



Nigeria: Securities Market Overview

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Nigeria: Macro-economic Trends and Statistics

Nigeria Capital Market (Overview)

Citi® in Nigeria

Statistics

Population	149 million			
GDP (US\$)	\$116 billion			
GDP per head (US\$)	1,929			
GDP growth rate (%)	2.5 (2009), 4.4 (2010)			
Inflation	10.2 (2009), 8.5 (2010)			
Country Credit Rating	BB- (S&P & Fitch)			
	Dec 08	Jan 09	Feb 09	Mar 09
Market Capitalization (\$bn)	65	51	53	49
Market Cap/GDP (%)	42	33	34	31
NSE All Share Index	31451	21814	23377	19852
Turnover Value (\$ million/month)	301	203	252	273
No. of listed companies	213	214	214	214
Average Price Earning Ratio	15.94	14.44	11.58	11.01
Rate of Return (%)	(10.63)	(7.36)	(10.01)	(6.70)
OTC Value Traded (\$ bn)	7	11	11	7

Macro Data

Market Data

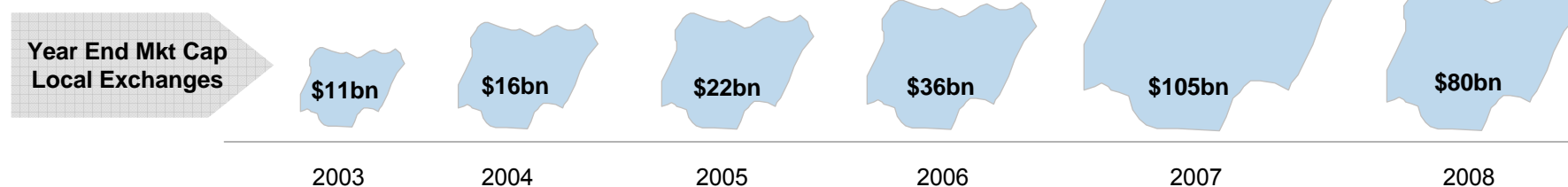
Listed Securities (Dec 08)

Companies	213
FG Bonds	35
State Bonds	5
Corporate Bonds	43
Preference Shares	3
	299

2008 New Issue Approvals

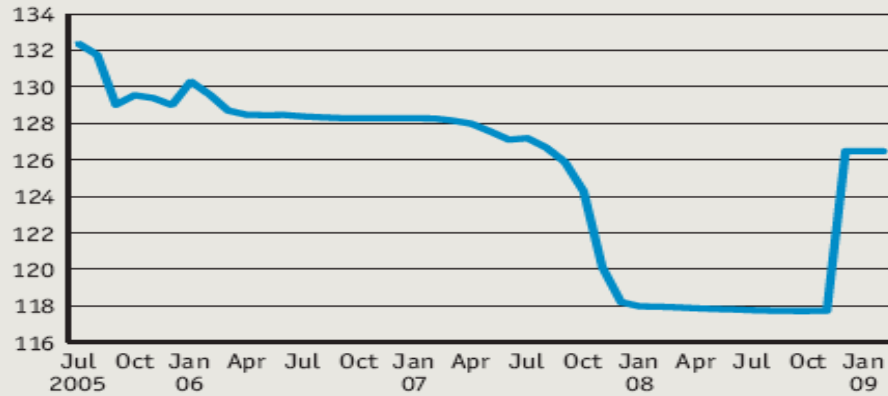
IPO	\$7bn
Rights	\$3bn
Bonds	\$2bn
M&A	\$39mn
ETFs	\$14mn

Source: EIU, NSE



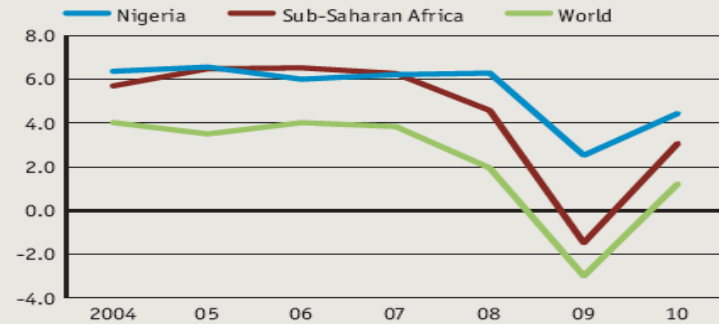
Nigeria: Economic Environment

Exchange rate
(N:US\$; av)



