2018 ANNUAL REPORT
Citibank Nigeria Limited

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.

CEO Remarks

Akinsowon Dawodu
Chief Executive Officer

The Nigerian economy continued its slow recovery from the recession of 2015-16, buoyed by improved performance in the oil & non- oil sectors. The economy grew by 1.8% year on year and the banking sector continued to have to deal with the challenges of the environment. 2018 was an important year for the bank as we consolidated our business across various market segments after the uncertainties of the recessionary period.

The continued progress witnessed in the foreign exchange market helped to improve business conditions across the economy and to moderate inflationary pressures as well as other key economic variables. The government's consistent focus on financial inclusion, economic diversification and greater operational transparency plays very much to our strengths and we have worked, in various ways, to support these initiatives.

We also continued to adapt to a dynamic regulatory regime that required frequent adjustments and an ever greater focus on governance and compliance. We will keep rising to the challenges posed by the market and will always maintain our optimism about the economic future of Nigeria. As such, we have reaffirmed our commitment to continue investing in the country and to keep collaborating with others towards the further development of the market. Citibank Nigeria Limited remains committed to supporting economic progress and we will keep striving to ensure the continued success of our customers, partners and the wider community in which we operate.

In 2019, we expect further improvements in the economy, especially after the elections are concluded in February. We look forward with excitement to the opportunities ahead and are better placed than ever to grow while enabling growth and progress for our customers and partners.

Akinsowon Dawodu
Chief Executive Officer,
Citibank Nigeria Limited

Contents

Board of Directors


Olayemi Cardoso
Chairman


Mr. Akin Dawodu
Managing Director/
Chief Executive Officer


Dr. Shamsudeen Usman


Dr. Hilary Onyiuke


Dr. Daphne Dafinone


Mr Oyesoji Oyeleke SAN


Mr. Peter McCarthy


Mrs. Ireti Samuel-Ogbu


Mrs. Funmi Ogunlesi


Mr. Fatai Karim


Mrs. Nneka Enwereji


Mr. Oluwole Awotundun


Mrs. Olusola Fagbure
Company Secretary
and Legal Adviser

Management Committee

Mr. Akin Dawodu
Managing Director/
Chief Executive Officer

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

Mr. Fatai Karim
Executive Director and Head of Treasury and Trade Solutions (TTS) Client Operations Sub Saharan Africa (SSA)

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

Mr. Bayo Adeyemo
Country Treasurer and Head of Markets

Mr. Mudassir Amray
Head of Corporate and Investment Banking

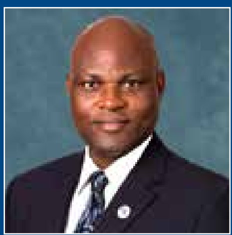
Mr. Segun Adaramola
Head Treasury and Trade Solutions (TTS)

Mrs. Aderonke Adetoro
Securities Services Head, Direct Custody and Clearing

Mrs. Sola Fagbure
Country Counsel and Company Secretary

Ms. Shola Phillips
Country Chief Compliance Officer

Mrs. Ngozi Omoke-Enyi
Senior Country Operations Officer



Mr. Gboyega Oloyede
Country Human Resources Officer

Mr. Sharaf Muhammed
Chief Finance Officer and Head of Strategy & Sustainability

Ms. Chidinma Ohajunwa
Country Head of Operational Risk Management

Mr. Bolaji Ajao
Head of Internal Audit

Mrs. Lola Oyeka
Country Public Affairs Officer Nigeria and Ghana

Annual General Meeting Notice

NOTICE IS HEREBY GIVEN THAT THE THIRTY FOURTH 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 APRIL 19 2018 AT 1.00 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, 2018 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 dividend.

3. To re-elect Directors.

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

SPECIAL BUSINESS:

To receive the Report on the Board performance review conducted by Ernst & Young.

BY ORDER OF THE BOARD

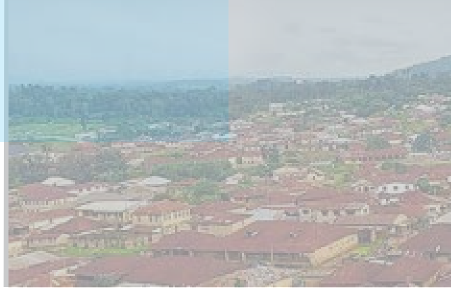
OLUSOLA FAGBURE
Company Secretary

Dated this 15th day of March 2019

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

NOTE

A member of the Company entitled to attend and vote at the above 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

Olayemi Cardoso
Chairman

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

I am pleased to welcome you to the 35th Annual General Meeting of Citibank Nigeria Limited and present to you its financial results and key achievements during the year 2018. Citibank Nigeria Limited continues to grow and make progress by creating sustained value for customers, employees, and shareholders of the bank.

Macroeconomic Overview

World Economy

The world economy slowed down in 2018 especially during the last quarter of the year. The International Monetary Fund (IMF) downgraded its forecast for world growth in November and growth rates were revised downwards in almost all G20 economies. Financial conditions tightened, especially in the emerging markets, due to an increase in trade tensions, a global stocks slump caused by concerns about rising interest rates and the U.S.-China trade war, high policy uncertainty and an erosion of business and consumer confidence. In 2018, world GDP closed at $81.8 billion which represented growth of 3.64% over 2017. Global inflation in 2018 stood at 3.1%.

The United States, the world's biggest economy, endured a shutdown for more than one month at the beginning of 2019. The shutdown had a negative impact on oil prices, economic data releases, Federal Reserve clarity, and airport security. Overall, the U.S. economy grew by about 2.4% in 2018 compared to a growth of 2.2% in 2017. Economic confidence and sentiment indicators in the United States were at near recent historical highs, reflecting strong jobs growth, major income and business tax cuts and buoyant economic activity. However there was growing evidence that U.S. firms were facing capacity constraints, which could restrain future growth despite the support of fiscal stimulus measures.

Business sentiment remained strong in some parts of Asia despite a moderate deterioration in economic activities. A vast majority of businesses reported rising input prices, mainly due to higher oil prices, as well as labour shortages and extremely high utilization of production equipment. Japan's GDP grew by 0.36% in 2018, down from 1.50% in 2017. Due to increasing external headwinds in the Asian region, there were indications of growth moderation in those economies. China's GDP growth eased to 6.5% in the 3rd quarter of 2018 weighed down by a slower expansion in industrial production and fixed asset investment.

In Europe, weakening economic conditions were experienced due to a number of factors including an increase in global trade tensions,

the uncertainty stemming from the anticipated exit of the United Kingdom from the European Union (EU) and controversy over the fiscal situation and policy stance of Italy. The Czech and Polish manufacturing sectors expanded at one of the lowest rates in recent years, and manufacturing output growth also slowed in Hungary and Slovakia. In 2018 the United Kingdom's GDP grew by 1.4%, Italy's grew by 0.4%, the Czech Republic's grew by 2.2%, Poland grew by 3.5% while Hungary and Slovakia grew by 2.4% and 3.4% respectively.

In Latin America, Argentina headed towards deep recession, whilst Brazil faced slower than expected recovery. Economic recovery in Latin America was stalled by weakening activity in some of the region's largest countries. In Brazil, industrial production grew by only 2 %. Several leading indicators declined and economic uncertainty remained high. In Chile and Peru, industrial production and business confidence waned. In Venezuela, once one of South America's richest nations, plunging oil prices led to hyperinflation and the collapse of the economy, as well as political instability.

Sub-Saharan African Economy

Nigeria and South Africa, the two largest economies in Sub-Saharan Africa experienced modest growth. There was a gradual increase in output in Nigeria following the 2016 recession, spurred by higher oil prices and modest non-oil sector growth.

The South African economy was technically in recession after two consecutive quarters of negative growth. It contracted by 2.6% in annualized seasonally adjusted terms in the first quarter of 2018 and further by 0.7% in the second quarter of the year. The country's currency depreciated by 25% against the USD fueling inflationary pressures. The country's growth rate in 2018 fell from 2.6% in 2017 to 1.4%.

Nigerian Economy

The Nigerian economy grew by 1.5% in the second quarter of 2018 and by 1.81% in the third quarter of 2018. Both manufacturing and services sectors expanded activities at an increased rate. There was also a notable decrease in the monthly inflation rate.

Nigeria's GDP grew by 2.38% in real terms (year-on-year). This represented an increase of 0.27% when compared to the fourth quarter of 2017 which recorded a growth rate of 2.11%.

In Q4 2018, nominal growth rate for Trade stood at 4.41%, representing an increase of 1.30% when compared to the same quarter of 2017, and 0.64% higher than Q3 2018. The quarter on quarter growth rate was 10.64%. In nominal terms, Other Services grew by 4.64% (year-on-year) in Q4 2018. This growth rate was higher than the 4.52% growth rate recorded in the same quarter of the previous year, and lower than the growth rate of 5.71 % of Q3 2018. Quarter on quarter, nominal growth was 52.25% and 4.36% for 2018.

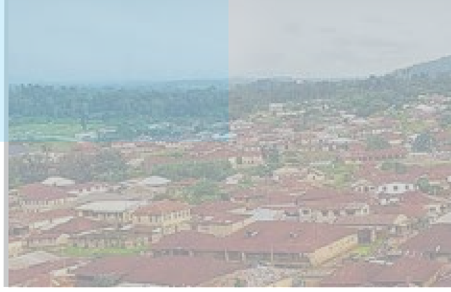
In the fourth quarter of 2018, nominal GDP growth for the manufacturing sector was recorded at 33.57%, which was 24.37% higher than the rate recorded in the corresponding period of 2017 (9.20%) but only 0.84% higher than the preceding quarter's (32.73%). In nominal terms, the Public Administration sector grew by 3.03% in Q4 2018, higher by 2.45% than the corresponding quarter of 2017 and 1.23% relative to Q3 2018. Quarter-on-quarter, the sector grew by 17.72%. For 2018, nominal GDP growth was 0.15%.

Nominal growth in the education sector in the fourth quarter of 2018 was 8.47% (year-on-year), up by 7.10% points compared to the corresponding quarter of 2017, and 2.27% points when compared to Q3 2018 growth rate of 6.20%. The sector grew by 5.55% in year 2018, from 5.92% in year 2017.

The agricultural sector grew by 18.58% year-on-year in nominal terms in Q4 2018, showing an increase of 8.45% points from the same quarter of 2017, and 0.26% points increase from Q3 2018. Crop production remained the major driver of the sector, accounting for 89.84% of nominal agriculture GDP. On an annual basis, agriculture GDP grew by 14.27%, higher than 11.29% recorded in 2017.

The non-oil sector grew by 2.70% in real terms during the fourth quarter of 2018. This was 1.25% points higher than the growth rate recorded in Q4 2017, and 0.38% points higher than the growth rate recorded in Q3 2018. On an annual basis, the non-oil sector recorded a growth rate of 2.00% in 2018, performing considerably better than 0.47% recorded in 2017.

The oil sector recorded a real GDP growth rate of -1.62% (year-on-year) in Q4 2018, indicating a decline of -12.81% points relative to the growth rate recorded in the corresponding quarter of 2017. However, when compared to Q3



2018, growth increased by 1.29% points. On an annual basis, real GDP growth for the oil sector stood at 1.14% as against 4.69% recorded in 2017.

The total value of capital importation into Nigeria stood at $5,513.55 million in the second quarter of 2018. This was a decrease of 12.53% compared to Q1 2018, but a 207.62% increase compared to the second quarter of 2017.

Financial Performance 2018

Against the background of a difficult economic environment, Citibank Nigeria Limited's gross earnings decreased by 5.4% to N63.2 billion (N66.8 billion in 2017). Net operating income after loan impairment charges was N53.8 billion, a decrease of 6.7% from N57.6 billion in 2017. Operating expenses increased by 11.3% to N18.2 billion (N16.4 billion in 2017). Profit before tax for the year was N35.6 billion, 13.9% less than the prior year's profit of N41.3 billion, while profit after tax decreased by 4.85% to N30.7 billion compared to N32.3 billion in 2017.

The Bank's proactive risk management strategy enabled the Bank to minimize credit impairments during a difficult economic year. Although the Bank did not record any new bad loans during the year, additional impairments were necessitated due to the introduction of IFRS 9. Total assets on the Bank's balance sheet at the end of 2018 stood at N728 billion compared to N596 billion in the prior year. Return on Assets and Return on Equity decreased in 2018 to 4.6% (2017: 5.4%) and 34.5% (2017:39.7%) respectively.

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 of 30.3% as at December 31, 2018, which was significantly above the minimum regulatory requirement of 10.0%. The Bank's Liquidity ratio of 139.3% at the end of 2018 was also well above the CBN's minimum requirement of 30.0%.

The 2018 financial results reflect the continued dedication and efforts of all employees and stakeholders of the Bank despite the challenging economic environment. These are commendable results in the prevailing circumstances as Citibank Nigeria Limited has shown consistency across major business segments. The Board and Management are optimistic that the Bank's performance will 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 is 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:

- **Financial Times Nigeria Summit**
  Citi was one of the key sponsors of the inaugural Financial Times (FT) Nigeria Summit. His Excellency the Vice President of the Federal Republic of Nigeria who attended the Africa summit was instrumental in getting the FT to organize the Nigeria version. Akin Dawodu the MD/CEO of Citi Nigeria was a panelist on the Finance Panel: "Navigating the uncertainties towards long-term stability". Miguel Azevedo Citi's Head of Investment Banking Middle East and Africa was a keynote speaker and spoke on "The Investor Perspective: Adapting to Nigeria's investment climate - How are investors addressing the regulatory and law enforcement risks".

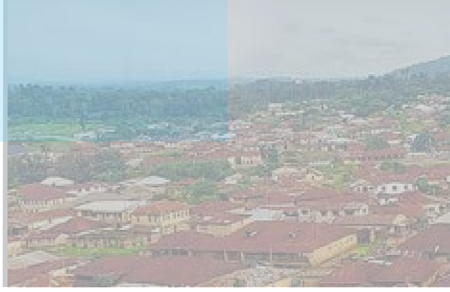
- **The Africa CEO Forum**
  The Africa CEO Forum took place in Abidjan and had over 1,200 participants attending from across the continent. Citi was an industry sponsor and Akin Dawodu the MD/CEO of Citi Nigeria was a speaker on the "The New Nigerian Economy" panel which debated the nation's diversification strategy in the areas of finance, technology, agriculture and entertainment.

- **CFA Society Corporate Governance & Financial Reporting Quality conference**
  A Corporate Governance & Financial Reporting Quality conference was sponsored by Citi and hosted by CFA Society Nigeria and the Institute of Directors Centre for Corporate Governance in Lagos. Akin Dawodu, MD/CEO of Citi Nigeria joined other key speakers on a panel that focused on the importance of building trust in a sustainable financial industry.

- **Ogun State Government & FTAISA Skills and Entrepreneurship Development Program for Youths**
  The Foreign Trade & Investment Services Africa (FTAISA), in partnership with the Ogun State Government developed the Ogun State Government & FTAISA Skills and Entrepreneurship Development Program for Youths in the State. Citi's partnership as a local banking partner helped train youths within the state who will be graduating through the City & Guilds of London Institute exams.

- **FMDQ OTC Securities Exchange "GOLD" Awards**
  Citi was one of the sponsors of the maiden edition of the FMDQ OTC "GOLD" Awards. The "GOLD" Awards, a first in the Nigeria Financial Markets, provided a platform to acknowledge and formally recognize the contributions of participants within the FMDQ markets, whose activities have positively and directly impacted the development of the markets thereby making them "Globally Competitive Operationally Excellent, Liquid and Diverse" (GOLD)

- **Citi Journalistic Excellence Award (CJEA)**
  Citi Journalistic Excellence Award (CJEA) is a global Citi competition that recognizes journalists for excellence in financial and business reporting in the markets in which Citi does business around the world. The CJEA is sponsored and co-hosted by Citi and Columbia's Graduate School of Journalism, with nominees getting selected by an independent panel of judges. Isaac Anyaogu of BusinessDay was the winner of the 2018 edition. Anyaogu's winning article "A harvest of sunshine" focused on how a small group of entrepreneurs developed innovative renewable energy solutions that significantly improved post-harvest processing. Anyaogu as part of BusinessDay's investigative report series visited Ba'awa and Kadabo farming communities in Makarfi Local government area of Kaduna State.



Awards and Recognitions

Citi's continued focus as trusted banking partner to its target market paid off as was evident in the numerous awards received. Some of the notable awards received in 2017 included:

- Global Finance Magazine Awards 2017 Best Corporate/Institutional Digital Bank in Nigeria.
- Euromoney Best Cash Management Bank for Nigeria - for over 10 years in a row.
- Lifetime Achievement Award – African Banker Awards (2017)
- Global Euromoney Awards for Excellence 2017 - Best Digital Bank, Best Bank for Financial Inclusion, Best Bank for Markets, Best Bank for Transaction Services (2016 & 2017)

Corporate Citizenship

We continue to applaud the efforts of our non-profit partners such as Junior Achievement, Technoserve, LEAP Africa, United States African Development Foundation who, alongside Citi, continue to promote economic progress and improve the lives of people in low-income communities around Nigeria. Our combined efforts have seen an increase in financial inclusion, job opportunities for the youth and innovative approaches to building an economically vibrant nation.

Citi also celebrated its 12th annual Global Community Day as more than 1,600 Citi volunteers in Aba, Abuja, Kano, Lagos, Port-Harcourt and Warri lead sporting activities, financial literacy and entrepreneurship workshops, and donated supplies in their local communities. Various community partners joined the volunteer efforts. For the second year in a row IHS Nigeria, a Citi client, Bloomberg Media Initiative Africa (BMIA) alumni and Junior Achievement Nigeria (JAN) joined the Lagos events.

Citibank Nigeria Limited hosted its Community Partner (Cheque) Presentation in Lagos to honour the 18 Community Partners in Lagos. Attendees at the Lagos event included SOS Children's Village, Down Syndrome Association of Nigeria Atunda Olu School (For Physically Handicapped Children), Bethesda Child Support Agency, The Book Trust Wesley School 1 and 2 for the deaf, Pacelli School for the blind, Care Organization Public Enlightenment (COPE), Sickle Cell Foundation, Heart of Gold Children's Hospice, Nigerian Red Cross Society and the Office of the United Nations High Commissioner for Refugees (UNHCR).

A new partnership was launched between the Citi Foundation and the International Rescue Committee (IRC) that will provide young people displaced within their own countries and vulnerable youth from the communities hosting them with support to help them generate a reliable income and contribute to

their local economy. Throughout the two-year project, Rescuing Futures, young people in Yola, Nigeria, will be supported to start their own businesses.

Board of Directors

In 2017, the Board of Directors continued to ensure that high standards of corporate governance were maintained in the Bank.

There were two resignations from the Board in 2017. Mr. Philip Cullingworth resigned from the Board in February 2017 and Mr. Chinedu Ikwudinma resigned from the Board with effect from September 6, 2017. We are grateful for their service to Citibank Nigeria Limited and wish them both well.

There were four appointments to the Board in 2017. In April 2017, Dr. Shamsuddeen Usman was appointed to the Board as an independent director. Dr. Usman brings a wealth of experience from both the public and private sector. Mr. Olusoji Oyeleke S.A.N., a distinguished legal practitioner and accomplished business man was also appointed to the Board in April 2017. Dr. Usman and Mr. Oyeleke replaced Chief Arthur Mbanefo and Mr. Michael Murray-Bruce (both of whom resigned from the Board in 2016) respectively.

In October 2017, Ms. Diane Evans, Citigroup Risk Head for Sub-Saharan Africa was appointed to the Board to replace Mr. Philip Cullingworth. In December 2017 Mr. Oluwole Awotundun, Country Risk Manager for the Bank, was appointed an Executive Director to replace Mr. Chinedu Ikwudinma.

In the area of gender balancing, the Board has made giant strides over the years by increasing the number of women on the Board, in line with Citi's commitment to diversity and women's empowerment. There are currently five women on the board.

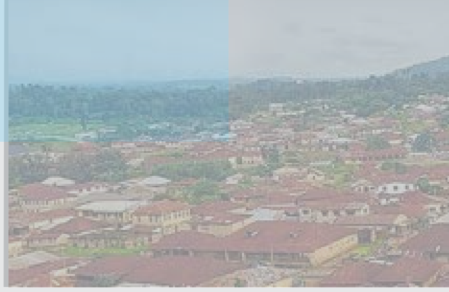
Conclusion

Please permit me to extend, on your behalf, our heartfelt appreciation to the management and staff for their continued commitment to Citibank Nigeria Limited and for another year of growth.

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

In conclusion, 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. As we look to the future, I say congratulations to all of you on another excellent year.

Olayemi Cardoso
Chairman



Sustainability Report 2018

At Citi, we take action to effect positive and meaningful change in our communities through our core business and the Citi Foundation, which often work in tandem to increase our overall impacts. From our focus on infrastructure to affordable housing, jobs and financial inclusion, sustainability to climate risk disclosure, we are helping to build more inclusive and resilient communities

We continually look for ways to more effectively achieve our mission of enabling growth and progress by serving as collaborative problem solvers in addressing environmental and social challenges that impact our work today and extend into the future. In alignment with the United Nations Sustainable Development Goals (SDGs), we believe this approach to corporate citizenship is fundamental to the long-term success of the communities where we operate, our clients and our own company.

At Citi, we recognize the critical role our bank can play in financing a low-carbon economy, which includes championing sustainable finance activities.

Climate change is one of the most critical issues facing society today. As detailed in the latest Intergovernmental Panel on Climate Change (IPCC) Special Report, Global Warming of 1.5°C, climate change is already affecting many industries and regions globally, and the related impacts are only expected to increase.

Sustainability – including efforts to address climate risks – is a factor in how we do business to support growth and enable progress. Combating climate change is one of the main themes of our five-year Sustainable Progress Strategy that sets out business drivers for sustainability. Under Citi's Sustainable Progress Strategy, our sustainability activities are organized under three primary pillars, each of which relates directly to our efforts on climate change:

- Environmental Finance
- Environmental and Social Risk Management
- Operations and Supply Chain

Our work across these pillars is interrelated, and we look for innovations and best practices that can drive cross-functional progress.

Stakeholder engagement and reporting have long been central to our sustainability efforts, and we will continue to emphasize transparency and open engagement with clients, investors, suppliers, employees and stakeholders as the foundation of our sustainability strategy, including as that strategy relates to climate change.

Citi's participation in the United Nation Environment Finance Initiative (UNEP FI) pilot, and this resulting report, are 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. While the efforts described in this report represent only an initial sensitivity analysis – which was useful as much for the gaps it identified as for the resulting outputs – we have prepared this report as a part of Citi's commitment to ongoing transparency in the evaluation of sustainability issues, including climate risks and opportunities.

Sustainable Progress Strategy

Citi's mission is to enable progress. Guiding us in this mission are our core values of Common Purpose, Responsible Finance, Leadership and Ingenuity. To help fulfill this mission and under the guidance of these values, Citi seeks to advance environmental and social progress and conduct business in a way that creates value for our company and for future generations.

Citi's mission is to enable progress, and we seek to advance environmental and social progress and conduct business in a way that creates value for our company and for future generations. We are working to achieve sustainable progress through continued industry leadership and engagement, by partnering with our clients, and by leveraging our global talent. We look for solutions that are client-centered, scalable, and have the potential for global impact. Citi's five-year Sustainable Progress Strategy sets out its business drivers for sustainability and the priority thematic areas of Climate Change, Sustainable Cities and People and Communities.

Our sustainability activities are organized under three primary pillars: Environmental Finance; Environmental and Social Risk Management; and Operations and Supply Chain. Our work across these pillars is interrelated, and we look for innovations and best practices that can drive cross-functional progress. Stakeholder engagement and reporting have long been central to our sustainability efforts, and we will continue to emphasize transparency and open engagement with clients, suppliers, employees and stakeholders as the foundation of our sustainability strategy.

Strategic Priorities

In alignment with Citi's corporate strategy and business context, our sustainability strategy focuses on three thematic priorities:

Combating Climate Change
Climate change and related pressures on natural resources, biodiversity and water present risks to our clients, communities and operations. At the same time, responding to climate change presents transformational opportunities. With expertise in energy and power and a decade of experience working on climate change issues across various industry sectors, Citi is well positioned to support its clients in managing the risks and opportunities from climate change.

Championing Sustainable Cities
Cities are centers of innovation and are rapidly becoming a major focus for sustainable development. Citi is present in the world's top cities, which enables us to leverage our people and relationships locally to support the promise as well as address the challenges of urbanization and growth. Sustainability and resilience are key priorities for cities, given the challenges of climate change, the desire to provide a high quality of life for residents and the focus on building resilient infrastructure.

Engaging People and Communities
Social progress is an essential building block for environmental progress, and our sustainability strategy is focused on both people and the environment. We strive to conduct our business in a manner that supports universal human rights and is environmentally and socially responsible, and we consider the risks and benefits to impacted communities in both urban and rural areas. A core element of our strategy involves leveraging the skills of our own people to execute on our commitments.

Environmental Finance

$100 Billion Environmental Finance Goal: Citi will lend, invest and facilitate $100 billion over 10 years (2014-2023) towards activities that reduce the impacts of climate change and create environmental solutions that benefit people and communities.

Citi is working on environmentally positive business opportunities in partnership with our clients, which are developing solutions to some of our most pressing global challenges such as climate change. We work with clients to assess their vulnerability to climate change, reduce their carbon footprint, implement adaptation measures and finance low-carbon initiatives in the energy sector and others.

Achieving this $100 Billion Environmental Finance Goal will depend on client demand and market conditions and on our ability to influence change in the market.

We will measure progress through rigorous accounting of direct balance sheet financing and investing and environmentally positive activities that our financing and advisory services help to catalyze and leverage. We commit to disclose our overall measurement methodology, and we will report on our progress on an annual basis

Environmental and Social Risk Management

Citi's Environmental and Social Risk Management (ESRM) Policy covers all business units of the firm, with the objective of ensuring that all Citi businesses effectively assess and manage environmental and social risk associated with our client transactions.

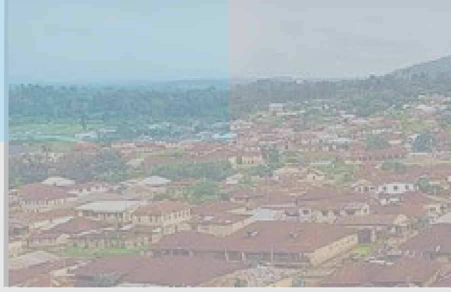
Citi has been a long time leader in the transformation of the financial sector's approach to ESRM, starting in 2003 as one of the original four co-founders of the Equator Principles (EPs) for project and infrastructure finance. Our comprehensive ESRM Policy, a robust policy framework and internal process to review a broad range of transactions we finance, helps our bankers advise clients, and promote responsible ways of doing business. The ESRM Policy in 2014 became a company-wide standard, covering our Institutional Clients Group (ICG) as well as mid-sized commercial clients within our Global Consumer Banking business. A summary of the key elements of the ESRM Policy is included in our Environmental and Social Policy Framework.

