

NIGERIAN EXPORT-IMPORT BANK
Abuja, Nigeria

REPORT OF THE DIRECTORS

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NIGERIAN EXPORT-IMPORT BANK

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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NIGERIAN EXPORT-IMPORT BANK

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS

CAPACITY

Dr. Joseph Nnanna	Chairman	(Appointed 6 April 2018)
Mr. Abubakar A. Bello	Managing Director	(Appointed 21 April 2017)
Mr. Bala M. Bello	Executive Director	(Appointed 21 April 2017)
Hon. Mrs. Stella Okotete	Executive Director	(Appointed 21 April 2017)
Mr. Roberts U. Orya	Managing Director	(Disengaged 15 February 2016)
Alhaji Bashir M. Wali	Acting Managing Director	(Disengaged 20 April 2017)
Mrs. Folake I. Salami	Executive Director	(Retired 20 December 2016)
Mr. Mudashiru Olaitan	Non-Executive Director	(Appointed 6 April 2018)
Mr. Olubunmi Siyanbola	Non-Executive Director	(Appointed 6 April 2018)
Mr. Ochapa Ogeniyi	Non-Executive Director	(Appointed 6 April 2018)
Mr. Adesina Adegbenro	Non-Executive Director	(Appointed 6 April 2018)
Hajiya Ramatu Ahmed	Non-Executive Director	(Appointed 6 April 2018)

The Board, along with the Governing Boards of all Federal Government Parastatals, Agencies, Companies and Institutions was dissolved by the Federal Government of Nigeria effective 16 July 2015 and Managing Director was disengaged in February 2016. Afterwards, the Bank was administered by the Acting Managing Director and the Executive Director till 20 April 2017. The new executive management was appointed on the 20 April 2017 and the Board of Directors was re-constituted on the 6 April 2018. During the period of the dissolution of the Board, matters requiring the attention of the Board are referred to the supervising Ministry, Federal Ministry of Finance.

SECRETARY TO THE BOARD/ LEGAL ADVISER

Mr. Ahmed D. Modibbo

HEAD OFFICE

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

AUDITORS

Ernst & Young
10th & 13th Floors UBA House
57 Marina, Lagos

BANKERS

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

Website:

www.neximbank.com.ng

NIGERIAN EXPORT-IMPORT BANK**FINANCIAL HIGHLIGHTS****FOR THE YEAR ENDED 31 DECEMBER 2016**

Financial performance:	2016 N'000	2015 N'000	%
Net interest income	4,772,414	4,407,010	8
Impairment charges	(8,610,301)	(803,311)	972
Other operating income	372,717	566,136	(34)
Total operating expenses	(4,179,157)	(3,897,107)	7
(Loss)/profit for the year	(7,631,577)	372,022	(2,151)
Financial position:			
Issued share capital	47,275,135	46,731,851	1
Total equity	34,278,307	41,150,886	(7)
Per-share data:			
Basic and diluted (loss)/earnings per share (kobo)	(16.20)	0.83	(2052)

NIGERIAN EXPORT-IMPORT BANK

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors represented by the ministry of finance have the pleasure in presenting to the members of the Nigerian Export-Import Bank (the "Bank") their report together with the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

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

STATE OF FINANCIAL AFFAIRS

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

RESULT FOR THE YEAR

N'000

Loss before income tax	(8,030,117)
Income tax expense	-

Loss for the year	(8,030,117)
	=====

DIRECTORS' SHAREHOLDINGS

In line with Section 2 Subsection 1 of the Nigerian Export-Import Bank Act (NEXIM Bank Act) 1991, the authorised share capital of the Bank is subscribed equally by the Government of the Federation 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.

SHAREHOLDING STRUCTURE

Name	Authorised* Capital N'000	Issued and paid-up Capital N'000
Ministry of Finance Incorporated (MOFI)	25,000,000	22,275,135
Central Bank of Nigeria (CBN)	25,000,000	25,000,000
	-----	-----
	50,000,000	47,275,135
	=====	=====

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

CHARITABLE GIFTS AND OTHER DONATIONS

Donations made during the year amounted to ₦300,000 (2015: ₦2,660,000) to the following beneficiaries:

	2016 ₦	2015 ₦
NECA's network of entrepreneurial women	300,000	
Jameson Dee Project Nigeria Limited	-	700,000
G-NEXID	-	1,960,000
	-----	-----
	300,000	2,660,000
	=====	=====

NIGERIAN EXPORT-IMPORT BANK

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is given in Note 18 to the financial statements.

DIRECTORS

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

DIRECTORS	CAPACITY	
Dr. Joseph Nnanna	Chairman	(Appointed 6 April 2018)
Mr. Abubakar A. Bello	Managing Director	(Appointed 21 April 2017)
Mr. Bala M. Bello	Executive Director	(Appointed 21 April 2017)
Hon. Mrs. Stella Okotete	Executive Director	(Appointed 21 April 2017)
Mr. Roberts U. Orya	Managing Director	(Disengaged 15 February 2016)
Alhaji Bashir M. Wali	Acting Managing Director	(Disengaged 20 April 2017)
Mrs. Folake I. Salami	Executive Director	(Retired 20 December 2016)
Mr. Mudashiru Olaitan	Non-Executive Director	(Appointed 6 April 2018)
Mr. Olubunmi Siyanbola	Non-Executive Director	(Appointed 6 April 2018)
Mr. Ochapa Ogeniyi	Non-Executive Director	(Appointed 6 April 2018)
Mr. Adesina Adegbenro	Non-Executive Director	(Appointed 6 April 2018)
Hajiya Ramatu Ahmed	Non-Executive Director	(Appointed 6 April 2018)

The Board, along with the Governing Boards of all Federal Government Parastatals, Agencies, Companies and Institutions was dissolved by the Federal Government of Nigeria effective 16 July 2015 and Managing Director was disengaged in February 2016. Afterwards, the Bank was administered by the Acting Managing Director and the Executive Director till 20 April 2017. The new executive management was appointed on the 20 April 2017 and the Board of Directors was re-constituted on the 6 April 2018. During the period of the dissolution of the Board, matters requiring the attention of the Board are referred to the supervising Ministry, Federal Ministry of Finance.

EMPLOYMENT OF DISABLED PERSONS

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

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

HEALTH, SAFETY AT WORK AND WELFARE OF EMPLOYEES

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

EMPLOYEES' INVOLVEMENT AND TRAINING

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

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

NIGERIAN EXPORT-IMPORT BANK

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

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

AUDITORS

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

By Order of the Board (Represented by the Federal Ministry of Finance)



AHMED D. MODIBBO
FRC/2013/NBA/00000004831

Secretary to the Board
Abuja, Nigeria

Date: 26 July 2018

NIGERIAN EXPORT-IMPORT BANK

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in accordance with International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the provision of the Companies and Allied and Matters Act, CAP 20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, No.6, 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

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

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



Abubakar A. Bello
Managing Director/CEO
FRC/2018/IOD/00000018666

Date: 26 JULY 2018



Bala M. Bello
Executive Director
FRC/2016/NIM/00000015389

Date: 26 JULY 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE 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 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nigerian Export-Import Bank as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant Central Bank of Nigeria circulars and guidelines.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Nigerian Export-Import Bank. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Nigerian Export-Import Bank. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Directors' Responsibilities in Relation to the Financial Statements, Statement of Value Added, and Five-Year Financial Summary. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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.



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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE NIGERIAN EXPORT-IMPORT BANK - Continued

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant Central Bank of Nigeria circulars and guidelines, 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.

Those charged with governance are responsible for overseeing the Bank's financial reporting processes.

Auditors' 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 auditors' 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 judgement and maintain professional scepticism 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE NIGERIAN EXPORT-IMPORT BANK - Continued

Auditors' Responsibilities for the Audit of the Financial Statements - continued

- ▶ 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 the 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 auditors' 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 auditors' 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 directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE NIGERIAN EXPORT-IMPORT BANK - Continued

Report on Other Legal and Regulatory Requirements

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

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

Report on Compliance with Banking Regulations

- i) We confirm that our examination of the loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria.
- ii) Related party transactions and balances are disclosed in Note 29 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.



