

**NIGERIAN EXPORT-IMPORT BANK**  
**Abuja, Nigeria**

**REPORT OF THE DIRECTORS**

**AND**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**NIGERIAN EXPORT-IMPORT BANK**

**REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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# **NIGERIAN EXPORT-IMPORT BANK**

## **CORPORATE INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

### **DIRECTORS**

Dr. Sarah Alade  
Mr. Roberts U. Orya  
Alhaji Bashir M. Wali  
Mrs. Folake Oke Salami  
Mr. Musa Batari  
Mr. Kalli Zaji  
Mallam Ajiya Mamman  
Alhaji Mohammed I. Babangida  
Chief (Barr.) Peter Nwaoboshi

**SECRETARY TO THE BOARD/  
LEGAL ADVISER**

### **HEAD OFFICE**

### **AUDITORS**

### **BANKERS**

**Website:**

### **CAPACITY**

Chairperson (Appointed 23 August 2013)  
Managing Director  
Executive Director  
Executive Director  
Non-Executive Director (Appointed 23 August 2013)  
Non-Executive Director (Appointed 23 August 2013)  
Non-Executive Director (Appointed 23 August 2013)  
Non-Executive Director (Appointed 23 August 2013)  
Non-Executive Director (Appointed 23 August 2013)

**Mr. Ahmed D. Modibbo**

NEXIM House  
Plot 975, Cadastral Zone A0  
Central Business District  
Garki, Abuja

Ernst & Young  
10<sup>th</sup> & 13<sup>th</sup> Floors UBA House  
57 Marina, Lagos

Central Bank of Nigeria  
Ecobank Plc  
Fidelity Bank Plc  
First Bank of Nigeria Limited  
Sterling Bank Plc  
Unity Bank Plc  
Standard Chartered Bank Nigeria Limited  
United Bank for Africa Plc  
Zenith Bank Plc

[www.neximbank.com.ng](http://www.neximbank.com.ng)

**NIGERIAN EXPORT-IMPORT BANK****FINANCIAL HIGHLIGHTS****FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>Financial performance:</b>	<b>2013</b>	<b>2012</b>	<b>%</b>
	<b>₦ '000</b>	<b>₦ '000</b>	
Net interest income	3,528,763	3,189,567	11
Loan impairment (charge)/reversal	(289,657)	815,268	(136)
Other operating income	580,522	199,159	199
Total operating expenses	(3,832,412)	(3,015,695)	27
Profit for the year	67,772	1,334,639	(95)
<b>Financial position:</b>			
Issued share capital	42,353,570	38,935,167	9
Total equity	36,463,235	32,956,076	11
<b>Per-share data:</b>			
Basic and diluted earnings per share (kobo)	0.17	3.43	

## **NIGERIAN EXPORT-IMPORT BANK**

### **REPORT OF THE DIRECTORS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2013**

The Directors have the pleasure in presenting to the members of the Nigerian Export-Import Bank (the "Bank") their report together with the audited financial statements for the year ended 31 December 2013.

#### **PRINCIPAL ACTIVITIES**

The Bank was established to carry on the business of provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports.

#### **STATE OF AFFAIRS**

In the opinion of the Directors, the state of the Bank's affairs is satisfactory and no event has occurred since the reporting date that would affect the financial statements as presented.

#### **DIRECTORS' SHAREHOLDINGS**

In line with Section 2 Subsection 1 of the Nigerian Export-Import Bank Act (NEXIM Bank Act) 1991, the authorised share capital of the Bank is subscribed equally by the Government of the Federation and the Central Bank of Nigeria. In line with Section 2 Subsection 2, no new shareholders were approved and there was no Director that held shares in the Bank during the year.

#### **SHAREHOLDING STRUCTURE**

<b>Name</b>	<b>Authorised* Capital N'000</b>	<b>Issued and paid-up Capital N'000</b>
Ministry of Finance Incorporated (MOFI)	25,000,000	17,352,570
Central Bank of Nigeria (CBN)	25,000,000	25,000,000
	-----	-----
	50,000,000	42,352,570
	=====	=====

\*The authorised capital was statutorily allocated equally between the shareholders and being paid for over a period.

#### **CHARITABLE GIFTS AND OTHER DONATIONS**

Donations made during the year amounted to N3,772,558 (2012: N4,256,500) to the following beneficiaries:

	<b>2013 N</b>	<b>2012 N</b>
Medcrest Hospital	2,722,558	-
Building A New Nigeria	500,000	-
Nigerian Association of Small and Medium Enterprises	350,000	-
National Community of TIV Students	200,000	-
African Biofuels & Renewable Energy Company	-	1,559,000
DISCOP AFRICA 2012	-	1,557,500
MISS Nigerian Entertainment World	-	750,000
Oral Youth Empowerment Initiative	-	390,000
	-----	-----
	3,772,558	4,256,500
	=====	=====

## **NIGERIAN EXPORT-IMPORT BANK**

### **REPORT OF THE DIRECTORS - Continued**

#### **FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **PROPERTY, PLANT AND EQUIPMENT**

Information relating to changes in property, plant and equipment is given in Note 19 to the financial statements.

#### **DIRECTORS**

The names of the Directors at the date of this report and of those who held offices during the year are as follows:

Dr. Sarah Alade	Chairperson	(Appointed 23 August 2013)
Mr. Roberts U. Orya	Managing Director	
Alhaji Bashir M. Wali	Executive Director	
Mrs. Folake Oke Salami	Executive Director	
Mr. Musa Batari	Non-Executive Director	(Appointed 23 August 2013)
Mr. Kalli Zaji	Non-Executive Director	(Appointed 23 August 2013)
Mallam Ajiya Mamman	Non-Executive Director	(Appointed 23 August 2013)
Alhaji Mohammed I. Babangida	Non-Executive Director	(Appointed 23 August 2013)
Chief (Barr). Peter Nwaoboshi	Non-Executive Director	(Appointed 23 August 2013)

The Board, along with the Governing Boards of all Federal Government Parastatals, Agencies, Companies and Institutions was dissolved by the Federal Government of Nigeria effective 19 October 2011. Since then, the Bank was administered by the Executive Management (EXCO) comprising the Managing Director/Chief Executive and the Executive Directors Corporate Services and Business Development. Matters requiring the attention of the Board are referred to the supervising Ministry, Ministry of Finance, for action.

A new board was constituted by the Minister of Finance on behalf of the Federal Government on 23 August 2013.

#### **EMPLOYMENT OF DISABLED PERSONS**

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from disabled persons.

All employees, whether or not disabled are given equal opportunities to develop.

#### **HEALTH, SAFETY AT WORK AND WELFARE OF EMPLOYEES**

Health and safety regulations are in force within the Bank's premises and employees are aware of existing regulations. The Bank provides allowances to all levels of employees for medical care, transportation, housing, etc.

#### **EMPLOYEES' INVOLVEMENT AND TRAINING**

The Bank is committed to keeping employees informed as much as possible regarding the Bank's performance, progress and seeking their views wherever practicable on matters which particularly affect them as employees. Management, professional and technical expertise are the Bank's major assets and investment in their further development continues to be a priority to the Bank.

The Bank's expanding skills-base has been extended by a range of training programmes provided to its employees whose opportunities for career development within the Bank have thus been enhanced. Training is carried out at various levels through both in-house and external courses.

## **NIGERIAN EXPORT-IMPORT BANK**

### **REPORT OF THE DIRECTORS - Continued**

#### **FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

The financial statements are presented in accordance with the reporting and presentation requirements of the International Financial Reporting Standards, the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the NEXIM Bank Act No. 38, 1991, Laws of the Federation of Nigeria 2004 and the Financial reporting Council of Nigeria Act, No.6 2011 and other relevant Circulars issued by the Central Bank of Nigeria. The Bank adopted the International Financial Reporting Standard for the first time in 2013.

#### **AUDITORS**

Ernst & Young having expressed their willingness to continue in office as the Bank's auditors in accordance with section 357 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

By Order of the Board



**AHMED D. MODIBBO**

Secretary to the Board

Abuja, Nigeria

FRC/2013/NBA/00000004831

02 March 2015

## **NIGERIAN EXPORT-IMPORT BANK**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATED TO THE PREPARATION OF FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

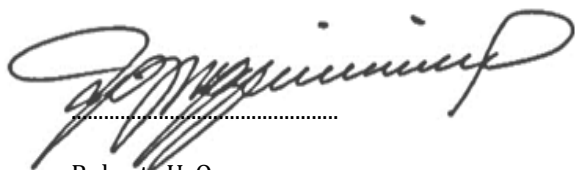
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the NEXIM Act of the Federation of Nigeria 1991;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

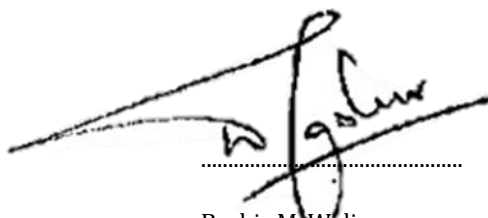
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and the requirements of the NEXIM Act of the Federation of Nigeria 1991, relevant Circulars issued by the Central Bank of Nigeria and guidelines, the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, No. 6 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.



Roberts U. Orya  
**Managing Director/CEO**  
FRC/2013/CIBN/00000004734



Bashir M. Wali  
**Executive Director**  
FRC/2013/NBA/00000004731

02 March 2015



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Nigerian Export-Import Bank, which comprise the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the provision of the Companies and Allied Matters Act, CAP 20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, No.6 2011, relevant circulars and guidelines issued by the Central Bank of Nigeria and for such internal control as the Directors determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' 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 auditors consider 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 present fairly, in all material respects, the financial position of Nigerian Export-Import Bank as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the provision of the Companies and Allied Matters Act, CAP 20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, No.6 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NIGERIAN EXPORT-IMPORT BANK - Continued**

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;
- iii) the Bank's statement of financial position and profit or loss account are in agreement with the books of



For: Ernst & Young  
Lagos, Nigeria

11 March 2015

s carried out in accordance with the  
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# NIGERIAN EXPORT-IMPORT BANK

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>in thousands of Nigerian Naira</i>	Note	2013	2012
Interest and similar income	5	3,883,726	3,500,457
Interest and similar expense	6	(354,963)	(310,890)
<b>Net interest income</b>		<b>3,528,763</b>	<b>3,189,567</b>
Fees and commission income	7	80,556	146,341
Other operating income	8	580,522	199,159
<b>Total Operating Income</b>		<b>4,189,841</b>	<b>3,535,066</b>
Loan impairment (charge)/reversal	9	(289,657)	815,268
<b>Net operating income</b>		<b>3,900,184</b>	<b>4,350,335</b>
Personnel expenses	10	1,628,671	1,179,812
Advertising and marketing		413,527	353,261
Depreciation and amortisation	19 & 20	250,454	229,042
Other operating expenses	11	1,539,760	1,253,581
<b>Total operating expenses</b>		<b>3,832,412</b>	<b>3,015,696</b>
<b>Profit before income tax</b>		<b>67,772</b>	<b>1,334,639</b>
Income tax expense	12	-	-
<b>Profit for the year</b>		<b>67,772</b>	<b>1,334,639</b>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net gain on available-for-sale financial assets*		88,258	151,508
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement losses on defined benefit plans	23	(31,736)	(61,637)
<b>Total other comprehensive income for the year</b>		<b>56,522</b>	<b>89,872</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>124,294</b>	<b>1,424,511</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (Kobo)	13	0.17	3.43

\* Income from these instruments is exempted from tax.

The accompanying notes to the financial statements are an integral part of these financial statements.

# NIGERIAN EXPORT-IMPORT BANK

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

in thousands of Nigerian Naira

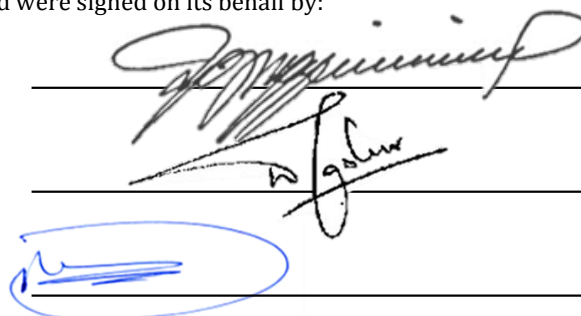
	Note	31 December 2013	31 December 2012	1 January 2012
<b>Assets</b>				
Cash and cash in banks	14	621,891	860,890	586,241
Due from banks	15	15,130,245	22,446,712	21,926,902
Loans and advances	16	28,947,019	19,505,114	12,415,876
Investment securities:				
Available-for-sale	17.1	1,470,685	1,340,558	1,186,810
Held-to-maturity	17.2	2,186,890	817,198	-
Property, plant and equipment	19	2,923,831	2,804,941	2,880,023
Intangible assets	20	18,187	28,843	964
Net employee defined benefit assets	23	19,221	45,095	95,296
Other assets	18	612,612	344,259	40,896
<b>Total assets</b>		<b>51,930,581</b>	<b>48,193,610</b>	<b>39,133,008</b>
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Debt securities issued and other borrowed funds	21	11,887,352	12,167,744	7,946,393
Other liabilities	22	3,579,994	3,069,790	3,001,884
<b>Total liabilities</b>		<b>15,467,346</b>	<b>15,237,534</b>	<b>10,948,277</b>
<b>Equity</b>				
Issued share capital	24	42,353,570	38,935,167	35,536,554
Accumulated losses	24	(9,355,887)	(7,420,335)	(7,898,588)
Regulatory risk reserve	24	2,679,021	742,971	-
Available-for-sale reserve	24	286,531	198,273	46,765
Other reserve	24	500,000	500,000	500,000
<b>Total equity</b>		<b>36,463,235</b>	<b>32,956,076</b>	<b>28,184,731</b>
<b>Total liabilities and equity</b>		<b>51,930,581</b>	<b>48,193,610</b>	<b>39,133,008</b>

The financial statements and accompanying notes to the financial statements were approved and authorised for issue by the Board of Directors on 02 March 2015 and were signed on its behalf by:

Roberts U. Orya (Managing Director)  
FRC/2013/CIBN/00000004734

Bashir M. Wali (Executive Director)  
FRC/2013/NBA/00000004731

Umar Rani (Chief Financial Officer)  
FRN/2013/ICAN/00000004826



The accompanying notes to the financial statements are an integral part of these financial statements.

