

**NIGERIAN EXPORT-IMPORT BANK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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CORPORATE INFORMATION

Directors

Dr. Kingsley Obiora	<i>(Deputy Governor, Economic Policy, CBN)</i>	Chairman
Mr. Abubakar Abba Bello		Managing Director/CEO
Dr. Bala Mohammed Bello		Executive Director
Hon. Mrs. Stella Okotete		Executive Director
Mr. Philip Yila Yusuf	<i>(Director, Development Finance, CBN)</i>	Non-Executive Director
Alhaji Ali Mohammed	<i>(Representing Federal Ministry of Finance)</i>	Non-Executive Director
Alhaji Baba Gana Alkali	<i>(Representing Federal Ministry of Industry)</i>	Non-Executive Director
Mal. Kabiru Hassan	<i>(Representing Private Sector Interest)</i>	Non-Executive Director
Mrs. Ufuoma Onome Emore	<i>(Representing Private Sector Interest)</i>	Non-Executive Director

Registered Office

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

Auditor

KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island, Lagos.

Bankers

Access Bank
Heritage Bank
Central Bank of Nigeria
Citibank Nigeria Limited
Ecobank Nigeria Limited
Keystone Bank
Polaris Bank
Unity Bank Plc
Standard Chartered Bank of
Nigeria Limited
SunTrust Bank
Wema Bank

Solicitor

Gaga Ibrahim

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report on the affairs of Nigerian Export-Import Bank ("the Bank") together with the auditor's report for the year ended 31 December 2022.

(a) Legal form

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.

The Bank presently provides short and medium-term loans to Nigerian exporters. It also provides short term guarantees for loans granted by Nigerian banks to exporters as well as credit insurance against political and commercial risks in the event of non-payment by foreign buyers. The Bank is also the government's National Guarantor under the ECOWAS Inter-state Road Transit programme.

NEXIM is a bank incorporated and domiciled in Nigeria. Its registered office is at Plot 975, Cadastral Zone AO, Central Business District, Garki, Abuja.

(b) 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.

(c) Operating results

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

	2022	2021
	N'000	N'000
Profit before tax	6,225,296	4,129,965

(d) Dividends

The bank did not pay any dividend during the year (2021: Nil)

(e) Directors and their interests

The directors of the Bank who held office during the year were as follows:

Names

Dr. Kingsley Obiora	Chairman
Mr. Abubakar Abba Bello	Managing Director/CEO
Dr. Bala Mohammed Bello	Executive Director
Hon. Mrs. Stella Okotete	Executive Director
Mr. Philip Yila Yusuf	Non-Executive Director
Alhaji Ali Mohammed****	Non-Executive Director
Alhaji Baba Gana Alkali	Non-Executive Director
Mal. Kabiru Hassan	Non-Executive Director
Mrs. Ufuoma Onome Emore***	Non-Executive Director
Mr. Stephen Okon*	Non-Executive Director
Chief Ede Dafinone Hajiya**	Non-Executive Director

***Appointed effective 12 August 2022

****Appointed effective 19 December 2022

*Resigned effective 21 September 2022

**Resigned effective 16 March 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

(f) Directors shareholding

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 through the Ministry of Finance Incorporated 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.

(g) Directors' interests in contracts

For the purpose of section 303 of the Companies and Allied Matters Act 2020, none of the Directors had direct or indirect interests in contracts or proposed contracts with the Company during the year.

(h) Property and equipment and Intangible assets

Information relating to changes in property and equipment is given in Notes 21 to the financial statements. In the Directors' opinion, the realisable value of the Bank's properties is not less than the value shown in the financial statements.

(i) Substantial interest in shares:

According to the register of members as at 31 December 2022, two shareholders hold the issued share capital of the Bank:

Shareholder	Number of Shares held	Percentage of Shareholding
Ministry of Finance Incorporated (MOFI)	25,000,000	50%
Central Bank of Nigeria (CBN)	25,000,000	50%
	50,000,000	100

(j) Donations and charitable gifts

The Bank made no donation during the year (2021: Nil).

(k) Human resources

Health, safety and welfare at work

The Bank places a high premium on the health, safety and welfare of its employees in their place of work. Medical facilities are provided for employees and their immediate families at the Bank's expense, up to stated limits.

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.

Employee consultation and training

The Bank places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Bank. In line with this, formal and informal channels of communication are employed in keeping the staff abreast of various factors affecting the performance of the Bank. The Bank organises in-house and external training for its employees.

(l) Auditors

The Auditors, Messrs. KPMG Professional Services were appointed in 2022 as auditors of the Bank in accordance with Section 401 (1) of the Companies and Allied Matters Act (CAMA) 2020. Messrs. KPMG Professional Services have indicated their willingness to continue in office as auditors to the Company having satisfied the relevant corporate governance corporate governance rules on their tenure in office. In accordance with Section 401 (2) of the Companies and Allied Matters Act (CAMA) 2020, therefore, the auditors will be re-appointed at the next General Meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD



Gaga Ibrahim
FRC/2022/PRO/NBA/004/00000024054
Company Secretary
Abuja,
Nigeria
23rd March, 2023

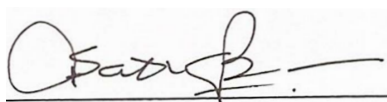
**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS AS AT
31 DECEMBER 2022**

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, Financial Reporting Council of Nigeria Act, 2011, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE DIRECTORS BY:



Abubakar Abba Bello

Managing Director/CEO

FRC/2018/IOD/00000001866

23rd March, 2023



Dr. Bala Mohammed Bello

Executive Director

FRC/2016/008/00000015389

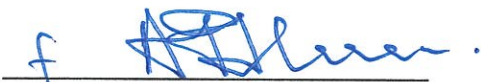
23rd March, 2023

REPORT OF THE BOARD AUDIT COMMITTEE

To the members of NIGERIAN EXPORT-IMPORT BANK:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, the members of the Board Audit Committee of NIGERIAN EXPORT-IMPORT BANK hereby report on the financial statements for the year ended 31 December 2022 as follows:

- (a) We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act (CAMA), 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- (b) We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2022 were satisfactory and reinforce the Bank's internal control systems.
- (c) We have deliberated the findings of the external auditors, who have confirmed that necessary cooperation was received from management in the course of the audit and are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.



Chairman, Board Audit Committee

14 March 2023

Members of the Board Audit Committee are:

- Alhaji Kabiru Hassan
- Alhaji Baba Gana Alkali
- Mrs Ufuoma Onome Emore

CORPORATE RESPONSIBILITY FOR FINANCIAL REPORTS

The Chief Executive officer and the Chief Financial Officer of NIGERIAN EXPORT-IMPORT BANK have reviewed the audited financial statements and accept responsibility for the financial and other information within the financial statements. The following certifications and disclosures regarding the true and fair view of the financial statements as well as the effectiveness of the Internal Controls established within the Bank are hereby provided below:

Financial Information

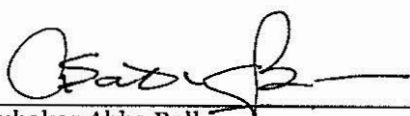
- (a) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- (b) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for the year ended 31 December 2022

Effective Internal Controls

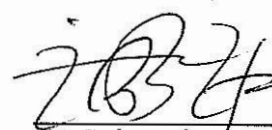
- (a) Effective internal controls have been designed to ensure that material information relating to the Bank are made known by the relevant staff, particularly during the period in which the audited financial statement report is being prepared.
- (b) The effectiveness of the Bank's Internal controls have been evaluated within 90 days prior to 31st December 2022.
- (c) The Bank's Internal Controls are effective as at 31st December 2022.

Disclosures

- (a) There were no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarize and report financial data. Furthermore, there were no identified material weaknesses in the Bank's Internal Control systems.
- (b) There were no fraud events involving Senior Management or other employees who have a significant role in the Bank's Internal control.
- (c) There were no significant changes in internal controls or in other factors that could significantly affect internal controls.



Abubakar Abba Bello
Managing Director/CEO
FRC/2018/IOD/00000001866
23rd March, 2023



Dr. Bala Mohammed Bello
Executive Director
FRC/2016/008/00000015389
23rd March, 2023

**KPMG Professional Services**

KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nigerian Export Import Bank

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nigerian Export Import Bank (the Bank), which comprise:

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Nigerian Export Import Bank Act (NEXIM Act), 1991, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Matter

The Financial Statements of the Bank for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2022.

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Registered in Nigeria No BN 986925

Partners:

Adegoke A. Oyelami
Adetola P. Adeyemi
Adeyemi K. Ajayi
Ajibola O. Olomola
Akinwale O. Alao
Akinwale J. Ashade
Ayobami L. Salami
Ayodele A. Soyinka
Ayodele H. Othiwa
Bolanle S. Afolabi

Boluwalaye D. Apana
Chibuzor N. Anyanachi
Chineme B. Nwigbo
Dunni D. Okegbemila
Elijah O. Oladunmoye
Goodluck C. Obi
Ibitomi M. Adepoju
Ijeoma T. Emezie-Ezigho
Kabir O. Okunola
Lawrence C. Amadi

Martins I. Arogie
Mohammed M. Adama
Nneka C. Eluma
Ogunbayo I. Ogunbenro
Olabimpe S. Afolabi
Oladimeji I. Salaudeen
Olanike I. James
Olufemi A. Babem
Oluwade O. Olayinka
Olusegun A. Sowande

Olutayo I. Ogunlowo
Oluwafemi O. Awotoye
Oluwatoyin A. Gbogi
Omolara O. Ogun
Oseme J. Obaloje
Temitope A. Onitiri
Tolulope A. Odukele
Uzoakwu N. Obienu
Uzodinma G. Nwankwo
Victor U. Onyenkpa

Williams I. Erimona

Other Information

The Directors are responsible for the other information. The other information comprises the corporate information, Directors' report, Statement of directors' responsibilities and other national disclosures, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the NEXIM Act of the Federation of Nigeria 1991, (NEXIM Act), 1991, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Audit Committee we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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



Oyelami Adegoke, FCA
FRC/2012/ICAN/00000000444
For: KPMG Professional Services
Chartered Accountants
31 March 2023
Lagos, Nigeria



