

**NIGERIAN EXPORT-IMPORT BANK**  
**ABUJA, NIGERIA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**NIGERIAN EXPORT-IMPORT BANK**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

| <b>CONTENTS</b>   | <b>PAGE</b> |
|---|-------------|
| Corporate Information   | 3           |
| Financial Highlights  | 4           |
| Report of the Directors   | 5           |
| Statement of Directors' Responsibilities in Relation to the Preparation of the Financial Statements | 8           |
| Independent Auditor's Report  | 9           |
| Statement of Profit or Loss and Other Comprehensive Income  | 14          |
| Statement of Financial Position   | 15          |
| Statement of Changes in Equity  | 16          |
| Statement of Cash Flows   | 17          |
| Notes to the Financial Statements   | 18          |
| Other National Disclosures  |             |
| Value Added Statement   | 86          |
| Five-year Financial Summary   | 87          |

## **NIGERIAN EXPORT-IMPORT BANK**

### **CORPORATE INFORMATION**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

##### **DIRECTORS**

Dr. Kingsley Obiora  
Mr. Abubakar Abba Bello  
Dr. Bala Mohammed Bello  
Hon. Mrs. Stella Okotete  
Mr. Philip Yila Yusuf  
Mr. Stephen Okon  
Baba Gana Alkali  
Chief Ede Dafinone Hajiya  
Mal. Kabiru Hassan

##### **CAPACITY**

Chairman  
Managing Director/CEO  
Executive Director  
Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

##### **SECRETARY TO THE BOARD/ LEGAL ADVISER**

Gaga Ibrahim

##### **HEAD OFFICE**

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

##### **AUDITOR**

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

##### **BANKERS**

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

##### **Website:**

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

# **NIGERIAN EXPORT-IMPORT BANK**

## **FINANCIAL HIGHLIGHTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

| Financial performance:                      | 2021<br>N'000       | 2020<br>N'000       | %   |
|---|---------------------|---------------------|-----|
| Net interest income                         | 9,351,185           | 6,049,887           | 55  |
| Credit impairment charge                    | (2,327,421)         | (1,328,587)         | 75  |
| Other operating income                      | 3,804,558           | 1,671,840           | 127 |
| Total operating expenses                    | (6,705,207)         | (3,767,357)         | 78  |
| Profit for the year                         | 4,129,965           | 2,628,997           | 57  |
|   | 31 December<br>2021 | 31 December<br>2020 |     |
| Financial position:                         |                     |                     |     |
| Issued and paid up share capital            | 49,912,571          | 49,912,571          | -   |
| Total assets                                | 200,010,324         | 161,272,431         | 24  |
| Total liabilities                           | 156,765,151         | 123,599,536         | 27  |
| Total equity                                | 43,245,173          | 37,672,894          | 13  |
| Per-share data:                             |                     |                     |     |
| Basic and diluted earnings per share (kobo) | 8.27                | 5.27                | 57  |



## **NIGERIAN EXPORT-IMPORT BANK**

### **REPORT OF THE DIRECTORS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors have the pleasure of 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 2021.

#### **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.

#### **EVENTS AFTER REPORTING DATE**

There are no events after the reporting date that require adjustments and/or disclosure in the financial statements.

| <b>RESULT FOR THE YEAR</b> | <b>₦'000</b> | <b>₦'000</b> |
|----------------------------|--------------|--------------|
| Profit before income tax   | 4,129,965    | 2,628,997    |
| Income tax expense         | -            | -            |
|                            | -----        | -----        |
| Profit for the year        | 4,129,965    | 2,628,997    |
|                            | =====        | =====        |

#### **DIRECTORS' INTEREST IN SHARES**

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.

#### **DIRECTORS' INTEREST IN CONTRACTS**

None of the Directors has notified the Bank for the purpose of Section 303 of the Companies and Allied Matters Act 2020 of any disclosable interests in contracts in which the Bank was involved as at 31 December 2021.

## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

##### **SHAREHOLDING STRUCTURE**

| Name                                    | Authorised*<br>capital<br>N'000 | 2021<br>Issued and<br>paid-up capital<br>N'000 | 2020<br>Issued and<br>paid-up capital<br>N'000 |
|---|---------------------------------|--|--|
| Ministry of Finance Incorporated (MOFI) | 25,000,000                      | 24,912,571                                     | 24,912,571                                     |
| Central Bank of Nigeria (CBN)           | 25,000,000                      | 25,000,000                                     | 25,000,000                                     |
|   | -----                           | -----  | -----  |
|   | 50,000,000                      | 49,912,571                                     | 49,912,571                                     |
|   | =====                           | =====  | =====  |

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

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

The Bank made no donation during 2021 (2020: N5 million).

##### **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:

| <b>DIRECTORS</b>          | <b>CAPACITY</b>        |
|---------------------------|------------------------|
| Dr. Kingsley Obiora       | Chairman               |
| Mr. Abubakar Abba Bello   | Managing Director/CEO  |
| Dr. Bala Mohammed Bello   | Executive Director     |
| Hon. Mrs. Stella Okotete  | Executive Director     |
| Mr. Philip Yila Yusuf     | Non-Executive Director |
| Mr. Stephen Okon          | Non-Executive Director |
| Baba Gana Alkali          | Non-Executive Director |
| Chief Ede Dafinone Hajiya | Non-Executive Director |
| Mal. Kabiru Hassan        | Non-Executive Director |

##### **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.

## **NIGERIAN EXPORT-IMPORT BANK**

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

**FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **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.

#### **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 provisions of the NEXIM Act of the Federal Republic of Nigeria 1991, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

#### **AUDITOR**

In accordance with section 28(6) of the Bank and other Financial Institutions Act, 2020 and other relevant corporate governance rules on maximum tenure in the office of External auditor, EY Nigeria will be disengaged having completed 10 years of continuous service.

By Order of the Board



Gaga Ibrahim  
FRC/2022/PRO/NBA/004/00000024054

Secretary to the Board  
Abuja, Nigeria

Date: 24 March 2022



## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that gives 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 and other comprehensive income. 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 Federal Republic of Nigeria 1991, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria;
- b) 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 Federal Republic of Nigeria 1991, the Financial Reporting Council of Nigeria Act No. 6, 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

The Directors are of the opinion that the financial statements gives a true and fair view of the financial position and the financial performance of the Bank as at and for the year ended 31 December 2021. 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.

Signed on behalf of the Directors by:



Abubakar Abba Bello  
Managing Director/CEO  
FRC/2018/IOD/00000018666

Date: 24 March 2022



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

Date: 24 March 2022

## **INDEPENDENT AUDITOR'S 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 the Nigerian Export-Import Bank ("the Bank") which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 accompanying financial statements give a true and fair view of the financial position of the Nigerian Export-Import Bank as at 31 December 2021, and of 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 Banks and Other Financial Institutions Act (BOFIA) 2020, and relevant circulars issued by the Central Bank of Nigeria (CBN), and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

##### *Basis for Opinion*

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

##### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



## **INDEPENDENT AUDITOR'S REPORT**

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

#### ***Key Audit Matters - Continued***

##### **Expected Credit Loss (ECL) assessment on financial assets**

The Bank has significant financial assets in its portfolio which are measured at amortised cost. This amounts to N181 billion (2020: N150 billion) which represents about 95% (2020: 95%) of the total assets, and the associated impairment allowance N2.3 billion (2020: N1.3 billion) is significant to the financial statements.

The Expected Credit Losses (ECL) involves the application of judgement and assumptions in determining inputs for ECL calculation such as:

- ▶ Determining criteria for significant increase in credit risk (SICR) for staging purpose.
- ▶ Assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables.
- ▶ Incorporating forward looking information in the model building process.
- ▶ Factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD).
- ▶ Factors considered in cash flow estimation including timing and amount.
- ▶ Factors considered in collateral valuation.

These estimates are driven by a number of factors, changes in which might lead to a significant impact in the impairment value.

This is considered a key audit matter in the financial statements given the complexity and judgement involved in estimating the expected credit loss. See note 2.3 to the financial statement for the accounting policy on impairment of financial assets and notes 13,14,15 and 17 to the financial statements for impairment allowance on cash and bank balances, due from banks, loans and advances and other receivables respectively.

#### ***How the matter was addressed in the audit***

Our audit procedures included the following:

- ▶ We reviewed the impairment model prepared by the management for computation of impairment on financial assets in line with the requirements of International Financial Reporting Standards (IFRS) 9.
- ▶ We gained an understanding of how the Exposure at Default (EAD), Probability of Default (PD's) and Loss Given Default (LGD's) were derived by performing a walkthrough using live data.
- ▶ For loans classified under stages 1 and 2, we selected material loans and reviewed the repayment history for possible repayment default. We challenged the various factors considered in classifying the loans within stages 1 and 2 and in the measurement of ECL.

## **INDEPENDENT AUDITOR'S REPORT**

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

#### ***Key Audit Matters - Continued***

- ▶ For stage 3 loans, we challenged all assumptions considered in the estimation of recovery cash flows, the discount factor, and the timing of realization. In instances where we were not satisfied with the assumption used by the management in its cash flow estimation and discounting, we challenged management assumptions by re-computing the cash flows to determine the recoverable amounts.
- ▶ We focused on the most significant model assumptions including probability of default and loss given default.
- ▶ We performed detailed procedures on the completeness and accuracy of the information used.
- ▶ We involved our internal specialists to assess the appropriateness of the models used and to perform an independent recalculation of the impairment allowance for the selected portfolios.
- ▶ We reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with relevant accounting standards.

#### ***Other Information***

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Nigerian Export-Import Bank Abuja, Nigeria Annual Report For The Year Ended 31 December 2021", which includes the Financial Highlights, Report of the Directors, Statement of Directors' Responsibilities in Relation to the Preparation of the Financial Statements, Statement of Corporate Responsibility for the financial statements, and Other National Disclosures as required by the Financial Reporting Council Act, No. 6, 2011, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of the Directors for the Financial Statements***

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the Financial Reporting Council of Nigeria Act No. 6, 2011 and the relevant circulars issued by the Central Bank of Nigeria (CBN) 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.



## **INDEPENDENT AUDITOR'S REPORT**

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

#### *Responsibilities of the Directors for the Financial Statements - Continued*

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ▶ Conclude on the appropriateness of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## INDEPENDENT AUDITOR'S REPORT

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements - Continued*

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 with 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.

#### Report on Other Legal and Regulatory Requirements

The Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 30 to the financial statements.
- ii) the Bank paid no penalty during the year ended 31 December 2021.

  
.....  
Babayomi Ajijola  
FRC/2013/ICAN/00000001196

For: Ernst & Young  
Lagos, Nigeria

Date: 31 March 2022



**NIGERIAN EXPORT-IMPORT BANK**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

*In thousands of Nigerian Naira*

|   | Notes | 2021               | 2020               |
|---|-------|--------------------|--------------------|
| Interest income calculated using effective interest method  | 4     | 10,469,084         | 6,908,589          |
| Interest expense calculated using effective interest method                                       | 5     | (1,117,899)        | (858,702)          |
| <b>Net interest income</b>  |       | <b>9,351,185</b>   | <b>6,049,887</b>   |
| Fees and commission income  | 6     | 6,850              | 3,213              |
| Other operating income  | 7     | 3,804,558          | 1,671,840          |
| <b>Total operating income</b>   |       | <b>13,162,593</b>  | <b>7,724,940</b>   |
| Credit impairment charge  | 8     | (2,327,421)        | (1,328,587)        |
| <b>Net operating income</b>   |       | <b>10,835,172</b>  | <b>6,396,353</b>   |
| Personnel expenses  | 9     | (2,038,435)        | (1,818,205)        |
| Depreciation of property, plant and equipment   | 18    | (129,633)          | (160,516)          |
| Amortisation of intangible assets   | 19    | (41,234)           | (37,034)           |
| Depreciation of right-of use assets   | 20    | (918)              | (22,183)           |
| Other operating expenses  | 10    | (4,494,987)        | (1,729,419)        |
| <b>Total operating expenses</b>   |       | <b>(6,705,207)</b> | <b>(3,767,357)</b> |
| <b>Profit before income tax</b>   |       | <b>4,129,965</b>   | <b>2,628,997</b>   |
| Income tax expense  | 11    | -                  | -                  |
| <b>Profit for the year</b>  |       | <b>4,129,965</b>   | <b>2,628,997</b>   |
| <b>Other comprehensive income:</b>  |       |                    |                    |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> |       |                    |                    |
| Net gain on equity instruments designated as FVTOCI   | 16.1  | 732,362            | 656,483            |
| Re-measurement gain/(loss) on defined benefit plans   | 23.2  | 709,952            | (287,491)          |
| <b>Other comprehensive income for the year</b>  |       | <b>1,442,314</b>   | <b>368,992</b>     |
| <b>Total comprehensive income for the year</b>  |       | <b>5,572,279</b>   | <b>2,997,989</b>   |
| <b>Earning per share</b>  |       |                    |                    |
| Basic and diluted earnings per share (Kobo)   | 12    | 8.27               | 5.27               |

*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 2021**

*in thousands of Nigerian Naira*

|   | Note | 2021               | 2020               |
|---|------|--------------------|--------------------|
| <b>Assets</b>                                   |      |                    |                    |
| Cash and bank balances                          | 13   | 4,144,907          | 6,171,177          |
| Due from banks                                  | 14   | 51,441,369         | 60,262,271         |
| Loans and advances to customers                 | 15   | 131,992,157        | 85,706,366         |
| Equity instruments at FVOCI                     | 16.1 | 6,034,777          | 5,263,265          |
| Other assets                                    | 17   | 2,225,723          | 1,007,596          |
| Property, plant and equipment                   | 18   | 2,675,601          | 2,485,702          |
| Right-of-use assets                             | 20   | 75,576             | 14,753             |
| Intangible assets                               | 19   | 65,510             | 97,592             |
| Net employee defined benefit assets             | 23.3 | 1,354,704          | 263,709            |
| <b>Total assets</b>                             |      | <b>200,010,324</b> | <b>161,272,430</b> |
| <b>Liabilities and Equity</b>                   |      |                    |                    |
| <b>Liabilities</b>                              |      |                    |                    |
| Debt securities issued and other borrowed funds | 21   | 144,717,510        | 112,067,341        |
| Other liabilities                               | 22   | 12,047,641         | 11,532,195         |
| <b>Total liabilities</b>                        |      | <b>156,765,151</b> | <b>123,599,536</b> |
| <b>Equity</b>                                   |      |                    |                    |
| Share capital                                   | 24   | 49,912,571         | 49,912,571         |
| Accumulated losses                              | 24   | (32,188,691)       | (44,881,342)       |
| Regulatory risk reserve                         | 24   | 22,345,871         | 30,198,605         |
| Fair value reserve                              | 24   | 2,675,422          | 1,943,060          |
| Other reserve                                   | 24   | 500,000            | 500,000            |
| <b>Total equity</b>                             |      | <b>43,245,173</b>  | <b>37,672,894</b>  |
| <b>Total liabilities and equity</b>             |      | <b>200,010,324</b> | <b>161,272,430</b> |

The financial statements were approved and authorised for issue by the Board of Directors on 24 March, 2022 and were signed on its behalf by:

Abubakar Abba Bello (Managing Director)

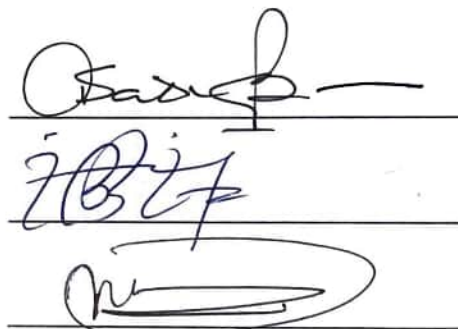
FRC/2018/IOD/00000018666

Dr. Bala Mohammed Bello (Executive Director)

