

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**  
Abuja, Nigeria

**REPORT OF THE DIRECTORS**

**AUDITED FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY FINANCIAL INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**  
**REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>CONTENTS</b>	<b>PAGE</b>
Corporate Information	3
Financial Highlights	4
Report of the Directors	5
Statement of Directors' responsibilities	8
Audited Financial Statements	
Independent Auditors' Report	9
Statement of Significant Accounting Policies	11
Balance Sheet	14
Profit and Loss Account	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Statement of Value Added	27
Five-Year Financial Summary	28
Supplementary Financial Information	
Operating Costs	30

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**CORPORATE INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**DIRECTORS**

Mr. Roberts U. Orya  
Alhaji Bashir M. Wali  
Mrs. Folake Oke Salami

**CAPACITY**

Managing Director/CEO  
Executive Director  
" " "

**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  
2A, Bayo Kuku Road, Ikoyi, Lagos

**BANKERS**

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

Website:

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

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK****FINANCIAL HIGHLIGHTS****FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 N'000	2011 N'000	% Increase/ (decrease)
<b>Profit and loss account:</b>			
Gross earnings	4,220,827 =====	3,376,520 =====	25
Net interest margin	3,192,825	2,413,001	32
Provision for bad and doubtful debts	(691,376)	(1,248,473)	(45)
Recoveries	373,076	438,100	(15)
Other income	344,035	291,765	18
Operating costs	(2,870,333)	(1,823,246)	57
Operating profit	348,227	71,147	389
<b>Balance sheet:</b>			
Share capital	38,935,167	35,536,554	10
Shareholders' funds	32,214,849	28,490,199	13
CBN/Refinancing and Rediscounting facility	1,225,152	1,225,152	-
<b>Per - share data:</b>			
Basic earnings per share (kobo)	0.89	0.20	345
Adjusted earnings per share (kobo)	0.89	0.18	394
Net assets per share (kobo)	86	84	2
Number of employees	124 =====	63 =====	

## **NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

### **REPORT OF THE DIRECTORS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2012**

The Directors have the pleasure in presenting to the members of the Bank their report together with the audited financial statements for the year ended 31 December 2012.

#### **PRINCIPAL ACTIVITIES**

The Bank was established to carry on the business of export finance and export credit insurance as well as export credit guarantee.

#### **STATE OF AFFAIRS**

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

#### **DIRECTORS' SHAREHOLDINGS**

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

#### **SHAREHOLDING STRUCTURE**

<b>Name</b>	<b>Authorised Capital N'000</b>	<b>Paid-up Capital N'000</b>
Ministry of Finance Incorporated (MOFI)	25,000,000	13,935,167
Central Bank of Nigeria (CBN)	25,000,000	25,000,000
	-----	-----
	50,000,000	38,935,167
	=====	=====

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

Donations made during the year amounted to ~~N~~4,256,500 (2011: ~~N~~3,380,000) to the following beneficiaries:

	<b>N</b>
African Biofuels & Renewable Energy Company	1,559,000
Oral Youth Empowerment Initiative	390,000
DISCOP AFRICA 2012	1,557,500
MISS Nigerian Entertainment World	750,000
	-----
	4,256,500
	=====

#### **FIXED ASSETS**

Information relating to changes in fixed assets is given in Note 8 to the financial statements.

## **NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2012**

##### **DIRECTORS**

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

Mr. Roberts U. Orya	Managing Director
Alhaji Bashir M. Wali	Executive Director
Mrs. Folake Oke Salami	“ “ “

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

##### **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.

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 (NEXIM) BANK**

**REPORT OF THE DIRECTORS - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**FORMAT OF THE FINANCIAL STATEMENTS**

The financial statements are presented in accordance with the reporting and presentation requirements of the Companies and Allied Matter Act, CAP C20, Laws of the Federation of Nigeria 2004. The Directors consider that the format adopted is the most suitable for the Bank.

**POST BALANCE SHEET EVENTS**

As stated in Note 24, no events or transactions have occurred since the balance sheet date which would have a material effect on the financial statements as presented.

