

For the year ended 31 December 2008

The directors have pleasure in presenting their annual report on the affairs of Citibank Nigeria Limited ("the Bank"), together with the financial statements and auditors' report for the year ended 31 December 2008.

Legal Form and Principal Activity

The Bank is a limited liability company. The principal activity of the Bank continues to be the provision of banking services in all its ramifications to corporate and individual customers.

Operating Results

Highlights of the Bank's operating results are as follows:

	2008	2007
	N'000	N'000
Gross earnings	20,069,477	17,344,949
Interest expense	(2,810,030)	(2,096,096)
Net revenue	17,259,447	15,248,853
Operating expenses	(6,018,732)	(6,206,721)
Provisions on risk assets , (net)	(443,279)	(628,721)
Profit before taxation	10,797,436	8,413,411
Taxation	(2,267,953)	(1,467,313)
Profit after taxation	8,529,483	6,946,098
Transfer to statutory reserve	(1,279,422)	(1,041,915)
Transfer to general reserve	(7,250,061)	(5,904,183)
Retained earnings for the year	-	-

Dividend

The board recommends for the approval of the shareholders the payment of a dividend of ₦7,124,131,933.95 (₦2.55k per share) from the outstanding balance in the general reserve account as at 31 December 2008. The dividends are subject to deduction of withholding tax.

Directors and their Interests

The following directors of the Bank held office during the year and had interests in the shares of the Bank as noted:

		Number Ordinary shares of ₦1	
		2008	2007
Chief C. S. Sankey	- Chairman	36,344,299	36,344,299
Mr. Emeka Emuwa	- Managing Director	-	-
Ms. Funmi Ade-Ajayi	- Executive Director	-	-
Mr. Munir S. Nanji (British)	- Executive Director	-	-
Mrs. Remi Odunlami	- Executive Director	-	-
Mr. Eddy Ogbogu	- Executive Director	-	-
Chief E. J. Amana		20,461,831	20,461,831
Mr. Ade Ayeyemi		-	-
Alhaji M. H. Koguna		6,295,280	6,295,280
Professor I. O. Oladapo		13,523,757	13,523,757
Mr. Khalid Qurashi (British)		-	-
Mr. Zdenek Turek (Czech Rep) - resigned 31 December, 2008	-	-	-

The directors to retire by rotation at the next Annual General Meeting are Professor I.O. Oladapo and Chief E.J. Amana who, being eligible, offer themselves for re-election.

Since the last Annual General Meeting, Mr. Naveed Riaz was appointed to the Board to replace Mr. Zdenek Turek. In addition, Chief Arthur Mbanefo and Professor Yemi Osinbajo S.A.N were appointed to the board as independent directors in line with the requirements of the Central Bank of Nigeria's code of corporate governance for banks. All these appointments are with effect from 1 January 2009. In accordance with the Companies and Allied Matters Act, Mr. Riaz, Chief Mbanefo and Professor Osinbajo, will retire and offer themselves for re-election.

Subsequent to the Bank's year end, Mrs. Remi Odunlami and Mr. Eddy Ogbogu resigned from the Board.

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2008

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 1990, and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Bank and the profit for the financial year.

The responsibilities include ensuring that:

- Appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.
- The Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 1990 and Banks and Other Financial

Institutions Act 1991.

c) The Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

d) The financial statements are prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

Fixed Assets

Information relating to changes in the tangible fixed assets of the Bank is given in Note (8) to the financial statements.

Charitable Contributions and Other Donations

In order to identify with the aspirations of the community and the environment within which we operate, a total sum of ₦9,600,000 (2007: ₦7,500,000) was given out as donations and charitable contributions during the financial year. Details of these donations and charitable contributions are as follows:

	₦
Modupe Cole Memorial Child Care	500,000
Breast Without Spot	500,000
Children Emergency Relief Fund	500,000
Bethseda Child Support Agency	500,000
Nigerian Red Cross	400,000
Sickle Cell Club, Lagos	400,000
SOS Children's Village, Lagos	400,000
Pacelli School for the Blind	400,000
Atunda Olu School For Physically Handicapped Children	400,000
National Orthopedic Special School, Igbobi	400,000
Child Life Line, Yaba & Ikorodu, Lagos	400,000
Cheshire Home, Borokiri, Port Harcourt.	400,000
Motherless Babies Home, Borokiri, Port Harcourt	400,000
Rosalie Home for Destitutes, Eleme, Port Harcourt	400,000
The Child (For Mentally Retarded Children) Port Harcourt	400,000
Compassion Home for the Physically Handicapped Children, Port Harcourt	400,000
Wesley School 1 for Deaf Children	300,000
Wesley School 2 for Deaf Children	300,000
Arrows of God Orphanage	300,000
Right Steps Incorporated, Aba	250,000
Ngwa Road Motherless Babies Home, Aba	250,000
Seventh-Day Adventist Motherless Babies Home, Aba	250,000
Motherless Babies Home, Kuje, Abuja	250,000
Motherless Babies Home, Nyanya, Abuja	250,000
Medical Missionaries of Mary, Hospital, Lugbe	250,000
St. Anne's Orphanage, Warri	200,000
Our Lady of Mercy Orphanage, Warri	200,000
TOTAL	9,600,000

During the year the Bank did not make any donation to other non-political organizations (2007: nil).

Health and Safety at Work

The Bank's employees are adequately insured against occupational hazards. In addition, medical facilities are provided to employees and their immediate families at the Bank's expense.

Employment of Disabled Persons

The Bank has a non-discriminatory policy on recruitment. Applications would always be welcomed from suitably qualified disabled persons and are reviewed strictly on qualification. The Bank's recruitment policy is that the highest qualified persons are recruited irrespective of physical condition, sex, state of origin, ethnicity and religion. The policy is non-discriminatory and welcomes applications from qualified disabled persons.

During the year under review, the Bank did not employ any disabled persons.

Employee Consultation and Training

The Bank places a high premium on consultation with employees on matters affecting them. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting them and the performance of the Bank.

The Bank draws extensively on Citigroup's training programs offered around the world. The programs include on the job training, classroom sessions and web-based training programs which are available to all staff.

Auditors

KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, 1990.

