

Final

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

**REPORT OF THE DIRECTORS**

**AND**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**NIGERIAN EXPORT-IMPORT BANK**

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

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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# NIGERIAN EXPORT-IMPORT BANK

## CORPORATE INFORMATION

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### DIRECTORS

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

#### CAPACITY

Chairperson (Dissolved 16 July 2015)  
Managing Director (Removed 15 February 2016)  
Acting Managing Director (Appointed 15 February 2016)  
Executive Director  
Non-Executive Director (Dissolved 16 July 2015)  
Non-Executive Director (Dissolved 16 July 2015)  
Non-Executive Director (Dissolved 16 July 2015)  
Non-Executive Director (Dissolved 16 July 2015)  
Non-Executive Director (Dissolved 16 July 2015)

The Board, along with the Governing Boards of all Federal Government Parastatals, Agencies, Companies and Institutions was dissolved by the Federal Government of Nigeria effective 16 July 2015. Since then, the Bank was administered by the Executive Management headed by the Managing Director/Chief Executive and the Executive Directors Corporate Services and Business Development. Matters requiring the attention of the Board are referred to the supervising Ministry, Federal Ministry of Finance.

#### SECRETARY TO THE BOARD/ LEGAL ADVISER

Mr. Ahmed D. Modibbo

#### HEAD OFFICE

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

#### AUDITORS

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

#### BANKERS

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

Website:

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

**NIGERIAN EXPORT-IMPORT BANK**

**FINANCIAL HIGHLIGHTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>Financial performance:</b>	<b>2014 ₦'000</b>	<b>2013 ₦'000</b>	<b>%</b>
Net interest income	4,247,508	3,528,763	20
Impairment charges	(464,061)	(289,657)	60
Other operating income	469,840	580,522	(19)
Total operating expenses	(4,207,536)	(3,832,412)	10
Profit for the year	85,131	67,772	25
 <b>Financial position:</b>			
Issued share capital	42,914,780	42,353,570	1
Total equity	37,043,676	36,463,235	2
 <b>Per-share data:</b>			
Basic and diluted earnings per share (kobo)	0.20	0.17	

## NIGERIAN EXPORT-IMPORT BANK

### REPORT OF THE DIRECTORS

#### FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors have the pleasure in presenting to the members of the Nigerian Export-Import Bank (the "Bank") their report together with the audited financial statements for the year ended 31 December 2014.

#### PRINCIPAL ACTIVITIES

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

#### STATE OF FINANCIAL AFFAIRS

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

#### DIRECTORS' SHAREHOLDINGS

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

#### SHAREHOLDING STRUCTURE

Name	Authorised* Capital ₦'000	Issued and paid-up Capital ₦'000
Ministry of Finance Incorporated (MOFI)	25,000,000	17,914,780
Central Bank of Nigeria (CBN)	25,000,000	25,000,000
	-----	-----
	50,000,000	42,914,780
	=====	=====

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

#### CHARITABLE GIFTS AND OTHER DONATIONS

Donations made during the year amounted to ₦10,000,000 (2013: ₦3,772,558) to the following beneficiaries:

	2014 ₦	2013 ₦
Presidential Committee on Food and Non-food items- for Internally Displaced Camps in Borno and Yola	10,000,000	-
Medcrest Hospital	-	2,722,558
Building A New Nigeria	-	500,000
Nigerian Association of Small and Medium Enterprises	-	350,000
National Community of TIV Students	-	200,000
	-----	-----
	10,000,000	3,772,558
	=====	=====

## **NIGERIAN EXPORT-IMPORT BANK**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **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:

Dr. Sarah Alade	Chairperson	(Dissolved 16 July 2015)
Mr. Roberts U. Orya	Managing Director	(Removed 15 February 2016)
Alhaji Bashir M. Wali	Acting Managing Director	(Appointed 15 February 2016)
Mrs. Folake Oke Salami	Executive Director	
Mr. Musa Batari	Non-Executive Director	(Dissolved 16 July 2015)
Mr. Kalli Zaji	Non-Executive Director	(Dissolved 16 July 2015)
Mallam Ajiya Mamman	Non-Executive Director	(Dissolved 16 July 2015)
Alhaji Mohammed I. Babangida	Non-Executive Director	(Dissolved 16 July 2015)
Chief (Barr.) Peter Nwaoboshi	Non-Executive Director	(Dissolved 16 July 2015)

The Board, along with the Governing Boards of all Federal Government Parastatals, Agencies, Companies and Institutions was dissolved by the Federal Government of Nigeria effective 16 July 2015. Since then, the Bank was administered by the Executive Management headed by the Managing Director/Chief Executive and the Executive Directors Corporate Services and Business Development. Matters requiring the attention of the Board are referred to the supervising Ministry, Federal Ministry of Finance.

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

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

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

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

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

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

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

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

**NIGERIAN EXPORT-IMPORT BANK**

**REPORT OF THE DIRECTORS - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

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

**AUDITORS**

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

By Order of the Board

**AHMED D. MODIBBO**

Secretary to the Board  
Abuja, Nigeria  
FRC/2013/NBA/00000004831  
XX May 2016

Final

**NIGERIAN EXPORT-IMPORT BANK**

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

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

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

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

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

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

.....

Bashir M. Wali  
Ag. Managing Director/CEO  
FRC/2013/NBA/00000004731

.....

Folake Oke Salami  
Executive Director  
FRC/2013/NBA/00000004731

XX May 2016



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE**

### **NIGERIAN EXPORT-IMPORT BANK**

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

We have audited the accompanying financial statements of Nigerian Export-Import Bank, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nigerian Export-Import Bank as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the NEXIM Act of the Federation of Nigeria 1991, the Companies and Allied Matters Act, CAP 20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act, No. 6, 2011 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

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

**Report on Other Legal and Regulatory Requirements**

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

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

**Report on Compliance with Banking Regulations**

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

Dayo Babatunde, FCA, FRC/2013/ICAN/0000000702

For: Ernst & Young  
Lagos, Nigeria

XX March 2016

NIGERIAN EXPORT-IMPORT BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

in thousands of Nigerian Naira

	Note	2014	2013
Interest and similar income	4	4,559,753	3,883,726
Interest and similar expense	5	(312,245)	(354,963)
<b>Net interest income</b>		<b>4,247,508</b>	<b>3,528,763</b>
Fees and commission income	6	39,381	80,556
Other operating income	7	469,840	580,522
<b>Total Operating Income</b>		<b>4,756,729</b>	<b>4,189,841</b>
Impairment charges	8	(464,061)	(306,359)
<b>Net operating income</b>		<b>4,292,668</b>	<b>3,883,482</b>
Personnel expenses	9	1,408,615	1,611,969
Advertising and marketing		522,940	413,527
Depreciation of property, plant and equipment	18	287,511	239,799
Amortisation of intangible assets	19	9,221	10,656
Other operating expenses	10	1,979,249	1,539,759
<b>Total operating expenses</b>		<b>4,207,536</b>	<b>3,815,710</b>
<b>Profit before income tax</b>		<b>85,131</b>	<b>67,772</b>
Income tax expense	11	-	-
<b>Profit for the year</b>		<b>85,131</b>	<b>67,772</b>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on available-for-sale financial assets*	16.3	(67,406)	88,258
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gain/(losses) on defined benefit plans	22	86,213	(31,736)
<b>Total other comprehensive income for the year</b>		<b>18,807</b>	<b>56,522</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>103,938</b>	<b>124,294</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (Kobo)	12	0.20	0.17

\* Income from these instruments is exempted from tax.