**NIGERIAN EXPORT-IMPORT BANK**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

<i>in thousands of Nigerian Naira</i>	Note	Issued share capital	Accumulated losses	Regulatory risk reserve	Available-for- sale-reserve	Other reserve	Total equity
<b>As at 1 January 2012</b>		35,536,554	(7,898,588)	-	46,765	500,000	28,184,731
Profit for the year		-	1,334,639	-	-	-	1,334,639
Other comprehensive income		-	(61,637)	-	151,508	-	89,871
<b>Total comprehensive income for the year</b>		-	1,273,002	-	151,508	-	1,424,510
Issued share capital during the year	24	3,398,613	-	-	-	-	3,398,613
Transfer between reserves	24	-	(742,971)	742,971	-	-	-
Dividends	24	-	(51,778)	-	-	-	(51,778)
<b>As at 31 December 2012</b>		<b>38,935,167</b>	<b>(7,420,335)</b>	<b>742,971</b>	<b>198,273</b>	<b>500,000</b>	<b>32,956,076</b>
Profit for the year		-	67,772	-	-	-	67,772
Other comprehensive income		-	(31,736)	-	88,258	-	56,522
<b>Total comprehensive income for the year</b>		-	36,036	-	88,258	-	124,294
Issued share capital during the year	24	3,418,403	-	-	-	-	3,418,403
Transfer between reserves	24	-	(1,936,050)	1,936,050	-	-	-
Dividends	24	-	(35,538)	-	-	-	(35,538)
<b>As at 31 December 2013</b>		<b>42,353,570</b>	<b>(9,355,887)</b>	<b>2,679,021</b>	<b>286,531</b>	<b>500,000</b>	<b>36,463,235</b>

*The accompanying notes to the financial statements are an integral part of these financial statements.*

# NIGERIAN EXPORT-IMPORT BANK

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

in thousands of Nigerian Naira

	Note	2013	2012
<b>Operating activities</b>			
Profit before income tax		67,772	1,334,639
<b>Adjustment for: Other non-cash items included in profit before tax</b>			
Depreciation and amortisation	19 & 20	250,455	229,042
Net interest benefit		(5,864)	(11,436)
Loan impairment charge/(reversal)	9	289,657	(815,268)
Unrealised exchange gain		(102,551)	(33,393)
Amortisation adjustment of held-to-maturity instruments	17.3	(119,911)	(97,847)
Other non-cash items		2,056	-
<b>Net (increase)/ decrease in operating assets</b>			
Net change in loans and advances		(9,731,561)	(6,273,970)
Net change in other assets		(268,352)	(303,363)
<b>Net increase/ (decrease) in operating liabilities</b>			
Other liabilities		510,204	67,905
<b>Net cash flows used in operating activities</b>		<b>(9,108,095)</b>	<b>(5,903,691)</b>
<b>Investing activities:</b>			
Purchase of investment securities	17.3	(1,291,650)	(721,591)
Purchase of property, plant and equipment	19	(363,228)	(152,763)
Purchase of intangible assets	20	-	(29,076)
Proceeds from sale of property, plant and equipment		2,484	-
<b>Net cash flows used in investing activities</b>		<b>(1,652,394)</b>	<b>(903,430)</b>
<b>Financing activities:</b>			
Dividends paid to equity holders		(35,538)	(51,778)
Proceeds from debt securities issued and other borrowed funds		775,770	4,648,301
Repayments of debt securities issued and other borrowed funds		(953,612)	(407,371)
Proceeds from Issuance of share capital	24	3,418,403	3,398,613
<b>Net cash flows from financing activities</b>		<b>3,205,023</b>	<b>7,587,765</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Net foreign exchange difference		165	13,815
Cash and cash equivalents as 1 January	25	23,307,602	22,513,143
<b>Cash and cash equivalents at 31 December</b>	<b>25</b>	<b>15,752,136</b>	<b>23,307,602</b>

The material adjustment to cashflow as a result of IFRS conversion in 2012 is N1,133,567,159 being reversal of loan impairment under IFRS.

The accompanying notes to the financial statements are an integral part of these financial statements.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Corporate information**

The Nigerian Export-Import Bank ("NEXIM" or the "Bank") was established by Act 38 of 1991 as an Export Credit Agency (ECA). The Bank which replaced the Nigerian Export Credit Guarantee & Insurance Corporation earlier set up under Act 15 of 1988, has the following main statutory functions: provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports.

NEXIM is a company incorporated and domiciled in Nigeria. Its registered office is at Plot 975, Cadastral Zone AO, Central Business District, Garki, Abuja. The financial statements for the year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 02 March 2015

#### **2. Accounting policies**

##### **2.1 Basis of preparation**

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2012, the Bank prepared its financial statements in accordance with Nigerian Generally Accepted Accounting Practice (NGAAP). These financial statements for the year ended 31 December 2013 are the first the Bank has prepared in accordance with IFRS.

The financial statements have been prepared on a historical cost basis, except for available-for-sale investment securities which have been measured at fair value. The financial statements are presented in Nigerian naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

##### **Statement of compliance**

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the provision of the Companies and Allied Matters Act, CAP 20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, No. 6 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria. These are the Company's first financial statements prepared in accordance with IFRS and first time adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Bank for comparative years reported under Statement of Accounting Standards issued by the Financial Reporting Council of Nigeria (Previous GAAP) have been disclosed in Note 4.1 to the financial statements.

##### **Presentation of financial statements**

The Bank presents its statement of financial position broadly in order of liquidity.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **2.2 Significant accounting judgments, estimates and assumptions**

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

##### **Going concern**

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

##### **Fair value of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk, discount rates, prepayment rates and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in note 26.

##### **Impairment on loans and advances**

The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in profit or loss. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.), and judgments to the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

##### **Impairment of available-for-sale investments**

The Bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.



## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **2.2 Significant accounting judgments, estimates and assumptions - Continued**

##### **Defined benefit obligation**

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rates, future salary increases, mortality rates and inflation rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the market yields at the end of each reporting period on government bonds due to non-availability of deep market in high quality corporate bonds.

The currency of government bonds is consistent with the currency of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for Nigeria. Future salary increases are based on expected future inflation rates in Nigeria.

##### **Financial assets and liabilities classification**

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

##### **Depreciation and carrying value of property, plant and equipment**

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

##### **Determination of impairment of property, plant and equipment and intangible assets**

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

#### **2.3 Summary of significant accounting policies**

##### **(a) Foreign currency translation**

The financial statements are presented in Nigerian naira (₦) which is the functional currency of the Bank.

##### **Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the end of the reporting period based on official exchange rates. All differences arising on non-trading activities are taken to 'Other operating income' in the profit or loss.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(a) Foreign currency translation - Continued**

##### **Transactions and balances - Continued**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

#### **(b) Financial instruments – initial recognition and subsequent measurement**

##### **(i) Date of recognition**

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### **(ii) Classification of financial instruments**

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. The Bank classifies its financial assets into the following categories: financial assets held-to-maturity, loans and advances and available-for-sale financial assets. Financial liabilities of the Bank include debt securities issued and other borrowed funds and other financial liabilities. Management determines the categorisation of its financial assets and liabilities on initial recognition.

##### **(iii) Initial measurement of financial instruments**

All financial assets are recognised initially at fair value.

All financial liabilities are recognised initially at fair value and, in the case of debt issued and other borrowed funds and other financial liabilities, net of directly attributable transaction costs.

##### **(iv) 'Day 1' profit or loss**

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

##### **(v) Available-for-sale financial investments**

Available-for-sale investments include equity. Equity investments classified as available-for-sale are those which are neither classified as held-for-trading nor designated at fair value through profit or loss.

The Bank has not designated any loans advances as available-for-sale.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(b) Financial instruments – initial recognition and subsequent measurement - Continued**

##### **(v) Available-for-sale financial investments - Continued**

After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised in other comprehensive income (OCI) and accumulated in 'Available-for-sale reserve' until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income or other operating expenses. When the investment is determined to be impaired, the cumulative loss is reclassified from the 'available-for-sale reserve' to the profit or loss in impairment charge of financial investment. Where the Bank holds more than one investment in the same security, the costs of investment disposed of are determined using weighted average basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate (EIR) method. Dividends earned whilst holding available-for-sale financial investments are recognised in the profit or loss as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the profit or loss in 'Impairment charge on financial investments'.

##### **(vi) Held-to-maturity financial investments**

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest and similar income' in the profit or loss. The losses arising from impairment of such investments are recognised in the profit or loss line 'loan impairment charge'.

If the Bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

##### **(vii) Due from banks and Loans and advances**

'Due from Banks' and 'Loans and advances', include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank upon initial recognition designates as at fair value through profit or loss.
- Those that the Bank, upon initial recognition, designates as available for sale.
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts 'Due from Banks' and 'Loans and advances' are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest and similar income' in the profit or loss. The losses arising from impairment are recognised in the profit or loss in 'loan impairment charge'.

Where the loan, on drawdown, is expected to be retained by the Bank, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (e.g., due to a counterparty credit event).

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(b) Financial instruments – initial recognition and subsequent measurement - Continued**

##### **(viii) Debt securities issued and other borrowed funds**

Financial instruments issued by the Bank are classified as liabilities under 'Debt securities issued and other borrowed funds', where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt securities issued and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

##### **(ix) Reclassification of financial assets**

The Bank evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Bank is unable to trade these financial assets due to inactive markets, the Bank may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

#### **(c) Derecognition of financial assets and financial liabilities**

##### **(i) Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(c) Derecognition of financial assets and financial liabilities - Continued**

##### **(ii) Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

##### **(d) Fair value measurement**

The Bank measures financial instruments such as investment in equity instruments classified as available for sales at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in note 26.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Ø Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Ø Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Ø Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Bank's management determines the policies and procedures for both recurring fair value and measurement, available-for-sale financial assets for non-recurring measurement, such as assets held for sale.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(d) Fair value measurement - Continued**

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Bank's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Bank's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **(e) Impairment of financial assets**

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter Bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### **(i) Financial assets carried at amortised cost**

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held-to-maturity investments), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected loan impairment charges that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and similar income'.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(e) Impairment of financial assets – Continued**

##### **(i) Financial assets carried at amortised cost - Continued**

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss as other income.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

With respect to loans and advances, the impairment loss determined under IFRS as stated above is compared with the requirement of the Central Bank of Nigeria Prudential Guidelines. Where the:

- Prudential impairment loss is greater than IFRS impairment loss, the difference is transferred from the general reserve to a non-distributable regulatory reserve.
- Prudential impairment loss is less than IFRS impairment loss, the excess charges resulting is transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

##### **(ii) Available-for-sale financial investments**

For available-for-sale financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(e) Impairment of financial assets – Continued**

##### **(ii) Available-for-sale financial investments - Continued**

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. The Bank treats 'significant' generally as 20% and 'prolonged' generally as greater than six months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in the fair value after impairment are recognised in other comprehensive income.

##### **(iii) Renegotiated loans**

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

##### **(iv) Collateral valuation**

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as , guarantees, vessel mortgage and real estate. The fair value of collateral is generally assessed, at a minimum, at inception and at the end of each reporting period.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as real estate valuers, audited financial statements, and other independent sources. (See note 27.2 for further analysis of collateral).

##### **(v) Collateral repossessed**

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy.



## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(f) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **(g) Leasing**

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

##### **Bank as a lessee**

Leases which do not transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term. Contingent rental payable are recognised as an expense in the period in which they are incurred.

##### **Bank as a lessor**

Leases where the Bank does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

#### **(h) Recognition of income and expenses**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised:

#### **(i) Interest and similar income and expense**

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale interest income or expense is recorded using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future loan impairment charges.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar' for financial assets and 'Interest and similar expense' for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(ii) Fee and commission income earned from services that are provided over a certain period of time**

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and other management and advisory fees.

Loan commitment and processing fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

#### **(iii) Dividend income**

Dividend income is recognised when the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

#### **(iv) Rental Income**

Rental income arising from operating leases on properties leased out by the Bank is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

#### **(j) Cash and cash equivalents**

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, non-restricted current accounts with central banks and amounts due from Banks on demand or with an original maturity of three months or less.

#### **(k) Property, plant and equipment**

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation which commences when the asset is available for use is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are as follows:

· Buildings	50 years
· Computer equipment	4 years
· Plant	4 years
· Motor Vehicles	3 years
· Furnitures and fittings	5 years

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the profit or loss in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(l) Intangible assets**

The Bank's intangible assets comprise the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

- Computer software - 4 years

#### **(m) Financial guarantees**

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the profit or loss in 'Impairment charge'. The premium received is recognised in the profit or loss in 'fees and commission income' on a straight line basis over the life of the guarantee.

#### **(n) Pension benefits**

##### **(i) Defined contribution pension plan**

The Bank operates a defined contribution pension plan in line with the Pension Reform Act, 2004. The plan is funded by contributions from the Bank and the employees. The Bank has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **(n) Pension benefits - Continued**

##### **(ii) Defined benefit pension plan**

The Bank operates a defined benefit pension plan which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Bank) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- Ø The date of the plan amendment or curtailment, and
- Ø The date that the Bank recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank recognises the following changes in the net defined benefit obligation under 'personnel expenses in profit or loss

- Ø Service costs comprising past-service costs, gains and losses on curtailments and non-routine settlements
- Ø Net interest expense or income

##### **(o) Provisions**

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

When a provision is no longer required, it shall be credited in the profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **(p) Taxes**

##### **Current income tax**

In accordance with section 23(1) (a) of the Company Income Tax Act, the profit of the Bank is exempted from income taxes.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **3. Standards issued but not yet effective**

##### **IAS 32 Offsetting financial assets and financial liabilities — Amendments to IAS 32**

These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Bank.

##### **IFRS 9 Financial Instruments: Classification and Measurement**

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Bank will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

##### **IFRIC 21 Levies**

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation includes guidance illustrating how the Interpretation should be applied. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Bank does not expect that IFRIC 21 will have material financial impact in future financial statements.

##### **IAS 36 Impairment of assets – Amendments to IAS 36**

The IASB amended IAS 36 by removing the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment. It also requires the disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed and detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

The amendments are effective from annual periods beginning on or after 1 January 2014 and should be applied retrospectively. Early adoption is permitted although the amendments may not be applied before an entity applies IFRS 13. These amendments are not expected to be relevant to the Bank.

##### **Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are not expected to be relevant to the Bank.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **3. Standards issued but not yet effective - continued**

##### **IAS 39 Novation of derivatives and continuation of hedge accounting- Amendments to IAS 39**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations. These amendments are not expected to be relevant to the Bank.

##### **IFRS 2 Share-based payment: Definitions of vesting conditions**

Performance condition and service condition are defined in order to clarify various issues, including the following:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

##### **IFRS 3 Business combinations: Accounting for contingent consideration in a business combination**

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendment is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

##### **IFRS 8 Operating segments: Aggregation of operating segments**

The amendment clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. • The amendment is applied retrospectively. This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

##### **IFRS 8 Operating segments: Reconciliation of the total of the reportable segments' assets to the entity's assets**

The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment is applied retrospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

## **NIGERIA EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **3. Standards issued but not yet effective - continued**

##### **IFRS 13 – Fair value measurement: Scope of paragraph 52 (portfolio exception)**

The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The amendment is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

##### **IAS 16 Property, plant and equipment and IAS 38 Intangible assets: Revaluation method – proportionate restatement of accumulated depreciation/amortization**

The amendment to IAS 16 and IAS 38 clarifies that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. The amendment also clarifies that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset. The amendment is applied retrospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

##### **IAS 24 Related Party Disclosures: Key management personnel**

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is applied retrospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

##### **IAS 40 Investment Property: Interrelationship between IFRS 3 and IAS 40 (ancillary services)**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The amendment is applied prospectively.

This improvement is effective for the annual periods beginning on or after 1 July 2014. It is not expected that this improvement would be relevant to the Bank.