27, Kofo Abayomi Street
Victoria Island
Lagos
25 March 2009

BY ORDER OF THE BOARD



Olusola Fagbure
Company Secretary

2008 Corporate Governance Report

Citibank Nigeria Limited is committed to ensuring the implementation of good corporate governance principles in all its activities. Citibank Nigeria adheres to Citigroup corporate governance principles and to the provisions of the Central Bank of Nigeria Code on Corporate Governance for Banks in Nigeria - Post Consolidation ('the Code').

The Board of Directors

The Board of Directors consists of twelve members comprising the Chairman, the Managing Director, six Non-Executive Directors and four Executive Directors. In line with the requirements of the Code, two independent directors were appointed with effect from 1 January 2009. The Directors and their shareholdings are listed in the Directors' report.

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

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

The Board meets quarterly and additional meetings are convened as required. In 2008 the Board met five times.

The Board has delegated some of its responsibilities to the following standing board committees: Risk Management Committee, Audit Committee and the Credit Committee. Each of these committees reports to the board on its activities. The Chairman of the Board is not a member of any of the board committees.

Board Committees

a) Risk Management Committee

The Risk Management Committee consists of five directors, two of whom, including the Chairman of the Committee, are Non - Executive Directors. The Committee is responsible for overseeing the Bank's Risk Management policies and procedures in the areas of franchise, operational, credit and market risk. The Committee meets quarterly and met four times during the year.

b) Credit Committee

The Credit Committee consists of five directors, three 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. The Committee meets quarterly and met four times during the year.

c) Audit Committee

The Audit Committee consists of two shareholders and two non-executive directors. The Chairman of the Committee is a shareholder.

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

and internal control.

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

The Committee meets quarterly and met four times during the year.

General Meetings

The Annual General Meeting was held on 6 May, 2008. A quorum of shareholders was present at the meeting.

Risk and Controls

In line with Citigroup policies, the Bank maintains a strong control environment. The internal control system is designed to achieve efficiency and effectiveness of operations; reliability of financial reporting and compliance with applicable laws and regulations at all levels of the Bank as required by the Code.

Robust risk management policies and mechanisms have been put in place to ensure identification of risk and effective control. The Board Risk Management Committee oversees the Bank's risk management policies.



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INDEPENDENT AUDITOR'S REPORT

To the Members of Citibank Nigeria Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Citibank Nigeria Limited, which comprise the balance sheet as at 31 December, 2008, and the profit and loss account, statement of cash flows and value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 36 to 63.

Directors' Responsibility for the Financial Statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Citibank Nigeria Limited as at 31 December, 2008, and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

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. Additionally, the Bank's balance sheet and profit and loss account are in agreement with the books of accounts and returns.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

- i. The Bank paid penalties in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2008. Details of these contraventions and penalties paid are as disclosed in note 29 to the financial statements.
- ii. Related party transactions and balances are disclosed in note 28 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG.

25 March 2009
Lagos, Nigeria



Balance Sheet

As at 31 December 2008

	Notes	2008 N'000	2007 N'000
ASSETS:			
Cash and short-term funds	1	67,136,065	45,437,112
Short-term investments	2	13,886,154	24,117,679
Loans and advances	3	58,302,699	42,386,004
Other facilities	4	330,784	560,936
Advances under finance lease	5	76,532	97,246
Other assets	6	917,167	4,033,018
Long-term investments	7	13,366,468	15,600,006
Fixed assets	8	3,511,277	3,646,988
TOTAL ASSETS		157,527,146	135,878,989
LIABILITIES:			
Deposits and other accounts	9	97,635,454	79,134,721
Other facilities	10	334,125	566,602
Other liabilities	11	17,809,328	18,570,906
Provisions	12	292,655	331,325
Taxation payable	13	3,543,263	1,813,365
Deferred taxation	14	217,962	430,262
TOTAL LIABILITIES		119,832,787	100,847,181
NET ASSETS		37,694,359	35,031,808
CAPITAL AND RESERVES:			
Share capital	15	2,793,777	2,793,777
Share premium	16	11,643,995	11,643,995
Reserves	17	23,256,587	20,594,036
SHAREHOLDERS' FUNDS		37,694,359	35,031,808
Acceptances, bonds, guarantees and other obligations for the account of customers	18	95,585,572	58,856,226

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Chief C.S. Sankey
Chairman



Mr. Emeka Emuwa
Managing Director

Approved by the Board of Directors on 25 March 2009.

The statement of accounting policies and accompanying notes form an integral part of these balance sheets.

Profit and Loss Account

For the year ended 31 December 2008

	Notes	2008 N'000	2007 N'000
GROSS EARNINGS		20,069,477	17,344,949
INTEREST AND DISCOUNT INCOME	20	12,988,415	11,668,408
LEASE FINANCE INCOME		10,368	12,444
INTEREST EXPENSE	21	(2,810,030)	(2,096,096)
INTEREST MARGIN		10,188,753	9,584,756
Provisions on risk assets (net)	3	(443,279)	(628,721)
		9,745,474	8,956,035
Other income	22	7,070,694	5,664,097
		16,816,168	14,620,132
Operating expenses	23	(6,018,732)	(6,206,721)
PROFIT BEFORE TAXATION	23	10,797,436	8,413,411
Taxation	13	(2,267,953)	(1,467,313)
PROFIT AFTER TAXATION		8,529,483	6,946,098
APPROPRIATIONS:			
Transfer to statutory reserve	17	1,279,422	1,041,915
Transfer to general reserve	17	7,250,061	5,904,183
		8,529,483	6,946,098
Earnings per share	24	305k	249k

The board of directors recommends for the approval of the shareholders the payment of a dividend of ₦7,124,131,933.95 (₦2.55k per share) from the outstanding balance in the general reserve account as at 31 December 2008, subject to the approval of the shareholders at the next annual general meeting.

The statement of accounting policies and accompanying notes form an integral part of these profit and loss accounts.

Statement of Cash Flows

For the year ended 31 December 2008

	Notes	2008 N'000	2007 N'000
Operating Activities:			
Net cash flow from operating activities			
before changes in operating assets	25	11,981,919	9,206,944
Changes in operating assets	26	14,794,795	14,686,176
Income tax paid	13	(750,355)	(2,664,113)
Net cash flow from operating activities		26,026,359	21,229,007
Investing Activities:			
Purchase of fixed assets	8	(629,272)	(493,867)
Work in-progress on head office project		-	(885,490)
Purchase of long-term investments		(356,807)	(6,849,674)
Proceeds from sale of long-term investments		2,422,652	-
Dividend income	22	11,266	33,016
Proceeds from sale of fixed assets		91,687	89,739
Net cash flow from investing activities		1,539,526	(8,106,276)
Financing Activities:			
Dividend paid	17	(5,866,932)	(5,727,243)
Net cash flow from financing activities		(5,866,932)	(5,727,243)
Net increase in cash and short-term funds		21,698,953	7,395,488
Cash and short-term funds, beginning of year		45,437,112	38,041,624
Cash and short-term funds, end of year	1	67,136,065	45,437,112

The statement of accounting policies and accompanying notes form an integral part of these statements of cash flows.