FRC/2016/008/00000015389

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**

| <i>In thousands of Nigerian Naira</i>                       | Note | Issued and paid<br>up<br>share capital | Accumulated<br>losses | Regulatory risk<br>reserve | Fair value<br>reserve | Other equity<br>reserve | Total<br>equity |
|---|------|--|-----------------------|----------------------------|-----------------------|-------------------------|-----------------|
| <b>As at 1 January 2020</b>                                 |      | 49,912,571                             | (52,773,743)          | 35,949,500                 | 1,286,577             | 500,000                 | 34,874,905      |
| Profit for the year   |      | -                                      | -                     | -                          | -                     | -                       | -               |
| Other comprehensive income                                  |      | -                                      | 2,628,997             | -                          | -                     | -                       | 2,628,997       |
| <b>Total comprehensive income for the year</b>              |      | -                                      | (287,491)             | -                          | 656,483               | -                       | 368,992         |
|   |      | -                                      | 2,341,506             | -                          | 656,483               | -                       | 2,997,989       |
| <b>Transactions directly affecting equity holders:</b>      |      |  |                       |                            |                       |                         |                 |
| Dividends paid in the year                                  | 24   | -                                      | (200,000)             | -                          | -                     | -                       | (200,000)       |
| Transfer to regulatory risk reserve from accumulated losses | 24   | -                                      | 5,750,895             | (5,750,895)                | -                     | -                       | -               |
| <b>As at 31 December 2020</b>                               |      | 49,912,571                             | (44,881,342)          | 30,198,605                 | 1,943,060             | 500,000                 | 37,672,894      |
| <b>As at 1 January 2021</b>                                 |      | 49,912,571                             | (44,881,342)          | 30,198,605                 | 1,943,060             | 500,000                 | 37,672,894      |
| Profit for the year   |      | -                                      | 4,129,965             | -                          | -                     | -                       | 4,129,965       |
| Other comprehensive income                                  |      | -                                      | 709,952               | -                          | 732,362               | -                       | 1,442,314       |
| <b>Total comprehensive income for the year</b>              |      | -                                      | 4,839,917             | -                          | 732,362               | -                       | 5,572,279       |
| <b>Transactions directly affecting equity holders:</b>      |      |  |                       |                            |                       |                         |                 |
| Transfer to regulatory risk reserve from accumulated losses | 24   | -                                      | 7,852,734             | (7,852,734)                | -                     | -                       | -               |
| <b>As at 31 December 2021</b>                               |      | 49,912,571                             | (32,188,691)          | 22,345,871                 | 2,675,422             | 500,000                 | 43,245,173      |

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 2020**

| <i>In thousands of Nigerian Naira</i>                               | <i>Note</i> | <b>2021</b>         | <b>2020</b>         |
|---|-------------|---------------------|---------------------|
| <b>Operating activities</b>   |             |                     |                     |
| Profit before income tax  |             | 4,129,965           | 2,628,997           |
| Adjustment for: Non-cash Items included in profit before income tax |             |                     |                     |
| Depreciation of property, plant and equipment                       | 18          | 129,633             | 160,516             |
| Amortisation of intangible assets                                   | 19          | 41,234              | 37,034              |
| Depreciation of right-of use assets                                 | 20          | 918                 | 22,183              |
| Interest cost on defined benefits obligation                        | 23.1        | 482,963             | 408,832             |
| Interest income on defined benefits asset                           | 23.1        | (864,006)           | (288,181)           |
| Interest expenses   | 21          | 1,117,899           | 858,702             |
| Credit impairment charge  | 8           | 2,327,421           | 1,328,587           |
| Net unrealised exchange gain  | 7           | (1,318,625)         | 1,243,081           |
| Interest income   | 4           | (10,469,084)        | (6,908,589)         |
| Dividend income   | 7           | (373,007)           | (346,769)           |
| Gain from disposal of property, plant and equipment                 | 7&10        | (18,857)            | (10,386)            |
| <b>Net changes in operating assets/liabilities</b>                  |             |                     |                     |
| Net change in loans and advances                                    |             | (45,758,963)        | (24,138,306)        |
| Net change in other assets  |             | (1,255,710)         | (373,175)           |
| Net change in other liabilities                                     |             | 515,446             | 3,626,668           |
| Dividend received   |             | 373,007             | 392,906             |
| Interest received   |             | 7,996,921           | 5,277,199           |
| Interest paid   |             | (1,261,382)         | (1,034,408)         |
| <b>Net cash flows used in operating activities</b>                  |             | <b>(44,204,227)</b> | <b>(17,115,108)</b> |
| <b>Investing activities:</b>  |             |                     |                     |
| Purchase of equity instruments at FVOCI                             | 16.1        | (39,150)            | (49,503)            |
| Proceeds from liquidation of matured investment securities          |             | -                   | 451,223             |
| Prepayments for lease assets  | 20          | (61,740)            | -                   |
| Purchase of property, plant and equipment                           | 18          | (363,341)           | (257,691)           |
| Purchase of intangible assets                                       | 19          | (9,152)             | (31,710)            |
| Proceeds from sale of property, plant and equipment                 |             | 62,665              | 10,389              |
| <b>Net cash flows (used in)/ from investing activities</b>          |             | <b>(410,718)</b>    | <b>122,708</b>      |
| <b>Financing activities:</b>  |             |                     |                     |
| Dividends paid to equity holders                                    | 24          | -                   | (200,000)           |
| Proceeds from debt securities issued and other borrowed funds       | 21          | 33,798,750          | 50,000,000          |
| Repayments of debt securities issued and other borrowed funds       | 21          | (1,486,587)         | (2,276,929)         |
| Lease payments  | 20          | -                   | (5,150)             |
| <b>Net cash flows from financing activities</b>                     |             | <b>32,312,163</b>   | <b>47,517,921</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>         |             | <b>(12,302,782)</b> | <b>30,525,521</b>   |
| Net foreign exchange difference                                     |             | 1,333,889           | 24,585              |
| Cash and cash equivalents as 1 January                              | 25          | 67,142,136          | 36,592,030          |
| <b>Cash and cash equivalents at 31 December</b>                     | <b>25</b>   | <b>56,173,243</b>   | <b>67,142,136</b>   |

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

## **NIGERIAN 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.

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

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

The financial statements have been prepared on a historical cost basis, except for equity instruments measured at FVOCI. 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, the International Financial Reporting Standards as issued by the International Accounting Standards Board, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the Financial Reporting Council of Nigeria Act, No. 6, 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

##### **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 28.

Financial assets and financial liabilities are generally reported gross in the 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

##### **2.1.1 Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Some amendments and interpretations applied for the first time in 2021, but do not have an impact on the financial statements of the Bank.



## **NIGERIAN EXPORT-IMPORT BANK**

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

#### ***Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16***

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Bank.

#### ***Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16***

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Bank has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

## **NIGERIAN EXPORT-IMPORT BANK**

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

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

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

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.

#### ***Allowance for credit losses***

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Bank makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

An assessment of impairment takes into account data from the loan portfolio (such as credit quality, levels of arrears, credit utilization, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).



## **NIGERIAN EXPORT-IMPORT BANK**

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

#### ***Impairment of financial instruments***

The Bank has applied some judgment in carrying out an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporating forward-looking information in the measurement of ECL.

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

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

#### ***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.

#### ***Property lease classification - Company as lessor***

The Bank has entered into commercial property leases on its investment property portfolio. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. See note 18 for the insignificant portion use as investment property.

#### ***Significant judgement in determining the lease term of contracts with renewal options***

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Bank reassesses the lease term if there is a

## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **Significant judgement in determining the lease term of contracts with renewal options - Continued**

significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

#### **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**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### ***(i) Recognition and initial measurement***

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. The Bank uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

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

NEXIM Bank classifies its financial assets under IFRS 9, into the following measurement categories:

- ▶ those to be measured at fair value either through other comprehensive income or fair value through profit or loss; and
- ▶ those to be measured at amortized cost.

The classification depends on the Bank's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest - SPPI test).



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

The Bank classifies its financial liabilities as subsequently measured at fair value through profit or loss and amortised cost. Management determines the classification of the financial instruments at initial recognition.

##### ***(iii) Subsequent measurements***

The subsequent measurement of financial assets depends on its initial classification:

##### **Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- ▶ The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Interest income'.

The amortized cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortized cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's gross carrying amount.

##### **Fair value through other comprehensive income (FVOCI)**

##### **(a) Debt instruments**

Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- ▶ The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit and loss.

Upon disposal or derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in net gains on investment securities while the cumulative impairment loss recognized in the OCI and accumulated in equity will be reclassified and debited to profit or loss. Interest income from these financial assets is determined using the effective interest method and recognized in profit or loss as 'Interest income'.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortized cost.

## **NIGERIAN EXPORT-IMPORT BANK**

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

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

The Bank subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Where the Bank's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss as dividend income when the company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. Changes in the fair value of financial assets at fair value through profit or loss are recognized in profit or loss.

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

#### **Business model assessment**

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

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimus exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **(b) Equity instruments - Continued**

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

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

The Bank holds a portfolio of long-term fixed rate loans for which the Bank has the option to revise the interest rate at future dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### **(iv) Reclassifications**

The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Bank's operations. When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognized are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets that are debt instruments. A change in the objective of the Bank's business occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

- ▶ A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- ▶ A temporary disappearance of a particular market for financial assets
- ▶ A transfer of financial assets between parts of the entity with different business models

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification

## **NIGERIAN EXPORT-IMPORT BANK**

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

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

date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognized are not restated when reclassification occurs.

Financial liabilities are not reclassified after initial classification.

Financial assets under the amortized cost classification (i.e. business model whose objective is to collect the contractual cash flows) can still be held as such even when there are sales within the portfolio as long as the sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

However, if more than an infrequent number of such sales are made out of a portfolio and those sales are more than insignificant in value (either individually or in aggregate), the Bank will assess whether and how such sales are consistent with an objective of collecting contractual cash flows.

#### **Modifications of financial assets and financial liabilities**

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

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on de-recognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the de-recognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognized as a modification gain or loss in profit or loss as part of impairment charge for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria.

##### **Qualitative criteria**

Scenarios where modifications could lead to de-recognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- ▶ Extension of financial asset's tenor
- ▶ Reduction in repayment of principals and interest
- ▶ Capitalization of overdue repayments into a new principal amount
- ▶ Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- ▶ Reduction of financial asset's tenor

On occurrence of any of the above factors, the Bank will perform a 10% test (see below) to determine whether or not the modification is substantial.



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

**Scenarios where modification will not generally lead to de-recognition of existing financial assets are:**

- ▶ Change in interest rate arising from a change in MPR which is the benchmark rate that drives borrowing rates in Nigeria
- ▶ Bulk repayment of financial asset

#### **Quantitative criteria**

**A modification would lead to de-recognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:**

- ▶ The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

**A modification would not lead to de-recognition of existing financial asset if:**

- ▶ The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

Modification gain or loss shall be included as part of impairment charge for each financial year.

#### **(iii) Financial liabilities**

The Bank de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **Impairment of financial assets**

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined. The Bank's policies for determining if there has been a significant increase in credit risk are set out in the financial statements.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Bank may also consider a financial asset to be in default when internal or external information indicates that the Bank is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Bank. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- ▶ Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- ▶ Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- ▶ Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs.
- ▶ POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime 2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Bank also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.



## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2.3 Summary of significant accounting policies - Continued

##### a. The calculation of ECLs

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- ▶ **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- ▶ **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- ▶ **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- ▶ **Stage 1:** The 12mECL is calculated as the portion of LTECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date, weighted by the probability of the default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. The interest revenue is calculated on the gross carrying amount (without deducting the loss allowance). This calculation is made for each of the four scenarios, as explained above.
- ▶ **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- ▶ **Stage 3:** For loans considered credit-impaired, the Bank calculates the interest revenue by applying the EIR in subsequent reporting periods to the amortised cost of the financial asset (i.e., the gross carrying amount net of loss allowance) rather than the gross carrying amount. The lifetime expected credit losses is recognized for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- ▶ **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

## **NIGERIA EXPORT-IMPORT BANK**

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

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

##### **b. Debt instruments measured at fair value through OCI**

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

##### **c. Purchased or originated credit impaired financial assets (POCI)**

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

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

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

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

Loans that are more than 90 days past due are considered impaired.

##### **d. Collateral valuation**

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, landed properties and vehicles. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

##### **e. Collateral repossessed**

The Bank's policy is to determine whether a repossessed asset can be 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 for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to-sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its loan portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **f. Forborne and modified loans**

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance 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. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not de-recognised, the Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- ▶ All of its facilities have to be considered performing;
- ▶ The probation period required from the date the forborne contract was considered performing has passed (see above);
- ▶ Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period;
- ▶ The customer does not have any contract that is more than 180 days past due.

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

- ▶ if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset;
- ▶ if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

##### **g. Presentation of allowance for ECL in the statement of financial position**

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

- ▶ Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;

## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **h. Write-off**

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt;
- or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Bank. Credit write-off approval is documented in writing and properly approved by the Board Credit and Risk Committee.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

##### **i. Forward looking information**

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- Exchange rates
- Inflation rates
- Interest rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 4 in the financial statements.

#### **Collateral and Netting**

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

Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

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 its 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 recognized as non-current assets held for sale at the lower of carrying amount and fair value less costs to sell at the date of repossession.

The loan agreement provides that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously. In many cases, even though netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.



**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**2.3 Summary of significant accounting policies - Continued**

**Valuation of financial Instruments**

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs.

The main assumptions and estimates which management consider when applying a model with valuation techniques are:

- ▶ The likelihood and expected timing of future cash flows on the instrument. These cash flows are usually governed by the terms of the instrument, although judgment may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;
- ▶ Selecting an appropriate discount rate for the instrument. The determination of this is based on the assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate rate; and
- ▶ Judgment to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used, and this could result in a material adjustment to the carrying amount of financial instruments measured at fair value.

**Fair value measurement**

The Bank measures financial instruments, such as, quoted equities, at fair value at each reporting date. 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 the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

#### **De-recognition of financial assets**

The Bank de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

#### **De-recognition of financial liabilities**

The Bank de-recognizes financial liabilities when, and only when its obligations are discharged, cancelled or expired.

When 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, and the difference in the respective carrying amounts is recognized in profit or loss.

#### **Write off**

The Bank writes off a financial asset (and any related allowances for impairment losses) when the Bank's Credit team determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions are generally based on a product specific past due status. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other operating income.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due.

## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **Income and expenses (Revenue recognition)**

###### **Interest income and expense**

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- ▶ The gross carrying amount of the financial asset; or
- ▶ The amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest revenue calculated using effective interest method in the profit or loss.

###### **a. Amortized cost and gross carrying amount**

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

###### **b. Calculation of interest income and expenses**

The Bank calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortized cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI assets. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **c. Presentation**

Interest income and expense presented in the profit or loss includes:

- ▶ interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
- ▶ interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- ▶ the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- ▶ the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in interest income or interest expense.

##### **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.

##### **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 other income due to its operating nature.

##### **Fee and commission income and expense**

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognized on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

##### **Income from Grant for Export Promotion**

Income from Grant for Export Promotion is 70% of the 7% Import Levy allocated to the bank by the Ministry of Finance. The cash received is recognized in cash and deferred income. Upon approval for utilization of the funds for export promotion activities, the expense incurred and the corresponding income are recognized in the profit or loss. The income is reduced against the deferred income initially recognized.

##### **(h) 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.

##### **(i) 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 depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.



## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **(i) Property, plant and equipment - Continued**

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.

#### **(j) 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.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any 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

## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **(k) 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. Subsequently, the liability is measured at the higher of the amount of the expected credit losses and the amount recognised less cumulative amortisation.

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.

#### **(l) Employee 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

##### **(iii) Short-term benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

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

#### **(m) 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.



## **NIGERIAN EXPORT-IMPORT BANK**

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

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.

