WEMA BANK
RC 575

Annual Report & Accounts 2016

Fostering Relationships

With you. All the way.

Corporate Information

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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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Overview

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 December 2015, the Bank became a national bank, with a capital base of over ₦43.8 billion having met the regulatory requirements for the National Banking license as stipulated by the Central Bank of Nigeria.

Operating a network of over 135 branches and service stations 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.

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

Financial Highlights

	2016	2015
Gross Earnings	N53.83bn	N45.79bn
Profit Before Tax	N3.27bn	N2.99bn
Total Assets	N421bn	N397bn
Deposits	N320.76bn	N284.98bn
Loans (net)	N227.01bn	N185.6bn
Earnings Per Share	6.7K	5.9K

02

Statements

CORPORATE GOVERNANCE

INTRODUCTION

Wema Bank Plc recognizes the critical importance of Corporate Governance in supporting the company's sustainable growth, hence creating shareholders' value, and securing the trust and confidence of all shareholders and stakeholders at large which includes customers, employees, government and the general public. The Board 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 largely complied with the provision of Securities and Exchange Commission(SEC) and Central Bank of Nigeria(CBN) Codes of Corporate Governance.

The Board of Directors has formulated the Company's governance policy with guidelines covering governance structure including roles and duties of the Board of Directors and Board Committees. The Board consequently ensures that the Bank adheres to the standards of Corporate Governance and holds strongly that such standards are critical to facilitate efficiency and effective management in order to guarantee long term value for stakeholders.

GOVERNANCE STRUCTURE

The Board of Directors

Qualifications for Directors

To serve as members of the Board of Directors, individuals must meet the following qualifications amongst others:

1. Possess an unblemished record;
2. Apply both vision and a broad business perspective;
3. Exhibit good interpersonal skills, a sense of justice and an amenable personality;
4. Apply effective communication skills;
5. Demonstrate systematic business thinking and decision making; and
6. Understand financial matters, commerce or industry, and show business management experience

Composition of Board of Directors

The Board has 12 members consisting of:
Executive Directors: 5
Non-Executive Directors: 7
Independent Directors: 2 (derived from the 7 Non-Executive Directors)
Note: There were no changes to the Board composition in the year under review.

Responsibility

The Board clearly defines the Company's vision and strategies, covering marketing, management, human resources, finance and budgeting in order to measure their performance against the Key Performance Indicators and budget.

Furthermore, operations are periodically audited by the internal audit team, whose report of significant findings are scrutinized, and any corrective measures determined, under the close supervision of the Audit Committee and Board of Directors.

Separation of Power

The roles of the Chairman and the Managing Director/CEO are clearly separated and are not held by the same individual. The Chairman is solely responsible for the running of the Board whilst the Managing Director/CEO in pari passu with the Executive Management team is responsible for the day to day management of the Bank's business and to ensure the implementation of the Board's decisions.

Appointment of Directors

The Company fully adopts the provisions laid down by the Companies and Allied Matters Act 2004 (CAMA) Cap C20 Laws of Federation regarding the appointment and qualification of Directors, mode of voting on appointment, rotation of Directors, and removal of Directors.

Role 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 stakeholders.

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 systems of internal control, financial reporting and compliance are in place;
- To ensure that an effective risk management process exists and is sustained; and
- 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 2016, the Board met five(5) times. The record of attendance is provided below:

Meetings held	1	2	3	4	5
Names of Directors	3 March 2016	5 May 2016	30 June 2016	29 September 2016	12 December 2016
Mr. Adeyinka Asekun	●	●	●	●	●
Segun Oloketuyi	●	●	●	●	●
Ademola Adebise	●	●	●	●	●
Moruf Oseni*	●	●	●	●	○
Wole Akinleye	●	●	●	●	●
Folake Sanu	●	●	●	●	●
Mr. Adebode Adefioye	●	●	●	●	●
Mr. Abubakar Lawal	●	●	●	●	●
Mr. Samuel Durojaye	●	●	●	●	●
Ms. Tina Vukor-Quarshie	●	●	●	●	●
Mrs. Omobosola Ojo	●	●	●	●	●
Mrs. Abolanle Matel-Okoh	●	●	●	●	●

*Moruf Oseni was absent on health grounds.

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 more 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 risk mitigation;
- 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 Bank's central liability report and summary of challenged loans with the concurrent power of recommending adequacy of the provisions for loan losses and possible charge offs.

The committee is comprised of the following members during the period under review:

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

The Committee meets quarterly, and additional meetings are convened as required. The Committee met four (4) times during the 2016 financial year.

Committee Meeting Attendance

Meetings held	1	2	3	4
Names of Directors	10 February 2016	14 June 2016	07 September 2016	28 November 2016
Ms. Tina Vukor-Quarshie	●	●	●	●
Mr. Abubakar Lawal	●	●	●	●
Mr. Samuel Durojaye	●	●	●	●
Mr. Adebode Adefioye	●	●	●	●
Mrs. Abolanle Matel-Okoh	●	●	○	●
Segun Oloketuyi	●	●	●	●
Folake Sanu	●	●	●	●
Moruf Oseni	●	●	●	●

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;
- Approve 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. Segun Oloketuyi - Member
7. Ademola Adebise - Member
8. Wole Akinleye - Member
9. Folake Sanu - Member
10. Moruf Oseni - 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 2016 financial year.

Committee Meeting Attendance

Meetings held	1	2	3	4	5
Names	11 February 2016	13 June 2016	26 July 2016	5 September 2016	29 November 2016
Mr. Adebode Adefioye	●	●	●	●	●
Ms. Tina Vukor -Quarshie	●	●	●	●	●
Mr. Abubakar Lawal	●	●	○	●	●
Mr. Samuel Durojaye	●	●	●	●	●
Mrs Omobosola Ojo	●	●	●	●	●
Segun Oloketuyi	●	●	●	●	●
Ademola Adebise	●	●	●	●	●
Moruf Oseni	●	●	●	●	●
Wole Akinleye	●	●	●	●	●
Folake Sanu	●	●	●	●	●

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; and
- Facilitating a process of engaging all Directors in determining their specific needs and aligning 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. Adebode Adefioye - Member
3. Mr. Samuel Durojaye - Member
4. Ms Tina Vukor-Quarshie - Member
5. Mrs. Abolanle Matel-Okoh - Member

The Committee met five (5) times during the 2016 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	5
Names	9 February 2016	16 June 2016	8 September 2016	27 September 2016	1 December 2016
Mrs Omobosola Ojo	◉	◉	◉	◉	◉
Mr. Adebode Adefioye	◉	◉	◉	◉	◉
Mr. Samuel Durojaye	◉	◉	◉	◉	◉
Ms Tina Vukor Quarshie	◉	◉	◉	◉	◉
Mrs Abolanle Matel-Okoh	◉	◉	◉	◉	◉

Finance and General Purpose Committee

This Committee handles all staff matters and is responsible for the oversight of strategic staff 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; and
- 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
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 2016 financial year.

Committee Meeting Attendance

Meetings held	1	2	3	4
Names of Directors	12 February 2016	15 June 2016	6 September 2016	30 November 2016
Mr. Abubakar Lawal	◉	◉	◉	◉
Mrs. Omobosola Ojo	◉	◉	◉	◉
Mrs. Abolanle Matel - Okoh	◉	◉	◉	◉
Segun Oloketuyi	◉	◉	◉	◉
Ademola Adebise	◉	◉	◉	◉
Wole Akinleye	◉	◉	◉	◉

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 elected 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 plan 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 (Shareholders' Representative) - Chairman
2. Mr. Joe Anosike Ogbonna (Shareholders' Representative) - Member
3. Mr. Kashimawo Akanji Taiwo (Shareholders' Representative) - Member
4. Mr. Abubakar Lawal - Member
5. Mr. Adebode Adefioye - Member
6. 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 2016 financial year.

Committee meeting attendance

Meetings held	1	2	3	4
Names of Members	26 February 2016	17 June 2016	9 September 2016	28 October 2016
Prince Adekunle Olodun	●	●	●	●
Mr. Joe Anosike Ogbonna	○	●	●	●
Mr Kashimawo Akanji Taiwo	●	●	●	●
Mr. Abubakar Lawal	●	●	○	●
Mr. Adebode Adefioye	●	●	●	○
Mr. Samuel Durojaye	●	●	●	●

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 31 December 2016. 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.

Director's Nomination Process

The Nomination and Governance Committee is charged with the responsibility of identifying and nominating suitable candidates for the approval of the Board. The Committee takes into consideration the balance of skills and experience on the Board during a proposed appointment.

The appointment of a Director is subject to the approval of Central Bank of Nigeria and the Shareholders.

Induction and Continuous Training

On appointment to the Board and Board Committees, all Directors receive formal orientation and training programmes 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 in order to update their skills and knowledge on new developments in the industry.

The Company Secretary

The Board of Directors appointed a Company Secretary to take responsibility as set forth by law. The Company Secretary reports functionally to the Chairperson of the Board of Directors and operationally to the Managing Director.

The Company Secretary performs the following roles amongst others:

1. Act as a Consultant and Secretary of Board of Directors and other Committees;
2. Act as Corporate Governance and Compliance Officer;
3. Act as a Corporate Communication Officer by being the center of communication among the Company's Directors, Management and stakeholders;
4. Act as a Controller of Management Functions in following up on all the resolutions of board of director into practice;
5. Act as a Coordinator with regulatory bodies;
6. Manage the Board of Directors' meeting and Board Committee meetings; and
7. Administers the Shareholders' meeting in line with the legal framework.

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 & Audit 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 responsibility of the Committee includes:

- Review the Strategic Operations of the Bank:

  (i) Review Audit & Inspection Reports
  (ii) Review of Branch Coordination 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 of staff related issues
- Consideration and approval of capital and recurrent expenses;
- Review the activities of the subsidiaries and associated companies; and
- 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;
- Responsible for reviewing and approving 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; and
- Ensures adequate monitoring of credits is carried out.

The Committee meets monthly depending on the number of credit application to be appraised and considered. The Secretary to the Committee is Head of 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.

Watch List Committee

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

- It highlights the status of the Bank's assets in line with the Internal and External Regulatory Framework;
- Takes actions appropriately in respect of delinquent assets;
- Ensures that adequate provisions are taken in line with the regulatory guidelines.

Membership of the Committee includes Managing Director, Executive Directors, Head of Enterprise Risk Management, Head of Remedial Assets Management and other relevant Senior Management Staff of the Bank. The Secretary to the Committee is Head of 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;
- 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 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.

Membership of the Committee includes MD/CEO, Executive Directors, Chief Risk Officer, Head of Risk Management Department, Chief Inspector, Head, Internal Audit, Chief Compliance Officer, Head of Bank-wide Operations, Chief Information Security Officer and Representatives of Operations, IT and Legal.

IT Steering Committee

In many organizations, Information Technology (IT) 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 Exco as at when necessary; and
- 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 whistleblowing 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 are 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.

Shareholders' 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, staff and their related persons in possession of confidential price sensitive information from dealing with the securities of the Bank during the close period.
Note: In the year under review, there was no infraction of this policy.

Succession Plan

The Nomination and Governance Committee has been assigned by the Board to be responsible for the Bank's succession plan, especially to ensure that the Company has an appropriate succession plan in place for the positions of the CEO, MD and other senior executives, and to make recommendations to the Board for approval. Nomination for appropriate leaders has been recognized as a priority by the Board in order to strengthen the Company's management and ensure continued progress.

ADHERENCE TO THE NIGERIAN SUSTAINABLE BANKING PRINCIPLES

Our Commitment to the Nigerian Sustainable Banking Principles

The Nigerian Sustainable Banking Principles are a set of nine principles adopted by all Nigerian Banking institutions as well as some other non-banking financial institutions. The principles provide a framework for integrating sustainability into the activities and operations of the Bank. The principles include an overarching set of guidelines relating to the bank's direct and indirect impact on communities and the environment as a result of their business operations.

Our Business Activities: Environmental and Social Risk Management	Integrate environmental and social considerations into decision-making processes relating to business activities to avoid, minimize or offset negative impacts.	In line with the principle, we will ensure high level of compliance in the integration of ESRM into all projects. Increase reporting content to include the percentage of clients and portfolio screened in E&S risk; and E&S rating improvements during the review period.
Our Business Operations: Environmental and Social Footprint	Avoid, minimize or offset the negative impacts of business operations on the environment and local commun ities in which it operates and where possible, promote positive impact.	Attain significant reduction in paper operations by converting paper-based transactions into digital formats.
Human Rights	Respect human rights in its business operations	Continuous assessment of client projects for Human Right Risks. Ensure training of Credit officers, business teams and Sustainability Champions on Human Rights to ensure seamless bank wide implementation.
Women's Economic Empowerment	Promote women's economic empowerment through gender inclusive workplace culture in our business operations and seek to provide products and services designed specifically for women through our business activities.	Establish a dedicated committee for Women Empowerment across the bank in order to drive the vision of this principle. Commence investments made on Women Empowerment initiatives for female clients i.e. those subscribed to Wema Women Account. Constantly evolve ways to ensure gender sensitivity in order to increase the upward mobility of female employees into management functions and positions across the bank

Principles	Conditions	Indicators
Financial Inclusion	Promote financial inclusion, seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector	Full implementation of a financial literacy framework, as well as the promotion of inclusion through financial literacy curricula in educational institutions, in line with the 2020 target of the CBN. Innovate and constantly improve on products and services tailored to the middle and low-income as well as disadvantaged groups.
E & S Governance	Implement robust and transparent environmental and social governance practices in its respective institutions and assess environmental and social governance practices of its customers.	Appoint Sustainability Champions in all branch and regional champions' network to work with the Sustainability Management and Board Committees. This will deepen NSBP reporting from specific units and department.
Capacity Building	Develop individual institution and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our business activities and business operations.	Strengthen sustainability governance by appointing Regional Sustainability Champions to oversee regional operations bank-wide. Achieve training coverage of all Credit Officers, Sustainable Champions and NSBP relevant departments on NSBP through learning modules, Regional workshops. Annual sustainability training sessions at Board Retreats and Quarterly sessions for Executive Management.
Collaborative Partnerships	Collaborate across the sector and leverage international partnerships to accelerate its collective progress and move the sector as one, ensuring our approach is consistent with international standards and Nigerian development needs.	Support sector-wide initiatives led by third party organisations, regulators and other stakeholders.
Reporting	Regularly review and report on our progress in meeting these principles at the individual institution and sector level.	Produce a Multi-compliant reporting system which allows for comprehensive materiality checks for major international conventions. UNEP-FI, GRI G4.

Sustainability Approach

Our sustainability approach involves providing for our current needs without putting in jeopardy our future requirements for the achievement of our hope and dreams. It seeks to ensure an encompassing and constructive effect on our domicile communities, coupling profitable exploits with people and planet-friendly initiatives. It is about creating long-term stakeholder value by adopting the opportunities and managing the associated environmental, social and governance risks.

The sustainability strategy is designed to deliver value in a structured way along four key areas:

- **Conservational Continuity**
  We are committed to minimizing and where possible, averting the ecological impacts that could occur as a result of our lending activities.

- **Community Involvement**
  We participate by giving of our time and resources in order to supplement the resources in the communities in which

we do our business.

- **Driving innovation**
  We are constantly seeking ways of providing products and services to meet the needs of our customers while ensuring that we manage our communal, cultural and governance impacts, thus contributing to sustainable growth and development.

- **Supporting aspirations**
  We empower our people to be the best that they can be, by providing opportunities and a supportive environment and culture for personal development.

Sustainability Governance

Our Sustainability Governance structure directs our approach to conducting business, and is premised on high ethical standards and strict adherence to all provisions of the code of conduct guidelines. Our Executive Management provides oversight for our Sustainability implementation. The Sustainability Committee, working with the Sustainability Champions, scrutinizes sustainability performance through periodic Sustainability performance evaluation exercises.

Tactical and operational implementation of sustainability is carried out through the priority area Champion framework across the Bank. This model is reflective of our approach to sustainability which transcends being function-based and is continuously being integrated as a business strategy and implemented across the bank in all our operations.

Environmental and Social Risk Management (ESRM) Approach

Our Environmental and Social Risk management strategy aims to achieve responsible financing. This approach guides the Bank in its business of providing lending facilities to clients who carefully consider the environmental & social impacts of their activities. The Bank's Environmental & Social Risk Management policy is applied to all financial services offered by the Bank.

ESRMS implementation requires qualified staff with an understanding of environmental and social impact risk management and as part of our commitment to sustainability, we focus on raising the awareness of environmental and social risk issues by training employees which aids decision making in credit assessment.

Financial Inclusion

A 2014 EFINA report states that 39.5% of our adult population, which implies 36.9milliion adults, are financially excluded. Only 33.9million adults are banked, representing 36.3% of adult population.

Wema Bank is committed to providing and deepening access to financial services to unbanked and underbanked customers. This, we achieve by developing products and services that cater to the financial requirements of the financially excluded.

EasySavers Account
Wema Bank, in partnership with Etisalat launched the Wema EasySavers Account in November 2016. Wema EasySavers Account is a financial product directed at the subscribers of Etisalat network. The target market are active users of the Etisalat network, who also are situated in close proximity to our branches. The advantage of the scheme is that it provides banking services to account holders straight from their mobile phones. They do not require data or wi-fi enabled devices. Any mobile device can get access to the service. This is in line with Central Bank of Nigeria's plan for Financial Inclusion.

Launch of Wema EasySavers

EasyLife Account

EasyLife is an innovative approach to opening a simple savings account developed to cater to the simple banking needs of low-income individuals, such as artisans, who have little or no access to formal financial services. This account provides the security of a bank with the convenience of the bank located right next to the customer. This product enables the gradual integration of previously unbanked individuals into the culture of banking. An EasyLife account can be opened using the account opening documentation or using the *945# shortcode.

The EasyLife Account reduces the barriers that had previously barred some individuals from gaining access to banking services.

Financial Literacy Programme

Wema Bank regularly embarks on Campus Storms, in a bid to introduce financial education and products to students in secondary schools and higher educational institutions. In 2016, staff were involved in delivering financial literacy content to selected secondary schools, from across the geo-political regions of the country, using specially developed curriculum materials developed by Junior Achievement of Nigeria (JAN).


World Savings Day

Royal Kiddies Educational Award


Financial Literacy

WEMA BANK COMPLIANCE FRAMEWORK

Wema Bank Compliance Framework

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss of reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, self-regulatory organisation codes of conduct and standards of good practice applicable to its banking activities.

Compliance Environment

In Wema Bank, the development, implementation and continuous monitoring of 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), 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. Wema Bank Board carries out periodic review meeting 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 Finance Officer regularly attest to our returns to Security 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
In 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 pattern 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., 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)
- Suspicious Transaction Report (STR)

The Foreign Transaction Report (FTR) is forwarded to both NFIU and the Central Bank of Nigeria (CBN).

The above returns are rendered in line with Sections 2, 6 and 10 of the Money Laundering (Prohibition) Act, 2011 as amended in 2012.

- 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 lodgments 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. An 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 prospect. 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 September 11, 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 programme. 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, provides 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 Wema 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 2016 was particularly noteworthy for the Bank in the area of service. The Bank kicked off the year 2016 with the charge to "sustain the momentum".

The year kicked off with an internal recognition of staff who had excelled in service and ideas implementation functions. This recognition was also on the basis of their performance in line with the guiding principle of all staff (PURPLE RULES) and our service charter towards our customers.

To foster communication and engagement between the Bank and our esteemed customers, the Infomercials within branches was launched across all our branches. This was to ensure that while waiting to be served, customers are continuously enlightened about developments within the Bank, particularly in the areas of products and service offerings.

In fulfilment of our promise of convenient & inclusive banking with a memorable service experience, the Bank launched her personalized USSD banking service of *945# which was kicked off with an enlightenment and participatory game show broadcasted via our social media platforms. Customers who participated were rewarded with winnings and further encouraged to continually experience delightful service via our USSD banking.

A milestone service improvement was recorded as report from the KPMG Banking Industry Customer Satisfaction Survey (BICSS) revealed that our customer's perception of our service rating amongst other competitors moved up 4 places from the service position of the previous report. This further solidifies our improved financial and service performance and the call for momentum sustenance.

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 2016 showed an increase when compared to the statistics in FY 2015. This however implies that our customers' confidence in our responsiveness has increased thus, having them reach out to us for support rather than taking their business elsewhere. It is worthy of note that the Bank perfected the toll free communication lines strategy within all our branches with the purpose of reducing service time and straight through access for first call resolution support via our 24 hours' interactive Contact Center (Purple Connect).