Statement of Accounting Policies

A summary of the principal accounting policies, applied consistently throughout the current and prior year, is set out below.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Cash and short-term funds

Cash and short-term funds comprise cash balances on hand, cash deposited with the Central Bank of Nigeria, cash deposited with other banks (local and foreign) other than the Central Bank, placements with local and foreign banks, which are subject to insignificant risk of changes in their carrying value.

(c) Investments

Investments are classified as either short-term or long-term. Investments with an outstanding tenor to maturity not exceeding one year and investments held-for-trading are classified as short-term investments while the others are classified as long-term investments.

Short-term investments comprise investments in bonds and treasury bills issued by the Federal Government of Nigeria and are carried at net realizable value. Gains or losses resulting from market valuation are recognised in the profit and loss account. The original cost is disclosed.

Treasury bills not held for trading are presented net of unearned discount. Unearned discount is deferred and amortised as earned. Unearned discount is not recognised on treasury bills held for trading. Interest earned while holding short term securities is reported as interest income.

Long-term investments comprise of investment in marketable securities and unquoted securities. Investments in marketable securities are carried at the lower of cost and net realisable value. The market value of quoted securities is disclosed. Investments in unquoted securities are carried at cost. Provisions are made for permanent diminution in the value of such investments. Income earned as dividend on equity securities held as long-term investments is reported as other income, while interest earned on bonds is reported as interest income.

Any discount or premium arising on acquisition of bonds is included in the original cost of the investment and is amortised over the period of purchase to maturity.

(d) Loans and advances

Loans and advances are financial assets with fixed or determinable payments. Loans and advances are stated net of provision for bad and doubtful debts. The provision is determined by a specific assessment of each customer's account in accordance with the Central Bank of Nigeria's (CBN) circular on Prudential Guidelines for licensed banks as follows:

Number of days outstanding of principal/interest	Required provision
	%
90 days but less than 180 days	10
180 days but less than 360 days	50
Over 360 days	100

A minimum of 1% general provision is made on all loans and advances, which have not been specifically provided for, in line with the Prudential Guidelines. Bad debts are written off when it is determined that they are uncollectible.

(e) Advances under finance lease

Advances under finance lease are stated net of unearned lease finance income. Lease finance income is recognised in a manner, which provides a constant yield on the outstanding net investment over the lease period.

In accordance with the Prudential Guidelines for licensed banks, a minimum of 1% general provision is made on the aggregate net investment in finance lease. Specific provision is made on lease rentals that are doubtful of collection in line with CBN Prudential Guidelines for licensed banks and the Bank’s standard policy on loans.

(f) Fixed assets

- Fixed assets are stated at cost less accumulated depreciation.
- Subsequent costs incurred in replacing part of an item of property or equipment are recognized in the carrying amount if it is probable that the future economic benefits embodied within the part will flow to the Bank. The costs of the day to day servicing of fixed assets are recognized in the profit and loss account as incurred.
- Depreciation is provided on a straight-line basis at rates calculated to write off the cost of each asset over its estimated useful life. Land is not depreciated. Depreciation was charged at the following annual rates:

Leasehold improvements	Over the lease period
Building	2%
Furniture and equipment	20%
Computers and computer equipment	33 1/3%
Motor vehicles	25%

- Capital work-in-progress is not depreciated. Upon completion the attributable cost of each asset is transferred to the relevant asset category.
- Gains or losses on the disposal of fixed assets are included in the profit and loss account.

(g) Deposit liabilities

Deposit liabilities are the Bank’s sources of debt funding. Deposit liabilities are carried at cost.

(h) Provisions

A provision is recognized if, as a result of a past event, the Bank 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.

(i) Taxation

- Income tax payable is provided on taxable profits at the current tax rate.
- Income tax expense comprises current and deferred tax and is recognized in the profit

and loss account.

(j) Deferred taxation

Deferred taxation, which arises from temporary timing differences in the recognition of items for accounting and tax purposes, 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.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unutilized tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Off balance sheet transactions

Transactions to which there are no direct balance sheet risks to the Bank are reported and accounted for as off balance sheet transactions and comprise:

Acceptance/direct credit substitutes:

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers.

Acceptances, which meet the conditions, set out in Central Bank of Nigeria (CBN) Guidelines on the treatment of Bankers Acceptances and Commercial Papers are accounted for and disclosed as contingent liabilities. The income and expense relating to these acceptances are reported net in the financial statements.

Guarantees and performance bonds:

The Bank provides financial guarantees and bonds to third parties on the request of customers in form of bid and performance bonds or advance payment guarantees. These agreements have fixed limits and generally do not extend beyond the period stated in each contract.

The amounts reflected in the financial statements for bonds and guarantees represent the maximum accounting loss that would be recognized at the balance sheet dates if counterparties failed completely to perform as contracted.

Transaction-related contingencies:

Transaction related contingencies comprise letters of credit and commitments to deliver on sales and/or purchase of foreign exchange in the future.

(i) Letters of credit

The Bank provides letters of credit to guarantee the performance of customers to third parties. Confirmed letters of credit for which the customer has not provided cash cover are reported off balance sheet.

(ii) Commitments to deliver on sales or purchase of foreign exchange in the future:

Commitments to deliver on sales and/or purchases of foreign exchange transactions in future at contracted rates are recognized as contingent liabilities. Foreign exchange commitments are converted at contracted rates at the balance sheet date.

(l) Income recognition

Income in the profit and loss account is recognized as follows:

- Interest is accrued monthly on all interest-bearing assets. Risk assets are classified as non-performing when they are overdue for more than 90 days. Interest income arising therefrom is recognised only to the extent that cash is received. The income and expense relating to acceptances disclosed as contingent liabilities are reported net in the financial statements.
- Credit-related fee income is systematically spread over the life of the credit facility.
- Commissions and fees charged to customers for services rendered are recognised at the time the service or transaction is affected, except for commissions earned on letters of credit transactions, which are amortised over the life of the letters of credit. Commissions and fees charged to customers for services rendered in respect of bonds and guarantees are recognized over the life of such bonds and guarantees.
- Dividend income is recognized in profit and loss when the Bank becomes entitled to the dividend.
- Recoveries of previously written-off loans and advances are written back to profit and loss account on a cash basis.

