)	17,567	(19,350,408)
	40,553,580	1,598	(332,278)	(55,493)	40,167,406
Share of profit of associates accounted for using equity method	-	-	-	196,231	196,231
Profit before tax	40,553,580	1,598	(332,278)	196,231	40,363,637
Tax	(3,222,544)	(611)	-	-	(3,223,155)
Profit after tax	37,331,036	987	(332,278)	196,231	37,140,482
31 December 2019					
Total assets	874,931,019	19,593	60,417	759,585	875,770,614
Liabilities	(755,539,463)	(16,443)	-	19,592	(755,536,313)
Net assets	119,391,556	3,150	60,417	779,178	120,234,301
Equity	119,391,556	3,150	60,417	779,178	120,234,301

38 Compliance with banking regulations

The Bank complied with applicable banking regulations. No penalty was paid during the period for non-compliance.

39 Subsequent events

Aside from the final dividend of N8.20k per share declared by the Board of Directors, there were no other events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.

40 Accrued employee benefit

a. The substance of Citibank Nigeria Limited share-based payment arrangements are that Citigroup Inc., and not the specific subsidiaries, grant the awards and have the obligation to deliver shares to employees where the employees satisfy the relevant vesting conditions. However, given the rules-based nature of IFRS 2, Citibank Nigeria Limited account for Capital Accumulation Programme (CAP) and stock options in its financial statements as cash-settled (liability) awards.

The number of shares in a CAP award is calculated by dividing the value of the CAP award by the average of the closing prices of Citigroup common stock on the New York Stock Exchange.

Measurement of the awards is at fair value at the grant date of the awards. This is derived by multipying the number of shares by the price of the share on the exchange.

Effect of total expense (included in personnel expense) arising from share based payments for the year 2020 and 2019

GRANT YEAR	2020 NGN'000	2019 NGN'000
2015	-	8,998
2016	11,157	19,058
2017	2,577	2,817
2018	2,260	1,087
Total	**15,994**	**31,960**

Deferred cash award

b. The bank accrues a liability over the vesting period because that reflects the period over which employees must provide services.

Generally, the vesting schedule of each year's deferred cash awards will be 25% on each January of the next four years. Provided the employees meet the vesting conditions and other requirements, they will be paid each vested installment of their deferred cash award (less any amounts withheld to pay applicable taxes), as soon as administratively practicable after the regularly scheduled vesting date.

Breakdown of the awards as at December 2020	2020 NGN'000	2019 NGN'000
Deferred Cash Programme (DCP)	212,560	175,464
Deferred Cash Stock Units (DCSU)	60,038	70,865
Capital Accumulation Programme (CAP)	15,994	31,960
Total	288,592	278,289

41. Cashflow reconciliation

i. Restricted cash

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	71,584,050	106,468,392	71,584,050	106,468,392
Addition/(reversal) during the year	137,652,256	(34,884,342)	137,652,256	(34,884,342)
Balance as at 31 December	**209,236,306**	**71,584,050**	**209,236,306**	**71,584,050**
Recognised in cashflow statement	**(137,652,256)**	**34,884,342**	**(137,652,256)**	**34,884,342**

ii. Loans and advances to customers and banks

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	183,797,907	108,777,714	183,797,907	108,777,714
Changes in ECL allowance	(146,676)	(248,475)	(146,676)	(248,475)
Interest income	12,186,390	17,294,097	12,186,390	17,294,097
Interest received	(12,983,568)	(16,523,220)	(12,983,568)	(16,523,220)
Foreign exchange difference	4,599,238	304,951	4,599,238	304,952
Addition/(repayment) during the year	(50,749,677)	74,192,840	(50,749,677)	74,192,839
Balance as at 31 December	**136,703,614**	**183,797,907**	**136,703,614**	**183,797,907**
Recognised in cashflow statement	**50,749,677**	**(74,192,840)**	**50,749,677**	**(74,192,839)**

iii. Fair value through profit or loss

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	206,280,305	139,325,239	206,280,305	139,325,239
Interest income	638,866	955,895	638,866	955,895
Interest received	(967,964)	(783,577)	(967,964)	(783,577)
Fair value gain on debt instruments	28,569,741	22,782,477	28,569,741	22,782,477
Fair value gain on unquoted equities	1,915,560	1,320,448	1,915,560	1,320,448
Addition/(disposal) during the year	(44,089,560)	42,679,822	(44,089,560)	42,679,822
Balance as at 31 December less items included in cash & cash equivalent (Note 16.2)	**192,346,948**	**206,280,305**	**192,346,948**	**206,280,305**
Recognised in cashflow statement	**44,089,560**	**(42,679,822)**	**44,089,560**	**(42,679,822)**