**AUDITORS**

Ernst & Young having expressed their willingness, will 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

**A. D. MODIBBO**

Secretary to the Board  
Abuja, Nigeria  
FRC/2013/XXX/XXXX

.... July 2013

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

The NEXIM Act of the Federation of Nigeria 1991, Section 17, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and the requirements of the NEXIM Act of the Federation of Nigeria 1991.

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

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

.....

Roberts U. Orya  
**Managing Director/CEO**  
FRC/2013/XXX/XXXXXXXX

.....

Bashir M. Wali  
**Executive Director**  
FRC/2013/XXX/XXXXXXXX

..... July 2013

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

### **NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

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

We have audited the accompanying financial statements of Nigerian Export-Import (NEXIM) Bank, which comprise the balance sheet as at 31 December 2012, profit and loss account, statement of cash flows for the year 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 relevant standards issued by the Financial Reporting Council of Nigeria, the provisions of the NEXIM Act of the Federation of Nigeria 1991 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 give a true and fair view of the financial position of Nigerian Export-Import (NEXIM) Bank as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the relevant standards issued by Financial Reporting Council of Nigeria, Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the NEXIM Bank Act No. 38, 1991 and relevant circulars issued by the Central Bank of Nigeria.

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of Section 17 of Nigerian Export-Import (NEXIM) Bank Act of the Federation of Nigeria 1991, 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, so far as appears from our examination of those books;
- iii) the Bank's balance sheet and profit and loss account 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 19.2 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Lagos, Nigeria  
FRC/2012/ICAN/155

..... July 2013

## **NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2012**

The following are the significant accounting policies adopted by the Bank in the preparation of financial statements.

**a) Accounting Convention**

The financial statements have been prepared under the historical cost convention.

**b) Loans and Advances**

Loan portfolios are made up of both interbank transactions which are secured by promissory notes and standing orders executed by the Bank, and direct lending facilities secured by acceptable collateral.

It has been considered prudent to classify loans and advances as non-performing when interest and/or principal is overdue for more than 90 days. Provision is made in accordance with the Statement of Accounting Standards for Banks and Non-Bank Financial Institutions (SAS 10) issued by the Financial Reporting Council of Nigeria and Prudential Guidelines issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facility as follows:

<b>Interest and/or Principal Outstanding for:</b>	<b>Classification</b>	<b>Provision</b>
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
360 days and above	Lost	100%

A minimum provision of 1% is made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio.

**c) Treatment of interest on non-performing loans and advances:**

- i. Interest on loans and advances is accrued to profit until such a time as reasonable doubt exists about its collectability. Thereafter, such interest is not recognised as income.
- ii. Interest accruing on non-performing accounts is not taken to the credit of profit and loss account until the debt is recovered.

**d) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write-off the cost of each asset less the estimated residual value, over its estimated useful life at the following annual rates:

Buildings	-	2%
Furniture & fittings	-	20%
Computer & equipment	-	25%
Plant and machinery	-	25%
Motor vehicles	-	33 1/3%

## **NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **FOR THE YEAR ENDED 31 DECEMBER 2012**

##### **e) Intangible assets**

Software not integral to the related hardware acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product so that it will be available for use;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that the asset is available for use since this most closely reflects the pattern of consumption of the future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

##### **f) Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the respective dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated to naira at the exchange rate ruling at the balance sheet date and the resulting exchange differences are taken to the Exchange Equalisation Account.

##### **g) Recoveries**

Recoveries of bad and doubtful debts are only included when they are actually received by the Bank.

##### **h) Investments**

- i. Short-term Investments are valued at the lower of cost and market value. The amount by which cost exceeds market value (where applicable) is charged to profit and loss account.

## **NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **FOR THE YEAR ENDED 31 DECEMBER 2012**

**h) Investments continued**

ii. Long-term investments are carried at cost. Provisions are made for permanent diminution in value of such investments, which is recognised if the carrying amount of the investment is greater than its estimated recoverable amount. A change in market value of long-term investment is not taken into account unless it is considered to be permanent.

**i) Contingent Liabilities**

Any commitment entered into on behalf of customers in respect of Export Guarantee/Insurance is recognised as a contingent liability and is stated on the balance sheet at the Guaranteed/Insured value.

**j) Gross Earnings**

Gross earnings comprise the interest on short-term placements, loans and advances, recoveries, investment income, rental income, administrative/legal fee, penalty and underwriting income. These are recognised on accrual basis.