Citi's Sustainable Progress strategy builds on these long-standing Environmental and Social Risk Management (ESRM) policies and over a decade of implementation and market leadership. Under this strategy, we commit to

Continuous Policy Improvement: Continually innovate and evolve our ESRM policies and standards in response to emerging risks and new product development.

Portfolio-level Analysis of Environmental and Social Risks: Conduct Environmental and Social Portfolio Reviews of sectors that are of high importance to our businesses but that also may carry higher risk from an environmental and social perspective.

Systematic Monitoring of Emerging Risks: Conduct periodic Environmental and Social Risk Radar Reviews (ESR3) to identify new and emerging risks and trends.



Building Global Capacity: Develop collaborations with clients, peers and regulators to build ESRM capacity externally.

Operations & Supply Chain

Citi owns or leases more than 55 million square feet of real estate in nearly 100 countries and jurisdictions, consisting of over 7,700 properties. Our environmental footprint and supply chain goals, updated as part of our Sustainable Progress Strategy, focus on minimizing direct impacts, reducing costs and reflecting global best practices. By reducing our own environmental impact, we build credibility and trust with our clients, employees, and the communities where we live and work.

Citi's work to reduce our direct environmental footprint, promote green building at scale, and drive environmental and social progress in our supply chain is fundamental to our sustainability performance. This work can also serve as a learning laboratory to stimulate product development and new partnership opportunities with clients and NGOs. We look for opportunities to leverage our operational and supply chain expertise in ways that bring value to our client engagements, and we are linking our operations and banking units to co-develop financing solutions.

Engagement and Transparency

Engagement and transparency are the foundation of our Sustainable Progress Strategy. We engage with our stakeholders and employees to achieve sustainable progress, and we report publicly on the results of our strategy and goals.

Stakeholder engagement: Citi engages with stakeholders to understand emerging trends, risks and opportunities for Citi and the communities in which it operates.

Employee engagement: We are continuing to build our employee engagement program to leverage our global talent in ways that benefit our sustainability initiatives and the communities where we live and work.

Transparency and communications: We will apply best practices in reporting on our strategy and performance, monitoring emerging developments in disclosure and consistently marrying transparency with materiality.

Environmental and Social Policies and Standards

Responsible business practices are not only the backbone of our company's success, but imperative to protecting the broader financial system and the communities in which we live and work. It starts with a culture of ethics and integrity delivered by a diverse, skilled workforce committed to serving our clients. Whether we are protecting our customers' privacy, respecting human rights, engaging with our suppliers or assessing and addressing the environmental and social risks of the projects we finance, our goal is always to earn our customers' trust through responsible, ethical practices.

Citi adheres to internationally recognized environmental and social principles and practices, as well as our own set of sustainability policies, statements and commitments. This approach provides balance in the way we manage the environmental and social impacts of our business. Citi's Environmental and Social Policy Framework describes Citi's key internal environmental and social policies, programs and initiatives globally and guides our daily business decisions.

Human Rights

With our global reach, we have the ability to influence decisions related to human rights issues across sectors and around the world. For that reason, our work to respect human rights touches all aspects of our company. We have specific policies and codes of conduct in place, including our Statement on Human Rights, that protect our employees, provide guidance to our suppliers and inform our business decisions, including what we choose to finance. We conduct risk analysis, due diligence and stakeholder engagement activities to ensure human rights considerations are taken into account across our business. Human rights are a key component of our Environmental and Social Risk Management activities and an important consideration in our financing decisions.

Environmental and Social Risk Management (ESRM) Policy

Citi's ESRM Policy serves as a model of non-traditional risk management, requiring a rigorous review of certain financial transactions where the use of proceeds is known. Each ESRM covered transaction receives the appropriate ESRM risk category, based on the IFC's environmental and social risk categorization criteria. Category A and B transactions require review and advice by the ESRM unit, and transactions with the highest potential reputational risk require additional elevated review by senior credit officers and Global Public Affairs.

Citi's ESRM Policy incorporates our commitments under the Equator Principles for project-related lending. This chart provides an illustrative summary of steps taken in a typical Citi project-related

finance transaction. The ESRM Policy covers all sectors with potential environmental and social impacts, and includes specific Sector Standards on forestry, palm oil, shale oil and gas, oil sands, coal mining and nuclear power. For transactions in emerging markets, projects are assessed against the issue-based IFC Performance Standards and the 63 sector-specific IFC EHS Guidelines.

$100 Billion Environmental Finance Goal

We feel strongly that Citi can, and must, make a positive impact by using our banking products and services to finance a more sustainable economy. The first pillar of our Sustainable Progress Strategy is Environmental Finance, which focuses on Citi's client offerings that help combat climate change and provide other environmental benefits. We track this activity throughout the company as part of our flagship $100 Billion Environmental Finance Goal.

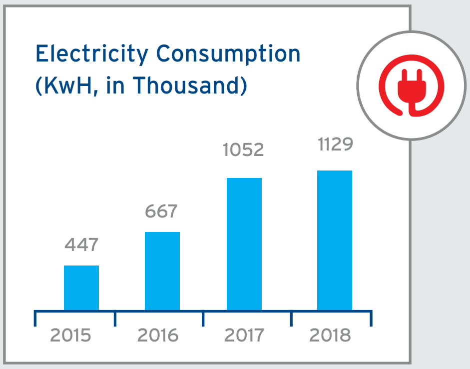
Our $100 Billion Environmental Finance Goal is a commitment to finance and facilitate $100 billion over 10 years (2014-2023) toward environmental solutions and activities that reduce the impacts of climate change around the world.

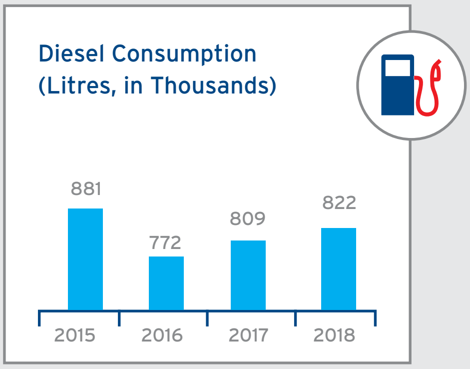
The goal is the flagship initiative of Citi's Sustainable Progress Strategy and directly aligns with Citi's mission to provide financial services that enable growth and economic progress. All of the business that counts toward the goal is driven by market demand and generates positive risk-adjusted financial returns for Citi, for our clients and for society as a whole.

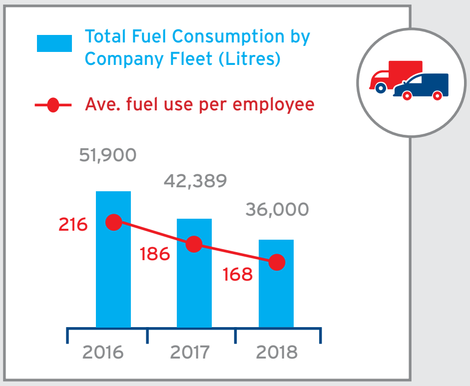
Since 2001, Citi has been working to measure, manage and reduce the direct environmental impacts of our operations. We have provided physical access to the physically challenged members of the society in our head office and most of our branches. We continue to manage our direct environmental footprint by measuring our operational environmental footprint – electricity use, fuel consumption, water use and waste. To reduce carbon emissions, we encourage the use of video and audio conference meetings rather than face-to-face meetings that require travels and burning of emissions.

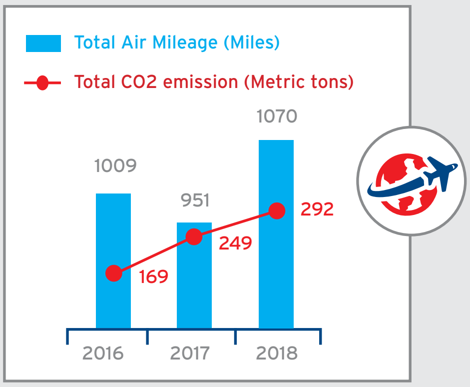
Citi is committed to sharing best practices and improving the financial literacy base of financially excluded individuals. Citi Nigeria extended a loan of NGN500 million to Accion Microfinance Bank (Accion MFB) in Nigeria to drive and promote the development of the microfinance sector in Nigeria. The 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.







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Business Report

Treasury and Trade Solutions

Segun Adaramola
Head Treasury and Trade Solutions (TTS)

The Treasury and Trade Solutions (TTS) business continues to leverage Citi's global network, product capabilities and industry platforms to remain at the forefront in providing leading collections, payments and trade solutions for our client segments.

There has been strong partnership with our clients who have been reviewing their treasury processes with the ultimate objective of continuous improvement to keep their operations and activities profitable. Key themes include standardization of processes, simplification of value chain, counter-party risk management, cyber security and ease of reaching final consumers amongst others.

In 2018, there was an increase in the number of inquiries from foreign companies, (especially in the technology sector) who are willing to deepen their operations in Nigeria. We had high level of engagement with these companies to help them navigate the challenging operating environment within the regulatory and non-regulatory space in Nigeria.

As Treasurers continue to share their priorities, we proactively showcase thought leadership via marketing events, webinars and literatures that clients found very useful in navigating the challenging and changing business terrain in the country.

Innovation remains a key element of our strategy as we sustain the focus to deliver exceptional solutions via leveraging global relationship to partner with clients to provide best-in class solutions always.

The award of Best Domestic Cash Management Bank to Citibank Nigeria for the past 10 consecutive years by Euromoney re-inforces our passion to deliver value to our client. We are committed to and will continue to harness our product capability, technology platforms and relationships to be the best for our clients.

Cash Management

The Payments System in Nigeria continued to lend itself to changes driven by the opportunities arising from the policy drive for expanded financial inclusion, enhanced risk management and innovation to grow efficiency, cost reduction and improved consumer protection across all channels. We are focused on leveraging these changes to ensure the experience of our clients when transacting on our platforms is on upward trajectory. In the global space, the push for an open and collaborative payment environment is growing in intensity, while value added services in the area of transparency and visibility in payment flows and improved quality of payment information are becoming the defining parameters for the value proposition for payment participants. Noteworthy is that our domestic payment environment has also aligned with the global trends.

Citi's Liquidity Management Solutions remain an area of significant differentiation where we continue to explore enhancements leveraging direct debit ACH infrastructure for better Straight Through Processing (STP). We are one of the front running banks for the roll out of the SWIFT Global Payment Initiative (GPi), a ground breaking initiative for enhancing the quality of information and audit trail for cross border payments supported by our global proprietary platforms. Our domestic payment channels have also been enhanced to align with these developments.

Citi's broad proposition across all our payment products set remains channel innovation for clients to perform their liquidity and balance sheet activities in an efficient manner. Citi is well positioned to partner with Treasurers to maximize the power of their balance sheets for improved profitability. Request-To-Pay (RTP) is an exciting new method of collection globally and Citi is at the fore-front of embracing this new revolutionary solution both locally and internationally. Commercializing tailored market defining infrastructure and solutions continues to remain an important aspect of our cash management strategy. We will continue to identify opportunities for innovation around our existing product offerings for both single and bulk processing options to enable Treasurers operate in a nimbler and flexible manner to meet the exigencies of their business requirements.

Trade Products

The Nigeria Trade environment witnessed improvement and growth in transaction volumes during the year. This was as a result of combination of several factors including rising crude oil price, relatively stable exchange rate as well as our excellent service delivery and client engagement.

Citi differentiated itself within the International Trade space by creating bespoke trade structures, and digitization thereby enabling our customers to initiate their transactions from their office using CitiDirect for Trade. CitiDirect for Trade has been integrated with the Single Window platform for Form M registration, so making it easy for our customers to interact with the bank for trade transactions.. We are well positioned to partner with the industry to digitize trade transaction processing end to end and maximize the benefits of "ease of doing business" initiative and improve operational efficiency.

Recent challenges with the congestion at the Ports and the Apapa axis impacted working capital cycle of our clients. We are working closely with them to support their Trade business and minimize the impact of these challenges.

Citi has continued in its drive to provide attractive sources of financing for expansion and CAPEX projects. Citi arranges term financing using credit enhanced structures linked to equipment sales and services from relevant Official Agency countries. In other instances, Citi also arranges direct financing from various Multilateral and Bilateral Institutions.

In 2019, with expected stability in exchange rates, we shall consolidate our growth strategy by deepening our share of wallet of our clients and elevate our engagement with them and regulators in the digitization of Trade processes

Sales And Marketing

Nigeria has witnessed a stable economy in 2018, with our foreign reserves peaking at $48bn earlier in the year as evidence of improved investor confidence. This stability has provided an enabling environment for businesses to thrive and transform the way they operate.

As a Product Sales Team, we stay close to clients, competition as well as payment service providers to feed our innovation activities as a product organization. This year, we have worked to provide bespoke solutions to clients that are keen to provide multiple payment channels to their customers.

The relative availability of foreign exchange and stability in exchange rate has shifted our conversation with customers from foreign exchange to renewed focus on injecting and improving efficiency into their operations.

In 2018, Citi actively engaged with clients and organized a number of events to share information and provide enlightenment, advisory and thought leadership. Events held this year for our clients include the West Africa Global Trade Review conference, a webinar on the currency swap bilateral agreement between Nigeria and China, a webinar for technology companies on what they need to know about doing business in Nigeria, a Tax event during which our clients had the opportunity to liaise directly with representatives of the various Tax authorities, a Commercial Cards event for Program Administrators and a customer appreciation week event during which we provided updates on banking products and solutions.

Our core goal remains to stay close to our clients and ensure we remain their trusted advisor and partner of choice for transaction banking activities.

Implementation

Citi's Implementations team was able to manage the delivery of Cash, Commercial Cards and Trade products to clients via leveraging client friendly implementation models. We were able to maintain a consistent and effective onboarding experience for clients, which resulted in faster solutions delivery of mandates received.

Rationalization of processes and documentation ensured quicker and faster conversion of mandates to Money and Values for our clients. The year witnessed increased client's mandates implementation for Account openings, commercial cards and systems integration to support client's centralization and center of excellence projects.

In 2019, we will continue to position ourselves ahead of the competition by developing and delivering solutions which are simple, digital, global and utilise agile implementation tools and techniques, thereby enabling our customers optimize their operating performance.

Corporate and Investment Banking

Mudassir Amray
Head of Corporate and Investment Banking

Banking Capital Markets and Advisory Group's key business objective remains to be the strategic advisor of choice to our clients, by providing differentiated industry advice and expertise, with a broad range of products within this business including; Corporate Banking, Investment Banking (Debt, Equity & M&A), Transaction Services (Cash Management, Trade Products and Custody Services), Treasury services (Fixed Income, currencies and commodities) and other structured solutions within Citi Nigeria.

Citi continues to face strong competitive pressure with the presence of local, regional and global banks on select transactions. Within this backdrop, Citi's BCMA team has remained focused and consistent and continues to differentiate itself by delivering best in class product solutions and services to meet the unique needs of each client.

Citi remains committed to supporting its clients in successfully navigating the markets and continues to provide guidance on necessary risk management solutions, accessing local and financial capital markets, optimal capital deployment, business recovery and other client-focused solutions within a volatile macroeconomic environment. Citi remains confident in the country's long term economic prospects as well as that of Citi's rapidly growing client base.

The recovery in oil prices above the US$50 level provided a boost to Nigeria's macroeconomic stability, strengthening oil export earnings and improving FX availability and Nigeria's external position. In the first half of 2018, the current account surplus surpassed 4% of GDP, driven largely by higher oil exports, while non-oil revenue collections have come in lower than envisaged. The Government, through its Economic Growth and Recovery Plan (ERGP) aims to make the expansion of the taxable base a priority, by capturing a major proportion of the informal sector.

Financial risks continue to be a major concern for the Central bank of Nigeria despite relatively low debt levels, the debt service costs continue to cause fiscal constraints. The CBN in its November 2018 MPC meeting voted unanimously to keep the MPC rate at 14% stating that though a loosening of the rate would encourage flow of credit to the real sector and spur investment in business which is in line with the CBN's support for economic recovery, it however, believes that doing so would erase the gains of price and exchange rate stability achieved so far given the impact that a reduction would have on liquidity in the system.

In light of this, the MPC in the same meeting decided to also retain the asymmetric corridor of +200/-500 basis points around the MPR, retain the Cash Reserve Requirement (CRR) at 22.5% and retain the liquidity ratio at 30%. These rates have been held nearly 2 years with the MPC statement arguing that with single-digit inflation and higher FX reserve levels, the risks associated with policy easing in an environment of uncertain capital inflows and a volatile oil market could be better managed to deliver macro stability. Thus, a hold position is an expression of confidence in the policy regime.

Gross external reserves stood at $41.4bn by November 2018 though Foreign exchange reserves have declined in the past few weeks as government seeks to support the local currency, the reserves remain above the mid $40bn levels representing a significant improvement over the 5-year lows reached during the oil crisis 18 months earlier. This increase is attributed primarily to rising crude revenue due to a recovery in global oil prices, increased portfolio inflows, and the success of Nigeria's Eurobond offerings the most recent being the $2.8bn triple tranche raised in November 2018 (Nigeria has raised US$9.9bn over the past 24 months. Citi has been a bookrunner for all 5 Eurobond transactions).

On November 7 2017, Nigerian President Muhammadu Buhari presented a record budget to lawmakers to boost the nation's spending by 18% in 2018 in a bid to further stimulate growth in an economy that had just reversed a full-year contraction for the first time in over two decades. The 2018 Budget finally received Senate approval in May, and was signed off by President Buhari in June.

The 2018 Budget demonstrates the Government's strong commitment to investment in infrastructure development with N2.37 trillion (US$7.8 billion) to be invested in critical infrastructure projects including projects in Transportation, Power Sector Agriculture and Healthcare.

Whilst the business environment will to some extent be impacted by the upcoming presidential elections, we do not expect major disruptions to our clients' day to day business operations although a slowdown in capital intensive projects can be anticipated, as the business community defers key investments decisions pending the results of the election and takes time to evaluate the likely effects of any new policy directions on the business environment. Given that there are usually net capital outflows in the run up to the elections, we expect that there would be increased pressure on the Naira as well as decreasing asset prices which global corporates may look to take advantage of. We remain well placed to guide our clients' on the optimum strategy to pursue for their businesses.

Global economic activity is projected to be relatively muted in 2019, with growth in Advanced Economies projected at 2.2% in 2019 while we expect Emerging Market growth will continue to remain robust at 4.6% in 2019. China is expected to grow at 6.4% in 2019 and will moderate very slowly down towards a 5.5% rate by the early 2020s.

In In the first half of the year the Nigerian economy grew marginally with GDP expanding by only 1.7%. Analysts expectation is a slightly stronger performance during H2 as Oil output has rebounded from the temporary slump in Q2 and survey figures continue to reflect an underlying recovery in non-oil activity with the economy projected to grow by 1.8% in 2018 and 2.8% in 2019 as business picks up and foreign capital inflows increase after the elections.

Our position as the trusted advisor of choice for leading corporates in Nigeria and global organizations' with interest in the Nigeria economy enabled us to facilitate some landmark capital market transactions while winning key advisory mandates and participating in select corporate syndicated and bi-lateral facilities. Active sectors in 2018 include Telecommunications, Petrochemicals, the Sovereign and Financial Institutions'. We continue to leverage our network, expertise and reputation to provide best in class solutions to our discerning clients while continuing to seek new relationships and to forge new partnerships within Nigeria's dynamic business environment.

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Global Subsidiaries Group

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

In 2018, Citibank Nigeria's Global Subsidiaries Group (GSG) continued to make successful strides in reinforcing its position as the leading banking partner to multinational companies in Nigeria. Working within Citi's strategic framework, GSG delivered client-led solutions by effectively leveraging the bank's global expertise and local knowledge to help the clients meet their business and regulatory compliance goals, in the face of changing and complex economic landscape.

Citi remained focused on consolidating its position as a trusted partner to clients. With intensified, multi-level client engagement and delivery of superior market insights, the team was able to deepen Citi's share of mind and wallet from its esteemed clients. By integrating Citi's robust technology platforms to some clients' Enterprise Resource Planning systems, the clients' treasury productivity was enhanced as well as overall service experience. It is noteworthy that the independent Voice of Client survey conducted in October 2018 revealed that the GSG's clients were 95% very satisfied and satisfied, validating Citi's superior engagement and delivery. Citibank Nigeria was also for the fourth time in five years, voted as the Most Customer Focused Bank in the wholesale banking category, in the annual KPMG 2018 Banking Industry Customer Satisfaction survey. This further endorses the client coverage and service approach.

During 2018, Citi signed on several client relationships within the GSG target market, with particular momentum from the technology and Chinese construction sectors. ICT and construction play a major role in driving Nigeria's performance in the "non-oil sector" and emerged as key performers in Q2 2018 GDP report recording 11.81% and 7.9% growth respectively. Fuelled by the massive growth in internet users and bank payments solutions over the last five years, we continue to see an influx of Fintech and global technology disruptive companies to the country. With the increasing bilateral ties between the Chinese and Nigerian governments, and the China 'Belt and Road' initiative driving Chinese investments, Citi recruited a Chinese Banker in Q3, 2018 to grow the bank's influence in this segment and drive its business strategy.

The Central Bank of Nigeria's (CBN) continued strong sale of foreign exchange at its various windows, coupled with investor inflows at the Investors and Exporters (I&E) window has greatly stabilised FX availability and calmed market operators. The availability of the naira settled OTC futures/non-deliverable forwards also remained a stabilising factor and the bank effectively leveraged it to help clients hedge their foreign currency exposure concerns, further stimulating more investment flows. Citibank remains a primary bank for receiving clients' equity and loan capital inflows, being a leading bank to multinational companies, and these inflows provide a rich source of foreign currency liquidity to the bank's customers and the interbank market. A softening of investor flow towards year-end, ahead of the country's elections, led to some pick-up in exchange rates but we successfully reassured clients that this was temporary and not a precursor to an FX liquidity crises, well backed by healthy FX reserves and reasonable oil price dynamics.

Citi's clients like most market operators were focused on cost saving measures in the escalating cost environment. The significant Currency devaluation of the past few years, double digit inflation, high naira interest costs and other rising business costs like port charges, took a toll on clients' operating performance. Citi continued to partner with its clients to provide bespoke solutions which help alleviate their costs. Working capital optimisation remained a big theme for clients and Citi deployed its unique liquidity management solutions and its robust Supplier Finance programs to lower clients' working capital requirements and financing costs. Citi executed several landmark deals, including a ground breaking financing transaction, with a suitable risk mitigation mechanism.

During the year, a number of Clients who had proliferated bank accounts during the FX crises to enhance access to FX, rationalised their banking line up back to core relationship banks. Citi was a major beneficiary of such moves, having proven to be a reliable and influential banking partner, and this led to increased business volumes. The 2018 results were driven by our strong bench of dedicated, highly experienced client facing team, well supported by talented and valuable partners across the firm,

2019 Outlook

We continue to see strong interest by many global clients to enter the Nigerian market, attracted by the large consumer population, compelling demographics and perceived business opportunities. However actual investment flows continue to be subdued by macro uncertainties and market risks. This is also the case for existing players who delay the execution of key business expansion plans, while mostly limiting investment activities to recapitalisation flows and other steps to stay competitive and relevant in the market.

Multinational companies are faced with various moving parts and significant events on the world stage, notably Brexit, US Tax laws, US monetary policy, US-China Trade disputes, anxieties over possible global Trade wars and crude oil demand and supply dynamics. These are driving business model changes and the direction of capital. On the local scene, Nigeria's upcoming elections is a major event, with some possibility of changes in the policy environment and market reforms.

Citi's strong market understanding, vigilance around key local and global macro indicators, proactive regulatory engagement, market oriented banking solutions and compelling product offering, would no doubt help clients to navigate the challenging landscape and aid their investment decisions. The bank's extensive global footprint and unique network approach to relationship management also helps to shorten such dialogue and decision process.

Overall, in the coming year, we will leverage on the gains of the year 2018 and continue to advance our strategic client partnerships, remaining 'trusted advisors' by creating winning and sustainable outcomes for the bank's clients, while enhancing shareholder value.

In 2018, Citibank Nigeria's Global Subsidiaries Group (GSG) continued to make successful strides in reinforcing its position as the leading banking partner to multinational companies in Nigeria. Working within Citi's strategic framework, GSG delivered client-led solutions by effectively leveraging the bank's global expertise and local knowledge to help the clients meet their business and regulatory compliance goals, in the face of changing and complex economic landscape.

Markets

Bayo Adeyemo
Country Treasurer and Head of Markets

Citi Nigeria Markets remains focused on providing the best value for our clients and supporting their businesses in the currencies and fixed income environment.

There was minimal policy changes by the monetary and fiscal authorities in 2018 as policy makers focused on consolidating the gains of 2017. The monetary authority remained focused on its mandate of price stability while also intervening in key growth sectors to supplement the positive economic trajectory that started in 2017. The policy efforts were supported by oil prices averaging over $70 per barrel for the year against the $54 per barrel budget benchmark.

Following the recovery from its first recession since returning to democracy, Nigeria's GDP grew by 1.95% and 1.50% in Q1 and Q2 respectively. The oil and non-oil sector contributed 9.61% and 90.39% respectively to total real GDP in Q1 2018 and in Q2 2018, the oil sector contributed 8.55% to total GDP, due to the decline in oil production from 2.0mbpd in Q1 to 1.84mbpd in Q2.

Inflation also continued to decline, reaching a 30-month low of 11.10% in July 2018, down from December's 15.40%. However, after July, inflation started to creep up as the base effect tapered off. The recent agreement between the government and organized labour union to increase the minimum wage and restructure the compensation system of law enforcement agencies like the Police force, is likely to create additional inflationary pressure when implemented.

For the first half of the year, there was compression of yields in the fixed income market because of the debt-substitution program by the Debt Management Office (DMO), in a bid to drive down the Federal government's borrowing costs. The DMO issued $2.5million Eurobond in February 2018, with the 12-year and 20-year bonds issued at effective yields of 7.14% and 7.70%, respectively; thus bringing the country's foreign debt to 30% of its total debt profile. A total of N639billion Nigerian T-bills were redeemed in H1'18. This debt-switch by the DMO resulted in a total decline in the outstanding level of domestic debt from N12.589trillion in December 2017 to N12.151trillion in June 2018.

In November 2018, The FGN raised an additional $2.9bn in Eurobonds, with a subscription of about $9.5billion recorded. The proceeds of this issuance will be used to fund part of the 2018 budget deficit. The notes comprise $1.18billion 7-Yr series, $1.00billion 12-Y series and a $750million 30-Yr series at effective yields of 7.625%, 8.75% and 9.25% respectively.

The redemption of domestic debts by the FGN pushed significant liquidity into the money market, keeping it afloat for majority of the year. This resulted in lower money market yields, with overnight rates averaging 13%, significantly lower than 2017's average of 30%. Without making any change to the key monetary policy rates, the CBN actively managed the robust system liquidity via weekly Open Market Operations (OMO) at near market rates.

In the foreign exchange market, there was a high level of stability all through the year. Large inflows were seen at the start of the year, with record high turnover of $6billion recorded in the Investors & Exporters (I&E) window for January 2018. The CBN continued to aggressively build up the country's

external reserves, reaching a record-high of $47.87billion in May 2018. However, as profit-taking activities by portfolio investors started picking up in the second half of the year, on the back of the low fixed income yields and contagion effect from global emerging market sell-offs, there was a slowdown in investor flows into the country.