Oluwasayo Elumaro, FCA
FRC/2012/ICAN/00000000139

For: Ernst & Young
Lagos, Nigeria

Date: 10 September 2018



NIGERIAN EXPORT-IMPORT BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

in thousands of Nigerian Naira

	Note	2016	2015
Interest and similar income	4	5,179,889	4,908,347
Interest and similar expense	5	(548,752)	(501,337)
Net interest income		4,631,137	4,407,010
Fees and commission income	6	12,751	99,293
Other operating income	7	468,254	566,136
Total operating income		5,112,142	5,072,439
Impairment charges	8	(8,963,101)	(803,311)
Net operating income		(3,850,960)	4,269,128
Personnel expenses	9	1,560,278	1,565,978
Advertising and marketing		204,999	283,584
Depreciation of property, plant and equipment	18	376,636	342,970
Amortisation of intangible assets	19	4,245	10,244
Other operating expenses	10	2,033,000	1,694,330
Total operating expenses		4,179,157	3,897,106
(Loss)/profit before income tax		(8,030,117)	372,022
Income tax expense	11	-	-
(Loss)/profit for the year		(8,030,117)	372,022
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on available-for-sale financial assets*	16.3	(7,796)	64,175
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains/(losses) on defined benefit plans	22.2	223,511	(146,058)
Total other comprehensive income/(loss) for the year		215,715	(81,883)
Total comprehensive (loss)/income for the year, net of tax		(7,814,402)	290,139
Earnings per share			
Basic and diluted (loss)/earnings per share (Kobo)	12	(17.05)	0.83

* The Bank is exempted from income tax.

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

NIGERIAN EXPORT-IMPORT BANK

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

in thousands of Nigerian Naira

	Note	31 December 2016	31 December 2015
Assets			
Cash and cash in banks	13	1,135,299	1,915,896
Due from banks	14	8,313,001	11,122,764
Loans and advances	15	41,577,420	44,061,658
Investment securities:			
Available-for-sale	16.1	2,948,778	2,894,645
Held-to-maturity	16.2	2,679,717	1,308,791
Other assets	17	134,461	364,878
Property, plant and equipment	18	2,740,524	3,057,756
Intangible assets	19	770	5,015
Net employee defined benefit asset	22.3	203,196	-
Total assets		59,733,166	64,731,403
Liabilities and Equity			
Liabilities			
Debt securities issued and other borrowed funds	20	22,215,315	19,502,919
Other liabilities	21	3,638,083	4,059,362
Net employee defined benefit obligation	22.3	-	18,236
Total liabilities		25,853,398	23,580,517
Equity			
Issued share capital	23	47,275,135	46,731,851
Accumulated losses	23	(27,783,520)	(13,188,174)
Regulatory risk reserve	23	13,612,649	6,823,909
Available-for-sale reserve	23	275,504	283,300
Other reserves	23	500,000	500,000
Total equity		33,879,768	41,150,886
Total liabilities and equity		59,733,166	64,731,403

The financial statements and accompanying summary of significant accounting policies and notes to the financial statements were approved and authorised for issue by the Board of Directors on 26 July 2018 and were signed on its behalf by:

Abubakar A. Bello (Managing Director)
FRC/2018/IOD/00000018666



Bala M. Bello (Executive Director)
FRC/2016/NIM/00000015389



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



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

NIGERIAN EXPORT-IMPORT BANK

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

<i>in thousands of Nigerian Naira</i>	Note	Issued share capital	Accumulated losses	Regulatory risk reserve	Available-for-sale-reserve	Other reserve	Total equity
<i>As at 1 January 2015</i>		42,914,780	(10,884,651)	4,294,422	219,125	500,000	37,043,676
Profit for the year		-	372,022	-	-	-	372,022
Other comprehensive loss		-	(146,058)	-	64,175	-	(81,883)
Total comprehensive income for the year		-	225,964	-	64,175	-	290,139
Issued share capital paid during the year	23	3,817,071	-	-	-	-	3,817,071
Transfer between reserves	23	-	(2,529,487)	2,529,487	-	-	-
<i>As at 31 December 2015</i>		46,731,851	(13,188,174)	6,823,909	283,300	500,000	41,150,886
Loss for the year		-	(8,030,117)	-	-	-	(8,030,117)
Other comprehensive income		-	223,511	-	(7,796)	-	215,715
Total comprehensive income for the year		-	(7,806,606)	-	(7,796)	-	(7,814,402)
Issued share capital paid during the year	23	543,284	-	-	-	-	543,284
Transfer to regulatory reserves	23	-	(6,788,740)	6,788,740	-	-	-
<i>As at 31 December 2016</i>		47,275,135	(27,783,520)	13,612,649	275,504	500,000	33,879,768

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

NIGERIAN EXPORT-IMPORT BANK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

in thousands of Nigerian Naira

	Note	2016	2015
Operating activities			
Profit before income tax		(8,030,117)	372,022
Adjustment for: Other non-cash items included in profit before tax			
Depreciation of property, plant and machinery	18	376,636	342,970
Amortisation of intangible assets	19	4,245	10,244
Interest cost on defined benefits		59,345	58,141
Interest income on defined benefits		(57,275)	(78,030)
Impairment charge on loan and receivables	8	8,963,101	803,311
Unrealised exchange loss/(gain)		2,749,058	(293,867)
Amortisation adjustment on held-to-maturity instruments	16.3	(245,023)	(134,410)
Gain from disposal of property, plant and equipment		-	(6,683)
Net decrease in operating assets			
Net change in loans and advances		(6,468,533)	(7,083,183)
Net change in other assets		220,087	1,897
Net (decrease)/increase in operating liabilities			
Other liabilities		(421,279)	1,986
Net cash flows used in operating activities		(2,849,755)	(6,005,602)
Investing activities:			
Purchase of investment securities	16.3	(2,454,380)	(2,596,139)
Proceeds from investment securities	16.3	1,266,548	1,690,874
Purchase of property, plant and equipment	18	(59,404)	(344,585)
Proceeds from sale of property, plant and equipment		-	6,684
Net cash flows used in investing activities		(1,247,236)	(1,243,166)
Financing activities:			
Proceeds from debt securities issued and other borrowed funds		-	10,290,223
Repayments of debt securities issued and other borrowed funds		(3,066,500)	(1,389,660)
Proceeds from Issuance of share capital		543,284	3,817,071
Net cash flows used in/(from) financing activities		(2,523,216)	12,717,634
Net (decrease)/increase in cash and cash equivalents		(6,620,207)	5,468,866
Net foreign exchange difference		3,031,010	9,882
Cash and cash equivalents as 1 January	24	13,038,689	7,559,941
Cash and cash equivalents at 31 December	24	9,449,492	13,038,689

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

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

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. The financial statements for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 26 July 2018.

2. Accounting policies

2.1 Basis of preparation

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

Statement of compliance

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

Presentation of financial statements

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 27.

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- ▶ The normal course of business
- ▶ The event of default
- ▶ The event of insolvency or bankruptcy of the Bank and/or its counterparties

NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Significant accounting judgments, estimates and assumptions

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

In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved

Going concern

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

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment and assumption is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk, discount rates, prepayment rates and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in note 25.

Impairment on loans and advances

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

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

Impairment of available-for-sale investments

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Significant accounting judgments, estimates and assumptions - Continued

Defined benefit obligation – defined benefit plan

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

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

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

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

2.3 Summary of significant accounting policies

(a) Foreign currency translation

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

Transactions and balances

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

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

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

(b) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' account. The Bank recognises due to customer balances when funds reach the Bank.