**k) Retirement Benefits Scheme**

The Bank operates a contributory end of service staff benefit scheme. Contribution to the scheme is based on 7.5% of the salaries by the employee, while the employer contributes 7.5% in line with the provision of Pension Reform Act 2004.

**l) Provisions**

A provision is recognized when the Bank has a present obligation, whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with Statement of Accounting Standard (SAS) 23.

**m) Earnings per share**

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

Adjusted EPS is arrived at as the EPS for the previous years in the financial statements by recalculating the EPS of such years using the weighted average number of ordinary shares of the Bank as at current year ending as a common denominator.

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK****BALANCE SHEET****AS AT 31 DECEMBER 2012**

<b>ASSETS</b>	Note	2012 N'000	2011 N'000
Cash and bank balances	2	860,890	586,240
Short-term investments	3	22,252,790	21,856,794
Loans and advances	4	18,894,798	12,851,587
Prepayments and other assets	5	631,006	222,926
Long term investments	6	2,069,892	1,242,897
Intangible assets	7	28,843	964
Fixed assets	8	2,804,941	2,880,024
<b>TOTAL ASSETS</b>		<b>47,543,160</b>	<b>39,641,432</b>
<b>LIABILITIES</b>			
Long-term loans	9	9,864,131	5,745,476
Other liabilities	10	4,239,028	4,180,605
<b>TOTAL LIABILITIES</b>		<b>14,103,159</b>	<b>9,926,081</b>
<b>NET ASSETS</b>		<b>33,440,001</b>	<b>29,715,351</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	38,935,167	35,536,554
Reserves	12	(6,720,318)	(7,046,355)
<b>SHAREHOLDERS' FUNDS</b>		<b>32,214,849</b>	<b>28,490,199</b>
CBN/Refinancing and Rediscounting facility	13	1,225,152	1,225,152
		<b>33,440,001</b>	<b>29,715,351</b>
Acceptances and guarantees	23	524,725	1,795,074

.....  
Roberts U. Orya  
Managing Director  
FRN/2013/XXX/XXXXX

.....  
Bashir M. Wali  
Executive Director  
FRN/2013/XXX/XXXXXX

.....  
Umar Rani  
Chief Financial Officer  
FRN/2013/XXXX/XXXXX

..... July 2013

See notes to the financial statements.

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 ₦'000	2011 ₦'000
Gross earnings		4,220,827 =====	3,376,520 =====
Interest income	14	3,503,716	2,646,655
Interest expenses	15	(310,891)	(233,654)
Net Interest margin		----- 3,192,825	----- 2,413,001
Provision for bad and doubtful debts		(691,376)	(1,248,473)
Recoveries	16	373,076	438,100
		----- 2,874,525	----- 1,602,628
Other income	17	344,035	291,765
Operating income		----- 3,218,560	----- 1,894,393
Operating costs		(2,870,333)	(1,823,246)
Operating profit	21	----- 348,227 =====	----- 71,147 =====
Earnings per ₦1 share - Basic (Kobo)	22	0.89	0.20
Earnings per ₦1 share - Adjusted (Kobo)	22	0.89	0.18

See notes to the financial statements.

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2012**

		2012 N'000	2011 N'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net cash flows from operating activities before changes in working capital	18	678,901	1,471,554
<b>Changes in working capital:</b>			
Increase in loans and advances		(6,940,010)	(5,475,207)
(Increase)/decrease in prepayments and other assets		(408,080)	325,431
Increase in other liabilities		81,093	674,202
		-----	-----
		(6,588,096)	(3,004,020)
VAT paid		(22,670)	(21,998)
		-----	-----
<b>Net cash outflows from operating activities</b>		<b>(6,610,766)</b>	<b>(3,026,018)</b>
		-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of fixed assets		-	337
Purchase of fixed assets	8	(152,761)	(297,844)
Purchase of intangible assets	7	(29,077)	-
Acquisition/(disposal) of long-term investments		(2,240)	15,308
		-----	-----
<b>Net cash outflows used in investing activities</b>		<b>(184,077)</b>	<b>(282,199)</b>
		-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Inflows from foreign loans		4,526,024	149,132
Repayment of foreign loans		(407,370)	(1,322,939)
Dividend to shareholders		(51,778)	-
Equity contribution	11	3,398,613	18,276,954
		-----	-----
<b>Net cash flows from financing activities</b>		<b>7,465,489</b>	<b>17,103,147</b>
		-----	-----
Net increase in cash and cash equivalents		670,646	13,794,930
Cash and cash equivalents as at 1 January		22,624,138	8,829,208
		-----	-----
Cash and cash equivalents as at 31 December	3.2	23,294,784	22,624,138
		=====	=====

See notes to the financial statements.