Dispense error complaints, however, continued to be a primary source of customer complaints especially when complaint root cause was as a result of our customers using other Banks' ATMs for intended cash withdrawals. The bank however, displayed its commitment to customer complaint resolution by ensuring that a decentralization of resolution channel improves continually and increased liaison with other banks for speedy resolution.

The Bank also reinvigorated its internet banking services with new look/feel, increased functionalities for better service experience and additional security to eliminate the increasing fraud experienced globally. The physical token attached to every customer subscribed to our online banking channel has still recorded no fraud and this was also applied to our Wema Mobile application.

The Bank also ensured features and benefits of products and services , fraud alerts etc. publications 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.

Our Purple Connect (Contact Centre) continues to operate a 24 hours, 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 her channels stated below.

Telephone:
0-7000 PURPLE, 08039003700, 01-2777700

Email:
purpleconnect@wemabank.com

SMS & Whatsapp:
07051112111

Live Chat:
www.wemabank.com

Fraud Desk:
+234-1-2779836;
Frauddesk@wemabank.com

Letters:
Customer Protection Unit
Wema Bank Plc

Our Resolution Structure

The process flow for customer complaint resolution is as follows:

- 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)
- Received complaints are acknowledged within 24 hours of receipt
- The complaint is resolved immediately or escalated to the appropriate unit for resolution
- 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
- The complaint is closed upon satisfactory resolution of the issue raised
- Periodic reports on all customer complaints and feedback received in the Bank are collated, grouped based on type/frequency, analyzed to determine the root cause(s) and circulated to our Management team and other relevant departments to prevent recurrences.

Social Media:

facebook.com/wemabankplc Youtube.com/wematube Instagram.com/wemabank

Twitter.com/wemabank google+.com/wemabank

The year 2016; 53,561 complaints were received in addition to 3,711 that was brought forward from 2015 and 54,422 were resolved leaving a total of 2,850 pending complaints as at 31 December 2016.

Table 1 below shows the details of complaints received in FY 2016 on a month-by-month basis:

MONTH	Total No. of Complaints Received	Total No. of Complaints Resolved	Total No. of complaints forwarded to CBN
January	2,939	2,927	Nil
February	3,460	3,431	Nil
March	3,692	3,665	Nil
April	4,032	3,950	Nil
May	3,989	3,896	Nil
June	4,497	4,426	Nil
July	5,211	5,124	Nil
August	4,769	4,662	Nil
September	4,644	4,488	Nil
October	5,295	5,128	Nil
November	5,140	4,879	Nil
December	5,893	5,678	Nil
Grand Total	**53,561**	**52,254**	**Nil**

Complaints Received & Resolved - Month by Month (2016)

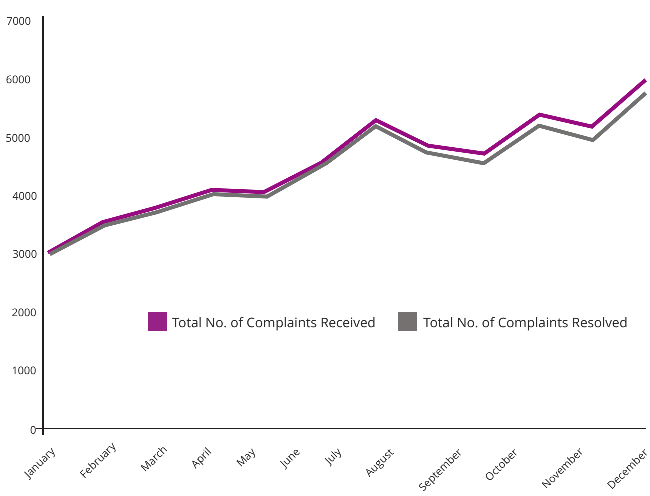
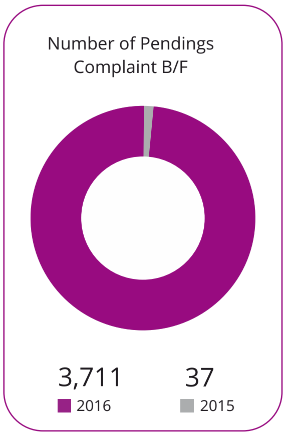
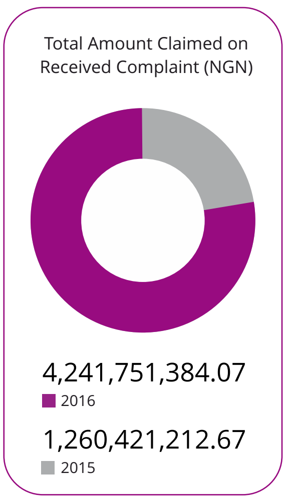
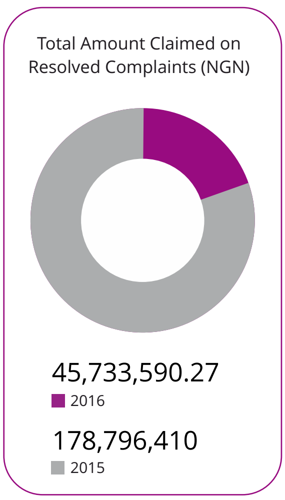


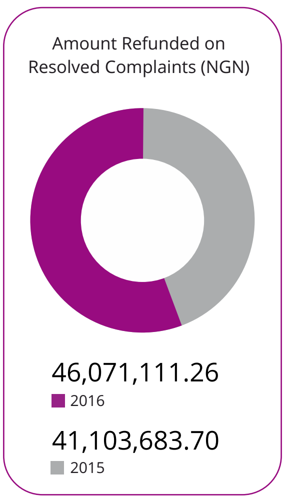
Table 2 shows the total number of complaints and amount claims received as at the end of the Financial Year 2016 in comparison with those received in 2015.

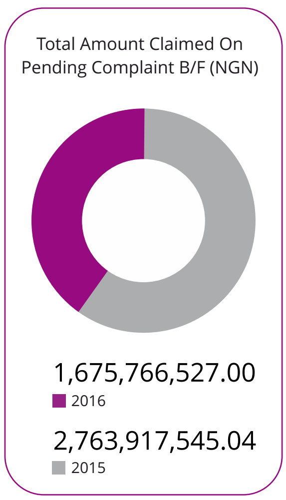
	Number		Total Amount Claimed		Amount Refunded	
Description	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Pending Complaints B/F	3,711	37	1,675,766,527.00	2,763,917,545.04	-	-
Received Complaints	53,561	31,714	4,241,751,384.07	1,260,421,212.67	N/A	N/A
Resolved Complaints	54,422	28,003	45,733,590.27	178,796,410	46,071,111.26	41,103,683.70
Unresolved Complaints escalated to CBN for intervention	-	-	-	-	N/A	N/A
Unresolved Complaints pending with the bank C/F	2,850	3,711			N/A	N/A











03

Reports

Notice of the 2016 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of Wema Bank Plc will be held at the Banquet Hall, Civic Center, Ozumba Mbadiwe, Victoria Island Lagos on Wednesday, May 10, 2017 at 11:00am to transact the following business:

Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the year ended December 31, 2016 together with the reports of the Directors, Auditors and Audit Committee thereon;
2. To elect/re-elect the following Directors as Non-Executive Directors;
    a. Mr. Adebode Adefioye
    b. Mrs. Abolanle Matel-Okoh
    c. Mr. Babatunde Kasali
3. To authorize the Directors to fix the fees of the Auditors;
4. To elect members of the Audit Committee;
5. To approve the Remuneration of Directors.

Proxy

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

For the appointment to be valid, a completed and duly stamped proxy must be completed and deposited at the office of the Registrar, GTL Registrars Limited, 274 Murtala Mohammed Way Yaba, Lagos State, not less than 48 hours prior to the time fixed for the Annual General Meeting. A blank proxy form is attached to the Annual Report.

Dated this 7th day of April, 2017

BY ORDER OF THE BOARD

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

Notes

a. Closure of Register and Transfer Books

The Register of Members and Transfer Books will be closed on Monday, April 24, 2017 for the purpose of preparing an up-to-date Register.

b. Statutory 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.

Kindly note that the provisions of the Codes of Corporate Governance issued by the Securities and Exchange Commission(SEC) AND Central Bank of Nigeria has indicated that some members of the Committee should be knowledgeable in internal control processes.

Furthermore, in line with the Financial Reporting Council of Nigeria(FRCN) Rules, the Chairman of the Statutory Audit Committee must be a professional member of an accounting body established by Act of the National Assembly in Nigeria.

Consequently, all nominations should be accompanied by a copy of the nominee's detailed resume disclosing requisite qualification.

c. Biographical Details of Directors for Re-election/Election

The profiles of the directors standing for election or re-election are provided in the Annual Report.

d. Rights 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 on any item contained in the Annual Report and Accounts. Please send questions and comments to the Company Secretariat Department, Wema Bank Plc, 54 Marina Lagos not later than 28th day of April 2017.


WEMA CARDS
Your key to a cashless world
VISA
Verve
Relax and enjoy the good life
anytime, anywhere with WEMA Cards.
For further enquiries, please contact Purple Connect:
0 7000 PURPLE, 080 3900 3700 (CALLS ONLY), 070 5111 2111 (SMS ONLY)
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

It is my pleasure once again to welcome you, our esteemed shareholders, to the 2016 Annual General Meeting of Wema Bank Plc. In keeping with my role as Chairman, Board of Directors of this enduring institution, I will be presenting our financial results and the operating environment for the 2016 financial year. I will also be sharing with you some of the Bank's achievements in 2016.

Distinguished Shareholders, fellow directors, Ladies and Gentlemen, no one will disagree that the 2016 financial year was a rather challenging macroeconomic environment to operate under. Inspite of this, I am pleased to say that our Bank delivered on large parts of its strategic goal for 2016; a strong validation of our long-term growth strategy.

Given perceived systemic headwinds and the changing landscape facing the Banking industry, it has become imperative to us, as custodians of the Bank, that we need to do things differently going forward, such as leveraging on technology, as an enabler and a key element to the Bank's business model.

Wema Bank continues to record significant achievements in this area, which will culminate in the launch of Nigeria's first digital Bank. This is a testament of our resolve to be the Industry leader as far as Technology is concerned and it is our belief that this will help the bank drive value for our customers and you, our Shareholders in 2017, and beyond.

Operating Environment

Global Environment - Populism Reorganising Established World Order

The global environment in 2016 was fraught with uncertainty. First, from a Chinese economy in transition which then impacted commodity prices to the growing nationalist movement that has swept through the United States of America and parts of Europe, all in the wake of the Syrian-Iraq crisis.

According to the International Monetary Fund (IMF), the global economy in 2016 grew at circa 3.1%. However, economic activity is projected to pick up pace in 2017, increasing by 30 basis points to 3.4% fuelled by activities in emerging markets and developing economies, though not without the caveat from growing protectionism.

> "In 2017, we are placing significant emphasis on ensuring our customers enjoy quality and convenient banking services. Our commitment to delivering quality service has never been greater."

Tough Macroeconomic Environment Expected to Persist In 2017

The Nigerian economy contracted in 2016 by -1.5%, as low oil prices and disruption in oil installations counteracted the government's growth plans. In addition to this, we witnessed the inability of the Central Bank of Nigeria to significantly impact price stability through foreign exchange supply, as higher food, transport and energy prices coupled with low fiscal and economic activity as well as dampened consumer and investor sentiments.

Nevertheless, there are silver linings for the economy. The recent OPEC deal with some non-OPEC members, to cut about 2 million barrels from daily production in November 2016 sent Brent Crude prices soaring past the $50/barrel mark ($57/barrel; January 2017). It is hoped that this price increase would be complemented by oil throughput, providing the needed tailwinds to improve economic activity in 2017. In addition, we expect the government to release its audacious economic plan, particularly towards self-sufficiency and infrastructure.

Nigeria's GDP Growth for 2017 according to the IMF, is forecasted at 0.8% while inflation in 2017 is expected to trend downward in the long run, in response to adjustments to 2016 policies. However, this would only be attainable through clear, targeted economic policies while installing and instilling continued institutional reforms.

Financial Scorecard

The Bank continued to record improved performances, as gross earnings in 2016 grew by 17.36% from ₦45.79 billion in 2015 to ₦53.83 billion. Profit before Tax (PBT) and Profit after Tax (PAT) increased by 9.36% and 14.1% respectively to ₦3.27 billion and ₦2.59 billion against ₦2.99 billion and ₦2.27 billion in 2015.

Total Assets as at December 2016 stood at ₦421 billion representing a 6% increase over the ₦397 billion recorded in the corresponding period of 2015 as loans to customers rose by 23% to close the 2016 year at ₦227 billion from ₦186 billion recorded in 2015.

The Bank during the year maintained its Non-Performing Loans (NPL) at 5.07% despite the challenging macro-economic environment. Furthermore, the Bank continues to record growth in its retail deposit drive, as the Wema brand gains continued acceptance. Savings deposit grew by 27.6% from ₦35.58 billion to ₦45.40 billion while current account deposit grew by 2% from ₦86.29billion to ₦87.85 billion.

Our Strategic Focus

In our continued bid to constantly review our business model, the Bank re-affirmed four (4) key determinants namely Innovation and Technology, Fostering Relationship, Risk Management and National footprint. We strongly believe that these success factors would aid the attainment of our strategic objective, bordering on Expertise, Excellence and Efficiency (3Es).

The Bank will continue to optimise its balance sheet whilst streamlining our processes and driving efficiency. Furthermore, the Bank will continue to focus on value creation for our esteemed customers and particularly our shareholders.

Promoting Financial Inclusion

At Wema Bank, we strongly align ourselves with the financial inclusion drive of the Central Bank of Nigeria. The future of our industry is intrinsically linked to increased participation by Nigerians across the various spectra of life.

In 2016, and by way of deepening financial inclusion, your Bank commissioned its first Mobile Branch. The Mobile Branch allows us to literally drive our touch point to areas where there are limited banking services available to the community. It also ensures that we continue to provide uninterrupted financial services to support locations where banking operations have been affected due to various reasons. The Mobile Branch represents one component of the entire Wema Bank Financial Inclusion Ecosystem.

The Bank launched its USSD banking platform called *945# during the year. The platform enables our customers, anywhere in the country to transfer funds, monitor their accounts, buy airtime, open accounts and pay bills all from their mobile phones.

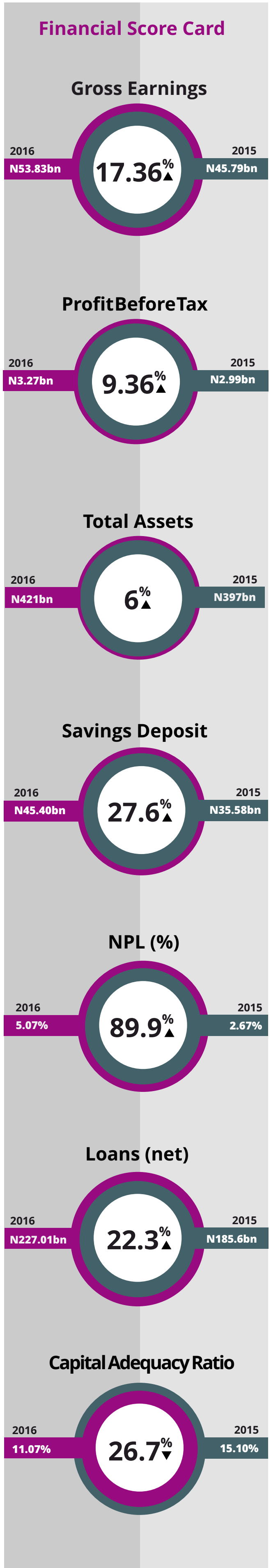
The Bank places significant emphasis on driving participation across our entire alternate platforms. Measurement tools in the Bank have been refocused to ensure significant improvement amongst staff in technology know-how and pushing out platforms that will enrich our customer's businesses and daily activities.

Achievements

In the course of the 2016 financial year, your bank recorded significant success in various areas worth enunciating. As stated earlier, we launched the Bank's Mobile Branch as part of our Financial Inclusion drive.

In spite of the tremendous challenges we faced as a bank in 2016, the Bank maintained both its international and domestic Long-Term National Rating at (BBB-) with a Stable Outlook. We remain investment grade and this is particularly important as we seek to attract new investment into the bank to allow us grow our business in 2017.

Also during the year, the Bank executed its long-term strategic goal to partner with key institutions within the Telecommunication space. In December 2016, we successfully launched the *945*10# Initiative, also known as "WemaEasySavers" in partnership with Etisalat. The project will expose customers of both institutions to best-in-class banking service and connectivity.



Customers on the Etisalat platform will be able to open Wema accounts from their mobile phone via the *945*10# platform. We are confident that the partnership will be successful and boost our customer acquisition drive in 2017.

In 2016, the Bank set up The Wema Digital Lab, which has developed a digital product suite, named ALAT. Our digital offering intends to revolutionize the digital banking landscape as we press on to deliver Africa's first truly digital bank. ALAT is a new and distinct Digital offering, with a value proposition centered around convenience and reliability. ALAT will facilitate an end-to-end digital Minimum Viable Product targeted at the identified market segments (Youth, Young Professionals and Young Entrepreneurs). We expect to acquire a minimum of 300,000 customers in the first three months.

These new customers will significantly change the demographic of the Bank's existing customer base. They will have a natural predilection towards technology and utilising the full basket of alternative platform offerings from ALAT. We envisage that the bulk of these customers will be youths. These individuals that will allow the Bank utilise its single most important strength; building relationships that will endure for decades to come.

Technology will be the single most important disruptor to the Banking system in the coming years. With ALAT, we are positioning ourselves at the forefront of this inevitable disruption as market leaders.

Corporate Governance

The Bank received approval from the Central Bank of Nigeria (CBN), confirming Mr. Ademola Adebise as the substantive Deputy Managing Director of the Bank. Ademola served as an Executive Director prior to this confirmation and has been instrumental to the transformation and growth of the Bank till date.

I would like to congratulate Ademola on his confirmation and I strongly believe that he will discharge the duties of his new office with the highest humility and to the benefit of all concerned. I pray that the almighty God will strengthen him for the responsibilities ahead.

OUTLOOK FOR 2017

I am very optimistic about the future of our economy and the country, given the current administration's economic plans – such as easing the cost of doing business while instituting reforms aimed at promoting efficiency in the public sector and weaning the nation off its dependence on oil through diversification.

As a Bank, we look forward to 2017 with continued optimism in terms of performance and profitability, though not without expected headwinds. We will continue to leverage on technology as our competitive edge. The strategic partnership between Wema Bank and Etisalat on the WemaEasySavers Initiative elicits great optimism for 2017 and we expect significant improvements in customer acquisition and technology adoption within the Bank.

In 2017, we are also placing significant emphasis on ensuring that our customers enjoy quality and convenient banking services. Our commitment to delivering quality service has never been greater. Internal metrics and financial commitments, through the upgrades of all our touchpoints, have been refocused on the Bank's Purple Rules and our commitment to ensure we deliver a delightful and memorable customer service experience.

We have continued to make progress in the transformation of the Bank in the last few years and we are particularly pleased with our achievements in the 2016 financial year, despite the particularly challenging operating environment. This has given us greater confidence that in 2017, we are better equipped to serve our shareholders and customers better.

Thank you for your continued support and loyalty.

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

Directors' Report

For the Year Ended 31 December 2016

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 2016.

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 on 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 to operate in Nigeria.

Reporting Entity

Wema Bank Plc (the Bank) is a company domiciled in Nigeria. The address of the Bank's registered office 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 as Registrar and Oluwole Ajimisinmi as Company Secretary/Legal Adviser.

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

	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Gross earnings	53,948,848	53,834,407	45,869,441
Profit on ordinary activities before taxation	3,245,145	3,276,365	2,991,458
Taxation	(684,565)	(684,565)	(718,253)
Profit on ordinary activities after taxation	2,560,580	2,591,800	2,273,205
Profit attributable to equity holders	2,560,580	2,591,800	2,273,205
Appropriation:			
Transfer to statutory reserve	777,540	777,540	698,183
Transfer to general reserve	1,783,040	1,814,260	1,575,022
Basic earnings per share	6.6K	6.7K	5.9K
Total non-performing loans to gross loans	5.07%	5.07%	2.67%

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.	Name of Director	Position	Holdings in 2016	Holdings in 2015
1	Mr. Adeyinka Asekun	Chairman	50,000	-
2	Mr. Segun Oloketuyi	MD/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	1,750,000,000	-
9	Mr. Ademola Adebise	Executive Director	10,265	10,265
10	Mr. Moruf Oseni	Executive Director	-	-
11	Mr. Oluwole Akinleye	Executive Director	632,950	-
12	Mrs. Folake Sanu	Executive Director	12,677	-

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. Abolanle Matel-Okohn and Adebode Adefioye will retire by rotation and being eligible, offer themselves for re-election.