Amidst the slow-down in FX flows, the CBN continued its weekly FX interventions at the wholesale and retail auction windows, selling over $12billion between January and November 2018. These sell-offs by offshore investors and continued intervention by the CBN resulted in a steady decline in the FX reserves, with a $6.343billin decrease recorded over a six-month period. The CBN also started a Chinese Yuan auction, on the back of a $2.5billion renewable currency swap agreement executed in April 2018 with the People's bank of China (PBOC). The CBN sells about $20million equivalent at these Yuan auctions monthly.

In the second half of the year, to manage the impact of political factors and rising inflation on the FX market, the monetary authority via the CBN started selling weekly OMO bills at higher than secondary market rates. This resulted in increased bullishness by offshore investors, as they took up positions, especially on the short-end of the curve. The effect of this at the Investors and Exporters window was increased turnover to about $6.5billion for the month of September.

Citi Nigeria Markets remains focused on providing the best value for our clients and supporting their businesses in the currencies and fixed income environment. In 2018, we leveraged on our trusted expertise and global connectivity to actively trade bonds, T-bills and related derivative products, while taking advantage of the dynamic fixed income environment. In the Foreign exchange market, we retained our position as one of the key gateway banks, while also providing structured products to effectively support the businesses of our diverse client base and the financial industry as a whole.

We expect pressure on the exchange rate at various points in 2019, pre and post the elections. However, the CBN should be able to leverage on their FX reserves to defend the currency. We believe that we will be positioned to play to our strength and provide unflinching support to our clients all through the year.

Direct Custody and Clearing

Aderonke Adetoro
Securities Services Head,
Direct Custody and Clearing

2018 Overview

Direct Custody and Clearing (DCC); an integral part of Citi's Prime, Futures and Securities Services (PFSS) business under the Markers and Securities Services group, marked its 10th year in Nigeria in 2018. This was an opportune time to reflect on our achievements over this period including our contributions and commitment to the development of the Nigerian capital market. As a business, our main objectives remain to provide core custody services including securities clearing and settlement, safekeeping, asset servicing, and other value added services to Foreign Portfolio Investors (FPIs) and domestic clients.

Within DCC, we continued to leverage Citi's custody-related technology platforms and broad knowledge pool to support our domestic and foreign clients in 2018. The AUC hit a high in May 2018. This steady growth in AUC resulted from new client mandates won during the year as well as incremental deals from existing clients. DCC hosted a number of FPIs as part of their sub-custodian annual due diligence visits. Through this medium, Citi provided the clients with in-depth discussions on the Nigerian economy, capital market developments, Citi's custody service offering especially differentiating factors. DCC focused on some initiatives to improve service delivery, particularly in terms of operations, to clients in 2018. Some of these developments include automations in the FX space, sanctions screening and equities stock reconciliation and well as proxy notification.

On a macro-scale, the increase in oil prices and production aided the recovery of the economy. There was a steady increase in crude oil (Bonny Light) price from USD69.68 per barrel in January 2018 to a high of USD77.64 recorded in May 2018. Average daily oil production was recorded as 2.00 million barrels per day (mbpd) versus 1.75million mbpd in the previous year. Since turning positive in Q2 2017, the growth in Gross Domestic Product (GDP) remains fragile with the economy posting a marginal year-on-year growth of 1.81% in Q3 2018. Foreign exchange (FX) reserves continued to grow from the end of 2017 well into 2018, recording a high of USD47.86 billion in May 2018. The FX reserves figure is currently reading as \$41.99 billion as at 28 November 2018. The FX developments in 2017, including the introduction of Investors' and Exporters' (I&E) FX Window and Nigerian Autonomous Foreign Exchange (NAFEX) fixing, have continued to support and improve performance in the FX markets and in turn foreign investor confidence.

Year-to-date movement in fixed income yields were mostly upward trending. Bond yields increased from their opening levels – benchmark 10 year government bond yields increased by over 230bps from January 2018 following on from the emerging market sell off and the run-up to the elections in Feb 2019. The trend was mixed for Treasury bills (T-Bills). On the equities market front, market capitalisation recorded a 2.1% decrease from Q3 2017 to Q3 2018, to close at NGN11.97trillion while the NSE All Share Index (ASI) recorded a -7.54% decline for the same period, closing at 32,766.37. In Q3 2018, the average daily value of securities traded on the NSE declined by 42.98% to NGN3.26 billion, in comparison with Q3 2017. With regards to capital importation into Nigeria, Foreign investment appears to still be concentrated on portfolio flows. Portfolio Investment remains the largest section of capital importation, amounting to 75% as at Q2 2018, and this has been expanding faster than the other two categories, namely Foreign Direct Investment which amounted to 5% as at Q2 2018 and Other Investments which amounted to 20% in the same period. The total value of Foreign Portfolio Investment recorded in Q2 2018 was USD4,119.46 million, representing a 434% year-on-year

increase –investment in equities was 25%, 10% investment in bonds and 65% investment in money market instruments.

Some capital market developments that occurred in 2018 include the introduction of the Q-ex system by the FMDQ OTC Securities Exchange (FMDQ) to improve the efficiency in the clearing and settlement of fixed income transactions executed on the CBN's S4 system. The Central Securities Depository (CSD) – the Central Securities Clearing System Plc (CSCS), in the course of 2018 began the practice of quarterly meetings with custodians to discuss matters that will improve market infrastructure, especially with regards to the safety of clients' assets. Following the implementation of the fully SWIFT enabled system, TCS BaNCS, by the CSCS, the CSD commenced SWIFT UAT with the market to test the exchange of custody SWIFT messages between the CSD and market participants – the outcome of this will further automate the reconciliation and detachment of shares between the main to trading accounts at the CSD.
Also in 2018, the Securities and Exchange Commission (SEC), NSE and CSCS, and some capital market stakeholders formed a committee to oversee the implementation of the electronic initial public offering (e-IPO) in Nigeria which will automate the process, approval, documentation, subscription and allotment of public offers.

2019 Outlook

In 2019, Citi hopes for successful general elections and continued improvements in oil production and prices, giving FPIs confidence in the Nigerian market and resulting in continued improvements in Foreign Portfolio Investment. As a business, Citi will continue to provide its clients with best in class products and services, implementing best practices in our activities and working closely with the market infrastructure and regulators. Citi will also continue to drive process automation and straight-through transaction process enhancements while strengthening its risk management framework and procedure, while promoting best practices in the market and thought leadership expressed through our representation in various capital market groups.

Operations and Technology

Ngozi Omoke-Enyi
Senior Country Operations Officer

Operations & Technology (O& T) is fundamental to Citi's business growth strategy and continued success. As a key partner to the business and a competitive differentiator, O&T continues to enhance its operations capabilities and improve its efficiency to take on high and incremental transaction volumes in a cost effective and controlled manner. Citi's sustained leadership position in delivering superior services and high quality product offering has been possible through advanced technology, operational excellence and working with the best talents.
To remain ahead, despite the increasing competitive landscape, in 2018, we redefined our service offering focusing on "Being the Best for our Clients". The call to action was to:

- Widen our Perspective
- Collaborate and Innovate
- Demand Accountability

In 2018, this "call to action" set the tone for a truly challenging and dynamic year leveraging on stronger internal partnerships, innovation and accountability to deliver on our value proposition. Focus was to deliver service from the client's perspective without compromising on risks and controls.

Value for Clients

The adoption of the client centric approach (Be the Best) was transformational, heralding innovative ideas such as: the Roving Eye initiative, Client Experience trainings for all direct and contract staff; targeted trade customer seminar and advisory engagements / education on regulatory changes in the market; implementation of several system enhancements to address client's pain points.

Citi also remodelled its client engagement / roundtable strategy to provide proactive and client centred solutions. Citi's Ikeja branch was re-located to a new branch site to standardize its branch operations offerings while addressing fire, life and safety issues noted in the previous location.

All these deliberate actions culminated into improved service experience and Citi regained #1 position as the Most Customer Focused Bank in the wholesale bank category in the recently released KPMG Banking Industry Customer Satisfaction Survey. The outcome of Citi's internal Voice of Customer surveys conducted at the region all through the year positively aligns with this rating.

People Development

O & T staff constitutes >50% of Citi's workforce hence the drive and continuous focus on talent and career development.

In 2018, Citi provided an array of development opportunities to bring out the best in its employees, including classroom trainings, local and overseas fixed term assignments and mentoring programs.

Specifically, 99% of eligible O & T staff completed the Operations Excellence programme; the manager development programme for employees transitioning into manager positions, was completed with 39 as beneficiaries. Citi Nigeria also successfully hosted the Middle East & Africa Operations and Technology 2018 Career event anchored by renowned Finance and Consulting industry experts with over 300 Citi employees in attendance.

In addition, a number of geographically mobile staff embarked on short-term assignments at various Citi locations in London, Gabon and Belfast. All O & T staff undertook and benefited from a robust leadership and functional training program while some participated in project and working committees set up by the Middle East & Africa O & T division. With Citi's wide and global reach, its employees can definitely look forward to accessing a multitude of career choices unmatched by any other financial institution.

O & T has retained the coveted Employee of the Year award for the 4th year running. This is a testament and outcome of developmental initiatives within the group.

Technology

Technology underpins our business operations and service offerings while pivoting the bank into the future by enabling new capabilities and yielding economic benefits for all stakeholders. Having made significant progress in right-sizing and centralizing our technology infrastructure, we are moving ahead with software-based solutions that offer world-class client experience, create value by applying innovation across platforms and processes, strengthen our reputation for internal controls and governance, and support our efforts to work more efficiently and collaboratively.

In pursuit of our commitment to being the best for our clients leveraging technology to deliver

quality products in a secure and reliable manner, we completed a number of value-added implementations within 2018 as follows:

- Effected a cost-effective vendor swap for our international network connection.
- Improved management and reliability of critical and time-sensitive back-end tasks and batch processes.
- Enhanced monitoring of file landing areas for sensitive transactional data exchanges.
- Established online real-time replication of application databases and user files between our production and continuity of business environments enabling instant and seamless transition of operations in the event of disastrous impact to our primary site.
- Streamlined back-up processes and media management operations making them less resource-intensive.
- Activated a system-driven solution for preventing legal lending limit breaches in real time during transaction processing
- Optimized our integration with Central Bank of Nigeria systems by making them directly available on the Citi desktop thus boosting our capacity to meet regulatory reporting deadlines.
- Executed a number of process re-engineering initiatives yielding significant operational efficiencies and client satisfaction in terms of resource overheads and processing turnaround:
- Automation of Cross-Border Payments
- Automation of Remita Entries Processing
- Automation of Nigeria Instant Payment NIP Debit
- Automation of NIBSS Automated Payment Service NAPS Debit, NAPS Returns, and NAPS Book Transfers
- Automation of MassPay Returns
- Enhancement of Duplication Checks within Flexcube PC Module

Risk & Controls

Citi's entrenched controls help to maintain and sustain a culture of responsible finance, safeguard our assets, validate the accuracy and reliability of accounting data, and promote operational efficiency in general.

The effectiveness of the controls instituted was monitored and measured continuously through various parameters including, key risk indicators, internal audits and management control assessment reviews.

The intensity and frequency of regulatory examinations (both scheduled and adhoc) coupled with involvement of quasi-regulatory agencies reviewing documents beyond the statutory time limitations put significant pressure on the resources. Notwithstanding, Citi was able to respond to the demands strategically through various control measures implemented by O & T such as weekly team hurdles, lessons learnt sessions to avoid repeat errors for areas with potential vulnerability. The control environment remained effective and acceptable throughout the year.

Strategic Cost Management

In 2019, O & T created capabilities that enabled it to achieve strategic cost goals. These include digitization, system-enhancing projects to eliminate manual touch points, reduction of branch footprint, simplification models, vendor changes/ swaps, etc.

Through these initiatives, O & T recorded c. $1mm expense and productivity saves.

Operations & Technology (O& T) is fundamental to Citi's business growth strategy and continued success. As a key partner to the business and a competitive differentiator, O&T continues to enhance its operations capabilities and improve its efficiency to take on high and incremental transaction volumes in a cost effective and controlled manner.

Outlook for 2019

The expectation is that the general elections will be conducted, without significant unfavourable civil events. Therefore, the economic recovery process will continue in a positive trajectory in 2019. Consequently, regulatory demands will continue to exacerbate. Citi will leverage and consolidate its key strengths - global network, robust control environment, standardised processes and skilled resources to maintain a competitive edge. Citi will sustain / build momentum on delivery of technology solutions through automation, productivity and innovation roadmap.

The drive on "Being the Best for Our Clients" will continue to be prioritized.by ensuring that our decisions pass the three basic tests viz.: they are in our clients' interests, create economic value, and are always systemically responsible.

Independent Risk Management

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

Amidst the prospect of sturdier global economic growth and the decision of OPEC to further extend oil production cuts, 2018 started with so much optimism. A stronger foreign exchange reserve position, moderating inflation, rising oil prices as well as stable oil production provided brighter prospects for an economy that was still recovering from its first recession in over two decades. With a slightly healthier fiscal position, the Federal Government proposed another record budget for the fiscal year as it looked to pursue its growth agenda within a relatively favorable global economic landscape. However, the positive macro-economic outlook for the year was mildly impaired in the second half of the year by the gradual interest rate normalization in the developed economies and the cyclical pre-election year risk-aversion.

With unemployment and inflation rates being consistent with U.S Fed's target levels, coupled with a relatively robust economic growth forecast for the year, the U.S. Fed maintained its tightening cycle, raising the anchor rate by 25bps four times within the year – delivering its largest annual tightening cycle in over a decade. The more hawkish stance of the Fed and broader global normalization of interest rates triggered sell-offs in most emerging markets as foreign capitals flee for safe havens.

Meanwhile, the Chinese economy recorded underwhelming growth for most of 2018, with Q3'18 real GDP growth of 6.5% - the weakest in over a decade. Economic activities in the second largest economy were impacted by the trade spat with its largest trade partner, the United States. Despite weaker-than-expected Chinese growth, global growth remained healthy, supported by recoveries from commodity-exporting markets, improvements in large European economies, and stronger numbers from the U.S.

Oil prices remained relatively strong in 2018 with Brent crude averaging $73/bbl for most of the year (2017 average: $55/bbl) – much higher than the forecasts at the beginning of the year (IEA: $56/bbl and IMF: $51/bbl). The absolute compliance of the OPEC members with the output cut as well as the unexpected production shortfalls in Venezuela, Libya, and Nigeria (due to pipeline leakages in Q2) helped prop prices in the earlier part of the year. Improved demand, in addition to supply shortages due to geopolitical tensions, also provided support for the commodity in the second half of the year. However, the crude prices were characterized by significant volatilities in the last quarter of the year; specifically, the rally in prices that characterized the sanctions on Iran was short-lived as President Trump granted waivers to eight countries to buy Iranian crude – effectively weakening the sanctions. Importantly, the strong recovery in prices in the past year provided strong upside to the US shale producers – as the have continued to ramp-up production, which has resulted in the U.S. oil production rising to 11.7 mb/d (according to the EIA), and topping Saudi Arabia as the world's largest oil producer. Whilst OPEC+ members agreed to a production cut of 1.2mbpd at its December 2018 meeting to address the emerging supply-demand in-balance, the lack of explicit clarity on how the output cut would be administered did not offer much comfort to the markets, which has remained volatile.

Macro indicators came in mixed over the course of the year. Particularly, Consumer Price Index (CPI) and Purchasing Managers' Index (PMI) continued their progressive paths - with y-o-y inflation moderating for most of the year before picking up towards the end of the year - pressured by higher month-on-month inflation and lower base from prior year. GDP growth was however largely underwhelming for most of the quarters; Q1'18 real GDP growth came in at 2.0% - behind consensus estimate of 2.6% - as weaker growth from Agriculture (3.0%) and a slump in Services (-0.5%) overshadowed the recovery in Oil & Gas (14.8%). The tepid economic growth persisted in Q2'18 with another lower than expected real GDP growth of 1.5%.

The Agriculture sector recorded a mild growth of 1.2% y-o-y, its lowest quarterly growth in about 5 years - as the impact of flooding in Benue State as well as the lingering farmer and herdsmen clashes in the middle-belt region remained evident on the sector. However, the delayed passage of another record budget ensured that budget implementation remained slow, leaving the economy in need of a stimulant.

Bewildered by the tussle between economic growth and price stability, the Monetary Policy Committee (MPC) maintained all key policy rates through the year. Although, we note a change in the stance of the committee members - from dovish at the start of the year to being hawkish in the second half of the year, a trend consistent with rising rates in developed markets. Despite reporting major portfolio outflows – especially in the second half of the year, exchange rate at the Investors and Exporters (I&E) FX window remained relatively stable. This might however have come at a cost with Foreign Reserves declining consistently in the second half of the year, having reached a 5-year peak of circa $48 billion in May 2018.

Meanwhile, the Central Bank of Nigeria (CBN) fined four banks, including Citibank Nigeria, a cumulative amount of N5.8bn (c$1.6mm) over an alleged illegal repatriation of $8.1bn dividends on behalf of MTN Nigeria. Although the apex bank initially required the telecommunication giant to refund the alleged dividend repatriated, recent media reports indicates that both parties might be reaching a middle ground.

The Nigerian capital markets underperformed in 2018 as weak investor confidence continues to overshadow improving fundamental. With the CBN maintaining an aggressive liquidity mop-up stance, yield on government bonds remained elevated, rising c.120bps on average in the course of the year. In addition, retreating from the rally earlier in the year, the equity market plunged steeply to a double-digit loss within the year as a combination of legacy macro challenges, unconvincing corporate earnings, looming political risk due to the forthcoming elections, and the general flight to safety impacted investors' confidence.

Whilst political activities have been largely peaceful – characterized majorly by party defections, ethnic and regional uprisings have increased towards the end of the year. Discretionary and social spending have also gained prominence towards the end of the year as the government looked to deliver on some of its election promises.

We expect 2019 to be laced with its own challenges. Political stability in the run-up to the general elections will remain key determinant of economic activities. Whilst we expect discretional spending to deter any meaningful policy formation and implementation at the start of the year, activities might remain docile into the second half of the year - based on past elections precedence. We however expect economic activities to pick up actively in the latter part of the year.

Although oil prices have moderated from its peak in recent months, our outlook for 2019 is cautiously optimistic - given the rapidly changing control lever for global crude supplies – notwithstanding the OPEC's production adjustments. The steep moderation in prices remains a major cause of concern to government revenue amidst another expansionary budget plan for 2019. This coupled with the likelihood of further rates tightening in the developed markets will continue to pressure exchange rates. In line with its stance, we expect the monetary authority to stay true to its exchange rate stability.

Human Resources

Gboyega Oloyede
Country Human Resources Officer

The Bank continued to explore developmental opportunities via various in-house and external trainings as well as short-term assignments with various Citi franchises to gear up skills and promote visibility for employees within the EMEA region.

The Nigeria Banking Industry continued to witness strict regulatory scrutiny in 2018. Inflation rate still maintaining double digits however declining from 18.7% in January 2017 to 11.1% in August 2018. The Bank remained focused on identified people objectives inspite of the various challenges.

Staffing

The Bank recorded an attrition rate of 6.81% for 2018, which is a slight increase from the previous year. The employees who resigned or transferred out created opportunities for internally qualified employees to move into new roles with higher and broader responsibilities in line with their career goals. To support the achievement of our business goals, we strengthened a few of our key businesses with new and qualified staff. Voluntary attrition remained at a relatively low rate of 4.06%; we will continue to work with the business to ensure that this is sustained.

Careers

We remain committed to offering employees opportunities for career development in line with their career aspirations and the goals of the organization. Eight employees transferred to new departments within Citibank Nigeria while five employees transferred out to other Citi locations - North America and the Middle East.

The 2018 Citi Internship Program took place at the Head office, it ran from July 2nd to 27th, 2018, and was rated a success based on the feedback received from the students.

Fourteen students participated in the 2018 Internship Program and were allocated to various businesses across the Bank.

Development

The Bank continued to explore developmental opportunities via various in-house and external trainings as well as short-term assignments with various Citi franchises to gear up skills and promote visibility for employees within the EMEA region.

During the year, several employees participated in various short-term assignments as well as Function specific designed Programs.

We will continue to expose our people to training and developmental opportunities to ensure that we keep our employees engaged and motivated as well as maintain our position as an organization with strong focus on talent development.

Diversity

2018 International Women's day held in March and the theme of the event was "Press for Progress - Leading with Innovation and Courage". The event goal was to

unlock the combined potential of women and Citi by inspiring progress through leadership and change.

This goal further placed emphasis on our commitment to Diversity and Citi leadership standards.

The event was in two parts:

- Presentation on Corporate Etiquette & Lifestyle Branding – Mrs. Mavi Sokia Isibor – The Etiquette ICON, Pioneer of soft skills industry in Nigeria, Executive Vice Chairperson – Poise Nigeria. Honored us by giving a presentation, which was well received by employees.
- Panel discussion on leading with innovation and courage – This was managed by 3 female panelists –Dr. Daphne Terri Dafinone – Chief Operating Officer of Howarth Dafinone & Co and Board Member - Citibank Nigeria, Mrs. Nkechi Obi (MON, FNIM) – Executive Vice Chairperson of Techno Oil and Mrs. Banke Meshida Lawal – CEO of BMpro, a leading make-up company.

Overall, the program was inspiring and very well received.

Recognition & Awards

In line with our culture of meritocracy and recognition, Citi Gratitude - the new global employee recognition system designed to empower and reward employees who demonstrate exceptional performance. This also assists in building a culture of recognition through an innovative, easy-to-use tool for peer recognition that will help us understand the meaning and impact of our daily work.

HR Initiatives

The 2018 Voice of Employee survey recorded a participation rate of 82% with the employee satisfaction rate increasing to 70% from 63% recorded in the previous employee survey. We will continue to explore various initiatives to achieve higher level of employee morale, which is linked to satisfaction and retention. Overall, we remain committed to continuous efforts to make Citibank Nigeria an Employer of Choice and a great place to work.

Citibank continues to be an equal opportunity employer.

Financial Report

DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

Mr. Olayemi Cardoso	Chairman
Mr. Akinsowon Dawodu	Managing Director
Mr. Fatai Karim	Executive Director
Mrs. Funmi Ogunlesi	Executive Director
Mrs. Nneka Enwereji	Executive Director
Mr. Oluwole Awotundun	Executive Director
Ms. Diane Evans (Resigned wef October 12, 2018)	Non Executive Director
Mr. Oyesoji Oyeleke, SAN	Non Executive Director
Mr. Peter McCarthy	Non Executive Director
Dr. 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

CORPORATE HEAD OFFICE

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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 2018

The Directors have pleasure in presenting their annual report 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 2018.

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 6.78% and 14.29% respectively over prior year. The directors recommend the approval of a final dividend of N15,365,128,751 (N5.50k per share) (2017:N27,452,710,688 (N9.83k per share) from the outstanding balance in the retained earnings account as at 31 December 2018. 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:

	2018 N'000	2017 N'000	% change
Net operating Income	53,738,698	57,644,905	-6.78%
Profit before tax	35,151,607	41,013,132	-14.29%
Taxation	(4,856,490)	(9,043,937)	-46.30%
Profit for the year	30,295,117	31,969,195	-5.24%
Other comprehensive income for the year, net of tax	(2,775,016)	6,562,441	-142.29%
Total comprehensive income for the year	27,520,101	38,531,636	-28.58%

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 2018	Direct Shareholding Number of Ordinary Shares held in 2018	Number of Ordinary Shares held in 2018
1	Mr. Olayemi Cardoso	Chairman		-	-
2	Mr. Akinsowon Dawodu	Managing Director		-	-
3	Mrs. Funmi Ogunlesi	Executive Director		-	-
4	Mr. Fatai Karim	Executive Director		-	-
5	Mrs. Nneka Enwereji	Executive Director		-	-
6	Mr. Oluwole Awotundun	Executive Director		-	-
7	Mrs. Ireti Samuel-Ogbu	Non Executive Director			
8	Dr. Hilary Onyiuke	Non Executive Director		-	-
9	Mr. Peter McCarthy (British)	Non Executive Director		-	-
10	Ms. Diane Evans	Non Executive Director	Resigned wef October 12, 2018	-	-
11	Mr. Oyesoji Oyeleke, SAN	Non Executive Director		-	-
12	Dr. Shamsuddeen Usman	Independent Director		-	-
13	Dr. Daphne Dafinone	Independent Director		-	-

Dr. Hilary Onyiuke has an indirect shareholding through Gauthier Investments Ltd which has a shareholding of 33,445,769 ordinary shares.

Mr. Olayemi Cardoso has an indirect shareholding through the Estate of F.B. Cardoso which has a shareholding of 30,775,755 ordinary shares.

Mr. Oyeleke has an indirect shareholding through Bola Holdings Ltd which has a shareholding of 24,768,892 ordinary shares.

Since the last Annual General Meeting, Ms. Diane Evans resigned from the Board.

The Directors to retire by rotation at the next Annual General Meeting (AGM) are Dr. Shamsuddeen Usman, Mr Oyesoji Oyeleke, SAN, Mr Oluwole Awotundun and Mrs. Ireti Samuel-Ogbu.

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 He was appointed to the Board of Directors of the Bank in November 2010. Mr. Cardoso has served on the board of directors of several companies including Chevron Oil Plc and was Chairman of the Bill and Melinda Gates 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 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.
3	MRS. FUNMI OGUNLESI	Mrs. Ogunlesi also holds a Masters degree in Law from Kings College, Cambridge University (1989). She joined the Bank in 1997 and has served in several roles including Citi Country Officer (CCO) of Citibank Gabon and Chief Operating Officer of Citi Nigeria. She is currently Public Sector Head for Nigeria and Ghana. She was appointed to the Board in 2008. Mrs. Ogunlesi, who is in her fifties, holds degrees in History and Law from Leicester University (1981) and Cambridge University (1985) as well as a Master's in Business Administration from Judge Institute of Management, Cambridge University (1996).
4	MR. FATAI KARIM	Fatai Karim is an Executive Director and the Sub Sahara Africa (SSA) Treasury and Trade Solutions Client Operations (TTS CO) Head at Citi. He is responsible for defining and implementing the overall strategy in the day to day processing and servicing needs of theClient base across 11 countries within SSA. He is also an Executive Director of Citi NIB Nominee Limited, a custody outfit of Citi Nigeria.Prior to being the SSA TTS CO head, Fatai held various leadership and management roles and responsibilities within Citi includingTTS Operations Head for Africa, Senior Country Operations Officer (SCOO) for Nigeria and Operations & Technology (O&T) Head for West Africa sub cluster. He also worked and headed various projects some of which include Operational Risk and governance, process innovation, policy development and implementation, service quality enrichment, Trade & Treasury Operations to name a few.