## NIGERIAN EXPORT-IMPORT (NEXIM) BANK

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Corporate Structure and Business

The Nigerian Export-Import (NEXIM) Bank was established by the Nigerian Export-Import Bank Act (No. 38) of 1991 which repealed the Nigerian Export Credit Guarantee and Insurance Corporation Decree and changes the name under which the institution formerly operated. The Bank was established to carry on the business of export finance and export credit insurance as well as export credit guarantee.

	2012 ₦'000	2011 ₦'000
<b>2. Cash and bank balances</b>		
Cash-in-hand	3,006	3,227
Cash at bank (Note 2.1)	857,884	583,013
	-----	-----
	860,890	586,240
	=====	=====
<b>2.1 Cash at bank</b>		
Balances with Central Bank of Nigeria	130,006	38,332
Balances with local banks:		
- Current account	188,263	227,357
- Domiciliary	64,033	33,329
Balance with foreign banks	475,582	283,995
	-----	-----
	857,884	583,013
	=====	=====
<b>3. Short term investments</b>		
Placement with:		
Banks	18,252,790	19,156,794
Non Banks	4,000,000	2,700,000
Banks in liquidation	181,104	181,104
	-----	-----
	22,433,894	22,037,898
Provision for loss of investments (Note 3.1)	(181,104)	(181,104)
	-----	-----
	22,252,790	21,856,794
	=====	=====

#### 3.1 Provision for loss on investments

This is the provision made for the short-term placements with liquidated banks.

	2012 ₦'000	2011 ₦'000
<b>3.2 Cash and cash equivalents</b>		
Cash-in-hand	3,006	3,227
Cash at bank	857,884	583,013
Short-term investments	22,433,894	22,037,898
	-----	-----
	23,294,784	22,624,138
	=====	=====

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

4. Loans and Advances	2012 ₦'000	2011 ₦'000
Interbank facilities	2,000,000	1,641,625
Direct lending	16,979,009	19,263,553
Staff loans	773,017	590,311
Accrued interests	1,412,455	3,613,557
	-----	-----
	21,164,481	25,109,046
Provision for loan losses (Note 4.3)	(1,765,775)	(9,753,979)
Interest in suspense (Note 4.4)	(503,908)	(2,503,480)
	-----	-----
	18,894,798	12,851,587
	=====	=====

4.1 *Analysis of loans and advances by maturity:*

1 - 3 months	5,527,363	8,010,252
3 - 6 months	1,939,170	942,851
6 - 12 months	2,097,519	6,089,184
Over 12 months	11,600,430	10,066,759
	-----	-----
	21,164,481	25,109,046
	=====	=====

4.2 *Analysis by performance*

	Gross loan ₦'000	2012 Provision ₦'000	Gross loan ₦'000	2011 Provision ₦'000
Performing	15,445,298	154,453	9,925,841	99,258
	-----	-----	-----	-----
<b>Non Performing:</b>				
Substandard	3,583,125	358,313	2,959,449	295,945
Doubtful	758,281	379,140	723,000	361,500
Lost	1,377,777	1,377,777	11,500,756	11,500,756
	-----	-----	-----	-----
	5,719,183	2,115,230	15,183,205	12,158,201
	-----	-----	-----	-----
	21,164,481	2,269,683	25,109,046	12,257,459
	=====	=====	=====	=====

4.3 *Movement in provision for non-performing loans and advances:*

	2012 ₦'000	2011 ₦'000
At 1 January	9,753,979	8,730,882
Additions during the year	184,556	1,116,403
Transferred to memorandum account	(8,172,760)	(93,306)
	-----	-----
At 31 December	1,765,775	9,753,979
	=====	=====