iv. Derivative financial assets

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	34,119,650	30,965,145	34,119,650	30,965,145
Movement during the year	(5,139,113)	3,154,505	(5,139,113)	3,154,505
Balance as at 31 December	**28,980,537**	**34,119,650**	**28,980,537**	**34,119,650**
Recognised in cashflow statement	**5,139,113**	**(3,154,505)**	**5,139,113**	**(3,154,505)**

v. Assets pledged as collateral

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	45,125,359	29,002,684	45,125,359	29,002,684
Addition/(reversal) during the year	5,886,641	16,122,675	5,886,641	16,122,675
Balance as at 31 December	**51,012,000**	**45,125,359**	**51,012,000**	**45,125,359**
Movement for cashflow statement	5,886,641	16,122,675	5,886,641	16,122,675
Adjust for ECL allowance for the year (Note 13)	569,375	(181,637)	569,375	(181,637)
Recognised in cashflow statement	**6,456,016**	**15,941,038**	**6,456,016**	**15,941,038**

vi. Other assets

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	51,697,200	35,776,172	51,697,200	35,776,172
Foreign exchange difference	(10,689,761)	36,180	(10,689,761)	36,180
Changes in ECL allowance	(6,933)	(495)	(6,933)	(495)
Addition/(reversal) during the year	(4,005,096)	15,885,342	(4,005,096)	15,885,342
Balance as at 31 December	**36,995,410**	**51,697,200**	**36,995,410**	**51,697,200**
Recognised in cashflow statement	**4,005,096**	**(15,885,342)**	**4,005,096**	**(15,885,342)**

vii. Right of use assets

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	24,930	-	24,930	-
Reclassification	-	(11,103)	-	(11,103)
IFRS 16 adjustment	-	(148)	-	(148)
Addition/(reversal) during the year	(8,270)	36,180	(8,270)	36,180
Balance as at 31 December	**16,660**	**24,930**	**16,660**	**24,930**
Recognised in cashflow statement	**(8,270)**	**36,180**	**(8,270)**	**36,180**

viii. Deposits from customers

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	298,145,123	384,453,005	298,147,131	384,454,715
Interest expense	4,956,634	5,458,439	4,956,634	5,458,439
Interest paid	(4,923,176)	(6,988,004)	(4,923,176)	(6,988,004)
Foreign exchange difference	(37,640,874)	209,698	(37,640,874)	209,698
Inflow/(outflow) during the year	243,446,061	(84,988,014)	243,446,061	(84,987,717)
Balance as at 31 December	**503,983,768**	**298,145,123**	**503,985,776**	**298,147,131**
Recognised in cashflow statement	**243,446,061**	**(84,988,014)**	**243,446,061**	**(84,987,717)**

ix. Deposits from banks

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	4,876,934	196,702,799	4,876,934	196,702,799
Interest expense	710,511	2,781,202	710,511	2,781,202
Interest paid	(800,288)	(2,845,243)	(800,288)	(2,845,243)
Foreign exchange difference	-	(23,862)	-	(23,862)
Inflow/(outflow) during the year	(3,454,350)	(191,737,964)	(3,454,350)	(191,737,964)
Balance as at 31 December	**1,332,807**	**4,876,934**	**1,332,807**	**4,876,934**
Recognised in cashflow statement	**(3,454,350)**	**(191,737,964)**	**(3,454,350)**	**(191,737,964)**

x. Derivative financial liabilities

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	6,395,573	3,229,987	6,395,573	3,229,987
Addition/(reversal) during the year	19,456,829	3,165,586	19,456,829	3,165,586
Balance as at 31 December	**25,852,402**	**6,395,573**	**25,852,402**	**6,395,573**
Movement for cashflow statement	19,456,829	3,165,586	19,456,829	3,165,586
Recognised in cashflow statement	(19,456,829)	(3,165,586)	(19,456,829)	(3,165,586)

xi Other liabilities

	Group Dec 2020 N'000	Group Dec 2019 N'000	Bank Dec 2020 N'000	Bank Dec 2019 N'000
At 1 January	258,929,838	48,886,121	258,931,437	48,886,773
Foreign exchange difference	3,577,467	(941,676)	3,577,467	(941,658)
Changes in ECL allowance	33,113	(30,587)	33,113	(30,587)
Prior year underprovision	(5,763)	-	(5,763)	-
Provision on litigation	-	(314,362)	-	(314,362)
Addition/(reversal) during the year	53,127,474	211,330,342	53,129,803	211,331,271
Balance as at 31 December	**315,662,129**	**258,929,838**	**315,666,057**	**258,931,436**
Recognised in cashflow statement	**(53,127,474)**	**(211,330,342)**	**(53,129,803)**	**(211,331,271)**