(m) Foreign currency items

Transactions in foreign currencies are converted into Naira at the rates of exchange ruling at the date of each transaction (or where appropriate the rate of the related forward contracts). Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

(n) Pension scheme

The Bank 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 upon commencement of duties at the Bank. The employee and the Bank contribute 7.5% each of the employee's annual basic salary as well as housing and transport allowances to the scheme. The Bank's contributions to this scheme are charged to profit and loss account in the period to which they relate.

(o) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

(q) Segment reporting

The Bank defines a segment as a distinct or distinguishable unit of the Bank that is engaged in providing financial products or services subject to risks and rewards that are different from those of other segments. The Bank's primary format for segment reporting is based on business segments. The Bank currently operates in one geographical segment, which is Nigeria and, as such, does not have a secondary segment reporting format.

Notes to the Financial Statements

For the year ended 31 December 2008

1. Cash and short-term funds

(a) Cash and short-term funds comprise:

	2008	2007
	N'000	N'000
Cash and foreign monies	1,441,312	1,851,340

Balances held with Central Bank of Nigeria:

- Current accounts	13,015,939	7,492,029
- Restricted balance (see (b) below)	784,725	784,725
- Cash reserve (see (c) below)	1,220,324	2,091,498

Balances held with other banks and cheques in course of collection:

In Nigeria:

- Current accounts	659,529	819,732
- Secured placements (see (d) below)	2,000,000	14,000,000
- Unsecured placements	10,000,000	1,750,000

Outside Nigeria:

- Current accounts	29,738,899	9,085,232
- Placements held on account of customers' obligations (see (e) below)	8,275,337	7,562,556
	67,136,065	45,437,112

(b) This represents restricted funds held by the Central Bank of Nigeria in respect of investment in SMEEIS not yet undertaken by the Bank.

(c) In line with the current CBN policy on cash reserve, this represents 2% of two weeks average daily balances of deposit liabilities (2007: 3%).

(d) This represents placements that have been secured with FGN bonds.

(e) This represents the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note 11).

2. Short term investments:

(a) These comprise:

	2008	2007
	N'000	N'000
Treasury bills - trading	1,489,521	3,415,277
FGN bonds - trading	1,142,989	1,836,074
Treasury bills - others (see (b) below)	6,889,282	16,199,781
FGN bonds - others	4,364,362	2,666,547
	13,886,154	24,117,679

(b) Treasury bills - others are stated as follows:

	2008	2007
	N'000	N'000
Face value (see (c) below)	6,971,333	16,963,556
Unearned income	(149,534)	(737,714)
Revaluation gain/(loss)	67,483	(26,061)
Net investments	6,889,282	16,199,781

(c) Included in the treasury bills - others is ₦1,250,000,000 (2007: ₦1,855,556,000) pledged as collateral.

(d) The original cost of treasury bills and bonds is ₦8,094,937,730 (2007: ₦19,554,779,000) and ₦5,371,460,673 (2007: ₦4,441,256,000) respectively.

3. Loans and advances

(a) The classification of loans and advances is as follows:

	2008	2007
	N'000	N'000
Otherwise secured	2,628,589	2,611,513
Unsecured	58,507,998	42,372,629
	61,136,587	44,984,142
Loan loss provision (see (b) below)		
- Specific	(981,554)	(1,199,983)
- General	(1,038,676)	(374,434)
	(2,020,230)	(1,574,417)
Interest in suspense (see (c) below)	(813,658)	(1,023,721)
	(2,833,888)	(2,598,138)
	58,302,699	42,386,004

No loan was secured against real estate (2007: Nil).

(b) The movement on the general loan loss provision account during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	374,434	434,078
Provisions/(write-backs) during the year	664,242	(59,644)
Balance, end of year	1,038,676	374,434

(c) The movement on the specific loan loss provision account during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	1,199,983	827,708
Write-backs on specific provisions	(826,946)	(83,234)
Provisions during the year	608,517	775,362
Provisions on loans written-off	-	(319,853)
Balance, end of year	981,554	1,199,983

(d) The movement on the interest in suspense account during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	1,023,721	1,438,307
Interest suspended during the year	136,132	151,793
Interest recovered	(1,435)	(85,243)
Interest written-off	(344,760)	(481,136)
Balance, end of year	813,658	1,023,721

(e) Write-backs on risk assets comprise:

	2008	2007
	N'000	N'000
Write-backs on recoveries	826,946	142,878
Provisions on loans and advances	(1,272,759)	(775,362)
Write-backs on other facilities (see Note 4 (b))	2,325	3,278
Write-backs on advances under finance lease (see Note 5(c))	209	485
	(443,279)	(628,721)

(d) The maturity profile of loans and advances is as follows:

	2008	2007
	N'000	N'000
Under 1 month	3,858,942	4,921,478
1 - 3 months	25,790,732	2,938,204
3 - 6 months	4,662,087	6,016,723
6 - 12 months	16,453,850	26,794,518
Over 12 months	10,370,976	4,313,219
	61,136,587	44,984,142

(f) The analysis of loans and advances by performance is as follows:

	2008	2007
	N'000	N'000
Performing	57,591,521	36,199,129
Non-performing		
- Principal	2,731,408	7,761,292
- Interest in suspense	813,658	1,023,721
	61,136,587	44,984,142

(g) The analysis of non-performing loans and advances and related provisions is as follows:

Number of days past due	2008			2007		
	Balance	Provision	%	Balance	Provision	%
90-180	1,554,204	155,420	10	7,178,509	717,850	10
180-360	702,141	351,071	50	201,300	100,650	50
Over 360	1,288,721	1,288,721	100	1,405,204	1,405,204	100
	3,545,066	1,795,212		8,785,013	2,223,704	

(h) The analysis of loan loss provision and interest in suspense on performing and non-performing loans and advances is as follows:

	2008	2007
	N'000	N'000
Performing	1,038,676	374,434
Non-performing	1,795,212	2,223,704
	2,833,888	2,598,138

4. Other facilities

(a) The Bank acts as an intermediary for FMO Netherlands in respect of loans and advances (see Note 10). The classification of the outstanding balance as at year-end is as follows:

	2008	2007
	N'000	N'000
Unsecured	334,125	566,602
General provision	(3,341)	(5,666)
	330,784	560,936

(b) The movement on the loan loss provision for other facilities during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	5,666	8,944
Write-backs during the year (see Note 3(d))	(2,325)	(3,278)
Balance, end of year	3,341	5,666

(c) The maturity profile of other facilities is as follows:

	2008	2007
	N'000	N'000
3-6 months	164,430	134,950
6-12 months	169,695	139,437
Over 12 months	-	292,215
	334,125	566,602

(d) The only outstanding facility was performing as at year end.