##### **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This will be effective from 1 January 2017. The impact of this standard on the Bank still needs to be assessed.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4.1 First-time adoption of IFRS**

**Reconciliation of equity as at 1 January 2012**

<i>in thousands of Nigerian Naira</i>	Note	Nigerian GAAP	Reclassifica- tions	Remeasure- ments	IFRS as at 1 January 2012
<b>Assets</b>					
Cash and short term funds		586,240	(586,240)	-	-
Short-term investments		21,856,794	(21,856,794)	-	-
Cash and cash in banks		-	586,241	-	586,241
Due from banks	A	-	21,926,902	-	21,926,902
Loans and advances	B	12,851,587	(95,689)	(340,022)	12,415,876
Prepayment & Other assets		222,926	(222,926)	-	-
Long-term investments		1,242,897	(1,242,897)	-	-
Investment securities:					
Available-for-sale	C	-	1,242,897	(56,087)	1,186,810
Fixed assets		2,880,024	(2,880,024)	-	-
Property, plant and equipment		-	2,880,023	-	2,880,023
Intangible assets		964	-	-	964
Net defined benefit assets		-	-	95,296	95,296
Other assets	E	-	40,896	-	40,896
<b>Total assets</b>		<b>39,641,432</b>	<b>(207,611)</b>	<b>(300,813)</b>	<b>39,133,008</b>
<b>Liabilities</b>					
Long-term liabilities		5,745,476	(5,745,476)	-	-
Other current liabilities and provisions	G	4,180,605	(4,180,605)	-	-
Debt securities issued and other borrowed funds	F	-	7,946,393	-	7,946,393
Employee benefit obligation		-	-	-	-
Other liabilities	G	-	2,997,228	4,656	3,001,884
<b>Total liabilities</b>		<b>9,926,081</b>	<b>1,017,540</b>	<b>4,656</b>	<b>10,948,277</b>
<b>Equity</b>					
Share capital		35,536,554	-	-	35,536,554
Reserves	H	(7,046,355)	7,046,355	-	-
Accumulated losses	H	-	(8,078,988)	180,400	(7,898,588)
Available-for-sale reserve	I	-	-	46,765	46,765
Other reserve	J	-	1,032,634	(532,634)	500,000
<b>Total equity</b>		<b>28,490,199</b>	<b>1</b>	<b>(305,468)</b>	<b>28,184,731</b>
CBN/refinancing and redicounting facility	F	1,225,152	(1,225,152)	-	-
<b>Total liabilities and equity</b>		<b>39,641,432</b>	<b>(207,611)</b>	<b>(300,813)</b>	<b>39,133,008</b>



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4.1 First-time adoption of IFRS - Continued**

**Reconciliation of equity as at 31 December 2012**

<i>in thousands of Nigerian Naira</i>	Note	Nigerian GAAP	Reclassifica- tions	Remeasure- ments	IFRS as at 31 December 2012
<b>Assets</b>					
Cash and short term funds		860,890	(860,890)	-	-
Short-term investments		22,252,790	(22,252,790)	-	-
Cash and cash in banks		-	860,890	-	860,890
Due from banks	A	-	22,446,712	-	22,446,712
Loans and advances	B	18,894,798	(10,926)	621,242	19,505,114
Prepayment & Other assets		631,006	(631,006)	-	-
Long-term investments		2,069,892	(2,069,892)	-	-
Investment securities:					
Available-for-sale	C	-	1,241,331	99,227	1,340,558
Held-to-maturity	D	-	828,561	(11,363)	817,198
Fixed assets		2,804,941	(2,804,941)	-	-
Property, plant and equipment		-	2,804,941	-	2,804,941
Intangible assets		28,843	-	-	28,843
Net defined benefit assets				45,095	45,095
Other assets	E	-	344,259	-	344,259
<b>Total assets</b>		<b>47,543,160</b>	<b>(103,751)</b>	<b>754,201</b>	<b>48,193,610</b>
<b>Liabilities</b>					
Long-term liabilities		9,864,131	(9,864,131)	-	-
Other current liabilities and provisions	G	4,239,028	(4,239,028)	-	-
Debt securities issued and other borrowed funds	F	-	12,167,744	-	12,167,744
Other liabilities	G	-	3,056,816	12,974	3,069,790
<b>Total liabilities</b>		<b>14,103,159</b>	<b>1,121,401</b>	<b>12,974</b>	<b>15,237,534</b>
<b>Equity</b>					
Share capital		38,935,167	-	-	38,935,167
Reserves	H	(6,720,318)	6,720,318	-	-
Regulatory risk reserve		-	742,971	-	742,971
Accumulated losses	H	-	(8,525,510)	1,105,175	(7,420,335)
Available-for-sale reserve	I	-	-	198,273	198,273
Other reserve	J	-	1,062,221	(562,221)	500,000
<b>Total equity</b>		<b>32,214,849</b>	<b>-</b>	<b>741,227</b>	<b>32,956,076</b>
CBN/refinancing and redicounting facility	F	1,225,152	(1,225,152)	-	-
<b>Total liabilities and equity</b>		<b>47,543,160</b>	<b>(103,751)</b>	<b>754,201</b>	<b>48,193,610</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4.1 First-time adoption of IFRS - Continued**

**Reconciliation of total comprehensive income for the year ended 31 December 2012**

<i>in thousands of Nigerian Naira</i>	Note	Nigerian GAAP	Reclassifica- tions	Remeasure- ments	IFRS as at 31 December 2012
Interest and similar income	K	3,503,716	46,663	(49,922)	3,500,457
Interest and similar expenses		(310,891)	1	-	(310,890)
<b>Net interest income</b>		<b>3,192,825</b>	<b>46,664</b>	<b>(49,922)</b>	<b>3,189,567</b>
Fees and commission income	L	-	154,660	(8,319)	146,341
Other operating income	M	344,035	(178,865)	33,989	199,159
<b>Total Operating Income</b>		<b>3,536,860</b>	<b>22,459</b>	<b>(24,252)</b>	<b>3,535,067</b>
Credit loss expense	N	(691,376)	506,820	999,824	815,268
Recoveries		373,076	(373,076)	-	-
<b>Net operating income</b>		<b>3,218,560</b>	<b>156,203</b>	<b>975,573</b>	<b>4,350,335</b>
Personnel expenses	O	-	1,191,247	(11,435)	1,179,812
Depreciation and amortisation	P	-	229,042	-	229,042
Advertising and marketing		-	353,261	-	353,261
Other operating expenses	Q	2,870,333	(1,617,347)	595	1,253,581
<b>Total operating expenses</b>		<b>2,870,333</b>	<b>156,203</b>	<b>(10,840)</b>	<b>3,015,696</b>
<b>Profit for the year</b>		<b>348,227</b>	<b>-</b>	<b>986,413</b>	<b>1,334,639</b>
<b>Other comprehensive income</b>					
Net gains on available for sale investment securities	S	-	-	151,508	151,508
Actuarial losses on defined benefit plan	R	-	-	(61,637)	(61,637)
<b>Other comprehensive income for the year</b>			<b>-</b>	<b>89,872</b>	<b>89,872</b>
<b>Total comprehensive income for the year</b>				<b>1,076,284</b>	<b>1,424,511</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4.1 First-time adoption of IFRS - Continued**

**Notes to the reconciliation of equity and total comprehensive income**

**A Due from banks**

<i>in thousands of Nigerian Naira</i>	<b>31 December 2012</b>	<b>1 January 2012</b>
Due from banks per NGAAP	-	-
Placements with banks and discount houses reclassified from short-term investments	22,252,790	21,856,794
Interest receivables on short-term deposit reclassified from prepayment and other assets	193,922	70,108
<b>Due from banks per IFRS</b>	<b>22,446,712</b>	<b>21,926,902</b>

**B Loans and advances**

Loans and advances to customers under NGAAP Staff working advances reclassified to other assets	18,894,798 (355)	12,851,587 (866)
Management fee receivable reclassified from prepayment and other assets	50,683	-
Unearned interest income on loans reclassified from other liabilities	(61,255)	(94,823)
Remeasurement adjustment on unearned administrative fees (see note b (i))	(72,361)	(72,361)
Remeasurement adjustment on unearned administrative fees (see note b (i))	(38,559)	-
Remeasurement adjustment to recognise reversal/additional impairment of loan under IFRS (See note b (ii))	(267,662)	(267,662)
Remeasurement adjustment to recognise reversal/additional impairment of loan under IFRS (See note b (ii))	999,824	
<b>Loans and advances per IFRS</b>	<b>19,505,114</b>	<b>12,415,876</b>

## **NIGERIAN EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **4.1 First-time adoption of IFRS - Continued**

##### **Notes to the reconciliation of equity and total comprehensive income - Continued**

##### **Loans and advances - Continued**

###### **i) Fee income**

Under NGAAP, the Bank recognised administrative fee as income in profit or loss account immediately when loans are granted to customers regardless of the tenor of the loans. Under IFRS, these fees are treated as integral part of effective interest rate (EIR) calculation and as such are recognised over the tenor of the loans and presented as part of interest and similar income in profit or loss. Thus, administrative fee on loans which form an integral part of the effective interest rates (EIR) calculations were separated into earned and unearned components. At the date of transition to IFRS, the unearned administrative fee of N72.36 million previously recognised in profit or loss under NGAAP was adjusted against the carrying value of loans and advances to remeasure them at amortised cost. The corresponding effect of this is a reduction in retained earnings by the same amount. The effect of this on earnings in 2012 was an increase of N38.559 million which is recognised in interest and similar income with a corresponding increase in loans and advances.

###### **ii) Impairment of loans and advances**

Under NGAAP, allowance for impairment in respect of loans and advances was made in line with the Prudential Guidelines issued by the Central Bank of Nigeria (CBN). This Guideline requires allowance for impairment to be made using a provisioning matrix which takes cognisance of the number of days interest or principal is outstanding and unpaid. Under IFRS, an impairment is only recognised if there is any objective evidence that a loss has occurred after the initial recognition of financial asset i.e. using incurred loss model. At the date of transition to IFRS, the application of "incurred loss model" in measuring impairment on loans and advances revealed that the previously recognised impairment loss under Nigerian GAAP is lower than the impairment loss calculated using the incurred loss model under IFRS. Hence, additional impairment charge of N267 million was recognised. In 2012, there was reversal of excess impairment charge under Nigerian NGAAP prudential over the impairment loss calculated using the incurred loss model under IFRS by N999 million.

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 4.1 First-time adoption of IFRS - Continued

#### Notes to the reconciliation of equity and total comprehensive income - Continued

#### C Available for sale financial assets

<i>in thousands of Nigerian Naira</i>	<b>31 December 2012</b>	<b>1 January 2012</b>
Available for sale per NGAAP	-	-
Long term investment reclassified as available for sale	1,241,331	1,242,897
Remeasurement adjustment on available for sale financial assets (see note c(i) below)	46,765	46,765
Remeasurement adjustment on available for sale financial assets measured at cost (see note c (i) below)	(10,096)	(10,096)
Remeasurement adjustment on available for sale financial assets measured at cost (see note c (ii) below)	(92,757)	(92,757)
Remeasurement adjustment on available for sale financial assets measured at cost (see note c (ii) below)	3,806	-
Fair value gains or losses recognised in OCI on available for sale financial assets recognised in OCI (see note c (i) below)	151,508	-
<b>Available for sale financial assets per IFRS</b>	<b>1,340,558</b>	<b>1,186,810</b>

#### (i) Fair value gains/losses on available for sale financial assets

Under NGAAP, the Bank accounted for investments in quoted equity instruments with fund manager at lower of cost and market value. While increase in the market value of the investment is not recognised, decrease in the market value of these investments below its cost is usually recognised in profit or loss. At the date of transition to IFRS, the Bank has elected to designate these investments including unquoted equity investments as available-for-sale. In accordance with the accounting policies selected for subsequent measurement of available-for-sale financial assets, the Bank distinguished between those investments that have been impaired as a result of prolonged or significant decline in fair value at the date of transition to IFRS from those that merely have a change in fair value. The application of this principle resulted, at the date of transition to IFRS, in the recognition of N46.8 million in the available-for-sale reserve with a corresponding increase in available-for-sale financial asset. However, those investments with evidence of significant or prolonged decline in fair value had a fair value loss of N10.096 million which was recognised as a reduction in retained earnings with a corresponding decline in the available-for-sale financial asset. The effect of this in 2012 was a fair value increase of N151.5 million recognised as fair value gain in other comprehensive income with a corresponding increase in available-for-sale financial asset.

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 4.1 First-time adoption of IFRS - Continued

#### Notes to the reconciliation of equity and total comprehensive income - Continued

#### Available for sale financial assets - Continued

(ii) Derecognition of exchange gain on unquoted investment classified available for sale financial assets

Under NGAAP, the Bank recognised exchange gains or losses on unquoted equity investments denominated in foreign currency in exchange equalisation reserve. Under IFRS, these unquoted equity investments are classified as available-for sale financial assets and measured at cost since their fair value cannot be determined reliably due to non-availability of active market for them. IFRS requires unquoted equity instruments denominated in foreign currency and measured at cost to be retranslated to the functional currency using the exchange rate applicable at the date of purchase since they are not monetary items. Thus, at the date of transition to IFRS, unrealised exchange gain of N92.756 million previously recognised as an increase in the value of these investments as a result of the continuous retranslation at the closing rate is reversed with a corresponding reduction in exchange equalisation reserve. The effect of this in 2012 was an increase in the carrying value of unquoted equity investment of N3.806 million with a corresponding increase in exchange equalisation reserve.

#### D Held to maturity financial assets

<i>in thousands of Nigerian Naira</i>	<b>31 December 2012</b>	<b>1 January 2012</b>
Held-to-maturity financial assets under NGAAP	-	-
Long-term investment reclassified as held to maturity	828,561	-
Remeasurement adjustment on held to maturity financial assets (see note d (i))	(11,363)	-
<b>Held to maturity financial assets per IFRS</b>	<b>817,198</b>	<b>-</b>

#### (i) Recognition of interest income using EIR

Under NGAAP, Investment in AMOCN bond, a zero coupon bond, was initially recognised at fair value, being the consideration paid by the Bank to purchase the bond. Subsequently, this bond is measured at a value calculated at the previous carrying value plus the difference between maturity value and initial value divided by the tenor in days and multiplied by the number of expired days at the reporting date from the date of purchase. Under IFRS, interest income on such zero coupon bond and the amortised cost balance have been calculated using EIR method. This resulted in a reduction of N11.36 million in the carrying value of the bond as at 31 December 2012. The corresponding effect of this has been recognised in profit or loss as a reduction in interest income on bond.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4.1 First-time adoption of IFRS - Continued**

**Notes to the reconciliation of equity and total comprehensive income - Continued**

**E Other assets**

	<b>31 December</b>	<b>1 January</b>
<i>in thousands of Nigerian Naira</i>	<b>2012</b>	<b>2012</b>
Other assets under NGAAP	-	-
Staff working advances reclassified from loans and advances	355	866
Prepayment reclassified from prepayment and other assets	304,001	25,329
Other sundry debtors reclassified from prepayment and other assets	39,903	14,701
<b>Other assets per IFRS</b>	<b>344,259</b>	<b>40,896</b>

**F Debt securities issued and other borrowed funds**

	<b>31 December</b>	<b>1 January</b>
<i>in thousands of Nigerian Naira</i>	<b>2012</b>	<b>2012</b>
Debt securities issued and other borrowed funds under NGAAP	-	-
Long term loans reclassified as debt issued and other borrowed funds	9,864,131	5,745,476
Deferred charges of loan commitment AFREXIM reclassified from prepayment and other assets	-	(70,290)
Loan from ADB/FGN/CBN reclassified from other liabilities	82,031	82,031
BOI - Working capital reclassified from other liabilities	460,000	560,000
Interest Payable reclassified from other liabilities	536,430	404,024
8% CBN Perpetual Debenture	1,225,152	1,225,152
<b>Debt issued and other borrowed funds per IFRS</b>	<b>12,167,744</b>	<b>7,946,393</b>

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 4.1 First-time adoption of IFRS - Continued

#### Notes to the reconciliation of equity and total comprehensive income - Continued

#### G Other liabilities

<i>in thousands of Nigerian Naira</i>	<b>31 December 2012</b>	<b>1 January 2012</b>
Other liabilities under NGAAP	-	-
Reclassification of other current liabilities and provisions	4,239,028	4,180,605
Current A/C with FGN/CBN ESL reclassified from prepayment and other assets	(42,497)	(42,497)
Loan from ADB/FGN/CBN reclassified to debt issued and other borrowed funds	(82,031)	(82,031)
BOI - Working capital reclassified to debt issued and other borrowed funds	(460,000)	(560,000)
Interest payable on customers accounts reclassified to debt issued and other borrowed funds	(536,431)	(404,026)
Unearned interest income on loans reclassified to loans and advances to customers	(61,255)	(94,823)
Remeasurement adjustment on unearned underwriting fees (see note g (i))	4,657	4,656
Remeasurement adjustment on unearned underwriting fees (see note g (i))	8,319	-
<b>Other liabilities under IFRS</b>	<b>3,069,790</b>	<b>3,001,884</b>

#### (i) Underwriting fees

Under NGAAP, the Bank recognised underwriting fees on financial guarantee contracts issued to customers in profit or loss immediately they are issued regardless of the tenor of the guarantee. Under IFRS, financial guarantee contracts are required to be measured initially at fair value being the fee received on the issuance of such contracts. Subsequently, they are required to be measured at the higher of: (a) the amount initially recognised less, when appropriate, cumulative amortisation recognised in profit or loss and (b) the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Thus, at the date of transition to IFRS, the application of this principle resulted in the recognition of financial guarantee contracts at the higher of (a) and (b) above being N4.656 million. This was recognised as a reduction in retained earnings with a corresponding increase in other liabilities. The effect of this on earnings in 2012 was a reduction of N8.319 million in fee and commission income with a corresponding increase in other liabilities.



# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 4.1 First-time adoption of IFRS - Continued

#### Notes to the reconciliation of equity and total comprehensive income - Continued

#### H Accumulated losses

<i>in thousands of Nigerian Naira</i>	<b>31 December 2012</b>	<b>1 January 2012</b>
Retained earnings under NGAAP	-	-
Reserves	(6,720,318)	(7,046,355)
Exchange equalisation reserve reclassified to other reserve	(562,221)	(532,634)
Guarantee reserve fund reclassified to other reserve	(500,000)	(500,000)
Effect of adjustment on loan loss impairment (see note B (ii))	999,824	-
Effect of reclassification of NGAAP provision over IFRS to regulatory risk reserve on loan loss impairment (see note B (ii))	-	-
Effect of reclassification of NGAAP provision over IFRS from regulatory risk reserve on loan loss impairment (see note B (ii))	(742,971)	-
Effect of adjustment on loan loss impairment (see note B (ii))	(267,662)	(267,662)
Effect of adjustment on unearned administrative fees (See note B (i))	(72,361)	(72,361)
Effect of adjustment on available for sale financial assets (see note C (i))	(10,096)	(10,096)
Effect of adjustment on unearned administrative fee fees (see note B (i))	(38,558)	-
Effect of adjustment on held to maturity financial assets (see note D (i))	(11,363)	-
Effect of adjustment on unearned underwriting fees (see note G (i))	(4,656)	(4,656)
Effect of adjustment to recognised underwriting income(see note G (i))	(8,319)	-
Effect of remeasurement of defined employee benefit assets	45,095	95,296
Effect of adjustment on reclassification of exchange equalisation reserve to retained earnings (see note J (i))	439,877	439,877
Effect of recognition of exchange loss on retranslation of monetary asset in income statement previously recognised in exchange equalisation reserve (see note J (i))	33,989	-
Effect of recognising exchange gains on retranslation of monetary asset in income statement previously recognised in exchange equalisation reserve ( see note J (i))	(595)	-
<b>Accumulated losses per IFRS</b>	<b>(7,420,335)</b>	<b>(7,898,588)</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4.1 First-time adoption of IFRS - Continued**

**Notes to the reconciliation of equity and total comprehensive income - Continued**

**I Available for sale reserve**

	<b>31 December</b>	<b>1 January</b>
<i>in thousands of Nigerian Naira</i>	<b>2012</b>	<b>2012</b>
Available for sale reserve under NGAAP	-	-
2011 IFRS opening balance	46,765	-
Remeasurement adjustment on available for sale financial assets measured at cost (see note c (ii))	151,508	46,765
<b>Available for sale reserve per IFRS</b>	<b>198,273</b>	<b>46,765</b>

**J Other reserve**

	<b>31 December</b>	<b>1 January</b>
<i>in thousands of Nigerian Naira</i>	<b>2012</b>	<b>2012</b>
Other reserve under NGAAP	-	-
Guarantee reserve fund reclassified from reserves	500,000	500,000
Exchange equalisation reserve reclassified from reserves	562,222	532,634
Remeasurement adjustment on exchange equalisation reserve (see note C (ii))	(92,757)	(92,757)
Remeasurement adjustment on exchange equalisation reserve (see note J (i))	(439,877)	(439,877)
Remeasurement adjustment on exchange equalisation reserve (see note J (i))	(33,989)	-
Remeasurement adjustment on exchange equalisation reserve (see note J (i))	595	-
Remeasurement adjustment on exchange equalisation reserve (see note C (ii))	3,806	-
<b>Other reserve per IFRS</b>	<b>500,000</b>	<b>500,000</b>

Under NGAAP, the Bank recognised exchange gains or losses on monetary assets and liabilities denominated in foreign currency in exchange equalisation reserve. IFRS requires exchange differences on retranslation of monetary assets and liabilities to be recognised in profit or loss in the period in which they arise. Thus, at the date of transition to IFRS, unrealised exchange gains of N439.877 million previously recognised as an increase in the value of these monetary assets and liabilities as a result of the continuous retranslation at the closing rate is reversed with a corresponding reduction in exchange equalisation reserve. The effect of this on earnings in 2012 was an increase of N33.395 million with a corresponding decrease in exchange equalisation reserve.

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 4.1 First-time adoption of IFRS - Continued

#### Notes to the reconciliation of equity and total comprehensive income - Continued

#### K Interest and similar income

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Interest and similar income under NGAAP Administrative fees on loans and advances to customers	3,503,716
reclassified from miscellaneous income	46,663
Effect of adjustment on unearned administrative fee fees (see note B (i))	(38,559)
Effect of application of EIR on held to maturity financial assets (See note D (i))	(11,363)
<b>Interest and similar income per IFRS</b>	<b>3,500,457</b>

#### L Fees and commission income

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Fees and commission income under NGAAP	-
Other fees/legal fees reclassified from miscellaneous income	115,953
Underwriting income reclassified from miscellaneous income	38,707
Effect of adjustment to recognised underwriting income (see note G (i))	(8,319)
<b>Fees and commission income per IFRS</b>	<b>146,341</b>

#### M Other operating income

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Other operating income under NGAAP	-
Dividends received from AFREXIM reclassified from miscellaneous income	44,946
Release of transformation grant	22,458
Penalty income reclassified from miscellaneous income	735
Rental income reclassified from miscellaneous income	47,774
Other income reclassified from miscellaneous income	49,257
Effect of recognising exchange gains on retranslation of monetary asset in income statement previously recognised in exchange equalisation reserve ( see note J (i))	33,989
<b>Fees and commission income per IFRS</b>	<b>199,159</b>

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 4.1 First-time adoption of IFRS - Continued

#### Notes to the reconciliation of equity and total comprehensive income - Continued

#### N **Loan impairment reversal**

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Credit loss expense under NGAAP	(691,376)
Bad debt recovered reclassified from recoveries	373,076
Effect of adjustment on loan loss impairment (see note b (ii) above)	999,824
Reclassification of other provision to other expenses	133,744
<b>Other operating income per IFRS</b>	<b>815,268</b>

#### O **Personnel expenses**

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Personnel expenses under NGAAP	-
Net interest benefit	(11,435)
Staff cost reclassified from operating cost	1,191,247
<b>Personnel expenses per IFRS</b>	<b>1,179,812</b>

#### P **Depreciation and amortisation**

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Depreciation and amortisation under NGAAP Amortisation expenses reclassified from other operating expenses	-
Depreciation expenses reclassified from other operating expenses	1,198
Depreciation expenses reclassified from other operating expenses	227,844
<b>Amortisation of intangible assets per IFRS</b>	<b>229,042</b>

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 4.1 First-time adoption of IFRS - Continued

#### Notes to the reconciliation of equity and total comprehensive income - Continued

#### Q Other operating expense

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Other operating expense under NGAAP	2,870,333
Reclassification of personnel expenses	(1,191,248)
Reclassification of Depreciation of property and equipment	(227,845)
Reclassification of Amortisation of intangible assets	(1,197)
Reclassification of other provision to other expenses	133,745
Recognition of transformation grant expense	22,458
Reclassification of advertising and marketing	(353,260)
Effect of recognition of exchange loss on retranslation of monetary asset in income statement previously recognised in exchange equalisation reserve ( see note J (i))	595
<b>Other operating expense per IFRS</b>	<b>1,253,581</b>

#### R Remeasurement gains and losses on defined benefits plan

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Remeasurement gains and losses on defined benefits plan under NGAAP	-
Effect of IFRS remeasurement adjustment	(61,637)
<b>Remeasurement gains and losses on defined benefits plan per IFRS</b>	<b>(61,637)</b>

#### S Net gain/(loss) on available-for-sale asset

<i>in thousands of Nigerian Naira</i>	<b>2012</b>
Net gain/(loss) on available-for-sale asset under NGAAP	-
Effect of IFRS remeasurement adjustment (see note B(i))	151,508
<b>Net gain/(loss) on available-for-sale asset per IFRS</b>	<b>151,508</b>

## **NIGERIAN EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **4.2 First-time adoption of IFRS - Continued**

These financial statements, for the year ended 31 December 2013, are the first the Bank has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Bank prepared its financial statements in accordance with Nigerian GAAP.

Accordingly, the Bank has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2013, together with the comparative period data as at and for the year ended 31 December 2012, as described in the summary of significant accounting policies. In preparing these financial statements, the Bank's opening statement of financial position was prepared as at 1 January 2012, the Bank's date of transition to IFRS. This note explains the principal adjustments made by the Bank in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2012 and the financial statements as at and for the year ended 31 December 2012.

#### **Exemptions applied**

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Bank has applied the following exemptions:

#### **Estimates**

The estimates at 1 January 2012 and at 31 December 2013 are consistent with those made for the same dates in accordance with local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

#### **Post-employment benefits**

Available-for-sale financial assets – unquoted equity shares

The estimates used by the Bank to present these amounts in accordance with IFRS reflect conditions at 1 January 2012, the date of transition to IFRS and as of 31 December 2012.

#### **Government Grant**

The Company has not recognised the corresponding benefit of government loan at a below-market rate of interest as a government grant. Consequently, it has used its previous GAAP carrying amount of the loan at the date of transition to IFRSs as the carrying amount of the loan in the opening IFRS statement of financial position.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**5 Interest and similar income**

<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
Cash and short-term funds	1,454,782	1,995,818
Loans and advances to customers	2,301,233	1,397,953
Loans and advances to staff	7,800	8,839
Investment securities – held-to-maturity	119,911	97,847
<b>Interest and similar income</b>	<b>3,883,726</b>	<b>3,500,457</b>

Interest income accrued on impaired financial assets is ₦386,594,000 (2012: ₦343,926,000).

**6 Interest and similar expense**

<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
Export Stimulation loan	62,270	61,741
Loan from AFREXIM	194,777	140,359
8% CBN Perpetual Debenture	73,644	73,627
CBN/BOI Fund for Small & Medium Scale - Industries	16,836	27,700
Loan from ADB/FGN/CBN	7,436	7,463
<b>Interest and similar expense</b>	<b>354,963</b>	<b>310,890</b>

**7 Fees and commission income**

Credit-related fees and commissions	39,585	109,057
Underwriting fees	39,140	30,387
Other fees received	1,831	6,897
<b>Fees and commission income</b>	<b>80,556</b>	<b>146,341</b>

**8 Other operating income**

Recoveries	150,604	-
Dividend income	100,078	44,946
Non-trading foreign exchange	102,551	33,989
Operating lease income	65,336	47,773
Transformation grant income	19,149	22,459
Other income	8.1 142,804	49,992
<b>Other operating income</b>	<b>580,522</b>	<b>199,159</b>

- 8.1 Included in other income is ₦+C64136 million being provision for staff performance bonus no longer required.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**9 Loan impairment (charge)/reversal**

<i>in thousands of Nigerian Naira</i>	Note	<b>2013</b>	<b>2012</b>
Loans and advances: reversal /(Impairment)			
BOI refinancing facility lending		(111,040)	(1,158,781)
Medium-term direct lending		174,727	1,830,381
Short-term direct lending facilities		(319,131)	109,140
ADB Export stimulation loan		-	45,336
Staff loans		(34,213)	(10,808)
<b>Loan impairment charge</b>	16.2	<b>(289,657)</b>	<b>815,268</b>

**10 Personnel expenses**

Wages and salaries		1,429,868	1,011,379
Interest cost on benefit obligation		50,993	49,173
Interest income on plan assets		(58,937)	(64,998)
Pension costs- Defined contribution plan	23	199,396	184,258
Other employee benefits		7,351	-
<b>Personnel expenses</b>		<b>1,628,671</b>	<b>1,179,812</b>

**11 Other operating expenses**

Administrative expenses		682,756	638,713
Staff training		421,789	224,508
Staff travelling		158,817	99,916
Professional fees		127,734	189,374
Directors' fee, salaries & expenses		50,522	24,988
Rents charges payable under operating leases		51,041	29,100
Auditors remuneration		15,097	15,097
Transformation expense		19,149	22,459
Staff relocation		8,609	7,487
Loss from disposal of property, plant and equipment		2,056	-
Non-trading foreign exchange		-	595
Others		2,190	1,344
<b>Other operating expenses</b>		<b>1,539,760</b>	<b>1,253,581</b>

**12 Income tax expense**

The profit of the Bank is exempted from Company income tax in accordance with section 23(1)(a) of the Company Income Tax Act.



**NIGERIAN EXPORT-IMPORT BANK****NOTES TO THE FINANCIAL STATEMENTS - Continued****13 Earnings per share**

Basic/diluted earnings per share amounts is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary share outstanding at the reporting date.

The following reflects the profit or loss and share data used in the basic/diluted earnings per share computations:

	<b>31 December</b>	<b>31 December</b>
<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
Profit after taxation	67,772	1,334,639
<i>in thousands number</i>	<b>2013</b>	<b>2012</b>
Weighted average number of ordinary shares for basic/diluted earnings per share	39,339,514	38,935,167
Basic/diluted earnings per ordinary share (kobo)	<b>0.17</b>	<b>3.43</b>

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements which would require the restatement of earnings per share. There was no ordinary shares with dilutive potential as at the reporting date.

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 14 Cash and cash in banks

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
Cash on hand	26	148	3,006	3,227
Cash in banks	26	621,743	857,884	583,014
<b>Cash and cash in banks</b>		<b>621,891</b>	<b>860,890</b>	<b>586,241</b>

Cash in banks earns interest at fixed rates based on the bank deposit rates.

There is no undrawn committed borrowing facilities as at year end (2012: Nil).

The Bank has not pledged any of its short-term deposits in order to fulfil collateral requirements.