NOTES TO THE FINANCIAL STATEMENTS - Continued

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

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) 'Day 1' profit or loss

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

(iv) Available-for-sale financial investments

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

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

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

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

(v) Held-to-maturity financial investments

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

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

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

(vi) Due from banks and Loans and advances

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

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

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

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

(vii) Debt securities issued and other borrowed funds

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

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

(viii) Reclassification of financial assets

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

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

(c) Financial instruments – Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. Good Bank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Bank has transferred the asset if, and only if, either:

- ▶ The Bank has transferred its contractual rights to receive cash flows from the asset or
- ▶ It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

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

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

(ii) Financial liabilities

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

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

(d) Fair value measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

(d) Fair value measurement - Continued

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

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

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

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

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

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

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

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

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

(e) Impairment of financial assets

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

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

(e) Impairment of financial assets - continued

(i) Financial assets carried at amortised cost

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

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

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

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

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

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

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

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

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

(e) Impairment of financial assets - continued

(i) Financial assets carried at amortised cost - continued

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

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

(ii) Available-for-sale financial investments

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

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

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

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

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

(iii) Renegotiated loans

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

(e) Impairment of financial assets - continued

(iv) Collateral valuation

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

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

(v) Collateral repossessed

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

(f) Offsetting financial instruments

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

(g) Leasing

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

Bank as a lessee

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

Bank as a lessor

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

(h) Recognition of income and expenses

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

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

(i) Interest and similar income and expense

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

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

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

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

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

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

(iii) Dividend income

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

(iv) Rental Income

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

(j) Cash and cash equivalents

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

(k) Property, plant and equipment

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

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

The estimated useful lives are as follows:

- | | |
|---------------------------|----------|
| • Buildings | 50 years |
| • Computer equipment | 4 years |
| • Plant | 4 years |
| • Motor Vehicles | 3 years |
| • Furnitures and fittings | 5 years |

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

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

(l) Intangible assets

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

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

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

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

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

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

- Computer software - 4 years

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

(m) Financial guarantees

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

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

(n) Pension benefits

(i) Defined contribution pension plan

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

(ii) Defined benefit pension plan

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

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

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

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

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

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

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

(o) Provisions

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

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

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

NIGERIA EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

(p) Taxes

Current income tax

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

3. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 9 financial instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments, the standard that will replace IAS 39 for annual periods on or after 1 January 2018, with early adoption permitted. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities. The Bank expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers.

The Bank does not anticipate early adopting IFRS 15 and is currently evaluating its impact.

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The Bank does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

NOTES TO THE FINANCIAL STATEMENTS - Continued

3. Standards issued but not yet effective - continued

IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

These amendments are not expected to have any impact on the Bank.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

4 Interest and similar income

<i>in thousands of Nigerian Naira</i>	2016	2015
Loans and advances to customers	4,492,978	4,144,349
Cash and short-term funds	433,657	620,160
Investment securities - held-to-maturity	245,023	134,410
Loans and advances to staff	8,231	9,428
Interest and similar income	5,179,889	4,908,347

5 Interest and similar expense

<i>in thousands of Nigerian Naira</i>	2016	2015
Export Stimulation loan	62,271	62,270
Loan from AFREXIM	194,167	162,582
Loan from AFDB	206,636	187,527
8% CBN Perpetual Debenture	73,626	73,660
CBN/BOI Fund for Small & Medium Scale - Industries	-	6,804
Loan from ADB/FGN/CBN	12,052	8,494
Interest and similar expense	548,752	501,337

6 Fees and commission income

Credit-related fees and commissions	2,450	83,488
Other fees received	10,301	15,805
Fees and commission income	12,751	99,293

7 Other operating income

Recoveries	147,317	134,000
Dividend income	249,010	101,673
Non-trading foreign exchange	-	283,985
Operating lease income	61,958	38,007
Gain from disposal of property, plant and equipment	-	6,683
Other income	9,969	1,788
Other operating income	468,254	566,136

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

8 Impairment charge

<i>in thousands of Nigerian Naira</i>	Note	2016	2015
Loans and advances:			
Impairment/(recoveries)			
BOI refinancing facility lending	15.2	(199,651)	8,587
Medium-term direct lending	15.2	8,206,825	80,095
Short-term direct lending facilities	15.2	970,896	486,568
Staff loans	15.2	(25,299)	12,446
		8,952,771	587,696
Other assets:			
Other receivables	17.1	10,330	205,615
Cash and bank:			
Cash in bank	13	-	10,000
Loan impairment charge		8,963,101	803,311

9 Personnel expenses

Wages and salaries		1,335,787	1,308,527
Net interest on defined benefit obligation	22.1	2,070	(19,889)
Pension costs- Defined contribution plan		202,379	265,407
Other employee cost		20,042	11,933
Personnel expenses		1,560,278	1,565,978

10 Other operating expenses

Administrative expenses		783,550	787,890
Non-trading foreign exchange		391,397	-
Staff training		270,197	440,253
Staff travelling		174,468	139,152
Professional fees		261,049	159,890
Directors' fee, salaries & expenses		14,099	54,017
Rents charges payable under operating leases		108,409	80,712
Auditors remuneration		15,097	15,097
Staff relocation		14,197	15,451
Others		537	1,868
Other operating expenses		2,033,000	1,694,330

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

11 Income tax expense

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

12 (Loss)/earnings per share

Basic/diluted (loss)/earning per share amounts is calculated by dividing the net (loss)/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 or loss and share data used in the basic/diluted earnings per share computations:

<i>in thousands of Nigerian Naira</i>	31 December 2016	31 December 2015
(Loss)/profit for the year	(8,030,117)	372,022
<i>in thousands number</i>	2016	2015
Weighted average number of ordinary shares for basic/diluted earnings per share	47,094,040	44,823,315
Basic/diluted (loss)/earnings per ordinary share (kobo)	(17.05)	0.83

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

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

13 Cash and cash in banks

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Cash on hand		1,192	28
Cash in banks		1,151,882	1,933,643
		1,153,074	1,933,671
Allowance for impairment on cash in banks	13.1	(17,775)	(17,775)
Cash and cash in banks		1,135,299	1,915,896

- 13.1 The impairment relates to dormant current account balance with Central Bank of Nigeria.
Cash in banks earns interest at fixed rates based on the bank deposit rates.
There is no undrawn committed borrowing facilities as at year end (2015: Nil).
The Bank has not pledged any of its short-term deposits in order to fulfil collateral requirements.

14 Due from banks

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Placements with other banks		8,580,257	11,390,020
Less: allowance for impairment	14.1	(267,256)	(267,256)
Due from banks		8,313,001	11,122,764

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.

No amount is past due but not impaired.

14.1 Allowance for impairment

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
At the beginning of the year		267,256	267,256
Charge for the year		-	-
At the end of the year		267,256	267,256

Allowance for impairment relates to placements with liquidated banks.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

15 Loans and advances

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Loans to customers:			
BOI Refinancing facility lending		160,231	480,678
Medium-term direct lending		37,944,060	33,857,307
Short-term direct lending		13,938,232	11,225,978
Loans to staff		835,186	845,213
		52,877,709	46,409,176
Less: Allowance for impairment losses	15.2	(11,300,289)	(2,347,518)
Loans and advances		41,577,420	44,061,658

15.1 Classification of loans and advances per performance

Individually impaired	22,737,875	10,350,757
Collectively impaired	-	479,983
Past due but not impaired	29,304,648	7,102,206
Neither impaired nor past due	835,186	28,476,230
Loans and advances	52,877,709	46,409,176

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

15.2 Impairment allowance for loans and advances

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

<i>in thousands of Nigerian Naira</i>	Note	BOI Refinancing facility lending	Medium-term direct lending	Short-term direct lending	Exit Staff loans	Total
At 1 January 2015		191,064	780,081	743,656	45,021	1,759,822
Impairment charge	8	8,587	486,568	80,095	12,446	587,696
At 31 December 2015		199,651	1,266,649	823,751	57,467	2,347,519
Individual impairment		92,344	982,225	312,456	57,467	1,444,492
Collective impairment		107,307	284,425	511,295	-	903,027
		199,651	1,266,650	823,751	57,467	2,347,519
At 1 January 2016		199,651	1,266,649	823,751	57,467	2,347,518
Impairment charge	8	-	8,206,825	970,896	-	9,177,720
Recoveries		(199,651)	-	-	(25,299)	(224,950)
At 31 December 2016		-	9,473,474	1,794,647	32,168	11,300,289
Individual impairment		-	9,473,474	1,794,647	32,168	11,300,289
Collective impairment		-	-	-	-	-
		-	9,473,474	1,794,647	32,168	11,300,289

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

16 Investment securities

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Available-for-sale	16.1	2,948,778	2,894,645
Held-to-maturity	16.2	2,679,717	1,308,791
		5,628,495	4,203,436

16.1 Available-for-sale

Quoted investments:			
Equity securities		1,007,370	953,237
Unquoted investments:			
Equities		1,941,408	1,941,408
	16.3	2,948,778	2,894,645

The fair value of the quoted equity is based on the quoted price in Nigerian Stock Exchange market.