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of Nigerian Naira

	Note	31 December 2022	*Restated 31 December 2021
Interest income calculated using effective interest method	7	13,507,118	10,469,084
Interest expense calculated using effective interest method	8	(2,612,354)	(1,117,899)
Net interest income		10,894,764	9,351,185
Impairment charges	9	(423,146)	(2,327,421)
Net interest income after impairment charge for credit losses		10,471,618	7,023,764
Fee and commission income	10	15,809	6,850
Other operating income	11	3,690,190	3,804,558
Operating income		14,177,617	10,835,172
Personnel expenses	13	(3,295,545)	(2,038,435)
Depreciation of property, plant and equipment	21	(206,100)	(129,633)
Depreciation of right of use assets	23	(19,511)	(918)
Amortisation of intangible assets	22	(36,259)	(41,234)
Other operating expenses	12	(4,394,906)	(4,494,987)
Operating expenses		(7,952,321)	(6,705,207)
Profit for the year		6,225,296	4,129,965
Other comprehensive income:			
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Net fair value losses on financial assets at FVOCI			
-Net gain on equity instruments designated as FVTOCI	19	73,785	732,362
-Re-measurement (loss)/gain on defined benefit plans	26	(22,191)	396,958
Other comprehensive income for the year		51,594	1,129,320
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,276,890	5,259,285
Basic/diluted earnings per share (kobo)	15	12.45	8.27


*See Note 34

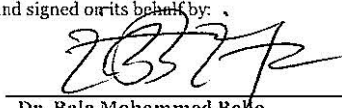
The accompanying notes are an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

<i>In thousands of Nigerian Naira</i>	<i>Note</i>	31 December 2022	31 December 2021 *Restated
ASSETS			
Cash and bank balances	16	12,675,746	4,144,907
Due from banks	17	64,991,028	51,441,369
Loans and advances to customers	18	146,759,620	131,992,157
Equity instruments at FVOCI	19	6,572,584	6,034,777
Other assets	20	829,952	2,225,723
Property, plant and equipment	21	2,992,890	2,675,601
Right-of-use assets	23	56,065	75,576
Intangible assets	22	168,273	65,510
Net employee defined benefit assets	26	2,363,743	247,794
Total assets		237,409,901	198,903,414
LIABILITIES			
Debt securities issued and other borrowed funds	24	175,444,672	144,717,510
Other liabilities	25	13,418,265	12,047,641
Total liabilities		188,862,937	156,765,151
EQUITY			
Share capital	27	50,000,000	49,912,571
Retained earnings	27	(42,587,355)	(33,295,601)
Regulatory risk reserve	27	37,885,112	22,345,871
Fair value reserve	27	2,749,207	2,675,422
Other reserve	27	500,000	500,000
Total equity		48,546,964	42,138,263
Total equity and liabilities		237,409,901	198,903,414

The accompanying notes are an integral part of the financial statements. The financial statements were approved by the Board of Directors on 23rd March, 2022 and signed on its behalf by:


Abubakar Abba Belle
Managing Director
FRC/2018/10D/00000018666


Dr. Bala Mohammed Bello
Executive Director
FRC/2016/008/00000015389


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

*See Note 34

STATEMENT OF CHANGES IN EQUITY

In thousands of Nigerian Naira

	Share capital	Fair Value reserve	Retained earnings	Regulatory risk reserve	Other reserve	Total Equity
Balance at 1 January 2021	49,912,571	1,943,060	(44,881,342)	30,198,605	500,000	37,672,894
Profit for the year	-	-	4,129,965	-	-	4,129,965
Other comprehensive income	-	732,362	709,952	-	-	1,442,314
Total comprehensive income	-	732,362	4,839,917	-	-	5,572,279
Transactions directly affecting equity holders:						
Transfer to regulatory risk reserve from accumulated losses	-	-	7,852,734	(7,852,734)	-	-
At 31 December 2021	49,912,571	2,675,422	(32,188,691)	22,345,871	500,000	43,245,173

	Share capital	Fair Value reserve	Restated Retained earnings	Regulatory risk reserve	Other reserve	Total Equity
Balance at 1 January 2022, as previously reported	49,912,571	2,675,422	(32,188,691)	22,345,871	500,000	43,245,173
Impact of correction of prior years (see note 34)	-	-	(1,106,910)	-	-	(1,106,910)
Restated Balance as at 1 January 2022	49,912,571	2,675,422	(33,295,601)	22,345,871	500,000	42,138,263
Profit for the year	-	-	6,225,296	-	-	6,225,296
Other comprehensive income	-	73,785	22,191	-	-	95,976
Total comprehensive income	-	73,785	5,140,577	-	-	6,321,272
Transactions directly affecting equity holders:						
Additional share capital	87,429	-	-	-	-	87,429
Transfer to regulatory risk reserve from accumulated losses	-	-	(15,539,241)	15,539,241	-	-
At 31 December 2022	50,000,000	2,749,207	(42,587,355)	37,885,112	500,000	48,546,964

The accompanying notes forms an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of Nigerian Naira

	Note	31 December 2022	31 December 2021
Operating activities			
Profit for the year		6,225,296	4,129,965
Adjustment for: Non-cash items included in profit before income tax			
Depreciation of property, plant and equipment	21	206,100	129,633
Amortisation of intangible assets	22	36,259	41,234
Depreciation of right-of use assets	23	19,511	918
Interest cost on defined benefits obligation	26	517,017	482,963
Interest income on defined benefits asset	26	(500,103)	(864,006)
Interest expenses	8	2,612,354	1,117,899
Write-back of impairment	17	(391,092)	(121,721)
Credit impairment charge	9	423,146	2,449,142
Net unrealised exchange gain	11	(610,053)	1,318,625
Interest income	7	(13,507,118)	(10,469,084)
Dividend income	11	(487,824.00)	(373,007)
Gain from disposal of property, plant and equipment	11	(3,065.00)	(18,857)
Net changes in operating assets/liabilities			
Net change in loans and advances	33(a)	(4,738,333)	(41,241,914)
Net change in other assets	33(b)	1,395,850	(1,255,712)
Net change in other liabilities	33(c)	1,370,624	515,446
Dividend received	11	487,824.00	373,007
Interest received	7	3,096,853	3,013,650
Interest paid	24	(9,607,467)	(1,261,382)
Net cash flows used in operating activities		(13,454,221.49)	(42,033,201)
Investing activities			
Purchase of equity instruments at FVOCI	19	(464,022)	(39,150)
Prepayments for lease assets	23	-	(61,740)
Purchase of property, plant and equipment	21	(515,324)	(363,341)
Purchase of intangible assets	22	(139,022)	(9,152)
Proceeds from sale of property, plant and equipment		(5,001)	62,664
Payment of Gratuity Benefit	26	(2,110,671)	-
Net cash flows from/(used in) investing activities		(3,234,039)	(410,719)
Financing activities			
Dividends paid to equity holders	28	-	-
Proceeds from debt securities issued and other borrowed funds	24	39,472,274	33,798,750
Repayments of debt securities issued and other borrowed funds	24	(425,000)	(1,486,587)
Proceeds from paid share capital		87,429	-
Net cash flows from financing activities		39,134,703	32,312,163
Increase/(decrease) in cash and cash equivalents		22,446,443	(10,131,757)
Cash and cash equivalents at beginning of year	28	56,173,243	67,142,136
Effect of exchange rate fluctuations on cash held		(714,947)	(837,136)
Cash and cash equivalents at the end of the year	28	77,904,739	56,173,243

The accompanying notes forms an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

Reporting entity

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.

The Bank presently provides short and medium-term loans to Nigerian exporters. It also provides short term guarantees for loans granted by Nigerian banks to exporters as well as credit insurance against political and commercial risks in the event of non-payment by foreign buyers. The Bank is also the government's National Guarantor under the ECOWAS Inter-state Road Transit programme.

NEXIM is a bank incorporated and domiciled in Nigeria. Its registered office is at Plot 975, Cadastral Zone AO, Central Business District, Garki, Abuja.

2 Basis of accounting

a Statement of Compliance

The financial statement have been prepared in accordance with IFRS Standards. They were authorised for issue by the Bank's board of directors on 23rd March 2023.

The financial statements are prepared on a going concern basis, as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Bank. The provisions of the NEXIM Act of the Federation of Nigeria 1991, the Financial Reporting Council of Nigeria Act, No. 6, 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

b Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following:

- Financial instruments measured at fair value through other comprehensive income.

c Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the Bank's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 5.2(b): establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 6.

d Functional and presentation currency

The separate financial statements are presented in Naira, which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Changes in accounting policy and disclosures

The Bank has consistently applied the accounting policies as set out in note 4 to all years presented in these financial statements. A number of new standards are effective from 1 January 2022 but they do not have a material effect on the Bank's financial statements.

i Amendments to IAS 37 Onerous Contracts - Cost of fulfilling a Contract

The amendment specifies which cost an entity includes in determining the cost of fulfilling a contract for the purposes of assessing whether the contract is onerous. The amendment applies for annual periods beginning on or after 1 January 2022 to contract existing at the date when the amendments were first applied. At the date of initial application, the cumulative effect of applying the amendment is recognised as the opening balance adjustment to retained earnings or other components of equity as appropriate.

ii Amendments to IFRS 3 Business Combination - Reference to Conceptual framework

Amendment updates a reference in IFRS 3 to the conceptual framework for financial reporting without changing the accounting requirements for Business Combinations. The amendment adds an exception for the recognition of liabilities within the scope of IAS37, provisions, contingent and contingent assets and Interpretation 21 Levies. It also specifies that contingent assets should not be recognised at acquisition date. The amendment was effective for annual periods beginning on or after 1 January 2022.

The amendment has no material impact on the Bank's financial statements

iii Property, Plant and Equipment - Proceeds before Intended Use: Amendments to IAS 16 Property, Plant and Equipment

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management.

As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of Interest income and expense on financial instruments are recognised in profit or loss using the effective interest method. The amendment has no material impact on the Bank's financial statements

3.1 New and Revised Standards and Interpretations not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing the separate financial statements. The Bank does not plan to adopt these standards early.

The standards will be adopted in the period that they become mandatory unless otherwise indicated. The following new and amended standards are not expected to have a significant impact on the Bank's financial statements.

- a) Amendment to IAS 1 -Classification of liabilities as current or non -current
- b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- c) Definition of Accounting Estimates (Amendment to IAS 8)
- d) Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4 Significant Accounting Policies

4.1 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

4.2 Interest income and interest expense

Interest income and expense for all interest bearing financial instruments, are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to:

- the gross carrying amount of the financial assets
- the amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but no ECL. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated using the estimated future cash flows including ECL.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

4.3 Fees and commissions income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including, letter of credit fees and loan application fees, are recognised as the related services are performed.

4.4 Net trading and foreign exchange income

Net trading income and foreign exchange income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4.5 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period. Dividend on equity instruments designated at FVOCI that clearly represent a recovery part of the cost of investment are presented in OCI.

4.6 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.

4.7 Financial assets and financial liabilities

a Recognition and initial measurement

The Bank initially recognizes loans and advances, debt securities issued and subordinated liabilities on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

b Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- 1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- 2) How the performance of the portfolio is evaluated and reported to management;
- 3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- 4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- 5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Bank's primary business is to provide lending services to Nigerian exporters. The Bank also provides short term guarantees for loans granted by Nigerian Banks to exporters as well as credit insurance against political and commercial risks in the event of non-payment by foreign buyers. The Bank is also the Government's National Guarantor under the ECOWAS Inter-state Road Transit programme.