STATEMENT OF VALUE ADDED

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	Group				Bank			
	2020		2019		2020		2019	
	N'000	%	N'000	%	N'000	%	N'000	%
Gross Operating income	72,081,167		67,919,362		72,081,167		67,974,836	
Interest expense								
- Local	(8,031,555)		(8,239,641)		(8,031,555)		(8,239,641)	
	64,049,612		59,679,721		64,049,612		59,735,195	
Net credit losses	(1,961,235)		(156,461)		(1,961,222)		(156,461)	
Adminstrative overheads	(9,766,050)		(9,596,421)		(9,768,391)		(9,598,000)	
Share of profit of associates accounted for using equity method	(53,502)		196,231		-		-	
	52,268,825	100%	50,123,070	100%	52,319,999	100%	49,980,734	100%
Distribution:								
Employees								
- Salaries and benefits	9,892,842	19%	9,449,043	19%	9,271,215	18%	9,116,765	18%
Government								
- Taxation	660,288	1%	3,223,155	6%	659,544	1%	3,222,544	6%
Future								
- Asset replacement (depreciation)	239,074	0%	310,389	1%	239,074	0%	310,389	1%
- Expansion (transfer to equity)	41,476,621	79%	37,140,483	74%	42,150,166	81%	37,331,036	75%
	52,268,825	100%	50,123,070	100%	52,319,999	100%	49,980,734	100%

CONSOLIDATED FIVE YEAR FINANCIAL SUMMARY

OTHER FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

	IFRS Dec 2020 N'000	IFRS Dec 2019 N'000	IFRS Dec 2018 N'000	IFRS Dec 2017 N'000	IFRS Dec 2016 N'000
ASSETS					
Cash and balances with banks	230,918,571	84,194,004	128,929,926	136,988,820	78,913,109
Loans and advances to banks	109,525,060	220,073,577	136,562,806	189,341,150	113,167,991
Financial assets at fair value through profit or loss	231,477,737	207,373,649	184,211,990	44,951,937	108,662,159
Derivative financial instruments - assets	28,980,537	34,119,650	30,965,145	7,629,080	28,282,399
Assets pledged as collateral	51,012,000	45,125,359	29,002,684	13,044,799	7,250,469
Loans and advances to customers	123,945,298	153,579,341	108,255,998	98,188,739	117,554,672
Fair value through other comprehensive income	224,499,428	75,999,310	71,451,691	76,049,584	108,622,549
Other assets	36,995,410	51,697,200	35,776,177	27,090,867	38,507,969
Investments in associate	1,033,648	1,087,151	946,394	939,625	798,301
Property, plant and equipment	2,487,646	2,496,443	2,291,363	2,123,182	2,211,513
Right-of-use assets	16,660	24,930	-	-	-
Deferred tax asset	-	-	-	-	365,309
Total assets	1,040,891,995	875,770,614	728,394,174	596,347,783	604,336,438
LIABILITIES					
Deposits from banks	1,332,807	4,876,934	196,702,799	10,214,252	1,034,242
Deposits from customers	503,983,768	298,145,123	384,453,005	419,347,494	485,845,373
Derivative financial instruments - liabilities	25,852,402	6,395,573	3,229,987	7,095,310	22,335,602
Lease liabilities	28,833	26,096	-	-	-
Current income tax liabilities	1,014,589	3,432,720	4,979,380	8,566,153	7,866,270
Other borrowed funds	60,141,226	183,696,071	-	-	-
Other liabilities	315,662,129	258,929,838	48,886,121	61,230,271	15,076,184
Deferred tax liability	108,395	33,958	249,339	418,827	-
Total equity	132,767,846	120,234,301	89,893,543	89,475,477	72,178,769
Total equity and liabilities	1,040,891,995	875,770,614	728,394,174	596,347,783	604,336,440
Credit commitments and other financial facilties	106,015,689	137,498,336	100,444,069	55,801,497	54,985,623
STATEMENT OF COMPREHENSIVE INCOME					
Net operating income	62,082,782	59,517,814	53,738,698	57,644,905	45,406,905
Operating expenses	(19,892,371)	(19,350,407)	(18,800,555)	(16,823,026)	(13,214,622)
Share of profit of associates accounted for using equity method	(53,502)	196,231	213,464	191,254	75,144
Profit before tax	42,136,909	40,363,638	35,151,607	41,013,132	32,267,427
Taxation	(660,288)	(3,223,155)	(4,856,490)	(9,043,937)	(6,893,620)
Profit for the year	41,476,621	37,140,483	30,295,117	31,969,195	25,373,807
Other comprehensive income for the year, net of tax	(819,530)	8,233,122	(2,775,016)	6,562,441	(3,898,226)
Total comprehensive income attributable to shareholders	40,657,091	45,373,605	27,520,101	38,531,636	21,475,581
Earnings per share (Kobo)	1,485	1,329	1,084	1,144	908
Interim dividend per share (Kobo)	160	-	-	-	-
Final dividend per share (Kobo)	820	869	550	983	777
Number of ordinary shares of N1.00	2,793,777	2,793,777	2,793,777	2,793,777	2,793,777