All unquoted investments for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Company to fair value these investments. They have therefore been disclosed at cost less impairment. The carrying amount is the expected recoverable amounts on these investments.

The unquoted investments are made up of investments in African Export Import (AFREXIM) Bank for ₦1,910,344,000 and African Biofuel & Renewable Energy Company (ABREC) for ₦31,064,000. The total dividends received from AFREXIM is ₦185,274,678 (2015: ₦100,116,976).

Although management do not intend to dispose the equity in the nearest future, in the event of disposal of unquoted investments carried cost, the entity shall request bid from potential acquirer, the bid is then scrutinised for the highest bidder.

16.2 Held-to-maturity

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Quoted investments:			
Treasury bills		2,679,717	1,308,791
	16.3	2,679,717	1,308,791

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

16 Investment securities - Continued

16.3 Carrying values

<i>in thousands of Nigerian Naira</i>	<i>Available-for-sale</i>	<i>Held-to-maturity</i>	<i>Total</i>
As at 1 January 2015	1,452,457	1,647,129	3,569,317
Purchases	1,378,013	1,218,126	2,596,139
Maturities	-	(1,690,874)	(1,690,874)
Fair value losses recorded in other comprehensive income	64,175	-	64,175
Amortisation adjustment 4	-	134,410	134,410
As at 31 December 2015	2,894,645	1,308,791	4,203,436
Purchases	61,929	2,392,451	2,454,380
Maturities	-	(1,266,548)	(1,266,548)
Fair value gains recorded in other comprehensive income	(7,796)	-	(7,796)
Amortisation adjustment 4	-	245,023	245,023
As at 31 December 2016	2,948,778	2,679,717	5,628,495

17 Other assets

<i>As at</i>	<i>31 December</i>	<i>31 December</i>
<i>in thousands of Nigerian Naira</i>	<i>2016</i>	<i>2015</i>
Prepayments (Note 17.1)	114,009	330,953
Other receivables (Note 17.2)	256,131	259,274
	370,140	590,227
Impairment 17.1	(235,679)	(225,349)
	134,461	364,878

17.1 allowance for impairment on other receivables

Opening balance	225,349	19,734
Charged for the year 8	10,330	205,615
	235,679	225,349

17.1 The impairment relates to other receivables that has been outstanding for above 365 days.

17.2 Included in other receivables is an amount of ₦156.31 (2015: ₦156.31) million incurred so far in setting up Sealink limited as pre-incorporation expense. Sealink Limited once on stream will be operating in the area of shipping goods and services within the sub sahara african region. The company is expected to commence operation as soon as all requirements for setting up entities in this industry have been met. This amount has been fully impaired in note 17.1 pending its recovery.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

18 Property, plant and equipment

<i>in thousands of Nigerian Naira</i>	Land	Building	Plant	Furnitures and fittings	Computer equipment	Motor vehicles	Total
Cost:							
At 1 January 2015	1,688	2,824,098	124,230	966,436	489,044	435,887	4,841,383
Additions	-	-	9,415	39,585	42,190	253,395	344,585
Disposal	-	-	-	-	-	(89,130)	(89,130)
Transfer to intangible assets	-	-	-	-	(12,693)	-	(12,693)
At 31 December 2015	1,688	2,824,098	133,645	1,006,021	518,541	600,152	5,084,145
Additions	-	-	7,553	7,359	5,197	39,295	59,404
At 31 December 2016	1,688	2,824,098	141,198	1,013,380	523,738	639,447	5,143,549
Accumulated depreciation:							
At 1 January 2015	-	401,136	94,959	708,916	291,413	285,595	1,782,019
Charged for the year	-	55,694	13,341	76,465	102,512	94,957	342,970
Disposal	-	-	-	-	-	(89,128)	(89,128)
Transfer to intangible assets	-	-	-	-	(9,471)	-	(9,471)
At 31 December 2015	-	456,830	108,300	785,381	384,454	291,424	2,026,389
Charged for the year	-	56,481	10,533	79,751	88,402	141,469	376,636
At 31 December 2016	-	513,311	118,833	865,132	472,856	432,893	2,403,025
Carrying amount:							
At 31 December 2016	1,688	2,310,787	22,364	148,248	50,882	206,554	2,740,524
At 31 December 2015	1,688	2,367,268	25,344	220,640	134,087	308,728	3,057,756

Insignificant part (ground floor) of the building is subject to operating leases where the Bank is a lessor. At 31 December 2016, the net carrying amount of those assets was ₦508.3 million (2015: ₦508.3 million), on which the accumulated depreciation as at 31 December 2016 was ₦102.66 million (2015: ₦91.42 million). None of the assets have been pledged as collateral.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

19 Intangible assets

<i>in thousands of Nigerian Naira</i>	Computer software
Cost:	
At 1 January 2015	151,023
Transfer from computer equipment	12,692
At 31 December 2015	163,715
Additions	-
At 31 December 2016	163,715
Amortisation and impairment:	
At 1 January 2015	138,985
Amortisation charged for the year	10,244
Transfer from computer equipment	9,471
At 31 December 2015	158,700
Amortisation charged for the year	4,245
At 31 December 2016	162,945
Carrying amount:	
At 31 December 2016	770
At 31 December 2015	5,015

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

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

20 Debt securities issued and other borrowed funds

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
CBN/BOI Fund for Small & Medium Scale - Industries	20.1	-	380,932
BOI - Working capital	20.1	149	4,600
Export Stimulation loan	20.2	6,597,873	6,535,603
Loan from ADB/FGN	20.3	296,328	175,995
Loan from AFREXIM	20.4	3,048,863	2,612,523
8% CBN Perpetual Debenture	20.5	1,302,900	1,284,405
Loan from AfDB	20.6	10,969,202	8,508,861
Debt securities issued and other borrowed funds		22,215,315	19,502,919

- 20.1 In 2010, the Bank was granted a loan under the Central Bank of Nigeria (CBN) intervention fund for Refinancing/Restructuring of facility (IES). The loan is broken down into Term loan of ₦2,123,138,102 and Working capital loan of ₦670,000,000. The Term loan is repayable on quarterly installments commencing immediately after the moratorium period of one year for a period of 5 years while the Working capital loan is repayable at the end of twelve (12) months with annual roll over option. The loans were disbursed with a management fee of 1% flat of the loan deductible at source payable to BOI.
- 20.2 This relates to a loan granted to the Bank by the Ministry of Finance at an annual interest rate of 1% in 2011 and repayment shall be N1 billion per year after the expiration of the 5 year tenure of the loan.
- 20.3 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.
- 20.4 This represents a US\$50,000,000 line of credit facility to be used for refinancing for the purchase of promissory notes issued by an Approved Sub-Borrower, discounting invoices accepted by an Approved Sub-Borrower and refinancing and prefinancing for trade-related activities and/ or projects that generate foreign exchange, each in connection with an Approved Sub-Borrowers. The amount of advance made or deemed to be made shall be repayable by the borrower on the repayment date specified in the relevant specific transaction term agreement. The interest rate on each advance is the percentage rate per annum which is the aggregate of the applicable Margin and LIBOR. The principal and interest is payable quarter over five year after the expiration of the six or twelve months moratorium period.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

20 Debt securities issued and other borrowed funds - continued

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

20.6 In 2015 African Development Bank (AfDB) granted a loan of \$200 million to NEXIM for onward lending to small and medium scale companies that engages in business activities that supports exports, the loan is backed by Federal Government sovereign guarantee. The principal and interest is repayable bi annually over a period of 9 years at the rate of 2.5% per annum. The loan is expected to be disbursed in four tranches (1st tranche \$50 million, 2nd tranche \$100 million, 3rd and 4th tranche \$50 million respectively). Currently a sum of \$50 million has been disbursed, and other tranches will be disbursed once it is confirmed that the first tranche disbursed is well utilised.