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

**NIGERIAN EXPORT-IMPORT BANK**

**STATEMENT OF FINANCIAL POSITION**

<i>AS AT 31 DECEMBER 2014</i>		31 December	31 December
<i>in thousands of Nigerian Naira</i>	Note	2014	2013
<b>Assets</b>			
Cash and cash in banks	13	1,223,471	621,891
Due from banks	14	6,336,470	15,130,245
Loans and advances	15	37,566,171	28,947,019
Investment securities:			
Available-for-sale	16.1	1,452,455	1,470,685
Held-to-maturity	16.2	1,647,129	2,186,890
Property, plant and equipment	18	3,059,364	2,923,831
Intangible assets	19	12,038	18,187
Net employee defined benefit assets	22	107,933	19,221
Other assets	17	572,390	612,612
<b>Total assets</b>		<b>51,977,421</b>	<b>51,930,581</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Debt securities issued and other borrowed funds	20	10,876,369	11,887,352
Other liabilities	21	4,057,376	3,579,994
<b>Total liabilities</b>		<b>14,933,745</b>	<b>15,467,346</b>
<b>Equity</b>			
Issued share capital	23	42,914,780	42,353,570
Accumulated losses	23	(10,884,651)	(9,355,887)
Regulatory risk reserve	23	4,294,422	2,679,021
Available-for-sale reserve	23	219,125	286,531
Other reserves	23	500,000	500,000
<b>Total equity</b>		<b>37,043,676</b>	<b>36,463,235</b>
<b>Total liabilities and equity</b>		<b>51,977,421</b>	<b>51,930,581</b>

The financial statements were approved and authorised for issue by the Board of Directors on ..... and were signed on its behalf by:

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

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Folake Oke Salami (Executive Director)  
FRC/2013/NBA/00000004731

\_\_\_\_\_

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

\_\_\_\_\_

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

**NIGERIAN EXPORT-IMPORT BANK**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

<i>in thousands of Nigerian Naira</i>	Note	Issued share capital	Accumulated losses	Regulatory risk reserve	Available-for-sale reserve	Other reserves	Total equity
<b>As at 1 January 2013</b>		38,935,167	(7,420,335)	742,971	198,273	500,000	32,956,076
Profit for the year		-	67,772	-	-	-	67,772
Other comprehensive (loss)/income		-	(31,736)	-	88,258	-	56,522
<b>Total comprehensive income for the year</b>		-	36,036	-	88,258	-	124,294
Issued share capital during the year	23	3,418,403	-	-	-	-	3,418,403
Transfer between reserves	23	-	(1,936,050)	1,936,050	-	-	-
Dividends	23	-	(35,538)	-	-	-	(35,538)
<b>As at 31 December 2013</b>		<b>42,353,570</b>	<b>(9,355,887)</b>	<b>2,679,021</b>	<b>286,531</b>	<b>500,000</b>	<b>36,463,235</b>
Profit for the year		-	85,131	-	-	-	85,131
Other comprehensive income/(loss)		-	86,213	-	(67,406)	-	18,807
<b>Total comprehensive income/(loss) for the year</b>		-	171,344	-	(67,406)	-	103,938
Issued share capital during the year	23	561,210	-	-	-	-	561,210
Transfer between reserves	23	-	(1,615,401)	1,615,401	-	-	-
Dividends	23	-	(84,707)	-	-	-	(84,707)
<b>As at 31 December 2014</b>		<b>42,914,780</b>	<b>(10,884,651)</b>	<b>4,294,422</b>	<b>219,125</b>	<b>500,000</b>	<b>37,043,676</b>

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

**NIGERIAN EXPORT-IMPORT BANK**

**STATEMENT OF CASH FLOWS**

*FOR THE YEAR ENDED 31 DECEMBER 2014*

*in thousands of Nigerian Naira*

	Note	2014	2013
<b>Operating activities</b>			
Profit before income tax		85,131	67,772
<b>Adjustment for: Other non-cash items included in profit before income tax</b>			
Depreciation of property, plant and equipments	18	287,511	239,799
Amortisation of intangible assets	19	9,221	10,656
Interet cost on defined benefits	22	62,492	57,986
Interet income on defined benefits	22	(64,991)	(63,849)
Impairment charge on loan	8	436,552	289,657
Impairment charge on receivable	8	19,734	-
Unrealised exchange gain		(98,479)	(102,551)
Amortisation adjustment of held-to-maturity instruments	16.3	(242,869)	(119,911)
(Gain)/loss from disposal of property, plant and equipment		(11,497)	2,056
<b>Net increase in operating assets</b>			
Net change in loans and advances		(9,063,479)	(9,731,561)
Net change in other assets		20,487	(268,352)
<b>Net increase in operating liabilities</b>			
Other liabilities		477,382	510,204
<b>Net cash flows used in operating activities</b>		<b>(8,082,806)</b>	<b>(9,108,094)</b>
<b>Investing activities:</b>			
Purchase of investment securities	16.3	(49,176)	(1,291,650)
Proceeds from investment securities	16.3	782,630	-
Purchase of property, plant and equipment	18	(431,546)	(363,228)
Purchase of intangible assets	19	(3,072)	-
Proceeds from sale of property, plant and equipment		20,000	2,484
<b>Net cash flows from/(used in) investing activities</b>		<b>318,836</b>	<b>(1,652,394)</b>
<b>Financing activities:</b>			
Dividends paid to equity holders	23	(84,707)	(35,538)
Proceeds from debt securities issued and other borrowed funds		-	775,770
Repayments of debt securities issued and other borrowed funds		(904,727)	(953,613)
Proceeds from Issuance of share capital	23	561,210	3,418,403
<b>Net cash flows (used in)/from financing activities</b>		<b>(428,224)</b>	<b>3,205,022</b>
<b>Net decrease in cash and cash equivalents</b>			
Net foreign exchange difference		483	165
Cash and cash equivalents at 1 January	24	15,752,136	23,307,602
<b>Cash and cash equivalents at 31 December</b>		<b>7,559,941</b>	<b>15,752,136</b>

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

## **NIGERIA EXPORT-IMPORT BANK**

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

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

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

NEXIM is a Bank incorporated and domiciled in Nigeria. Its registered office is at Plot 975, Cadastral Zone AO, Central Business District, Garki, Abuja. The financial statements for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on XX May 2016.

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

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

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

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

***Estimates and assumptions***

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

***Going concern***

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

***Fair value of financial instruments***

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

***Impairment on loans and advances***

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

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

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

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



## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

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

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

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

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

All financial assets are recognised initially at fair value.

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

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

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

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

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

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

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

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

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

The Bank measures financial instruments such as investment in equity instruments classified as available for sales at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in note 25.

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

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

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

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

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

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

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

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

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

## **NIGERIA EXPORT-IMPORT BANK**

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

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

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

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

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

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

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

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

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

##### *(iii) Financial assets carried at cost*

For financial assets carried at cost, if there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not be reversed.

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

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

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

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

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as real estate valuers, audited financial statements, and other independent sources. (See note 26.2 for further analysis of collateral).

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

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



## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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

***(iii) Dividend income***

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

***(iv) Rental Income***

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

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

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

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

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

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

The estimated useful lives are as follows:

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

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

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

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

The Bank's intangible assets comprise the computer software.

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

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

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

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

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

- Computer software - 4 years

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

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

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

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

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

The Bank operates a defined contribution pension plan in line with the Pension Reform Act, 2014, amended. 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 plan***

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset

## **NIGERIA 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 Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

##### **IFRS 9 financial instruments**

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

##### **IFRS 14 regulatory deferral accounts**

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

##### **Amendments to IAS 19 defined benefit plans: employee contributions**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Company since the entity has no defined benefit plans with contributions from employees or third parties.

##### **Annual improvements 2010-2012 Cycle**

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

##### **IFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

## **NIGERIA EXPORT-IMPORT BANK**

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

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

##### **IFRS 2 Share-based Payment -continued**

- A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

##### **IFRS 3 Business Combinations**

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

##### **IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

##### **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

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

##### **IAS 24 Related Party Disclosures**

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

##### **Annual improvements 2011-2013 Cycle**

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Bank. They include:

##### **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that: Joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

##### **IFRS 13 Fair Value Measurement**

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

## **NIGERIA EXPORT-IMPORT BANK**

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

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

##### **Annual improvements 2011-2013 Cycle - continued**

###### **IAS 40 Investment Property**

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

##### **Annual improvements 2012-2014 Cycle**

These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Bank. They include:

###### **IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations**

The amendment is to be applied prospectively and clarifies for changes in methods of disposal. Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.

###### **IFRS 7 Financial Instruments: Disclosures**

The amendment is to be applied prospectively and clarifies for service contracts as follows:

- That a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
- The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

###### **Applicability of the offsetting disclosures to condensed interim financial statements**

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

###### **IAS 19 Employee Benefits**

The amendment is to be applied prospectively. Discount rate: regional market issue.

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

###### **IAS 34 Interim Financial Reporting**

Disclosure of information 'elsewhere in the interim financial report

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The amendment must be applied retrospectively.

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

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

## **NIGERIA EXPORT-IMPORT BANK**

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

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

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

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.

##### **Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests**

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting.

The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

##### **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank given that the Bank has not used a revenue-based method to depreciate its non-current assets.

##### **Amendments to IAS 27: Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Bank's financial statements.

##### **IFRS 16 – Leases**

IFRS 16 – Leases was issued in January 2016 and will replace IAS 17 – Leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The accounting treatment of leases by lessees will change fundamentally based on the new standard. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases.

The Bank is currently assessing the impact of the standard.

## NIGERIA EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

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 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Bank's financial statements.