## NIGERIAN EXPORT-IMPORT (NEXIM) BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

4.4. <i>Movement in interest in suspense:</i>	2012	2011
	₦'000	₦'000
At 1 January	2,503,480	2,327,054
Transferred to memorandum account	(2,506,392)	-
Additions during the year	506,820	176,426
	-----	-----
At 31 December	503,908	2,503,480
	=====	=====

#### 5. Prepayments and other assets

Interest receivables	263,371	139,558
Management fee	50,683	-
Deferred charges (Note 5.1)	78,154	70,290
Prepayments	225,847	25,329
Other current assets	82,401	57,199
	-----	-----
	700,456	292,376
Provision for other assets	(69,450)	(69,450)
	-----	-----
	631,006	222,926
	=====	=====

5.1 This relates to unamortised portion (\$500,000) of loan commitment charges paid with respect to loan obtained from African Export-Import Bank (AFREXIM) and is expected to be written off over the period for which the loan is being granted.

6. <b>Long-term investments</b>	2012	2011
	₦'000	₦'000
Investment held with portfolio managers (Note 6.1) [market value: ₦700,408,051 (2011: ₦627,739,000)]	522,313	520,073
Quoted investments	118,666	118,666
<b>Unquoted investments:</b>		
AFREXIM BANK	621,080	624,800
ABREC	31,154	31,240
Zero-Coupon AMCON Bond	828,561	-
	-----	-----
	2,121,774	1,294,779
Provision for diminution in value of investments	(51,882)	(51,882)
	-----	-----
	2,069,892	1,242,897
	=====	=====

6.1 These are investments held in IBTC Nigerian Equity Fund ₦410,707,915 (2011: ₦367,415,464) and FSDH Coral Growth Fund ₦289,700,136 (2011: ₦152,657,861).

6.2 The Directors are of the opinion that the carrying value of the quoted investments is not lower than the cost at the balance sheet date.

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

7.	Intangible assets						
				2012			
				N'000			
	<b>COST:</b>						
	At 1 January			118,874			
	Additions			29,077			
				-----			
	At 31 December			147,951			
				-----			
	<b>DEPRECIATION:</b>						
	At 1 January			117,910			
	Amortisation for the year			1,198			
				-----			
	At 31 December			119,108			
				-----			
	<b>NET BOOK VALUE:</b>						
	At 31 December 2012			28,843			
				=====			
	At 31 December 2011			964			
				===			
8.	Fixed assets						
		Land and building	Plant and machinery	Furniture & fittings	Motor vehicles	Computer & equipment	Total
	<b>COST:</b>	N'000	N'000	N'000	N'000	N'000	N'000
	At 1 January	2,766,420	97,861	689,952	336,077	220,117	4,110,427
	Additions	-	14,874	54,096	66,655	17,136	152,761
		-----	-----	-----	-----	-----	-----
	At 31 December	2,766,420	112,735	744,048	402,732	237,253	4,263,188
		-----	-----	-----	-----	-----	-----
	<b>DERECIATION:</b>						
	At 1 January	233,300	52,098	615,773	121,717	207,515	1,230,283
	Charge for the year	55,318	23,579	55,853	87,641	5,453	227,844
		-----	-----	-----	-----	-----	-----
	At 31 December	288,618	75,677	671,626	209,358	212,968	1,458,247
		-----	-----	-----	-----	-----	-----
	<b>NET BOOK VALUE:</b>						
	At 31 December 2012	2,477,802	37,058	72,422	193,374	24,285	2,804,941
		=====	=====	=====	=====	=====	=====
	At 31 December 2011	2,533,120	45,763	74,179	214,360	12,602	2,880,024
		=====	=====	=====	=====	=====	=====

## NIGERIAN EXPORT-IMPORT (NEXIM) BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

9.	<b>Long-term loans</b>	2012 ₦'000	2011 ₦'000
	Loan from AFREXIM (Note 9.1)	1,921,313	622,338
	CBN/BOI Fund for Small & Medium Scale Industries (9.2)	1,715,768	2,123,138
	FGN/Export Stimulation Loan (Note 9.3)	6,227,050	3,000,000
		-----	-----
		9,864,131	5,745,476
		=====	=====

9.1 The balance on this account relates to amount drawn down on a \$50,000,000 line of credit obtained from African Export-Import Bank (AFREXIM) for a period of five (5) years.