The Bank has not had any repayment defaults of principal, interest or other breaches with regard to this obligation during 2016 and 2015.

21 Other liabilities

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Accrued expenses		654,325	365,360
Accounts payable and sundry creditors	21.1	2,869,567	3,596,198
Transformation grant	21.2	10,217	10,217
Post-employment pension (defined - contribution)		103,974	87,587
		3,638,083	4,059,362

21.1 Included in the amount is ₦2.313 billion (2015: ₦2.313 billion) due to Federal Government of Nigeria under the defunct ADB Export Stimulation Loan "Managed funds" in respect of the recoveries made by the Bank under the Fund, which is yet to be remitted. However, the ₦2.313 billion is repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 Employee benefit obligations

Defined contribution plan

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

The total expense charged to profit or loss of ₦202.3 million (2015: ₦265.41 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. A full actuarial valuation by a qualified independent actuary is carried out every year.

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

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

22.1 Net interest (recognised under personal expenses)

<i>in thousands of Nigerian Naira</i>	2016	2015
Interest cost on benefit obligation	59,345	58,141
Interest income on assets	(57,275)	(78,030)
Net interest	2,070	(19,889)

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 Employee benefit obligations - Continued

22.2 Net remeasurement gains/(losses) recognised in other comprehensive

<i>in thousands of Nigerian Naira</i>	2016	2015
Remeasurement gains/(losses) on defined benefit obligation	231,706	(125,442)
Remeasurement losses on plan assets	(8,195)	(20,616)
Net remeasurement gain/(losses) in OCI	223,511	(146,058)

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

<i>in thousands of Nigerian Naira</i>	2016	2015
Change in economics assumptions	150,270	(146,326)
Pension increases	28,758	23,615
Pensioner mortality	52,677	(3,177)
Other miscellaneous items	1	446
Total	231,706	(125,442)

22.3 Net employee defined benefit assets

<i>As at</i>		31 December	31 December
<i>in thousands of Nigerian Naira</i>	<i>Note</i>	2016	2015
Defined benefit obligations	22.4	(329,033)	(539,905)
Fair value of plan assets	22.5	532,229	521,669
Retirement benefit (liabilities)/assets		203,196	(18,236)

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 Employee benefit obligations - Continued

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

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Opening defined benefit obligations		(539,905)	(398,757)
Interest cost		(59,354)	(58,141)
Benefits paid		38,520	42,435
Remeasurement gains/(losses) on obligations		231,706	(125,442)
Closing defined benefit obligations		(329,033)	(539,905)

There are currently no active member in the plan

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

As at <i>in thousands of Nigerian Naira</i>	31 December 2016	31 December 2015
Opening fair value of plan assets	521,669	506,690
Interest income	57,275	78,030
Benefits paid	(38,520)	(42,435)
Remeasurement loss on plan assets	(8,195)	(20,616)
Closing fair value of plan assets	532,229	521,669
Actual return on the plan assets	14,979	6,763

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

	2016	2015
	%	%
Cash	100	86.94
FGN Bonds (Quoted)	-	13.06

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

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Discount rate		16.4	11.4
Future pension increases		6	6
Mortality rate		a (55) Ultimate Table rated down 5 years.	

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 Employee benefit obligations - Continued

22.6 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:

<i>in thousands of Nigerian Naira</i>	Mov	2016	2015
Discount rate	+1%	19,898	44,982
	-1%	(22,502)	(52,735)
Pension increase	+1%	(24,619)	(55,095)
	-1%	21,919	47,507
Mortality rate	+1 yr	(4,615)	(11,077)
	-1 yr	4,817	11,322

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Issued share capital and reserves

<i>in thousands of Nigerian Naira</i>	31 December 2016	31 December 2015
Authorised ordinary shares of N1 each	50,000,000	50,000,000
Issued and fully paid ordinary shares of N1 each	47,275,135	46,731,851
<i>Movement of issued and fully paid</i>		
<i>in thousands (unit/share)</i>	31 December 2016	31 December 2015
At 1 January	46,731,851	42,914,780
<i>Paid during the year:</i>		
Ministry of Finance Incorporated (MOFI)	543,284	3,817,071
At 31 December	47,275,135	46,731,851

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

At the beginning of the year, a total of ₦543,284,000 was issued and allotted to Federal Ministry of Finance which comprise of 543,284,000 shares at ₦1 per share.

Accumulated losses

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

Dividends

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

The Bank declared and paid dividend in respect of the year ended 31 December 2012 of 0.2 kobo per share in 2014 financial year and 1 kobo per share in respect of the year ended 31 December 2011 in 2013 financial year. Dividend was neither proposed nor paid in 2015 financial year.

The declaration of dividends for 2011 financial years was approved by the Honourable Minister of State for Finance on the 12th of July 2013; as at this date there was no Board during the period. However, the 2012 dividend was approved by the board on 16th June 2014.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Issued share capital and reserves - continued

Available-for-sale reserve

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

Regulatory risk reserve

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

Other reserves

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 retained earnings. The underlying fund is invested in the Stanbic IBTC Equity Fund and FSDH Coral Fund. Refer to note on 16.1 available-for-sale investments.

24 Cash and cash equivalents

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2016	31 December 2015
Cash on hand	13	1,192	28
Cash in banks	13	1,135,299	1,915,897
Due from banks	14	8,313,001	11,122,764
		9,449,492	13,038,689

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Fair value measurement

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2016

							Fair value measurement using		
							Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
<i>in thousands of Nigerian Naira</i>	Note	Carrying amount	Date of valuation	Fair value amount	Level 1	Level 2	Level 3		
Assets measured at fair value:									
Available-for-sale investment:									
Quoted equities	16.1	1,007,370	31-Dec-16	1,007,370	1,007,370	-	-	-	-
Assets for which fair values are disclosed:									
Loans to customers:									
BOI Refinancing facility lending	15	160,231	31-Dec-16	107,900	-	-	-	-	107,900
Medium Term Direct Lending	15	37,944,060	31-Dec-16	25,450,822	-	-	-	-	25,450,822
Short Term Direct Lending	15	13,938,232	31-Dec-16	11,905,768	-	-	-	-	11,905,768
Loans to staff	15	835,186	31-Dec-16	693,204	-	-	-	-	693,204
Held-to maturity	16.2	2,679,717	31-Dec-16	2,651,293	-	2,651,293	-	-	-
Liabilities for which fair values are disclosed:									
Debts issued and other borrowed funds:									
CBN/BOI Fund for Small & Medium Scale Industries	20	-	31-Dec-16	-	-	-	-	-	-
BOI - Working capital	20	149	31-Dec-16	149	-	-	-	-	149
Export Stimulation loan	20	6,597,873	31-Dec-16	6,597,873	-	-	-	-	6,597,873
Loan from AFREXIM	20	3,048,863	31-Dec-16	3,048,863	-	-	-	-	3,048,863
8% CBN Perpetual Debenture	20	1,302,900	31-Dec-16	1,225,152	-	-	-	-	1,225,152
Loan from AFDB	20	10,969,202	31-Dec-16	10,969,202	-	-	-	-	10,969,202
Loan from ADB/FGN	20	296,328	31-Dec-16	296,328	-	-	-	-	296,328