### 15 Due from banks

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
Placements with other banks		15,397,501	22,697,266	22,177,456
Less: allowance for impairment	15.1	(267,256)	(250,554)	(250,554)
<b>Due from banks</b>		<b>15,130,245</b>	<b>22,446,712</b>	<b>21,926,902</b>

Placements

with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Bank, and earn interest at the respective short-term deposit rates.

#### 15.1 Allowance for impairment

At the beginning of the year	250,554	250,554	
Charge for the year	16,702	-	
<b>At the end of the year</b>	<b>267,256</b>	<b>250,554</b>	<b>250,554</b>

Allowance for impairment relates to placements with liquidated banks.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**16 Loans and advances**

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
<b>Loans to customers:</b>				
BOI Refinancing facility lending		477,991	492,577	2,903,591
Medium-term direct lending		24,278,857	15,173,742	13,167,049
Short-term direct lending		4,649,476	4,160,802	4,872,637
ADB Export stimulation loan		-	-	946,225
Loans to staff		863,965	711,606	548,013
		<b>30,270,289</b>	<b>20,538,727</b>	<b>22,437,516</b>
Less: Allowance for impairment losses	16.2	(1,323,270)	(1,033,613)	(10,021,640)
<b>Loans and advances</b>		<b>28,947,019</b>	<b>19,505,114</b>	<b>12,415,876</b>

**16.1 Classification of loans and advances per performance**

Individually impaired	8,377,020	11,317,907	10,038,360
Collectively impaired	215,211	104,809	1,349,651
Past due but not impaired	1,658,371	2,981,173	2,140,354
Neither impaired nor past due	20,019,687	6,134,838	8,909,151
<b>Loans and advances</b>	<b>30,270,289</b>	<b>20,538,727</b>	<b>22,437,516</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**16.2 Impairment allowance for loans and advances**

A reconciliation of the allowance for impairment for loans and advances, by class, is as follows:

<i>in thousands of Nigerian Naira</i>	Note	<b>BOI Refinancing facility lending</b>	<b>Medium-term direct lending</b>	<b>Short-term direct lending</b>	<b>ADB Export stimulation loan</b>	<b>Exit Staff loans</b>	<b>Total</b>
<b>At 1 January 2012</b>		1,136,200	5,786,047	2,153,167	946,226	-	10,021,640
Impairment charge/(reversal)	9	1,158,781	(1,830,381)	(109,140)	(45,336)	10,808	(815,268)
Amounts written off		(2,294,981)	(3,033,839)	(1,943,049)	(900,890)	-	(8,172,759)
<b>At 31 December 2012</b>		<b>-</b>	<b>921,827</b>	<b>100,978</b>	<b>-</b>	<b>10,808</b>	<b>1,033,613</b>
Individual impairment		-	860,603	57,393	-	10,808	928,804
Collective impairment		-	61,224	43,585	-	-	104,809
		<b>-</b>	<b>921,827</b>	<b>100,978</b>	<b>-</b>	<b>10,808</b>	<b>1,033,613</b>
<b>At 1 January 2013</b>		-	921,827	100,978	-	10,808	1,033,613
Impairment charge/(reversal)	9	111,040	(174,727)	319,131	-	34,213	289,657
<b>At 31 December 2013</b>		<b>111,040</b>	<b>747,100</b>	<b>420,109</b>	<b>-</b>	<b>45,021</b>	<b>1,323,270</b>
Individual impairment		99,804	609,586	309,512	-	45,021	1,063,923
Collective impairment		11,236	137,513	110,596	-	-	259,346
		<b>111,040</b>	<b>747,100</b>	<b>420,109</b>	<b>-</b>	<b>45,021</b>	<b>1,323,270</b>

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 17 Investment securities

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
Available-for-sale	17.1	1,470,685	1,340,558	1,186,810
Held-to-maturity	17.2	2,186,890	817,198	-
		<b>3,657,575</b>	<b>2,157,756</b>	<b>1,186,810</b>

#### 17.1 Available-for-sale

##### Quoted investments:

Equity securities		907,292	777,275	623,527
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##### Unquoted investments:

Equities		563,393	563,283	563,283
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	17.3	<b>1,470,685</b>	<b>1,340,558</b>	<b>1,186,810</b>
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All unquoted investments for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Company to fair value these investments. They have therefore been disclosed at cost less impairment. The carrying amount is the expected recoverable amounts on these investments.

The unquoted investments are made up of investments in African Export Import (AFREXIM) Bank for ₦532,129,435 and African Biofuel & Renewable Energy Company (ABREC) for ₦32,064,000. The total dividends received from AFREXIM is ₦54,079,826.50 (2012: ₦42,706,276.80). AFREXIM have been paying dividends every year.

#### 17.2 Held-to-maturity

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
<b>Quoted investments:</b>				
AMCON Bond		1,260,482	-	-
Treasury bills		926,408	817,198	-
	17.3	<b>2,186,890</b>	<b>817,198</b>	<b>-</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**17 Investment securities - Continued**

**17.3 Carrying values**

<i>in thousands of Nigerian Naira</i>	<i>Available-for-sale</i>	<i>Held-to-maturity</i>	<i>Total</i>
<b>As at 1 January 2012</b>	1,186,810	-	1,186,810
Purchases	2,240	719,351	721,591
Fair value gains recorded in other comprehensive income	151,508	-	151,508
Amortisation adjustment	-	97,847	97,847
<b>As at 31 December 2012</b>	<b>1,340,558</b>	<b>817,198</b>	<b>2,157,756</b>
Purchases	41,869	1,249,781	1,291,650
Fair value gains recorded in other comprehensive income	88,258	-	88,258
Amortisation adjustment	-	119,911	119,911
<b>As at 31 December 2013</b>	<b>1,470,685</b>	<b>2,186,890</b>	<b>3,657,575</b>

**18 Other assets**

<i>As at</i>	<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>	<b>2012</b>
Prepayments	344,765	215,985	22,459
Other receivables	267,847	128,274	18,437
	<b>612,612</b>	<b>344,259</b>	<b>40,896</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**19 Property, plant and equipment**

<i>in thousands of Nigerian Naira</i>	<b>Land</b>	<b>Building</b>	<b>Plant</b>	<b>Furnitures and fittings</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost:</b>							
<b>At 1 January 2012</b>	1,688	2,764,732	97,861	689,952	220,117	336,077	<b>4,110,427</b>
Additions	-	-	14,876	54,096	17,136	66,655	<b>152,763</b>
<b>At 31 December 2012</b>	1,688	2,764,732	112,737	744,048	237,253	402,732	<b>4,263,190</b>
Additions	-	59,366	-	160,139	71,845	71,878	<b>363,228</b>
Disposal	-	-	(3,425)	(55,244)	(250)	(40,202)	<b>(99,121)</b>
<b>At 31 December 2013</b>	<b>1,688</b>	<b>2,824,098</b>	<b>109,312</b>	<b>848,943</b>	<b>308,848</b>	<b>434,408</b>	<b>4,527,297</b>
<b>Accummulated depreciation:</b>							
<b>At 1 January 2012</b>	-	233,301	52,098	615,773	207,515	121,717	<b>1,230,404</b>
Charged for the year	-	55,318	23,579	55,853	5,453	87,641	<b>227,844</b>
<b>At 31 December 2012</b>	-	288,619	75,677	671,626	212,968	209,358	<b>1,458,248</b>
Charged for the year	-	56,011	16,812	33,626	17,631	115,719	<b>239,799</b>
Disposal	-	-	(1,592)	(55,236)	(14)	(37,739)	<b>(94,581)</b>
<b>At 31 December 2013</b>	-	<b>344,630</b>	<b>90,897</b>	<b>650,016</b>	<b>230,585</b>	<b>287,338</b>	<b>1,603,466</b>
<b>Carrying amount:</b>							
<b>At 31 December 2013</b>	<b>1,688</b>	<b>2,479,468</b>	<b>18,415</b>	<b>198,927</b>	<b>78,263</b>	<b>147,070</b>	<b>2,923,831</b>
<b>At 31 December 2012</b>	<b>1,688</b>	<b>2,476,113</b>	<b>37,060</b>	<b>72,422</b>	<b>24,285</b>	<b>193,374</b>	<b>2,804,942</b>
<b>At 1 January 2012</b>	<b>1,688</b>	<b>2,531,431</b>	<b>45,763</b>	<b>74,179</b>	<b>12,602</b>	<b>214,360</b>	<b>2,880,023</b>

Insignificant part (ground floor) of the building is subject to operating leases where the Bank is a lessor. At 31 December 2013, the net carrying amount of those assets was ₦495.9 million (2012: ₦495.2 million), on which the accumulated depreciation as at 31 December 2013 was ₦68.9 million (2012: ₦57.7 million). None of the assets have been pledged as collateral.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**20 Intangible assets**

<i>in thousands of Nigerian Naira</i>	<b>Computer software</b>
<b>Cost:</b>	
<b>At 1 January 2012</b>	118,874
Additions	29,077
<b>At 31 December 2012</b>	147,951
Additions	-
<b>At 31 December 2013</b>	<b>147,951</b>
<b>Amortisation and impairment:</b>	
<b>At 1 January 2012</b>	117,910
Amortisation charged for the year	1,198
<b>At 31 December 2012</b>	119,108
Amortisation charged for the year	10,656
Disposal	-
<b>At 31 December 2013</b>	<b>129,764</b>
<b>Carrying amount:</b>	
<b>At 31 December 2013</b>	<b>18,187</b>
<b>At 31 December 2012</b>	<b>28,843</b>
<b>At 1 January 2012</b>	<b>964</b>

The intangible assets represent computer software which was purchased from third parties.



# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 21 Debt securities issued and other borrowed funds

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
CBN/BOI Fund for Small & Medium Scale - Industries	21.1	1,159,325	1,775,547	2,155,217
BOI - Working capital	21.1	464,600	460,000	560,000
Export Stimulation loan	21.2	6,411,062	6,348,791	3,060,000
Loan from ADB/FGN/CBN	21.3	160,014	152,579	145,116
Loan from AFREXIM	21.4	2,168,326	1,980,446	559,485
8% CBN Perpetual Debenture	21.5	1,524,025	1,450,381	1,466,575
<b>Debt securities issued and other borrowed funds</b>		<b>11,887,352</b>	<b>12,167,744</b>	<b>7,946,393</b>

21.1 In 2010, the Bank was granted a loan under the Central Bank of Nigeria (CBN) intervention fund for Refinancing/Restructuring of facility (IES). The loan is broken down into Term loan of ₦2,123,138,102 and Working capital loan of ₦670,000,000. The Term loan is repayable on quarterly installments commencing immediately after the moratorium period of one year for a period of 5 years while the Working capital loan is repayable at the end of twelve (12) months with annual roll over option. The loans were disbursed with a management fee of 1% flat of the loan deductible at source payable to BOI.

21.2 This relates to a loan granted the Bank by the Ministry of Finance at an annual interest rate of 1% in 2011 and repayment shall be N1 billion per year after the expiration of the 5 year tenure of the loan.

21.3 This relates to a loan initially obtained from African Development Bank (ADB) under ADB Export Stimulation loan being managed on behalf of the Federal Government of Nigeria ("FGN"). However, the loan has been fully paid by the FGN, therefore the balance on the account becomes payable to FGN by the Bank. The Bank accrues for the interest at the rate of 9% per annum as time value of money in respect of the balance until it is repaid.

21.4 This represents a US\$50,000,000 line of credit facility to be used for refinancing for the purchase of promissory notes issued by an Approved Sub-Borrower, discounting invoices accepted by an Approved Sub-Borrower and refinancing and prefinancing for trade-related activities and/or projects that generate foreign exchange, each in connection with an Approved Sub-Borrowers. The amount of advance made or deemed to be made shall be repayable by the borrower on the repayment date specified in the relevant specific transaction term agreement. The interest rate on each advance is the percentage rate per annum which is the aggregate of the applicable Margin and LIBOR. The principal and interest is payable quarter over five year after the expiration of the six or twelve months moratorium period.

21.5 This represents amount taken over by NEXIM Bank at its inception in 1991 from the Central Bank of Nigeria (CBN) on the export credit Rediscounting and Refinancing Facility (RRF) Scheme extended to exporters through participating banks. The amount involved is both the debt instruments and bank balances which got transferred to NEXIM Bank by the CBN. The seed fund was called CBN Perpetual Debenture with a coupon rate of 8% which was subsequently reduced to 6% per annum. The interest is payable quarterly.

The Bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2013 and 2012.

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 22 Other liabilities

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
Accrued expenses		540,313	215,419	181,713
Accounts payable and sundry creditors	22.1	2,907,706	2,584,996	2,688,375
Transformation grant	22.2	60,916	80,064	102,522
Post-employment pension (defined - contribution)		62,337	40,062	24,618
Obligations under financial guarantees	22.3	8,722	12,975	4,656
Provision	22.4	-	136,274	-
		<b>3,579,994</b>	<b>3,069,790</b>	<b>3,001,884</b>

22.1 Included in the amount is ₦2.313 billion (2012: ₦2.352 billion) due to Federal Government of Nigeria under the defunct ADB Export Stimulation Loan “Managed funds” in respect of the recoveries made by the Bank under the Fund, which is yet to be remitted.

22.2 Transformation grant is the outstanding balance of the funds given to the Bank by the Federal Government to rebrand the Bank as part of the Bank transformation.

22.3 The movement in obligations under financial guarantees during 2013 is as follows:

<i>in thousands of Nigerian Naira</i>	31 December 2013	31 December 2012	1 January 2012
At 1 January	12,975	4,656	
Arising during the year	39,140	12,975	
Utilised	(43,393)	(4,656)	
<b>At 31 December</b>	<b>8,722</b>	<b>12,975</b>	

### 22.4 Provision

<i>in thousands of Nigerian Naira</i>	Notes	2013	2012	2012
Employee performance bonus				
At 1 January		136,274	-	-
Arising for the year		-	136,274	-
Reversed during the year	8.1	(136,274)	-	-
<b>At 31 December</b>		<b>-</b>	<b>136,274</b>	<b>-</b>

Employee performance bonus

Provision for performance bonus which is based on management judgements payable to staff at year end.

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 23 Employee benefit obligations

##### Defined contribution plan

The defined contribution plan is a pension plan under which the Bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Bank in a fund under the control of trustees.

The total expense charged to profit or loss of ₦199.40 million (2012: ₦184.26 million) represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

##### Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. A full actuarial valuation by a qualified independent actuary is carried out every year.

The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrecognised actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date of high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

Legacy fund represents funds invested by the Bank on behalf of Pension Fund under the erstwhile defined benefit pension scheme in 2005. Payments are made in monthly to the beneficiaries of the fund.

