2015
ANNUAL
REPORT &
ACCOUNTS

WEMA BANK
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CORPORATE INFORMATION

Wema Bank Plc RC 575
Head Office: Wema Tower, 54, Marina, P.M.B. 12862, Lagos, Nigeria
T. +234 1 277 8600 E. info@wemabank.com W. www.wemabank.com

Purple Connect (Contact Centre)
+234 0 7000 PURPLE, +234 0 80 3900 3700 (CALLS ONLY), +234 0 70 5111 2111 (SMS & WHATSAPP ONLY)
purpleconnect@wemabank.com (EMAIL), www.wemabank.com (LIVE CHAT)

Foreign Correspondent Banks

London, UK - Standard Chartered Bank, Union Bank Plc, Bank of Beirut, United National Bank, Access Bank Plc
New York, USA - Standard Chartered Bank, United Bank for Africa (UBA)
Frankfurt, Germany - BHF Bank, Commerzbank, Deutsche Bank AG

Auditors

Akintola Williams Delloite (Chartered Accountant)

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ABOUT WEMA BANK

Established in 1945, Wema Bank is Nigeria's longest surviving indigenous bank. Wema Bank offers a range of retail and SME banking, corporate banking, treasury, trade services and financial advisory to its numerous customers.

In 2009, the Bank underwent a strategic repositioning exercise which culminated in the Bank's decision to operate as a commercial Bank with regional authorisation in South-South Nigeria, South-West Nigeria, Lagos and Abuja in 2011.

Operating a network of over 135 branches and cash centres backed by a robust ICT platform across Nigeria, we are committed to long-term sustainability in our business whilst maintaining the highest standards of social responsibility, corporate governance and diversity in our operations.

Shareholding Structure

- Authorized capital of ₦20billion divided into 40 billion ordinary shares of 50 kobo each
- Fully paid up share capital is ₦19,287,233,041 divided into 38,574,466,082 ordinary shares of 50 kobo each
- 100% owned by Nigerians

Financial, Operational & Reporting Highlights

Balance Sheet & Income Statement

Total Assets	Total Deposits	Gross Loans & Advances	Gross Earnings	Profit Before Tax
grew by 4% to **N397 billion**	grew by 10 % to **N285 billion**	increased by 25 % to **N186 billion**	were up by 9.5 % to **N46 billion**	was maintained at **N3.05 billion**
Dec 2014: ?382 bn	Dec 2014: ?259 bn	Dec 2014: ?149 bn	Dec 2014: ?42 bn	Dec 2014: ?3.09 bn

Key Ratio

Capital Adequacy Ratio	Loan to Deposit Ratio	Non-Performing Loans Ratio	Net Interest Margin	Earnings Per Share	Return on Equity
15.09%	65.13%	2.67%	5.9%	6 Kobo	5.2%
Dec 2014: 18.22%	Dec 2014: 57.65%	Dec 2014: 2.49%	Dec 2014: 5.48%	Dec 2014: 6 kobo	Dec 2014: 5.42%

OUR CORPORATE PHILOSOPHY

Our Vision

To be the financial institution of choice in service delivery and superior returns

Our Mission

To give every customer a delightful and memorable service experience

Our Core Values

- Mutual respect
- Teamwork
- Innovation
- Performance -driven
- Professionalism

OUR BRAND

The Wema Bank Brand reinforces our key differentiating factor which is Value Driven Relationship Banking. This is the single concept which drives the understanding of the new direction of the Wema Bank Brand. It is the one word that best personifies the behavior, products and services of the Bank. It is the summatioof the Bank's band strength.

Our Brand is driven by a desire to develop an intimate relationship with our customers, putting us in a position to recognize their requirements and priorities. Our approach is hinged on mutual respect, service, innovation and efficiency. In line with our core ideals and values, we seek to understand our customers' businesses and objectives, such that we are able to anticipate and meet their needs.

WEMA BANK

- We are conscientious believers: believers in people and societal values.
- We believe in collective progress, the common good and sustainable success.
- We measure our success not only by what we gain or reap from the people we interact with, but most importantly, by the reciprocal value we add to them - their lives, their businesses.
- We strive to create value that endure, value that uplift human dignity and collective welfare.

Success to us implies succeeding along with all our stakeholders, all moving forward and creating value as a hallmark of great relationships.

Operational and Reporting highlights

- **April 2015:** 70th Anniversary Commemorative Lecture
- **May 2015:** Concluded the Brand Refresh Programme
- **September 2015:** Awarded Payment Card Industry Data Security Standard (PCIDSS)
- **November 2015:** Upgrade of our Banking Liense to National Authorization
- **November 2015:** Award of the ISO 27001 and ISO 20000 certifications by the British Standards Institute
- **November 2015:** First Financial Institution in Nigeria to implement Card Control
-

Number of Employees

1.080 December 2015 (1,127 Dec. 2014)

PERFORMANCE HIGHLIGHTS

TOTAL ASSETS

4%

2014: N382 billion

2015: N397 billion

GROSS LOANS

25%

2014: N149 billion

2015: N186 billion

DEPOSITS

10%

DEC 2014: N259 billion

DEC 2015: N285 billion

GROSS EARNINGS

9.5%

DEC 2014: N42 billion

DEC 2015: N45.9 billion

NET INTEREST INCOME

4.5%

DEC 2014: N18.5 billion

DEC 2015: N17.7 billion

PROFIT BEFORE TAX

1.6%

DEC 2014: N3.09 billion

DEC 2015: N3.05 billion

PROFIT AFTER TAX (₦)

DEC 2015: 2.33bn

DEC 2014: 2.37bn

LOAN TO DEPOSIT RATIO

DEC 2015: 65.13%

DEC 2014: 57.65%

NON-PERFORMING LOANS (NPL)

DEC 2015: 2.67%

DEC 2014: 2.49%

COST TO INCOME RATIO

DEC 2015: 88.5%

DEC 2014: 87.72%

NET INTEREST MARGIN

DEC 2015: 5.9%

DEC 2014: 5.48%

CAPITAL ADEQUACY

DEC 2015: 15.09%

DEC 2014: 18.22%

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CORPORATE GOVERNANCE

INTRODUCTION

Wema Bank Plc remains committed to the highest standards of Corporate Governance and strives to foster an environment which facilitates the implementation of good Corporate Governance principles and practices.

In formulating our governance framework, we have taken into account the extant codes of Corporate Governance and the International Corporate Governance best practices. In the year under review, the Bank complied with the provisions of SEC and CBN Codes of Corporate Governance.

The Board of Directors ensures that the Bank adheres to the standards of Corporate Governance and believes that such standards are critical to facilitate efficient and effective management in order to deliver long term value for the stakeholders.

Being an institution which places great emphasis on the provision of excellent services to all its customers, the practice of effective and transparent corporate governance ensures that the Bank is managed in a responsible and value driven manner, aimed towards sustaining the confidence of shareholders, employees and stakeholders.

GOVERNANCE STRUCTURE

The Board

The Board is made up of a Non-Executive Chairman, Seven (7) Non–Executive Directors and five (5) Executive Directors including the Managing Director/Chief Executive Officer (MD/CEO). Two of the Non-Executive Directors are Independent Directors, appointed in compliance with the Central Bank of Nigeria (CBN) circular on appointment of Independent Directors by banks.

There were few changes to the Board composition in the year under review as an Executive Director-Mr. Nurudeen Fagbenro retired from Board with effect from June 2015 after 27 years of meritorious service to the Bank and Mr Babatunde Kasali, a Non-Executive Director, exited the Board with effect from 12th November 2015.

Responsibility

The roles of the Chairman and the Chief Executive are separate. The Chairman is solely responsible for the running of the Board whilst the Chief Executive with the assistance of the Executive Management team is responsible for the day to day management of the Bank's business, ensuring the implementation of the Board's decisions. The Executive Management team is composed of seasoned and experienced individuals, who execute powers delegated to them without undue interference and in accordance with agreed guidelines.

Roles of the Board

The primary purpose of the Board is to provide strategic direction for the Bank in order to deliver long term value to shareholders.

Other functions of the Board include:

- To review and provide guidance for the bank's corporate and business strategy;
- To review management succession plan and determine their compensation;

- To ensure that the Bank's operations are ethical and comply with applicable laws and regulations;
- To approve capital projects and investments;
- To consider and approve the annual budget of the Bank, monitor its performance and ensure that the Bank remains a going concern;
- To ensure that adequate system of internal control, financial reporting and compliance are in place;
- To ensure that an effective risk management process exists and is sustained;
- To constitute Board Committees and determine their terms of reference and procedures; including reviewing and approving the reports of these Committees.

Board Meetings

In Compliance with the CBN Code, the Board meets quarterly and additional meetings are convened as the need arises. In 2015, the Board met four times. The record of attendance is provided below:

Meetings held	1	2	3	4	Total
Name of Directors	**FEB 26** 2015	**MAY 5** 2015	**SEP 2** 2015	**DEC 14** 2015	
Mr. Adeyinka Asekun	●	●	●	●	4
Segun Oloketuyi	●	●	●	●	4
*Nurudeen Fagbenro	●	●	n/a	n/a	2
Ademola Adebise	●	●	●	●	4
Moruf Oseni	×	●	●	●	3
Wole Akinleye	●	●	●	●	4
Folake Sanu	●	●	●	●	4
Mr. Adebode Adefioye	●	●	●	●	4
**Mr. Babatunde Kasali	●	●	●	n/a	3
Mr. Abubakar Lawal	●	●	●	●	4
Mr. Samuel Durojaye	●	●	●	●	4
Ms. Tina Vukor-Quarshie	●	●	●	●	4
Mrs. Omobosola Ojo	●	●	●	●	4
Mrs. Abolanle Matel-Okoh	●	●	●	●	4

*Nurudeen Fagbenro retired from the Board effective June 2015.
**Mr. Babatunde Kasali resigned from the Board effective 12th November 2015.

Board Committees

The Board carries out its oversight functions through its four (4) Standing Committees in addition to the Statutory Audit Committee of the Bank.

Through these Committees, the Board is able to effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Bank. These Committees have their clearly defined terms of reference setting out their roles, responsibilities, functions and reporting procedures to the Board.

The Board Committees in operation during the period under review are:

- Board Risk & Audit Committee
- Board Credit Committee
- Board Finance and General Purpose Committee
- Board Nomination & Governance Committee
- Statutory Audit Committee

The roles and responsibilities of these Committees are discussed below:

Board Risk & Audit Committee

The Committee's major responsibilities are to:

- Set policies on the Bank's risk profile and limits;
- Determine the adequacy and completeness of the Bank's risk detection and measurement systems;
- Assess the adequacy of the mitigants to the risks;
- Review and approve the contingency plan for specific risks and ensure that all units in the Bank are fully aware of the risks involved in their function;
- Review the integrity of the Bank's Financial Reporting;
- Evaluate the independence and performance of the External Auditors annually;
- Review the Bank's internal and external Audit functions.

The Committee comprised the following members during the period under review:

1. Ms. Tina Vukor-Quarshie - Chairman
2. Mr. Abubakar Lawal - Member
3. Mr. Samuel Durojaye - Member
4. Mrs. Omobosola Ojo - Member
5. Mrs Abolanle Matel-Okoh - Member
6. Mr. Adebode Adefioye - Member
7. Segun Oloketuyi - Member
8. Moruf Oseni - Member
9. Folake Sanu - Member

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
Name of Directors	**FEB 11** 2015	**JUN 5** 2015	**SEP 9** 2015	**DEC 1** 2015	
Ms. Tina Vukor-Quarshie	●	●	●	●	4
Mr. Abubakar Lawal	●	●	●	●	4
*Mrs. Omobosola Ojo	●	n/a	n/a	n/a	1
Mr. Samuel Durojaye	●	●	●	●	4
**Mr. Adebode Adefioye	n/a	●	×	●	2
***Mrs. Abolanle Matel-Okoh	n/a	●	●	●	3
Segun Oloketuyi	×	●	●	●	3
****Nurudeen Fagbenro	●	n/a	n/a	n/a	1
*****Folake Sanu	n/a	●	●	●	3
Moruf Oseni	●	●	●	●	4

*Mrs. Omobosola Ojo ceased to be a member of the Committee effective 26th February 2015
**Mr. Adebode Adefioye became a member of the Committee effective 26th February 2015
***Mrs Abolanle Matel-Okoh became a member of the Committee effective 26th February 2015
****Nurudeen Fagbenro retired from the Board effective June 2015
*****Folake Sanu became a member of the Committee effective 26th February 2015

Board Credit Committee

This Committee is made up of individuals who are knowledgeable in credit analysis. The Committee discharges the following responsibilities:

- Consideration of loan applications above the limits delegated to the Management Credit Committee or Managing Director as may be defined by the Board from time to time;
- Ensure that the Bank's internal control procedures in the area of risk assets remain vibrant to safeguard the quality of the Bank's risk assets;
- Consider and approve credits that qualify as "Large Exposures" as defined by the Board from time to time ;
- Approve write offs in excess of Management limits and within the limits as set by the Board;
- Approves credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority.

The Committee comprised the following members during the period under review:

1. Mr. Adebode Adefioye - Chairman
2. Ms. Tina Vukor-Quarshie - Member
3. Mr. Samuel Durojaye - Member
4. Mr. Abubakar Lawal - Member
5. Mrs. Omobosola Ojo - Member
6. Mr. Babatunde Kasali - Member
7. Segun Oloketuyi - Member
8. Ademola Adebise - Member
9. Moruf Oseni - Member
10. Wole Akinleye - Member
11. Folake Sanu - Member

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met five (5) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	5	Total
Name of Directors	FEB 12 2015	APR 23 2015	JUN 4 2015	SEP 17 2015	DEC 2 2015	
Mr. Adebode Adefioye	●	●	●	●	●	5
Ms. Tina Vukor-Quarshie	●	●	●	●	●	5
Mr. Abubakar Lawal	●	●	●	●	●	5
Mr. Samuel Durojaye	●	●	●	●	●	5
*Mrs. Omobosola Ojo	n/a	●	●	●	●	4
**Mr. Babatunde Kasali	n/a	●	●	●	n/a	3
Segun Oloketuyi	✖	●	●	●	●	4
Ademola Adebise	●	●	●	●	●	5
Moruf Oseni	●	●	●	●	●	5
Wole Akinleye	●	●	●	●	●	5
Folake Sanu	●	●	●	●	●	5

*Mrs. Omobosola Ojo became a member of the Committee effective 26th February 2015.
**Mr Babatunde Kasali became a member of the Committee effective 26th February 2015 and exited the Board effective 12th November 2015.

Board Nomination and Governance Committee

This Committee was an initiative of the Board in furtherance of its desire to comply with best practice in Corporate Governance. The responsibilities of the committee include:

- Overseeing the nomination, remuneration, performance management and succession planning processes of the Board;
- Monitoring compliance with and periodically reviewing Corporate Governance Guidelines;
- Facilitating the process of engaging all directors to determine their specific needs and align their needs with their roles and responsibilities.

The Committee is composed entirely of Non-Executive Directors as follows:

1. Mrs. Omobosola Ojo - Chairman
2. Mr. Babatunde Kasali - Member
3. Mr. Adebode Adefioye - Member
4. Mr. Samuel Durojaye - Member
5. Ms. Tina Vukor-Quarshie - Member
6. Mrs. Abolanle Matel-Okoh - Member

The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
Name of Directors	**FEB 19** 2015	**JUN 6** 2015	**SEP 10** 2015	**DEC 4** 2015	
Mrs. Omobosola Ojo	●	●	●	●	4
*Mr. Babatunde Kasali	n/a	●	●	n/a	2
Mr. Adebode Adefioye	●	●	●	●	4
Mr. Samuel Durojaiye	●	●	●	●	4
Ms. Tina Vukor-Quarshie	●	●	●	●	4
**Mrs. Abolanle Matel-Okoh	n/a	●	●	●	3

*Mr Babatunde Kasali became a member of the Committee effective 26th February 2015 and exited the Board effective 12th November 2015.
**Mrs Abolanle Matel Okoh became a member of the Committee effective 26th February 2015.

Board Finance and General Purpose Committee

This Committee handles all staff matters and is responsible for the oversight of strategic people issues, employee retention, equality and diversity as well as other significant employee relations matters and administrative issues.

Other functions of this Committee include:

- To define the strategic business focus and plans of the Bank
- To support Management business development efforts
- To define capital expenditure limits and approve all capital expenditure on behalf of the Board.

The Committee comprised the following members during the period under review:

1. Mr. Abubakar Lawal - Chairman
2. Mrs. Omobosola Ojo - Member
3. Mr. Babatunde Kasali - Member
4. Mrs. Abolanle Matel-Okoh - Member
5. Segun Oloketuyi - Member
6. Ademola Adebise - Member
7. Wole Akinleye - Member

The Board Finance and General Purpose Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
Name of Directors	**FEB 18** 2015	**JUN 16** 2015	**SEP 8** 2015	**DEC 3** 2015	
Mr. Abubakar Lawal	●	●	●	●	4
Mrs. Omobosola Ojo	●	●	●	●	4
*Mr. Babatunde Kasali	n/a	●	●	n/a	2
**Mrs. Abolanle Matel-Okoh	n/a	●	●	●	3
Segun Oloketuyi	●	●	●	●	4
Ademola Adebise	●	●	●	●	4
***Wole Akinleye	n/a	●	●	●	3

*Mr Babatunde Kasali became a member of the Committee effective 26th February 2015 and exited the Board effective 12th November 2015
**Mrs Abolanle Matel Okoh became a member of the Committee effective 26th February 2015
***Wole Akinleye became a member of the Committee effective 26th February 2015

Statutory Audit Committee of the Bank

This Committee was established in compliance with section 359(3) of the Companies and Allied Matters Act of Nigeria (CAMA). The Committee is made up of three (3) Non-Executive Directors and three (3) Shareholders of the Bank appointed at Annual General Meetings. The Bank's Company Secretary/Legal Adviser serves as the Secretary to the Committee, while one of the Shareholders serves as the Chairman of the Committee.

The Committee is responsible for:

- Ascertaining whether the accounting and reporting policies of the Bank are in accordance with the legal requirements and agreed ethical practices;
- Reviewing the scope and planning of audit requirements;
- Reviewing the findings on management matters as reported by the external auditors and departmental responses thereon;
- Reviewing the effectiveness of the Bank's system of accounting and internal control;
- Making recommendations to the Board as regards the appointment, removal and remuneration of the external auditor of the Bank;
- Authorizing the internal auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee;
- Reviewing the Bank's annual and interim financial statements, including reviewing the effectiveness of the Bank's disclosure, controls and systems of internal control, the integrity of the Bank's financial reporting and the independence and objectivity of the external auditors.

The Committee comprised the following members during the period under review:

1. Prince Adekunle Olodun (Shareholder's Representative) - Member
2. Mr. Joe Anosike Ogbonna (Shareholder's Representative) - Member
3. Mr. Kashimawo Akanji Taiwo (Shareholder's Representative) - Member
3. Mr. Abubakar Lawal - Member
4. Mr. Adebode Adefioye - Member
5. Mr. Samuel Durojaye - Member

The Statutory Audit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
Name of Members	FEB 20 2015	JUN 10 2015	SEP 11 2015	NOV 4 2015	
Prince Adekunle Olodun	●	●	●	●	4
Mr. Joe Anosike Ogbonna	●	●	●	●	4
*Mr. Kashimawo Akanji Taiwo	n/a	●	●	●	3
Mr. Abubakar Lawal	●	●	●	●	4
Mr. Adebode Adefioye	✖	●	●	●	3
Mr. Samuel Durojaye	●	●	●	●	4

*Mr. Kashimawo Akanji Taiwo became a member of the Committee effective 6 May, 2015.

Tenure of Directors

In pursuance of the Bank's drive to continually imbibe best Corporate Governance practices, Directors are appointed for a maximum period of three terms of four (4) years each. Thus, the maximum tenure of a director is twelve (12) years and subject to retirement age of seventy (70) years, statutory provisions and directives.

Board Evaluation

In compliance with the requirements of the Central Bank of Nigeria (CBN) Code of Corporate Governance, KPMG Advisory Services was engaged to carry out a Board Evaluation for the Financial Year ended 31st December 2015. The Evaluation was based primarily on benchmarking the performance of the Board of Directors with the requirements of the CBN Code using five key corporate governance considerations:

1. Board Operations: the Board's ability to manage its own activities
2. Strategy: the Board's role in the strategy process
3. Corporate Culture: the Board's role in overseeing the achievement of ethical behaviour in the organization

4. Monitoring and Evaluation: the Board's role in monitoring management and evaluating its performance against defined goals.
5. Stewardship: the Board's responsibility towards shareholders and other stakeholders and accountability for their interests.

The Independent Advisory firm adjudged the performance of the Board and stated that the Board's compliance culture to Corporate Governance is positive and largely consistent with the standards contained in the CBN and SEC Code of Corporate Governance.

Induction and Continuous Training

The Bank is committed to skills and capacity development for the Directors. The Board has established a formal orientation and training programme for new directors to enable the directors' familiarise themselves with the Bank's operations, environment, senior management etc. This is done through induction courses organized by the Company Secretary.

Also, the Bank has institutionalized regular training of Board Members and Senior Management on issues pertaining to their oversight functions and their fiduciary duties and responsibilities.

The Company Secretary

The Company Secretary is responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance of the Bank , coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors, assisting the Chairman and Managing Director to formulate an annual Board Plan and administration of other strategic issues at Board level; organizing Board Meetings and ensuring that the meetings of the Board clearly and properly capture the Board's discussions and decisions.

The Company Secretary also liaises with regulatory authorities to ensure adequate compliance with the Code of best Corporate Governance Practices.

Management Committees

The Committees comprises of Senior Management of the Bank. These Committees are risk-driven as they are set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank.

These Committees also ensure that risk limits as contained in the Board and Regulatory Policies are complied with at all times. In addition, they provide inputs for the respective Board Committees of the Bank and ensure that recommendations of the Board Committees are effectively and efficiently implemented.

They frequently meet as the risk issues occur to immediately take action and decisions within confines of their limits.

The following are the standing Management Committees in the Bank:

- Executive Committee
- Management Credit Committee
- Watchlist Committee
- Assets and Liability Committee
- Management Risk Committee
- IT Steering Committee

Executive Committee

The purpose of the Committee is to deliberate and take policy decisions on the effective and efficient management of the Bank.

The responsibilities of the Committee include:

Review the Strategic Operations of the Bank:

i. Review Audit & Inspection Reports

ii. Review of Branch Operation Coordination's functions in branches
iii. Review adequacy and sufficiency of branch tools
iv. Review manning level in branches and Head office departments

- Consideration and approval of proposed new branches;
- Review the asset and liability profile of the Bank;
- Consideration and approval of credit facilities;
- Consideration and approval of capital and recurrent expenses;
- Review the activities of the Subsidiaries and Associated Companies;
- Monitor and give strategic direction on regulatory issues.

The Committee comprises of the MD/CEO, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time. The Committee meets fortnightly to effect the above.

Management Credit Committee

This Committee is responsible for ensuring that the Bank is in total compliance with the Credit Policy Manual as approved by the Board of Directors. Other functions include:

- Provides inputs for the Board Credit Committee;
- Reviews and approves credit facilities to individual obligors not exceeding an aggregate sum as determined by the Board of the Bank from time to time;
- Reviews and approves all credits that are above the approval limit of the Managing Director/CEO as determined by the Board of Directors;
- Reviews the entire credit portfolio of the Bank and conducts periodic checks of the quality of risk assets in the Bank;
- Ensures adequate monitoring of credits is carried out.

The Committee meets monthly depending on the number of credit applications to be appraised and considered. The Secretary to the Committee is the Head, Credit Risk Department of the Bank.

The Committee comprises of the MD/CEO, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time. The Committee meets fortnightly to effect the above.

Watchlist Committee

The purpose of this Committee is to assess the risk asset portfolio of the Bank. Other functions include:

- Highlighting the status of the Bank's assets in line with the Internal and External Regulatory Framework;
- Taking appropriate actions in respect of delinquent assets;
- Ensuring that adequate provisions are taken in line with the regulatory guidelines.

Membership of the Committee includes the Managing Director, Executive Directors, Chief Risk Officer, Head of Remedial Assets Management and other relevant Senior Management staff of the Bank. The Secretary to the Committee is Head of the Credit Monitoring Unit.

Assets and Liability Committee

This is a Committee that shoulders responsibility for the management of a variety of risks arising from the Bank's business which includes:

- market and liquidity risk management;
- loan to deposit ratio analysis;
- cost of funds analysis;
- establishing guidelines for pricing on deposit and credit facilities;
- exchange rate risks analysis;
- balance sheet structuring;
- regulatory considerations and monitoring of the status of implemented assets and liability strategies.

Membership of the Committee includes the Managing Director/CEO, Executive Directors, Treasurer, Chief Financial Officer and Chief Risk Officer together with relevant Senior Management Staff.

Management Risk & Audit Committee

In line with global best practice and the Code of Corporate Governance, the Committee was constituted to amongst other things:

- Review the effectiveness of the Bank's overall risk management strategy at the enterprise level;
- Identify and evaluate new strategic risks and agree on suitable mitigating factors;
- Review the enterprise risk scorecard and determine the risk to be reported to the Board on a quarterly basis.

The Managing Director chairs this Committee and members include Executive Directors, Chief Risk Officer, Chief Inspector, Chief Information Security Officer, Head of Internal Control, Chief Compliance Office, representatives of Operations, IT and Legal.

IT Steering Committee

In many organizations, Information Technology has become crucial in the support, sustainability and growth of the business. The pervasive use of Technology has created a critical dependency on IT that calls for a specific focus on IT Governance.

This Committee's responsibilities are as follows:

- Oversees the development and maintenance of the IT strategic plan;
- Approve vendors used by the organization and monitors their financial condition;
- Approve and monitor major projects, IT budgets, priorities, standards, procedures and overall IT performance;
- Coordinates priorities between the IT department and use departments;
- Review the adequacy and allocation of IT resources in terms of funding, personnel, equipment and service levels;
- Provide use and business perspective to IT investments, priorities and utilization;
- Monitor the implementation of the various initiatives and ensure that deliverables and expected outcomes/business value are realized;
- Ensure increased utilization of technology and that the Bank gets adequate returns on all IT investments;
- Make recommendations and/or decisions in the best interests of the Bank, following review by IT department, on such items as desktops, equipment and service standards and networking requirements, including benchmarks;
- Evaluate progress toward the established goals and present a report to Executive Committee as at when necessary;
- Act in a supervisory capacity, in implementing the Bank's IT strategy.

Monitoring Compliance with Corporate Governance

The Chief Compliance Officer of the Bank monitors compliance with money laundering requirements and the implementation of the CBN Code of Corporate Governance.

The Bank forwards returns on a monthly basis to the Central Bank of Nigeria on all whistle-blowing reports and Corporate Governance breaches.

Whistle-blowing Procedures

In compliance with the CBN mandate on whistle blowing and in line with the Bank's commitment to instill the best corporate governance practices, it has established a whistle-blowing procedure that guarantees anonymity.

The Bank has a dedicated e-mail address for whistle-blowing procedures and the whistle-blowing policy is permanently available on the Bank's intranet.

There is a direct link on the Bank's intranet for dissemination of information, to enable members of staff report all identified breaches of the Bank's Code of Corporate Governance.

Code of Professional Conduct for Employees and Directors

The Bank has an internal code of professional conduct for staff and directors which is strictly adhered to upon assumption of duties.

Shareholders

The Annual General Meeting of the Bank is the highest decision making body. The General Meetings are duly convened and held in line with existing statutory provisions in a transparent and fair manner.

Shareholders are opportuned to express their opinions on the Bank's financials and other issues affecting the Bank. The attendees of the meetings include: regulators such as Central Bank of Nigeria, Securities & Exchange Commission, The Nigerian Stock Exchange, Corporate Affairs Commission; minority shareholders and representatives of Shareholders' Association.

The Board places considerable importance on effective communication with shareholders on developments in the Bank. In this regard, the Bank has established an Investors Relations Unit which deals directly with enquiries from shareholders and investors to promote and deepen shareholders' access to information and enhance effective communication with shareholders.

Protection of Shareholders' Rights

The Board ensures the protection of the Statutory and General Rights of Shareholders at all times, particularly voting right at General Meetings of the Bank. All are treated equally, regardless of volume of shareholding or social status.

Shareholder's Complaint Management Policy

The Bank has developed a Complaint Management policy for shareholders to foster an efficient and timely resolution of Shareholder's complaint.

The Policy can be accessed through the Bank's website.

Insider Trading

The Bank has an insider trading policy which prohibits Directors, insiders and their related persons in possession of confidential price sensitive information from dealing with the securities of the Bank during the close period.

In the year under review, there was no infraction of this policy.

ADHERENCE TO THE NIGERIA SUSTAINABLE BANKING PRINCIPLES

Sustainability is about taking care of societies where we live, work and do business and being sensitive to their changing needs. Wema Bank will partner with all relevant stakeholders in analyzing all inherent risks in order to eliminate any contrary effects. We will strive for transparency in our conduct and operations.

Wema Bank Commitment

Wema Bank Plc has made a commitment to comply with local and global best practices when proffering its Banking services whilst ensuring conformity with principles that advocate conservational, communal, cultural and commercial upliftment of all stakeholders. We are aware that we do not function in separation from industry rivals, clients and our local communities. Consequently, our operations and activities must be governed by justifiable standards of procedure.

As our performance aspirations are fine-tuned, continuous value addition to all stakeholders will be realized by evaluating the effect of our activities and operations on the communities in which we are domiciled as well as the direct progressive impacts of transactions that we finance.

Collaborations will be sought with all relevant parties in evaluating all intrinsic risks in order to reduce any divergent impact. Our objective is to attain transparency in our activities and operations. Being sustainable also means:

- Taking into account ethical, social and environmental criteria in our decision-making;
- Having long-term vision in stakeholder relationships;
- Contributing to progress in the communities in which we are present.

The Bank will achieve its commitment to actively assume environmental responsibility by subscribing to the global practice, which enables businesses to operate in a more sustainable and socially responsible manner. The bank will ensure that appropriate procedures are designed to meet these policy requirements.

Our objective is to become the most efficient Retail Bank in the country by 2016. It is our plan to provide cost leadership by deploying innovative solutions and remaining committed to dedicating the required resources to the achievement of our objectives. Our efforts are concentrated on creating a cost-efficient mid-tier retail bank. We will continuously seek to improve our cost profile while embedding innovation in our products and services.

We intend to attain compliance with applicable environmental laws and regulations as a minimum level of performance and shall ensure that these standards are maintained. Sustainability builds trust and confidence. Our commitment to environmental sustainability is demonstrated in a number of ways.

Sector-Specific Policies

We have expanded our internal sector-specific policies in line with the implementation of the Nigerian Sustainable Banking Principles (NSBPs), the sector-specific guidelines and in accordance with the Equator Principles. We have thus developed more robust specific guidelines in different sectors that are deemed to have a high-risk impact. To this end, we have expanded and developed guidance policies on our focus areas, which include the Oil & Gas, Power and Agriculture sectors of the economy.

Public-Private Partnership

The Bank's Corporate Philosophy is highly influenced by the principle of sustainability. The Bank has determined that it must be a force for good in the communities in which it operates and within the financial system generally. We recognise that in all our jurisdictions, the goal of adding value can only be achieved in partnership with other stakeholders in both the public and private sectors and from within society as a whole.

To this end, the Bank partners with public sector organisations and agencies in a manner that follows international best practice regarding public-private partnerships. The Bank follows the principle of engaging in a joint effort with the public sector to create the conditions for sustainable development and the reduction of poverty. The Bank expressly does not make monetary or non-monetary donations to political parties.