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

S/N	NAME	BRIEF PROFILE
		Fatai has been with Citi for over 25 years, having started his Banking Career with Citi Nigeria and later worked as the O&T headfor NIB Niamey, Niger Republic (a full subsidiary of Citi Nigeria), Citi Tanzania and Citi N.A. London. Fatai has Diploma in Accounting ABU, B. Sc. Accounting, BUK and MBA from ESUT, Nigeria. He is in his fifties.
5	DR. HILARY ONYIUKE	Dr. 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. Dr. 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. Dr. Onyiuke is in his fifties.
6	MRS. NNEKA ENWEREJI	Mrs. Nneka Enwereji joined the board in 2014 and 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 forties, 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.
7	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 & Africa head for Institutional Payments, Treasury And Trade Solutions. Mrs. Samuel-Ogbu was appointed to the Board of the Bank in June 2014.

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

S/N	NAME	BRIEF PROFILE
8	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.
9	DR. DAPHNE TERRI DAFINONE	Dr. Daphne Terri Dafinone is the Chief Operating Officer of Howarth Dafinone & Co, Chartered Accountants. She holds a B. A. (Hons) Economics from Victoria University of Manchester, Manchester, UK (1987), and M.Sc. (Internal Audit & Management) and PhD (internal Audit & Corporate Governance) from City University, London. She is a Fellow, 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 is in her early fifties. She worked with KPMG, Chartered Accountants, London from 1987 to 1990 and Horwath Dafinone, Chartered Accountants, Lagos from January 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 was appointed to the Board in June 2016.
10	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.

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

S/N	NAME	BRIEF PROFILE
11	DR. SHAMSUDEEN USMAN	Dr. Shamsuddeen Usman is the Chairman/CEO of Susman & Associates Ltd. He holds a Ph.D in Economics from the London School of 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.
12	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 the cluster Risk Manager for West & Central Africa. He was appointed to the Board of Citibank Nigeria in December 2017, and also serves as its Executive Compliance Officer. 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 is in his forties.

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 2018 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 2018, 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:

	2018 N’000	2017 N’000
Fees and sitting allowances	105,951	67,375
Executive compensation	272,536	236,584
Executive pension cost	18,362	15,589
Total	396,849	319,548

DONATIONS AND CHARITABLE GIFTS

The Group made contributions to charitable and non-political organizations amounting to N11,750,000 (2017:N20,415,660) during the year as analyzed below:

Citibank Nigeria Limited Donations		N'000
1	Child Life Line	1,700
2	Heart Of Gold Children's Hospice	100
3	Bethesda Child Support Agency	100
4	The Book Trust	600
5	Sickle Cell Foundation	700
6	Down Syndrome Association of Nigeria	700
7	Pacelli School (for the Blind)	700
8	Bema Homes for the less privileged	700
9	Care Organization Public Enlightenment(COPE)	700
10	The Slum To School Initiative	500
11	Atunda Olu School	950
12	Ngwa Road Motherless Babies Home	600
13	Wesley School 2 (for Deaf Children)	700
14	SOS Children's Village	700
15	National Orthopedic Special School (Igbobi)	700
16	Nigerian Red Cross Society	700
17	Arrow Of God Orphanage	900
		11,750

POST BALANCE SHEET EVENTS

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2018 or the statement of profit and loss and other comprehensive income for the year ended on that date that have not been adequately provided for or disclosed.

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.

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 31 December 2018:

- There were 80 women out of 214 employees comprising 37.38% of the total number of employees;
- There were 4 women out of 12 Directors on the Board of Directors;
- There were 33 women out of 95 top management staff, including executive directors
- There were 31 women out of 90 top management staff between Assistant General Manager to General Manager grade;
- There were 2 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 2018 vs 2017 is presented below:

S/N		NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		2018	2017	2018	2017	2018	2017
1	Pending complaints B/F	-	1	-	9,578,802	-	139,012
2	Received complaints	6	8	15,428,728	27,818,569	14,176,673	16,631,970
3	Resolved complaints	6	9	15,428,728	37,397,371	14,176,673	16,770,982
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, 2018.

Guidelines On Card Issuance & Usage In Nigeria

During the financial year ended 31 December, 2018, 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	107,558
Transaction Value	N3,972,990,496

Fraud Incidents as at December 2018:

Unsuccessful		Successful	
Count	Value (NGN)	Count	Value (NGN)
74	7,801,096	73	1,275,568

During the year, a total of 146 card fraud attempts affecting 18 cardholders and 1 staff (non-employee) fraud was reported. The total value involved amounted to N9,076,663. Of the 73 successful attempts totaling N1,275,568, N452,929 was recovered. There were no incidents reported in the months of February, March and July.

The total of the card fraud is $24,119 while the internal fraud is N367,800.

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. Call trees must be refreshed at least semi-annually.

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
PricewaterhouseCoopers have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act.

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

March 14, 2019

BY ORDER OF THE BOARD

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

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 December 31, 2018 the Board of Directors consisted of twelve members comprising the Chairman, the Managing Director, six 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. In 2018 the Board met five times.

2018 DIRECTORS' BOARD MEETING ATTENDANCE:

Mr. Olayemi Cardoso	**5**	**Chairman**
Mr. Akin Dawodu	5	
Mr. Fatai Karim	5	
Mrs. Funmi Ogunlesi	4	
Dr. Daphne Dafinone	5	
Ms. Diane Evans	4	(resigned wef October 12, 2018)
Dr. Hilary Onyiuke	5	
Mrs. Nneka Enwereji	5	
Mrs. Ireti Samuel-Ogbu	4	
Dr. Shamsuddeen Usman	5	
Mr. Oyesoji Oyeleke, SAN	5	
Mr. Peter McCarthy	5	
Mr. Oluwole Awotundun	5	

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 during the year.

2018 COMMITTEE MEMBERS' MEETING ATTENDANCE:

Mrs. Ireti Samuel-Ogbu	**4**	**Chairman**
Mr. Oyesoji Oyeleke	5	
Mr. Fatai Karim	5	
Mr. Akin Dawodu	5	
Mr. Oluwole Awotundun	5	
Ms. Diane Evans	3	(Resigned with effect from Oct. 12, 2018)
Dr. Daphne Dafinone	5	

b) The Credit Committee

The Credit Committee consists of seven directors, three of whom are Non- Executive Directors. One of the members 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 during the year.

2018 COMMITTEE MEMBERS' MEETING ATTENDANCE:

Ms. Diane Evans	**4**	**(Resigned with effect from Oct. 12, 2018) (Chairman up to Oct. 12, 2018)**
Dr. Hilary Onyiuke	5	
Mr. Akin Dawodu	4	
Mrs. Funmi Ogunlesi	5	
Mrs. Nneka Enwereji	5	
Dr. Shamsuddeen Usman	5	
Mr. Oyesoji Oyeleke, SAN	5	
Mr. Oluwole Awotundun	5	

c) The Audit Committee

The Audit Committee consists of three non-executive 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 year the Committee approved the external auditors' terms of engagement and scope of work and also reviewed the internal auditor's audit plan. The Committee 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 four times during the year.

2018 COMMITTEE MEMBERS' MEETING ATTENDANCE:

Dr. Daphne Dafinone	**4**	**Chairman**
Mrs. Ireti Samuel-Ogbu	3	
Dr. Shamsuddeen Usman	4	

d) Board Governance and Nominations Committee

The Committee is made up of four non-executive directors. One of the members of the Committee is an Independent Director. 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 four times during the year.

2018 COMMITTEE MEMBERS' MEETING ATENDANCE:

Dr. Hilary Onyiuke	**4 -**	**Chairman**
Mr. Peter McCarthy	4	
Dr. Daphne Dafinone	4	
Mr. Oyesoji Oyeleke, SAN	4	

GENERAL MEETINGS

The last Annual General Meeting was held on April 19, 2018.

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 Auditor/Head of Internal Audit
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 Ernst & Young. A summary of Ernst & Young's report is contained at page 54.

BOARD PERFORMANCE REVIEW

Ernst & Young
10th & 13th Floor
UBA House
57, Marina
P.O. Box 2442, Marina
Lagos, Nigeria

Tel: +234 (01) 631 4500
Fax:+234 (01) 463 0481
www.ey.com

Report of External Consultants on the Board Performance Appraisal of Citibank Nigeria Limited

We have performed the Evaluation of the Board of Citibank for the year ended 31st December, 2018 in accordance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014.

The Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 mandates an annual Evaluation of the Board and individual directors of Financial Institutions with specific focus on the Board structure and composition, responsibilities, processes, relationships, individual director's competences and respective roles in the performance of the Board. Subsection 2.8.2 of the code requires each board to "*identify and adopt in the light of the company's future strategy, critical success factors or key strategic objectives*" while subsection 2.8.3 requires that such Evaluation should be conducted by an independent consultant.

Our approach included the review of Citibank's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one on one interviews with the directors and key personnel at the Bank.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the Bank or reveal irregularities, if any, in the underlying information.

On the basis of our work, the Board of Citibank has complied with the requirements of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 during the year ended 31st December, 2018.

The outcome of the review and recommendations have been articulated and included in our detailed report to the Board. This report should be read in conjunction with the Corporate Governance section of the Citibank Annual Report.

Bunmi Akinde
Partner Advisory Services
FRC/2012/ICAN/00000000187

STATEMENT OF DIRECTORS' RESPONSIBILITY AND APPROVAL

FOR THE YEAR ENDED 31 DECEMBER 2018

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 14, 2019

MR. AKINSOWON DAWODU
MANAGING DIRECTOR
FRC/2015/CIBN/00000013238
March 14, 2019

INDEPENDENT AUDITOR'S REPORT

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 2018, 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 financial position as at 31 December 2018;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). 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 of loans and advances to customers - N2 billion (refer to notes 2, 3, 4, 13 and 21)	
This is considered a key audit matter because of the materiality of the loans and advances balance net of impairment (N108 billion) and the significant use of management judgement in determining the timing and recognition of impairment. We also focused on this area because the adoption of IFRS 9 'financial instruments' introduced a new forward looking, expected credit loss (ECL) model which requires significant judgement in measuring credit risk of loans and advances. Key areas of judgement include: • Definition of default applied by the bank which focuses on qualitative and quantitative criteria; • Identification and assessment of exposures which experienced significant increase in credit risk (SICR); • Determination of the 12 month and lifetime probability of default (PD) used in the ECL model; • Estimation of the Loss Given Default (LGD) by calibrating the loss data noted over time for different macroeconomic drivers and collateral types; and • Determination of multiple forward looking macroeconomic scenarios and the probability weights used in the ECL model.	The procedures performed include: We evaluated and tested the design and operating effectiveness of controls around the ECL model by assessing the reconciliation between balances on the loan application and balances on 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 also assessed the reasonableness of the bank's assessment of SICR on loans that do not have an objective basis of impairment. We selected a sample of credit facilities for detailed reviews of related customer files and account statements to test the identification of default and SICR. For other credit facilities not subjected to detailed review of customer files, we assessed a sample from this population for impairment triggers using computer assisted audit techniques. With the assistance of our credit-modelling experts, we: • Checked the reasonableness of forward looking information (FLI) incorporated into the impairment calculations and challenged the multiple economic scenarios used; • Assessed the reasonableness of the assumptions and methodology used in determining the PD and LGD by reviewing the regression coefficient for statistical significance as well as checking the accuracy of forecast PD and LGD used; and • Reviewed the IFRS9 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 comprises Directors' report, Corporate Governance report, Board Performance Review, Statement of Directors' responsibilities 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.

pwc

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;

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 as disclosed in Note 38 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2018.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos Nigeria

15 March 2019

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

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

For the year ended 31 December	Note	GROUP 2018 N'000	GROUP 2017 N'000	BANK 2018 N'000	BANK 2017 N'000
Interest income from financial instruments:					
Interest income calculated using the effective interest method	5	27,591,233	37,011,908	27,591,233	37,011,908
Interest expense	6	(8,419,679)	(9,292,138)	(8,419,679)	(9,292,138)
Net interest income		**19,171,554**	**27,719,770**	**19,171,554**	**27,719,770**
Net credit (losses)/ write back	13	(969,991)	196,639	(969,991)	196,639
Net interest income after loan impairment charge		**18,201,563**	**27,916,409**	**18,201,563**	**27,916,409**
Fee and commission income	7	10,040,632	11,096,570	10,040,632	11,096,570
Fee and commission expense	7	(11,255)	(21,879)	(11,255)	(21,879)
Income from financial instruments at FVTPL	8	21,824,243	17,559,406	21,824,243	17,559,406
Investment income	9	3,439,737	883,172	3,494,968	933,100
Other operating income	10	243,778	211,227	243,778	211,227
Net operating income		**53,738,698**	**57,644,905**	**53,793,929**	**57,694,833**
Personnel expenses	11	(8,313,405)	(7,446,371)	(7,719,729)	(6,977,006)
Other operating expenses	12	(10,212,476)	(8,865,375)	(10,212,920)	(8,865,712)
Depreciation of property, plant and equipment	25	(274,674)	(511,280)	(274,674)	(511,280)
Operating profit		**34,938,143**	**40,821,879**	**35,586,606**	**41,340,835**
Share of profit of associates accounted for using equity method	24	213,464	191,253	-	-
Profit before tax		**35,151,607**	**41,013,132**	**35,586,606**	**41,340,835**
Taxation	14	(4,856,490)	(9,043,937)	(4,856,348)	(9,043,529)
Profit for the year		**30,295,117**	**31,969,195**	**30,730,258**	**32,297,306**
Profit attributable to:					
Owners of the parent		30,295,117	31,969,195	30,730,258	32,297,306
		30,295,117	**31,969,195**	**30,730,258**	**32,297,306**

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	GROUP 2018 ₦'000	GROUP 2017 ₦'000	BANK 2018 ₦'000	BANK 2017 ₦'000
Profit for the year		**30,295,117**	**31,969,195**	**30,730,258**	**32,297,306**
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	(3,275,132)	6,824,564	(3,275,132)	6,824,564
Net amount transferred to profit or loss	22	500,116	(262,123)	500,116	(262,123)
Other comprehensive income for the year, net of tax		**(2,775,016)**	**6,562,441**	**(2,775,016)**	**6,562,441**
Total comprehensive income for the year		**27,520,101**	**38,531,636**	**27,955,242**	**38,859,747**
Total comprehensive income attributable to:					
Owners of the parent		27,520,101	38,531,636	27,955,242	38,859,747
		27,520,101	**38,531,636**	**27,955,242**	**38,859,747**

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

As at	Note	Group		Bank	
		31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
ASSETS					
Cash and balances with banks	16	128,929,926	136,988,820	128,929,926	136,988,820
Loans and advances to banks	17	136,562,806	189,341,151	136,562,807	189,341,151
Financial assets at fair value through profit or loss	18	184,211,990	44,951,937	184,211,990	44,951,937
Derivative financial instruments - assets	19	30,965,145	7,629,080	30,965,145	7,629,080
Assets pledged as collateral	20	29,002,684	13,044,799	29,002,684	13,044,799
Financial assets at:	22				
Fair value through other comprehensive income	22	71,451,691	-	71,451,691	-
Available for sale	22	-	76,049,584	-	76,049,584
Loans and advances to customers	21	108,255,998	98,188,739	108,255,998	98,188,738
Other assets	23	35,776,177	27,090,867	35,776,172	27,090,867
Investments in associate	24	946,394	939,625	246,556	398,020
Investment in subsidiary	37	-	-	1,000	1,000
Property, plant and equipment	25	2,291,363	2,123,182	2,291,363	2,123,182
Total assets		**728,394,174**	**596,347,784**	**727,695,332**	**595,807,178**
LIABILITIES					
Deposits from banks	26	196,702,799	10,214,252	196,702,799	10,214,252
Deposits from customers	27	384,453,005	419,347,494	384,454,715	419,349,183
Derivative financial instruments - liabilities	19	3,229,987	7,095,310	3,229,987	7,095,310
Current income tax liabilities	28	4,979,380	8,566,153	4,979,194	8,566,002
Other liabilities	29	48,886,121	61,230,271	48,886,773	61,230,608
Deferred tax liability	31	249,339	418,827	249,339	418,827
Total liabilities		**638,500,631**	**506,872,307**	**638,502,807**	**506,874,182**
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	1,829,443	1,214,022	1,829,443	1,214,022
Statutory reserves	32	37,157,068	32,547,530	37,157,068	32,547,530
Fair value reserve	32	(3,855,651)	3,933,116	(3,855,651)	3,933,116
Retained earnings		40,385,328	37,403,454	39,623,893	36,800,556
Total equity		**89,893,543**	**89,475,477**	**89,192,525**	**88,932,996**
Total equity and liabilities		**728,394,174**	**596,347,784**	**727,695,332**	**595,807,178**

The financial statements were certified by:

Managing Director: Mr. Akinsowon Dawodu
FRC/2015/CIBN/00000013238

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

The notes 1 to 41 are an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the Board of Directors on March 14, 2019 and were signed on its behalf by:

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

Managing Director: Mr. Akinsowon Dawodu
FRC/2015/CIBN/00000013238

CONSOLIDATED AND SEPARATE STATEMENT 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 2018	2,793,777	11,643,995	(60,417)	37,403,454	1,214,022	32,547,530	3,933,116	89,475,477
Changes on initial application of IFRS 9	-	-	-	-	(243,002)	-	-	(243,002)
Reclassification of FV reserve for unquoted equities	-	-	-	5,013,751	-	-	(5,013,751)	-
Restated balance as at January 2018	**2,793,777**	**11,643,995**	**(60,417)**	**42,417,205**	**971,020**	**32,547,530**	**(1,080,635)**	**89,232,475**
Profit	-	-	-	30,295,117	-	-	-	30,295,117
Transfer to regulatory risk reserve	-	-	-	(858,423)	858,423	-	-	-
Change in fair value of financial assets FVTOCI, net of tax	-	-	-	-	-	-	(2,775,016)	(2,775,016)
Total comprehensive income	-	-	-	29,436,694	858,423	-	(2,775,016)	27,520,101
Dividend paid	-	-	-	(26,859,033)	-	-	-	(26,859,033)
Transfer to Statutory reserve	-	-	-	(4,609,538)	-	4,609,538	-	-
At 31 December 2018	2,793,777	11,643,995	(60,417)	40,385,328	1,829,443	37,157,068	(3,855,651)	89,893,543

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 2017	2,793,777	11,643,995	(60,417)	32,368,664	359,141	27,702,934	(2,629,325)	72,178,769
Profit	-	-	-	31,969,197	-	-	-	31,969,197
Change in fair value of financial assets FVTOCI, net of tax	-	-	-	-	-	-	6,562,441	6,562,441
Total comprehensive income	-	-	-	31,969,197	-	-	6,562,441	38,531,638
Dividend paid	-	-	-	(21,234,932)	-	-	-	(21,234,932)
Transfer to Statutory reserve	-	-	-	(4,844,596)	-	4,844,596	-	-
Transfer to regulatory credit reserve	-	-	-	(854,881)	854,881	-	-	-
At 31 December 2017	2,793,777	11,643,995	(60,417)	37,403,454	1,214,022	32,547,530	3,933,116	89,475,477

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 2018	2,793,777	11,643,995	36,800,557	1,214,022	32,547,530	3,933,116	88,932,997
Changes on initial application of IFRS 9	-	-	-	(243,002)	-	-	(243,002)
Reclassification of FV reserve for unquoted equities	-	-	5,013,751	-	-	(5,013,751)	-
Restated balance as at January 2018	2,793,777	11,643,995	41,814,308	971,020	32,547,530	(1,080,635)	88,689,995
Profit	-	-	30,730,258	-	-	-	30,730,258
Transfer to regulatory risk reserve	-	-	(858,423)	858,423	-	-	-
Change in fair value of financial instruments FVTOCI, net of tax	-	-	-	-	-	(2,775,016)	(2,775,016)
Total comprehensive income	-	-	29,871,835	858,423	-	(2,775,016)	27,955,242
Dividend paid	-	-	(27,452,712)	-	-	-	(27,452,712)
Transfer to Statutory reserve	-	-	(4,609,538)	-	4,609,538	-	-
At 31 December 2018	2,793,777	11,643,995	39,623,893	1,829,443	37,157,068	(3,855,651)	89,192,525

	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 2017	2,793,777	11,643,995	31,907,024	359,141	27,702,934	(2,629,325)	71,777,546
Profit	-	-	32,297,307	-	-	-	32,297,307
Change in fair value of available-for-sale securities, net of tax	-	-	-	-	-	6,562,441	6,562,441
Total comprehensive income	-	-	32,297,307	-	-	6,562,441	38,859,748
Dividend paid	-	-	(21,704,297)	-	-	-	(21,704,297)
Transfer to Statutory reserve	-	-	(4,844,596)	-	4,844,596	-	-
Transfer from regulatory credit reserve			(854,881)	854,881			-
At 31 December 2017	2,793,777	11,643,995	36,800,557	1,214,022	32,547,530	3,933,116	88,932,997

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

For the year ended	Note	Group		Bank	
		31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Cash flows from operating activities					
Profit before tax		35,151,607	41,013,134	35,586,606	41,340,836
Adjustment for non-cash items					
Depreciation and amortisation	25	274,674	620,355	274,674	620,355
Fair value gains on trading securities (MTM)	8	(17,737,039)	(18,013,244)	(17,737,039)	(18,013,244)
Loan loss provision	13	969,991	(196,639)	969,991	(196,639)
Unrealised exchange gains on revaluation		(1,659,891)	1,589,815	(1,659,891)	1,589,815
Interest income	5	(28,015,444)	(36,432,971)	(28,015,444)	(36,432,971)
Interest expense	6	8,419,679	9,292,138	8,419,679	9,292,138
(Gains)/ loss on disposal of PPE	10	(52,517)	(35,958)	(52,517)	(35,958)
Share of profit in associate	38	(158,233)	(141,325)	-	-
Dividend income	9	(159,980)	(116,805)	(159,980)	(166,733)
Fair value gain on unquoted securities		(2,318,165)	-	(2,318,165)	-
Provision for litigation	30	50,000	2,487	50,000	2,487
		(5,235,318)	**(2,419,013)**	**(4,642,086)**	**(1,999,917)**
Changes in operating assets and liabilities					
Change in restricted cash		(11,972,185)	(34,707,891)	(11,972,185)	(34,707,891)
Change in loans & advances		4,934,510	30,760,746	4,934,510	30,760,746
(Increase)/ Decrease in FVTPL		(79,419,659)	86,696,170	(79,419,659)	86,696,170
(Increase)/Decrease in derivative financial instruments - assets		(2,850,060)	24,027,555	(2,850,060)	24,027,555
Increase in assets pledged as collaterals		(16,428,962)	(5,794,330)	(16,428,962)	(5,794,330)
(Increase)/Decrease in other assets		(8,686,185)	11,864,301	(8,686,181)	11,864,301
Increase in deposits from banks		169,281,384	7,484,801	169,281,384	7,484,801
Increase/ (Decrease) in deposits from customers		(53,232,930)	(78,402,000)	(53,232,909)	(78,402,095)
Increase/ (decrease) in derivative financial instruments - liability		(3,865,323)	(15,240,292)	(3,865,323)	(15,240,292)
Increase in other liabilities		(12,817,550)	46,151,599	(12,817,235)	45,568,785
		(15,056,960)	**72,840,660**	**(15,056,620)**	**72,257,750**
Interest received		26,897,135	36,320,582	26,897,135	36,320,582
Interest paid		(5,779,953)	(8,580,691)	(5,779,953)	(8,580,691)
Income tax paid		(8,612,751)	(7,559,918)	(8,612,644)	(6,976,669)
Net cashflows (used in)/ from operating activities		**(7,787,847)**	**90,601,620**	**(7,194,168)**	**91,021,055**
Cash flows from investing activities					
Purchase of Property, plant & equipment	25	(448,866)	(1,214,629)	(448,866)	(1,214,629)
Purchase of FVTOCI		(54,820,681)	(46,120,520)	(54,820,681)	(46,120,520)
Proceed from disposal of FVTOCI		52,684,710	85,255,927	52,684,710	85,255,927
Proceed from sale of FVTPL		-	1,135,977	-	1,135,977
Proceed from sale of property, plant and equipment		58,527	271,365	58,527	271,365
Dividend received	9	159,980	116,805	159,980	166,733
Net cash (used in)/ from investing activities		**(2,366,330)**	**39,444,924**	**(2,366,330)**	**39,494,852**
Cash flows from financing activities					
Dividend paid		(26,859,033)	(21,234,932)	(27,452,709)	(21,704,297)
Net cash used in financing activities		(26,859,033)	(21,234,932)	(27,452,709)	(21,704,297)
(Decrease)/ increase in cash & cash equivalent		(37,013,210)	108,811,612	(37,013,207)	108,811,609
Cash & cash equivalent at beginning		241,043,981	130,203,312	241,043,977	130,203,312
Effect of exchange rate changes on cash and cash equivalents		(641,397)	2,029,056	(641,397)	2,029,056
Cash & cash equivalent at end of period	**16**	**203,389,374**	**241,043,980**	**203,389,374**	**241,043,977**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

AT 31 DECEMBER 2018

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 year ended 31 December 2018 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 years presented, unless otherwise stated.

2.2 Basis of preparation

The consolidated financial statements for the year 2018 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.

2.2.1 Basis of measurement

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.

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. In specific terms, the following have been applied.

- 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 profit or loss.
- 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.
- The plan assets for defined benefit obligations are measured at fair value.
- Assets and liabilities held for trading are measured at fair value.
- Loans and receivables are measured at are measured 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 2	Share based payment amendments	01-Jan-18
IFRS 9	Financial Instruments	01-Jan-18
IFRS 15	Revenue from Contracts with Customers	01-Jan-18

Clarifying share-based payment accounting (Amendments to IFRS 2)

The amendments cover three accounting areas:

Measurement of cash-settled share-based payments –The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash-settled share-based payment is still equal to the cash paid on settlement.

Classification of share-based payments settled net of tax withholdings - The amendments 'introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.

Accounting for a modification of a share-based payment from cash-settled to equity-settled – The amendments clarify the approach that companies are to apply.

The new requirements affect the classification and/or measurement of these arrangements – and the timing and amount of expense recognised for new and outstanding awards.

The new standard did not significantly impact the Group.

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments. The new standard includes a new model for classification and measurement of financial assets, a forward-looking 'expected loss' impairment model for debt instruments and a substantially reformed approach to hedge accounting . The standard replaces the existing guidance in IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective from 1 January 2018 , with early adoption permitted.

Classification and measurement:
From a classification and measurement perspective, all financial assets, except equity instruments and derivatives, are assessed based on a combination of:
(i) the entity's business model for managing the assets (and whether collecting cash flows, selling financial assets, or both are integral to the business model), and

(ii) the instruments' contractual cash flow characteristics (whether the contractual cash flows are solely payments of principal and interest (SPPI).

The IAS 39 measurement categories have been replaced by: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 also allows entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI instruments as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

The accounting for financial liabilities is largely the same as the requirements under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are now presented in OCI (instead of P&L) with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise from presentation in OCI, in which case the own credit gains or losses continue to be presented in P&L.