##### **Amendments to IAS 12 – recognition of deferred tax assets for unrealized losses**

The amendments to IAS 12 clarify the consideration to be made when assessing the recoverability of deferred tax assets (DTA)

The amendment consists of some wording changes to the standards and some examples to clarify that:

- Financial assets measured at Fair Value, with no corresponding tax base adjustment, will result in a temporary difference even if the entity intends to keep the financial asset to collect the contractual cash-flows (pull to par) and not to sell it at its fair value.
- Where tax legislation ring-fence certain tax deductions [e.g. capital gains tax (CGT) losses] the recoverability of the related DTA is assessed against the future taxable income, or taxable temporary differences, of that type only (i.e. CGT losses is assessed against future CGT profits).
- When assessing the sufficiency of future taxable income the amount considered is the amount before the relevant tax deduction currently being assessed – i.e. when assessing the recoverability of an assessed loss the amount of future taxable income you consider should be the amount before the deduction of said assessed loss.
- Where assets are carried at cost in the SOFP but you expect to realise them at an amount above cost in the same period as the turnaround of the DTA under assessment; you increase the future taxable profits with the amount above cost, at the relevant rate, if there is sufficient evidence. I.e. if you carry owner occupied buildings at cost but intend to sell it within the next 5 years you add the taxable capital gains that will be realised on the sale to the future taxable income – provided there is sufficient evidence of the value and intention to sell.

The amendment requires retrospective application with an adjustment to the opening retained earnings of the earliest comparative period presented. Effective 1 Jan 2017 with early adoption permitted. The Bank is currently assessing the impact of amendment to IAS 12 and plans to adopt the new standard on the required effective date.



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4 Interest and similar income**

<i>in thousands of Nigerian Naira</i>	Note	2014	2013
Cash and short-term funds		923,449	1,454,782
Loans and advances to customers		3,384,426	2,301,233
Loans and advances to staff		9,009	7,800
Investment securities - held-to-maturity	16.3	242,869	119,911
<b>Interest and similar income</b>		<b>4,559,753</b>	<b>3,883,726</b>

Interest income accrued on impaired financial assets is ₦709,459,000 (2013: ₦386,594,000).

**5 Interest and similar expense**

<i>in thousands of Nigerian Naira</i>	2014	2013
Loan from AFREXIM	158,496	194,777
8% CBN Perpetual Debenture	73,259	73,644
Export Stimulation loan	62,270	62,270
CBN/BOI Fund for Small & Medium Scale - Industries	10,734	16,836
Loan from ADB/FGN/CBN	7,486	7,436
<b>Interest and similar expense</b>	<b>312,245</b>	<b>354,963</b>

**6 Fees and commission income**

Credit-related fees and commissions	21,221	39,585
Underwriting fees	14,236	39,140
Letter of Credit establishment and amendment fee	3,924	1,831
<b>Fees and commission income</b>	<b>39,381</b>	<b>80,556</b>

**7 Other operating income**

Recoveries from loan transferred to memorandum	197,705	150,604
Non-trading foreign exchange	98,479	102,551
Operating lease income	55,863	65,336
Transformation grant income	50,699	19,149
Dividend income	49,176	100,078
Gain from disposal of property, plant and equipment	11,497	-
Non-refundable tender fee and other	6,421	142,804
Performance bonus provision no longer required	-	136,000
<b>Other operating income</b>	<b>469,840</b>	<b>716,522</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

8 **Impairment charges**

<i>in thousands of Nigerian Naira</i>	Note	2014	2013
<b>Loans and advances:</b>			
Reversal /(Impairment charge)			
BOI refinancing facility lending	15.2	80,024	111,040
Medium-term direct lending	15.2	32,981	(174,727)
Short-term direct lending facilities	15.2	323,547	319,131
Staff loans	15.2	-	34,213
		436,552	289,657
<b>Other assets:</b>			
Other receivables	17.1	19,734	-
<b>Cash and bank:</b>			
Cash in bank	13	7,775	-
Due from bank	14	-	16,702
<b>Impairment charges</b>		<b>464,061</b>	<b>306,359</b>

9 **Personnel expenses**

Wages and salaries		1,232,950	1,411,085
Net interest on defined benefit obligation	22	(2,499)	(5,863)
Pension costs- Defined contribution plan	22	167,355	199,396
Contribution to Industrial Training Fund		10,809	7,351
<b>Personnel expenses</b>		<b>1,408,615</b>	<b>1,611,969</b>

10 **Other operating expenses**

Administrative expenses		932,716	682,755
Staff training		511,817	421,789
Staff travelling		168,482	158,817
Professional fees		150,562	127,734
Directors' fee, salaries & expenses		65,721	50,522
Rents charges payable under operating leases		68,251	51,041
Transformation expense		50,699	19,149
Staff relocation		15,132	8,609
Auditors remuneration		15,097	15,097
Loss from disposal of property, plant and equipment		-	2,056
Others		772	2,190
<b>Other operating expenses</b>		<b>1,979,249</b>	<b>1,539,759</b>

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 11 **Income tax expense**

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

#### 12 **Earnings per share**

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

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

<i>in thousands of Nigerian Naira</i>	<b>31 December 2014</b>	<b>31 December 2013</b>
Profit for the year	85,131	67,772
<i>in thousands number</i>	<b>2014</b>	<b>2013</b>
Weighted average number of ordinary shares for basic/diluted earnings per share	42,774,477	39,339,514
Basic/diluted earnings per ordinary share (kobo)	<b>0.20</b>	<b>0.17</b>

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

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

13 **Cash and cash in banks**

<b>As at in thousands of Nigerian Naira</b>	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Cash on hand		-	148
Cash in banks		1,231,246	621,743
		<b>1,231,246</b>	<b>621,891</b>
Allowance for impairment on cash in banks	13.1	(7,775)	-
<b>Cash and cash in banks</b>		<b>1,223,471</b>	<b>621,891</b>

13.1 The impairment related to dormant current account balance with Central Bank of Nigeria.

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

There is no undrawn committed borrowing facilities as at year end (2013: Nil).

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

14 **Due from banks**

<b>As at in thousands of Nigerian Naira</b>	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Placements with other banks		6,603,726	15,397,501
Less: allowance for impairment	14.1	(267,256)	(267,256)
<b>Due from banks</b>		<b>6,336,470</b>	<b>15,130,245</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 **Allowance for impairment**

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

Allowance for impairment relates to placements with liquidated banks.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

15 **Loans and advances**

<b>As at</b> <i>in thousands of Nigerian Naira</i>	<b>Note</b>	<b>31 December</b> <b>2014</b>	<b>31 December</b> <b>2013</b>
<b>Loans to customers:</b>			
BOI Refinancing facility lending		477,524	477,991
Medium-term direct lending		32,601,620	24,278,857
Short-term direct lending		5,550,968	4,649,476
Loans to staff		695,881	863,965
		<b>39,325,993</b>	<b>30,270,289</b>
Less: Allowance for impairment	15.2	(1,759,822)	(1,323,270)
<b>Loans and advances</b>		<b>37,566,171</b>	<b>28,947,019</b>

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

Individually impaired		8,377,020	11,317,907
Collectively impaired		215,211	104,809
Past due but not impaired		1,658,371	2,981,173
Neither impaired nor past due		29,075,391	15,866,400
<b>Loans and advances</b>		<b>39,325,993</b>	<b>30,270,289</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

15.2 Impairment allowance for loans and advances

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

<i>in thousands of Nigerian Naira</i>	Note	BOI Refinancing facility lending	Medium-term direct lending	Short-term direct lending	Exit Staff loans	Total
<b>At 1 January 2013</b>		-	921,827	100,978	10,808	1,033,613
Impairment charge/(reversal)	8	111,040	(174,727)	319,131	34,213	289,657
<b>At 31 December 2013</b>		<b>111,040</b>	<b>747,100</b>	<b>420,109</b>	<b>45,021</b>	<b>1,323,270</b>
Individual impairment		99,804	609,586	309,512	45,021	1,063,923
Collective impairment		11,236	137,513	110,596	-	259,346
		<b>111,040</b>	<b>747,100</b>	<b>420,109</b>	<b>45,021</b>	<b>1,323,270</b>
<b>At 1 January 2014</b>		111,040	747,100	420,109	45,021	1,323,270
Impairment charge	8	80,024	32,981	323,547	-	436,552
<b>At 31 December 2014</b>		<b>191,064</b>	<b>780,081</b>	<b>743,656</b>	<b>45,021</b>	<b>1,759,822</b>
Individual impairment		183,330	712,524	585,116	45,021	1,525,991
Collective impairment		7,734	67,557	158,540	-	233,831
		<b>191,064</b>	<b>780,081</b>	<b>743,656</b>	<b>45,021</b>	<b>1,759,822</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**16 Investment securities**

<b>As at in thousands of Nigerian Naira</b>	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Available-for-sale	16.1	1,452,455	1,470,685
Held-to-maturity	16.2	1,647,129	2,186,890
		<b>3,099,584</b>	<b>3,657,575</b>

**16.1 Available-for-sale**

Equity securities		889,062	907,292
<b>Unquoted investments:</b>			
Equities		563,393	563,393
	16.3	<b>1,452,455</b>	<b>1,470,685</b>

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

The unquoted investments are made up of investments in African Export Import (AFREXIM) Bank for ₦532,329,435 and African Biofuel & Renewable Energy Company (ABREC) for ₦31,064,000. The shareholders of AFREXIM Bank (including NEXIM Bank) pass a resolution that all the profit for 2013 should be reinvested. If AFREXIM Bank had declared dividends, NEXIM Bank would have received ₦88,714,800 as dividend income during the year, no dividends was received from AFREXIM Bank during the year (2013: ₦54,079,826.50). However, the Bank received ₦100,116,976 from AFREXIM Bank in 2015 in respect of 2014 financial year of AFREXIM Bank.