Regulatory compliance

We adhere strictly to all regulatory requirements and standards as stipulated by the financial regulators and other governing bodies, in line with the Banks and Other Financial Institutions Act of Nigeria. We always take pride in setting the pace in compliance matters and this is acclaimed industry-wide.

We continually take new measures to enhance our service delivery so that we align with current trends and developments. This ensures that our products and service offerings conform to regulatory standards and international best practices and ultimately meet the satisfaction of customers and other stakeholders at all times.

Our Environmental and Social Impact

To further strengthen our E&S impact, we have reviewed our Environmental and Social Risk Management (ESRM) system and reappraised our lending considerations and policies. We have also commenced the annual review of our Credit Policy Framework to ensure that E&S issues are addressed in all our lending decisions.

Our environmental & social risk management policies are guided by the first 2 Nigerian Sustainable Banking Principles viz:

- The indirect impact of the Bank on the environment in terms of our Banking activities. This is guided by our Environmental & Social Risk Management Policy
- The direct impact of the bank's daily operations. This is administered using our Environmental and Social Footprint Policy

Our Environmental & Social Risk Management Charter sets out the framework for consistent and systematic management of environmental and ecological risks at Wema Bank. It establishes the Bank's overall approach to E&S risk management and comprises:

- E&S Policy
- ESMS Procedures
- ESMS Sector Guidelines & Implementation Tools

As a Bank, we are committed to observing and abiding by applicable laws and regulations, including where these apply to environmental protection and social issues. Wema Bank has also signed the Nigeria Sustainable Banking Principles which commits the Bank to integrating E&S considerations into decision-making to avoid, minimize or mitigate negative impacts; to develop individual institutional and sector knowledge and to assess and manage the E&S risks and opportunities associated with our business activities. The Bank further supports the Central Bank of Nigeria in its development and implementation of finance industry-wide standards.

Paper saving initiatives

In Wema Bank, we are aware of the effects of paper usage on the global ecology. Therefore, we are mindful of techniques that will serve to reduce the utilization of paper and other related resources. We have recently embarked on a two year campaign to reduce our paper use across the Bank.

Energy Efficiency

Since 2014, Wema Bank started to deliberately encourage its staff to maintain a healthy work-life balance. The Bank introduced early closure for staff across its branches and head office locations. This also supported the objective of resource management. In addition, all new branches are fitted with energy saving lightings and are built according to green building standards.

The evaluation of social, economic and environmental impacts of our actions is necessary to make effective operational and capital investment decisions that positively impact organizational objectives and meet the objectives of multiple stakeholders. As a result, we have incorporated Environmental & Social (E&S) risk considerations into our decision-making processes and developed a corporate policy that ensures that the Bank does not finance or invest in activities that have negative environmental and social consequences.

This approach enables the Bank to consider its impacts on the environment and the society at large in its lending and investment decisions and also ensures that our risk management process is aligned with international best practice in this area. Furthermore, this is consistent with the Bank's vision to build a world class risk management culture, in which risk is considered in all business decisions, where the Bank is protected against unforeseen losses and maximizes its opportunities.

We now have Environmental & Social risk policies for three main sectors; Power, Agriculture, Oil & Gas. These define the performance requirements that we expect to see as well as the activities which we believe carry E&S risks. These are reviewed and updated regularly to take account of changes in regulation and international best practices. We conduct enhanced due diligence on clients and transactions that involve activities with potentially high environmental and social impacts and expect our clients to adhere to our standards, for instance in the way they approach managing human rights.

Human rights

In line with our core values of empowered employees and professionalism, we ensure the Bank adheres to all stipulated human rights laws. We have updated our Human Rights Policy to highlight our non-tolerance for discrimination or harassment of any kind. The Bank strives to provide a safe and healthy working environment for every member of staff. The Bank also acts in a non-discriminatory manner. We abide by all the provisions of the UN Human Rights Charter and international labour laws and ensure that all our staff are treated fairly and in accordance with the highest applicable standards. The Bank received no report of any grievance related to human rights during the year under review.

Employee Relations

As an equal-opportunity employer, the Bank ensures that there is no discrimination against any qualified individual with regards to employment, specialized progression, training, welfare or privileges or other terms and conditions of employment. We do not discriminate against people in any form regardless of race, belief, gender, or social status. We give all our staff equal treatment. Our recruitment process is transparent and merit-driven. We constantly engage our workforce and also ensure that we provide the optimal working environment, conditions of service, social protection, capacity building and community investment initiatives for the development and comfort of our people. We pay male and female employees the same remuneration without any form of discrimination. We respect and support our staff regardless of their gender

Women Empowerment

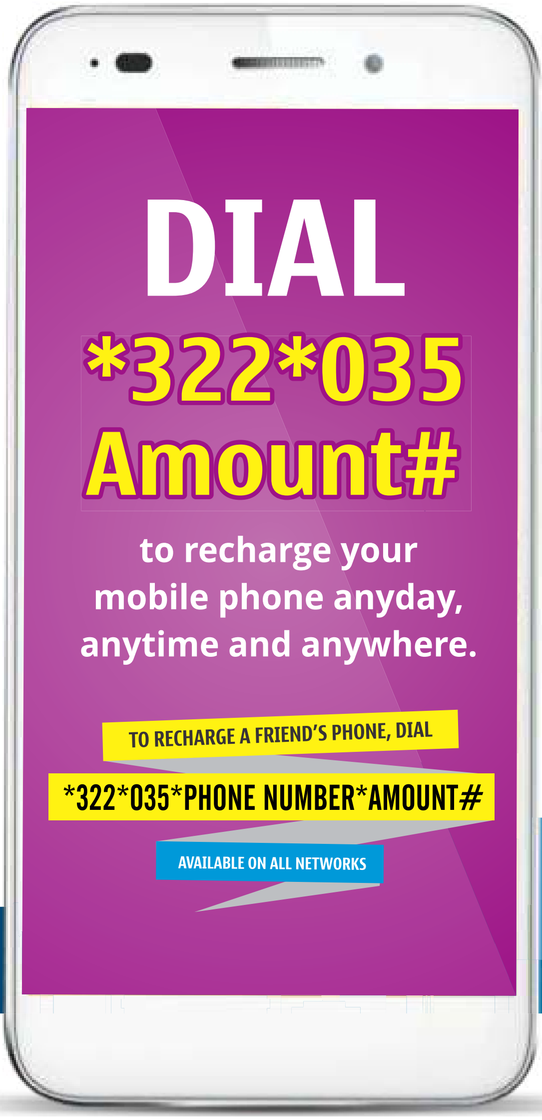
Wema Bank is committed to promoting diversity in the financial sector, especially on gender issues. This is reflected through our focus on empowerment of women, especially within the Bank. In order to display the Bank's commitment to empowering women, our female representation on the Board of Directors continues to increase every year. The Bank has also established a Wema Women's Network, which is a forum for mentoring women and discussing other women-related issues. The Bank will also launch a women-focused product in the New Year, whose main feature will be to enable and empower female entrepreneurs to achieve their business aspirations.

Access to Financial Services

Wema Bank is committed to promoting financial inclusion and making banking accessible to a broader range of customers. We achieve this by providing alternative delivery channels through which our customers can perform various banking transactions which traditionally could only be performed at the branch.

DON'T EVER GET STUCK!

Perform banking transactions
with **Wema USSD Banking**



FOR QUICK FUNDS TRANSFER, DIAL
*322*035*NUBAN*AMOUNT#

FOR BALANCE INQUIRY, DIAL
*322*035*0#

FOR PIN CHANGE, DIAL
*322*035*00#

FIRST TIME USER? DIAL
*322*035*100#
from your phone number registered with the Bank

For further enquiries, please contact Purple Connect:
0 7000 PURPLE, 080 3900 3700 **(CALLS ONLY)**, 070 5111 2111 **(SMS / WHATSAPP)**
www.wemabank.com **(LIVE CHAT)**, purpleconnect@wemabank.com **(E-MAIL)**

WEMA BANK
With you. All the way.

WEMA BANK COMPLIANCE FRAMEWORK

Compliance Environment

In Wema Bank, the development, implementation and continuous monitoring of the Compliance Framework, which covers AML/CFT, compliance with regulatory directives and internal policies and also ensuring resolution of exceptions arising from audit reports on branches and Strategic Business Units (SBUs) has yielded good footing due to the following:

- a board of directors that is actively concerned with sound Corporate Governance and diligently discharges its responsibilities to ensure that the Bank is appropriately and effectively managed and controlled;
- a management that actively manages and operates the Bank in a sound and prudent manner;
- organizational and procedural controls, supported by an effective management information system, to manage the Bank's exposure to compliance risk;
- an independent audit mechanism to monitor the effectiveness of the Bank's Compliance programme.

Board and Management Responsibilities

The overall responsibility of establishing broad business strategy, significant policies and understanding significant risks of the Bank rests with the Board of Directors. In Wema Bank, through the establishment of Board Risk and Audit Committee (BRAC)/Statutory Audit Committee (SAC), the Board of Directors monitors the effectiveness of AML/CFT programme and compliance to regulatory directives and internal policies.

The internal as well as external audit reports are sent to the Board through the Bank's Management and they ensure that Management takes timely and necessary actions in implementing the recommendations. The Board carries out periodic review meetings with the Senior Management through these relevant Committees to discuss the effectiveness of all the risk areas – compliance risk inclusive.

The Bank's Management sets out a strong Compliance culture within the bank. With governance & guidance from the Board of Directors, the Executive Committee (EXCO) puts in place approved policies and procedures to identify, measure, monitor and control risks. The Bank has a Compliance structure, which assigns clear responsibility, authority and reporting relationships among functional areas. The Management through its monthly Management Risk Committee (MRC), monitors the adequacy and effectiveness of the Compliance functions based on the Bank's established policies & procedures.

The Chief Executive Officer and Chief Financial Officer regularly attest to our returns to Securities and Exchange Commission (SEC), Central Bank of Nigeria (CBN), the Nigerian Financial Intelligence Unit (NFIU) and other regulatory bodies.

Reports to Senior Management and the Board of Directors

Compliance issues and challenges are discussed at the Board and Management Risk Committee meetings as detailed below:

- Management Risk Committee - Monthly
- Board Risk and Audit Committee – Quarterly

Critical emerging issues requiring immediate attention prior to the aforementioned meetings are communicated to Management and Board.

Customer Due Diligence (CDD)

Wema Bank ensures that Due Diligence (DD) and proper Know Your Customer (KYC) principles are carried out on prospective customers. All parties to a business are properly identified before relationships are established.

Obtaining and verification of proof of identity (name and address) are carried out using reliable and independent sources. The Bank ensures that the true owners or promoters are adequately identified.

In Wema Bank, the level of KYC carried out on customers is determined by the level of risk associated with the customer. As such, high risk customers attract Enhanced Due Diligence (EDD).

Preservation of Customers' Records

In line with applicable laws and regulations, Wema Bank keeps all documents and transaction records of customers in the course of business relationship and for a minimum period of five (5) years after the severance of business relationship with the Bank.

Politically Exposed Persons (PEPs)

In line with regulatory requirements, Wema Bank classifies Politically Exposed Persons (PEPs) as high risk customers. Senior Management approval is therefore required before such accounts are opened.

Due to the peculiarity of the transactions of PEPs, all PEP accounts are subjected to a continuous account monitoring process. This is to mitigate Money Laundering, Terrorist Financing and strict adherence to regulatory policies and FATF recommendations on the management of PEP accounts.

COMPLIANCE TRAINING
(AML/CFT & COMPLIANCE TO INTERNAL POLICIES)

Considering the role of employees, management and Board of Directors in the fight against money laundering and terrorist financing and to ensure compliance to internal policies, trainings covering these areas are conducted on a regular basis for all members of staff, senior management and Board of Directors.

Additional training is conducted through the Bank's intranet, nuggets and during the weekly knowledge sharing sessions (KSS).

All employees are periodically assessed to test their compliance knowledge.

Transaction Monitoring

At Wema Bank, transaction monitoring is a continuous process. This is conducted or carried out daily for effective and timely reporting. Having known and documented transaction patterns of customers, variation from the documented pattern of customers' transactions are termed "unusual transactions". These transactions are subjected to further scrutiny with the aim of determining if they are suspicious.

Where transactions are confirmed suspicious, formal reports are forwarded to the Nigerian Financial Intelligence Unit (NFIU).

Transaction Reporting

In line with applicable laws and regulations, certain returns and reports are made to the regulatory bodies. Presently, in Nigeria, the Nigerian Financial Intelligence Unit (NFIU) is the regulatory agency saddled with the responsibility for the receipt of the following transaction related reports:

- Currency Transaction Report (CTR)
- Foreign Transaction Report (FTR)
- Suspicious Transaction Report (STR)

The above returns are rendered to the Nigerian Financial Intelligence Unit (NFIU) in line with Sections 2, 6 and 10 of the Money Laundering (Prohibition) Act, 2011 as amended.

- Section 2 of the Act mandates Financial Institutions to report all international transfers of funds and security of sum exceeding ten thousand dollars ($10,000) or its equivalent in other foreign currencies.
- Section 6 provides that all Financial Institutions must submit a report on all unusual and suspicious transactions.
- Section 10 requires all Financial Institutions to render returns on lodgements or transfers of funds of N5million and above for individuals and N10million and above for corporate customers.

Returns are also rendered to other regulatory bodies in adherence to regulatory directives geared towards compliance with internal policies.

Whistle-Blowing/Employees' Responsibilities

All employees are responsible for complying with the Bank's policy on whistle blowing. Employee having information concerning any prohibited or unlawful act promptly reports such matter to the Chief Inspector, Chief Compliance Officer and Legal Adviser of the Bank.

While this is the preferred reporting procedure, employees are also free to report to their line supervisors, any officer in Compliance, Internal Control, Audit & Inspection, Risk Management, Strategic Management, or the Chief Financial Officer, where necessary. It could also be appropriate to contact the Management Risk Committee through its Chairman or Secretary.

There are no reprisals for reporting such information and employees are advised to be thorough in doing this as unsubstantiated accusations can damage reputations unfairly. Therefore, employees are expected to act responsibly in reporting suspected violations.

A dedicated email address and telephone numbers are available for this reporting.

Risk Recognition and Assessment

The Bank continually recognizes and assesses all of the material risks that could adversely affect the achievement of the Bank's goals and business prospects. We identify and consider both internal and external factors.

The risk assessment by the Bank focuses more on the review of business strategies developed to maximize the risk/reward trade-off within the different areas of the Bank. This assessment is based on compliance with regulatory requirements, social, ethical and environmental risks that affect the banking industry.

Management of Blacklisted Individuals and Entities

Sequel to the 11 September 2001 attack and the resultant review conducted by Financial Action Task Force (FATF) on non-cooperative countries and territories (NCCT), some jurisdictions were found to lack effective AML/CFT programmes. These and other individuals and entities of questionable reputation are restrained from Banking activities.

The list of blacklisted individuals and entities are obtained from the following:

- The Office of Foreign Assets Control (OFAC)
- The United Nations (UN)
- European Union (EU)
- Local list

In Wema Bank, all members of staff, as it relates to their respective functions, are required to ensure all cross border transactions with the Bank are screened against the watch list to check for possible matches. Where there is a possible match, employees are mandated to stop the transaction and follow the procedure for escalation

This screening is done at the point of on-boarding new customers and when conducting cross border transactions.

Role of External and Internal Auditors in Evaluating AML/CFT & Compliance to Internal Policies

External Auditors, by dint of their independence of the management of the Bank, provide unbiased recommendations on the strength and weakness of the AML/CFT and Internal Compliance programme of the Bank. They examine the records, transactions of the Bank and evaluate its accounting policy, disclosure policy and methods of financial estimation made by the Bank.

The Internal Audit functions, as part of the monitoring of AML/CFT programme and compliance to Internal Policies, reports directly to the Board of Directors, or its Audit Committee, with a line reporting to the MD/CEO. This allows the Board and Management have an independent overview on the overall Compliance programme of the Bank. All identified exceptions are promptly attended to for effective resolution.

The Compliance Department ensures the review of Inspection reports of branches and Strategic Business Units (SBUs) with a view to creating remediation and thus preventing the recurrence of these exceptions. These remediation/status reports are submitted to the MD/CEO and Board Audit Committee.

Conclusion

The Bank's Compliance Framework covers all aspects of her activities to ensure internal and regulatory compliance. The policy, being a guide to how the Bank conducts her businesses, ensures the mitigation of Money Laundering, Terrorist Financing, regulatory (internal & external) and compliance risks.

CUSTOMER COMPLAINTS MANAGEMENT AND FEEDBACK

Introduction

The financial year 2015 was particularly noteworthy for the Bank in the area of service. The year kicked off with an internal reform introducing guiding principles for all staff on service disposition towards customers. These principles, introduced in February 2015, are tagged **PURPLE Rules** with the acronym “WEMA”. The principles guide all staff on how to ensure every customer receives a unique and uniform service experiences at all our service touch points.

The Bank also launched its customer service charter in October 2015. This states our brand promise to customers in a bid to re-affirm our commitment to delivering excellently at all times. The Contact Center (Purple Connect) also expanded its channels of communication with the introduction of two additional channels: WhatsApp (mobile instant messaging platform) and our In-branch Hotline. These were aimed at ensuring all customers are given the opportunity to receive quality service, prompt complaint acknowledgment, speedy resolution and feedback.

The year also witnessed a facelift of the Bank's internet banking platform with a new look and feel, increased functionalities for better service experience and additional security to mitigate fraud. The physical token attached to every online banking/ mobile banking customer has ensured that no fraud has successfully been carried out on such accounts.

It is worthy of note that the Bank's Wema Mobile application was also bolstered with a first-in- industry security feature (CARD CONTROL) which has provided customers with a 360degree security control for their cards across all channels of transactions and across borders. The feedback from customers on this has been nothing short of excellent based on the convenience and assurance they now have following the implementation of Card Control.

The Bank also ensured publications on the features and benefits of our products and services, fraud alerts etc. were sent regularly to keep our customers informed on how to manage, protect and secure their accounts, transactions and card details whilst keeping them updated on new and/or improved products or services.

It is important to emphasize that the Bank received no sanction on any complaint or any report rendition deadlines, rather the Bank continued to participate actively and support the CBN's Consumer Complaints Management System (CCMS) by timely rendition of required information.

The statistics for the total number of complaints received in this financial year 2015 showed an increase when compared to the statistics in FY 2014 as dispense errors complaints continued to be a primary source of customer complaints especially when the source was as a result of customers using other Bank's ATM. The Bank however, displayed its commitment to customer complaint resolution by ensuring a decentralization of resolution channels and increased liaison with other banks for speedy resolution.

Amidst all these outlines, our Purple Connect (Contact Centre) continues to run a 24-hour 7 days a week service, enabling our customers reach the Bank at their convenience, any time of the day, any day of the week.

The Bank can be contacted through any of the channels stated below.

+234 (0) 7000 PURPLE
+234 (0) 803 900 3700
+234 (1) 277 7700

+234 (0) 70 5111 2111

Customer Protection Unit
Wema Bank Plc
Wema Towers
54 Marina, Lagos

Fraud Report Desk
+234 1 2779836 - 37

purpleconnect@wemabank.com

www.wemabank.com

facebook.com/wemabankplc
Youtube.com/wemabank
Instagram.com/wemabank
Twitter.com/google+.com

OUR RESOLUTION STRUCTURE

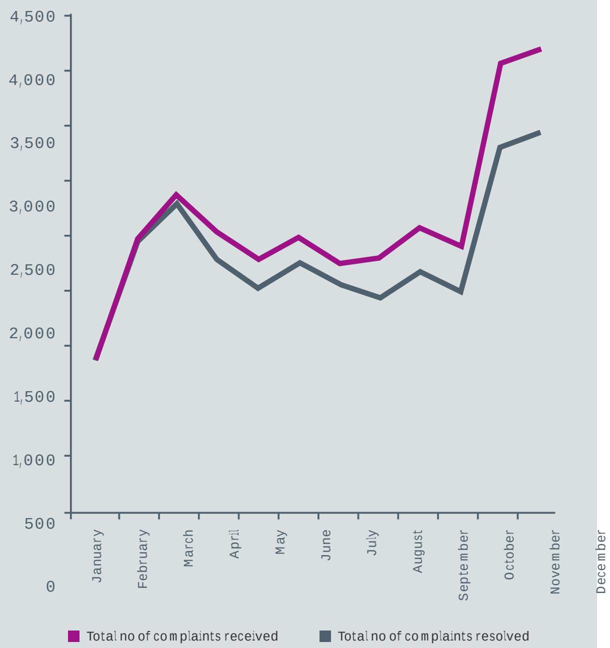
The process flow for Customer Complaint Resolution is as follows:

1. Complaints are received through all our available service channels (Telephone, Electronic Mail, SMS, Whatsapp, Live Chats, Letters/Visits to the Branches/Head Office, Social media)
2. Received complaints are acknowledged within 24 hours of receipt
3. The complaint is resolved immediately or escalated to the appropriate unit for resolution
4. An update is given within 48 hours of receipt and regular feedback on the resolution status of the received complaints is given to the customer subsequently
5. The complaint is closed upon satisfactory resolution of the issue raised

TABLE 1: DETAILS OF COMPLAINTS RECEIVED IN FY 2015 ON A MONTH-BY-MONTH BASIS:

	Total No. of Complaints Received	Total No. of Complaints Resolved	Total No. of Complaints forwarded to CBN for intervention
January	1,392	1,385	Nil
February	2,448	2,415	Nil
March	2,863	2,781	Nil
April	2,514	2,288	Nil
May	2,268	2,019	Nil
June	2,483	2,242	Nil
July	2,252	2,062	Nil
August	2,296	1,934	Nil
September	2,564	2,174	Nil
October	2,401	1,990	Nil
November	4,057	3,290	Nil
December	4,176	3,423	Nil
Total	**31,714**	**28,003**	**Nil**

Complaints Received on a Month-by-month Basis (2015):

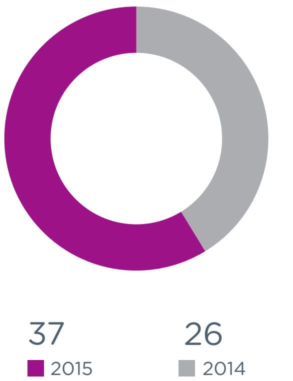


In the year 2015, 31,714 complaints were received and 28,003 were resolved leaving a total of 3,711 pending complaints as at 31 December 2015.

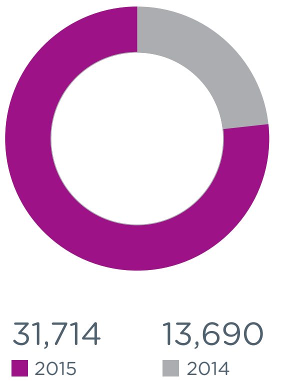
TABLE 2: TOTAL NUMBER OF COMPLAINTS AND AMOUNTS OF CLAIMS RECEIVED AS AT THE END OF THE FINANCIAL YEAR 2015 IN COMPARISON WITH THOSE RECEIVED IN 2014.

	Number		Total Amount Claimed		Amount Refunded	
Description	2015	2014	2015 ₦	2014 ₦	2015 ₦	2014 N
Pending complaints B/F	37	26	2,763,917,545.04	1,256,557,526.49		5,764,606.61
Received complaints	31,714	13,690	1,260,421,212.67	2,942,713,955.45	N/A	N/A
Resolved complaints	28,003	13,657	405,343,940.66	178,796,410.41	41,103,683.70	
Unresolved complaints escalated to CBN for intervention	-	-	-	-	N/A	N/A
Unresolved complaints pending with the bank C/F	3,711	37		2,763,917,545.0	N/A	N/A

Number of Pendings Complaint B/F

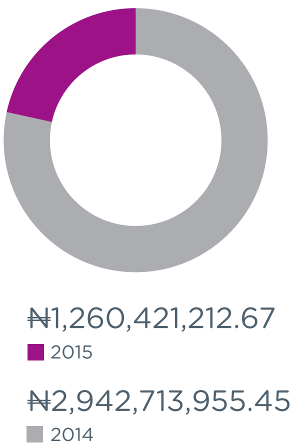


Number of Received Complaints

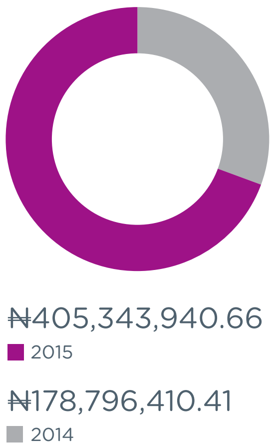


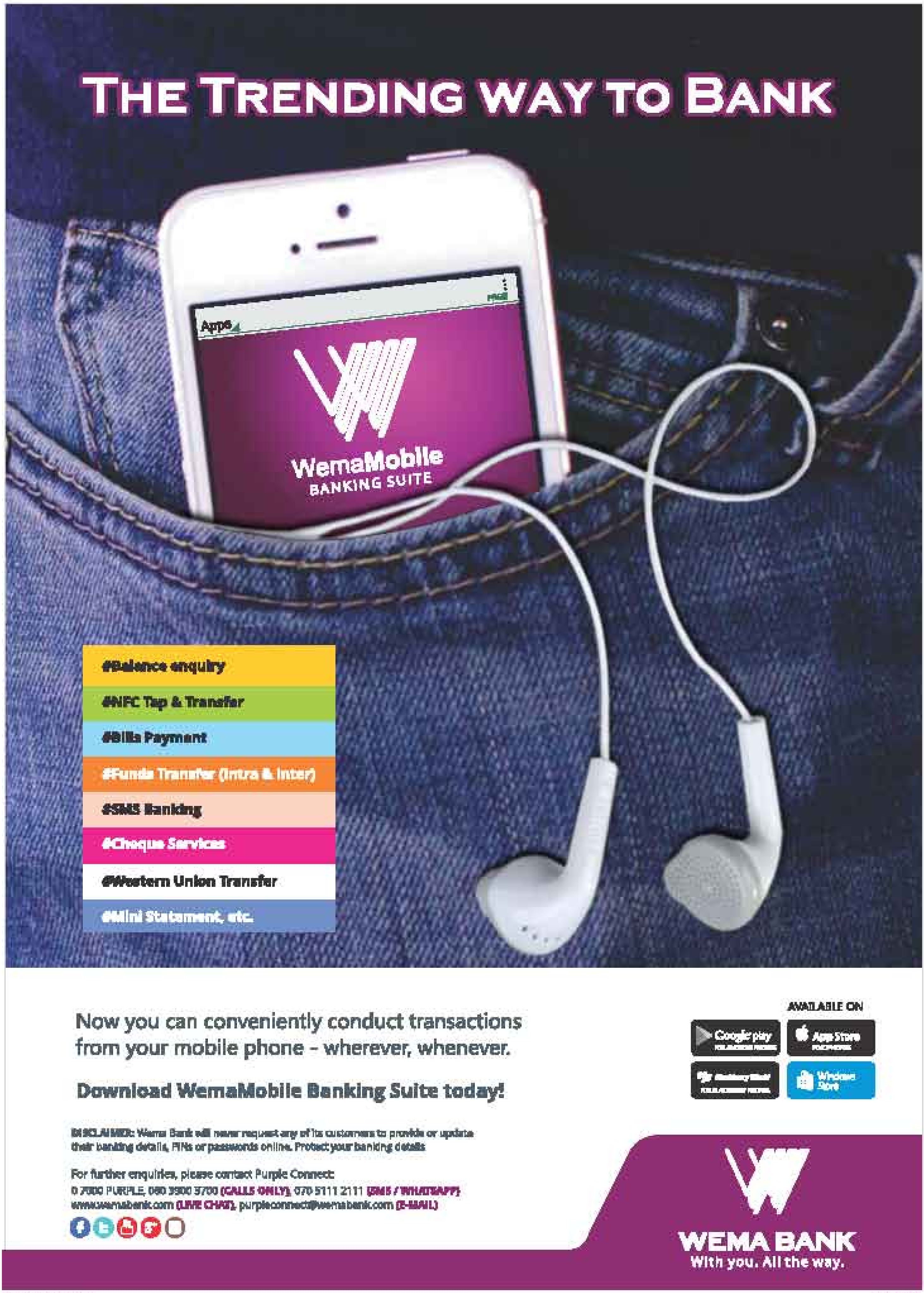
Number of Resolved Complaints

Total Amount Claimed on Received Complaints (NGN)



Total Amount Claimed on Resolved Complaints (NGN)





THE TRENDING WAY TO BANK
Apps
WemaMobile
BANKING SUITE
#Balance enquiry
#NFC Tap & Transfer
#Bills Payment
#Funds Transfer (Intra & Inter)
#SMS Banking
#Cheque Services
#Western Union Transfer
#Mini Statement, etc.
Now you can conveniently conduct transactions from your mobile phone - wherever, whenever.
Download WemaMobile Banking Suite today!
AVAILABLE ON
Google play
App Store
Windows Store
DISCLAIMER: Wema Bank will never request any of its customers to provide or update their banking details, PINs or passwords online. Protect your banking details
For further enquiries, please contact Purple Connect:
0 7000 PURPLE, 080 3900 3700 (CALLS ONLY), 070 5111 2111 (SMS / WHATSAPP)
www.wemabank.com (LIVE CHAT), purpleconnect@wemabank.com (E-MAIL)
WEMA BANK
With you. All the way.

03

NOTICE OF THE 2015 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of Wema Bank Plc will be held at the Banquet Hall, Civic Center, Ozumba Mbadiwe, Victoria Island, Lagos on Thursday, May 5,2016 at 11:00am to transact the following businesses:

Ordinary Business

1. To lay before the meeting, the Audited Financial Statements for the year ended December 31, 2015 together with the reports of the Directors, Auditors and Audit Committee thereon;
2. To elect/re-elect the following Directors
   a. Adeyinka Asekun
   b. Abubakar Lawal
3. To authorize the Directors to fix the remuneration of the Auditors;
4. To elect members of the Audit Committee;
5. To approve the Remuneration of Directors.

Special Business

To consider and if thought fit, pass the following resolutions as Special Resolutions:

6. That the Directors be and are hereby authorized, subject to the approval of the appropriate regulatory authorities to enter into discussions, negotiations and/or agreement with any Bank(s) and/or financial or non-financial institutions locally or internationally as the directors shall deem fit for the purpose of acquisition, merger, equity investment in such other Bank(s) or institution(s) or undertake any business combination whatsoever as the directors shall at their discretion deem fit and beneficial to the Bank.

7. That the directors be and are hereby authorized, subject to obtaining the approvals of relevant regulatory authorities to raise additional debt capital of such amount as shall be appropriate for the business of the Bank either locally or internationally through the issuance of tenured bonds, irredeemable preference shares, notes, equity or debts(or a combination of both) loans in any currency whether or not convertible to shares, or any other methods in one or more tranches and at such interest rates, pricing and terms to be determined by the directors as they deem appropriate.

Proxy

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

A proxy form is supplied with the Notice and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrars at 2, Burma Road, Apapa, Lagos not less than 48 hours before the time fixed for the Annual General Meeting.

Closure of Register and Transfer Books

The Register of Members and Transfer Books will be closed between Monday, April 18, 2016 and Monday, April 25, 2016 both dates inclusive for the purpose of preparing an up-to-date Register.

Right of Shareholders to ask Questions

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Bank on or before 28th day of April, 2016.

Audit Committee

In accordance with section 359(5) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder for appointment to the Audit committee. All nominations of members for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting.

The Central Bank of Nigeria's Code of Corporate Governance has indicated that some members of the Committee should be knowledgeable in internal control processes. We therefore request that the nominations should be accompanied by a copy of the nominee's resume.

