CITIBANK NIGERIA LIMITED

Annual Report

31 December 2022

CITIBANK NIGERIA LIMITED
Consolidated and Separate Financial Statements
For the financial year ended 31 December 2022

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DIRECTORS, OFFICERS AND ADVISORS

Directors

Dr. Shamsuddeen Usman (Appointed Chairman wef July 20, 2022)	Chairman (Independent Director
Mrs. Ireti Samuel-Ogbu	Managing Director
Mrs. Ngozi Omoke-Enyi	Executive Director
Mrs. Nneka Enwereji	Executive Director
Mr. Oluwole Awotundun	Executive Director
Mrs. Adebola Adefope (Appointed wef July 21, 2022)	Non Executive Director
Mr. Oyesoji Oyeleke	Non Executive Director
Mr. David Walker	Non Executive Director
Mr. Oladipo Adebo (Appointed wef September 29, 2022)	Non Executive Director
Dr. Daphne Dafinone	Independent Director
Mrs. Esther Chibesa	Non Executive Director
Mrs. Olusola Fagbure	Company Secretary

Corporate Head Office

Citibank Nigeria Limited
Charles S. Sankey House
27, Kofo Abayomi Street
Victoria Island, Lagos.
Telephone: +234 01 2798400
+234 01 4638400
Website: www.citigroup.com/nigeria

Auditors

KPMG
KPMG Tower, Bishop Aboyade Cole
Victoria Island, Lagos
Telephone: +234 9068459329
Website: https://home.kpmg/ng
Engagement Partner: Nneka Eluma
FRC no.:FRC/2013/ICAN/00000000785
KPMG was appointed March 2021 (2 years of service)

CITIBANK NIGERIA LIMITED
Consolidated and Separate Financial Statements
For the financial year ended 31 December 2022

DIRECTORS' REPORT

The Directors have pleasure in presenting their report for the financial year ended 31 December 2022 on the affairs of Citibank Nigeria Limited and its subsidiary entity (together "the Group") together with the consolidated and separate annual financial statements and auditors' report for the year ended 31 December 2022.

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 Bank 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. The Bank also has a structured entity, Nigeria International Bank Staff Participation Scheme, which holds the Bank's shares as treasury shares. The Bank prepares consolidated financial statements, which includes separate financial statements of the Bank.

Operating results

The net operating income and profit before tax of the Group grew by 17.8% and 23.9% respectively over prior year. The directors recommend the payment of dividend of N26,779,000,950 or N8.93k per share (2021: N27,937,772,290 or N10.00k per share) from the outstanding balance in the retained earnings account as at 31 December 2022. 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:

	Group 2022 ₦'000	Group 2021 ₦'000	Bank 2022 ₦'000	Bank 2021 ₦'000
Net operating Income	69,531,974	59,021,371	69,576,354	59,021,380
Profit before tax	43,654,899	35,234,735	44,100,477	35,546,319
Taxation	(12,596,618)	(2,654,614)	(12,595,770)	(2,653,765)
Profit for the year	31,058,281	32,580,121	31,504,707	32,892,554
Other comprehensive loss for the year, net of tax	(895,616)	(3,858,601)	(895,616)	(3,858,601)
Total comprehensive income for the year	30,162,665	28,721,520	30,609,091	29,033,953
Final dividend (per share)	8.93	10.00	8.93	10.00

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 301 and 302 of the Companies and Allied Matters Act 2020, as noted below:

	Director	Position		Direct Shareholding: Number of Ordinary Shares held in 2022	Direct Shareholding: Number of Ordinary Shares held in 2021
1	Mr. Olayemi Cardoso	Chairman	Retired wef July 20, 2022	-	-
2	Mrs. Ireti Samuel-Ogbu	Managing Director			
3	Mrs. Funmi Ogunlesi	Executive Director	Resigned wef March 25, 2022	-	-
4	Mrs. Ngozi Omoke-Enyi	Executive Director		-	-
5	Mrs. Nneka Enwereji	Executive Director		-	-
6	Mr. Oluwole Awotundun	Executive Director		-	-
7	Mrs. Esther Chibesa (Kenyan)	Non Executive Director		-	-
8	Prof. Hilary Onyiuke	Non Executive Director	Retired wef Sept. 28, 2022	-	-
9	Mr. David Walker (British)	Non Executive Director		-	-
10	Mr. Oyesoji Oyeleke, SAN	Non Executive Director		-	-
11	Dr. Shamsuddeen Usman	Independent Director	Appointed Chairman wef July 21, 2022	-	-
12	Dr. Daphne Dafinone	Independent Director		-	-
13	Mr. Oladipo Adebo	Non Executive Director	Appointed wef Sept 29, 2022		
14	Mrs. Adebola Adefope	Non Executive Director	Appointed wef July 21, 2022		

Prof. Hilary Onyiuke has an indirect shareholding through Gauthier Investments Ltd which has a shareholding of 38,137,845 ordinary shares.
Mr. Olayemi Cardoso has an indirect shareholding through the Estate of F.B. Cardoso which has a shareholding of 35,093,258 ordinary shares.
Mr. Oyeleke has an indirect shareholding through Bola Holdings Ltd which has a shareholding of 28,243,697 ordinary shares.
Mrs. Adefope has an indirect shareholding through the Estate of Chief A.O. Lawson which has a shareholding of 18,765,417 ordinary shares.
Mr. Adebo also has an indirect shareholding through Okanlomo Securities & Investment Ltd which has a shareholding of 26,348,043 ordinary shares.
Since the last Annual General Meeting, Mr. Olayemi Cardoso, and Prof. Hilary Onyiuke both retired from the Board.
Mrs. Funmi Ogunlesi also resigned from the Board. Both Mrs. Adebola Adefope and Mr. Oladipo Adebo were both appointed to the Board.

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

Mrs. Adebola Adefope, and Mr. Oladipo Adebo were appointed Directors of the Bank with effect from 21st July, 2022, and 29th September, 2022 respectively. Since their appointments took place after the last AGM, they will also retire at the next AGM and being eligible, will offer themselves for re-appointment.

PROFILE OF DIRECTORS OF CITIBANK NIGERIA LTD

S/N	NAME	BRIEF PROFILE
1	Dr. Shamsuddeen 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 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 seventies, also sits on the boards of a number of public and private companies. He was appointed to the Board of Citibank Nigeria in April 2017 and became the Chairman of the Bank in July 2022.
2	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. Mrs. Samuel-Ogbu, who is in her fifties was appointed to the Board of the Bank in June 2014. She was appointed Managing Director with effect from 21 September 2020.
3	Mrs. Adebola Adefope	Mrs. Adebola Adefope is Group Counsel/Executive Director at GHI Assests Limited. She obtained her Bachelor of Laws (LLB Honours) from the School of Oriental and African Studies, University of London in 1978. She also holds LLM (Master of Law) from the London School of Economics, University of London. She was called to the Nigerian Bar in 1980 and obtained a Postgraduate Diploma in Law from the College of Law, London in 1996. Mrs. Adefope is a member of Institute of Directors and has about 40 years managerial experience spanning Legal practice, Insurance, Private Estate management, Petroleum, Airline, and Hospitality. She is in her sixties and was appointed to the Board in July 2022.
4	Mr. Oladipo Adebo	Mr. Oladipo Adebo is the founder and Senior Partner of DAA Architects Limited, an architectural and project management firm established in 1981. He is a 1972 graduate of architecture from the University of Bristol and holds a diploma in architecture from the same university. Mr. Adebo possesses extensive experience in project and team management and is a member of various professional bodies including Architects Registration Council of Nigeria, Nigerian Institute of Architects, and Institute of Petroleum, U.K. He was appointed to the Board of the Bank in September 2022. Mr. Adebo is in his seventies.
5	Mrs. Nneka Enwereji	Mrs. Nneka Enwereji is currently the Head of the Global Subsidiaries Group for Sub-Sahara Africa, leading the coverage of Citi's multinational clients and their top-tier local corporate partners. Prior to this role, she was GSG Head for Nigeria. She was previously responsible for Citi's Africa Trade Services business, across 35 presence and non-presence countries. Mrs Enwereji has had a diverse 26-year banking career, spanning Treasury, Corporate & Investment Banking, Risk Management, Transaction Services and Operations. She has been pivotal to several landmark transactions and has a rich business growth track record across multiple businesses in the firm. Mrs Enwereji, who is in her fifties, has a passion for talent development and is involved in formal and informal coaching and mentoring programs. Mrs Enwereji holds a degree in Computer Science and Economics with first class honors from the Obafemi Awolowo University and an MBA from the Warwick Business School in the United Kingdom. She is also an alumnus of UCLA's Women's Leadership Development program. Mrs. Nneka Enwereji joined the Board in 2014.
6	Mr. David Walker	Mr. Walker joined Citi as a graduate trainee in 1990 after obtaining his Bsc Hons degree in Economics in 1989 from the University of St Andrews, Scotland. He has over 30 years of experience in the Financial Services industry. He has worked in various banking, markets and transaction services roles within Citi across a number of continents. Mr. Walker was between 2008 and 2010, General Manager, Citibank N.A. Switzerland where he assumed leadership of various teams. He was Chair, Citi EMEA Governance and Business Risk Committee between 2012 and 2015. Prior to his current role of Head of Public Sector Banking, Europe, Middle East and Africa (EMEA), Mr. Walker who is in his fifties, was Head of Corporate Banking, United Kingdom responsible for the leadership of Citi's largest country franchise outside of the U.S., and serving many hundreds of corporate, financial institutions, and public sector clients. He was appointed to the Board of the Bank in December 2021.
7	Dr. Daphne Terri Dafinone	Dr. Daphne Oterie Dafinone is the Chief Operating Officer of Horwath Dafinone, Chartered Accountants. She holds a B. A. (Hons) Economics from Victoria University of Manchester, a M.Sc. (Internal Audit & Management) and a PhD (internal Audit & Corporate Governance) from City University, London. She is a Fellow of the Institute of Chartered Accountants in England and Wales, Associate Member, Chartered Taxation Institute of Nigeria,and a Fellow, Institute of Chartered Accountants of Nigeria. She worked with KPMG, Chartered Accountants, London from 1987 to 1990 and Horwath Dafinone, Chartered Accountants, Lagos from 1990 to date. She became a partner in the firm in March 1997, and was appointed the Chief Operating Officer of the firm in January 2013. Dr. Dafinone, who is in her fifties was appointed to the Board in June 2016.
8	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 sixties.
9	Mr. Oluwole Awotundun	Mr. Oluwole Awotundun joined the Bank in 1995, and has held various roles in Credit Administration, Portfolio Management, Commercial Banking, Credit Analytics and Risk Management - covering a number of African countries. He was appointed Regional CountryRisk Manager – West & Central Africa (excluding Nigeria) in June 2014. In September 2017, Mr. Awotundun was appointed as the Country Risk Manager for Nigeria & Ghana, in addition to his prior role as thecluster Risk Manager for West & Central Africa.

	Mr. Awotundun is a 1993 graduate of Mechanical Engineering from the University of Ilorin, and holds an MBA from the University of Lagos. (1999). Mr. Awotundun also holds the International Certificate of Banking Risks & Regulations (ICBRR) of the Global Association of Risk Professionals (GARP). He was appointed to the Board of Citibank Nigeria in December 2017. He is in his fifties.
10 Mrs. Ngozi Omoke-Enyi	Mrs. Omoke-Enyi holds a Bachelor of Science degree from the University of Nigeria, Nsukka. She also holds an MSc in Agricultural Economics from the University of Ibadan as well as an MBA in Banking and Finance from the Enugu State University. She is a fellow of the Institute of Credit Administration, Nigeria. Mrs. Omoke-Enyi joined the Bank in 1990 and has since worked in various capacities spanning Financial Planning and Budgeting; Franchise and Risk Management; Strategic Management; Talent and People Management; and Process Management. She was appointed Head of Operations & Technology, Citibank Nigeria and TTS Client Operations Head in 2015. Mrs. Omoke-Enyi was appointed to the Board of the Bank in January 2020. She is in her fifties.
11 Mrs. Esther Chibesa	Mrs. Chibesa is a 1999 first class graduate of Accounting from the University of Botswana. She also holds a Master in Business Administration from Edinburgh Business School of Heriot-Watt University, Edinburgh, United Kingdom. She joined Citi in 2000 as a Management Associate through the Citigroup East African Region Management Trainee program. Mrs. Chibesa has worked in various capacities covering Relationship management, Risk Analysis, Cash Management, and Treasury and Trade Solutions over the years. She was appointed the East Africa Head of the Trade & Treasury Solutions business in July 2014. In April 2020, she became the Head of the Trade & Treasury Solutions for Sub Sahara Africa. She was appointed to the Board of the Bank in October 2021. Mrs. Chibesa is in her forties.

Property and equipment

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

Shareholding analysis

The shareholding patterns of the Bank as at 31 December 2022 and 2021 are as stated below:

		2022		
Share Range	**No of Shareholders**	**Percentage of Shareholders (%)**	**No. of Holdings**	**Percentage Holdings**
500,001 – 1,000,000	-	-	-	0.00%
1,000,001 – 5,000,000	1	4%	1,020,136	0.03%
5,000,001 – 10,000,000	4	17%	32,043,535	1.07%
10,000,001 – 50,000,000	17	71%	444,968,597	14.83%
50,000,001 – 100,000,000	1	4%	64,876,324	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%	2,457,091,408	81.90%
TOTAL	**24**	**100%**	**3,000,000,000**	**100.00%**

		2021		
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 2022, no shareholder held more than 5% of the issued share capital of the Bank, except the following:

	2022		2021	
Shareholder	**No. of shares held**	**Percentage of**	**No. of shares**	**Percentage of**
Citibank Overseas Investment Corporation	2,457,091,408	81.90%	2,288,188,675	81.90%

NIB Employee Staff Share Scheme held 64,876,324 (2021: 60,416,666) shares in Citibank Nigeria as at December 31 2022 valued at a nominal value of N1.00 per share. Increase in the number of shares is due to issuance of outstanding autorised share capital during the year in compliance with Regulation 13 of the Companies Regulation 2021 ("Companies Regulations") of Corporate Affairs Commission (CAC). The additional shares were issued to all existing shareholders pari passu.

Directors

Directors' remuneration was paid as follows:

	2022	2021
	₦'000	₦'000
Non-executive directors fees and sitting allowances	347,050	312,550
Executive compensation	629,253	563,895
Executive pension cost	24,443	21,576
Total	1,000,746	898,021

Donations and charitable gifts

The Group did not make donations and contributions to charitable and non-political organizations during the year (2021: N1.16bn). Below :

Citibank Nigeria Limited Donations	N'000	N'000
	2022	**2021**
Police Fund Contribution	-	1,000,000
Police Station Renovation	-	124,178
Donaton towards MSME Survival and Recovery Program in Nigeria	-	38,600
Coalition against Covid-19 (CACOVID)	-	-
	-	**1,162,778**

Events after the end of the reporting date

Aside from the final dividend of N8.93k per share proposed by the Board of Directors (Dec 2021: N10.00k), there were no other events subsequent to the date which require adjustment to, or disclosure in, these financial statements

COVID-19

COVID-19 is expected to continue to adversely affect global health and could negatively impact macroeconomic conditions in 2023. The extent of the impact remains uncertain and will largely depend on future developments in China, the U.S. and other countries, such as the severity and duration of the public health consequences, including the course of variants; the public response; and government actions. COVID-19 could again disrupt supply chains, worsen inflation and reduce economic activity. These factors could adversely impact Citi's businesses and results of operations and financial condition.

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 31st December 2022:

- There were 79 women out of 206 employees comprising 38.35% of the total number of employees;
- There were 38 women out of 95 top management staff, including executive directors (40.0%)
- There were 6 women out of 11 Directors on the Board of Directors (54.5%);
- There were 35 women out of 91 top management staff between Assistant General Manager to General Manager grade;
- There were 3 women out of 4 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 2022 vs 2021 is presented below:

S/N		NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		2022	2021	2022	2021	2022	2021
1	Pending complaints B/F	2	-	588,255,921	-	-	-
2	Received complaints	35	16	142,966,167	710,246,996	80,879,743	79,656,882
3	Resolved complaints	35	14	728,763,818	121,991,075	80,879,743	79,656,882
4	Unresolved complaints escalated	-	1	-	587,901,747	-	-
5	Unresolved complaints pending with the bank C/F	2	1	2,458,270	354,174	-	-

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, 2022.

Guidelines On Card Issuance & Usage In Nigeria

During the financial year ended 31 December, 2022, 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	99,615
Transaction Value	N9,373,612,449.19

Fraud Incidents as at December 2022:

Unsuccessful		Successful	
Count	Value (NGN)	Count	Value (NGN)
34	3,827,911	60	4,812,217

Fraud Incidents as at December 2021:

Unsuccessful		Successful	
Count	Value (NGN)	Count	Value (NGN)
15	18,949	18	223,026

During the year, a total of 94 (Dec 2021:33) card fraud attempts affecting 13 cardholders was reported. No staff fraud occurred during this period. The total value involved amounted to N8,640,127 (Dec 2021:N241,975). Of the 60 (Dec 2021: 18) successful attempts totaling N4,812,217 (Dec 2021: N223,026), a total of N1,362,047 (Dec 2021: N217,171) was recovere
and a total claim of N3,450,170 was not upheld.

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.

Business Continuity Assessment Processes

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.

Recovery 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.

Independent 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.

Training and Awareness

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

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditor to the Bank. In accordance with Section 401 (2) of the Companies and Allied Matters Act (CAMA) 2020, therefore, the auditor will be re-appointed at the next annual general meeting of the Bank without any resolution being passed.

BY ORDER OF THE BOARD

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

OFagbure

Olusola Fagbure, Company Secretary
FRC/2013/CIBN/00000002203
March 13, 2023

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Responsibility for Annual Financial Statements

In accordance with Section 405 of the Companies and Allied Matters Act 2020, we hereby certify the financial statements for the year ended 31 December 2022 as follows:

i. That we have reviewed the audited separate and consolidated financial statements of the Bank for the year ended 31 December 2022 and based on our knowledge confirm that:

ii. The audited separate and consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statement was made;

iii. The audited separate and consolidated financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for the year ended 31 December 2022;

iv. We are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank and its subsidiaries is made known to the officer by other officers of the companies, particularly during the period in which the audited financial statements is being prepared;

v. The Bank's internal controls were evaluated prior to 90 days of the financial reporting date and are effective as at 31 December 2022;

vi. We have disclosed to the Bank's Auditors and Audit Committee that;

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

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

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

MR. SHARAFADEEN MUHAMMED
CHIEF FINANCIAL OFFICER
FRC/2017/ICAN/00000015901
March 13, 2023

MRS. IRETI SAMUEL-OGBU
MANAGING DIRECTOR
FRC/2020/003/00000022118
March 13, 2023

CITIBANK NIGERIA LIMITED
Consolidated and Separate Financial Statements
For the financial year ended 31 December 2022

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2022

1. INTRODUCTION

Citibank Nigeria Limited (the Bank) is committed to ensuring the implementation of good corporate governance principles in all its activities. The Bank adheres to the provisions of the Central Bank of Nigeria Code on Corporate Governance for Banks and Discount Houses ('the CBN Code'), the Nigerian Code of Corporate Governance 2018 (the NCCG) and to Citigroup's corporate governance principles.

2. THE BOARD OF DIRECTORS

As at 31 December 2022 the Board of Directors comprised the following members:

NAME	DESIGNATION	CUMULATIVE YEARS OF SERVICE AS AT DECEMBER 31, 2022
MRS. IRETI SAMUEL-OGBU	MANAGING DIRECTOR	8
MRS. NNEKA ENWEREJI	EXECUTIVE DIRECTOR	8
MR. OLUWOLE AWOTUNDUN	EXECUTIVE DIRECTOR	5
MRS. NGOZI OMOKE-ENYI	EXECUTIVE DIRECTOR	2
MR. OYESOJI OYELEKE	NON-EXECUTIVE DIRECTOR	5
MRS. ESTHER CHIBESA	NON-EXECUTIVE DIRECTOR	1
MR. DAVID WALKER	NON-EXECUTIVE DIRECTOR	1
DR. SHAMSUDDEEN USMAN	INDEPENDENT DIRECTOR (CHAIRMAN)	5
DR. DAPHNE DAFINONE	INDEPENDENT DIRECTOR	6
MR. OLADIPO ADEBO	NON-EXECUTIVE DIRECTOR	Appt wef SEP 29, 2022
MRS. ADEBOLA ADEFOPE	NON-EXECUTIVE DIRECTOR	Appt wef JUL 21, 2022

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. The Board has a charter, approved by the Central Bank of Nigeria, which regulates its operations.

Roles of Chairman and Managing Director/Chief Executive

In accordance with the provisions of the CBN Code, the office and responsibilities of the Chairman and the Managing Director/Chief Executive are separate. The Chairman's main responsibility is to lead and manage the Board and to ensure it operates effectively and fully discharges its legal and regulatory responsibilities. The Board has delegated responsibility for the day-to-day management of the Bank to the Managing Director and Chief Executive, who is supported by the Management team.

Appointments to the Board

Appointments to the Board of the Bank are made in accordance with the provisions of the Board charter, the Company's Articles of Association and all relevant laws and regulations. When a vacancy occurs on the Board, the Board through the Board Governance and Nominations Committee will identify candidates with the appropriate expertise and experience. The appointment process is based on a careful analysis of the existing Board's strengths and weaknesses, its skills and experience gaps, diversity, etc. Nominees for appointments will be subjected to appropriate background checks.

Induction and Continuous Training

Upon appointment to the Board all Directors receive appropriate and comprehensive induction training arranged by the Company Secretary, to assist them to acquire a detailed understanding of the Bank's operations, strategy, and business environment and of their fiduciary duties and responsibilities.

The Bank attaches great importance to training its directors. There is a board approved Directors' training plan and Directors attended various training programmes during the year.

Changes to the Board

Mr. Olayemi Cardoso, former Chairman of the Bank retired from the Board wef July 20 2022. Prof. Hilary Onyiuke also retired from the Board wef September 28, 2022. Mrs Funmi Ogunlesi resigned from the Board in March 2022. Mrs. Adebola Adefope was appointed to the Board wef July 21 2022. Mr. Oladipo Adebo was also appointed to the Board wef September 29 2022. Dr. Shamsuddeen Usman was appointed Chairman of the Board in July 2022.

BOARD MEETINGS

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. The Board met six times in the year ended 31 December 2022.

2022 DIRECTORS' BOARD MEETING ATTENDANCE AS AT 31 DECEMBER:

Dr. Shamsuddeen Usman	**6**	**Chairman**
Mr. Olayemi Cardoso	4	(Retired wef July 20 2022)
Mrs. Ireti Samuel-Ogbu	6	
Mrs. Ngozi Omoke-Enyi	6	
Mrs. Funmi Ogunlesi	2	(Resigned wef March 25, 2022)
Dr. Daphne Dafinone	6	
Prof. Hilary Onyiuke	4	(Retired wef Sept. 28, 2022)
Mrs. Nneka Enwereji	5	
Mrs. Adebola Adefope	2	(Appointed wef July 21, 2022)
Mr. Oyesoji Oyeleke, SAN	6	
Mr. Oladipo Adebo	2	(Appointed wef Sept. 27 2022)
Mr. Wole Awotundun	6	
Mrs. Esther Chibesa	4	
Mr. David Walker	6	

BOARD COMMITTEES

The Board has delegated some of its responsibilities to Board Committees. This makes for greater efficiency and allows for greater attention to specific matters by the Board. Each committee has a charter, approved by the Central Bank of Nigeria, which sets out the scope of its responsibilities. The Committees report to the Board on their 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.

There are four Board Committees:

- Risk Management Committee
- Audit Committee
- Credit Committee
- Board Governance and Nominations Committee.

The Risk Management Committee

The Risk Management Committee consists of seven directors, four 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 inter alia, for overseeing the Bank's Risk Management strategies, policies, frameworks, and procedures, periodically reviewing changes in the economic and business environment including emerging trends and other factors relevant to the Bank's risk profile, reviewing risk related financial disclosures, reviewing reports on significant litigation, customer complaints, Information Technology (IT) data protection and information

The Committee meets quarterly and met six times in 2022.

2022 RISK MANAGEMENT COMMITTEE MEMBERS' MEETING ATTENDANCE

Mrs. Esther Chibesa	**5**	**Chairman**
Mrs. Ireti Samuel-Ogbu	5	
Mrs. Ngozi Omoke-Enyi	6	
Prof. Hilary Onyiuke	4	(Retired wef Sept. 28, 2022)
Mr. Wole Awotundun	6	
Dr. Daphne Dafinone	6	
Mr. Oyesoji Oyeleke, SAN	5	(Exited the committee wef Oct. 2022)
Mrs. Adebola Adefope	1	(Became Comm member wef Oct 2022)
Mr. Oladipo Adebo	1	(Became Comm member wef Oct. 2022)

b) Credit Committee

The Credit Committee consists of seven directors, four of whom, including the Chairman of the Committee are Non-Executive Directors. The Committee is responsible for approving credits above such limits as may be prescribed by the Board of Directors from time to time and for approving loans to staff of Assistant General Manager grade and above.

The Committee meets quarterly and met five times in 2022.

2022 CREDIT COMMITTEE MEMBERS' MEETING ATTENDANCE

Mr. David Walker	**5**	**(Chairman)**
Dr. Shamsuddeen Usman	3	(Exited Committee wef July 2022)
Prof. Hilary Onyiuke	3	(Exited Committee wef Sept. 2022)
Mrs. Ireti Samuel-Ogbu	4	
Mrs. Funmi Ogunlesi	2	(Resigned wef March 25 2022)
Mrs. Nneka Enwereji	5	
Mr. Oyesoji Oyeleke, SAN	5	
Mr. Wole Awotundun	5	
Dr. Daphne Dafinone	4	(Exited Committee wef Oct. 2022)
Mr. Oladipo Adebo	1	(Became Comm member wef Oct. 2022)
Mrs. Adebola Adefope	1	(Became Comm member wef Oct 2022)

c) Audit Committee

The Audit Committee consists of four non-executive directors, one of whom is an Independent Director. 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. The committee also approves the internal audit plan and reviews internal audit reports. Members of the Committee have unrestricted access to the Bank's external auditors.

The Committee meets quarterly and met five times in 2022.

2022 AUDIT COMMITTEE MEMBERS' MEETING ATTENDANCE

Dr. Daphne Dafinone	**5**	**(Chairman)**
Dr. Shamsuddeen Usman	3	(Exited Committee wef July 2022)
Mr. Oyesoji Oyeleke, SAN	5	
Mrs. Esther Chibesa	4	
Mr. Oladipo Adebo	1	(Became Comm member wef Oct. 2022)

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 approving the remuneration of executive directors.

The Committee is required to hold a minimum of two meetings in a year. The Committee met five times in 2022.