5. Advances under finance lease

(a) The classification of advances under finance lease is as follows:

	2008	2007
	N'000	N'000
Otherwise secured	77,305	98,228
General provision (see (c) below)	(773)	(982)
	76,532	97,246

(b) Advances under finance lease are stated as follows:

	2008	2007
	N'000	N'000
Gross investment	88,387	111,320
Unearned income	(11,082)	(13,092)
Net investment	77,305	98,228

(c) The movement on provision for advances under finance lease during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	982	1,467
Write-back during the year (see Note 3 (d))	(209)	(485)
Balance, end of year	773	982

(d) The maturity profile of advances under finance lease is as follows:

	2008	2007
	₦'000	₦'000
Under 1 month	-	90
1-3 months	-	122
3-6 months	1,719	2,306
6 - 12 months	5,602	1,918
Over 12 months	69,984	93,792
	77,305	98,228

(e) All advances under finance lease were performing as at year end.

6. Other assets:

(a) Other assets comprise:

	2008	2007
	₦'000	₦'000
Treasury bills sold under open buy-back transactions	-	3,000,000
Interest receivable on placements	24,002	558,978
Prepayments	304,690	203,156
Sundry receivables	51,646	114,259
Fees and commissions receivable	186,063	128,011
Purchased coupon on FGN bonds	277,415	34,615
Receivable from NIB Nominees Limited (see note (28e))	71,214	-
Transfer from work-in-progress (see note (c) & (8a))	8,138	-
	923,168	4,039,019
Provisions on sundry receivables	(6,001)	(6,001)
	917,167	4,033,018

(b) (i) There was no movement on the provision on other assets during the year.

(ii) Adequate provisions have been made for diminution in the value of other assets at the balance sheet date.

(c) This represents amount of advance payments in work-in-progress transferred to other assets.

7. Long-term investments

(a) Long-term investments comprise:

	2008	2007
	N'000	N'000
Investments in equity securities:		
Nigeria International Debt Fund (NIDF) Notes (see Note (c) below)	298,700	298,700
SME Companies (See Note (d) below)	598,223	279,151
Nigeria Interbank Settlement System (NIBSS) (see Note (e) below)	47,548	47,548
Valucard Nigeria Plc (See Note (f) below)	23,019	23,019
Central Securities Clearing System Limited (See Note (g) below)	6,000	6,000
Vectis Nigeria GP (See Note (h) below)	23,752	11,251
	997,242	665,669
Provision for impaired investments (see (b) & (i) below)	(59,037)	(23,019)
	938,205	642,650
Investments in Federal Government bonds (see (j) below)	12,428,263	14,957,356
	13,366,468	15,600,006

(b) The movement on the provision for impaired investments during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	23,019	23,019
Provisions during the year	36,018	-
Balance, end of year	59,037	23,019

(c) The market and net asset values of the investment in NIDF notes at the balance sheet date were ₦199,245,900 and ₦609,224,632 respectively.

(d) This represents the Bank's direct equity investment and convertible loan stock in Accion Microfinance (₦400.449 million) and indirect equity investment in Falcongaz Limited, Alvac Company Limited, Freezone Plant Fabrication International, Nigerian Starch Mills Limited, S&B Ince Limited, Orbital Track & Fleet Management and Weltek Limited through SME II Partnership. Additional net investments of ₦319.072 million were made during the year.

(e) This represents the Bank's 3.62% equity participation in Nigerian Interbank Settlement System Plc.

(f) This represents the Bank's 3.27 % equity investment in Valucard Nigeria Plc.

(g) This represents the Bank's 1% equity investment in Central Securities Clearing System Limited.

(h) This represents the Bank's 8.80% equity investment in Vectis Nigeria GP, additional investment of ₦12.5 million was made during the year.

(i) Additional provisions of ₦36,018,000 was made with respect to investment in SME Companies.

(j) This represents market value of investments in Federal Government of Nigeria bonds with outstanding tenor to maturity exceeding one year and not held for trading. The original cost of the bonds is ₦12,212,077,216 (2007: ₦15,139,546,000).

(k) The Bank has an unpaid commitment of ₦999,999 to NIB Nominees Limited as at balance sheet date representing value of 99.99% holding in the company. NIB Nominees Limited, which commenced business in August 2008 was incorporated on 3 March 2008 to hold in its name securities purchased for the Bank's custody business. The net liability of NIB Nominee Limited at balance sheet date was ₦71,214,000. Due to the immateriality of the financial performance, financial position and cash flows of NIB Nominees as at report date, the Bank has not consolidated its financial statements.

(l) The directors are of the opinion that there has been adequate provision made for the diminution in the value of long-term investments at the balance sheet date.

8. Fixed assets

(a) The movement on these accounts during the year was as follows:

	Work in-Progress	Leasehold Improvements	Computer Equipment	Motor Vehicles	Total
		Land & Buildings	Furniture & Equipment:		
	₦'000	₦'000	₦'000	₦'000	₦'000
COST					
Balance, beginning of year	8,138	1,622,878	3,021,732	596,399	5,249,147
Additions	-	98,850	232,519	297,903	629,272
Transfers	(8,138)	(110,546)	110,546	-	(8,138)
Disposals	-	-	(260,780)	(192,075)	(452,855)
Balance, end of year	-	1,611,182	3,104,017	702,227	5,417,426
ACCUMULATED DEPRECIATION					
Balance, beginning of year	-	61,019	1,228,143	312,997	1,602,159
Charge for the year	-	34,252	487,722	145,437	667,411
Disposals	-	-	(223,520)	(139,901)	(363,421)
Transfers	-	(184)	184	-	-
Balance, end of year	-	95,087	1,492,529	318,533	1,906,149
NET BOOK VALUE					
End of year	-	1,516,095	1,611,488	383,694	3,511,277
Beginning of year	8,138	1,561,859	1,793,589	283,402	3,646,988

(b) As at 31 December 2008, there were no authorized and committed contracts (2007: ₦2.916 billion and ₦0.18 billion respectively).