Wole Ajimisinmi
Company Secretary
FRC/2013/NBA/00000002116
54, Marina,
Lagos.

Dated this 1st day of April 2016.

Fashionable Students...

...don't just carry designer bags, they learn how to manage their finances with

Purple account

Features

- For young adults between 13 and 24 years
- No minimum operating balance required
- No charge for transfer (standing instruction) from parent's/guardian's account
- Lodgment of dividend warrants allowed
- No commission on draft purchase or transfer for payment of school fees
- Free debit card

FREE ACCESS TO OUR E-BANKING PLATFORM

WemaMobile Banking Suite
THE TRENDING WAY TO BANK

Bill payment
Funds Transfer
Western Union
Airtime Purchase
Card Control
...more

WemaOnline
EASY, CONVENIENT & SECURE INTERNET BANKING PLATFORM

Funds Transfer (Intra & Inter)
Standing Order Request
Bill payment
Western Union
Airtime Purchase
...more

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For further enquiries, please contact Purple Connect:
0 7000 PURPLE, 080 3900 3700 **(CALLS ONLY)**, 070 5111 2111 **(SMS / WHATSAPP)**
www.wemabank.com **(LIVE CHAT)**, purpleconnect@wemabank.com **(E-MAIL)**

WEMA BANK
With you. All the way.

CHAIRMAN'S STATEMENT

ADEYINKA ASEKUN
CHAIRMAN, BOARD OF DIRECTORS

CHAIRMAN'S STATEMENT

In 2016, strategic partnerships will be critical for us as a Bank. Towards the end of 2015, the Bank opened relationships with key players in various business segments and these relationships are expected to add significant value to us as a Bank in terms of brand equity and the bottom line.

Distinguished Shareholders, Ladies and Gentlemen, I welcome you to the 2015 Annual General Meeting of your Bank.

It is with great satisfaction that I present to you the Audited Financial Statements and key achievements of our Bank for the financial year ended December 2015. The year 2015 was a particularly significant one for Wema Bank as the Central Bank of Nigeria (CBN) in November 2015 officially granted national authorization to the Bank operate across the entire country; a designation which reflects the significance of the Bank within the banking industry. It is instructive that this milestone has occurred at a time when the macroeconomic environment was quite unfavourable towards the banking industry.

In 2015, global growth remained subdued due to a combination of economic and political headwinds most especially the continued decline in crude oil prices. The depression in the international crude oil market which began in 2014 and was sustained in 2015 has led to oil prices plummeting by around 70% due to a worsening supply-demand gap. This significantly impacted the revenue generating ability of the Federal Government in 2015 with adverse effects on the banking industry.

In spite of the overwhelming systemic challenge to the industry, your Bank achieved great success in the effective implementation of our growth strategy in 2015. Simultaneously, we successfully restructured our retail programme including effective measurement parameters to ensure that we deliver best in class services in 2016. Our retail infrastructure is now attuned to the varied needs of our customers. This will undoubtedly result in optimal synergy in our services and the expectation of our customers.

Muted Global Economic Recovery

Global economic activity failed to reach the levels required to rebuild sustainable consumer confidence and renewed investment expenditure in 2015. Market sentiment was largely shaped by several factors in 2015, including geopolitical concerns, a sharp decline in energy prices and doubts about the global economic recovery. Economic performance diverged as deflationary pressures weighed on economies in Europe and Japan, while the US and UK economies strengthened.

Economic growth in emerging markets and developing economies suffered significant damage, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. Sub-Saharan African oil exporters, which account for nearly half of the region's GDP, experienced major adverse shocks as their economies depend heavily on oil for revenues and foreign reserves.

Overall, the environment for banking operations in 2016 remains challenging. Economic conditions remain uncertain in many parts of the world, while, simultaneously, geopolitical risks are heightened and the continued depression in the global oil market shows no sign of losing steam. However, there are growing trends that are supportive of financial system growth. Infrastructure development in both emerging and developed markets will continue to open up new opportunities away from primary commodities in 2016 as economies become more robust. Technology also continues to empower disruptive business models whilst also offering good opportunities to improve efficiency and build better customer engagement.

Challenging Domestic Climate

In the six months leading up to January 2015, the price of oil fell by 60% driven down largely by ramped up shale oil production in the United States in particular, the drop in energy demands from emerging markets and the strengthening of the US dollar. These trends dominated 2015 with severe consequences for the domestic economy.

The effect of this price adjustment on the country, a net oil exporter, was far reaching on the economy with government revenue declining rapidly, foreign investors exiting the domestic market and increased pressure on the Naira. This ultimately led to devaluation in February 2015 as the Central Bank of Nigeria (CBN) moved the official mid-point from ₦168/US$ to ₦198/US$, barely three months from the first devaluation in November 2014. The drop in oil price necessitated a downward adjustment of growth expectations by the Ministry of Finance from 6.4% to 5.5% although the economy is expected to grow 1% less at 4.5%.

Also, the General Elections of 2015 were unprecedented in the nation's history with the relatively peaceful victory of the opposition party, The All Progressive Congress (APC), the first of its kind in Nigeria. The incumbent Government has set out its economic agenda for its first year in office with expansionary policies aimed at diversifying the country's economic base away from reliance on crude oil.

Overall, the outlook for the economy in 2016 remains challenged. Currency volatility and low oil prices will continue to set the tone for the year as the Government begins the long and arduous journey of diversifying the economy in an environment of dwindling revenue. The threat of Boko Haram still poses a danger to the country especially along the North-East corridor of the country and remains a headwind to GDP growth.

We expect government policies in 2016 to address key areas that stifle meaningful intermediation especially risk, long-term funding and the continued erosion of margins. Increased industry competition with greater focus on the retail segment will be the theme for 2016. In 2015, we aligned our retail strategy to ensure that we are well positioned in 2016 to succeed in this area.

Deposit Liabilities

The impact of the TSA and the harsh monetary environment for large parts of the 2015 financial year significantly impacted the industry with large government funds sterilized from the banking sector. In spite of this harsh environment, the Bank recorded improvements in its overall deposit volumes with a growth rate of 10%; well ahead of inflation. The Bank has also refocused its Retail Banking strategy and measurement parameters to ensure that the 2016 financial year will see us improve on our 2015 performance in this area.

Loan Portfolio

Despite macroeconomic and regulatory volatilities, the Bank's loan portfolio stood at ₦186 billion in the year: an appreciable 25% growth over our performance in 2014. This reflects the simultaneous growth in interest and non-interest income in spite of the impact of higher CRR on interest income for the year and net effect of lower COT charges on fee income.

Earnings

The Bank's earning capacity remained robust during the year despite the constraints on asset growth in 2015 due to the sustained restrictive operating environment. Gross Earnings increased by 8% to ₦45.9billion in 2015. The headline performance reflects the simultaneous growth in interest and non-interest income, which grew 4.6% and 26% respectively. However, PBT marginally fell by 1.6% to ₦3bn from ₦3.1bn reported in the previous year, given the impact of the TSA, depressed international crude market, ever thinning margins and rising costs of operations.

FINANCIAL HIGHLIGHTS

	Dec. 2014	Dec. 2015	Change
Total Assets	₦382b	₦397b	4% ▲
Deposits	₦259b	₦285b	10% ▲
Gross Loans	₦149b	₦186b	25% ▲
Gross Earnings	₦42b	₦46b	10% ▲
Net Interest Income	₦18.5b	₦17.7b	4.5% ▼
Profit Before Tax	₦3.09b	₦3.05b	1.6% ▼
Non-performing Loans (NPL)	2.49%	2.67% ▲	

Governance Issues

During the course of the year, the Board said farewell to a Non-Executive Director. Mr. Babatunde Kasali who resigned his appointment from the Board to pursue other compelling interests. I would like to thank Babatunde for his selfless service during his time on the Board, and on behalf of the Board and Management of Wema Bank, we wish him good fortune in all future endeavors in both his private and professional life.

Also, and with mixed feelings, the Bank bid farewell to one of its longest serving officers in 2015. Alhaji Nurudeen Fagbenro, an Executive Director retired after 30 years of meritorious service to the Bank. Nurudeen played a pivotal role in establishing Wema Bank's presence in the South-West region of the country and was an invaluable member of the Board of Directors. On behalf of the Board of Directors and entire Staff of Wema Bank, I would like to take this opportunity to express my profound gratitude to Nurudeen for his dedication and loyalty to the Wema Project and wish him well for the future.

Outlook for the Bank

We expect government policies in 2016 to address key areas that stifle meaningful intermediation especially risk, long-term funding and the continued erosion of margins. Increased industry competition with greater focus on the retail segment will be the agenda for 2016. In 2015, we aligned our retail strategy to ensure that we are well positioned in 2016 to succeed in this area.

Also, technology will continue to play a big part in what we do as a Bank in 2016 as we engage the market. We have started to develop new products that will give us the edge in the alternate channels space and we have also restructured our E-Business function as a focal point for our strategy to increase market share in the youth segment.

In 2016, strategic partnerships will be critical for us as a Bank. Towards the end of 2015, the Bank commenced relationships with key players in various business segments and these relationships are expected to add significant value to us as a Bank in terms of brand equity and the bottom line.

In terms of talent, Wema Bank has not relented in the quest to attract and retain the best hands available and this remains crucial in 2016. Though the economy is stifled by a comatose oil industry, there are significant opportunities opening up on the domestic front. Our aim in 2016 will be to harness talents from various fields to ensure that we advance in our quest for capacity building.

As we go into 2016, I am confident that we are well positioned for better success. Our National Authorisation will allow us to significantly scale up our operations across the country. However, our investment decisions will be long-term in order to achieve more efficient operations, which will enable us deliver superior returns to you, our shareholders in 2016.

Thank you.

Adeyinka Asekun
Chairman, Board of Directors
FRC/2013/IOD/00000003818

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER, 2015

The Directors present their annual report on the affairs of Wema Bank Plc (the "Bank"), the audited financial statements and independent auditor's report for the financial year ended 31 December 2015.

Legal form

The Bank was incorporated in Nigeria under the Companies Act of Nigeria as a private limited liability company on May 2, 1945 and was converted to a public company in April 1987. The Bank's shares, which are currently quoted on the Nigerian Stock Exchange, were first listed in February 1991. The Bank was issued a universal banking license by the Central Bank of Nigeria in January 2001. Arising from the consolidation in the banking industry, Wema Bank Plc acquired National Bank of Nigeria Plc in December 2005. Currently, the Bank is a Commercial Bank with National Banking Authorization under the new CBN licensing regime for banks operating in Nigeria.

Reporting Entity

Wema Bank Plc (the Bank) is a company domiciled in Nigeria. The Bank's registered office address is 54, Marina, Lagos, Nigeria. The Bank is primarily involved in corporate, commercial, retail banking and financial advisory services. The Bank has Akintola Williams Deloitte as Auditors, GTL Registrars Limited and Oluwole Ajimisinmi as Registrar and Company Secretary/Legal Adviser respectively.

Principal activity

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and other banking services.

Operating results

	31 Dec 2015 N'000	31 Dec 2014 N'000
Gross earnings	**45,869,441**	**42,186,867**
Profit on ordinary activities before taxation	3,045,528	3,093,940
Taxation	(718,253)	(721,495)
Profit on ordinary activities after taxation	2,327,275	2,372,445
Profit attributable to equity holders	2,327,275	2,372,445
Appropriation:		
Transfer to statutory reserve	-	711,734
Transfer to general reserve	2,327,275	1,660,711
Basic earnings per share	6k	6K
Total non-performing loans to gross loans	2.67%	2.49%

Directors' Shareholding

The following Directors of the Bank held office during the year and had direct interests in the issued share capital of the Bank as recorded in the Register of Directors shareholding as noted below:

No.	Director	Position	Date of Appointment/ Resignation	No. of Ordinary Shares held Dec. 2015	No. of Ordinary Shares held Dec. 2014
1.	Mr. Adeyinka Asekun	Chairman		-	-
2.	Mr. Segun Oloketuyi	Managing Director/CEO		-	-
3.	Mr. Adebode Adefioye	Director		6,988	6,988
4.	Mr. Abubakar Lawal	Director		-	-
5.	Mr. Samuel Durojaye	Director		-	-
6.	Ms. Tina Vukor'Quarshie	Director		-	-
7.	Mrs. Omobosola Ojo	Director		-	-
8.	Mrs. Abolanle Matel-Okoh	Director		-	-
9.	Mr. Babatunde Kasali	Director	Resigned in Nov, 2015	-	-
10.	Ademola Adebise	Executive Director		10,265	10,265
11.	Nurudeen Fagbenro	Executive Director	Retired in June, 2015	9,478,955	
12.	Moruf Oseni	Executive Director		-	-
13.	Oluwole Akinleye	Executive Director		-	-
14.	Folake Sanu	Executive Director		-	-

Retirement of Directors

In accordance with the provisions of Section 259 of the Companies and Allied Matters Act of Nigeria, one third of the directors of the Bank shall retire from office. The Directors to retire every year shall be those who have been longest in office since their last election. In accordance with the provisions of this section, Messrs. Adeyinka Asekun and Abubakar Lawal will retire by rotation and upon evaluation of their performance and the recently concluded board appraisal exercise, offer themselves for re-election.

Remuneration and Expenses of Directors

The Bank ensures that remuneration paid to its directors complies with the provisions of the Codes of Corporate Governance.

In compliance with sec. 34(5) of the Code of Corporate Governance issued by Securities and Exchange Commission, the Bank hereby makes disclosure of the remuneration paid to its directors as follows:

Type of Package	Description	Time
Basic Salary	Part of the gross salary paid to Executive Directors only	Monthly
Directors' Fees	Paid to Non-Executive Directors only. The amount paid is N6,000,000 for Chairman and N4,500,000 for the other Directors	Paid after Annual General Meeting
Sitting Allowance	Paid to Non-Executive Directors only. The amount paid is N200,000 for Chairman and N150,000 for other Directors	Paid after each meeting

The Company reimburses all reasonable and properly-documented expenses incurred while performing the duties of their office.

Directors' Interests in Contracts

Pursuant to Sec. 277 of the companies and Allied matters act, Mr Abubakar Lawal disclosed to the Board his interest as a director of GTI Capital Limited which was appointed as Consultant on the capital restructuring exercise of the Bank.

Mr Abubakar Lawal was not involved in the selection of a consultant on the Capital restructuring exercise which was carried out with utmost objectivity by the Board of Directors.

Property and Equipment

Information relating to changes in property and equipment is given in Note to the financial statements. In the Directors' opinion, the net realizable value of the Bank's properties is not less than the carrying value in the financial statements.

Remuneration Policy

Mandate & Terms of Reference

The Remuneration Policy is a product of the Nomination and Governance Committee of the Board of Directors ("the Board") of Wema Bank Plc (''Wema"). The Committee is set out in compliance with various corporate governance codes of conduct.

Objectives

This policy sets out the criteria and mechanism for determining the levels of remuneration of the Directors of the Bank and the frequency for review of same. It further defines the process for determining Directors' compensations and rewards for corporate and individual performance.

Purpose

Amongst others, this policy attempts to:

a. Ensure remuneration is provided in a form that will attract, retain and motivate qualified industry professionals as Directors of a major Bank
b. Balance and align the remuneration of the Directors with the short-term and long-term elements of their tasks
c. Align the interests of the Executive and Non-Executive Directors with the interests of the Shareholders and other stakeholders of the Bank; and
d. Ensure that remuneration reflects performance.

Executive Directors Remuneration Components

a. Fixed Remuneration

The fixed remuneration shall be determined on the basis of the role of the individual director, including responsibility, skill and experience, job complexity, performance and the specific needs of the Bank at the material time.

b. Performance-Based Remuneration

The Nomination & Governance Committee shall determine a maximum percentage of performance-based remuneration relative to the fixed remuneration in line with the KPIs as defined by Contract of Employment of the Executive Directors.

c. Pension Schemes

Executive Directors are covered by defined pension contribution plans and the Bank remits both its percentage of the pension contributions and that of the Executive Director to the nominated Pension Managers every month.

d. Severance Pay

Executive Directors are entitled to Severance Pay as determined in their contracts of Employment.

e. Other Benefits

Other benefits which may include medical insurance etc. are awarded on the basis of individual employment contracts and industry practice.

Non-Executive Directors Remuneration Components

The remuneration of Non-Executive Directors shall be fixed by the Board on the recommendation of Executive Management and approved by Shareholders in a General Meeting.

The Directors will further be paid all travelling, hotel and other expenses properly incurred by them in the process of attending and returning from Board meetings or Committee Meetings or General meetings of the Bank or in connection with the business of the Bank.

Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2015 is as stated below:

Share Range			No. of Shareholders	Shareholders %	Holdings	% of Shareholding
1	-	1,000	29,289	11.91	15,043,724	0.04
1,001	-	5,000	147,175	59.83	306,253,070	0.79
5,001	-	10,000	29,010	11.79	201,337,002	0.52
10,001	-	50,000	31,225	12.69	627,893,211	1.63
50,001	-	100,000	4,668	1.90	333,991,175	0.87
100,001	-	500,000	3,858	1.57	733,042,580	1.90
500,001	-	1,000,000	363	0.15	263,007,974	0.68
1,000,001	-	5,000,000	324	0.13	621,315,790	1.61
5,000,001	-	10,000,000	28	0.01	186,247,681	0.48
10,000,001	-	500,000,000	47	0.02	4,476,579,836	11.61
500,000,001	-	1,000,000,000	5	0.00	3,881,215,325	10.06
1,000,000,000	and	Above	5	0.00	26,928,538,713	69.81
		TOTAL	**245,997**	**100.00**	**38,574,466,081**	**100.00**

Wema Bank Plc Shareholdings Pattern/Range Analysis as at December 31, 2014

Share Range			No. of Shareholders	Holdings	% of Shareholdings
1	-	1,000	29,133	14,995,244	0.04
1,001	-	5,000	147,499	307,088,171	0.80
5,001	-	10,000	29,192	202,663,756	0.53
10,001	-	50,000	31,565	635,648,313	1.65
50,001	-	100,000	4,786	342,911,973	0.89
100,001	-	500,000	3,978	757,827,783	1.96
500,001	-	1,000,000	395	287,216,993	0.74
1,000,001	-	5,000,000	340	655,109,243	1.70
5,000,001	-	10,000,000	37	256,107,708	0.66
10,000,001	-	500,000,000	50	4,501,705,656	11.67
500,000,001	-	1,000,000,000	7	4,795,122,456	12.43
1,000,000,001	and	Above	4	25,818,068,785	66.93
			246,986	**38,574,466,081**	**100.00**

Substantial Interests in Shares

According to the register of members, as at 31 December 2015, the following shareholders held more than 5% of the issued share capital of the Bank:

Shareholder	No. of shares Held	December 2015 Percentage of Shareholding	No. of Shares Held	December 2014 Percentage of Shareholding
*First Pension Custodian Nigeria Limited	13,469,344,821	34.92	13,469,344,821	34.92
Neemtree Limited	7,100,320,320	18.41	6,905,046,979	17.90
Odu'a Investment Company Limited	3,857,446,608	10.00	3,857,446,608	10.01
Petrotrab Limited	3,295,880,000	8.54	3,295,880,000	8.54
SW8 Investment Company Limited	3,095,569,669	8.02	3,095,569,669	8.02

*This stake has been recently sold but the sale is yet to be reflected in the share register of the Bank.

Going Concern

The Bank received its National Banking License from Central Bank of Nigeria in November 2015 and now operates as a national bank .

Based on the current capitalization position of the bank, the Directors expect the Bank to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business.

Accordingly, the financial statements are prepared on a going concern basis.

Events after Reporting Date

There were no post balance sheet events which could have a material effect on the state of affairs of the Bank as at 31 December 2015 or the financial performance for the year ended on that date that have not been adequately provided for or disclosed.

a. From the balance due to Central Bank of Nigeria amounting to ₦25billion (Note 30) an amount of N6.25billion was paid by the Bank to the Central Bank of Nigeria in January 2016 leaving a balance of N18.75billion to be repaid over nine months till September 30, 2016.

b. As a follow up to the resolution at the Annual General Meeting held on 6 May 2015 on the proposed Scheme of Arrangement for the reorganization of Shareholders' funds of the Bank, a no-objection order was obtained from the Financial Reporting Council Nigeria on the capital reorganization, subject to certain stipulated conditions therein. Other regulatory steps for the consummation of the Scheme including the approvals of the Federal High Court to convene a Court Ordered Meeting of Shareholders to approve the Scheme are currently on-going. We hope to conclude the process in the next couple of months.

c. Subsequent to the reporting date, a major shareholder of the Bank divested its holdings in the Bank. All regulatory approvals have been obtained and the shares are in the process of being transferred to the purchasers on the Nigerian Stock Exchange.

Acquisition of own Shares

The shares of the Bank are held in accordance with the Articles of Association of the bank. The Bank has no beneficial interest in any of its shares.

Donations and Gift

The Bank made contributions to charitable and non-political organizations amounting to N32,427,765 (31 December 2014:N112,500,000) during the year, as listed below:

		N'000
1.	Lagos State Security Trust Fund	20,000
2.	UNILAG 2014 Convocation Alumni Dinner	5,000
3.	Financial Literacy Curriculum Development	1,857
4.	Contribution on BVN Financial Literacy Campaign	1,500
5.	LBS Entrepreneurship Fair 2015	1,000
6.	Ikeja Golf 2015	500
7.	Art and Culture in Nigeria	500
8.	Association of Senior Staff of Banks Insurance & Financial Institutions (ASSBIFI)	500
9.	Other Donations	1,570
	Total	**32,428**

Human Resources

i. Employment of disabled persons

The Bank continues to maintain a policy of giving fair consideration to application for employment made by disabled persons with due regard to their abilities and aptitudes. The Bank's policies prohibit discrimination against disabled persons in the recruitment, training and career development of employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Bank continues and appropriate training arranged to ensure that they fit into the Bank's working environment.

ii. Health, safety and welfare at work

The Bank enforces health and safety rules and practices at the work environment, which are reviewed and tested regularly. In addition, medical facilities are provided for staff and their immediate families at the Bank's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

The Bank subscribes to both Group Personal Accident and Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

Employee Involvement and Training

The Bank ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In accordance with the Bank's policy of continuous development, the Bank draws up annual training programmes. The programmes include on the job training, classroom sessions and web-based training programmes which are available to all staff.

Employee Gender Analysis

The number and percentage of women employed during the financial year vis-à-vis total workforce is as follows:

	MALE	FEMALE	TOTAL	MALE	FEMALE
Total Employees	609	471	1,080	56%	44%

Board & Top Management

	MALE	FEMALE	TOTAL	MALE	FEMALE
Assistant General Manager	7	4	11	64%	36%
Deputy General Manager	7	0	7	100%	0%
General Manager	3	0	3	100%	0%
Executive Director	4	1	5	80%	20%
Deputy Managing Director	0	0	0	0%	0%

	MALE	FEMALE	TOTAL	MALE	FEMALE
Managing Director	1	0	1	100%	0%
Non-Executive Director	5	3	8	63%	37%
Total	27	8	35	77%	23%

Customer Complaints Management and Feedback

The Bank recognizes the importance of customer patronage to the growth of its business and thus considers customer complaints and feedback as valuable information to improve its service delivery.

Wema Bank has continued to improve on its feedback channels to ensure timely and satisfactory resolution of complaints. In view of this, a Consumer Protection Unit resident at the Head Office was also created to resolve service issues as raised without further delay in addition to the fully equipped state-of-the-art Contact Centre – Purple Connect. The available feedback channels in the Bankare listed below:

Hotlines:	+234 (0) 803900 3700, +234 (1) 277 7700
Email:	purpleconnect@wemabank.com
SMS:	+234 (0) 70 5111 2111
Live Chart:	www.wemabank.com
Letters:	Consumer Protection Unit Customer Service Management Department 54, Marina Lagos

Auditors

The Auditors, Akintola Williams Deloitte have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. Having indicated their willingness to continue in office, a resolution will be proposed at the Annual General Meeting to authorize the directors to determine theirremuneration.

BY ORDER OF THE BOARD

Wole Ajimisinmi
FRC/2013/NBA/00000002116
Company Secretary
Wema Towers
54 Marina
Lagos.

3 March, 2016

BOARD OF DIRECTORS

ADEYINKA ASEKUN
CHAIRMAN, BOARD OF DIRECTORS

SEGUN OLOKETUYI
MANAGING DIRECTOR/CEO


Adebode Adefioye
Non-Executive Director


Abubakar Lawal
Non-Executive Director


Samuel Durojaye
Non-Executive Director


Tina Vukor-Quarshie
Independent Director


Omobosola Ojo
Independent Director


Abolanle Matel-Okoh
Non-Executive Director


Ademola Adebise
Executive Director


Moruf Oseni
Executive Director


Wole Akinleye
Executive Director


Folake Sanu
Executive Director

PROFILE OF DIRECTORS

Mr. Samuel Durojaye
Non-Executive Director

Mr. Durojaye was born on April 18, 1958 in Ijebu North East Local Government Area of Ogun State.

He is a Fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria. He is also an Associate member of Chartered Institute of Stockbrokers of Nigeria and Associate, Institute of Directors, Nigeria.

Mr. Durojaye's employment profile covers Union Bank Plc (formerly Barclays), Balogun Ayanfalu Badejo & Co (Chartered Accountants), Nigerian Breweries Plc as an Accountant and Finance Manager between 1986 and November 1990.

Before his appointment on the board of the Bank, he was a Director on the boards of Pilot Finance Limited and Towergate Insurance Plc. He was appointed Commissioner for Finance in Ogun State and served in this capacity between May 1999 and May 2003.

He currently occupies the position of the Managing Director/Chief Executive Officer in Pilot Finance

Ms. Tina Vukor-Quarshie
Independent
Non-Executive Director

Tina Vukor-Quarshie holds a Bachelors degree (Second Class, Upper Division) and then a Masters Degree in Pharmacy from the University of Ife, now Obafemi Awolowo University, Ile-Ife. Whilst at the University of Ife, she was honoured with a National Merit Award by the Federal Government of Nigeria for scholastic excellence.

With a flair for finance, she went on to obtain an MBA degree in 1988 from the University of Benin, Benin - City and was the recipient of the Dr. Samuel Ogbemudia Prize for the best graduating student in Business Policy and the Chief Isaac Akinmokun Prize for the best graduating student in Entrepreneurial Development. She was awarded an Honourary Doctorate Degree by the Commonwealth University, Belize / London Graduate School in 2012.

Prior to her appointment as a non-executive Director on the board of Wema Bank Plc, 'TVQ', as she is fondly called, began her banking career with International Merchant Bank (IMB) Ltd as a credit analyst in 1988. TVQ also had a stellar career in Zenith Bank Plc which she joined in 1990 as a pioneer member of staff, rising through the ranks and heading several divisions at senior management level including Treasury/Financial Institutions, Corporate and Correspondent Banking, Foreign Exchange, Retail Banking and Human Resources amongst others, before being appointed an Executive Director in 1999.

She joined Guarantee Trust Bank as a Divisional Director, Commercial Banking in 2001 and then moved to Platinum Bank as an Executive Director in 2002.

TVQ has served in various senior management roles and board positions across the banking industry and is currently the Chief Executive Officer/Chief Service Marshal of TVQ Consulting Group® - a training and consulting firm with a focus on Customer Service, Marketing and Leadership.

Mrs. Omobosola Ojo
Independent
Non-Executive Director

Mrs. Omobosola Ojo holds a Bachelor of Arts degree in General History from Ondo State University (1988 - 1992). She obtained a Bachelor of Law degree from the University of Buckingham, United Kingdom in 1995 and was called to Bar after attending the Nigerian Law School between 1997 – 2000.

Mrs. Omobosola Ojo started her working career with the Ministry of Justice, Department of Public Prosecution, Alausa Secretariat, Ikeja Lagos as a Youth Corps Member (2005 - 2006). She joined O. Adekoya & Co. Herbert Macaulay, Yaba as an Associate Junior Counsel (2003 - 2004) with responsibilities which included Preparing Court Cases, Drafting letters to clients, Representing Clients in Courts among others.

Mrs. Omobosola Ojo is currently a partner with Fola Akinrinsola, Ojo & Co., Lagos which she joined in 2006.

Mrs. Abolanle Matel-Okoh
Non-Executive Director

An attorney with over 20 years of experience in Nigeria and the United States of America, Bola is a member of the Nigerian Bar and the New York State Appellate Division, Third Department Bar.

With experience in diverse areas of judicial science encompassing legal research, investigation, adjudication amongst others, Bola started her career in United Commercial Bank as a Legal Officer in 1992. Over the next 20 years, Bola gained relevant experience in legal practice and real estate business in various firms based in Nigeria and the USA.

A law graduate of the Ogun State University, Bola holds a Bachelor of Law Degree from the Nigerian Law School, Lagos and is also a Licensed Real Estate Agent from the Weichert Real Estate School, New Jersey, USA.

Abolanle Matel-Okoh is the current CEO of Havilah Ventures Ltd

PROFILE OF DIRECTORS

Wole Akinleye
Executive Director
South-West

With over 20 years of Cognate Banking experience, Wole Akinleye is the Executive Director responsible for coordinating business development activities in the South-West Region of Wema Bank.

With a work experience cutting across all major areas of banking operations including Retail, Corporate Banking and Risk Management, Wole Akinleye was Group Head, Business Development, Lagos for StanbicIBTC prior to joining Wema Bank in 2009. At StanbicIBTC, he held at various times, the role of Regional Head, Retail & Commercial Banking in the Bank's Lagos Island Lagos Mainland and South- West regions.

A Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Wole obtained his first degree in Accounting from Obafemi Awolowo University in 1989 and subsequently, a Masters Degree in Business Administration (Finance) from the same University. A widely travelled banker, Wole has attended several Senior Leadership Programmes around the world.

Folake Sanu
Executive Director
Lagos

Folake is an astute finance professional and banker of repute with over 32years working experience in banking, professional accounting and auditing practice. Her experience spans Corporate Strategy, Financial Control, Operations, Technology, Risk management, Audit, Mergers & Acquisitions, Credit and Marketing.

Prior to joining Wema Bank, Folake was Chief Financial Officer and later, Chief Compliance Officer of Sterling Bank where she was instrumental to the successful merger of 5 different banks to form Sterling Bank plc. She also anchored the integration and service reengineering process of the newly formed bank's operational platform. Folake left Sterling Bank to establish JFSC consulting, now Averti Professional Managers after a successful merger of four consulting firms in October 2013.

A Fellow of the Institute of Chartered Accountants of Nigeria and an honorary senior member of the Chartered Institute of Bankers of Nigeria, Folake is an alumnus of the London Business School and has attended various management courses in reputable institutions including Harvard Business School and INSEAD, France.

Mr. Adebode Adefioye
Non-Executive Director

Mr. Adefioye is an alumnus of the University of Lagos from where he obtained a B.Sc. degree (Chemistry) in 1983 and two years later became a Master of Science degree holder from the same citadel of knowledge.

He started his career with John Holt Plc and rose through the ranks to become a General Manager from 2000 – 2002 having held several management positions. He served at different levels and sections in the company with his experience covering Production & Quality Control, Personnel and Administration before opting for an early retirement in 2002 and has since been engaged in business and public service.

Currently he serves on the board of several limited liability companies like Cereem Investment Limited, SW8 Investment Limited, IBK Services Limited and Spectrum Ventures Limited to mention a few.

Mr. Abubakar Lawal
Non-Executive Director

Mr. Lawal holds an HND certificate in Banking & Finance from the Polytechnic of Ibadan (1988) and proceeded to the Abubakar Tafawa Balewa University, Kano, to obtain an MBA degree in 1999.