Pursuant to Section 249 of the Companies and Allied Matter Act of Nigeria, The Board appointed Mr. Babatunde Kasali as a Non Executive Director to fill a casual vacancy on the board. The appointment of Babatunde Kasali has been approved by the Central Bank of Nigeria and will be presented for shareholders approval at this meeting.

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

Directors have no interest in any contract in the year under review.

Property and Equipment

Information relating to changes in property and equipment is given in Note 22: 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 Executive Contract of the Executives.

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.

Shareholding Analysis

Wema Bank Plc Shareholdings Pattern/Range Analysis as at 31 December 2016

Share Range			Number of Shareholders	Shareholders %	Number of Holdings	Shareholding %
1	-	1,000	29,499	12.02	15,103,729	0.04
1,001	-	5,000	146,979	59.88	305,709,677	0.79
5,001	-	10,000	28,859	11.76	200,309,995	0.52
10,001	-	50,000	30,954	12.61	621,733,334	1.61
50,001	-	100,000	4,584	1.87	328,067,692	0.85
100,001	-	500,000	3,803	1.55	720,740,441	1.87
500,001	-	1,000,000	361	0.15	260,427,096	0.68
1,000,001	-	5,000,000	340	0.14	641,940,744	1.66
5,000,001	-	10,000,000	30	0.01	204,232,362	0.53
10,000,001	-	500,000,000	51	0.02	4,953,001,786	12.84
500,000,001	-	1,000,000,000	8	0.00	4,922,725,909	12.76
1,000,000,000	and	Above	8	0.00	25,400,473,316	65.85
		TOTAL:	**245,476**	**100.00**	**38,574,466,081**	**100.00**

Wema Bank Plc Shareholdings Pattern/Range Analysis as at 31 December 2015

Share Range			Number of Shareholders	Shareholders %	Number of Holdings	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	6	0.00	3,881,215,325	10.06
1,000,000,000	and	Above	4	0.00	26,928,538,713	69.81
		TOTAL:	245,997	100.00	38,574,466,081	100.00

Substantial Interests in Shares

According to register of members, as at 31 December 2016, the following shareholders held more than 5% of the issued share capital of the Bank:

S/No	Name	Holding	% Holding
1	NEEMTREE LIMITED	10,623,226,546	27.54
2	ODUA INVESTMENT	3,857,446,608	10.01
3	PETROTRAB LIMITED	3,295,880,000	8.54
4	SW8 INVESTMENT LTD	3,095,569,669	8.02

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

S/No	Name	Holding	% Holding
1	FIRST PENSION CUSTODIAN/ASSET MANAGEMENT CORPORATION OF NIGERIA	13,470,031,454	34.92
2	NEEMTREE LIMITED	7,067,057,590	18.32
3	PETROTRAB LIMITED	3,295,880,000	8.54
4	SW8 INVESTMENT LTD	3,095,569,669	8.02

The Bank made contributions to charitable and non-political organizations amounting to ₦30,200,000 (31 December 2015: ₦32,427,765) during the year, as listed below:

		N'000
1	Lagos Archives & Property Litigation Reg	20,000.00
2	Ogun @ 40 and Investor's Forum	8,000.00
3	Economic Communication Seminar	1,500.00
4	Other Donations	700.00
	Total	**30,200.00**

Several other humanitarian services were rendered during the year under the Purple Nectar Campaign programme totaling ₦5,300,000; This was in the form of health grants given to eleven beneficiaries.

Events after reporting date

a. The balance due to Central Bank of Nigeria amounting to ₦6.42billion (Note 30) has been paid by the bank in January 2017 and the Bank received a letter from the Central Bank of Nigeria on 21 February 2017 confirming the full settlement of the financial accommodation of ₦50bilion granted to the bank in October 2009.

b. As a follow up to the resolution at the annual general meeting held on 6 May, 2016 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.

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 strict 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 operates 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 in the bank during the financial year vis-à-vis total workforce is as follows:

Total Employees

Male	Female	Total	Male	Female
562	449	1011	56%	44%

Board & Top Management	Male	Female	Total	Male	Female
Assistant General Manager	11	3	14	79%	21%
Deputy General Manager	5	1	6	83%	17%
General Manager	3	0	3	100%	0%
Executive Director	2	1	3	67%	33%
Deputy Managing Director	1	0	1	100%	0%
Managing Director	1	0	1	100%	0%
Non-Executive Director	4	3	7	57%	43%
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 Bank are listed below:

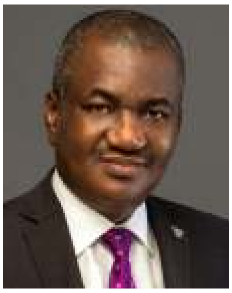
Hotlines:	08039003700, 01-2777700
Email:	purpleconnect@wemabank.com
SMS:	07051112111
Live Chart:	www.wemabank.com
Letters:	Consumer Protection Unit, Customer Service Management Department, 54, Marina, Lagos

Auditors

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

BY ORDER OF THE BOARD

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



3 March 2017

Board of Directors

ADEYINKA ASEKUN
CHAIRMAN, BOARD OF DIRECTORS

SEGUN OLOKETUYI
MANAGING DIRECTOR/CEO

Ademola Adebise
Deputy Managing Director

Moruf Oseni
Executive Director

Wole Akinleye
Executive Director

Folake Sanu
Executive Director

Adebode Adefioye
Non-Executive Director

Abubakar Lawal
Non-Executive Director

Samuel Durojaye
Non-Executive Director

Tina Vukor-Quarshie
Independent Non-Executive

Omobosola Ojo
Independent Non-Executive

Abolanle Matel-Okoh
Non-Executive Director

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 and a Non Executive Director at E-Tranzact International Plc.

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
Deputy Managing Director

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.

He is currently on the Board of AIICO Insurance Plc, AIICO Pensions Management Ltd and FITC

Moruf Oseni
Executive Director
Retail & North Directorate

Moruf Oseni is an Executive Director on the board of Wema Bank Plc with oversight responsibility for the Retail Products and e-Business as well as the North Directorate.

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.

He is currently a Director in Continental Broadcasting Limited.

Profile of Directors

Wole Akinleye
Executive Director
South-West Directorate

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.

His work experience cuts 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 Directorate

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 Lafarge Africa Plc, Eterna Plc, 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. Mr. Lawal is the Managing Director/CEO of GTI Capital Ltd, He is happily married with children.

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.

'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 Guaranty 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.

Executive Management

Segun Oloketuyi
Managing Director/CEO

Ademola Adebise
Deputy Managing Director

Moruf Oseni
Executive Director

Wole Akinleye
Executive Director

Folake Sanu
Executive Director

General Managers

Olusoji Jenyo
Divisional Head, Business Support

Okon Okon
Regional Executive, South-South Business Group

Oluwole Ajimisinmi
Company Secretary/Legal Adviser

Deputy General Managers

Henry Alakhume
Head, Corporate Banking Group

Olukayode Bakare
Treasurer

Olanrewaju Ajayi
Head, Project Finance & Power

Tunde Mabawonku
Chief Financial Officer

Olufunke Okoli
Head, Human Capital Management

Tolulope Adegbie
Regional Manager, Lagos Island

Assistant General Managers

Adedotun Ifebogun
Head, Retail & SME Banking

Dele Adeyinka
Head, Digital Bank (ALAT)

Funke Irabor
Regional Manager, Ogun Region

Jide Bello
Regional Manager, North

Assistant General Managers contd.

Olajide Omole
Regional Manager, Ikeja

Rotimi Badiru
Head, Branch & Central Operations

Sylvanus Eneche
Ag. Chief Risk Officer

Opeyemi Okhelen
Chief Compliance Officer

Oluwatoyin Karieren
Head Internal Control

Adeoluwa Komolafe
Chief Information Security Officer

Onitiri Kunle
Chief Inspector

Olufemi Olowoyeye
Regional Manager Apapa

Olaitan Sunday
Regional Manager, Oyo & Osun

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 group financial statements that give a true and fair view of the financial position of the Group as at 31 December 2016, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011 and Bank and Other Financial Institutions Act Cap B3 LFN 2004.

In preparing the Consolidated 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 an assessment 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 Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS.

- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS.
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

Going Concern:

The Directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the Group will not remain a going concern in the year ahead.

The consolidated financial statements of the Group for the year ended 31 December 2016 were approved by the Board of Directors on March 3, 2017

On behalf of the Directors of the Group

Adeyinka Asekun	Segun Oloketuyi	Tunde Mabawonku
Chairman	Managing Director/CEO	Chief Financial 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 Group 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 2016 were satisfactory and reinforce the Group'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 N7,279billion (31 December 2015: N12,898billion) was outstanding as at 31 December 2016 of which Nil (31 December 2015: 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 Group's system of accounting and internal control.

Prince Adekunle Olodun*
Chairman, Audit Committee
27, February, 2017

Members of the Audit Committee are:

1. Prince Adekunle Olodun	-	Chairman
2. Mr. Anosike 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

*waiver granted by Financial Reporting Council of Nigeria

Deloitte.

Independent Auditors Report

To the Shareholders of Wema Bank Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Wema Bank Plc (the Bank) and its subsidiaries (together referred to as the Group)which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity, consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated financial position of Wema Bank Plc as at 31 December 2016 and the consolidated and separate financial performance and statement of 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,Banks and Other Financial Institutions Act Cap B3 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Loan Loss Impairment</td></tr>
<tr><td>Loans and advances make up a significant portion of the total assets of Wema Bank Plc, with the total risk assets portfolio of about N 227billion (Note 18) representing about 54 % of the Bank's total assets.

WEMA Bank Plc has an impairment model that is applied to loans and advances. The methodology addresses the two types of impairments being specific and collective impairments.

The Bank determines collective impairment charges on loans and advances that are not assessed for individual impairment in accordance with the requirement of IAS 39–Financial Instruments: Recognition and Measurement. The impairment model uses parameters for the determination of capital related to credit risk i.e Probability of Default (PD), Loss Given Default (LGD), Emergence period (EP) , Exposure at Default(EAD).

Certain loans are further assessed for specific impairment.

Specific impairment is calculated on significant loans that have been assessed and determined to be individually impaired and these loans are not collectively assessed for impairment.

This is considered a key audit matter because it is an area that involves significant estimates and judgement.</td><td>Our audit procedures to assess the loan loss impairment included the following:

· We obtained an understanding of the controls in place by the client and determine whether these controls have been appropriately designed and implemented?
· We assess the loan portfolio of the bank to determine
· the appropriateness of the impairment at the end of the financial year by performing procedures around the aging of the loan portfolio to determine whether the numbers used in the model is appropriate.
· Considered the appropriateness of the model and methodology used by the Bank and whether it is in line with the requirements of IAS 39 with the assistance of an internal specialist.

For the collective impairment, the loan balances that fall within this category were assessed by challenging the Probability of Default (PD), Loss Given Default (LGD) and Emergence Period (EP) used by the Directors in determining the impairment.

For specific impairments, we performed procedures to determine whether:

· The Credit Policy of the Bank was appropriately applied.
· Only collaterals that has been legally enforceable by the Bank have been included.
· The perfected/realizable collateral provided by the customers are eligible and/or ineligible in the evaluation of the estimated future cash flows.

Based on our review and the analysis of the bank's process, the methodology " and assumptions" applied by the bank, we reasonably concluded that these assumptions appears reasonable.</td></tr>
</table>

Deferred Taxation Deferred tax assets (as disclosed in note 24) have been written down to N22billion in the current year to the extent that it is probable that future potential tax deductions will be available to realise the deferred tax asset. As this required judgement from the directors in estimating future taxable income, deferred tax has been identified as a key audit matter.	The audit team obtained deferred tax calculation prepared by the Client and trace the financial position and profit or loss figures to the general ledger. We involved Deloitte tax specialist to assess the recognition and measurement of the deferred tax assets and liabilities. This included: · Analysing the calculation for compliance with Nigerian tax legislation. · Evaluating the directors' assessment of the estimated manner in which the timing d ifferences, including the recoverability of the deferred tax assets, would be realized by comparing this to evidence obtained in respect of other areas of the audit, including cash flow forecasts, business plans, minutes of directors' meetings and our know ledge of the business. Challenging the assumptions made by the directors for uncertain deferred tax positions to assess whether sufficient deferred tax provisions have been recognised and are based on the most probable outcome. We test checked the arithmetical accuracy of the client's calculations. Based on the audit procedures we concur with the directors that it was appropriate to limit the deferred tax asset recognized in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditor's report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004,Banks and Other Financial Institutions Act Cap B3 LFN 2004,Financial Reporting Council Act,2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable from such communication.

Report on Other Legal and Regulatory Requirements

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 believe were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company'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 BOFIA 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

31 March, 2017

Report of the External Consultant on the Appraisal of the 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 2016. 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 2016 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 the process for monitoring implementation of Board decisions, the whistle-blowing process and evaluation of executive management.

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

13 March, 2017

04

Financial Statements and Notes to The Account

Statement of Profit or loss and other Comprehensive Income

For the year ended 31 December 2016

In thousands of Nigerian Naira		Group	Bank	Bank
		31-Dec-16	**31-Dec-16**	**31-Dec-15**
Interest income	7	44,560,461	44,446,020	37,128,085
Interest expense		(25,910,283)	(25,765,627)	(19,408,466)
	7			
Net interest income		**18,650,178**	**18,680,393**	**17,719,619**
Net impairment write back/(loss) on financial assets	11	(412,401)	(412,401)	77,640
Net interest income after impairment charge for credit losses		**18,237,777**	**18,267,992**	**17,797,259**
Net fee and commission income	8	6,190,739	6,190,739	5,605,197
Net trading income	9	2,123,108	2,123,108	1,781,836
Other income	10	1,486,942	1,486,942	1,276,683
		9,800,789	9,800,789	8,663,716
Operating income		**28,038,566**	**28,068,781**	**26,460,975**
Personnel expenses	12	(10,352,321)	(10,352,321)	(9,844,548)
Depreciation and amortization	13 b	(2,308,497)	(2,308,497)	(2,250,024)
Other operating expenses	13a	(12,132,603)	(12,131,598)	(11,374,945)
Profit before tax		**3,245,145**	**3,276,365**	**2,991,458**
Income tax expense	28	(684,565)	(684,565)	(718,253)
Profit for the year		**2,560,580**	**2,591,800**	**2,273,205**
Other comprehensive income, net of income tax				
Items that will not be subsequently reclassified to profit or loss				
Re-measurement of defined benefit obligation		(165,850)	(165,850)	54,070
Items that will be subsequently reclassified to profit or loss				
Fair value gain/(loss) on available-for-sale investments		11,894	11,894	(31,815)
Other comprehensive income for the year, net of income tax		(153,956)	(153,956)	22,255
Total comprehensive income for the year		2,406,624	2,437,844	2,295,460
Profit attributable to:				
Equity holders of the Bank		2,560,580	2,591,800	2,273,205
Total comprehensive income for the year		2,406,623	2,437,843	2,295,460
Earnings per share-basic	14	6.6	6.7	5.9

The notes on pages 71 to 165 are an integral part of these financial statements

Statement of Financial Position

as at December 31, 2016

Statement of financial Position
As at 31 December, 2016

	Notes	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
In thousands of Nigerian Naira				
Cash and cash equivalents	15a	27,623,945	27,608,708	56,583,610
Restricted Deposit with CBN	15b	48,161,682	48,161,682	53,386,069
Pledged assets	16	16,419,725	16,419,725	16,455,942
Investment securities:				
Available for sale	17a	3,158,208	3,159,208	7,630,131
Held for trading	17b	238,036	238,036	4,688,492
Held to maturity	17c	58,679,662	55,871,354	28,788,648
Loans and advances to customers	18	227,008,550	227,008,550	185,596,590
Investment properties	21	361,798	361,798	393,547
Property and equipment	22	16,614,465	16,614,465	15,967,711
Intangible assets	23	400,017	400,017	488,110
Other assets	25	3,207,791	3,207,791	4,194,762
Deferred tax assets	24	22,169,702	22,169,702	22,569,702
		424,043,581	**421,221,036**	**396,743,314**
Deposits from banks	26	37,433,906	37,433,906	-
Deposits from customers	27	283,302,604	283,328,215	284,977,836
Current tax liabilities	28	349,245	349,245	382,694
Other liabilities	29	22,392,756	22,324,495	12,949,273
Other borrowed funds	30	32,093,404	29,282,289	52,289,916
Obligations under finance lease	31	932	932	79,485
		375,572,847	372,719,082	350,679,204
EQUITY				
Share capital	32	19,287,233	19,287,233	19,287,233
Share premium	32	48,870,107	48,870,107	48,870,107
Regulatory risk reserve		8,402,592	8,402,592	3,644,042
Retained earnings	32	(39,158,766)	(39,127,546)	(36,017,406)
Other reserves		11,069,568	11,069,568	10,280,134
EQUITY ATTRIBUTABLE TO		**48,470,734**	**48,501,954**	**46,064,110**
EQUITY HOLDERS OF THE BANK				
TOTAL EQUITY		48,470,734	48,501,954	46,064,110
TOTAL LIABILITIES AND EQUITY		**424,043,581**	**421,221,036**	**396,743,314**

The notes on pages 71 to 165 are an integral part of these financial statements
The financial statements were authorised for issue by the directors on 3 March, 2017

Adeyinka Asekun
Chairman
FRC/2013/IOD/00000003818

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

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

Statement of Changes in Equity

as at December 31, 2016

Group

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2016								
Balance at 1 January 2016	19,287,233	48,870,107	3,644,042	9,558,428	526,908	194,798	(36,017,406)	46,064,110
Total comprehensive income:								
Profit or loss	-	-		-	-		2,560,580	2,560,580
Other comprehensive income								
Re-measurement of defined benefit obligation							(165,850)	(165,850)
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	11,894	-	11,894
Total other comprehensive income	-	-		-	-	11,894	(165,850)	**(153,956)**
Total comprehensive income for the period	**19,287,233**	**48,870,107**	**3,644,042**	**9,558,428**	**526,908**	**206,692**	**(33,622,676)**	**48,470,734**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve	-	-	4,758,550	-	-	-	(4,758,550)	**-**
Transfer to Statutory reserve	-	-	-	777,540	-	-	(777,540))	-
Total contribution and distributions to owners	-	-	4,758,550	777,540	-	-	(5,536,090)	**-**
Balance at 31 December 2016	**19,287,233**	**48,870,107**	**8,402,592**	**10,335,968**	**526,908**	**206,692**	**(39,158,766)**	**48,470,734**

Statement of Changes in Equity

as at December 31, 2016

Company

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2015								
Balance at 1 January 2015	19,287,233	48,870,107	791,206	8,860,245	526,908	226,613	(34,793,662)	**43,768,650**
Total comprehensive income:								
Profit or loss	-	-		-	-		2,273,205	**2,273,205**
Other comprehensive income								
Re-measurement of defined benefit obligation							54,070	**54,070**
Fair value reserve (available-for-sale) financial assets	-	-		-	-	(31,815)	-	**(31,815)**
Total other comprehensive income	**-**	**-**		**-**	**-**	(31,815)	54,070	**22,255**
Total comprehensive income for the period	**19,287,233**	**48,870,107**	**791,206**	**8,860,245**	**526,908**	**194,798**	**(32,466,387)**	**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 reserves				698,183			(698,183)	-
Total contribution and distributions to owners	-	-	2,852,836	698,183	-	-	(3,551,019)	-
Balance at 31 December 2015	**19,287,233**	**48,870,107**	**3,644,042**	**9,558,428**	**526,908**	**194,798**	**(36,017,406)**	**46,064,110**
2016								
Balance at 1 January 2016	19,287,233	48,870,107	3,644,042	9,558,428	526,908	194,798	(36,017,406)	**46,064,110**
Total comprehensive income:								
Profit or loss	-	-		-	-		2,591,800	**2,591,800**
Other comprehensive income								
Re-measurement of defined benefit obligation							(165,850)	**(165,850)**
Fair value reserve (available-for-sale) financial assets	-	-		-	-	11,894	-	**11,894**
Total other comprehensive income	-	-		-	-	11,894	(165,850)	**(153,956)**
Total comprehensive income for the period	**19,287,233**	**48,870,107**	**3,644,042**	**9,558,428**	**526,908**	**206,692**	**(33,591,457)**	**48,501,954**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve			4,758,550				(4,758,550)	**-**
Transfer to Statutory reserve				777,540			(777,540)	
Total contribution and distributions to owners	-	-	4,758,550	777,540	-	-	(5,536,090)	**-**
Balance at 31 December 2016	**19,287,233**	**48,870,107**	**8,402,592**	**10,335,968**	**526,908**	**206,692**	**(39,127,546)**	**48,501,954**