NOTES TO THE FINANCIAL STATEMENTS
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- Hold-to-Collect (HTC): The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- Hold-to-Collect-and-Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

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

Non-recourse loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (nonrecourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Derecognitions

Financial Assets

- c** The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also 4.7 d), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS
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Financial Liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

d Modifications of financial assets and financial liabilities

Financial Assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see "write-off" policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank firsts recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial Liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability. If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
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Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes

e Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions.

f Fair value measurement

‘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 in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

NOTES TO THE FINANCIAL STATEMENTS
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g Impairment

The Bank recognizes loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL: financial assets that are debt instruments; and
-Financial guarantee contracts issued;
-No impairment loss is recognized on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

-debt investment securities that are determined to have low credit risk at the reporting date; and
-other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable; and
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment.
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Measurement of 12-month ECL

12-month ECL is defined as a portion of the lifetime ECLs that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring. They are not the actual losses on financial instruments that are forecasted to actually default in the next 12 months.

Measurement of Lifetime ECL

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. They would be estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- The contractual cash flows that are due to the Bank under the contract, and
- The cash flows that the Bank expects to receive

As ECLs take into account both the amount and the timing of payments, a credit loss arises even if the Bank expects to receive all the contractual payments due, but at a later date. The Bank recognizes lifetime expected credit losses on its loan and debt portfolios that have had a significant increase in credit risk since initial recognition with no objective evidence of impairment. In order to do this, management develops lifetime Probabilities of Default (PDs), Exposures At Default (EADs) and Loss Given Default (LGDs).

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Significant increase in credit risk or low credit risk

For its loans to customers, the Bank monitors the credit risk using its Internal and External Credit Rating assigned at origination of the loans, each credit rating has an assigned PD. A change in credit rating that will cause a movement between grades is considered a significant increase in credit risk. The Bank has a system in place for determining significant increase in credit risk which are split into quantitative, qualitative and backstop indicators.

Quantitative indicators

These include the following:

- material breach of contract, such as a default or delinquency in interest or principal payments
- the financial asset is 90 days past due except for specialized loans for which the presumption is rebutted

Qualitative indicators

These include the following:

- internal risk classification – Classification as performing, watchlist and non-performing
- actual or expected significant change in the financial instrument's credit rating
- identification of the loan or customer on a 'Watchlist' or other forbearance indicators
- significant financial difficulty of a borrower or issuer
- restructure of the facility based on financial issues with the borrower
- Management override

Backstop indicators

This applies when the financial asset is 30 days past due on repayment of principal and interest.

Forward looking information

In determining whether there has been a significant increase in credit risk and in determining the expected credit loss calculation, IFRS 9 requires the consideration of forward-looking information. The determination of significant increase in credit risk is required to include consideration of all reasonable and supportable information available without undue cost or effort. This information will typically include forward-looking information based on expected macroeconomic conditions and specific factors that are expected to impact individual portfolios.

The incorporation of forward-looking information represents a significant change from existing accounting requirements which are based on observable events. The use of such forward-looking information will increase the use of management judgement and is expected to increase the volatility of impairment provisions as a result of continuous changes in future expectations. The forward-looking framework will be based on the Bank's economic expectations, industry and sub-sector-specific expectations, as well as expert management judgement.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls

from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost, debt financial assets carried at FVOCI are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

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Presentation of allowance for ECL in the statement of financial position

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

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in retained earnings.

Collateral

The Bank obtains collateral where appropriate, from customers to manage their credit risk exposure to the customers. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for customers in the event that the customer defaults.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability.

Write-off

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

4.8 Loans and advances

Loans are debt instruments recognized initially at fair value and are subsequently measured at amortised cost. Loans are carried at amortised cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses.

Interest on loans is recognised in interest income using the effective interest method, the estimated future cash flows used in calculation include those determined by the contractual term of the asset and all fees are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as interest income over the expected term of such loans using effective interest method.

4.9 Investment securities

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification.

Investment securities carried at amortised cost are measured using the effective interest method, and are presented net of any allowance for credit losses, calculated in accordance with our policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortised cost are recorded in interest income. Impairment gains or losses recognized on amortised cost securities are recorded in Allowance for credit losses. When a debt instrument measured at amortised cost is sold, the difference between the sale proceeds and the amortised cost of the security at the time of the sale is recorded as a net gain/(loss) on Investment securities in Net trading and foreign exchange income.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in fair value reserve. Impairment gains and losses are included in allowance for credit losses and correspondingly reduce the accumulated changes in fair value included in fair value reserve. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from fair value reserve to net gain/(loss) on Investment securities in net trading and foreign exchange income.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in fair value reserve and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized in other operating income.

4.10 Cash and bank balances

Cash and bank balances include notes and coins in hand, current balances with other banks, balances held with Central Bank and placements with banks which are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents as referred to in the cash flow statement comprises cash in 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.

Cash and bank balances are carried at amortised cost in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4.11 Property and equipment

(a) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(c) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The estimated useful lives for the current and comparative period are as follows:

Land	Not depreciated
Freehold buildings	50 years
Leasehold improvements	Over the shorter of the useful life of item or the lease period
Motor vehicles	4 years
Furniture and Fittings	5 years
Computer equipment	4 years
Plant and Machinery	4 years
Work in progress	Not depreciated

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation methods, useful lives and residual value are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

(d) Derecognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

4.12 Intangible assets

Software

(a) Recognition and measurement

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalized cost less accumulated amortisation and impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(b) Subsequent costs

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(c) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. 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 methodology, as appropriate, which are then treated as changes in accounting estimates.

(d) Derecognition

An intangible item is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the statement of profit or loss in the year the intangible asset is derecognized.

4.13 Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract.

4.14 Employee benefits

Post-employment benefits

Defined contribution plans

The Bank operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Bank makes fixed contributions on contractual basis. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution plans are recognized as an expense in profit or loss when they are due. In accordance with the provisions of the Pensions Reform Act 2014, the Bank contributes 10% of the employees' basic salary, housing and transport allowances while the employees contribute 8%.

Short term employee benefits

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

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

Defined benefit plan

The Bank has a scheme called the NEXIM Bank Retiree and Gratuity Scheme to provide retirements benefits to staff or their dependents. The NEXIM gratuity fund consists of:

- i) 26.79% of Basic housing and transport allowance contribution, made by the Bank annually, on behalf of its employees.
- ii) The percentage contribution is to be revised by the Bank, as and when the need arises.

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.

The benefits payable under the gratuity to its retiring staff is conditioned by the following:

- i) Employees who have put in five years of service shall be entitled to payment of gratuity based on their annual basic salaries and allowances as may be approved by the Bank from time to time
- ii) The amount shall progress by 8% per annum for each completed year of service after the first five years, up to a maximum of 340% for thirty-five years of service.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4.15 Share capital and reserves

a Share issue costs

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

b Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

c Earnings per share

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

d Regulatory risk reserve

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

4.16 Operating Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual basis regardless of the times of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of liability has arisen that can be measured reliably. Expenses are measured at historical cost. Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned. Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

4.17 Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4.18 Right of use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short term leases and leases of low value assets

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases (i.e. below N1,532,500). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT

5.1 Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

In addition the Bank has identified climate risk as an emerging risk arising from financial instruments that has a growing impact on the Bank's activities

Risk management framework

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Board Risk Management Committee which is responsible for overseeing the establishment of guidelines and frameworks for Bank-wide risk management.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Board Audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

Risk measurement and reporting systems

The Bank subscribes to the Central Bank of Nigeria (CBN) Credit Risk Management System 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.

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.

5.2 Credit Risk

Credit risk is the risk of financial loss to the Bank is a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

a Management of credit risk

The Board of Directors created the Board Credit Committee for the oversight of credit risk, and the Board with it's related business units are responsible for the following:

- i) Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements
- ii) Establishing and authorisation structure for the approval and renewal of credit facilities.
- iii) Limiting concentration of exposure to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band and market liquidity.
- iv) Reviewing compliance of business units with agreed exposure limits, including those selected industries, country risk and product types.
- v) Reviewing and assessing credit risk: The Credit Committee assesses all credit exposure in excess of designated limits, before facilities are committed to customers by the business unit concerned
- vi) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank

Each business unit is required to implement the Bank credit policies and procedures, with credit approval authorities delegated from the Board Credit Committee. Regular audits of the various business units and Bank's credit processes are undertaken by Internal Audit.

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).

b Credit Risk Measurement

The Bank undertakes lending activities after careful analysis of the borrowers' general character, capacity to repay, cash flow, credit history, organisational/management quality, financial condition, market position, business operations, industry and other factors. The Bank acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

b(i) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing;

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations)

The Bank uses three criteria in determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD
- qualitative indicators; and
- a backstop of 30 past due, except for

b(ii) Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

c Maximum exposure to credit risk

The Bank's credit risk exposures relating to financial assets on-balance sheet assets subject to impairment are as follows:

In thousands of naira	Maximum exposure	
	2022	2021 *Restated
<u>Financial assets:</u>		
Loans and advances	170,191,363	155,370,777
Other assets (receivables)	64,071	2,702,676
Due from banks (placements)	65,226,614	52,022,861
Cash and bank balances	12,656,538	4,128,795
Total Financial Assets at amortized cost	248,138,586	214,225,109

The Bank's credit risk exposures relating to on-balance sheet assets that are not subject to impairment are as follows:

In thousands of naira	Maximum exposure	
	2022	2021 *Restated
<u>Financial assets:</u>		
Equity instruments at FVOCI	6,572,584	6,034,777
Other assets: Prepayments	803,387	610,671
Total	7,375,971	6,645,448

d Credit risk concentration

IFRS 7 requires disclosures about concentrations of risk. Concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. This information has been provided along geographical areas and economic sectors.

NOTES TO THE FINANCIAL STATEMENTS

e Geographical concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

31 December 2022			
	Within Nigeria	Outside Nigeria	Total
<i>In thousands of naira</i>			
Financial assets:	-	-	-
Loans and advances	170,191,363	-	170,191,363
Other assets (receivables)	64,071	-	64,071
Due from banks (placements)	64,991,028	-	64,991,028
Cash and bank balances	12,197,823	458,216	12,656,039
	235,246,462	458,216	235,246,462
31 December 2021			
	Within Nigeria	Outside Nigeria	Total
Financial assets:			
Loans and advances	155,447,347	-	155,447,347
Other assets (receivables)	2,702,676	-	2,702,676
Due from banks (placements)	51,441,369	-	51,441,369
Cash and bank balances	4,002,148	126,647	4,128,795
	213,593,540	126,647	213,720,187

5.3 Liquidity Risk

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.