9.2 In 2010, the Bank applied for and was granted a ₦2,793,138,102 restructure/refinancing facility under the CBN SME/Manufacturers Scheme. The loan is broken down into Term loan of ₦2,123,138,102 and working capital ₦670,000,000 for its clients. The term is for five (5) years repayable quarterly after one year moratorium period. Total repayments of ₦407,370,000 was made during the year.

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

10.	<b>Other liabilities</b>	2012 ₦'000	2011 ₦'000
	Accrued expenses	380,675	201,782
	BOI - Working capital (Note 9.3)	460,000	560,000
	Loan from ADB/FGN/CBN (Note 10.1)	82,031	82,031
	Interest payable	536,430	404,024
	Due to ESL (Note 10.2)	2,352,125	2,352,125
	Sundry creditors	286,448	383,297
	Transformation grants (Note 10.3)	80,064	102,522
	Unearned interest income	61,255	94,824
		-----	-----
		4,239,028	4,180,605
		=====	=====

10.1 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 and so balance on account becomes payable to FGN.

10.2 Due to ESL is the amount due to Federal Government of Nigeria under defunct ADB Export Stimulation Loan "Managed funds" in respect of the repayments made to the Bank under the Fund.

10.3	<b>Grants/transformation cost</b>	2012 ₦'000	2011 ₦'000
	At 1 January	102,522	319,356
	Transformation cost during the year	(22,458)	(216,834)
		-----	-----
	At 31 December	80,064	102,522
		=====	=====

## NIGERIAN EXPORT-IMPORT (NEXIM) BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

11. Share capital	2012	2011
	₦'000	₦'000
<i>Authorised</i>		
50,000,000,000 Ordinary share of ₦1 each	50,000,000	50,000,000
	=====	=====
<i>Issued and fully paid</i>		
Ordinary share of ₦1 each		
At 1 January	35,536,554	17,259,600
<i>Paid up during the year:</i>		
Federal Ministry of Finance	3,398,613	-
Central Bank of Nigeria	-	18,276,954
	-----	-----
At 31 December	38,935,167	35,536,554
	=====	=====
12. Reserves		
(a). <i>Accumulated loss</i>		
At 1 January	(8,078,988)	(8,150,135)
Dividend paid	(51,778)	-
Transfer from profit and loss	348,227	71,147
	-----	-----
At 31 December	(7,782,539)	(8,078,988)
	-----	-----
(b). <i>Other reserves</i>		
Exchange translation	562,221	532,633
Guarantee reserve fund	500,000	500,000
	-----	-----
	1,062,221	1,032,633
	-----	-----
Total reserves	(6,720,318)	(7,046,355)
	=====	=====
13. CBN/Refinancing and Rediscounting facility		
6% CBN Perpetual Debenture	1,225,152	1,225,152
	=====	=====
14. Interest income		
Call and time deposit	1,992,224	1,714,726
AMCON Bond	109,210	-
Foreign banks	3,595	31
Rediscounting & Refinancing facility (RRF)	53,192	1,808
Stocking facility (SF)	85,690	41,586
Local input facility (LIF)	73,578	79,111
BOI WC facility	19,762	33,977
Direct lending facility (DL)	1,157,626	757,649
Staff loan	8,839	17,767
	-----	-----
	3,503,716	2,646,655
	=====	=====

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

15. Interest expense	2012 N'000	2011 N'000
Loan from ADB/FGN/CBN	7,464	7,286
CBN/BOI facility	27,700	34,400
Export Stimulation Loan	61,741	30,000
CBN - Perpetual debenture	73,627	73,509
Loan commitment charges	31,262	11,346
Loan from AFREXIM	109,097	77,113
	-----	-----
	310,891	233,654
	=====	=====
16. Recoveries		
Stocking facility	-	17,315
Local input facility	-	1,468
Project facility	78,848	232,595
Trade finance	294,228	186,722
	-----	-----
	373,076	438,100
	=====	=====
17. Other income		
Administrative/legal fee	155,720	148,161
Dividends received from AFREXIM	44,946	46,616
Foreign exchange fee	6,897	7,584
Penalty income	735	792
Rental income	47,773	44,517
Underwriting income	38,707	36,972
Sundry	49,258	7,123
	-----	-----
	344,035	291,765
	=====	=====
18. Net cashflows from operating activities before changes in working capital		
Operating profit	348,227	71,147
<b>Adjustment for non cash items:</b>		
Depreciation and amortisation	229,042	245,262
Provision for loans	691,376	1,292,830
Interest on Zero-Coupon AMCON Bond	(109,210)	-
Exchange equalization reserve	33,395	-
Recoveries	(513,929)	(93,307)
Provision on investments no-longer required	-	(44,356)
Gain from sale of fixed assets	-	(22)
	-----	-----
	678,901	1,471,554
	=====	=====