Mr. Lawal worked in Midas Finance Limited, Ibadan as Investment Officer (1990 – 1993). He joined the services of City Code Trust Limited, Lagos as a Manager in 1993 before he joined Altrade Securities Limited, Ikeja as an Assistant General Manager in 1995.

He is a professional and a Fellow of the Chartered Institute of Stockbrokers, the Chartered Institute of Bankers in Nigeria, the Institute of Directors (IOD), the Associate Certified Pension Practitioner and Associate National Institute of Marketing of Nigeria. His career in the Capital Market spans a period of 15 years. He is a highly experienced stock-broker. He is also a member of the Ikoyi Club 1938 and Ikeja Golf Club amongst others. He is a retired Council Member of the Nigerian Stock Exchange and Member, Chartered Institute of Stock Brokers.

He loves reading and golfing. Until his appointment as a Non-Executive Director on the board, Mr. Lawal is the Managing Director/CEO of GTI Capital Ltd, a position he occupies till date. He is happily married with children.

PROFILE OF DIRECTORS

Mr. Adeyinka Asekun
Chairman
Board of Directors

Adeyinka Asekun is a graduate of the University of Wisconsin, where he obtained a Bachelor of Business Administration, majoring in Marketing. He went on to obtain an MBA from California State University.

He began his career at S. C Johnson & Son (U.S.A), an FMCG multinational company in 1983. He has taken up different managerial positions abroad and in Nigeria since then.

Mr. Asekun is a retail banking specialist with over two decades of experience in the sales and marketing of financial products and services. He worked in International Merchant Bank, UBA plc and Oceanic Bank Plc. Noteworthy among his assignments were; Head of the National Sales Force and Head of Retail Credit Products at UBA Plc, Head of Retail Banking at Oceanic Bank and Acting Managing Director of Oceanic Homes. His most recent board level appointments were; Non-Executive Director at Oceanic Insurance and Oceanic Savings and Loans. He is currently the CEO of Hebron Limited a company involved in business training and consulting.

Ade joined the board of directors of Wema Bank Plc in August 2012. He became Chairman of the Board of Directors on 24 December 2012. Ade is considered to be a team player whose experience and profile make him well suited to play a leading role in the successful implementation of Wema Bank's transformation agenda.

Segun Oloketuyi
Managing Director/
Chief Executive Officer

Segun Oloketuyi, a consummate banker with several years of banking and managerial experience, is the Managing Director/Chief Executive Officer of Wema Bank Plc. Until his appointment, he was an Executive Director, Skye Bank Plc with the responsibility for business development across Lagos and South-West directorates of the bank.

A Fellow of the Institute of Chartered Accounts of Nigeria (ICAN), Segun is a Second Class Upper Division graduate of Chemistry from University of Lagos. He started out in 1985 as an Auditor with the then Akintola Williams and Co. (Chartered Accountants). Segun attended various professional and leadership training programmes in the course of his banking career. He is an MBA Alumnus of the Lagos Business School and the Advanced Management Programme of INSEAD, Fontainebleau, France.

In October 2005, Segun was appointed the acting Managing Director of Bond Bank Plc during which he steered the bank through a successful merger process with Skye Bank Plc. Following the successful and hitch-free merger, he was appointed an Executive Director (Finance & Enterprise risk Management) in January 2006. He was also the Post-merger Integration Coordinator that worked with different integration teams and external consultants following the merger of the different legacy banks that formed Skye Bank Plc.

Ademola Adebise
Executive Director
Corporate & South-South

Ademola Adebise is a graduate of Computer Science from the University of Lagos where he obtained a Bachelor's degree (Second Class Upper Division) in 1987. He also holds an MBA degree from the prestigious Pan African University, Lagos Business School.

As a seasoned and professional banker of repute with over 20 years' experience, Ademola's experience spans Information Technology, Financial Control & Strategic Planning, Treasury, Corporate Banking, Risk Management and Performance Management.

Prior to joining Wema Bank Plc in 2009, he was Head, Finance & Performance Practice in Accenture (Nigeria) and Programme Manager on a transformation project for one of the old generation banks in Nigeria. He also led various projects for banks which include Business Process Re-engineering, Selection & Implementation of Core Banking Application, Consumer Lending Transformation, etc.

He is a Fellow of the Institute of Chartered Accountants of Nigeria as well as an Associate of the Chartered Institute of Taxation & Computer Professionals (Registration Council of Nigeria). Ademola Adebise is also an alumnus of Harvard Business School.

Moruf Oseni
Executive Director
Retail & North

Moruf Oseni is an Executive Director on the board of Wema Bank Plc with oversight responsibility for the Abuja Bank, Public Sector and Advisory Services/Special Products.

Prior to his appointment as an Executive Director, Moruf was the CEO of MG Ineso Limited, a private investment and financial advisory firm with interests spanning various sectors of the economy. Before MG Ineso, Moruf was a Vice President at Renaissance Capital, where he was responsible for DCM, ECM and structured capital markets origination and execution for Sub-Saharan African Corporates. He was also an Associate at Salomon Brothers/Citigroup Global Markets in London and New York where he was involved in credit market origination and execution for European financial institutions. During his tenure at Citigroup, he was involved in the origination of various pioneering and innovative instruments across the debt spectrum. He commenced his career as an IT officer with Nigeria Liquefied Natural Gas Company (NLNG). Moruf holds an MBA degree from the prestigious Institut European d'Administration des Affaires (INSEAD) in France, a Masters in Finance (MiF) from the London Business School, London and a B.Sc. degree in Computer Engineering from Obafemi Awolowo University (OAU), Ile-Ife, Nigeria.

MANAGEMENT TEAM

EXECUTIVE MANAGEMENT

Segun Oloketuyi
Managing Director/CEO

Ademola Adebise
Executive Director

Moruf Oseni
Executive Director

Wole Akinleye
Executive Director

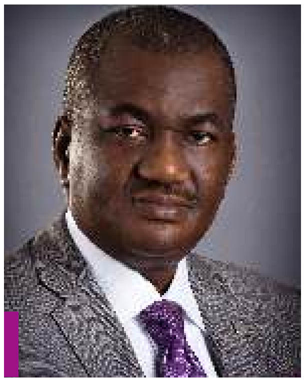
Folake Sanu
Executive Director

GENERAL MANAGERS

Tope Adebayo
Chief Inspector

Olusoji Jenyo
Divisional Head, Business Support

Okon Okon
Regional Executive, South-South Business Group

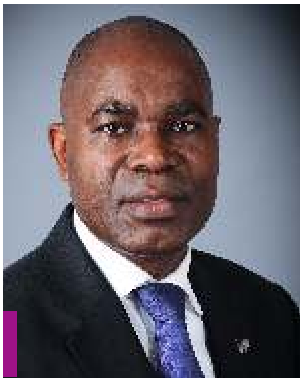


Oluwole Ajimisinmi
Company Secretary/Legal Adviser

DEPUTY GENERAL MANAGERS

Akinlolu Ayileka
Divisional Head, Brand & Service Quality Management

Fola Ajanlekoko
Divisional Head, General Services



Oladele Olaolu
Regional Executive, Abuja Commercial & Retail Bank

Henry Alakhume
Head, Corporate Banking Group

Olukayode Bakare
Treasurer

Olanrewaju Ajayi
Head, Project Finance & Power

Tunde Mabawonku
Chief Finance Officer

ASSISTANT GENERAL MANAGERS

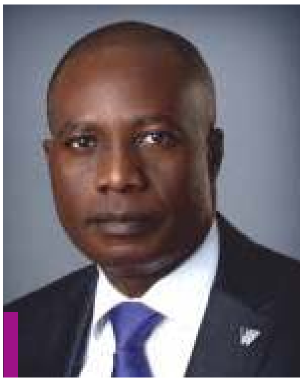
Adedotun Ifebogun
Head, Retail & SME Banking

Dele Adeyinka
Head, eBusiness & Payments

Funke Irabor
Regional Manager, Ogun Region

Jide Bello
Regional Manager, North

ASSISTANT GENERAL MANAGERS CONTD.



Olajide Omole
Regional Manager, Ikeja

Olufunke Okoli
Head, Human Capital Management

Rotimi Badru
Head, Branch & Central Operations

Sylvanus Eneche
Chief Risk Officer

Tolulope Adegbie
Regional Manager, Lagos Island

Opeyemi Okhelen
Chief Compliance Officer

Oluwatoyin Karieren
Head, Internal Control

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The Directors of WEMA Bank Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Bank as at 31 December 2015and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and inthe manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011 and Bankand Other Financial Institutions Act Cap B3 LFN 2004.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- making anassessment of the Bank's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Bank;
- maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at anytime the financial position of Bankand which enable them to ensure that thefinancial statements of the Bankcomply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking suchsteps as are reasonably available to them to safeguard the assets of the Bank; and
- preventing and detecting fraud and otherirregularities.

Going Concern

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

The financial statements of the Bank for the year ended 31 December 2015 were approved by the board of directors on 3 March, 2016

On behalf of the Directors of the Bank

Adeyinka Asekun	**Segun Oloketuyi**	**Tunde Mabawonku**
Chairman	Managing Director/CEO	Chief Finance Officer
FRC/2013/IOD/00000003818	FRC/2013/ICAN/00000002099	FRC/2013/ICAN/00000002097

REPORT OF THE AUDIT COMMITTEE

TO THE MEMBERS OF WEMA BANK PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Wema Bank Plc hereby report as follows:

- We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the cooperation of Management and Staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2015 were satisfactory and reinforce the Bank's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of Insider Related Credits in the financial statements of Banks". We hereby confirm that an aggregate amount of N12.898 billion (31 December 2014:N9.708billion) was outstanding as at 31 December 2015 of which Nil (31 December 2014: Nil) was non performing.
- We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Prince Adekunle Olodun
FRC/2013/NIM/00000003105
Chairman, Audit Committee
3 March, 2016

Members of the Audit Committee are:

1.	Prince Adekunle Olodun	-	Shareholder (Chairman)
2.	Mr. Anosikeh Joe Ogbonna	-	Member
3.	Mr. Kashimawo Akanji Taiwo	-	Member
4.	Mr. Samuel Durojaye	-	Member
5.	Mr. Adebode Adefioye	-	Member
6.	Mr. Abubakar Lawal	-	Member

In attendance:

Mr. Wole Ajimisinmi	-	Secretary

Deloitte.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF WEMA BANK PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Wema Bank Plc which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended 31 December 2015 , a summary of significant accounting policies and other explanatory information.

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 Companies and Allied Matters Act CAP C20 LFN 2004, the Banks and other Financial Institutions Act CAP B3 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 controls 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 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 Wema Bank Plc as at 31 December, 2015 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, the Banks and other Financial Institutions Act CAP B3 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Other reporting responsibilities

- In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. The Bank has kept proper books of account, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.

iii. The Bank's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns

- The Bank has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria

- In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 34.

During the year the bank contravened certain sections of Banks and Other Financial Institutions Act CAP B3 LFN 2004 and CBN circulars/guidelines, the details of the contravention and the related penalties are as disclosed in Note 35 to the financial statements.

Michael Daudu, FCA
FRC/2013/ICAN/00000000845
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
21 March, 2016

REPORT OF THE EXTERNAL CONSULTANT ON THE APPRAISAL BOARD OF DIRECTORS OF WEMA BANK PLC

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Bank and Discount House in Nigeria (”the CBN Code”) and the Securities and Exchange Commission (SEC) Code of Corporate Governance (”the SEC Code), Wema Bank Plc (”Wema Bank” or “the Bank”) engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors (”the Board”) for the year ended 31 December 2015. The CBN Code mandates an annual appraisal of the Board with specific focus on the Board’s structure, composition, responsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board.

Corporate governance is the system by which business corporations are directed and controlled to enhance performance and shareholder value. It is a system of checks and balances within the Board, Management and investors to produce a sustainable corporation gear towards delivering long-term value.

Our approach to the appraisal of the Board involved a review of the Bank’s key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained during one-on-one interviews with the members of the Board and management. We also reviewed the Bank’s Corporate Governance report prepared by the Board and included in the Annual Report for the year ended 31 December 2015 and assessed the level of compliance of the Board with the CBN Code and SEC Code.

On the basis of our review, except as noted below, the Bank’s corporate governance practices are largely in compliance with the key provisions of the CBN Code and SEC Code. Specific recommendations for further improving the Bank’s governance practices have been articulated and included in our detailed report to the Board. These include recommendations in the following areas: enhancements to the existing whistle blowing process, the director training process and the process for monitoring and disclosing related party transactions.

Tomi Adepoju
Partner, KPMG Advisory Services
FRC/2015/NIM/00000001185

3 March, 2016

04

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of Nigerian Naira	Note	31-Dec-15	31-Dec-14
Interest income	7	37,128,085	35,453,227
Interest expense	7	(19,408,466)	(16,901,314)
Net interest income		**17,719,619**	**18,551,913**
Net impairment write back/(loss) on financial assets	11	77,640	(88,173)
Net interest income after impairment charge for credit losses		**17,797,259**	**18,463,740**
Net fee and commission income	8	5,664,325	5,218,504
Net trading income	9	1,781,836	850,633
Other income	10	1,217,555	664,503
		8,663,716	6,733,640
Operating income		**26,460,975**	**25,197,380**
Personnel expenses	12	(9,790,477)	(10,032,917)
Depreciation and amortization	13,b	(2,250,024)	(2,180,693)
Other operating expenses	13,a	(11,374,945)	(9,889,830)
Profit before tax		**3,045,528**	**3,093,940**
Income tax expense	28	(718,253)	(721,495)
Profit for the year		**2,327,275**	**2,372,445**
Other comprehensive income, net of income tax			
Fair value (loss)/ gain on available-for-sale investments		(31,815)	1,053
Other comprehensive income for the year, net of income tax		**(31,815)**	**1,053**
Total comprehensive income for the year		**2,295,460**	**2,373,498**
Profit attributable to:			
Equity holders of the Bank		2,327,275	2,372,445
Total comprehensive income for the year		**2,295,460**	**2,373,498**
Earnings per share-basic	14	6	6

The notes on pages 69 to 148 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

In thousands of Nigerian Naira	Note	31-Dec-15	31-Dec-14
Assets			
Cash and cashequivalents	15	56,583,610	52,153,878
Restricted Deposit withCBN	15b	53,386,069	70,056,472
Pledged assets	16	16,455,942	25,775,651
Investment securities:			
Available for sale	17,a	7,630,131	1,614,190
Held for trading	17,b	4,688,492	2,108,402
Held to maturity	17,c	28,788,648	37,489,932
Loans and advances to customers	18	185,596,590	149,293,849
Investment properties	21	393,547	402,145
Property and equipment	22	15,967,711	14,042,912
Intangible assets	23	488,110	1,001,954
Assets held for sale	20	-	2,964,626
Other assets	25	4,194,762	2,688,599
Deferred taxassets	24	22,569,702	22,969,702
Total Assets		**396,743,314**	**382,562,312**
Liabilities			
Deposits from banks	26	-	3,243,218
Deposits from customers	27	284,977,836	258,956,478
Derivative financial liabilities	19	-	418,612
Current taxliabilities	28	382,694	338,537
Other liabilities	29	12,949,273	17,107,216
Other borrowed funds	30	52,289,916	58,381,728
Obligations underfinance lease	31	79,485	347,874
Total Liabilities		**350,679,204**	**338,793,663**
Equity			
Share capital	32	19,287,233	19,287,233
Share premium	32	48,870,107	48,870,107
Regulatory riskreserve		3,644,042	791,206
Retained earnings	32	(35,319,223)	(34,793,663)
Other reserves		9,581,952	9,613,767
ATTRIBUTABLE TO EQUITYHOLDERS OF THEBANK		**46,064,110**	**43,768,649**
Total Equity		46,064,110	43,768,649
TOTAL LIABILITIESAND EQUITY		**396,743,314**	**382,562,312**

The notes on pages 69 to 148 are an integral part of these financial statements

The financial statements were authorised for issue by the directors on 3rd March, 2016

Adeyinka Asekun
Chairman
FRC/2013/IOD/00000003818

Tunde Mabawonku
Chief Finance Officer
FRC/2013/ICAN/00000002097

Segun Oloketuyi
Managing Director/CEO
FRC/2013/ICAN/00000002099

STATEMENT OF CHANGE IN EQUITY

AS AT 31 DECEMBER 2015

In thousands of Nigerian Naira	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2014								
Balance at 1 January 2014	19,287,233	48,870,107	(0)	8,148,511	526,908	225,561	(35,663,169)	41,395,151
Total comprehensive income:								
Profit or loss	-	-		-	-		2,372,445	2,372,445
Other comprehensive income								
Fair value reserve (available-for-sale) financial assets	-	-		-	-	1,053	-	1,053
Total other comprehensive income	-	-		-	-	1,053	-	
Total comprehensive income for the period	19,287,233	48,870,107	(0)	8,148,511	526,908	226,614	(33,290,723)	43,768,649
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve			791,206				(791,206)	-
transfer to statutory reserves				711,734			(711,734)	
Total contribution and distributions to owners	-	-	791,206	711,734	-	-	(1,502,940)	(0)
Balance at 31 December 2014	19,287,233	48,870,107	791,206	8,860,245	526,908	226,614	(34,793,663)	43,768,649
2015								
Balance at 1 January 2015	**19,287,233**	**48,870,107**	**791,206**	**8,860,245**	**526,908**	**226,614**	**(34,793,663)**	**43,768,649**
Total comprehensive income:								
Profit or loss	-	-		-	-		2,327,275	2,327,275
Other comprehensive income								
Fair value reserve (available-for-sale) financial assets	-	-		-	-	(31,815)	-	(31,815)
Total other comprehensive income	-	-		-	-	(31,815)	-	(31,815)
Total comprehensive income for the period	19,287,233	48,870,107	791,206	8,860,245	526,908	194,799	(32,466,388)	46,064,110
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve			2,852,836				(2,852,836)	-
Transfer to Statutory reserve				-			-	
Total contribution and distributions to owners	-	-	2,852,836	-	-	-	(2,852,836)	-
Balance at 31 December 2015	**19,287,233**	**48,870,107**	**3,644,042**	**8,860,245**	**526,908**	**194,799**	**(35,319,223)**	**46,064,110**

STATEMENT OF PRUDENTIAL ADJUSTMENTS

In thousands of Nigerian Naira	31 December 2015	31 December 2014
Impairment - IFRS		
Loans:		
- Collective	1,098,416	2,084,840
- Specific	1,327,916	913,326
	2,426,332	**2,998,166**
Investments:		
- Long Term	31,815	-
- Loans and receivables	3,637,495	4,394,925
	3,669,310	**4,394,925**
Total	**6,095,642**	**7,393,091**
Impairment - Prudential Guidelines		
Loans:		
- General	3,153,881	1,477,292
- Specific	2,916,812	2,312,081
	6,070,374	**3,789,373**
Investments:		
- Long term	31,815	418,612
- Other assets	3,637,495	3,976,313
	3,669,310	**4,394,925**
Total	**9,739,684**	**8,184,297**
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	**3,644,042**	**791,206**

STATEMENT OF CASHFLOW

	Notes	December 2015	December 2014
In thousands of Nigerian Naira			
Cash flows from operating activities			
Profit/(Loss) for the year before tax		2,327,275	2,372,445
Adjustments for:			
Taxation expense		718,253	721,495
Depreciation and amortization	13b	2,250,025	2,180,693
Adjustment for transfer out of WIP now expensed		28,365	-
Adjustment amortisation write back		(95,521)	-
Gain on disposal of investment properties		-	(2,252)
Loss/Gain on disposal of property and equipment		3,429	(20,130)
Depreciation adjustment		-	69,555
Specific provision on cash		86	9,321
Net interest income		(17,719,619)	(18,551,913)
Dividend received from equity investment		(56,057)	(22,295)
Impairment (gain)/loss on financial assets	11	(77,640)	88,173
		(12,621,405)	**(13,154,908)**
Change in pledged assets		9,319,709	(3,945,472)
Change in loans and advances to customers		(36,225,101)	(50,750,198)
Change in other assets		15,369,072	(43,526,575)
Change in deposits from banks		(3,243,218)	43,218
Changes in interest payable on bank takings		-	(197,370)
Change in deposits from customers		26,021,358	41,221,919
Change in other liabilities		(4,609,909)	7,633,829
		(5,989,493)	(62,675,557)
Income tax paid	28	(274,095)	(365,005)
Interest received	7	37,128,085	35,453,227
Vat paid		(235,035)	(135,516)
Interest paid		(15,953,189)	(12,425,608)
Net cash from operating activities		**14,676,273**	**(40,148,459)**
Cash flows from investing activities			
Disposal of investment securities-HTM		8,701,283	64,891,064
Acquisition of investment securities-AFS		(6,015,940)	5,565,923
Change in trading assets		(2,580,090)	(2,108,402)
Adjustment to fair value loss		(31,815)	
Dividend received from equity investment		56,057	22,295
Acquisition of property and equipment	22	(3,438,952)	(3,194,050)
Proceed from sale of associate		2,964,626	-
Proceeds from the sale of property and equipment		26,364	46,449
Proceeds from the sale of investment properties		-	190,000
Acquisition of intangible assets		(380,899)	(734,167)
Net cash used in investing activities		**699,365**	**64,679,112**
Cash flows from financing activities			
Proceeds from other borrowed funds		(6,091,812)	793,770
Interest paid on CBN financial accommodation loan	7	(3,455,277)	- 4,475,706
Net cash from financing activities		**(9,547,089)**	**(3,681,936)**
Net increase in cash and cash equivalents		4,429,818	20,848,717
Cash and cash equivalents at beginning of year		52,163,199	31,314,482
Cash and cash equivalents at end of year	15	**56,593,017**	**52,163,199**

NOTES TO THE FINANCIAL STATEMENTS

1 **Reporting Entity**

Wema Bank Plc (the "Bank") is a company domiciled in Nigeria. The Bank's registered office address is 54 Marina, Lagos, Nigeria. The Bank is primarily involved in investment, corporate, commercial and retail banking.

1.1 **Going Concern**

The Bank received its national bank authorization from the Central Bank of Nigeria in November 2015.

The Central Bank of Nigeria (CBN) in 2009 provided a financial accommodation assistance amounting to N50 billion to the Bank to address capital adequacy needs and liquidity position. The 7-year loan (inclusive of 5 years moratorium) has 9 months left to maturity and interest and principal obligations were duly serviced on due dates.

The Bank has met the minimum capital requirements but intends to raise additional capital through a bond issuance in the New Year to shore up its working capital due to its proposed recent expansion initiative.

Based on the proposed recapitalization plan and the current position of the Bank as described above, the Directors expect the Bank to continue as a going concern, realise its assets and discharge its liabilities in the normal course of business.

Accordingly, the financial statements are prepared on a going concern basis.

2. **Basis of Preparation**

a. **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1 January 2014.

The financial statements comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, the Bank and Other Financial Institutions Act CAP B3 LFN 2004 and the Guidelines issued by the Central Bank of Nigeria to the extent that they are not in conflict with the International Financial Reporting Standards.

The financial statements were authorized for issue by the Board of Directors on 3 March 2016.

b. **Functional and presentation currency**

These financial statements are presented in Nigerian Naira, which is the Bank's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

c. **Basis of measurement**

These financial statements are prepared on a historical cost basis except for available-for-sale financial assets and derivative instruments which are measured at fair value through other comprehensive income.

Available for sale financial assets that cannot be measured reliably are measured at cost less impairment. Non-derivative financial instruments at measured at fair value through profit or loss. Financial assets and liabilities held for trading are measured at fair value.

d. **Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 4.

3. **Significant Accounting Policies**

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

a. **Business combination**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Bank. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Bank takes into consideration potential voting rights that currently are exercisable.

The Bank measures goodwill at the acquisition date as the total of:

The fair value of the consideration transferred; plus
The recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in profit or loss. The Bank elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

b. **Investment in associates**

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting in the Bank's financial statements except when the investment or a portion thereof is classified as held for sales in which case it is accounted for in accordance with IFRS 5. The bank discontinues the use of equity method from the date when the investment ceases to be an associate.

c. **Foreign currency**

The financial statements are presented in Nigeria Naira, which is the Bank's functional and reporting currency. Transactions in foreign currencies are translated at the foreign exchange rates effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are adjusted to the functional currency at the spot exchange rates effective at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in the foreign currency translated at the exchange rate effective on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate effective at the date that the fair value is determined. Foreign exchange differences arising on translation are recognised in profit or loss.

d. Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

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

Interest income and expense presented in the statement of comprehensive income include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on available-for-sale investment securities calculated on an effective interest basis
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period that the hedged cash flows affect interest income/expense
- fair value changes in qualifying derivatives, including hedge ineffectiveness and related hedge items in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Banks trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on other derivatives held for risk management purposes and other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income from other financial instruments at fair value through profit and loss in the statement of comprehensive income.

e. Fees and commission

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

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

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

f. Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes, dividend and foreign exchange differences.

g. Dividend Income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends on trading equities are reflected as a component of net trading income or other operating income based on the underlying classification of the equity investment. Dividend income on available-for-sale securities are recognised as a component of other operating income.

h. **Leases**

Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leased assets – lessee

Leases in terms of which the Bank assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under finance leases are initially recognised as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Bank's general policy on borrowing costs (see note 3.13 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Other leases are operating leases and except for investment property, the leased assets are not recognised in the Bank's statement of financial position.

Bank as the lessor

When acting as lessor under finance lease, the present value of the minimum lease payments discounted at the rate of interest implicit in the lease is recognized as a receivable. The difference between the total payments receivable under a finance lease and the present value of the receivable is recognised as an unearned income and subsequently recorded as finance income over the life of the lease. Finance charges earned are computed using effective interest method which reflects a constant periodic return on the investment in the finance lease. Initial direct costs paid are capitalized to the value of the lease amounts receivable and accounted for over the lease term as an adjustment to the effective rate of return.

i. **Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) **Current tax**

Current tax is the expected tax payable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends

(ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional taxes that arise from the distribution of dividend by the Bank are recognised at the same time as the liability to pay the related dividend is recognised.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

j. **Financial assets and liabilities**

(i) **Recognition**

The Bank initially recognises loans and advances, deposits; debt securities issued and subordinated liabilities on the date that they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Bank commits to purchase or sell the assets. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value. For an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue are recognised as part of the initial cost of financial asset or liability.

(ii) **Classification**

The Bank classifies its financial assets in one of the following categories:

- Loans and receivables;
- held to maturity;
- available-for-sale; or

- at fair value through profit or loss and within the category as:

  – held for trading; or
  – designated at fair value through profit or loss.

See Notes 3(l), (m) and (n).

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss. See Notes 3(l), (s) and (u).

(iii) De-recognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cashflows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit and loss.

The Bank enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Bank retains all or substantially all the risks and rewards of ownership of such assets.

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

In certain transactions the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(vi) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk return factors inherent in the financial instrument. The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Bank has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair value reflects the credit risk of the instrument and includes adjustments to take account of the Credit risk of the Bank and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Bank believes a third-party market participant would take this into account in pricing a transaction.

(viii) Identification and measurement of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

The Bank considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and advances and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Bank uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Probability of Default and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to profit or loss.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower then an assessment is made whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case the original financial asset is derecognised and the new financial asset is recognised at fair value.

(ix) Designation at fair value through profit or loss

The Bank designates financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

The impairment loss is measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.

- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances or held-to-maturity investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed, with the amount of the reversal recognised in profit and loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

The Bank writes off certain loans and advances and investment securities when they are determined to be uncollectible.

The amount of each class of financial asset or liability that has been designated at fair value through profit or loss will be set out in a note. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

(x) Derivative financial assets

Derivatives are recognised initially and are subsequently re-measured, at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realize the asset and settle the liability simultaneously.

The method of recognizing fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments and if the latter, the nature of the risks being hedged.

All gains and losses from changes in the fair value of derivatives held for trading are recognised in the income statement.

(xi) Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

k. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position

l. Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss on initial recognition may be reclassified out of fair value through profit or loss i.e. trading category if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- If the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held for trading at initial recognition), then it may be reclassified if the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

- If the financial asset would not have met the definition of loans and receivable, then it may be reclassified out of the trading category only in rare circumstances.

m. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease and recognised and presented within loans and advances.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (“reverse repo or stock borrowing”), the arrangement is accounted for as a loan or advance and the underlying asset is not recognised in the Bank's financial statements.
Loans and advances are initially measured at fair value plus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method.

n. Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as either held for trading, held-to-maturity, fair value through profit or loss or available-for-sale.

i. Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for- sale and prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years.

However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassification that are so close to maturity that changes on the market rate of interest would not have a significant effect on the financial asset's fair value.

- Sales or reclassification after the Bank has collected substantially all the asset's original principal.

- Sales or reclassification attributable to non-recurring isolated events beyond the Bank's control that could not have been reasonably anticipated.

(ii) Fair value through profit or loss

The Bank designates some investment securities at fair value with fair value changes recognised immediately in profit or loss as described in accounting policy j (ix).

(iii) Available-for-sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Available for sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss. Impairment losses are recognised in profit or loss.

Other fair value changes other than impairment losses are recognised directly in other comprehensive income and presented in the fair value reserve in equity until the investment is sold whereupon the cumulative gains and losses previously recognised in other comprehensive income are recognised to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Bank has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

o. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The Bank holds some investment property as a consequence of the ongoing rationalisation of its retail branch network. Other property has been acquired through the enforcement of security over loans and advances. Investment property is measured at cost less accumulated depreciation and impairment losses in line with the cost model in IAS 16. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

p. Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

ii Subsequent costs

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

iii. **Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Leasehold Properties	Over the lease period
Furniture and fittings	5 years
Equipment and machinery	5 years
Computer equipment	4 years
Motor vehicles	4 years
Work in progress	Not depreciated

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use.

Depreciation methods, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

iv. **De-recognition**

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

q. **Intangible assets**

i. **Software**

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

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

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is shorter of 3 years or the contractual licensing period.

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

r. **Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

s. **Deposits and subordinated liabilities**

Deposits and subordinated liabilities are the Bank's sources of debt funding. When the Bank sells a financial asset and simultaneously enters into a “repo” or “stock lending” agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit and the underlying asset continues to be recognised in the Bank's financial statements.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and subordinated liabilities are initially measured at fair value plus transaction costs and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.

t. **Provisions**

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

i. **Restructuring**

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

ii. **Onerous contracts**

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

u. **Financial guarantees**

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

v. **Employee benefits**

i. **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as personnel expenses in profit or loss when they are due in respect of service rendered before the end of the reporting period.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the reporting period in which the employees render service are discounted to their present value at the reporting date.

The Bank operates a funded, defined contribution pension scheme for employees in Nigeria. Obligations in respect of the Bank's contributions to the scheme are recognised as an expense in the profit and loss account on an annual basis. The employee and the Bank contribute 7.5% and 17.5% of basic salary, housing, luncheon and transport allowance respectively to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

ii. **Termination benefits**

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

iii. **Short-term employee benefits**

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

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

iv **Long Term Employee Benefit- Staff Gratuity Scheme**

The Bank operates a defined benefit pension plan, which requires provisions to be made to a separately unfunded Plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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

Actuarial valuation computation was carried out on members (excluding Directors) in the staff gratuity scheme for the financial years ended 31 December 2015 and 31 December 2016 under the International Accounting Standard 19 Revised.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December, 2015 by Bestwole Developments Limited.

The present values of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	31 December, 2015
Discount rate	13%
Expected rate of salary increase	9%
Average longevity at retirement age for current pensioners (years)	NIL
Males	NIL
Females	NIL
Average longevity at retirement age for current employees (future pensioners)	55years
Males 609	
Females	471
Others (describe)	N/A

Consequently, the financial position items that were recognized are as follows:

A deficiency of ₦457,750,500 as at 31 December, 2014 and

A deficiency of ₦165,437,000 as at 31 December, 2015.