**16.2 Held-to-maturity**

<b>As at in thousands of Nigerian Naira</b>	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>Quoted investments:</b>			
AMCON Bond		-	1,260,482
Treasury bills		1,647,129	926,408
	16.3	<b>1,647,129</b>	<b>2,186,890</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**16 Investment securities - Continued**

**16.3 Carrying values**

<i>in thousands of Nigerian Naira</i>	Note	<i>Available-for-sale</i>	<i>Held-to-maturity</i>	<i>Total</i>
<b>As at 1 January 2013</b>		<b>1,340,558</b>	<b>817,198</b>	<b>2,157,756</b>
Purchases		41,869	1,249,781	1,291,650
Fair value gains recorded in other comprehensive income		88,258	-	88,258
Amortisation adjustment	4	-	119,911	119,911
<b>As at 31 December 2013</b>		<b>1,470,685</b>	<b>2,186,890</b>	<b>3,657,575</b>
Purchases		49,176	-	(733,454)
Maturity		-	(782,630)	-
Fair value loss recorded in other comprehensive income		(67,406)	-	(67,406)
Amortisation adjustment	4	-	242,869	242,869
<b>As at 31 December 2014</b>		<b>1,452,455</b>	<b>1,647,129</b>	<b>3,099,584</b>

**17 Other assets**

<i>As at in thousands of Nigerian Naira</i>		<b>31 December 2014</b>	<b>31 December 2013</b>
Prepayments		288,334	344,765
Other receivables		303,790	267,847
		<b>592,124</b>	<b>612,612</b>
Allowance for Impairment on other receivables	17.1	(19,734)	-
		<b>572,390</b>	<b>612,612</b>

**17.1 allowance for impairment on other receivables**

Opening balance		-	-
Charged for the year	8	19,734	-
		<b>19,734</b>	<b>-</b>

The impairment relates to receivable that has been outstanding for above 90 days.



NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

18 **Property, plant and equipment**

<i>in thousands of Nigerian Naira</i>	Land	Building	Plant	Furnitures and fittings	Computer equipment	Motor vehicles	Total
<b>Cost:</b>							
<b>At 1 January 2013</b>	1,688	2,764,732	112,737	744,048	237,253	402,732	<b>4,263,190</b>
Additions	-	59,366	-	160,139	71,845	71,878	<b>363,228</b>
Disposals	-	-	(3,425)	(55,244)	(250)	(40,202)	<b>(99,121)</b>
<b>At 31 December 2013</b>	1,688	2,824,098	109,312	848,943	308,848	434,408	<b>4,527,297</b>
Additions	-	-	22,728	117,493	180,196	111,129	<b>431,546</b>
Disposals	-	-	(7,810)	-	-	(109,650)	<b>(117,460)</b>
<b>At 31 December 2014</b>	<b>1,688</b>	<b>2,824,098</b>	<b>124,230</b>	<b>966,436</b>	<b>489,044</b>	<b>435,887</b>	<b>4,841,383</b>
<b>Accumulated depreciation:</b>							
<b>At 1 January 2013</b>	-	288,619	75,677	671,627	212,967	209,358	<b>1,458,248</b>
Charged for the year	-	56,011	16,812	33,626	17,631	115,719	<b>239,799</b>
Disposals	-	-	(1,592)	(55,236)	(14)	(37,739)	<b>(94,581)</b>
<b>At 31 December 2013</b>	-	344,630	90,897	650,017	230,584	287,338	<b>1,603,466</b>
Charged for the year	-	56,506	11,873	58,899	60,829	99,404	<b>287,511</b>
Disposals	-	-	(7,811)	-	-	(101,147)	<b>(108,958)</b>
<b>At 31 December 2014</b>	-	<b>401,136</b>	<b>94,959</b>	<b>708,916</b>	<b>291,413</b>	<b>285,595</b>	<b>1,782,019</b>
<b>Carrying amount:</b>							
<b>At 31 December 2014</b>	<b>1,688</b>	<b>2,422,962</b>	<b>29,271</b>	<b>257,520</b>	<b>197,631</b>	<b>150,292</b>	<b>3,059,364</b>
<b>At 31 December 2013</b>	<b>1,688</b>	<b>2,479,468</b>	<b>18,415</b>	<b>198,926</b>	<b>78,264</b>	<b>147,070</b>	<b>2,923,831</b>

Insignificant part (ground floor) of the building is subject to operating leases where the Bank is a lessor. At 31 December 2014, the net carrying amount of those assets was ₦484.7 million (2013: ₦495.2 million), on which the accumulated depreciation as at 31 December 2014 was ₦80.2 million (2013: ₦68.9 million). None of the assets have been pledged as collateral.

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

19 **Intangible assets**

<i>in thousands of Nigerian Naira</i>	<b>Computer software</b>
<b>Cost:</b>	
At 1 January 2013	147,951
Additions	-
<b>At 31 December 2013</b>	<b>147,951</b>
Additions	3,072
<b>At 31 December 2014</b>	<b>151,023</b>
<b>Accumulated amortisation and impairment:</b>	
At 1 January 2013	119,108
Amortisation charged for the year	10,656
<b>At 31 December 2013</b>	<b>129,764</b>
Amortisation charged for the year	9,221
<b>At 31 December 2014</b>	<b>138,985</b>
<b>Carrying amount:</b>	
<b>At 31 December 2014</b>	<b>12,038</b>
<b>At 31 December 2013</b>	<b>18,187</b>

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

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 20 Debt securities issued and other borrowed funds

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2014	31 December 2013
CBN/BOI Fund for Small & Medium Scale -			
Industries	20.1	770,684	1,159,325
BOI - Working capital	20.1	464,600	464,600
Export Stimulation loan	20.2	6,473,332	6,411,062
Loan from ADB/FGN/CBN	20.3	167,501	160,014
Loan from AFREXIM	20.4	1,642,489	2,168,326
8% CBN Perpetual Debenture	20.5	1,357,763	1,524,025
		<b>10,876,369</b>	<b>11,887,352</b>

- 20.1 In 2010, the Bank was granted a loan under the Central Bank of Nigeria (CBN) intervention fund for Refinancing/Restructuring of facility (IES). The loan is broken down into Term loan of ₦2,123,138,102 and Working capital loan of ₦670,000,000. The Term loan is repayable on quarterly installments commencing immediately after the moratorium period of one year for a period of 5 years while the Working capital loan is repayable at the end of twelve (12) months with annual roll over option. The loans were disbursed with a management fee of 1% flat of the loan deductible at source payable to BOI.
- 20.2 This relates to a loan granted the Bank by the Ministry of Finance at an annual interest rate of 1% in 2011 and repayment shall be ₦1 billion per year after the expiration of the 5 year tenure of the loan.
- 20.3 This relates to a loan initially obtained from African Development Bank (ADB) under ADB Export Stimulation loan being managed on behalf of the Federal Government of Nigeria ("FGN"). However, the loan has been fully paid by the FGN, therefore the balance on the account becomes payable to FGN by the Bank. The Bank accrues for the interest at the rate of 9% per annum as time value of money in respect of the balance until it is repaid.
- 20.4 This represents a US\$50,000,000 line of credit facility to be used for refinancing for the purchase of promissory notes issued by an Approved Sub-Borrower, discounting invoices accepted by an Approved Sub-Borrower and refinancing and prefinancing for trade-related activities and/or projects that generate foreign exchange, each in connection with an Approved Sub-Borrowers. The amount of advance made or deemed to be made shall be repayable by the borrower on the repayment date specified in the relevant specific transaction term agreement. The interest rate on each advance is the percentage rate per annum which is the aggregate of the applicable Margin and LIBOR. The principal and interest is payable quarter over five years after the expiration of the six or twelve months moratorium period.
- 20.5 This represents amount taken over by NEXIM Bank at its inception in 1991 from the Central Bank of Nigeria (CBN) on the export credit Rediscounting and Refinancing Facility (RRF) Scheme extended to exporters through participating banks. The amount involved is both the debt instruments and bank balances which got transferred to NEXIM Bank by the CBN. The seed fund was called CBN Perpetual Debenture with a coupon rate of 8% which was subsequently reduced to 6% per annum. The interest is payable quarterly.

The Bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2014 and 2013.