#### **(n) Dividends Payable**

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

#### **(o) 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.

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

#### **(p) Right-of-use assets**

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

#### **Short-term leases and leases of low-value assets**

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

## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **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 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- \* A specific adaptation for contracts with direct participation features (the variable fee approach)
  - \* A simplified approach (the premium allocation approach) mainly for short-duration contracts
- IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

##### **Proposed amendments to IFRS 17**

In June 2019, the IASB issued an exposure draft (ED) on proposed amendments to IFRS 17. The Board considered 25 concerns and implementation challenges raised by stakeholders and assessed whether to propose changes to the standard. The Board selected only those changes that, in its estimation, would not lead to a significant loss of useful information for investors, nor unduly disrupt implementation processes under way, nor risk undue delays in the effective date of IFRS 17.

The IASB proposes in the ED 12 targeted amendments to the standard in eight areas and asks stakeholders whether they agree with the proposed amendments. The eight areas of IFRS 17 subject to proposed changes are:

- ▶ Deferral of the effective date of IFRS 17 for one year, including an additional year of deferral for the application of IFRS 9 to qualifying insurance entities (i.e., qualifying insurers can apply IFRS 17 and IFRS 9 for the first time in reporting periods beginning on or after 1 January 2022)
- ▶ Additional scope exclusions
- ▶ Expected recovery of insurance acquisition cash flows from insurance contract renewals
- ▶ CSM relating to investment activities
- ▶ Applicability of the risk mitigation option for contracts with direct participation features
- ▶ Reinsurance contracts held - expected recovery of losses on underlying contracts
- ▶ Simplified presentation of insurance contracts in the statement of financial position
- ▶ Transition modifications and reliefs

IFRS 17 will have no impact on the Bank, as it does not issue insurance contract.



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **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 recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized 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.

This amendment will have no impact on the Bank's financial statements when they become effective.

##### **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

##### **Right to defer settlement**

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

##### **Existence at the end of the reporting period**

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

##### **Management expectations**

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

##### **Meaning of the term 'settlement'**

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

The Bank will apply this amendment when it becomes effective on 1 January 2023.



## **NIGERIAN EXPORT-IMPORT BANK**

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

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

##### **Amendments to IFRS 3 - Reference to the Conceptual Framework**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments will currently have no impact on the financial statements of the Bank, and its effective annual reporting periods beginning on or after 1 January 2022.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments will currently have no impact on the financial statements of the Bank, and its effective annual reporting periods beginning on or after 1 January 2022.

##### **Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract**

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments will currently have no impact on the financial statements of the Bank, and its effective annual reporting periods beginning on or after 1 January 2022.

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Bank.



## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **3. Standards Issued but not yet effective - Continued**

##### **IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Bank will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Bank.

##### **Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted if this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

##### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Bank is currently assessing the impact of the amendments to determine the impact they will have on the Bank's accounting policy disclosures.

##### **IAS 41 Agriculture - Taxation in fair value measurements**

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. The amendments are not expected to have a material impact on the Bank.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4 Interest revenue calculated using effective interest method**

| <i>In thousands of Nigerian Naira</i>   | <b>2021</b>       | <b>2020</b>      |
|---|-------------------|------------------|
| Loans and advances to customers         | 7,385,393         | 5,852,934        |
| Cash and short-term funds               | 3,013,650         | 968,765          |
| Loans and advances to staff             | 70,041            | 74,145           |
| Financial investments at amortized cost | -                 | 12,745           |
| <b>Interest income</b>                  | <b>10,469,084</b> | <b>6,908,589</b> |

**5 Interest expense calculated using the effective interest method**

|  |                  |                |
|--|------------------|----------------|
| Interest on Export Development loan            | 919,178          | 583,334        |
| 8% CBN Perpetual Debenture                     | 73,677           | 120,000        |
| Export Stimulation loan                        | 62,270           | 73,509         |
| Loan from African Development Bank (AFDB)      | 30,078           | -              |
| Loan from ADB/FGN/CBN                          | 17,381           | 62,270         |
| Loan from African Export-Import Bank (AFREXIM) | 8,648            | 19,589         |
| CBN/EDF/Refinancing - Interest                 | 6,667            | -              |
| <b>Interest expense</b>                        | <b>1,117,899</b> | <b>858,702</b> |

**6 Fees and commission income**

Fee and commission income is disaggregated below and includes a total fees in scope of IFRS 15, Revenues from Contracts with Customers:

| <i>In thousands of Nigerian Naira</i>                                 | <b>2021</b>                |                           |       |
|---|----------------------------|---------------------------|-------|
| Fee income earned from services that are provided at a point in time: | Medium-term direct lending | Short-term direct lending | TOTAL |
| Application fees  | -                          | 6,850                     | 6,850 |
|   | -                          | 6,850                     | 6,850 |

| <i>In thousands of Nigerian Naira</i>                                 | <b>2020</b>                |                           |       |
|---|----------------------------|---------------------------|-------|
| Fee income earned from services that are provided at a point in time: | Medium-term direct lending | Short-term direct lending | TOTAL |
| Application fees  | -                          | 2,840                     | 2,840 |
| Letter of Credit fees   | -                          | 373                       | 373   |
|   | -                          | 3,213                     | 3,213 |

**7 Other operating income**

| <i>In thousands of Nigerian Naira</i>               | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
| Net trading foreign exchange gain                   | 1,318,625        | 1,243,081        |
| Dividend income                                     | 373,007          | 346,769          |
| Operating lease income                              | 63,963           | 70,541           |
| Gain from disposal of property, plant and equipment | 18,857           | 10,386           |
| Other fees  | 34,100           | 1,063            |
| Income from grant for export promotion              | 1,996,006        | -                |
| <b>Other operating income</b>                       | <b>3,804,558</b> | <b>1,671,840</b> |

**8 Credit impairment charge**

The table below shows the ECL charges on financial instruments for the year ended 31 December 2021 recorded in the profit or loss:

| <i>In thousands of Nigerian Naira</i> | <b>Note</b> | <b>Stage 1</b>     | <b>Stage 2</b>   | <b>Stage 3</b>   | <b>Total</b>     |
|---------------------------------------|-------------|--------------------|------------------|------------------|------------------|
| Loans and advances                    | 15.1        | (3,455,988)        | (303,367)        | 6,170,913        | 2,411,557        |
| Due from banks: Placement with banks  | 14.1        | (121,721)          | -                | -                | (121,721)        |
| Other assets: Other receivables       | 17.1        | 37,585             | -                | -                | 37,585           |
| <b>Total impairment loss</b>          |             | <b>(3,540,125)</b> | <b>(303,367)</b> | <b>6,170,913</b> | <b>2,327,421</b> |

The table below shows the ECL charges on financial instruments for the year ended 31 December 2020 recorded in the profit or loss:

| <i>In thousands of Nigerian Naira</i> | <b>Note</b> | <b>Stage 1</b>   | <b>Stage 2</b> | <b>Stage 3</b>   | <b>Total</b>     |
|---------------------------------------|-------------|------------------|----------------|------------------|------------------|
| Loans and advances                    | 15.1        | 1,750,498        | 303,252        | (868,156)        | 1,185,594        |
| Investment securities: Treasury bills | 16.2.1      | (719)            | -              | -                | (719)            |
| Due from banks: Placement with banks  | 14.1        | 120,427          | -              | 9,922            | 130,349          |
| Other assets: Other receivables       | 17.1        | 10,813           | -              | -                | 10,813           |
| Cash in banks                         | 13.1        | 2,550            | -              | -                | 2,550            |
| <b>Total impairment loss</b>          |             | <b>1,883,568</b> | <b>303,252</b> | <b>(858,234)</b> | <b>1,328,587</b> |



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

| <b>9 Personnel expenses</b>              |      |             | <b>2021</b>      | <b>2020</b>      |
|--|------|-------------|------------------|------------------|
| <i>In thousands of Nigerian Naira</i>    |      | <i>Note</i> |                  |                  |
| Wages and salaries                       |      |             | 2,079,350        | 1,355,153        |
| Net interest on defined benefit plan     | 23.1 |             | (381,043)        | 120,651          |
| Pension costs- Defined contribution plan |      |             | 318,981          | 323,297          |
| Other employee cost                      |      |             | 21,147           | 19,104           |
| <b>Personnel expenses</b>                |      |             | <b>2,038,435</b> | <b>1,818,205</b> |

| <b>10 Other operating expenses</b>   |      |  |                  |                  |
|--------------------------------------|------|--|------------------|------------------|
| Administrative expenses              | 10.1 |  | 2,044,697        | 1,162,336        |
| Export promotion expenses from Grant | 10.2 |  | 1,996,006        | -                |
| Directors' fee, salaries & expenses  |      |  | 168,654          | 132,349          |
| Professional fees                    |      |  | 142,204          | 248,768          |
| Staff travelling                     |      |  | 68,354           | 43,809           |
| Auditors remuneration                | 10.3 |  | 25,019           | 22,575           |
| Staff relocation                     |      |  | 24,979           | 4,295            |
| Short term lease expenses            |      |  | 18,722           | 1,111            |
| Other                                | 10.4 |  | 3,511            | -                |
| Advertising and marketing            |      |  | 2,661            | 58,824           |
| Staff training                       |      |  | 180              | 50,352           |
| Donations                            |      |  | -                | 5,000            |
| <b>Other operating expenses</b>      |      |  | <b>4,494,987</b> | <b>1,729,419</b> |

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

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

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

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

**11 Income tax expense**

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

**12 Earnings per share**

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

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

|  | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-----------------------------|-----------------------------|
| <i>in thousands of Nigerian Naira</i>  |                             |                             |
| Profit for the year  | 4,129,965                   | 2,628,997                   |
| <i>in thousands number</i>   | <b>2021</b>                 | <b>2020</b>                 |
| Weighted average number of ordinary shares for basic/diluted earning per share | 49,912,571                  | 49,912,571                  |
| Basic/diluted/earning per ordinary share (kobo)                                | 8.27                        | 5.27                        |

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 bank balances**

| As at<br>In thousands of Nigerian Naira   | Note | 31 December<br>2021 | 31 December<br>2020 |
|---|------|---------------------|---------------------|
| Cash on hand                              |      | 21,587              | 1,300               |
| Cash at banks                             |      | 4,128,795           | 6,175,352           |
|   |      | 4,150,382           | 6,176,652           |
| Allowance for impairment on cash in banks | 13.1 | (5,475)             | (5,475)             |
| <b>Cash and bank balances</b>             |      | <b>4,144,907</b>    | <b>6,171,177</b>    |

**13.1 Impairment allowance for cash in banks**

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

|                | 2021                  |                       |          |                  |
|----------------|-----------------------|-----------------------|----------|------------------|
|                | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3  | Total            |
|                | N '000                | N '000                | N '000   | N '000           |
| Performing     | 4,128,795             | -                     | -        | 4,128,795        |
| Non-performing | -                     | -                     | -        | -                |
| <b>Total</b>   | <b>4,128,795</b>      | <b>-</b>              | <b>-</b> | <b>4,128,795</b> |

|                | 2020                  |                       |          |                  |
|----------------|-----------------------|-----------------------|----------|------------------|
|                | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3  | Total            |
|                | N '000                | N '000                | N '000   | N '000           |
| Performing     | 6,175,352             | -                     | -        | 6,175,352        |
| Non-performing | -                     | -                     | -        | -                |
| <b>Total</b>   | <b>6,175,352</b>      | <b>-</b>              | <b>-</b> | <b>6,175,352</b> |

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

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

| In thousands of Nigerian Naira                                     | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3  | Total        |
|--|-----------------------|-----------------------|----------|--------------|
| ECLs as at 1 January 2021  | 5,475                 | -                     | -        | 5,475        |
| New assets purchased or originated                                 | -                     | -                     | -        | -            |
| Payments and assets derecognized or matured (excluding write offs) | -                     | -                     | -        | -            |
| Foreign exchange adjustments                                       | -                     | -                     | -        | -            |
| <b>Credit impairment charge (Note 8)</b>                           | <b>-</b>              | <b>-</b>              | <b>-</b> | <b>-</b>     |
| <b>At 31 December 2021</b>   | <b>5,475</b>          | <b>-</b>              | <b>-</b> | <b>5,475</b> |

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

| In thousands of Nigerian Naira                                     | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3  | Total            |
|--|-----------------------|-----------------------|----------|------------------|
| Gross carrying amount as at 1 January 2020                         | 3,922,075             | -                     | -        | 3,922,075        |
| New assets purchased or originated                                 | 3,533,365             | -                     | -        | 3,533,365        |
| Payments and assets derecognized or matured (excluding write offs) | (1,304,674)           | -                     | -        | (1,304,674)      |
| Foreign exchange adjustments                                       | 24,586                | -                     | -        | 24,586           |
| <b>At 31 December 2020</b>   | <b>6,175,352</b>      | <b>-</b>              | <b>-</b> | <b>6,175,352</b> |

| In thousands of Nigerian Naira                                     | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3  | Total        |
|--|-----------------------|-----------------------|----------|--------------|
| ECLs as at 1 January 2020  | 2,925                 | -                     | -        | 2,925        |
| New assets purchased or originated                                 | 3,501                 | -                     | -        | 3,501        |
| Payments and assets derecognized or matured (excluding write offs) | (973)                 | -                     | -        | (973)        |
| Foreign exchange adjustments                                       | 22                    | -                     | -        | 22           |
| <b>Credit impairment charge (Note 8)</b>                           | <b>2,550</b>          | <b>-</b>              | <b>-</b> | <b>2,550</b> |
| <b>At 31 December 2020</b>   | <b>5,475</b>          | <b>-</b>              | <b>-</b> | <b>5,475</b> |



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**14 Due from banks**

| As at<br>In thousands of Nigerian Naira | Note | 31 December<br>2021 | 31 December<br>2020 |
|---|------|---------------------|---------------------|
| Placements with other banks             |      | 52,022,861          | 60,965,484          |
| Allowance for impairment                | 14.1 | (581,492)           | (703,213)           |
| <b>Due from banks</b>                   |      | <b>51,441,369</b>   | <b>60,262,271</b>   |

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

**14.1 Impairment allowance for Placements with banks**

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

|                | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3          | Total             |
|----------------|-----------------------|-----------------------|------------------|-------------------|
|                | N '000                | N '000                | N '000           | N '000            |
| Performing     | 50,799,980            | -                     | -                | 50,799,980        |
| Non-performing | -                     | -                     | 1,222,880        | 1,222,880         |
| <b>Total</b>   | <b>50,799,980</b>     | <b>-</b>              | <b>1,222,880</b> | <b>52,022,861</b> |

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

| In thousands of Nigerian Naira                                     | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3          | Total             |
|--|-----------------------|-----------------------|------------------|-------------------|
| Gross carrying amount as at 1 January 2021                         | 59,923,707            | -                     | 1,041,777        | 60,965,484        |
| New assets purchased or originated                                 | 50,799,980            | -                     | -                | 50,799,980        |
| Payments and assets derecognized or matured (excluding write offs) | (59,742,603)          | -                     | -                | (59,742,603)      |
| Transfers to Stage 3   | (181,104)             | -                     | 181,104          | -                 |
| <b>At 31 December 2021</b>   | <b>50,799,980</b>     | <b>-</b>              | <b>1,222,880</b> | <b>52,022,861</b> |

| In thousands of Nigerian Naira                                     | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3        | Total          |
|--|-----------------------|-----------------------|----------------|----------------|
| ECLs as at 1 January 2021  | 338,592               | -                     | 364,621        | 703,213        |
| New assets purchased or originated                                 | -                     | -                     | -              | -              |
| Payments and assets derecognized or matured (excluding write offs) | -                     | -                     | -              | -              |
| Transfers to Stage 3   | (181,104)             | -                     | 181,104        | -              |
| Credit impairment charge (Note 8)                                  | (121,721)             | -                     | -              | (121,721)      |
| <b>At 31 December 2021</b>   | <b>35,767</b>         | <b>-</b>              | <b>545,725</b> | <b>581,492</b> |