Management of liquidity risk

The Bank's Board of Directors sets the Bank's strategy for managing liquidity risk and oversight of the implementation Finance and General Purpose committee. The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The key elements of the Bank's liquidity strategy are as follows:

- Carrying a portfolio of highly liquid assets, diversified by currency and maturity
- Monitoring maturity mismatches, behavioral characteristics of the Bank's financial assets and financial liabilities, and the extent to which the Bank's assets are encumbered and so not available as potential collateral for obtaining funding.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Bank specific events (e.g. rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes)

NOTES TO THE FINANCIAL STATEMENTS

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 31 December 2022	Expected Cash Flows					
	Carrying Amount	Gross nominal inflow/(outflow)	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years
Financial assets						
Cash in banks	12,656,538	12,678,125	12,678,125	-	-	-
Due from banks	65,226,614	65,226,614	65,226,614	-	-	-
Loans and advances	170,191,362	170,191,362	-	253,225	94,890,121	75,048,016
Other receivables	1,841,037	1,841,037	64	1,755,511	85,462	-
Total undiscounted financial assets	249,915,551	249,937,138	77,904,803	2,008,736	94,975,583	75,048,016
Financial liabilities						
Debt securities and other borrowed funds	175,444,672	175,444,672	24,523,763	-	143,480,674	7,440,235
Other liabilities	14,889,873	14,889,873	-	488,256	12,930,009	1,471,608
Total undiscounted financial liabilities	190,334,545	190,334,545	24,523,763	488,256	156,410,683	8,911,843
Net undiscounted financial assets/(liabilities)	59,581,006	59,602,593	53,381,040	1,520,480	(61,435,100)	66,136,173
As 31 December 2021						
	Carrying Amount	Gross nominal inflow/(outflow)	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years
Financial assets						
Cash in banks	4,128,795	4,150,382	4,150,382	-	-	-
Due from banks	52,022,861	52,022,861	52,022,861	-	-	-
Loans and advances	155,447,347	155,447,347	35,412	119,925,738	33,965,864	1,520,333
Other receivables	2,702,676	2,702,676	2,702,676	-	-	-
Total undiscounted financial assets	214,301,679	214,323,266	58,911,331	119,925,738	33,965,864	1,520,333
Financial liabilities						
Debt securities and other borrowed funds	144,717,510	144,717,510	-	10,293,750	3,770,768	130,652,992
Other liabilities	12,047,641	12,047,641	1,798,557	10,249,084	-	-
Total undiscounted financial liabilities	156,765,151.00	156,765,151.00	1,798,557	20,542,834	3,770,768	130,652,992
Net undiscounted financial assets/(liabilities)	57,536,528	57,558,115	57,112,774	99,382,904	30,195,096	(129,132,659)

NOTES TO THE FINANCIAL STATEMENTS

5.4 Market Risk

Market risk is the risk that changes in the market price - e.g interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of the of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk.

The Bank traded in the following financial instruments in the course of the year:

- Money market products

a Exposure to Interest Rate Risks – Non-Trading Portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest gaps and by having pre-approved limits by repricing bands. The Asset and Liability Committee (ALCO) is the body charged with monitoring exposures to interest rate risks and is assisted by the Risk Management.

The Bank also performs regular stress tests on its trading and non-trading portfolios. In performing this, the Bank ensures there are quantitative criteria in building the scenarios. The Bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the Bank's liquidity. The key potential risks the Bank was exposed to from these instruments were price risk, basis risk and risk to net margins. However, all potential risk exposures in the course of the year were successfully mitigated as mentioned above. Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from changes in the fair value of available-for-sale financial instruments reported directly in other comprehensive income.

The tables below summarises the Bank's interest rate gap position on all portfolios as the Bank does not have any variable interest bearing financial assets and liabilities:

31 December 2022	Contractual cash flows					
	Carrying amount	Gross nominal inflow/(outflow)	Up to 3 months	3-6 months	6 months - 1 year	Over 1 year
<u>Financial assets:</u>						
Cash in banks	12,656,538	12,678,125	12,678,125	-	-	-
Due from banks	65,226,614	65,226,614	65,226,614	-	-	-
Loans and advances	170,191,363	170,191,362	-	-	253,225	169,938,137
Other receivables	1,841,037	1,841,037	64	-	1,755,511	85,462
<u>Investment securities:</u>						
- Fair value through OCI	6,572,584	6,572,584	-	6,572,584	-	-
	256,488,136	256,509,722	77,904,803	6,572,584	2,008,736	170,023,599
<u>Financial liabilities:</u>						
Debt securities issued and other borrowed	175,444,671.00	175,444,672	24,523,763	-	-	150,920,909
Other liabilities	14,889,873.00	14,889,873	-	-	488,256	14,401,617
	190,334,544	190,334,545	24,523,763	-	488,256	165,322,526
Interest rate gap position	66,153,592	66,175,177	53,381,040	6,572,584	1,520,480	4,701,073

31 December 2021	Contractual cash flows					
	Carrying amount	Gross nominal inflow/(outflow)	Up to 3 months	3-6 months	6 months - 1 year	Over 1 year
<u>Financial assets:</u>						
Cash in banks	4,144,907	4,150,382	4,150,382	-	-	-
Due from banks	51,441,369	52,022,861	52,022,861	-	-	-
Loans and advances	131,992,157	155,447,347	35,412	-	119,925,738	35,486,197
Other receivables	2,225,723	2,702,676	-	2,702,676	-	-
<u>Investment securities:</u>						
- Fair value through OCI	6,034,777	6,034,777	-	-	-	6,034,777
	195,838,933	220,358,043	56,208,655	2,702,676	119,925,738	41,520,974
<u>Financial liabilities:</u>						
Debt securities issued and other borrowed	144,717,510.00	144,717,510	-	144,717,510	-	-
Other liabilities	12,047,641.00	12,047,641	-	-	-	12,047,641
	156,765,151	156,765,151	-	144,717,510	-	12,047,641
Interest rate gap position	39,073,782	63,592,892	56,208,655	(142,014,834)	119,925,738	29,473,333

NOTES TO THE FINANCIAL STATEMENTS

6a Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 4(b)(i): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.
- Notes 4.7: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 4(b)(i): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Note 30: recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

(a)i Impairment of financial assets

IFRS 9 impairment requirements are based on an expected credit loss model (ECL). Key changes in the Bank's accounting policies for impairment of financial assets are listed below.

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost, FVOCI, loan commitment and financial guarantee contracts. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

(a)ii Measurement of fair values

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Bank regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Bank assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

The Bank's accounting policy on fair value measurement is discussed in Note 4.7(f).

NOTES TO THE FINANCIAL STATEMENTS

Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy.

<i>In thousands of naira</i>	Level 1	Level 2	Level 3	Total
31 December 2022				
ASSETS				
Equity investment (see note 19)	1,876,793	4,695,792	-	6,572,585
Total	1,876,793	4,695,792	-	6,572,585
<i>In thousands of naira</i>	Level 1	Level 2	Level 3	Total
31 December 2021				
ASSETS				
Equity investment (see note 19)	1,826,809	4,207,968	-	6,034,777
Total	1,826,809	4,207,968	-	6,034,777

6b Classification of financial assets and liabilities

The Bank's financial instruments are categorised as stated below:

Financial Assets			
31-Dec-22	FVTPL	FVOCI	Amortised cost
<i>In thousands of naira</i>	N'000	N'000	N'000
Cash and bank balances	-	-	12,675,746
Due from banks	-	-	64,991,028
Loans and advances to customers	-	-	146,759,620
Equity instruments at FVOCI	-	6,572,584	-
Other assets	-	-	829,952
Financial Liabilities			
31-Dec-22	FVTPL	FVOCI	Amortised cost
<i>In thousands of naira</i>	N'000	N'000	N'000
Debt securities issued and other borrowed funds	-	-	175,444,672
Other liabilities	-	-	13,418,265
Financial Assets			
31-Dec-21	FVTPL	FVOCI	Amortised cost
<i>In thousands of naira</i>	N'000	N'000	N'000
Cash and bank balances	-	-	4,144,907
Due from banks	-	-	51,441,369
Loans and advances to customers	-	-	131,992,157
Equity instruments at FVOCI	-	6,034,777	-
Other assets	-	-	2,225,723
Financial Liabilities			
31-Dec-21	FVTPL	FVOCI	Amortised cost
<i>In thousands of naira</i>	N'000	N'000	N'000
Debt securities issued and other borrowed funds	-	-	144,717,510
Other liabilities	-	-	12,047,641

NOTES TO THE FINANCIAL STATEMENTS

In thousands of Nigerian Naira

	Notes	31 December 2022	31 December 2021
7 Interest income			
Loans and advances to customers		10,258,680	7,385,393
Cash and short term funds		3,096,853	3,013,650
Loans and advances to staff		151,585	70,041
		13,507,118	10,469,084
8 Interest expense			
Interest on Export Development loan		1,832,229	919,178
8% CBN Perpetual Debenture		73,676	73,677
Export Stimulation loan		62,269	62,270
Loan from African Development Bank(AFDB)		-	30,078
Loan from ADB/FGN/CBN		17,381	17,381
Loan from African Export-Import Bank (AFREXIM)		573,661	8,648
CBN/EDF/Refinancing - Interest		53,138	6,667
		2,612,354	1,117,899
9 Impairment charge			
Impairment (charge) / write-back on risk assets			
Net impairment (charge)/write-back on loans and advances	18.1	381,135	2,411,557
Net impairment (charge)/write-back on placement with banks	17	45,186	(121,721)
Net impairment write-back on cash balances	16.1	(3,096)	-
Impairment charge on other receivables	20.1	(79)	37,585
		423,146	2,327,421
		31 December 2022	31 December 2021
10 Fees and commission income			
Application fees		9,443	6,850
Letter of credit fees		6,366	-
		15,809	6,850
11 Other operating income			
Net trading foreign exchange gain(See (a) below)		610,053	1,318,625
Dividend Income		487,824	373,007
Recoveries		27,119	-
Operating lease income		40,870	63,963
Gain from disposal of PPE		3,065	18,857
Other fees		9,025	34,100
Income from grant for export promotion		2,512,234	1,996,006
		3,690,190	3,804,558

NOTES TO THE FINANCIAL STATEMENTS

In thousands of Nigerian Naira

(a) Net trading foreign exchange gain

Exchange gain on borrowings	1,325,000	481,489
Exchange (loss)/gain on placements	(714,947)	837,136
	610,053	1,318,625

12 Other operating expenses

	2022	2021
Administrative expenses*	2,095,309	2,044,697
Directors' emoluments	153,131	168,654
Export promotion expenses from Grant**	-	1,996,006
Professional fees	403,658	142,204
Staff travelling	48,565	68,354
Auditors' remuneration***	25,880	25,019
Staff relocation	33,835	24,979
Short term lease expenses	9,503	18,722
Advertising and marketing	1,569,976	2,661
Staff training	288	180
Other operating expenses****	54,761	3,511
	4,394,906	4,494,987

12.1 Administrative expenses is mainly comprised of expenses incurred on repairs & maintenance, rates, telephone & internet billing, power, insurance, & security.