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**21 Other liabilities**

<b>As at in thousands of Nigerian Naira</b>	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Accrued expenses		517,931	540,312
Accounts payable and sundry creditors	21.1	3,497,425	2,907,706
Transformation grant	21.2	10,217	60,916
Post-employment pension (defined - contribution)		31,803	62,338
Obligations under financial guarantees	21.3	-	8,722
		<b>4,057,376</b>	<b>3,579,994</b>

21.1 Included in the amount is ₦2.313 billion (2013: ₦2.313 billion) due to Federal Government of Nigeria under the defunct ADB Export Stimulation Loan “Managed funds” in respect of the recoveries made by the Bank under the Fund, which is yet to be remitted.

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

21.3 *The movement in obligations under financial guarantees during 2014 is as follows:*

<b>in thousands of Nigerian Naira</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
At 1 January	8,722	12,975
Arising during the year	5,514	34,887
Recognised in the profit or loss	(14,236)	(39,140)
<b>At 31 December</b>	<b>-</b>	<b>8,722</b>

**22 Employee benefit obligations**

**Defined contribution plan**

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

The total expense charged to profit or loss of ₦167.36 million (2013: ₦199.40 million) represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 **Employee benefit obligations - Continued**

**Defined benefit plan**

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

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

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

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

<i>in thousands of Nigerian Naira</i>	Note	2014	2013
Interest cost on benefit obligation	22d	62,492	57,986
Interest income on assets	22e	(64,991)	(63,849)
<b>Net benefit</b>		<b>(2,499)</b>	<b>(5,863)</b>

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

<i>in thousands of Nigerian Naira</i>		2014	2013
Remeasurement gain/(loss) on defined benefit obligation		102,006	(18,887)
Return on plan assets (Excluding amounts included in net income)	22e	(15,793)	(12,849)
<b>Net remeasurement gain/(loss) in OCI</b>		<b>86,213</b>	<b>(31,736)</b>

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

<i>in thousands of Nigerian Naira</i>		2014	2013
Change in economics assumptions		104,980	50,070
Pension increases		23,032	(88,979)
Pensioner mortality		8,977	25,136
Other miscellaneous items		(34,983)	(5,114)
<b>Total</b>		<b>102,006</b>	<b>(18,887)</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 **Employee benefit obligations - Continued**

c Net employee defined benefit assets

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2014	31 December 2013
Defined benefit obligations	22d	(398,757)	(480,706)
Fair value of plan assets	22e	506,690	499,927
<b>Retirement benefit assets</b>		<b>107,933</b>	<b>19,221</b>
Less: application of asset ceiling		-	-
		<b>107,933</b>	<b>19,221</b>

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

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2014	31 December 2013
Opening defined benefit obligations		(480,706)	(446,048)
Interest cost		(62,492)	(57,986)
Benefits paid		42,435	42,215
Remeasurement gain/(loss) on obligations		102,006	(18,887)
<b>Closing defined benefit obligations</b>		<b>(398,757)</b>	<b>(480,706)</b>

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

As at <i>in thousands of Nigerian Naira</i>	31 December 2014	31 December 2013
Opening fair value of plan assets	499,927	491,143
Interest income	64,991	63,849
Benefits paid	(42,435)	(42,215)
Remeasurement losses on plan assets	(15,793)	(12,849)
<b>Closing fair value of plan assets</b>	<b>506,690</b>	<b>499,927</b>
<b>Actual return on the plan assets</b>	<b>6,763</b>	<b>8,784</b>

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

	2014 %	2013 %
Money market instrument	100	100

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**22 Employee benefit obligations - Continued**

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

<b>As at in thousands of Nigerian Naira</b>	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
		%	%
Discount rate		13	13
Future pension increases		6	6
Mortality rate		a (55) Ultimate Table rated down 5 years.	

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Bank as at 31 December 2014 and 2013. The present value of the defined benefit obligation were measured using the projected unit credit method.

**f Sensitivity analysis**

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

The expected contribution to the fund for the next annual reporting period is Nil unless there is shortfall.

<b>in thousands of Nigerian Naira</b>	<b>Mov</b>	<b>2014</b>	<b>2013</b>
Discount rate	+1%	(26,337)	(37,070)
	-1%	30,080	43,077
Pension increase	+1%	32,621	45,696
	-1%	(28,767)	(74,072)
Mortality rate	+1 yr	(5,401)	(42,720)
	-1 yr	5,633	26,819

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**23 Issued share capital and equity reserves**

<i>in thousands of Nigerian Naira</i>	<b>31 December 2014</b>	<b>31 December 2013</b>
Authorised ordinary shares of ₦1 each	50,000,000	50,000,000
Issued and fully paid ordinary shares of ₦1 each	42,914,780	42,353,570
<b><i>Movement of issued and fully paid</i></b>		
<i>in thousands (unit/share)</i>	<b>31 December 2014</b>	<b>31 December 2013</b>
At 1 January	42,353,570	38,935,167
<b><i>Paid during the year:</i></b>		
Ministry of Finance Incorporated (MOFI)	561,210	3,418,403
<b>At 31 December</b>	<b>42,914,780</b>	<b>42,353,570</b>

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

**Accumulated losses**

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

**Dividends**

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

The Bank declared and paid dividend in respect of the year ended 31 December 2012 of 0.2 kobo per share in 2014 financial year and 1 kobo per share in respect of the year ended 31 December 2011 in 2013 financial year.

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

**Available-for-sale reserve**

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



## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

##### Regulatory risk reserve

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

##### Other reserves

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

#### 24 Cash and cash equivalents

<b>As at</b> <b><i>in thousands of Nigerian Naira</i></b>	<b>Note</b>	<b>31 December</b> <b>2014</b>	<b>31 December</b> <b>2013</b>
Cash on hand	13	-	148
Cash in banks	13	1,223,471	621,743
Due from banks	14	6,336,470	15,130,245
		<b>7,559,941</b>	<b>15,752,136</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

25 **Fair value measurement**

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

**Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2014**

<i>in thousands of Nigerian Naira</i>	Note	Carrying amount	Date of valuation	Fair value amount	Fair value measurement using		
					Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Assets measured at fair value:</b>							
<b>Available-for-sale investment:</b>							
Quoted equities	16.1	889,062	31-Dec-14	889,062	889,062	-	-
<b>Assets for which fair values are disclosed:</b>							
<b>Loans to customers:</b>							
BOI Refinancing facility lending	15	477,524	31-Dec-14	429,772	-	429,772	-
Medium Term Direct Lending	15	32,601,620	31-Dec-14	29,341,458	-	29,341,458	-
Short Term Direct Lending	15	5,550,968	31-Dec-14	4,995,871	-	4,995,871	-
Loans to staff	15	695,881	31-Dec-14	577,581	-	577,581	-
Held-to maturity	16.2	1,647,129	31-Dec-14	1,314,329	-	1,314,329	-
<b>Liabilities for which fair values are disclosed:</b>							
<b>Debts issued and other borrowed funds:</b>							
CBN/BOI Fund for Small & Medium Scale Industries	20	770,684	31-Dec-14	608,840	-	608,840	-
BOI - Working capital	20	464,600	31-Dec-14	367,034	-	367,034	-
Export Stimulation loan	20	6,473,332	31-Dec-14	5,113,932	-	5,113,932	-
Loan from AFREXIM	20	1,642,489	31-Dec-14	1,642,489	-	1,642,489	-
8% CBN Perpetual Debenture	20	1,357,763	31-Dec-14	753,939	-	753,939	-

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

25 **Fair value measurement - continued**

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

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

<i>in thousands of Nigerian Naira</i>	Note	Carrying amount	Date of valuation	Fair value amount	Fair value measurement using		
					Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Assets measured at fair value:</b>							
<b>Available-for-sale investment:</b>							
Quoted equities	16.1	907,292	31-Dec-13	907,292	907,292	-	-
<b>Assets for which fair values are disclosed:</b>							
<b>Loans to customers:</b>							
BOI Refinancing facility lending	15	477,991	31-Dec-13	430,192	-	430,192	-
Medium Term Direct Lending	15	24,278,857	31-Dec-13	21,850,971	-	21,850,971	-
Short Term Direct Lending	15	4,649,477	31-Dec-13	4,184,529	-	4,184,529	-
Loans to staff	15	863,965	31-Dec-13	717,091	-	717,091	-
Held-to maturity	16.2	2,186,890	31-Dec-13	1,745,032	-	1,745,032	-
<b>Liabilities for which fair values are disclosed:</b>							
<b>Debt issued and other borrowed funds:</b>							
CBN/BOI Fund for Small & Medium Scale Industries	20	1,159,325	31-Dec-13	915,867	-	915,867	-
BOI - Working capital	20	464,600	31-Dec-13	367,034	-	367,034	-
Export Stimulation loan	20	6,411,062	31-Dec-13	5,064,739	-	5,064,739	-
Loan from AFREXIM	20	2,168,326	31-Dec-13	2,168,326	-	2,168,326	-
8% CBN Perpetual Debenture	20	1,524,025	31-Dec-13	739,939	-	739,939	-