The impact to the Group due to the changes to classification and measurement of financial instruments from the adoption of IFRS 9 as at 1 January 2018 is highlighted below:

- Held-for-Trading financial assets, under IAS 39, continue to be classified and measured as FVTPL
- Financial assets designated at fair value, under IAS 39, continue to be classified as measured at FVTPL due to the business model assessment or the fact that the designation eliminates or significantly reduces an accounting mismatch.
- Loans and advances to banks and to customers classified and measured at amortised cost under IAS 39, continue to be measured and classified at amortised cost under IFRS 9 unless they failed the business model or SPPI test. The Group did not identify any [significant] differences in the measurement of loans and advances to banks and customers following transition to IFRS 9.
- Investment debt securities previously classified as Available-for-Sale under IAS 39, and measured at FVOCI, consist of government and corporate bonds that are held for an indefinite period of time as they may be sold in response to needs for liquidity or changes in interest rates or exchange rates. These debt securities continue to be classified and measured as FVOCI as they are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets unless they fail the SPPI criterion
- Investment securities previously classified as Held-to-Maturity under IAS 39, and measured at amortised cost, continue to be classified and measured at amortised cost as the financial assets are held within a business model whose objective is to hold to collect contractual cash flows that satisfy the SPPI criterion.
- Investment equity securities previously classified as Available-for-Sale under IAS 39, and measured at FVOCI, are classified as FVTPL under IFRS 9. The Group has made an accounting policy choice not to irrevocably elect to classify and measure non-trading equity instruments at FVOCI as all amounts recognised in OCI can never be reclassified to profit or loss

For financial liabilities, IFRS 9 largely retains the pre-existing requirements for classification and measurement previously included in IAS 39. However, under IFRS 9 fair value changes on financial liabilities which are designated at fair value through profit or loss that are attributable to changes in the credit risk of the liability are presented in other comprehensive income.

Financial Assets and Financial Liabilities

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 FVO 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 IAS 17 (Leases)
• Trade receivables in 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 be 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 new 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.

Economic variable assumptions
The most significant period-end assumptions used for the ECL estimate as as December 2018 are set out below

	2019Q4	2020Q4	2021Q4	2022Q4	2023Q4
Real Gross Domestic Product					
Base	73.81	77.19	80.97	83.58	86.06
Optimistic	74.61	78.86	83.69	87.35	90.65
Pessimistic	73.01	75.54	78.34	79.98	81.70

Interest rates					
Base					
Tenor: 01M: Quarterly	13.48	14.08	14.68	14.68	14.68
Tenor: 03M: Quarterly	14.00	14.60	15.20	15.20	15.20
Tenor: 06M: Quarterly	15.26	15.86	16.46	16.46	16.46
Tenor: 09M: Quarterly	14.59	15.19	15.79	15.79	15.79
Tenor: 12M: Quarterly	13.92	14.52	15.12	15.12	15.12
Tenor: 18M: Quarterly	14.23	14.83	15.43	15.43	15.43
Tenor: 02Y: Quarterly	14.53	15.13	15.73	15.73	15.73
Tenor: 03Y: Quarterly	14.41	15.01	15.61	15.61	15.61
Tenor: 04Y: Quarterly	14.64	14.99	15.59	15.59	15.59
Tenor: 05Y: Quarterly	14.66	15.01	15.61	15.61	15.61
Tenor: 10Y: Quarterly	14.96	15.31	15.66	15.66	15.66

Optimistic					
Tenor: 01M: Quarterly	15.34	15.96	16.39	15.92	15.57
Tenor: 03M: Quarterly	15.91	16.51	16.95	16.47	16.11
Tenor: 06M: Quarterly	17.30	17.90	18.32	17.81	17.43
Tenor: 09M: Quarterly	16.50	17.09	17.52	17.04	16.69
Tenor: 12M: Quarterly	15.68	16.29	16.73	16.29	15.96
Tenor: 18M: Quarterly	16.30	16.95	17.39	16.85	16.44
Tenor: 02Y: Quarterly	16.49	17.13	17.56	17.06	16.68
Tenor: 03Y: Quarterly	16.08	16.69	17.14	16.72	16.41
Tenor: 04Y: Quarterly	16.27	16.61	17.06	16.66	16.36
Tenor: 05Y: Quarterly	16.21	16.55	17.02	16.63	16.34
Tenor: 10Y: Quarterly	16.46	16.81	17.03	16.65	16.37

Pessimistic					
Tenor: 01M: Quarterly	17.49	18.12	18.36	17.35	16.59
Tenor: 03M: Quarterly	18.16	18.77	19.01	17.96	17.18
Tenor: 06M: Quarterly	19.71	20.30	20.51	19.40	18.57
Tenor: 09M: Quarterly	18.74	19.36	19.58	18.54	17.76
Tenor: 12M: Quarterly	17.77	18.40	18.66	17.69	16.96
Tenor: 18M: Quarterly	18.46	19.14	19.39	18.29	17.48
Tenor: 02Y: Quarterly	18.66	19.33	19.56	18.50	17.72
Tenor: 03Y: Quarterly	18.18	18.81	19.07	18.12	17.41
Tenor: 04Y: Quarterly	18.44	18.76	19.03	18.08	17.38
Tenor: 05Y: Quarterly	18.43	18.75	19.03	18.09	17.39
Tenor: 10Y: Quarterly	18.61	18.97	19.01	18.08	17.40

Sensitivity analysis of the IFRS 9 Reserve

The following drivers/ assumptions have been considered in arriving at the sensitivity analysis.

1. Macro Economic Condition
2. External Factors (Legal/ Regulatory)
3. Concentration
4. Collateral
5. Other Secondary Drivers

In sensitising the variables to determine the impact on Expected Credit Loss (ECL), the Group adjusted its Forward Looking Information forecast as follows:

	upward	downward
Year1 GDP Growth % (relative to country average GDP)	5%	5%
Year2 GDP Growth % (relative to country average GDP)	5%	5%
Year3 GDP Growth % (relative to country average GDP)	5%	5%
Change in %ECL due to regulatory environment change	5%	5%
Concentration %TOSUC covered by top 10 or 50 Names	5%	5%

	Description of Factors that are considered for ECL	Weighting	Rating	Weighted Score
Primary Factors				
1	Changes in international, national, regional, and local economic and business conditions and developments that affect the collectibility of the portfolio, including the condition of various market segments	30%	1.25	0.38
2	The effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing portfolio.	10%	1.25	0.13
3	The existence and effect of any concentrations of credit, and changes in the level of such concentrations.	45%	0.25	0.11
4	Changes in the value of underlying collateral for collateral-dependent loans.	5%	0.25	0.01
	Primary Factors Total	90%		0.63
Secondary Factors				
5	Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses.			
6	Changes in the experience, ability, and depth of lending management and other relevant staff.			
7	Changes in the volume and severity of past due loans, the volume of non-accrual loans, and the volume and severity of adversely classified or graded loans.			
8	Changes in the nature and volume of the portfolio and in the terms of loans.			
9	Changes in the quality of the loan review system			
	Secondary Factors Total	10%	0.58	0.06

Severity	Rating	Score	Cut point
Low	1	0.25	0.13
Medium	2	0.58	0.42
High	3	0.92	0.75
Very High	4	1.25	1.08

Set out below are the changes to the ECL as at December 31, 2018 that would result from the possible changes in the parameters involved from the actual assumptions used in the Group's economic variable assumptions.

Keeping the drivers as:

Driver	Input
1. Macro Condition	High
2. External Factors (Legal/ Regulatory)	Low
3. Concentration	Low
4. Collateral	Low

Expected Credit Loss	**N'000**
IFRS9 ECL (Expected Credit Loss) Performing	143,869
IFRS9 ECL (Expected Credit Loss) Non-performing	2,204,276
Total ECL	2,348,145

When the inputs are increased by 5% across the drivers, the below results are obtained:

Driver	Input
1. Macro Condition	Low
2. External Factors (Legal/ Regulatory)	Low
3. Concentration	Low
4. Collateral	Low

Expected Credit Loss	**N'000**
IFRS9 ECL (Expected Credit Loss) Performing	130,350
IFRS9 ECL (Expected Credit Loss) Non-performing	2,073,202
Total ECL	2,203,553

When the inputs are reduced by 5% across the drivers, the below results are obtained:

Driver	Input
1. Macro Condition	Very High
2. External Factors (Legal/ Regulatory)	Very High
3. Concentration	Low
4. Collateral	Low

Expected Credit Loss	**N'000**
IFRS9 ECL (Expected Credit Loss) Performing	130,350
IFRS9 ECL (Expected Credit Loss) Non-performing	2,335,350
Total ECL	2,465,700

IFRS 15 Revenue from contracts with customers

IFRS 15 "Revenue from Contracts with Customers" was published by IASB on 28th May 2014.The core principle of the new Standard (which was effective in January 2018) is revenue recognition to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The revenue is recognized when the control over the goods or services is transferred to the customer.

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a comprehensive model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. 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.

a) Identify the contract(s) with a customer.
b) Identify the performance obligations in the contract.
c) Determine the transaction price.
d) Allocate the transaction price to the performance obligations in the contract.
e) Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard was effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 had no material impact on the financial statements of the Group. The impact on the bank's retained was not material.

Standards and interpretations issued/amended but not yet effective

Standard	Content	Effective date
IFRS 16	Leases	01-Jan-19
IFRS 17	Insurance Contracts	01-Jan-22

IFRS 16 Leases

• IFRS 16 – Leases. In January 2016, the IASB issued IFRS 16, which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removes the current requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets and lease liabilities on the balance sheet for most leases. Lessees will also recognise depreciation expense on the lease asset and interest expense on the lease liability in the income statement. There are no significant changes to lessor accounting aside from enhanced disclosure requirements. The Bank has conducted the impact assessment of this standard which was insignificant.

Prior to introduction of IFRS 16, The Group has always carried its operating lease on balance sheet. Notwithstanding, the Group carried out the impact assessment of the amendment on its business. This amendment does not have any financial implications on the Group. The operating lease of the group totaling N42.7 million is fully paid in advance with no future minimum lease payments to be made, leaving the Group with no future liability. The operating lease is currently recognised in the statement of financial position as part of prepaid assets and this is currently being amortised to Income statement over the rental period. The implication is that the current accounting treatment and presentation of the operating leases will not change on application of IFRS 16.

The standard is effective in 01 January 2019 and the Bank will be applying the standards at the applicable effective dates.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation, and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represent those contracts. This information gives a basis for users of financial statements to access the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. It is not expected that the standard will have an impact on the Group as the Group does not engage in insurance business.

2.3 Consolidation

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

Subsidiaries

The consolidated financial statements of the Group comprise the financials statements of the parent entity and subsidiary as at 31 December 2018. 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.

Changes in fair value of monetary securities denominated in foreign currency classified as available for sale 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.

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.

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 esignated 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 expire.

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 and available-for-sale assets 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 21.1). 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 interestare 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 which 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

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

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 for trading 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.

New concept of performance obligations, revenue in contract allocated to performance obligations and recognized only when performance is completed.

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 or 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 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 available-for-sale securities, 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 uniscounted basis and are expensed as the related services 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. The award programmes are administered by the Personnel and Compensation Committee of the Group Inc. Board of Directors, which is composed entirely of non-employee Directors.

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 apriticipants (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.

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

Dividend for the current year 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.

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 37.3. 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.

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. Section 2.2.3

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. Section 2.2.3

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. Section 2.2.3

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. Section 2.2.3

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 as a result of IFRS 9. see Section 2.2.3 for more.

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 overal 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

2018	Fair Value through Profit and Loss N'000	Fair value through OCI N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	128,929,926	128,929,926
Loans and advances to banks	-	-	136,562,807	136,562,807
Financial assets at fair value through profit or loss	184,211,990	-	-	184,211,990
Derivative financial instruments	30,965,145	-	-	30,965,145
Assets pledged as collateral	29,002,684	-	-	29,002,684
Loans and advances to customers	-	-	108,255,998	108,255,998
Fair value through other comprehensive income	71,451,691	-	-	71,451,691
Other assets (excluding prepayments)	-	-	33,834,248	33,834,248
	315,631,510	-	407,582,979	723,214,489
Deposits from banks	-	-	196,702,799	196,702,799
Deposits from customers	-	-	384,453,004	384,453,004
Derivative financial instruments	3,229,987	-	-	3,229,987
Other liabilities (excl. accrued expenses etc)	-	-	47,139,814	47,139,814
	3,229,987	-	628,295,617	631,525,604
Bonds and guarantees	-	-	34,943,841	34,943,841
Loan commitments	-	-	9,751,254	9,751,254
Other credit related obligations	-	-	55,748,974	55,748,974
Total	**-**	**-**	**100,444,069**	**100,444,069**

Bank

2018	Fair Value through Profit and Loss N'000	Fair value through OCI N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	128,929,926	128,929,926
Loans and advances to banks	-	-	136,562,807	136,562,807
Financial assets at fair value through profit or loss	184,211,990	-	-	184,211,990
Derivative financial instruments	30,965,145	-	-	30,965,145
Assets pledged as collateral	29,002,684	-	-	29,002,684
Loans and advances to customers	-	-	108,255,998	108,255,998
Fair value through other comprehensive income	71,451,691	-	-	71,451,691
Other assets (excluding prepayments)	-	-	33,834,243	33,834,243
	315,631,510	-	407,582,974	723,214,484
Deposits from banks	-	-	196,702,799	196,702,799
Deposits from customers	-	-	384,454,715	384,454,715
Derivative financial instruments	3,229,987	-	-	3,229,987
Other liabilities (excl. accrued expenses)	-	-	47,139,814	47,139,814
	3,229,987	-	628,297,328	631,527,315
Bonds and guarantees	-	-	34,943,841	34,943,841
Loan commitments	-	-	9,751,254	9,751,254
Other credit related obligations	-	-	55,748,974	55,748,974
Total	**-**	**-**	**100,444,069**	**100,444,069**

4. Financial risk management

Group

2017	Fair Value through Profit and Loss N'000	Availabe for sale N'000	Loans and Receivables N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	136,988,820	-	136,988,820
Loans and advances to banks	-	-	189,341,150	-	189,341,150
Financial assets at fair value through profit or loss	44,951,937	-	-	-	44,951,937
Derivative financial instruments	7,629,080	-	-	-	7,629,080
Assets pledged as collateral	-	13,044,799	-	-	13,044,799
Loans and advances to customers	-	-	98,188,739	-	98,188,739
Fair value through other comprehensive income	-	70,963,692	-	-	70,963,692
Other assets (excluding prepayments)	-	-	26,006,310	-	26,006,310
	52,581,017	84,008,491	450,525,019	-	587,114,527
Deposits from banks	-	-	-	10,214,252	10,214,252
Deposits from customers	-	-	-	419,347,494	419,347,494
Derivative financial instruments	7,095,310	-	-	-	7,095,310
Other liabilities (excl. accrued expenses etc)	-	-	-	58,968,248	58,968,248
	7,095,310	-	-	488,529,994	495,625,304
Bonds and guarantees	-	-	18,609,746	-	18,609,746
Loan commitments	-	-	13,020,594	-	13,020,594
Other credit related obligations	-	-	24,171,158	-	24,171,158
Total	**-**	**-**	**55,801,498**	**-**	**55,801,498**

Bank

2017	Fair Value through Profit and Loss N'000	Availabe for sale N'000	Loans and Receivables N'000	Amortized Cost N'000	Total N'000
Cash and cash equivalent	-	-	136,988,820	-	136,988,820
Loans and advances to banks	-	-	189,341,150	-	189,341,150
Financial assets at fair value through profit or loss	44,951,937	-	-	-	44,951,937
Derivative financial instruments	7,629,080	-	-	-	7,629,080
Assets pledged as collateral	-	13,044,799	-	-	13,044,799
Loans and advances to customers	-	-	98,188,739	-	98,188,739
Fair value through other comprehensive income	-	76,049,584	-	-	76,049,584
Other assets (excluding prepayments)	-	-	26,006,310	-	26,006,310
	52,581,017	89,094,383	450,525,019	-	592,200,419
Deposits from banks	-	-	-	10,214,252	10,214,252
Deposits from customers	-	-	-	419,349,183	419,349,183
Derivative financial instruments	7,095,310	-	-	-	7,095,310
Other liabilities (excl. accrued expenses)	-	-	-	58,968,248	58,968,248
	7,095,310	-	-	488,531,683	495,625,993
Bonds and guarantees	-	-	18,609,746	-	18,609,746
Loan commitments	-	-	13,020,594	-	13,020,594
Other credit related obligations	-	-	24,171,158	-	24,171,158
Total	**-**	**-**	**55,801,498**	**-**	**55,801,498**

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.

Methodology for risk rating

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, which is based in New York. The revalidation had no impact but ensured consistency of the rating process.

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. The 8, 9 and 10 rating categories indicate facilities that have been classified as impaired.

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
- 8 to 10 are ratings assigned to obligors that are in default and have non-performing 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.

4.1.3 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 2018 was N1,190,257,332 (2017: N1,500,333,000). See note 4.16

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

2018				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	830,327	-	830,327	115,039	-	715,287

				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	115,039	-	115,039	830,327	-	(715,287)

Group/ Bank

2017	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	564,708	-	564,708	55,637	-	509,071

	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	55,637	-	55,637	564,708	-	(509,071)

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

		2018		2017	
Group rating	Description of the grade	Credit Exposure (%)	Impairment (%)	Credit Exposure (%)	Impairment (%)"
1 - 4	Investment Grade	66.61%	-	70.60	-
5 - 6	Non Investment Grade	31.65%	-	24.62	-
7	Speculative Grade	0.02%	-	2.64	-
8 -10	Default	1.72%	100.00	2.14	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:

	2018 N'000	2017 N'000
Balances with Central Bank of Nigeria	126,874,046	135,628,891
Loans and advances to banks	136,562,806	189,341,150
Financial assets at fair value through profit or loss	184,211,990	44,951,937
Derivative financial instruments	30,965,145	7,629,080
Assets pledged as collateral	29,002,684	13,044,799
Loans and advances to customers	108,255,998	98,188,739
Fair value through other comprehensive income	71,451,691	70,963,692
Other assets	33,834,248	26,006,310
	721,158,608	585,754,598

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

Bonds and guarantees	34,943,841	18,609,746
Loan commitments	9,751,254	13,020,594
Other credit related obligations (note 33.2)	55,748,974	24,171,158
	100,444,069	55,801,498
At 31 December	821,602,677	641,556,096

The table above shows a worse-case scenario of credit risk exposure to the Group at 31 December 2018 and 2017, 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, 33.75% (2017: 46.6%) of the total maximum exposure is derived from loans and advances to banks and customers; 36.17% (2017: 16.8%) 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:

- 98.26% of the loans and advances portfolio is categorised in the top two grades of the internal rating system as stated in note 4.1.4. (2017: 92%);

- 98.29% of the loans and advances portfolio is considered to be neither past due nor impaired (2017: 99.93%); 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 2018. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

2018	Nigeria N'000	USA N'000	Europe/Other N'000	Total N'000
Balances with Central Bank of Nigeria	126,874,047	-	-	126,874,047
Loans and advances to banks	272,960	83,932,235	52,357,611	136,562,806
Financial assets at fair value through profit or loss	184,211,990	-	-	184,211,990
Derivative financial instruments - assets	29,804,315	1,156,258	4,572	30,965,145
Assets pledged as collateral	29,002,684	-	-	29,002,684
Loans and advances to customers	108,255,998			108,255,998
Fair value through other comprehensive income	71,451,691	-	-	71,451,691
Other assets	33,834,248	-	-	33,834,248
	583,707,933	85,088,493	52,362,183	721,158,609
Bonds and guarantees	34,943,841	-	-	34,943,841
Loan commitments	9,751,254	-	-	9,751,254
Other credit related obligations (note 33.2)	55,748,974	-	-	55,748,974
	100,444,069	-	-	100,444,069
At 31 December 2018	684,152,002	85,088,493	52,362,183	821,602,678
Collateral held as at 31 December 2018	1,190,257	-	-	1,190,257

2017	Nigeria N'000	USA N'000	Europe/Other N'000	Total N'000
Balances with Central Bank of Nigeria	135,628,891	-	-	135,628,891
Loans and advances to banks	506,883	153,895,889	34,938,377	189,341,149
Financial assets at fair value through profit or loss	44,951,937			44,951,937
Derivative financial instruments - assets	7,504,913	-	124,167	7,629,080
Assets pledged as collateral	13,044,799	-	-	13,044,799
Loans and advances to customers	98,188,739			98,188,739
Fair value through other comprehensive income	70,963,692	-	-	70,963,692
Other assets	26,006,310	-	-	26,006,310
	396,796,164	153,895,889	35,062,544	585,754,597
Bonds and guarantees	18,609,746	-	-	18,609,746
Loan commitments	13,020,594	-	-	13,020,594
Other credit related obligations (note 33.2)	24,171,158	-	-	24,171,158
	55,801,498	-	-	55,801,498
At 31 December 2017	452,597,662	153,895,889	35,062,544	641,556,095
Collateral held as at 31 December 2017	1,500,333	-	-	1,500,333

Industry sectors

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

2018	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	-	126,874,047	-	-	-	-	-	126,874,047
Loans and advances to banks	-	136,562,806	-	-	-	-	-	136,562,806
Loans and advances to customers	57,010,078	758,069	-	1,124,506	35,923,380	10,621,735	2,818,230	108,255,998
Financial assets at fair value through profit or loss	-	-	184,211,990	-	-	-	-	184,211,990
Derivative financial instruments-assets	1,583,098	28,786,012	-	-	216,076	175,826	204,133	30,965,145
Fair value through other comprehensive income	-	-	71,451,691	-	-	-	-	71,451,691
Assets pledged as collateral	-	-	29,002,684	-	-	-	-	29,002,684
Other assets	415,704	23,956,040	-	7,613	11,161	9,443,730	-	33,834,248
	59,008,880	**316,936,974**	**284,666,365**	**1,132,119**	**36,150,617**	**20,241,291**	**3,022,363**	**721,158,608**
Bonds and guarantees	2,953,871	25,420,978	-	814,263	4,624,929	30,462	1,099,338	34,943,841
Loan commitments	3,375,088	372,007	-	5,118,980	244,707	40,531	599,941	9,751,254
Other credit related obligations (note 33.2)	55,748,974	-	-	-	-	-	-	55,748,974
	62,077,933	25,792,985	-	5,933,243	4,869,636	70,993	1,699,279	100,444,069
At 31 December 2018	121,086,813	342,729,959	284,666,365	7,065,362	41,020,253	20,312,284	4,721,642	821,602,677
Collateral held as at 31 December 2018	1,090,718	-	-	17,836	-	81,703	-	1,190,257
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

2017	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	-	135,628,891	-	-	-	-	-	135,628,891
Loans and advances to banks	-	189,341,149	-	-	-	-	-	189,341,149
Loans and advances to customers	50,360,124	2,158,530	-	18,908,200	16,775,517	6,917,003	3,069,366	98,188,740
Financial assets at fair value through profit or loss	-	-	44,951,937	-	-	-	-	44,951,937
Derivative financial instruments-assets	5,926,831	1,405,129	-	121,903	-	170,555	4,662	7,629,080
Fair value through other comprehensive income	-	-	70,963,692	-	-	-	-	70,963,692
Assets pledged as collateral	-	-	13,044,799	-	-	-	-	13,044,799
Other assets	415,704	23,956,040	-	7,614	11,161	1,615,790	-	26,006,309
	56,702,659	352,489,739	128,960,428	19,037,717	16,786,678	8,703,347	3,074,028	585,754,596
Bonds and guarantees	3,405,289	11,526,832	-	166,745	2,019,431	1,491,450	-	18,609,747
Loan commitments	1,666,863	123,857	-	3,812,781	700,614	6,659,035	57,444	13,020,594
Other credit related obligations (note 33.2)	21,603,448	-	-	182,043	2,298,240	87,426	-	24,171,157
	26,675,600	11,650,689	-	4,161,569	5,018,285	8,237,911	57,444	55,801,498
At 31 December 2017	83,378,259	364,140,428	128,960,428	23,199,286	21,804,963	16,941,258	3,131,472	641,556,094
Collateral held as at 31 December 2017	661,375	-	-	17,836	-	570,696	250,426	1,500,333
Maximum Loan Exposure to Customers (without collateral)	51,956,393	2,159,672	-	18,995,390	16,994,962	7,019,841	3,100,927	100,227,185

Collateral held as security for loans -

Sectoral breakdown	2018 N'000	2017 N'000
Other	-	250,426
General Commerce	81,703	570,696
Manufacturing	1,090,718	661,375
Telecommunications	17,836	17,836
	1,190,257	1,500,333

Summary of collateral pledged against loans and advances by collateral type

	Collateral amount 2018	Gross Loan and advances to customers 2018	% coverage	Collateral amount 2017	Gross Loan and advances to customers 2017	% coverage
	N'000	N'000		N'000	N'000	
Cash	115,039	830,327	14%	55,637	564,708	10%
Fixed & Floating debenture	1,075,218	2,129,907	50%	1,219,696	1,557,122	78%
Floating debenture	-	-	-	225,000	564,708	40%
Legal Mortgage	-	-	-	-	11,964	0%
Unsecured	-	107,294,678	-	-	95,490,238	-
	1,190,257	110,254,912		1,500,333	100,258,310	

Loans and advances by Ratings

	2018	2017
Investment Grade	70,696,368	71,390,180
Non Investment Grade	34,723,079	24,038,995
Speculative Grade	2,947,950	2,759,565
Default Grade	1,887,515	2,069,569
Total	110,254,912	100,258,310

Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

Loans and advances to customers: Corporate

		2018			2017		
Description of the grade	**Group's rating**	**Overdraft**	**Term loans**	**Total**	**Overdraft**	**Term loans**	**Total**
		N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Investment Grade	1 - 4	18,857,420	51,838,948	70,696,368	12,025,507	59,364,672	71,390,179
Non Investment Grade	5 - 6	11,214,830	23,508,249	34,723,079	4,744,206	19,294,789	24,038,995
Speculative Grade	7	26,952	2,920,998	2,947,950	420,159	2,339,406	2,759,565
		30,099,202	78,268,195	108,367,397	17,189,872	80,998,867	98,188,739

		Stage 1	**Stage 2**	**Stage 3**
Investment Grade	1 - 4	70,696,368	-	-
Non Investment Grade	5 - 6	34,723,079	-	-
Speculative Grade	7	2,947,950	-	-
		108,367,398	-	-

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	
	2018	2017
	Loans and advances to customers N'000	Loans an advances to customers N'000
Gross amount	1,887,515	1,807,450
Impairment	1,887,515	(1,494,445)
Fair value of collateral	-	(358,362)
Amount of over collaterisation	-	(45,357)

4.1.8 Analysis of financial assets by credit rating

2018

Group's rating	1 - 4	5 - 6	7	8 -10	
Description of the grade	Investment Grade	Non Investment Grade	Non Grade Investment Grade	Default	Total
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	126,874,047	-	-	-	126,874,047
Loans and advances to banks	136,562,806	-	-	-	136,562,806
Loans and advances to customers	70,696,368	34,763,459	2,947,950	1,847,135	110,254,912
Financial assets at fair value through profit or loss	184,211,990	-	-	-	184,211,990
Derivative financial instruments-assets	30,965,145	-	-	-	30,965,145
Fair value through other comprehensive income	72,242,017	-	-	-	72,242,017
Assets pledged as collateral	29,002,684	-	-	-	29,002,684
Other assets	-	33,834,248	-	-	33,834,248
	650,555,057	68,597,707	2,947,950	1,847,135	723,947,849

2017

Group's rating	1 - 4	5 - 6	7	8 -10	
Description of the grade	Investment Grade	Non Investment Grade	Non Grade Investment Grade	Default	Total
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	135,628,891	-	-	-	135,628,891
Loans and advances to banks	189,341,150	-	-	-	189,341,150
Loans and advances to customers	71,508,191	24,282,691	2,659,977	1,807,450	100,258,309
Financial assets at fair value through profit or loss	44,951,937	-	-	-	44,951,937
Derivative financial instruments-assets	7,629,080	-	-	-	7,629,080
Fair value through other comprehensive income	70,963,692	-	-	-	70,963,692
Assets pledged as collateral	13,044,799	-	-	-	13,044,799
Other assets	-	26,006,310	-	-	26,006,310
	533,067,740	50,289,001	2,659,977	1,807,450	587,824,168

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 31 December 2018. 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 2018, a 100 basis point parallel increase in the interest rates with all other variables held constant would have resulted to a total loss of N13,743,360 (2017: N13,386,000). 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 2018, would have resulted to an other comprehensive income loss of N20,019,000 (2017: N20,100,000).