12.2 Export promotion expenses from Grant are expenses that are incurred for export promotion and awareness. The Bank utilizes 70% of the 7% import levy allocated to the Bank by the Ministry of Finance in the promotion of export and creating awareness for export.

12.3 There was no non-audit service fee earned by the auditor during the year.

12.4 Other expenses comprises of expenses incurred on staff uniform and T-shirts provided for staff.

13 Personnel expenses

	2022	2021
Wages and salaries	2,873,485	2,079,350
Net interest on defined benefit plan	15,838	(381,043)
Pension costs- Defined contribution plan	385,270	318,981
Other employee cost	20,952	21,147
	3,295,545	2,038,435

14 Taxation

The Bank is exempted from Company income tax in accordance with Section 14(1)(c) of the Nigerian Export-Import Bank Act 1991.

NOTES TO THE FINANCIAL STATEMENTS

In thousands of Nigerian Naira

15 Earnings per share

(a) Basic

Basic/diluted earnings per share amounts is calculated by dividing the net profit 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 and share data used in the basic/diluted earnings per share computations:

	2022	2021
Profit attributable to equity holders	6,225,295	4,129,965
Weighted average number of ordinary shares in issue (in '000s)	50,000,000	49,912,571
Basic earnings per share (expressed in Kobo per share)	12.45	8.27

(b) Diluted

The Bank does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent (31 December 2021: Nil).

16 Cash and bank balances

	2022	2021
Cash on hand	21,587	21,587
Cash at bank	12,656,538	4,128,795
	12,678,125	4,150,382
Allowance for impairment on cash in bank	(2,379)	(5,475)
Cash and bank balances	12,675,746	4,144,907

NOTES TO THE FINANCIAL STATEMENTS

16.1 Impairment allowance for cash in banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

31 December 2022				
Internal rating grade	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 N'000	Total N'000
Performing	12,656,538	-	-	12,656,538
Non-performing	-	-	-	-
Total	12,656,538	-	-	12,656,538

31 December 2021				
Internal rating grade	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 N'000	Total N'000
Performing	4,128,795	-	-	4,128,795
Non-performing	-	-	-	-
Total	4,128,795	-	-	4,128,795

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2022	4,128,795	-	-	4,128,795
New assets purchased or originated	8,527,743	-	-	8,527,743
Payments and assets derecognized or matured (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	12,656,538	-	-	12,656,538

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECLs as at 1 January 2022	5,475	-	-	5,475
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs) (see note 9)	(3,096)	-	-	(3,096)
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	2,379	-	-	2,379

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2021	6,175,352	-	-	6,175,352
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs)	(2,046,557)	-	-	(2,046,557)
Foreign exchange adjustments	-	-	-	-
At 31 December 2021	4,128,795	-	-	4,128,795

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECLs as at 1 January 2021	5,475	-	-	5,475
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2021	5,475	-	-	5,475.00

17 Due from banks

	2022 N'000	2021 N'000
Placements with other banks	65,226,614	52,022,861
Allowance for impairment	(235,586)	(581,492)
	64,991,028	51,441,369
Movement in impairment allowance		
1 January 2021	(581,492)	(703,213)
Impairment (charge)/write-back	(45,186)	121,721
Impairment allowance	391,092	-
	(235,586)	(581,492)

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.

NOTES TO THE FINANCIAL STATEMENTS

17.1 Impairment allowance for Placements with banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

31 December 2022				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
<i>In thousands of naira</i>	<i>N'ooo</i>	<i>N'ooo</i>	<i>N'ooo</i>	<i>N'ooo</i>
Performing	65,226,613	-	-	65,226,613
Non-performing	-	-	-	-
Total	65,226,613	-	-	65,226,613

31 December 2021				
Internal rating grade	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
<i>In thousands of naira</i>	<i>N'ooo</i>	<i>N'ooo</i>	<i>N'ooo</i>	<i>N'ooo</i>
Performing	50,799,980	-	-	50,799,980
Non-performing	-	-	1,222,881	1,222,881
Total	50,799,980	-	1,222,881	52,022,861

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2022	50,799,980	-	1,222,881	52,022,861
New assets purchased or originated	14,439,898	-	-	14,439,898
Payments and assets derecognized or matured (excluding write offs)	(1,236,145)	-	-	(1,236,145)
Transfer to Stage 3	-	-	-	-
At 31 December 2022	64,003,733	-	1,222,881	65,226,614

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECLs as at 1 January 2022	35,767	-	545,725	581,492
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs)	-	-	(345,906)	(345,906)
Foreign exchange adjustments	-	-	-	-
At 31 December 2022	35,767	-	199,819	235,586

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2021	59,923,707	-	1,041,777	60,965,484
New assets purchased or originated	50,799,980	-	-	50,799,980
Payments and assets derecognized or matured (excluding write offs)	(59,742,603)	-	-	(59,742,603)
Transfer to Stage 3	(181,104)	-	181,104	-
At 31 December 2021	50,799,980	-	1,222,881	52,022,861

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECLs as at 1 January 2021	338,592	-	364,621	703,213
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs)	-	-	-	-
Transfers to stage 3	(181,104)	-	181,104	-
Credit impairment charge (see note 9)	(121,721)	-	-	(121,721)
At 31 December 2021	35,767	-	545,725	581,492

18 Loans and advances

	2022 N'ooo	2021 N'ooo
Loans to customers:		
-Medium-term direct lending	74,884,702	68,749,580
-Short-term direct lending	94,890,121	85,829,147
Loans to staff	416,540	868,620
	170,191,363	155,447,347
Less: Allowance for impairment	(23,431,743)	(23,455,190)
	146,759,620	131,992,157

NOTES TO THE FINANCIAL STATEMENTS

18.1 Impairment allowance for loans and advances

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	Individual N'ooo	Individual N'ooo	N'ooo	N'ooo
Performing				
High grade	95,941,931	-	-	95,941,931
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	9,701,011	-	9,701,011
Non-performing	-	-	-	-
Individually impaired	-	-	64,548,421	64,548,421
Total	95,941,931	9,701,011	64,548,421	170,191,363

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Loans and advances is, as follows:

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2022	98,030,020	4,687,504	52,729,823	155,447,347
Loans written off	-	-	(404,582)	(404,582)
New assets purchased or originated	41,698,191	-	-	41,698,191
Payments and assets derecognized or matured (excluding write offs)	-	(7,916,020)	(18,633,573)	(26,549,593)
Transfer to Stage 1	(7,623,798)	327,115	7,296,683	-
Transfer to Stage 2	(17,692,985)	2,018,247	15,674,738	-
Transfer to Stage 3	(18,469,497)	10,584,165	7,885,332	-
At 31 December 2022	95,941,931	9,701,011	64,548,421	170,191,363

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECLs as at 1 January 2022	2,169,082	-	21,286,108	23,455,190
Loans written off	-	-	(404,582)	(404,582)
New assets purchased or originated	543,995	-	-	543,995
Payments and assets derecognized or matured (excluding write offs)	-	-	(162,859)	(162,859)
Transfer to Stage 1	(1,524,760)	65,423	1,459,337	-
Transfer to Stage 2	(3,538,597)	403,649	3,134,948	-
Transfer to Stage 3	(3,693,899)	2,116,833	1,577,066	-
Credit impairment charge (see note 9)	(8,213,261)	2,585,905	6,008,492	381,136
At 31 December 2022	2,713,077	-	20,881,526	23,431,743

Internal rating grade	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	Individual N'ooo	Individual N'ooo	N'ooo	N'ooo
Performing				
High grade	98,030,020	-	-	98,030,020
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	4,687,504	-	4,687,504
Non-performing	-	-	-	-
Individually impaired	-	-	52,729,824	52,729,824
Total	98,030,020	4,687,504	52,729,824	155,447,348

NOTES TO THE FINANCIAL STATEMENTS

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Loans and advances is, as follows:

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2021	52,556,224	5,994,542	49,723,817	108,274,583
Loans written off	-	-	(1,099,078)	(1,099,078)
New assets purchased or originated	61,348,344	-	5,401,647	66,749,991
Payments and assets derecognized or matured (excluding write offs)	(15,874,548)	(1,307,038)	(1,296,563)	(18,478,149)
Transfer to Stage 1	2,917,565	-	(2,917,565)	-
Transfer to Stage 2	(3,798,607)	4,943,037	(1,144,430)	-
Transfer to Stage 3	(1,931,484)	(164,811)	2,096,295	-
At 31 December 2021	98,030,020	4,687,504	52,729,823	155,447,347

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECLs as at 1 January 2021	5,625,070	303,367	16,639,782	22,568,219
Loans written off	-	-	(1,524,587)	(1,524,587)
New assets purchased or originated	1,337,026	-	7,291,769	8,628,795
Payments and assets derecognized or matured (excluding write offs)	(4,424,298)	(159,361)	(1,633,579)	(6,217,238)
Transfer to Stage 1	831,592	-	(831,592)	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(1,200,309)	(144,006)	1,344,315	-
Credit impairment charge (See note 9)	(3,455,988)	(303,367)	6,170,913	2,411,558
At 31 December 2021	2,169,082	-	21,286,108	23,455,190

19 Investment securities

19.1 Equity instruments at FVOCI

	2022 N'000	2021 N'000
Quoted investment: a		
Guarantee Fund Investment	1,702,778	1,678,084
Non-career Pension Investment	174,015	148,725
Unquoted investments: b		
Afrexim Bank	4,598,574	4,110,750
ABREC	97,218	97,218
Total Equity instruments at FVOCI	6,572,585	6,034,777

Movement in equity instruments at FVOCI

	2022 N'000	2021 N'000
Balance at 1 January	6,034,777	5,263,265
Additions for the year	464,022	39,150
Fair value	73,785	732,362
Balance at 31 December	6,572,584	6,034,777

- a Guarantee fund investments: The fund investment consists of a money market fund and a coral fund warehoused with Stanbic IBTC Asset management and FSDH Asset management respectively. The funds are recognized at fair value through other comprehensive income.

Non-career pension investment: The Bank invested N180m in 2007 in a portfolio warehoused with Stanbic IBTC Asset Management. The initial objective of the portfolio was to invest the severance benefit of the Non-Executive directors who have a stipulated tenor of 5 years. The initial objective was to liquidate the portfolio after every 5 years, however since inception the initial objective of the portfolio has changed as the Bank has never liquidated the investment. The Bank does not intend to sell the equity investments, however they intend to keep growing and managing the portfolio with the help of their fund managers.