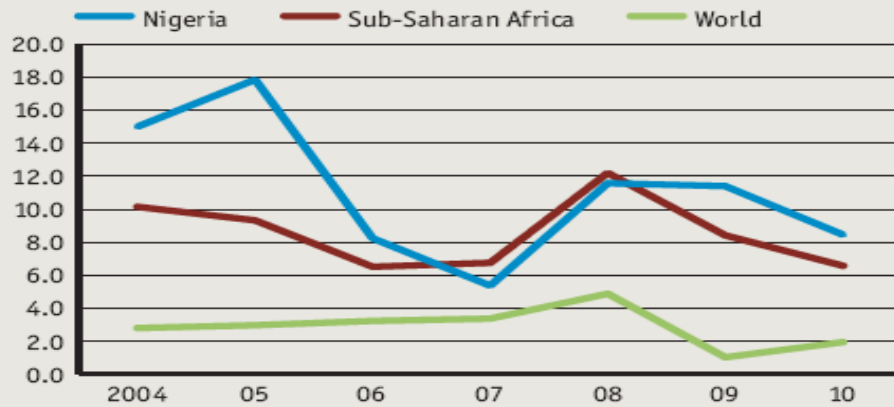
Source: Economist Intelligence Unit.

Real GDP growth
(% change)



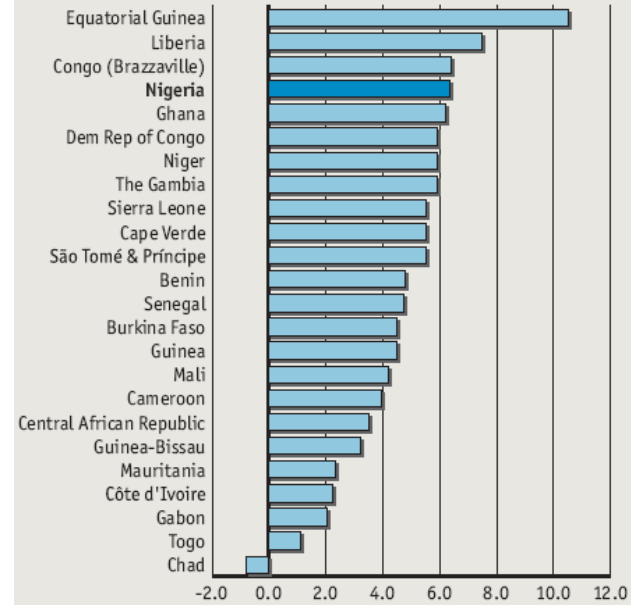
Source: Economist Intelligence Unit.

Consumer price inflation
(av; %)



Source: Economist Intelligence Unit.

Gross domestic product
(% change, year on year)



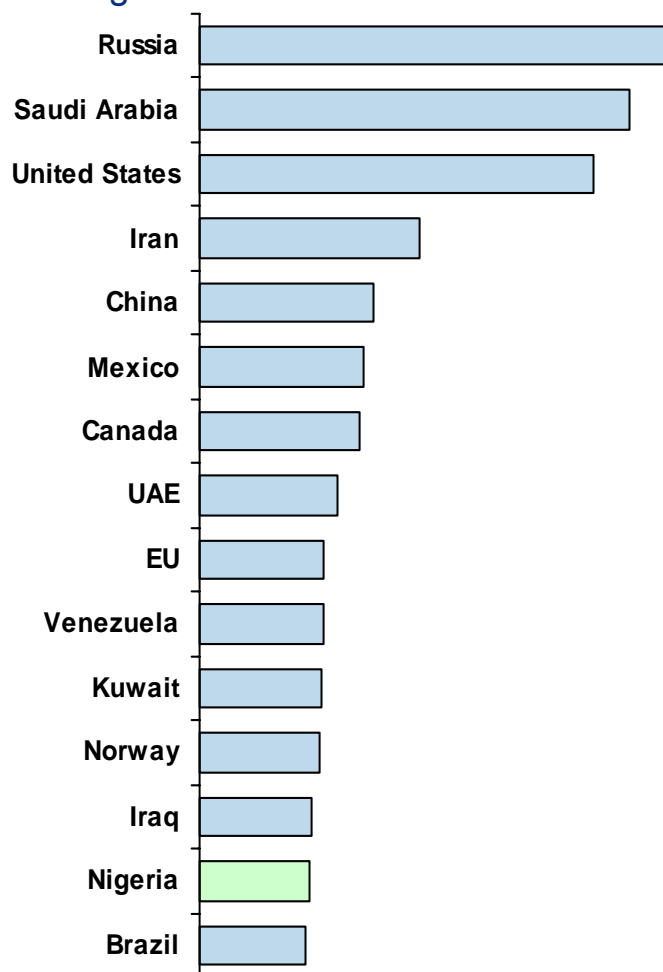
Sources: Economist Intelligence Unit estimates; national sources.



