

**WELCOME REMARKS:
FUNMI ADE-AJAYI, CHIEF OPERATING OFFICER,
CITIBANK NIGERIA (NIB)
TO DISTINGUISHED GUESTS AND PARTICIPANTS
AT THE INAUGURAL WEST AFRICA ROUNDTABLE
ORGANIZED JOINTLY WITH THE UNEP FI AFRICA TASK FORCE
21ST MAY, 2008**

WELCOME

The Honourable Commissioner of Budget & Planning, Mr. Ben Akabueze, representing the Governor of Lagos State, Honourable Commissioners and Senior officers of Osun and Ekiti States, the Doyenne of the banking industry in Nigeria, Mrs Cecelia Ibru, CEO of Oceanic Bank, The distinguished CEO's of Bank of Industry and Standard Chartered Bank, Senior banking colleagues, respected representatives of the press, honourable invitees to this Seminar, distinguished ladies and gentlemen.

I am very honoured on behalf of Citibank Nigeria Limited (the Nigeria International Bank), to welcome you all to this Plenary Session of the inaugural West Africa Roundtable organized by the UNEP FI Africa Task Force which has the theme **Sustainable Finance: The Opportunities and Challenges**. We consider ourselves in Citi Nigeria privileged to host such a distinguished group of participants who will be brainstorming on this key and topical subject as Sustainable Finance, over the next couple of days.

“CITI SUPPORTS THE AFRICA TASK FORCE”

The UNEP Finance Initiative has long had Citigroup support across various continents. As you may be aware, Citigroup is present in 106 countries. We consider ourselves the pre-eminent global bank with an unmatched footprint across the globe. Citigroup is a significant banking institution particularly within the emerging markets with franchises in Asia, Latin America, Africa, and Eastern & Central Europe. With international ratings amongst the strongest in the global banking industry and a balance sheet in excess of two trillion USD, we are very conscious that such size on an international scale, comes with a high level of responsibility to support and promote sustainable financing practices wherever we are present.

In Africa, Citi has full banking presence in 16 Countries across Sub-Saharan Africa and the Maghreb. In Africa we have felt it very important to support the UNEP Africa initiative from its inception. The UNEP FI African Task Force (ATF) was established in 2002, to promote, support and expand sustainable financial practice within Africa. We were inaugural sponsors of the 2002 regional outreach which established the Task-Force, and subsequently, Citigroup has a senior representative on the Africa Task Force itself.

Thereafter, we pledged to work wherever we can, with the UNEP FI ATF, to promote the principles of sustainable finance within the Continent.

Citigroup has encouraged the support of its franchises round the world on such initiatives as the UNEP FI, because of a heightened sense of responsibility towards our host communities which forms part of our Shared Responsibilities. The bank maintains as part of its statement of business principles that we have Shared Responsibilities: To our Clients, of course, to our Staff, to our Franchise and heritage, and not least of all, to all our Host Communities, wherever we are present and privileged to do business.

On the international front, Citigroup was one of 10 founding signatories to the **Equator Principles** along with nine other multinational financial institutions. The Equator Principles, similar to the UNEP FI on a global level, is a voluntary set of guidelines developed by the banks for managing social and environmental issues related specifically to the financing of development projects, based on the policies and guidelines of the World Bank and the IFC. Citigroup's sponsorship and adoption of the Equator Principles resulted in the strengthening of our own Environmental and Social Risk Management Policy (ESRMP), which is an internal policy applicable world-wide to Citigroup entities involved in project and other forms of financing.

We take special pride in the Equator Principles and in our activities with UNEP FI, because Citigroup, as a leader in global project finance, recognizes that with such reach comes social and civic responsibility. Today, 5 years after the launch of the EP, over 60 multinational banks are signatories to its framework principles. Signatories to the EP agree to lend only to those projects where the borrower is able to provide evidence of **compliance with sound environmental standards** and is committed to developing their projects in a **socially responsible manner**. The financial institutions who are adoptees of the Equator Principles and those who support the UNEP FI for sustainable financing, recognize their role and responsibility for promoting sustainable investment for the long-term. This is a role that arises out of the considerable impact that banking institutions have within their communities. The UNEP FI has a wider scope than the EP – in that it seeks to provide practical guidance on a wide range of lending decisions inclusive of smaller projects and individuals.

At this point, we might wish to ask the question Why Sustainable Finance in Nigeria and Why in West Africa? And why now? I would like to leave us with the following considerations:

- In the post-consolidation Nigerian Financial System – the number of banks has reduced from over 89 to just 25 stronger, better capitalized banks;
- In addition to the regulatory increase in the banks' capital base from approx. \$15 million USD to \$200 million USD, many banks raised additional capital from the capital markets. Between Jan 2006 to Jan. 2008, approx. \$15 Billion USD or 1.8 Trillion Naira, via IPO's, private placements etc. – demonstrating huge confidence of the Nigerian and offshore investing public in Nigerian banks.

- Aggregate branch network grew from 3,200 to 4,112 by June-07 and by June 2008 is expected to grow a further 30-40% - thus bank penetration all over the country is growing fast.
- The new post-consolidation banking system is powering the Nigerian economy: Over 7 banks will have >\$1 Billion USD in Tier 1 capital by the end of this year; 11 banks now have market capitalization ranging between \$1 Billion and \$5.3 Billion; 16 Nigerian banks now rank in the top 1000 in the world; 5 Nigerian banks now rank out of the top 10 in Africa.
- Nigerian banks are now major “gatekeepers to capital” and a key economic segment similar to the Oil and Gas, and Telecommunications industries.
- Nigerian and other West African banks are increasingly seeking to move offshore and establish cross-border franchises;

From the above, it is clear that Nigerian and West African financial institutions in the post-consolidation phase will be called upon to play a critical role in economic development. To paraphrase the 2007 Report “Banking on Value” published by the UNEP FI ATF – **“Through the products and services they provide, [Nigerian] financial institutions are today uniquely placed to influence the direction and pace of this region’s economic development – and by default its long-term sustainability.”**

This is a huge responsibility, for which we, as key economic operators in this emerging region, need to prepare and educate ourselves. That is why it is encouraging to see so many of our colleagues within the industry on this occasion. We are encouraged to learn as much as we can from each other’s best practices, and brainstorm as to how we can jointly promote innovative financing strategies and policies for the long-term sustainability of our community. Ultimately, we would all be the better for it.

Thank you for your kind attention.

Funmi Ade-Ajayi