#### a Net benefit (recognised under personal expenses)

<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
Interest cost on benefit obligation	57,986	44,277
Interest income on assets	(63,849)	(55,713)
<b>Net benefit</b>	<b>(5,862)</b>	<b>(11,436)</b>

#### b Net remeasurement gains/(losses) recognised in other comprehensive

<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
Remeasurement losses on defined benefit obligation	(18,887)	(68,275)
Return on plan assets (Excluding amounts included in net income)	(12,850)	6,638
<b>Net remeasurement losses in OCI</b>	<b>(31,736)</b>	<b>(61,637)</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**23 Employee benefit obligations - Continued**

The factors contributed to the net actuarial loss above are as follows:

<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
Change in economics assumptions	(50,070)	73,934
Change in demographic assumptions	-	-
Pension increases	88,979	(7,518)
Pensioner mortality	(25,136)	2,310
Other miscellaneous items	5,114	(451)
<b>Total</b>	<b>18,887</b>	<b>68,275</b>

**c Net employee defined benefit assets**

As at		<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
<i>in thousands of Nigerian Naira</i>	Note	<b>2013</b>	<b>2012</b>	<b>2012</b>
Defined benefit obligations	23d	(480,706)	(446,048)	(368,976)
Fair value of plan assets	23e	499,927	491,143	464,272
<b>Retirement benefit assets</b>		<b>19,221</b>	<b>45,095</b>	<b>95,296</b>
Less: application of asset ceiling		-	-	-
		19,221	45,095	95,296

**d Changes in the present value of the defined benefit obligation are as follows:**

As at		<b>31 December</b>	<b>31 December</b>
<i>in thousands of Nigerian Naira</i>	Note	<b>2013</b>	<b>2012</b>
<b>Opening defined benefit obligations</b>		(446,048)	(368,976)
Interest cost		(57,986)	(44,277)
Benefits paid		42,215	35,480
Remeasurement losses on obligations		(18,887)	(68,275)
<b>Closing defined benefit obligations</b>		<b>(480,706)</b>	<b>(446,048)</b>

**e Changes in fair value of plan assets are as follows:**

As at		<b>31 December</b>	<b>31 December</b>
<i>in thousands of Nigerian Naira</i>		<b>2013</b>	<b>2012</b>
<b>Opening fair value of plan assets</b>		491,143	464,272
Interest income		63,849	55,713
Benefits paid		(42,215)	(35,480)
Remeasurement (loss)/gain on plan assets		(12,850)	6,638
<b>Closing fair value of plan assets</b>		<b>499,927</b>	<b>491,143</b>
Actual return on the plan assets		8,784	26,871

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 23 Employee benefit obligations - Continued

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2013	2012
	%	%
Money market instrument	100	100

The principal assumptions used in determining pension obligations for the Bank's plan are shown

As at		31 December	31 December	1 January
<i>in thousands of Nigerian Naira</i>	Note	2013	2012	2012
		%	%	%
Discount rate		13	12	14
Future pension increases		6	6	6
Mortality rate		a (55) Ultimate Table rated down 5 years.		

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Bank as at 31 December 2011, 2012 and 2013. The present value of the defined benefit obligation were measured using the projected unit credit method.

#### f Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

<i>in thousands of Nigerian Naira</i>	Mov	2013	2012	2011
Discount rate	+1%	37,070	37,136	27,529
	-1%	(43,077)	(43,571)	(31,903)
Pension increase	+1%	(45,696)	(45,788)	(34,164)
	-1%	39,680	39,414	29,712
Mortality rate	+1 yr	8,098	8,062	4,715
	-1 yr	(7,844)	(7,839)	(4,546)

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 24 Issued share capital and reserves

<i>in thousands of Nigerian Naira</i>	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>1 January 2012</b>
Authorised ordinary shares of N1 each	50,000,000	50,000,000	50,000,000
Issued and fully paid ordinary shares of N1 each	42,353,570	38,935,167	35,536,554
<b>Movement of issued and fully paid</b>			
<i>in thousands (unit/share)</i>	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>1 January 2012</b>
<b>At 1 January</b>	38,935,167	35,536,554	17,259,600
<b>Paid during the year:</b>			
Ministry of Finance Incorporated (MOFI)	3,418,403	3,398,613	-
Central Bank of Nigeria	-	-	18,276,954
<b>At 31 December</b>	<b>42,353,570</b>	<b>38,935,167</b>	<b>35,536,554</b>

In line with the provision of the NEXIM Act, the shareholding is equally shared between Ministry of Finance Incorporated and Central Bank of Nigeria. The statutory share allocation is being paid for over time.

#### Accumulated losses

Accumulated losses is the carried forward losses plus current profit/losses attributable to shareholders.

#### Dividends

Dividends distributed to the Bank's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Bank's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements. Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

The Bank declared and paid dividend in respect of the year ended 31 December 2011 of 1 kobo per share in 2013 financial year and 3 kobo per share in respect of the year ended 31 December 2010 in 2012 financial year.

The declaration of dividends for 2011 and 2010 financial years were approved by the Honourable Minister of State for Finance on the 12th of July 2013 and 3rd of August 2012 respectively; there was no Board during the period.

#### Available-for-sale reserve

The available-for-sale reserve includes the net cumulative change in the fair value of available for sale investment until the investment is derecognised or impaired.

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 24 Issued share capital and reserves - continued

##### Regulatory risk reserve

The regulatory risk reserve includes the difference between the impairment on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines and the impairment loss computed using the incurred loss model on loans and advances under IFRSs. While the impairment loss model computed under IFRS is charged to profit or loss, the excess of regulatory impairment loss over the impairment loss computed using incurred loss model is warehoused here.

##### Other reserve

The other reserve represents the reserves created to cater for the fund maintained for the export guarantee activities of the Bank. The underlying fund is invested in the Stanbic IBTC Equity Fund and FSDH Coral Fund.

#### 25 Cash and cash equivalents

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012	1 January 2012
Cash on hand	14	148	3,006	3,227
Cash in banks	14	621,743	857,884	583,014
Due from banks	15	15,130,245	22,446,712	21,926,902
		<b>15,752,136</b>	<b>23,307,602</b>	<b>22,513,143</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**26 Fair value measurement**

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2013**

<i>in thousands of Nigerian Naira</i>	Note	Carrying amount	Date of valuation	Fair value amount	Fair value measurement using		
					Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
					Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>							
<b>Available-for-sale investment:</b>							
Quoted equities	17.1	907,292	31-Dec-13	907,292	907,292	-	-
<b>Assets for which fair values are disclosed:</b>							
<b>Loans to customers:</b>							
BOI Refinancing facility lending	16	477,991	31-Dec-13	87,339	-	87,339	-
Medium Term Direct Lending	16	24,278,857	31-Dec-13	14,759,010	-	14,759,010	-
Short Term Direct Lending	16	4,649,476	31-Dec-13	1,845,022	-	1,845,022	-
Loans to staff	16	863,965	31-Dec-13	414,231	-	414,231	-
Held-to maturity	17.2	2,186,890	31-Dec-13	1,745,032	-	1,745,032	-
<b>Liabilities for which fair values are disclosed:</b>							
<b>Debts issued and other borrowed funds:</b>							
CBN/BOI Fund for Small & Medium Scale Industries	21	1,159,325	31-Dec-13	275,792	-	275,792	-
BOI - Working capital	21	464,600	31-Dec-13	363,137	-	363,137	-
Export Stimulation loan	21	6,411,062	31-Dec-13	3,235,332	-	3,235,332	-
Loan from AFREXIM	21	2,168,326	31-Dec-13	2,502,772	-	2,502,772	-
8% CBN Perpetual Debenture	21	1,524,025	31-Dec-13	753,939	-	753,939	-



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**26 Fair value measurement - continued**

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2012**

					Fair value measurement using		
					Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
<i>in thousands of Nigerian Naira</i>	Note	Carrying amount	Date of valuation	Fair value amount	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>							
<b>Available-for-sale investment:</b>							
Quoted equities	17.1	777,275	31-Dec-12	777,275	777,275	-	-
<b>Assets for which fair values are disclosed:</b>							
<b>Loans to customers:</b>							
BOI Refinancing facility lending	16	492,577	31-Dec-12	102,751	-	102,751	-
Medium Term Direct Lending	16	15,173,742	31-Dec-12	8,944,855	-	8,944,855	-
Short Term Direct Lending	16	4,160,802	31-Dec-12	2,050,024	-	2,050,024	-
Loans to staff	16	711,606	31-Dec-12	306,838	-	306,838	-
Held-to maturity	17.2	817,198	31-Dec-12	811,643	-	811,643	-
<b>Liabilities for which fair values are disclosed:</b>							
<b>Debt issued and other borrowed funds:</b>							
CBN/BOI Fund for Small & Medium Scale Industries	21	1,775,547	31-Dec-12	424,295	-	424,295	-
BOI - Working capital	21	460,000	31-Dec-12	394,714	-	394,714	-
Export Stimulation loan	21	6,348,791	31-Dec-12	3,441,842	-	3,441,842	-
Loan from AFREXIM	21	1,980,446	31-Dec-12	1,604,341	-	1,604,341	-
8% CBN Perpetual Debenture	21	1,450,381	31-Dec-12	753,939	-	753,939	-

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**26 Fair value measurement - continued**

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for assets as at 1 January 2012**

<i>in thousands of Nigerian Naira</i>	Note	Carrying amount	Date of valuation	Fair value amount	Fair value measurement using		
					Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
					Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>							
<b>Available-for-sale investment:</b>							
Quoted equities	17.1	623,527	1-Jan-12	623,527	623,527	-	-
<b>Assets for which fair values are disclosed:</b>							
<b>Loans to customers:</b>							
BOI Refinancing facility lending	16	2,903,591	1-Jan-12	472,418	-	472,418	-
Medium Term Direct Lending	16	13,167,049	1-Jan-12	4,363,799	-	4,363,799	-
Short Term Direct Lending	16	4,872,637	1-Jan-12	1,639,070	-	1,639,070	-
ADB Export stimulation loan	16	946,225	1-Jan-12	-	-	-	-
Loans to staff	16	548,013	1-Jan-12	352,357	-	352,357	-
<b>Liabilities for which fair values are disclosed:</b>							
<b>Debt issued and other borrowed funds:</b>							
CBN/BOI Fund for Small & Medium Scale Industries	21	2,155,217	1-Jan-12	534,151	-	534,151	-
BOI - Working capital	21	560,000	1-Jan-12	479,657	-	479,657	-
Export Stimulation loan	21	3,060,000	1-Jan-12	1,410,708	-	1,410,708	-
Loan from AFREXIM	21	559,485	1-Jan-12	10,006	-	10,006	-
8% CBN Perpetual Debenture	21	1,466,575	1-Jan-12	753,939	-	753,939	-

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**26 Fair value measurement - continued**

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities. The table does not equally cover those financial instruments whose carrying amounts are reasonable approximations of fair values.

	Fair value			Fair value		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
<i>in thousands of Nigerian Naira</i>						
<b>Financial Assets:</b>						
Loans and advances	28,947,019	19,505,114	12,415,876	17,105,602	11,404,468	6,827,644
Financial investments- held to maturity	2,186,890	817,198	-	1,745,032	811,643	-
	<b>31,133,909</b>	<b>20,322,312</b>	<b>12,415,876</b>	<b>18,850,634</b>	<b>12,216,111</b>	<b>6,827,644</b>
<b>Financial Liabilities:</b>						
Debt issued and other borrowed funds	11,727,338	12,015,165	7,801,277	7,130,973	6,619,132	3,188,462
	<b>11,727,338</b>	<b>12,015,165</b>	<b>7,801,277</b>	<b>7,130,973</b>	<b>6,619,132</b>	<b>3,188,462</b>

The management assessed that cash and bank, due from banks, other receivables, accounts payable and sundry creditors, loan from ADB/FGB/CBN approximate their carrying amounts largely due to the short-term maturities of these instruments.

## **NIGERIAN EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **27 Risk management**

##### **27.1 Introduction**

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk, the later being subdivided into trading and non-trading risks. It is also subject to country risk and various operating risks.

##### **Risk management structure**

The Bank's Risk Management functions are carried out by the Executive Committee, Enterprise Risk Management Committee and Management Credit Committee which are supervised by Board oversight committees, the Board Risk-Management Committee and the Board Credit Committee. The Bank's Internal Audit conducts independent inspections quarterly to ensure compliance with all credit guidelines, approval conditions, operating procedures, Bank policies and regulatory directives.

##### **Risk measurement and reporting systems**

The Bank subscribes to the Central Bank of Nigeria (CBN) Credit Risk Management System and two (2) other credit risk bureaux for information on credit history when considering credit applications. The Bank's policy also provides for a two-dimensional credit rating assessment of financial ratios in system involving the determination of an obligor rating and a facility rating for each exposure.

##### **Risk mitigation**

The Bank uses a diverse range of collateral types to actively mitigate against credit exposures. In so doing the Bank is guided by key eligibility criteria such as liquidity, marketability, legal certainty, amenability to pricing and zero material positive correlation with the underlying exposure.

To safeguard and ensure the effectiveness of collaterals, the Bank ensures insurance policy is put in place, where applicable, as well as inspection and revaluation of the collaterals at prescribed intervals.

##### **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 Bank's performance to developments affecting a particular industry or geographical location.

Risk asset portfolio is actively managed to promote liquidity, flexibility and diversification (i.e. limit concentration risk to any industry, sector, region or individual customer). In line with the CBN Prudential Guidelines, the Bank continually defines and reviews its target market. Sectoral limits are reviewed and reset annually in line with evolving business needs.

## **NIGERIAN EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **27 Risk management - Continued**

##### **27.2 Credit risk**

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit monitoring process to provide early identification of problems militating against credit performance and taking necessary corrective action.

Trade areas that enjoy the support of the Bank are visible and invisible exports which include, but not limited to, primary commodities, manufactured and semi-manufactured goods, imports for production of export goods, solid minerals and services.

##### **Eligible transactions include:**

- All transactions connected with export of goods wholly or partly manufactured in Nigeria;
- All transactions connected with export of commodities which are exportable under the laws of Nigeria;
- All transactions connected with projects established for the production of export goods or for the production of inputs into the production of manufactured goods meant for export;
- All export-generating imports, principally raw materials, equipment and spare parts required by a manufacturing exporter; and
- All export of services.

Eligible borrowers/beneficiaries of the Bank's facilities/services are: Export Agencies and Exporters duly registered in Nigeria as limited liability companies or co-operative societies (whether as manufacturing, merchant exporters or service companies).

##### **Impairment assessment**

For accounting purposes, the Bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include the following:

- A breach of contract such as a default of payment
- Where the Bank grants the customer a concession due to the customer experiencing financial difficulty
- It becomes probable that the customer will enter Bankruptcy or other financial re-organisation
- Other observable data that suggests that there is a decrease in the estimated future cash flows from the loans

This approach differs from the expected loss model used for regulatory capital purposes in accordance with Basel II.

##### **Individually assessed allowances**

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

## **NIGERIAN EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **27 Risk management - Continued**

##### **27.2 Credit risk - Continued**

###### **Collectively assessed allowances**

Allowances are assessed collectively for losses on loans and advances that are not individually significant and for individually significant loans and advances that have been assessed individually and found not to be impaired.

The Bank generally bases its analyses on historical experience. However, when there are significant market developments, regional and/or global, the Bank would include macroeconomic factors within its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, changes in laws, changes in regulations, Bankruptcy trends, and other consumer data. The Bank may use the aforementioned factors as appropriate to adjust the impairment allowances.

###### **Allowances are evaluated separately at each reporting date with each portfolio**

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry-specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. Local management is responsible for deciding the length of this period, which can extend for as long as one year. The impairment allowance is then reviewed by credit administration to ensure alignment with the Bank's overall policy.