**COMPARISON AS AT 31 DECEMBER 2020**

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

|                | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3          | Total             |
|----------------|-----------------------|-----------------------|------------------|-------------------|
|                | N '000                | N '000                | N '000           | N '000            |
| Performing     | 59,923,707            | -                     | -                | 59,923,707        |
| Non-performing | -                     | -                     | 1,041,777        | 1,041,777         |
| <b>Total</b>   | <b>59,923,707</b>     | <b>-</b>              | <b>1,041,777</b> | <b>60,965,484</b> |

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**14.1 Impairment allowance for Placements with banks - Continued**

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3   | Total        |
|--|-----------------------|-----------------------|-----------|--------------|
| Gross carrying amount as at 1 January 2020                         | 31,522,834            | -                     | 1,145,669 | 32,668,503   |
| New assets purchased or originated                                 | 58,881,930            | -                     | -         | 58,881,930   |
| Payments and assets derecognized or matured (excluding write offs) | (30,481,057)          | -                     | (103,892) | (30,584,950) |
| At 31 December 2020  | 59,923,707            | -                     | 1,041,777 | 60,965,484   |

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3 | Total     |
|--|-----------------------|-----------------------|---------|-----------|
| ECLs as at 1 January 2020  | 218,165               | -                     | 354,699 | 572,864   |
| New assets purchased or originated                                 | 388,751               | -                     | -       | 388,751   |
| Payments and assets derecognized or matured (excluding write offs) | (268,324)             | -                     | -       | (268,324) |
| Changed to estimates and assumptions used for ECL                  | -                     | -                     | 9,922   | 9,922     |
| Credit impairment charge (Note 8)                                  | 120,427               | -                     | 9,922   | 130,349   |
| At 31 December 2020  | 338,592               | -                     | 364,621 | 703,213   |

**15 Loans and advances**

| As at                          |      | 31 December  | 31 December  |
|--------------------------------|------|--------------|--------------|
| In thousands of Nigerian Naira | Note | 2021         | 2020         |
| Loans to customers:            |      |              |              |
| Medium-term direct lending     |      | 68,749,580   | 48,117,453   |
| Short-term direct lending      |      | 85,829,147   | 59,177,925   |
| Loans to staff                 |      | 868,620      | 979,206      |
|                                |      | 155,447,347  | 108,274,584  |
| Less: Allowance for impairment | 0    | (23,455,190) | (22,568,218) |
|                                |      | 131,992,157  | 85,706,366   |



# **NIGERIAN EXPORT-IMPORT BANK**

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

### **15.1 Impairment allowance for loans and advances**

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

|                                       | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3           | Total       |
|---------------------------------------|-----------------------|-----------------------|-------------------|-------------|
| <i>In thousands of Nigerian Naira</i> |                       |                       |                   |             |
| Performing                            |                       |                       |                   | 98,030,020  |
| High grade                            | 98,030,020            | -                     | -                 | -           |
| Standard grade                        | -                     | -                     | -                 | -           |
| Sub-standard grade                    | -                     | -                     | -                 | 4,687,504   |
| Past due but not impaired             | -                     | 4,687,504             | -                 | -           |
| Non-performing                        | -                     | -                     | 52,729,824        | 52,729,824  |
| Individually impaired                 | -                     | -                     | -                 | 155,447,348 |
| <b>Total</b>                          | <b>98,030,020</b>     | <b>4,687,504</b>      | <b>52,729,824</b> |             |

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

| <b>Gross carrying amount</b>                                       |                       |                       |                   |                    |
|--|-----------------------|-----------------------|-------------------|--------------------|
|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3           | Total              |
| <i>In thousands of Nigerian Naira</i>                              |                       |                       |                   |                    |
| Gross carrying amount as at 1 January 2021                         | 52,556,224            | 5,994,542             | 49,723,817        | 108,274,584        |
| Loans written off  | -                     | -                     | (1,099,078)       | (1,099,078)        |
| New assets purchased or originated                                 | 61,348,344            | -                     | 5,401,647         | 66,749,991         |
| Payments and assets derecognized or matured (excluding write offs) | (15,874,548)          | (1,307,038)           | (1,296,563)       | (18,478,148)       |
| Transfers to Stage 1   | 2,917,565             | -                     | (2,917,565)       | -                  |
| Transfers to Stage 2   | (3,798,607)           | 4,943,037             | (1,144,430)       | -                  |
| Transfers to Stage 3   | (1,931,484)           | (164,811)             | 2,096,295         | -                  |
| <b>At 31 December 2021</b>   | <b>98,030,020</b>     | <b>4,687,504</b>      | <b>52,729,824</b> | <b>155,447,348</b> |

| <b>Expected credit loss</b>  |                       |                       |                   |                   |
|--|-----------------------|-----------------------|-------------------|-------------------|
|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3           | Total             |
| <i>In thousands of Nigerian Naira</i>                              |                       |                       |                   |                   |
| ECLs as at 1 January 2021  | 5,625,070             | 303,367               | 16,639,782        | 22,568,219        |
| Loans written off  | -                     | -                     | (1,099,078)       | (1,099,078)       |
| New assets purchased or originated                                 | 1,337,026             | -                     | 7,291,769         | 8,628,795         |
| Payments and assets derecognized or matured (excluding write offs) | (4,424,298)           | (159,361)             | (1,633,579)       | (6,217,238)       |
| Transfers to Stage 1   | 831,592               | -                     | (831,592)         | -                 |
| Transfers to Stage 2   | -                     | -                     | -                 | -                 |
| Transfers to Stage 3   | (1,200,309)           | (144,006)             | 1,344,315         | -                 |
| <b>Credit impairment charge (Note 8)</b>                           | <b>(3,455,988)</b>    | <b>(303,367)</b>      | <b>6,170,913</b>  | <b>2,411,557</b>  |
| <b>At 31 December 2021</b>   | <b>2,169,082</b>      | <b>-</b>              | <b>21,286,108</b> | <b>23,455,190</b> |

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**15.1 Impairment allowance for loans and advances**

**AS AT 31 DECEMBER 2020**

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

|                                       | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3           | Total              |
|---------------------------------------|-----------------------|-----------------------|-------------------|--------------------|
| <i>in thousands of Nigerian Naira</i> |                       |                       |                   |                    |
| <b>Performing</b>                     |                       |                       |                   |                    |
| High grade                            | 52,556,224            | -                     | -                 | 52,556,224         |
| Standard grade                        | -                     | -                     | -                 | -                  |
| Sub-standard grade                    | -                     | -                     | -                 | -                  |
| Past due but not impaired             | -                     | 5,994,542             | -                 | 5,994,542          |
| <b>Non-performing</b>                 |                       |                       |                   |                    |
| Individually impaired                 | -                     | -                     | 49,723,817        | 49,723,817         |
| <b>Total</b>                          | <b>52,556,224</b>     | <b>5,994,542</b>      | <b>49,723,817</b> | <b>108,274,584</b> |

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

**Gross carrying amount**

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3           | Total              |
|--|-----------------------|-----------------------|-------------------|--------------------|
| <i>in thousands of Nigerian Naira</i>                              |                       |                       |                   |                    |
| Gross carrying amount as at 1 January 2020                         | 34,846,758.00         | 16,737.00             | 49,511,932.00     | 84,375,427         |
| New assets purchased or originated                                 | 36,338,486.73         | -                     | 32,085.00         | 36,370,572         |
| Payments and assets derecognized or matured (excluding write offs) | (10,009,363.14)       | (16,636.46)           | (2,445,415.37)    | (12,471,415)       |
| Transfers to Stage 1   | 935,568.80            | -                     | (935,568.80)      | -                  |
| Transfers to Stage 2   | (114,250.00)          | 5,994,441.68          | (5,880,191.68)    | -                  |
| Transfers to Stage 3   | (9,440,976.12)        | -                     | 9,440,976.12      | -                  |
| <b>At 31 December 2020</b>   | <b>52,556,224</b>     | <b>5,994,542</b>      | <b>49,723,817</b> | <b>108,274,584</b> |

**Expected credit loss**

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3           | Total             |
|--|-----------------------|-----------------------|-------------------|-------------------|
| <i>in thousands of Nigerian Naira</i>                              |                       |                       |                   |                   |
| ECLs as at 1 January 2020  | 3,874,572             | 115                   | 17,507,937        | 21,382,624        |
| New assets purchased or originated                                 | 3,997,031             | -                     | -                 | 3,997,031         |
| Payments and assets derecognized or matured (excluding write offs) | (1,469,436)           | (115)                 | (1,341,886)       | (2,811,436)       |
| Transfers to Stage 1   | 311,856               | -                     | (311,856)         | -                 |
| Transfers to Stage 2   | (1,057)               | 303,367               | (302,310)         | -                 |
| Transfers to Stage 3   | (1,087,896)           | -                     | 1,087,896         | -                 |
| <b>Credit impairment charge (Note 8)</b>                           | <b>1,750,498</b>      | <b>303,252</b>        | <b>(868,155)</b>  | <b>1,185,594</b>  |
| <b>At 31 December 2020</b>   | <b>5,625,070</b>      | <b>303,367</b>        | <b>16,639,782</b> | <b>22,568,218</b> |



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**  
**Investment securities**

16

**16.1 Equity Instruments at FVOCI**

| <i>In thousands of Nigerian Naira</i> | Note | 31 December<br>2021 | 31 December<br>2020 |
|---------------------------------------|------|---------------------|---------------------|
| Quoted investment:                    |      |                     |                     |
| Guarantee Fund Investment             |      | 1,678,084           | 1,509,255           |
| Non-career Pension Investment         |      | 148,725             | 136,015             |
| Unquoted investments:                 |      |                     |                     |
| Afrexim Bank                          |      | 4,110,750           | 3,563,842           |
| ABREC                                 |      | 97,218              | 54,153              |
| <b>Equity Instruments at FVOCI</b>    |      | <b>6,034,777</b>    | <b>5,263,265</b>    |

The fair value of the quoted equity is based on the quoted price in the Nigerian Stock Exchange market. These are level 1 Instruments as required by IFRS 13.93

**Movement in equity instruments at FVOCI**

| <i>In thousands of Nigerian Naira</i> | Note | 31 December<br>2021 | 31 December<br>2020 |
|---------------------------------------|------|---------------------|---------------------|
| 1 January                             |      | 5,263,265           | 4,557,279           |
| Additions in the year                 |      | 39,150              | 49,503              |
| Fair value gain                       |      | 732,362             | 656,483             |
| <b>31 December</b>                    |      | <b>6,034,777</b>    | <b>5,263,265</b>    |

**17 Other assets**

| <i>As at<br/>in thousands of Nigerian Naira</i> |      | 31 December<br>2021 | 31 December<br>2020 |
|---|------|---------------------|---------------------|
| Prepayments                                     |      | 610,671             | 374,134             |
| Other receivables                               | 17.2 | 2,702,676           | 1,683,501           |
|   |      | 3,313,347           | 2,057,635           |
| Allowance for impairments on other assets       | 17.1 | (1,087,624)         | (1,050,039)         |
|   |      | <b>2,225,723</b>    | <b>1,007,596</b>    |

**17.1 Impairment losses on other receivables subject to impairment assessment**

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

|                              | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3          | Total            |
|------------------------------|-----------------------|-----------------------|------------------|------------------|
| <i>Internal rating grade</i> | N '000                | N '000                | N '000           | N '000           |
| Performing                   | 1,652,637             | -                     | -                | 1,652,637        |
| Non-performing               | -                     | -                     | 1,050,039        | 1,050,039        |
| <b>Total</b>                 | <b>1,652,637</b>      | <b>-</b>              | <b>1,050,039</b> | <b>2,702,676</b> |

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

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

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

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3   | Total     |
|--|-----------------------|-----------------------|-----------|-----------|
| ECLs as at 1 January 2021  | -                     | -                     | 1,050,039 | 1,050,039 |
| New assets originated or purchased                                 | 37,585                | -                     | -         | 37,585    |
| Payments and assets derecognized or matured (excluding write offs) | -                     | -                     | -         | -         |
| Credit impairment charge (Note 8)                                  | 37,585                | -                     | -         | 37,585    |
| Transfers to Stage 3   | -                     | -                     | -         | -         |
| At 31 December 2021  | 37,585                | -                     | 1,050,039 | 1,087,624 |

**AS AT 31 DECEMBER 2020**

|                | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3   | Total     |
|----------------|-----------------------|-----------------------|-----------|-----------|
|                | N '000                | N '000                | N '000    | N '000    |
| Performing     | 633,462               | -                     | -         | 633,462   |
| Non-performing | -                     | -                     | 1,050,039 | 1,050,039 |
| Total          | 633,462               | -                     | 1,050,039 | 1,683,501 |

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

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3   | Total     |
|--|-----------------------|-----------------------|-----------|-----------|
| Gross carrying amount as at 1 January 2020                         | 289,369               | -                     | 1,038,026 | 1,327,395 |
| New assets purchased or originated                                 | 636,077               | -                     | -         | 636,077   |
| Payments and assets derecognized or matured (excluding write offs) | (279,971)             | -                     | -         | (279,971) |
| Transfers to Stage 3   | (12,013)              | -                     | 12,013    | -         |
| At 31 December 2020  | 633,462               | -                     | 1,050,039 | 1,683,501 |

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3   | Total     |
|--|-----------------------|-----------------------|-----------|-----------|
| ECLs as at 1 January 2020  | 1,200                 | -                     | 1,038,026 | 1,039,226 |
| New assets originated or purchased                                 | 13,818                | -                     | -         | 13,818    |
| Payments and assets derecognized or matured (excluding write offs) | (3,005)               | -                     | -         | (3,005)   |
| Transfers to Stage 3   | (12,013)              | -                     | 12,013    | -         |
| Credit impairment charge (Note 8)                                  | 10,813                | -                     | 12,013    | 10,813    |
| At 31 December 2020  | -                     | -                     | 1,050,039 | 1,050,039 |

17.2

Included in other receivables is an amount of ₦183 million (2020: ₦183 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 and all expenses are recoverable from Sealink Limited. This amount has been fully impaired in note 17.1 pending its recovery. Also, included as part of other receivable is FX Forward receivable of N1.35 billion from CBN for short term swaps entered into with CBN to enable them settle their obligation to AFREXIM Bank.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 18 Property, plant and equipment

| <i>In thousands of Nigerian Naira</i> | Land  | Building  | Plant    | Furniture and fittings | Computer equipment | Motor vehicles | Capital work in progress | Total     |
|---------------------------------------|-------|-----------|----------|------------------------|--------------------|----------------|--------------------------|-----------|
| <b>Cost:</b>                          |       |           |          |                        |                    |                |                          |           |
| At 1 January 2020                     | 1,688 | 2,824,098 | 68,057   | 1,040,206              | 534,789            | 745,807        | 46,609                   | 5,261,255 |
| Additions                             | -     | -         | -        | 18,393                 | 7,150              | -              | 232,144                  | 257,687   |
| Disposal                              | -     | -         | (11,936) | -                      | (1,326)            | (124,500)      | -                        | (137,762) |
| At 31 December 2020                   | 1,688 | 2,824,098 | 56,121   | 1,058,599              | 540,613            | 621,307        | 278,753                  | 5,381,180 |
| Additions                             | -     | -         | 7,520    | 75,832                 | 43,209             | 110,021        | 126,759                  | 363,341   |
| Reclassification                      | -     | 400,397   | -        | -                      | -                  | -              | (400,397)                | -         |
| Disposal                              | -     | -         | (19,929) | (11,989)               | (5,005)            | (448,105)      | -                        | (485,028) |
| At 31 December 2021                   | 1,688 | 3,224,495 | 43,712   | 1,122,442              | 578,817            | 283,223        | -                        | 5,259,492 |
| <b>Accumulated depreciation:</b>      |       |           |          |                        |                    |                |                          |           |
| At 1 January 2020                     | -     | 682,780   | 53,451   | 1,003,735              | 515,617            | 617,139        | -                        | 2,872,722 |
| Charge for the year                   | -     | 56,482    | 7,355    | 10,509                 | 7,367              | 78,803         | -                        | 160,516   |
| Disposal                              | -     | -         | (11,935) | -                      | (1,326)            | (124,499)      | -                        | (137,760) |
| At 31 December 2020                   | -     | 739,262   | 48,871   | 1,014,244              | 521,658            | 571,443        | -                        | 2,895,478 |
| Charge for the year                   | -     | 56,516    | 3,310    | 18,274                 | 11,310             | 40,223         | -                        | 129,633   |
| Disposal                              | -     | -         | (16,873) | (11,982)               | (4,998)            | (407,368)      | -                        | (441,221) |
| At 31 December 2021                   | -     | 795,778   | 35,309   | 1,020,537              | 527,970            | 204,298        | -                        | 2,583,891 |
| <b>Carrying amount:</b>               |       |           |          |                        |                    |                |                          |           |
| At 31 December 2021                   | 1,688 | 2,428,717 | 8,403    | 101,905                | 50,847             | 78,925         | -                        | 2,675,601 |
| At 31 December 2020                   | 1,688 | 2,084,836 | 7,250    | 44,355                 | 18,955             | 49,865         | 278,753                  | 2,485,702 |

Insignificant part (ground floor) of the building is subject to operating leases where the Bank is a lessor. At 31 December 2021, the net carrying amount of those assets was ₦1,841 million (2020: ₦1,892 million), on which the accumulated depreciation as at 31 December 2021 was ₦721 million (2020: ₦670 million). None of the assets have been pledged as collateral.