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Fair value measurement - continued

<i>in thousands of Nigerian Naira</i>	Carrying amount		Fair value	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Financial Assets:</b>				
Quoted equities	889,062	907,292	889,062	907,292
Loans and advances	37,566,171	28,947,019	35,344,682	27,182,783
Financial investments- held to maturity	1,647,129	2,186,890	1,314,329	1,745,032
	<b>39,213,300</b>	<b>31,133,909</b>	<b>36,659,011</b>	<b>28,927,815</b>
<b>Financial Liabilities:</b>				
Debt issued and other borrowed funds	10,708,868	11,727,338	8,486,236	9,255,905
	<b>10,708,868</b>	<b>11,727,338</b>	<b>8,486,236</b>	<b>9,255,905</b>

**Fair value of financial assets and liabilities**

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

**Assets for which fair value approximates carrying value**

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

**Financial investment – held to maturity (Nigerian treasury bills)**

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

**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. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

**Available-for-sale investment (Quoted equities)**

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

26 **Risk management**

26.1 **Introduction**

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

**Risk management structure**

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

**Risk measurement and reporting systems**

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

**Risk mitigation**

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

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

**Excessive risk concentration**

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

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

26 **Risk management - Continued**

26.2 **Credit risk**

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

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

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

**Eligible transactions include:**

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

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

**Impairment assessment**

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

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

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

**Individually assessed allowances**

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

26 **Risk management - Continued**

26.2 **Credit risk - Continued**

**Collectively assessed allowances**

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

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

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

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

**Credit-related commitments risks**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.2 Credit risk - Continued

Maximum exposure to credit risk

Type of collateral or credit enhancement

Maximum exposure to credit risk	Fair value of collateral and credit enhancements held							Net collateral	Net exposure
	Cash	Securities	Letters of credit/ guarantees	landed property	Others*	Netting agreements	Surplus collateral		
₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2014									
<b>Financial assets</b>									
Due from banks	6,336,470	-	-	-	-	-	-	-	6,336,470
Cash in banks	1,231,246	-	-	-	-	-	-	-	1,231,246
<b>Loans and advances:</b>									
BOI Refinancing facility lending	286,460	-	-	277,871	415,159	-	(430,529)	262,501	23,959
Medium Term Direct Lending	31,821,539	-	-	6,779,556	43,743,832	15,467,774	(43,560,474)	22,430,688	9,390,851
Short Term Direct Lending	4,807,312	-	-	2,475,027	6,294,083	1,053,000	(5,280,157)	4,541,953	265,359
Staff loans	650,860	-	-	-	-	-	-	-	650,860
	37,566,171	-	-	9,254,583	50,315,786	16,935,933	(49,271,160)	27,235,142	10,331,030
<b>Financial investments</b>									
- held to maturity	1,647,129	-	-	-	-	-	-	-	1,647,129
	1,647,129	-	-	-	-	-	-	-	1,647,129
<b>Financial guarantees</b>									
	25,387	-	-	-	-	-	-	-	25,387
	46,806,402	-	-	9,254,583	50,315,786	16,935,933	(49,271,160)	27,235,142	19,571,261

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

Maximum exposure to credit risk	Fair value of collateral and credit enhancements held							Net collateral	Net exposure
	Cash	Securities	Letters of credit/ guarantees	landed property	Others*	Netting agreements	Surplus collateral		
₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2013									
<b>Financial assets</b>									
Due from banks	15,130,245	-	-	-	-	-	-	-	15,130,245
Cash in banks	621,743	-	-	-	-	-	-	-	621,743
<b>Loans and advances:</b>									
BOI Refinancing facility lending	366,951	-	-	177,987	321,360	-	(339,972)	159,375	207,575
Medium Term Direct Lending	23,531,757	-	-	6,115,030	39,771,682	12,084,832	(36,921,456)	21,050,088	2,481,669
Short Term Direct Lending	4,229,367	-	-	2,750,030	4,693,323	885,400	(4,171,460)	4,157,293	72,074
Staff loans	818,944	-	-	-	-	-	-	-	818,944
	28,947,019	-	-	8,865,060	44,642,992	13,291,592	(41,432,888)	25,366,756	3,580,263
<b>Financial investments</b>									
- held to maturity	2,186,890	-	-	-	-	-	-	-	2,186,890
	2,186,890	-	-	-	-	-	-	-	2,186,890
<b>Financial guarantees</b>									
	175,828	-	-	-	-	-	-	-	175,828
	47,061,725	-	-	8,865,060	44,642,992	13,291,592	(41,432,888)	25,366,756	21,694,969

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



**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS**

26 **Risk management - Continued**

26.2 **Credit risk - Continued**

**Maximum exposure to credit risk - Continued**

**Collateral and other credit enhancements**

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

The main types of collateral obtained are as follows:

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

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

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

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

**Credit quality by class of financial assets**

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

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

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

	Notes	Neither past due nor impaired					Total 2014 ₦'000
		High grade 2014 ₦'000	Standard grade 2014 ₦'000	Sub- standard grade 2014 ₦'000	Past due but not impaired 2014 ₦'000	Collective and individually impaired 2014 ₦'000	
		<b>31 December 2014</b>					
Cash and cash in banks	13	-	1,223,471	-	-	-	1,223,471
Due from banks	14	-	6,336,470	-	-	-	6,336,470
Loans and advances	15	3,514,405	24,996,654	564,332	1,658,371	8,592,231	39,325,993
<b>Financial investments - held to maturity</b>							
Quoted - Government debt securities	16.2	1,647,129	-	-	-	-	1,647,129
<b>Total</b>		<b>5,161,534</b>	<b>32,556,594</b>	<b>564,332</b>	<b>1,658,371</b>	<b>8,592,231</b>	<b>48,533,062</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.2 Credit risk - Continued

Maximum exposure to credit risk - Continued

	Notes	Neither past due nor impaired					Total 2014
		High grade 2014	Standard grade 2014	Sub- standard grade 2014	Past due but not impaired 2014	Collective and individually impaired 2014	
		₦'000	₦'000	₦'000	₦'000	₦'000	
31 December 2013							
Cash and cash in banks	13	-	621,891	-	-	-	621,891
Due from banks	14	-	15,130,245	-	-	-	15,130,245
Loans and advances	15	2,556,043	16,996,654	466,990	1,658,371	8,592,231	30,270,289
<b>Financial investments- held to maturity</b>							
Quoted- Government debt securities	16.2	2,186,890	-	-	-	-	2,186,890
<b>Total</b>		<b>4,742,933</b>	<b>32,748,790</b>	<b>466,990</b>	<b>1,658,371</b>	<b>8,592,231</b>	<b>48,209,315</b>

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

Industry analysis

31 December 2014	Financial Services	Government	Agriculture	Manufacturing	Services	Solid mineral	Other	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Financial assets</b>								
Cash and cash in banks	1,223,471	-	-	-	-	-	-	1,223,471
Due from banks	6,336,470	-	-	-	-	-	-	6,336,470
Loans and advances								
BOI Refinancing facility lending	-	-	214,827	101,397	-	-	161,300	477,524
Medium-Term direct lending	-	-	2,897,860	13,213,995	8,050,250	1,222,160	7,217,355	32,601,620
Short-Term direct lending	-	-	4,591,314	518,680	345,296	295,231	-199,552	5,550,968
Staff loans	-	-	-	-	-	-	695,881	695,881
<b>Financial investment - held to maturity</b>								
Quoted - Government debt securities	-	1,647,129	-	-	-	-	-	1,647,129
	<b>7,559,940</b>	<b>1,647,129</b>	<b>7,704,001</b>	<b>13,834,072</b>	<b>8,395,545</b>	<b>1,517,391</b>	<b>7,874,984</b>	<b>48,533,062</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.2 Credit risk - Continued

Maximum exposure to credit risk - Continued

31 December 2013	Financial Services	Government	Agriculture	Manufacturing	Services	Solid mineral	Other	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Financial assets</b>								
Cash and cash in banks	621,891	-	-	-	-	-	-	621,891
Due from banks	15,130,245	-	-	-	-	-	-	15,130,245
Loans and advances								
BOI Refinancing facility lending	-	-	214,192	101,171	-	-	162,628	477,991
Medium-Term direct lending	-	-	1,707,428	8,978,955	11,070,739	1,083,564	1,438,171	24,278,857
Short-Term direct lending	-	-	2,580,534	357,864	802,094	342,674	566,310	4,649,476
Staff loans	-	-	-	-	-	-	863,965	863,965
<b>Financial investments - held to maturity</b>								
Quoted - Government debt securities	-	2,186,890	-	-	-	-	-	2,186,890
	<b>15,752,136</b>	<b>2,186,890</b>	<b>4,502,154</b>	<b>9,437,990</b>	<b>11,872,833</b>	<b>1,426,238</b>	<b>3,031,074</b>	<b>48,209,315</b>

Commitments and guarantees

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

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

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

	2014	2013
	₦'000	₦'000
Financial guarantees	25,387	175,828

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.3 Liquidity risk and funding management

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

Analysis of financial assets and liabilities by remaining contractual maturities.