###### **Credit-related commitments risks**

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

###### **Analysis of maximum exposure to risk and collateral and other credit enhancements**

The following table shows the maximum exposure to credit risk by class of financial asset. It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to the credit risk.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

27 Risk management - Continued

27.2 Credit risk - Continued

Maximum exposure to credit risk

Type of collateral or credit enhancement

31 December 2013	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held						Net collateral	Net exposure
		Cash	Securities	Letters of credit/ guarantees	Property	Other*	Netting agreements	Surplus collateral	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Financial assets</b>									
Due from banks	15,130,245	-	-	-	-	-	-	-	15,130,245
Cash in banks	621,743	-	-	-	-	-	-	-	621,743
<b>Loans and advances:</b>									
BOI Refinancing facility lending	366,950	-	-	-	177,987	321,360	-	(339,972)	207,575
Medium Term Direct Lending	23,531,757	-	-	6,115,030	39,771,682	12,084,832	-	(36,921,456)	2,481,669
Short Term Direct Lending	4,229,368	-	-	2,750,030	4,693,323	885,400	-	(4,171,460)	72,075
Staff loans	818,944	-	-	-	-	-	-	-	-
	28,947,019	-	-	8,865,060	44,642,992	13,291,592	-	(41,432,887)	25,366,757
<b>Financial investments</b>									
- available-for-sale	1,470,685	-	-	-	-	-	-	-	1,470,685
- held to maturity	2,186,890	-	-	-	-	-	-	-	2,186,890
	3,657,575	-	-	-	-	-	-	-	3,657,575
Financial guarantees	175,828	-	-	-	-	-	-	-	175,828
	<b>48,532,411</b>	-	-	<b>8,865,060</b>	<b>44,642,992</b>	<b>13,291,592</b>	-	<b>(41,432,887)</b>	<b>22,346,709</b>

The Bank did not take possession of any collateral during the year.

31 December 2012	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held						Net collateral	Net exposure
		Cash	Securities	Letters of credit/ guarantees	Property	Other*	Netting agreements	Surplus collateral	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Financial assets</b>									
Due from banks	22,446,712	-	-	-	-	-	-	-	22,446,712
Cash in banks	857,884	-	-	-	-	-	-	-	857,884
<b>Loans and advances:</b>									
BOI Refinancing facility lending	492,577	-	-	-	177,987	3,715,627	-	(3,401,037)	-
Medium Term Direct Lending	14,251,915	-	-	1,750,000	21,920,854	18,570,640	-	(29,531,792)	1,542,213
Short Term Direct Lending Staff loans	4,059,824	-	-	2,250,030	3,471,623	1,107,740	-	(3,986,405)	1,216,836
	700,798	-	-	-	-	-	-	-	700,798
	<b>19,505,114</b>	-	-	<b>4,000,030</b>	<b>25,570,465</b>	<b>23,394,007</b>	-	<b>(36,919,234)</b>	<b>16,045,267</b>
<b>Financial investments</b>									
- available-for-sale	1,340,558	-	-	-	-	-	-	-	1,340,558
- held to maturity	817,198	-	-	-	-	-	-	-	817,198
	<b>2,157,756</b>	-	-	-	-	-	-	-	<b>2,157,756</b>
Financial guarantees	499,337	-	-	-	-	-	-	-	499,337
	<b>45,466,803</b>	-	-	<b>4,000,030</b>	<b>25,570,465</b>	<b>23,394,007</b>	-	<b>(36,919,234)</b>	<b>29,421,536</b>

\* Vehicles, machinery, other fixed assets, inventory and trade receivables

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

27 Risk management - Continued

27.2 Credit risk - Continued

Maximum exposure to credit risk - Continued

Type of collateral or credit enhancement

	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held						Net collateral	Net exposure
		Cash	Securities	Letters of credit/ guarantees	Property	Other*	Netting agreements	Surplus collateral	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
1 January 2012									
<b>Financial assets</b>									
Due from banks	21,926,902	-	-	-	-	-	-	-	21,926,902
Cash in banks	583,014	-	-	-	-	-	-	-	583,014
<b>Loans and advances:</b>									
BOI Refinancing facility lending	1,767,391	-	-	-	177,987	7,490,319	-	(5,922,406)	21,491
Medium Term Direct Lending	7,381,002	-	-	-	1,096,234	940,213	-	-	5,344,555
Short Term Direct Lending	2,719,470	-	-	-	600,000	2,566,394	-	(2,735,351)	2,288,427
Staff loans	548,013	-	-	-	-	-	-	-	548,013
	<b>12,415,876</b>	-	-	-	<b>1,874,221</b>	<b>10,996,926</b>	-	<b>(8,657,757)</b>	<b>4,213,390</b>
<b>Financial investments</b>									
- available-for-sale	1,186,810	-	-	-	-	-	-	-	1,186,810
	<b>1,186,810</b>	-	-	-	-	-	-	-	<b>1,186,810</b>
Financial guarantees	1,769,686	-	-	-	-	-	-	-	1,769,686
	<b>37,882,289</b>	-	-	-	<b>1,874,221</b>	<b>10,996,926</b>	-	<b>(8,657,757)</b>	<b>33,668,898</b>

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main

types of collateral obtained are as follows:

- For commercial lending, charges over real estate properties, inventory and trade receivables.
- For retail lending, Mortgages over residential properties.

Management monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement.

It is the Bank's policy to dispose off repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

\* Vehicles, machinery, other fixed assets, inventory and trade receivables



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS**

**27 Risk management - Continued**

**Credit quality by class of financial assets**

The Bank manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

Age analysis of financial assets that are past due but not impaired

All financial assets that are past due but not impaired are within a time band of three months.

		<b>Neither past due nor impaired</b>			<b>Past due but not impaired</b>	<b>Individually impaired</b>	<b>Total</b>
		<b>High grade</b>	<b>Standard grade</b>	<b>Sub-standard grade</b>			
		<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>31 December 2013</b>	<b>Notes</b>						
Cash and cash in banks	14	-	621,891	-	-	-	621,891
Due from banks	15	-	15,130,245	-	-	-	15,130,245
Loans and advances	16	2,556,043	16,996,654	466,990	1,658,371	8,592,231	30,270,289
<b>Financial investments - available-for-sale</b>							
Quoted - portfolio manager	17.1	907,292	-	-	-	-	907,292
Unquoted - equities securities	17.1	-	-	563,393	-	-	563,393
<b>Financial investments - held to maturity</b>							
Quoted - Government debt securities	17.2	2,186,890	-	-	-	-	2,186,890
<b>Total</b>		<b>5,650,225</b>	<b>32,748,790</b>	<b>1,030,383</b>	<b>1,658,371</b>	<b>8,592,231</b>	<b>49,680,000</b>
<b>31 December 2012</b>							
Cash and cash in banks	14	-	860,890	-	-	-	860,890
Due from banks	15	-	22,446,712	-	-	-	22,446,712
Loans and advances	16	3,119,549	2,522,712	492,577	2,981,173	11,422,716	20,538,727
<b>Financial investments - available-for-sale</b>							
Quoted - portfolio manager	17.1	777,275	-	-	-	-	777,275
Unquoted - equities securities	17.1	-	-	563,283	-	-	563,283
<b>Financial investments- held to maturity</b>							
Quoted- Government debt securities	17.2	817,198	-	-	-	-	817,198
<b>Total</b>		<b>4,714,022</b>	<b>25,830,314</b>	<b>1,055,860</b>	<b>2,981,173</b>	<b>11,422,716</b>	<b>46,004,085</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS**

**27 Risk management - Continued**

**Credit quality by class of financial assets**

The Bank manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

Age analysis of financial assets that are past due but not impaired

All financial assets that are past due but not impaired are within a time band of three months.

	Notes	Neither past due nor impaired			Past due but not impaired 2011 N'000	Individually impaired 2011 N'000	Total 2011 N'000
		High grade 2011 N'000	Standard grade 2011 N'000	Sub-standard grade 2011 N'000			
1 January 2012							
Cash and cash in banks	14	-	586,241	-	-	-	586,241
Due from banks	15	-	21,926,902	-	-	-	21,926,902
Loans and advances	16	1,559,632	4,926,029	2,423,490	2,140,354	11,388,011	22,437,516
<b>Financial investments - available-for-sale</b>							
Quoted - portfolio manager	17.1	623,527	-	563,283	-	-	1,186,810
		<b>2,183,159</b>	<b>27,439,172</b>	<b>2,986,773</b>	<b>2,140,354</b>	<b>11,388,011</b>	<b>46,137,469</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS**

**27 Risk management - Continued**

The following table shows the risk concentration by industry for the components of the statement of financial position.

**Industry analysis**

	Financial Services	Government	Agriculture	Manufacturing	Services	Solid mineral	Other	Total
31 December 2013	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Financial assets</b>								
Cash and cash in banks	621,891	-	-	-	-	-	-	621,891
Due from banks	15,130,245	-	-	-	-	-	-	15,130,245
Loans and advances								
BOI Refinancing facility lending	-	-	214,192	101,171	-	-	162,628	477,991
Medium-Term direct lending	-	-	1,707,428	8,978,955	11,070,739	1,083,564	1,438,171	24,278,857
Short-Term direct lending	-	-	2,580,534	357,864	802,094	342,674	566,310	4,649,476
Staff loans	-	-	-	-	-	-	863,965	863,965
<b>Financial investments - available-for-sale</b>								
Quoted - portfolio manager	907,292	-	-	-	-	-	-	907,292
Unquoted - equities securities	532,329	-	-	-	-	-	31,064	563,393
<b>Financial investment - held to maturity</b>								
Quoted - Government debt securities	-	2,186,890	-	-	-	-	-	2,186,890
	<b>17,191,757</b>	<b>2,186,890</b>	<b>4,502,154</b>	<b>9,437,990</b>	<b>11,872,833</b>	<b>1,426,239</b>	<b>3,062,137</b>	<b>49,680,000</b>

	Financial Services	Government	Agriculture	Manufacturing	Services	Solid mineral	Other	Total
31 December 2012	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Financial assets</b>								
Cash and cash in banks	730,884	130,006	-	-	-	-	-	860,890
Due from banks	22,697,266	-	-	-	-	-	-	22,697,266
Loans and advances								
BOI Refinancing facility lending	-	-	213,892	107,071	-	-	157,028	477,991
Medium-Term direct lending	-	-	1,590,051	7,637,736	3,475,542	1,068,493	1,401,920	15,173,742
Short-Term direct lending	-	-	2,418,758	552,385	1,036,798	-	152,861	4,160,802
Staff loans	-	-	-	-	-	-	711,606	711,606
<b>Financial investments - available-for-sale</b>								
Quoted - portfolio manager	777,275	-	-	-	-	-	-	777,275
Unquoted - equities securities	532,329	-	-	-	-	-	30,954	563,283
<b>Financial investments - held to maturity</b>								
Quoted - Government debt securities	-	817,198	-	-	-	-	-	817,198
	<b>24,737,754</b>	<b>947,204</b>	<b>4,222,701</b>	<b>8,297,192</b>	<b>4,512,340</b>	<b>1,068,493</b>	<b>2,454,369</b>	<b>46,240,053</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS**

**27 Risk management - Continued**

**Analysis of risk concentration**

1 January 2012	Financial Services	Government	Agriculture	Manufacturing	Services	Solid mineral	Other	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Financial assets</b>								
Cash and cash in banks	544,682	41,559	-	-	-	-	-	586,241
Due from banks	22,177,456	-	-	-	-	-	-	22,177,456
Loans and advances								
BOI Refinancing facility lending	-	-	1,423,618	347,797	899,533	-	232,643	2,903,591
Medium-Term direct lending	1,289,991	-	354,309	5,651,277	2,723,875	2,894,738	252,859	13,167,049
Short-Term direct lending	-	-	1,048,611	803,298	2,099,870	64,154	856,704	4,872,637
ADB Export Stimulation Loan	946,225	-	-	-	-	-	-	946,225
Staff loans	-	-	-	-	-	-	548,013	548,013
<b>Financial investments - available-for-sale</b>								
Quoted - portfolio manager	623,527	-	-	-	-	-	-	623,527
Unquoted - equities securities	563,283	-	-	-	-	-	-	563,283
	<b>26,145,164</b>	<b>41,559</b>	<b>2,826,538</b>	<b>6,802,372</b>	<b>5,723,278</b>	<b>2,958,892</b>	<b>1,890,219</b>	<b>46,388,022</b>

**Commitments and guarantees**

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position

	2013 N'000	2012 N'000	2011 N'000
Financial guarantees	175,828	499,337	1,769,686

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS

### 27 Risk management - Continued

#### 27.3 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Analysis of financial assets and liabilities by remaining contractual maturities.

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, The Bank expects that many customers will not request repayment on the earliest date The Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Contractual maturities of undiscounted cash flows of financial assets and liabilities:

As at 31 December 2013

	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
<b>Financial assets</b>						
Cash in banks	621,891	-	-	-	-	621,891
Due from banks	-	15,130,245	-	-	-	15,130,245
Loans and advances	8,244,562	474,133	3,967,895	17,583,699	1,190,175	31,460,464
Investment securities - Available-for-sale	-	-	-	-	1,470,685	1,470,685
Investment securities - Held-to-maturity	-	-	2,352,486	-	-	2,352,486
Other assets	-	-	267,847	-	-	267,847
<b>Total undiscounted financial assets</b>	<b>8,866,453</b>	<b>15,604,378</b>	<b>6,588,228</b>	<b>17,583,699</b>	<b>2,660,860</b>	<b>51,303,618</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	160,014	-	1,623,925	9,143,728	1,524,025	12,451,692
Other liabilities	-	672,288	3,522,681	-	-	4,194,969
<b>Total undiscounted financial liabilities</b>	<b>160,014</b>	<b>672,288</b>	<b>5,146,606</b>	<b>9,143,728</b>	<b>1,524,025</b>	<b>16,646,661</b>
<b>Net undiscounted financial assets</b>	<b>8,706,439</b>	<b>14,932,090</b>	<b>1,441,622</b>	<b>8,439,971</b>	<b>1,136,835</b>	<b>34,656,957</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

27 Risk management - Continued

27.3 Liquidity risk and funding management - Continued

As at 31 December 2012

	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
<b>Financial assets</b>						
Cash in banks	860,890	-	-	-	-	860,890
Due from banks	-	22,446,712	-	-	-	22,446,712
Loans and advances	3,578,137	1,475,204	3,325,418	12,159,968	878,856	21,417,583
Investment securities - Available-for-sale	-	-	-	-	1,340,558	1,340,558
Investment securities - Held-to-maturity	-	-	-	1,028,780	-	1,028,780
Other assets	-	128,274	-	-	-	128,274
<b>Total undiscounted financial assets</b>	<b>4,439,027</b>	<b>24,050,190</b>	<b>3,325,418</b>	<b>13,188,748</b>	<b>2,219,414</b>	<b>47,222,797</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	-	220,122	460,000	11,487,622	876,870	13,044,614
Other liabilities	-	-	3,644,622	-	-	3,644,622
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>220,122.06</b>	<b>4,104,622</b>	<b>11,487,622</b>	<b>876,870.00</b>	<b>16,689,236</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>4,439,027</b>	<b>23,830,068</b>	<b>(779,204)</b>	<b>1,701,126</b>	<b>1,342,544</b>	<b>30,533,561</b>

As at 1 January 2012

	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
<b>Financial assets</b>						
Cash and cash in banks	586,241	-	-	-	-	586,241
Due from banks	-	21,926,902	-	-	-	21,926,902
Loans and advances	5,482,822	-	2,772,147	14,182,547	986,534	23,424,050
Investment securities - Available-for-sale	-	-	-	-	1,186,810	1,186,810
Other assets	-	-	15,567	-	-	15,567
<b>Total undiscounted financial assets</b>	<b>6,069,063</b>	<b>21,926,902</b>	<b>2,787,714</b>	<b>14,182,547</b>	<b>2,173,344</b>	<b>47,139,570</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	-	173,067	560,000	7,447,671	-	8,180,738
Other liabilities	-	-	2,899,362	-	-	2,899,362
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>173,067</b>	<b>3,459,362</b>	<b>7,447,671</b>	<b>-</b>	<b>11,080,100</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>6,069,063</b>	<b>21,753,836</b>	<b>(671,648)</b>	<b>6,734,876</b>	<b>2,173,344</b>	<b>36,059,470</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS**

**27 Risk management - Continued**

**27.3 Liquidity risk and funding management - Continued**

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

<b>As at 31 December 2013</b>	<b>On demand N'000</b>	<b>Less than 3 months N'000</b>	<b>3 to 12 months N'000</b>	<b>1 to 5 years N'000</b>	<b>Over 5 years N'000</b>	<b>Total N'000</b>
Financial guarantees	-	-	175,828	-	-	175,828

<b>As at 31 December 2012</b>	<b>On demand N'000</b>	<b>Less than 3 months N'000</b>	<b>3 to 12 months N'000</b>	<b>1 to 5 years N'000</b>	<b>Over 5 years N'000</b>	<b>Total N'000</b>
Financial guarantees	-	-	499,337	-	-	499,337

<b>As at 1 January 2012</b>	<b>On demand N'000</b>	<b>Less than 3 months N'000</b>	<b>3 to 12 months N'000</b>	<b>1 to 5 years N'000</b>	<b>Over 5 years N'000</b>	<b>Total N'000</b>
Financial guarantees	-	-	1,769,686	-	-	1,769,686

**27.4 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2013 and 2012.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at 31 December 2013.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS

#### 27 Risk management - Continued

##### 27.4 Market risk - Continued

The following assumptions have been made in calculating the sensitivity analyses:

The statement of financial position sensitivity relates to available-for-sale equity instruments

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2013 and 2012

The sensitivity of equity is calculated by considering the effect of any associated cash flow

##### Foreign currency risk

Foreign 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. The Bank's exposure to the risk of changes in foreign exchange rates relates primarily to the Bank's cash and bank balances and long term loan denominated in foreign currency.