(c) The land is held under a statutory right of occupancy.

(d) No leased movable assets are included in the above fixed asset accounts.

9. Deposits and other accounts

(a) Deposits and other accounts comprise:

	2008	2007
	₦'000	₦'000
Demand	89,923,529	62,003,061
Term	7,618,233	10,939,891
Savings	93,692	240,101
Interbank	-	3,000,000
Due to other Citigroup branches	-	2,951,668
	97,635,454	79,134,721

(b) The maturity profile of deposits and other accounts is as follows:

	2008	2007
	₦'000	₦'000
Under 1 month	96,923,218	73,693,596
1 - 3 months	668,795	266,239
3 - 6 months	43,441	621,656
6 - 12 months	-	4,553,230
	97,635,454	79,134,721

10. Other facilities

(a) Other facilities comprise:

	2008	2007
	₦'000	₦'000
Due to FMO Netherlands	334,125	566,602
	334,125	566,602

(b) Other facilities from FMO Netherlands bears interest rate of 2.4% above LIBOR rates and is repayable semi-annually expiring in December 2009.

(c) The maturity profile of amounts received from FMO Netherlands for on-lending (Note 4) is as follows:

	2008	2007
	N'000	N'000
3 - 6 months	164,430	134,950
6-12 months	169,695	139,437
Over 12 months	-	292,215
	334,125	566,602

11. Other liabilities

Other liabilities comprise:

	2008	2007
	N'000	N'000
Placements held on account of customers' obligations (see Note 1(d))	8,275,337	7,562,556
Deposits for foreign exchange	2,240,287	4,032,668
Managers' cheques	4,738,399	4,610,777
Accrued expenses	872,767	1,059,987
Unearned income	660,933	408,973
Interest payable	51,771	146,971
Collections	231,285	50,245
Foreign currency drafts payable	80,906	35,012
Others	657,643	663,717
	17,809,328	18,570,906

12. Provisions

(a) Provisions comprise:

	2008	2007
	N'000	N'000
Gratuity provision (see Note (b) below)	212,258	255,244
Others	80,397	76,081
	292,655	331,325

(b) The movement on gratuity provision account during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	255,244	308,492
Payments during the year	(53,205)	(59,872)
Interest earned on investment	10,219	6,624
Balance, end of year	212,258	255,244

(c) Gratuity provision

Prior to 1 July 2005, the Bank operated a gratuity scheme under which employees were entitled to certain benefits based on the terms of the scheme. Effective from 1 July 2005, the gratuity scheme was terminated and replaced by a pension plan.

Under the terms of the termination, amounts payable to employees will be paid when such employees leave the service of the Bank and the amount payable is calculated on a pro-rata basis.

13. Taxation payable

(a) The movement in taxation payable during the year was as follows:

	2008	2007
	N'000	N'000
Balance, beginning of year	1,813,365	3,376,721
Payments during the year	(750,355)	(2,664,113)
Current year charge (see Note (b) below)	2,480,253	1,100,757
Balance, end of year	3,543,263	1,813,365

(b) The tax charge for the year comprises:

	2008	2007
	N'000	N'000
Current tax charge	2,911,821	1,100,757
Prior year over provision	(431,568)	-
	2,480,253	1,100,757
Deferred taxation (note 14)	(212,300)	366,556
	2,267,953	1,467,313

The current tax charge has been computed at the rate of 30% on the profit for the year after adjusting for certain items of income and expenditure, which are not deductible or chargeable for tax purposes, plus 2% Education Levy for the year.

14. Deferred taxation

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

	2008	2007
	N'000	N'000
Balance, beginning of year	430,262	63,706
(Reversal)/charge during the year (note 13)	(212,300)	366,556
Balance, end of year	217,962	430,262

(b) The Bank's exposure to deferred tax has been fully provided for in the financial statements. The directors are of the opinion that these timing differences are likely to reverse in the foreseeable future.

15. Share capital

(a) Share capital comprises:

	2008	2007
	₦'000	₦'000
Authorised:		
3.0 billion Ordinary shares of ₦1.00 each	3,000,000	3,000,000
Issued and fully paid:		
2.794 billion Ordinary shares of ₦1.00 each	2,793,777	2,793,777

(b) There was no movement in share capital account during the year.

16. Share premium

There was no movement in share premium account during the year.

17. Reserves

(a) Reserves comprise:

	2008	2007
	₦'000	₦'000
Statutory reserve	7,953,776	6,674,354
General reserve (see Note (b))	11,962,928	10,543,781
Small and medium enterprises equity investment scheme (SMEEIS) reserve	3,339,883	3,375,901
	23,256,587	20,594,036

(b) The movements on these accounts during the year were as follows:

	Statutory Reserve N'000	General Reserve N'000	SMEEIS Reserve N'000	Total N'000
Balance, beginning of year	6,674,354	10,543,781	3,375,901	20,594,036
Transfer from profit and loss account	1,279,422	7,250,061	-	8,529,483
Paid out as dividend during the year	-	(5,866,932)	-	(5,866,932)
Provision for impaired Investment transferred (see note (7h))	-	36,018	(36,018)	-
Balance, end of year	7,953,776	11,962,928	3,339,883	23,256,587

In accordance with existing legislation, 15% (2007:15%) of profit after taxation of the Bank has been transferred to statutory reserve.

In accordance with the Banker's Committee and Central Bank of Nigeria's revised position on provision for SMEEIS, additional appropriation was not made for small scale industries reserve in 2008 (2007:nil).

18. Acceptances, bonds, guarantees and other obligations for the account of customers

(a) These comprise:

	2008 N'000	2007 N'000
Acceptances/direct credit substitutes	432,716	666,236
Foreign exchange commitments	14,842,553	11,230,995
Letter of credit	39,778,004	22,239,482
Bonds and guarantees	40,532,299	24,719,513
	95,585,572	58,856,226

(b) Included in bonds and guarantees is a standby letter of credit granted by the Bank to AES Nigeria Barge Limited on behalf of Power Holding Company of Nigeria (PHCN) for the sum of \$25,795,581 (2007: \$60,000,000). The facility, which is secured by a comprehensive guarantee of the Federal Government of Nigeria, is renewable annually, though the underlying contract will expire in the year 2014. 50% of the sum has been guaranteed by another Nigerian Bank. Also included in the bonds and guarantees are cash collateralized and secured guarantees with a total sum of ₦6,961,944,908 (2007: ₦4,418,181,239).