Statement of Prudential Adjustments

as at December 31, 2016

	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Impairment - IFRS			
Loans and Advances:			
- Collective	696,370	696,370	1,098,416
- Specific	2,136,061	2,136,061	1,327,916
	2,832,431	**2,832,431**	**2,426,332**
Other Financial Assets:			
- Long Term investments	-	-	-
- Other Assets	3,694,646	3,694,646	3,637,495
	3,694,646	**3,694,646**	**3,637,495**
Total	**6,527,077**	**6,527,077**	**6,063,826**
Impairment - Prudential Guidelines			
Loans and Advances:			
- General	4,363,818	4,363,818	3,153,562
- Specific	6,871,205	6,871,205	2,916,812
	11,235,023	**11,235,023**	**6,070,374**
Other Financial Assets:			
- Long Term investments	-	-	-
- Other assets	3,694,646	3,694,646	3,637,495
	3,694,646	**3,694,646**	**3,637,495**
Total	**14,929,669**	**14,929,669**	**9,707,869**
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	**8,402,592**	**8,402,592**	**3,644,042**

Statement of Cash Flows

For the year ended 31 December 2016

In thousands of Nigerian Naira	Notes	Group 31 December 2016	Bank 31 December 2016	Bank 31 December 2015
Cash flows from operating activities				
Profit for the year		2,560,580	2,591,800	2,273,205
Adjustments for:				
Taxation expense	28	684,565	684,565	718,253
Depreciation and amortization		2,308,498	2,308,498	2,250,025
Adjustment for transfer out of PPE now expensed		5,459	5,459	28,365
Adjustment amortisation write back				(95,521)
(Gain)/Loss on disposal of property and equipment	10	(4,029)	(4,029)	3,429
Benefit in Kind		20,317	20,317	-
Specific provision on cash	15,a	(9,407)	(9,407)	86
Net interest income		(18,650,178)	(18,680,393)	(17,719,619)
Dividend received from equity investment		(27,448)	(27,448)	(56,057)
Impairment loss on financial assets		590,783	590,783	(77,640)
		(12,520,861)	(12,519,856)	(12,675,474)
Change in pledged assets		36,217	36,217	9,319,709
Change in loans and advances to customers		(41,818,059)	(41,818,059)	(36,225,101)
Change in other assets		819,440	819,440	15,369,072
Change in deposits from banks	26	37,433,906	37,433,906	(3,243,218)
Changes in interest payable on bank takings		-		-
Change in restricted deposit with CBN		5,224,387	5,224,387	-
Change in deposits from customers		(1,675,232)	(1,649,621)	26,021,358
Change in other liabilities		9,320,681	9,252,420	(4,555,839)
		(3,179,521)	(3,221,165)	(5,989,493)
Income tax paid	28	(318,014)	(318,014)	(274,095)
Interest received		44,560,461	44,446,020	37,128,085
Vat paid		(121,600)	(121,600)	(235,035)
Interest paid		(25,037,469))	(24,892,813))	(15,953,189)
Net cash from operating activities		**15,903,857**	**15,892,427**	**14,676,273**
Cash flows from investing activities				
Net disposal of investment securities-HTM		(29,891,014)	(27,082,706)	8,701,283
Acquisition of investment securities-AFS		4,483,817	4,482,817	(6,015,940)
Change in trading assets		4,450,456	4,450,456	(2,580,090)
Adjustment to fair value loss/gain		-	-	(31,815)
Dividend received from equity investment		27,448	27,448	56,057
Acquisition of property and equipment	22	(2,841,744)	(2,841,744)	(3,438,952)
Proceeds from sale of associate			-	2,964,626
Proceeds from the sale of property and equipment		31,031	31,031	26,364
Proceeds from the sale of investment property		24,099	24,099	
Acquisition of intangible assets		(87,696)	(87,696)	(380,899)
Net cash used in investing activities		**(23,803,603)**	**(20,996,295)**	**(699,366)**
Cash flows from financing activities				
Change in other borrowed funds		(20,196,512)	(23,007,627)	(6,091,812)
Interest paid on CBN financial accommodation loan	7	(872,814)	(872,814)	(3,455,277)
Net cash from financing activities		**(21,069,326)**	**(23,880,441)**	**(9,547,089)**
Net increase in cash and cash equivalents		(28,969,072)	(28,984,309)	4,429,818
Cash and cash equivalents at beginning of period		56,593,017	56,593,017	52,163,199
Cash and cash equivalents at end of period	**15**	**27,623,945**	**27,608,708**	**56,593,017**

The notes on pages 71 to 165 are an integral part of these financial statements

Notes to the Financial Statements

1 Reporting Entity

Wema Bank Plc (the "Bank") is a Company domiciled in Nigeria. The address of the Bank's registered office is 54 Marina, Lagos, Nigeria. The Bank is primarily involved in investment, corporate, commercial and retail banking. The bank has a wholly owned subsidiary which is WEMA Bank Funding SPV Plc.

1.1 Going Concern

The Bank received its national banking license from Central Bank of Nigeria in November 2015 and now operates as a National Bank as against its previous status as a regional bank.

Based on the current capitalization position of the bank, the Directors expects 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.

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 requirement 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 Group'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 consolidated 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.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the bank and its subsidiary (Wema Bank Funding SPV Plc). The subsidiary is controlled by the bank. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Total comprehensive income of subsidiaries is attributed to the owners of the Bank. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by the Group

The wholly owned subsidiary was incorporated in Nigeria on the 30th of June, 2016 (Registration Number 1345745) as a public limited company under the name of Wema Bank Funding SPV Plc. The special purpose vehicle carries on business at Wema Towers, 54 Marina, Lagos. It has no subsidiary or affiliate. It was established as a special purpose vehicle for the purpose of issuing bonds to fund working capital, enhance liquidity and enhance its capital base of the Bank.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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) Foreign currency

The financial statements are presented in Nigerian 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.

(c) 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.

(d) 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 relates mainly to transaction and service fees, which are expensed as the services are received.

(e) 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.

(f) 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.

(g) 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 aconstant rate of interest on the remaining balance of the liability.

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.

(h) 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.

(i) 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(i), (r) and (t).

(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.

(j) 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.

(k) 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 is 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.

(l) 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.

(m) 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 i (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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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 2016under 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, 2016 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, 2016
Discount rate	16%
Expected rate of salary increase	13%
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 (years)
Males	562
Females	449
Others (described)	N/A

	Group	**Bank**	**Bank**
	31-Dec-16	**31-Dec-16**	**31-Dec-17**
Current Service Cost	82,494	82,494	166,424
Past Service Cost	352,076	352,076	-
Total Current Service Cost	434,570	434,570	166,424
Interest Cost	65,925	65,925	142,748
Interest Income	(49,061)	(49,061)	(150,190)
	451,434	**451,434**	**158,982**

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, 2016. 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	50% of monthly emolument *5
6	60% of monthly emolument *6
7	70% of monthly emolument *7
8	80% of monthly emolument *8
9	90% of monthly emolument *9
10 and above	100% of monthly emolument *10

Appendix 2 - Summary of Active Membership Data
As at 31 December, 2016

Age Band	Count	Total Annual Emolument
21 – 25	8	12,162,932
26 – 30	97	152,394,971
31 – 35	313	606,786,495
36 – 40	308	865,029,364
41 – 45	208	985,986,672
46 – 50	58	426,972,280
51 – 55	17	134,679,341
Above 55	2	60,579,780
Total	**1011**	**3,244,591,835**

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.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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.

(aa)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".

(ab) Application of new and revised International Financial Reporting Standards (IFRSs)

1.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1st January 2016.

Amendments to IFRS 10. IFRS 12 and lAS 28 Investment Entities: Applying the Consolidation Exception
The Group has applied these amendments for the first time in the current year. 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. The amendments also 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.
The application of these amendments has had no impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The Group has applied these amendments for the first time in the current year. The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes 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 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.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group did not have any such transactions in the current year.

Amendments to IAS 1 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

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

The Group has applied these amendments for the first time in tne current year. 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; or
b) when it can be demonstrated that revenue and consumption of the economic benefits ofthe intangible asset are highly correlated.

As the Group already uses the straight line method for depreciation and amortisation for its property, plant and equipment and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The Group has applied these amendments for the first time in the current year. The amendments 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. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Annual Improvements to IFRSs 2012-2014 Cycle

The Group has applied these amendments for the first time in the current year. The Annual Improvements to IFRSs 2012-20/4 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.

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Transactions[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[4] Effective for annual periods beginning on or after a date to be determined.

IFRS 9 Financial Instruments

(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.
- 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 deliberation 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.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-to-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of 0.932 miliion. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognlse a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement and in cases where the Group is a lessor (for both operating and finance leases), the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

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

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   I) the original liability is derecognised;
   ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that 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 effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted.

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the following:

1. Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
2. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1st January 2017 with earlier application permitted.

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements
.

4(a) 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 i (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 i (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 Group's accounting policies include:

(I) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note i (viii)
The Group 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:

Group
In thousands of Nigerian Naira

31 December 2016	Level 1	Level 2	Level 3	Total
Trading assets	238,036	-	-	238,036
Investment securities	3,017,863	140,345	-	3,158,208
	3,255,899	**140,345**	**-**	**3,396,244**

Bank

31 December 2016	Level 1	Level 2	Level 3	Total
Trading assets	238,036	-	-	238,036
Investment securities	3,017,863	140,345	-	3,158,208
	3,255,899	**140,345**	**-**	**3,396,244**

31 December 2015	Level 1	Level 2	Level 3	Total
Trading assets	4,688,492	-	-	4,688,492
Investment securities	7,494,721	135,410	-	7,630,131
	12,183,213	**135,410**	**-**	**12,318,623**

(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 Group, which has a national authorization, has six reportable geographical segments, which are the Group'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 Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure.

Geographical segments

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

(i) Group

31-Dec-16

In thousands of Nigerian Naira	**South-West**	**South-South**	**Abuja**	**Lagos**	**Total**
Derived from external customers	9,262,200	1,882,429	2,832,119	39,972,100	53,948,848
Interest and similar expenses	4,229,903	1,026,909	1,767,715	18,885,756	25,910,283
Operating income	5,032,297	855,520	1,064,404	21,086,344	28,038,565
Operating expenses	4,482,814	544,811	729,158	19,036,637	24,793,420
Profit on ordinary activities before taxation	549,483	310,709	335,246	2,049,707	3,245,145
Income tax expense	(115,914)	(65,544)	(70,720)	(432,387)	(684,565)
Profit on ordinary activities after taxation	433,569	245,165	264,526	1,617,320	2,560,580
Assets and liabilities:					
Total assets	105,022,650	16,417,446	21,086,127	281,517,358	424,043,581
Total liabilities	136,870,176	21,359,359	26,212,303	191,131,009	375,572,847
Net Asset	(31,847,526)	(4,941,913)	(5,126,176)	90,386,349	48,470,734

(ii) Bank

In thousands of Nigerian Naira	South-West	South-South	Abuja	Lagos	Total
Derived from external customers	9,262,200	1,882,429	2,832,119	39,857,659	53,834,407
Interest and similar expenses	4,229,903	1,026,909	1,761,658	18,747,157	25,765,627
Operating income	5,032,297	855,520	1,070,461	21,110,502	28,068,780
Operating expenses	4,482,814	544,811	729,158	19,035,632	24,792,415
Profit on ordinary activities before taxation	549,483	310,709	341,303	2,074,870	3,276,364
Income tax expense	(114,809)	(64,920)	(71,312)	(433,524)	(684,565)
Profit/ (loss) on ordinary activities after taxation	434,674	245,789	269,991	1,641,346	2,591,800
Assets and liabilities:					
Total assets	105,022,650	16,417,446	21,086,128	278,694,814	421,221,037
Total liabilities	136,870,176	21,359,359	26,212,303	188,277,245	372,719,083
Net Asset	(31,847,526)	(4,941,913)	(5,126,176)	90,417,569	48,501,954

(iii) Bank

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 on ordinary activities before taxation Income tax expense	460,384	409,317	318,945	1,802,812	2,991,458
Income Tax Expense	(106,431)	(97,248)	(75,575)	(438,999)	(718,253)
Profit on ordinary activities after taxation	353,953	312,069	243,370	1,363,813	2,273,205
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	227,720,325	350,679,204
Net Asset	(19,036,151)	(2,322,181)	(6,891,600)	74,314,042	46,064,110

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

Group

In thousands of Nigerian Naira

			At fair value through P/L	Held-to-maturity	Loans and receivables at amortised cost	Available-for sale	Other amortised cost	Other financial liabilities	Total carrying amount	Fair value
(a)	***31 December 2016***									
	Cash and cash equivalents	15	-	-	-	-	27,623,945	-	27,623,945	27,623,945
	Pledged assets	16	-	16,419,725	-	-	-	-	16,419,725	16,049,228
	Loans and advances to customers	18	-	-	229,840,981	-	-	-	227,008,550	225,035,916
	Investment securities	17	238,036	58,679,662	-	3,158,208	-	-	62,075,906	61,323,265
			238,036	75,099,387	229,840,981	3,158,208	27,623,945	-	333,128,126	330,032,354
	Deposits from banks	26	-	-	-	-	37,433,906	-	37,433,906	37,433,906
	Deposits from customers	27	-	-	-	-	283,302,604	-	283,302,604	283,302,604
	Interest bearing liability	29	-	-	-	-	932	-	932	932
	Other borrowed funds	30	-	-	-	-	-	32,093,404	32,093,404	32,093,404
			-	-	-	-	320,737,442	32,093,404	352,830,846	352,830,846

Bank

In thousands of Nigerian Naira

			At fair value through P/L	Held-to-maturity	Loans and receivables at amortised cost	Available-for sale	Other amortised cost	Other financial liabilities	Total carrying amount	Fair value
(b)	***31 December 2016***									
	Cash and cash equivalents	15	-	-	-	-	27,608,708	-	27,608,708	27,608,708
	Pledged assets	16	-	16,419,725	-	-	-	-	16,419,725	16,049,228
	Loans and advances to customers	18	-	-	229,840,981	-	-	-	227,008,550	225,035,916
	Investment securities	17	238,036	55,871,354	-	3,159,208	-	-	59,268,598	58,543,040
			238,036	72,291,079	229,840,981	3,159,208	27,608,708	-	330,305,581	327,236,892
	Deposits from banks	26	-	-	-	-	37,433,906	-	37,433,906	37,433,906
	Deposits from customers	27	-	-	-	-	283,328,215	-	283,328,215	283,328,215
	Interest bearing liability	29	-	-	-	-	932	-	932	932
	Other borrowed funds	30	-	-	-	-	-	29,282,289	29,282,289	29,282,289
			-	-	-	-	320,763,053	29,282,289	350,045,342	350,045,342

Bank

In thousands of Nigerian Naira

		At fair value through P/L	Held-to-maturity	Loans and receivables at amortised cost	Available-for sale	Other amortised cost	Other financial liabilities	Total carrying amount	Fair value
(c) ***31 December 2015***									
Cash and cash equivalents	15	-	-	-	-	56,583,610	-	56,583,610	56,583,610
Pledged assets	16	-	16,455,942	-	-	-	-	16,455,942	16,350,706
Loans and advances to customers	18	-	-	188,022,922	-	-	-	185,596,590	179,558,1389
Investment securities	17	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	293,096,827
Deposits from banks	26	-	-	-	-		-	-	-
Deposits from customers	27	-	-	-	-	284,977,836	-	284,977,836	284,977,836
Interest bearing liability	29	-	-	-	-	79,485	-	79,485	79,485
Other borrowed funds	30	-	-	-	-	-	52,289,916	52,289,916	52,289,916
		-	-	-	-	285,057,321	52,289,916	337,347,237	337,347,237

In thousands of Nigerian Naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
7 Interest income			
Cash and cash equivalents	609,528	609,528	1,088,571
Loans and advances to banks and customers	38,693,553	38,693,553	30,287,007
Investments securities	5,257,380	5,142,939	5,752,507
Total interest income	**44,560,461**	**44,446,020**	**37,128,085**
Interest expense			
Deposits from banks	3,471,622	3,471,622	829,962
Deposits from customers	21,388,702	21,388,702	15,123,227
Other borrowed funds	1,049,959	905,303	3,455,277
Total interest expense	**25,910,283**	**25,765,627**	**19,408,466**
8 Fees and commission income			
Retail banking customer fees & commissions	2,730,300	2,730,300	2,529,517
Corporate banking customer fees & comm.	1,721,001	1,721,001	2,505,169
Other fees and charges	1,739,438	1,739,438	570,511
Total fee and commission income	**6,190,739**	**6,190,739**	**5,605,197**
9 Net trading income			
Fixed income securities	-	-	257,524
Treasury bills	451,588	451,588	1,299,117
Foreign exchange trading (see (i) below)	1,671,520	1,671,520	225,195
	2,123,108	**2,123,108**	**1,781,836**
10 Other income			
Dividends on available-for-sale equity securities	27,448	27,448	56,057
Gains on disposal of property and equipment	4,029	4,029	-
Rental income (see (ii) below)	45,474	45,474	47,862
Fair value loss writeback	-	-	418,612
Insurance claim received	56,770	56,770	102,229
Income on contingents	368,107	368,107	198,350
Income on deposit accounts	202,675	202,675	203,932
Fund transfer	28,816	28,816	22,630
FX Revaluation (see (iii) below)	611,244	611,244	59,128
Swift transactions	24,855	24,855	45,315
Others	117,524	117,524	122,568
	1,486,942	**1,486,942**	**1,276,683**

(I) Foreign exchange trading income is principally made up of trading income on foreign currencies, as well as gains and losses from revaluation of trading position. The amount reported above are totally from financial assets carried at fair value through profit or loss

(ii) The Bank has a number of investment properties from which rental income is derived. During the year ended 31 December 2016, the Bank spent N7.66million (31 Dec 2015: N5.28million) to generate rental income as disclosed above. Refer to note 21 for details of the investment properties.

(iii) Foreign currency revaluation gain represents gains realised from the revaluation of foreign currencies denominated assets and liabilities held in the banking books.

In thousands of Nigerian Naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
11 Impairment write back/(loss) of financial assets			
Impairment losses on loans and advances			
- specific impairment	1,082,400	1,082,400	434,815
-collective impairment	13,684	13,684	207,655
- Recoveries on loans	(178,382)	(178,382)	(199,050)
- Write offs	(689,985)	(689,985)	(650,869)
Impairment loss on other assets	184,684	184,684	129,809
	412,401	412,401	(77,640)
12 Personnel expenses			
Wages and salaries	7,528,860	7,528,860	7,092,509
Contributions to defined contribution plans	571,937	571,937	628,328
Gratuity Expenses	451,433	451,433	365,293
Other staff costs	1,800,091	1,800,091	1,758,418
	10,352,321	**10,352,321**	**9,844,548**

In thousands of Nigerian Naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
13a Other operating expenses			
Advertising and market mg	428,490	428,490	927,750
AMCON Levy	1,984,739	1,984,739	1,916,232
Auditors remuneration	120,000	120,000	110,000
Business Expenses	158,945	158,945	149,641
Cash movement expenses	443,631	443,631	326,330
Diesel Expenses	507,569	507,569	379,436
Directors Expenses	15,923	15,923	16,092
Directors fees	65,900	65,900	57,225
Donations	30,200	30,200	32,428
Electricity	159,430	159,430	140,364
General administrative expenses	520,050	520,050	398,957

13a Other operating expenses continued.