The Board has set limits on positions by currency. In accordance with the Bank's policy, positions are monitored on a daily basis to ensure positions are maintained within established limits.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Bank's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Bank's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	₦
2013	2%	43,832
	-2%	(43,832)
2012	2%	49,249
	-2%	(49,249)

##### Equity price risk

The Bank's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Bank manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Bank's senior management on a regular basis. The Bank's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was ₦907.2 million (2012: ₦777.3 million). A decrease of 10% on the NSE market index could have an impact of approximately ₦37.258 million ( 2012: ₦65.352 million) on the income or equity attributable to the Bank, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.



NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

27 Risk management - Continued

27.4 Interest Rate Risk

The management of interest rate risk against interest rate gaps limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standards and non-standards interest rate scenarios.

Analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming asymmetrical movement in yield curves and a constant financial position was as follows:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates for the gap between risk sensitive asset and risk sensitive liability for the different maturities Gap of the Bank's earning assets and liability. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the gap position of the difference maturities mismatch.

31 December 2013	RATE SENSIVITY OF ASSETS AND LIABILITIES					Total N'000
	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	
<b>Financial assets</b>						
Due from banks	-	15,130,245	-	-	-	15,130,245
Loans and advances	8,244,562	474,133	3,967,895	17,583,699	1,190,175	31,460,464
Investment securities - Held-to-maturity	-	-	2,352,486	-	-	2,352,486
<b>Total undiscounted financial assets</b>	<b>8,244,562</b>	<b>15,604,378</b>	<b>6,320,381</b>	<b>17,583,699</b>	<b>1,190,175</b>	<b>48,943,195</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	160,014	-	1,623,925	9,143,728	1,524,025	12,451,692
<b>Total undiscounted financial liabilities</b>	<b>160,014</b>	<b>-</b>	<b>1,623,925</b>	<b>9,143,728</b>	<b>1,524,025</b>	<b>12,451,692</b>
<b>Net undiscounted financial assets</b>	<b>8,084,548</b>	<b>15,604,378</b>	<b>4,696,456</b>	<b>8,439,971</b>	<b>(333,850)</b>	<b>36,491,503</b>

	INTEREST RATE SENSITIVITY ANALYSIS Increase/Decrease in bp	Net Gap	Cummulative Gap	Sensitivity on profit(+2%)	Sensitivity on profit(-2%)	Annualized period
		N'000	N'000	N'000	N'000	N'000
On demand	+200bp	8,084,548	8,084,548	13,474.25	(13,474.25)	One month
Less than 3 months	+200bp	15,604,378	23,688,926	78,021.89	(78,021.89)	Three months
3 - 12 months	+200bp	4,696,456	28,385,382	93,929.12	(93,929.12)	One year
1- 5 years	+200bp	8,439,971	36,825,353	168,799.42	(168,799.42)	
Over 5 years	+200bp	(333,850)	36,491,503	(6,677.00)	6,677.00	

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

27 Risk management - Continued

27.4 Interest Rate Risk

	RATE SENSITIVITY OF ASSETS AND LIABILITIES					
31 December 2013	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
<b>Financial assets</b>						
Cash in banks	860,890	-	-	-	-	860,890
Due from banks	-	22,446,712	-	-	-	22,446,712
Loans and advances	3,578,137	1,475,204	3,325,418	12,159,968	878,856	21,417,583
Investment securities - Available-for-sale	-	-	-	-	1,340,558	1,340,558
Investment securities - Held-to-maturity	-	-	-	1,028,780	-	1,028,780
Other assets	-	128,274	-	-	-	128,274
<b>Total undiscounted financial assets</b>	<b>4,439,027</b>	<b>24,050,190</b>	<b>3,325,418</b>	<b>13,188,748</b>	<b>2,219,414</b>	<b>47,222,797</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	-	220,122	460,000	11,487,622	876,870	13,044,614
Other liabilities	-	-	3,644,622	-	-	3,644,622
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>220,122</b>	<b>4,104,622</b>	<b>11,487,622</b>	<b>876,870</b>	<b>16,689,236</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>4,439,027</b>	<b>23,830,068</b>	<b>(779,204)</b>	<b>1,701,126</b>	<b>1,342,544</b>	<b>30,533,561</b>

INTEREST RATE SENSITIVITY ANALYSIS		Net Gap	Cummulative Gap	Sensitivity on profit(+2%)	Sensitivity on profit(-2%)	Annualized period
	Increase/Decrease in bp	N'000	N'000	N'000	N'000	N'000
On demand	+200bp	4,439,027	4,439,027	7,398.38	(7,398.38)	One month
Less than 3 months	+200bp	23,830,068	28,269,095	119,150.34	(119,150.34)	Three months
3 - 12 months	+200bp	(779,204)	27,489,891	(15,584)	15,584.08	One year
1- 5 years	+200bp	1,701,126	29,191,017	34,022.52	(34,022.52)	
Over 5 years	+200bp	1,342,544	30,533,561	26,850.88	(26,850.88)	

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**28 Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<i>in thousands of Nigerian Naira</i>	<b>Within one year or less</b>	<b>More than one year</b>	<b>Total</b>
<b>At 31 December 2013</b>			
Cash and cash in bank	621,891	-	621,891
Due from banks	15,130,245	-	15,130,245
Loans and advances	12,686,590	16,260,429	28,947,019
Investment securities:			
Available-for-sale	-	1,470,685	1,470,685
Held-to-maturity	2,186,890	-	2,186,890
Property, plant and equipment	-	2,923,831	2,923,831
Intangible assets	-	18,187	18,187
Net employee defined benefit assets	-	19,221	19,221
Other assets	612,612	-	612,612
<b>Total Assets</b>	<b>31,238,228</b>	<b>20,692,353</b>	<b>51,930,581</b>
Debt securities issued and other borrowed funds	1,783,939	10,103,413	11,887,352
Other liabilities	3,579,994	-	3,579,994
<b>Total Liabilities</b>	<b>5,363,933</b>	<b>10,103,413</b>	<b>15,467,346</b>
<b>Net</b>	<b>25,874,296</b>	<b>10,588,940</b>	<b>36,463,236</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**28 Maturity analysis of assets and liabilities - Continued**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<i>in thousands of Nigerian Naira</i>	<b>Within one year or less</b>	<b>More than one year</b>	<b>Total</b>
<b>At 31 December 2012</b>			
Cash and cash in banks	860,890	-	860,890
Due from banks	22,446,712	-	22,446,712
Loans and advances	8,378,759	11,126,355	19,505,114
Investment securities:			
Available-for-sale	-	1,340,558	1,340,558
Held-to-maturity	817,198	-	817,198
Property, plant and equipment	-	2,804,941	2,804,941
Intangible assets	-	28,843	28,843
Net employee defined benefit assets	-	45,095	45,095
Other assets	344,259	-	344,259
<b>Total Assets</b>	<b>32,503,559</b>	<b>15,300,697</b>	<b>48,193,611</b>
Debt securities issued and other borrowed funds	680,122	11,487,622	12,167,744
Other liabilities	3,069,790	-	3,069,790
<b>Total Liabilities</b>	<b>3,749,912</b>	<b>11,487,622</b>	<b>15,237,534</b>
<b>Net</b>	<b>28,753,647</b>	<b>3,813,075</b>	<b>32,956,076</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**28 Maturity analysis of assets and liabilities - Continued**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<i>in thousands of Nigerian Naira</i>	<b>Within one year or less</b>	<b>More than one year</b>	<b>Total</b>
<b>At 1 January 2012</b>			
Cash and cash in banks	586,241	-	586,241
Due from banks	21,926,902	-	21,926,902
Loans and advances	8,254,969	4,160,906	12,415,875
Investment securities:			
Available-for-sale	-	1,186,810	1,186,810
Property, plant and equipment	-	2,880,023	2,880,023
Intangible assets	-	964	964
Net employee defined benefit assets	-	95,296	95,296
Other assets	40,896	-	40,896
<b>Total Assets</b>	<b>30,809,008</b>	<b>8,324,000</b>	<b>39,133,008</b>
Debt securities issued and other borrowed funds	-	7,946,393	7,946,393
Other liabilities	3,001,884	-	3,001,884
<b>Total Liabilities</b>	<b>3,001,884</b>	<b>7,946,393</b>	<b>10,948,277</b>
<b>Net</b>	<b>27,807,123</b>	<b>377,607</b>	<b>28,184,731</b>

## **NIGERIAN EXPORT-IMPORT BANK**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued**

#### **29 Contingent liabilities, commitments and leasing arrangements**

The Directors are of the opinion that all known liabilities and commitments, which are relevant in the assessment of the state of financial affairs of the Bank, have been taken into consideration in the preparation of the financial statements.

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of letters of credit and other undrawn commitments to lend.

Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank (see Note 27).

Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

#### **Legal claims**

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the reporting date, the Bank had no unresolved legal claims.

#### **Lease arrangements**

Operating lease commitments – Bank as lessee

The Bank has entered into commercial leases for premises. These leases have an average life of between one to five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

There is no future minimum lease rentals payable under non-cancellable operating leases as at 31 December 2013 (2012: Nil).

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 29 **Contingent liabilities, commitments and leasing arrangements - Continued**

##### **Lease arrangements - Continued**

Operating lease commitments – Bank as lessor

The Bank acts as lessor of office premises. These leases have an average life of between one to two years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

There is no future minimum lease rentals receivable under non-cancellable operating leases as at 31 December 2013 (2012: Nil).

#### 30 **Related party disclosures**

##### *Compensation to key management personnel of the Bank*

Key management personnel is defined as members of the Board of Directors of the Bank, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in the dealings with Bank.

##### **Compensation**

<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
Short-term employee benefits	131,728	131,728
Retirement benefit costs	51,308	51,308
	<b>183,036</b>	<b>183,036</b>

Non-executive directors do not receive pension entitlements from the Bank.

##### **Chairman and Directors' emoluments**

<i>in thousands of Nigerian Naira</i>	<b>2013</b>	<b>2012</b>
<b>Fees</b>		
Chairman	-	-
Other Directors	2,063	2,063
	2,063	2,063
Emoluments as executives	183,036	183,036
	<b>185,099</b>	<b>185,099</b>
 The highest paid Director	 48,524	 48,524

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**30 Related party disclosures - Continued**

Number of Directors (excluding the chairman) with the following emolument range were:

	<b>2013</b> Number	<b>2012</b> Number
N6,800,001 - N6,900,000	3	3

Information on employees

Staff

Average number of persons employed in the financial year and the related staff costs were as follows

	<b>2013</b> Number	<b>2012</b> Number
Managerial	22	8
Senior staff	34	39
Junior staff	73	77
	129	124

The related staff costs, salaries and allowances, gratuity and pension amounted to ₦ 1,634,532,989 (2012 – ₦1,191,248,000).

The average gross salaries range and number of persons employed (excluding directors) in the Bank during the year.

	<b>2013</b> Number	<b>2012</b> Number
N		
1,800,001 - 2,600,000	15	17
2,600,001 - 3,500,000	22	3
3,500,001 - 4,000,000	16	20
4,000,001 - 5,000,000	23	30
5,000,001 - 6,000,000 & Above	50	51
	126	121



## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 30 Related party disclosures - Continued

Key management personnel and their immediate relatives engaged in the following transactions with the Bank during the year:

<i>in thousands of Nigerian Naira</i>	<b>31 December 2013</b>	<b>31 December 2012</b>
Loans and advances	441,817	440,820
Interest income earned during the year	6,085	5,752

The Bank has applied the exemption granted by IAS 24 relating to the disclosure requirements in relation to related party transactions and outstanding balances with (a) a government that has control and significant influence over the Bank (b) another entity that is a related party because the same government has control or significant influence over both the Bank and the other entity.

#### 31 Capital management

The Bank's objectives when managing capital, which is a broader concept than the equity on the face of statement of financial position, are:

- To maintain a set minimum ratio of total capital to total risk weighted assets in line with the regulatory requirement. The Bank's capital adequacy ratio is 105% (2012: 141%) compared to a minimum ratio of 10 per cent prescribed by the Central Bank of Nigeria;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and
- To maintain a strong capital position necessary for its long term financial health, and to support the development of its business.

The Bank is subject to capital requirements by a regulatory body such as the Central Bank of Nigeria (CBN).

The Bank maintains an actively managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of the local banking supervisor, Central Bank of Nigeria. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Nigeria supervising the Bank.

The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 31 Capital management - Continued

Regulatory capital

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2013	31 December 2012
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#### Tier 1 capital

Issued share capital	24	42,353,570	38,935,167
Accumulated losses	24	(9,355,887)	(7,420,335)
Other reserves	24	500,000	500,000

Shareholders' fund		33,497,684	32,014,832
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Less:

Intangible assets	20	(18,187)	(28,843)
<b>Total</b>		<b>33,479,497</b>	<b>31,985,989</b>

#### Tier 2 capital

Available-for-sale reserve	24	286,531	198,273
Perpetual debenture	21	1,524,025	1,450,381
Collective allowance for - impairment	16.2	259,346	104,809
<b>Total</b>		<b>2,069,902</b>	<b>1,753,464</b>

Total regulatory capital		35,549,399	33,739,453
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Risk-weighted assets		33,954,145	23,994,872
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Total regulatory capital expressed as a percentage of total risk- weighted assets		105%	141%
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Minimum Capital Requirement Ratio by CBN		10%	10%
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### 32 Event after reporting period

No significant events has occurred since the reporting date which requires adjustment of, or further disclosure in the financial statements.