- b Unquoted Equities: The Bank has equity investments in African Export Import Bank and African Biofuel and Renewable Energy Company. The Bank has a hundred shares (100) in ABREC and one-thousand seven hundred and seventeen (1,717) in AFREIM.

20 Other assets

	2022 N'000	2021 N'000
Prepayments	803,387	610,671
Other receivables	64,071	2,702,676
	867,458	3,313,347
Less: Allowance for impairment on other assets	(37,506)	(1,087,624)
	829,952	2,225,723

NOTES TO THE FINANCIAL STATEMENTS

20.1 Impairment losses on other receivables subject to impairment assessment

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	Individual	Individual		
	N'000	N'000	N'000	N'000
Performing	38,259	-	-	38,259
Non-performing	-	-	25,812	25,812
Total	38,259	-	25,812	64,071

Internal rating grade	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	Individual	Individual		
	N'000	N'000	N'000	N'000
Performing	1,652,637	-	-	1,652,637
Non-performing	-	-	1,050,039	1,050,039
Total	1,652,637	-	1,050,039	2,702,676

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
Gross carrying amount as at 1 January 2022	1,652,637	-	1,050,039	2,702,676
New assets purchased or originated	1,886,232	-	-	1,886,232
Payments and assets derecognized or matured (excluding write offs)	(2,400,592)	-	(2,124,245)	(4,524,837)
Transfer to Stage 3	(1,100,018)	-	1,100,018	-
At 31 December 2022	38,259	-	25,812	64,071

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
ECLs as at 1 January 2022	37,585	-	1,050,039	1,087,624
New assets purchased or originated	37,820	-	158	37,978
Payments and assets derecognized or matured (excluding write offs)	(37,899)	-	(1,050,197)	(1,088,096)
Foreign exchange adjustments	-	-	-	-

Write back on impairment (see note 9) (79) - - (79)

At 31 December 2022	37,506.00	-	-	37,506
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An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
Gross carrying amount as at 1 January 2021	633,462	-	1,050,039	1,683,501
New assets purchased or originated	1,019,175	-	-	1,019,175
Payments and assets derecognized or matured (excluding write offs)	-	-	-	-
Transfer to Stage 3	-	-	-	-
At 31 December 2021	1,652,637	-	1,050,039	2,702,676

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
ECLs as at 1 January 2021	-	-	1,050,039	1,050,039
New assets purchased or originated	37,585	-	-	37,585
Payments and assets derecognized or matured (excluding write offs)	-	-	-	-

Credit impairment charge (see note 9) 37,585 - - 37,585

At 31 December 2021	37,585	-	1,050,039	1,087,624
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NOTES TO THE FINANCIAL STATEMENTS

In thousands of Nigerian Naira

21 Property and equipment

	Land	Building	Plant	Furnitures and Fitting	Computer Equipment	Motor Vehicles	Work In Progress	Total
Cost								
At 1 January 2022	1,688	3,224,495	43,712	1,122,442	578,817	283,223	5,115	5,259,492
Addition during the year	-	-	9,290	179,855	44,371	280,095	1,713	515,324
Disposals during the year	-	-	(9,482)	(12,821)	(1,413)	(35,429)	-	(59,145)
At 31 December 2022	1,688	3,224,495	43,520	1,289,476	621,775	527,889	6,829	5,715,671
Accumulated depreciation								
At 1 January 2022	-	795,778	35,309	1,020,537	527,970	204,298	-	2,583,892
Charge for the year	-	64,523	3,448	52,672	25,925	59,532	-	206,100
Disposals during the year	-	-	(9,484)	(21,881)	(420)	(35,426)	-	(67,211)
At 31 December 2022	-	860,301	29,273	1,051,328	553,475	228,404	-	2,722,781
Net book value								
At 31 December 2022	1,688	2,364,194	14,247	238,148	68,300	299,485	6,829	2,992,890
2021								
Cost								
At 1 January 2021	1,688	2,824,098	56,121	1,058,599	540,613	621,307	278,753	5,381,180
Additions during the year	-	-	7,520	75,832	43,209	110,021	126,759	363,341
Reclassification	-	400,397	-	-	-	-	(400,397)	-
Disposal	-	-	(19,929)	(11,989)	(5,005)	(448,105)	-	(485,028)
At 31 December 2021	1,688	3,224,495	43,712	1,122,442	578,817	283,223	5,115	5,259,492
Accumulated depreciation								
At 1 January 2021	-	739,262	48,871	1,014,244	521,658	571,443	-	2,895,478
Charge for the year	-	56,516	3,310	18,274	11,310	40,223	-	129,633
Disposals during the year	-	-	(16,873)	(11,982)	(4,998)	(407,368)	-	(441,221)
At 31 December 2021	-	795,778	35,309	1,020,537	527,970	204,298	-	2,583,891
Net book value								
At 31 December 2021	1,688	2,428,717	8,403	101,905	50,847	78,925	5,115	2,675,601

There were no contractual commitments for the acquisition of property and equipment as at 31 December 2022 (December 2021: Nil). There were no liens or encumbrances on any of the property and equipment during the year (December 2021: Nil). The Capital work in progress relates to the value of renovation of the head office building in Abuja. The renovation was completed during the year and was reclassified to building category.

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2021: Nil).

All classes of property and equipment are non-current.

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In thousands of Nigerian Naira

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In thousands of Nigerian Naira

	Computer Software	Total
22 Intangible assets		
2022		
Cost		
At 1 January 2022	335,930	335,930
Additions for the year	139,022	139,022
Disposals	(64,675)	(64,675)
At 31 December 2022	410,277	410,277
Amortisation		
At 1 January 2022	270,420	270,420
Charge for Year	36,259	36,259
Disposals	(64,675)	(64,675)
At 31 December 2022	242,004	242,004
Net book value	168,273	168,273
2021		
Cost		
At 1 January 2021	326,778	326,778
Additions for the year	9,152	9,152
Reclassifications	-	-
At 31 December 2021	335,930	335,930
Amortisation		
At 1 January 2021	229,186	229,186
Charge for Year	41,234	41,234
Write-offs	-	-
At 31 December 2021	270,420	270,420
Net book value	65,510	65,510

The intangible assets represent computer software which was purchased from third parties.
There were no capitalised borrowing costs related to the acquisition of software during the year (December 2021: nil).

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In thousands of Nigerian Naira

23 Right of use assets

The Bank has lease contracts for rented properties (land and building) with lease terms between 1 to 3 years. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2022	2021
Cost		
As at 1 January	117,594	59,600
Additions	-	61,740
Disposals	-	(3,746)
As at 31 December	117,594	117,594
Depreciation		
As at 1 January	42,018	44,847
Depreciation for the year	19,511	918
Write-off/Disposal	-	(3,747)
As at 31 December 2022	61,529	42,018
Carrying amount as at 31 December 2022	56,065	75,576

The expense for low value item is N1.111 million (2021: N1.111 million).

NOTES TO THE FINANCIAL STATEMENTS

24 Debt securities issued and other borrowed funds

		2022	2021
		N'000	N'000
Export Stimulation loan	24.1	6,971,494	6,909,225
Loan from ADB/FGN	24.2	468,741	451,360
6% CBN Perpetual Debenture	24.3	1,262,241	1,243,697
Export Development loan	24.4	140,149,435	100,244,326
Loan from NESF/FGN/CBN	24.5	3,331,239	3,751,584
Loan from NCDMB	24.6	23,261,522	21,823,568
Loan from AFREXIM		-	10,293,750
		175,444,672	144,717,510

Movements in debt securities issued and other borrowed funds

At beginning of the year	144,717,510	112,067,341
Additions	39,472,274	33,798,750
Principal repayment	(425,000)	(1,486,587)
Interest accrued	2,612,354	1,117,899
Interest paid	(9,607,467)	(1,261,382)
Foreign exchange loss/(gain)	(1,325,000)	481,489
At the end of the year	175,444,671	144,717,510

- 24.1** This relates to a loan granted to the Bank by the Ministry of Finance Incorporated at an annual interest rate of 1% in 2011 and repayment should be N1 billion per year after the expiration of the 5 year tenure of the loan. This loan is in default as there has been no repayment of the loan since inception of the facility. The Bank is currently engaging with Ministry of Finance for restructuring the repayment terms of the loan.
- 24.2** This relates to a loan initially obtained from African Development Bank (AfDB) under AfDB 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.
- 24.3** 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 while the principal sum is repayable to CBN on demand. Modification gains/losses were computed and considered immaterial.
- 24.4** During 2018, the Central Bank of Nigeria granted a 50 billion Naira debenture with 2% coupon rate for 15 years to the Bank. This facility is to be disbursed to qualified export oriented enterprises which are duly registered or incorporated in Nigeria and have satisfactory credit report format in at least two credit banks. The loan facility shall be used for acquisition of plant and machinery for development of plantation for non-oil export business and working capital of non-oil export. The interest is due on quarterly basis on the aggregate principal amount of the facility. CBN granted NEXIM bank a reduction in interest rate to 1% as a COVID-19 palliative between 1 March 2020 and 28 February 2021. An additional facility was granted by Central Bank of Nigeria in 2020 for 15 years. The interest rate is 1% in 2020. Modification gains/losses were computed and considered immaterial.
- 24.5** During 2021, The Non-Oil Export Stimulation Facility (NESF), which was introduced by the Central Bank of Nigeria to diversify the revenue base of the economy and to expedite the growth and development of the non-oil export sector. The facility was created to help redress the declining export financing and reposition the sector to increase its contribution to economic development. Eligible borrowers/beneficiaries are required to apply through the designated PFIs (Participating Financial Institution), which are mainly the i. Deposit Money Banks (DMBs) and ii. The Development Finance Institution (DFIs). PFIs are required to submit application to CBN on behalf of its customers in the prescribed format, and in case of loan syndication, the lead bank shall submit application on behalf of other banks. The term loans under the facility shall not exceed 70% of verifiable total cost of the project subject to a maximum of N5 billion, for a tenor of up to 10 years and shall not exceed the 31st December, 2027. Working capital/stocking facility shall be for one year with the option of roll-over once subject to the approval of CBN. The facility shall be granted at an all-inclusive interest rate of 9% per annum, after a moratorium of 1 year. The repayments of principal and interest shall be quarterly and in accordance with the agreed repayment schedule. On CBN circular memo to all banks-FPR/DIR/PUB/CIR/01/001 dated 3 March 2021, Central bank of Nigeria reduced the interest rates on the CBN intervention facilities from 9% to 5% per annum for one year effective March 1, 2020 as part of measures to mitigate the negative impact of Covid-19 pandemic on the Nigerian economy, and extended the facilities by another twelve (12) months to February 28, 2022.