The Capital work in progress relates to the value of renovation of the head office building in Abuja. The renovation was completed during the year and was reclassified to building category.

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2020: Nil).

19 Intangible assets

| In thousands of Nigerian Naira           |  | Computer software | TOTAL   |
|--|--|-------------------|---------|
| Cost:                                    |  |                   |         |
| At 1 January 2020                        |  | 295,068           | 295,068 |
| Additions                                |  | 31,710            | 31,710  |
| Reclassification                         |  | -                 | -       |
| At 1 January 2021                        |  | 326,778           | 326,778 |
| Additions                                |  | 9,152             | 9,152   |
| Reclassification                         |  |                   |         |
| At 31 December 2021                      |  | 335,930           | 335,930 |
| Accumulated amortisation and impairment: |  |                   |         |
| At 1 January 2020                        |  | 192,152           | 192,152 |
| Amortisation charged for the year        |  | 37,034            | 37,034  |
| At 1 January 2021                        |  | 229,186           | 229,186 |
| Amortisation charge for the year         |  | 41,234            | 41,234  |
| At 31 December 2021                      |  | 270,420           | 270,420 |
| Carrying amount:                         |  |                   |         |
| At 31 December 2021                      |  | 65,510            | 65,510  |
| At 31 December 2020                      |  | 97,592            | 97,592  |

The intangible assets represent computer software which was purchased from third parties. There were no capitalised borrowing costs related to the acquisition of software during the year (December 2020: nil).



# **NIGERIAN EXPORT-IMPORT BANK**

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

### **20 Right-of-use assets**

The Bank has lease contracts for rented properties (land and building) with lease terms between 1 to 3 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| <i>In thousands of Nigerian Naira</i> | Property lease<br>N'000 | Total<br>N'000 |
|---------------------------------------|-------------------------|----------------|
| As at 1 January 2020                  | 54,450                  | 54,450         |
| Additions                             | 5,150                   | 5,150          |
| Disposal                              | -                       | -              |
| As at 1 January 2021                  | 59,600                  | 59,600         |
| Additions                             | 61,740                  | 61,740         |
| Write-off                             | (3,747)                 | (3,747)        |
| <b>At 31 December 2021</b>            | <b>117,594</b>          | <b>117,594</b> |
| <b>Accumulated depreciation:</b>      |                         |                |
| As at 1 January 2020                  | 22,664                  | 22,664         |
| Charge for the year                   | 22,183                  | 22,183         |
| As at 1 January 2021                  | 44,847                  | 44,847         |
| Charge for the year                   | 918                     | 918            |
| Write-off/Disposal                    | (3,747)                 | (3,747)        |
| <b>At 31 December 2021</b>            | <b>42,018</b>           | <b>42,018</b>  |
| <b>Carrying amount:</b>               |                         |                |
| At 31 December 2021                   | 75,576                  | 75,576         |
| At 31 December 2020                   | 14,753                  | 14,753         |

The expense for low value item is N1.111 million (2020: N1.111 million).

### **21 Debt securities issued and other borrowed funds**

| <i>As at</i>   |      | 31 December<br>2021 | 31 December<br>2020 |
|--|------|---------------------|---------------------|
| <i>in thousands of Nigerian Naira</i>                  | Note |                     |                     |
| Export Stimulation loan                                | 21.1 | 6,909,225           | 6,846,953           |
| Loan from ADB/FGN                                      | 21.2 | 451,360             | 433,979             |
| 6% CBN Perpetual Debenture                             | 21.3 | 1,243,697           | 1,243,529           |
| Loan from AfDB   | 21.4 | -                   | 2,956,350           |
| Export Development loan                                | 21.5 | 100,244,326         | 100,586,530         |
| Loan from NESF/FGN/CBN                                 | 21.6 | 3,751,584           | -                   |
| Loan from NCDMB  | 21.7 | 21,823,568          | -                   |
| Loan from AFREXIM                                      | 21.8 | 10,293,750          | -                   |
| <b>Debt securities issued and other borrowed funds</b> |      | <b>144,717,510</b>  | <b>112,067,341</b>  |

#### **Movements in debt securities issued and other borrowed funds**

|                               |   |                    |                    |
|-------------------------------|---|--------------------|--------------------|
| At beginning of the year      |   | 112,067,341        | 64,491,388         |
| Additions                     |   | 33,798,750         | 50,000,000         |
| Principal repayment           |   | (1,486,587)        | (2,276,929)        |
| Interest accrued              | 5 | 1,117,899          | 858,702            |
| Interest paid                 |   | (1,261,382)        | (1,034,408)        |
| Foreign exchange loss/(gain)  |   | 481,489            | 28,588             |
| <b>At the end of the year</b> |   | <b>144,717,510</b> | <b>112,067,341</b> |

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

- 21 **Debt securities issued and other borrowed funds - continued**
- 21.1 This relates to a loan granted to the Bank by the Ministry of Finance Incorporated at an annual interest rate of 1% in 2011 and repayment should be N1 billion per year after the expiration of the 5 year tenure of the loan. This loan is in default as there has been no repayment of the loan since inception of the facility. The Bank is currently engaging with Ministry of Finance for restructuring the repayment terms of the loan.
- 21.2 This relates to a loan initially obtained from African Development Bank (AfDB) under AfDB Export Stimulation loan being managed on behalf of the Federal Government of Nigeria ("FGN"). However, the loan has been fully paid by the FGN, therefore the balance on the account becomes payable to FGN by the Bank. The Bank accrues for the interest at the rate of 9% per annum as time value of money in respect of the balance until it is repaid.
- 21.3 This represents amount taken over by NEXIM Bank at its inception in 1991 from the Central Bank of Nigeria (CBN) on the export credit Rediscounting and Refinancing Facility (RRF) Scheme extended to exporters through participating banks. The amount involved is both the debt instruments and bank balances which got transferred to NEXIM Bank by the CBN. The seed fund was called CBN Perpetual Debenture with a coupon rate of 8% which was subsequently reduced to 6% per annum. The interest is payable quarterly while the principal sum is repayable to CBN on demand.  
Modification gains/losses were computed and considered immaterial.
- 21.4 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). In 2015, 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 however settled the final principal payment of USD\$3,608,220.37 and the interest of USD\$10,048.64 in September 2021.
- 21.5 During 2018, the Central Bank of Nigeria granted a 50 billion Naira debenture with 2% coupon rate for 15 years to the Bank. This facility is to be disbursed to qualified export oriented enterprises which are duly registered or incorporated in Nigeria and have satisfactory credit report format in at least two credit banks. The loan facility shall be used for acquisition of plant and machinery for development of plantation for non-oil export business and working capital of non-oil export. The interest is due on quarterly basis on the aggregate principal amount of the facility.  
CBN granted NEXIM bank a reduction in interest rate to 1% as a COVID-19 palliative between 1 March 2020 and 28 February 2021. An additional facility was granted by Central Bank of Nigeria in 2020 for 15 years. The interest rate is 1% in 2020.  
Modification gains/losses were computed and considered immaterial.

The Bank has not had any repayment defaults of principal, interest or other breaches with regard to this obligation during 2021 and 2020.



## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

- 21 **Debt securities issued and other borrowed funds - continued**
- 21.6 During 2021, The Non-Oil Export Stimulation Facility (NESF), which was introduced by the Central Bank of Nigeria to diversify the revenue base of the economy and to expedite the growth and development of the non-oil export sector. The facility was created to help redress the declining export financing and reposition the sector to increase its contribution to economic development. Eligible borrowers/beneficiaries are required to apply through the designated PFIs (Participating Financial Institution), which are mainly the i. Deposit Money Banks (DMBs) and ii. The Development Finance Institution (DFIs). PFIs are required to submit application to CBN on behalf of its customers in the prescribed format, and in case of loan syndication, the lead bank shall submit application on behalf of other banks. The term loans under the facility shall not exceed 70% of verifiable total cost of the project subject to a maximum of N5 billion, for a tenor of up to 10 years and shall not exceed the 31st December, 2027. Working capital/stocking facility shall be for one year with the option of roll-over once subject to the approval of CBN. The facility shall be granted at an all-inclusive interest rate of 9% per annum, after a moratorium of 1 year.
- The repayments of principal and interest shall be quarterly and in accordance with the agreed repayment schedule. On CBN circular memo to all banks- FPR/DIR/PUB/CIR/01/001 dated 3 March 2021, Central bank of Nigeria reduced the interest rates on the CBN intervention facilities from 9% to 5% per annum for one year effective March 1, 2020 as part of measures to mitigate the negative impact of Covid-19 pandemic on the Nigerian economy, and extended the facilities by another twelve (12) months to February 28, 2022.
- 21.7 During 2021, Nigeria Content Development and Monitoring Board (NCDMB) entered into a fund management agreement with NEXIM bank to disbursement and managed an intervention fund created by the agency (NCDMB). The fund is categorised into two disbursement of USD\$30 million & USD\$20 million, totalling USD50 million. (a) USD30 million NCDMB Fund- The intervention fund is created for the purpose of providing working capital and capacity building loan to eligible beneficiaries within the parameters specified in the loan agreement for this facility, to finance Nigerian oil service providers in the Nigerian oil and gas industry. The loan eligibility criteria and authority to approve and reject any proposal is vested in NEXIM with concurrence from NCDMB. The maximum single obligor threshold is USD\$1,000,000 or equivalent in naira at the official exchange rate subsisting on the day of disbursement unless otherwise reviewed in writing by NCDMB.
- (b) USD20 million NCDMB Fund- The intervention fund is created for entity which is owned by women who are either entrepreneurs in the Oil and Gas industry holding majority shareholding (51%) in the obligor-company or part of Management whereby a minimum of 50% are women and has been granted a loan facility under this Agreement to carry out services connected to the Nigeria Oil and Gas Industry, including manufacturing activities, contract execution etc. The loan eligibility criteria and authority to approve and reject any proposal is vested in NEXIM with concurrence from NCDMB. The maximum single obligor threshold is USD\$500,000 or equivalent in naira at the official exchange rate subsisting on the day of disbursement unless otherwise reviewed in writing by NCDMB. The interest shall be payable on the disbursed portion of the loan at the rate of 5% per annum for USD facility and 8% on naira facility and the rate shall remain fixed throughout the tenor of the facility unless otherwise advised by NCDMB.
- 21.8 The facility is a short term trade finance loan facility of US\$25million from AFREXIM Bank. The facility was obtained to finance short term trade transactions in support of Nexim's clients in Nigeria. Nexim Bank is expected to aggregate all advances under the facility at the end of the availability period and repay in equal quarterly installments. All advances will, subject to final maturity date be repaid in quarterly installments on every 31 March, 30 June, 30 September and 31 December of each year the loan is outstanding.

# **NIGERIAN EXPORT-IMPORT BANK**

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

### **22 Other liabilities**

| As at<br><i>in thousands of Nigerian Naira</i>                 | Note | 31 December<br>2021 | 31 December<br>2020 |
|--|------|---------------------|---------------------|
| <b>Other Financial Liabilities</b>                             |      |                     |                     |
| Accrued expenses   |      | 1,798,557           | 1,166,758           |
| Accounts payable and sundry creditors                          |      | 3,927,126           | 6,101,791           |
| Transformation grant   | 22.1 | 10,217              | 10,215              |
| Ministry of Finance Incorporated-Political Risk/Guarantee Fund | 22.2 | 3,826,650           | 2,687,783           |
| Lease liability  |      | 53,280              | -                   |
| Deposit For Export Promotion Fund                              | 22.3 | 2,181,960           | 1,520,608           |
| <b>Non-financial Liabilities</b>                               |      |                     |                     |
| Post-employment pension (defined contribution)                 |      | 249,851             | 45,040              |
|  |      | <b>12,047,641</b>   | <b>11,532,195</b>   |

- 22.1 Transformation grant is the outstanding balance of the funds given to the Bank by the Federal Government to rebrand the Bank as part of the Bank's corporate transformation.
- 22.2 This balance relates to 30% of the 7% Import duty surcharge remitted by the Federal Ministry of Finance to the Bank to facilitate the provision of export credit insurance on political risk component of country risk and non-funded facilities by way of provision of guarantee instruments. This is non-interest bearing.
- 22.3 This balance relates to the outstanding balance from 70% of the 7% import duty surcharge remitted by the Federal Ministry of Finance to the Bank to facilitate the promotion and awareness of export activities. This is non-interest bearing.



NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Employee benefit obligations

Defined contribution plan

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

The total net defined contribution plan recorded to profit or loss of (N381 million) (2020: N121.4 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 actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date of government bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

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

23.1 Net interest (recognised under personnel expenses)

| <i>in thousands of Nigerian Naira</i> | Defined Benefit Pension plan |          | Gratuity Plan |           |
|---------------------------------------|------------------------------|----------|---------------|-----------|
|                                       | 2021                         | 2020     | 2021          | 2020      |
| Current service cost                  | 12,318                       | -        | 284,917       | 200,985   |
| Interest cost on benefit obligation   | 44,982                       | 60,731   | 140,746       | 147,116   |
| Interest income on assets             | (25,688)                     | (67,798) | (838,318)     | (220,383) |
| Net interest                          | 31,612                       | (7,067)  | (412,655)     | 127,718   |

NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Employee benefit obligations - Continued

23.2 Net remeasurement losses recognised in other comprehensive income

| <i>In thousands of Nigerian Naira</i>                                   | Defined Benefit Pension plan |           | Gratuity Plan |             |
|---|------------------------------|-----------|---------------|-------------|
|   | 2021                         | 2020      | 2021          | 2020        |
| Restated remeasurement gains  |                              |           | -             |             |
| Remeasurement (losses)/gains on defined benefit obligation              | 349,559                      | (317,259) | 325,364       | (1,291,249) |
| Remeasurement losses on plan assets                                     | 5,378                        | (3,179)   | 29,651        | 1,324,196   |
| Net remeasurement losses in OCI   | 354,937                      | (320,438) | 355,015       | 32,947      |
| The factors contributed to the net actuarial loss above are as follows: |                              |           |               |             |
| <i>In thousands of Nigerian Naira</i>                                   | Defined Benefit Pension plan |           | Gratuity Plan |             |
|   | 2021                         | 2020      | 2021          | 2020        |
| Change in economics assumptions   | (290,069)                    | (319,260) | (535,600)     | (1,372,226) |
| Pension increases   | 700,352                      | 28,072    | 173,053       | -           |
| Pensioner mortality   | (26,071)                     | (26,071)  | -             | -           |
| Losses on experience  | (34,653)                     | -         | 37,183        | 80,977      |
| Total   | 349,559                      | (317,259) | 325,364       | (1,291,249) |

23.3 Net employee defined benefit assets

| As at                                   | Note | Defined Benefit Pension plan |           | Gratuity Plan |             |
|---|------|------------------------------|-----------|---------------|-------------|
| <i>In thousands of Nigerian Naira</i>   |      | 2021                         | 2020      | 2021          | 2020        |
| Defined benefit obligations             | 23.4 | (457,747)                    | (796,269) | (1,667,194)   | (1,595,522) |
| Fair value of plan assets               | 23.5 | 520,836                      | 536,033   | 2,958,809     | 2,119,467   |
| Retirement benefit (liabilities)/assets |      | 63,089                       | (260,236) | 1,291,615     | 523,945     |



NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Employee benefit obligations - Continued

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

| As at                                       | Defined Benefit Pension plan |           | Gratuity Plan |             |
|---|------------------------------|-----------|---------------|-------------|
| In thousands of Nigerian Naira              | 2021                         | 2020      | 2021          | 2020        |
| Opening defined benefit obligations         | (796,269)                    | (494,971) | (1,595,522)   | -           |
| Interest cost                               | (57,300)                     | (60,731)  | (425,663)     | (348,101)   |
| Remeasurement gains/(losses) on obligations | 349,559                      | (317,259) | 325,364       | (1,291,249) |
| Benefits paid                               | 46,263                       | 76,692    | 28,627        | 43,828      |
| Closing defined benefit obligations         | (457,747)                    | (796,269) | (1,667,194)   | (1,595,522) |

Mortality In Service

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

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

| As at                          | Defined Benefit Pension plan |           | Gratuity Plan |         |
|--------------------------------|------------------------------|-----------|---------------|---------|
| In thousands of Nigerian Naira | 2021                         | 2020      | 2021          | 2020    |
| Between 1 and 10 years         | 63,089                       | (260,236) | 1,291,615     | 523,945 |
|                                | 63,089                       | (260,236) | 1,291,615     | 523,945 |

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

| As at                             | Defined Benefit Pension plan |          | Gratuity Plan |           |
|-----------------------------------|------------------------------|----------|---------------|-----------|
| In thousands of Nigerian Naira    | 2021                         | 2020     | 2021          | 2020      |
| Opening fair value of plan assets | 536,033                      | 548,106  | 2,119,467     | -         |
| Interest income                   | 25,688                       | 67,798   | 838,318       | 220,383   |
| Benefits paid                     | (46,263)                     | (76,692) | (28,627)      | (43,828)  |
| Remeasurement loss on plan assets | 5,378                        | (3,179)  | 29,651        | 1,324,196 |
| Closing fair value of plan assets | 520,836                      | 536,033  | 2,958,809     | 2,119,467 |
| Actual return on the plan assets  | 31,066                       | 64,619   | 867,969       | 1,544,579 |

NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Employee benefit obligations - Continued

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

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

|                               | Defined Benefit Pension plan |        | Gratuity Plan |        |
|-------------------------------|------------------------------|--------|---------------|--------|
|                               | 2021                         | 2020   | 2021          | 2020   |
|                               | %                            | %      | %             | %      |
| Fixed term deposit            | -                            | -      | -             | -      |
| Federal Government Securities | 47.11                        | 47.11  | 30.63         | 19.00  |
| Treasury Bills                | -                            | -      | -             | 7.00   |
| Money market instruments      | 35.35                        | 35.35  | 50.03         | 70.00  |
| Commercial papers             | -                            | -      | 0.14          | 1.60   |
| Corporate bonds               | 6.46                         | 6.46   | 5.26          | 0.30   |
| Ordinary shares               | 11.08                        | 11.08  | 0.61          | 0.60   |
| Promissory notes              | -                            | -      | 10.11         | 0.50   |
| Uninvested cash               | -                            | -      | 3.22          | 1.00   |
|                               | 100.00                       | 100.00 | 100.00        | 100.00 |

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

| As at                                 | Defined Benefit Pension plan |      | Gratuity Plan |      |
|---------------------------------------|------------------------------|------|---------------|------|
|                                       | 2021                         | 2020 | 2021          | 2020 |
| <i>in thousands of Nigerian Naira</i> | %                            | %    | %             | %    |
| Discount rate                         | 13.2                         | 7.5  | 12.9          | 7.5  |
| Salary Increase Rate                  | 6                            | 6    | 6             | 6    |
| Net pre-retirement rate               | 6.79                         | 1.42 | 6.51          | 1.42 |
| Expected return on assets             | 13.2                         | 7.5  | 12.9          | 7.5  |



NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Employee benefit obligations - Continued

23.6 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   | Defined Benefit Pension plan |          | Gratuity Plan |           |
|---------------------------------------|-------|------------------------------|----------|---------------|-----------|
|                                       |       | 2021                         | 2020     | 2021          | 2020      |
| Discount rate                         | +1%   | (36,513)                     | 68,942   | (67,167)      | 101,338   |
|                                       | -1%   | 40,117                       | (76,301) | 75,187        | (116,231) |
| Pension increase                      | +1%   | 42,560                       | (76,676) | 85,890        | (123,284) |
|                                       | -1%   | (39,224)                     | 70,501   | (77,594)      | 109,144   |
| Mortality rate                        | +1 yr | (10,149)                     | (26,716) | 2,070         | (498)     |
|                                       | -1 yr | 9,941                        | 26,532   | (1,864)       | 449       |

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**24 Share capital and reserves**

| <i>in thousands of Nigerian Naira</i>  | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-----------------------------|-----------------------------|
| Authorised ordinary shares<br>50,000,000 at N1 each (2020: 50,000,000 at N1 each)            | 50,000,000                  | 50,000,000                  |
| Issued and fully paid ordinary shares<br>49,912,571 at N1 each (2020: 49,912,571 at N1 each) | 49,912,571                  | 49,912,571                  |
| <i>Movement of issued and fully paid</i>   |                             |                             |
| <i>in thousands (unit/share)</i>   | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
| At 1 January   | 49,912,571                  | 49,912,571                  |
| <i>Paid during the year:</i>   |                             |                             |
| Ministry of Finance Incorporated (MOFI)  | -                           | -                           |
| At 31 December   | 49,912,571                  | 49,912,571                  |

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

**Accumulated losses**

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

**Dividends**

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

**Fair value reserve**

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



# **NIGERIAN EXPORT-IMPORT BANK**

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

### **24 Share capital and reserves - Continued**

#### **Regulatory risk reserve**

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

#### **Statement of Prudential adjustments**

In line with the same directive of the CBN, the Bank compared the provision based on the prudential guidelines with impairment under IFRS for comparative periods and deduction of ₦7,852,734 (2020: ₦5,750,895) were made as the impairment balance under IFRS was lower for the years."

| <i>in thousands (unit/Nigerian Naira)</i>                                 | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-----------------------------|-----------------------------|
| Total impairment based on IFRS  | 25,129,781                  | 24,326,945                  |
| Total impairment based on Central Bank of Nigeria's Prudential Guidelines | (47,475,650)                | (54,525,550)                |
| <b>Regulatory risk reserve</b>  | <b>(22,345,869)</b>         | <b>(30,198,605)</b>         |

| <i>in thousands (unit/Nigerian Naira)</i> | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-----------------------------|-----------------------------|
| At 1 January                              | 30,198,605                  | 35,949,500                  |
| Transfer to accumulated losses            | (7,852,736)                 | (5,750,895)                 |
| <b>At 31 December</b>                     | <b>22,345,869</b>           | <b>30,198,605</b>           |

#### **Other reserve**

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

### **25 Cash and cash equivalents for the purpose of statement of cash flows**

| <i>As at<br/>in thousands of Nigerian Naira</i> | <i>Note</i> | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-------------|-----------------------------|-----------------------------|
| Cash on hand                                    | 13          | 21,587                      | 1,300                       |
| Cash in banks                                   | 13          | 4,128,795                   | 6,175,352                   |
| Due from banks                                  | 14          | 52,022,861                  | 60,965,484                  |
|   |             | <b>56,173,243</b>           | <b>67,142,136</b>           |

NOTES TO THE FINANCIAL STATEMENTS - Continued

26 Fair value measurement

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities. Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2021

| 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:                   |      |                 |                   |                   |                                 |                               |                                 |
| Equity instruments at FVOCI                      |      |                 |                   |                   |                                 |                               |                                 |
| Quoted equities                                  | 16.1 | 1,826,809       | 31-Dec-21         | 1,826,809         | 1,826,809                       | -                             | -                               |
| Unquoted equities                                | 16.1 | 4,207,968       | 31-Dec-21         | 4,207,968         | -                               | -                             | 4,207,968                       |
| Assets for which fair values are disclosed:      |      |                 |                   |                   |                                 |                               |                                 |
| Loans to customers:                              |      |                 |                   |                   |                                 |                               |                                 |
| Medium Term Direct Lending                       | 15   | 68,749,580      | 31-Dec-21         | 57,062,152        | -                               | -                             | 57,062,152                      |
| Short Term Direct Lending                        | 15   | 85,829,147      | 31-Dec-21         | 78,795,184        | -                               | -                             | 78,795,184                      |
| Loans to staff                                   | 15   | 868,620         | 31-Dec-21         | 788,389           | -                               | -                             | 788,389                         |
| Liabilities for which fair values are disclosed: |      |                 |                   |                   |                                 |                               |                                 |
| Debts issued and other borrowed funds:           |      |                 |                   |                   |                                 |                               |                                 |
| Export Stimulation loan                          | 21   | 6,909,225       | 31-Dec-21         | 6,186,627         | -                               | 6,186,627                     | -                               |
| Loan from ADB/FGN                                | 21   | 451,360         | 31-Dec-21         | 404,155           | -                               | 404,155                       | -                               |
| 6% CBN Perpetual Debenture                       | 21   | 1,243,697       | 31-Dec-21         | 1,113,626         | -                               | 1,113,626                     | -                               |
| Export Development loan                          | 21   | 100,244,326     | 31-Dec-21         | 89,760,321        | -                               | 89,760,321                    | -                               |
| Loan from NESF/FGN/CBN                           | 21   | 3,751,584       | 31-Dec-21         | 3,359,226         | -                               | 3,359,226                     | -                               |
| Loan from NCDMB                                  | 21   | 21,823,568      | 31-Dec-21         | 19,541,160        | -                               | 19,541,160                    | -                               |
| Loan from AFEXIM                                 | 21   | 10,293,750      | 31-Dec-21         | 9,217,183         | -                               | 9,217,183                     | -                               |



NOTES TO THE FINANCIAL STATEMENTS - Continued

26 Fair value measurement - continued

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2020

| In thousands of Nigerian Naira                   | Note | Carrying amount | Date of valuation | Fair value amount | Fair value measurement using |                   |                                 |
|--|------|-----------------|-------------------|-------------------|------------------------------|-------------------|---------------------------------|
|  |      |                 |                   |                   | Quoted prices in             |                   | Significant unobservable inputs |
|  |      |                 |                   |                   | active markets               | observable inputs |                                 |
|  |      |                 |                   |                   | Level 1                      | Level 2           | Level 3                         |
| Assets measured at fair value:                   |      |                 |                   |                   |                              |                   |                                 |
| Equity instruments at FVOCI                      |      |                 |                   |                   |                              |                   |                                 |
| Quoted equities                                  | 16.1 | 1,645,270       | 31-Dec-20         | 1,645,270         | 1,645,270                    | -                 | -                               |
| Unquoted equities                                | 16.1 | 3,617,995       | 31-Dec-20         | 3,617,995         | -                            | -                 | 3,617,995                       |
| Assets for which fair values are disclosed:      |      |                 |                   |                   |                              |                   |                                 |
| Loans to customers:                              |      |                 |                   |                   |                              |                   |                                 |
| Medium Term Direct Lending                       | 15   | 48,117,453      | 31-Dec-20         | 39,937,486        | -                            | -                 | 39,937,486                      |
| Short Term Direct Lending                        | 15   | 59,177,925      | 31-Dec-20         | 49,117,678        | -                            | -                 | 49,117,678                      |
| Loans to staff                                   | 15   | 979,206         | 31-Dec-20         | 898,976           | -                            | -                 | 898,976                         |
| Liabilities for which fair values are disclosed: |      |                 |                   |                   |                              |                   |                                 |
| Debts Issued and other borrowed funds:           |      |                 |                   |                   |                              |                   |                                 |
| Export Stimulation loan                          | 21   | 6,846,954       | 31-Dec-20         | 6,149,038         | -                            | 6,149,038         | -                               |
| Loan from ADB/FGN                                | 21   | 433,979         | 31-Dec-20         | 389,743           | -                            | 389,743           | -                               |
| 6% CBN Perpetual Debenture                       | 21   | 1,243,529       | 31-Dec-20         | 1,116,775         | -                            | 1,116,775         | -                               |
| Loan from AfDB                                   | 21   | 2,956,350       | 31-Dec-20         | 2,655,007         | -                            | 2,655,007         | -                               |
| Export Development loan                          | 21   | 100,586,529     | 31-Dec-20         | 90,333,659        | -                            | 90,333,659        | -                               |

The management assessed that other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS - Continued

26 Fair value measurement - continued

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

|                                       | Carrying amount     |                     | Fair value          |                     |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                       | 31 December<br>2021 | 31 December<br>2020 | 31 December<br>2021 | 31 December<br>2020 |
| <i>In thousands of Nigerian Naira</i> |                     |                     |                     |                     |
| <b>Financial Assets:</b>              |                     |                     |                     |                     |
| Equity instruments at FVOCI           | 6,034,777           | 5,263,265           | 6,034,777           | 5,263,265           |
| Loans and advances                    | 155,447,347         | 108,274,584         | 136,645,726         | 89,954,140          |
|                                       | <b>161,482,124</b>  | <b>113,537,849</b>  | <b>142,680,503</b>  | <b>95,217,405</b>   |
| <b>Financial Liabilities:</b>         |                     |                     |                     |                     |
| Debt issued and other borrowed funds  | 144,717,510         | 112,067,341         | 129,582,298         | 100,644,222         |
|                                       | <b>144,717,510</b>  | <b>112,067,341</b>  | <b>129,582,298</b>  | <b>100,644,222</b>  |

Assets for which fair value approximates carrying value  
The management assessed that cash and bank, due from banks, other receivables, other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS - Continued

26 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 2 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.

Unquoted equity instruments at FVOCI

Inputs for the asset or liability in this fair value hierarchy are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components.

| As at                                     | 31 December | 31 December |
|---|-------------|-------------|
| In thousands of Nigerian Naira            | 2021        | 2020        |
| At 1 January                              | 3,617,995   | 3,066,623   |
| Additions in the year                     | -           | -           |
| Total gains/(loss) recognised through OCI | 589,973.25  | 551,372     |
| At 31 December                            | 4,207,968   | 3,617,995   |

Information about the fair value measurements using significant unobservable inputs (Level 3)

The estimated fair value per share of each of the unquoted equity instruments has been determined using the comparable valuation model (P/B ratio). The significant input into the model is average Price/Book ratio of three comparable companies that are listed (Afrexim Bank - \$0.56 and ABREC - \$1.52). The equity sensitivity measures the impact of +/- 250bps movements in the comparative companies. The sensitivity of the fair values of investment in unlisted equities to changes in the P/B multiples of the comparative companies as at 31 December 2021 is as shown in the below table:

| Description  | Valuation technique | Significant Input - Average P/B | Assumption (P/B multiples)                           | Fair values             |
|--|---------------------|---------------------------------|--|-------------------------|
| AFREXIM BANK LTD                                   | P/B multiples       | \$0.56                          | Base<br>Sensitivity of +2.5%<br>Sensitivity of -2.5% | 3,111<br>3,189<br>3,033 |
| African Biofuel & Renewable Energy Company (ABREC) | P/B multiples       | \$1.52                          | Base<br>Sensitivity of +2.5%<br>Sensitivity of -2.5% | 143<br>147<br>139       |



**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**27 Financial Risk management**

**27.1 Introduction**

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk.