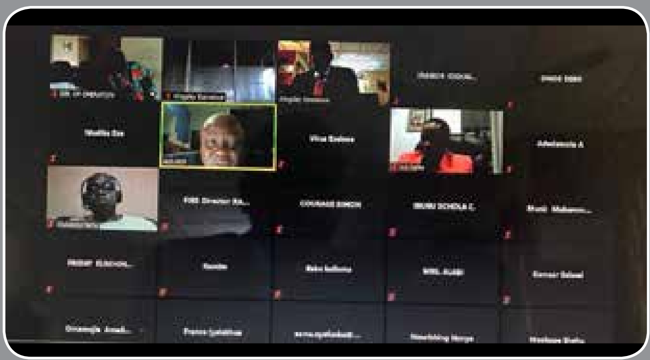
FIVE YEAR FINANCIAL SUMMARY - BANK

OTHER FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

	Dec 2020 N'000	Dec 2019 N'000	Dec 2018 N'000	Dec 2017 N'000	Dec 2016 N'000
ASSETS					
Cash and balances with banks	230,918,571	84,194,004	128,929,926	136,988,820	78,913,109
Loans and advances to banks	109,525,060	220,073,577	136,562,807	189,341,150	113,167,991
Financial assets at fair value through profit or loss	231,477,737	207,373,649	184,211,990	44,951,937	108,662,159
Derivative financial instruments - assets	28,980,537	34,119,650	30,965,145	7,629,080	28,282,399
Assets pledged as collateral	51,012,000	45,125,359	29,002,684	13,044,799	7,250,469
Loans and advances to customers	123,945,298	153,579,341	108,255,998	98,188,739	117,554,672
Fair value through other comprehensive income	224,499,428	75,999,310	71,451,691	76,049,584	108,622,549
Other assets	36,995,410	51,697,200	35,776,172	27,090,867	38,507,969
Investments in associate	246,556	246,556	246,556	398,020	398,020
Property, plant and equipment	2,487,646	2,496,443	2,291,363	2,123,182	2,211,513
Right-of-use assets	16,660	24,930	-	-	-
Investment in subsidiary	1,000	1,000	1,000	1,000	1,000
Deferred tax asset	-	-	-	-	365,309
Total assets	1,040,105,903	874,931,019	727,695,332	595,807,178	603,937,157
LIABILITIES					
Deposits from banks	1,332,807	4,876,934	196,702,799	10,214,252	1,034,242
Deposits from customers	503,985,776	298,147,131	384,454,715	419,349,183	485,847,157
Derivative financial instruments - liabilities	25,852,402	6,395,573	3,229,987	7,095,310	22,335,602
Lease liabilities	28,833	26,096	-	-	-
Current income tax liabilities	1,013,389	3,432,263	4,979,194	8,566,002	7,866,132
Other borrowed funds	60,141,226	183,696,071	-	-	-
Other liabilities	315,666,057	258,931,436	48,886,773	61,230,608	15,076,480
Deferred tax liability	108,395	33,959	249,339	418,827	-
Total equity	131,977,018	119,391,556	89,192,525	88,932,996	71,777,546
Total equity and liabilities	1,040,105,903	874,931,019	727,695,332	595,807,177	603,937,160
Credit commitments and other financial facilties	106,015,689	137,498,336	100,444,069	55,801,498	54,985,623
STATEMENT OF COMPREHENSIVE INCOME					
Net operating income	62,082,795	59,573,289	53,793,929	57,694,834	45,448,369
Operating expenses	(19,273,085)	(19,019,709)	(18,207,323)	(16,353,998)	(13,020,376)
Profit before tax	42,809,710	40,553,580	35,586,606	41,340,836	32,427,993
Income tax expense	(659,544)	(3,222,544)	(4,856,348)	(9,043,529)	(6,893,525)
Profit for the year	42,150,166	37,331,036	30,730,258	32,297,307	25,534,468
Other comprehensive income for the year, net of tax	(819,530)	8,233,122	(2,775,016)	6,562,441	(3,898,226)
Total comprehensive income attributable to shareholders	41,330,636	45,564,158	27,955,242	38,859,748	21,636,242
Earnings per share	1,509	1,336	1,100	1,156	914k
Interim dividend per share (Kobo)	160	-	-	-	-
Final dividend per share (Kobo)	820	869	550	983	777
Number of ordinary shares of N1.00	2,793,777	2,793,777	2,793,777	2,793,777	2,793,777

2020 IN PICTURES



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