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

31 December 2018	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	126,874,047	-	-	-	-	-	126,874,047
Loans and advances to banks	136,562,806	136,041,089	-	-	521,717	-	-
Loans and advances to customers	108,255,998	73,087,332	3,583,721	6,434,895	4,705,084	20,444,966	-
Financial assets at fair value through profit or loss	184,211,990	14,813,378	128,730,356	32,345,163	277,900	642,395	7,402,798
Derivative financial instruments-assets	30,965,145	1,106,745	26,897,399	2,961,001	-	-	-
Fair value through other comprehensive income	71,451,691	588,920	343,255	27,481,992	43,037,524	-	-
Assets pledged as collateral	29,002,684	-	-	-	29,002,684	-	-
Other assets	33,834,248	-	-	-	-	-	33,834,248
Total financial assets	721,158,609	225,637,464	159,554,732	69,223,051	77,544,908	21,087,361	168,111,093

	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	196,702,799	196,547,734	-	-	155,065	-	-
Deposits from customers	384,453,005	378,851,366	1,496,882	630,479	-	3,474,278	-
Derivative financial instruments-liabilities	3,229,987	529,792	861,403	1,838,792	-	-	-
Other liabilities (excluding accruals)	47,139,814	4,014,069	-	-	-	-	43,125,745
Total financial liabilities	631,525,605	579,942,961	2,358,285	2,469,271	155,065	3,474,278	43,125,745

Bank

31 December 2018	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	126,874,047	-	-	-	-	-	126,874,047
Loans and advances to banks	136,562,806	135,519,372	-	-	521,717	-	-
Loans and advances to customers	108,255,998	73,087,332	3,583,721	6,434,895	4,705,084	20,444,966	-
Financial assets at fair value through profit or loss	184,211,990	14,813,378	128,730,356	32,345,163	277,900	642,395	7,402,798
Derivative financial instruments-assets	30,965,145	1,106,745	26,897,399	2,961,001	-	-	-
Fair value through other comprehensive income	71,451,691	588,920	343,255	27,481,992	43,037,524	-	-
Assets pledged as collateral	29,002,684	-	-	-	29,002,684	-	-
Other assets	33,834,248	-	-	-	-	-	33,834,248
Total financial assets	721,158,609	225,115,748	159,554,732	69,223,051	77,544,908	21,087,361	168,111,093

	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	196,702,799	196,547,734	-	-	155,065	-	-
Deposits from customers	384,454,715	378,853,076	1,496,882	630,479	-	3,474,278	-
Derivative financial instruments-liabilities	3,229,987	529,792	861,403	1,838,792	-	-	-
Other liabilities (excluding accruals)	47,139,814	4,014,069	-	-	-	-	43,125,745
Total financial liabilities	631,527,315	579,944,671	2,358,285	2,469,271	155,065	3,474,278	43,125,745

Group

31 December 2017	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	135,628,891	7,500,000	-	-	-	-	128,128,891
Loans and advances to banks	189,341,149	181,841,149	-	7,500,000	-	-	-
Loans and advances to customers	98,188,742	37,088,076	9,354,675	37,648,185	12,191,167	1,906,640	-
Financial assets at fair value through profit or loss	44,951,798	57,498	9,680,027	27,721,642	1,238,284	6,254,347	-
Derivative financial instruments-assets	7,629,080	-	-	7,629,080	-	-	-
Fair value through other comprehensive income	70,963,692	588,920	343,255	27,481,992	42,549,524	-	-
Assets pledged as collateral	13,044,799	7,791,051	4,052,085	916,215	285,448	-	-
Other assets	26,006,309	-	-	-	-	-	26,006,309
Total financial assets	585,754,460	234,866,694	23,430,042	108,897,114	56,264,423	8,160,987	154,135,200

	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	10,214,252	10,059,187	-	-	155,065	-	-
Deposits from customers	419,347,494	392,337,424	14,379,963	47,723	100	9,674,547	2,907,737
Derivative financial instruments-liabilities	7,095,310	7,060,871	-	34,439	-	-	-
Other liabilities (excluding accruals)	58,968,248	212,774	12,682,463	402,246	644,237	1,900,783	43,125,745
Total financial liabilities	495,625,304	409,670,256	27,062,426	484,408	799,402	11,575,330	46,033,482

Bank

31 December 2017	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	135,628,891	7,500,000	-	-	-	-	128,128,891
Loans and advances to banks	189,341,149	181,841,149	-	7,500,000	-	-	-
Loans and advances to customers	98,188,742	37,088,076	9,354,675	37,648,185	12,191,167	1,906,640	-
Financial assets at fair value through profit or loss	44,951,798	57,498	9,680,027	27,721,642	1,238,284	6,254,347	-
Derivative financial instruments-assets	7,629,080	-	-	7,629,080	-	-	-
Fair value through other comprehensive income	70,963,692	588,920	343,255	27,481,992	42,549,524	-	-
Assets pledged as collateral	13,044,799	7,791,051	4,052,085	916,215	285,448	-	-
Other assets	26,006,309	-	-	-	-	-	26,006,309
Total financial assets	585,754,460	234,866,694	23,430,042	108,897,114	56,264,423	8,160,987	154,135,200

	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	10,214,252	10,059,187	-	-	155,065	-	-
Deposits from customers	419,349,184	392,337,424	14,379,963	47,723	100	9,674,547	2,907,737
Derivative financial instruments-liabilities	7,095,310	7,060,871	-	34,439	-	-	-
Other liabilities (excluding accruals)	58,968,248	212,774	12,682,463	402,246	644,237	1,900,783	43,125,745
Total financial liabilities	495,626,994	409,670,256	27,062,426	484,408	799,402	11,575,330	46,033,482

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 2018. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by currency.

Group

At 31 December 2018	Naira	Dollar	GBP	Euro	Others	Total
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalent	127,275,335	1,558,092	35,021	61,479	-	128,929,927
Loans and advances to banks	241,861	106,930,793	989,167	27,550,270	850,715	136,562,806
Loans and advances to customers	45,640,922	56,465,040	133,528	6,016,508	-	108,255,998
Financial assets at fair value through profit or loss	184,211,990	-	-	-	-	184,211,990
Derivative financial instruments-assets	101,777	30,790,913	-	64,882	7,573	30,965,145
Fair value through other comprehensive income	71,451,691	-	-	-	-	71,451,691
Assets pledged as collateral	29,002,684	-	-	-	-	29,002,684
Other assets	28,849,074	2,927,315	-	2,057,859	-	33,834,248
Total financial assets	486,775,334	198,672,153	1,157,716	35,750,998	858,288	723,214,489

	Naira	Dollar	GBP	Euro	Others	Total
Liabilities	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Deposits from banks	170,435	178,598,757	25,497	17,888,942	19,168	196,702,799
Deposits from customers	202,194,097	166,793,312	1,002,330	14,461,579	1,687	384,453,005
Derivative financial instruments-liabilities	3,062,615	125,320	5,153	36,899	-	3,229,987
Other liabilities (excluding accruals)	42,709,148	3,904,234	8,755	517,677	-	47,139,814
Total financial liabilities	248,136,295	349,421,623	1,041,737	32,905,097	20,855	631,525,605
Net financial position	238,639,039	(150,749,470)	115,979	2,845,901	837,433	91,688,884
Credit commitments and other financial facilities	24,336,338	64,950,523	211,458	9,690,272	1,255,477	100,444,069

Bank

At 31 December 2018	Naira	Dollar	GBP	Euro	Others	Total
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalent	127,275,335	1,558,092	35,021	61,479	-	128,929,927
Loans and advances to banks	241,861	106,930,793	989,167	27,550,270	850,715	136,562,806
Loans and advances to customers	45,515,322	56,465,040	133,528	6,016,508	125,600	108,255,998
Financial assets at fair value through profit or loss	184,211,990	-	-	-	-	184,211,990
Derivative financial instruments-assets	101,777	30,790,913	-	64,882	7,573	30,965,145
Fair value through other comprehensive income	71,451,691	-	-	-	-	71,451,691
Assets pledged as collateral	29,002,684	-	-	-	-	29,002,684
Other assets	28,849,074	2,927,315	-	2,057,859	-	33,834,248
Total financial assets	486,649,734	198,672,153	1,157,716	35,750,998	983,888	723,214,489

	Naira	Dollar	GBP	Euro	Others	Total
Liabilities	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Deposits from banks	170,435	178,598,757	25,497	17,888,942	19,168	196,702,799
Deposits from customers	202,195,807	166,793,312	1,002,330	14,461,579	1,687	384,454,715
Derivative financial instruments-liabilities	3,062,615	125,320	5,153	36,899	-	3,229,987
Other liabilities (excluding accruals)	42,709,148	3,904,234	8,755	517,677	-	47,139,814
Total financial liabilities	248,138,006	349,421,623	1,041,735	32,905,097	20,855	631,527,315
Net financial position	238,511,728	(150,749,470)	115,981	2,845,901	963,033	91,687,174
Credit commitments and other financial facilities	24,336,338	64,950,523	211,458	9,690,272	1,255,477	100,444,069

Group

At 31 December 2017	Naira	Dollar	GBP	Euro	Others	Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	135,628,891	-	-	-	-	135,628,891
Loans and advances to banks	377,033	169,893,995	1,501,708	17,431,665	136,750	189,341,151
Loans and advances to customers	44,354,711	46,797,855	18,869	7,017,304	-	98,188,739
Financial assets at fair value through profit or loss	44,951,937	-	-	-	-	44,951,937
Derivative financial instruments-assets	5,727,886	1,770,079	23,601	107,364	150	7,629,080
Fair value through other comprehensive income	70,963,691	-	-	-	-	70,963,691
Assets pledged as collateral	13,044,799	-	-	-	-	13,044,799
Other assets	25,175,525	827,960	2,825	-	-	26,006,310
Total financial assets	340,224,474	219,289,889	1,547,003	24,556,332	136,900	585,754,598
Liabilities						
Deposits from banks	10,055,551	70,932	3,513	-	84,256	10,214,252
Deposits from customers	200,756,336	201,521,576	1,517,068	15,528,957	25,246	419,349,183
Derivative financial instruments-liabilities	1,239,289	5,855,986	19	16	-	7,095,310
Other liabilities (excluding accruals)	32,006,288	26,733,708	68,641	159,610	-	58,968,247
Total financial liabilities	244,057,464	234,182,202	1,589,241	15,688,583	109,502	495,626,992
Net financial position	96,167,010	(14,892,313)	(42,238)	8,867,749	27,398	90,127,606
Credit commitments and other financial facilities	15,873,080	36,880,628	2,196,342	6,451	29,121	54,985,622

Bank At 31 December 2017	Naira	Dollar	GBP	Euro	Others	Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	135,628,891	-	-	-	-	135,628,891
Loans and advances to banks	377,033	169,893,995	1,501,708	17,431,665	136,750	189,341,151
Loans and advances to customers	44,354,711	46,797,855	18,869	7,017,304	-	98,188,739
Financial assets at fair value through profit or loss	44,951,937	-	-	-	-	44,951,937
Derivative financial instruments-assets	7,629,080	-	-	-	-	7,629,080
Fair value through other comprehensive income	70,963,691	-	-	-	-	70,963,691
Assets pledged as collateral	13,044,799	-	-	-	-	13,044,799
Other assets	25,175,525	827,960	2,825	-	-	26,006,309
Total financial assets	342,125,667	217,519,810	1,523,402	24,448,969	136,750	585,754,597
Liabilities						
Deposits from banks	10,055,551	70,932	3,513	-	84,256	10,214,252
Deposits from customers	200,731,091	201,521,576	1,517,068	15,528,958	25,246	419,349,183
Derivative financial instruments-liabilities	7,095,310	-	-	-	-	7,095,310
Other liabilities (excluding accruals)	32,006,288	26,733,708	68,641	159,610	-	58,968,247
Total financial liabilities	249,888,240	228,326,216	1,589,222	15,688,568	109,502	495,626,992
Net financial position	92,237,427	(10,806,406)	(65,820)	8,760,401	27,248	90,127,605
Credit commitments and other financial facilities	13,196,548	22,882,700	135,233	6,533,237	33,185	42,780,904

The management of unfavourable foreign exchange position is as presented in section 4.2.1

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 (in foreign currencies)

	2018			2017		
31 December, 2018	**Dollar**	**GBP**	**Euro**	**Dollar**	**GBP**	**Euro**
in NGN'thousands						
Loans and advances to banks	106,930,793	989,167	27,550,270	169,893,995	1,501,708	17,431,665
Loans and advances to customers	56,465,040	133,528	6,016,508	46,797,855	18,869	7,017,304
Derivative financial instruments-assets	30,790,913	-	64,883	1,770,079	23,601	107,364
Other assets (excl. prepayments)	2,927,315	-	2,057,859	827,960	2,825	-
Deposits from banks	(178,598,757)	(25,497)	(17,888,942)	(70,932)	(3,513)	(9,147,854)
Deposits from customers	(166,793,312)	(1,002,330)	(14,461,579)	(201,521,576)	(1,517,068)	(15,528,958)
Derivative financial instruments-liabilities	(125,320)	(5,153)	(36,899)	(5,855,986)	(19)	(16)
Other liabilities (excl. accruals)	(3,904,234)	(8,755)	(517,676)	(26,733,708)	(68,641)	(159,610)
Foreign currency exposure on net monetary items	**(152,307,562)**	**80,960**	**2,784,423**	**(14,892,313)**	**(42,237)**	**(280,106)**

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

	2018			2017		
	Dollar	**GBP**	**Euro**	**Dollar**	**GBP**	**Euro**
Sensitivity @ 5% increase (2017:60%)	9,933,608	57,634	1,787,550	131,957,331	973,125	14,571,689
Sensitivity @ 10% increase (2017:70%)	19,867,215	115,268	3,575,100	153,950,219	1,135,312	17,000,303
Sensitivity @ 5% decrease (2017:30%)	(9,933,608)	(57,634)	(1,787,550)	(65,978,665)	(486,562)	(7,285,844)
Sensitivity @ 10% decrease (2017:40%)	(178,804,937)	(1,037,412)	(32,175,899)	(87,971,554)	(648,750)	(9,714,459)
Sensitivity @ NAFEX rate	(3,371,393)	(34,755)	7,810,141	17,824,892	220,283	3,303,941
Sensitivity @ CBN rate	(32,011,867)	(244,726)	(346,999)	(17,041,234)	(124,674)	(1,878,079)

CBN rate sas at December 2018 stood at:

USD - 306.50

GBP - 391.37

EUR - 350.76

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 31 December:

VAR analysis	2018 N'000	2017 N'000
Interest rate risk	938,176	425,412
Foreign currency risk	19,870	1,755
Overall portfolio risk	939,832	424,683

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) . Were these unobservable adjustments or assumptions to differ by +/- 100 under Level 3 that represent the fair value of non-quoted equity securities for 2018.basis points, the change in fair value would be N2,419,134 'higher or lower. 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**	
	2018	**2017**
	N'000	**N'000**
CSCS	49,806	35,652
NIBSS	655,255	124,617
UPS	1,714,073	93,849
	2,419,134	254,118

Sensitivity Analysis of unquoted securities

	CSCS	**NIBSS**	**UPS**
	N'000	**N'000**	**N'000**
Current fair value	628,054	3,653,642	3,121,101
Revised fair value with 1% downward shift on discounted value	578,248	2,998,388	1,407,028
Revised fair value with 1% upward shift on discounted value	677,860	3,282,359	1,766,973
Plus 1%	49,806	655,255	1,714,073
Minus 1%	(49,806)	371,283	1,354,128

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 financila 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	1,064,280	193,010	174,628
Fair value through profit or loss: T-bills	175,744,912	28,914,643	26,160,868
Pledged assets: Bonds	29,473,761	1,558,868	1,410,404
Fair value through OCI: Bonds	66,762,663	12,240,494	11,074,733

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 2018 was 139.29% (2017: 76.47%).

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	**2018**	**2017**
Rating Assigned	Aa	Aa
Outlook	Stable	Stable
Issue date	September 12, 2018	July 12, 2017
Expiry Date	June 30, 2019	June 30, 2018

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

31 December 2018	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	22,461,535	-	-	-	-	22,461,535
Loans and advances to banks	136,041,089	-	-	521,717	-	136,562,806
Derivative financial instruments-assets	1,106,745	26,897,399	2,961,001	-	-	30,965,145
Financial assets at fair value through profit or loss	14,813,378	128,730,356	32,345,163	277,900	8,045,192	184,211,990
Loans and advances to customers	73,087,332	3,583,721	6,434,895	4,705,084	20,444,966	108,255,998
Other assets	26,355,898	7,362,084	116,266	-	-	33,834,248
Fair value through other comprehensive income	588,920	343,255	27,481,992	43,037,524	-	71,451,691
Restricted balance	-	-	-	106,468,392	-	106,468,392
Assets pledged as collateral	-	-	-	29,002,684	-	29,002,684
Total financial assets	274,454,898	166,916,816	69,339,317	184,013,300	28,490,158	723,214,489

	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	196,547,734	-	-	155,065	-	196,702,799
Deposits from customers	378,851,366	1,496,882	630,479	-	3,474,278	384,453,005
Derivative financial instruments-liabilities	529,792	861,403	1,838,792	-	-	3,229,986
Other liabilities (excl. accrued expenses)	42,851,391	551,182	1,722,981	458,567	1,555,693	47,139,814
Total financial liabilities	618,780,283	2,909,467	4,192,252	613,632	5,029,972	631,525,605
Net financial asset/(liabilities)	(344,325,384)	164,007,349	65,147,065	183,399,668	23,460,187	91,688,884

Bank

31 December 2018	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	22,461,535	-	-	-	-	22,461,535
Loans and advances to banks	136,041,089	-	-	521,717	-	136,562,806
Derivative financial instruments-assets	1,106,745	26,897,399	2,961,001	-	-	30,965,145
Financial assets at fair value through profit or loss	14,813,378	128,730,356	32,345,163	277,900	8,045,192	184,211,990
Loans and advances to customers	73,087,332	3,583,721	6,434,895	4,705,084	20,444,966	108,255,998
Fair value through other comprehensive income	588,920	343,255	27,481,992	43,037,524	-	71,451,691
Restricted balance	-	-	-	94,496,207	-	106,468,392
Assets pledged as collateral	-	-	-	29,002,684	-	29,002,684
Other assets	26,355,898	7,362,084	116,266	-	-	33,834,248
Total financial assets	274,454,897	166,916,815	69,339,317	172,041,116	28,490,158	723,214,489

	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	196,547,734	-	-	155,065	-	196,702,799
Deposits from customers	378,853,076	1,496,882	630,479	-	3,474,278	384,454,715
Derivative financial instruments-liabilities	529,792	861,403	1,838,792	-	-	3,229,987
Other liabilities (excl. accrued expenses)	42,851,391	551,182	1,722,981	458,567	1,555,693	47,139,814
Total financial liabilities	618,781,993	2,909,467	4,192,252	613,632	5,029,971	631,527,315
Net financial asset /(liabilities)	(344,327,096)	164,007,348	65,147,065	171,427,484	23,460,187	91,687,174

Group

31 December 2017	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	41,132,685	-	-	-	-	41,132,685
Loans and advances to banks	188,813,843	-	-	527,309	-	189,341,152
Derivative financial instruments-assets	1,380,031	447,453	5,801,596	-	-	7,629,080
Financial assets at fair value through profit or loss	57,498	9,680,027	27,721,642	1,238,284	6,254,347	44,951,798
Loans and advances to customers	97,904,251	30,928	-	69,845	183,718	98,188,742
Fair value through other comprehensive income	588,920	343,255	12,477,269	55,594,323	1,959,924	70,963,691
Restricted balance	-	-	-	94,496,207	-	94,496,207
Assets pledged as collateral	-	-	-	13,044,799	-	13,044,799
Other assets	18,527,960	7,362,084	116,266	-	-	26,006,310
Total financial assets	348,405,188	17,863,747	46,116,773	164,970,767	8,397,989	585,754,464

	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	10,214,252	-	-	-	-	10,214,252
Deposits from customers	305,711,934	7,408,150	3,400,765	94,496,207	8,332,129	419,349,184
Derivative financial instruments-liabilities	1,041,430	260,288	5,793,591	-	-	7,095,310
Other liabilities (excl. accrued expenses)	54,679,824	551,182	1,722,981	458,567	1,555,693	58,968,247
Total financial liabilities	371,647,440	8,219,620	10,917,337	94,954,774	9,887,822	495,626,993
Net financial asset/(liabilities)	(23,242,252)	9,644,127	35,199,436	70,015,993	(1,489,833)	90,127,471

Bank

31 December 2017	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	41,132,685	-	-	-	-	41,132,685
Loans and advances to banks	188,813,843	-	-	527,309	-	189,341,152
Derivative financial instruments-assets	1,380,031	447,453	5,801,596	-	-	7,629,080
Financial assets at fair value through profit or loss	57,498	9,680,027	27,721,642	1,238,284	6,254,347	44,951,798
Loans and advances to customers	97,904,251	30,928	-	69,845	183,718	98,188,742
Fair value through other comprehensive income	588,920	343,255	12,477,269	55,594,323	1,959,924	70,963,691
Restricted balance	-	-	-	94,496,207	-	94,496,207
Assets pledged as collateral	-	-	-	13,044,799	-	13,044,799
Other assets	18,527,960	7,362,084	116,266	-	-	26,006,310
Total financial assets	348,405,188	17,863,747	46,116,773	164,970,767	8,397,989	585,754,464

	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	10,214,252	-	-	-	-	10,214,252
Deposits from customers	305,711,934	7,408,150	3,400,765	94,496,207	8,332,129	419,349,184
Derivative financial instruments-liabilities	1,041,430	260,288	5,793,591	-	-	7,095,310
Other liabilities (excl. accrued expenses)	54,679,824	551,182	1,722,981	458,567	1,555,693	58,968,247
Total financial liabilities	371,647,440	8,219,620	10,917,337	94,954,774	9,887,822	495,626,993
Net financial asset /(liabilities)	(23,242,252)	9,644,127	35,199,436	70,015,993	(1,489,833)	90,127,471

Credit commitments and other financial facilities

Group/ Bank

31 December 2018	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	-	3,003,623	333,290	1,035,442	5,378,898	9,751,253
Guarantees, acceptances and other financial facilities	696,896	56,123,703	33,872,216	-	-	90,692,815
Total	696,896	59,127,326	34,205,506	1,035,442	5,378,898	100,444,068

31 December 2017	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	16,738	3,254,498	172,182	4,568,710	5,008,467	13,020,595
Guarantees, acceptances and other financial facilities	4,824,258	6,806,543	19,806,423	3,266,252	8,077,427	42,780,903
Total	4,840,996	10,061,041	19,978,605	7,834,962	13,085,894	55,801,498

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 2018, 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 years ended 31 December 2018 and 2017. During these two years, the Bank complied with all of the externally imposed capital requirements.

	2018 N'000	2017 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)	39,623,893	36,800,556
Regulatory risk reserve applied for IFRS 9 Impact *	(721,297)	-
SMEEIS Reserve	3,340,909	3,340,909
Statutory Reserve	33,816,159	29,206,621
Tier 1 Sub-Total	**90,497,436**	**83,785,858**
Less:		
50% of investments in unconsolidated banking and financial subsidiary/associate companies	199,010	199,010
NET-TOTAL TIER 1 CAPITAL	**90,298,426**	**83,586,848**
TIER 2 CAPITAL		
Other Comprehensive Income (OCI)	(3,855,651)	3,933,116
Tier 2 Sub-total	**(3,855,651)**	**3,933,116**
50% of investments in unconsolidated banking and financial subsidiary/associate companies	199,010	199,010
NET-TOTAL TIER 2 CAPITAL	**(4,054,661)**	**3,734,106**
TOTAL QUALIFYING CAPITAL	**86,243,764**	**87,320,954**
COMPUTATION OF RISK-WEIGHTED ASSETS		
1. Credit Risk: Standardised Approach		
Total Risk-weighted Amount for Credit Risk	189,988,433	202,868,798
2. Operational Risk		
2(a). Basic Indicator Approach: Calibrated risk-weighted amount	87,878,090	70,792,929
Risk-weighted Amount for Operational Risk	**87,878,090**	**70,792,929**
3. Market risk: Standardised Approach		
Risk-weighted Amount for Market Risk	**7,251,651**	**21,958,398**
AGGREGATE RISK-WEIGHTED ASSETS	**285,118,173**	**295,620,126**
TOTAL RISK-WEIGHTED CAPITAL RATIO	**30.25%**	**29.54%**
TIER 1 RISK-BASED CAPITAL RATIO	**31.67%**	**28.28%**

*This relates to IFRS 9 day 1 impact per the methodology of the Central Bank of Nigeria

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.

31 December	Carrying value 2018 N'000	Carrying value 2017 N'000	Fair value 2018 N'000	Fair value 2017 N'000
Financial assets				
Loans and advances to banks	136,562,806	189,341,150	136,562,806	189,341,150
Loans and advances to customers	108,255,998	98,188,739	108,255,998	98,188,739
Other assets (excluding prepayments)	33,834,248	26,006,310	33,834,248	26,006,310
	278,653,052	313,536,199	278,653,052	313,536,199
Financial liabilities				
Deposits from banks	196,702,799	10,214,252	196,702,799	10,214,252
Deposits from customers	384,453,005	419,347,494	384,453,005	419,347,494
Other liabilities	47,139,814	58,968,248	47,139,814	58,968,248
	628,295,618	488,529,994	628,295,618	488,529,994
Credit commitments and other financial facilities				
Loan commitments	9,751,253	13,020,595	9,751,253	13,020,595
Guarantees, acceptances and other financial facilities	90,692,815	42,780,903	90,692,815	42,780,903
	100,444,068	55,801,498	100,444,068	55,801,498

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 N7,402,797,000 (2017: N5,084,633,000) 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.