2022 COMMITTEE MEMBERS' MEETING ATENDANCE:

Mr. Oyesoji Oyeleke, SAN	**5**	**(Chairman)**
Prof. Hilary Onyiuke	3	(Retired wef Sept. 28 2022)
Mrs. Adebola Adefope	1	(Became Comm member wef Oct 2022)
Dr. Daphne Dafinone	5	
Dr. Shamsuddeen Usman	3	(Exited Committee wef July 2022)
Mr. David Walker	5	

BOARD APPRAISAL

The Board engaged an independent consultant, DCSL Corporate Services Ltd, to carry out the annual board appraisal for the 2022 financial year. The appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members competencies and respective roles in the board's performance, as well as the Bank's compliance status with the provisions of the CBN Code and the NCCG.

The report of the independent consultant will be presented to shareholders at the 39th Annual General Meeting of the Bank.

DCSL has conducted the appraisal for a cumulative period of four years.

3. SHAREHOLDERS' MEETINGS

Shareholders meetings are held in line with legal requirements. The last Annual General Meeting was held on March 24, 2022

4. INTERNAL MANAGEMENT STRUCTURE

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

Management Succession

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

Management Committees

The following are the key management committees of the Bank: 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.

5. 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. The Code of Conduct is available on the Citigroup website.

6. DIVERSITY

The Bank is committed to ensuring diversity in the workforce and on the Board of Directors. Five out of eleven board members are women. Details of the breakdown of the Bank’s staff by gender are contained in the Directors report.

7. HUMAN RESOURCES POLICIES

Highlights of the Bank’s Human Resources policies are contained in the Directors report and the report of the Human Resources Head contained in the Annual report.

8. 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.

Citigroup’s compensation philosophy provides for claw back in cases of improper risk-taking and material adverse outcomes in the years following the award of incentive compensation. There are no cases of claw back being pursued presently.

The Board remuneration policy aims to ensure that Citibank pays competitive fees to Directors while taking into cognisance the provisions of relevant Codes of Corporate Governance in Nigeria, and leading governance practices. It is designed to attract and retain highly qualified candidates with the appropriate skills and experience.

Board Compensation

Non-executive directors: Non-executive directors are paid annual directors fees, sitting allowance for each meeting attended and are reimbursed for expenses such as accommodation and transportation.

Executive Directors: The remuneration of the Executive Directors comprises base salary, allowances, and discretionary incentive compensation. Their remuneration is aligned with Citigroup’s compensation philosophy. Executive Directors are not paid sitting allowances for attendance at Board and Board Committee meetings.

Details of the remuneration paid to directors in 2022 are contained in note 35 to the accounts.

9. SUSTAINABILITY

A report on the Bank’s sustainability policies and programmes is provided in the annual accounts.

10. RELATED PARTY TRANSACTIONS

Details of insider related party transactions are contained in note 34.3 to the accounts.

11. FINES AND PENALTIES

The Bank did not pay any fine during the year (2021: N10.46 million).

12. EXTERNAL AUDITORS

KPMG have indicated their willingness to continue in office as auditors in accordance with Section 401(2) of the Companies and Allied Matters Act (2020).

13. 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.

14. 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.

MANAGEMENT SUCCESSION

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

CITIBANK NIGERIA LIMITED SHARED SERVICES AGREEMENT

Citibank Nigeria Limited (Citi) Shared Services Agreements are key to Citi's operations in Nigeria as it boosts efficiency and enhances Citi's service delivery. Citi has the following shared services agreements:

1. Shared Services Agreement (Compliance) between Citibank Europe Plc Poland Branch and Citibank Nigeria Limited
2. Shared Services Agreement (Human Resources) between Citibank N.A. London and Citibank Nigeria Limited
3. Shared Services Agreement (Internal Control) between Citibank N.A. London and Citibank Nigeria Limited
4. Shared Services Agreement (Risk Management – Credit) between Citibank N.A. Kenya and Citibank Nigeria Limited
5. Shared Services Agreement (Compensation Benefits) between Citibank Europe Plc Poland Branch and Citibank Nigeria Limited
6. Shared Services Agreement (Information and Communication Technology) between Citibank NA United States of America and Citibank Nigeria Limited

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	Business Sponsor
		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	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 Financial Officer, Audit Committee
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 Financial 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 Financial 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%

SUSTAINABILITY REPORT

Citibank Nigeria Ltd, a member of Citigroup global bank network, is focused on catalysing sustainable growth through transparency, innovation and market-based solutions. Changes are happening - economies are becoming greener, and consumption patterns and business cultures are changing.

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

Citibank Nigeria Ltd collaborates both internally across its business units and the Citigroup global network, and externally with stakeholders to maximize its impact on the society. At Citibank Nigeria, we continue to learn from our experience whilst also leveraging the experiences of diverse stakeholders to help us understand what leadership looks like on these evolving issues.

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

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

SUSTAINABLE PROGRESS STRATEGY

In 2020, as part of Citigroup's global network, Citibank Nigeria Ltd keyed into the launch of its 2025 Sustainable Progress Strategy that sets out business drivers for sustainability; combatting climate change was one of the main themes. The aim was to drive the transition to a sustainable and low-carbon future in an environmentally responsible way that serves society's economic needs. The impact of climate change is becoming increasingly clear — not just the physical effects of a warming planet as it threatens communities and reshapes urban infrastructure but also the economic impact as every sector examines its material risks and opportunities associated with these changes.

Climate change is a monumental challenge, and the need to move toward a low-carbon global economy cannot be more expedient. Whilst scaling financial flows to low-carbon solutions is a critical aspect of the transition, we also need a more holistic approach that supports the transition of existing carbon-intensive sectors. In addition to helping clients realize the opportunities inherent in transitioning to a low-carbon economy, we are conducting sophisticated analyses of the risks associated with our own and our clients' exposure to a variety of transition scenarios. We are also assessing our exposure to climate hazards to inform business continuity and resilience planning. The financial sector has an important role to play in addressing this crisis by supporting the transition to a sustainable, low-carbon economy that balances the environmental, social and economic needs of the society.

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

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

Low-Carbon Transition

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

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

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

Climate Risk

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

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

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

Sustainable Operations

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

In 2022, Citigroup unveiled its initial plan to reach net zero emissions by 2050 which includes disclosure of its baseline financed emissions and ambitious 2030 targts for its Energy and Power loan portfolios - a 29% absolute reduction in financed emissions for the Energy sector and a 63% reduction in portfolio emissions intensity for the Power sector. The plan also introduces Citi's Net Zero Transition Principles, which are guiding its net zero efforts to drive a responsible and orderly transition that minimizes economic disruption while also contributing to broader sustainable development objectives.

HUMAN RIGHTS

Citibank Nigeria Ltd supports the protection and fulfilment of human rights and is guided by fundamental principles of human rights. Our provision of financial services could entail potential risks to internationally recognized human rights, including the risks posed by our clients' activities to other rights holders. The bank strives to prevent impacts to human rights and seeks to do business with clients who share its commitment to respect human rights. We carry out appropriate due diligence on clients to maintain our high ethical standards and to protect rights holders potentially affected by unethical and harmful activities.

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

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

FINANCIAL INCLUSION & ACCESS TO CAPITAL

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

In addition to the 5-year annual revolving loan of NGN500 million that was extending to Accion Microfinance Bank Ltd (Accion MFB) to drive and promote the development of the microfinance sector in Nigeria, Citibank Nigeria also extended a $10 million medium term loan to Babban Gona, a quasi-Agrotech cum aggregator, to support its small scale rural farmers in Northern Nigeria. The proceeds of these loans is being used to support the development of approximately five thousand micro and small enterprises in the country, and more than eighty thousand rural farmers. The quasi on-lending arrangement 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. By partnering with other banks, microfinance and similar institutions, Citibank Nigeria 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 Citibank Nigeria Ltd's operating culture, also ensures that Citi continues to provide equal opportunities for all - irrespective of gender, religion or race.

The bank continues to strengthen its sustainability culture and footprints, engaging its employees and integrating sustainable practices across the organization.

DCSL Corporate Services Limited

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RC NO. 352393

February 2023

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF CITIBANK NIGERIA LIMITED FOR THE YEAR-ENDED 31ST DECEMBER 2022

DCSL Corporate Services Limited was appointed by the Board of Citibank to undertake an appraisal of the Board of Directors of Citibank Nigeria Limited ("**Citibank**", "**the Bank**") for the year-ended 31st December 2022 in line with the provisions of **Section 2.8 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria (the CBN Code), and Principle 14 of the Nigerian Code of Corporate Governance, 2018 (NCCG).** The evaluation entailed a comprehensive review of the Bank's corporate and statutory documents, the Minutes of the Board and Committee Meetings, policies currently in place, other ancillary documents made available to us, and responses to Board and Peer Review Surveys administered to Directors.

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

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

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

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

Yours faithfully,

For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL

Responsibility for the consolidated and separate financial statements for the year ended 31 December, 2022

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;
- Companies and Allied Matters Act (CAMA), 2020;
- Financial Reporting Council of Nigeria Act, 2011;
- Banks and Other Financial Institutions Act, 2020;
- The relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

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:

DR. SHAMSUDDEEN USMAN	MRS. IRETI SAMUEL-OGBU
CHAIRMAN	MANAGING DIRECTOR
FRC/2015/00000011481	FRC/2020/003/00000022118
March 13, 2023	March 13, 2023

CITIBANK NIGERIA LIMITED

REPORT OF THE AUDIT COMMITTEE
For the year ended 31 December 2022

To the members of Citibank Nigeria Limited.

In compliance with the provisions of section 404 (2) to (7) of the companies & Allied Matters Act 2020, the Audit Committee considered the audited consolidated and separate financial statements for the year ended 31 December 2022 together with the report on internal controls from the external auditors and the Bank's response to this report at its meeting held on February 14, 2023.

- In our opinion, the scope and planning of the audit for the year ended 31 December 2022 was adequate. We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank and the Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2022 were satisfactory and reinforce the Group's internal control systems.
- After due consideration, the Audit Committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and generally accepted accounting principles.
- The Committee reviewed Management's response to the auditor's findings in respect of management matters and is satisfied with management's response thereto.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of directors' related credits in the financial statements of Banks", and hereby confirm the accuracy of the insider related credits amount outstanding as at 31 December, 2022 and the status of performance as disclosed in Note 34(3).
- The Committee also approved the provision made in the consolidated and separate annual financial statements in relation to the remuneration of the auditors.

DDDafinone

Dr. Daphne Dafinone
Chairman, Audit Committee

February 14, 2023
FRC/2013/ICAN/00000002803

Members of the Audit Committee are:

1. Dr. Daphne Dafinone - Chairman
2. Mr. Oyesoji Oyeleke, SAN
3. Mrs. Esther Chibesa
4. Mr. Oladipo Adebo

KPMG Professional Services
KPMG Tower
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Citibank Nigeria Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Citibank Nigeria Limited ("the Bank") and its subsidiary (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiary as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

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 are independent of the Group and Bank in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Allowance for Expected Credit Losses (ECL) on Loans and Advances

The Group has a significant amount of loans and advances granted to its customers on which it estimates impairment allowance.
The determination of impairment losses on these assets is inherently a significant area for the Group as significant judgments and assumptions are made by the Group over the estimation of the size of the impairment allowance.
We focused on the impairment allowance on loans and advances due to the significant judgements, estimates and assumptions made by the Group in determining the impairment allowance required.
The Group uses an Expected Credit Loss (ECL) model to determine the size of the impairment allowance for these assets. The ECL methodology incorporates the expected future credit losses due to macro-economic variables.

- The Group's ECL model includes certain judgements and assumptions such as: the determination of the probability of a loan becoming past due and subsequently defaulting;
- the determination of the Group's definition of default;
- the criteria for assessing significant increase in credit risk (SICR);
- the credit conversion factors applied in the ECL model;
- the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows
- the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, exchange rates and the Gross Domestic Product (GDP) rates used in determining the expected credit losses in the assets portfolios; and
- the Facility Risk ratings (FRRs) and Obligor risk ratings (ORRs) which have been allocated to exposures and customers respectively;

How the matter was addressed in our audit

Our procedures included the following:
- we performed an assessment of the design and implementation and tested the operating effectiveness of the controls relating the Group’s ECL model and methodology.
- we confirmed that the Group's definition of default is consistent with the requirements of the relevant accounting standard.
- we assessed the appropriateness of the Group’s determination of significant increase in credit risk (SICR) and the resultant classification of loans into various stages of credit risk for reasonableness.
- with the assistance of our Financial Risk Management specialists, we:
    - assessed the appropriateness of the Group's ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;
    - assessed the appropriateness of the Group’s Exposure at Default(EAD). This includes an assessment of the appropriateness of the Group’s EAD approach for onbalance sheet and off-balance sheet assets, an assessment of the Group’s Credit Conversion Factor approach, an assessment of the Bank’s Incremental Utilisation factor approach and an assessment of the Group’s Additional Usage Factor approach. It also included an assessment of appropriateness of the Group’s EAD segmentation.
    - assessed the appropriateness of the estimation of the Group’s Probability of Default (PD) parameters. This includes an assessment of the appropriateness of the methodology applied, an assessment of the segmentation of the Group’s portfolio for PD estimation, an assessment of the

appropriateness of the data used in estimating the PDs, an assessment of the incorporation of forward-looking information into the PDs, and an assessment of the statistical significance and reasonability of the variables which have been used in estimating the PDs;

- assessed the appropriateness of the Group's Loss Given Default(LGD). This includes: an assessment of the appropriateness of the Group's LGD methodology, an assessment of the four components which underlie the Group's LGD estimate, an assessment of the segmentation of the Group's portfolio for LGD estimation, an assessment of the appropriateness of the data used in estimating the LGD, an assessment of the incorporation of forward-looking information into the LGDs, and an assessment of the statistical significance and reasonability of the variables which have been used in estimating the LGDs;
- assessed and challenged the appropriateness of the Group's forward-looking macroeconomic forecasts assumptions comprising the inflation rates, exchange rates and GDP growth rates used in the ECL calculations using publicly available information from external sources
- reviewed the reasonability of the Group's Expected Credit Loss (ECL) as at 31 December 2022.

The Group's accounting policy on impairment allowance, disclosure on judgements and estimates and relevant financial risk disclosures are shown in Notes 2.6, 3, and 4 respectively

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Statement of Directors' responsibilities, Statement of Corporate responsibility, Sustainability report, Board performance review, Corporate governance report, Report of the audit committee, and other national disclosures, which we obtained prior to the date of this auditors' report, 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 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, 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 for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of 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 (and Bank)'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 and Bank or to cease operations, or have no realistic alternative but to do so.

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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 (and Bank)'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 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 (and Bank)'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 (and Bank) 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 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 Audit Committee 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 Audit Committee, 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

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, (CAMA), 2020.

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us
iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank did not pay any penalty in respect of contravention during the year ended 31 December 2022.
ii. Related party transactions and balances are disclosed in note 34 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
13 March 2023
Lagos, Nigeria

CITIBANK NIGERIA LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

		Group		Bank	
For the year ended:	**Note**	**Dec-2022**	**Dec-2021**	**Dec-2022**	**Dec-2021**
		₦'000	₦'000	₦'000	₦'000
Interest income from financial instruments:					
Interest income	5	30,355,694	17,129,144	30,355,694	17,129,144
Interest expense	6	(8,681,491)	(3,265,613)	(8,681,491)	(3,265,613)
Net interest income		**21,674,203**	**13,863,531**	**21,674,203**	**13,863,531**
Impairment write back on financial instruments	13	1,198,879	1,232,411	1,198,879	1,232,420
Net interest income after loan impairment charge		**22,873,082**	**15,095,942**	**22,873,082**	**15,095,951**
Fee and commission income	7	11,245,789	11,004,589	11,245,789	11,004,589
Fee and commission expense	7	(24,597)	(5,139)	(24,597)	(5,139)
Income from financial instruments at FVTPL	8	46,333,129	36,083,094	46,333,129	36,083,094
Investment income	9	490,838	361,222	535,218	361,222
Other operating loss	10	(11,386,267)	(3,518,337)	(11,386,267)	(3,518,337)
Net operating income		**69,531,974**	**59,021,371**	**69,576,354**	**59,021,380**
Personnel expenses	11	(12,813,663)	(10,763,506)	(12,209,496)	(10,268,090)
Other operating expenses	12	(12,902,097)	(12,686,834)	(12,905,138)	(12,689,497)
Amortisation of rights of use assets	12.1	(25,253)	(35,040)	(25,253)	(35,040)
Depreciation of property and equipment	25	(335,990)	(482,434)	(335,990)	(482,434)
Operating profit		**43,454,971**	**35,053,557**	**44,100,477**	**35,546,319**
Share of profit of associates accounted for using equity method	24	199,928	181,178	-	-
Profit before tax		**43,654,899**	**35,234,735**	**44,100,477**	**35,546,319**
Taxation	14.1	(12,596,618)	(2,654,614)	(12,595,770)	(2,653,765)
Profit for the year		**31,058,281**	**32,580,121**	**31,504,707**	**32,892,554**
Profit attributable to:					
Owners of the parent		31,058,281	32,580,121	31,504,707	32,892,554
Non-controlling interests		-	-		
		31,058,281	**32,580,121**	**31,504,707**	**32,892,554**
Earnings per share attributable to the equity holders of the parent entity during the year					
Basic	15.1	10.35	11.66	10.50	11.77

CITIBANK NIGERIA LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended:		**Group**		**Bank**	
	Note	**Dec-2022**	**Dec-2021**	**Dec-2022**	**Dec-2021**
		₦'000	₦'000	₦'000	₦'000
Profit for the year		**31,058,281**	**32,580,121**	**31,504,707**	**32,892,554**
Other comprehensive income / (loss):					
Items that may be subsequently reclassified to profit or loss:					
Fair value reserve (fair value through OCI):					
Net change in fair value		(515,471)	(3,753,061)	(515,471)	(3,753,061)
Net amount reclassified to profit or loss	9	(380,145)	(105,540)	(380,145)	(105,540)
Other comprehensive losses for the year (net of tax)		**(895,616)**	**(3,858,601)**	**(895,616)**	**(3,858,601)**
Total comprehensive income for the year		**30,162,665**	**28,721,520**	**30,609,091**	**29,033,953**
Total comprehensive income attributable to:					
Owners of the parent		30,162,665	28,721,520	30,609,091	29,033,953
		30,162,665	**28,721,520**	**30,609,091**	**29,033,953**

The accompanying notes are an integral part of these financial statements

CITIBANK NIGERIA LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at	Note	Group 31 December 2022	Group 31 December 2021	Bank 31 December 2022	Bank 31 December 2021
		₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and balances with banks	16	590,192,927	330,820,496	590,192,927	330,820,496
Loans and advances to banks	17	-	518,279	-	518,279
Financial assets at fair value through profit or loss	18	305,374,609	259,643,719	305,374,609	259,643,719
Derivative financial instruments - assets	19	40,756,417	21,847,735	40,756,417	21,847,735
Assets pledged as collateral	20	40,761,747	42,261,747	40,761,747	42,261,747
Financial assets at:					
Fair value through other comprehensive income	22	163,537,921	205,271,155	163,537,921	205,271,155
Loans and advances to customers	21	203,581,696	173,455,023	203,581,696	173,455,023
Other assets	23	34,386,048	14,889,830	34,386,048	14,889,830
Investments in associate	24	1,370,374	1,214,826	246,556	246,556
Investment in subsidiary	37	-	-	1,000	1,000
Property and equipment	25	2,374,651	2,155,621	2,374,651	2,155,621
Right-of-use assets	23.2	86,719	11,997	86,719	11,997
Deferred tax asset	31	551,982	-	551,982	-
Total assets		**1,382,975,091**	**1,052,090,428**	**1,381,852,273**	**1,051,123,158**
LIABILITIES					
Deposits from banks	26	579,374	267,471	579,374	267,471
Deposits from customers	27	804,194,080	534,149,300	804,205,457	534,150,279
Derivative financial instruments - liabilities	19	22,523,190	7,696,973	22,523,190	7,696,973
Lease liabilities	29.4	79,128	25,127	79,128	25,127
Current income tax liabilities	28	13,944,796	2,853,964	13,943,263	2,852,945
Other borrowed funds	30	249,091,249	233,570,954	249,091,249	233,570,954
Other liabilities	29	149,401,945	133,292,900	149,400,834	133,299,481
Provisions	29.2	1,256,461	833,170	1,256,461	833,170
Deferred tax liability	31	-	324,760	-	324,760
Total liabilities		**1,241,070,223**	**913,014,619**	**1,241,078,956**	**913,021,160**
EQUITY					
Share capital	32	3,000,000	2,793,777	3,000,000	2,793,777
Share premium	32	11,437,772	11,643,995	11,437,772	11,643,995
Treasury share reserve	32	(64,877)	(60,417)	-	-
Regulatory reserve	32	3,786,155	3,786,155	3,786,155	3,786,155
Statutory reserves	32	58,738,839	54,013,133	58,738,839	54,013,133
Fair value reserve	32	(1,196,275)	(300,659)	(1,196,275)	(300,659)
Retained earnings	32	66,203,254	67,199,825	65,006,826	66,165,597
Total equity		**141,904,868**	**139,075,809**	**140,773,317**	**138,101,998**
Total equity and liabilities		**1,382,975,091**	**1,052,090,428**	**1,381,852,273**	**1,051,123,158**

The financial statements were certified by:

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

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

The financial statements were approved and authorised for issue by the Board of Directors on March 13 2023 and were signed on its behalf by:

Chairman: Dr. Shamsuddeen Usman
FRC/2015/00000011481

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

'The notes on the accompanying pages are an integral part of these separate and consolidated financial statements.

CITIBANK NIGERIA LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Group

In thousands of naira

	Attributable to equity holders of the parent							
	Share capital	**Share premium**	**Treasury shares reserve**	**Retained earnings**	**Regulatory risk reserve**	**Statutory reserve**	**Fair value reserve**	**Total**
Balance at 1 January 2022	**2,793,777**	**11,643,995**	**(60,417)**	**67,199,825**	**3,786,155**	**54,013,133**	**(300,659)**	**139,075,809**
Profit	-	-	-	31,058,281	-	-	-	31,058,281
Change in fair value of financial assets FVTOCI, net of tax	-	-	-	-	-	-	(895,616)	(895,616)
Total comprehensive income	**-**	**-**	**-**	**31,058,281**	**-**	**-**	**(895,616)**	**30,162,665**
Transaction with equity holders recorded directly in equity								
Dividend paid	-	-	-	(27,333,606)	-	-	-	(27,333,606)
Transfer to Statutory reserve	-	-	-	(4,725,706)	-	4,725,706	-	-
Additional shares issued	206,223	(206,223)	(4,460)	4,460	-	-	-	-
At 31 December 2022	**3,000,000**	**11,437,772**	**(64,877)**	**66,203,254**	**3,786,155**	**58,738,839**	**(1,196,275)**	**141,904,868**

In thousands of naira

	Attributable to equity holders of the parent							
	Share capital	**Share premium**	**Treasury shares reserve**	**Retained earnings**	**Regulatory risk reserve**	**Statutory reserve**	**Fair value reserve**	**Total**
Balance at 1 January 2021	**2,793,777**	**11,643,995**	**(60,417)**	**62,972,384**	**2,780,915**	**49,079,250**	**3,557,942**	**132,767,846**
Profit	-	-	-	32,580,121	-	-	-	32,580,121
Change in fair value of financial assets FVTOCI, net of tax	-	-	-	-	-	-	(3,858,601)	(3,858,601)
Total comprehensive income	**-**	**-**	**-**	**32,580,121**	**-**	**-**	**(3,858,601)**	**28,721,520**
Transaction with equity holders recorded directly in equity								
Dividend paid	-	-	-	(22,413,557)	-	-	-	(22,413,557)
Transfer to Statutory reserve	-	-	-	(4,933,883)	-	4,933,883	-	-
Transfer to regulatory risk reserve	-	-	-	(1,005,240)	1,005,240	-	-	-
At 31 December 2021	**2,793,777**	**11,643,995**	**(60,417)**	**67,199,825**	**3,786,155**	**54,013,133**	**(300,659)**	**139,075,809**

CITIBANK NIGERIA LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Bank

In thousands of naira

	Attributable to equity holders of the Bank						
	Share capital	**Share premium**	**Retained earnings**	**Regulatory risk reserve**	**Statutory reserve**	**Fair value reserve**	**Total**
Balance at 1 January 2022	**2,793,777**	**11,643,995**	**66,165,597**	**3,786,155**	**54,013,133**	**(300,659)**	**138,101,998**
Profit	-	-	31,504,707	-	-	-	31,504,707
Change in fair value of financial instruments FVTOCI, net of tax	-	-	-	-	-	(895,616)	(895,616)
Total comprehensive income	**-**	**-**	**31,504,707**	**-**	**-**	**(895,616)**	**30,609,091**
Transaction with equity holders recorded directly in equity							
Dividend paid	-	-	(27,937,772)	-	-	-	(27,937,772)
Transfer to Statutory reserve	-	-	(4,725,706)	-	4,725,706	-	-
Additional shares issued	206,223	(206,223)	-	-	-	-	-
At 31 December 2022	**3,000,000**	**11,437,772**	**65,006,826**	**3,786,155**	**58,738,839**	**(1,196,275)**	**140,773,317**

In thousands of naira

	Attributable to equity holders of the Bank						
	Share capital	**Share premium**	**Retained earnings**	**Regulatory risk reserve**	**Statutory reserve**	**Fair value reserve**	**Total**
Balance at 1 January 2021	**2,793,777**	**11,643,995**	**62,121,139**	**2,780,915**	**49,079,250**	**3,557,942**	**131,977,018**
Profit	-	-	32,892,554	-	-	-	32,892,554
Change in fair value of financial instruments FVTOCI, net of tax	-	-	-	-	-	(3,858,601)	(3,858,601)
Total comprehensive income	**-**	**-**	**32,892,554**	**-**	**-**	**(3,858,601)**	**29,033,953**
Transaction with equity holders recorded directly in equity							
Dividend paid	-	-	(22,908,973)	-	-	-	(22,908,973)
Transfer to Statutory reserve	-	-	(4,933,883)	-	4,933,883	-	-
Transfer to regulatory risk reserve	-	-	(1,005,240)	1,005,240	-	-	-
At 31 December 2021	**2,793,777**	**11,643,995**	**66,165,597**	**3,786,155**	**54,013,133**	**(300,659)**	**138,101,998**