	31-Dec-16	31-Dec-16	31-Dec-15
Insurance	287,433	287,433	262,934
Loss on disposal of property and equipment	-	-	3,429
NDIC Premium	1,150,009	1,150,009	1,053,502
Other Accruals	-	-	100,000
Other premises and equipment costs	457,939	457,939	466,790
PAYE/Withholding expenses	73,143	73,143	377,619
Printing and stationery	304,289	304,289	245,830
Professional fees	873,050	873,050	378,079
Repairs and maintenance	1,685,078	1,685,078	1,653,410
Security expenses	595,024	595,024	532,352
Service charge	628,545	628,545	525,691
SMS Expenses & Others	29,896	29,896	76,943
Statutory expenses	68,017	67,012	79,785
Technology and alternative channels	1,068,557	1,068,557	482,225
Transport & Communications	299,892	299,892	288,183
VAT	97,833	97,833	235,035
Wema Anniversary Expense	1,523	1,523	158,683
Wema Homes & Wema Asset cessation taxes	77,498	77,498	-
	12,132,603	**12,131,598**	**11,374,945**

13b Depreciation and amortization

Property, plants and equipment	1,986,701	1,986,701	1,543,522
Investment property	8,554	8,554	8,598
Intangible	313,242	313,242	697,904
	2,308,497	**2,308,497**	**2,250,024**

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

In thousands	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Weighted average number of ordinary shares – basic	38,574,466	38,574,466	38,574,466
Profit attributable to ordinary shareholders -basic			
Profit for the year attributable to equity holders of the Bank	2,560,580	2,591,800	2,273,205
Earnings per share –basic (Kobo)	6.6	6.7	5.9

15 Cash and cash equivalents	**Group 31-Dec-16**	**Bank 31-Dec-16**	**Bank 31-Dec-15**
Cash and balances with banks	12,950,646	12,935,409	9,534,945
Unrestricted balances with central bank	9,407,329	9,407,329	29,663,708
Money market placements	5,265,970	5,265,970	17,394,364
	27,623,945	27,608,708	56,593,017
Specific Provision	-	-	(9,407)
	27,623,945	**27,608,708**	**56,583,610**

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 increased from 20% to 22.5% for both private and public sector funds during the year 2016. The balance as at end of financial year was N48,161,682,000 (N2015 - N53,386,000,000)

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

In thousands of Nigerian Naira	**Group 31-Dec-16**	**Bank 31-Dec-16**	**Bank 31-Dec-15**
16 Pledged assets - Held to maturity			
Treasury bills	6,511,903	6,511,903	7,008,396
Bonds	9,907,822	9,907,822	9,447,546
	16,419,725	**16,419,725**	**16,455,942**

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 N5.18billion (2015: N6.17billion) as disclosed in note 30.

		Group	Bank	Bank
	In thousands of Nigerian Naira	**31-Dec-16**	**31-Dec-16**	**31-Dec-15**
17	**Investment securities**			
	Investment securities	**62,075,906**	**59,268,598**	**41,107,271**
	Current	35,553,455	35,553,455	15,960,185
	Non-current	26,522,451	23,715,143	25,147,086
(a)	Available-for-sale investment securities comprise:			
	Bonds	-	-	-
	Treasury bills	3,005,125	3,005,125	7,481,865
	Equity (see note (i) below	153,083	154,083	148,265
	Less: specific allowance for impairment		-	-
		3,158,208	**3,159,208**	**7,630,131**
(b)	Held for trading investment securities comprise:			
	Treasury Bills (see (ii) below)	238,036	238,036	4,688,492
	FGN Bonds (see (iv) below)		-	-
		238,036	**238,036**	**4,688,492**
(c)	Held to maturity investment securities comprise:			
	Treasury Bills	32,310,294	32,310,294	3,789,828
	FGN Bonds	21,626,779	18,818,471	19,448,724
	Other Bonds (see (iii) below)	4,742,589	4,742,589	5,550,097
		58,679,662	**55,871,354**	**28,788,648**

(I)	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Quoted Investments:	**12,738**	**12,738**	**12,855**
Unquoted Investments:			
UNIFIED PAYMENT SERVICES LIMITED	4,935	4,935	-
NIG. AUTOMATED CLEARING SYS	18,000	18,000	18,000
CENTRAL SECURITIES SYSTEM NIGERIA LIMITED	87,928	87,928	87,928
NIGERIA INTER-BANK SETTLEMENT SYSTEM	29,482	29,482	29,482
WEMA FUNDING SPV PLC (a)	-	1,000	-
	140,345	**141,345**	**135,410**
	153,083	**154,083**	**148,265**

(a) Wema Funding SPV PLC was incorporated on 30 June 2016 and commenced operations on 12 October 2016. The principal activity of the company is to raise or borrow money by the issue of bond or debt instruments and invest the money raised or borrowed in securities or any other investments as the company may deem fit.

(ii) This represents Nigerian Treasury Bills with maturity of less than 180days; a face value of N250,000,000 stated at Fair value through profit or loss.

(iii) Other bonds - these are held to maturity securities for state and corporate entities, stated at amortised cost as shown below:

CORPORATE		
1	7YR: DANA GROUP BOND SERIES 1	1,811,737
STATE BONDS		
2	EKITI STATE GOVT BOND	788,373
3	EKITI STATE GOVT BOND TRANCHE 11	762,469
5	ONDO STATE GOVT BOND	1,380,010
		2,930,852
		4,742,589

18 Loans and advances to customers at amortised cost

	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
In thousands of Nigeria Naira			
Overdrafts	15,359,623	15,359,623	12,598,629
Term Loans	209,091,346	209,091,346	169,511,700
Advances under finance lease	5,390,012	5,390,012	5,912,593
Gross loans and receivables	**229,840,981**	**229,840,981**	**188,022,922**
Less Allowances for Impairment			
Specific Allowances for impairment	(2,136,061)	(2,136,061)	(1,327,916)
Collective allowances for impairment	(696,370)	(696,370)	(1,098,416)
	(2,832,431)	(2,832,431)	(2,426,332)
Net loans and advances to customers	**227,008,550**	**227,008,550**	**185,596,590**
Overdrafts			
Gross Overdrafts	15,359,623	15,359,623	12,598,629
Less Allowances for Impairment			
Specific Allowances for impairment	(386,901)	(386,901)	(464,627)
Collective allowances for impairment	(79,830)	(79,830)	(208,201)
	(466,731)	(466,731)	(672,828)
Net Overdrafts	**14,892,892**	**14,892,892**	**11,925,801**
Term Loans			
Gross Term Loans	209,091,346	209,091,346	169,511,700
Less Allowances for Impairment			
Specific Allowances for impairment	(1,644,820)	(1,644,820)	(863,289)
Collective allowances for impairment	(614,506)	(614,506)	(865,441)
	(2,259,326)	(2,259,326)	(1,728,730)
Net Term Loans	**206,832,020**	**206,832,020**	**167,782,970**

Advance Under Finance Lease

In thousands of Nigerian Naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Gross Advance	5,390,012	5,390,012	5,912,593
Less Allowances for Impairment			
Specific Allowances for impairment	(104,340)	(104,340)	-
Collective allowances for impairment	(2,034)	(2,034)	(24,774)
	(106,374)	(106,374)	(24,774)
Net advances	**5,283,638**	**5,283,638**	**5,887,819**
Total Loans and Advances			
Current	79,293,850	79,293,850	73,063,173
Non-current	150,547,131	150,547,131	114,959,749
	229,840,981	**229,840,981**	**188,022,922**

a Reconciliation of impairment allowance on loans and advances to customers

	Overdraft	Term Loan	Advances under finance lease	Totals
In thousands of Nigerian Naira				
Balance as at 1 January 2016	**627,828**	**1,728,730**	**27,774**	**2,426,332**
Specific impairment	464,627	863,289	-	1,327,916
Collective impairment	208,201	865,411	24,774	1,098,416
Additional impairment for the year {Note 11}	**388,335**	**626,149**	**81,600**	**1,096,084**
Specific impairment	100,975	877,084	104,304	1,082,400
Collective impairment	287,360	(250,935)	(22,740)	13,684
Written off in the year as uncollectible	**(594,432)**	**(95,553)**	-	**(689,985)**
Amounts recovered during the year	-		-	-
Balance as at 31 December 2016	**466,731**	**2,259,326**	**106,374**	**2,832,431**
Specific impairment	386,901	1,644,820	104,340	2,136,061
Collective impairment	79,830	614,506	2,034	696,370

	Overdraft	Term Loan	Advances under finance lease	Totals
In thousands of Nigerian Naira				
Balance as at 1 January 2015	**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 impairment for the year {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

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	**Group 31-Dec-16**	**Bank 31-Dec-16**	**Bank 31-Dec-15**
Loans and advances to banks		-	-
Loans and advances to customers:			
Corporate Bank			
− Overdrafts	14,194,930	14,194,930	12,096,497
− Term loans	197,931,334	197,931,334	157,638,131
− Others	5,264,938	5,264,938	5,714,240
Domestic Bank	-	-	-
− Overdrafts	1,164,693	1,164,693	502,133
− Term loans	11,160,013	11,160,013	11,873,568
− Others	125,073	125,073	198,353
Trading assets	-	-	-
− Debt securities	238,036	238,036	4,688,492
Investment securities	-	-	-
- Debt securities	61,837,870	59,030,562	36,418,779
Other assets	-	-	-
	291,916,887	**289,109,579**	**229,130,193**

Contingent Liabilities & Commitments:

Financial guarantee	23,226,063	23,226,063	8,814,014
Other contingent	14,300,404	14,300,404	10,242,514
	37,526,467	**37,526,467**	**19,056,528**

Nature of collateral in respect of loans and advances	**Group 31-Dec-16**	**Bank 31-Dec-16**	**Bank 31-Dec-15**
Secured against real estates	160,032,604	160,032,604	71,187,378
secured against shares	4,466,152	4,466,152	2,928,785
Otherwise secured	65,342,226	65,342,226	113,906,759
Unsecured	-	-	-
	229,840,981	**229,840,981**	**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	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Nature of assets and carrying amount:			
Real estate	160,032,604	160,032,604	71,187,377
Shares	4,466,152	4,466,152	2,928,785
Finance Lease Receivable			
Gross investment in the finance lease			
Less than one year	99,728	99,728	11,695
Between one and five years	1,598,196	1,598,196	1,885,571
More than five years	4,929,246	4,929,246	4,015,327
	6,627,170	6,627,170	5,912,593
Unearned finance income	(1,237,158)	(1,237,158)	(1,357,105)
Net investment in finance lease	**5,390,012**	**5,390,012**	**4,555,488**
Net advances under finance lease			
Less than one year	81,098	81,098	10,825
Between one and five years	1,297,142	1,297,142	1,331,148
More than five years	4,011,772	4,011,772	3,213,515
	5,390,012	**5,390,012**	**4,555,488**

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.

Group **31-Dec-16**	Loans and advances to customers			
In thousands of Nigerian Naira	Overdrafts	Term loans	Advances under finance lease	Total
Grades:				
1. Current	12,575,559	148,838,550	1,265,326	**162,679,435**
IA. Watchlist	1,462,328	50,040,092	4,009,058	**55,511,478**
Total	**14,037,887**	**198,878,642**	**5,274,384**	**218,190,913**

Bank 31-Dec-16	Loans and advances to customers			
In thousands of Nigerian Naira	Overdrafts	Term loans	Advances under finance lease	Total
Grades:				
1. Current	12,575,559	148,838,550	1,265,326	**162,679,435**
IA. Watchlist	1,462,328	50,040,092	4,009,058	**55,511,478**
Total	**14,037,887**	**198,878,642**	**5,274,384**	**218,190,913**

Bank

31 December 2015

	Loans and advances to customers			
In thousands of Nigerian Naira	Overdrafts	Term loans	Advances under finance lease	Total
Grades:				
1. Current	10,119,440	141,977,877	5,888,557	**157,985,874**
IA. Watchlist	1,280,287	24,272,957	-	**25,553,244**
Total	**11,399,727**	**166,250,834**	**5,888,557**	**183,539,118**

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:

Group

31-Dec-16 *In thousands of Nigerian Naira*	**Loans and advances to customers**			
In thousands of Nigerian Naira	**Overdrafts**	**Term loans**	**Advances under finance lease**	**Total**
Past due up to 30 days	178,084	411,768	11,099	**600,951**
Past due 30-60 days	67,072	7,751,452	-	**7,818,524**
Past due 60-90 days	545,011	283,808	-	**828,819**
Total	**790,167**	**8,447,028**	**11,099**	**9,248,294**
Fair value of collateral	966,041	8,425,000	24,427	**9,415,468**
Amount of under/ (over) – collaterisation	(175,874)	22,028	(13,328)	**(167,174)**

Bank

31-Dec-16

In thousands of Nigerian Naira	Loans and advances to customers			
In thousands of Nigerian Naira	**Overdrafts**	**Term loans**	**Advances under finance lease**	**Total**
Past due up to 30 days	178,084	411,768	11,099	**600,951**
Past due 30-60 days	67,072	7,751,452	-	**7,818,524**
Past due 60-90 days	545,011	283,808	-	**828,819**
Total	**790,167**	**8,447,028**	**11,099**	**9,248,294**
Fair value of collateral	966,041	8,425,000	24,427	**9,415,468**
Amount of under/ (over) – collaterisation	(175,874)	22,028	(13,328)	**(167,174)**

Bank

31 December 2015

	Loans and advances to customers			
In thousands of Nigerian Naira	**Overdrafts**	**Term loans**	**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)	-	**(1,656,192)**

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 N billion {2015: N2.6 billion}. The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

Group **Loans and advances to customers**

31-Dec-16	**Overdraft**	**Term Loan**	**Advances under finance lease**	**Totals**
Individually impaired loan	531,568	1,765,677	104,529	**2,401,774**
Impairment Allowance	386,901	1,644,820	104,340	**2,136,061**
Fair value of collateral	144,668	120,857	189	**265,714**

Bank

31-Dec-16	**Overdraft**	**Term Loan**	**Advances under finance lease**	**Totals**
Individually impaired loan	531,568	1,765,677	104,529	**2,401,774**
Impairment Allowance	386,901	1,644,820	104,340	**2,136,061**
Fair value of collateral	144,668	120,857	189	**265,714**

In thousands of Nigerian Naira	Loans and advances to customers			
	Overdraft	Term Loan	Advances under finance lease	Totals
Bank				
31 December 2015				
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	19,022	**910,862**

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.

Group
31-Dec-16

In thousands of Nigerian Naira	Gross Amount	Specific impairment	collective impairment	Total Impairment	Carrying amount
Loans to individuals	6,406,241	447,792	4,635	452,427	**5,953,815**
Loans to corporate entities and other organisations	223,434,760	1,688,269	691,735	2,380,004	**221,054,735**
	229,840,981	**2,136,061**	**696,370**	**2,832,431**	**227,008,550**

Bank

In thousands of Nigerian Naira	Gross Amount	Specific impairment	collective impairment	Total Impairment	Carrying amount
Loans to individuals	6,406,241	447,792	4,635	452,427	**5,953,815**
Loans to corporate entities and other organisations	223,434,760	1,688,269	691,735	2,380,004	**221,054,735**
	229,840,981	**2,136,061**	**696,370**	**2,832,431**	**227,008,550**

Bank
31 December 2015

In thousands of Nigerian Naira	Gross Amount	Specific impairment	collective impairment	Total impairment	Carrying amount
Loans to individuals	12,574,055	1,156,421	1,014,237	2,170,658	10,403,397
Loans to corporate entities and other organisations	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

In thousands of Nigerian Naira	**Group 31-Dec-16**	**Bank 31-Dec-16**	**Bank 31-Dec-15**
Impairment allowance on loans and advances to customers			
Specific impairment			
Balance, beginning of year	1,327,916	1,327,916	913,326
Charge for the year	1,082,400	1,082,400	434,815
Write-offs	(274,255)	(274,255)	(20,225)
Balance, end of year	2,136,061	2,136,061	1,327,916
Collective impairment			
At 1 January	1,098,416	1,098,416	2,084,840
Charge for the year	13,684	13,684	207,655
Allowance no longer required	-	-	(563,435)
Write-offs	(415,730)	(415,730)	(630,644)
At 31 December	696,370	696,370	1,098,416

The maturity profile of loans & advances is as follows:

Less than 3months	22,999,394	22,999,394	16,486,649
3 -6months	42,633,300	42,633,300	14,701,005
6 -12months	13,661,156	13,661,156	13,722,104
1 -5years	98,787,523	98,787,523	98,286,031
5years and above	48,927,177	48,927,177	42,400,801
	227,008,550	227,008,550	185,596,590

In thousands of Nigerian Naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Impairment allowance on loans and advances to customers			
Specific impairment			
Balance, beginning of year	1,327,916	1,327,916	913,326
Charge for the year	1,082,400	1,082,400	434,815
Allowance no longer required	(274,255)	(274,255)	-
Write-offs	-	-	(20,225)
Balance, end of year	2,136,061	2,136,061	1,327,916
collective impairment			
At 1 January	1,098,416	1,098,416	2,084,840
Charge for the year	13,684	13,684	207,655
Allowance no longer required	-	-	(563,435)
Write-offs	(415,730)	(415,730)	(630,644)
At 31 December	696,370	696,370	1,098,416

The maturity profile of loans & advances is as follows:

Less than 3months	22,999,394	22,999,394	16,486,649
3 -6months	42,633,300	42,633,300	14,701,005
6 -12months	13,661,156	13,661,156	13,722,104
1 -5years	98,787,523	98,787,523	98,286,031
5years and above	48,927,177	48,927,177	42,400,801
	227,008,550	227,008,550	185,596,590

19 Derivative Financial Instruments

	Notional Contract Amount	Fair Value 2016 Liability	Fair Value 2015 Liability
Foreign exchange derivative	-	-	-
Foreign exchange forward	-	-	-
Currency swaps	-	-	-
	-	**-**	-

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	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Balance, beginning of year	-	-	2,964,626
Share of profit		-	-
Adjustment for Dividend paid		-	-
Share of other comprehensive income		-	-
Disposal	-	-	(2,964,626)
Balance, end of year	-	-	-

21 Investment properties	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Carrying amount at the beginning of year	393,547	393,547	402,145
Cost	442,165	442,165	442,165
Accumulated Depreciation	(48,618)	(48,618)	(40,020)
Additions			-
Disposals	(23,195)	(23,195)	-
Cost	(38,107)	(38,107)	-
Depreciation	14,912	14,912	-
Depreciation charge for the year	(8,554)	(8,554)	(8,598)
Carrying amount at the end of the year	**361,798**	**361,798**	**393,547**
Cost	404,058	404,058	442,165
Accumulated depreciation	(42,260)	(42,260)	(48,618)

(I) 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 2016 would have been N1,382,250,000 (December 2015: N1,410,250,000). The valuations were provided by Messrs Diya Fatimilehin & Co. chartered surveyors and valuers (FRC/2013/NIESV/00000000754).