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) . Were these unobservable adjustments or assumptions to differ by +/- 100 under Level 3 that represent the fair value of non-quoted equity securities for 2018.basis points, the change in fair value would be N2,419,134 'higher or lower. 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	
	2018	2017
	N'000	N'000
CSCS	49,806	35,652
NIBSS	655,255	124,617
UPS	1,714,073	93,849
	2,419,134	254,118

Sensitivity Analysis of unquoted securities

	CSCS	NIBSS	UPS
	N'000	N'000	N'000
Current fair value	628,054	3,653,642	3,121,101
Revised fair value with 1% downward shift on discounted value	578,248	2,998,388	1,407,028
Revised fair value with 1% upward shift on discounted value	677,860	3,282,359	1,766,973
Plus 1%	49,806	655,255	1,714,073
Minus 1%	(49,806)	371,283	1,354,128

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

31 December 2018	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	1,329,046	175,480,146	7,402,798	184,211,990
Derivative financial instruments	-	30,965,145	-	30,965,145
Financial assets at FVTOCI	66,762,663	4,689,028	-	71,451,691
Loans and advances to banks	-	-	136,562,806	136,562,806
Loans and advances to customers	-	-	108,255,998	108,255,998
Other assets	-	-	33,834,248	33,834,248
Total assets	68,091,709	211,134,319	286,055,850	565,281,878
Liabilities				
Derivative financial instruments	-	3,229,987	-	3,229,987
Deposits from banks	-	-	196,702,799	196,702,799
Deposits from customers	-	-	384,454,714	384,454,714
Other liabilities	-	-	47,139,814	47,139,814
Total liabilities	-	3,229,987	628,297,327	631,527,314

Bank 31 December 2018	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	1,329,046	175,480,146	7,402,798	184,211,990
Derivative financial instruments	-	30,965,145	-	30,965,145
Financial assets at FVTOCI	66,762,663	4,689,028	-	71,451,691
Loans and advances to banks	-	-	136,562,806	136,562,806
Loans and advances to customers	-	-	108,255,998	108,255,998
Other assets	-	-	33,834,248	33,834,248
Total assets	68,091,709	211,134,319	286,055,850	565,281,878
Liabilities				
Derivative financial instruments	-	3,229,987	-	3,229,987
Deposits from banks	-	-	196,702,799	196,702,799
Deposits from customers	-	-	384,454,714	384,454,714
Other liabilities	-	-	47,139,814	47,139,814
Total liabilities	-	3,229,987	628,297,327	631,527,314

Group 31 December 2017	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	44,941,844	9,954	-	44,951,798
Derivative financial instruments	-	7,629,080	-	7,629,080
Financial assets at FVTOCI	71,996,490	-	5,084,633	77,081,123
Loans and advances to banks	-	-	189,341,150	189,341,150
Loans and advances to customers	-	-	98,188,739	98,188,739
Other assets	-	-	26,006,310	26,006,310
Total assets	116,938,334	7,639,034	318,620,832	443,198,200
Liabilities				
Derivative financial instruments	-	7,095,310	-	7,095,310
Deposits from banks	-	-	10,214,252	10,214,252
Deposits from customers	-	-	419,349,184	419,349,184
Other liabilities	-	-	58,968,247	58,968,247
Total liabilities	-	7,095,310	488,531,683	495,626,993

Bank 31 December 2017	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at FVTPL	44,941,844	9,954	-	44,951,798
Derivative financial instruments	-	7,629,080	-	7,629,080
Financial assets at FVTOCI	71,996,490	-	5,084,633	77,081,123
Loans and advances to banks	-	-	189,341,150	189,341,150
Loans and advances to customers	-	-	98,188,739	98,188,739
Other assets	-	-	26,006,310	26,006,310
Total assets	116,938,334	7,639,034	318,620,832	443,198,200
Liabilities				
Derivative financial instruments	-	7,095,310	-	7,095,310
Deposits from banks	-	-	10,214,252	10,214,252
Deposits from customers	-	-	419,349,184	419,349,184
Other liabilities	-	-	58,968,247	58,968,247
Total liabilities	-	7,095,310	488,531,683	495,626,993

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	2018 N'000	2017 N'000
At 1 January	5,084,632	1,698,525
Net change in fair value of equity investments	2,318,165	6,824,564
Fair value loss on derivative financial liabilities	-	(3,438,457)
At 31 December	7,402,797	5,084,632

Gains or loss on unquoted securities classified as level 3 are measured at fair value through Profit or Loss in 2018 in compliance with IFRS 9.

	2018 N'000	2017 N'000
Gains recognosed in Fair Value Reserve	-	6,824,564

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. 2018 N'000	Valuation technique	Significant unobservable input	Estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	7,402,798	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	27,364,499	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	**34,767,297**				

Type of financial instrument	Fair value as at 31 Dec. 2017 N'000	Valuation technique	Significant unobservable input	Estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	5,084,633	Market approach	Emerging market factor	45%	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	25%	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	10%	Significant increases in national scope factor, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
Total	**5,084,633**				

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, ethical standards or the bank's internal policies.

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 bank and a forum to review any changes in the operational risk profile of the Group. The 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 Risk Management Committee of the Board.

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 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Cash and balances to Central bank	313,644	578,937	313,644	578,937
Loans and advances to banks	2,604,151	2,633,605	2,604,151	2,633,605
Loans and advances to customers	12,098,071	16,561,617	12,098,071	16,561,617
Trading securities	-	923,942	-	923,942
Investment securities	12,575,367	16,313,807	12,575,367	16,313,807
	27,591,233	37,011,908	27,591,233	37,011,908

6. Interest expense

Interest expense comprises:

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Deposits from banks	3,377,389	2,676,051	3,377,389	2,676,051
Deposits from customers	5,042,290	6,616,087	5,042,290	6,616,087
	8,419,679	9,292,138	8,419,679	9,292,138

7. Fee and commission income and expense

Fee and commission income:	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Advisory related fees and commissions	13,416	16,114	13,416	16,114
Custody fees	1,777,671	968,490	1,777,671	968,490
Transactional services fees	8,230,862	9,341,377	8,230,862	9,341,377
Other fees and commissions	18,683	770,589	18,683	770,589
	10,040,632	11,096,570	10,040,632	11,096,570
Fee and commission expense:				
Fees paid	11,255	21,879	11,255	21,879
	11,255	21,879	11,255	21,879

8. Income from financial instruments at FVTPL

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Trading income on securities	1,689,458	1,135,977	1,689,458	1,135,977
Fair value gains on trading securities	17,737,039	18,013,244	17,737,039	18,013,244
Income from financial instruments at FVTPL	737,855	-	737,855	-
	20,164,352	19,149,221	20,164,352	19,149,221
Gains/ (losses) on foreign currency transactions				
Gains/ (losses) on foreign exchange revaluation	(25,588,226)	1,784,421	(25,588,226)	1,784,421
Gains/ (losses) on foreign currency trading transactions	27,248,117	(3,374,236)	27,248,117	(3,374,236)
Net foreign exchange income/ (expenses)	1,659,891	(1,589,815)	1,659,891	(1,589,815)
	21,824,243	17,559,406	21,824,243	17,559,406

9. Investment income

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Profits on sale of available for sale investment securities	1,016,823	766,367	1,016,823	766,367
Dividend on equity securities	104,749	116,805	159,980	166,733
Fair value gain on unquoted securities*	2,318,165	-	2,318,165	-
	3,439,737	883,172	3,494,968	933,100

*Fair value on unquoted securities now reported through profit or loss

10. Other operating income

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Rental income	191,261	175,269	191,261	175,269
Gain on disposal of property, plant and equipment	52,517	35,958	52,517	35,958
	243,778	211,227	243,778	211,227

11. Personnel expenses

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Wages and salaries	5,606,409	5,334,178	5,606,409	5,334,178
Pension costs	327,297	302,836	327,298	302,836
Executive compensation (Note 35.2)	272,536	236,584	272,536	236,584
Other indirect employee costs (Note 11.1)	1,664,248	1,134,640	1,070,571	665,275
Group life	181,203	176,897	181,203	176,897
Travel allowance	261,712	261,236	261,712	261,236
	8,313,405	7,446,371	7,719,729	6,977,006

11.1 Included in other indirect employee cost is dividend paid to staff based on the Treasury shares held by the staff participation scheme of N593,676,989 (2017: N469,365,010) which is subject to with-holding tax.

12. Other operating expenses

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
General adminstrative expenses	2,075,007	930,660	2,075,451	930,997
Legal and Communication	85,611	153,812	85,611	153,812
Other related operating expenses	293,948	277,746	293,948	277,746
AMCON charge	3,745,481	3,027,216	3,745,481	3,027,216
Deposit insurance premium	1,870,073	2,324,514	1,870,073	2,324,514
Communications and postages	373,777	379,536	373,777	379,536
Travel and entertainment	351,115	374,221	351,115	374,221
Premises, furniture and equipment	840,971	885,114	840,971	885,114
Consultants fee	470,542	445,181	470,542	445,181
Directors fees and sitting allowances (Note 35.2)	105,951	67,375	105,951	67,375
	10,212,476	8,865,375	10,212,920	8,865,712

Included within the General administrative expenses is auditors' remuneration as follows:

	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Auditor's remuneration	93,480	76,376	91,170	74,376
Non-audit services	28,225	25,000	28,225	25,000

13. Net credit losses

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Stage 1 impairment				
Increase/ (decrease) Loans and advances to banks	(70)	40,795	(70)	40,795
Increase/ (decrease) Loans and advances to customers	(11,380)	155,844	(11,380)	155,844
Financial assets at FVOCI	(193,470)	-	(193,470)	-
Asset pledged as collateral	(373,978)	-	(373,978)	-
Other assets	(875)	-	(875)	-
Contingents	(4,319)	-	(4,319)	-
Stage 2 impairment no longer required	34	-	34	-
Stage 3 impairment - Loans and advances	(393,070)	-	(393,070)	-
Recovery on perviously written off loans during the year	7,137	-	7,137	-
	(969,991)	196,639	(969,991)	196,639

14. Taxation

14.1 The tax charge for the year comprises:

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Corporate income tax	4,623,930	7,796,773	4,623,903	7,796,365
Education tax	46,516	48,630	46,516	48,630
Technology levy	355,418	414,397	355,418	414,397
	5,025,864	8,259,800	5,025,837	8,259,392
Deferred taxation	(169,374)	784,137	(169,489)	784,137
Current income tax charge	4,856,490	9,043,937	4,856,348	9,043,529

14.2 The tax on the Group's profit differs from the theoretical amount using the basic tax rate as follows:

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Profit before tax	35,151,607	41,013,132	35,586,606	41,340,835
Computed tax using the applicable corporate tax rate at 30%	10,545,482	12,303,940	10,675,982	12,402,250
Education tax	46,516	48,630	46,516	48,630
Technology levy	355,418	414,397	355,418	414,397
Tax effect on associate's share of profit reported net of tax	64,039	57,376	-	-
Tax effect of non-deductible expenses	887,114	686,359	887,114	545,549
Tax effect of non-taxable income	(11,223,875)	(12,263,538)	(11,290,477)	(12,163,662)
Impact of tax based on dividend	4,181,795	7,796,773	4,181,795	7,796,365
Income tax expense	4,856,490	9,043,937	4,856,348	9,043,529

The effective tax rate is 13.8% (2017: 21%).

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 2018	Group 2017	Bank 2018	Bank 2017
Profit attributable to ordinary shareholders (N'000)	30,295,117	31,969,197	30,730,258	32,297,307
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)	11.08	11.70	11.00	11.56

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 (2017: Nil).

16. Cash and balances with banks

16.1 Cash and balances with Central Bank of Nigeria:

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Cash	2,055,879	1,359,930	2,055,879	1,359,930
Balances held with Central Bank of Nigeria:				
Current accounts	20,405,655	33,632,683	20,405,655	33,632,683
Placement	-	7,500,000	-	7,500,000
Total included in cash and cash equivalents (16.2)	22,461,534	42,492,613	22,461,534	42,492,613
Mandatory reserve deposit	106,468,392	94,496,207	106,468,392	94,496,207
	128,929,926	136,988,820	128,929,926	136,988,820

All balances are current

16.2 Cash and cash equivalents include	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Cash and balances with Central Bank of Nigeria (Note 16.1)	22,461,534	42,492,613	22,461,534	42,492,613
Trading securities - Treasury bills with tenor of less than 3 months	44,886,751	9,737,526	44,886,751	9,737,523
Loans and advances to banks (Note 17)	136,041,089	188,813,841	136,041,090	188,813,841
	203,389,374	241,043,980	203,389,375	241,043,977

17. Loans and advances to banks	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
In Nigeria:				
Current accounts - Local	254,144	437,899	254,145	437,899
Secured placements	16,088,675	5,693,992	16,088,675	5,693,991
Outside Nigeria:				
Current accounts - Foreign	119,698,270	182,681,950	119,698,270	182,681,951
Total included in cash and cash equivalents (Note 16)				
	136,041,089	188,813,841	136,041,090	188,813,841
Loans to banks in Nigeria	521,917	530,663	521,917	530,663
Less allowance for impairment (Note 17.2)	(200)	(3,353)	(200)	(3,353)
	136,562,806	189,341,151	136,562,807	189,341,151
Current	136,562,806	189,341,151	136,562,807	189,341,151

17.2 The movement on the allowance for loans to banks during the year was as follows:

	Group N'000 Collective Allowance	Group N'000 Stage 1	Bank N'000 Collective Allowance	Bank N'000 Stage 1
Balance as at 31 December 2017	3,353		3,353	
IFRS 9 Reclassifications	(3,353)	3,353	(3,353)	3,353
IFRS 9 Adjustment	-	(3,224)	-	(3,224)
Adjusted 1 January 2018 balance		129		129
Charge in profit		70		70
At December 2018	-	200	-	200

18. Financial assets at fair value through profit or loss

This comprises of:

18.1 Held for trading	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Treasury bills	175,744,912	37,458,495	175,744,912	37,458,495
Federal Government of Nigeria bonds	1,064,280	7,493,442	1,064,280	7,493,442
	176,809,192	44,951,937	176,809,192	44,951,937
Included in cash & cash equivalent				
Trading securities - Treasury bills (Note 16)	44,886,751	9,737,526	44,886,751	9,737,523

18.2 Unquoted equities	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
As at January 1	5,084,633	-	5,084,633	-
Net change in fair value	2,318,165	-	2,318,165	-
	7,402,798	-	7,402,798	-

Unquoted equities were reported as financial assets measured at fair value through other comprehensive income in 2017. However, effective 2018, these securities are now measured through profit or loss on adoption of IFRS 9.

Held for trading	176,809,192	44,951,937	176,809,192	44,951,937
Unquoted equities	7,402,798	-	7,402,798	-
Total Financial assets through profit or loss	184,211,990	44,951,937	184,211,990	44,951,937

	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Current	175,888,897	37,459,306	175,888,897	37,459,306
Non current	8,323,093	7,492,631	8,323,093	7,492,631
	184,211,990	44,951,937	184,211,990	44,951,937

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 principal underlying the contract at the reporting date.

Group & Bank	2018		
	Notional principal amounts N'000	Assets N'000	Liabilities N'000
Foreign exchange forward contracts	903,325,152	30,965,145	3,229,987
	903,325,152	30,965,145	3,229,987

	2017		
	Notional principal amounts N'000	Assets N'000	Liabilities N'000
Foreign exchange forward contracts	278,667,430	7,629,080	7,095,310
	278,667,430	7,629,080	7,095,310

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.

20. Assets pledged as collateral	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Investment in bonds FVTOCI	29,473,761	-	29,473,761	-
Investment in bonds- AFS	-	13,044,799	-	13,044,799
Impairment	(471,077)	-	(471,077)	-
	29,002,684	13,044,799	29,002,684	13,044,799

All assets pledged as collateral are current

	2017 N'000	2017 N'000	2017 N'000	2017 N'000
Current	29,002,684	13,044,799	29,002,684	13,044,799
	29,002,684	13,044,799	29,002,684	13,044,799

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.

20.1 Movement in impairment on Assets Pledged as Collateral	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Impairment charge at 1 January 2018	97,099	-	97,099	-
Impairment charge during the year	373,978	-	373,978	-
Impairment charge at 1 December 2018	471,077	-	471,077	-

21. Loans and advances to customers

21.1 The classification of loans and advances is as follows:

Group

2018	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Loans and advances customers	108,367,397	-	1,887,515	110,254,912
Impairment allowance	(111,399)	-	(1,887,515)	(1,998,914)
Net Loans and advances	108,255,998	-	-	108,255,998

2017	Gross Amount N'000	Specific allowance for Impairment N'000	Collective allowance for Impairment N'000	Total Impairment N'000	Carrying Amount N'000
Loans and advances	100,227,185	1,494,445	574,928	2,069,373	98,157,812
Net investment in finance leases	31,125	-	198	198	30,927
	100,258,310	1,494,445	575,126	2,069,571	98,188,739

Bank

2018	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Loans and advances customers	108,367,397	-	1,887,515	110,254,913
Impairment allowance	(111,399)	-	(1,887,515)	(1,998,914)
Net Loans and advances	108,255,998	-	-	108,255,998

2017	**Gross Amount N'000**	**Specific allowance for Impairment N'000**	**Collective allowance for Impairment N'000**	**Total Impairment N'000**	**Carrying Amount N'000**
Loans and advances	100,227,185	1,494,445	574,928	2,069,373	98,157,812
Net investment in finance leases	31,125	-	197	197	30,927
	100,258,310	1,494,445	575,125	2,069,570	98,188,739

Movement in loans and advances	**December 2017**	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Balance as at 31 December 2017	100,258,310				
IFRS 9 Reclassifications	(100,258,310)	98,446,607	4,252	1,807,451	100,258,310
IFRS 9 Adjustment	-	(46,585)	-	-	(46,585)
Adjusted 1 January 2018	-	98,400,022	4,252	1,807,451	100,211,725
Loans booked during the year	-	9,967,376	-	80,063	10,047,439
Loans liquidated during the year	-	-	(4,252)	-	(4,252)
At December 2018	-	108,367,397	-	1,887,515	110,254,912

	Group 2018 N'000	**Group 2017 N'000**	**Bank 2018 N'000**	**Bank 2017 N'000**
Current (Gross)	83,104,155	84,090,933	83,104,155	84,090,933
Non-current (Gross)	27,150,758	16,167,377	27,150,758	16,167,377
	110,254,913	100,258,310	110,254,913	100,258,310

Reconciliation of impairment allowance on loans and advances

21.2

	Specific	**Collective**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total allowance**
Balance as at 31 December 2017	1,494,445	575,125	2,069,570	-	-	-	-
IFRS 9 Reclassifications	(1,494,445)	(575,125)	(2,069,570)	575,125	-	1,494,445	2,069,570
IFRS 9 Adjustment	-	-	-	(475,106)	34	-	(475,072)
Adjusted 1 January 2018	-	-	-	100,019	34	1,494,445	1,594,498
Charge in profit	-	-	-	11,380	(34)	393,070	404,416
At December 2018	-	-	-	111,399	-	1,887,515	1,998,914

22. Financial instruments through other comprehensive income

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Debt securities - at FVTOCI	72,229,420	70,963,692	72,229,420	70,963,692
Equity securities - at fair value:				
Unlisted	-	5,084,633	-	5,084,633
Equity securities - at cost:	-	1,259	-	1,259
Impairment	(777,729)	-	(777,729)	-
Total financial instruments FVTOCI	71,451,691	76,049,584	71,451,691	76,049,584

Movement in impairment on FVOCI	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Impairment charge at 1 January 2018	584,259	-	584,259	-
Impairment charge during the year	193,470	-	193,470	-
Impairment charge at 1 December 2018	777,729	-	777,729	-

Federal Government of Nigeria Bonds	66,762,663	42,549,524	66,762,663	42,549,524
Treasury bills	4,689,028	28,414,167	4,689,028	28,414,167
Unlisted equity securities	-	5,085,893	-	5,085,893
	71,451,691	76,049,584	71,451,691	76,049,584

	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Current	4,964,406	28,414,167	4,964,406	28,414,167
Non-current	66,487,285	47,635,418	66,487,285	47,635,418
	71,451,691	76,049,584	71,451,691	76,049,584

22.1 Movement in FVOCI securities can be summarised as follows:

Group/ Bank

2018	2018 N'000	2017 N'000
At 1 January	76,049,582	108,622,548
Reclass of FV gains on unquoted equity to retained earnings	(5,085,893)	-
Adjusted 1 January balance	70,963,689	108,622,548
Purchase of financial instruments FVTOCI	54,820,681	46,120,520
Disposal of financial instruments FVTOCI	(50,779,934)	(85,255,927)
Impairment of FVOCI	(777,729)	-
Net change in fair value	(3,275,132)	6,824,564
Net amount transferred to profit or loss (Note 22.2)	500,116	(262,123)
At 31 December	71,451,691	76,049,582

22.2. This relates to reclassification adjustments for realised net gains on financial instruments FVTOCI on disposal or maturity that have been recognised through statement of comprehensive income.

23. Other assets	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Prepayments	1,942,804	1,084,557	1,942,804	1,084,558
Receivables	33,834,248	26,006,310	33,834,243	26,006,309
Impairment	(875)	-	(875)	-
	35,776,177	27,090,867	35,776,172	27,090,867

	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Current	32,884,588	25,814,144	32,884,583	25,814,144
Non-current	2,891,589	1,276,723	2,891,589	1,276,723
	35,776,177	27,090,867	35,776,172	27,090,867

23.1 Included in other assets is funded forward of N29 billion with the Central Bank of Nigeria.

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 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 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
At 1 January	939,625	798,301	398,020	398,020
Reclassified to placement	(151,464)	-	(151,464)	-
Share of profit after tax	213,464	191,253	-	-
Dividends received	(55,231)	(49,929)	-	-
At 31 December	946,394	939,625	246,556	398,020

During the year, balance of N151,464,000 previously reported as an equity investment in Accion Microfinance Bank was reclassified as placement in bank as it represents fixed deposit.

All balances are non-current

The information above reflects the amounts presented in the financial statements of the associates.

Summarised financial information of the Group's associate accounted for using the equity method are as follows:

	2018 N'000	2017 N'000
Total assets	11,056,527	8,917,581
Total liabilities	(6,373,724)	(4,857,535)
Net assets	4,682,803	4,060,046
Revenues	4,570,896	3,880,512
Profit	1,083,600	961,072
Total comprehensive income	1,083,600	961,072
Group share of profit	213,464	191,253
Group share of total comprehensive income	213,464	191,253

Reconciliation of summarized financial information

	2018 N'000	2017 N'000
Current assets	914,053	1,296,831
Non current assets	10,142,474	7,620,750
Total assets	**11,056,527**	**8,917,581**
Current liabilities	3,456,306	3,369,006
Non current liabilities	2,917,418	1,488,529
Total liabilities	**(6,373,724)**	**(4,857,535)**
Net assets	4,682,803	4,060,046
Interest in associate (2018: 20.21%, 2017: 19.90%)	946,394	807,949
Loan to associate	-	131,677
Carrying value of investment in associate	946,394	939,626

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 on these accounts during the year was as follows:

Group/ Bank

Year ended 31 December 2018	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	1,377,320	3,180,400	314,094	4,033	5,472,232
Additions	-	135,869	241,359	71,638	-	448,866
Disposals	-	(29,766)	(198,203)	(6,630)	-	(234,599)
At 31 December	596,385	1,483,423	3,223,556	379,102	4,033	5,686,499
ACCUMULATED DEPRECIATION						
At 1 January	-	400,596	2,785,260	163,193	-	3,349,049
Charge for the year	-	106,304	124,273	44,097	-	274,674
Disposals	-	(27,374)	(194,584)	(6,630)	-	(228,588)
At 31 December	-	479,526	2,714,949	200,660	-	3,395,135
NET BOOK VALUE						
At 31 December	596,385	1,003,898	508,607	178,442	4,033	2,291,364

** As at 31st December 2018, addition to building relates to improvements on leasehold during the year.

Year ended 31 December 2017	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	1,459,033	3,137,972	130,778	4,033	5,328,201
Additions	-	194,800	149,217	870,612	-	1,214,629
Disposals	-	(276,513)	(72,525)	(165,288)	-	(514,326)
Reclassification to other assets*	-	-	(34,265)	(522,009)	-	(556,274)
At 31 December	596,385	1,377,320	3,180,400	314,094	4,033	5,472,230
ACCUMULATED DEPRECIATION						
At 1 January	-	309,850	2,706,821	100,017	-	3,116,688
Charge for the year	-	163,862	140,194	316,299	-	620,355
Disposals	-	(73,116)	(57,681)	(148,123)	-	(278,920)
Reclassification to other assets*	-	-	(4,075)	(105,000)	-	(109,075)
At 31 December	-	400,596	2,785,260	163,193	-	3,349,048
NET BOOK VALUE						
At 31 December	596,385	1,377,320	3,184,475	419,094	4,033	2,123,182

*Reclassification to other assets represents an amount of fixed assets transferred to benefits in kind (prepayments) representing assets being used by staff members. Total depreciation for the year includes depreciation charges on assets reclassified during the year.

** As at 31st December 2017, this include an amount of N1,228,005,000 (89%) for buildings while N149,314,000 (11%) accounts for leasehold improvements.

26. Deposits from banks	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Current accounts	18,254,599	10,059,187	18,254,599	10,059,187
Term deposits	178,448,200	155,065	178,448,200	155,065
	196,702,799	10,214,252	196,702,799	10,214,252

	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Current	196,702,799	10,214,252	196,702,799	10,214,252
Non-current	-	-	-	-
	196,702,799	10,214,252	196,702,799	10,214,252

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 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Demand	346,350,469	368,014,469	346,352,179	368,016,158
Term	38,102,536	51,333,025	38,102,536	51,333,025
	384,453,005	419,347,494	384,454,715	419,349,183

	2017 N'000	2017 N'000	2017 N'000	2017 N'000
Current	380,978,727	406,765,110	380,978,727	406,765,110
Non-current	3,474,278	12,582,384	3,475,988	12,584,073
	384,453,005	419,347,494	384,454,715	419,349,183

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 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
At 1 January	8,566,153	7,866,270	8,566,002	7,866,132
Payments during the year	(8,612,637)	(7,559,917)	(8,612,645)	(7,559,522)
Current year tax charge (Note 14.1)	5,025,864	8,259,800	5,025,837	8,259,392
At 31 December	4,979,380	8,566,153	4,979,194	8,566,002

All balances are current

29 Other liabilities

Other liabilities comprise:	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Managers' cheques	3,264,443	3,302,319	3,264,443	3,302,319
Payables*	19,606,077	10,597,126	19,606,077	10,597,126
Sundry accounts**	20,707,583	19,610,138	20,707,583	19,610,138
Deposit for foreign exchange purchase	383	8,453	383	8,453
Unapplied customer funds	3,561,328	25,450,212	3,561,328	25,450,212
Financial liabilities	47,139,814	58,968,248	47,139,814	58,968,248
Accruals	948,802	1,584,544	949,454	1,584,881
Allowance on contingents	44,258	-	44,258	-
Provison for litigation (note 30)	419,147	469,147	419,147	469,147
Unearned income	334,100	208,332	334,100	208,332
Non financial liabilities	1,746,307	2,262,023	1,746,959	2,262,360
	48,886,121	61,230,271	48,886,773	61,230,608

	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Current	2,274,163	2,274,163	2,274,163	2,274,163
Non-current	46,611,958	58,956,108	46,612,610	58,956,445
	48,886,121	61,230,271	48,886,773	61,230,608

* Included in this amount is N201,374,000 for 2018 in respect of CAP and deferred cash award. (see note 40)

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 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Impairment on initial application of IFS9	39,939	-	39,939	-
Additional impairment during the year	4,319	-	4,319	-
Closing balance	44,258	-	44,258	-

29.2 Retirement benefit obligations

Group and its employees make a joint contribution of 18% (Employer 10%, employee 8%) of gross monthly emoluments. Included in the personnel expenses is the sum of N298,673,892 representing voluntary contributions by the employees. The bank does not have any outstanding retirement benefit obligation as at December 2018.