CITIBANK NIGERIA LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS

For the year ended	Note	Group 31 December 2022	Group 31 December 2021	Bank 31 December 2022	Bank 31 December 2021
		₦'000	₦'000	₦'000	₦'000
Cash flows from operating activities					
Profit before tax		43,654,899	35,234,735	44,100,477	35,546,319
Adjustment for non-cash items					
Depreciation of property and equipment	25	335,990	482,434	335,990	482,434
Amortisation of right of use assets	23	25,253	35,040	25,253	35,040
Fair value gains on trading securities	8	(7,089,331)	(21,812,995)	(7,089,331)	(21,812,995)
Loan loss allowance	13	1,119,865	(448,613)	1,119,865	(448,613)
Unrealised exchange gain/(loss) on revaluation	10	11,560,247	3,621,900	11,560,247	3,621,900
Interest income	5&8	(61,277,597)	(25,680,399)	(61,277,597)	(25,680,399)
Interest expense	6	8,681,491	4,611,963	8,681,491	4,611,963
(Gains) on disposal of PPE	10	(80,953)	(61,293)	(80,953)	(61,293)
Share of (profit)/loss in associate	24	(155,548)	(181,178)	-	-
Dividend income	9	(155,073)	(255,682)	(155,073)	(255,682)
Fair value gain on unquoted securities	18	(1,612,784)	(3,663,027)	(1,612,784)	(3,663,027)
Provision for litigation	29.2	(4,980)	54,978	(4,980)	54,978
		(4,998,521)	**(8,062,137)**	**(4,397,395)**	**(7,569,375)**
Changes in operating assets and liabilities					
Change in restricted cash	41	(67,750,000)	(65,816,008)	(67,750,000)	(65,816,008)
Change in loans & advances	41	(17,245,994)	(32,922,065)	(17,245,994)	(32,922,065)
(Increase) in FVTPL	41	(1,855,116)	(41,754,690)	(1,855,116)	(41,754,690)
(Increase)/decrease in derivative financial instruments - assets	41	(18,908,682)	7,132,802	(18,908,682)	7,132,802
Decrease in assets pledged as collaterals	41	1,604,821	9,292,841	1,604,821	9,292,841
(Increase)/decrease in other assets	41	(19,213,105)	22,289,737	(19,213,105)	22,289,737
(Increase)/decrease in right of use assets	41	(74,722)	4,663	(74,722)	4,663
Increase/(Decrease) in deposits from banks	41	1,169,134	(1,061,115)	1,169,134	(1,061,115)
Increase in deposits from customers	41	258,094,574	23,822,621	258,104,972	23,821,592
Increase/(decrease) in derivative financial instruments - liability	41	14,826,217	(18,155,429)	14,826,217	(18,155,429)
Increase/(decrease) in other liabilities	41	12,790,342	(182,706,655)	12,782,982	(182,704,003)
		163,437,469	**(279,873,298)**	**163,440,507**	**(279,871,675)**
Interest received	41	53,218,661	25,608,153	53,218,661	25,608,153
Interest paid	30, 41	(6,416,943)	(5,665,634)	(6,416,943)	(5,665,634)
Income tax paid	28	(2,382,195)	(382,509)	(2,382,194)	(381,479)
Net cash (used in)/generated from operating activities		**202,858,471**	**(268,375,425)**	**203,462,636**	**(267,880,010)**
Cash flows from investing activities					
Purchase of Property & equipment	25	(875,043)	(410,130)	(875,043)	(410,130)
Purchase of FVTOCI	41	(20,385,245)	(132,782,838)	(20,385,245)	(132,782,838)
Proceed from disposal of FVTOCI	41	51,119,272	148,151,107	51,119,272	148,151,107
Proceed from sale of property and equipment	41	400,977	62,503	400,977	62,503
Dividend received	9	155,073	255,682	155,073	255,682
Net cash generated from/(used in) investing activities		**30,415,034**	**15,276,324**	**30,415,034**	**15,276,324**
Cash flows from financing activities					
Dividend paid	36	(27,333,606)	(22,413,557)	(27,937,771)	(22,908,972)
Repayment of borrowings	30	(261,263,200)	(61,671,000)	(261,263,200)	(61,671,000)
Proceed from borrowings	30	273,201,750	233,260,500	273,201,750	233,260,500
Principal elements of lease payments	29.4	(49,466)	(17,379)	(49,466)	(17,379)
Net cash generated from/(used in) financing activities		(15,444,522)	149,158,564	(16,048,687)	148,663,149
Increase/(decrease) in cash & cash equivalent		217,828,983	(103,940,537)	217,828,983	(103,940,537)
Cash & cash equivalent at beginning of year		55,871,765	157,579,798	55,871,765	157,579,798
Effect of exchange rate changes on cash and cash equivalents		3,801,363	2,232,504	3,801,363	2,232,504
Cash & cash equivalent at end of year	**16**	**277,502,111**	**55,871,765**	**277,502,111**	**55,871,765**

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 and separate financial statements for the financial year ended 31 December 2022 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.

The consolidated and separate financial statements for the year ended 31 December 2022 were approved on March 13 2023.

2. Summary of significant accounting policies

2.1 Introduction to the summary of significant accounting policies

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

2.2 Basis of preparation

The consolidated financial statements for the year 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

They have also been prepared in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria 2020, Financial Reporting Council of Nigeria and relevant Central Bank of Nigeria circulars.

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

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

2.2.1 <u>Basis of measurement</u>

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

In specific terms, these financial statements have been prepared on the historical cost basis except for the following:

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

2.2.2 <u>Use of estimates and judgements</u>

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 already effective as shown below:

Standards and interpretations that were amended and became effective during the period

Standard	Content	Effective date
Annual improvement to IFRS 1	First-time Adoption of International Financial Reporting Standards	01-Jan-22
Annual improvement to IFRS 9	Financial Instruments	01-Jan-22
Annual improvement to IFRS 16	Leases	01-Jan-22
Amendments to IFRS 3	Reference to the Conceptual Framework	01-Jan-22
Amendments to IAS 37	Onerous contracts - Cost of fulfiling a contract	01-Jan-22

Annual Improvement to IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.

This amendment will ease transition to IFRS Standards for subsidiaries applying this optional exemption by:reducing undue costs; and avoiding the need to maintain parallel sets of accounting records.

The improvement does not affect the Bank.

Annual Improvement to IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The improvement does not impact the Bank.

Annual Improvement to IFRS 16 Financial Instruments

The amendment removes the illustration of payments from the lessor relating to leasehold improvements which said that the reimbursements of leasehold improvements are not lease incentives as they relate to an asset recognised under IAS 16

The improvement does not impact the Bank during the period.

Amendment to IFRS 3 (Business Combination) - Reference to the Conceptual Framework

In May 2020, IASB:
− amended IFRS 3:11 to refer to the 2018 version of the Conceptual Framework for Financial Reporting, and
− amended IFRS 3 in respect of the specific requirements for transactions and other events within the scope of IAS 37 or IFRIC 21:
• For a provision or contingent liability that would be within the scope of IAS 37, the acquirer shall apply IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.
• For a levy that would be within the scope of IFRIC 21, the acquirer shall apply IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
• The acquirer shall not recognise a contingent asset at the acquisition date.

The amendments are to be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

The amendment does not impact the Bank.

Amendment to IAS 37 (Provisions, Contingent Liabilities and contingent Assets) - Onerous contracts - Cost of fulfiling a contract

A contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits.
While IAS 11 specified which costs were included as a cost of fulfilling a contract, IAS 37 did not, which led to diversity in practice. The International Accounting Standards Board's amendments address this issue by clarifying those costs that comprise the costs of fulfilling a contract.
The amendments clarify that the 'costs of fulfilling a contract' comprise both:
• the incremental costs – e.g. direct labour and materials; and
• an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract

The amendment does not impact the Bank.

New and amended standards and interpretations

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

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are to become effective for annual periods beginning on or after 1 January 2023:

Standard	Content	Effective date
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 - Jan -2023
IAS 8	Definition of Accounting Estimates	1 - Jan -2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 - Jan -2023

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

IAS 1 and IFRS Practice Statement 2 on Disclosure of Accounting Policies

The amendments to IAS 1 Presentation of Financial Statements and update to IFRS Practice Statement 2 Making Materiality Judgements are made to help companies provide useful accounting policy disclosures.
The key amendments to IAS 1 include:

• requiring companies to disclose their material accounting policies rather than their significant accounting policies;
• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.
The amendments are consistent with the refined definition of material:
"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

Amendment to IAS 8 on Definition of Accounting Estimates

This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarifies the following:

• an entity develops an accounting estimate to achieve the objective set out by an accounting policy.
• developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.
• a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
• a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

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

Amendment to IAS 12 on Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.

The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

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

2.3 Basis for consolidation

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

Subsidiary and Structured Entities

The consolidated financial statements of the Group comprise the financials statements of the parent entity and subsidiary as at 31 December 2022. 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 reassesses whether it has control if there are changes to one or more of the elements of controls. This includes circumstances in which protective rights held (e.g those resulting from a lending relatonship) become substantive and lead to the Group having power over an investee.

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).

The subsidiaries were fully consolidated from the date control was transferred to the Group to the date which control ceases.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.

Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains and losses (except for foreign currency transaction gains or losses) 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.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The Bank's foreign currency balances are translated using NAFEX rate.

2.6 Financial assets and liabilities

In accordance with IFRS 9 all financial assets and liabilities (including derivative financial instruments) have to be recognised in the consolidated statement of financial position and measured in accordance with their assigned category.

Classification and measurement

Recognition and initial measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as ‘Assets pledged as collateral’, if the transferee has the right to sell or repledge. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.
Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.
When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:
(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

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)

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

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).

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

- 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.

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.

Equity instrument

Equity investments are measured at FVTPL. However on initial recognition, the Bank can make an irrevocable election to measure an equity investment at FVOCI. This option only applies to instruments that are neither held for trading nor contingent consideration, recognised by an acquirer in a business combination to which IFRS 3 applies. For equities measured at FVOCI, fair value gains and losses on the equity remeasurements are recognised in OCI. However, dividends are recognised in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognised in OCI are never reclassified from equity to profit or loss.
The Group did not make an irrevocable election to measure its equity investments at FVOCI.

Business Model Assessment

Business Model assessment involves determining whether financial assets are held to collect the contractual cashflows (rather than sell the instrument prior to its contractual maturity to realise its fair value changes).

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. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

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.

In making the assessment, the Group considers:
– contingent events that would change the amount and timing of cash flows;
– leverage features;
– prepayment and extension terms;
– terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
– features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

iii) Financial Liabilities

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

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

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

For financial liabilities designated at fair value through profit or loss, fair value changes are presented as follows:

• The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability must be recorded in OCI, and

• The remaining amount of the change in the fair value of the liability is recorded in P&L.

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

iv) Reclassifications

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

Reclassification of financial liabilities is not permitted. Reclassification of financial instruments designated under FVTPL or FVOCl 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 plus any eligible transaction costs. Any fees received as
– fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
– other fees are included in profit or loss as part of the gain or loss on derecognition.

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 using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

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.

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:
– the change is necessary as a direct consequence of the reform; and
– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.
If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

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

• Investments in debt instruments measured at amortized cost. Such investments will include:
- Corporate and commercial loans
- Deposits with banks; and
- Reverse repurchase agreements and securities borrowing transactions
• Investments in debt instruments measured at fair value through other comprehensive income (FVOCI)
• All irrevocable loan commitments that are not measured at FVTPL
• Written financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at FVTPL
• Lease receivables recognized , acting as the lessor, that are within the scope of IFRS 16 (Leases)
• Trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 (Revenue contracts with customers);
• Any other receivables (e.g., brokerage receivables)

No impairment loss is recognised on equity investments.
The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Expected credit loss impairment model

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

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

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

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

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

Evidence that a financial asset is impaired includes observable data that comes to the attention of the Company such as:

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

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

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

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

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

Wholesale Classifiably Managed Exposures

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

Delinquency Managed Exposures

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

Other Financial Assets Simplified Approaches

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

Significant increase in credit risk (SICR)

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

Staging

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

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

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

Expected life

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

Stage 3 definition of default

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

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

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

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

Forward Looking Information and multiple economic scenarios

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

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

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

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

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

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

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

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

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

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

2.6.1 Recognition

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

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

2.6.2 Classification

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

2.6.3 Derecognition

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

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

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

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

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

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

2.6.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position where there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group’s trading activity.

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.
When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs

and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.6.8 Financial guarantee contracts held

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

– the guarantee is implicitly part of the contractual terms of the debt instrument;
– the guarantee is required by laws and regulations that govern the contract of the debt instrument;
– the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
– the guarantee is given by the parent of the borrower or another company within the borrower’s group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in ‘other assets’. The Group presents gains or losses on a compensation right in profit or loss in the line item ‘net credit loss’.

2.6.9 Regulatory risk reserve

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

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

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

The results of the application of Prudential Guidelines and the impairment determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the statement of profit or loss (Note 13). Where the Prudential Guidelines provision is greater, the difference is appropriated from Retained Earnings and included in a non-distributable reserve called Regulatory Risk Reserve to maintain total provisions at the levels expected by the Regulator. 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.

2.6.10 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 from the date of acquisition, 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.

For the purposes of the statement of cash flows, cash and cash equivalents include cash and non-restricted balances with central banks.

2.6.11 Financial assets measured at amortised cost

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

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

2.6.12 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.

2.6.13 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.

2.6.14 Derivative financial instruments

Derivative financial instruments are recognised initially at fair value on the date when the derivative contract is entered into and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in fair value are recognised immediately in the statement of profit or loss.
Derivatives are valued based on observable market inputs where readily available. However, where any of these market inputs is not readily available, a derived value can be implied based on what is readily available in the market or on market data. Derivatives are classified as financial assets/ liabilities at FVTPL.

2.6.15 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.

2.6.16 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.

2.6.17 Financial Liabilities at fair value through profit or loss

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

2.6.18 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.

2.6.19 Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.
Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.7 Revenue recognition

Interest

i. Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii. Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Fees and commission income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. 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. Income is recognised from a contract when it is approved by both parties, rights been clearly identfied, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is recognised when control of goods or services have been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

Advisory related fees and commissions: These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Bank recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate.

Custodian fees: This represents commission earned by the group while rendering custodian services to its customers. This custodian services are to a large extent the safe keeping of financial assets. Income earned on custodian services are earned at a point in time.

Letter of credit and commission fees (transactional services fees): This represents commission earned on letter of credit contracts initiated at the request of customers. The nature of this income is such that the performance obligation is the execution of customer's instruction at different stages of the letter of credit life cycle. A direct payment is made on behalf of our customers to the beneficiary (as stated by our customer) when terms of the letter of credits have been met. Income earned on letter of credit contracts is recognised over a period. This is because revenue is recognised over the different stages of letter of credit.

Other Fees and Commission Income: This represents fees and commission earned by the group on adhoc services provided to customers. These include Commissions on Bank Cheques, Statement of Account printout and Safe locker fees. Income made from private banking services, profit on sale of equipment, rental income, stationary service charges and other exceptional income. These income are earned at a point in time.

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

Dividend income
Dividends are recognised in Investment income in the statement of profit or loss when the entity's right to receive payment is established. Dividends are presented in the other operaing income based on the underlying classification of the equity investment.

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

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

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

2.8 Property and equipment

Recognition and Measurement
Land and buildings comprise mainly headoffice and branch offices. All property and equipment used by the parent and its subsidiary is stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that 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 in current and prior year is calculated using the straight-line method to allocate the cost of property and equipment to their residual values over their estimated useful lives, as follows:

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets (including are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of the assets.
When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Gains and losses on disposals are determined by comparing net disposal 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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. An impairment loss with respect to goodwill is not reversed.

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

Income tax

The tax expense for the period comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy, Nigeria Police Trust Fund levy, National Agency for Science and Engineering Infrastructure) 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 Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognised the related expenses in ‘other expenses’.

Current tax

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.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

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 tax is not recognised for:
– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
– taxable temporary differences arising on the initial recognition of goodwill. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.
Deferred tax assets and liabilities are offset only if certain criteria are met.

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

2.12 Employee benefits

Defined contribution scheme

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

Short - term employee benefits

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based incentive plans

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

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

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

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

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

The fair value of the amount payable to employees in respect of share based incentive plans, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share based incentive plan. Any changes in the liability are recognised as personnel expenses in profit or loss.

2.13 Share Capital

Dividend on ordinary shares

Dividend on ordinary shares is appropriated from retained earnings in the period it is approved by the Group's shareholders. Dividend per share is calculated based on the declared dividend during the period and the number of shares in issue at the date of the declaration and qualifying for dividend.
Dividend for the current period that is approved by the Directors after the statement of financial position date is disclosed in the subsequent events note to the financial statements.

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

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

Treasury shares

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

Regulatory risk reserve

The Nigerian banking regulator requires the Bank to create a reserve for the difference between impairment provision determined in line with the principles of IFRS and impairment provision determined in line with the prudential guidelines issued by the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

Share premium

Premiums from the issue of shares are reported in share premium.

Statutory reserve
Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by The Banks and Other Financial Institutions Act (BOFIA) 2020, an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

Fair value reserve

Comprises fair value movements on debt instruments carried at FVOCI.

Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

2.14 Contingent assets and liabilities

Contingent assets

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

Contingent liabilities

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

Financial guarantees

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

2.15 Comparatives

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

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

2.16 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) The Group is the lessee

At the commencement date, the Group recognises a right-of-use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid as at that date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

(b) The Group is the lessor

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

3 Critical accounting estimates and judgements

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

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

3.1. Business model and SPPI decision

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

3.2. Significant increase in credit risk (SICR)

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

3.3. Forward looking information and multiple economic scenarios

Estimates must consider information about past events, current conditions and reasonable and supportable forecasts around future events and economic conditions. The application of forward looking information (FLI) requires significant estimates and judgment. The Group has developed models that include multiple economic scenarios that consider the variability and uncertainty in expected losses including factors such as GDP growth rates and unemployment rates, provided by the economists in Citi's Global Country Risk Management (GCRM). These estimates are based on portfolio data that reflect the current risk attributes of obligors and debt.

The credit losses for financial assets in Stage 2 are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
Credit losses in Stage 3 are measured as the difference between the gross carrying amount and the present value of estimated future cash flows.

3.4 ECL measurement of financial assets

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

3.5 Determination of rates used to translate foreign currency denominated transactions

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

3.6 Unquoted equity investments

Unquoted equities held by the Group is measured at fair value through profit or loss. In deriving the valuation of unquoted equities, accounting judgment and estimates were used. Kindly refer to Notes 4.5.2 and 4.5.3.

3.7 Deposits, debt securities in issue and subordinated liabilities

Deposits, debt securities in issue and subordinated liabilities are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale-and-repurchase agreement), the consideration received is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.
The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.
Deposits, debt securities in issue and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL

3.8 Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer in the event that the customer defaults.
The Group may also use other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce their credit risk.

3.9 Repossessed Collateral

In certain circumstances, property may be repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less cost to sell and reported within 'Other asset'.

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, Operational risk, Market risk, Liquidity risk, Anti-Money Laundering risk, Legal risk, Strategy risk and Reputational 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 accountable 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 whilst mitigating the potential of losses in risk activities under 3 broad categories: Credit risk, Operational and Market risk. Senior Business Management's objectives (budgets, portfolios and investments) must be prudent, reflecting a balanced view of risks and rewards arising from market conditions, and should dynamically adjust these strategies and budgets to fit changing environments.

Risk management Framework

The Citibank Nigeria Risk Management Framework is our foundational risk document that describes the bank's responsibility, risk appetite and overall approach to risk management. Business managers and functional heads are accountable for the risks in their businesses and functions. Appropriate controls have been established to mitigate the risks and support business activities. There are checks and balances in place as the independent risk management, based on board approval, sets and monitors limits and other requisite conditions. Risks are measured and managed pro-actively.

At its foundation is a robust set of policies, procedures and processes covering the following broad categories of risk - Operational Risk, Credit Risk, Market Risk, Liquidity Risk, Anti-Money Laundering Risk, Strategy Risk, Legal Risk and Reputational Risk.

The Framework covers the following key points:

1) Citi Nigeria's three lines of defense, along with control and support functions, who collaborate to lead the Bank towards outcomes that are in clients' interests, create economic value, and are systemically responsible.
2) Our roles and responsibilities in the identification, management, mitigation and escalation of these risks as required.
3) Overview of the Bank's risk appetite and risk management frameworks, and its guidelines on Operational, Credit, Market, Anti-Money Laundering, Strategy, Legal and Reputational risks.

4. Financial risk management

Risk Appetite Statement

The bank’s objective is to ensure that the risks its takes are identified, understood, quantified, mitigated, communicated, captured in its risk versus reward assessment, and consistent with the principles of Responsible Finance. The bank ensures it has sufficient capital, liquidity and oversight of these risks.

The bank's Risk Appetite Framework has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. The Framework is built on quantitative boundares, which include goals, risk limits and thresholds, and on qualitative principles that guide behaviour. It includes foundational elements, which consider the potential adverse effects on Citi's capital, earnings and liquidity. It is also aligned to the top risks facing the firm, including concentrations.
The bank has ensured alignment of its risk appetite to its top risks which are described as:

1) Quantitative Risk Categories - CNL's Risk Appetite Framework includes risk limits and thresholds that can be measured, monitored and controlled as part of day-to-day risk management of the firm's risk profile. Many of these limits and thresholds incorporate stress testing and are reflective of concentrations.

2) Qualitative Risk Categories - CNL's Risk Appetite Framework specifies the accepted level of risk (i.e. high, moderate, low and zero) with defined criteria for monitoring and evaluating the risk profile against the stated risk appetite. This includes key indicators and where relevant, management judgment informed by quantitative and qualitative risk factors.

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.

Excessive risk concentration

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

4. Financial risk management

Classification of financial instruments according to IFRS 9
Group

Dec-2022	**Note**	**Fair Value through Profit or Loss**	**Fair value through OCI**	**Amortized Cost**	**Total**
		N'000	N'000	N'000	N'000
Cash and cash equivalent	16.1	-	-	590,192,927	590,192,927
Financial assets at fair value through profit or loss	18.	305,374,609	-	-	305,374,609
Derivative financial instruments	19.	40,756,417	-	-	40,756,417
Assets pledged as collateral	20.	-	40,761,747	-	40,761,747
Loans and advances to customers	21.	-	-	203,581,696	203,581,696
Debt instrument at fair value through other comprehensive income	22.	-	163,537,921	-	163,537,921
Other assets (excluding prepayments)	23.	-	-	31,770,329	31,770,329
		346,131,025	204,299,668	825,544,952	1,375,975,645
Deposits from banks	26.	-	-	579,374	579,374
Deposits from customers	27.	-	-	804,194,080	804,194,080
Other borrowed funds	30.	-	-	249,091,249	249,091,249
Derivative financial instruments	19.	22,523,190	-	-	22,523,190
Other liabilities (excl. accrued expenses etc)	29.	-	-	146,429,171	146,429,171
		22,523,190	-	1,200,293,874	1,222,817,064
Bonds and guarantees	33.2	-	-	20,514,615	20,514,615
Loan commitments	33.2	-	-	15,012,769	15,012,769
Other credit related obligations	33.2	-	-	92,387,259	92,387,259
Total		**-**	**-**	**127,914,643**	**127,914,643**

4. Financial risk management

Bank

Dec-2022		Fair Value through Profit or Loss	Fair value through OCI	Amortized Cost	Total
		N'000	N'000	N'000	N'000
Cash and cash equivalent	16.1	-	-	590,192,927	590,192,927
Financial assets at fair value through profit or loss	18.	305,374,609	-	-	305,374,609
Derivative financial instruments	19.	40,756,417	-	-	40,756,417
Assets pledged as collateral	20.	-	40,761,747	-	40,761,747
Loans and advances to customers	21.	-	-	203,581,696	203,581,696
Debt instrument at fair value through other comprehensive income	22.	-	163,537,921	-	163,537,921
Other assets (excluding prepayments)	23.	-	-	31,770,329	31,770,329
		346,131,025	204,299,668	825,544,952	1,375,975,645
Deposits from banks	26.	-	-	579,374	579,374
Deposits from customers	27.	-	-	804,205,457	804,205,457
Other borrowed funds	30.	-	-	249,091,249	249,091,249
Derivative financial instruments	19.	22,523,190	-	-	22,523,190
Other liabilities (excl. accrued expenses)	29.	-	-	146,429,171	146,429,171
		22,523,190	-	1,200,305,251	1,222,828,440
Bonds and guarantees	33.2	-	-	20,514,615	20,514,615
Loan commitments	33.2	-	-	15,012,769	15,012,769
Other credit related obligations	33.2	-	-	92,387,259	92,387,259
Total		-	-	**127,914,643**	**127,914,643**

4. Financial risk management

Group

Dec-2021		Fair Value through Profit or Loss	Fair value through OCI	Amortized Cost	Total
		N'000	N'000	N'000	N'000
Cash and cash equivalent	16.1	-	-	330,820,496	330,820,496
Loans and advances to banks	17.	-	-	518,278	518,278
Financial assets at fair value through profit or loss	18.	259,643,719	-	-	259,643,719
Derivative financial instruments	19.	21,847,735	-	-	21,847,735
Assets pledged as collateral	20.	-	42,261,747	-	42,261,747
Loans and advances to customers	21.	-	-	173,455,023	173,455,023
Debt instrument at fair value through other comprehensive income	22.	-	205,271,155	-	205,271,155
Other assets (excluding prepayments)	23.	-	-	12,687,271	12,687,271
		281,491,453	247,532,902	517,481,068	1,046,505,423
Deposits from banks	26.	-	-	267,471	267,471
Deposits from customers	27.	-	-	534,149,300	534,149,300
Other borrowed funds	30.	-	-	233,570,954	233,570,954
Derivative financial instruments	19.	7,696,973	-	-	7,696,973
Other liabilities (excl. accrued expenses etc)	29.	-	-	131,325,199	131,325,199
		7,696,973	-	899,312,924	907,009,897
Bonds and guarantees	33.2	-	-	19,321,713	19,321,713
Loan commitments	33.2	-	-	15,670,376	15,670,376
Other credit related obligations	33.2	-	-	82,281,823	82,281,823
Total		**-**	**-**	**117,273,912**	**117,273,912**

4. Financial risk management
Bank

Dec-2021		**Fair Value through Profit or Loss**	**Fair value through OCI**	**Amortized Cost**	**Total**
		N'000	N'000	N'000	N'000
Cash and cash equivalent	16.1	-	-	330,820,496	330,820,496
Loans and advances to banks	17.	-	-	518,278	518,278
Financial assets at fair value through profit or loss	18.	259,643,719	-	-	259,643,719
Derivative financial instruments	19.	21,847,735	-	-	21,847,735
Assets pledged as collateral	20.	-	42,261,747	-	42,261,747
Loans and advances to customers	21.	-	-	173,455,023	173,455,023
Debt instrument at fair value through other comprehensive income	22.	-	205,271,155	-	205,271,155
Other assets (excluding prepayments)	23.	-	-	12,687,271	12,687,271
		281,491,454	247,532,902	517,481,067	1,046,505,423
Deposits from banks	26.	-	-	267,471	267,471
Deposits from customers	27.	-	-	534,150,279	534,150,279
Other borrowed funds	30.	-	-	233,570,954	233,570,954
Derivative financial instruments	19.	7,696,973	-	-	7,696,973
Other liabilities (excl. accrued expenses)	29.	-	-	131,325,199	131,325,199
		7,696,973	-	899,313,903	907,010,876
Bonds and guarantees	33.2	-	-	19,321,713	19,321,713
Loan commitments	33.2	-	-	15,670,376	15,670,376
Other credit related obligations	33.2	-	-	82,281,823	82,281,823
Total		**-**	**-**	**117,273,912**	**117,273,912**

4. Financial risk management

4.1 Credit risk

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

4.1.1 Management of credit risk

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

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

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

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

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

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

<u>Methodology for risk rating</u>
The Risk Rating Process is the end-to-end process for deriving Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs). 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 ORRs and FRRs. The required inputs into the model for deriving the risk ratings are the obligor's financial statements. The models are statistical models, which are revalidated periodically by the Credit and Operational Risk Analytics Group of Citigroup.