**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 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 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**

**27 Financial Risk management**

**27.2 Credit risk Management**

**27.2.1 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).

**27.2.2 Impairment assessment**

**27.2.2.1 Definition of default and cure**

The Bank considers a financial instrument in default and therefore Stage 3 (credit-impaired) for ECL calculations when the borrower becomes 90 days past due for short term lending while for project finance (medium term and long term lending), it is when the borrower becomes 180 days past due on its contractual payments.

As part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Inability to meet up with payment deadline.
- Delay in Implementation e.g. For project finance if a machine doesn't arrive as at when due.
- Working capital inadequacies
- Macro economic factors such as change in foreign exchange rate.

**27.2.2.2 The Bank's internal rating and PD estimation process**

The Bank's independent Credit Risk Department operates its internal rating models. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. PDs are adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

**BOI Refinancing facility lending, medium term direct lending, short term direct lending, loans to staff**

The borrowers are assessed by specialised credit risk employees of the bank. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward looking information such as:

- \* Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and other relevant ratios to measure the clients financial performance. Some of the indicators are captured in the covenants with the clients and are therefore measured with greater attention.
- \* Any publicly available information in the clients form external parties. This includes external rating grades issued by rating agencies, independent analyst reports, press release and articles.
- \* Any macro-economic or geographical information, e.g GDP growth relevant for the specific industry and geographical segments where the client operates.
- \* Any other objectively supportable information on the quality and abilities of the clients management relevant for the company's performance.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 27 Financial Risk management - Continued

## 27.2.2.3 Exposure at Default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the statement of financial position date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

## 27.2.2.4. Loss given default

The Bank segments its portfolio into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in historical recoveries and outstanding exposure, payment status, collateral or other factors that are indicative of losses in the portfolio.

The Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, Moody's recovery rates are used for unsecured loans for all the product types (BOI refinancing, medium term lending, short term lending) so also LGD rates for secured loans are calculated based on the collateral values provided. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

## 27.2.2.5 Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considered an exposures to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list. In certain cases, the Bank may also consider that events explained in Note 2.3 are a significant increase in credit risk as opposed to a default. If contractual payments are more than 30 days past due for short term lending and 90 days past due for project finance (medium term and long term lending), the credit risk is deemed to have increased significantly since initial recognition.

## 27.2.3 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 Summary of significant accounting policies and in Note 2.2 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Bank obtains the data used from third party sources (Central Bank of Nigeria, Nigeria Bureau of Statistics, BMI Research, Trading Economics etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Bank's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2020 and 31 December 2021.



NOTES TO THE FINANCIAL STATEMENTS - Continued

27 Financial Risk management - Continued

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31-Dec-21

Key drivers

| ECL Scenario    | Assigned probabilities % | 2022 | 2023 | 2024 | 2025 | 2026 | Subsequent years |
|-----------------|--------------------------|------|------|------|------|------|------------------|
| GDP Growth Rate | Upside                   | 8.0  | 3    | 3    | 3    | 3    | 3                |
|                 | Base case                | 74.8 | 3    | 3    | 3    | 3    | 3                |
|                 | Downside                 | 17.2 | 2    | 3    | 3    | 3    | 3                |
| Inflation rate% | Upside                   | 8.0  | 8    | 5    | 5    | 5    | 5                |
|                 | Base case                | 74.8 | 10   | 7    | 7    | 7    | 7                |
|                 | Downside                 | 17.2 | 16   | 12   | 12   | 12   | 12               |

31-Dec-20

Key drivers

| ECL Scenario    | Assigned probabilities % | 2021 | 2022 | 2023 | 2024 | 2025 | Subsequent years |
|-----------------|--------------------------|------|------|------|------|------|------------------|
| Exchange rate   | Upside                   | 11.6 | 368  | 367  | 367  | 367  | 367              |
|                 | Base case                | 79.3 | 379  | 378  | 378  | 378  | 378              |
|                 | Downside                 | 9.1  | 386  | 385  | 385  | 385  | 385              |
| Inflation rate% | Upside                   | 11.6 | 10   | 8    | 8    | 8    | 8                |
|                 | Base case                | 79.3 | 12   | 10   | 10   | 10   | 10               |
|                 | Downside                 | 9.1  | 15   | 13   | 13   | 13   | 13               |

NOTES TO THE FINANCIAL STATEMENTS - Continued

27 Financial Risk management - Continued

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

| 31-Dec-21       |           | ECL Scenario | Assigned probabilities % | 2022 | 2023 | 2024 | 2025 | 2026 | Subsequent years |
|-----------------|-----------|--------------|--------------------------|------|------|------|------|------|------------------|
| Key drivers     |           |              |                          |      |      |      |      |      |                  |
| GDP Growth Rate | Upside    |              | 8.0                      | 3    | 3    | 3    | 3    | 3    | 3                |
|                 | Base case |              | 74.8                     | 3    | 3    | 3    | 3    | 3    | 3                |
|                 | Downside  |              | 17.2                     | 2    | 3    | 3    | 3    | 3    | 3                |
| Inflation rate% | Upside    |              | 8.0                      | 8    | 5    | 5    | 5    | 5    | 5                |
|                 | Base case |              | 74.8                     | 10   | 7    | 7    | 7    | 7    | 7                |
|                 | Downside  |              | 17.2                     | 16   | 12   | 12   | 12   | 12   | 12               |
| 31-Dec-20       |           | ECL Scenario | Assigned probabilities % | 2021 | 2022 | 2023 | 2024 | 2025 | Subsequent years |
| Key drivers     |           |              |                          |      |      |      |      |      |                  |
| Exchange rate   | Upside    |              | 11.6                     | 368  | 367  | 367  | 367  | 367  | 367              |
|                 | Base case |              | 79.3                     | 379  | 378  | 378  | 378  | 378  | 378              |
|                 | Downside  |              | 9.1                      | 386  | 385  | 385  | 385  | 385  | 385              |
| Inflation rate% | Upside    |              | 11.6                     | 10   | 8    | 8    | 8    | 8    | 8                |
|                 | Base case |              | 79.3                     | 12   | 10   | 10   | 10   | 10   | 10               |
|                 | Downside  |              | 9.1                      | 15   | 13   | 13   | 13   | 13   | 13               |

NOTES TO THE FINANCIAL STATEMENTS - Continued

27 Financial Risk management - Continued

The following tables outline the impact of multiple scenarios on the allowance:

| 31-Dec-21           | Debt instruments at amortised cost | Other assets (receivables) | Due from Banks (placements) | Cash in banks | Loans and advances |
|---------------------|------------------------------------|----------------------------|-----------------------------|---------------|--------------------|
| <i>In thousands</i> |                                    |                            |                             |               |                    |
| Upside (8%)         | -                                  | 87,010                     | 46,519                      | 438           | 1,876,415          |
| Base (74.8%)        | -                                  | 813,543                    | 434,956                     | 4,095         | 17,544,482         |
| Downside (17.2%)    | -                                  | 187,071                    | 100,017                     | 942           | 4,034,293          |
| Total               | -                                  | 1,087,624                  | 581,492                     | 5,475         | 23,455,190         |

The following tables outline the impact of multiple scenarios on the allowance:

| 31-Dec-20           | Debt instruments at amortised cost | Other assets (receivables) | Due from Banks (placements) | Cash in banks | Loans and advances |
|---------------------|------------------------------------|----------------------------|-----------------------------|---------------|--------------------|
| <i>In thousands</i> |                                    |                            |                             |               |                    |
| Upside (12%)        | -                                  | 121,492                    | 81,363                      | 633           | 2,611,199          |
| Base (79%)          | -                                  | 833,089                    | 557,921                     | 4,344         | 17,905,363         |
| Downside (9%)       | -                                  | 95,458                     | 63,928                      | 498           | 2,051,656          |
| Total               | -                                  | 1,050,039                  | 703,213                     | 5,475         | 22,568,218         |

27.2.4 Collateral and other credit enhancements

Disclosure of credit quality and maximum exposure for credit risk per categories based on the bank's internal credit rating system and year-end stage classification are further disclosed on Notes 13.1, 14.1, 15.1, 16.1, 17.1

The following tables 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.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The type of collateral obtained are in form of stock, landed property, guarantees and vehicles, bank guarantees, bill of sale, insurance bond, director's guarantee.

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 of 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.

Fair value of collateral and credit enhancement

| Type of Collateral or credit enhancement | Maximum exposure to credit risk | Stock   | Landed property | Guarantee & Vehicles | Bank Guarantee | Bill of sale | All Assets Debiture | Total Collateral | Net exposure | Associated ECLs |
|--|---------------------------------|---------|-----------------|----------------------|----------------|--------------|---------------------|------------------|--------------|-----------------|
| 31-Dec-21                                |                                 |         |                 |                      |                |              |                     |                  |              |                 |
| <i>In thousands of naira</i>             |                                 |         |                 |                      |                |              |                     |                  |              |                 |
| Financial assets                         | 155,447,347                     | 250,000 | 60,153,488      | 67,248               | 92,146,658     | 540,095      | 43,793,221          | 196,950,711      | (41,503,364) | 23,455,190      |
| Loans and advances                       |                                 | -       | -               | -                    | -              | -            | -                   | -                | 2,702,676    | 1,087,624       |
| Other assets (receivables)               | 2,702,676                       | -       | -               | -                    | -              | -            | -                   | -                | 52,022,861   | 581,492         |
| Due from banks (placements)              | 52,022,861                      | -       | -               | -                    | -              | -            | -                   | -                | 4,128,795    | 5,475           |
| Cash in banks                            | 4,128,795                       | -       | -               | -                    | -              | -            | -                   | -                | -            | -               |
| Total Financial Assets at amortized cost | 214,301,679                     | 250,000 | 60,153,488      | 67,248               | 92,146,658     | 540,095      | 43,793,221          | 196,950,711      | 17,350,968   | 25,129,781      |





NOTES TO THE FINANCIAL STATEMENTS - Continued

27 Financial Risk management - Continued

27.3 Maximum Exposure to Credit Risk

The bank's maximum exposure to credit risk at 31 December, 2021 and 31 December, 2020 respectively, are represented by the net carrying amounts of the financial assets as at the year end.

Maximum exposure to credit risk - Financial Instruments subject to Impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets subject to impairment as at 31 December 2021

| <i>In thousands of Nigerian Naira</i> | Maximum exposure to credit risk |
|---------------------------------------|---------------------------------|
| Loans and advances                    | 155,447,348                     |
| Due from banks: Placement with banks  | 52,022,861                      |
| Other assets: Other receivables       | 2,702,676                       |
| Cash and bank balances                | 4,128,795                       |

The following table contains an analysis of the maximum credit risk exposure from financial assets subject to impairment as at 31 December 2020

| <i>In thousands of Nigerian Naira</i> | Maximum exposure to credit risk |
|---------------------------------------|---------------------------------|
| Loans and advances                    | 108,274,584                     |
| Due from banks: Placement with banks  | 60,965,484                      |
| Other assets: Other receivables       | 1,683,501                       |
| Cash and bank balances                | 6,175,352                       |

Maximum exposure to credit risk - Financial Instruments not subject to Impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment as at 31 December 2021

| <i>In thousands of Nigerian Naira</i> | Maximum exposure to credit risk |
|---------------------------------------|---------------------------------|
| Equity instruments at FVOCI           | 6,034,777                       |
| Other assets: Prepayments             | 610,671                         |

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment as at 31 December 2020

| <i>In thousands of Nigerian Naira</i> | Maximum exposure to credit risk |
|---------------------------------------|---------------------------------|
| Equity instruments at FVOCI           | 5,263,265                       |
| Other assets: Prepayments             | 374,134                         |

NOTES TO THE FINANCIAL STATEMENTS

27 Financial Risk management - Continued

27.4 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 2021                          | On demand<br>N'000 | Less than<br>3 months<br>N'000 | 3 to 12<br>months<br>N'000 | 1 to 5<br>years<br>N'000 | Over<br>5 years<br>N'000 | Total<br>N'000 |
|---|--------------------|--------------------------------|----------------------------|--------------------------|--------------------------|----------------|
| Financial assets                                |                    |                                |                            |                          |                          |                |
| Cash in banks                                   | 4,128,795          | -                              | -                          | -                        | -                        | 4,128,795      |
| Due from banks                                  | -                  | 52,022,861                     | -                          | -                        | -                        | 52,022,861     |
| Loans and advances                              | -                  | 35,412                         | 119,925,738                | 33,965,864               | 1,520,333                | 155,447,347    |
| Other receivables                               | -                  | 2,702,676                      | -                          | -                        | -                        | 2,702,676      |
| Total undiscounted financial assets             | 4,128,795          | 54,760,949                     | 119,925,738                | 33,965,864               | 1,520,333                | 214,301,679    |
| Financial liabilities                           |                    |                                |                            |                          |                          |                |
| Debt securities issued and other borrowed funds | -                  | -                              | 10,293,750                 | 3,770,768                | 130,652,992              | 144,717,510    |
| Other liabilities                               | -                  | 1,798,557                      | 10,249,084                 | -                        | -                        | 12,047,641     |
| Total undiscounted financial liabilities        | -                  | 1,798,557                      | 20,542,834                 | 3,770,768                | 130,652,992              | 156,765,151    |
| Net undiscounted financial assets/(liabilities) | 4,128,795          | 52,962,392                     | 99,382,904                 | 30,195,096               | (129,132,659)            | 57,536,528     |



NOTES TO THE FINANCIAL STATEMENTS

27 Financial Risk management - Continued

27.4 Liquidity risk and funding management - Continued

| As at 31 December 2020                          | On demand<br>N'000 | Less than<br>3 months<br>N'000 | 3 to 12<br>months<br>N'000 | 1 to 5<br>years<br>N'000 | Over<br>5 years<br>N'000 | Total<br>N'000 |
|---|--------------------|--------------------------------|----------------------------|--------------------------|--------------------------|----------------|
| Financial assets                                |                    |                                |                            |                          |                          |                |
| Cash in banks                                   | 6,175,352          | -                              | -                          | -                        | -                        | 6,175,352      |
| Due from banks                                  | -                  | 60,965,484                     | -                          | -                        | -                        | 60,965,484     |
| Loans and advances                              | -                  | -                              | 23,012,864                 | 48,904,845               | 36,356,875               | 108,274,584    |
| Other receivables                               | -                  | 1,683,501                      | -                          | -                        | -                        | 1,683,501      |
| Total undiscounted financial assets             | 6,175,352          | 62,648,985                     | 23,012,864                 | 48,904,845               | 36,356,875               | 177,098,921    |
| Financial liabilities                           |                    |                                |                            |                          |                          |                |
| Debt securities issued and other borrowed funds | 1,677,508          | -                              | -                          | 9,243,388                | 139,782,887              | 150,703,783    |
| Other liabilities                               | -                  | 3,702,226                      | 7,829,970                  | -                        | -                        | 11,532,196     |
| Total undiscounted financial liabilities        | 1,677,508          | 3,702,226                      | 7,829,970                  | 9,243,388                | 139,782,887              | 162,235,979    |
| Net undiscounted financial assets/(liabilities) | 4,497,844          | 58,946,759                     | 15,182,894                 | 39,661,457               | (103,426,012)            | 14,862,943     |

NOTES TO THE FINANCIAL STATEMENTS

27 Financial Risk management - Continued

27.5 Market risk

Market risk is the risk that the fair value or future cash flows of 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 cash at banks, loans and borrowings, deposits and held-for-trading investments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2021 and 2020.