NOTES TO THE FINANCIAL STATEMENTS

24.6 During 2021, Nigeria Content Development and Monitoring Board (NCDMB) entered into a fund management agreement with NEXIM bank to disbursement and managed an intervention fund created by the agency (NCDMB). The fund is categorised into two disbursement of USD\$30 million & USD\$20 million, totaling USD50 million. (a) USD30 million NCDMB Fund- The intervention fund is created for the purpose of providing working capital and capacity building loan to eligible beneficiaries within the parameters specified in the loan agreement for this facility, to finance Nigerian oil service providers in the Nigerian oil and gas industry. The loan eligibility criteria and authority to approve and reject any proposal is vested in NEXIM with concurrence from NCDMB. The maximum single obligor threshold is USD\$1,000,000 or equivalent in naira at the official exchange rate subsisting on the day of disbursement unless otherwise reviewed in writing by NCDMB. (b) USD20 million NCDMB Fund- The intervention fund is created for entity which is owned by women who are either entrepreneurs in the Oil and Gas industry holding majority shareholding (51%) in the obligor-company or part of Management whereby a minimum of 50% are women and has been granted a loan facility under this Agreement to carry out services connected to the Nigeria Oil and Gas Industry, including manufacturing activities, contract execution etc. The loan eligibility criteria and authority to approve and reject any proposal is vested in NEXIM with concurrence from NCDMB. The maximum single obligor threshold is USD\$500,000 or equivalent in naira at the official exchange rate subsisting on the day of disbursement unless otherwise reviewed in writing by NCDMB. The interest shall be payable on the disbursed portion of the loan at the rate of 5% per annum for USD facility and 8% on naira facility and the rate shall remain fixed throughout the tenor of the facility unless otherwise advised by NCDMB.

25 Other liabilities

		2022	2021
		N'000	N'000
Other financial liabilities			
Accrued expenses		523,779	1,798,557
Accounts payable and sundry creditors		4,045,239	3,927,126
Transformation grant	25.1	10,217	10,217
Ministry of Finance Incorporated-Political Risk/Guarantee Fund	25.3	5,293,214	3,826,650
Lease liability		53,280	53,280
Deposit For Export Promotion Fund	25.2	3,004,280	2,181,960
		12,930,009	11,797,790
Non-financial Liabilities			
Post-employment pension (defined contribution plans)		488,256	249,851
		13,418,265	12,047,641

- 25.1** 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's corporate transformation.
- 25.2** This balance relates to 30% of the 7% import duty surcharge remitted by the Federal Ministry of Finance to the Bank to facilitate the provision of export credit insurance on political risk component of country risk and non-funded facilities by way of provision of guarantee instruments. This is non-interest bearing.
- 25.3** This balance relates to the outstanding balance from 70% of the 7% import duty surcharge remitted by the Federal Ministry of Finance to the Bank to facilitate the promotion and awareness of export activities. This is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

26 Employee benefit obligations

Defined contribution plan

The defined contribution plan consist of a pension plan and a gratuity 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 net defined contribution plan recorded to profit or loss of (₦189 million) (2021: ₦381 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 gratuity plan that defines an amount of gratuity benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary.

For executive directors, they are entitled to 3.5 times of their annual base pay and 30% base pay for target performance to be paid at the expiration of each five (5) year tenor irrespective renewal or otherwise.

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 actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date of government 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.

The Bank's planned assets are warehoused with Premium pensions, Access pensions and Trustfund pensions. The gratuity plan is warehoused majorly with premium pensions and trustfund pensions.

The Bank's gratuity plan is payable to retiring staff who have put in a minimum of 5 years in service at the Bank. The amount shall progress by 8% per annum for each completed year of service after the first five years, and up to a maximum of 340% for 35 years of service. Staff who have not put in up to 5 years of service but have put in a minimum of three (3) years are entitled to payment of gratuity based on 50% of their annual basic salary and allowance.

For executive directors, they are entitled to a severance allowance after the expiration of each five (5) year tenor. In 2022, the current executive directors completed their five (5) year tenor and were paid a sum of ₦1.88bn as severance allowance. See note (b) below for details.

26.1 Net employee defined benefit assets

In thousands of naira	2022	2021	31-Dec- 2021 *Restated
Defined benefit pension plan (See note (a) below)	344,080	63,089	72,233
Gratuity plan (See note (a) below)	2,019,663	1,291,615	175,561
	2,363,743	1,354,704	247,794

(a) In thousands of naira	Defined Benefit Pension plan			Gratuity Plan		
	2022	2021	31-Dec- 2021 *Restated	2022	2021	31-Dec- 2021 *Restated
Defined benefit obligations	(179,425.83)	(457,747)	(448,603)	(1,292,182)	(1,667,194)	(2,783,248)
Fair value of plan assets	523,506.00	520,836	520,836	3,311,845	2,958,809	2,958,809
Retirement benefit (liabilities)/assets	344,080	63,089	72,233	2,019,663	1,291,615	175,561

(b) Payments From Defined Benefit Obligation

	Balance before payments	Payments	Balance after payments
<i>In thousands of naira</i>			
Defined Benefit Pension plan	(3,178,414)	1,886,232	(1,292,182)
Gratuity Plan	(403,865)	224,439	(179,426)
	2,110,671	(1,471,608)	

During the year the Bank made payments amounting to ₦1.88bn to the Executive directors. This amount represents the severance allowance the Executive directors are entitled to after the expiration of their five (5) year tenor. In the year ended 2020, the Bank also made payments amounting ₦224m to their former executive directors, this amount was deemed to be repayable by Premium pension from the planned assets, however it was previously not recognized in the defined benefit liability. During the year the amount has been recognized as a liability in the plan.

26.2 Net interest (recognised under personnel expenses)

In thousands of naira	Defined Benefit Pension plan		Gratuity Plan	
	2022	2021	2022	2021
Current service cost	1,075	12,318	205,812	284,917
Interest cost on benefit obligation	(1,075)	44,982	377,677	140,746
Interest income on assets	(182,702)	(25,688)	(384,949)	(838,318)
Net interest	(182,702)	31,612	198,540	(412,655)

26.3 Net remeasurement gains/(losses) recognised in other comprehensive income

In thousands of naira	2022	2021	31-Dec- 2021 *Restated
Defined benefit pension plan (See note (a) below)	39,020	(354,937)	(354,937)
Gratuity plan (See note (a) below)	(16,829)	(355,015)	751,895
	22,191	(709,952)	396,958

In thousands of naira	Defined Benefit Pension plan			Gratuity Plan		
	2022	2021	31-Dec- 2021 *Restated	2022	2021	31-Dec- 2021 *Restated
(a) Restated remeasurement gains						
Remeasurement (losses)/gains on defined benefit obligation	55,079	(349,559)	(349,559)	65,661	(325,364)	780,198
Remeasurement losses on plan assets	(16,059)	(5,378)	(5,378)	(82,490)	(29,651)	(29,651)
Net remeasurement losses in OCI	39,020	(354,937)	(354,937)	(16,829)	(355,015)	751,895

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

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

In thousands of naira

	Defined Benefit Pension plan			Gratuity Plan		
	2022	2021	31-Dec- 2021 *Restated	2022	2021	31-Dec- 2021 *Restated
Opening defined benefit obligations	(448,603)	(796,269)	(787,125)	(2,783,248)	(1,595,522)	(1,606,014)
Interest cost	(56,190)	(57,300)	(57,300)	(460,827)	(425,663)	(425,663)
Remeasurement gains/(losses) on obligations	55,079	349,559	349,559	65,661	325,364	(780,198)
Benefits paid	45,849	46,263	46,263	2,110,671	28,627	28,627
Closing defined benefit obligations	(403,865)	(457,747)	(448,603)	(1,067,743)	(1,667,194)	(2,783,248)

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

The following payments are expected contributions to the defined benefit plan in the future:

In thousands of naira

	Defined Benefit Pension plan			Gratuity Plan		
	2022	2021	31-Dec- 2021 *Restated	2022	2021	31-Dec- 2021 *Restated
Between 1 and 10 years	344,080	63,089	72,233	2,019,663	1,291,615	175,561
	344,080	63,089	72,233	2,019,663	1,291,615	175,561

26.5 Changes in fair value of plan assets are as follows:

In thousands of naira

	Defined Benefit Pension plan			Gratuity Plan		
	2022	2021	31-Dec- 2021 *Restated	2022	2021	31-Dec- 2021 *Restated
Opening fair value of plan assets	520,836	536,033	536,033	2,958,809	2,119,467	2,119,467
Interest income	64,578	25,688	25,688	435,525	838,318	838,318
Benefits paid	(45,849)	(46,263)	(46,263)	(2,110,671)	(28,627)	(28,627)
Remeasurement loss on plan assets	(16,059)	5,378	5,378	(82,490)	29,651	29,651
Closing fair value of plan assets	523,506	520,836	520,836	1,201,173	2,958,809	2,958,809
Actual return on the plan assets	48,519	31,066	31,066	353,035	867,969	867,969

The net benefit asset arising from the defined benefit obligation and the plan asset represents present value of economic benefit available in form of reduction in future contribution. Management has assessed if there is asset ceiling by comparing the present value of those future benefits with the surplus in the defined benefit plan. The latter was lower than the former, hence no need for asset ceiling.

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

	Defined Benefit Pension plan		Gratuity Plan	
	2022	2021	2022	2021
	%	%	%	%
Fixed term deposit	-	-	-	-
Federal Government Securities	54.57	47.11	42.37	30.63
State Government Bonds	-	-	1.49	-
Money market instruments	19.14	35.35	40.56	50.03
Commercial papers	-	-	-	0.14
Corporate bonds	22.28	6.46	5.31	5.26
Equities	4.01	11.08	0.40	0.61
Promissory notes	-	-	8.42	10.11
Uninvested cash	-	-	1.51	3.22
	100	100	100	100

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

	Defined Benefit Pension plan		Gratuity Plan	
	2022	2021	2022	2021
	%	%	%	%
Discount rate	13.20	13.20	14.30	12.90
Salary Increase Rate	6.00	6.00	6.00	6.00
Net pre-retirement rate	6.79	6.79	7.83	6.51
Expected return on assets	13.20	13.20	14.30	12.90

26.6 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:

In thousands of naira

	Mov	Defined Benefit Pension plan		Gratuity Plan	
		2022	2021	2022	2021
Discount rate	+1%	(377,665)	(36,513)	(3,115,893)	(67,167.00)
	-1%	432,137	40,117	3,248,034	75,187.00
Pension increase	+1%	434,283	42,560	3,257,947	85,890.00
	-1%	(375,320)	(39,224)	(3,106,396)	(77,594.00)
Mortality rate	+1 yr	(395,346)	(10,149)	3,108,649	2,070.00
	-1 yr	412,170	9,941	(3,176,406)	(1,864.00)

NOTES TO THE FINANCIAL STATEMENTS

27 Share capital and reserves

	2022	2021
	N'000	N'000
Authorised ordinary shares		
50,000,000 at N1 each (2021: 50,000,000 at N1 each)	50,000,000	50,000,000
Issued and fully paid ordinary shares		
50,000,000 at N1 each (2021: 49,912,571 at N1 each)	50,000,000	49,912,571
	2022	2021
	N'000	N'000
At 1 January	49,912,571	49,912,571
Paid during the year:		
Ministry of Finance Incorporated (MOFI)	87,429	-
At 31 December	50,000,000	49,912,571

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

Accumulated losses

Accumulated losses is the carried forward losses plus current profit attributable to shareholders less any dividends declared.