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

4. Financial risk management

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'). FRRs are assigned on a scale of 1 to 10, with sub-grades, where '1' is the best quality risk and '7' is the worst for performing facilities with already identified significant increase in credit risk (SICR/stage 2). The 8, 9 and 10 rating categories indicate facilities that have been classified as impaired (stage 3). However, Management assessment of whether credit risk has increased (or decreased) significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

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

4.1.2 Credit Risk Measurement

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

To enable consistent monitoring of exposure and risk:

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

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

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

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

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

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

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

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

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

4. Financial risk management

Credit exposure

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

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

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

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

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

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

Monitoring

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

4. Financial risk management
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.

<u>Authorizing level approval limit</u>

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.

4. Financial risk management

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 specific 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

4. Financial risk management

- 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 2022 was N14.8bn (31 Dec 2021: N23.4bn)

4. Financial risk management

Master netting arrangements

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

There were no offsetting during the year (2021: Nil).

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

		Dec-2022		Dec-2021	
Group rating	**Description of the grade**	Credit Exposure (%)	Impairment (%)	Credit Exposure (%)	Impairment (%)
1 - 4	Investment Grade	84.63%	82.80%	21.58%	0.82%
5 - 6	Non Investment Grade	15.36%	16.17%	78.27%	65.92%
7	Speculative Grade	0.00%	0.00%	0.00%	0.00%
8 -10	Default	0.01%	1.03%	0.15%	33.26%
		100.0%	100.00%	100.0%	100.00%

4. Financial risk management

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:

Group/ Bank	**Note**	Dec-2022 N'000	Dec-2021 N'000
Balances with Central Bank of Nigeria and Other Banks	16.1	589,134,600	328,205,237
Loans and advances to banks	17.	-	518,279
Financial assets at fair value through profit or loss	18.	305,374,609	259,643,719
Derivative financial instruments	19.	40,756,417	21,847,735
Assets pledged as collateral	20.	40,761,747	42,261,747
Loans and advances to customers	21.	203,581,696	173,455,023
Fair value through other comprehensive income	22.	163,537,921	205,271,155
Other assets	23.	31,770,329	12,687,271
		1,374,917,319	1,043,890,166

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

Bonds and guarantees	33.2	20,514,615	19,321,713
Loan commitments	33.2	15,012,769	15,670,376
Other credit related obligations (note 33.2)	33.2	92,387,259	82,281,823
		127,914,643	117,273,912
Balance at the end		1,502,831,962	1,161,164,078

The table above shows a worst-case scenario of credit risk exposure to the Group at 31 December 2022 and 31 December 2021, 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, 16.62% (2021: 16.67%) of the total maximum exposure is derived from loans and advances to banks and customers; 35.84% (2021: 47.22%) represents exposure to investments in debt securities.

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

- 99.99% of the financial instrument portfolio is categorised in the top two grades of the internal rating system as stated in note 4.1.4. (2021: 99.85%);
- 99.99% of the financial instrument portfolio is considered to be in stage 1 (2021: 99.85%); and
- The Group has stringent selection process for granting loans and advances.

4. Financial risk management

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 2021. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

Group/ Bank Dec-2022	**Note**	Nigeria N'000	USA N'000	Europe/Other N'000	Total N'000
Balances with Central Bank of Nigeria and Other Banks	16.1	534,084,193	36,398,401	18,652,006	589,134,600
Financial assets at fair value through profit or loss	18.	305,374,609	-	-	305,374,609
Derivative financial instruments - assets	19.	40,594,091	-	162,326	40,756,417
Assets pledged as collateral	20.	40,761,747	-	-	40,761,747
Loans and advances to customers	21.	203,581,696	-	-	203,581,696
Fair value through other comprehensive income	22.	163,537,921	-	-	163,537,921
Other assets	23.	31,770,329	-	-	31,770,329
		1,319,704,586	36,398,401	18,814,332	1,374,917,319
Bonds and guarantees	33.2	20,514,615	-	-	20,514,615
Loan commitments	33.2	15,012,769	-	-	15,012,769
Other credit related obligations (note 33.2)	33.2	92,387,259	-	-	92,387,259
		127,914,643	-	-	127,914,643
At 31 December 2022		1,447,619,229	36,398,401	18,814,332	1,502,831,962
Collateral held as at 31 December 2022		14,833,886	-	-	14,833,886.00

4. Financial risk management

Group/ Bank Dec-2021		Nigeria N'000	USA N'000	Europe/Other N'000	Total N'000
Balances with Central Bank of Nigeria	16.1	278,473,918	23,863,702.00	25,867,617	328,205,237
Loans and advances to banks	17.	518,279	-	-	518,279
Financial assets at fair value through profit or loss	18.	259,643,719	-	-	259,643,719
Derivative financial instruments - assets	19.	21,192,886	654,849.00	-	21,847,735
Assets pledged as collateral	20.	42,261,747	-	-	42,261,747
Loans and advances to customers	21.	173,455,023	-	-	173,455,023
Fair value through other comprehensive income	22.	205,271,155	-	-	205,271,155
Other assets	23.	12,687,271	-	-	12,687,271
		993,503,998	24,518,551	25,867,617	1,043,890,166
Bonds and guarantees	33.2	19,321,713	-	-	19,321,713
Loan commitments	33.2	15,670,376	-	-	15,670,376
Other credit related obligations (note 33.2)	33.2	82,281,823	-	-	82,281,823
		117,273,912	-	-	117,273,912
At 31 December 2021		1,110,777,910	24,518,551	25,867,617	1,161,164,078
Collateral held as at 31 December 2021		23,419,774.00	-	-	23,419,774.00

4. Financial risk management

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

Group/ Bank

Dec-2022	**Manufacturing**	**Financial Institutions**	**Government**	**Transport and Communication**	**Oil and Gas**	**General commerce**	**Other**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balances with Central Bank of Nigeria	-	589,134,600	-	-	-	-	-	589,134,600
Loans and advances to customers	137,310,035	-	-	19,632,767	18,597,558	14,447,807	13,593,529	203,581,696
Financial assets at fair value through profit or loss	-	17,623,213	287,751,396	-	-	-	-	305,374,609
Derivative financial instruments-assets	3,472,110	33,462,406	-	3,597,294	-	211,620	12,987	40,756,417
Fair value through other comprehensive income	-	-	163,537,921	-	-	-	-	163,537,921
Assets pledged as collateral	-	-	40,761,747	-	-	-	-	40,761,747
Other assets	-	-	-	-	-	31,770,329	-	31,770,329
	140,782,145	640,220,219	492,051,064	23,230,061	18,597,558	46,429,756	13,606,516	1,374,917,319
Bonds and guarantees	2,148,666	14,888,408	-	43,122	1,858,540	926,619	649,260	20,514,615
Loan commitments	1,985,555	195,094	-	631,677	11,666,030	186,456	347,957	15,012,769
Other credit related obligations (note 33.2)	60,147,957	928,076	-	5,224,040	-	23,556,690	2,530,496	92,387,259
	64,282,178	16,011,578	-	5,898,839	13,524,570	24,669,765	3,527,713	127,914,643
At 31 December 2022	205,064,323	656,231,797	492,051,064	29,128,900	32,122,128	71,099,521	17,134,229	1,502,831,962
Collateral held as at 31 December 2022	12,187,498	-	-	-	2,646,388	-	-	14,833,886
Maximum Loan Exposure to Customers (without collateral)	125,122,537	-	-	19,632,767	15,951,170	14,447,807	13,593,529	188,747,810

4. Financial risk management

Dec-2021	**Manufacturing**	**Financial Institutions**	**Government**	**Transport and Communication**	**Oil and Gas**	**General commerce**	**Other**	**Total**
Group/ Bank	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balances with Central Bank of Nigeria	-	328,205,237	-	-	-	-	-	328,205,237
Loans and advances to banks	-	518,279	-	-	-	-	-	518,279
Loans and advances to customers	94,427,393	-	-	18,201,404	25,087,423	22,805,285	12,933,518	173,455,023
Financial assets at fair value through profit or loss	-	14,301,833	245,341,886	-	-	-	-	259,643,719
Derivative financial instruments-assets	7,622,156	12,984,124	-	7,159	-	1,229,599	4,697	21,847,735
Fair value through other comprehensive income	-	-	205,271,155	-	-	-	-	205,271,155
Assets pledged as collateral	-	-	42,261,747	-	-	-	-	42,261,747
Other assets	-	-	-	-	-	12,687,271	-	12,687,271
	102,049,549	356,009,472	492,874,788	18,208,563	25,087,423	36,722,155	12,938,215	1,043,890,166
Bonds and guarantees	2,152,773	12,999,689	-	57,472	2,491,016	941,529	679,234	19,321,713
Loan commitments	2,225,545	288,394	-	1,668,749	10,759,902	412,997	314,789	15,670,376
Other credit related obligations (note 33.2)	54,972,264	437,461	-	10,009,576	-	12,856,787	4,005,735	82,281,823
	59,350,582	13,725,544	-	11,735,797	13,250,918	14,211,313	4,999,758	117,273,912
At 31 December 2021	161,400,131	369,735,016	492,874,788	29,944,360	38,338,341	50,933,468	17,937,973	1,161,164,078
Collateral held as at 31 December 2021	12,230,932	350,000	-	-	10,838,842	-	-	23,419,774
Maximum Loan Exposure to Customers (without collateral)	82,196,461	(350,000)	-	18,201,404	14,248,581	22,805,285	12,933,518	150,035,249

4. Financial risk management

Collateral held as security for loans to customers -

Group/ Bank

Sectoral breakdown	**Dec-2022**	**Dec-2021**
	N'000	N'000
Manufacturing	12,187,498	12,230,932
Oil & Gas	2,646,388	10,838,842
	14,833,886	23,069,774

Summary of collateral pledged against loans and advances to customers by collateral type

Group/ Bank	Collateral amount	Gross Loan and advances to customers	% coverage	Collateral amount	Gross Loan and advances to customers	% coverage
		Dec-2022			**Dec-2021**	
	N'000	N'000		N'000	N'000	
Cash	99,539	5,141	1936%	61,270	74,553	82%
Fixed & Floating debenture	-	-	0%	-	-	0%
Floating debenture	-	-	0%	-	-	0%
Legal Mortgage	12,169,662	7,540,274	161%	20,443,819	20,440,559	100%
Domiciliation	2,564,685	69,452	3693%	2,564,685	674,878	380%
Unsecured	-	197,266,091	0%	-	154,169,874	0%
	14,833,886	204,880,958		23,069,774	175,359,863	

4. Financial risk management

Gross Loans and advances by Ratings

Group/ Bank	Dec-2022
Investment Grade	122,121,865
Non Investment Grade	82,725,451
Default Grade	33,642
Total	204,880,958

Gross Loans and advances by Ratings

Group/ Bank	Dec-2021
Investment Grade	70,021,364
Non Investment Grade	103,966,185
Default Grade	1,372,314
Total	175,359,863

Loans and advances in stage 1

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

Loans and advances to customers: Corporate

Stage 1 (Gross loan)		Dec-2022		
Description of the grade	Group's rating	Overdraft	Term loans	Total
		N'000	N'000	N'000
Investment Grade	1 - 4	2,168,664	119,953,201	122,121,865
Non Investment Grade	5 - 6	2,144,039	80,581,412	82,725,451
		4,312,703	200,534,613	204,847,316

Loans and advances to customers: Corporate

Stage 1 (Gross loan)		Dec-2021		
Description of the grade	Group's rating	Overdraft	Term loans	Total
		N'000	N'000	N'000
Investment Grade	1 - 4	3,567,910	66,453,454	70,021,364
Non Investment Grade	5 - 6	10,365,800	93,600,385	103,966,185
		13,933,710	160,053,839	173,987,549

4. Financial risk management

Stages 1 and 2 (Gross loan)		**Dec-2022**	
		Stage 1	**Stage 2**
Investment Grade	1 - 4	122,121,865	-
Non Investment Grade	5 - 6	82,725,451	-
		204,847,316	-

		Dec-2021	
Stages 1 and 2 (Gross loan)		**Loans and advances to customers: Corporate**	
		Stage 1	**Stage 2**
Investment Grade	1 - 4	70,021,364	-
Non Investment Grade	5 - 6	103,966,185	-
		173,987,549	-

Loans and advances individually impaired (Stage 3 loans)

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

	Loans and advances to customers	
	Dec-2022 Loans and advances to customers	**Dec-2021 Loans and advances to customers**
	N'000	N'000
Gross amount	33,642	1,372,314
Impairment	33,642	1,372,314
Fair value of collateral	-	-
Amount of over collaterisation	-	-

4. Financial risk management

4.1.8 Analysis of financial assets by credit rating

			Dec-2022		
Group/ Bank's rating	**1 - 4**	**5 - 6**	**7**	**8 -10**	
Description of the grade	**Investment Grade**	**Non Investment Grade**	**Speculative Grade**	**Default**	**Total**
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	589,134,600	-	-	-	589,134,600
Loans and advances to customers	121,382,367	82,199,329	-	-	203,581,696
Financial assets at fair value through profit or loss	305,374,609	-	-	-	305,374,609
Derivative financial instruments-assets	40,756,417	-	-	-	40,756,417
Fair value through other comprehensive income	163,537,921	-	-	-	163,537,921
Assets pledged as collateral	40,761,747	-	-	-	40,761,747
Other assets	-	31,770,329	-	-	31,770,329
	1,260,947,661	113,969,658	-	-	1,374,917,319

			Dec-2021		
Group/ Bank's rating	**1 - 4**	**5 - 6**	**7**	**8 -10**	
Description of the grade	**Investment Grade**	**Non Investment Grade**	**Speculative Grade**	**Default**	**Total**
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	328,205,237	-	-	-	328,205,237
Loans and advances to banks	-	518,279	-	-	518,279
Loans and advances to customers	69,804,901	103,650,122	-	-	173,455,023
Financial assets at fair value through profit or loss	259,643,719	-	-	-	259,643,719
Derivative financial instruments-assets	21,847,735	-	-	-	21,847,735
Fair value through other comprehensive income	205,271,155	-	-	-	205,271,155
Assets pledged as collateral	42,261,747	-	-	-	42,261,747
Other assets	-	12,687,271	-	-	12,687,271
	927,034,494	116,855,672	-	-	1,043,890,166

4. Financial risk management

4.2 <u>Market Risk</u>

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

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.

4. Financial risk management

IRE measures 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 2022. 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.

The table below shows the changes that would impact the income statement after carrying out interest rate sensitivity using a 100 basis point proportional change in the interest rate:

Group/Bank	**Dec 2022 N'000**	**Dec 2021 N'000**
Decrease		
FVTPL assets	11,982	2,453,419
FVTOCI assets	1,635,379	2,052,712
Increase		
FVTPL assets	(11,982)	(2,453,419)
FVTOCI assets	(1,635,379)	(2,052,712)

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.

4. Financial risk management

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

Group

Dec-2022	Carrying amount	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non interest bearing
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets:							
Cash and cash equivalent	589,134,600	-	-	-	-	-	589,134,600
Loans and advances to customers	203,581,696	30,419,129	50,039,991	94,632,008	28,490,568	-	-
Financial assets at fair value through profit or loss	305,374,609	14,845,804	15,265,694	256,431,303	1,208,595	17,623,213	-
Derivative financial instruments-assets	40,756,417	2,934,464	1,340,707	31,221,324	5,259,922	-	-
Fair value through other comprehensive income	163,537,921	38,724,605	74,630,378	50,182,938	-	-	-
Assets pledged as collateral	40,761,747	-	13,412,000	27,349,747	-	-	-
Other assets	31,770,329	-	-	-	-	-	31,770,329
Total financial assets	1,374,917,319	86,924,002	154,688,770	459,817,320	34,959,085	17,623,213	620,904,929

	Carrying amount	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non interest bearing
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Liabilities:							
Deposits from banks	579,374	579,374	-	-	-	-	-
Deposits from customers	804,194,080	747,620,335	40,051,844	16,500,718	21,183	-	-
Derivative financial instruments-liabilities	22,523,190	4,141,291	1,344,743	15,545,234	1,491,922	-	-
Other borrowed funds	249,091,249	-	-	221,425,249	27,666,000	-	-
Other liabilities (excluding accruals)	146,429,171	-	-	-	-	-	146,429,171
Total financial liabilities	1,222,817,064	752,341,000	41,396,587	253,471,201	29,179,105	-	146,429,171

4. Financial risk management

Bank

Dec-2022	Carrying amount	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non interest bearing
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets:							
Cash and cash equivalent	589,134,600	-	-	-	-	-	589,134,600
Loans and advances to customers	203,581,696	30,419,129	50,039,991	94,632,008	28,490,568	-	-
Financial assets at fair value through profit or loss	305,374,609	14,845,804	15,265,694	256,431,303	1,208,595	17,623,213	-
Derivative financial instruments-assets	40,756,417	2,934,464	1,340,707	31,221,324	5,259,922	-	-
Fair value through other comprehensive income	163,537,921	38,724,605	74,630,378	50,182,938	-	-	-
Assets pledged as collateral	40,761,747	-	13,412,000	27,349,747	-	-	-
Other assets	31,770,329	-	-	-	-	-	31,770,329
Total financial assets	1,374,917,319	86,924,003	154,688,769	459,817,320	34,959,085	17,623,213	620,904,929

	Carrying amount	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non interest bearing
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Liabilities:							
Deposits from banks	579,374	579,374	-	-	-	-	-
Deposits from customers	804,205,457	747,631,712	40,051,844	16,500,718	21,183	-	-
Derivative financial instruments-liabilities	22,523,190	4,141,291	1,344,743	15,545,234	1,491,922	-	-
Other borrowed funds	249,091,249	-	-	221,425,249	27,666,000	-	
Other liabilities (excluding accruals)	146,429,171	-	-	-	-	-	146,429,171
Total financial liabilities	1,222,828,441	752,352,377	41,396,587	253,471,201	29,179,105	-	146,429,171

4. Financial risk management

Group

Dec-2021	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	328,205,237	-	-	-	-	-	328,205,237
Loans and advances to banks	518,279	-	-	-	518,279	-	-
Loans and advances to customers	173,455,023	36,057,517	30,620,372	72,878,562	33,898,572	-	-
Financial assets at fair value through profit or loss	259,643,719	9,748	93,835	242,934,766	55,210	16,550,160	-
Derivative financial instruments-assets	21,847,735	813,547	1,038,596	19,641,729	353,863	-	-
Fair value through other comprehensive income	205,271,155	40,405,384	75,235,745	89,630,026	-	-	-
Assets pledged as collateral	42,261,747	-	-	42,261,747	-	-	-
Other assets	12,687,271	-	-	-	-	-	12,687,271
Total financial assets	1,043,890,166	77,286,197	106,988,548	467,346,830	34,825,924	16,550,160	340,892,508

	Carrying amount N'000	Up to 1 N'000	1 – 3 N'000	3 – 12 N'000	1 – 5 N'000	Over 5 N'000	Non interest N'000
Liabilities:							
Deposits from banks	267,471	267,471	-	-	-	-	-
Deposits from customers	534,149,300	515,042,910	19,050,380	56,010	-	-	-
Derivative financial instruments-liabilities	7,696,973	3,757,940	3,917,605	21,428	-	-	-
Other borrowed funds	233,570,954	-	-	233,570,954	-	-	-
Other liabilities (excluding accruals)	131,325,199	-	-	-	-	-	131,325,199
Total financial liabilities	907,009,898	519,068,322	22,967,985	233,648,392	-	-	131,325,199

4. Financial risk management

Bank

Dec-2021	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	424,971,981	96,766,744	-	-	-	-	328,205,237
Loans and advances to banks	518,279	-	-	-	518,279	-	-
Loans and advances to customers	173,455,023	36,057,517	30,620,372	72,878,562	33,898,572	-	-
Financial assets at fair value through profit or loss	259,643,719	9,748	93,835	242,934,766	55,210	16,550,160	-
Derivative financial instruments-assets	21,847,735	813,547	1,038,596	19,641,729	353,863	-	-
Fair value through other comprehensive income	205,271,155	40,405,384	75,235,745	89,630,026	-	-	-
Assets pledged as collateral	42,261,747	-	-	42,261,747	-	-	-
Other assets	12,687,271	-	-	-	-	-	12,687,271
Total financial assets	1,140,656,910	174,052,941	106,988,547	467,346,830	34,825,924	16,550,160	340,892,508

	Carrying amount N'000	Up to 1 N'000	1 – 3 N'000	3 – 12 N'000	1 – 5 N'000	Over 5 N'000	Non interest N'000
Liabilities:							
Deposits from banks	267,471	267,471	-	-	-	-	-
Deposits from customers	534,150,279	515,043,889	19,050,380	56,010	-	-	-
Derivative financial instruments-liabilities	7,696,973	3,757,940	3,917,605	21,428	-	-	-
Other borrowed funds	233,570,954	-	-	233,570,954	-	-	-
Other liabilities (excluding accruals)	131,325,199	-	-	-	-	-	131,325,199
Total financial liabilities	907,010,876	519,069,300	22,967,985	233,648,392	-	-	131,325,199

4. Financial risk management

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 2022. Included in the table are the Group’s financial assets and liabilities at carrying amounts, categorised by currency.

4. Financial risk management

Group

Dec-2022	Naira	Dollar	GBP	Euro	Others	Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	534,365,191	43,499,537	889,052	10,163,305	1,275,842	590,192,927
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	58,466,785	145,092,267	-	22,644	-	203,581,696
Financial assets at fair value through profit or loss	305,374,609	-	-	-	-	305,374,609
Derivative financial instruments-assets	182,522	40,547,221	215	26,459	-	40,756,417
Fair value through other comprehensive income	163,537,921	-	-	-	-	163,537,921
Assets pledged as collateral	40,761,747	-	-	-	-	40,761,747
Other assets	13,788,981	17,884,297	5,966	60,278	30,807	31,770,329
Total financial assets	1,116,477,756	247,023,322	895,233	10,272,686	1,306,649	1,375,975,646
	Naira	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Deposits from banks	559,974	18,691	-	709	-	579,374
Deposits from customers	564,963,942	226,126,473	1,319,937	11,783,728	-	804,194,080
Derivative financial instruments-liabilities	22,023,762	488,823	210	10,395	-	22,523,190
Other borrowed funds	-	249,091,249	-	-	-	249,091,249
Other liabilities(excluding accruals)	114,938,111	21,604,754	18,370	3,409,942	6,457,994	146,429,171
Total financial liabilities	702,485,789	497,329,990	1,338,517	15,204,774	6,457,994	1,222,817,064
Net financial position	413,991,967	(250,306,668)	(443,284)	(4,932,088)	(5,151,345)	153,158,582
Credit commitments and other financial facilities	12,721,304	91,398,097	215,501	21,434,011	2,145,730	127,914,643

4. Financial risk management

Bank

Dec-2022	**Naira**	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	534,365,191	43,499,537	889,052	10,163,305	1,275,842	590,192,927
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	58,466,785	145,092,267	-	22,644	-	203,581,696
Financial assets at fair value through profit or loss	305,374,609	-	-	-	-	305,374,609
Derivative financial instruments-assets	182,522	40,547,221	215	26,459	-	40,756,417
Fair value through other comprehensive income	163,537,921	-	-	-	-	163,537,921
Assets pledged as collateral	40,761,747	-	-	-	-	40,761,747
Other assets	13,788,981	17,884,297	5,966	60,278	30,807	31,770,329
Total financial assets	1,116,477,756	247,023,322	895,233	10,272,686	1,306,649	1,375,975,646
	Naira	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Deposits from banks	559,974	18,691	-	709	-	579,374
Deposits from customers	564,975,319	226,126,473	1,319,937	11,783,728	-	804,205,457
Derivative financial instruments-liabilities	22,023,762	488,823	210	10,395	-	22,523,190
Other borrowed funds	-	249,091,249	-	-	-	249,091,249
Other liabilities(excluding accruals)	114,938,111	21,604,754	18,370	3,409,942	6,457,994	146,429,171
Total financial liabilities	702,497,166	497,329,990	1,338,517	15,204,774	6,457,994	1,222,828,441
Net financial position	413,980,590	(250,306,668)	(443,284)	(4,932,088)	(5,151,345)	153,147,205
Credit commitments and other financial facilities	12,721,304	91,398,097	215,501	21,434,011	2,145,730	127,914,643

4. Financial risk management

Group

Dec-2021	**Naira**	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	278,960,324	40,577,617	1,474,243	8,616,247	1,192,065	330,820,496
Loans and advances to banks	518,279	-	-	-	-	518,279
Loans and advances to customers	92,040,099	71,442,952	62,367	9,202,002	707,603	173,455,023
Financial assets at fair value through profit or loss	259,643,719	-	-	-	-	259,643,719
Derivative financial instruments-assets	5,636,168	15,897,711	254	312,518	1,084	21,847,735
Fair value through other comprehensive income	205,271,155	-	-	-	-	205,271,155
Assets pledged as collateral	42,261,747	-	-	-	-	42,261,747
Other assets	8,799,388	3,498,728	2,889	347,183	39,083	12,687,271
Total financial assets	893,130,880	131,417,008	1,539,753	18,477,951	1,939,835	1,046,505,425
Liabilities						
Deposits from banks	186,363	80,940	-	168	-	267,471
Deposits from customers	397,954,570	122,534,910	1,139,864	12,519,956	-	534,149,300
Derivative financial instruments-liabilities	6,860,999	185,013	30,774	620,187	-	7,696,973
Other borrowed funds	-	233,570,954	-	-	-	233,570,954
Other liabilities(excluding accruals)	97,644,624	28,766,314	21,378	3,728,965	1,163,918	131,325,199
Total financial liabilities	502,646,556	385,138,131	1,192,016	16,869,276	1,163,918	907,009,897
Net financial position	390,484,324	(253,721,123)	347,737	1,608,675	775,917	139,495,528
Credit commitments and other financial facilities	11,486,737	84,608,974	203,156	19,088,333	1,886,712	117,273,912

4. Financial risk management

Bank

Dec-2021	**Naira**	**Dollar**	**GBP**	**Euro**	**Others**	**Total**
Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalent	278,960,324	40,577,617	1,474,243	8,616,247	1,192,065	330,820,496
Loans and advances to banks	518,279	-	-	-	-	518,279
Loans and advances to customers	92,040,099	71,442,952	62,367	9,202,002	707,603	173,455,023
Financial assets at fair value through profit or loss	259,643,719	-	-	-	-	259,643,719
Derivative financial instruments-assets	5,636,168	15,897,711	254	312,518	1,084	21,847,735
Fair value through other comprehensive income	205,271,155	-	-	-	-	205,271,155
Assets pledged as collateral	42,261,747	-	-	-	-	42,261,747
Other assets	8,799,388	3,498,728	2,889	347,183	39,083	12,687,271
Total financial assets	893,130,880	131,417,008	1,539,753	18,477,951	1,939,835	1,046,505,425
Liabilities						
Deposits from banks	186,363	80,940	-	168	-	267,471
Deposits from customers	397,955,549	122,534,910	1,139,864	12,519,956	-	534,150,279
Derivative financial instruments-liabilities	6,860,999	185,013	30,774	620,187	-	7,696,973
Other borrowed funds	-	233,570,954	-	-	-	233,570,954
Other liabilities(excluding accruals)	97,644,624	28,766,314	21,378	3,728,965	1,163,918	131,325,199
Total financial liabilities	502,647,535	385,138,131	1,192,016	16,869,276	1,163,918	907,010,876
Net financial position	390,483,345	(253,721,123)	347,738	1,608,675	775,918	139,494,549
Credit commitments and other financial facilities	11,486,737	84,608,974	203,156	19,088,333	1,886,712	117,273,912

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

4. Financial risk management

Foreign exchange sensitivity analysis

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

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
Instruments such as foreign currency denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency denominated debt etc. are all exposed to foreign exchange risk.