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 2021.

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 held-for-trading 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 2021 and 2020.

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 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 | Impact on Profit before tax<br>M' 000 |
|------|--------------------|---------------------------------------|
| 2021 | +8%<br>-8%         | 39,782<br>(39,782)                    |
| 2020 | +8%<br>-8%         | (36,836)<br>36,836                    |

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 mutual fund portfolio at fair value was ₦1,818 million (2020: ₦1,645 million). A decrease of 10% on the NSE market index could have an impact of approximately ₦182million (2020: ₦165 million) on the income or equity attributable to the Bank, depending on whether the decline is significant or prolonged.

27.6 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.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**28 Maturity analysis of assets and liabilities**

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

| <i>in thousands of Nigerian Naira</i>         | <b>Within one<br/>year or less</b> | <b>More than<br/>one year</b> | <b>Total</b>       |
|---|------------------------------------|-------------------------------|--------------------|
| <b>At 31 December 2021</b>                    |                                    |                               |                    |
| Cash and cash in banks                        | 4,144,907                          | -                             | 4,144,907          |
| Due from banks                                | 51,441,369                         | -                             | 51,441,369         |
| Loans and advances                            | 59,330,040                         | 72,660,334                    | 131,990,374        |
| Investment securities:                        |                                    |                               |                    |
| Equity instruments at FVOCI                   | -                                  | 6,034,777                     | 6,034,777          |
| Property, plant and equipment                 | -                                  | 2,675,601                     | 2,675,601          |
| Intangible assets                             | -                                  | 65,510                        | 65,510             |
| Right-of-use assets                           | -                                  | 75,576                        | 75,576             |
| Other assets                                  | 2,225,723                          | -                             | 2,225,723          |
| Net employee defined benefit assets           | -                                  | 1,354,704                     | 1,354,704          |
| <b>Total Assets</b>                           | <b>117,142,039</b>                 | <b>82,866,502</b>             | <b>200,008,541</b> |
| Debt securities issued and other borrowed fur | 1,695,057                          | 143,022,453                   | 144,717,510        |
| Other liabilities                             | 12,047,641                         | -                             | 12,047,641         |
| <b>Total Liabilities</b>                      | <b>13,742,698</b>                  | <b>143,022,453</b>            | <b>156,765,151</b> |
| <b>Net</b>                                    | <b>103,399,341</b>                 | <b>(60,155,951)</b>           | <b>43,243,390</b>  |



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

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

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

| <i>in thousands of Nigerian Naira</i>         | <b>Within one<br/>year or less</b> | <b>More than<br/>one year</b> | <b>Total</b>       |
|---|------------------------------------|-------------------------------|--------------------|
| <b>At 31 December 2020</b>                    |                                    |                               |                    |
| Cash and cash in banks                        | 6,171,177                          | -                             | 6,171,177          |
| Due from banks                                | 60,262,271                         | -                             | 60,262,271         |
| Loans and advances                            | 18,216,177                         | 67,490,189                    | 85,706,366         |
| Investment securities:                        |                                    |                               |                    |
| Equity instruments at FVOCI                   | -                                  | 5,263,265                     | 5,263,265          |
| Debt instruments at amortised cost            | -                                  | -                             | -                  |
| Property, plant and equipment                 | -                                  | 2,485,702                     | 2,485,702          |
| Intangible assets                             | -                                  | 97,592                        | 97,592             |
| Right-of-use assets                           | -                                  | 14,753                        | 14,753             |
| Other assets                                  | 1,007,596                          | -                             | 1,007,596          |
| Net employee defined benefit assets           | -                                  | 263,709                       | 263,709            |
| <b>Total Assets</b>                           | <b>85,657,221</b>                  | <b>75,615,210</b>             | <b>161,272,431</b> |
| Debt securities issued and other borrowed fur | 1,677,508                          | 110,389,833                   | 112,067,341        |
| Other liabilities                             | 11,532,196                         | -                             | 11,532,196         |
| <b>Total Liabilities</b>                      | <b>13,209,704</b>                  | <b>110,389,833</b>            | <b>123,599,537</b> |
| <b>Net</b>                                    | <b>72,447,517</b>                  | <b>(34,774,623)</b>           | <b>37,672,894</b>  |

## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **29 Contingent liabilities and commitments**

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

To meet the financial needs of customers, the Bank enters into various Irrevocable commitments and contingent liabilities. These consist of undrawn commitments to lend. There was no undrawn commitment as at the year end.

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

Letters of guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. There is no letters of guarantees as at the year end.

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

#### **Legal claims**

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the reporting date, the Bank is involved in various litigation suits in the ordinary course of its business. The actions are being contested and the Directors are of the opinion that none of the cases are likely to have a material adverse effect on the Bank.

The Bank, in its ordinary course of business, is presently involved in 21 cases as a defendant (31 December 2020: 17). The total amount claimed in the 21 cases against the Bank is estimated at N3.6 Billion (31 December 2020: N1.90 Billion).

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**30 Related party disclosures**

*Compensation to key management personnel of the Bank*

Key management personnel is defined as members of the Board of Directors of the Bank.

*Compensation*

|                                       | 2021    | 2020    |
|---------------------------------------|---------|---------|
| <i>In thousands of Nigerian Naira</i> |         |         |
| Short-term employee benefits          | 261,161 | 222,011 |
| Retirement benefit costs              | 142,233 | 168,524 |
|                                       | 403,395 | 390,535 |

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

*Chairman and Directors' emoluments*

|                                       | 2021    | 2020    |
|---------------------------------------|---------|---------|
| <i>in thousands of Nigerian Naira</i> |         |         |
| Fees                                  |         | 7,875   |
| Chairman                              | 10,543  | 67,115  |
| Other Directors                       | 96,861  | 74,990  |
|                                       | 107,404 | 390,535 |
| Emoluments as executives              | 282,025 | 465,525 |
|                                       | 389,429 |         |
|                                       |         | 81,021  |
| The highest paid Director             | 104,790 |         |

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

|                         | 2021   | 2020   |
|-------------------------|--------|--------|
|                         | Number | Number |
| N6,000,001 - 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:

|              | 2021   | 2020   |
|--------------|--------|--------|
|              | Number | Number |
| Managerial   | 21     | 20     |
| Senior staff | 133    | 100    |
| Junior staff | 23     | 35     |
|              | 177    | 155    |

The related staff costs, salaries and allowances and pension amounted to ₦2.038 billion (2020 - ₦1.8 billion).



# **NIGERIAN EXPORT-IMPORT BANK**

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

### **30 Related party disclosures - Continued**

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

|             |                   | 2021   | 2020   |
|-------------|-------------------|--------|--------|
|             |                   | Number | Number |
| N           | N                 |        |        |
| 1,800,001 - | 2,600,000         | 65     | 57     |
| 2,600,001 - | 3,500,000         | 44     | 33     |
| 3,500,001 - | 4,000,000         | 14     | 3      |
| 4,000,001 - | 5,000,000         | 28     | 36     |
| 5,000,001 - | 6,000,000 & Above | 26     | 26     |
|             |                   | 177    | 155    |

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 | 31 December |
|--|-------------|-------------|
|  | 2021        | 2020        |
| Loans and advances                     | 447,956     | 636,940     |
| Interest income earned during the year | 14,132      | 12,750      |

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

### **31 Capital management**

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

- To maintain a set minimum ratio of total capital to total risk weighted assets in line with the regulatory requirement. The Bank's capital adequacy ratio is 13.9% (2020: 7.1%) 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**

### **31 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<br>As at<br>in thousands of Nigerian Naira                        | Note | 31 December<br>2,021 | 31 December<br>2020 |
|--|------|----------------------|---------------------|
| <b>Tier 1 capital</b>  |      |                      |                     |
| Issued and paid up share capital   | 24   | 49,912,571           | 49,912,571          |
| Accumulated losses   | 24   | (32,188,691)         | (44,881,342)        |
| Other reserves   | 24   | 500,000              | 500,000             |
| <b>Shareholders' fund</b>  |      | <b>18,223,880</b>    | <b>5,531,229</b>    |
| <b>Less:</b>   |      |                      |                     |
| Intangible assets  | 19   | (65,510)             | (97,592)            |
| <b>Total</b>   |      | <b>18,158,370</b>    | <b>5,433,637</b>    |
| <b>Total regulatory capital</b>  |      | <b>18,158,370</b>    | <b>5,433,637</b>    |
| <b>Risk-weighted assets</b>  |      | <b>130,870,660</b>   | <b>76,316,777</b>   |
| Total regulatory capital expressed as a percentage of total risk-weighted assets (%) |      | 13.9                 | 7.1                 |
| <b>Minimum Capital Requirement Ratio by CBN (%)</b>                                  |      | <b>10</b>            | <b>10</b>           |

### **32 Event after reporting period**

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

### **33 Approval of the financial statements**

The financial statements were approved for issue by the Board of Directors on 24 March 2022.

# **NIGERIAN EXPORT-IMPORT BANK**

## **VALUE ADDED STATEMENT**

*For the year ended  
in thousands of Nigerian Naira*

|                                      | <b>31 December<br/>2021</b> |      | <b>31 December<br/>2020</b> | <b>%</b> |
|--------------------------------------|-----------------------------|------|-----------------------------|----------|
| Gross income                         | 14,280,492                  | 306  | 8,583,641                   | 192      |
| Interest expenses                    | (1,117,899)                 | (18) | (858,702)                   | (18)     |
|                                      | 13,162,593                  |      | 7,724,939                   |          |
| Impairment charges for credit losses | (2,327,421)                 | (37) | (1,328,587)                 | (28)     |
|                                      | 10,835,172                  |      | 6,396,352                   |          |
| Bought in material and services      | (4,494,987)                 | (70) | (1,729,418)                 | (36)     |
| Value added                          | 6,340,185                   | 100  | 4,666,934                   | 100      |

Applied as follow:

In payment to employees

|                    |           |    |           |    |
|--------------------|-----------|----|-----------|----|
| Personnel expenses | 2,038,435 | 32 | 1,818,205 | 39 |
|--------------------|-----------|----|-----------|----|

Retained in the Bank

|                                     |           |     |           |     |
|-------------------------------------|-----------|-----|-----------|-----|
| Depreciation                        | 129,633   | 4   | 160,516   | 4   |
| Depreciation of right-of use assets | 918       | -   | 22,183    | 0   |
| Amortization                        | 41,234    | 1   | 37,034    | 1   |
| Profit for the year                 | 4,129,965 | 65  | 2,628,997 | 56  |
| Value added                         | 6,340,185 | 100 | 4,666,934 | 100 |

Value added statement represents the wealth 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**

| <b>Statement of financial position</b>          |                             |                             |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>As at</b>                                    |                             |                             |                             |                             |                             |
| <i>in thousands of Nigerian Naira</i>           | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> | <b>31 December<br/>2019</b> | <b>31 December<br/>2018</b> | <b>31 December<br/>2017</b> |
| <b>Assets</b>                                   |                             |                             |                             |                             |                             |
| Cash and cash in banks                          | 4,144,907                   | 6,171,177                   | 3,920,602                   | 5,835,453                   | 557,231                     |
| Due from banks                                  | 51,441,369                  | 60,262,271                  | 32,095,639                  | 15,692,267                  | 8,731,398                   |
| Loans and advances                              | 131,992,157                 | 85,706,366                  | 62,992,804                  | 44,249,701                  | 40,753,837                  |
| Investment securities:                          |                             |                             |                             |                             |                             |
| Equity instruments at FVOCI                     | 6,034,777                   | 5,263,265                   | 4,557,279                   | 4,229,463                   | -                           |
| Available-for-sale                              | -                           | -                           | -                           | -                           | 3,199,182                   |
| Debt instrument at amortised cost               | -                           | -                           | 437,759                     | 33,132,582                  | -                           |
| Held-to-maturity                                | -                           | -                           | -                           | -                           | 5,146,589                   |
| Property, plant and equipment                   | 2,675,601                   | 2,485,702                   | 2,388,530                   | 2,515,805                   | 2,619,716                   |
| Intangible assets                               | 65,510                      | 97,592                      | 102,916                     | 16,508                      | 2                           |
|   | 75,576                      | 14,753                      | 31,786                      | -                           | -                           |
| Net employee defined benefit assets             | 1,354,704                   | 263,709                     | 53,135                      | 128,075                     | 116,735                     |
| Other assets                                    | 2,225,723                   | 1,007,596                   | 691,371                     | 429,356                     | 78,516                      |
|   | <b>200,010,324</b>          | <b>161,272,429</b>          | <b>107,271,821</b>          | <b>106,229,210</b>          | <b>61,203,206</b>           |
| <b>Liabilities and Equity</b>                   |                             |                             |                             |                             |                             |
| <b>Liabilities</b>                              |                             |                             |                             |                             |                             |
| Debt securities issued and other borrowed funds | 144,717,510                 | 112,067,341                 | 64,491,388                  | 66,949,000                  | 21,053,853                  |
| Other liabilities                               | 12,047,641                  | 11,532,195                  | 7,905,528                   | 6,375,387                   | 4,223,212                   |
|   | <b>156,765,151</b>          | <b>123,599,536</b>          | <b>72,396,916</b>           | <b>73,324,387</b>           | <b>25,277,065</b>           |
| <b>Equity</b>                                   |                             |                             |                             |                             |                             |
| Issued and paid up share capital                | 49,912,571                  | 49,912,571                  | 49,912,571                  | 49,912,571                  | 49,912,571                  |
| Accumulated losses                              | (32,188,691)                | (44,881,342)                | (52,773,743)                | (45,940,593)                | (35,666,929)                |
| Regulatory risk reserve                         | 22,345,871                  | 30,198,605                  | 35,949,500                  | 27,151,882                  | 20,764,753                  |
| Fair value reserve                              | 2,675,422                   | 1,943,060                   | 1,286,577                   | 1,280,963                   | 415,746                     |
| Other reserves                                  | 500,000                     | 500,000                     | 500,000                     | 500,000                     | 500,000                     |
| <b>Total equity</b>                             | <b>43,245,173</b>           | <b>37,672,894</b>           | <b>34,874,905</b>           | <b>32,904,823</b>           | <b>35,926,141</b>           |
| <b>Total liabilities and equity</b>             | <b>200,010,324</b>          | <b>161,272,430</b>          | <b>107,271,821</b>          | <b>106,229,210</b>          | <b>61,203,206</b>           |
| <b>Profit or loss</b>                           |                             |                             |                             |                             |                             |
| <b>For the year ended</b>                       |                             |                             |                             |                             |                             |
| <i>in thousands of Nigerian Naira</i>           | <b>2021</b>                 | <b>2020</b>                 | <b>2019</b>                 | <b>2018</b>                 | <b>2017</b>                 |
| Gross earnings                                  | 14,280,492                  | 8,583,642                   | 10,577,492                  | 9,143,988                   | 5,280,358                   |
| Interest expenses                               | (1,117,899)                 | (858,702)                   | (1,332,537)                 | (1,149,343)                 | (996,474)                   |
| Credit loss expense/impairment charges          | (2,327,421)                 | (1,328,587)                 | (2,523,358)                 | (2,668,524)                 | (920,175)                   |
| Profit/(loss) before income tax                 | 4,129,965                   | 2,628,997                   | 2,059,644                   | 1,094,584                   | (569,167)                   |
| Income tax expenses                             | -                           | -                           | -                           | -                           | -                           |
| <b>Profit/(loss) after tax</b>                  | <b>4,129,965</b>            | <b>2,628,997</b>            | <b>2,059,644</b>            | <b>1,094,584</b>            | <b>(569,167)</b>            |