(c) Included in letter of credit are cash collateralized letters of credits for which the value at balance sheet date was ₦8,275,337,201 (2007: ₦7,998,488,731).

19. Litigations and claims

There are litigations and claims against the Bank as at 31 December 2008 amounting to ₦1,272,146,092 (2007: ₦1,400,512,340). These litigations and claims arose in the normal course of business and are being contested by the Bank. The directors, having sought professional legal counsel are of the opinion that no significant liability will crystallize from these litigations; therefore no provisions are deemed necessary.

20. Interest and discount income

Interest and discount income comprises:

	2008	2007
	₦'000	₦'000
Source:		
Lending to financial institutions	2,154,210	1,918,639
Lending to non-bank customers	7,733,314	5,862,049
Interest/discount income on securities	3,100,891	3,887,720
	12,988,415	11,668,408
	2008	2007
	₦'000	₦'000
Geographical location:		
Earned in Nigeria	12,306,577	10,492,315
Earned outside Nigeria	681,838	1,176,093
	12,988,415	11,668,408

21. Interest expense

Interest expense comprises:

	2008	2007
	₦'000	₦'000
Source:		
Borrowing from banks	976,818	130,871
Other customers	1,833,212	1,965,225
	2,810,030	2,096,096
	2008	2007
	₦'000	₦'000
Paid in Nigeria	2,513,934	1,622,097
Paid outside Nigeria	296,096	473,999
	2,810,030	2,096,096

22. Other income

Other income comprises:

	2008	2007
	N'000	N'000
Commissions	2,248,491	2,562,635
Income from foreign exchange transactions	2,163,363	1,299,831
Fees	2,050,611	885,917
Gain on sale of securities	646,004	752,685
Revaluation gain on short-term investments	80,381	121,642
Revaluation loss on long-term investments	(116,826)	-
Loss on sale of SME investment	(14,849)	-
Dividend income	11,266	33,016
Gain on sale of fixed assets	2,253	8,371
	7,070,694	5,664,097

23. Profit before taxation

(a) General

Profit before taxation for the year is stated after charging the following operating expenses:

	2008	2007
	N'000	N'000
Staff costs (see note (b))	2,801,690	2,494,233
Deposit insurance premium	518,735	553,880
Depreciation	667,411	327,841
Outsourced services	359,328	317,917
Communications	152,027	162,875
Transport and travel	101,658	104,153
Rentals	64,955	93,808
Auditor's remuneration	35,000	25,000
Diminution in value on long-term investment	36,018	-
Other administrative expenses	1,281,910	2,127,014
	6,018,732	6,206,721

(b) Staff and directors' costs

i. Cost of employees, including executive directors, during the year amounted to:

	2008	2007
	N'000	N'000
Wages and salaries	2,041,353	2,214,102
Pension costs	102,135	99,654
	2,143,488	2,313,756
Other indirect employee costs	658,202	180,477
	2,801,690	2,494,233

ii. The average number of persons employed during the year was:

2008	2007
Number	Number
248	282

iii. Employees, other than directors, earning more than ₦60,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	2008	2007
	Number	Number
₦1,000,001 - ₦2,000,000	-	36
₦2,000,001 - ₦3,000,000	58	38
₦3,000,001 - ₦4,000,000	29	39
₦4,000,001 - ₦5,000,000	26	32
Above ₦5,000,000	135	137

(c) Directors' remuneration

Directors' remuneration was provided as follows:

	2008	2007
	₦'000	₦'000
Fees as directors	16,700	16,700
Other emoluments	116,303	116,303
	133,003	133,003

The directors' remuneration shown above (excluding pension contributions and certain benefits) includes:

	2008	2007
	₦'000	₦'000
Chairman	6,350	6,350
Highest paid director	37,800	37,800

The emoluments of all other directors fell within the following ranges:

	2008	2007
	Number	Number
Nil (Foreign non-executive directors)	2	2
Nil (Local non - executive director)	1	1
Above ₦2, 000,000	7	7

24. Earnings per share

Earnings per share are based on the profit after taxation for the year and the Ordinary shares of 2,793,777,229 in issue during the year.

25. Net cash flow from operating activities before changes in operating assets

This comprises:

	2008	2007
	N'000	N'000
Profit after taxation	8,529,483	6,946,098
Add back: taxation charge	2,267,953	1,467,313
Profit before taxation	10,797,436	8,413,411
Adjustments to reconcile profit before taxation to net cash flow from operations:		
- depreciation	667,411	327,841
- gain on disposal of fixed assets	(2,253)	(8,371)
- Provision on risk assets	443,279	628,721
- dividend income	(11,266)	(33,016)
- revaluation (gain) on short-term investments	(80,381)	(121,642)
- revaluation loss on long-term investments	116,826	-
- Diminution in value of long-term investments	36,018	-
- Loss on sale of investments, (net)	14,849	-
Net cash flow from operating activities	11,981,919	9,206,944

26. Changes in operating assets

This comprises:

	2008	2007
	N'000	N'000
(Increase)/decrease in operating assets:		
- Short-term investments	10,311,906	371,048
- Loans and advances	(16,362,508)	(7,528,733)
- Other facilities	232,477	327,757
- Other assets	3,123,989	(3,008,061)
- Advances under finance lease	20,923	48,466
Increase/(decrease) in operating liabilities:		
- Deposits and other accounts	18,500,733	18,072,747
- Other facilities	(232,477)	(327,757)
- Other liabilities	(761,578)	6,778,223
- Provisions	(38,670)	(47,514)
	14,794,795	14,686,176

27. Business segment reporting

The segment information is presented in respect of the Bank's business segments. The Bank operates the following main business segments:

- Corporate Banking** Includes loans, deposits and other transactions and balances with corporate customers.
- Commercial Banking** Includes loans, deposits and other transactions and balances with medium sized customers.
- Financial Institutions** Includes transactions in investment and trading securities, interbank placements and takings, loans, deposits and other transactions and balances majorly with other financial institutions.