The estimated expense figures for the next fiscal years are as follows:

	31-Dec-15 N	31-Dec-16 N
Current Service Cost	107,588,500	82,494,000
Interest Cost	65,716,400	65,925,000
Interest Income	(7,390,252)	(49,061,000)
Past Service Cost	113,849,800	-
Total Expenses/Income	**279,764,448**	**99,358,000**

IAS Revised Amendments and Actuarial Basis

The Projected Unit Credit method, as required by IAS 19, has been used to carry out the valuation exercise. The amendments specified in the IAS 19 Revised have been reflected in the report:

Recognition of Actuarial gains and Losses (re measurements)
- All Actuarial Gains and Losses are recognized in full in the year in which they arise in the Statement of Other Comprehensive Income

Recognition of Past Service Cost/ Curtailment
- The past service cost under the Plan's amendment was recognized in the year of occurrence

Measurement of Pension Expense
- The Plan is funded as at 31 December, 2015. The net benefit cost (interest cost) has been computed on the defined benefit obligation

Presentation in the Income Statement
- Under the Plan the net benefit cost comprises the Service Cost and Past Service Cost

Disclosure Requirements
- The Gratuity Plan operates under a defined benefit arrangement. The employer pays benefits for the members on a Pay as you go basis. Members don't bear any financial risk on funding. The employer bears all financial risks under the Plan.

Distinction between Short term and Long Term Benefits
- Short term benefits are considered under the Plan. Payments are settled within 12 calendar months.

Treatment of Expenses and taxes relating to employee benefits
- Under the Plan, the defined benefits obligations are not taxable.

Risk or Cost Sharing Features
- The Plan is wholly funded by the employer. The employees do not contribute to plan's funding

Sensitivity Analysis
- Tables of sensitivity analysis showing impact on the defined benefit obligations and benefit costs if each of the financial assumptions vary by -1% or +1% are provided herein

Description of the Benefits Valued

We have summarized the benefits valued in the present valuation exercise as follows.

Eligibility for Membership - To be eligible for membership, one has to be an employee of the bank who has completed any probationary period of employment.

Gratuity Computations - Benefits payable to a member depends on the "Gratuity Emolument" and the completed years of service spent as at the member's exit date.

Gratuity *Emolument* - Gratuity Emolument has been defined as sum of the monthly basic salary, monthly housing allowance, monthly transport allowance and monthly luncheon allowance for the members.

Gratuity Benefits - Gratuity payment will be on the basis of percentage upward movement from 50% monthly total emolument multiplied by length of service at 5 years of service up to a maximum of 100% at 10 years of service and beyond.

Scale of Gratuity Benefits - Based on the description of gratuity benefits, we have shown in the table below, the analysis of benefits computations.

Completed years of Service	Gratuity Benefit
Less than 5	Nil
5 years	50% of monthly emolument *5
6 years	60% of monthly emolument *6
7 years	70% of monthly emolument *7
8 years	80% of monthly emolument *8
9 years	90% of monthly emolument *9
10 years and above	100% of monthly emolument *10

Appendix 2 - Summary of Active Membership Data
As at 31 December 2015

Age Band	Count	Total Monthly Basic Salary	Total Monthly Gratuity Allowances	Total Monthly Gratuity Emolument
25 - 30	16	755,865	1,543,565	2,299,430
31 - 35	251	12,342,124	24,954,456	37,296,580
36 - 40	234	18,323,679	33,703,234	52,026,913
41 - 45	127	16,726,129	29,092,869	45,818,998
46 - 50	39	7,782,397	13,516,832	21,299,229
51 - 55	15	4,549,763	7,897,966	12,447,729
Total	**682**	**60,479,957**	**110,708,922**	**171,188,880**

Valuation Method

In accordance with IAS 19, the bank has adopted the Projected Unit Credit Method, using first principles, to establish the values of the accrued liabilities.

In calculating the liabilities, the method:

- Recognizes the company service rendered by each member of staff at review date
- Anticipates that salaries will increase between the review date and the anticipated exit date of member
- Discount the expected benefit payments to the review date

Under the Projected Unit Method, the liability accrues uniformly whilst the member is in service; the liability is divided into two parts for each serving member namely:

- The accrued past service liability based on service rendered as at valuation date and
- The future service liability in respect of future service.

The "Defined Benefit Obligation" under this method of valuation is the present value of all accrued benefits as at the valuation date by reference to all years of service up to that date, but computed on projected final total emoluments.

The "Asset Ceiling" is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan

The "current service cost" is the value of benefits acquired by service rendered in the review year. It is the projected contributions for the year, using the valuation assumptions. These projected benefits are then discounted to the valuation date at the discounting rate adopted for the valuation.

- The "interest cost" is the expected increase in liability values in the course of the review year.
- The "expected return on plan assets" is the expected increase in asset values after allowing for expected increase in benefit payments during the year.
- The "Actuarial (Gains)/Losses" represent the changes in Benefit Obligations or Fair Value of Assets arising from changes in actuarial valuation assumptions or actual experience deferring from expectation.
- While ignoring any gains/losses, the employer's net annual cost is the current service cost plus the interest cost minus expected return on any planned assets.

w. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or the Bank has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Contingent assets are never recognised rather they are disclosed in the financial statements when an inflow of economic benefit is probable.

x. Share capital and reserves

i. Share issue costs

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

ii. Dividend on the Bank's ordinary shares

Dividend on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

(y) Earnings per share

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

(z) Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available.

aa. Non-current assets held for sale

Non-current assets and disposal group are classified as held for sale of their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from date of classification. Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

ab. Related party transactions

Transactions with related parties are conducted and recorded at arm's length and disclosed in accordance with IAS 24 "Related party disclosures".

ac. Application of new and revised International Financial Reporting Standards (IFRSs) Amendments to IFRSs that are mandatorily effective for the year ended 31 December 2015

Similar to 2014, 2015 was a relatively quiet year, only a limited number of amendments to IFRSs became mandatorily effective. All these amendments to IFRSs generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application.

For December year-end entities, below is a list of the amendments to IFRSs that are mandatorily effective for their 2015 financial year:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions;
- Amendments to IFRSs Annual Improvements to IFRSs 2010-2012 Cycle; and
- Amendments to IFRSs Annual Improvements to IFRSs 2011-2013 Cycle.
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (Effective for annual periods beginning on or after 1 July 2014)

The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan

- According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they affect the re-measurement of the net defined benefit liability (asset).

- If contributions are linked to services, they reduce service costs. If the amount of contribution is dependent on the number of years of service, the entity should reduce service cost by attributing it to the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 (for the gross benefits). If the amount of contribution is independent of the number of years of service, the entity is permitted to either reduce service cost in the period in which the related service is rendered, or reduce service cost by attributing the contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.The amendment requires retrospective application.

  The directors of the bank do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Bank's financial statements.

  The Annual Improvements include amendments to a number of IFRSs, which have been summarised below.

StandardSubject to amendment		Details
IFRS 2 Share-based	Definition of vesting condition	The amendment is to clarify the definition of vesting condition paymentto ensure the consistent classification of conditions attached to a share-based payment. It also adds definitions for 'performance condition' and 'service condition' which were previously included as part of the definition of 'vesting condition'. Specifically,

- For "market condition", the amendment indicates that it is a performance condition that relates to the market price or value of the entity's equity instruments or the equity instruments of another entity in the same group. A market condition requires the counterparty to complete a specified period of service.
- For "performance condition", the amendment specifies that the period over which the performance target is achieved should not extend beyond the service period and that it is defined by reference to the entity's own operations or activities of another entity in the same group.

The amendment requires prospective application, i.e. entities should apply the amendment prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.

Standard	Subject to amendment	Details
IFRS 3 Business Combination	Accounting for contingent consideration in a business combination	The amendment clarifies that contingent consideration should be measured at each reporting date, irrespective of whether or not the contingent consideration falls within the scope of IFRS 9 or IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognised in profit and loss. The amendment to IFRS 3 requires prospective application, i.e. entities should apply the amendment prospectively to business combinations for which the acquisition date is on or after 1 July, 2014.

Standard	Subject to Amendment	Details
IFRS 8 Operating Segments	i. Disclosure about judgements involved in deciding whether or not to aggregate operating segments ii. When reconciliation of the total of the reportable segments' assets to the entity's asset is required.	The amendment: i. requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments share similar economic characteristics; and ii. clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if information about the amount of the segment assets are regularly provided to the chief operating decision-maker.

Standard	Subject to Amendment	Details
IFRS 13 Fair Value Measurement	Short-term receivables and payment	The amendment to the basis for conclusions of IFRS 13 clarifies that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. This amendment does not include any effective date because this is just to clarify the intended meaning in the basis for conclusions.
IFRS 16 Property, Plant and Enquipment; IAS 38 Intangible Assets	Revaluation method - proportionate restatement of accumulated depreciation (amortization)	The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
IAS 24 Related Party Disclosures	Key management personnel	The amendment clarifies that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of compensation to key management personnel that is paid by the management entity to the management entity's employees or directors is not required.

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below.

Standard	Subject to Amendment	Details
IFRS 3 Business Combinations	Scope exceptions for joint ventures	The amendment clarifies that IFRS 3 does not apply to the accounting for the formation of joint arrangement in the financial statements of the joint arrangement itself.

Standard	Subject to Amendment	Details
IFRS 13 Fair Value Measurement	Scope of paragraph 52 (portfolio exception)	The amendment clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.
IAS 40 Investment Property	Clarifying the inter-relationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied	The amendment clarifies that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring an investment property must determine whether:

a. the property meets the definition of investment property in accordance with IAS 40; and

b. the transaction meets the definition of a business combination in accordance with IFRS 3.

An entity should apply the amendment prospectively for acquisitions of investment property from the beginning of the first period for which it adopts the amendment. Consequently, accounting for acquisitions of investment property in prior periods should not be restated. However, an entity may choose to apply the amendment to individual acquisitions of investment property that occurred prior to the beginning of the first annual period occurring on or after the effective date (i.e. 1 July 2014) if and only if information needed to apply the amendment to earlier transactions is available to the entity

As mentioned above, the amendment requires an entity to assess whether the acquisition of an investment property is an asset acquisition or a business combination in accordance with IFRS 3. IFRS 3 defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participants. Specifically, IFRS 3 states that a business consists of inputs and processes that have the ability to create outputs. To qualify for the definition of a business, the integrated set of activities and assets should have two essential elements - inputs and processes; outputs are not necessarily required (although businesses usually have outputs).

In considering whether the acquisition of an investment property is an asset acquisition or a business combination, significant judgement is required taking into account the specific facts and circumstances surrounding each transaction. Below is a summary of key accounting differences between an asset acquisition and a business combination.

Acquisition of asset(s)	Business Combination	Details
What is the applicable standard?	Various IFRSs (e.g. IAS 40, IAS 16 Property, Plant and Equipment, IAS 2 Inventories) IFRS 3.2(b) scopes out acquisition of an asset or a group of assets that does not constitute a business from IFRS 3.	IFRS 3

Acquisition of asset(s)	Business Combination	Details
How to account for the consideration for the acquisition?	Consideration paid and payable would be allocated among the assets acquired.	Both consideration paid and payable as well as assets acquired have to be measured at fair value at the date of business combination.
How to account for the transaction costs?	Follow the applicable IFRSs (e.g. IAS 40, IAS 16 and IAS 2). For example, IAS 2, IAS 16 and IAS 40 require properties to be initially measured at cost which generally include directly attributable transaction costs.	IFRS 3 generally requires transaction costs to be expensed in profit or loss immediately.
Would the acquisition give rise to any goodwill/ bargain purchase?	No.	Any excess of the consideration over the identifiable net assets of the acquiree should be recognised as goodwill. Annual impairment assessment on goodwill is required. Any excess of the identifiable net assets of the acquiree over the consideration should be recognised in profit or loss as a gain on bargain purchase (after reassessment per IFRS 3.36).
Is there any additional deferred tax to be recognised at the date of the acquisition?	No. IAS 12.15(b) and 24(b) prohibit the recognition of a deferred tax liability (asset) for taxable temporary (deductible) difference respectively if it arises from the initial recognition of an asset in a transaction which is not a business combination and does not affect either accounting profit or taxable profit at the time of the transaction.	Yes, deferred tax assets or liabilities should be recognised at the date of business combination in relation to, for example, fair value adjustments made at the date of business combination.

The directors of the bank do not anticipate that the application f these amendments will have a significant impact on the Bank's financial statements.

Section 1B: New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2015

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2015:

- IFRS 9 Financial Instruments;
- IFRS 14 Regulatory Deferral Accounts;
- IFRS 15 Revenue from Contracts with Customers;
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 1 Disclosure Initiative;
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants;
- Amendments to IAS 27 Equity Method in Separate Financial Statements;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception; and

Annual Improvements to IFRSs 2012-2014 Cycle.
IFRS 9 Financial Instruments (as revised in 2014)
(Effective for annual periods beginning on or after 1 January 2018)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for (a) the classification and measurement of financial assets and financial liabilities, (b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option;
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option;
- all other debt instruments must be measured at FVTPL; and
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under redeliberation at the time of writing.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and

2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS 9 for details.

IFRS 14 Regulatory Deferral Accounts
(Effective for first annual IFRS financial statements with annual periods beginning on or after 1 January 2016)

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

IFRS 14 is effective for an entity's first annual IFRS financial statements for annual periods beginning on or after 1 January 2016, with earlier application permitted.

IFRS 15 Revenue from Contracts with Customers
(Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- *IAS 18 Revenue;*
- *IAS 11 Construction Contracts;*
- *IFRIC 13 Customer Loyalty Programmes;*
- *IFRIC 15 Agreements for the Construction of Real Estate;*
- *IFRIC 18 Transfers of Assets from Customers; and*
- *SIC 31 Revenue-Barter Transactions Involving Advertising Services.*

As suggested by the title of the new revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new revenue Standard introduces a 5-step approach to revenue recognition and measurement:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Far more prescriptive guidance has been introduced by the new revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.
- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue - that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

Extensive disclosures are required by the new Standard.

Many entities across different industries will likely be affected by IFRS 15 (at least to a certain extent). In some cases, the changes may be substantial and may require changes to the existing IT systems and internal controls. Entities should consider the nature and extent of these changes.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018 with early application permitted. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only to contracts that are not completed contracts at the date of initial application (for example, 1 January 2018 for an entity with a 31 December year-end).

The directors of the Bank anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Bank's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Bank performs a detailed review.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations.

Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

Entities should apply the amendments prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016.Earlier application is permitted.

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. Certain key highlights in the amendments are as follows:

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.
- In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following items:
  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and
  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. Application of the amendments need not be disclosed.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment.

The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a. when the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset; or
b. when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted. As a transitional provision, entities need not disclose the quantitative information required by paragraph 28(f) of IAS 8 for the current period. However, quantitative information for each prior period presented is still required. Also, on the initial application of the amendments, entities are permitted to use the fair value of items of bearer plant as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognised in opening retained earnings at the beginning of the earliest period presented.

The directors of the bank do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on bank's financial statements as the bank is not engaged in agricultural activities.

Amendments to IAS 1 Disclosure Initiative (Effective for annual periods beginning on or after 1 January 2016)

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective for annual periods beginning on or after 1 January 2016)

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.
- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments apply prospectively to transactions occurring in annual periods beginning on or after 1 January 2016 with earlier application permitted. In the June 2015 IASB meeting, the IASB tentatively decided to defer the mandatory effective date of these amendments. No exposure draft has yet been issued at the time of writing.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (Effective for annual periods beginning on or after 1 January 2016)

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

As the Bank is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2015), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Bank's financial statements.

Amendments to IAS 27 Equity Method in Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2016)

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

As the Bank does not have subsidiary or associate, the application of the amendments has had no impact on the disclosures or the amounts recognised in the Bank's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the bank do not anticipate that the application of these amendments will have a material effect on the bank's financial statements.

4a. Key sources of estimation uncertainty

i. Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy j (viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merit and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way interest losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are made.

ii. Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy j (viii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

b. Critical accounting judgements made in applying the Bank's accounting policies include:

i. Valuation of financial instruments

The Bank's accounting policy on fair value measurements is discussed under note j (viii)

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

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

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

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2015	Level 1	Level 2	Level 3	Total
Trading assets	-	-	-	-
Investment securities	12,318,623			12,318,622
	12,318,622			12,318,622

31 December 2014	Level 1	Level 2	Level 3	Total
Trading assets	-	-	-	-
Investment securities	2,158,380	1,564,212	-	3,722,592
	2,158,380	**1,564,212**	**-**	**3,722,592**

ii. **Financial asset and liability classification**

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

Details of the Group's classification of financial assets and liabilities are given in note 6.

iii. **Depreciation and carrying value of property 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 and equipment will have an impact on the carrying value of these items.

iv. **Determination of impairment of property 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. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

v. **Determination of recognised deferred tax balances**

Management is required to make judgements concerning the recoverability of unused tax losses. Judgement is required in determining the estimated future profitability from which tax assets are expected to be realised.

5. **Operating segments**

The Bank, which has a regional authorization, has four reportable geographical segments, which are the Bank's strategic zones. The strategic zones offer different products and services and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic zones, the Bank's management reviews internal management reports on a monthly basis.

Segment information is presented in respect of the Bank's geographic segments which represents the primary segment reporting format and is based on the Bank's management and reporting structure. Geographical segments.

The Bank currently operates in four geographical regions; South-west, South-south, Abuja and Lagos zones:

i. **31 December 2015**

In thousands of Nigerian Naira	South-West	South-South	Abuja	Lagos	Total
Derived from external customers	11,469,455	3,196,566	5,097,939	26,105,481	45,869,441
Derived from other segments	-	-	-	-	-
Total revenues	11,469,455	3,196,566	5,097,939	26,105,481	45,869,441
Interest and similar expenses	3,599,742	930,149	2,968,282	11,910,293	19,408,466
Operating income	7,869,713	2,266,417	2,129,657	14,195,188	26,460,975
Operating expenses	7,409,329	1,857,100	1,810,712	12,338,306	23,415,446
Profit/(loss) on ordinary activities before taxation	460,384	409,317	318,945	1,856,882	3,045,528
Income tax expense	0	0	0	(718,253)	(718,253)
Profit/ (loss) on ordinary activities after taxation	460,384	409,317	318,945	1,138,629	2,327,275
Assets and liabilities:					
Total assets	65,472,523	12,070,645	17,165,779	302,034,367	396,743,314
Total liabilities	84,508,674	14,392,826	24,057,379	227,720,324	350,679,204
Net Asset	(19,036,151)	(2,322,181)	(6,891,600)	74,314,042	46,064,110

ii. **31 December 2014**

In thousands of Nigerian Naira	South-West	South-South	Abuja	Lagos	Total
Derived from other segments	-	-	-	-	-
Total revenues	12,628,169	3,512,111	3,503,406	22,543,181	42,186,864
Interest and similar expenses	2,807,844	901,933	2,445,589	10,745,948	16,901,314
Operating income	9,620,325	2,610,178	1,057,817	11,797,233	25,285,553
Operating expenses	9,058,107	2,254,943	994,107	9,884,456	22,191,163
Profit/ (loss) on ordinary activities before taxation	562,218	355,234	63,710	1,912,777	3,093,940
Income tax expense	-				(721,495)
Profit/ (loss) on ordinary activities after taxation	762,218	355,235	63,710	1,912,777	2,372,445
Assets and liabilities:					
Total assets	95,294,010	26,186,211	48,429,269	212,652,822	382,562,312
Total liabilities	107,038,681	28,295,802	58,831,116	144,628,065	338,793,663
Net Asset	(11,744,671)	(2,109,591)	(10,401,847)	68,024,757	43,768,649

6. Financial assets and liabilities

Accounting classification, measurement basis and fair values

The table below sets out the Bank's classification of each class of financial assets and liabilities and their fair values

a. 31 December 2015

		At Fair	Held-to maturity	Loans & Receivables at amortised cost	Available -for sale	Other amortised cost	Other financial liabilities	Total carrying amount	Fair Value
Cash and cash equivalents	1	-	-	-	-	56,583,610	-	56,583,610	56,583,610
Pledged assets	1	-	16,455,942	-	-	-	-	16,455,942	16,350,706
Loans and advances to customers	1	-	-	188,022,922	-	-	-	185,596,590	179,558,1389
Investment securities	1	4,688,492	28,788,649	-	7,630,131	-	-	41,107,271	40,603,035
		4,688,492	45,244,591	188,022,922	7,630,131	56,583,610		299,744,806	293,096,8827
Deposits from banks	2	-	-	-	-				
Deposits from customers	2	-	-	-	-	282,973,374	-	282,973,374	282,973,374
Interest bearing liability	2	-	-	-	-	79,485	-	79,485	79,485
Other borrowed funds	3	-	-	-	-	-	42,274,932	42,274,932	42,274,932
Derivative Liabilities		-	-	-	-	-	-	-	-
		-	-	-	-	283,052,859	42,274,932	325,327,791	325,327,791

	In thousands of Nigerian Naira	31 December 2015	31 December 2014
7	**Interest income**		
	Cash and cash equivalents	1,088,571	1,462,352
	Loans and advances to banks and customers	30,287,007	21,639,264
	Investments securities	5,752,507	12,351,611
	Total interest income	37,128,085	35,453,227
	Interest expense		
	Deposits from banks	829,962	624,570
	Deposits from customers	15,123,227	11,801,039
	Other borrowed funds	3,455,277	4,475,706
	Total interest expense	19,408,466	16,901,314
8	**Fees and commission income**		
	Retail banking customer fees & commissions	2,529,517	2,100,957
	Corporate banking customer fees & commissions	2,505,169	2,506,158
	Other fees and charges	629,639	611,389
	Total fee and commission income	5,664,325	5,218,504
9	**Net trading income**		
	Fixed income securities	257,524	-
	Treasury bills	1,299,117	-
	Foreign exchange trading	225,196	850,633
		1,781,836	850,633
10	**Other income**		
	Dividends on available-for-sale equity securities	56,057	22,295
	Gains on disposal of property and equipment	-	22,382
	Rental income	47,862	51,175
	Trading income on derivative	-	55,605
	Fair value loss writeback	418,612	-
	Insurance claim received	102,229	103,845
	Income on contingents	198,351	174,708
	Income on deposit accounts	203,932	114,070
	Swift transactions	45,315	40,488
	Others	145,198	79,935
		1,217,555	664,503

i. The Bank has a number of investment properties from which rental income is derived. During the year ended 31 December 2015, the Bank spent N5.28million (31 Dec 2014: N5.1million) to generate rental income as disclosed above. Refer to note 21 for details of the investment properties.

In thousands of Nigerian Naira	31 December 2015	31 December 2014
11. Impairment write back/(loss) of financial assets		
Impairment losses on loans and advances		
- specific impairment	434,815	472,200
- collective impairment	207,655	269,249
- Recoveries on loans	(199,050)	(1,400,363)
- Write offs	(650,869)	-
	(77,640)	88,173
12. Personnel expenses		
Wages and salaries	7,092,508	7,393,840
Contributions to defined contribution plans	628,328	611,615
Gratuity Expenses	311,223	253,455
Other staff costs	1,758,417	1,774,007
	9,790,477	10,032,917

13a. Other operating expenses

	2015	2014
Advertising and marketing	927,750	473,405
AMCON Levy	1,916,232	1,665,199
Auditors remuneration	110,000	110,000
Business Expenses	149,642	330,807
Cash movement expenses	326,330	373,198
Diesel Expenses	379,436	409,287
Directors Expenses	16,092	-
Directors fees	57,225	54,023
Donations	32,428	115,130
Electricity	140,364	140,486
Fair value loss on derivative	-	418,612
General administrative expenses	398,957	9,930
Insurance	262,934	279,364
Loss on disposal of property and equipment	3,429	-
NDIC Premium	1,053,502	1,053,506
Other Accruals	100,000	162,124
Other premises and equipment costs	466,790	311,149
PAYE/Withholding expenses	377,619	108,265
Printing and stationery	245,830	302,373
Professional fees	378,079	408,910
Repairs and maintenance	1,653,410	1,325,862
Security expenses	532,352	529,964
Service charge	525,691	369,824
SMS Expenses & Others	76,943	56,452
Statutory expenses	79,785	58,586
Technology and alternative channels	482,225	248,981
Transport & Communications	288,183	356,039
VAT	235,035	217,854
Wema Anniversary Expenses	158,683	-
	11,374,946	9,889,830

In thousands of Nigerian Naira	31 December 2015	31 December 2014
13b. Depreciation and amortization		
Property, plants and equipment	1,543,522	1,523,352
Investment property	8,598	11,930
Intangible	697,904	645,411
	2,250,024	**2,180,693**

14 Earnings per share

Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings per share as at 31 December 2015 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding of.

In thousands of Nigerian Naira	31 December 2015	31 December 2014
Weighted average number of ordinary shares - basic	38,574,466	38,574,466
Profit attributable to ordinary shareholders -basic		
Profit for the year attributable to equity holders of the Bank	2,327,275	2,372,445
Earnings per share –basic (Kobo)	6	6

15a. Cash and cash equivalents

Cash and balances with banks	9,534,945	12,577,024
Unrestricted balances with central bank	29,663,708	4,350,431
Money market placements	17,394,364	35,235,744
	56,593,017	52,163,199
Specific Provision	(9,407)	(9,321)
	56,583,610	52,153,878

15b. Restricted Deposit with CBN

This represents mandatory cash deposit held with Central Bank of Nigeria as a regulatory Cash Reserve Requirements (CRR). The CRR rate was harmonized to 20% for both private and public sector funds during the year 2015.

Restricted deposits with Central Bank are not available for use in day to day operations.

In thousands of Nigerian Naira	31 December 2015	31 December 2014
16. Pledged assets - Held to maturity		
Treasury bills	7,008,396	10,291,064
Bonds	9,447,546	15,484,587
	16,455,942	25,775,651

The treasury bills are pledged for clearing activities with First Bank and as collection bank for government taxes and electronic card transactions with Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS) and Interswitch Nigeria Limited. The bank cannot trade on these pledged assets during the period that such assets are committed as pledged.

The Bonds are pledged as collateral for the intervention credit granted to the Bank by the Bank of Industry for the purpose of refinancing existing loans to Small and Medium Scale Enterprises Scheme under secured borrowing with related liability of N6.17billion (2014: N7.24billion) as disclosed in note 30.

	In thousands of Nigerian Naira	**31 December 2015**	**31 December 2014**
17.	**Investment securities**		
	Investment securities	**41,107,271**	**41,212,524**
	Current	15,960,185	16,124,618
	Non-current	25,147,086	25,087,906
	Available-for-sale investment securities comprise:		
	a. Bonds	-	513,465
	Treasury bills	7,481,865	940,477
	Equity (see note (v) below)	148,265	160,248
	Less: specific allowance for impairment (see (i) below)	-	-
		7,630,131	1,614,190
	Held for trading investment securities comprise:		
	b. Treasury bills	4,688,492	2,108,402
	FGN Bonds (see (iii) below)	-	-
	Other bonds (see (iv) below)	-	-
		4,688,492	2,108,402
	Held to maturity investment securities comprise:		
	c. Treasury bills	3,789,828	16,124,618
	FGN Bonds	19,448,724	13,765,747
	Other bonds	5,550,097	7,599,567
		28,788,649	37,489,932

Specific allowance for impairment

In thousands of Nigerian Naira	**31 December 2015**	**31 December 2014**
Balance, beginning of year	-	70,821
Charge for the year	-	-
Acquired from merger of business	-	-
Write-offs	-	(70,821)
Allowance no longer required		
Balance, end of year	-	-

In thousands of Nigerian Naira	31 December 2015	31 December 2014
18. Loans and advances to customers at amortised cost		
Overdrafts	12,598,629	13,615,900
Term Loans	169,511,700	136,446,991
Advances under finance lease	5,912,593	2,229,125
Gross loans and receivables	**188,022,922**	**152,292,015**
Less Allowances for Impairment		
Specific Allowances for impairment	(1,327,916)	(913,326)
Collective allowances for impairment	(1,098,416)	(2,084,840)
	(2,426,332)	(2,998,166)
Net loans and advances to customers	**185,596,590**	**149,293,849**
Overdrafts		
Gross Overdrafts	12,598,629	13,615,900
Less Allowances for Impairment		
Specific Allowances for impairment	(464,627)	(595,756)
Collective allowances for impairment	(168,581)	(208,362)
	(633,208)	(804,118)
Net Overdrafts	**11,965,421**	**12,811,782**
Term Loans		
Gross Term Loans	169,511,700	136,446,991
Less Allowances for Impairment		
Specific Allowances for impairment	(858,923)	(313,312)
Collective allowances for impairment	(905,148)	(1,836,714)
	(1,764,071)	(2,150,026)
Net Term Loans	**167,747,629**	**134,296,965**
Others	5,912,593	2,229,124
Less Allowances for Impairment		
Specific Allowances for impairment	(4,336)	(4,258)
Collective allowances for impairment	(24,687)	(39,764)
	(29,053)	(44,022)
Net advances	**5,883,540**	**2,185,102**
Total Loans and Advances		
Current	73,063,173	148,790,907
Non-current	114,959,749	3,501,108
	188,022,922	152,292,015

a. **Reconciliation of impairment allowance on loans and advances to customers**

In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 1 January 2014	**1,044,647**	**2,953,382**	**78,914**	**4,076,942**
Specific impairment	418,008	296,875	-	714,883
Collective impairment	626,639	2,656,507	78,914	3,362,059
Additional impairment for the year {Note 11}	**130,392**	**585,992**	**25,065**	**741,449**
Specific impairment	105,000	345,000	22,200	472,200
Collective impairment	25,392	240,992	2,865	269,249
Written off in the year as uncollectible	**(51,578)**	**(1,090,784)**	**-**	**(1,142,362)**
Amounts recovered during the year	**(319,343)**	**(298,564)**	**(59,757)**	**(677,664)**
Balance as at 31 December 2014	**804,118**	**2,150,026**	**44,022**	**2,998,166**
Specific impairment	595,756	313,312	4,258	913,326
Collective impairment	208,362	1,836,714	39,764	2,084,840
Additional provision for the period {Note 11}	**329,141**	**285,098**	**28,231**	**642,470**
Specific impairment	329,141	77,443	28,231	434,815
Collective impairment	-	207,655		207,655
Written off in the year as uncollectible	**(434,057)**	**(213,573)**	**(3,239)**	**(650,869)**
Amounts recovered during the year	**(26,374)**	**(492,821)**	**(44,240)**	**(563,435)**
Balance as at 31 December 2015	**672,828**	**1,728,730**	**24,774**	**2,426,332**
Specific impairment	464,627	863,289	-	1,327,916
Collective impairment	208,201	865,441	24,774	1,098,416

The Bank is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral.

b. **Maximum exposure to credit risk before collateral held or other credit enhancements**

Concentration of risks of financial assets with credit risk exposure
Credit risk exposures relating to on-balance sheet assets are as follows:

In thousands of Nigeria Naira	**31 December 2015**	**31 December 2014**
Loans and advances to banks	-	-
Loans and advances to customers:		
Corporate Bank		
- Overdrafts	12,096,497	13,213,602
- Term loans	157,638,131	118,346,633
- Others	5,714,240	1,914,636
Domestic Bank		
- Overdrafts	502,133	402,298
- Term loans	11,873,568	18,100,358
- Others	198,353	314,488
Trading assets		
- Debt securities	4,688,492	2,108,402
Investment securities		
- Debt securities	52,874,721	64,990,783
Other assets	-	
	245,586,135	**219,391,200**

In thousands of Nigeria Naira	31 December 2015	31 December 2014
Contingent Liabilities & Commitments are as follows:		
Financial guarantee	8,814,014	12,029,634
Other contingent	10,242,514	9,082,662
	19,056,528	21,112,296

c. **Nature of collateral in respect of loans and advances**

Secured against real estates	71,187,378	63,756,643
Secured against shares	2,928,785	10,792,770
Otherwise secured	113,906,759	77,742,602
Unsecured	-	-
	188,022,922	152,292,015

The Bank is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral

In thousands of Nigerian Naira	2015	2014
Nature of assets and carrying amount:		
Real estate	71,187,377	63,756,643
Shares	2,928,785	10,792,770

d. **Finance Lease Receivable**

Gross investment in the finance lease		
Less than one year	11,695	404,294
Between one and five years	1,885,571	2,900,171
More than five years	4,015,327	-
	5,912,593	3,304,465
Unearned finance income	(1,357,105)	(1,075,340)
Net investment in finance lease	**4,555,488**	**2,229,125**
Net advances under finance lease		
Less than one year	10,825	360,415
Between one and five years	1,331,148	1,868,710
More than five years	3,213,515	-
	4,555,488	**2,229,125**

Impairment classification of advances:

31 December 2015 *In thousands of Nigeria Naira*	Loans and advances to banks	Loans and advances to customers
Neither past due nor impaired	-	183,542,745
Past due but not impaired	-	1,861,483
Impaired	-	2,618,694
Gross	**-**	**188,022,922**
Less: allowance for impairment		2,426,332
Net	**-**	**185,596,590**

31 December 2014 *In thousands of Nigeria Naira*	Loans and advances to banks	Loans and advances to customers
Neither past due nor impaired	-	148,909,077
Past due but not impaired	-	1,849,194
Impaired	-	1,533,745
Gross	**-**	**152,292,015**
Less: allowance for impairment	-	2,998,166
Net	**-**	**149,293,849**

Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank. Current indicates those facilities which were within their running periods and had no interest and or principal overdue and no indication of impairment displayed. Watchlist indicates those that were within their running periods and had no indication of impairment but had interest/ principal between 0 - 90 days due.