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Fair value measurement - continued

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2015

in thousands of Nigerian Naira	Note	Carrying amount	Date of valuation	Fair value amount	Fair value measurement using		
					Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
					Level 1	Level 2	Level 3
Assets measured at fair value:							
Available-for-sale investment:							
Quoted equities	16.1	953,237	31-Dec-15	953,237	953,237	-	-
Assets for which fair values are disclosed:							
Loans to customers:							
BOI Refinancing facility lending	15	480,678	31-Dec-15	432,610	-	-	432,610
Medium Term Direct Lending	15	33,857,307	31-Dec-15	30,471,576	-	-	30,471,576
Short Term Direct Lending	15	11,225,979	31-Dec-15	10,103,381	-	-	10,103,381
Loans to staff	15	845,213	31-Dec-15	701,527	-	-	701,527
Held-to maturity	16.2	1,308,791	31-Dec-15	1,047,033	-	-	1,047,033
Liabilities for which fair values are disclosed:							
Debt issued and other borrowed funds:							
CBN/BOI Fund for Small & Medium Scale Industries	20	380,932	31-Dec-15	300,936	-	-	300,936
BOI - Working capital	20	4,600	31-Dec-15	3,634	-	-	3,634
Export Stimulation loan	20	6,535,603	31-Dec-15	5,163,126	-	-	5,163,126
Loan from AFREXIM	20	2,612,523	31-Dec-15	2,612,523	-	-	2,612,523
8% CBN Perpetual Debenture	20	1,284,405	31-Dec-15	753,939	-	-	753,939
Loan from AFDB	20	8,508,862	31-Dec-15	6,722,001	-	-	6,722,001
Loan from ADB/FGN	20	175,995	31-Dec-15	139,036	-	-	139,036

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Fair value measurement - continued

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

	Carrying amount		Fair value	
	31 December	31 December	31 December	31 December
<i>in thousands of Nigerian Naira</i>	2016	2015	2016	2015
Financial Assets:				
Quoted equities	1,007,370	953,237	1,007,370	953,237
Loans and advances	41,577,420	44,061,658	38,157,694	41,709,094
Financial investments- held to maturity	2,679,717	1,308,791	2,651,293	1,047,033
	44,257,137	45,370,449	40,808,987	42,756,127
Financial Liabilities:				
Debt issued and other borrowed funds	21,918,987	19,326,924	10,872,037	8,834,159
	21,918,987	19,326,924	10,872,037	8,834,159

Fair value of financial assets and liabilities

Below are the methodologies and assumptions used to determine fair values for those financial instruments in the financial statements:

Assets for which fair value approximates carrying value

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

Financial investment - held to maturity (Nigerian treasury bills)

These are Federal Government of Nigeria securities which are fair valued based on quoted yield-to-maturity and days to maturity rates. The fair value of treasury bills is determined by reference to quoted yield to maturities of the instrument as published on the Financial Market Dealer Quotation (FMDQ) website. The fair values of the Nigerian Treasury Bills are classified under Level 2 in the fair value hierarchy. The FMDQ publishes the market yields on a daily basis, and the unadjusted yields are used to determine the prices.

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Fair value measurement - continued

Loans and advances

The fair values of loans and advances are based on cash flows discounted using a rate based on the market interest rate of borrowings. The discount rate equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates. The fair values are within Level 3 of the fair value hierarchy.

Debt issued and other borrowed fund

The fair values of the debt issued and other borrowed fund are based on cash flows discounted using a rate based on the market interest rate of borrowings. The discount rate equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

Available-for-sale investment (Quoted equities)

The fair values of the available-for-sale financial assets are derived from quoted market prices in active.

NOTES TO THE FINANCIAL STATEMENTS - Continued

26 Risk management**26.1 Introduction**

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

Risk management structure

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

Risk measurement and reporting systems

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

Risk mitigation

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

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

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

26 Risk management - Continued

26.2 Credit risk

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

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

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

Eligible transactions include:

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

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

Impairment assessment

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

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

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

Individually assessed allowances

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

26 Risk management - Continued

26.2 Credit risk - Continued

Collectively assessed allowances

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

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

Allowances are evaluated separately at each reporting date with each portfolio

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

Credit-related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. 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. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

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

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

26.2 Credit risk - Continued

Type of collateral or credit enhancement

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

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

- Vehicles, machinery, other fixed assets, inventory and trade receivables

NOTES TO THE FINANCIAL STATEMENTS

26.2 Credit risk - Continued

Collateral and other credit enhancements

The main types of collateral obtained are as follows:

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

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

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

- Vehicles, machinery, other fixed assets, inventory and trade receivables

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

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

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

	Neither past due nor impaired						
	High grade		Standard grade	Sub-standard grade	Past due but not impaired	Individually impaired	Total
	2015	2015	2015	2015	2015	2015	2015
Notes	¥'000	¥'000	¥'000	¥'000	¥'000	¥'000	¥'000
Cash and cash in banks	13	-	1,135,299	-	-	-	1,135,299
Due from banks	14	-	8,313,001	-	-	-	8,313,001
Loans and advances	15	-	835,186	-	29,304,648	22,737,875	52,877,709
Financial investments - held to maturity							
Quoted - Government debt securities	15.2	2,679,717	-	-	-	-	2,679,717
Total		2,679,717	10,283,486	-	29,304,648	22,737,875	65,005,726

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.2 Credit risk - Continued

Maximum exposure to credit risk - Continued

31 December 2015	Neither past due nor impaired					
	High grade		Standard grade		Sub-standard grade	
	2014	2014	2014	2014	2014	2014
Notes	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash in banks	-	1,915,896	-	-	-	1,915,896
Due from banks	-	11,122,764	-	-	-	11,122,764
Loans and advances	2,915,244	24,996,654	564,332	7,102,206	10,830,740	46,409,176
Financial investments- held to maturity						
Quoted- Government debt securities	1,308,791	-	-	-	-	1,308,791
Total	4,224,035	38,035,314	564,332	7,102,206	10,830,740	60,756,627

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

Industry analysis	31 December 2016							
	Financial Services	Government	Agriculture	Manufacturing	Services	Solid mineral	Other	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets								
Cash and cash in banks	1,135,299	-	-	-	-	-	-	1,135,299
Due from banks	8,313,001	-	-	-	-	-	-	8,313,001
Loans and advances	-	-	-	-	-	-	-	-
BOI Refinancing facility lending	-	-	61,275	98,956	-	-	-	160,231
Medium-term direct lending	-	-	8,491,311	10,495,613	15,270,138	3,492,514	224,654	37,974,230
Short-term direct lending	-	-	4,526,773	4,633,089	3,950,778	827,592	-	13,938,232
Staff loans	-	-	-	-	-	-	835,186	835,186
Financial investment - held to maturity								
Quoted - Government debt securities	-	2,679,717	-	-	-	-	-	2,679,717
Total	9,448,300	2,679,717	13,079,359	15,227,658	19,220,916	4,320,106	1,059,840	65,035,896

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.2 Credit risk - Continued

Maximum exposure to credit risk - Continued

31 December 2015	Financial Services N'000	Government N'000	Agriculture N'000	Manufacturing N'000	Services N'000	Solid mineral N'000	Other N'000	Total N'000
Financial assets								
Cash and cash in banks	1,915,896	-	-	-	-	-	-	1,915,896
Due from banks	11,122,764	-	-	-	-	-	-	11,122,764
Loans and advances								
BOI Refinancing facility lending	-	-	377,524	103,154	-	-	-	480,678
Medium-term direct lending	-	-	3,164,604	14,656,490	8,843,714	1,228,464	5,964,035	33,857,307
Short-term direct lending	-	-	6,377,923	1,789,454	1,181,242	881,544	995,816	11,225,979
Staff loans	-	-	-	-	-	-	845,213	845,213
Financial investments - held to maturity								
Quoted - Government debt securities	-	1,308,791	-	-	-	-	-	1,308,791
	13,038,660	1,308,791	9,920,051	16,549,098	10,024,956	2,110,008	7,805,064	60,756,627

Commitments and guarantees

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

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

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

	2016 N'000	2015 N'000
Financial guarantees	75,156	25,387

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.3 Liquidity risk and funding management

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

Analysis of financial assets and liabilities by remaining contractual maturities.