Dividends

There was no dividend paid during the year ended 2022 (2021: Nil). The Bank paid dividend in 2020 in respect of the year ended 31 December 2018 financial statements of N200 million 4.01 kobo per share held as at 31 December 2018.

Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of equity instruments measured at fair value through other comprehensive income until the investment is derecognised.

Other reserve

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

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 expected credit 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 expected loss model is warehoused here.

Statement of Prudential adjustments

In line with the same directive of the CBN, the Bank compared the provision based on the prudential guidelines with impairment under IFRS for comparative periods and increase of ₦15,539,241 (2021: ₦7,852,734) were made as the impairment balance under IFRS was lower for the years."

in thousands (unit/naira)	2022	2021
Total impairment based on IFRS	23,431,743	25,129,781
Total impairment based on Central Bank of Nigeria's Prudential Guidelines	(61,316,853)	(47,475,650)
Regulatory risk reserve	(37,885,110)	(22,345,869)
in thousands (unit/share)	2022	2021
At 1 January	22,345,869	30,198,605
Transfer to accumulated losses	15,539,241	(7,852,736)
At 31 December	37,885,110	22,345,869

Other reserve

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

NOTES TO THE FINANCIAL STATEMENTS

28 Cash and cash equivalents for the purpose of statement of cash flows

	2022	2021
	N'000	N'000
Cash on hand	21,587	21,587
Cash in bank	12,656,538	4,128,795
Placement with banks	65,226,614	52,022,861
	77,904,739	56,173,243

29 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.

Compensation

	2022	2021
	N'000	N'000
Short-term employee benefits	348,800	261,161
Retirement benefit costs	142,233	142,233
	491,033	403,394

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

Chairman and Directors' emoluments

	2022	2021
	N'000	N'000
Fees:		
Chairman	10,543	10,543
Other directors	96,861	96,861
	107,404	107,404

Emoluments as executives

	331,083	282,025
	438,487	389,429

Highest paid director

	121,560	104,790
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Number of Directors (excluding the chairman) with the following emolument range were:

	2022	2021
	Number	Number
N6,000,001 - N6,900,000	3	3

Information on employees

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

	2022	2021
	N'000	N'000
Managerial	26	21
Senior staff	138	133
Junior staff	39	23
	203	177

The related staff costs, salaries and allowances and pension amounted to N3.468 billion (2021: N2.038 billion)

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

	2022	2021
	Number	Number
N1,800,001 - N2,600,000	7	65
N2,600,000 - N3,500,000	17	44
N3,500,001 - N4,000,000	81	14
N4,000,001 - N5,000,000	33	28
N5,000,001 - N6,000,000 & above	65	26
	203	177

NOTES TO THE FINANCIAL STATEMENTS

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

	2022	2021
	N'000	N'000
Loans and advances	2,198,900	447,956
Interest income earned during the year	179,455	14,132
	2,378,355	462,088

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.

30 Contingent liabilities and commitments

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 undrawn commitments to lend. There was no undrawn commitment as at the year end.

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.

Letters of guarantees 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. There is no letters of guarantees as at the year end.

During the year, there is no contingent liabilities that require disclosure (as none of these meet the definition in IAS 37).

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 is involved in various litigation suits in the ordinary course of its business. The actions are being contested and the Directors are of the opinion that none of the cases are likely to have a material adverse effect on the Bank.

The Bank, in its ordinary course of business, is presently involved in 21 cases as a defendant (31 December 2021: 21 cases). The total amount claimed in the 21 cases against the Bank is estimated at N3.6 Billion (31 December 2021: N3.6 Billion).

31 Event after reporting period

There were no significant events after the reporting period that requires disclosure or adjustment in the financial statements that has not been adequately provided for or disclosed.

32 Approval of the financial statements

The financial statements were approved for issue by the Board of Directors on 23rd March, 2023.

NOTES TO THE FINANCIAL STATEMENTS

33 Cashflow Workings

	Note	31-Dec 2022 N'000	31-Dec 2021 N'000
(a) Loans and advances to customers			
Opening Balance (net of impairment)	18	131,992,157	85,706,366
Interest Income on Loans to Customers	7	10,258,680	7,385,393
Interest Income on Loans to Staff	7	151,585	70,041
ECL Impairment	9	(381,135)	(2,411,557)
Closing Balance	18	146,759,620	131,992,157
Loans and advances		(4,738,333)	(41,241,914)
(b) Other assets			
Opening Balance	20	2,225,723	1,007,596
ECL Impairment Expense	9	(79)	37,585
Closing Balance	20	829,952	2,225,723
Net Increase in other assets		1,395,850	(1,255,712)
(c) Accruals and other liabilities			
Opening Balance	25	12,047,641	11,532,195
Closing Balance	25	13,418,265	12,047,641
Net Increase/(Decrease) in other liabilities		1,370,624	515,446
(d) Proceeds on disposal of PPE			
Cost	21	59,145	485,028
Accumulated Depreciation		(67,211)	(441,221)
Net Book Value		(8,066)	43,807
Gain/(Loss) on disposal		3,065	18,857
Proceeds on disposal of PPE		(5,001)	62,664

NOTES TO THE FINANCIAL STATEMENTS

34 Prior period restatement

In 2022, the Bank discovered that the net defined benefit obligation (liability) was understated and this was due to the fact that there was an increase in the executive directors remuneration in quarter four (4) of 2021, which was not considered by the Bank's actuarial valuation specialists. As consequence, defined benefit obligation and retained earning for the year have been understated. The prior period errors have been corrected by restating each of the affected financial statement lines. The following tables is an extract that summaries the impacts on the Bank's financial statements.

Impact of correction from prior year errors

a Statement of financial position

31-Dec-21

In thousands of naira	Note	As previously reported	Adjustments	As restated
Assets				
Fair value of plan assets		3,479,645	-	3,479,645
Defined benefit obligations		(2,124,941)	(1,106,910)	(3,231,851)
Net employee defined benefit assets		1,354,704	(1,106,910)	247,794

b Statement of Other Comprehensive Income

31-Dec-21

In thousands of naira	Note	As previously reported	Adjustments	As restated
Other Comprehensive Income				
Defined benefit pension plan		(354,937)	-	(354,937)
Gratuity Plan		(355,015)	1,106,910	751,895
Re-measurement gain/(loss) on defined benefit plans		(709,952)	1,106,910	396,958

The restatement adjustment of N1.106 billion therefore corrects this prior period error which affected the net assets and the other operating income balance for the year ended 31 December 2021.

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

For the year ended <i>in thousands of naira</i>	31-Dec-2022		31-Dec-2021 Restated	
	N'ooo	%	N'ooo	%
Gross earnings	17,213,117	176	14,280,492	225
Interest expense	(2,612,354)	(27)	(1,117,899)	(18)
	14,600,763		13,162,593	
Impairment charges for credit losses	(423,146)	(4)	(2,327,421)	(37)
	14,177,617		10,835,172	
Bought in materials and services	(4,394,906)	(45)	(4,494,987)	(71)
Value added	9,782,711	100	6,340,185	100
Distribution of value added				
To employees:				
Salaries and benefits	3,295,545	34	2,038,435	32
Retained in the bank				
Depreciation	206,100	2	129,633	2
Depreciation of right-of use assets	19,511	0	918	0
Amortization	36,259	0	41,234	1
Profit for the year	6,225,296	65	4,129,965	65
	9,782,711	100	6,340,185	100

Value added statements represents the wealth created by the efforts of the Bank and its employees' efforts based on ordinary activities and allocation of that wealth being created between employees, shareholders, and that retained for the future creation of more wealth.

OTHER NATIONAL DISCLOSURES

FIVE-YEAR FINANCIAL SUMMARY

	31 Dec 2022	31-Dec-21 *Restated	31 Dec 2020	31 Dec 2019	31 Dec 2018
Bank	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
ASSETS					
Cash and bank balances	12,675,746	4,144,907	6,171,177	3,920,602	5,835,453
Due from banks	64,991,028	51,441,369	60,262,271	32,095,639	15,692,267
Loans and advances to customers	146,759,620	131,992,157	85,706,366	62,992,804	44,249,701
Equity instruments at FVOCI	6,572,584	6,034,777	5,263,265	4,557,279	4,229,463
Debt instrument at amortised cost				437,759	33,132,582
Property, plant and equipment	2,992,890	2,675,601	2,485,702	2,388,530	2,515,805
Intangible assets	168,273	65,510	97,592	102,916	16,508
Right of use asset	56,065	75,576	14,753	31,786	-
Net employee defined benefit assets	2,363,743	247,794	263,709	53,135	128,075
Other assets	829,952	2,225,723	1,007,596	691,371	429,356
TOTAL ASSETS	237,409,901	198,903,414	161,272,431	107,271,821	106,229,210
LIABILITIES					
Debt securities issued and other borrowed funds	175,444,672	144,717,510	112,067,341	64,491,388	66,949,000
Other liabilities	13,418,265	12,047,641	11,532,195	7,905,528	6,375,387
TOTAL LIABILITIES	188,862,937	156,765,151	123,599,536	72,396,916	73,324,387
NET ASSETS	48,546,964	42,138,263	37,672,895	34,874,905	32,904,823
CAPITAL AND RESERVES					
Share capital	50,000,000	49,912,571	49,912,572	49,912,571	49,912,571
Retained earnings	(42,587,355)	(33,295,601)	(44,881,342)	(52,773,743)	(45,940,593)
Regulatory risk reserve	37,885,112	22,345,871	30,198,605	35,949,500	27,151,882
Fair value reserve	2,749,207	2,675,422	1,943,060	1,286,577	1,280,963
Other reserve	500,000	500,000	500,000	500,000	500,000
SHAREHOLDERS' FUNDS	48,546,964	42,138,263	37,672,895	34,874,905	32,904,823
Income statement					
	31 Dec 2022	44561	31 Dec 2020	31 Dec 2019	31 Dec 2018
	N'000	N'000	N'000	N'000	N'000
Gross earnings	17,213,117	14,280,492	8,583,642	10,577,492	9,143,988
Interest expenses	(2,612,354)	(1,117,899)	(858,702)	(1,332,537)	(1,149,343)
Credit loss expense/impairment charges	(423,146)	(2,327,421)	(1,328,587)	(2,523,358)	(2,668,524)
Profit for the year	6,225,296	4,129,965	2,628,997	2,059,644	1,094,584