31 December 2015

	Loans and advances to customers				
In thousands of Nigerian Naira	Overdrafts	Term loans	Mortgages	Advances finance under lease	Total
Grades:					
1. Current	10,119,440	141,527,143	450,734	5,888,557	157,985,874
IA. Watchlist	1,280,287	24,272,957	-	-	25,553,244
Total	**11,399,727**	**165,800,100**	**450,734**	**5,888,557**	**183,539,118**

31 December 2014

	Loans and advances to customers				
In thousands of Nigerian Naira	Overdrafts	Term loans	Mortgages	Advances finance under lease	Total
Grades:					
1. Current	11,386,906	133,536,087	377,070	2,056,900	147,356,963
IA. Watchlist	738,629	659,410	-	154,075	1,552,114
Total	**12,125,535**	**134,195,497**	**377,070**	**2,210,975**	**148,909,077**

Loans and advances past due but not impaired

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

31 December 2015

	Loans and advances to customers				
In thousands of Nigerian Naira	Overdrafts	Term loans	Mortgages	Advances under finance lease	Total
Past due up to 30 days	10,436	22,582	-	-	33,018
Past due 30-60 days	79,894	172,877	-	-	252,771
Past due 60-90 days	498,032	1,077,662	-	-	1,575,694
Total	**588,362**	**1,273,121**	**-**	**-**	**1,861,483**
Fair value of collateral	1,623,316	1,894,359	-	-	3,517,675
Amount of under/ (over) - collaterisation	1,034,954	621,238	-	-	1,656,193

31 December 2014

	Loans and advances to customers				
In thousands of Nigerian Naira	Overdrafts	Term loans	Mortgages	Advances under finance lease	Total
Past due up to 30 days	-	32,800	-	-	32,800
Past due 30-60 days	251,102	-	-	-	251,102
Past due 60-90 days	189,370	1,375,922	-	-	1,565,292
Total	**440,472**	**1,408,722**	**-**	**-**	**1,849,194**
Fair value of collateral	828,221	1,756,661	-	-	2,584,882
Amount of under/ (over) - collaterisation	(387,749)	(347,939)	-	-	(735,688)

Individually impaired loans

Loans and advances to customers

The individually impaired loans and advances to customers before taking into consideration the cashflow from collateral held is N2.6 billion {2014: N1.5 billion}.The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

In thousands of Nigerian Naira	Loans and advances to customers			
31 December 2015	Overdraft	Term Loan	Advances under finance lease	Totals
Individually impaired loan	610,541	1,987,745	24,035	2,622,321
Impairment Allowance	464,627	858,923	4,366	1,327,916
Fair value of collateral	145,001	746,839	19,822	911,662
31 December 2014				
Individually impaired loan	1,049,892	465,702	18,150	1,533,744
Impairment Allowance	570,238	338,829	4,258	913,326
Fair value of collateral	1,307,875	1,825,649	-	3,133,523

Restructuring policy

Loans with renegotiated terms are loans that have been restructured because the bank has made concession by agreeing to terms and conditions that are more favourable for the customer than the bank has provided initially. The bank implements restructuring policy in order to maximize collection opportunities and minimize the risk of default.

The bank's credit committee grant's approval for restructuring of certain facilities due to the following reasons:

i. Where the execution of the loan purpose and the repayment is no longer realistic in light of new cashflows.
ii. To avoid unintended default arising from adverse business conditions
iii. To align loan repayment with new pattern of achievable cashflows.
iv. Where there are proven cost over runs that may significantly impair the project repayment capacity.
v. Where there is temporary down turn in the customers' business environment.
vi. Where the customer's going concern status is Not in doubt or threatened.

Loans and advances to customers at amortised cost

31 December 2015

In thousands of Nigerian Naira	Gross Amount	Specific Impairment	Collective Impairment	Total Impairment	Carrying Amount
Loans to individuals	12,574,054	1,156,421	1,014,236	2,170,657	10,403,397
Loans to corporate entities and other organizations	175,448,867	171,495	84,179	255,674	175,193,193
	188,022,922	**1,327,916**	**1,098,416**	**2,426,332**	**185,596,590**

31 December 2014

In thousands of Nigerian Naira	Gross Amount	Specific Impairment	Collective Impairment	Total Impairment	Carrying Amount
Loans to individuals	13,627,545	(35,243)	(164,847)	(200,090)	13,427,454
Loans to corporate entities and other organisations	138,664,471	(878,083)	(1,919,993)	(2,798,076)	135,866,395
	152,292,015	**(913,326)**	**(2,084,840)**	**(2,998,166)**	**149,293,849**

In thousands of Nigerian Naira	2015	2014
c. Impairment allowance on loans and advances to customers		
Specific impairment		
Balance, beginning of year	913,326	714,883
Charge for the year	434,815	472,200
Allowance no longer required	-	(273,757)
Write-offs	-20,225	-
Balance, end of year	1,327,916	913,326
Collective impairment		
At 1 January	2,084,840	3,362,059
Charge for the year	207,655	262,249
Allowance no longer required	(563,435)	(403,907)
Write-offs	(630,644)	(1,142,562)
At 31 December	1,098,416	2,084,840

d. The maturity profile of loans & advances is as follows:

	2015	2014
Less than 3months	16,486,649	27,322,405
3 -6months	14,701,005	10,430,731
6 -12months	13,722,104	32,600,037
1 -5years	98,286,031	69,398,726
5years and above	42,400,801	9,531,950
	185,596,590	149,293,849

19. Derivative Financial Instruments

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value 2015 Liability	Fair Value 2014 Liability
Foreign exchange derivatives:			
Foreign exchange forward	-	-	-
Currency swaps	-	-	418,612
	-	-	418,612

20. Assets Classified as Held for Sale

The Bank has disposed its shares in Associated Discount House in 2015 and the transaction cost was borne by the buyer of the shares.

In thousands of Nigeria Naira	2015	2014
Balance, beginning of year	2,964,626	2,964,626
Share of profit	-	-
Adjustment for Dividend paid	-	-
Share of other comprehensive income	-	-
Disposal	(2,964,626)	
Balance, end of year	-	2,964,626

21. i. **Investment properties**

Investment properties	2015	2014
Carrying amount at the beginning of year	402,145	601,822
Cost	442,165	629,913
Accumulated Depreciation	(40,020)	(28,090)
Additions		-
Disposals	-	(187,748)
Cost	-	(200,000)
Depreciation	-	12,252
Depreciation charge for the year	(8,598)	(11,929)
Carrying amount at the end of the year	393,547	402,145
Cost	442,165	442,165
Accumulated depreciation	(48,618)	(40,020)

ii. Investment properties represent land and buildings that are not substantially occupied by the bank but held for investment purposes. Investment properties are carried at cost less accumulated depreciation and impairment losses in accordance with the cost model. Investment properties are depreciated over a useful life of 50 years with a nil residual value. Had investment property been carried at fair value, the fair value as at 31 December 2015 would have been N1,410,250,000.

iii. On 19 December 2013 the Central Bank of Nigeria issued a circular that all deposit money banks should dispose off all the investment properties in their books on or before 30 June 2014. The directors are aware of this directive and all necessary efforts is been made to ensure compliance. Although the directors are committed to a plan to sell the asset as directed by the Central Bank of Nigeria; the active programme to locate a buyer and complete the plan has not been initiated. Hence, the sale is not expected to qualify for recognition as a completed sale within one year from the date of classification.

Consequently, the assets were not classified as Held for sale as the stipulated criteria in IFRS 5 regarding this has not been met.

22. Property and equipment

In thousands of Nigerian Naira	Land	Buildings	Furniture & Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
Cost							
Balance at 1 January 2015	1,040,939	13,086,131	3,709,992	1,747,587	2,531,353	925,686	23,041,687
Additions	47,045	331,568	637,177	281,048	429,552	1,712,562	3,438,952
Disposals	-	-	(49,949)	(240,070)	(17,384)	-	(307,604)
Reclassifications	8,100	357,872	243,809	-	828,432	(1,438,212)	-
Transfer	-	(469,402)	-	-	1,100,264	(227,162)	403,701
Balance at 31 December 2015	1,096,084	13,306,168	4,541,028	1,788,364	4,872,216	972,874	26,576,735
Accumulated depreciation and impairment							
Balance at 1 January 2015	-	3,625,108	2,728,091	966,066	1,679,509	-	8,998,775
Charge for the year	-	291,001	457,233	403,249	392,038	-	1,543,522
Disposals	-	-	(48,020)	(212,747)	(17,044)	-	(277,811)
Transfer		(288,402)	-	-	632,940	-	344,538
Balance at 31 December 2015	-	3,627,707	3,137,304	1,156,569	2,687,443	-	10,609,024
Carrying amounts							
Balance at 1 January 2015	**1,040,939**	**9,461,022**	**981,901**	**781,520**	**851,843**	**925,686**	**14,042,912**
Balance at 31 December 2015	**1,096,084**	**9,678,461**	**1,403,724**	**631,796**	**2,184,773**	**972,874**	**15,967,711**

a. The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2014: nil)

b. There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (31 December 2014: nil)

Included in fixed assets additions above are assests with a total of cost N265 million purchased under finance lease arrangements. Details of the finance lease obligation are disclosed in note 31 in these financial statements.

In thousands of Nigerian Naira	31 December 2015	31 December 2014
23. Intangible assets		
Cost		
Balance beginning of the year	3,256,010	2,521,843
Additions	555,863	734,167
Transfer to computer equipment	(1,100,264)	-
Written off	(16,218)	-
Balance end of the year	2,695,392	3,256,010
Amortization and impairment losses		
Balance beginning of the year	2,254,056	1,608,644
Amortization for the year	697,904	645,412
Transfer to computer equipment	(632,940)	-
Write back of excess amortization to income	(95,921)	-
Written off	(16,218)	-
Balance end of the year	2,207,282	2,254,056
Carrying amounts	**488,110**	**1,001,954**

a. The intangible assets have got finite lives and are amortised over the shorter of 3 years or the contractual licensing period. No impairment losses were recognised against intangible assets.

b. The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2014: nil)

c. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2014: nil)

24. *In thousands of Nigerian Naira*	31 December 2015	31 December 2014
Deferred tax assets and liabilities		
a. Recognised deferred tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Tax Losses c/f	22,969,702	23,369,702
Available-for-sale securities		-
Allowances for loan losses	(400,000)	(400,000)
Others		-
	22,569,702	**22,969,702**

b. Movements in temporary differences during the year	Balance at 1 January 2015	Recognised in profit/loss
31 December 2015		
In thousands of Nigerian Naira		
Unused tax losses (i)	22,569,702	-
Available-for-sale securities	-	-
Allowances for loan losses	-	-
Others	-	-
	22,569,702	

Movements in temporary differences during the year	Balance at 1 January 2014	Recognised in profit/loss
31 December 2014		
In thousands of Nigerian Naira		
Unused tax losses (i)	22,969,702	-
Available-for-sale securities	-	-
Allowances for loan losses	-	-
Acquired from business combination	-	-
Others	-	-
	22,969,702	-

i. The Bank had total unused tax losses of N68billion as of 31 December 2015 (31 December 2014: N82billion). Deferred tax on the full amount was not recognised in the financial statements. The amount recognised was limited to management's best estimate of the amount that is expected to be recovered through future profitability. The Bank expects that there will be sufficient taxable profits in future to fully utilise the recognised tax asset.

In thousands of Nigerian Naira	**2015**	**2014**
25. Other assets		
Accounts receivables	4,549,980	3,219,641
Receivable from TSA	122,997	-
Prepayments	1,249,611	974,620
Stock	294,987	234,452
Collaterised Placement	52,917	52,917
Clearing Balance	423,187	781,061
Fraud & Burglary	449,661	1,160,306
Others	688,917	660,527
	7,832,257	7,083,524
Specific impairment on other assets	(3,637,495)	4,394,925
	4,194,762	**2,688,599**
At 1 January	4,394,925	3,647,837
Allowance made during the year	278,814	1,130,176
Allowance written off	-1,036,244	-383,088
	3,637,495	**4,394,925**

		2015	2014
26.	**Deposits from banks**		
	Money market deposits	-	3,243,218
	Items in the course of collection	-	3,243,218
27a.	***Deposits from customers***		
	Retail customers:		
	Term deposits	36,707,520	25,844,281
	Current deposits	17,452,282	22,972,506
	Savings	35,579,680	32,088,833
	Corporate customers:		
	Term deposits	124,571,511	88,112,949
	Current deposits	68,842,472	88,274,099
	Others	1,824,371	1,663,810
		284,977,836	258,956,478
27b.	**The maturity profile of customers' deposit is as follows:**		
	Under 3 months	170,690,866	148,073,025
	3 – 6months	16,399,786	18,461,035
	6 – 12months	11,000,288	11,578,368
	Over 12months	86,886,896	80,844,050
		284,977,836	**258,956,478**

At 31 December 2015 N86.9billion (31 December 2014: N80.8billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

	In thousands of Nigerian Naira	**2015**	**2014**
28.	**Taxation payable**		
	Current Income Tax	287,798	272,781
	Education Tax	-	-
	NITDA Levy	30,455	30,939
	Capital Gains Tax	-	17,775
	Deferred Tax	400,000	400,000
	Per profit or loss	718,253	721,495
	Balance, beginning of the year	338,537	382,047
	Payment during the year	(274,095)	(365,005)
	Deferred Tax	(400,000)	(400,000)
		382,694	**338,537**

The charge for taxation is based on the provision of the Company Income Tax Act Cap C21 LFN 2004. Education Tax is based on 2% on the assessable profit for the year in accordance with the Education Tax Act CAP E4 LFN 2004.

NITDA levy is based on 1% of profit before tax in accordance with NITDA levy Act 2007.

29. Other liabilities

In thousands of Nigerian Naira	2015	2014
Creditors and accruals	922,646	660,249
Other current liabilities	290,383	362,038
Pension Contribution (see note (i) below	766	48,028
Defined benefit Plan (See note (ii)below)	165,437	457,750
Accounts payable	636,038	1,903,506
Certified cheques	1,038,683	1,275,683
Foreign currency transfers payable	644,960	2,470,553
Discounting Line	3,059,561	8,819,705
FBN Settlement	1,237,360	557,398
Other Settlements	4,444,898	48,910
Remittances	508,542	503,396
	12,949,273	17,107,216

i. Pension Contribution

At 1 January	48,028	118,447
Contribution in the year	861,547	878,468
Remittance to PFA	(908,810)	(948,887)
At 31 December	766	48,028

ii. Defined benefit Plan

The Bank operates a defined benefit pension plan, which requires provisions to be made to a separately unfunded Plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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

Actuarial valuation computation was carried out on members (excluding Directors) in the staff gratuity scheme for the financial years ended 31 December 2015 and 31 December 2016 under the International Accounting Standard 19 Revised.

The items disclosed in the balance are as follows:

	31-Dec-15 N	31-Dec-16 N
Defined Benefit Obligation	(542,827)	(457,750)
Fair Value of Plan Assets	377,390	-
Deficit/Surplus	(165,437)	(457,750)
Asset Ceiling		-
Net(Liability)/Asser Recognition	(165,437)	(457,750)

Consequently, the financial position items that were recognized are as follows:

A deficiency of N165,437,000 as at 31 December 2015 and
A deficiency of N457,750,000 as at 31 December 2014

The estimated expense figures for the next fiscal years are as follows:

	31-Dec-15 N	31-Dec-16 N
Current Service Cost	107,588,500	82,494,000
Interest Cost	65,716,400	65,925,000
Interest Income	(7,390,252)	(49,061,000)
Past Service Cost	113,849,800	-
Total Expenses/Income	**279,764,448**	**99,358,000**

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December, 2015 by Bestwole Developments Limited.

The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	31 December 2015
Discount rate	15%
Expected rate of salary increase	11%
Average longevity at retirement age for current pensioners (years)	NIL
Males	NIL
Females	NIL
Average longevity at retirement age for current employees (future pensioners)	55years
Males	609
Females	471
Others(describe)	N/A

In thousands of Nigerian Naira	31 December 2015	31 December 2014
30. Other borrowed funds		
Due to CBN (see (i) below)	25,000,000	50,061,711
Debt Securities	8,140,296	-
National Housing Fund	122,412	131,720
CBN MSMEDF	40,000	-
Due to BOI (see (ii) below)	6,170,965	7,238,679
CBN Agric. loan (see iii below)	848,259	949,618
Osun Bailout Fund (see iv below)	9,974,985	-
Shelter Afrique	1,993,000	-
	52,289,916	**58,381,728**

i. This represents a subordinated convertible loan, plus accrued interest, granted to the Bank by the Central Bank of Nigeria (CBN) in October 2009 for a period of 7 years. The principal amount is repayable as a bullet payment at maturity while interest is payable monthly at MPR (monetary policy rate) minus 3% per annum. The loan is convertible to either preference shares or ordinary shares of the Bank at the option of the 'CBN and becomes exercisable from 61 months after the draw-down date.

The Bank has commenced the process of making principal repayments. The first principal repayment in the sum of N6,311,711,000 was made in January 2015, That is, repayment covering the 3-month period ending 31 December , 2014. Subsequently three (3) quarterly repayments have been made thereafter in 2015 and December 2015 repayment was made in January 2016.

Repayment Date	Period Covered		Amount N
31 December 2014(paid in January 2015)	1 October 2014	31December 2014	6,311,711,000
31 March 2015 (paid during the year)	1 January 2015	31 March 2015	6,250,000,000
30 June 2015 (paid during the year)	1 April 2015	30 June 2015	6,250,000,000
30 September 2015 (paid during the year)	1 July 2015	30 September 2015	6,250,000,000
31 December 2015 (paid in January 2016)	1 October 2015	31 December 2015	6,250,000,000
31 March 2016	1 January 2016	31 March 2016	6,250,000,000
30 June 2016	1 April 2016	30 June 2016	6,250,000,000
30 September 2016	1 July 2016	30 September 2016	6,250,000,000
Total			**50,061,711,000**

Interest payments would continue to be serviced monthly on reducing balance basis. With the above repayment plan, the Bank would have fully repaid the loan by the maturity date of 30 September, 2016.

ii. The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facilities are secured by Nigerian Government Securities worth N (2014-N8,630,891,422) and have a maximum tenor of 15 years.

A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

iii. Amount represents salary credit bail out facility from Central Bank of Nigeria .It has a moratorium of twenty years at bank's interest rate of 9%.The corresponding entry is in loans and advances and the bank is expected to provide Central Bank of Nigeria with periodic progress on the facility. The principal repayment is by bullet payment at the expiration of the moratorium granted.

iv. This represents CBN intervention funds to some of the Bank's customers in the agricultural sector. The fund is administered at a maximum interest rate of 9% per annum. The maximum tenor of the facility is 7 years.

31. Obligations under finance leases

Leasing arrangements

The Bank leased certain of its motor vehicles and equipment under finance leases. The average lease term is 4 years. The Bank has acquires automatic ownership on full settlement of all related lease installments are completed at the end of the lease terms.

The Bank's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 15% to 24% per annum.

Finance Lease Liabilities

	Minimum lease payments		Present value of minimum lease payments	
	31/12/15 N'000	**31/12/14 N'000**	**31/12/15 N'000**	**31/12/14 N'000**
Not later than one year	79,485	281,298	79,485	194,921
Later than one year and not later than five years	-	66,576	-	58,029
Later than five years	-	-	-	-
Less: future finance charges	79,485	347,874	79,485	252,950
Present value of minimum lease payments	(6,672)	(94,924)	-	-
	72,813	**252,950**	**79,485**	**252,950**

In thousands of Nigerian Naira	**31 December 2015**	**31December 2014**
32. Share capital and Reserves		
a. The share capital comprises:		
i. Authorised - 40,000,000 Ordinary shares of 50k each (2014)	40,000,000	40,000,000
ii. Issued and fully paid - 38,574,466,000 Ordinary shares of 50k each (2014)	19,287,233	19,287,233
At 1 January	19,287,233	19,287,233
Additions during the year		-
At 31 December 2015	**19,287,233**	**19,287,233**

As approved by the shareholders at the Annual General Meeting of 24th December 2012 the Bank did a special placing offer to strategic investors to raise additional shares of 26,667,123,333.00 at ₦1.50kobo per share. The shares has been allotted and registered with the Corporate Affairs Commission with necessary approval obtained from relevant regulatory authorities.

In thousands of Nigerian Naira	**2015**	**2014**
b. Share premium		
At 1 January	48,870,107	48,870,107
Additions during the year	-	-
Share Issue Expenses	-	-
At 31 December 2015	**48,870,107**	**48,870,107**

c. **Statutory reserves**

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of Profit After Tax is made if the statutory reserve is less than paid-up share capital and 15% of Profit After Tax if the statutory reserve is greater than the paid up share capital.

d. *Fair value reserve*

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

e. *SMEIES Reserve*

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of their Profit After Tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of Profit After Tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of Profit After Tax. However, this is no longer mandatory.

The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and approved by CBN. In prior year, 10% of profit after taxation was transferred to SMEEIS reserves in accordance with Small and Medium Enterprise Equity Investment Scheme as revised in April 2005.

f. *Retained earnings*

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

In thousands of Nigeria Naira	2015	2014
At 1 January	(34,793,663)	(35,663,169)
Profit or loss	2,327,275	2,372,445
Share of associate Other comprehensive Income		
Transfer of Capital and Syndicated loan reserve		
Transfer to Regulatory risk reserve	(2,852,836)	(791,206)
Transfer to Statutory Reserve	-	(717,132)
At 31 December	**(35,319,223)**	**(34,793,663)**

g. **Regulatory risk reserve**

The regulatory risk reserve warehouses the excess of the impairment on loans and advances computed under the Nigerian GAAP based on the Central Bank of Nigeria prudential guidelines compared with the incurred loss model used in calculating the impairment under IFRSs.

33. Contingencies

i *Litigation and claims*

There are litigation claims against the Bank as at 31 December 2015 amounting to N9,005,445,799 (31 December 2014: N8,719,398,994. These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements.

ii. *Contingent liabilities and commitments*

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Bank in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk.

In thousands of Nigerian naira	**31 December 2015**	**31 December 2014**
Contingent liabilities:		
Guarantees and indemnities	8,200,675	9,977,561
Bonds	613,339	2,052,093
Clean-line facilities & irrevocable letters of credit	10,242,514	9,082,662
	19,056,528	21,112,316

34 Related party transactions

Transactions with key management personnel

The Bank's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the Executive and Non-Executive Directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Wema Bank Plc.

Loans and advances:

In thousands of Nigerian naira	**31 December 2015**	**31 December 2014**
At 1 January	9,707,548	2,864,814
Granted during the period	6,101,500	7,936,663
Repayments during the year	(2,910,632)	(1,093,929)
At 31 December	**12,898,416**	**9,707,548**
Interest earned	1,720,895	1,108,978
Deposit Liabilities		
Deposits	2,884,778	229,000

Interest rates charged on balances outstanding are rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate, equities and other assets of the respective borrowers. Impairment losses of N38,903 (2014:N65,375) have been recorded against balances outstanding during the period with key management personnel and their immediate relatives at the year end.

Personnel (Staff and Executive Directors) Costs

In thousands of Nigerian naira	**31 December 2015**	**31 December 2014**
Employee costs, including Executive Directors, during the year is shown below:		
Wages and salaries	8,852,938	8,862,297
Pension cost : -		
Defined contribution plans	628,328	611,616
	9,481,266	9,473,913
Other staff costs	309,211	559,004
	9,790,477	10,032,917

	Number	**Number**
by the Bank during the year was as follows:		
Executive Directors	6	5
Management	21	17
Non-management	1053	1,150
	1,080	1,172

Employees other than Directors, earning more than N200,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

			Number 2015	**Number 2014**
N 500,000	-	N1,000,000	0	0
N1,490,001	-	N 2,500,000	4	0
N2,510,001	-	N 3,020,000	140	516
N3,240,001	-	N 3,750,000	367	339
N3,990,001	-	N 4,500,000	0	0
N4,710,001	-	N 5,220,000	119	138
N5,390,001	-	N 5,900,000	0	0
N5,990,001	-	N6,600,000	122	117
N6,900,001	-	N7,710,000	115	57
Above	-	N7,710,000	208	0

Directors' remuneration:

Directors' remuneration (excluding pension contributions and certain benefits) was provided as follows:

In thousands of Nigerian Naira	2015	2014
Fees as directors	187,429	189,788
Other emoluments	47,200	59,024
	234,629	248,812
The Directors' remuneration shown above includes:		
Chairman	6,266	6,266
Highest paid director	70,050	70,050

The emoluments of all other directors fell within the following ranges:

			Number	Number
N2,370,001	-	N2,380,000	-	-
N2,720,001	-	N2,730,000	-	-
N3,060,001	-	N5,070,000	7	6
N7,360,001	-	N7,370,000	5	5

Staff loans

Staff received loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the PV of cash flows discounted at the contractual rate and Present Value of cash flows discounted at market rate has been recognised as prepaid employee benefit which is amortised to personnel expense (other staff cost) over the life of the loan.

Key Management Personnel compensation for the year comprised:

In thousands of Nigerian naira	31 December 2015	31 December 2014
Short term employee benefits	66,781	20,052
Post-employment benefits	206,615	160,644
	273,396	180,696

Transactions with other related parties

31 December 2015	Loans N'M	Deposits N'M	Interest Received N'M	Interest Paid N'M
Leasing Partners Limited-Principal Shareholder	5,205	-	277	
Applemark Nigeria Limited – Principal Shareholder	1,685	-	26	
Wemabod Estates Ltd – Principal Shareholder	1,132	342	180	
Remus Properties Ltd – Principal Shareholder	1,093	2,543	76	
Inland Deepsea Port Limited – Principal Shareholder	459	-	40	
Hibiscus Import And Exports Ltd - Principal Shareholder	375	-	22	
Romulus Associates Ltd - Principal Shareholder	356	-	31	
Baseline Entertainment Ltd - Principal Shareholder	305	-	26	

31 December 2014	Loans N'M	Deposits N'M	Interest Received N'M	Interest Paid N'M
Leasing Partners Limited-Principal Shareholder	5,148	7	392	-
Dana Group of Companies PLC - Common Directorship	2,130	7	259	-
Petrolex Oil & Gas Ltd-Principal Shareholder	1,367	-	299	-
Arcpine Nigeria Limited-Principal Shareholder	356	-	41	-
L A Pro Shares Limited - Principal Shareholder	307	-	59	-
Solomon Kessington - Agro Allied-Principal Shareholder	81	2	-	17
Odua Investment Coy Ltd - Principal Shareholder	22	213	-	39

PRINCIPAL SHAREHOLDERS AND THEIR RELATED INTERESTS

AS AT 31ST DECEMBER, 2015

Acct_name	Relationship	Director's Name	Date Granted/ Renewed	Expiry Date	Amortized (n'000)	Interest Rate	Security Nature	Security Value	Remark
Remus Properties Ltd	Related Coy to a Principal Shareholder	Principal Shareholder	27-Mar-15	28-Feb-17	1,094,144	24	Corporate Guarantee	1,267,320	Performing
Folly-yem Allied Services Ltd	Related Coy to a Mgt Staff	Oluwole Ajimisinmi	19-Aug-15	19-Aug-16	5,028	23	Legal Mortgage	57,067	Performing
Folly-yem Allied Services Ltd	Related Coy to a Mgt Staff	Oluwole Ajimisinmi	5-Sep-14	31-Aug-16	771	23	Legal Mortgage	57,068	Performing
Wemabod Estates Ltd Acc 1	Related Coy to a Principal Shareholder	Odua Group	5-Nov-14	30-Nov-21	1,115,176	20	Legal Mortgage	2,000,000	Performing
Wemabod Estates Ltd Acc 1	Related Coy to a Principal Shareholder	Odua Group	30-Oct-15	29-Apr-16	23,710	22	Legal Mortgage	2,000,000	Performing
Segun Olaniyi Oloketuyi	Managing Director	Segun Olaniyi Oloketuyi	26-Jun-14	23-Jun-24	54,475	12	Domiciliation	59,193	Performing
Ademola A Adebise	Serving Director	Ademola Abimbola Adebise	6-Mar-14	23-Feb-24	66,185	20	Domiciliation	10,000	Performing
Ademola A Adebise	Serving Director	Ademola Abimbola Adebise	11-Apr-14	23-Mar-16	8	0	Domiciliation	1,500,000	Performing
Nevertheless Mgt Services Ltd.	Related Coy to a Mgt Staff	Dele Olaolu	28-Oct-13	31-Oct-18	19,541	26	Legal Mortgage	42,000	Performing
Solomon Kesinton Agro Allied Ltd	Related Coy to a Principal Shareholder	Principal Shareholder	22-Apr-14	30-Apr-16	38,833	23	Legal Mortgage	87,000	Performing
Leasing Partners Limited	Serving Director	Abubakar R. Lawal	22-Sep-14	31-Aug-16	3,366,283	20	Legal Mortgage/shares	27,810,000	Performing
Leasing Partners Limited	Serving Director	Abubakar R. Lawal	27-Aug-15	30-Apr-16	2,247,207	20	Legal Mortgage/shares	27,810,001	Performing
Leasing Partners Limited	Serving Director	Abubakar R. Lawal	27-Aug-15	30-Apr-16	113,888	20	Legal Mortgage/shares	27,810,001	Performing
Arcpine Nigeria Limited	Related Coy to a Principal Shareholder	Principal Shareholder	30-Jun-14	31-Dec-16	359,456	22	Legal Mortgage	320,000	Performing
Arcpine Nigeria Limited	Related Coy to a Principal Shareholder	Principal Shareholder	23-Sep-15	23-Sep-16	1,022,764	19	Legal Mortgage	1,600,000	Performing
Adebode Adefioye	Serving Director	Adebode Adefioye	11-Nov-15	31-Dec-15	3,173	25	Legal Mortgage	50,000	Performing
Apexgate Nigeria Limited	Cross Directorship	Ademola Adebise	21-Jan-15	21-Jan-16	4,340	22	All Assets Debenture	30,820	Performing
Durojaye Samuel Oladipupo	Serving Director	Samuel Durojaiye	7-Aug-15	7-Aug-16	3,596	25	Legal Mortgage	10,000	Performing
Samuel Oladipupo Durojaye	Serving Director	Samuel Durojaiye	21-Aug-14	23-Jul-16	774	0	Legal Mortgage	10,000	Performing
Oladipupo Olatunde Adebutu	Related Obligor to a Principal Shareholder	Principal Shareholder	21-Oct-14	23-Sep-16	4,754	0	Domiciliation	6,000	Performing
Oladipupo Olatunde Adebutu	Related Obligor to a Principal Shareholder	Principal Shareholder	18-Feb-15	28-Feb-17	37,075	25	Legal Mortgage	140,000	Performing
Oladipupo Olatunde Adebutu	Related Obligor to a Principal Shareholder	Principal Shareholder	11-May-15	30-Apr-18	146,100	23	Legal Mortgage	**140,000**	**Performing**
Applemark Nigeria Limited	Serving Director	Abubakar R. Lawal	16-Apr-15	31-Jan-17	300,955	20	Legal Mortgage	147,000	Performing
Applemark Nigeria Limited	Serving Director	Abubakar R. Lawal	12-May-15	31-Jan-17	11,929	20	Legal Mortgage	147,000	Performing
Gti Microfinance Bank Limited	Cross Directorship	Abubakar R. Lawal	27-Mar-15	27-Mar-16	33,023	18	Cash	41,500	Performing
Spectrum Ventures Ltd Acc_2	Cross Directorship	Adebode Adefioye	16-Nov-15	16-Nov-16	128,372	22	Domiciliation	100,000	Performing
Inland Deepsea Port Limited	Related Coy to a Principal Shareholder	Principal Shareholder	2-Sep-15	31-Aug-2017	465,478	27	Domiciliation	900,000	Performing
Baseline Entertainment Limited	Related Coy to a Principal Shareholder	Principal Shareholder	2-Sep-15	31-Aug-2017	306,239	27	Domiciliation	600,000	Performing
Romulus Associates Ltd	Related Coy to a Principal Shareholder	Principal Shareholder	2-Sep-15	31-Aug-2017	360,629	27	Domiciliation	700,000	Performing
Bluebridge Minerals Ltd	Related Coy to a Principal Shareholder	Principal Shareholder	7-Oct-15	30-Jun-16	625,746	19	All Asset Debenture	1,400,000	Performing
Hibiscus Import & Exports Ltd.	Related Coy to a Principal Shareholder	Principal Shareholder	23-Sep-15	30-Jun-16	938,764	19	Legal Mortgage	1,200,000	Performing
					12,898,415				

35. Contraventions

TheBbank contravened the following legislations during the year:

In thousands of Nigeria Naira

Particulars	Nature of contravention	Penalties
CBN	Returns on Anti Money Laundering & Financing Terrorism	4,000
CBN	Penalty for granting Loans without BVN	2,087
CBN	Penalty For Failure to Meet TSA deadline	2,000
Total		**8,087**

36. Events after reporting period

a. Of the balance due to Central Bank of Nigeria amounting to N25billion (Note 30) an amount of N6.25billion was debited into the bank's current account in January 2016 leaving a balance of N18.75billion to be repaid over nine months.