Nigerian Economy Growth Drivers

Nigeria is Africa's largest oil producer and a leading producer globally. Improved performance of the non-oil sector and Nigeria's leadership position in oil production are expected to promote continued economic growth in Nigeria.

Leading Oil Producers



Comprehensive reform program based on National Economic Empowerment and Development Strategy (NEEDS) has focused on:

- Improving the macroeconomic environment
- Pursuing structural reforms
- Strengthening public expenditure management
- Implementing institutional and governance reforms

Fiscal & Monetary

- ▶ Exchange control liberalization
- ▶ Stability of interest rates
- ▶ Regulatory Reforms (Pension, Banking, Insurance)
- ▶ Economic & Political
- ▶ Democratization and Political stability
- ▶ Economic size
- ▶ Removal of Nigeria from FATF list
- ▶ Debt Clearance

Viewed against the backdrop of its economic performance since the 1980s, Nigeria has clearly turned a corner.

- Brookings Global: Economy & Development

Source: <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2173rank.html>

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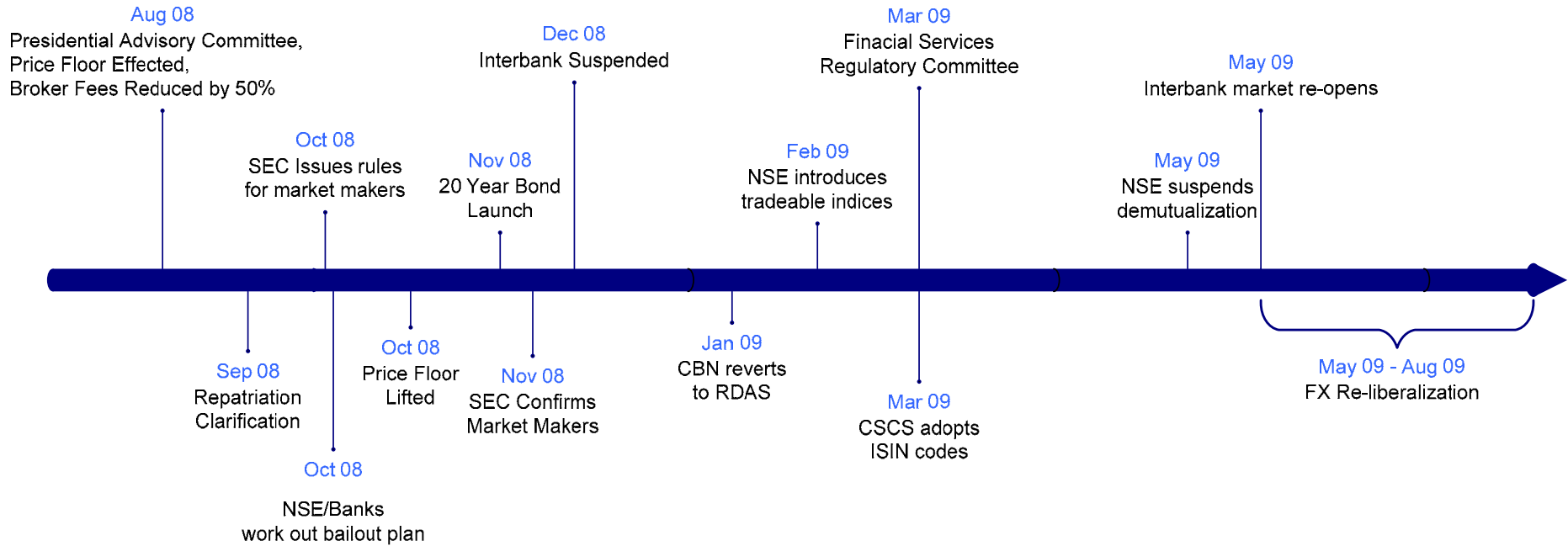
Citi® in Nigeria