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

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

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

As at 31 December 2016		On demand	Less than	3 to 12	1 to 5	Over	Total
		N'000	3 months	months	years	5 years	N'000
			N'000	N'000	N'000	N'000	N'000
Financial assets							
Cash in banks		1,135,299	-	-	-	-	1,135,299
Due from banks		-	8,313,001	-	-	-	8,313,001
Loans and advances		9,021,764	1,557,126	3,110,533	32,768,445	1,491,669	47,949,537
Investment securities - Held-to-maturity		-	121,576	2,558,141	-	-	2,679,717
Other receivables		-	-	256,131	-	-	256,131
Total undiscounted financial assets		10,157,063	9,991,703	5,924,805	32,768,445	1,491,669	60,333,685
Financial liabilities							
Debt securities issued and other borrowed funds		296,328	-	201	13,023,092	16,567,339	29,886,960
Other liabilities		-	768,516	2,869,567	-	-	3,638,083
Total undiscounted financial liabilities		296,328	768,516	2,869,768	13,023,092	16,567,339	33,525,043
Net undiscounted financial assets		9,860,735	9,223,187	3,055,037	19,745,353	(15,075,670)	26,808,642

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.3 Liquidity risk and funding management - Continued

As at 31 December 2015

	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
Financial assets						
Cash in banks	1,915,897	-	-	-	-	1,915,897
Due from banks	-	11,122,764	-	-	-	11,122,764
Loans and advances	11,460,678	1,065,072	9,375,390	21,505,623	654,894	44,061,658
Investment securities - Held-to-maturity	-	121,576,000	1,187,215	-	-	1,308,791
Other assets	-	-	259,274	-	-	259,274
Total undiscounted financial assets	13,376,575	12,309,412	10,821,879	21,505,623	654,894	58,668,384
Financial liabilities						
Debt securities issued and other borrowed funds	175,995.00	-	520,468	12,349,969	13,220,912	26,267,344
Other liabilities	-	463,164.00	3,596,198	-	-	4,059,362
Total undiscounted financial liabilities	175,995.00	463,164.00	4,116,666	12,349,969	13,220,912	30,326,706
Net undiscounted financial assets/(liabilities)	13,200,580	11,846,248	6,705,213	9,155,654	(12,566,017)	28,341,678

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

As at 31 December 2016

	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
Financial guarantees	-	-	75,156	-	-	75,156
As at 31 December 2015						
Financial guarantees	-	-	25,387	-	-	25,387

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.4 Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31 December in 2016 and 2015.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at 31 December 2016.

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

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

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

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2016 and 2015

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Bank's exposure to the risk of changes in foreign exchange rates relates primarily to the Bank's cash and bank balances and long term loan denominated in foreign currency.

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

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

	Change in USD rate	N
2016	+2%	30,900
	-2%	(30,900)
2015	+2%	34,719
	-2%	(34,719)

Equity price risk

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

At the reporting date, the exposure to listed equity securities at fair value was N1,007 million (2014: N953.24 million). A decrease of 10% on the NSE market index could have an impact of approximately N100.7million (2015: N95.24 million) on the income or equity attributable to the Bank, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.4 Interest Rate Risk

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

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

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

RATE SENSITIVITY OF ASSETS AND LIABILITIES						
31 December 2016	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
Financial assets						
Due from banks	-	8,313,001	-	-	-	8,313,001
Loans and advances	9,021,764	1,557,126	3,110,533	32,768,445	1,491,669	47,949,537
Investment securities - Held-to-maturity	-	121,576	2,558,141	-	-	2,679,717
Total undiscounted financial assets	9,021,764	9,991,703	5,668,674	32,768,445	1,491,669	58,942,255
Financial liabilities						
Debt securities issued and other borrowed funds	296,328	-	201	13,023,092	16,567,339	29,886,960
Total undiscounted financial liabilities	296,328	-	201	13,023,092	16,567,339	29,886,960
Net undiscounted financial assets	8,725,436	9,991,703	5,668,473	19,745,353	(15,075,670)	29,055,295
INTEREST RATE SENSITIVITY ANALYSIS						
Increase/Decrease in bp	Net Gap N'000	Cummulative Gap N'000	Sensitivity on profit(+2%) N'000	Sensitivity on profit(-2%) N'000	Annualized period N'000	
On demand	8,725,436	8,725,436	14,542.39	(14,542.39)	One month	
Less than 3 months	9,991,703	18,717,139	49,958.52	(49,958.52)	Three months	
3 - 12 months	5,668,473	24,385,612	113,369.46	(113,369.46)	One year	
1- 5 year	19,745,353	44,130,965	394,907.06	(394,907.06)		
Over 5 years	(15,075,670)	29,055,295	(301,513.39)	301,513.39		

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.4 Interest Rate Risk

RATE SENSITIVITY OF ASSETS AND LIABILITIES						
31 December 2015	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Over 5 years N'000	Total N'000
Financial assets						
Due from banks	-	11,122,764	-	-	-	11,122,764
Loans and advances	11,460,678	1,065,072	9,375,390	21,505,623	654,894	44,061,658
Investment securities - Held-to-maturity	-	121,576	1,187,215	-	-	1,308,791
Total undiscounted financial assets	11,460,678	12,309,412	10,562,605	21,505,623	654,894	56,493,213
Financial liabilities						
Debt securities issued and other borrowed funds	175,995.00	-	520,468	12,349,969	13,220,912	26,267,344
Total undiscounted financial liabilities	175,995.00	-	520,468	12,349,969	13,220,912	26,267,344
Net undiscounted financial assets/(liabilities)	11,284,683	12,309,412	10,042,137	9,155,654	(12,566,017)	30,225,869

INTEREST RATE SENSITIVITY ANALYSIS						
	Increase/Decrease in bp					
	Net Gap N'000	Cumulative Gap N'000	Sensitivity on profit(+2%) N'000	Sensitivity on profit(-2%) N'000	Annualized period N'000	
On demand	11,284,683	11,284,683	18,807.81	(18,807.81)	One month	
Less than 3 months	12,309,412	23,594,095	61,547.06	(61,547.06)	Three months	
3 - 12 months	10,042,137	33,636,232	200,842.74	(200,842.74)	One year	
1 - 5 years	9,155,654	42,791,887	183,113.09	(183,113.09)		
Over 5 years	(12,566,017)	30,225,869	(251,320.35)	251,320.35		

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

27 Maturity analysis of assets and liabilities

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

<i>in thousands of Nigerian Naira</i>	Within one year or less	More than one year	Total
At 31 December 2016			
Cash and cash in bank	1,135,299	-	1,135,299
Due from banks	8,313,001	-	8,313,001
Loans and advances	13,689,423	27,887,997	41,577,420
Investment securities:			
Available-for-sale	-	2,948,778	2,948,778
Held-to-maturity	2,679,717	-	2,679,717
Property, plant and equipment	-	2,740,524	2,740,524
Intangible assets	-	770	770
Other assets	134,461	-	134,461
Net employee defined benefit asset	-	203,196	203,196
Total Assets	25,951,901	33,781,265	59,733,166
Debt securities issued and other borrowed funds	296,529	21,918,786	22,215,315
Other liabilities	3,638,083	-	3,638,083
Total Liabilities	3,934,612	21,918,786	25,853,398
Net	22,017,289	11,862,479	33,879,768

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

27 Maturity analysis of assets and liabilities - Continued

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

<i>in thousands of Nigerian Naira</i>	Within one year or less	More than one year	Total
At 31 December 2015			
Cash and cash in banks	1,915,896	-	1,915,896
Due from banks	11,122,764	-	11,122,764
Loans and advances	21,901,141	22,160,517	44,061,658
Investment securities:			
Available-for-sale	-	2,894,645	2,894,645
Held-to-maturity	1,308,791	-	1,308,791
Property, plant and equipment	-	3,057,756	3,057,756
Intangible assets	-	5,015	5,015
Other assets	364,878	-	364,878
Total Assets	36,613,470	28,117,933	64,731,403
Debt securities issued and other borrowed funds	696,463	18,806,456	19,502,919
Other liabilities	4,059,362	-	4,059,362
Net employee defined benefit obligation		18,236	18,236
Total Liabilities	4,755,825	18,824,692	23,580,517
Net	31,857,644	9,293,242	41,150,886

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

28 Contingent liabilities, commitments and leasing arrangements

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

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

Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank (see Note 26).