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

19. Chairman and Directors' emoluments	2012 ₦'000	2011 ₦'000
19.1 Fees		
Chairman	-	-
Other Directors	2,063	2,063
	-----	-----
	2,063	2,063
Emoluments as executives	51,069	51,069
	-----	-----
	53,132	53,132
	=====	=====
The highest paid Director	48,239	48,239
	=====	=====
19.2 Loans to Directors of the Bank		
At 1 January	298,031	37,843
Advances during the year	198,749	378,926
Repayments	(30,323)	(118,738)
	-----	-----
At 31 December	466,457	298,031
	=====	=====

The loans to the Directors are charged with interest and have fixed repayment terms.

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

	2012 Number	2011 Number
₦6,800,001 - ₦6,900,000	3	3
	=	=

**20. Information on employees**

**20.1 Staff**

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

	2012 Number	2011 Number
Managerial	8	5
Senior staff	39	29
Junior staff	77	29
	----	----
	124	63
	====	==

The related staff costs, salaries and allowances, gratuity and pension amounted to ₦1,191,248,000 (2011 - ₦610,796,000).

## NIGERIAN EXPORT-IMPORT (NEXIM) BANK

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 20.2 Staff number and costs

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

		2012 Number	2011 Number	
	₦			
	₦			
1,800,001	-	2,200,000	3	-
2,200,001	-	2,400,000	3	3
2,400,001	-	2,600,000	11	2
2,600,001	-	2,800,000	3	5
2,800,001	-	3,000,000	-	2
3,000,001	-	3,500,000	-	-
3,500,001	-	4,000,000	20	5
4,000,001	-	5,000,000	30	3
5,000,001	-	6,000,000 & Above	51	43
		----		----
		121		63
		==		==

	2012 ₦'000	2011 ₦'000
21. Operating profit is arrived at after charging:		
Audit fee	15,097	15,097
Depreciation and amortisation	229,042	245,262
Staff costs	1,191,248	610,796
	=====	=====

#### 22. Earning per share:

- Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.
- Adjusted EPS is arrived at as the EPS for the previous years in the financial statements by recalculating the EPS of such years using the weighted average number of ordinary shares of the Company as at 31 December 2012 as a common denominator.

#### 23. Acceptance and guarantees

In the normal course of business, the Bank is a party to financial instruments with off-balance sheet risk. These instruments are issued to meet the credit and other requirements of customers. The contractual amounts of the off-balance sheet financial instruments are: Guarantees & Indemnities

#### 24. Post balance sheet events

There are no post balance sheet events which could have had material effect on the state of affairs of the Bank as at 31 December 2012 and the profit for the year ended on that date which have not been adequately provided for or disclosed in the financial statement.

#### 25. Contingent liabilities:

Contingent liabilities in respect of pending litigations involving the Company amounted to ₦4,100,000 (2011: ₦4,100,000). This has not been provided for in these financial statements. The actions are being defended and the Directors are of the opinion that no material liability would arise there from.

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**26. Reclassification**

Certain reclassifications were made to the reported figures of prior year in order to conform to this year's presentation.

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK****STATEMENT OF VALUE ADDED****FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 N'000	%	2011 N'000	%
Gross earnings	4,220,827		3,376,520	
Bought in goods and services	(2,139,167)		(2,215,661)	
Value added	2,081,660	100	1,160,859	100
	=====	===	=====	===
<b>Applied as follows:</b>				
<i>In payment to employees:</i>				
Salaries, wages and other benefits	1,193,500	57	610,796	53
<i>In payment to providers of capital:</i>				
Interest	310,891	15	233,654	20
<i>For future replacement of assets, Expansion of business and Payment of dividend:</i>				
Depreciation and amortisation	229,042	11	245,262	21
Retained earnings	348,227	17	71,147	6
	2,081,660	100	1,160,859	100
	=====	===	=====	===

Value added is the wealth created by the efforts of the Bank and its employees. This statement shows the allocation of that wealth among the employees, shareholders and amount re-invested for future creation of further wealth.