Financial risk management

(a) Introduction and overview

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

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk and the Bank's management of capital

Enterprise risk management report

In the course of the financial year ended 31 December 2014, the Bank reviewed its Enterprise Risk Management structure and decided to embark on a transformation of its entire risk management process to align with international best practice by introducing new units and re-invigorating the existing ones. The Bank also instituted the process for review and implementation on its Enterprise Risk Framework as well as deployment of a new lending solution that will improve the quality of its risk assets.

The Enterprise Risk Management Division has enhanced its staff complements to further improve on the quality of risk assets and identify, analyze, measure and control economic impact of risks on the Bank's assets or earning capacity.

The Bank's Enterprise Risk Management comprises six (6) functional departments, namely:

- Credit Risk Management
- Operational Risk Management
- Market and Liquidity Risk Management
- Remedial Asset Management
- Compliance
- Loan Review and Monitoring

The Bank's corporate vision, mission and objectives remain the fulcrum around which the risk management strategies revolve, these include:

- Definition of strategic objectives;
- Proactive portfolio planning;
- Proactive control over money and capital market activities;
- Proactive account planning;

- Conduct of consistent portfolio review;
- Regular conduct of macro-economic review;
- Institution of robust IT - driven operational process; and
- Definition of risk and return preferences.

The various risk management related committees and sub committees of the Board and Management improved substantially in the discharge of their statutory and oversight functions. The committees include:

- the Board Risk Management Committee (BRMC);
- the Management Risk Committee (MRC);
- the Board Credit Committee (BCC);
- the Management Credit Committee (MCC);
- the Asset and Liability Committee (ALCO);
- the Executive Committee (EXCO);

b. Credit Risk

Credit Risk Management is a key component of the Bank's Enterprise Risk Management structure. The functions are performed by the Credit Risk Management Department, an arm of the Enterprise Risk Management Division.

Wema Bank defines credit risk as the probability that an obligor or counter party will fail to meet its obligations in accordance with agreed terms.

The principal areas where the Bank is exposed to credit risk include: lending, trade finance, leasing, treasury activities and off balance sheet engagement.

As presently constituted for operational convenience, holistic scope, adequacy and effectiveness of its preventive and controls functions, the Department is subdivided into three (3) units namely:

- Credit Analysis/Credit Quality Assurance Department – with direct reporting relationship to Head, Credit Risk Management;
- Credit Administration Unit - with direct reporting relationship to Head, Credit Risk Management
- Credit Control Unit - with direct reporting relationship to Head, Credit Risk Management

Principal credit policies

Wema Bank's principal credit policies are as set out in the Credit Policy Manual. Credit Risk Management Framework and Credit Process Workflow serve as major policy instruments that guide our credit risk management practices and procedures. The principal thrust of the credit policies include:

i. Engaging in best practice credit risk management activities at all times;
ii. Structuring and developing credit products that meet customers' requirements at minimal risk to the Bank;
iii. Defining and adhering to the Bank's target markets, risk appetite and risk acceptance criteria to guide lending decisions;
iv. Generating earnings which are commensurate with the Bank's risk exposure and meet its target return on assets;
v. Ensuring compliance with regulatory, legal and statutory measures in the course of lending activities;
vi. Identifying potential problematic risk assets and keeping non-performing assets and charge offs to the barest minimum;
vii. Managing risk asset portfolio effectively and efficiently;
viii. Building capacity and improving skill levels to support the Bank's credit management functions' and
ix. Complying with regulatory credit risk management requirements.

Risk rating methodology

i. We operate internal risk rating and credit scoring models which were designed to facilitate effective assessment of risk involved in lending to various categories of customers including; consumer, retail, small and medium enterprises, commercial, corporate and public sector.

ii. The objective of the internal ratings methodology in Wema Bank includes:

- to conduct obligor risk rating;
- to conduct portfolio risk rating;
- to enable the Bank evaluate and predict the likelihood that an obligor will default; and
- Evaluate the impact of such default on the Bank.

iii. The internal rating methodology is integrated into the Bank's overall portfolio risk management providing the basis for credit risk measurement, monitoring and reporting thereby supporting Management's and Board's decision making.

iv. Wema Bank's rating methodology incorporates:

a. Obligor risk rating: risk that a borrower will not be able to meet required obligations as and when due.

b. Facility risk rating: risk of loss in the event that a borrower defaults on a specific transaction. The risk of loss is usually linked to the availability (recourse), reliability and coverage of pledged collateral.

c. The Bank maintains obligor/counter party risk rating systems for the different market segments based on the unique characteristics of each of the following market categorization:

- Corporate customers;
- Commercial customers;
- Public sector customers;
- Retail customers;
- Consumer customers; and
- Financial institutions Customers

v. Separate rating systems have been established for retail and corporate portfolios i.e;

- Risk rating systems - for corporate, commercial, sovereign and financial institutions exposures; and
- Risk scoring systems – for retail and consumer exposures

Credit risk measurement

Measurement of credit risk is a vital aspect of the Bank's credit risk management functions. The Bank adopts qualitative and quantitative techniques to measure the risk inherent in its credit portfolio.

Loans and advances

For measuring credit risk of loan, advances and investments, the Bank makes use of its risk rating criteria which are clearly and precisely defined based on: objectively measurable factors e.g. cash flow capacity, capital adequacy, profitability, liquidity, gearing, return on asset, return on equity, credit history, current exposure and past account performance. Some non-numerate criteria are also applied such as character, quality of Board and Management, type of facility, type/location/value of security/type of customer/sectorial classification etc.

Internal rating Scale

The internal rating methodology incorporates ten (10) rating grades. This is to ensure that risk levels are adequately differentiated. Four (4) grades are classified as investment grades (i.e. AAA – BBB), three (3) as speculative grade (i.e. BB – CCC) and three (3) as Default grade (i.e. CC – D) as shown in the table below:

Grade	Description of Grade	Remark
AAA	Extremely Low Risk	Investment/Lending Grade
AA	Very Low Risk	
A	Good. Low Risk	
BBB	Below Average Risk	
BB	Average Risk	Speculative Grade
B	Above Average Risk	
CCC	High Risk	
CC	Very High Risk/Substandard	Default Grade
C	Extremely High Risk/Doubtful	
D	Bad and Lost	

Debt securities and other bills

External rating metrics are used to measure market and liquidity risk exposures to debt securities and other bills

Credit Risk Control & Mitigation policy

Credit risk limits signify the maximum level of credit risk the Bank is willing to accept in pursuit of its earning objectives. Levels of credit risk undertaken by the Bank are controlled by setting approved credit limits for all loans, advances, investments and off balance sheet engagements.

We have a culture of strict adherence to regulatory measures as stipulated by the Central Bank of Nigeria. Credit Risk Limits are also set on industry, geographic and product segments.

The Bank maintains internal credit approval limits for various levels of authority in the credit process. The current position as approved by the Board and Management is as shown in the table below:

Authority level	Approval limit
Board	Above N1.5 billion
Board Credit Committee	N1.5 billion
Management Credit Committee	N500 million
Managing Director	N150 million

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Bank demand.

Some other specific control and mitigation measures are outlined below:

Collateral

In line with the Bank's credit policy, security is taken for all credits granted. In order to ensure adequacy of collateral in the event of default of principal loan and interest, the Bank's policy requires a minimum of 150% of the Forced Sale Value (FSV) of all non-cash collateral and 110% cover for cash collaterised loans.

Furthermore, in order to ensure credibility and integrity of security valuation, the Bank has limited acceptable security valuation to two (2) prominent accredited estate valuers in Nigeria.

The major types of collateral acceptable for loan and advances include:

i. Mortgages over residential properties;
ii. Charges over business assets such as premises, inventory and accounts receivable;
iii. Charges over financial instruments such as debt securities and equities.
iv. Cash

Longer-term finance and lending to corporate entities as well as individuals are generally secured.

In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset- backed securities and similar instruments, which are secured by portfolios of financial instruments.

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

In thousands of Nigerian Naira	31 December 2015	31 December 2014
Against individually impaired	4,129,530	3,133,523
Against collectively impaired	259,364,161	241,134,767
Total	**263,493,691**	**244,268,290**
Against individually impaired:		
Property	2,538,400	2,095,738
Equities	288,191	50,000
Cash	0	-
Debenture on stock and companies assets	987,785	1,302,939
	4,129,530	3,133,523
Against collectively impaired:		
Property	73,189,628	73,344,092
Equities	8,052,822	15,356,250
Cash	14,889,541	10,954,106
Debenture on stock and companies assets	163,232,170	141,480,319
	259,364,161	241,134,767

Master netting arrangements

As a matter of policy and practice, the Bank takes advantage of netting/set off arrangements to settle gaps emanating from outstanding balances in favour and/or against defaulting counter parties.

Credit-related commitments

The Bank consistently deploys robust asset and liability management strategies to ensure its cash and contingent commitments are easily honoured as and when due. Adequate steps are also taken to effectively optimize gaps deriving from undrawn commitments.

Credit concentration

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

In thousands of Nigerian Naira **31 December 2015**	**Loans and advances to customers**	**Investment Securities**	**Pledged Assets**	**Trading Assets**	**Cash & Cash Equiv.**
Carrying amount, net of allowance for impairment		36,418,779	16,455,942	4,688,492	17,394,364
Concentration by sector					
Corporate:					
Finance & Insurance	10,288,724				17,394,364
Real Estate and construction	54,836,244				
Oil and Gas	32,294,563				
Government	10,089,386	30,868,682	16,455,942	4,688,492	
Manufacturing	8,945,740				
General	27,894,640				
Others	26,829,565	5,550,097			
Retail:					
Mortgage	447,314				
Others	13,970,414				
	185,596,590	36,418,779	16,455,942	4,688,492	17,394,364
Concentration by location:					
Nigeria	185,596,590	36,418,779	16,455,942	4,688,492	17,394,364
	185,596,590	36,418,779	16,455,942	4,688,492	17,394,364

In thousands of Nigerian Naira **31 December 2014**	**Loans and advances to customers**	**Investment Securities**	**Pledged Assets**	**Trading Assets**	**Cash & Cash Equiv. (Placements)**
Carrying amount, net of allowance for impairment	149,293,849	39,104,122	25,775,651	2,108,402	35,235,744
Concentration by sector					
Corporate:					
Finance & Insurance	13,665,855	-	-	-	35,235,744
Real Estate and construction	29,892,623	-	-	-	-
Oil and Gas	27,527,701	-	-	-	-
Government	5,061,370	31,344,306	25,775,651	-	-
Manufacturing	7,832,809	-	-	-	-
General	27,247,812	-	-	-	-
Others	25,907,638	7,759,816	-	-	-
Retail:					
Mortgage	377,070	-	-	-	-
Others	11,780,971	-	-	-	-
	149,293,849	39,104,122	25,775,651	2,108,402	35,235,744
Concentration by location:					
Nigeria	149,293,849	39,104,122	25,775,651	2,108,402	35,235,744
	149,293,849	39,104,122	25,775,651	2,108,402	35,235,744

(e) Credit definitions

i. Impaired loans and investment securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual

CONCENTRATION BY SECTOR

FINANCE & INSURANCE 24.71%

2015:	N10,288,724
2014:	N13,665,855

REAL ESTATE & CONSTRUCTION 45.49%

2015:	N54,836,244
2014:	N29,892,623

OIL AND GAS 14.76%

2015:	N32,294,563
2014:	N27,527,701

GOVERNMENT 49.83%

2015:	N10,089,386
2014:	N5,061,370

MANUFACTURING 12.44%

2015:	N8,945,740
2014:	N7,832,809

GENERAL 2.32%

2015:	N27,894,640
2014:	N27,247,812

OTHERS 3.44%

2015:	N26,829,565
2014:	N25,907,638

terms of the loan / securities agreement(s). These are loans and securities specifically impaired and are graded CC, C and D in the *Bank's internal credit risk grading system.*

(ii) Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

(iii) Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment losses) when Bank Management Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

All loans and advances are categorised as either:

- Collectively impaired
- Individually impaired

The impairment allowance includes allowances against financial assets that have been individually impaired and those subject to collective impairment.

In thousands of Nigerian Naira **31 December 2015**	**Loans and advances to customers**	**Investment Securities**	**Pledged Assets**	**Trading Assets**	**Cash & Cash Equiv.**
Carrying amount, net of allowance for impairment	185,596,590	36,418,779	16,455,942	4,688,492	17,394,364
Assets at amortised cost:	185,596,590				
Individually impaired:					
A					
BBB					
BB					
B					
CCC	830,933				
CC	960,403				
C	394,486				
D	436,500				
Gross amount					
Allowance for impairment	(1,327,916)				
Carrying amount, net of allowance for impairment	1,294,405				
Collectively impaired:					
AAA					
AA	26,633,295	28,788,649	16,455,942	4,688,492	17,394,364
A	76,796,318				
BBB	40,934,663				
BBB-	9,997,019				
BB	15,375,149				
BB-	9,292,819				
B	2,353,815				
CCC	3,058,982				
CC	898,435				
C	60,105				
D					
Gross amount	185,400,600	28,788,649	16,455,942	4,688,492	17,394,364
Allowance for impairment	(1,098,416)				
Carrying amount, net of allowance for impairment	184,302,184				
Available-for-sale assets (AFS):		7,481,865			
Grade AAA-A: Low risk		148,265			
Grade CCC-D: High risk					
Allowance for impairment					
Carrying amount, net of allowance for impairment		7,630,131			
Total carrying amount, net of allowance for impairment	185,596,590	36,418,779	16,455,942	4,688,492	17,394,364

Exposure to credit risk

In thousands of Nigerian Naira 31 December 2014	Loans and advances to customers	Investment Securities	Pledged Assets	Trading Assets	Cash & Cash Equiv. (Placements)
Carrying amount, net of allowance for impairment	149,293,849	39,104,122	25,775,651	2,108,402	35,235,744
Assets at amortised cost:					
Individually impaired:					
A					
BBB		-	-	-	-
BB		-	-	-	-
B		-	-	-	-
CCC	1,307,273	-	-	-	-
CC	563,506	-	-	-	-
C	288,411	-	-	-	-
D	1,223,748	-	-	-	-
Gross amount	3,382,938	-	-	-	-
Allowance for impairment	(913,326)	-	-	-	-
Carrying amount, net of allowance for impairment	2,469,612	-	-	-	-
Collectively impaired:					
AAA	-	29,890,365	25,775,651	2,108,402	35,235,744
AA	12,663,380	-	-	-	-
A	70,234,178	28,612,910	-	-	-
BBB	38,536,140	-	-	-	-
BBB-	10,314,681	-	-	-	-
BB	1,908,253				
BB-	8,714,469				
B	4,140,309	-	-	-	-
CCC	1,531,703	-	-	-	-
CC	755,583	-	-	-	-
C	110,383	-	-	-	-
D	-	-	-	-	-
Gross amount	148,909,077	37,489,932	25,775,651	2,108,402	35,235,744
Allowance for impairment	(2,084,840)	-	-	-	-
Carrying amount, net of allowance for impairment	146,824,237	-	-	-	-
Available-for-sale assets (AFS):					
Grade AAA-A: Low risk	-	1,453,942	-	-	-
Grade CCC-D: High risk	-	160,248	-	-	-
Allowance for impairment	-	-	-	-	-
Carrying amount, net of allowance for impairment	-	1,614,190	-	-	-
Total carrying amount, net of allowance for impairment	149,293,849	39,104,122	25,775,651	2,108,402	35,235,744

(c) Liquidity risk

This is the risk that the Bank might not be able to trade on an asset in time to prevent a loss or provide funds at reasonable cost to meet its obligations/commitments as they fall due as a result of mismatch in the maturity of its assets and liabilities. Enterprise Risk Management has embarked on an all-encompassing process to monitor the Bank's liquidity status at each point in time through active management of both assets and liabilities which comply with regulatory requirement and at the same time putting in place a contingent funding plan to bridge unforeseen funding requirements for the Bank where necessary.

Sources of Liquidity Risk to the Bank:

Internal sources: Liquidity risk as a result of pursuance of profitability objective.
External sources: Risk as a result of changes in macro-economic and regulatory environments.

Wema Bank's exposure to Liquidity Risk is quantified using the following methodologies:

- Cash flow projection approach
- Maturity Ladder
- Scenario Analysis
- Simple Stress Testing
- Ratio Analysis.

Wema Bank defines liquidity risk as possibility of loss arising from either its inability to meet its obligations or fund increase in assets as they fall due without incurring unacceptable costs/ losses or risk of loss arising from adverse movement of rates in the course of efforts to close a liquidity gap from market activities.

In order to forestall this, the Bank has drawn up a framework that defines key components for the management of Liquidity Risks including Market Risk Strategy, Market Risk Management Policy and Processes. The framework also establishes the premise upon which Liquidity Risk Management requirements is defined and communicates Liquidity Risk Management definitions, purposes, objectives, approaches, key decisions amongst others across the Bank.

Management of liquidity risk;

The Bank approaches liquidity risk management from two perspectives as follows:

- Funding liquidity risk
- Trading liquidity risk

The Bank's liquidity risk management is aimed at utilizing the potential from both sides of the balance sheet and optimizing all available resources while taking into account the risks associated with each type of liquidity source to control and prevent inability to meet financial obligations as and when due.

The Bank identified typical clauses of liquidity as including cash flow mismatch arising from:

- Portfolio characteristics
- Assets and liabilities composition in the bank's on and off balance sheet positions.
- Foreign currency portfolio.
- Other risk areas such as credit, operational, market, reputational and strategic risks.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. The net liquid assets include cash and cash equivalents, marketable securities and net placement to banks and discount houses. This measurement complies with the regulatory requirement guideline of the lead regulator, Central Bank of Nigeria.

The details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2015	2014
At the end of the year	33.57%	32.80%
Average for the period	31.17%	46.91%
Maximum for the period	35.31%	79.53%
Minimum for the period	30.02%	31.56%

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Residual contractual maturities of financial assets and liabilities

31 December 2015

In thousands of Nigerian Naira	Note	Carrying Amount	Gross Nominal Inflow/ (outflow)	Less than 3 months	3- 6 Months	6 - 12 months	5 years	More than 5 years
Non-derivative assets:								
Cash and cash equivalents	15	56,583,610	56,583,610	56,583,610				
Pledged assets	16	16,455,942	15,927,196	3,952,000		3,344,305		8,630,891
Non-pledged trading assets		4,688,492	4,877,730	377,730	1,250,000	3,250,000		
Loans and advances to customers	18	185,596,590	188,466,716	42,638,026	12,938,395	17,376,565	100,037,621	15,476,109
Investment securities	17	36,418,779	33,530,493	1,027,800		10,910,580	5,352,423	16,239,691
		299,743,413	299,385,746	104,579,166	14,188,395	34,881,450	105,390,044	40,346,691
Non-derivative liabilities								
Deposits from banks	26							
Deposits from customers	27	284,977,836	284,977,836	170,690,865	16,399,786	11,000,288	56,891,466	29,995,431
Other borrowed funds	30	52,289,916	52,306,840	8,154,803.00		25,000,000	7,159,037	11,993,000
Interest bearing financial liability	29	79,485	80,758		37,728	43,030		
		337,347,237	337,365,434	178,845,668	16,437,514	36,043,318	64,050,503	41,988,431
Gap (asset - liabilities)		(37,603,824)	(37,979,688)	(74,266,502)	(2,249,119)	(1,161,868)	41,339,541	(1,641,740)
Cumulative liquidity gap				(74,266,502)	(76,515,621)	(77,677,489)	(36,337,948)	(37,979,688)

Residual contractual maturities of financial assets and liabilities

31 December 2014

In thousands of Nigerian Naira	Note	Carrying Amount	Gross Nominal Inflow/ (outflow)	Less than 3 months	3- 6 Months	6 - 12 months	5 years	More than 5 years
Non-derivative assets:								
Cash and cash equivalents	15	52,153,878	52,153,878	52,153,878	-	-	-	
Pledged assets	16	25,775,651	25,578,891	10,545,000	-	-	500,000	13,533,891
Non-pledged trading assets		2,108,402	2,168,735	608,402	1,040,000	520,333	-	-
Loans and advances to customers	18	149,293,849	152,671,441	29,332,405	10,830,731	32,900,037	69,698,726	9,909,542
Investment securities	17	39,104,122	36,926,152	6,491,352	7,967,287	884,108	-	21,861,405
		268,435,902	268,499,097	99,131,037	19,838,018	34,304,478	70,198,726	45,026,838
Non-derivative liabilities								
Deposits from banks	26	(3,243,218)	(3,243,218)	-	-	3,243,218	-	
Deposits from customers	27	(258,956,478)	(258,956,478)	(148,073,025)	(18,461,035)	11,578,368	39,494,120	41,349,930
Other borrowed funds	30	(58,381,728)	(58,369,535)	(6,310,000)	(12,500,000)	12,500,000	27,059,535	-
Interest bearing financial liability	29	(347,029)	(347,029)	-	(347,029)	-	-	-
		(320,929,298)	(320,916,260	(154,383,025)	(31,308,064)	(27,321,586)	(66,553,655)	(41,349,930)
Gap (asset - liabilities)		(52,493,396)	(52,417,163)	(55,251,988)	(11,470,046)	6,982,892	3,645,071	3,676,908
Cumulative liquidity gap			-	(55,251,988)	(66,722,034)	(59,739,142)	(56,094,071)	(52,417,163)

The above tables show the undiscounted cash flows on the Bank's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity

The Bank's expected cash flows on some financial assets and liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to maintain a stable or increasing balance. Also, retail mortgage loans have an original contractual maturity of between 20 and 25 years but an average expected maturity of six years as customers takes advantage of early repayment options.

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

(d) Market risks

The bank has implemented market risk management policies, process and procedures for the monitoring, measurement and hedging against foreign exchange risks, interest rate risk and liquidity risk in line with global best practice. These processes are incorporated into the bank's overall risk management system to the extent possible as this would enable the bank understand and manage its consolidated risk exposure more effectively. This ensures that the various market risk exposures are accurately and adequately identified, measured, monitored, controlled and where feasible, assess the probability of future losses and prompt management for quick remedial action in response to adverse changes in market factors. Market risk factors are foreign exchange risk, interest rate and price risk and such positions arise due to market making, proprietary trading and underwriting and investment activities.

Foreign exchange risk

The risk of loss resulting from the difference between assumed and actual foreign exchange rate where long position and short position are held on a net basis with regard to the bank's assets and liabilities denominated in foreign currencies. Sources of foreign exchange risk include:

- Regulatory foreign currency trading Position:
- Banking book foreign currency position

Interest rate risk

This is the risk of loss resulting from changes in interest rates as a result of a mismatch of interest rates on its assets and liabilities and/or timing differences in the maturity periods on its assets and liabilities which can lead to a loss/reduction in earnings.

The types of Interest Rate Risk include:

Re-pricing Risk: This is the risk that maturing assets/liabilities may be re-priced at rates lower than the prevailing market rates at which funds were obtained thereby creating a potential loss in income for the bank.

Yield Curve Risk: This is the risk of an adverse movement in interest rates on financial assets and liabilities held by the bank.

Basis Risk: This is the risk that changes in interest rates will reprice interest bearing liabilities differently from repricing the interest earning assets of the bank thus creating variability in earnings.

Options Risk: arises when there is a right or obligation to alter the level of timing of the cash flows of an asset, liability or off-balance sheet instruments.

Market Risk Governance

The Board is responsible for the overall governance of market risk as well as defining the terms of reference and delegating responsibilities to the Board Risk Management Committee. The Committee is charged with ensuring that market risks are managed homogeneously in all areas of operation.

Market Risk Structure and Framework

The objective of the Bank is to ensure a consistent relationship between its market risk exposures and its long term goals which include defining the market risk appetite for the Bank and at the same time achieving an appropriate balance between risk and reward in its business while ensuring that overall market risk exposure is maintained at levels consistent with available capital.

Market risk reports are regularly presented to the Assets & Liabilities Management Committee (ALCO) which comprises of MD/CEO, Executive Directors and other relevant Divisional Heads, with the objectives of:

- Monitoring liquidity, asset and liability mismatch, pricing and interest rates
- Evaluating market risk inherent in new products
- Ensuring compliance with statutory and regulatory requirements relating to market risks
- Balance sheet management

Market Risk Strategy

The Bank has implemented a robust Market Risk Management Framework which provides the Management with guidance on Market Risk management processes. The Bank's Market Risk strategy and policy is anchored on the following:

- Product diversification which involves trading in a class of products such as debt, foreign exchange instruments, corporate securities and government securities;
- Risk-taking within well-defined limits with the sole purpose of creating and enhancing shareholder value and competitive advantages;
- Utilisation of Finacle Treasury module as a support for controlling, monitoring and reporting market risk;
- Deployment of a variety of tools to monitor and restrict market risk exposures such as position limits, sensitivity analysis, ratio analysis and management action triggers;
- Usage of variety of tools to measure non-tradable interest rate risk such as:
  - Interest rate gap analysis
  - Forecasting and simulating interest rate margins;
  - Calculating Earnings-At-Risk (EAR) using various interest rate forecasts;
  - Re-pricing risk in the balance sheet;
  - Using the Assets and Liabilities Management process to determine balance sheet interest rate sensitivity and appropriate balance sheet mix in line with the Banks business strategy;
  - Adhering to regulatory Foreign Currency Trading Position Limit as prescribed by CBN;
  - Monitoring and compliance with internal market risk limits and other risk management guidelines;
    - Regulatory factors.
    - Socio-Political factors.

The Bank's Corporate Strategy & Planning in conjunction with Enterprise Risk Management Directorate undertakes the duty of identifying Strategic Risk Drivers (SRD) across the internal and the external environments.

The Bank's Strategic Risk Management is driven by the following approaches:

1. Identifying material Strategic Risk Drivers (SRD)
2. Assessing likelihood of occurrence of each Strategic Risk Driver (SRD)
3. Deciding and implementing management action.

The Board Risk Committee (BRC) and full Board are responsible for the following:

- Approve market and liquidity risk management framework, policies, strategies, guidelines and philosophy.

- Provide Board oversight for the implementation of market and liquidity risk management policies.
- Approve market and liquidity risks related limits for the Bank.
- The management of interest rate risk against interest rate gap 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 no asymmetrical movement in yield curves and a constant financial position was as follows:

Sensitivity of projected net interest income
RSL - Risk sensitive liabilities
RSA- Risk sensitive assets

	As at Reporting Date	RSA constant and RSL increases by 1%	RSA & RSL increases by 1%	RSA increases by 2% & RSL increases by 1%	RSA increases 3.5% & RSL increases by 1%
31 December 2015					
In thousands of Nigerian Naira					
Average for the period	1,476,017	1,248,899	1,438,767	1,628,635	1,913,438
Maximum for the period	1,967,090	1,738,054	1,923,519	2,108,985	2,387,184
Minimum for the period	967,124	710,608	929,704	1,148,801	1,477,445
31-Dec-14					
Average for the period	1,521,017	1,367,489	1,444,506	1,598,538	1,323,712
Maximum for the period	1,727,054	1,481,068	1,686,710	1,892,351	2,200,813
Minimum for the period	1,371,739	1,171,773	1,345,890	1,520,008	1,781,184

Exchange rate exposure limits

The Bank is exposed to changes in value of current holdings and future cash flows denominated in other currencies. Instruments that are exposed to this risk include; foreign currency denominated loans and deposits, future cash flows in foreign currencies arising from foreign exchange transactions.

The Bank takes on exposure to the effects of fluctuations in the prevailing currency exchange rates on its financial position and cash flows. Foreign currency overnight and intraday position limits are set with reference to the Central Bank of Nigeria advised foreign currency trading position and net open position limits. In order to avoid risk of losses or breaches of the regulatory limit, daily monitoring has been instituted to monitor daily transactions. There are other limits that are employed in managing foreign exchange risks. These limits are set with the aim of minimizing our risk exposures to exchange rate volatility to an acceptable level. The table below summarises the Bank's exposure to foreign currency exchange rate risk as at 31 December 2015 and 31 December 2014. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by currency.