The Bank's business reporting information comprises:

	Corporate banking		Commercial banking		Financial institutions		Total	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
	2008	2007	2008	2007	2008	2007	2008	2007
REVENUE								
Interest income	4,968,667	3,771,186	1,421,356	2,792,864	6,608,760	5,116,802	12,998,783	11,680,852
Other income	753,489	98,521	1,455,261	3,124,052	4,861,944	2,441,524	7,070,694	5,664,097
Total revenue	5,722,156	3,869,707	2,876,617	5,916,916	11,470,704	7,558,326	20,069,477	17,344,949
Interest expense	(960,162)	(433,994)	(873,050)	(1,212,350)	(976,818)	(449,752)	(2,810,030)	(2,096,096)
Loan loss recoveries/(expense)	(367,277)	(738,600)	(76,002)	69,606	-	40,273	(443,279)	(628,721)
	4,394,717	2,697,113	1,927,565	4,774,172	10,493,886	7,148,847	16,816,168	14,620,132
EXPENSES								
Depreciation	192,723	76,162	300,557	117,374	174,131	134,305	667,411	327,841
Other operating expenses	1,544,133	1,589,967	762,972	2,272,330	3,044,216	2,016,583	5,351,321	5,878,880
	1,736,856	1,666,129	1,063,529	2,389,704	3,218,347	2,150,888	6,018,732	6,206,721
Profit on ordinary activities before taxation	2,657,861	1,030,984	864,036	2,384,468	7,275,539	4,997,959	10,797,436	8,413,411
ASSETS AND LIABILITIES								
Total assets								
	43,193,808	51,302,303	6,881,805	5,655,194	107,451,533	78,921,492	157,527,146	135,878,989
Total liabilities								
	29,737,101	28,420,865	86,049,065	65,712,400	4,046,621	6,713,916	119,832,787	100,847,181
Net assets								
	13,456,707	22,881,438	(79,167,260)	(60,057,206)	103,404,912	72,207,576	37,694,359	35,031,808

28. Related party transactions

(a) 81.9% of the Bank's share capital is held by Citibank Overseas Investment Corporation.

(b) In the normal course of the Bank's business, the Bank enters into business transactions with other Citigroup branches at commercial rates.

(c) Certain of the Bank's directors are also directors of other companies with whom the Bank does business. All such transactions are conducted at arm's length.

(d) At the end of the year, the Bank had an outstanding credit facility of ₦198,661,309 (2007: ₦226,283,377) with a company in which a director of the Bank is also a director. The credit facility which was granted at terms comparable to other credit facilities in the Bank's credit portfolio was performing.

(e) As at year end, a net amount of ₦71.21 million was receivable from NIB Nominees Limited (see Note 6(a)). The amount was mainly in respect of staff and other overhead costs incurred and paid on behalf of NIB Nominees Limited.

29. Contraventions

The Bank contravened one applicable banking law and guideline relating to the provisions of a 1997 CBN circular with respect to treatment of CPs/BAs in the financial year ended 31 December 2008 (2007: nil). The imposed penalty of ₦2 million has been paid.

30. Prior-year comparatives

Certain prior year balances have been reclassified in line with current year classifications.

Statement of Value Added

	2008		2007	
	N'000	%	N'000	%
Gross earnings	20,069,477		17,344,949	
Interest expense				
- Foreign	(296,096)		(473,999)	
- Local	(2,513,934)		(1,622,097)	
	17,259,447		15,248,853	
Loan loss provisions, (net)	(443,279)		(628,721)	
Bought-in materials and services				
- Local	(2,549,631)		(3,384,647)	
	14,266,537	100	11,235,485	100
Applied to pay:				
Employee costs	2,801,690	20	2,494,233	22
Government as taxes	2,267,953	16	1,467,313	13
Retained in the business:				
- Depreciation	667,411	4	327,841	3
- Proposed dividend	7,124,132	50	5,866,932	52
- To augment reserves	1,405,351	10	1,079,166	10
	14,266,537	100	11,235,485	100

Five-Year Financial Summary

	2008	2007	2006	2005	2004
	N'000	N'000	N'000	N'000	N'000
Cash and short-term funds	67,136,065	45,437,112	38,041,624	22,745,877	28,615,709
Short-term investments	13,886,154	24,117,679	24,367,085	27,235,876	18,238,200
Loans and advances	58,302,699	42,386,004	35,489,755	27,588,166	15,940,416
Other facilities	330,784	560,936	885,415	1,158,838	1,326,993
Advances under finance lease	76,532	97,246	145,227	138,411	226,203
Other assets	917,167	4,033,018	1,024,957	520,173	537,724
Long-term investments	13,366,468	15,600,006	8,750,332	5,514,135	322,700
Fixed assets	3,511,277	3,646,988	2,676,840	2,077,505	1,039,419
	157,527,146	135,878,989	111,381,235	86,978,981	66,247,364
Deposits and other accounts	97,635,454	79,134,721	61,061,974	44,969,271	42,066,574
Other facilities	334,125	566,602	894,359	1,170,543	1,398,922
Other liabilities	17,809,328	18,570,906	11,792,683	10,204,810	8,496,691
Provisions	292,655	331,325	378,839	876,917	-
Taxation payable	3,543,263	1,813,365	3,376,721	1,439,335	1,734,957
Deferred tax	217,962	430,262	63,706	197,924	177,083
Share capital	2,793,777	2,793,777	2,793,777	2,762,733	1,500,000
Share premium	11,643,995	11,643,995	11,643,995	11,364,593	-
Reserves	23,256,587	20,594,036	19,375,181	13,992,855	10,873,137
	157,527,146	135,878,989	111,381,235	86,978,981	66,247,364
Other commitments and Contingencies	95,585,572	58,856,226	29,924,882	46,697,950	23,068,094
Gross earnings	20,069,477	17,344,949	16,522,399	10,032,697	9,881,104
Profit before taxation	10,797,436	8,413,411	10,555,485	4,365,658	5,351,342
Taxation	(2,267,953)	(1,467,313)	(2,833,371)	(1,245,940)	(1,772,985)
Profit after taxation	8,529,483	6,946,098	7,722,114	3,119,718	3,578,357
Earnings per share	305k	249k	276k	187k	239k
Declared dividend per share*	210k	205k	140k	-	153k
Number of Ordinary shares of ₦1.00 (million)	2,794	2,794	2,794	2,763	1,500

*Declared dividend represents the dividend proposed for the preceding year but declared during the year.