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

	Dec-2022			Dec-2021		
Group / Bank	**USD**	**GBP**	**Euro**	**USD**	**GBP**	**Euro**
in NGN'thousands						
Balances with foreign banks	43,499,537	889,052	10,163,305	40,577,617	1,474,243	8,616,247
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	145,092,267	-	22,644	71,442,952	62,367	9,202,002
Derivative financial instruments-assets	40,547,221	215	26,459	15,897,711	254	312,518
Other assets (excl. prepayments)	17,884,297	5,966	60,278	3,498,728	2,889	347,183
Deposits from banks	(18,691)	-	(709)	(80,940)	-	(168)
Deposits from customers	(226,126,473)	(1,319,937)	(11,783,728)	(122,534,910)	(1,139,864)	(12,519,956)
Other borrowed funds	(249,091,249)	-	-	(233,570,954)	-	-
Derivative financial instruments-liabilities	488,823	210	10,395	185,013	30,774	620,187
Other liabilities (excl. accruals)	(21,604,754)	(18,370)	(3,409,942)	(28,766,314)	(21,378)	(3,728,965)
Foreign currency exposure on net monetary items	**(249,329,022)**	**(442,864)**	**(4,911,298)**	**(253,351,097)**	**409,285**	**2,849,048**

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

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

	Dec-2022			Dec-2021		
	USD	**GBP**	**Euro**	**USD**	**GBP**	**Euro**
Sensitivity @ 5% increase (2021:5%)	8,314,760	68,318	1,285,209	5,369,933	63,101	903,708
Sensitivity @ 10% increase (2021:10%)	16,629,519	136,637	2,570,417	10,739,866	126,202	1,807,416
Sensitivity @ 5% decrease (2021:5%)	(8,314,760)	(68,318)	(1,285,209)	(5,369,933)	(63,101)	(903,708)
Sensitivity @ 10% decrease (2021:10%)	(16,629,519)	(136,637)	(2,570,417)	(10,739,866)	(126,202)	(1,807,416)

CBN rates as at December 2022 stood at:
USD - 461.1 (2021:424.11)
GBP - 555.1183 (2021:571.5306)
EUR - 492.2934 (2021: 480.0289)

4. Financial risk management

4.2.3 Price risk

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

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

Trading portfolios

Price risk in trading portfolios is monitored using a series of measures, including:
- Factor sensitivities
- Value-at-Risk (VAR)
- Stress testing

i) Factor sensitivities
Factor sensitivities are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the price of a treasury bill for a one-basis-point change in interest rates. The Group's independent market risk management ensures that factor sensitivities are calculated, monitored and, in most cases, limited, for all relevant risks taken in a trading portfolio.

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

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

VAR analysis	Dec-2022	Dec-2021
	₦’000	₦’000
Overall portfolio risk	10,420,860	8,343,940

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.

4. Financial risk management

iii) Stress testing

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

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

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

Fair Value of Unquoted Securities

The fair value of investment securities in non-quoted equity securities is based on a model that takes observable data with significant unobservable adjustments or assumptions required (included in the observable data are performance of firms in same industry and emerging markets factors) . A +/- 100 basis point adjustment in the value of unobservable adjustments or assumptions made in the fair valuation of Level 3 non-quoted equity securities as at December 2022 would result in N164,301,000 (Dec 2021: N143,018,000) increase or decrease in the value of those unquoted securities. Note 4.5.3 details the movement in FVTPL.

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

Investment	**Impact to profit or loss**	
	Dec-2022	**Dec-2021**
	N'000	N'000
Central Securities Clearing System (CSCS)	6,750	9,125
Nigeria Interbank Settlement System (NIBSS)	99,360	108,776
United Payment System (UPS)	49,721	25,118
Africa Finance Corporation (AFC)	20,401	-
	176,232	143,018

Sensitivity analysis of unquoted securities

	CSCS	NIBSS	UPS	AFC
	N'000	N'000	N'000	N'000
Current fair value as at 31 December 2022	675,000	9,936,038	4,972,103	2,040,070
Revised fair value with 1% downward shift on discounted value	668,250	9,836,678	4,922,382	2,019,669
Revised fair value with 1% upward shift on discounted value	681,750	10,035,398	5,021,824	2,060,471
Plus 1%	6,750	99,360	49,721	20,401
Minus 1%	(6,750)	(99,360)	(49,721)	(20,401)

Price sensitivity analysis on bonds and treasury bills

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

	Carrying value	Impact of increasing yield by 5%	Impact of reducing yield by 5%
	N'000	N'000	N'000
Fair value through profit or loss: T-bills	286,553,188	300,880,847	272,225,529
Pledged assets: T-Bills	40,761,747	42,799,834	38,723,660
Fair value through OCI: T-Bills	163,537,921	171,714,817	155,361,025

4. Financial risk management

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.

4. Financial risk management

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 2022 was 112.99% (2021: 113.54%).

Stress testing:
Simulated liquidity stress testing is periodically performed by the Group. A variety of firm-specific and market related scenarios are used at the consolidated level and in individual businesses. These scenarios include assumptions about significant changes in key funding sources, credit ratings, contingent uses of funding, and political and economic conditions in specific countries. The results of the stress tests are reviewed to ensure that the bank is either a self-funded or net provider of liquidity. In addition, a Contingency Funding Plan is prepared on a periodic basis for Citigroup. The plan includes detailed policies, procedures, roles and responsibilities, and the results of corporate stress tests. The product of these stress tests is a series of alternatives that can be used by the Treasurer in a liquidity event.

Credit Risk Agencies
The Credit Rating Agency (Agusto & Co.) continuously review the Credit Ratings of Citibank Nigeria Limited and certain of Its subsidiary, and ratings downgrades could have a negative impact on Citibank Nigeria Limited's funding and liquidity due to reduced funding capacity and increased funding costs, including derivatives triggers that could require cash obligations or collateral requirements.

Ratings result	Dec-2022	Dec-2021
Rating Assigned	Aa+	Aa
Outlook	Stable	Stable
Issue date	January 4, 2023	July 06, 2021
Expiry Date	June 30, 2023	June 30, 2022

4 Financial risk management

4.3.1 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the remaining maturity profile of the financial assets and liabilities:

Group

Dec-2022	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	Carrying amount N'000	Gross nominal amount N'000
Assets:							
Cash and cash equivalent less restricted cash	247,390,613	-	-	-	-	247,390,613	258,105,835
Derivative financial instruments-assets	2,934,464	1,340,707	31,221,324	5,259,922	-	40,756,417	40,756,417
Financial assets at fair value through profit or loss	14,845,804	15,265,694	256,431,303	1,208,595	17,623,213	305,374,609	326,397,012
Loans and advances to customers	30,419,129	50,039,991	94,632,008	28,490,568	-	203,581,696	213,103,645
Other assets	21,723,540	-	-	10,046,789	-	31,770,329	31,770,329
Fair value through other comprehensive income	38,724,605	74,630,378	50,182,938	-	-	163,537,921	166,360,058
Restricted balance	-	-	-	342,802,314		342,802,314	342,802,314
Assets pledged as collateral	-	40,761,747	-	-	-	40,761,747	40,761,747
Total financial assets	356,038,155	182,038,517	432,467,573	387,808,188	17,623,213	1,375,975,646	1,420,057,357

	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	Gross nominal amount N'000
Liabilities:							
Deposits from banks	579,374	-	-	-	-	579,374	579,374
Deposits from customers	747,620,335	40,051,844	16,500,718	21,183	-	804,194,080	819,036,857
Derivative financial instruments-liabilities	4,141,291	1,344,743	15,545,234	-	-	21,031,268	21,031,268
Other borrowed funds	-	-	221,425,249	27,666,000	-	249,091,249	255,612,440
Other liabilities(excl. accrued expenses)	146,429,171	-	-	-	-	146,429,171	146,429,171
Total financial liabilities	898,770,171	41,396,587	253,471,201	27,687,183	-	1,221,325,142	1,242,689,110
Net financial asset /(liabilities)	(542,732,016)	140,641,930	178,996,372	360,121,005	17,623,213	154,650,504	177,368,247

4 Financial risk management

Bank

Dec-2022	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	Gross nominal amount N'000
Assets:							
Cash and cash equivalent less restricted cash	247,390,613	-	-	-	-	247,390,613	258,105,835
Derivative financial instruments-assets	2,934,464	1,340,707	31,221,324	5,259,922	-	40,756,417	40,756,417
Financial assets at fair value through profit or loss	14,845,804	15,265,694	256,431,303	1,208,595	17,623,213	305,374,609	326,397,012
Loans and advances to customers	30,419,129	50,039,991	94,632,008	28,490,568	-	203,581,696	213,103,645
Other assets	21,723,540	-	-	10,046,789	-	31,770,329	31,770,329
Fair value through other comprehensive income	38,724,605	74,630,378	50,182,938	-	-	163,537,921	166,360,058
Restricted balance	-	-	-	342,802,314	-	342,802,314	342,802,314
Assets pledged as collateral	-	40,761,747	-	-	-	40,761,747	40,761,747
Total financial assets	356,038,155	182,038,517	432,467,573	387,808,188	17,623,213	1,375,975,646	1,420,057,357
	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	Gross nominal amount N'000
Liabilities:							
Deposits from banks	579,374	-	-	-	-	579,374	579,374
Deposits from customers	747,631,712	40,051,844	16,500,718	21,183	-	804,205,457	819,036,857
Derivative financial instruments-liabilities	4,141,291	1,344,743	15,545,234	-	-	21,031,268	21,031,268
Other borrowed funds	-	-	221,425,249	27,666,000	-	249,091,249	255,612,440
Other liabilities(excl. accrued expenses)	146,429,171	-	-	-	-	146,429,171	146,429,171
Total financial liabilities	898,781,548	41,396,587	253,471,201	27,687,183	-	1,221,336,519	1,242,689,110
Net financial asset /(liabilities)	(542,743,393)	140,641,930	178,996,372	360,121,005	17,623,213	154,639,127	177,368,247

4 Financial risk management

Group

Dec-2021	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	Gross nominal amount N'000
Assets:							
Cash and cash equivalent less restricted cash	55,768,182	-	-	-	-	55,768,182	55,768,182
Loans and advances to banks	-	-	-	518,279	-	518,279	518,279
Derivative financial instruments-assets	813,547	1,038,596	19,641,729	353,863	-	21,847,735	21,847,735
Financial assets at fair value through profit or loss	9,748	93,835	242,934,766	55,210	16,550,160	259,643,719	277,093,899
Loans and advances to customers	36,057,517	30,620,372	72,878,562	33,898,572	-	173,455,023	187,218,209
Other assets	2,708,231	-	-	9,979,040	-	12,687,271	12,687,271
Fair value through other comprehensive income	40,405,384	75,235,745	89,630,026	-	-	205,271,155	207,542,705
Restricted balance	-	-	-	275,052,314	-	275,052,314	275,052,314
Assets pledged as collateral	-	42,261,747	-	-	-	42,261,747	42,261,747
Total financial assets	135,762,609	149,250,295	425,085,083	319,857,278	16,550,160	1,046,505,425	1,079,990,341
	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	Gross nominal amount N'000
Liabilities:							
Deposits from banks	267,471	-	-	-	-	267,471	267,471
Deposits from customers	515,042,910	19,050,380	56,010	-	-	534,149,300	534,186,868
Derivative financial instruments-liabilities	3,757,940	3,917,605	21,428	-	-	7,696,973	7,696,973
Other borrowed funds	-	-	233,570,954	-	-	233,570,954	234,308,920
Other liabilities(excl. accrued expenses)	131,325,199	-	-	-	-	131,325,199	131,325,199
Total financial liabilities	650,393,520	22,967,985	233,648,392	-	-	907,009,897	907,785,431
Net financial asset /(liabilities)	(514,630,911)	126,282,310	191,436,691	319,857,278	16,550,160	139,495,528	172,204,910

4 Financial risk management

Bank

Dec-2021	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	Gross nominal amount N'000
Assets:							
Cash and cash equivalent less restricted cash	55,768,182	-	-	-	-	55,768,182	55,768,182
Loans and advances to banks	-	-	-	518,279	-	518,279	518,279
Derivative financial instruments-assets	813,547	1,038,596	19,641,729	353,863	-	21,847,735	21,847,735
Financial assets at fair value through profit or loss	9,748	93,835	242,934,766	55,210	16,550,160	259,643,719	277,093,899
Loans and advances to customers	36,057,517	30,620,372	72,878,562	33,898,572	-	173,455,023	187,218,209
Other assets	2,708,231	-	-	9,979,040	-	12,687,271	12,687,271
Fair value through other comprehensive income	40,405,384	75,235,745	89,630,026	-	-	205,271,155	207,542,705
Restricted balance	-	-	-	275,052,314	-	275,052,314	275,052,314
Assets pledged as collateral	-	42,261,747	-	-	-	42,261,747	42,261,747
Total financial assets	135,762,609	149,250,295	425,085,083	319,857,278	16,550,160	1,046,505,425	1,079,990,341

	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	Gross nominal amount N'000
Liabilities:							
Deposits from banks	267,471	-	-	-	-	267,471	267,471
Deposits from customers	515,043,889	19,050,380	56,010	-	-	534,150,279	534,186,868
Derivative financial instruments-liabilities	3,757,940	3,917,605	21,428	-	-	7,696,973	7,696,973
Other borrowed funds	-	-	233,570,954	-	-	233,570,954	234,308,920
Other liabilities(excl. accrued expenses)	131,325,199	-	-	-	-	131,325,199	131,325,199
Total financial liabilities	650,394,499	22,967,985	233,648,392	-	-	907,010,876	907,785,431
Net financial asset /(liabilities)	(514,631,890)	126,282,310	191,436,691	319,857,278	16,550,160	139,494,549	172,204,910

4 Financial risk management

Credit commitments and other financial facilities

Group/ Bank

Dec-2022	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	Gross nominal amount N'000
Loan commitments	4,156,659	50,221	389,474	10,416,415	-	15,012,769	15,012,769
Guarantees, acceptances and other financial facilities	29,479,860	45,410,847	35,388,088	2,623,079	-	112,901,874	112,901,874
Total	33,636,519	45,461,068	35,777,562	13,039,494	-	127,914,643	127,914,643

Dec-2021	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	Gross nominal amount N'000
Loan commitments	-	5,076,683	2,383	1,063,001	9,528,309	15,670,376	15,670,376
Guarantees, acceptances and other financial facilities	19,835,216	37,049,767	40,378,444	3,852,009	488,100	101,603,536	101,603,536
Total	19,835,216	42,126,450	40,380,827	4,915,010	10,016,409	117,273,912	117,273,912

Financial risk management

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 2022, the Bank was in compliance with all the applicable capital ratios.

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The table below summarises the composition of regulatory capital and the capital adequacy ratios of the Bank for the year ended 31 December 2022 and year ended 31 December 2021. During these two years, the Bank complied with all of the externally imposed capital requirements.

	Dec-2022 N'000	Dec-2021 N'000
CONSTITUENTS OF CAPITAL		
TIER 1 CAPITAL		
Paid-up ordinary shares	3,000,000	2,793,777
Share premium	11,437,772	11,643,995
General reserve (Retained Profit)	29,825,664	39,212,166
SMEEIS Reserve	11,743,071	3,340,909
Statutory Reserve	50,672,223	45,738,340
Under-impairment	-	(2,106,485)
Other reserves	-	(300,658)
Tier 1 Sub-Total	**106,678,730**	**100,322,044**
Less:		
Excess exposure(s) over single obligor without CBN approval	4,412,699	-
50% of investments in unconsolidated banking and 100% financial subsidiary/associate companies	124,278	124,278
NET-TOTAL TIER 1 CAPITAL	**102,141,753**	**100,197,766**
TIER 2 CAPITAL		
Other Comprehensive Income (OCI)	(978,380)	3,557,942
Tier 2 Sub-total	**(978,380)**	**3,557,942**
50% of investments in unconsolidated banking and financial subsidiary/associate companies	123,278	123,278
NET-TOTAL TIER 2 CAPITAL	**(1,101,658)**	**3,434,664**
TOTAL QUALIFYING CAPITAL	**101,040,094**	**103,632,429**
COMPUTATION OF RISK-WEIGHTED ASSETS		
1. Credit Risk: Standardised Approach		
Total Risk-weighted Amount for Credit Risk	375,263,894	246,619,082
2. Operational Risk		
2(a). Basic Indicator Approach: Calibrated risk-weighted amount	113,442,032	111,516,862
Risk-weighted Amount for Operational Risk	**113,442,032**	**111,516,862**
3. Market risk: Standardised Approach		
Risk-weighted Amount for Market Risk	**24,836,992**	**23,465,342**
AGGREGATE RISK-WEIGHTED ASSETS	**513,542,918**	**381,601,286**
TOTAL RISK-WEIGHTED CAPITAL RATIO	**19.68%**	**27.16%**
TIER 1 RISK-BASED CAPITAL RATIO	**19.89%**	**26.26%**

The above ratio of 19.68% for 2022 (2021: 27.16%) is based on the CBN examiners computation using the Bank's last audited shareholders' funds of 2021 and 2020 for 2022 and 2021 respectively.
The minimum regulatory requirement for Capital Adequacy Ratio is 10%.

Financial risk management

4.5 Fair value of financial assets and liabilities

4.5.1 The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at fair value in the Group's consolidated statement of financial position. All fair value measurements are recurring. See note 4.5.3 for heirarchy.

	Carrying value		**Fair value**	
31 December	**Dec-2022**	**Dec-2021**	**Dec-2022**	**Dec-2021**
	N'000	**N'000**	**N'000**	**N'000**
Financial assets				
Loans and advances to banks	-	518,279	-	518,279
Loans and advances to customers	203,581,696	173,455,023	203,581,696	173,455,023
Other assets (excluding prepayments)	31,770,329	12,687,271	31,770,329	12,687,271
	235,352,025	186,660,573	235,352,025	186,660,573
Financial liabilities				
Deposits from banks	579,374	267,471	579,374	267,471
Deposits from customers	804,194,080	534,149,300	804,194,080	534,149,300
Other borrowed funds	249,091,249	233,570,954	249,091,249	233,570,954
Other liabilities	146,429,171	131,325,199	146,429,171	131,325,199
	1,200,293,874	899,312,924	1,200,293,874	899,312,924
Credit commitments and other financial facilities				
Loan commitments	15,012,769	15,670,376	15,012,769	15,670,376
Guarantees, acceptances and other financial facilities	112,901,874	101,603,536	112,901,874	101,603,536
	127,914,643	117,273,912	127,914,643	117,273,912

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.

Financial risk management

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.

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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.

Financial risk management

In addition, the pricing models used in measuring fair value are governed by an independent control framework. Although the models are developed and tested by the individual business units, they are independently validated by the Model Validation Group within Model Risk Management and reviewed by Finance with respect to their impact on the price verification procedures. The purpose of this independent control framework is to assess model risk arising from models' theoretical soundness, calibration techniques where needed, and the appropriateness of the model for a specific product in a defined market. To ensure their continued applicability, models are independently reviewed annually. In addition, Risk Management approves and maintains a list of products permitted to be valued under each approved model for a given business.

Transfers into or out of Level 1 - 3 are primarily driven by changes in the availability of independent data for positions where the Company has risk exposure, yet the market is no longer considered to be active. As liquidity and transparency improves, the financial instrument may transfer back to a previous classification level.

Unobservable inputs
During the year, for investment securities, total changes in fair value, representing a gain of N1,612,784,000 (2021: N3,663,027,000) were recognised in the profit and loss account relating to items where fair value was estimated using a valuation technique that incorporated one or more significant inputs based on unobservable market data. As these valuation techniques were based upon assumptions, changing the assumptions would change the estimate of fair value.

The methodology used to derive the impact across each product is determined by applying adjustments to the price or significant model input parameters used in the valuation.

4.5.3 The table below shows the classification of financial instruments in the appropriate hierarchy based on the valuation as at 31 December:

Group

Dec-2022	**Level 1 N'000**	**Level 2 N'000**	**Level 3 N'000**	**Total N'000**
Assets				
Financial assets at FVTPL	284,866,590	5,599,876	14,908,143	305,374,609
Derivative financial instruments	-	40,756,417	-	40,756,417
Financial assets at FVTOCI	136,496,838	27,041,083	-	163,537,921
Loans and advances to customers	-	203,581,696	-	203,581,696
Other assets	-	31,770,329	-	31,770,329
Total assets	421,363,428	308,749,401	14,908,143	745,020,972
Liabilities				
Derivative financial instruments	-	21,031,268	-	21,031,268
Deposits from banks	-	579,374	-	579,374
Deposits from customers	-	804,194,080	-	804,194,080
Other liabilities	-	146,429,171	-	146,429,171
Total liabilities	-	972,233,893	-	972,233,893

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Bank **Dec-2022**	**Level 1** **N‘000**	**Level 2** **N‘000**	**Level 3** **N‘000**	**Total** **N‘000**
Assets				
Financial assets at FVTPL	284,866,590	5,599,876	14,908,143	305,374,609
Derivative financial instruments	-	40,756,417	-	40,756,417
Financial assets at FVTOCI	136,496,838	27,041,083	-	163,537,921
Loans and advances to customers	-	203,581,696	-	203,581,696
Other assets	-	31,770,329	-	31,770,329
Total assets	421,363,428	308,749,401	14,908,143	745,020,972
Liabilities				
Derivative financial instruments	-	21,031,268	-	22,523,190
Deposits from banks	-	579,374	-	579,374
Deposits from customers	-	804,194,080	-	804,194,080
Other liabilities	-	146,429,171	-	146,429,171
Total liabilities	-	972,233,893	-	973,725,815

Group **Dec-2021**	**Level 1** **N‘000**	**Level 2** **N‘000**	**Level 3** **N‘000**	**Total** **N‘000**
Assets				
Financial assets at FVTPL	240,654,510	5,599,876	13,389,333	259,643,719
Derivative financial instruments	-	21,847,735	-	21,847,735
Financial assets at FVTOCI	178,230,072	27,041,083	-	205,271,155
Loans and advances to banks	-	518,279	-	518,279
Loans and advances to customers	-	173,455,023	-	173,455,023
Other assets	-	12,687,271	-	12,687,271
Total assets	418,884,582	241,149,267	13,389,333	673,423,182
Liabilities				
Derivative financial instruments	-	7,696,973	-	7,696,973
Deposits from banks	-	267,471	-	267,471
Deposits from customers	-	534,149,300	-	534,149,300
Other liabilities	-	131,325,199	-	131,325,199
Total liabilities	-	673,438,943	-	673,438,943

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Bank **Dec-2021**	**Level 1** **N'000**	**Level 2** **N'000**	**Level 3** **N'000**	**Total** **N'000**
Assets				
Financial assets at FVTPL	240,654,510	5,599,876	13,389,333	259,643,719
Derivative financial instruments	-	21,847,735	-	21,847,735
Financial assets at FVTOCI	178,230,072	27,041,083	-	205,271,155
Loans and advances to banks	-	518,279	-	518,279
Loans and advances to customers	-	173,455,023	-	173,455,023
Other assets	-	12,687,271	-	12,687,271
Total assets	418,884,582	241,149,267	13,389,333	673,423,182
Liabilities				
Derivative financial instruments	-	7,696,973	-	7,696,973
Deposits from banks	-	267,471	-	267,471
Deposits from customers	-	534,149,300	-	534,149,300
Other liabilities	-	131,325,199	-	131,325,199
Total liabilities	-	673,438,943	-	673,438,943

The group classified financial instruments as level 3 of the fair value hierarchy when there is a reliance on at least one significant unobservable input to the valuation model. The gains and losses presented below include changes in the fair value related to the observable and unobservable inputs.

Movement in unquoted securities	**Dec-2022** ₦'000	**Dec-2021** ₦'000
At 1 January	14,301,833	10,638,806
Net change in fair value of equity investments	1,612,784	3,663,027
Addition during the year	1,708,596	-
Balance at the end of the year	17,623,213	14,301,833

Financial risk management

Level 3 financial instruments relates to some derivatives (CBN swaps) and unquoted 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 December 2022 N'000	Valuation technique	Significant unobservable input	Estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs (see below the table)
Unquoted equity securities	14,908,143	Market approach	Emerging market factor	20%	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	16.75%	Significant increases in private company factor, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
Derivative financial instruments Swap Contracts	40,756,417	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	**55,664,560**				

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Financial risk management

Type of financial instrument	Fair value as at 31 December 2021 N'000	Valuation technique	Significant unobservable input	Estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	13,389,333	Market approach	Emerging market factor	20%	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	20%	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	21,847,735	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	**35,237,068**				

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 business, 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.

Financial risk management

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. This definition of operational risk includes legal risk — which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of the bank to comply with laws, regulations, prudent ethical standar and contractual obligations in any aspect of the bank's business — but excludes strategic and reputation risks. Citi also recognizes the impact of Operational Risk on the reputation risk associated with Citi's business activities.