30 Provisions (movement in provision for litigation)

Provisions for litigation comprise:

	2018 N'000	2017 N'000
At 1 January	469,147	471,634
Release during the year	(50,000)	(2,487)
At 31 December	419,147	469,147

	2017 N'000	2017 N'000
Current	-	-
Non-current	419,147	469,147
	419,147	469,147

All balances are non-current

An amount of N50,000,000 was no longer required because the suit has been discharged.

31. Deferred taxation

Movement on deferred tax account during the year was as follows:

Group / Bank		**2018**		
Deferred tax asset:	**At 1 January 2018 N'000**	**Recognized in income N'000**	**Recognized in equity N'000**	**At 31 December 2018 N'000**
Property and equipment	(197,788)	(210,773)	-	(408,561)
Unrealized foreign exchange gains/(losses)	(535,328)	535,328	-	-
	(733,116)	324,555	-	(408,561)

Deferred tax liability:	**At 1 January 2018 N'000**	**Recognized in income N'000**	**Recognized in equity N'000**	**At 31 December 2018 N'000**
Loan impairment reserve	314,288	(155,066)	-	159,222
	314,288	(155,066)	-	159,222
Deferred tax asset /(liability):	(418,828)	169,489	-	(249,339)

Group / Bank		**2017**		
	At 1 January 2017 N'000	**Recognized in income N'000**	**Recognized in equity N'000**	**At 31 December 2017 N'000**
Loan impairment reserve	794,652	(480,364)	-	314,288
	794,652	(480,364)	-	314,288

Group / Bank	**At 1 January 2017 N'000**	**Recognized in income N'000**	**Recognized in equity N'000**	**At 31 December 2017 N'000**
Property and equipment	57,461	(255,249)	-	(197,788)
Unrealized foreign exchange gains/(losses)	(708,598)	173,270	-	(535,328)
Unrelieved losses	221,794	(221,794)	-	-
	(429,343)	(303,773)	-	(733,116)
Deferred tax asset /(liability):	365,309	(784,137)	-	(418,827)

32. Share capital

Share capital comprises:	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 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 2017: 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 2017: 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.

The movement on fair value reserve account during the year was as follows:

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
At 1 January	3,933,116	(2,629,325)	3,933,116	(2,629,325)
Net change in fair value of FVTOCI	(3,275,132)	6,824,564	(3,275,132)	6,824,564
Reclassification of FV reserve on unquoted equities	(5,013,751)	-	(5,013,751)	-
Transfer to profit or loss for realised net gains/ (loss)	500,116	(262,123)	500,116	(262,123)
At 31 December	(3,855,651)	3,933,116	(3,855,651)	3,933,116

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

	2018 N'000	2017 N'000
IFRS impairment losses		
- Loans and advances to banks (Note 17)	200	3,353
- Loans and advances to customers (Note 21.1)	1,998,914	2,069,570
Other impairment	1,293,059	-
Total	3,292,173	2,072,923
Loan analysis by performance		
Performing:		
- Gross loans and advances to banks (Note 17)	521,917	530,663
- Gross loans and advances to customers (Note 21)	108,367,397	98,763,864
Non-performing:		
- Gross non performing loans and advances to customers (Note 21)	1,887,515	1,494,445
	110,776,829	100,788,972
Prudential provisions		
- Specific	1,847,138	1,494,445
- General	3,274,478	1,433,360
Total	5,121,616	2,927,805
Deficit of IFRS provisions over prudential provisions	(1,829,443)	(854,882)

33. Contingent liabilities and commitments

33.1 Litigations and claims

There were 187 litigations and claims as at 31 December 2018 with an estimate of N1.2 billion (2017: 131 (N1.2 billion)). This includes 160 matters (129 Garnishees) against the bank. 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 N419 Million (31 December 2017: N469 Million). This probable liability has been fully provided for by the Bank (refer to Note 30).

33.2 Credit commitments and other financial facilities

	2018 N'000	2017 N'000
Acceptances	1,071,625	1,883,943
Letters of credit	55,748,974	22,287,214
Bonds and guarantees	33,872,216	18,609,746
Loan commitments	9,751,254	13,020,594
	100,444,069	55,801,497

Certain bonds and guarantees are cash collateralized and secured with a total sum of N33,872,216 (2017: N18,840,181). The collateral is part of customers deposits.

33.3 Capital commitments

The group's capital commitment as at 31 December 2018 is N20,886,000 (2017: N178,409,000)

	2018 N'000	2017 N'000
Later than 1 year but not later than 5 years	20,886	178,409
	20,886	178,409

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 personnel

The 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.

Balances with other Citigroup offices as at 31 December

	2018 N'000	2017 N'000
Assets		
Loans and advances to Banks	135,614,501	188,337,231
Derivative financial instruments	182,358	355,873
	135,796,859	188,693,104

	2018 N'000	2017 N'000
Liabilities		
Deposits from banks	195,391,732	831,699
Deposits from Customers	118,687	1,822,892
Derivative financial instruments	28,417	806
	195,538,836	2,655,397

Income and expenses from other Citigroup offices during the year

	2018 N'000	2017 N'000
Interest and similar income	1,191,432	1,184,977
Interest and similar expense	(898,497)	(298,475)
Net interest income	292,935	886,502
Fee and commission income	347,630	347,630
	640,565	1,234,132

34.2. Key management personnel and their immediate relatives engaged in the following transactions with the Group as at 31 December 2018

	2018 N'000	2017 N'000
Loans and advances	34,957	11,764
Deposits	178,150	154,863

	2018 N'000	2017 N'000
Interest income on KMP loans	940	750
Interest expense on KMP deposits	11,662	1,336

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. There is also no collateral in respect to the loans. Refer to note 35.2 for further disclosures on key management personnel.

34.3. In accordance with the Central Bank of Nigeria circular BSD/1/2004 on disclosure requirements on insider related credits, there was no insider related credits, however, the above stated loans and advances (2018: N34,957,000 and 2017: N11,764,000) 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 salary.

There were no other transactions in which a director had an interest as at reporting date in 2018.

Key management personnel compensation for the period is disclosed under Note 35.2.

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	2018 N'000	2017 N'000
Nigeria International Bank Nominees Limited	Subsidiary	Deposit	1,710	1,689
			1,710	1,689

The investment in associate is disclosed under Note 24.

34.5 Other related parties disclosure

Name of Counterparty	Relationship	Type of relationship	Status	Collateral Type	Amount (N'000)
NIB Nominees	Subsidiary	Deposit	Current	N/A	1,710
Accion Micro Finance Bank	Associate	Loans	Performing	Clean	521,917
Citi Bank London Custody	Other Citigroup entity	Deposit	Performing	Clean	934,520
Citi Bank New York Custody	Other Citigroup entity	Deposit	Performing	Clean	18,153
Citibank Abidjan	Other Citigroup entity	Loans	Performing	Clean	1,247
Citibank Australia (Sydney Branch)	Other Citigroup entity	Loans	Performing	Clean	1,013
Citibank China Co. Ltd	Other Citigroup entity	Loans	Performing	Clean	97,315
Citibank Dubai	Other Citigroup entity	Deposit	Performing	Clean	31,245
Citibank Europe Plc	Other Citigroup entity	Deposit	Performing	Clean	27,235
Citibank Europe Plc - Worldlink	Other Citigroup entity	Deposit	Performing	Clean	45,575
Citibank Europe Plc Dublin	Other Citigroup entity	Loans	Performing	Clean	7,045,376
Citibank International Plc	Other Citigroup entity	Deposit	Performing	Clean	182,937
Citibank International Plc	Other Citigroup entity	Loans	Performing	Clean	10,085,807
Citibank N. A New York - Intl Try	Other Citigroup entity	Deposit	Performing	Clean	178,448,200
Citibank N. A. Settlement Account	Other Citigroup entity	Deposit	Performing	Clean	6,830
Citibank N.A London	Other Citigroup entity	Deposit	Performing	Clean	15,348,362
Citibank N.A London	Other Citigroup entity	Deposit	Performing	Clean	144,074
Citibank N.A London	Other Citigroup entity	Derivatives	Performing	Clean	159,098
Citibank N.A London	Other Citigroup entity	Derivatives	Performing	Clean	523
Citibank N.A London	Other Citigroup entity	Loans	Performing	Clean	29,128,037
Citibank N.A New York	Other Citigroup entity	Deposit	Performing	Clean	7,870
Citibank N.A New York	Other Citigroup entity	Deposit	Performing	Clean	25,387
Citibank N.A New York	Other Citigroup entity	Loans	Performing	Clean	89,254,455
Citibank N.A.	Other Citigroup entity	Deposit	Performing	Clean	701,560
Citibank N.A. South Africa	Other Citigroup entity	Deposit	Performing	Clean	13,407
Citibank N.A. South Africa	Other Citigroup entity	Loans	Performing	Clean	1,252
Citibank N.A., London A&T Sec Agent	Other Citigroup entity	Deposit	Performing	Clean	1,285
Citibank Na, London Branch	Other Citigroup entity	Deposit	Performing	Clean	80,265
Citibank Senegal Sa	Other Citigroup entity	Deposit	Performing	Clean	937
Citigroup Global Markets Limited	Other Citigroup entity	Derivatives	Performing	Clean	23,259
Citigroup Global Markets Limited	Other Citigroup entity	Derivatives	Performing	Clean	27,893

35. Employees and directors

35.1 Employees:

The number of persons employed as at the end of the year is as follows:

	2018	2017
Executive Directors	5	4
Management	177	183
Non-management	32	41
	214	228

Cost of employees, including executive directors, during the year is as follows:

	Group 2018 N'000	Group 2017 N'000	Bank 2018 N'000	Bank 2017 N'000
Wages and salaries	6,321,859	6,008,896	6,321,859	6,008,896
Pension costs	327,297	302,836	327,297	302,836
	6,649,156	6,311,731	6,649,156	6,311,731
Other indirect employee costs	1,664,248	1,134,640	1,070,571	665,275
Total personnel expenses (Note 11)	8,313,405	7,446,372	7,719,728	6,977,007
Executive Compensation	(272,536)	(236,584)	(272,536)	(236,584)
Executive Pension costs	(18,362)	(15,589)	(18,362)	(15,589)
	8,022,507	7,194,198	7,428,830	6,724,833

The number of persons employed by the Group, who received emoluments in the following ranges (excluding pension contribution), were:

	2018	2017
N3,000,001 - N4,000,000	4	2
N4,000,001 - N5,000,000	-	8
N5,000,001 - N6,000,000	5	-
N6,000,001 - N7,000,000	7	16
Above N7,000,000	198	202
	214	228

35.2 Directors

Directors' remuneration was paid as follows:

	2018 N'000	2017 N'000
Executive compensation (Note 11)	272,536	236,584
Fees and sitting allowances (Note 12)	105,951	67,375
Executive pension costs	18,362	15,589
	396,849	319,548

The directors' remuneration shown above includes:

	2018 N'000	2017 N'000
Chairman	18,620	13,300
Highest paid director	69,575	69,575

The number of other directors who received fees and other emoluments in the following ranges were:

	2018 Number	2017 Number
Directors with fees above N2,000,000	5	5

Three non-executive directors did not receive any fees or other emoluments.

36. Dividend

The dividend paid in 2018 and 2017 were N27,452,710,688 (N9.83k per share) and N21,704,297,219 (N7.77k per share)) respectively. A dividend in respect of the year ended 31 December 2018 of N5.50k per share, amounting to a total dividend of N15,365,128,751 is to be proposed at the next annual general meeting. These financial statements do not reflect this dividend payable.

37 Group entities

37.1 Investments in subsidiaries comprises:	2018 N'000	2017 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 2018	Bank	NIB	Staff participation Scheme	Elimination Entries	Group
	N'000	N'000	N'000	N'000	N'000
Operating income	53,793,929	4,882	-	(60,113)	53,738,698
Operating expenses	(18,207,323)	(4,439)	(593,677)	4,882	(18,800,557)
	35,586,606	443	(593,677)	(55,231)	34,938,141
Share of profit of associates accounted for using equity method	-	-	-	213,464	213,464
Profit before tax	35,586,606	443	(593,677)	158,233	35,151,605
Tax	(4,856,348)	(142)	-	-	(4,856,490)
Profit after tax	30,730,258	301	(593,677)	158,233	30,295,115
Total assets	727,695,332	6,593	60,417	631,829	728,394,171
Liabilities	638,502,807	4,416	-	(6,593)	638,500,630
Net assets	89,192,525	2,177	60,417	638,422	89,893,541
Equity	89,192,525	2,177	60,417	638,422	89,893,541

31 December 2017	**Bank**	**NIB Nominees**	**Staff participation Scheme**	**Elimination Entries**	**Group**
	N'000	N'000	N'000	N'000	N'000
Operating income	57,498,195	3,710	-	(46,218)	57,455,687
Operating expenses	(16,157,359)	(3,373)	(469,365)	3,710	(16,626,387)
	41,340,836	337	(469,365)	(42,508)	40,829,300
Share of profit of associates accounted for using equity method	-		-	141,326	141,326
Profit before tax	41,340,836	337	(469,365)	98,818	40,970,626
Tax	(9,043,529)	(108)	-	-	(9,043,937)
Profit after tax	32,297,307	229	(469,365)	98,818	31,926,689
Total assets	595,807,178	5,399	60,417	474,790	596,347,785
Liabilities	506,874,182	3,524	-	(5,399)	506,872,307
Net assets	88,932,996	1,875	60,417	480,189	89,475,478
Equity	88,932,996	1,875	60,417	480,189	89,475,478

38 Compliance with banking regulations

The Bank was fined a total of N1,271,541,562 during the year. Details are as follows:

Nature of regulatory breach	**N'000**
Being Penalty Imposed By Cbn With Respect To MTN Dividend Remittance	1,265,542
Being Payment Of Penalty To Cbn On Fx Examination	6,000
Total	**1,271,542**

39 Subsequent events

There were no post reporting date events which could have a material effect on the financial position of the Group and Bank as at 31 December 2018 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

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 2018 and 2017

GRANT YEAR	2018 NGN'000	2017 NGN'000
2014	8,158	10,064
2015	16,238	12,821
2016	25,514	13,946
2017	1,356	41,732
Total	**51,265**	**78,563**

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 2018	2018 NGN'000	2017 NGN'000
Deferred Cash Programme (DCP)	105,826	89,546
Deferred Cash Stock Units (DCSU)	44,283	9,315
Capital Accumulation Programme (CAP)	51,265	41,758
Total	201,374	140,619

41 Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 as at January 1, 2018 are highlighted below

Group	IAS 39		IFRS 9	
Financial assets	**Measurement basis**	**Carrying amount**	**Measurement basis**	**Carrying amount**
Cash and cash equivalents	Amortised cost (Loans and receivables	136,988,820	Amortised cost	136,988,820
Loans and advances to banks	Amortised cost (Loans and receivables	189,341,151	Amortised cost	189,344,374
Held for trading securities	FVPL (Held for trading)	44,951,937	FVPL	50,037,829
Derivative financial instruments - assets	FVPL (Held for trading)	7,629,080	FVPL	7,629,080
Assets pledged as collateral	FVOCI (Available for sale)	13,044,799	FVOCI	12,947,700
Loans and advances to customers	Amortised cost (Loans and receivables	98,188,740	Amortised cost	98,663,811
Investment securities	FVOCI (Available for sale)	76,049,584	FVOCI	70,379,433
Other assets	Amortised cost (Loans and receivables	27,090,867	Amortised cost (Loans and receivables	27,090,867

Bank	IAS 39		IFRS 9	
Financial assets	**Measurement basis**	**Carrying amount**	**Measurement basis**	**Carrying amount**
Cash and cash equivalents	Amortised cost (Loans and receivables	136,988,820	Amortised cost	136,988,820
Loans and advances to banks	Amortised cost (Loans and receivables	189,341,151	Amortised cost	189,344,375
Held for trading securities	FVPL (Held for trading)	44,951,937	FVPL	44,951,937
Derivative financial instruments - assets	FVPL (Held for trading)	7,629,080	FVPL	7,629,080
Assets pledged as collateral	FVOCI (Available for sale)	13,044,799	FVOCI	12,947,700
Loans and advances to customers	Amortised cost (Loans and receivables	98,188,740	Amortised cost	98,663,811
Investment securities	FVOCI (Available for sale)	76,049,584	FVOCI	70,379,433
Other assets (Loans and receivables	Amortised cost	27,090,867	Amortised cost (Loans and receivables	27,090,867

Group	IAS 39 carrying amount December 2017	Remeasurements	Reclassification	IFRS 9 carrying amount January 2018
Loan to banks - amortised cost				
Opening balance under IAS 39	189,341,151			
Remeasurement: ECL allowance writeback		3,225		
Closing balance under IFRS 9				189,344,375
Loans to customer - amortised cost				
Opening balance under IAS 39	98,188,740			
Remeasurement: ECL allowance writeback		475,071		
Closing balance under IFRS 9				98,663,811
Asset pledged as collateral - FVOCI				
Opening balance under IAS 39	13,044,799			
Remeasurement: ECL allowance		(97,099)		
Closing balance under IFRS 9				12,947,700
Investment securities - FVOCI				
Opening balance under IAS 39	76,049,584			
Reclass to FVTPL			(5,085,892)	
Remeasurement: ECL allowance		(584,259)		
Closing balance under IFRS 9				70,379,433
Held for trading- FVTPL				
Opening balance under IAS 39	44,951,937			
Reclass from AFS			5,085,892	
Closing balance under IFRS 9				50,037,829
Other credit commitments				
Remeasurement: ECL allowance		(39,939)		
Total	**421,576,210**	**(243,001)**	-	**421,373,149**

Bank	IAS 39 carrying amount December 2017	Remeasurements	Reclassification	IFRS 9 carrying amount January 2018
Loan to banks - amortised cost				
Opening balance under IAS 39	189,341,151			
Remeasurement: ECL allowance writeback		3,225		
Closing balance under IFRS 9				189,344,375
Loans to customer - amortised cost				
Opening balance under IAS 39	98,188,740			
Remeasurement: ECL allowance writeback		475,071		
Closing balance under IFRS 9				98,663,811
Asset pledged as collateral - FVOCI				
Opening balance under IAS 39	13,044,799			
Remeasurement: ECL allowance		(97,099)		
Closing balance under IFRS 9				12,947,700
Investment securities - FVOCI				
Opening balance under IAS 39	76,049,584			
Reclass to FVTPL			(5,085,892)	
Remeasurement: ECL allowance		(584,259)		
Closing balance under IFRS 9				70,379,433
Held for trading- FVTPL				
Opening balance under IAS 39	44,951,937			
Reclass from AFS			5,085,892	
Closing balance under IFRS 9				50,037,829
Other credit commitments				
Remeasurement: ECL allowance		(39,939)		
Total	421,576,210	(243,001)	-	421,373,149

STATEMENT OF VALUE ADDED

OTHER FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Group 2018 N'000	%	2017 N'000	%	Bank 2018 N'000	%	2017 N'000	%
Gross Operating income	63,128,368		66,740,405		63,183,599		66,790,332	
Interest expense								
- Foreign	-		(153,379)		-		(153,379)	
- Local	(8,419,679)		(9,138,759)		(8,419,679)		(9,138,759)	
	54,708,689		57,448,267		54,763,920		57,498,194	
Net credit losses	(969,991)		196,639		(969,991)		196,639	
Adminstrative overheads	(10,212,476)		(8,865,375)		(10,212,920)		(8,865,712)	
Share of profit of associates accounted for using equity method	213,464		191,254		-		-	
	43,739,686	100%	48,970,785	100%	43,581,009	100%	48,829,121	100%
Distribution:								
Employees								
- Salaries and benefits	8,313,405	19%	7,446,371	15%	7,719,729	18%	6,977,006	14%
Government								
- Taxation	4,856,490	11%	9,043,937	18%	4,856,348	11%	9,043,529	19%
Future								
- Asset replacement (depreciation)	274,674	1%	511,280	1%	274,674	1%	511,280	1%
- Expansion (transfer to equity)	30,295,117	69%	31,969,197	65%	30,730,258	71%	32,297,307	66%
	43,739,686	100%	48,970,785	100%	43,581,009	100%	48,829,121	100%

CONSOLIDATED FIVE YEAR FINANCIAL SUMMARY

OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
ASSETS					
Cash and balances with banks	128,929,926	136,988,820	78,913,109	104,446,388	34,331,517
Loans and advances to banks	136,562,806	189,341,150	113,167,991	158,371,780	150,740,892
Financial assets at fair value through profit or loss	184,211,990	44,951,937	108,662,159	12,952,024	1,919,692
Derivative financial instruments - assets	30,965,145	7,629,080	28,282,399	6,662	5,351,023
Assets pledged as collateral	29,002,684	13,044,799	7,250,469	4,041,522	3,787,423
Loans and advances to customers	108,255,998	98,188,739	117,554,672	94,489,371	92,364,499
Fair value through other comprehensive income	71,451,691	76,049,584	108,622,549	53,058,829	106,633,357
Other assets	35,776,177	27,090,867	38,507,969	260,823	533,674
Investments in associate	946,394	939,625	798,301	764,620	678,116
Property, plant and equipment	2,291,363	2,123,182	2,211,513	2,810,224	2,775,107
Deferred tax asset	-	-	365,309	-	1,026,366
Total assets	728,394,174	596,347,784	604,336,440	431,202,243	400,141,666

LIABILITIES

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Deposits from banks	196,702,799	10,214,252	1,034,242	770,983	47,999,349
Deposits from customers	384,453,005	419,347,494	485,845,373	358,184,320	291,160,817
Derivative financial instruments - liabilities	3,229,987	7,095,310	22,335,602	6,466	280,580
Retirement benefit obligation	-	-	-	7,900	7,586
Current income tax liabilities	4,979,380	8,566,153	7,866,270	2,805,397	2,561,944
Other liabilities	48,886,121	61,230,271	15,076,184	9,309,653	5,739,833
Deferred tax liability	249,339	418,827	-	612,915	-
Total equity	89,893,543	89,475,477	72,178,769	59,504,610	52,335,069
Total equity and liabilities	728,394,174	596,347,784	604,336,440	431,202,243	400,141,666
Credit commitments and other financial facilties	100,444,069	55,801,497	54,985,623	50,981,363	92,412,948

STATEMENT OF COMPREHENSIVE INCOME

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Net operating income	53,738,698	57,644,905	45,406,905	25,450,858	30,484,210
Operating expenses	(18,800,555)	(16,823,026)	(13,214,622)	(12,693,221)	(12,518,793)
Write-back/(allowance) on risk assets					
Share of profit of associates accounted for using equity method	213,464	191,254	75,144	124,600	127,676
Profit before tax	35,151,607	41,013,132	32,267,427	12,882,237	18,093,093
Taxation	(4,856,490)	(9,043,937)	(6,893,620)	(2,367,360)	(2,635,539)
Profit for the year	30,295,117	31,969,195	25,373,807	10,514,877	15,457,554
Other comprehensive income for the year, net of tax	(2,775,016)	6,562,441	(3,898,226)	4,280,739	(1,903,058)
Total comprehensive income attributable to shareholders	27,520,101	38,531,636	21,475,581	14,795,616	13,554,496
Earnings per share	1,084	1,144	908k	389k	566k
Declared dividend per share	550	983k	777k	322k	279k
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 2018

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
ASSETS					
Cash and balances with banks	128,929,926	136,988,820	78,913,109	104,446,388	34,331,517
Loans and advances to banks	136,562,807	189,341,150	113,167,991	158,371,780	150,740,892
Financial assets at fair value through profit or loss	184,211,990	44,951,937	108,662,159	12,952,024	1,919,692
Derivative financial instruments - assets	30,965,145	7,629,080	28,282,399	6,662	5,351,023
Assets pledged as collateral	29,002,684	13,044,799	7,250,469	4,041,522	3,787,423
Loans and advances to customers	108,255,998	98,188,739	117,554,672	94,489,371	92,364,499
Fair value through other comprehensive income	71,451,691	76,049,584	108,622,549	53,058,829	106,633,357
Other assets	35,776,172	27,090,867	38,507,969	260,823	533,674
Investments in associate	246,556	398,020	398,020	398,020	398,020
Property, plant and equipment	2,291,363	2,123,182	2,211,513	2,810,224	2,775,107
Investment in subsidiary	1,000	1,000	1,000	1,000	1,000
Deferred tax asset	-	-	365,309	-	1,026,366
Total assets	727,695,332	595,807,178	603,937,159	430,836,643	399,862,572

LIABILITIES

	2018	2017	2016	2015	2014
Deposits from banks	196,702,799	10,214,252	1,034,242	770,983	47,999,349
Deposits from customers	384,454,715	419,349,183	485,847,157	358,185,853	291,162,205
Derivative financial instruments - liabilities	3,229,987	7,095,310	22,335,602	6,466	280,580
Retirement benefit obligation	-	-	-	7,900	7,586
Current income tax liabilities	4,979,194	8,566,002	7,866,132	2,805,233	2,561,835
Other borrowed funds	-	-	-	-	-
Other liabilities	48,886,773	61,230,608	15,076,480	9,310,027	5,740,043
Deferred tax liability	249,339	418,827	-	612,915	56,488
Total equity	89,192,525	88,932,996	71,777,546	59,137,266	52,054,484
Total equity and liabilities	727,695,332	595,807,178	603,937,159	430,836,643	399,862,572
Credit commitments and other financial facilties	100,444,069	55,801,498	54,985,623	50,981,363	92,412,948

STATEMENT OF COMPREHENSIVE INCOME

	2018	2017	2016	2015	2014
Net operating income	53,793,929	57,694,834	45,448,369	25,488,956	30,498,633
Operating expenses	(18,207,323)	(16,353,998)	(13,020,376)	(12,525,034)	(6,261,648)
Write-back/(allowance) on risk assets					
Profit before tax	35,586,606	41,340,836	32,427,993	12,963,922	18,233,385
Income tax expense	(4,856,348)	(9,043,529)	(6,893,525)	(2,367,240)	(2,635,474)
Profit for the year	30,730,258	32,297,307	25,534,468	10,596,682	15,597,911
Other comprehensive income for the year, net of tax	(2,775,016)	6,562,441	(3,898,226)	4,280,739	(1,903,058)
Total comprehensive income attributable to shareholders	27,955,242	38,859,748	21,636,242	14,877,421	13,694,853
Earnings per share	1,100	1,156	914k	389k	566k
Declared dividend per share	550	983k	777k	322k	279k
Number of ordinary shares of N1.00	2,793,777	2,793,777	2,793,777	2,793,777	2,793,777

2018 IN PICTURES


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