(ii) 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 being 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

Group

In thousands of Nigerian Naira (000s)	Land	Buildings	Furniture Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
Cost							
Balance at 1 January 2016	1,096,084	13,306,168	4,541,028	1,788,364	4,872,216	972,874	26,576,734
Additions	91,950	322,490	892,213	264,356	776,849	493,886	2,840,744
Reclassification from WIP	-	637,279	43,978	-	34,259	(715,516)	-
Transfer from WIP	-	-	(2,877)	-	6,896	(164,084)	(160,065)
Disposals			(26,281)	(148,415)	(12,885)	-	(187,581)
Balance at 31 December 2016	**1,188,034**	**14,265,937**	**5,448,061**	**1,904,305**	**5,677,335**	**587,160**	**29,070,832**
Accumulated depreciation and impairment							
Balance at 1 January 2016	-	3,627,707	3,137,304	1,156,569	2,687,443	-	10,609,023
Charge for the year	-	265,181	561,244	313,002	847,274	-	1,986,701
Disposals	-	-	(19,709)	(107,440)	(12,208)	-	(139,357)
Transfer		**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2016	**-**	**3,892,888**	**3,678,839**	**1,362,131**	**3,522,509**	**-**	**12,456,367**
Carrying amounts							
Balance at 1 January 2016	**1,096,084**	**9,678,461**	**1,403,724**	**631,795**	**2,184,773**	**972,874**	**15,967,711**
Balance at 31 December 2016	**1,188,034**	**10,373,049**	**1,769,222**	**542,174**	**2,154,826**	**587,160**	**16,614,465**

Property and equipment

Bank

In thousands of Nigerian Naira (000s)	**Land**	**Buildings**	**Furniture & Equipment**	**Motor vehicles**	**Computer Equipment**	**Work in Progress**	**Total**
Cost							
Balance at 1 January 2016	1,096,084	13,306,168	4,541,028	1,788,364	4,872,216	972,874	26,576,734
Additions	91,950	322,490	892,213	264,356	776,849	493,886	2,840,744
Reclassification from WIP	-	637,279	43,978	-	34,259	(715,516)	-
Transfer from WIP	-	-	(2,877)	-	6,896	(164,084)	(160,065)
Disposals			(26,281)	(148,415)	(12,885)	-	(187,581)
Balance at 31 December 2016	**1,188,034**	**14,265,937**	**5,448,061**	**1,904,305**	**5,677,335**	**587,160**	**29,070,832**
Accumulated depreciation and impairment							
Balance at 1 January 2016	-	3,627,707	3,137,304	1,156,569	2,687,443	-	10,609,023
Charge for the year	-	265,181	561,244	313,002	847,274	-	1,986,701
Disposals	-	-	(19,709)	(107,440)	(12,208)	-	(139,357)
Transfer		**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2016	**-**	**3,892,888**	**3,678,839**	**1,362,131**	**3,522,509**	**-**	**12,456,367**
Carrying amounts							
Balance at 1 January 2016	**1,096,084**	**9,678,461**	**1,403,724**	**631,795**	**2,184,773**	**972,874**	**15,967,711**
Balance at 31 December 2016	**1,188,034**	**10,373,049**	**1,769,222**	**542,174**	**2,154,826**	**587,160**	**16,614,465**

In thousands of Nigerian Naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
23 Intangible assets			
Cost			
Balance beginning of the year	2,695,392	2,695,392	3,256,010
Additions	233,677	233,677	555,863
Transfer to computer equipment	(8,528)	(8,528)	-1,100,264
Written off	-	-	-16,218
Balance end of the year	2,920,541	2,920,541	2,695,392
Amortization and impairment losses			
Balance beginning of the year	2,207,282	2,207,282	2,254,056
Amortization for the year	313,242	313,242	697,904
Transfer to computer equipment	-	-	(632,940)
Write back of excess amortization to income		-	(95,921)
Written off	-	-	(16,218)
Balance end of the year	2,520,524	2,520,524	2,207,282
Carrying amounts	**400,017**	**400,017**	**488,110**

(a) The intangible assets have got finite lives and are amortised over the higher 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 2015: nil)

(c) There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2015: nil)

24 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 31 December 2016	**Bank** 31 December 2016	**Bank** 31 December 2015
In thousands of Nigerian Naira			
At 1 January	22,569,702	22,569,702	22,969,702
Allowances for loan losses	(400,000)	(400,000)	(400,000)
Others	-	-	-
At 31 December	22,169,702	22,169,702	22,569,702

In thousands of Nigerian Naira	**Group** **31-Dec-16**	**Bank** **31-Dec-16**	**Bank** **31-Dec-15**
25 Other assets			
Accounts receivables	3,248,708	3,248,708	4,549,980
Receivable from TSA	-	-	122,997
Prepayments	1,725,500	1,725,500	1,249,611
Stock	347,585	347,585	249,987
Collaterised Placement	52,917	52,917	52,917
Clearing Balance	434,461	434,461	423,187
Fraud & Burglary	448,496	448,496	449,661
Electronic card related receivable	469,085	469,085	358,982
Others	175,685	175,685	374,935
	6,902,437	6,902,437	7,832,257
Specific impairment on other assets	(3,694,646)	(3,694,646)	(3,637,495)
	3,207,791	**3,207,791**	**4,194,762**
At 1 January	3,637,495	3,637,495	4,394,925
Allowance made during the year	184,684	184,684	278,814
Allowance written off	(127,533)	(127,533)	(1,036,244)
	3,694,646	**3,694,646**	**3,637,495**

		Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
26	**Deposits from banks**			
	Money market deposits	37,433,906	37,433,906	-
	Items in the course of collection	**37,433,906**	**37,433,906**	**-**

		Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
27a	**Deposits from customers**			
	Retail customers:			
	Term deposits	33,234,310	33,234,310	36,707,520
	Current deposits	22,357,225	22,357,225	17,452,282
	Savings	45,399,150	45,399,150	35,579,680
	Corporate customers:			
	Term deposits	108,808,264	108,808,264	124,571,511
	Current deposits	65,494,472	65,520,083	68,842,472
	Others	8,009,183	8,009,183	1,824,371
		283,302,604	**283,328,215**	**284,977,836**

27b	The maturity profile of customers' deposit is as follows:			
	Under 3 months	170,690,866	170,690,866	170,690,866
	3 – 6months	16,399,786	16,399,786	16,399,786
	6 – 12months	11,000,288	11,000,288	11,000,288
	Over 12months	85,211,664	85,237,275	86,886,896
		283,302,604	**283,328,215**	**284,977,836**

At 31 December 2016 N85.24billion (31 December 2015: N86.9billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

28 Taxation

In thousands of Nigerian Naira	Group 31 December 2016	Bank 31 December 2016	Bank 31 December 2015
Income tax expense			
Company income tax	311,091	311,091	287,798
Education Tax	5,502	5,502	-
NITDA Levy	32,651	32,651	30,455
Capital Gains Tax	-	-	-
(Over) / Under provision	(64,679)	(64,679)	
Current Income Tax expense	284,565	284,565	318,253
Deferred tax expenses	400,000	400,000	400,000
	684,565	684,565	718,253

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Group 31 December 2016	Bank 31 December 2016	Bank 31 December 2015
Profit before tax from continuing operations	3,245,145	3,276,365	2,991,458
Income tax expense calculated at 30% (2015:30%)	973,544	982,910	897,437
Effect of income that is exempt from taxation	(1,774,717)	(1,740,385)	(2,209,562)
Effect of expenses that are not deductible in determining taxable profit	1,192,455	1,148,757	1,770,887
Education tax at 2% of assessable profit	5,502	5,502	-
Effect of concessions and other allowances)	(55,961)	(55,961)	(58,762)
Minimum tax adjustment	311,091	311,091	287,798
Information technology tax levy adjustment	32,651	32,651	30,455
	684,565	**684,565**	**718,253**

	Group 31 December 2016	Bank 31 December 2016	Bank 31 December 2015
Current tax liabilities			
At 1 January	349,245	382,694	338,536
Payment during the year	(318,014)	(318,014)	(274,095)
Charge for the year	284,565	284,565	318,253
At 31 December	**315,796**	**349,245**	**382,694**

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% of 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	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Creditors and accruals	827,048	827,048	922,646
Other current liabilities	427,068	427,068	290,383
Pension Contribution (see note (i) below	330	330	766
Defined benefit Plan (See note (ii)below)	19,909	19,909	165,437
Accounts payable	1,276,520	1,208,260	636,038
Certified cheques	1,498,923	1,498,923	1,038,683
Foreign currency transfers payable	8,242,032	8,242,032	644,960
Discounting Line	7,526,234	7,526,234	3,059,561
FBN Settlement	643,660	643,660	1,237,360
Other Settlements	1,534,203	1,534,203	4,444,898
Remittances	396,828	396,828	508,542
	22,392,756	**22,324,495**	**12,949,273**

(i) Pension Contribution			
At 1 January	766	766	48,028
Contribution in the year	822,269	822,269	861,547
Remittance to PFA	(822,705)	(822,705)	(908,810)
At 31 December	**330**	**330**	**766**

(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.

Re-measurements, 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. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

- The date of the plan amendment or curtailment and
- The date that the bank recognises 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:

	Group	**Bank**	**Bank**
	31-Dec-16	**31-Dec-16**	**31-Dec-15**
Defined Benefit Obligation	(958,598)	(958,598)	(542,827)
Fair Value of Plan Assets	938,689	938,689	377,390
Deficit/Surplus	(19,909)	(19,909)	(165,437)
Asset Ceiling	-	-	-
Net(Liability)/Asset Recognition	**(19,909)**	**(19,909)**	**(165,437)**

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 N19,909,000 as at 31 December, 2016

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

	Group	**Bank**	**Bank**
	31-Dec-16	**31-Dec-16**	**31-Dec-17**
Current Service Cost	82,494	82,494	166,424
Past Service Cost	352,076	352,076	-
Total Current Service Cost	434,570	434,570	166,424
Interest Cost	65,925	65,925	142,748
Interest Income	(49,061)	(49,061)	(150,190)
	451,434	**451,434**	**158,982**

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December, 2016 by Bestwole Developments Limited (FRC/2013/NAS/00000000986).
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, 2016
Discount rate	16%
Expected rate of salary increase	13%

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	562
Females	449
Others (describe)	N/A

In thousands of Nigerian Naira	Group	Bank	Bank
	31-Dec-16	31-Dec-16	31-Dec-15
30 Other borrowed funds			
Due to CBN (see (i) below)	6,422,814	6,422,814	25,000,000
Due to BOI (see (ii) below)	5,177,727	5,177,727	6,170,965
Osun Bailout Fund (see iii below)	9,735,070	9,735,070	9,974,985
CBN Agric. loan (see iv below)	1,048,034	1,048,034	848,259
CBN MSMEDF (see v below)	139,997	139,997	40,000
Wema SPV (see vi below)	6,308,747	3,497,359	-
Debt Securities	-	-	8,140,296
National Housing Fund	113,783	113,783	122,412
Shelter Afrique (see vii below)	3,147,505	3,147,505	1,993,000
	32,093,404	**29,282,289**	**52,289,916**

(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 commenced the process of making principal repayments in January 2015, with an outstanding balance of N6,250,000,000 as at 31 December, 2016, which is the final repayment. However, this was made good in January 2017 and the bank has been issued a letter of non-indebtedness by the Central Bank of Nigeria subsequently.

(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 N8,934,491,000 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.

(v) This represents CBN intervention funds to some bank's customers in Small & Medium Scale sector. The fund is administered at a maximum interest rate of 9% per annum and maximum tenor of 5 years.

(vi) The debt securities of N6,308,474,000 represents amortized cost of the fixed rate unsecured bond issued by Wema Funding SPV Plc. The outstanding bond of N6,295,000,000 (principal) was issued on 12 October 2016 for a period of 7 years at 18.5% per annum with interest payable semi-annually and principal payable at maturity in October 2023.

(vii) This amount represents the bank's foreign facility from Shelter Afrique, this was granted to the Bank for a period of 7 years. It is repayable bi-annually with interest rate of L+6.5% (Libor plus 6.5%)

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 as 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	
	31/12/16	31/12/15	31/12/16	31/12/15
	N'000	N'000	N'000	N'000
Not later than one year	1,044	87,979	932	78,553
Later than one year and not later than five years	-	1,044		932
Later than five years	-	-		-
	1,044	89,023	932	79,485
Less: future finance charges	(112)	(9,426)	-	-
Present value of minimum lease payments	**932**	**79,597**	**932**	**79,485**

32 Share capital and Reserves

(a)	**The share capital comprises:**			
(i)	Authorised -			
	40,000,000 Ordinary shares (2014 -) Ordinary shares of 50k each (2014)	40,000,000	40,000,000	40,000,000
(ii)	Issued and fully paid -			
	38,574,466,000 Ordinary shares (2014-ordinary shares of 50k each (2014)	19,287,233	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 have been allotted and registered with the corporate affairs commission with necessary approval obtained from relevant regulatory authorities.

		Group	Bank	Bank
	In thousands of Nigerian Naira	**31-Dec-16**	**31-Dec-16**	**31-Dec-15**
(b)	**Share premium**			
	At 1 January	48,870,107	48,870,107	48,870,107
	Additions during the year	-	-	-
	Share Issue Expenses	-	-	-
	At 31 December, 2016	**48,870,107**	**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 the 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	31-Dec-16	31-Dec-16	31-Dec-15
At 1 January	(36,017,406)	(36,017,406)	(34,793,663)
Profit or loss	2,560,580	2,591,800	2,273,205
Transfer to Regulatory risk reserve	(4,758,550)	(4,758,550)	(2,852,836)
Transfer to Statutory Reserve	(777,540)	(777,540)	(698,183)
Re-measurement of defined benefit contribution	(165,850)	(165,850)	54,070
At 31 December 2016	**(39,158,766)**	**(39,127,546)**	**(36,017,406)**

(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 2016 amounting to N15,282,011,944.97 (31 December 2015: N9,005,445,799. 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-

In thousands of Nigerian naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Contingent liabilities:			
Guarantees and indemnities	20,960,058	20,960,058	8,200,675
Bonds	2,266,005	2,266,005	613,339
Clean-line facilities & irrevocable letters of credit	14,300,404	14,300,404	10,242,514
	37,526,467	**37,526,467**	**19,056,528**

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.

Key management personnel and their immediate relatives transacted with the Bank during the year as follows:

Loans and advances:

In thousands of Nigerian naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Loans and advances:			
At 1 January	12,898,416	12,898,416	9,707,548
Granted during the period	376,782	376,782	6,101,500
Repayments during the year	(5,995,969)	(5,995,969)	(2,910,632)
At 31 December, 2016	**7,279,229**	**7,279,229**	**12,898,416**
Interest earned	1,945,013	1,945,013	1,720,895
Deposit Liabilities			
Deposits	**527,000**	**527,000**	**2,884,778**

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 N12,084 (2015: N38,903) have been recorded against balances outstanding during the period with key management personnel and their immediate relatives at the year end.

Personnel Expenses
Compensation for the staff are as follows:

In thousands of Nigerian naira	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15
Employee costs, including executive directors, during the year is shown below:			
Wages and salaries	7,528,860	7,528,860	7,092,509
Pension cost: -			
Gratuity Expenses	451,433	451,433	365,293
Defined contribution plans	571,937	571,937	628,328
	8,552,230	8,552,230	8,086,130
Other staff costs	1,800,091	1,800,091	1,758,417
	10,352,321	**10,352,321**	**9,844,548**

(a) The average number of persons employed during the period by category:

	Number Group 31-Dec-16	Number Bank 31-Dec-16	Number Bank 31-Dec-15
Executive Directors	5	5	6
Management	22	22	21
Non-management	984	984	1,053
	1,011	**1,011**	**1,080**

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 Group 31-Dec-16	Number Bank 31-Dec-16	Number Bank 31-Dec-15
N500,000 - N1,000,000	0	0	0
N1,490,001 - N 2,500,000	8	8	4
N2,510,001 - N 3,020,000	129	129	140
N3,240,001 - N 3,750,000	351	351	367
N3,990,001 - N 4,500,000	2	2	0
N4,710,001 - N 5,220,000	108	108	119
N5,390,001 - N 5,900,000	2	2	0
N5,990,001 - N6,600,000	101	101	122
N6,900,001 - N7,710,000	109	109	115
Above - N7,710,000	196	196	208

Directors' remuneration (excluding pension contributions and certain benefits) was provided as follows:

In thousands of Nigerian naira	Group	Bank	Bank
	31-Dec-16	31-Dec-16	31-Dec-15
Executive compensation/fees	227,838	227,838	187,429
Other emoluments	206,396	206,396	47,200
	434,234	434,234	234,629

The Directors' remuneration shown above includes:

Chairman	6,266	6,266	6,266
Highest paid director	70,050	70,050	70,050

The emoluments of other directors fell within the following ranges:

	Number	Number	Number
N2,370,001 - N2,380,000	-	-	-
N2,720,001 - N2,730,000	-	-	-
N3,060,001 - N5,070,000	6	6	6
N7,360,001 - N7,370,000	4	4	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	**Group**	**Bank**	**Bank**
	31-Dec-16	**31-Dec-16**	**31-Dec-15**
Short term employee benefits	256,238	256,238	66,781
Post-employment benefits	177,996	177,996	206,615
	434,234	**434,234**	**273,396**

Transactions with other related parties

31 December 2016	Loans =N'M	Deposits =N'M	Interest Received =N'M	Interest Paid =N'M
LEASING PARTNERS LTD-Principal Shareholder	3,661	-	927	-
Applemark Nigeria Limited-Principal Shareholder	230	-	37	-
Wemabod Estates-Principal Shareholder	1,074	277	213	-
Petrolex Oil & Gas Limited-Principal Shareholder	1,694	207	659	-
GTI Microfinance Bank Ltd-Principal Shareholder	30	43	5	-

31 December 2015	Loans =N'M	Deposits =N'M	Interest Received =N'M	Interest Paid =N'M
LEASING PARTNERS LTD-Principal Shareholder	5,025	-	277	-
Applemark Nigeria Limited-Principal Shareholder	1,685	-	26	-
Wemabod Estates-Principal Shareholder	1,132	342	180	-
Remus Properties Ltd – Principal Shareholder	1,093	2,543	76	-
Inland Deepsea Port Ltd- 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	-

PRINCIPAL SHAREHOLDERS AND THEIR RELATED INTERESTS
AS AT 31ST DECEMBER, 2015

ACCOUNT NAME	FACILITY TYPE	RELATIONSHIP	DIRECTOR'S NAME	DATE GRANTED/ RENEWED	EXPIRY DATE	Amortized Cost 31/12/2016 (N'000)	INTEREST RATE	SECURITY NATURE	SECURITY VALUE N'000	REMARKS
PETROLEX OIL & GAS LIMITED	TERM LOAN	RELATED COY TO A PRINCIPAL SHAREHOLDER	PRINCIPAL SHAREHOLDER	28-Oct-16	31-Jan-22	1,693,843	25	GUARANTEES & PLEDGES	6,000,000.00	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	PRINCIPAL SHAREHOLDER	18-Jul-16	31-Jan-18	67,581	27	LEGAL MORTGAGE	140,000.00	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	PRINCIPAL SHAREHOLDER	23-Aug-16	31-Jan-18	22,422	27	LEGAL MORTGAGE	140,000.00	PERFORMING
APPLEMARK NIGERIA LIMITED	TERM LOAN	SERVING DIRECTOR	ABUBAKAR R. LAWAL	12-May-15	31-Jan-17	230,333	20	LEGAL MORTGAGE	147,000.00	PERFORMING
SAMUEL OLADIPUPO DUROJAYE	OVERDRAFT	SERVING DIRECTOR	SAMUEL DUROJAIYE	4-Aug-16	3-Aug-17	15,099	25	LEGAL MORTGAGE	10,000.00	PERFORMING
MORUF ABIOLA OSENI	OVERDRAFT	SERVING DIRECTOR	MORUF OSENI	26-Jul-16	26-Jul-18	5,675	2.5	DOMICILIATION	6,000.00	PERFORMING
PREMIER HOTEL	OVERDRAFT	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	2-Mar-16	1-Mar-17	4,489	19	DOMICILIATION	10,000.00	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	OVERDRAFT	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	PRINCIPAL SHAREHOLDER	21-Oct-14	23-Sep-16	4,775	2.5	DOMICILIATION	6,000.00	PERFORMING
OLUWOLE STEPHEN AKINLEYE	OVERDRAFT	SERVING DIRECTOR	OLUWOLE AKINLEYE	21-Apr-16	21-Apr-18	108	2.5	DOMICILIATION	1,500.00	PERFORMING
GTI MICROFINANCE BANK LIMITED	OVERDRAFT	CROSS DIRECTORSHIP	ABUBAKAR R. LAWAL	18-Mar-16	18-Mar-17	30,432	18	CASH	41,500.00	PERFORMING
ADEBODE ADEFIOYE	OVERDRAFT	SERVING DIRECTOR	ADEBODE ADEFIOYE	5-May-16	5-May-18	2,404	25	LEGAL MORTGAGE	50,000.00	PERFORMING
ADEBODE ADEFIOYE	OVERDRAFT	SERVING DIRECTOR	ADEBODE ADEFIOYE	5-May-16	5-May-18	31	2.5	LEGAL MORTGAGE	50,000.00	PERFORMING
ADEBODE ADEFIOYE	OVERDRAFT	SERVING DIRECTOR	ADEBODE ADEFIOYE	22-Nov-16	22-Jan-17	3,180	25	LEGAL MORTGAGE	50,000.00	PERFORMING
LEASING PARTNERS LIMITED	TERM LOAN	SERVING DIRECTOR	ABUBAKAR R. LAWAL	14-Jun-16	27-Feb-17	2,319,589	20	LEGAL MORTGAGE/SHARES	27,810,000.00	PERFORMING
LEASING PARTNERS LIMITED	TERM LOAN	SERVING DIRECTOR	ABUBAKAR R. LAWAL	22-Jun-16	27-Feb-17	21,484	20	LEGAL MORTGAGE/SHARES	27,810,001.00	PERFORMING
LEASING PARTNERS LIMITED	OVERDRAFT	SERVING DIRECTOR	ABUBAKAR R. LAWAL	28-Dec-16	31-Jan-17	1,319,380	33	LEGAL MORTGAGE/SHARES	27,810,001.00	PERFORMING
SPECTRUM VENTURES LIMITED ACCOUNT 2	TERM LOAN	CROSS DIRECTORSHIP	ADEBODE ADEFIOYE	29-Dec-16	31-Jan-17	161,281	22	DOMICILIATION	100,000.00	PERFORMING
SEGUN OLANIYI OLOKETUYI	OVERDRAFT	MANAGING DIRECTOR	SEGUN OLANIYI OLOKETUYI	24-Jun-16	24-Jun-18	0	2.5	DOMICILIATION	5,000.00	PERFORMING
APEXGATE NIGERIA LIMITED	OVERDRAFT	CROSS DIRECTORSHIP	ADEMOLA ADEBISE	20-Jan-16	20-Jan-17	4,666	22	ALL ASSETS DEBENTURE	30,820.00	PERFORMING
SAMUEL OLADIPUPO DUROJAYE	OVERDRAFT	SERVING DIRECTOR	SAMUEL DUROJAIYE	29-Feb-16	23-Feb-18	2,928	2.5	LEGAL MORTGAGE	10,000.00	PERFORMING
ADEMOLA A ADEBISE	OVERDRAFT	SERVING DIRECTOR	ADEMOLA ABIMBOLA ADEBISE	6-Jul-16	20-Apr-18	749	2.5	DOMICILIATION	1,500,000.00	PERFORMING
SEGUN OLANIYI OLOKETUYI	TERM LOAN	MANAGING DIRECTOR	SEGUN OLANIYI OLOKETUYI	26-Jun-14	23-Jun-24	50,320	12	DOMICILIATION	59,192.59	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	PRINCIPAL SHAREHOLDER	29-Jan-16	31-Jul-19	24,654	21	GUARANTEES & PLEDGES	200,000,000.00	PERFORMING
ADEMOLA A ADEBISE	TERM LOAN	SERVING DIRECTOR	ADEMOLA ABIMBOLA ADEBISE	6-Mar-14	23-Feb-24	56,917	20	DOMICILIATION	10,000.00	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	PRINCIPAL SHAREHOLDER	11-May-15	30-Apr-18	117,272	23	LEGAL MORTGAGE	140,000.00	PERFORMING
WEMABOD ESTATES LTD ACC 1	TERM LOAN	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	5-Nov-14	30-Nov-21	1,074,309	21	LEGAL MORTGAGE	2,000,000.00	PERFORMING
SEGUN OLANIYI OLOKETUYI	OVERDRAFT	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	29-Nov-16	28-May-17	0	21	LEGAL MORTGAGE	2,000,000.00	PERFORMING
TRADERITE LIMITED	OVERDRAFT	RELATED COY TO THE MANAGING DIRECTOR	SEGUN OLANIYI OLOKETUYI	8-Jun-16	8-Jun-17	36,698	23	LEGAL MORTGAGE	60,300.00	PERFORMING
NURUDEEN ADEYEMO FAGBENRO	TERM LOAN	EX- DIRECTOR	NURUDEEN ADEYEMO FAGBENRO	8-Sep-15	8-Sep-19	3,745	22.00	BILL OF SALE	5,000.00	PERFORMING
NURUDEEN ADEYEMO FAGBENRO	TERM LOAN	EX- DIRECTOR	NURUDEEN ADEYEMO FAGBENRO	14-Apr-14	23-Mar-18	3,192	22.00	DOMICILIATION	8,120.00	PERFORMING
NURUDEEN ADEYEMO FAGBENRO	OVERDRAFT	EX- DIRECTOR	NURUDEEN ADEYEMO FAGBENRO	14-APR-16	23-Mar-18	1,675	2.5	DOMICILIATION	10,000.00	PERFORMING
						7,279,229				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35. Contraventions