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

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

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

As at 31 December 2014

	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
<b>Financial assets</b>						
Cash in banks	1,223,471	-	-	-	-	1,223,471
Due from banks	-	6,336,470	-	-	-	6,336,470
Loans and advances	9,664,776	1,329,377	4,390,987	16,324,142	7,616,711	39,325,993
Investment securities - Held-to-maturity	-	212,348	1,487,027	-	-	1,699,375
Other assets	-	-	303,790	-	-	303,790
<b>Total undiscounted financial assets</b>	<b>10,888,247</b>	<b>7,878,195</b>	<b>6,181,804</b>	<b>16,324,142</b>	<b>7,616,711</b>	<b>48,889,099</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	167,501	-	1,235,284	10,956,357	2,240,309	14,599,451
Other liabilities	-	559,951	3,497,425	-	-	4,057,376
<b>Total undiscounted financial liabilities</b>	<b>167,501</b>	<b>559,951</b>	<b>4,732,709</b>	<b>10,956,357</b>	<b>2,240,309</b>	<b>18,656,827</b>
<b>Net undiscounted financial assets</b>	<b>10,720,746</b>	<b>7,318,244</b>	<b>1,449,095</b>	<b>5,367,785</b>	<b>5,376,402</b>	<b>30,232,272</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.3 Liquidity risk and funding management - Continued

As at 31 December 2013	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
<b>Financial assets</b>						
Cash in banks	621,891	-	-	-	-	621,891
Due from banks	-	15,130,245	-	-	-	15,130,245
Loans and advances	8,244,562	474,133	3,967,895	17,583,699	1,190,175	31,460,464
Investment securities - Held-to-maturity	-	-	2,352,486	-	-	2,352,486
Other assets	-	-	267,847	-	-	267,847
<b>Total undiscounted financial assets</b>	<b>8,866,453</b>	<b>15,604,378</b>	<b>6,588,228</b>	<b>17,583,699</b>	<b>1,190,175</b>	<b>49,832,933</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	160,014	-	1,623,925	9,143,728	1,524,025	12,451,692
Other liabilities	-	672,288	3,522,681	-	-	4,194,969
<b>Total undiscounted financial liabilities</b>	<b>160,014</b>	<b>672,288</b>	<b>5,146,606</b>	<b>9,143,728</b>	<b>1,524,025</b>	<b>16,646,661</b>
<b>Net undiscounted financial assets</b>	<b>8,706,439</b>	<b>14,932,090</b>	<b>1,441,622</b>	<b>8,439,971</b>	<b>(333,850)</b>	<b>33,186,272</b>

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

As at 31 December 2014	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Financial guarantees	-	-	25,387	-	-	25,387

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

NOTES TO THE FINANCIAL STATEMENTS

26 Risk management - Continued

26.4 Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31 December in 2014 and 2013.

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 2014.

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

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

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

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2014 and 2013

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

**Foreign currency risk**

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

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

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

	Change in USD rate	₦
2014	2%	39,010
	-2%	(39,010)
2013	2%	43,832
	-2%	(43,832)

**Equity price risk**

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

At the reporting date, the exposure to listed equity securities at fair value was ₦889.06 million (2013: ₦907.2 million). A decrease of 10% on the NSE market index could have an impact of approximately ₦88.90 million (2013: ₦90.72 million) on the income or equity attributable to the Bank, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

26 Risk management - Continued

26.4 Interest Rate Risk

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

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

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

RATE SENSITIVITY OF ASSETS AND LIABILITIES						
31 December 2014	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
<b>Financial assets</b>						
Due from banks	-	6,336,470	-	-	-	6,336,470
Loans and advances	9,664,776	1,329,377	4,390,987	16,324,142	7,616,711	39,325,993
Investment securities - Held-to-maturity	-	212,348	1,487,027	-	-	1,699,375
<b>Total undiscounted financial assets</b>	<b>9,664,776</b>	<b>7,878,195</b>	<b>5,878,014</b>	<b>16,324,142</b>	<b>7,616,711</b>	<b>47,361,838</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	167,501	-	1,235,284	10,956,357	2,240,309	14,599,451
<b>Total undiscounted financial liabilities</b>	<b>167,501</b>	<b>-</b>	<b>1,235,284</b>	<b>10,956,357</b>	<b>2,240,309</b>	<b>14,599,451</b>
<b>Net undiscounted financial assets</b>	<b>9,497,275</b>	<b>7,878,195</b>	<b>4,642,730</b>	<b>5,367,785</b>	<b>5,376,402</b>	<b>32,762,387</b>

INTEREST RATE SENSITIVITY ANALYSIS		Net Gap	Cumulative Gap	Sensitivity on profit(+2%)	Sensitivity on profit(-2%)	Annualized period
	Increase/Decrease in bp	₦'000	₦'000	₦'000	₦'000	₦'000
On demand	+200bp	9,497,275	9,497,275	15,828.79	(15,828.79)	One month
Less than 3 months	+200bp	7,878,195	17,375,470	39,390.98	(39,390.98)	Three months
3 - 12 months	+200bp	4,642,730	22,018,200	92,854.60	(92,854.60)	One year
1- 5 years	+200bp	5,367,785	27,385,985	107,355.70	(107,355.70)	
Over 5 years	+200bp	5,376,402	32,762,387	107,528.04	(107,528.04)	

26 Risk management - Continued

26.4 Interest Rate Risk

**RATE SENSITIVITY OF ASSETS AND LIABILITIES**

31 December 2013	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
<b>Financial assets</b>						
Due from banks	-	15,130,245	-	-	-	15,130,245
Loans and advances	8,244,562	474,133	3,967,895	17,583,699	1,190,175	31,460,464
Investment securities - Held-to-maturity	-	-	2,352,486	-	-	2,352,486
<b>Total undiscounted financial assets</b>	<b>8,244,562</b>	<b>15,604,378</b>	<b>6,320,381</b>	<b>17,583,699</b>	<b>1,190,175</b>	<b>48,943,195</b>
<b>Financial liabilities</b>						
Debt securities issued and other borrowed funds	160,014.00	-	1,623,925	9,143,728	1,524,025	12,451,692
<b>Total undiscounted financial liabilities</b>	<b>160,014.00</b>	<b>-</b>	<b>1,623,925</b>	<b>9,143,728</b>	<b>1,524,025</b>	<b>12,451,692</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>8,084,548</b>	<b>15,604,378</b>	<b>4,696,456</b>	<b>8,439,971</b>	<b>(333,850)</b>	<b>36,491,503</b>

**INTEREST RATE  
SENSITIVITY  
ANALYSIS**

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



NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

27 **Maturity analysis of assets and liabilities**

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

<i>in thousands of Nigerian Naira</i>	<b>Within one year or less</b>	<b>More than one year</b>	<b>Total</b>
<b>At 31 December 2014</b>			
Cash and cash in bank	1,223,471	-	1,223,471
Due from banks	6,336,470	-	6,336,470
Loans and advances	15,385,140	22,181,031	37,566,171
Investment securities:			
Available-for-sale	-	1,452,455	1,452,455
Held-to-maturity	1,647,129	-	1,647,129
Property, plant and equipment	-	3,059,364	3,059,364
Intangible assets	-	12,038	12,038
Net employee defined benefit assets	-	107,933	107,933
Other assets	572,390	-	572,390
<b>Total Assets</b>	<b>25,164,600</b>	<b>26,812,821</b>	<b>51,977,421</b>
Debt securities issued and other borrowed funds	1,402,785	9,473,584	10,876,369
Other liabilities	4,057,376	-	4,057,376
<b>Total Liabilities</b>	<b>5,460,161</b>	<b>9,473,584</b>	<b>14,933,745</b>
<b>Net</b>	<b>19,704,439</b>	<b>17,339,237</b>	<b>37,043,675</b>

NIGERIAN EXPORT-IMPORT BANK

NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

<i>in thousands of Nigerian Naira</i>	Within one year or less	More than one year	Total
<b>At 31 December 2013</b>			
Cash and cash in banks	621,891	-	621,891
Due from banks	15,130,245	-	15,130,245
Loans and advances	12,686,590	16,260,429	28,947,019
Investment securities:			
Available-for-sale	-	1,470,685	1,470,685
Held-to-maturity	2,186,890	-	2,186,890
Property, plant and equipment	-	2,923,831	2,923,831
Intangible assets	-	18,187	18,187
Net employee defined benefit assets	-	19,221	19,221
Other assets	612,612	-	612,612
<b>Total Assets</b>	<b>31,238,228</b>	<b>20,692,353</b>	<b>51,930,581</b>
Debt securities issued and other borrowed funds	1,783,939	10,103,413	11,887,352
Other liabilities	3,579,994	-	3,579,994
<b>Total Liabilities</b>	<b>5,363,933</b>	<b>10,103,413</b>	<b>15,467,346</b>
<b>Net</b>	<b>25,874,295</b>	<b>10,588,940</b>	<b>36,463,235</b>

## **NIGERIAN EXPORT-IMPORT BANK**

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

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

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

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

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

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

#### **Legal claims**

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

#### **Lease arrangements**

##### **Operating lease commitments – Bank as lessee**

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

There is no future minimum lease rentals payable under non-cancellable operating leases as at 31 December 2014 (2013: Nil).