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's operational risk is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management.

The Operational Risk Management Framework codifies the principles, the minimum requirements, and prescriptions of the "how-to" for operational risk management that the Group's Businesses and Functions must comply with. It consists of the ORM Policy and its underlying Standards and Central Procedures.

The Framework prescribes key activities in the management of Operational Risk which include the operational risk manageme cycle (identification, measurement, monitoring, management and reporting of operational risks) and the operational risk events cycle (escalation, capture, management, and analysis of operational risk events).

It also defines the concept of the three Lines of Defense where the:
- The 1st Line of Defense is responsible for implementing and maintaining effective controls to reduce the operational risks they are exposed to within acceptable levels.
- The 2nd Line of Defense is responsible for setting requirements around operational risk management, challenging the implementation of the overall ORM Framework, and challenging the quality and outcomes of 1st Line of Defense operational risk management activities.
- The 3rd Line of Defense is responsible for providing senior management with independent opinions on the effectiveness of the Operational Risk Management Framework as a whole.

The ORM Framework establishes taxonomies for the consistent identification, assessment, and reporting of Operational Risk across the First and Second Lines of Defense, including the Governance, Risk, and Compliance Risk Taxonomy and the Event Category Types. Citibank Nigeria Limited uses Event Category Types to classify Operational Risk Events. Event Category Types represent a description of "what happened," not "why it happened."

The Business Risk Compliance and Control Committee (BRCC), a management committee, is a key risk and control committe in Citibank Nigeria Limited. The BRCC provides governance and oversight for compliance and operational risks. The mandate of the Citibank Nigeria BRCC is to govern and oversee that all compliance and operational risks material to its scope and mandate are adequately identified, monitored, reported, managed, and escalated, and appropriate action is taken in line with the firm-wide strategic objectives, risk appetite thresholds, and regulatory expectation, while promoting the culture of risk awareness and high standards of culture and conduct.

It also provides a three Line of Defense cross line of business / functional forum for escalation and reporting of material operational and compliance risks and related control issues that could have a significant impact on Citi Nigeria Limited's strategic objectives, clients' best interests or markets in which the bank operates.

The Citibank Nigeria Limited BRCC provides a channel to inform Senior Management about operational risk exposures, breaches of operational risk appetite, and operational risk events, allowing Senior Management to transparently take and document conscious decisions around the mitigation, remediation, or acceptance of operational risk exposures.

The Board Risk Management Committee (BRMC) oversees the bank's risk management policies in all key risk areas including Operational Risk. The BRMC reviews the adequacy and effectiveness of risk management and controls in the bank and has oversight over the process for the identification and assessment of risks across the bank and the adequacy of prevention, detection and reporting mechanisms. The Board Risk Management Committee receives a quarterly Control Framework Report

Financial risk management

which covers emerging risks, open control issues, operational issues update, etc.

The Board Risk Management Committee (BRMC) and the Business Risk Compliance and Control Committee (BRCC) are responsible for the oversight of the operational risk management framework, including fostering an organizational culture that places high priority on effective operational risk management and adherence to sound internal controls, including all applicable policies. The BRMC and BRCC receive quarterly reporting of and discuss the bank's operational risk exposures.

Citibank Nigeria Limited's goal is to keep or reduce residual operational risk within acceptable levels relative to the characteristics of its businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic, and regulatory environment. The bank recognizes that operational risk is inherent in its business activities, as well as the internal processes that support those business activities. To anticipate, mitigate and control operational risk, the entity has adopted group level policies and institutional frameworks for assessing, monitoring, and communicating operational risks and the overall operating effectiveness of the internal control environment across Citibank Nigeria Limited.

Citibank Nigeria Limited (CNL) has a low appetite for Operational Risk. CNL's goal is to keep operational risk at appropriate levels relative to the characteristics of its businesses, the markets in which it operates, its capital and liquidity and the competitive, economic, and regulatory environment.
- We expect employees to uphold the highest ethical standards of conduct in accordance with Citi's Mission, Value Proposition, policies, and control framework and report concerns as set forth in the employee Code of Conduct.
- We expect Third Parties providing significant products or services to CNL will hold themselves to the highest standards of condu in accordance with Citi's values, policies, and control framework.

Citibank Nigeria Limited seeks to maintain a well-controlled operating environment for our businesses and functions to mitigate the most material operational risks, by:
- Understanding the operational risks to which they are exposed to
- Designing controls to mitigate identified risks
- Monitoring and reporting whether operational risk exposures are in or out of their operational risk appetite
- Having processes in place to bring operational risk exposures within acceptable levels
- Ensuring that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks

The Operational Risk Management group within Independent Risk Management has established a global Operational Risk Management Framework.

Citibank Nigeria Limited recognizes that operational risk is inherent in the activities it's businesses and functions undertake in pursuit of our strategy, which the bank seeks to keep or reduce within our risk appetite.

Citibank Nigeria Limited's client-focused strategy, exit of non-strategic franchises and ongoing modernization and digitization enabled through a multi-year transformation effort can result in operational risk losses from the introduction of new or changes to existing products, or result from significant changes in its organizational structures, systems, processes, data, and personnel.

To effectively manage operational risk and maintain or reduce operational risk exposure within the bank's operational risk appetite Citibank Nigeria Limited has established Operational Risk appetite qualitative statements across operational risk categories.

Citibank Nigeria Limited does not tolerate:
- Willful, intentional, or negligent violations of laws or regulations
- Fraud committed by its staff
- Deliberate actions that result in harm to customers, clients or markets or behavior inconsistent with Citi's Mission and Value proposition

Citibank Nigeria Limited recognizes mistakes occur and monitors the following:
- Activities which could result in financial statements that inadequately reflect the bank's financial profile or in a material weakness in financial reporting controls
- Threats to company assets or data arising from malicious attacks or inadequate protection
- Damage from inability to recover critical business services from a major interruption to business operations, technology, or facilities in a timely manner
- Errors emanating from new or modified products, systems, process, personnel, laws, or regulations
- Unintentional human error during normal business activities or weaknesses in risk oversight which could result in reputational ha

Citibank Nigeria Limited recognizes that operational risk can result in losses. To ensure our business activities are within our operational risk appetite, the bank monitors:
- Operational Risk Losses relative to Operational Risk Losses projected in the internal stress loss projection as outlined in the Capital Plan
- Key indicator performance for operational risk categories

Financial risk management

Breaches of thresholds are reported and remediated, as appropriate. Notwithstanding the above, Citibank Nigeria Limited recognizes that from time to time, certain operational risk types/categories may operate at elevated risk profile in relation to their stated risk appetite.

Operational risk appetite is an element of Citibank Nigeria Limited's ICAAP process, and the approach adopted incorporates quantitative and qualitative components to monitor operational risk within acceptable levels.

The quantitative boundary is expressed by a numerical 'tolerance' to monitor Operational Risk Appetite. The operational risk qualitative components describe how the Business assesses, measures, and manages its qualitative operational risks (including those risks that are difficult to quantify) and thus support a safe and sound risk culture that focuses on customers, creating economic value, and the integrity of the financial system.

5. Interest income

Interest income generated from financial instruments using the effective interest rate method

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Cash and balances to Central bank	-	104,978	-	104,978
Loans and advances to banks	9,348,427	1,063,936	9,348,427	1,063,936
Loans and advances to customers	17,711,828	10,803,827	17,711,828	10,803,827
Investment securities	3,295,439	5,156,403	3,295,439	5,156,403
	30,355,694	17,129,144	30,355,694	17,129,144

Interest and similar income represents interest income on financial assets measured at amortised cost and fair value through other comprehensive income (FVTOCI).

No interest income is accrued on impaired financial assets in 2022 (2021: Nil)

6. Interest expense

Interest expense comprises:	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Deposits from banks and leases	5,486,672	1,919,263	5,486,672	1,919,263
Deposits from customers	3,194,819	1,346,350	3,194,819	1,346,350
	8,681,491	3,265,613	8,681,491	3,265,613

Total interest expense are calculated using the effective interest rate method reported above and does not include interest expense on financial liabilities carried at fair value through profit or loss.

Included in interest expense on deposits from banks and leases is N11,030,000 (2021: N2,723,000) which represents interest on lease liability.

7. Fee and commission income and expense

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
Fee and commission income:	₦'000	₦'000	₦'000	₦'000
Advisory related fees and commissions	18,345	505,328	18,345	505,328
Custody fees	1,479,922	1,183,259	1,479,922	1,183,259
Transactional services fees	8,907,833	8,979,503	8,907,833	8,979,503
Other fees and commissions	839,689	336,499	839,689	336,499
	11,245,789	11,004,589	11,245,789	11,004,589

The fees and commission income reported above excludes amount included in determining effective interest rates on financial assets that are not carried at fair value through profit or loss.

Total fee and commission income recognised at a point in time amount to N5,579 million for Group and Bank (December 31, 2021: N5,382 million) respectively while an amount of N5,667 million (December 31, 2021: N5,622 million) was recognised over the period

Other fees and commissions include commissions on Bank Cheques, Statement of Account printout, Safe locker fees, etc.

7a Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	N'000	N'000	N'000	N'000
Contract liabilities	369,174	86,252	369,174	86,252

The contract liabilities which is recognised in other liabilities as unearned income primarily relate to the non-refundable up-front fees received from customers. This is recognised as revenue over the period for which a customer is expected to continue enjoying the services. The weighted-average expected period at 31 December

2022 was 1 year (2021: 1 year)
The amount of N86,252,000 million included in contract liabilities at 31 December 2021 has been recognised as revenue for the year ended 31 December 2022 (2021: N320,465,000)

Fee and commission expense:

Fees paid	24,597	5,139	24,597	5,139
	24,597	5,139	24,597	5,139

8. Income from financial instruments at FVTPL

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Trading income/(loss) on securities	2,589,671	(8,979,589)	2,589,671	(8,979,589)
Fair value gains on trading securities	7,089,331	21,812,995	7,089,331	21,812,995
Interest income from financial assets at FVTPL	30,921,903	8,551,255	30,921,903	8,551,255
Fair value gain on unquoted securities	1,612,784	3,663,027	1,612,784	3,663,027
	42,213,689	25,047,688	42,213,689	25,047,688
Income on foreign currency transactions				
Gains on foreign currency trading transactions	4,119,440	11,035,406	4,119,440	11,035,406
Net foreign exchange income	4,119,440	11,035,406	4,119,440	11,035,406
	46,333,129	**36,083,094**	**46,333,129**	**36,083,094**

Foreign currency trading income above relates largely to the Bank's derivative transactions which are mandatorily FVTPL.

9. Investment income

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Profit on sale of FVOCI securities	380,145	105,540	380,145	105,540
Dividend on equity securities	110,693	255,682	155,073	255,682
	490,838	361,222	535,218	361,222

10. Other operating loss

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Other income	93,027	61,293	93,027	61,293
Losses on foreign exchange revaluation	(11,560,247)	(3,621,900)	(11,560,247)	(3,621,900)
Gain on disposal of property and equipment*	80,953	42,270	80,953	42,270
	(11,386,267)	(3,518,337)	(11,386,267)	(3,518,337)

*See note 25 for value of assets disposed
Other income relates to the fair value income on staff loans granted below market value.

11. Personnel expenses

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Wages and salaries	8,328,676	7,264,286	8,328,676	7,264,286
Pension costs	475,753	407,236	475,753	407,236
Executive compensation (Note 35.2)	629,253	563,895	629,253	563,895
Other indirect employee costs (Note 11.1)	2,395,029	1,507,522	1,790,862	1,012,106
Deferred compensation expense (Note 11.2)	347,780	453,797	347,780	453,797
Group life	374,917	307,197	374,917	307,197
Travel allowance	262,255	259,573	262,255	259,573
	12,813,663	10,763,506	12,209,496	10,268,090

11.1 Included in other indirect employee cost for the Group is the cost on the Staff Participation Scheme of N543,750,000 (2021: N495,417,000). Also included here is the staff vehicle benefit of N757,273,000 (2021:N818,954,000) .

11.2 This relates to the measurement at fair value of the Bank's deferred cash programme (DCP), deferred cash stock units (DCP) and capital accumulation programme (CAP) in line with IFRS 2. Please see Note 40 for more information.

12. Other operating expenses

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
General adminstrative expenses	1,301,249	2,142,207	1,304,290	2,144,870
Legal and Communication	127,603	141,396	127,603	141,396
AMCON charge	5,841,985	5,730,608	5,841,985	5,730,608
Deposit insurance premium	2,451,470	2,251,036	2,451,470	2,251,036
Communications and postages	390,332	330,388	390,332	330,388
Travel and entertainment	277,266	63,818	277,266	63,818
Premises, furniture and equipment	1,451,181	949,303	1,451,181	949,303
Consultants fee	472,564	445,769	472,564	445,769
Directors fees and sitting allowances (Note 35.2)	347,050	312,550	347,050	312,550
Other related operating expenses	241,397	319,759	241,397	319,759
	12,902,097	12,686,834	12,905,138	12,689,497

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

	Dec-2022 ₦'000	Dec-2021 ₦'000	Dec-2022 ₦'000	Dec-2021 ₦'000
Auditor's remuneration	96,465	88,500	92,650	85,000
Non-audit services	12,535	11,500	12,535	11,500

Auditor's remuneration for 2022 was the fee for full year audit

Additionally, the following items are included in the general and admin expenses for the Group and Bank:

	Dec-2022 N'000	Dec-2021 N'000
Donations	-	1,162,778
Subscriptions	334,145	277,164
Regulatory fees	196,480	242,393
Technology cost	227,461	67,713
Insurance	51,350	55,904
Stationeries and supplies	279,855	28,312

12.1 Amortisation of rights of use assets

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Right of use assets amortisation	25,253	35,040	25,253	35,040

This relates to amortisation of right-of-use assets. See note 23.2

13. Impairment write-back on financial instruments

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Decrease in impairment on loans and advances to banks (see note 17.2)	(1,534)	(14,744)	(1,534)	(14,744)
Increase in impairment on loans and advances to customers (see note 21)	741,970	109,432	741,970	109,432
Decrease in impairment on financial assets FVOCI	(548,029)	(783,807)	(548,029)	(783,807)
Decrease in impairment on assets pledged as collateral (see note 20.1)	(104,821)	(542,588)	(104,821)	(542,588)
Increase in impairment on other assets (see note 23.1)	55,980	9	55,980	-
Increase / (decrease) in impairment on contingents (see note 29.2)	428,270	(713)	428,270	(713)
Recovery on previously written off loans during the year	(1,770,715)	-	(1,770,715)	-
	(1,198,879)	(1,232,411)	(1,198,879)	(1,232,420)

14. Taxation

14.1 The tax charge for the year comprises:

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Corporate income tax	12,260,237	1,724,075	12,259,389	1,723,226
Education tax	1,040,482	268,196	1,040,482	268,196
NASENI Levy	110,251	88,866	110,251	88,866
Police Trust Fund Levy	2,205	1,649	2,205	1,649
Technology levy	441,005	355,463	441,005	355,463
	13,854,180	2,438,249	13,853,332	2,437,400
Prior year over-provision	(380,820)	-	(380,820)	-
Deferred taxation (See note 31)	(876,742)	216,365	(876,742)	216,365
Income tax expense	12,596,618	2,654,614	12,595,770	2,653,765

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

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Profit before tax	43,654,899	35,234,735	44,100,477	35,546,319
Computed tax using the applicable corporate tax rate at 30%	13,096,470	10,570,421	13,230,143	10,663,896
Education tax	1,040,482	268,196	1,040,482	268,196
Technology levy	441,005	355,463	441,005	355,463
Tax effect on associate's share of profit reported net of tax	848	54,353	-	-
Tax effect of non-deductible expenses	638,883	1,071,505	505,210	1,071,505
Tax effect of non-taxable income	(2,143,844)	(8,476,516)	(2,143,844)	(8,516,487)
Police Trust Fund Levy	2,205	1,649	2,205	1,649
NASENI Levy	110,251	88,866	110,251	88,866
Prior year over-provision	(380,820)	-	(380,820)	-
Losses relieved	-	(1,009,307)	-	(1,009,307)
Effect of balancing charge and allowance	(208,862)	(270,015)	(208,862)	(270,015)
Income tax expense	12,596,618	2,654,614	12,595,770	2,653,765

The effective tax rate is 28.85% (2021: 7.53%).

15. Earnings per share

15.1 Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the year excluding the average number of ordinary shares held by the Group as treasury shares.

	Group Dec-2022	Group Dec-2021	Bank Dec-2022	Bank Dec-2021
Profit attributable to ordinary shareholders (N'000)	31,058,281	32,580,121	31,504,707	32,892,554
Weighted average number of ordinary shares in issue ('000)	3,000,000	2,793,777	3,000,000	2,793,777
Less Treasury shares ('000)	(64,877)	(60,417)	-	-
Adjusted weighted average number of ordinary shares in issue	2,935,123	2,733,360	3,000,000	2,793,777
Basic earnings per share (expressed in Naira per share)	10.35	11.66	10.50	11.77

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 (2021: Nil).

16. Cash and balances with banks

16.1 Cash and balances with Central Bank of Nigeria:

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Cash	1,058,327	2,615,259	1,058,327	2,615,259
Balances held with Central Bank of Nigeria:				
Current accounts	17,558,338	1,202,615	17,558,338	1,202,615
Total included in cash and cash equivalents (16.2)	18,616,665	3,817,874	18,616,665	3,817,874
Mandatory reserve deposit	342,802,314	275,052,314	342,802,314	275,052,314
Other bank balances				
In Nigeria:				
Current accounts - Local	184,645	3,435,107	184,645	3,435,107
Secured placements	171,909,164	-	171,909,164	-
Outside Nigeria:				
Current accounts - Foreign	56,680,139	48,515,201	56,680,139	48,515,201
Total included in cash and cash equivalents (Note 16.2)	228,773,948	51,950,308	228,773,948	51,950,308
	590,192,927	330,820,496	590,192,927	330,820,496

All balances are current

Mandatory reserve deposit is the restricted deposits with CBN which is not available for use in the Group's day to day operations. The Bank had restricted balances of N342,802,314,000 with central Bank of Nigeria (CBN) as at 31st December 2022 (December 2021: N275,052,314,000). This balance includes CBN Cash Reserve Requirement and Special Intervention Reserve. Special Intervention Reserve represents a 5% special intervention reserve held with the Central Bank of Nigeria. The cash reserve ratio includes a mandatory 32.5% (2021: 27.5%) of qualifying deposits which should be held with the Central Bank of Nigeria as a regulatory requirement.

Included in the foreign current account is N586,658,000 (2021: N835,706,000) held on behalf of customers as cash collateral in respect of letter of credit transactions (see Note 29).

16.2 Cash and cash equivalents include

	Dec-2022 ₦'000	Dec-2021 ₦'000	Dec-2022 ₦'000	Dec-2021 ₦'000
Cash and balances with Central Bank of Nigeria	18,616,665	3,817,874	18,616,665	3,817,874
Other bank balance	228,773,948	51,950,308	228,773,948	51,950,308
Trading securities - Treasury bills with tenor of less than 3 months (see note 18.1)	30,111,498	103,583	30,111,498	103,583
	277,502,111	55,871,765	277,502,111	55,871,765

17. Loans and advances to banks

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Loans to banks in Nigeria 17.1	-	519,813	-	519,813
Less allowance for impairment (Note 17.2)	-	(1,534)	-	(1,534)
	-	518,279	-	518,279
Current	-	518,279	-	518,279
Total	-	518,279	-	518,279

17.1 Loans to banks in 2021 relates to loans granted to Accion microfinance bank. The loan matured in 2022.

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

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
	Stage 1	Stage 1	Stage 1	Stage 1
Opening balance	1,534	16,278	1,534	16,278
Net remeasurement of loss allowance (Note 13)	(1,534)	(14,744)	(1,534)	(14,744)
Closing balance	-	1,534	-	1,534

18. Financial assets at fair value through profit or loss

This comprises:

18.1 Held for trading

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Treasury bills	286,553,188	243,147,426	286,553,188	243,147,426
Federal Government of Nigeria bonds	1,198,208	2,194,460	1,198,208	2,194,460
	287,751,396	245,341,886	287,751,396	245,341,886
Included in cash & cash equivalent Trading securities - Treasury bills (Note 16)	30,111,498	103,583	30,111,498	103,583

18.2 Unquoted equities

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
As at January 1	14,301,833	10,638,806	14,301,833	10,638,806
Addition during the year	1,708,596	-	1,708,596	-
Net change in fair value	1,612,784	3,663,027	1,612,784	3,663,027
	17,623,213	14,301,833	17,623,213	14,301,833

During the year the Bank possessed AFC shares as full and final payment for a facility written off during the year. The Bank is actively looking for willing buyers for the shares.

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Held for trading	287,751,396	245,341,886	287,751,396	245,341,886
Unquoted equities	17,623,213	14,301,833	17,623,213	14,301,833
Total Financial assets through profit or loss	**305,374,609**	**259,643,719**	**305,374,609**	**259,643,719**

	Dec-2022 ₦'000	Dec-2021 ₦'000	Dec-2022 ₦'000	Dec-2021 ₦'000
Current	286,542,801	243,038,349	286,542,801	243,038,349
Non current	18,831,808	16,605,370	18,831,808	16,605,370
	305,374,609	259,643,719	305,374,609	259,643,719

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	Dec-2022		
	Notional principal amounts ₦'000	Assets ₦'000	Liabilities ₦'000
Foreign exchange forward contracts	968,571,189	29,348,968	22,110,523
Swap	246,342,426	11,407,449	412,667
	1,214,913,615	40,756,417	22,523,190

	Dec-2021		
	Notional principal amounts ₦'000	Assets ₦'000	Liabilities ₦'000
Foreign exchange forward contracts	750,596,522	11,474,603	7,365,701
Swap	232,455,709	10,373,132	331,272
	983,052,231	21,847,735	7,696,973

The counterparties to the derivatives are of high quality with satisfactory credit status, therefore, there was no need for counterparty valuation adjustment for the year.

	December 2022	
Current	40,402,554	22,523,190
Non current	353,863	-
	40,756,417	22,523,190
	December 2021	
Current	21,493,872	7,380,992
Non current	353,863	315,981
	21,847,735	7,696,973

20. Assets pledged as collateral

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Investment in treasury bills FVTOCI	40,973,152	42,577,973	40,973,152	42,577,973
Impairment	(211,405)	(316,226)	(211,405)	(316,226)
Fair value of Pledged FVTOCI bills	40,761,747	42,261,747	40,761,747	42,261,747

All assets pledged as collateral are current

	Dec-2022 ₦'000	Dec-2021 ₦'000	Dec-2022 ₦'000	Dec-2021 ₦'000
Current	40,761,747	42,261,747	40,761,747	42,261,747
	40,761,747	42,261,747	40,761,747	42,261,747

These assets are pledged as security deposit to clearing house and payment agencies. The Group cannot trade on these pledged assets during the period that such assets are committed as pledged. The Bank is required to pledge the assets, which are based on market prices, in order to have continuous access to the collection and settlement platforms

20.1 Movement in impairment on Assets Pledged as Collateral	**Group** Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Impairment allowance at 1 January	316,226	858,814	316,226	858,814
(Write back)/ Impairment charge during the year (Note 13)	(104,821)	(542,588)	(104,821)	(542,588)
Impairment charge at the end	211,405	316,226	211,405	316,226

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As at 31 December 2022

21. Loans and advances to customers

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Corporate cards	549,114	540,986	549,114	540,986
Discounted Bills	52,826,925	58,003,098	52,826,925	58,003,098
Overdrafts	4,346,346	8,014,078	4,346,346	8,014,078
Term loan	147,158,573	108,801,702	147,158,573	108,801,702
Gross amount	204,880,958	175,359,864	204,880,958	175,359,864
Impairment	(1,299,262)	(1,904,841)	(1,299,262)	(1,904,841)
Net amount	203,581,696	173,455,023	203,581,696	173,455,023

21.1 The classification of loans and advances is as follows:

Group Dec-2022	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Loans and advances customers	204,847,316	-	33,642	204,880,958
Impairment allowance	(1,265,620)	-	(33,642)	(1,299,262)
Net Loans and advances	203,581,696	-	-	203,581,696

Group Dec-2021	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Loans and advances customers	173,987,550	-	1,372,314	175,359,864
Impairment allowance	(532,527)	-	(1,372,314)	(1,904,841)
Net Loans and advances	173,455,023	-	-	173,455,023

Bank Dec-2022	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Loans and advances customers	204,847,316	-	33,642	204,880,958
Impairment allowance	(1,265,620)	-	(33,642)	(1,299,262)
Net Loans and advances	203,581,696	-	-	203,581,696

Bank Dec-2021	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Loans and advances customers	173,987,550	-	1,372,314	175,359,864
Impairment allowance	(532,527)	-	(1,372,314)	(1,904,841)
Net Loans and advances	173,455,024	-	-	173,455,023

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Current (Gross)	175,091,128	139,556,451	175,091,128	139,556,451
Non-current (Gross)	29,789,831	35,803,413	29,789,831	35,803,413
	204,880,959	175,359,864	204,880,959	175,359,864

Movement gross loans during the year

Group/Bank Dec-2022	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Opening balance	173,987,549	-	1,372,314	175,359,863
Additions in the year	205,950,895	-	9,767	205,960,662
Payments in the year	(175,091,128)	-	(8,708)	(175,099,836)
Write-off	-	-	(1,339,731)	(1,339,731)
Closing Balance	204,847,316	-	33,642	204,880,958

Group/Bank Dec-2021	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Opening balance	124,303,530	22,313	1,997,443	126,323,286
Additions in the year	123,980,274	-	-	123,980,274
Write-off	-	-	(582,579)	(582,579)
Payments in the year	(74,296,255)	(22,313)	(42,550)	(74,361,118)
Closing Balance	173,987,549	-	1,372,314	175,359,863

Movement in impairments during the year

Group/Bank Dec-2022	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Opening Balance	532,527	-	1,372,314	1,904,841
Write-off	-	-	(1,347,549)	(1,347,549)
Additions/(reversal) during the year (Note 13)	733,093	-	8,877	741,970
Closing Balance	1,265,620	-	33,642	1,299,262

Group/Bank Dec-2021	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Opening Balance	379,629	916	1,997,443	2,377,988
Write-off	-	-	(582,579)	(582,579)
Additions/(reversal) during the year (Note 13)	152,898	(916)	(42,550)	109,432
Closing Balance	532,527	-	1,372,314	1,904,841

22. Financial instruments through other comprehensive income

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Fair value of financial instruments FVTOCI	163,537,921	205,271,155	163,537,921	205,271,155
Federal Government of Nigeria Bonds	-	27,122	-	27,122
Treasury bills	163,537,921	205,244,033	163,537,921	205,244,033
	163,537,921	205,271,155	163,537,921	205,271,155

	Dec-2022 ₦'000	Dec-2021 ₦'000	Dec-2022 ₦'000	Dec-2021 ₦'000
Current	163,537,921	205,271,155	163,537,921	205,271,155
Non-current	-	-	-	-
	163,537,921	205,271,155	163,537,921	205,271,155

Items reported in the other comprehensive income of N297,577,000 (2021: N3,753,061,000) relates to change in mark to market on Federal Government debt securities listed above.