Quick Market Reference Guide

Financial Instruments	
Equities	
<ul style="list-style-type: none"> - Traded on the stock exchange only 	
Fixed income	
<ul style="list-style-type: none"> - Government securities (T-Bills and Bonds) <ul style="list-style-type: none"> - Issued by Debt Management Office (DMO) - Traded OTC and on the stock exchange - Auctioned monthly - Tenors ranging from 7 days to 20 years - Corporate bonds 	
Commercial Paper	
Settlement	
Book-entry	
Settlement cycle:	T+3 (Equities), T+2 (Government Securities)
Numbering system:	ISIN
Omnibus account structure:	Allowed
Turnaround trades:	Not possible
Partial settlement:	Not allowed
Free of payment:	On Exchange - not allowed OTC - Allowed
Short selling:	Not allowed
Pre-matching:	Available
Market Penalties:	5 % of the settlement consideration
Registration	
Nominee concept is recognized	
Registration is simultaneous with settlement at the CSD	

Securities Lending and Borrowing
Not allowed
Foreign Ownership Limits
Treasury Bills: Tenor not less than 1 year
No Foreign Ownership Limits
Currency Control
Governed by the Central Bank of Nigeria
Corporate Actions
Ex-date is the same as record date
No concept of pay-date
Voting on General Shareholders Meeting
Taxation
10% Withholding tax (WHT) on dividends
10% WHT on interest on corporate bonds
No capital gains tax (CGT)
No WHT applies on government securities and agency bonds
CSD Account Structure
Segregated accounts in the name of clients: <ul style="list-style-type: none"> - CSD accounts are mirrored in Citi® books - 2 types of accounts: nominal (nominee) holder or beneficial owner

Recent Market Developments



			
<ul style="list-style-type: none"> • Clarification on Repatriation • Launch of 20 year bond • Interbank Suspension • Introduction of RDAS • FX-Reliberalization 	<ul style="list-style-type: none"> • Issues rules on share buy back and market makers • E Bonus/E-IPO/E-Dividend • Confirms market makers • Enforces price cuts by brokers 	<ul style="list-style-type: none"> • Introduces ISIN codes • E-Bonus/E-IPO • Dematerialization 	<ul style="list-style-type: none"> • Broker fee reduction • Bail out plan • Suspends Demutualization

Market Structure – Market Participants

Depository



Central Securities Clearing System (CSCS)

- Ownership: Joint Stock Company
 - Shareholders: NSE 30%, Settlement Banks 48%, Brokerage Companies 22%
- Established on 1997
- Participants in CSD include 5 Custodian banks
- Efficient DvP system
- Investor Protection Funds available
 - Trade Guarantee Fund

Stock Exchange



Nigeria Stock Exchange

- Ownership: Joint Stock Company
- 11 Branches
- NSE members: 257
- Trading days: Monday through Friday
- Trading: Online Real-time via Automated Trading System (ATS)

Regulators



Central Bank of Nigeria



Securities & Exchange Commission

Stock Exchange Indices:

- Nigeria Stock Exchange All Share Index (NSE ASI)
- NSE 30 Index
- NSE Banking 10 Index
- NSE Insurance 10 Index
- NSE Food and Beverage 10 Index
- NSE Oil/Gas 5 Index