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.

Legal claims

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

Lease arrangements

Operating lease commitments – Bank as lessee

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

There is no future minimum lease rentals payable under non-cancellable operating leases as at 31 December 2016 (2015: Nil).

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

28 Contingent liabilities, commitments and leasing arrangements - Continued

Lease arrangements - Continued

Operating lease commitments - Bank as lessor

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

There is no future minimum lease rentals receivable under non-cancellable operating leases as at 31 December 2016 (2015: Nil).

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

<i>in thousands of Nigerian Naira</i>	2016	2015
Short-term employee benefits	91,529	131,728
Retirement benefit costs	62,051	92,809
	153,580	224,537

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

Chairman and Directors' emoluments

<i>in thousands of Nigerian Naira</i>	2016	2015
Fees		
Chairman	-	-
Other Directors	-	2,063
	-	2,063
Emoluments as executives	153,580	224,537
	153,580	226,600
The highest paid Director	42,030	48,524

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

29 Related party disclosures - Continued

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

	2016 Number	2014 Number
N6,800,001 - N6,900,000	3	3

Information on employees

Staff

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

	2016 Number	2015 Number
Managerial	22	22
Senior staff	30	33
Junior staff	79	78
	131	133

The related staff costs, salaries and allowances and pension amounted to ₦1,558,208,000 (2015 - ₦1,585,867,000).

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

	2016 Number	2015 Number
N		
1,800,001 - 2,600,000	21	20
2,600,001 - 3,500,000	24	24
3,500,001 - 4,000,000	2	3
4,000,001 - 5,000,000	23	22
5,000,001 - 6,000,000 & Above	61	64
	131	133

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

29 Related party disclosures - Continued

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

<i>in thousands of Nigerian Naira</i>	31 December 2016	31 December 2015
Loans and advances	314,454	209,029
Interest income earned during the year	9,359	9,009

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 Capital management

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

- To maintain a set minimum ratio of total capital to total risk weighted assets in line with the regulatory requirement. The Bank's capital adequacy ratio is 72% (2014: 80%) compared to a minimum ratio of 10 per cent prescribed by the Central Bank of Nigeria;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and
- To maintain a strong capital position necessary for its long term financial health, and to support the development of its business.

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

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

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

30 Capital management - Continued

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

Regulatory capital As at in thousands of Nigerian Naira	Note	31 December 2016	31 December 2015
Tier 1 capital			
Issued share capital	23	47,275,135	46,731,851
Accumulated losses	23	(27,783,520)	(13,188,174)
Other reserves	23	500,000	500,000
Shareholders' fund		19,991,615	34,043,677
Less:			
Intangible assets	19	(770)	(5,015)
Total		19,990,845	34,038,662
Total regulatory capital		19,990,845	34,038,662
Risk-weighted assets		33,788,533	43,555,027
Total regulatory capital expressed as a percentage of total risk- weighted assets		59%	78%
Minimum Capital Requirement Ratio by CBN		10%	10%

31 Event after reporting period

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

NIGERIAN EXPORT-IMPORT BANK

STATEMENT OF VALUE ADDED

<i>For the year ended in thousands of Nigerian Naira</i>	31 December 2016	%	31 December 2015	%
Gross income	5,660,894		5,573,776	
Interest expenses	(548,752)		(501,337)	
	5,112,142		5,072,439	
Impairment charges for credit losses	(8,963,101)		(803,311)	
	(3,850,960)		4,269,128	
Bought in material and services	(2,245,794)		(1,913,738)	
Value (consumed)/added	(6,096,754)	-100%	2,355,389	100%

Applied as follow:

In payment to employees

Personnel expense	1,560,278	26%	1,565,978	66%
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Retained in the Bank

Depreciation	376,636	6%	342,970	15%
Amortization	4,245	0%	10,244	0%
Available for sale reserve	(7,796)	0%	64,176	3%
(Loss)/profit for the year	(8,030,117)	-132%	372,022	16%
Value (consumed)/added	(6,096,754)	-100%	2,355,389	100%

Value added statement represents the wealth (consumed)/created by the efforts of the bank and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, and that retained for the future creation of more wealth.

NIGERIAN EXPORT-IMPORT BANK

FIVE-YEAR FINANCIAL SUMMARY

Statement of financial position As at in thousands of Nigerian Naira	IFRS				
	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
Assets					
Cash and cash in banks	1,135,299	1,915,896	1,223,471	621,891	860,890
Due from banks	8,313,001	11,122,764	6,336,370	15,130,245	22,446,712
Loans and advances	41,577,420	44,061,658	37,566,571	28,947,019	19,505,114
Investment securities:					
Available-for-sale	2,948,778	2,894,645	1,452,455	1,470,685	1,340,558
Held-to-maturity	2,679,717	1,308,791	1,647,129	2,186,890	817,198
Property, plant and equipment	2,740,524	3,057,756	3,059,364	2,923,831	2,804,941
Intangible assets	770	5,015	12,038	18,187	28,843
Net employee defined benefit assets	203,196	-	107,932	19,221	45,095
Other assets	134,461	364,878	572,390	612,612	344,259
	59,733,166	64,731,403	51,977,720	51,930,579	48,193,610
Liabilities and Equity					
Liabilities					
Debt securities issued and other borrowed funds	22,215,315	19,502,919	10,876,369	12,167,744	7,946,393
Other liabilities	3,638,083	4,059,362	4,057,375	3,069,790	3,001,884
Net employee defined benefit obligation	-	18,236	-	-	-
	25,853,398	23,580,517	14,933,744	15,237,534	10,948,277
Equity					
Issued share capital	47,275,135	46,731,851	42,914,780	38,935,167	35,536,554
Accumulated losses	(27,783,520)	(13,188,174)	(10,884,651)	(7,420,335)	(7,898,588)
Regulatory risk reserve	13,612,649	6,823,909	4,294,422	742,971	-
Available-for-sale reserve	275,504	283,300	219,125	198,273	46,765
Other reserves	500,000	500,000	500,000	500,000	500,000
Total equity	33,879,768	41,150,887	37,043,676	32,956,076	28,184,731
Total liabilities and equity	59,733,166	64,731,404	51,977,420	48,193,610	39,133,008
Profit or loss For the year ended in thousands of Nigerian Naira	IFRS				NGAAP
	2016	2015	2014	2013	2012
Gross earnings	5,660,894	5,573,776	5,068,974	3,845,957	3,376,520
Interest expenses	(548,752)	(501,337)	(312,245)	(310,890)	(233,654)
Loan impairment (charge)/reversal	(8,963,101)	(803,311)	(464,061)	815,268	-
Provision for bad and doubtful debts	-	-	-	-	(1,248,473)
(Loss)/profit before income tax	(8,030,117)	372,022	85,131	71,147	189,387
Income tax expenses	-	-	-	-	-
Profit after income tax	(8,030,117)	372,022	85,131	71,147	189,387