22.1 Movement in impairment on FVOCI	**Group** Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
Impairment charge at January	1,318,762	2,102,570	1,318,762	2,102,570
Impairment reversal during the year	(548,029)	(783,808)	(548,029)	(783,808)
Impairment charge at the end of the year	770,733	1,318,762	770,733	1,318,762

23. Other assets

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Prepayments*	2,615,719	2,202,559	2,615,719	2,202,559
Receivables**	21,787,845	4,293,434	21,787,823	4,293,412
Contribution to AGRICSME***	10,046,789	8,402,162	10,046,789	8,402,162
Impairment	(64,305)	(8,325)	(64,283)	(8,303)
	34,386,048	14,889,830	34,386,048	14,889,830

	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Current	24,339,259	4,910,790	24,339,259	4,910,790
Non-current	10,046,789	9,979,040	10,046,789	9,979,040
	34,386,048	14,889,830	34,386,048	14,889,830

* Out of the balance in prepayment, N1.7bn (2021: N1.5bn) relates to prepaid staff benefits

** Receivable comprises largely balance with the Central Bank of Nigeria (2022: N18.3bn; 2021: N4.1bn) for the purchase of foreign currency and commissions earned not yet collected (2022: N1.7bn; 2021: N1.5bn)

*** The AGSMEIS was established by the Federal Government through the Central Bank of Nigeria in 2017 to support the Federal Government's effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN.

23.1 Movement in impairment on other assets during the year

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Opening balance	8,325	8,316	8,303	8,303
Additional impairment during the year (see note 13)	55,980	9	55,980	-
Closing balance	64,305	8,325	64,283	8,303

23.2 Right-of-use Assets

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Right-of-use Assets	86,719	11,997	86,719	11,997

The balances are non-current.

Movement of Right-of-use Assets

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Opening balance	11,997	16,660	11,997	16,660
Additions during the year	99,975	30,377	99,975	30,377
Amortization during the year (see note 12.1)	(25,253)	(35,040)	(25,253)	(35,040)
Closing balance	86,719	11,997	86,719	11,997

For the Group, the right-of-use assets relates to lease rentals on branch premises.

24. Investments in associate

Associates are those entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. In addition, it includes entities where the shareholding is less than 20% but such significant influence can be demonstrated with the existence of representation on the board of directors or equivalent governing body of the investee. The Group has determined that its investment in Accion Microfinance Bank Limited should be treated as an investment in associate based on board representation in the company. The Group shareholding in Accion is 19.90%.

The associate company's principal place of business is Lagos, Nigeria which is also the same as the country of incorporation. The company is a micro finance bank licensed by the Central Bank of Nigeria.

	Group Dec-2022 ₦'000	**Group** Dec-2021 ₦'000	**Bank** Dec-2022 ₦'000	**Bank** Dec-2021 ₦'000
At 1 January	1,214,826	1,033,648	246,556	246,556
Share of profit/(loss) after tax*	199,928	181,178	-	-
Dividends received	(44,380)	-	-	-
Balance at the end	1,370,374	1,214,826	246,556	246,556

All balances are non-current

The information above reflects the amounts presented in the financial statements of the associates (and not Citibank Nigeria

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

	Dec-2022 ₦'000	**Dec-2021** ₦'000
Total assets	15,375,768	14,837,167
Total liabilities	(8,482,539)	(8,732,512)
Net assets	6,893,229	6,104,655
Revenues	5,959,216	4,596,292
Profit/(loss)	1,198,323	1,086,950
Total comprehensive income/(loss)	1,198,323	1,086,950
Group share of profit	199,928	181,178
Group share of total comprehensive income	199,928	181,178

Reconciliation of summarized financial information

	Dec-2022 ₦'000	**Dec-2021** ₦'000
Current assets	2,085,940	2,085,940
Non current assets	13,289,828	12,751,227
Total assets	**15,375,768**	**14,837,167**
Current liabilities	3,810,250	3,810,250
Non current liabilities	4,672,289	4,922,262
Total liabilities	**(8,482,539)**	**(8,732,512)**
Net assets	6,893,229	6,104,655
Carrying value of investment in associate @ 19.88% (2021: 19.9%)	1,370,374	1,214,826

* Share of profit for the year stated above has the impact of previuosly over-recognised reserve due to the impact of change in prior year audited figures for the Associate. The breakdown is as below:

Share of profit for the year	238,227	216,303
Previously unrecognised loss	(38,299)	(35,125)
Share of profit/(loss) after tax	199,928	181,178

Dividend of N44,380,000 received from the investee during the year (2021: Nil) has been used to reduce the income and investment of the Group in the investee.

The following is recognised as non cash item in the cash flow statement:

Share of profit/(loss) after tax	199,928	181,178
Dividends received	(44,380)	-
	155,548	181,178

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 and equipment

The movement in property, and equipment during the year was as follows:

Group/ Bank

Year ended 31 December 2022	Land	Leasehold improvements and buildings*	Computer Equipment, Furniture & Equipment	Motor Vehicles	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
COST:					
At 1 January	487,580	2,898,469	1,392,686	242,265	5,021,000
Additions	-	546,080	328,963	-	875,043
Disposals	-	(381,323)	(81,606)	-	(462,929)
Transfers	-	(8,678)	8,678	-	-
At 31 December	487,580	3,054,548	1,648,721	242,265	5,433,114
ACCUMULATED DEPRECIATION					
At 1 January	-	1,705,868	960,159	199,351	2,865,378
Charge for the year	-	133,535	171,397	31,058	335,990
Disposals	-	(80,195)	(62,710)	-	(142,905)
Transfers	-	(5,282)	5,282	-	-
At 31 December	-	1,753,926	1,074,128	230,409	3,058,463
NET BOOK VALUE					
At 31 December 2022	487,580	1,300,622	574,593	11,856	2,374,651

*Includes leasehold improvement of N1.6bn (2021: N1.5bn)
There is no impairment loss recorded during the year (2021: Nil) on items of property and equipment.
See Note 33.3 for information on additional capital commitments.
All balances are not current

Year ended 31 December 2021	Land	Leasehold improvements and buildings	Computer Equipment, Furniture & Equipment	Motor Vehicles	Total
	~~N'000~~	~~N'000~~	~~N'000~~	~~N'000~~	~~N'000~~
COST:					
At 1 January	596,385	1,622,585	2,196,972	428,692	4,844,634
Additions	-	237,384	241,414	-	478,798
Disposals	-	(23,044)	(37,090)	-	(60,134)
Transfers	(108,805)	1,070,078	(706,850)	(254,423)	-
Reclassification to other assets	-	(8,534)	(301,760)	67,996	(242,298)
At 31 December	487,580	2,898,469	1,392,686	242,265	5,021,000
ACCUMULATED DEPRECIATION					
At 1 January	-	507,940	1,630,844	218,204	2,356,988
Charge for the year	-	312,462	128,579	41,393	482,434
Disposals	-	(22,124)	(36,800)	-	(58,924)
Reclassification from other assets	-	-	51,916	32,964	84,880
Transfers	-	(907,590)	814,380	93,210	-
At 31 December	-	798,278	1,774,539	292,561	2,865,378
NET BOOK VALUE					
At 31 December	487,580	2,100,192	(381,854)	(50,296)	2,155,621

26. Deposits from banks

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Current accounts	575,289	267,471	575,289	267,471
Term deposits	4,085	-	4,085	-
	579,374	267,471	579,374	267,471

	Dec-2022 ₦'000	Dec-2021 ₦'000	Dec-2022 ₦'000	Dec-2021 ₦'000
Current	579,374	267,471	579,374	267,471
Non-current	-	-	-	-
	579,374	267,471	579,374	267,471

Deposit from banks only include financial instruments classifed as liabilities at amortised cost.

Deposits from banks have fixed or variable interest rates.

27. Deposits from customers

Deposits and other accounts comprise:

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Demand	700,722,940	502,308,353	700,734,317	502,309,332
Term	103,471,140	31,840,947	103,471,140	31,840,947
	804,194,080	534,149,300	804,205,457	534,150,279

	Dec-2022 ₦'000	Dec-2021 ₦'000	Dec-2022 ₦'000	Dec-2021 ₦'000
Current	804,194,080	534,149,300	804,205,457	534,150,279
Non-current	-	-	-	-
	804,194,080	534,149,300	804,205,457	534,150,279

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	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
At 1 January	2,853,964	1,014,589	2,852,945	1,013,389
Payments during the year	(2,382,195)	(598,874)	(2,382,194)	(597,844)
Current year tax charge (see note 14)	13,854,180	2,438,249	13,853,332	2,437,400
Prior year overprovision	(381,153)	-	(380,820)	-
Balance at the end	13,944,796	2,853,964	13,943,263	2,852,945

All balances are current

29. Other liabilities

Other liabilities comprise:	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Managers' cheques	4,294,975	4,349,827	4,294,975	4,349,827
Payables*	22,557,921	17,771,632	22,557,921	17,771,632
Sundry accounts**	114,710,292	101,422,077	114,710,292	101,422,077
Deposit for foreign exchange purchase	3,406,291	6,240,548	3,406,291	6,240,548
Unapplied customer funds***	586,658	835,706	586,658	835,706
Unclaimed customer balance	873,034	705,409	873,034	705,409
Financial liabilities	146,429,171	131,325,199	146,429,171	131,325,199
Non financial liabilities:				
Accruals	2,603,600	1,881,449	2,602,489	1,888,030
Unearned income	369,174	86,252	369,174	86,252
Non financial liabilities	2,972,774	1,967,701	2,971,663	1,974,282
	149,401,945	133,292,900	149,400,834	133,299,481

	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Current	146,429,171	131,325,199	146,429,171	131,325,199
Non-current	2,972,774	1,967,701	2,971,663	1,974,282
	149,401,945	133,292,900	149,400,834	133,299,481

* Largely comprises	Dec-2022	Dec-2021
	₦'000	₦'000
Dividend payable	20,593,698	-
Customers margin collateral for non-deliverable foreign exchnage Forwards	-	12,590,530
Customers deferred transactions	-	4,241,126

Also included in this amount is N347,780,000 for 2021 (2021: N453,796,000) in respect of CAP and deferred cash award (see note 40).

** Included here are largely:	Dec-2022	Dec-2021
	₦'000	₦'000
Customers funds awaiting investment	84,936,225	78,946,751
Customers deposits for purchase of foreign currency	20,259,711	21,263,685

***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 (see Note 16.1).

29.1 Retirement benefit obligations

Group and its employees make a joint contribution of 18% (Employer 10%, employee 8%) of gross monthly emoluments.

29.2 Provisions

Provisions comprises:	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Provison for litigation (note 29.3)	783,508	788,488	783,508	788,488
Allowance on contingents	472,952	44,682	472,952	44,682
	1,256,460	833,170	1,256,460	833,170

All balances are non-current

Movement in provision for litigation:

	Dec-2022	Dec-2021
	₦'000	₦'000
At 1 January	788,488	733,510
Decrease/ (Increase) during the year	(4,980)	54,978
At the end of the year	783,508	788,488

29.3

Decrease of N4,980,000 during the year (2021: increase of N54,978,000 addition) relates to payment made.
The outstanding provision is the probable liability which may arise from the litigation cases pending against the Bank. The timing of the outflow is not certain.

Movement in allowance on contingents during the year

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Opening balance	44,682	45,395	44,682	45,395
Additional / (writeback) impairment during the year	428,270	(713)	428,270	(713)
Closing balance	472,952	44,682	472,952	44,682

29.4 Lease liabilities

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Lease liabilities	79,128	25,127	79,128	25,127

The Group leases a number of properties to utilze as its branches in various locations.
The Group applied 11.5% as the weighted average incremental borrowing rate to lease liability on transition date
The period of future economic outflows of the lease liabilities is as shown below:

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Above one year	79,128	25,127	79,128	25,127

Movement in lease liability during the year is as shown below:

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Opening balance in January 2022	25,127	28,833	25,127	28,833
Interest cost	11,030	2,723	11,030	2,723
Payment during the year	(49,466)	(34,384)	(49,466)	(34,384)
Addition during the year	92,437	27,955	92,437	27,955
	79,128	25,127	79,128	25,127

30. Other borrowed funds

Movement in other borrowed funds during the year

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Opening balance	233,570,955	60,141,226	233,570,955	60,141,226
Additions	273,201,750	233,260,500	273,201,750	233,260,500
Interest paid	(1,056,164)	(235,424)	(1,056,164)	(235,424)
Repayments (principal)	(261,263,200)	(61,671,000)	(261,263,200)	(61,671,000)
Exchange difference	7,165,410	1,836,269	7,165,410	1,836,269
Accrued interest	3,555,499	239,384	3,555,499	239,384
Balance at the end of the year	249,091,249	233,570,955	249,091,249	233,570,955
Current	244,480,249	233,570,955	244,480,249	233,570,955
Non-current	4,611,000	-	4,611,000	-
	249,091,249	**233,570,955**	**249,091,249**	**233,570,955**

The outstanding borrowed funds relates to loans taken from Citibank N.A. (DIFC branch) as follows:
i) A eleven-month N5.5bn ($12 million) loan which was obtained in May 2022. The applicable interest rate is 2.48%. Both principal and interest will be paid at maturity.

ii) A one-year N23.1bn ($50 million) loan which was obtained in May 2022. The applicable interest rate is 3.06%. Both principal and interest will be paid at maturity.

iii) A eleven-month N5.3bn ($11.5 million) loan which was obtained in June 2022. The applicable interest rate is 3.38%. Both principal and interest will be paid at maturity.

iv) A one-year N184.4bn ($400 million) loan which was obtained in August 2022. The applicable interest rate is 3.70%. Both principal and interest will be paid at maturity.

v) A eleven-month N4.1bn ($9 million) loan which was obtained in August 2022. The applicable interest rate is 3.76%. Both principal and interest will be paid at maturity.

vi) A one and half year N4.6bn ($10 million) loan which was obtained in August 2022. The applicable interest rate is 4.67%. Both principal and interest will be paid at maturity.

vii) A one-year N18.4bn ($40 million) loan which was obtained in December 2022. The applicable interest rate is 5.35%. Both principal and interest will be paid at maturity.

31. Deferred taxation

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

Group / Bank		**Dec-2022**	
Deferred tax asset:	At 1 January 2022	Recognized in income	At 31 December 2022
	~~N~~'000	~~N~~'000	~~N~~'000
Impairment reserve	-	751,735	751,735
Provisions	-	280,357	280,357
	-	1,032,092	1,032,092
Deferred tax liability:	At 1 January 2022	Recognized in income	At 31 December 2022
	~~N~~'000	~~N~~'000	~~N~~'000
Property and equipment	(199,756)	(84,950)	(284,706)
Valuation gain on equity instruments	-	(161,278)	(161,278)
FVTPL instruments	-	(34,126)	(34,126)
Impairment reserve	(125,004)	125,004	-
	(324,760)	(155,350)	(480,110)
Deferred tax asset:	(324,760)	876,742	551,982

Group / Bank		**Dec-2021**	
Deferred tax asset	At 1 January 2021	Recognized in income statement	At 31 December 2021
	~~N~~'000	~~N~~'000	~~N~~'000
Property and equipment	16,609	(16,609)	-
	16,609	(16,609)	-

Group / Bank			
Deferred tax (liability):	At 1 January 2021	Recognized in income statement	At 31 December 2021
	~~N~~'000	~~N~~'000	~~N~~'000
Property and equipment	-	(199,756)	(199,756)
Impairment reserve	(125,004)	-	(125,004)
	(125,004)	(199,756)	(324,760)
Deferred tax liability:	(108,395)	(216,365)	(324,760)

32. Share capital

Share capital comprises:	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	₦'000	₦'000	₦'000	₦'000
Authorised:				
3.0 billion Ordinary shares of ₦1.00 each	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid				
3.0 (2021:2.794) billion Ordinary shares of ₦1.00 each	3,000,000	2,793,777	3,000,000	2,793,777

Pursuant to Regulation 13 of the Companies Regulation 2021 ("Companies Regulations") and the public notice issued by the Corporate Affairs Commission (CAC) on April 16, 2021 which mandate companies with unissued shares in its share capital to fully issue such shares, the Bank issued all outstanding units of its authorised shares totaling 206,222,771 units during the year to all its existing shareholders pari passu.

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 64,876,324 units of the Bank's shares which are held in trust by the staff participation scheme (31 December 2021: 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 the mandatory annual appropriation as required by the Banks and Other Financial Institution Act of Nigeria and the Small and Medium Scale Industries Reserve (SMEEIS) reserve maintained to comply with the Central Bank of Nigeria requirement.

	Group	Group	Bank	Bank
	Dec-2022	Dec-2021	Dec-2022	Dec-2021
	N'000	N'000	N'000	N'000
SMEEIS	3,340,909	3,340,909	3,340,909	3,340,909
Mandatory statutory reserve	55,397,930	50,672,224	55,397,930	50,672,224
	58,738,839	54,013,133	58,738,839	54,013,133

During the year, sum of N4,671,226,000 (2021:N4,879,419,000) being 15% of profit after tax was added to statutory reserve

32.4. Fair value reserve
The fair value reserve includes the net cumulative change in the fair value of FVTOCI securities until the investment is derecognised or impaired.

32.5. Regulatory risk reserve

The regulatory risk reserve would be reflected where the impairment losses required by prudential regulations exceed those computed under IFRS. Such excess is recognised as a statutory credit reserve and is accounted for as an appropriation of retained earnings.

Statement of Prudential adjustments

	Dec-2022	Dec-2021
	₦'000	₦'000
IFRS impairment losses		
- Loans and advances to banks (Note 17)	-	1,534
- Loans and advances to customers (Note 21.1)	1,299,262	1,904,841
Total loan impairment	1,299,262	1,906,375
Other impairment	1,455,090	1,679,670
Total	2,754,352	3,586,045
Loan analysis by performance		
Performing:		
- Loans and advances to banks (Note 17)	-	1,534
- Loans and advances to customers (Note 21)	204,847,316	173,987,549
Non-performing:		
- Gross non performing loans and advances to customers (Note 21)	33,642	1,372,314
	204,880,958	175,361,397
Prudential provisions		
- Other Known Losses	250,694	837,528
- Specific	33,642	1,372,314
- General	4,112,050	3,482,687
Total	4,396,386	5,692,529
Excess/(shortfall) of IFRS loan impairment over prudential provision	(3,097,124)	(3,786,155)
Balance in Regulatory Risk Reserve (RRR)	3,786,155	2,780,915
Additional amount to be recognized in RRR	-	(1,005,240)

33. Contingent liabilities and commitments

33.1 Litigations and claims

There were 35 litigations and claims as at 31 December 2022 with an estimate of N4.3 billion and $25.9 million (2021: N4.0 billion and $25.9 million)). These litigations and claims arose in the normal course of business and are being contested by the Group. However, the solicitors of the Bank are of the view that the probable liability which may arise from the cases pending against the Bank is not likely to exceed N784 Million (31 December 2021: N788 Million). This probable liability has been fully provided for by the Bank (refer to Note 29).

Most of the claims are either at trial stage or on appeal. Over 80% of the matters have been in court for over 15 years while less than 10% of the matters have been in court for between 1 to 5 years.

33.2 Credit commitments and other financial facilities

	Dec-2022	Dec-2021
	₦'000	₦'000
Acceptances	2,689,193	2,592,568
Letters of credit	89,698,066	79,689,255
Bonds and guarantees	20,514,615	19,321,713
Loan commitments	15,012,769	15,670,376
	127,914,643	117,273,912

Certain bonds and guarantees are cash collateralized and secured with a total sum of N8,840,181 (2021: N8,840,181). The collateral is part of other liabilities.

33.3 Capital commitments

The group's capital commitment as at 31 December 2022 is N15,265,000 (2021: N409,404,000) in respect of authorised and contracted capital projects. The expected capitalisation period is as below:

	Dec-2022	Dec-2021
	₦'000	₦'000
Not Later than 1 year	15,265	409,404
	15,265	409,404

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. All transactions with related parties are at arms length.

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 (also controlled by Citigroup Inc.).

Balances with other Citigroup offices as at 31 December

	Dec-2022	Dec-2021
	N'000	N'000
Assets		
Balances with banks	55,050,407	49,728,227
Other assets	8,549,960	43,724.00
Derivative financial instruments	222,763	1,240,928
	63,823,130	51,012,879

	Dec-2022	Dec-2021
	N'000	N'000
Liabilities		
Other borrowed funds	245,535,750	233,260,500
Deposits from Banks	-	180,088
Other liabilities	38,234,035	33,837,478
Derivative financial instruments	1,441,353	247,756
	285,211,138	267,525,822

Income from and expenses to other Citigroup offices during the year

	Dec-2022	Dec-2021
	N'000	N'000
Interest and similar income	1,725,010	78,236
Interest and similar expense	(4,432,368)	(558,729)
Net interest income	(2,707,358)	(480,493)
Fee and commission income	976,404	631,977
	(1,730,954)	151,484
Dividend paid	22,881,887	18,763,147

34.2. Key management personnel and their immediate relatives engaged in the following transactions with the Group as at 31 December 2021

	Dec-2022	Dec-2021
	₦'000	₦'000
Loans and advances	15,135	13,563
Deposits	11,973	60,261

	Dec-2022	Dec-2021
	₦'000	₦'000
Interest income on KMP loans	409	649
Interest expense on KMP deposits	65	78

Loans and advances granted to key management personnnel are loans extended to directors under the employment scheme of service with rate of 3%. No specific impairment losses have been recorded against balances outstanding at the end of the period as the loans are performing. There is also no collateral in respect to the loans. Refer to note 35.2 for further disclosures on key management personnel.
Also, the above stated loans and advances (2022: N15,135,000 and 2021: N13,563,000) were granted to executive directors under the employment scheme of service. These facilities are classified as performing and there are no collateral to back them up, as repayment is directly deducted from the executive director's monthly salary.

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

34.3. In accordance with the Central Bank of Nigeria circular BSD/1/2004 on disclosure requirements on insider related credits.
The Bank during the year granted credit facilities to an organisation whose director is also a director of Citibank Nigeria Limited. The aggregate amount of the credits as at December 2022 is N18.33bn (Dec 2021: N20.95bn). The facilities are performing and are collaterised.

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	Dec-2022	Dec-2021
			₦'000	₦'000
Nigeria International Bank Nominees Limited	Subsidiary	Deposit	11,377	979
			11,377	979

The investment in associate is disclosed under Note 24 and the outstanding related party loan information is as follows:

Name of company	Relationship	Type	Dec-2022	Dec-2021
			₦'000	₦'000
Accion Microfinance Bank	Associate	Loan	-	519,813
			-	519,813

Loan to Accion matured during the year.