THE Nigerian
STOCK EXCHANGE

Presented by

Mr. Farooq Oreagba

Head, Strategy & New Products Department

Introduction

- ❑ NSE commences trading in 1961
- ❑ NSE Launches All-Share index in 1984
- ❑ NSE Second-Tier Securities Market commences in 1985
- ❑ NSE hooks up with Reuters Electronic Contributor System preparatory to internalization in 1987
- ❑ The Nigerian Capital Market was deregulated in 1993
- ❑ CSCS was commissioned in 1997
- ❑ NSE transited from Open Outcry Session to ATS in 1999
- ❑ NSE commences T+3 Settlement Cycle in 2000
- ❑ NSE/CSCS Launches Trade Alert/Digital Storage and Retrieval System in 2005

Introduction - Cont'd

- ❑ OTC Bond Market was introduced in 2006
- ❑ NSE hits N1 Trillion Transaction Value in 2007
- ❑ NSE All-Share Index hits 51 Points Mark in 2007
- ❑ NSE has 12 branches across the country plus its Head Office in Lagos



THE NIGERIAN
STOCK EXCHANGE

Introduction - Cont'd

	As at 31/12/2008	As at 24/06/2009	Change (%)
No of Listed Securities	299	296	-1.0%
Total Market Capitalization	N9056trn	N8.83trn	-7.67%
All-Share Index	31,450.78	26,927.65	-14.38%
NSE 30 Index	853.43	895.05	4.88%
NSE Food & Beverages	559.34	501.42	-10.36%
NSE Banking	498.77	458.92	-7.99%
NSE Insurance	640.60	384.75	-39.94%
NSE Oil/Gas	721.58	416.46	-42.29%
Average Daily Volume of Shares Traded	775.65m	375.5m	-51.59%
Average Daily Value of Shares Traded	9.55bn	2.45bn	-74.82%

New Initiatives

- New indices
- Exchange Traded Funds (ETFs)
- Shariah Compliant Products
- Introduction of Security Borrowing & Lending
- Upgrade of Trading Infrastructure
- Dematerialization –
- Demutualization ???

Thank You

The Nigerian Stock Exchange

2-4 Customs Street

P.O. Box 2457

Lagos, Nigeria

Web: www.nigerianstockexchange.com

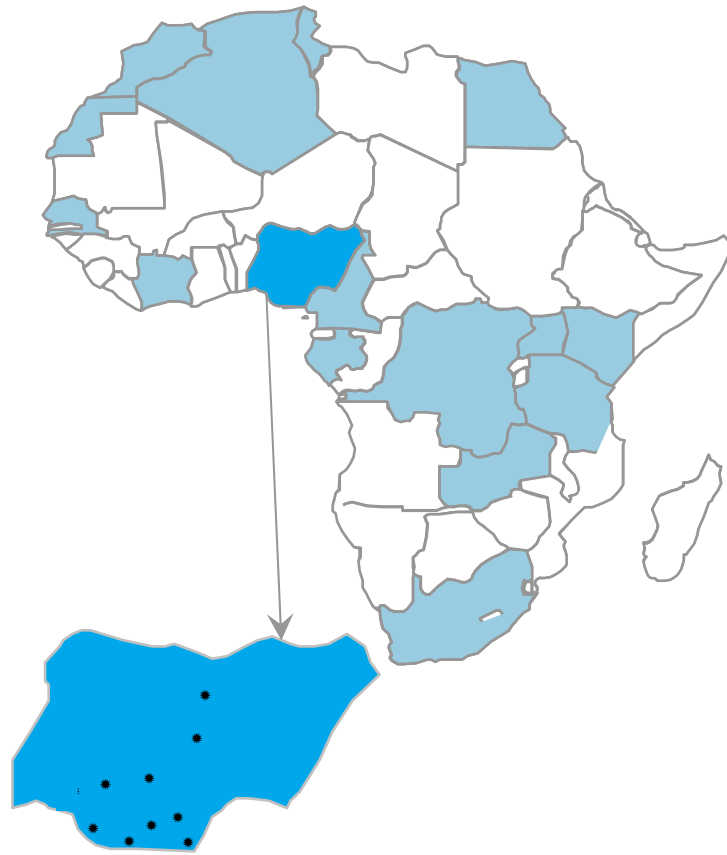
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Citi® in Nigeria