# NIGERIAN EXPORT-IMPORT BANK

## NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

##### **Operating lease commitments – Bank as lessor**

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

There is no future minimum lease rentals receivable under non-cancellable operating leases as at 31 December 2014 (2013: Nil).

### 29 **Related party disclosures**

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

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

#### **Compensation**

<i>in thousands of Nigerian Naira</i>	<b>2014</b>	<b>2013</b>
Short-term employee benefits	131,728	131,728
Retirement benefit costs	51,308	51,308
	<b>183,036</b>	<b>183,036</b>

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

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

<i>in thousands of Nigerian Naira</i>	<b>2014</b>	<b>2013</b>
<b>Fees</b>		
Chairman	-	-
Other Directors	2,063	2,063
	2,063	2,063
Emoluments as executives	183,036	183,036
	<b>185,099</b>	<b>185,099</b>
<b>The highest paid Director</b>	<b>48,524</b>	<b>48,524</b>

**NIGERIAN EXPORT-IMPORT BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**29 Related party disclosures - Continued**

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

	2014 Number	2013 Number
N6,800,001 - N6,900,000	3	3

**Information on employees**

**Staff**

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

	2014 Number	2013 Number
Managerial	22	22
Senior staff	33	34
Junior staff	78	73
	133	129

The related staff costs, salaries and allowances and pension amounted to ₦1,436,868,000 (2013 - ₦1,628,671,000).

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

	2014 Number	2013 Number
N 1,800,001 - N 2,600,000	20	15
2,600,001 - 3,500,000	24	22
3,500,001 - 4,000,000	3	16
4,000,001 - 5,000,000	22	23
5,000,001 - 6,000,000 & Above	64	50
	133	126

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 29 Related party disclosures - Continued

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

<i>in thousands of Nigerian Naira</i>	31 December 2014	31 December 2013
Loans and advances	209,029	441,817
Interest income earned during the year	9,009	6,085

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

#### 30 Capital management

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

- To maintain a set minimum ratio of total capital to total risk weighted assets in line with the regulatory requirement. The Bank's capital adequacy ratio is 80% (2013: 104%) compared to a minimum ratio of 10 per cent prescribed by the Central Bank of Nigeria;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and
- To maintain a strong capital position necessary for its long term financial health, and to support the development of its business.

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

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

## NIGERIAN EXPORT-IMPORT BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 30 Capital management - Continued

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

#### Regulatory capital

As at <i>in thousands of Nigerian Naira</i>	Note	31 December 2014	31 December 2013
<b>Tier 1 capital</b>			
Issued share capital	23	42,914,780	42,353,570
Accumulated losses	23	(10,884,651)	(9,355,887)
Other reserves	23	500,000	500,000
Shareholders' fund		32,530,128	33,497,683
<b>Less:</b>			
Intangible assets	19	(12,038)	(18,187)
<b>Total Tier 1 capital</b>		<b>32,518,090</b>	<b>33,479,496</b>
<b>Tier 2 capital</b>			
Available-for-sale reserve	16	219,125	286,531
Perpetual debenture	21	1,357,763	1,524,025
<b>Total Tier 2 capital</b>		<b>1,576,888</b>	<b>1,810,556</b>
Total regulatory capital		34,094,979	35,290,052
Risk-weighted assets		42,650,379	33,954,145
Total regulatory capital expressed as a percentage of total risk- weighted assets		80%	104%
Minimum Capital Requirement Ratio by CBN		10%	10%

#### 31 Event after reporting period

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

## NIGERIAN EXPORT-IMPORT BANK

### STATEMENT OF VALUE ADDED

<i>For the year ended in thousands of Nigerian Naira</i>	<b>31 December 2014</b>	<b>%</b>	<b>31 December 2013</b>	<b>%</b>
Gross income	5,068,974		4,544,804	
Interest expenses	(312,245)		(354,963)	
	4,756,729		4,189,841	
Impairment charges for credit losses	(464,061)		(306,359)	
	4,292,668		3,883,482	
Bought in material and services	(2,484,888)		(1,829,490)	
<b>Value Added</b>	<b>1,807,779</b>	<b>100%</b>	<b>2,053,992</b>	<b>100%</b>

Applied as follow:

#### In payment to employees

Employee benefits expense	1,408,615	78%	1,611,969	78%
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#### Shareholders

Dividends to shareholders	84,707	5%	35,538	2%
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#### Retained in the bank

Depreciation	287,511	16%	239,799	12%
Amortization	9,221	1%	10,656	1%
Available for sale reserve	(67,406)	-4%	88,258	4%
Transfer to accumulated losses	85,131	5%	67,772	3%
<b>Value Added</b>	<b>1,807,779</b>	<b>100%</b>	<b>2,053,992</b>	<b>100%</b>

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>IFRS</b>				<b>NGAAP</b>
	<b>As at</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
<b>in thousands of Nigerian Naira</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>					
Cash and cash in banks	1,223,471	621,891	860,890	586,241	432,174
Due from banks	6,336,470	15,130,245	22,446,712	21,926,902	8,148,253
Loans and advances	37,566,171	28,947,019	19,505,114	12,415,876	8,575,903
<b>Investment securities:</b>					
Available-for-sale	1,452,455	1,470,685	1,340,558	1,186,810	-
Held-to-maturity	1,647,129	2,186,890	817,198	-	-
Long term investments	-	-	-	-	1,258,205
Property, plant and equipment	3,059,364	2,923,831	2,804,941	2,880,023	2,828,721
Intangible assets	12,038	18,187	28,843	964	-
Net employee defined benefit assets	107,933	19,221	45,095	95,296	-
Other assets	572,390	612,612	344,259	40,896	548,357
	<b>51,977,421</b>	<b>51,930,581</b>	<b>48,193,610</b>	<b>39,133,008</b>	<b>21,791,613</b>

**Liabilities and Equity**

**Liabilities**

Debt securities issued and other borrowed funds	10,876,369	11,887,352	12,167,744	7,946,393	-
CBN/Refinancing and Rediscounting facility	-	-	-	-	1,225,152
Long-term loans	-	-	-	-	7,001,314
Other liabilities	4,057,376	3,579,994	3,069,790	3,001,884	3,449,949
	<b>14,933,745</b>	<b>15,467,346</b>	<b>15,237,534</b>	<b>10,948,277</b>	<b>11,676,415</b>

**Equity**

Issued share capital	42,914,780	42,353,570	38,935,167	35,536,554	17,259,600
Accumulated losses	(10,884,651)	(9,355,887)	(7,420,335)	(7,898,588)	(7,144,402)
Regulatory risk reserve	4,294,422	2,679,021	742,971	-	-
Available-for-sale reserve	219,125	286,531	198,273	46,765	-
Other reserves	500,000	500,000	500,000	500,000	-
<b>Total equity</b>	<b>37,043,675</b>	<b>36,463,235</b>	<b>32,956,076</b>	<b>28,184,731</b>	<b>10,115,198</b>

**Total liabilities and equity**

	<b>51,977,421</b>	<b>51,930,581</b>	<b>48,193,610</b>	<b>39,133,008</b>	<b>21,791,613</b>
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**Profit or loss**

<b>For the year ended</b>	<b>IFRS</b>			<b>NGAAP</b>	
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>in thousands of Nigerian Naira</b>					
Gross earnings	5,068,974	4,544,804	3,845,957	3,376,520	1,961,967
Interest expenses	(312,245)	(354,963)	(310,890)	(233,654)	(316,117)
Loan impairment (charge)/reversal	(464,061)	(306,359)	815,268	-	-
Provision for bad and doubtful debts	-	-	-	(1,248,473)	(255,610)
Profit before income tax	85,131	67,772	1,334,639	71,147	189,387
Income tax expenses	-	-	-	-	-
Profit after income tax	85,131	67,772	1,334,639	71,147	189,387