34.5 Other related parties disclosure

For the year ended December 2022

Name of Counterparty	Relationship	Type of relationship	Status	Collateral Type	Amount (N'000)
NIB Nominees	Subsidiary	Deposit	Current	N/A	11,377
Citi China	Other Citigroup entity	Others	Performing	Clean	333,772
Citibank Abidjan	Other Citigroup entity	Others	Performing	Clean	1,559
Citibank Australia	Other Citigroup entity	Others	Performing	Clean	896,079
Citibank Europe Plc Dublin	Other Citigroup entity	Others	Performing	Clean	9,928,550
Citibank International Plc	Other Citigroup entity	Others	Performing	Clean	1,312,136
Citibank N.A London	Other Citigroup entity	Others	Performing	Clean	4,046,155
Citibank N.A New York	Other Citigroup entity	Others	Performing	Clean	38,508,847
Citibank South Africa	Other Citigroup entity	Others	Performing	Clean	23,310
Citi Bank Zambia Limited	Other Citigroup entity	Other Asset	Performing	Clean	1,432
Citi China	Other Citigroup entity	Other Asset	Performing	Clean	31,259
Citibank Dubai	Other Citigroup entity	Other Asset	Performing	Clean	490
Citibank Europe Plc Dublin	Other Citigroup entity	Other Asset	Performing	Clean	34
Citibank International Plc	Other Citigroup entity	Other Asset	Performing	Clean	36,740
Citibank Kuala-Lumpur (Fin.Inst	Other Citigroup entity	Other Asset	Performing	Clean	4,853
Citibank N.A London	Other Citigroup entity	Other Asset	Performing	Clean	5,931,367
Citibank N.A New York	Other Citigroup entity	Other Asset	Performing	Clean	60,048
Citibank Overseas Invt. Corp (Co	Other Citigroup entity	Other Asset	Performing	Clean	82,929
Citibank Singapore - All Tested	Other Citigroup entity	Other Asset	Performing	Clean	718
Citibank South Africa	Other Citigroup entity	Other Asset	Performing	Clean	843
Citigroup Global Markets	Other Citigroup entity	Other Asset	Performing	Clean	2,399,232
Citibank Senegal Sa	Other Citigroup entity	Other Asset	Performing	Clean	15
Citibank N.A London	Other Citigroup entity	Derivative Asset	Performing	Clean	215,425
Citibank N.A. South Africa	Other Citigroup entity	Derivative Asset	Performing	Clean	7,339
Citibank Dubai	Other Citigroup entity	Borrowing	Performing	Clean	245,535,750
Citibank Dubai	Other Citigroup entity	Deposits	Performing	Clean	6,388
Citibank Europe Plc Dublin	Other Citigroup entity	Deposits	Performing	Clean	39,420
Citibank N.A London	Other Citigroup entity	Deposits	Performing	Clean	443,419
Citibank Senegal SA	Other Citigroup entity	Deposits	Performing	Clean	937
Citibank South Africa	Other Citigroup entity	Deposits	Performing	Clean	10,343
Citi China	Other Citigroup entity	Other Liability	Performing	Clean	31,259
Citibank Dubai	Other Citigroup entity	Other Liability	Performing	Clean	1,157
Citibank Europe Plc Dublin	Other Citigroup entity	Other Liability	Performing	Clean	2,872
Citibank International Plc	Other Citigroup entity	Other Liability	Performing	Clean	23,507

Citibank N.A London	Other Citigroup entity	Other Liability	Performing	Clean	17,541,541
Citibank N.A New York	Other Citigroup entity	Other Liability	Performing	Clean	17,028,756
Citibank Senegal SA	Other Citigroup entity	Other Liability	Performing	Clean	15
Citibank Singapore	Other Citigroup entity	Other Liability	Performing	Clean	718
Citibank South Africa	Other Citigroup entity	Other Liability	Performing	Clean	5,050
Citigroup Global Markets	Other Citigroup entity	Other Liability	Performing	Clean	3,445,237
Citi Singapore	Other Citigroup entity	Other Liability	Performing	Clean	209
Citibank Kuala-Lumpur	Other Citigroup entity	Other Liability	Performing	Clean	6,229
Citibank Overseas Invt. Corp	Other Citigroup entity	Other Liability	Performing	Clean	147,483
Citibank N.A London	Other Citigroup entity	Derivative Liability	Performing	Clean	362,429
Citibank N.A. South Africa	Other Citigroup entity	Derivative Liability	Performing	Clean	1,865
Citigroup Global Markets Limited	Other Citigroup entity	Derivative Liability	Performing	Clean	1,077,059

For the year ended December 2021

Name of Counterparty	Relationship	Type of relationship	Status	Collateral Type	Amount (N'000)
NIB Nominees	Subsidiary	Deposit	Current	N/A	979
Accion Micro Finance Bank	Associate	Loans	Performing	Guarantee	518,279
Citi China	Other Citigroup entity	Others	Performing	Clean	1,149,137
Citibank Abidjan	Other Citigroup entity	Others	Performing	Clean	1,435
Citibank Australia	Other Citigroup entity	Others	Performing	Clean	23,906
Citibank Europe Plc Dublin	Other Citigroup entity	Others	Performing	Clean	6,617,925
Citibank International Plc	Other Citigroup entity	Others	Performing	Clean	9,778,547
Citibank N.A London	Other Citigroup entity	Others	Performing	Clean	999,228
Citibank N.A New York	Other Citigroup entity	Others	Performing	Clean	31,328,419
Citibank South Africa	Other Citigroup entity	Others	Performing	Clean	(170,370)
Citibank N.A London	Other Citigroup entity	Other Asset	Performing	Clean	570
Citibank N.A New York	Other Citigroup entity	Other Asset	Performing	Clean	19,662
Citigroup Global Markets	Other Citigroup entity	Other Asset	Performing	Clean	23,492
Citibank N.A London	Other Citigroup entity	Derivative Asset	Performing	Clean	223,462
Citibank Overseas Invt. Corp (Co	Other Citigroup entity	Derivative Asset	Performing	Clean	9,833
Citigroup Global Markets	Other Citigroup entity	Derivative Asset	Performing	Clean	1,007,633
Citibank Dubai	Other Citigroup entity	Borrowing	Performing	Clean	233,260,500
Citibank Dubai	Other Citigroup entity	Deposits	Performing	Clean	12,010
Citibank Europe Plc - Worldlink	Other Citigroup entity	Deposits	Performing	Clean	92,845
Citibank N.A.	Other Citigroup entity	Deposits	Performing	Clean	6,821
Citibank Na, London Branch	Other Citigroup entity	Deposits	Performing	Clean	59,271
Citibank Senegal Sa	Other Citigroup entity	Deposits	Performing	Clean	937
Citibank South Africa	Other Citigroup entity	Deposits	Performing	Clean	8,204

Citi A&T Lon	Other Citigroup entity	Other Liability	Performing	Clean	100,142
Citi Bank Zambia Limited	Other Citigroup entity	Other Liability	Performing	Clean	(1,432)
Citi London	Other Citigroup entity	Other Liability	Performing	Clean	187,595
Citi New York	Other Citigroup entity	Other Liability	Performing	Clean	14,726,060
Citi Singapore	Other Citigroup entity	Other Liability	Performing	Clean	181
Citibank Dubai	Other Citigroup entity	Other Liability	Performing	Clean	613
Citibank Europe Plc	Other Citigroup entity	Other Liability	Performing	Clean	546,638
Citibank Europe Plc - Worldlink	Other Citigroup entity	Other Liability	Performing	Clean	1,342
Citibank Europe Plc Dublin	Other Citigroup entity	Other Liability	Performing	Clean	863
Citibank Kuala-Lumpur (Fin.Inst	Other Citigroup entity	Other Liability	Performing	Clean	1,266
Citibank N.A London	Other Citigroup entity	Other Liability	Performing	Clean	979
Citibank N.A New York	Other Citigroup entity	Other Liability	Performing	Clean	1,632,562
Citibank N.A.	Other Citigroup entity	Other Liability	Performing	Clean	11,397,716
Citibank Na, London Branch	Other Citigroup entity	Other Liability	Performing	Clean	12
Citibank Overseas Invt. Corp (Co	Other Citigroup entity	Other Liability	Performing	Clean	195,091
Citibank South Africa	Other Citigroup entity	Other Liability	Performing	Clean	4,132
Citigroup Global Markets	Other Citigroup entity	Other Liability	Performing	Clean	5,043,720
Citigroup Global Markets	Other Citigroup entity	Derivative Liability	Performing	Clean	247,756

Others stated in the tables for 2022 and 2021 relate to bank balances with the Citi affiliates.

35. Employees and directors

35.1 Employees:

The number of persons employed is as follows:

	Dec-2022	Dec-2021
Executive Directors	4	5
Management	91	89
Non-management	111	102
	206	196

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

	Group	**Group**	**Bank**	**Bank**
	2022	2021	2022	2021
	₦'000	₦'000	₦'000	₦'000
Wages and salaries	9,595,101	8,394,951	9,595,101	8,394,951
Pension costs	475,753	407,236	475,753	407,236
	10,070,854	8,802,187	10,070,854	8,802,187
Other indirect employee costs	2,395,029	1,507,522	1,790,862	1,012,106
Total personnel expenses (Note 11)	12,465,883	10,309,709	11,861,716	9,814,293
Executive Compensation (Note 11)	(629,253)	(563,895)	(629,253)	(563,895)
Executive Pension costs	(24,443)	(21,576)	(24,443)	(21,576)
	11,812,187	9,724,238	11,208,020	9,228,822

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

	2022	2021
N4,000,001 - N5,000,000	-	3
N5,000,001 - N6,000,000	1	-
N6,000,001 - N7,000,000	4	3
Above N7,000,000	201	190
	206	196

35.2 Directors

Directors' remuneration was paid as follows:

	2022 ₦'000	2021 ₦'000
Executive compensation (Note 11)	629,253	563,895
Fees and sitting allowances (Note 12)	347,050	312,550
Executive pension costs	24,443	21,576
	1,000,746	898,021

The directors' remuneration shown above includes:

	2022 ₦'000	2021 ₦'000
Chairman	64,550	55,000
Highest paid director	249,449	179,436

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

	2022 Number	2021 Number
Directors with fees above N2,000,000	5	5

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

36. Dividend

The 2021 full year dividend of N10.00k amounting to a total dividend of N27,937,772,290 was declared and paid during the year. The directors are proposing final dividend of N8.93k (N26,779,000,950) per share for the 2022 financial year.

37 Group entities

37.1 Investments in subsidiary comprises:

	2022 ₦'000	2021 ₦'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 Accion Microfinance Bank as disclosed in Note 24.

37.3 Treasury shares comprises the staff participation scheme as disclosed in Note 32.2.

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As at 31 December 2022

37.4 Condensed results of the consolidated entities are as follows:

31 December 2022	Bank	NIB	Staff participation Scheme	Elimination Entries	Group
	₦'000	₦'000	₦'000	₦'000	₦'000
Operating income	69,576,354	29,153	-	(73,533)	69,531,974
Operating expenses	(25,475,877)	(26,112)	(604,167)	29,153	(26,077,003)
	44,100,477	3,041	(604,167)	(44,380)	43,454,971
Share of profit of associates accounted for using equity method	-	-	-	199,928	199,928
Profit before tax	44,100,477	3,041	(604,167)	155,548	43,654,899
Tax	(12,595,770)	(848)	-	-	(12,596,618)
Profit after tax	31,504,707	2,193	(604,167)	155,548	31,058,281
Total assets	1,381,852,273	14,366	60,417	1,048,035	1,382,975,091
Liabilities	(1,241,078,956)	(5,635)	-	14,369	(1,241,070,222)
Net assets	140,773,317	8,731	60,417	1,062,404	141,904,869
Equity	140,773,317	8,731	60,417	1,062,404	141,904,869

31 December 2021	Bank	NIB Nominees	Staff participation Scheme	Elimination Entries	Group
	₦'000	₦'000	₦'000	₦'000	₦'000
Operating income	59,021,380	29,283	-	(29,292)	59,021,371
Operating expenses	(23,475,061)	(26,629)	(495,417)	29,292	(23,967,814)
	35,546,319	2,654	(495,417)	-	35,053,557
Share of profit of associates accounted for using equity method	-	-	-	181,178	181,178
Profit before tax	35,546,319	2,654	(495,417)	181,178	35,234,735
Tax	(2,653,765)	(849)	-	-	(2,654,614)
Profit after tax	32,892,554	1,805	(495,417)	181,178	32,580,121
31 December 2021					
Total assets	1,051,123,158	73,574	60,417	833,279	1,052,090,428
Liabilities	(913,021,160)	(67,036)	-	73,577	(913,014,619)
Net assets	138,101,998	6,538	60,417	906,856	139,075,809
Equity	138,101,998	6,538	60,417	906,856	139,075,809

38 Compliance with banking regulations

The Bank did not pay any penalty (2021: N10,000,000) during the year to the Central Bank of Nigeria (CBN)

39 Subsequent events

Aside from the final dividend of N8.93k per share declared by the Board of Directors, there were no other events subsequent to the financial position date which require adjustment to, or disclosure in, these financial statements.

COVID-19

COVID-19 is expected to continue to adversely affect global health and could negatively impact macroeconomic conditions in 2023. The extent of the impact remains uncertain and will largely depend on future developments in China, the U.S. and other countries, such as the severity and duration of the public health consequences, including the course of variants; the public response; and government actions. COVID-19 could again disrupt supply chains, worsen inflation and reduce economic activity. These factors could adversely impact Citi's businesses and results of operations and financial condition.

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 2022 and 2021

GRANT YEAR	2022 NGN'000	2021 NGN'000
2017	-	1,056
2018	916	1,831
Total	916	2,887

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 2022	2022 NGN'000	2021 NGN'000
Deferred Cash Programme (DCP)	225,649	322,729
Deferred Cash Stock Units (DCSU)	121,215	128,180
Capital Accumulation Programme (CAP)	916	2,887
Total	347,780	453,796

41. Cashflow reconciliation

i. Restricted cash

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	275,052,314	209,236,306	275,052,314	209,236,306
Addition/(reversal) during the year	67,750,000	65,816,008	67,750,000	65,816,008
Balance as at 31 December	**342,802,314**	**275,052,314**	**342,802,314**	**275,052,314**
Recognised in cashflow statement	**(67,750,000)**	**(65,816,008)**	**(67,750,000)**	**(65,816,008)**

ii. Loans and advances to customers and banks

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	173,973,302	136,703,614	173,973,302	136,703,614
Changes in ECL allowance	(740,436)	(94,688)	(740,436)	(94,688)
Write Off	1,347,549	582,579	1,347,549	582,579
Interest income	27,060,255	11,867,763	27,060,255	11,867,763
Interest received	(21,831,106)	(11,756,590)	(21,831,106)	(11,756,590)
Foreign exchange difference	6,526,138	3,748,559	6,526,138	3,748,559
Addition/(repayment) during the year	17,245,994	32,922,065	17,245,994	32,922,065
Balance as at 31 December	**203,581,696**	**173,973,302**	**203,581,696**	**173,973,302**
Recognised in cashflow statement	**(17,245,994)**	**(32,922,065)**	**(17,245,994)**	**(32,922,065)**

iii. Fair value through profit or loss

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	259,540,136	192,346,948	259,540,136	192,346,948
Interest income	30,921,903	8,551,255	30,921,903	8,551,255
Interest received	(27,464,755)	(8,588,779)	(27,464,755)	(8,588,779)
Fair value gain on debt instruments	7,089,331	21,812,995	7,089,331	21,812,995
Fair value gain on unquoted equities	1,612,784	3,663,027	1,612,784	3,663,027
Shares possessed for loan written off	1,708,596	-	1,708,596	-
Addition/(disposal) during the year	1,855,116	41,754,690	3,563,712	41,754,690
Balance as at 31 December less items included in cash & cash equivalent (Note 16.2)	**275,263,111**	**259,540,136**	**275,263,111**	**259,540,136**
Recognised in cashflow statement	**(1,855,116)**	**(41,754,690)**	**(1,855,116)**	**(41,754,690)**

iv. Fair value through other comprehensive income

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	205,271,155	224,499,428	205,271,155	224,499,428
Interest income	3,295,439	5,156,403	3,295,439	5,156,403
Interest received	(3,922,800)	(5,157,806)	(3,922,800)	(5,157,806)
Purchase of financial instruments FVTOCI	20,385,245	132,782,838	20,385,245	132,782,838
Disposal of financial instruments FVTOCI	(51,119,272)	(148,151,107)	(51,119,272)	(148,151,107)
Net change in fair value	(515,471)	(3,753,061)	(515,471)	(3,753,061)
Net amount reclassified to profit or loss	(380,145)	(105,540)	(380,145)	(105,540)
	173,014,151	**205,271,155**	**173,014,151**	**205,271,155**

v. Derivative financial assets

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	21,847,735	28,980,537	21,847,735	28,980,537
Movement during the year	18,908,682	(7,132,802)	18,908,682	(7,132,802)
Balance as at 31 December	**40,756,417**	**21,847,735**	**40,756,417**	**21,847,735**
Recognised in cashflow statement	**(18,908,682)**	**7,132,802**	**(18,908,682)**	**7,132,802**

vi. Assets pledged as collateral

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	42,261,747	51,012,000	42,261,747	51,012,000
Addition/(reversal) during the year	(1,500,000)	(8,750,253)	(1,500,000)	(8,750,253)
Balance as at 31 December	**40,761,747**	**42,261,747**	**40,761,747**	**42,261,747**
Movement for cashflow statement	(1,500,000)	(8,750,253)	(1,500,000)	(8,750,253)
Adjust for ECL allowance for the year (Note 13)	(104,821)	(542,588)	(104,821)	(542,588)
Recognised in cashflow statement	**(1,604,821)**	**(9,292,841)**	**(1,604,821)**	**(9,292,841)**

vii Other assets

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	14,889,830	36,995,410	14,889,830	36,995,410
Foreign exchange difference	339,093	184,157	339,093	184,157
Changes in ECL allowance	(55,980)	-	(55,980)	-
Addition/(reversal) during the year	19,213,105	(22,289,737)	19,213,105	(22,289,737)
Balance as at 31 December	**34,386,048**	**14,889,830**	**34,386,048**	**14,889,830**
Recognised in cashflow statement	**(19,213,105)**	**22,289,737**	**(19,213,105)**	**22,289,737**

viii. Right of use assets

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	11,997	16,660	11,997	16,660
Addition/(reversal) during the year	74,722	(4,663)	74,722	(4,663)
Balance as at 31 December	**86,719**	**11,997**	**86,719**	**11,997**
Recognised in cashflow statement	**74,722**	**(4,663)**	**74,722**	**(4,663)**

ix. Deposits from customers

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	534,149,300	503,983,768	534,150,279	503,985,776
Interest expense	3,194,819	1,346,350	3,194,819	1,346,350
Interest paid	(3,123,237)	(2,037,626)	(3,123,237)	(2,037,626)
Foreign exchange difference	11,878,624	7,034,187	11,878,624	7,034,187
Inflow/(outflow) during the year	258,094,574	23,822,621	258,104,972	23,821,592
Balance as at 31 December	**804,194,080**	**534,149,300**	**804,205,457**	**534,150,279**
Recognised in cashflow statement	**258,094,574**	**23,822,621**	**258,104,972**	**23,821,592**

x. Deposits from banks

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	267,471	1,332,807	267,471	1,332,807
Interest expense	1,380,311	3,372,457	1,380,311	3,372,457
Interest paid	(2,237,542)	(3,376,678)	(2,237,542)	(3,376,678)
Inflow/(outflow) during the year	1,169,134	(1,061,115)	1,169,134	(1,061,115)
Balance as at 31 December	**579,374**	**267,471**	**579,374**	**267,471**
Recognised in cashflow statement	**1,169,134**	**(1,061,115)**	**1,169,134**	**(1,061,115)**

xi. Derivative financial liabilities

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	7,696,973	25,852,402	7,696,973	25,852,402
Addition/(reversal) during the year	14,826,217	(18,155,429)	14,826,217	(18,155,429)
Balance as at 31 December	**22,523,190**	**7,696,973**	**22,523,190**	**7,696,973**
Movement for cashflow statement	**14,826,217**	**(18,155,429)**	**14,826,217**	**(18,155,429)**
Recognised in cashflow statement	**(14,826,217)**	**18,155,429**	**(14,826,217)**	**18,155,429**

xii Other liabilities

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
At 1 January	133,292,900	315,662,129	133,299,481	315,666,057
Foreign exchange difference	2,937,550	1,116,329	2,937,550	1,116,329
Reclassification to provision	-	(778,903)	-	(778,903)
Prior year overprovision	381,153	-	380,820	-
Addition/(reversal) during the year	12,790,342	(182,706,655)	12,782,982	(182,704,002)
Balance as at 31 December	**149,401,945**	**133,292,900**	**149,400,834**	**133,299,481**
Recognised in cashflow statement	**(12,790,342)**	**182,706,655**	**(12,782,983)**	**182,704,002**

xii Property and equipment

	Group Dec-2022 ₦'000	Group Dec-2021 ₦'000	Bank Dec-2022 ₦'000	Bank Dec-2021 ₦'000
Cost of items disposed	462,929	60,134	462,929	60,134
Depreciation on items disposed	(142,905)	(58,924)	(142,905)	(58,924)
Net book value of items disposed	320,024	1,210	320,024	1,210
Gains on sale of items disposed	80,953	61,293	80,953	61,293
Proceed from sales of property and equipment	400,977	62,503	400,977	62,503

OTHER NATIONAL DISCLOSURES

CITIBANK NIGERIA LIMITED

VALUE ADDED STATEMENT
Other Financial Information
For the year ended 31 December 2022

	Group **2022** N'000	%	**2021** N'000	%	Bank **2022** N'000	%	**2021** N'000	%
Gross Operating income	77,039,183		61,059,712		77,083,563		61,059,712	
Interest expense								
- Local	(8,681,491)		(3,265,613)		(8,681,491)		(3,265,613)	
	68,357,692		57,794,099		68,402,072		57,794,099	
Impairment losses on financial instruments	1,198,879		1,232,411		1,198,879		1,232,420	
Adminstrative overheads	(12,951,947)		(12,727,013)		(12,954,988)		(12,729,676)	
Share of profit of associates accounted for using equity method	199,928.00		181,178		-		-	
	56,804,552	100%	46,480,675	100%	56,645,963	100%	46,296,843	100%
Distribution:								
Employees								
- Salaries and benefits	12,813,663	23%	10,763,506	23%	12,209,496	22%	10,268,090	22%
Government								
- Taxation	12,596,618	22%	2,654,614	6%	12,595,770	22%	2,653,765	6%
Future								
- Asset replacement (depreciation)	335,990	1%	482,434	1%	335,990	1%	482,434	1%
- Expansion (transfer to equity)	31,058,281	55%	32,580,121	70%	31,504,707	56%	32,892,554	71%
	56,804,552	100%	46,480,675	100%	56,645,963	100%	46,296,843	100%

OTHER NATIONAL DISCLOSURES

CITIBANK NIGERIA LIMITED

CONSOLIDATED FIVE YEAR FINANCIAL SUMMARY
Other Financial Information
Statement of Finacial Position

	IFRS Dec-2022	IFRS Dec-2021	IFRS Dec-2020	IFRS Dec-2019	IFRS Dec-2018
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and balances with banks	590,192,927	330,820,496	327,685,315	84,194,004	128,929,926
Loans and advances to banks	-	518,279	12,758,316	220,073,577	136,562,806
Financial assets at fair value through profit or loss	305,374,609	259,643,719	231,477,737	207,373,649	184,211,990
Derivative financial instruments - assets	40,756,417	21,847,735	28,980,537	34,119,650	30,965,145
Assets pledged as collateral	40,761,747	42,261,747	51,012,000	45,125,359	29,002,684
Loans and advances to customers	203,581,696	173,455,023	123,945,298	153,579,341	108,255,998
Fair value through other comprehensive income	163,537,921	205,271,155	224,499,428	75,999,310	71,451,691
Other assets	34,386,048	14,889,830	36,995,410	51,697,200	35,776,177
Investments in associate	1,370,374	1,214,826	1,033,648	1,087,151	946,394
Property and equipment	2,374,651	2,155,621	2,487,646	2,496,443	2,291,363
Right-of-use assets	86,719	11,997	16,660	24,930	-
Deferred tax asset	551,982	-	-	-	-
Total assets	1,382,975,091	1,052,090,428	1,040,891,995	875,770,614	728,394,174
LIABILITIES					
Deposits from banks	579,374	267,471	1,332,807	4,876,934	196,702,799
Deposits from customers	804,194,080	534,149,300	503,983,768	298,145,123	384,453,005
Derivative financial instruments - liabilities	22,523,190	7,696,973	25,852,402	6,395,573	3,229,987
Lease liabilities	79,128	25,127	28,833	26,096	-
Current income tax liabilities	13,944,796	2,853,964	1,014,589	3,432,720	4,979,380
Other borrowed funds	249,091,249	233,570,954	60,141,226	183,696,071	-
Other liabilities	149,401,945	133,292,900	315,662,129	258,929,838	48,886,121
Provisions	1,256,461	833,170	778,903	-	-
Deferred tax liability	-	324,760	108,395	33,958	249,339
Total equity	141,904,868	139,075,809	132,767,846	120,234,301	89,893,543
Total equity and liabilities	1,382,975,091	1,052,090,428	1,040,891,995	875,770,614	728,394,174
Credit commitments and other financial facilties	127,914,643	117,273,912	106,015,689	137,498,336	100,444,069

STATEMENT OF COMPREHENSIVE INCOME

	IFRS Dec-2022	IFRS Dec-2021	IFRS Dec-2020	IFRS Dec-2019	IFRS Dec-2018
Net operating income	69,531,974	59,021,371	62,082,782	59,517,814	53,738,698
Operating expenses	(26,077,003)	(23,967,814)	(19,892,371)	(19,350,407)	(18,800,555)
Share of profit/(loss) of associates accounted for using equity method	199,928	181,178	(53,502)	196,231	213,464
Profit before tax	43,654,899	35,234,735	42,136,909	40,363,638	35,151,607
Taxation	(12,596,618)	(2,654,614)	(660,288)	(3,223,155)	(4,856,490)
Profit for the year	31,058,281	32,580,121	41,476,621	37,140,483	30,295,117
Other comprehensive (loss)/income for the year, net of tax	(895,616)	(3,858,601)	(819,530)	8,233,122	(2,775,016)
Total comprehensive income attributable to shareholders	30,162,665	28,721,520	40,657,091	45,373,605	27,520,101
Earnings per share (Kobo)	1,035	1,166	1,485	1,329	1,084
Interim dividend per share (Kobo)	-	-	160	-	-
Final dividend per share (Kobo)	893	1,000	820	869	550
Number of ordinary shares of N1.00	3,000,000	2,793,777	2,793,777	2,793,777	2,793,777

OTHER NATIONAL DISCLOSURES

CITIBANK NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY - BANK
Other Financial Information
Statement of Finacial Position

	Dec-2022	Dec-2021	Dec-2020	Dec-2019	Dec-2018
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and balances with banks	590,192,927	330,820,496	327,685,315	84,194,004	128,929,926
Loans and advances to banks	-	518,279	12,758,316	220,073,577	136,562,807
Financial assets at fair value through profit or loss	305,374,609	259,643,719	231,477,737	207,373,649	184,211,990
Derivative financial instruments - assets	40,756,417	21,847,735	28,980,537	34,119,650	30,965,145
Assets pledged as collateral	40,761,747	42,261,747	51,012,000	45,125,359	29,002,684
Loans and advances to customers	203,581,696	173,455,023	123,945,298	153,579,341	108,255,998
Fair value through other comprehensive income	163,537,921	205,271,155	224,499,428	75,999,310	71,451,691
Other assets	34,386,048	14,889,830	36,995,410	51,697,200	35,776,172
Investments in associate	246,556	246,556	246,556	246,556	246,556
Property and equipment	2,374,651	2,155,621	2,487,646	2,496,443	2,291,363
Right-of-use assets	86,719	11,997	16,660	24,930	-
Investment in subsidiary	1,000	1,000	1,000	1,000	1,000
Deferred tax asset	551,982	-	-	-	-
Total assets	1,381,852,273	1,051,123,158	1,040,105,903	874,931,019	727,695,332
LIABILITIES					
Deposits from banks	579,374	267,471	1,332,807	4,876,934	196,702,799
Deposits from customers	804,205,457	534,150,279	503,985,776	298,147,131	384,454,715
Derivative financial instruments - liabilities	22,523,190	7,696,973	25,852,402	6,395,573	3,229,987
Lease liabilities	79,128	25,127	28,833	26,096	-
Current income tax liabilities	13,943,263	2,852,945	1,013,389	3,432,263	4,979,194
Other borrowed funds	249,091,249	233,570,954	60,141,226	183,696,071	-
Other liabilities	149,400,834	133,299,481	315,666,057	258,931,436	48,886,773
Provisions	1,256,461	833,170	778,903	-	-
Deferred tax liability	-	324,760	108,395	33,959	249,339
Total equity	140,773,317	138,101,998	131,977,018	119,391,556	89,192,525
Total equity and liabilities	1,381,852,273	1,051,123,158	1,040,105,903	874,931,019	727,695,332
Credit commitments and other financial facilties	127,914,643	117,273,912	106,015,689	137,498,336	100,444,069

STATEMENT OF COMPREHENSIVE INCOME

	Dec-2022	Dec-2021	Dec-2020	Dec-2019	Dec-2018
Net operating income	69,576,354	59,021,380	62,082,795	59,573,289	53,793,929
Operating expenses	(25,475,877)	(23,475,061)	(19,273,085)	(19,019,709)	(18,207,323)
Profit before tax	44,100,477	35,546,319	42,809,710	40,553,580	35,586,606
Income tax expense	(12,595,770)	(2,653,765)	(659,544)	(3,222,544)	(4,856,348)
Profit for the year	31,504,707	32,892,554	42,150,166	37,331,036	30,730,258
Other comprehensive (loss)/income for the year, net of tax	(895,616)	(3,858,601)	(819,530)	8,233,122	(2,775,016)
Total comprehensive income attributable to shareholders	30,609,091	29,033,953	41,330,636	45,564,158	27,955,242
Earnings per share	1,050	1,177	1,509	1,336	1,100
Interim dividend per share (Kobo)	-	-	160	-	-
Final dividend per share (Kobo)	893	1,000	820	869	550
Number of ordinary shares of N1.00	3,000,000	2,793,777	2,793,777	2,793,777	2,793,777