The bank contravened the following legislations during the year and paid penalties to the tune of N32,050,000:

In thousands of Nigeria Naira

Particulars	Nature of contravention	Penalties
CBN	BNG PENALTY CHARGE IRO ILLEGAL INT. MONEY TRF IMTO	30,000
CBN	PENALTY IRO OF AML/CFT EXAMNATN-OCT12014-31MAY2015	2,000
CBN	PENALTY FOR RENDITN OF DAILY RTURN-JUL29-AUG19-"16	50
	TOTAL	**32,050**

36. Events after reporting period

a. The balance due to Central Bank of Nigeria amounting to N6.42billion (Note 30) has been paid by the bank in January, 2017 and the Bank received a letter from the Central Bank of Nigeria on 21 February, 2017 confirming the full settlement of the financial accommodation of N50bilion granted to the bank in October,2009.

b. As a follow up to the resolution at the annual general meeting held on 6 May, 2016 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.

Risk Overview

Enterprise Risk Management

"In the future we will look at risks affecting the whole of an organization and its place in the community. We will address both upside and downside consequences, and our view will be enterprise-wide, integrated and holistic. The result will be a more intelligent balance between potential benefits and harms. We will increase the confidence of stakeholders in our organizations and make them more resilient in a day and age of increased uncertainty. This is the real goal of risk management." **- Felix Kloman**

Introduction

The business activities that Wema Bank engages in are, by their very nature, risky. The bank profits from the creation of risk assets and mitigates losses by the effective management of the risks it assumes. Consequently, risk management drives and encompasses all our activities and decisions.

The Bank's Enterprise Risk Management (ERM) framework is integrated with its Governance and Compliance framework. Effective Governance ensures that Risks are understood, managed and communicated in an appropriate manner. Ultimately, the purpose of the Bank's Enterprise Risk Management functions is to identify, measure, evaluate, monitor, report and control all material risks on a timely basis and to assess the adequacy of our capital and liquidity in relation to our risk profile and market/macroeconomic conditions.

The Board, either directly or acting through its committees sets the risk appetite of the Bank. The Board sets this risk appetite taking into cognizance our strategic objectives and the risks that the organization is willing to assume in the pursuit of these objectives. At all points, the Board is acutely aware of the fact that while risk appetites and tolerance levels are set individually for various risks, there is a strong correlation amongst several risks and often these risks reinforce each other. Our policies and processes are aligned with our risk management strategy and established risk appetite.

Our employees are encouraged to monitor, assess, report and actively manage risks within their operational spheres. Comprehensive risk registers are maintained and an annual review is undertaken of all business units and process through the Risk and Control Self-Assessment exercise (RCSA). A culture of personal accountability and integrity is encouraged throughout the organization and employees are encouraged to report observed wrong doings anonymously through dedicated whistleblowing channels. Regular training in all aspects of our risk culture helps to reinforce expected behavior.

Risks are identified and documented through the Bank's risk map process which sets out the Bank's risk profile in relation to key risk categories in its component business units. Identified risks are regularly assessed through the bank's risk appetite framework, stress testing process and in terms of emerging risks. Using the Basel II Pillar 1 framework, our Credit, Operational and Market risks are regularly measured and monitored. Other Pillar 2 risks are measured and provided for through our Internal Capital Adequacy Assessment Process (ICAAP).

Risk Management Framework and Governance

The Bank's activities and processes involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Bank's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions. Our annual risk cycle is designed to give management relevant and timely information from which trends can be observed and evaluated.

The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people. The Bank adopts a holistic view in the assessment and management of all major risks. We remain vigilant regarding both known and emerging risks and ensure that we are strong enough to withstand any exogenous shocks. Our board risk committees play a critical role in providing oversight of risk management and ensuring that our risk appetite, risk culture and risk profile are consistent with and support our strategy to deliver long-term and sustainable growth.

The management of risk is evolving and necessitate a regular review of the effectiveness of each enterprise risk management component. It is in the light of this that the Bank's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in the following ways:

- Through continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit;

- And through independent evaluation by external auditors, examiners and consultants.

Wema Bank runs an automated approach to managing, communicating, and implementing enterprise risk management policies and procedures across the Bank. This provides an integrated and dynamic platform for documenting and analysing risks, developing mitigation plans, defining controls, and managing continuous risk assessments. It provides clear visibility on key risk indicators, assessment results, and compliance initiatives. We believe that understanding and managing our risks and continuously improving our controls are central to the delivery of our strategic objectives.

Balancing Risk and Return

Striking a balance between risk and return aims is to minimize the downside, while optimizing the upside with a view to enhancing shareholders' values, and transmit confidence to our other capital providers and clients, as well as ensure the overall sustainability of our business. Every business activity requires the Bank to put capital at risk in exchange for the possibility of earning a return. In some activities, the level of return is quite predictable, whereas in others it can vary over a very wide spectrum, ranging from loss to profit.

Over the years we have continuously improved our ERM Framework, to focus on where we take risks. This helps us to:

- Understand the nature of the risks we are taking and the range of possible outcomes under various scenarios
- Understand the capital required to assume these risks
- Understand the range of returns that we can earn on the capital allocated to these risks; and
- Attempt to optimize the risk-adjusted return on investments

Our objective of balancing risk, return and capital has led us to enhance substantially our risk management methods, to be able to identify threats, uncertainties and opportunities and in turn develop mitigation and management strategies to achieve a desired outcome.

Enterprise-wide Scenario and Stress Testing

We use robust and appropriate scenario stress testing to assess the potential impact on the Group's capital adequacy and strategic plans. Our stress testing and scenario analysis programme is central to the monitoring of strategic and potential risks. It highlights the vulnerabilities.

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 ManagementReport

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 compliments 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

- 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
- 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);

Credit Risk Management

Overview

Credit risk refers to the probability of loss due to a borrower's failure to make payments on any type of debt. Credit risk management is the practice of mitigating losses by understanding the adequacy of a bank's capital and loan loss reserves at any given time.

The credit risk management of the Bank is mainly concerned with generation of profits, which are commensurate with the risks being undertaken to meet the Bank's target returns on assets and investment.

The credit risk management functions of the Bank involve credit analysis and credit quality assurance process principally to identify and mitigate the risks inherent in the system. Secondly, it involves credit administration and loan review to ensure that the quality of the aggregate risk asset portfolio is not compromised from disbursement to full payback.

Credit risk management helps to guide lending officers in balancing the quality and quantity of the loan portfolio of the bank to achieve earnings objectives while also meeting appropriate credit needs, maintaining proper credit standards, holding risk to reasonable limits, minimizing losses, evaluating new business opportunities, adjusting to changes in the regulatory environment and providing adequate liquidity.

The Bank's credit risk management objective is to enable us have high quality and well diversified risk asset portfolio, which will:

- Generate profits which are commensurate with the risks and meet the bank's target Return on Assets;
- Enable the Bank to identify potential problem risk assets thus keeping non-performing assets and charge-offs to the barest possible;
- Adhere (as much as practicable) to directives concerning exposure to industries/sectors identified to be strategic.

To achieve these objectives, the Bank does the following:

- Identify target markets
- Determine its risk appetite and appropriate returns;
- Structure and develop products that will meet clients' requirements but with minimal risk to the bank;
- Manage the risk asset portfolio effectively and efficiently.

In Wema Bank, credit risk management is guided by the following;

Trust and Integrity

Individuals and companies place their funds with us trusting our integrity in managing these funds. This integrity flows through everything the Bank does. Any break in the chain of "continuous integrity, no matter how small and no matter where; will eventually lead to the decline of the Bank - if it is not checked." The Bank will not take any action that may compromise its integrity.

It is easy to forget the importance of integrity. In credit functions, you are far removed from the depositors who have entrusted their money to you. As the funds you lend come from so many sources, you often feel no specific responsibility. As a Banker, we must make conscious effort to continuously strengthen our integrity. The name Wema Bank is a constant reminder of this need.

Two examples of the application of the integrity principle are, avoiding conflicts of interest (for instance loans to the Bank's auditors) and complying with Government regulations.

Understanding Risk

The bank's main activity is to manage risk. Risk, simply defined, is the variability of possible outcomes. For every transaction, you must learn to identify and optimize returns from all risks undertaken. Risk in this sense is an opportunity once fully understood.

One method is to think through the transaction step by step. At each point ask what could go wrong and how can I:

- Alert myself to the event.
- Identify inherent risks and minimize unwanted risks/outcomes.
- Optimize returns from risks undertaken.

It is this principle that guides us to always have at least two separate ways out of a loan.

Matching Risk and Return

For every risk the Bank takes we must have a matching return for taking that risk. All too often we take the interest and fees we charge as fixed and simply apply our efforts to structuring a credit. In many instances the return on the credit is far too low for the risk of lending. For instance, a 10% profit margin on a loan is a small compensation for losing the whole loan. It would take the profit of 10 good loans just to break even. In this situation, our success rate must be over 90% of all loans.

However, in special cases we might decide to have an exposure to a company at a low return with the expectation of getting other business accounts which will improve our profitability from the relationship.

Delinquent loans are costly to manage. From experience, a bad loan takes more than ten times as much management effort as a good loan. For every bad loan, the opportunity cost in lost income from other activities is very high. Bad loans are a major drag on a bank's efficiency.

Independent Verification

A guiding principle of credit is that all information should be independently verified. This may involve an external expert or a skilled member of staff. Independently verified information helps to reduce risk considerably.

An important aspect of independent verification is the separation of controls. For instance, the person who prepares a credit should not be the one who approves it.

Complying with Government Regulations

A key principle of credit policy is that the bank will always comply with all government regulations. This principle is based on several factors. The bank operates under a license. The terms of the license call for compliance with government regulations. By not complying, we not only breach our contract with the authorities, we also risk losing our license or incurring penalties.

Also, if we assume that government regulations are in the best interest of the country, then we work against this interest when we break them. If we break regulations and this information reaches the market, then our reputation will be diminished. The fall in reputation could result in lost business and reduced profit. Considering all the negative results of breaking regulations, we are much better off complying with them.

Credit Risk Policies

The following are the principal credit policies of the Bank:

Target Market & Client Focus Policy

Establishing a target market and focusing on clients forms the basis of a strong business and credit relationships. We do not intend to meet all the finance needs of all customers. We shall thus focus our efforts on target markets specifically chosen by us after detailed studies.

The target markets are the industries a credit team concentrates its marketing efforts on. Client focus identifies the specific customers within that target market for whom we wish to be the primary Bank. Lending to these customers will be dependent on their meeting our Risk Acceptance Criteria (RAC).

Building a profitable, high quality credit portfolio should be the key aim of every Account Officer. A good Account Officer is not one that aims at winning and retaining any client at all costs but the one that learns to say “no' not just to low quality credit proposals but also to those credit requests that do not fit into our corporate strategy.

Credit Concentration Risk Policy

Credit concentration risk refers to any single exposure or group of exposures with the potential to result in large losses which may impair the Bank's earnings or capital because of significant credit risk events affecting the single obligor or group of obligors with similar business or risk profile.

Basel II recognizes that credit risk concentrations are the single most important cause of major problems in Banks globally. Credit concentration risk is defined in the Basel II Accord as “any single exposure or group of exposures with the potential to produce losses large enough (relative to a bank's capital, total assets, or overall risk level) to threaten a bank's health or ability to maintain its core operations.”

Responsibilities of Business and credit Risk Management

In Wema Bank, Business units and Credit Risk Management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR using approved methods as set out in the Bank's policy, however Credit Risk Management will validate such ratings.

Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current. In Wema Bank, Credit Risk Management has the final authority if there is a question about a specific rating.

Credit Process

Wema Bank's credit process starts with target market identification and portfolio planning. Credit requests are initiated by the Strategic Business Units, and the credit requests are subjected to review and approvals by applicable credit approving authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.

Monitoring of facilities is undertaken by both the Strategic Business Units and the Bank's Loan Review and Monitoring Department. The process is centralized.

Credit Risk Rating Policy

A risk rating is a grade given to a loan (or a group of loans), reflecting its quality. Risk ratings are usually in numbers. For instance, risk ratings range from AAA to D, where AAA represents a loan of highest quality and D represents a loan of lowest quality. Risk classifications are in form of interpretation such as Extremely Low Risk, Average Risk, High Risk, Substandard or Lost. In many cases both ways of assessing risks are used together.

As the Bank manages a large number of loans, by giving each one a grade or risks rating, a number of processes can be performed more effectively.

Risk Rating Methods and Process

The credit rating of the obligors plays a vital role in final credit decisions as well as in the terms offered for successful loan applications.

Wema Bank employs a robust credit rating system in the determination of the Obligor and inherent risks and thus allows the bank to maintain its asset quality at a desired level.

As the Bank manages a large number of loans, by giving each one a grade or risks rating, a number of processes can be performed more effectively. These processes include:

1. Measuring the riskiness of the total portfolio of loans (for instance a weighted average).
2. Monitoring the trend in the quality of loans (for instance from January to December average risk rating fell 2 points from B to CC).
3. Establishing guidelines for Risk Based Pricing (e.g. Rating A may be priced as prime while Rating C may be priced at prime + 3%).
4. Providing performance measures (for instance, recognition could be given to the team with the lowest average risk rating).
5. Providing criteria for taking action on loans (for instance all loans of risk rating CCC will be mentioned at MCC to ensure they do not deteriorate further).

6. Providing early warning signals, which lead to early detection of problems and opportunity for remedy.

Once established, a risk rating system can have many benefits. However, to be effective, the rating process must be credible, consistent, reliable, objective and efficient.

Risk rating metrics

The Bank's Risk Rating scale is detailed below:

RISK CLASSIFICATION	RISK GRADE	RISK WEIGHT
Extremely Low Risk	AAA	9.0 – 10.0
Very Low Risk	AA-	8.0 – 8.9
Low Risk	A	7.0 – 7.9
Above Average Risk	BBB	6.0 – 6.9
Average Risk	BB	5.5 – 5.9
Below Average Risk	B	5.0 – 5.4
High Risk/ Watchlist	CCC	4.5 – 4.9
Very High Risk/ Substandard	CC	4.0 – 4.4
Extremely High Risk/Doubtful	C	3.5 – 3.9
Bad and Lost	D	Below 3.5

Credit risk Rating Models in Wema Bank

The following are the credit risk rating models deployed by the Bank.

Obligor Risk Rating Models have been developed for:

1. Retail exposures
2. Commercial exposures
3. Corporate exposures

Facility Risk Rating Models have been developed for:

1. Probability of Default
2. Loss Given Default
2. Exposure at Default

Credit Approval and Lending Authorities

The key objective of Wema Bank lending is to make profits. In making a credit decision a Relationship Manager must have sufficient information to evaluate a potential borrower's character, collateral, capital and capacity. They must also understand the external conditions, which will affect the borrower's ability to meet their financial obligations. To ensure that decisions to lend are made at levels that reflect the size and complexity of the loans, different loan amounts fall under special approval authorities. The proper lending authority must approve all facilities, loans and commitments to all clients.

The lending authority in the Bank shall flow through the management hierarchy with the final authority residing in the Board of Directors.

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

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:

1. Mortgages over residential properties;
2. Charges over business assets such as premises, inventory and accounts receivable;
3. Charges over financial instruments such as debt securities and equities.
4. 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	Group	Bank	Bank
	31-Dec-16	31-Dec-16	31-Dec-15
Against individually impaired	9,681,182	9,681,182	4,129,530
Against collectively impaired	215,354,734	215,354,734	259,364,161
Total	**225,035,916**	**225,035,916**	**263,493,691**
Against individually impaired:			
Property	6,756,216	6,756,216	2,538,400
Equities	200,000	200,000	288,191
Cash	264,444	264,444	315,154
Debenture on stock and companies' assets	2,460,522	2,460,522	987,785
	9,681,182	**9,681,182**	**4,129,530**
Against collectively impaired:			
Property	148,996,832	148,996,832	73,189,628
Equities	5,789,950	5,789,950	8,052,822
Cash	22,993,649	22,993,649	14,889,541
Debenture on stock and companies' assets	37,624,303	37,624,303	163,232,170
	215,354,734	**215,354,734**	**259,364,161**

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:

Group

31 December 2016 *In thousands of Nigerian Naira*	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
Carrying amount, net of allowance for impairment	**227,008,550**	**61,837,870**	**16,419,725**	**238,036**	**5,265,970**
Concentration by sector					
Corporate:					
Finance & Insurance	3,332,987				5,265,970
Real Estate and construction	69,603,441				
Oil and Gas	41,047,175				
Government	13,387,924	60,026,133	16,419,725	238,036	
Manufacturing	11,606,498				
General	17,067,440				
Others	59,477,866	1,811,737			
Retail:					
Mortgage	395,692				
Others	11,089,528				
	227,008,550	**61,837,870**	**16,419,725**	**238,036**	**5,265,970**
Concentration by location:					
Nigeria	**227,008,550**	**61,837,870**	**16,415,725**	**238,036**	**5,265,970**
	227,008,550	**61,837,870**	**16,415,725**	**238,036**	**5,265,970**

Bank

31 December 2016 *In thousands of Nigerian Naira*	Loans and advances to customers	Investmen t securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
Carrying amount, net of allowance for impairment	**227,008,550**	**59,030,562**	**16,419,725**	**238,036**	**5,265,970**
Concentration by sector					
Corporate:					
Finance & Insurance	3,332,987				5,265,970
Real Estate and construction	69,603,441				
Oil and Gas	41,047,175				
Government	13,387,924	57,218,825	16,419,725	238,036	
Manufacturing	11,606,498				
General	17,067,440				
Others	59,477,866	1,811,737			
Retail:					
Mortgage	395,692				
Others	11,089,528				
	227,008,550	**59,030,562**	**16,419,725**	**238,036**	**5,265,970**
Concentration by location:					
Nigeria	**227,008,550**	**59,030,562**	**16,415,725**	**238,036**	**5,265,970**
	227,008,550	**59,030,562**	**16,415,725**	**238,036**	**5,265,970**

Bank 31 December 2015 *In thousands of Nigerian Naira*	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
Carrying amount, net of allowance for impairment	185,596,590	36,418,779	16,455,942	4,688,492	17,394,364
Concentration by sector					
Corporate:					
Finance & Insurance	10,288,724				
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					**35,235,744**
location: Nigeria	**185,596,590**	**36,418,779**	**16,455,942**	**4,688,492**	**35,235,744**
	185,596,590	**36,418,779**	**16,455,942**	**4,688,492**	**17,394,364**

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 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 subjects to collective impairment.