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**

**FIVE-YEAR FINANCIAL SUMMARY**

BALANCE SHEET	<-----31 DECEMBER----->				
	2012 ₦'000	2011 ₦'000	2010 ₦'000	2009 ₦'000	2008 ₦'000
<b>ASSETS:</b>					
Cash and short-term funds	23,113,680	22,443,034	8,580,427	5,786,901	4,839,079
Loans and advances	18,894,798	12,851,587	8,575,903	4,556,146	8,648,292
Prepayments and other assets	631,006	222,926	548,357	1,046,800	696,425
Long term investment	2,069,892	1,242,897	1,258,205	1,224,091	1,143,666
Fixed assets & Intangible assets	2,833,784	2,880,988	2,828,721	3,070,168	3,384,420
<b>TOTAL ASSETS</b>	<b>47,543,160</b>	<b>39,641,432</b>	<b>21,791,613</b>	<b>15,684,106</b>	<b>18,711,882</b>
<b>LIABILITIES:</b>					
Long-term loans	9,864,131	5,745,476	6,919,283	1,418,752	1,266,668
Other current liabilities	4,239,028	4,180,605	3,531,980	3,908,788	3,547,437
	14,103,159	9,926,081	10,451,263	5,327,540	4,814,105
<b>Net assets</b>	<b>33,440,001</b>	<b>29,715,351</b>	<b>11,340,350</b>	<b>10,356,566</b>	<b>13,897,777</b>
<b>CAPITAL AND RESERVES:</b>					
Share capital	38,935,167	35,536,554	17,259,600	16,498,633	14,882,877
Revenue reserve	(6,720,318)	(7,046,355)	(7,144,402)	(7,367,219)	(2,210,252)
Shareholders' funds	32,214,849	28,490,199	10,115,198	9,131,414	12,672,625
CBN/Refinancing and Rediscounting facility	1,225,152	1,225,152	1,225,152	1,225,152	1,225,152
	33,440,001	29,715,351	11,340,350	10,356,566	13,897,777
<b>PROFIT AND LOSS ACCOUNT:</b>					
Gross earnings	4,220,827	3,376,520	1,961,967	2,075,343	1,962,516
Operating profit/ (loss)	348,227	71,147	189,387	(5,460,812)	153,352
Basic earnings/ (loss) per share	0.89k	0.2k	1.1k	(33k)	1k
Adjusted earnings/ (loss) per share	0.89k	0.18k	0.53k	(31.6k)	9.29k

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK  
SUPPLEMENTARY FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**NIGERIAN EXPORT-IMPORT (NEXIM) BANK**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**Operating costs**

	2012 N'000	2011 N'000
Advertisement and publicity	219,515	86,353
Audit fee	15,097	15,097
Bank charges	2,975	19,692
Computer supplies	21,763	4,183
Contribution to ITF	14,470	12,000
Debt recovery	28,702	9,153
Depreciation and amortisation	229,042	245,262
Directors' fee, salaries and expenses	24,988	53,132
Donations	4,257	3,380
Electricity and office utilities	29,541	18,604
Entertainment	4,082	2,679
Exporter enlightenment	12,932	9,684
Fuel & Diesel	30,736	26,799
Insurance	67,648	27,395
Legal fee	13,344	29,447
Library books and periodicals	5,342	2,684
Miscellaneous	65,897	17,513
Postage and telephone	23,633	23,548
Printing and stationery	11,275	5,290
Professional expenses	123,676	156,881
Professional subscription	52,355	24,407
Rent and rates	34,191	11,377
Repairs and maintenance	238,075	112,070
Security	25,290	22,758
Staff costs	1,193,500	610,796
Staff relocation	7,487	21,884
Strategic alliance	44,148	82,074
Trade fair/mission	1,948	4,448
Training	224,508	114,466
Travelling and transport	99,916	50,190
	-----	-----
	2,870,333	1,823,246
	=====	=====