Citi Nigeria



Footprint

- Present in 16 countries in Africa
- Operate in 23 countries in Africa through our non-presence country network
- 10 Key locations
- 13 Branches
- 17 Teller Implant Locations
- 488 branches via our correspondent banking network

- Present in Nigeria since 1984
- Fully fledged Corporate and Commercial Banking product offering:
 - Direct Custody & Clearing
 - Financing (working capital, CAPEX, Trade)
 - Cash Management
 - Trade Finance and Services
 - Foreign Exchange and Hedging
 - Corporate Finance, Investment banking, Advisory
- Citi's DCC Services opened in Nigeria on 19th August 2008 as the 53rd proprietary branch and the 1st in Sub Saharan Africa
- 81.7% owned subsidiary of Citi
- A leading bank for Multinational companies
- Staff complement of approximately 300

Citi's Direct Custody and Clearing Network

Citi's unique and award-winning DCC services network consists of 57 proprietary locations, the largest in the world.



Why choose Citi Nigeria


Citi offering	Differentiating Factors	Client benefits
Quality of local market expertise & staff members	<ul style="list-style-type: none"> • Training opportunities from experts dedicated to the business globally • 10 years relevant experience on average 	<ul style="list-style-type: none"> • Global consistency of service delivery and familiarity with clients' expectations and requirements • Best market practices implemented for clients
Quality of technology	<ul style="list-style-type: none"> • Technology platform that provides for consistency with other Citi Securities Services centres in Central Europe, Middle East and Africa (SeCore) 	<ul style="list-style-type: none"> • Clients will benefit from the familiarity of the systems & reporting
Quality of product	<ul style="list-style-type: none"> • Competitive cut-off times • Real time trade status via ISO 15022 messages 	<ul style="list-style-type: none"> • Increased flexibility for instructing the trade
Quality of service	<ul style="list-style-type: none"> • Unique coverage model with centralised Relationship Management and local teams in the market • Monitoring special arrangements on a daily basis 	<ul style="list-style-type: none"> • Full control on the market level while retaining capability to escalate wider issues to the global RM team • Reduced operational risk
Market influence	<ul style="list-style-type: none"> • Representation with local regulatory bodies and market infrastructures • Proven ability to influence the market and represent on behalf of clients 	<ul style="list-style-type: none"> • Representation of our clients and its customer interests in the local market • Best practices implemented for our clients
Systems – Quality/Expenditure	<ul style="list-style-type: none"> • Globally maintained core system set with local modules to support market-specific requirements • Development and maintenance of core systems performed by Citi on the global level 	<ul style="list-style-type: none"> • Consistency across all markets where Citi is the chosen provider • Increased efficiency through automation • End-to-end operational controls • Ability to benefit from best market practices
Track Record Within the Market	<ul style="list-style-type: none"> • In the market since 1984 • Proven ability to influence the market and lobby on behalf of clients • Representative client base 	<ul style="list-style-type: none"> • Clients well represented in the local market as a result of Citi's influence resulting from its active participation, long presence and financial strength

Core Securities Services in Nigeria

Industry surveys consistently rank us as a premier choice for custody, clearing, agency and trust, and depositary receipts services in more markets than any other bank.

Product Offering	Benefits
<ul style="list-style-type: none"> ✦ Securities Clearing and Settlement ✦ Automated Capital Importation Tracking ✦ Safekeeping ✦ Pre-matching ✦ Portfolio Valuation ✦ Comprehensive SWIFT Reporting ✦ Income Collection ✦ Full Proxy Services ✦ Cash Management ✦ Foreign Exchange ✦ Market information Services 	<p>Global Investors</p> <ul style="list-style-type: none"> Superb execution Global consistency Local market expertise <hr/> <p>Intermediaries</p> <ul style="list-style-type: none"> Support International securities trading & investment activities of leading institutions Efficient receipt, delivery and safekeeping of securities Related cash and FX functions <hr/> <p>Issuers</p> <ul style="list-style-type: none"> Depository Receipts Broad pre- and post-DR program services


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Questions & Answers



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