Foreign Currency Concentrations Risk as at 31 December 2015

	US Dollar	Euro	Pound	Naira	Others	Total
(a) 31 December 2015						
In thousands of Nigerian Naira						
Cash and cash equivalents	6,319,880	306,835	530,392	49,204,504	221,999	56,583,610
Pledged assets				16,455,942		16,455,942
Non-pledged trading assets				4,688,492		4,688,492
Loans and advances to customers	12,566,714			173,029,876		185,596,590
Investment securities				36,418,779		36,418,779
Other assets	1,261,873			2,932,889		4,194,762
Total financial assets	20,148,467	306,835	530,392	282,730,482	221,999	303,938,175
Deposits from banks						
Deposit from customers	5,366,196	215,240	263,208	278,939,826	193,365	284,977,836
Other borrowed funds	1,993,000			50,296,916		52,289,916
Other liabilities	9,729,710	91,594	267,184	2,832,150	108,119	13,028,758
Total financial liabilities	17,088,907	306,835	530,392	332,068,892	301,484	350,296,510

	US Dollar	Euro	Pound	Naira	Others	Total
(b) 31 December 2014						
In thousands of Nigerian Naira						
Cash and cash equivalents	4,870,936	766,363	1,049,357	43,091,792	2,375,440	52,153,878
Pledged assets				25,775,651		25,775,651
Non-pledged trading assets				2,108,402		2,108,402
Loans and advances to customers	-			149,2933,849		149,293,849
Investment securities				39,104,122		39,104,122
Other assets	658,494		250	2,029,855		2,029,855
Total financial assets	5,529,430	766,363	1,049,607	261,403,661	2,375,440	271,124,500
Deposits from banks				3,234,218		3,234,218
Deposit from customers	5,186,679	75,154	775,522	250,566,257	2,352,866	258,956,478
Other borrowed funds				58,381,728		58,381,728
Other liabilities				17,107,216	347,875	17,455,091
Total financial liabilities	5,186,679	75,154	775,522	329,298,419	2,700,741	338,036,515

(e) Operational Risk Management

The rapidly changing and complex business environment is laden with risks and opportunities. The ability of an institution to aptly identify, assess, mitigate / control and monitor risks while seizing the opportunities therein would distinguish a stellar institution from an average one. Wema Bank is poised to create a competitive advantage for its brand through proactive risk management which would be built on a sound risk awareness culture and best practices across the gamut of the Bank.

Operational risks are those risks arising from the execution of an institution's business functions; a broad concept with key focus on the risks arising from people, process, systems and external events. Examples of such risk include: fraud, hacking, armed robbery attacks, inadequate policies and procedures, software and hardware failure, high staff attrition etc.

Wema Bank has a strong operational risk management structure that is aimed at ensuring the Bank adequately manages its operational risk exposures albeit these remain dynamic in today's business world. The Bank has continuously creating a sound risk management culture Bank-wide through comprehensive training of its staff in structured phases. Additionally, the Bank has been certified for PCI DSS and ISO certifications.

Key operational risk management tools employed by the Bank include:
- Risk and Control Self-Assessments
- Key Risk Indicators & Key Performance Indicators
- Internal Loss Data collection
- Scenario Analysis
- Change management
- Comparative Analysis
- Risk Review Workshops
- Basel II capital computation

The Bank's thrust for operational risk management includes:
- Board and senior management oversight
- Bank Wide Operational risk
- Operational risk appetite and tolerance
- Proactive management of risk awareness culture
- Sound risk-based business decisions
- Business resilience and continuity

(f) Capital management

i. Regulatory capital

The Bank's lead regulator, the Central Bank of Nigeria sets and monitors capital requirements for the Bank. The banking operations are directly supervised by the Central Bank of Nigeria.
The Bank, in 2008 took a proactive step of commencing the process of disencumbering the books of doubtful and classified assets so as to lay a solid foundation for a more virile and prosperous Bank.

In the aftermath of this our capital management objectives have been to:

- Stop further erosion of shareholders wealth;
- Take all necessary measures to bring the Bank's capital to the level set by the regulatory authorities; and
- Sustain the Bank's capability to continue as a going concern.

The Bank has instituted effective mechanisms for the daily monitoring of movement in our capital base and measurement of our capital adequacy ratio by deploying techniques stipulated by the Central Bank of Nigeria (CBN) banking supervisory guidelines. Throughout the reporting year, the Bank complied strictly with the requirement of monthly rendition of report on same to the CBN. The Auditors are also required to comply with the Nigeria Deposit Insurance Corporation (NDIC) requirement of submitting an annual certificate that consist the computed capital adequacy ratio of the Bank.

To align with the CBN current reforms, we are taking a multiple approach to raising the Bank capital base to the required level through:

- Increasing the Bank's revenue base while ensuring efficient management of operating expenses.
- Vigorously implementing debt recovery strategies.

Our Bank's regulatory capital as managed by the Financial Control and Treasury Units is divided into two tiers.

Tier 1 capital, which includes share capital, share premium, other reserves and retained earnings.

Tier 2 capital, which includes revaluation reserves and other borrowings

The risk weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, capital market and other risks associated with each asset and counterparty, taking into consideration any eligible collateral guarantee. A similar treatment is accorded to off-balance sheet transactions with adjustments in line with the contingent nature of the underlining potential losses.

(ii) Capital Adequacy Ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained.

In thousands of Nigeria naira	Note	31 December 2015	31 December 2014
Tier 1 capital			
Ordinary share capital	32	19,287,233	19,287,233
Share premium		48,870,107	48,870,107
Retained earnings		(35,319,223)	(34,793,663)
Other reserves		9,581,952	9,613,767
Treasury shares			-
Regulatory risk reserve			
Shareholders' fund		42,420,069	42,977,444
Less:			
Fair value reserve on available-for-sale			
Securities		(31,815)	(1,053)
Other intangible assets		(488,110)	-
Deferred tax	24	(22,569,702)	(22,969,702)
Total		19,330,694	20,006,689
Tier 2 capital			
The tier 2 capital applied to a maximum of 33.3% of tier 1 capital.		25,773,922	20,006,689
Risk-weighted assets		170,851,205	120,969,415
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		15.09%	18.22%
(2015 CAR is based on Basel II new template)			
Total tier 1 capital expressed as a percentage of risk-weighted assets		11.31%	13.96%

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the Bank's longer term strategic objectives.

OTHER NATIONAL DISCLOSURES
(STATEMENT OF VALUE ADDED)

In thousands of Nigerian Naira	2015	%	2014	%
Gross Income	45,791,801		42,186,867	
Interest paid	(19,408,466)		(16,901,314)	
	26,383,335		25,285,553	
Write back/(Impairment) charge on financial assets	77,640		(88,173)	
Bought-in materials and services	(11,374,945)		(9,889,830)	
Value added	**15,086,029**	**100**	**15,307,550**	**100**
Distribution				
Employees				
Salaries and benefits	9,790,477	65	10,032,917	66
Government				
Income tax	318,253	2	321,495	2
Retained in the Bank				
Deferred Tax	400,000	3	400,000	3
Assets replacement (depreciation & amortisation)	2,250,024	15	2,180,693	14
Profit transferred to reserve	2,327,275	15	2,372,445	15
	15,086,029	100	15,307,550	100

OTHER NATIONAL DISCLOSURES
(FINANCIAL SUMMARY)

In thousands of Nigerian Naira	31 Dec 2015 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2012 N'000	31 Dec 2011 N'000
Assets:					
Cash and cash equivalents	56,583,610	52,153,878	31,314,482	19,627,505	23,934,445
Non-pledged trading assets		-	-	-	412,308
Pledged assets	16,455,942	25,775,651	21,830,179	11,485,160	11,661,851
Investment securities	41,107,271	41,212,524	109,560,057	77,939,680	60,735,387
Loans and advances to customers	185,596,590	149,293,849	98,631,825	73,745,718	67,236,605
Investment in subsidiaries		-	-	-	-
Investment property	393,547	402,145	601,822	664,907	728,741-
Assets held for sale		-	-	-	-
Property, plant and equipment	15,967,711	14,042,912	12,468,085	12,433,326	13,477,105
Intangible assets	488,110	1,001,954	913,200	925,429	1,105,090
Investment in associate		-	2,964,626	2,048,765	1,554,860
Assets Held for Sale	-	2,964,626	-	-	-
Other assets	57,580,831	72,745,071	29,218,497	23,464,395	16,973,175
Deferred tax assets	22,569,702	22,969,702	23,369,702	23,369,702	23,337,475
	396,743,314	382,562,312	330,872,475	245,704,597	221,157,042
Financed by:					
Share capital	19,287,233	19,287,233	19,287,233	6,410,624	6,410,624
Share premium	48,870,107	48,870,107	48,870,107	24,701,231	24,701,231
Retained earnings	(35,319,220)	(34,793,663)	(35,663,169)	(35,307,930)	(30,657,745)
Treasury shares	-	-	-	(4,571,482)	(4,571,482)
Other reserve	13,225,994	10,404,971	8,900,980	10,045,873	10,385,503
Deposits from banks	-	3,243,218	3,397,370	730,856	2,658,168
Deposits from customers	284,977,836	258,956,478	217,734,559	174,302,424	147,387,408
Derivative financial liabilities	-	418,612	-	-	-
Current tax liabilities	382,694	338,537	382,047	128,965	164,978
Other liabilities	13,028,758	17,107,217	10,127,394	7,516,963	6,592,841
Obligations under finance lease		347,874	247,966-	-	-
Other borrowed funds	52,289,916	58,381,728	57,587,958	57,006,619	58,085,517
Deposit for shares	-	-	-	4,740,454	-
	396,743,314	**382,562,312**	**330,872,475**	**245,704,597**	**221,157,042**
Guarantees and other commitments	**19,056,528**	**21,112,316**	**14,739,537**	**7,686,040**	**9,917,919**

	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
Gross earnings	45,869,441	42,186,867	36,981,439	30,716,386	22,773,921
Profit/(loss) before taxation	3,045,528	3,093,940	1,947,308	(4,942,211)	(3,770,021)
Income tax	(718,253)	(721,495)	(350,777)	(98,418)	(458,905)
Profit/(loss) after taxation	2,327,275	2,372,445	1,596,531	(5,040,629)	(4,228,926)

05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PROXY FORM

WEMA BANK

Annual General Meeting to be held at the Banquet Hall, Civic Centre, Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria on May 5, 2016 at 11:00am.

I/We* ____________________

being member/members of Wema Bank Plc hereby appoint** ____________________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on ____________________

____________________ and at any adjournment thereof.

SHAREHOLDER'S SIGNATURE & DATE

SHAREHOLDER'S NAME

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To lay before the meeting the Audited Financial Statements for the year ended December 31, 2015 together with the reports of the Directors, Auditors and Audit Committee thereon;		
2. To elect/re-elect the following Directors a. Adeyinka Asekun ☐ b. Abubakar Lawal ☐		
3. To authorize the Directors to fix the remuneration of the Auditors;		
4. To elect members of the Audit Committee;		
5. To approve the Remuneration of Directors.		
SPECIAL RESOLUTIONS	**FOR**	**AGAINST**
6. That the Directors be and are hereby authorized, subject to the approval of the appropriate regulatory authorities to enter into discussions, negotiations and/or agreement with any Bank(s) and/or financial or non-financial institutions locally or internationally as the directors shall deem fit for the purpose of acquisition, merger, equity investment in such other Bank(s) or institution(s) or undertake any business combination whatsoever as the directors shall at their discretion deem fit and beneficial to the Bank.		
7. That the directors be and are hereby authorized, subject to obtaining the approvals of relevant regulatory authorities to raise additional debt capital of such amount as shall be appropriate for the business of the Bank either locally or internationally through the issuance of tenured bonds, irredeemable preference shares, notes, equity or debts(or a combination of both) loans in any currency whether or not convertible to shares, or any other methods in one or more tranches and at such interest rates, pricing and terms to be determined by the directors as they deem appropriate.		

ADMISSION CARD

Annual General Meeting to be held at the Banquet Hall, Civic Centre, Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria on May 5, 2016 at 11:00am.

Shareholder's Name (Surname & Other Names) ____________________

Shareholder's Account No. ☐☐☐☐☐☐☐☐☐☐ No. of Shares ____________

IMPORTANT

(a) Before posting the proxy form, please tear off this part and retain it. A person attending the Annual General Meeting of the Company of his proxy should produce this card to secure admission to the meeting.

(b) A member of the Company is entitled to attend and vote at the Annual General Meeting of the Company. He is also entitled to appoint a proxy to attend and vote instead of him and in this case, the above card may be used to appoint a proxy.

(c) Write your name in Block Letters on the proxy form where marked (*) and the name of your proxy where marked (**) and ensure the proxy form is dated and signed.

(d) It is a requirement of the Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear a stamp duty.

(e) The proxy form when completed must be deposited at the office of the Registrars, GTL Registrars Limited, 2, Burma Road, Apapa, Lagos not less than 48hours before the time fixed for the meeting.

(f) If proxy form is executed by a company, it should be sealed under its common seal or under the hand and seal of its Attorney.

SIGNATURE OF PERSON ATTENDING

DATE SIGNED.

D D / M M / Y Y Y Y

PLEASE AFFIX
POSTAGE STAMP
HERE

The Registrar
GTL Registrars Limited
2, Burma Road
Apapa, Lagos.

SHAREHOLDER'S DATA UPDATE FORM

GTL REGISTRARS

No 2, Burma Road, Apapa, Lagos. Tel: +234-(0)1-2917747,
+234-(0)1-2793160-2; Email: info@gtlregistrars.com
Website: www.gtlregistrars.com

PLEASE COMPLETE IN BLOCK LETTERS

In our quest to update shareholder's data on our client company register of members, we require your mobile phone numbers for individuals and landline f or corporate shareholders, your CSCS account number and Bank details to enable us effect payment of subsequent dividend and bonuses videour online e-Bonus and e-Dividend menus. This will enhance safe and timely receipt of your entitlements as they falldue.

Date D D / M M / Y Y Y Y

SHARE HOLDER'S INFORMATION

Surname / Company's Name

Other Names (for Individual Shareholders)

Present Postal Address

City

State

Mobile Phone Number

E-mail Address

e-BONUS INFORMATION

I/We hereby request that from now on, all my/our bonus shares due to me/us from our holding(s) in all the companies ticked below be transferred to CSCS electronically.

Clearing House Number (e.g.C123456789AG)

CSCS Account Number

Name of Stockbroker

e-DIVIDEND INFORMATION

I/ We hereby request that from now on, all my/our Dividend Warrants due to me/us from our holding(s) in all the companies ticked below be mandated to my/our Bank name below.

Bank Name

Branch Address

Account Number

Bank Sort Code

Tick the name of Company(ies) in which you have shares

- ☐ Abplast Products Plc
- ☐ Impresit Bakolori Plc
- ☐ University Press Plc
- ☐ C/Rivers State Govt. Bond
- ☐ Propertygate Dev. & Inv. Plc
- ☐ Great Nigeria Insurance Plc
- ☐ Antonio Oil Plc
- ☐ Eterna Plc
- ☐ Nigerian Wire & Cable Plc
- ☐ Wema Bank Plc
- ☐ Imperial Telecoms Ltd.
- ☐ Propertygate Dev. & Inv. Plc
- ☐ Okitipupa Oil Palm Plc
- ☐ Kotco Energy Ltd.

Registrars Use Only - Account Number

SIGNATURE OR THUMBPRINT

SIGNATURE OR THUMBPRINT

COMPANY SEAL & INCORPORATION NUMBER
(Corporate Applicant)

2 AUTHORIZED SIGNATORIES AND STAMP OF BANKERS

PLEASE COMPLETE AND RETURN TO GTL REGISTRARS OR ANY WEMA BANK BRANCHES NEAREST TO YOU

E-SHARE NOTIFIER SUBSCRIPTION FORM

PLEASE FILL IN THE FORM IN CAPITAL LETTERS AND RETURN
TO THE ADDRESS ABOVE

GTL REGISTRARS

No 2, Burma Road, Apapa, Lagos. Tel: +234-(0)1-2917747,
+234-(0)1-2793160-2; Email: info@gtlregistrars.com
Website: www.gtlregistrars.com

The Managing Director/CEO
GTL REGISTRARS
No 2, Burma Road
Apapa, Lagos.

Surname

Other Names

Address

City

State

Country

Postal Code

E-mail Address

Mobile Phone Number

Telephone Number

Shareholder's Signature (individual)

Joint Shareholder's/Company Signature

1.

2.

3.

Company Seal

PLEASE TICK THE NAME OF THE COMPANY(IES) IN WHICH YOU HAVE SHARES

1.	Abplast Products Plc ☐	6.	Eterna Plc ☐	11.	Great Nigeria Insurance Plc ☐
2.	Impresit Bakolori Plc ☐	7.	Nigerian Wire & Cable Plc ☐	12.	Okitipupa Oil Palm Plc ☐
3.	University Press Plc ☐	8.	Wema Bank Plc ☐	13.	Propertygate Dev. & Inv. Plc ☐
4.	Antonio Oil Plc ☐	9	C/Rivers State Govt. Bond ☐		
5.	Imperial Telecoms Ltd. ☐	10.	Kotco Energy Ltd. ☐		

BRANCH NETWORK

Abuja	Lagos	South-West	South-South	ATM Plus
8	47	69	12	2
Branches	Branches	Branches	Branches	Locations

Federal Capital Territory (FCT), Abuja

1.	Abuja Airport	Nnamdi Azikiwe Airport, Abuja.	FCT	01 2779909
2.	Aminu Kano	82, Aminu Kano Crescent, Wuse II	FCT	012779913
3.	CBD, Abuja	264, Central Business Area, Abuja	FCT	01 2779908
4.	Le Meridien, Abuja	Le Meridien Hotel, Abuja	FCT	01 2779910
5.	Lugbe	House 168, 1st Avenue, Lugbe FHA, Lugbe	FCT	01 2779909
6.	National Assembly	NASS Complex, FCT	FCT	01 2779911
7.	Ralph Sodeinde	Oyo House, Ralph Shodeinde Street, CBD	FCT	01 2779912
8.	Wuse	36, Herbert Macaulay Way, North Wuse	FCT	01 2779913

Lagos State

9.	Abule Egba	15, Lagos/Abeokuta Exp Road Abule- Egba	Lagos	01 2779906
10.	Adeniji Adele	Pelewura Shopping Centre, Lagos Island	Lagos	01 2779868
11.	Agege	185, Old Abeokuta Motor Road Agege	Lagos	01 2779897
12.	Ajah	KM 23, Lagos Epe Expressway, Ajah	Lagos	012778605
13.	Ajao Estate	2, Rasmon Close, Off Osolo Road, Ajao Estate	Lagos	01 2779882
14.	Alaba Int'l	3a, Ojo-Igbede Rd. Alaba International Market,Ojo	Lagos	01 2779876
15.	Allen Avenue	33, Allen Avenue, Ikeja	Lagos	01 2779902
16.	Aspamda	Blk 9, (Zone D) Aspamda Market, Int'l Trade Fair Comp. Ojo	Lagos	01 2779875
17.	Awolowo Rd., Ikoyi	35 Awolowo Road, Ikoyi, Lagos	Lagos	01 2779863
18.	Badagry	Joseph Dosu Road, Badagry	Lagos	01 2779881
19.	Badore	Genesis College, Ado Badore Road, Ajah	Lagos	012779861
20.	Bariga	60, Jagunmolu Street, Bariga	Lagos	01 2779884
21.	Broad Street	41/45 Broad Street	Lagos	01 2779860
22.	Commercial Rd.	2, Commercial Road, Apapa, Lagos	Lagos	01 2779874
23.	Dopemu	Lagos/Abeokuta Express Road, Dopemu, Lagos	Lagos	01 2779899
24.	Ebutte Metta	52/54, Murtala Mohammed Way, Ebute-Metta	Lagos	01 2779889
25.	Egbeda	117, Idimu Road, Orelope B/stop, Egbeda, Lagos	Lagos	01 2779900
26.	Idowu Taylor	8, Idowu Taylor Street, Victoria Island	Lagos	01 2779861
27.	Ijede	Egbin Thermal Station (Cash Office) - 60, Ikorodu Road, Ijede	Lagos	01 2779888
28.	Ijora	Ijora Fisheries Terminal, Apapa	Lagos	01 2779871
29.	Ikeja	24, Oba Akran Avenue, Ikeja	Lagos	01 2779907
30.	Ikorodu	23/24 Ikorodu-Sagamu Road, Ikorodu	Lagos	01 2779883
31.	Iponri	Iponri Shopping Centre, Iponri, Surulere	Lagos	01 2779873
32.	Isolo	24, Abimbola Street, Isolo	Lagos	01 2779895
33.	Jibowu	33, Ikorodu Road, Jibowu	Lagos	01 2779890
34.	Kafi	4 Kafi Street, Omatsola Mall, Alausa, Ikeja (behind Ikeja Mall)	Lagos	01 2779931
35.	Lagos Airport Hotel	Lagos Airport Hotel, 111, Obafemi Awolowo Way, Ikeja	Lagos	01 2779905
36.	LAPAL House	241, Igbosere Road, Lagos Island	Lagos	01 2779867
37.	LASU	Lagos State Univ. Main Campus, Lagos-Badagry Exp, Ojo	Lagos	01 2779879

38.	Lawanson	89, Itire Road, Lawanson, Surulere, Lagos	Lagos	01 2779885
39.	Lekki	2nd Roundabout, Lekki-Epe Expressway, Lekki	Lagos	01 2779866
40.	Mamman Kontagora	23, Broad Street, Mamman Kontagora House	Lagos	01 2779864
41.	Marina	Wema Towers, 54, Marina, Lagos	Lagos	01 2779862
42.	Maryland	2, Mobolaji Bank Anthony Way, Maryland, Ikeja	Lagos	01 2779892
43.	Mushin	236, Agege Motor Road P. O. Box 2, Mushin	Lagos	01 2779887
44.	NAHCO	1st Floor NAHCO Building, off M.M. Airport Rd, Ikeja	Lagos	01 2779894
45.	NPA	Shed 6, NPA Terminal, Apapa, Lagos	Lagos	01 2779870
46.	Oba-Akran	Plot 30, Oba Akran Avenue, Ikeja	Lagos	01 2779896
47.	Ogba	Plot 45, Omole Industrial Layout, Isheri Road, Ogba	Lagos	01 2779898
48.	Ojota	Odu'a Int'l Model Market Complex, Ojota	Lagos	01 2779893
49.	Oke Aarin	107, Alakoro Street, Lagos	Lagos	01 2779865
50.	Okokomaiko	29, Badagry Express Road, Okokomaiko	Lagos	01 2779877
51.	Orile Iganmu	Lagos/Badagry Expressway, By Opere Str, Orile-Iganmu	Lagos	01 2779872
52.	Oshodi	455, Agege Motor Road, Bolade-Oshodi	Lagos	01 2779886
53.	Tinubu	Wema House, 27, Nnamdi Azikiwe Street	Lagos	01 2779869
54.	UNILAG	University of Lagos Campus, Akoka	Lagos	01 2779891
55.	Warehouse Road	32, Warehouse Road, Apapa	Lagos	01 2779878

South-west

Ogun State

56.	Ago Iwoye	Fibigbade Street, Ago-Iwoye	Ogun	01 2779955
57.	Ayetoro	Oke Oyinbo Quarters, Ayetoro	Ogun	01 2779952
58.	Babcock	Behind Fanta House, Ilishan Remo	Ogun	01 2779959
59.	Bells University	Bells University of Technology, Otta	Ogun	01 2779904
60.	Idi-iroko	Idi-iroko/Lagos Road, Idi-Iroko	Ogun	01 2779948
61.	Ifo	Abeokuta Motor Road, Ifo	Ogun	01 2779951
62.	Ijebu-Igbo	Adeboye Road, Ijebu Igbo	Ogun	01 2779954
63.	Ijebu-Ode	201, Folagbade Street, Ijebu Ode	Ogun	01 2779953
64.	Ilaro	Leslie Street, Ilaro	Ogun	01 2779943
65.	Iperu	KAAF Building, Old Ibadan Expressway, Iperu Remo	Ogun	01 2779950
66.	Lafenwa	Lagos/Abeokuta Road, Lafenwa	Ogun	01 2779946
67.	Oke Ilewo	1, Ibrahim Babangida Boulevard Opp. CBN, Oke- Ilewo, Abeokuta	Ogun	01 2779949
68.	OOU, Ago Iwoye	Olabisi Onabanjo University, Ago Iwoye	Ogun	01 2779956
69.	Otta	Idi Iroko/Lagos Road, Sango Otta	Ogun	01 2779901
70.	Owode	Fashina Square, Idiroko Road, Owode - Egbado	Ogun	01 2779947
71.	Panseke	Panseke, Ibara, Abeokuta	Ogun	01 2779944
72.	Sagamu	Akarigbo Street, Sagamu	Ogun	01 2779957
73.	WAPCO, Sagamu	WAPCO Factory, Sagamu	Ogun	01 2779958

Ekiti State

74.	ABUAD	Talent Discovery Centre, Afe Babalola University, Ado Ekiti	Ekiti	01 2777851
75.	Aiyedun	Aiyedun/Omuo Road, Aiyedun Ekiti	Ekiti	01 2779963
76.	Aramoko	Ilao Quarters, Aramoko Roundabout, Aramoko	Ekiti	01 2779965
77.	Ikere-Ekiti	Oke-Aodu Street, along Ado-Ekiti Road	Ekiti	01 2779967
78.	Ikole-Ekiti	Opposite Squardron 33 Mopol Headquarters, Okesha, Ado Ekiti	Ekiti	01 2777850
79.	Iyin-Ekiti	46, Oba Owolabi Road, Iyin-Ekiti	Ekiti	012777859
80.	Okesha	3 & 4, Okesha Rd. Opp. Squadron 33, Nigeria Police Force, Ado Ekiti	Ekiti	01 2777850
81.	Ise-Ekiti	Oja Oba Road, Ise Ekiti	Ekiti	01 2779962

82.	Omuo-Ekiti	Kota-Omuo Oke Road, Omuo-Ekiti	Ekiti	01 2779968
83.	Orere Owu	2, Orere Owu Street, Ado-Ekiti	Ekiti	01 2779961
84.	UNAD, Ado Ekiti	University of Ado Ekiti, Iworoko Rd, Ado Ekiti	Ekiti	01 2779966
Oyo State				
85.	Agodi Gate	Agodi Gate Ife Road, P. M. B. 5444, Ibadan	Oyo	01 2779914
86.	Apata Ganga	Abeokuta Road, Apata, Ibadan	Oyo	01 2779915
87.	Bodija	Oba Akinbiyi Shopping Centre, Ibadan	Oyo	01 2779916
88.	Cocoa Mall	Cocoa House Complex, Oba Adebimpe Road, Dugbe	Oyo	01 2779989
89.	Dugbe	Sijuwola House, Plot 5, Old Dugbe, Ibadan	Oyo	01 2779917
90.	Gbagi	New Gbagi Market, New Ife Road, Gbagi, Ibadan	Oyo	01 2779918
91.	Igbeti	Igbeti, Oyo State	Oyo	01 2779919
92.	Igboho	1, Comprehensive Health Centre Rd, Igboho	Oyo	01 2779920
93.	Igbo-ora	Opp. Methodist Church Tapa Street, Sango, Igboora	Oyo	01 2779928
94.	Ilorin	171, Ibrahim Taiwo Road, Ilorin	Kwara	01 2779921
95.	Kishi	Kishi, Oyo State	Oyo	01 2779922
96.	Mokola	Mokola Roundabout, Ibadan	Oyo	01 2779923
97.	Ogbomosho	Ibadan-Ilorin Road, Apake, Ogbomosho	Oyo	01 2779924
98.	Olubadan	New Ife Road, Ibadan	Oyo	01 2779925
99.	Polytechnic, Ibadan	South Campus, The Polytechnic, Ibadan	Oyo	01 2779926
100.	Sango	Sango, Oduduwa Rd, Ibadan	Oyo	01 2779927
101.	Secretariat, Ibadan	Secretariat Roundabout, Ibadan	Oyo	01 2779929
Ondo State				
102.	FUTA	Federal University of Tech., Akure	Ondo	01 2779972
103.	Igbara Odo	3, Inipa Street, Igbara Odo	Ondo	01 2779964
104.	Igbara Oke	P. O. Box 66, Igbara Oke	Ondo	01 2779977
105.	Ikare	Jubilee Road, Ikare	Ondo	01 2779974
106.	Iju	Ifofin Road, Iju	Ondo	01 2779971
107.	Irun-Akoko	Ijowa Quarters, Ikare/Ado-Ekiti Rd. Irun Akoko	Ondo	012779830
108.	Oba Adesida Rd,	54a, Oba Adesida Road, Akure	Ondo	01 2779969
109.	Ondo	Yaba Street, Idi-ishin, Ondo	Ondo	01 2779975
110.	Ore	Old Market Rd, Off Ondo/ Sabo Rd, Opp. FRSC Office, Ore	Ondo	01 2779973
111.	Owo	Idimisasa Road, Opposite Olowo's Palace, Owo	Ondo	01 2779976
112.	Oyemekun Rd., Akure	34, Oyemekun Road, Akure	Ondo	01 2779974
Osun State				
113.	Ede	1 Owode Market Road, Ede	Osun	01 2779939
114.	Ibokun	Osogbo Road, Ibokun via Ilesa	Osun	01 2779937
115.	Iragbiji	8, Market Street, Iragbiji	Osun	01 2779932
116.	Iwo	6, Station Road, Iwo	Osun	01 2779936
117.	JABU	Joseph Ayo Babalola University, Ikeji-Arakeji	Osun	01 2779931
118.	Modakeke	Ondo Road, Modakeke	Osun	01 2779930
119.	Oduduwa University	Oduduwa University, Ile Ife	Osun	01 2777852
120.	OAU	Obafemi Awolowo University, Ile-Ife	Osun	01 2779942
121.	Okuku	Offa-Osogbo Road, Beside King's Palace, Okuku	Osun	01 2779933
122.	Oshogbo Main	10b, Awolowo Way, Ikirun Bye-pass, Igbona, Osogbo	Osun	01 2779934
123.	Station Rd., Osogbo	169, Station Road, Osogbo	Osun	01 2779935
124.	Ilesha	Imo Roundabout, Ilesha	Osun	01 2779941

South-south

Akwa Ibom

125.	Eket	78, Eket-Oron Road, Eket	A/Ibom	01 2779978
126.	Uyo	Plot 179, Aka Road, Uyo	A/Ibom	01 2779986

Bayelsa State

127.	Yenagoa	Mbiama Road, Opp. State INEC Office Pansha, Yenogoa	Bayelsa	01 2779986

Cross Rivers State

128.	Calabar	39 /113, Murtala Mohammed Highway, Calabar	Cross Rivers	01 2779979

Delta State

129.	Asaba	407, Nnebi Road, Asaba	Delta	01 2779981
130.	Warri	33, Effurun/Sapele Road, Warri	Delta	01 2779982

Edo State

131.	Akpakpava	12, Akpakpava Street, Benin City	Edo	01 2779984
132.	Mission Rd.	39, Mission Road, Benin City	Edo	01 2779985
133.	UNIBEN	University of Benin, Benin	Edo	01 2779980

River State

134.	Olu Obasanjo Road	66, Olu Obasanjo Road, Bics Mall, Port Harcourt	Rivers	01 2779987
135.	Trans Amadi	Plot 11, Trans Amadi Ind. Layout, Port Harcourt	Rivers	01 2779988
136.	Aba Road	76, Aba Road, Port Harcourt	Rivers	

ATM Plus

137.	Iye-Ekiti	Ilejemeje Local Government Secretariat, Iye-Ekiti	Ekiti	012779830
138.	Oduduwa University	Opposite Admin Building, Oduduwa University, Ipetumodu, Ife	Osun	

ALL THE WAY. WITH YOU.