Exposure to Credit Risk

Group	Loans and advances to customers	Investment securities	Pledged assets	Non-pledged trading assets	Cash and cash equivalents (Placements)
31-Dec-16					
In thousands of Nigerian Naira					
Carrying amount, net of allowance for impairment	227,008,550	61,837,870	16,419,725	238,036	5,265,970
Assets at amortised cost:	229,840,981				
Individually impaired:					
A					
AA	2,787,640				
BBB					
BBB-	115,096				
BB+	83,162				
BB	323,194				
B	245,605				
CCC	0				
CC	1,726,615				
C	0				
D	0				
Gross amount	5,281,312				
Allowance for impairment	(2,136,250)				
Carrying amount, net of allowance for impairment	3,145,062				
Collectively impaired:					
AAA					
AA	363,900	58,679,662	16,419,725	238,036	5,265,970
A	59,838,149				
BBB	97,755,628				
BBB-	4,486,918				
BBB+	4,813,678				
BB	12,477,754				
B	44,634,352				
CCC	0				
CC	189,290				
C	0				
D	0				
Gross amount	224,559,669	58,679,662	16,419,725	238,036	5,265,970
Allowance for impairment	(696,181)				
Carrying amount, net of allowance for impairment	223,863,488	58,679,662	16,419,725	238,036	5,265,970
Available-for-sale assets (AFS):					
Grade AAA-A: Low risk		3,005,125			
Grade CCC-D: High risk		153,083			
Allowance for impairment					
Carrying amount, net of allowance for impairment		3,158,208			
Total carrying amount, net of allowance for impairment	**227,008,550**	**61,837,870**	**16,419,725**	**238,036**	**5,265,970**

Bank 31-Dec-16	Loans and advances to customers	Investment securities	Pledged assets	Non-pledged trading assets	Cash and cash equivalents (Placements)
In thousands of Nigerian Naira					
Carrying amount, net of allowance for impairment	227,008,550	59,030,562	16,419,725	238,036	5,265,970
Assets at amortised cost:	227,008,550				
Individually impaired:					
A					
AA	2,787,640				
BBB					
BBB-	115,096				
BB+	83,162				
BB	323,194				
B	245,605				
CCC	0				
CC	1,726,615				
C	0				
D	0				
Gross amount	5,281,312				
Allowance for impairment	(2,136,250)				
Carrying amount, net of allowance for impairment	3,145,062				
Collectively impaired:					
AAA					
AA	363,900	55,871,354	16,419,725	238,036	5,265,970
A	59,838,149				
BBB	97,755,628				
BBB-	4,486,918				
BBB+	4,813,678				
BB	12,477,754				
B	44,634,352				
CCC	0				
CC	189,290				
C	0				
D	0				
Gross amount	224,559,669	55,871,354	16,419,725	238,036	5,265,970
Allowance for impairment	(696,181)				
Carrying amount, net of allowance for impairment	223,863,488	55,871,354	16,419,725	238,036	5,265,970
Available-for-sale assets (AFS):					
Grade AAA-A: Low risk		3,005,125			
Grade CCC-D: High risk		154,083			
Allowance for impairment					
Carrying amount, net of allowance for impairment		3,159,208			
Total carrying amount, net of allowance for impairment	**227,008,550**	**59,030,562**	**16,419,725**	**238,036**	**5,265,970**

Bank	Loans and advances to customers	Investment securities	Pledged assets	Non-pledged trading assets	Cash and cash equivalents (Placements)
31-Dec-15					
In thousands of Nigerian Naira					
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	2,622,322	-	-	-	-
Allowance for impairment	(1,327,916)	-	-	-	-
Carrying amount, net of allowance for impairment	1,294,406	-	-	-	-
Collectively impaired:					
AAA					
AA	26,633,295	28,788,649	16,455,942	4,688,492	17,394,364
A	76,796,318	-	-	-	-
BBB	50,931,682	-	-	-	-
BB	15,375,149	-	-	-	-
B	11,646,634				
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):					
Grade AAA-A: Low risk	-	7,481,865	-	-	-
Grade CCC-D: High risk	-	148,265	-	-	-
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

MARKET RISK MANAGEMENT

Overview

This is the risk that movement in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices, will reduce our income and capital or the value of our on/off balance sheet portfolios.

Exposure to Market Risk

Exposure to market risk is separated into two portfolios:

- Trading portfolios comprise positions arising from market making.
    - The models/tools used to measure and control traded market risk (interest rate and foreign exchange risk) include daily valuation of positions, limit monitoring, sensitivity analysis, value-at-risk, and stress testing analyses amongst others.

- Non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities, financial investments designated as available-for-sale (AFS) and held-to-maturity (HTM).
    - The principal objective of market risk management of non-trading portfolios is to optimize net interest income.

Wema Bank is exposed to market risk arising from positions created in its trading and banking books. Where appropriate, we apply similar risk management policies and measurement techniques to both trading and non-trading portfolios.

One of the primary objectives of market risk management, as part of our independent Risk function, is to ensure that our business units' risk exposure is within the approved appetite commensurate with its defined strategy. To achieve this objective, market risk management works closely with risk takers (“the business units”) and other control and support groups.

Market Risk Governance

Market risk management governance is designed and established to promote oversight of all market risks, effective decision-making and timely escalation to senior management and board. Market risk management defines and implements a framework to systematically identify, assess, monitor and report our market risk vulnerabilities. Market risk managers identify market risks through active portfolio analysis and engagement with the business areas.

Market risk is managed and controlled in Wema Bank through policies and limits approved by the Board (BRAC). These policies and limits ensure that risks faced across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank, while taking cognizance of regulatory constraints.

The specific limits are proposed by the Head, Market Risk Management through the Chief Risk Officer (CRO) and approved by the relevant management committees, and ultimately by the Board (BRAC).

The risk reporting framework involves presentation of reports to the Asset and Liability Committee (ALCO), Management Risk Committee (MRC) and Board Risk & Audit Committee (BRAC). The management committees receive periodic market risk reports and recommendations, while relevant reports are presented to the Board Risk & Audit Committee (BRAC) on a quarterly basis.

Exposures to market risks are managed through various metrics/models such as re-pricing gap, ratio, value at risk, earning at risk (EaR), economic value of equity (EVE), sensitivity and scenario analysis, amongst others. Also, the Bank regularly conduct stress testing to monitor its vulnerability to very extreme, but plausible shocks.

In line with the CBN circular on Basel II/III capital framework, the Bank adopts the standardized approach for market risk regulatory capital requirement. Also, the Bank has put in place a detailed plan for the full implementation of Basel II/III framework with timelines for migration to more advance capital computation methods in the future.

Market risk Measures

Monitoring and limiting Market Risk Exposures

We aim to accurately measure all types of market risks by a comprehensive set of risk metrics reflecting economic and regulatory requirements.

In accordance with economic and regulatory requirements, we measure market risks by several internally developed key risk metrics/tools and regulatory defined market risk approaches.

Limits Setting

Specific limits and triggers (regulatory and internal) have been set across the various market risk areas to prevent undue market risk exposures. Market risk management ensures that these limits and triggers are adhered to by the Bank at all times.

The following limits amongst others currently exist:

- Open position limits
- Interbank placement limits (DPLs):
- Management action triggers (MATs)
- Stop Loss limit
- Dealer limits
- Deal authorization limits
- Value-at-Risk limits

Mark-to-Market (MTM)

The mark-to-market technique establishes unrealized profit/loss by revaluing open traded positions at prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices. It is the Bank's policy to revalue all exposures under the traded market risk portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit.

Sensitivity Analysis

Sensitivity analysis measures the impact of individual market factor movements on specific instruments or portfolios, including interest rates and foreign exchange rates, such as the effect of a one basis point change in yield. We use sensitivity measures to monitor the market risk positions within each risk type. Sensitivity limits are set for portfolios, products and risk types, with the depth of the market being a principal factor in determining the level.

Value at Risk

Value at risk ('VaR') is a technique for estimating potential losses on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The use of VaR is integrated into market risk management and calculated for all trading positions. In addition, we calculate VaR for non-trading portfolios to have a complete picture of risk. Where we do not calculate VaR explicitly, we use alternative tools as highlighted in the 'Stress testing' section below.

Our models are predominantly based on historical and parametric simulations which incorporate the following features:

- Historical market rates and prices are calculated with reference to foreign exchange rates, interest rates, and the associated volatilities;
- Potential market movements utilised for VaR are calculated with reference to data from the past five years; and
- VaR measures are calculated to a 99% confidence level and use a one-day holding period.

The nature of the VaR models means that an increase in observed market volatility will lead to an increase in VaR without any changes in the underlying positions.

VaR Model limitations

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations. For example:

- Use of historical data as a proxy for estimating future events may not encompass all potential events, particularly extreme ones;
- The use of a holding period assumes that all positions can be liquidated or the risks offset during that period, which may not fully reflect the market risk arising at times of severe illiquidity, when the holding period may be insufficient to liquidate or hedge all positions fully;
- The use of a 99% confidence level does not take into account losses that might occur beyond this level of confidence; and
- VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposures.

Risk factors are reviewed on a regular basis and incorporated directly in the VaR models, where possible.

StressTesting

Stress testing is an important procedure that is integrated into our market risk management framework to evaluate the potential impact on portfolio values of more extreme, although plausible, events or movements in a set of financial variables. In such scenarios, losses can be much greater than those predicted by VaR modelling. Scenarios are tailored to capture the relevant potential events or market movements for risk factors. The risk appetite around potential stress losses for the Bank is set and monitored. Market risk reverse stress tests are undertaken on the premise that there is a fixed loss. The stress testing process identifies which scenarios lead to this loss. The rationale behind the reverse stress test is to understand scenarios that are beyond normal business settings and could have contagion and systemic implications. Stressed VaR and stress testing, together with reverse stress testing and the management of gap risk, provide management with insights regarding the 'tail risk' beyond VaR, for which Wema Bank's appetite is limited.

Back-Testing

We routinely validate the accuracy of our VaR models by backtesting them against both actual and hypothetical profit and loss against the corresponding VaR numbers. Hypothetical profit and loss excludes non-modelled items such as fees, commissions and revenues of intra-day transactions. We would expect, on average, to see two or three losses in excess of VaR at the 99% confidence level over a one-year period. The actual number of losses in excess of VaR over this period can therefore be used to gauge how well the models are performing.

Structural Foreign Exchange Exposures

Structural foreign exchange exposures represent net investments in currencies other than the Naira. Exchange differences on structural exposures are recognised in 'Other comprehensive income'. We use the Naira as our presentation currency in our consolidated financial statements. Our consolidated balance sheet is, therefore, affected by exchange differences between the Naira and all other currencies underlying our day to day operations. Our structural foreign exchange exposures are managed with the primary objective of ensuring, where practical, that our capital ratios are largely protected from the effect of changes in exchange rates.

Foreign currency concentrations risk as at 31 December 2016

Exchange rate exposure limits

Group

In thousands of Nigerian Naira	**US Dollar**	**Euro**	**Pound**	**Naira**	**Others**	**Total**
31 December 2016						
Cash and cash equivalents	11,382,877	751,423	652,703	14,785,517	51,425	27,623,945
Pledged assets	-	-	-	16,419,725	-	16,419,725
Non-pledged trading assets	-	-	-	238,036	-	238,036
Loans and advances to customers	21,787,364	-	-	205,221,186	-	227,008,550
Investment securities	-	-	-	61,837,870	-	61,837,870
Other assets	661,228	-	-	2,546,563	-	3,207,791
Total financial assets	**33,831,469**	**751,423**	**652,703**	**301,048,897**	**51,425**	**336,335,917**
Deposits from banks	-	-	-	37,433,906	-	37,433,906
Deposit from customers	5,634,251	322,679	266,638	277,074,445	4,591	283,302,604
Other borrowed funds	3,050,000	-	-	29,043,404	-	32,093,404
Other liabilities	12,735,521	378,145	26,568	9,251,642	881	22,392,756
Total financial liabilities	**21,419,772**	**700,824**	**293,206**	**352,803,397**	**5,472**	**375,222,671**

Bank

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
31 December 2016						
Cash and cash equivalents	11,382,877	751,423	652,703	14,770,280	51,425	27,608,708
Pledged assets	-	-	-	16,419,725	-	16,419,725
Non-pledged trading assets	-	-	-	238,036	-	238,036
Loans and advances to customers	21,787,364	-	-	205,221,186	-	227,008,550
Investment securities	-	-	-	59,030,562	-	59,030,562
Other assets	661,228	-	-	2,546,563	-	3,207,791
Total financial assets	**33,831,469**	**751,423**	**652,703**	**298,226,352**	**51,425**	**333,513,372**
Deposits from banks	-	-	-	37,433,906	-	37,433,906
Deposit from customers	5,634,251	322,679	266,638	277,100,056	4,591	283,328,215
Other borrowed funds	3,050,000	-	-	26,232,289	-	29,282,289
Other liabilities	12,735,521	377,213	26,568	9,184,313	881	22,324,496
Total financial liabilities	**21,419,772**	**699,892**	**293,206**	**349,950,564**	**5,472**	**372,368,906**

Bank

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
31 December 2015						
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	284,977,835
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	13,028,757
Total financial liabilities	**17,088,907**	**306,835**	**530,392**	**332,068,892**	**301,484**	**350,296,508**

Interest rate Risk in the Banking Book

A major component of market risk exposures in the Bank is the interest rate in the banking book. Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates or yield curves. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books.

Measurement of Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is measured and controlled using four metrics:

- Non-traded VaR;
- Re-pricing gap analysis

- Net interest income sensitivity; and
- Economic value of equity.

Re-pricing Gap Analysis

This allows the Bank to maintain a positive or negative gap depending upon the forecast of interest rate position. The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to anticipate increase net interest income, in line with market outlook

Net Interest Income Sensitivity

A principal part of our management of non-traded interest rate risk is to monitor the sensitivity of expected net interest income under varying interest rate scenarios (simulation modelling), where all other economic variables are held constant. Projected net interest income sensitivity figures represent the effect of the pro forma movements in projected yield curves based on a static balance sheet size and structure assumption, other than instances where the size of the balances or repricing is deemed interest rate sensitive (non-interest bearing current account migration and fixed rate loan early prepayment). In reality, Wema Bank proactively seeks to change the interest rate risk profile to optimize net revenues.

The management of interest rate risk in the banking book is supported by the sensitivity analysis 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 static financial position is shown below:

Sensitivity of Projected Net Interest Income

RSL - Risk sensitive liabilities
RSA - Risk sensitive assets

In thousands of Nigerian Naira	**As at Reporting date**	**RSA constant and RSL increases by 1%**	**RSA and RSL increases by 1%**	**RSA increases by 2% and RSL increases by 1%**	**RSA increases by 3.5% and RSL increases by 1%**
Group					
31-Dec-16					
Average for the period	1,537,481	1,251,329	1,457,244	1,663,159	1,972,032
Maximum for the period	2,132,396	1,861,291	2,118,181	2,375,070	2,760,405
Minimum for the period	878,881	641,918	851,464	1,061,010	1,375,328
Bank					
31-Dec-16					
Average for the period	1,539,329	1,252,832	1,458,995	1,665,158	1,974,402
Maximum for the period	2,134,958	1,863,528	2,120,726	2,377,924	2,763,721
Minimum for the period	879,937	642,690	852,487	1,062,284	1,376,981

In thousands of Nigerian Naira	**As at Reporting date**	**RSA constant and RSL increases by 1%**	**RSA and RSL increases by 1%**	**RSA increases by 2% and RSL increases by 1%**	**RSA increases by 3.5% and RSL increases by 1%**
Bank					
31-Dec-15					
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	1,148,767	1,477,445

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The objective of the Bank's liquidity risk management framework is to ensure that the Group can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet

Liquidity Risk Management Framework

Liquidity risk management governance is designed and established to promote oversight of all liquidity risks, effective decision-making and timely escalation to senior management and board.

The Bank has an internal liquidity and funding risk management framework which aims to allow it to withstand very severe liquidity stresses. It is designed to be adaptable to changing business models, markets and regulations. The management of liquidity and funding is primarily undertaken by the Asset and Lability Management Committee (ALCO) in compliance with the Bank's policy and international best practices.

The Board defines the liquidity and funding risk strategy for the Bank, as well as the risk appetite, based on recommendations made by the Chief Risk Officer (CRO) through the Asset and Liability Management Committee (ALCO). At least annually, the Board approves the Bank's Liquidity Policy and Contingency Funding Plan, including establishing liquidity risk tolerance levels which are used by the Bank to measure and control liquidity risks as well as our long-term funding plan.

Treasury is mandated to manage the overall liquidity and funding position of the Bank, with Market Risk acting as an independent control function, responsible for reviewing the liquidity risk framework, proposing the risk appetite through the Chief Risk Officer (CRO) and the validation of liquidity risk models which are used to measure and manage the Bank's liquidity risk profile. Treasury works closely in conjunction with Market Risk, and the business facing units, to analyze and understand the underlying liquidity characteristics of the business portfolios. These parties are engaged in regular and frequent dialogue to understand changes in the Bank's position arising from business activities and market circumstances. Dedicated business targets are allocated to ensure the Bank meets its overall liquidity and funding appetite.

The relevant management committees and Board is informed of performance against the risk appetite metrics via periodic Liquidity Scorecard. As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure that the plan is in compliance with our risk appetite.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify where additional liquidity requirements need to be met by holdings of liquid assets.

Contingency Funding Plan

A contingency funding is simply a reserve fund set aside to handle unexpected cash outflows that are outside the range of the usual operating budget. It is imperative for a bank to maintain an adequate level of liquid assets as a protection against any possible loss in the event of emergency liquidity situations. Financial resources may run dry quickly in adverse scenarios, forcing the Bank to look elsewhere for funding.

A contingency funding plan (CFP) addresses the institution's strategy for handling a liquidity crisis. The CFP should serve as a blueprint for meeting its funding needs in a timely manner and at a reasonable cost. It describes policies and procedures for managing or making up cash flow shortfalls in stress situations. Having a contingency funding plan can help an entity to avoid the need to rely on other entities.

The Bank monitors its liquidity position and funding strategies on an ongoing basis, while recognizing that unexpected and/or unplanned events which could be company specific or systemic could cause either a short or long-term liquidity crisis. It reviews its Contingency Funding Plan in the light of evolving market conditions and stress test results.

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. This measurement complies with the regulatory requirement guideline of the 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:

	Group	Bank	Bank
	31-Dec-16	**31-Dec-16**	**31-Dec-15**
At the end of the year	30.30%	30.30%	33.57%
Average for the period	30.22%	30.22%	31.17%
Maximum for the period	30.85%	30.85%	35.31%
Minimum for the period	28.74%	28.74%	30.02%

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.

Notes to the Financial Statements

Residual contractual maturities of financial assets and liabilities

Group

31 December 2016	**Note**	**Carrying amount**	**Gross nominal inflow /(outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**5 years**	**More than 5 years**
In thousands of Nigerian Naira								
Non-derivative assets:								
Cash and cash equivalents	15	27,623,945	27,623,945	27,623,945				
Pledged assets	16	16,419,725	15,819,523	134,832	6,377,071			9,907,822
Non-pledged trading assets		238,036	250,000		238,036			
Loans and advances to customers	18	227,008,550	227,309,006	70,564,587	14,761,192	54,055,877	71,037,038	16,589,856
Investment securities	17	61,837,870	61,705,882	12,649,548	10,473,911	14,085,667	320,031	24,308,714
		333,128,126	332,708,356	110,972,912	31,850,210	68,141,544	71,357,069	50,806,392
Non-derivative liabilities								
Deposits from banks	26	37,433,906	37,261,092	37,433,906				
Deposits from customers	27	283,302,604	283,302,604	171,097,380	16,399,786	11,000,288	56,891,400	27,913,750
Other borrowed funds	30	32,093,404	31,923,564	7,039,407	-	-	-	25,053,997
Interest bearing financial liability	29	932	932	932				
		352,830,846	352,488,192	215,571,625	16,399,786	11,000,288	56,891,400	52,967,747
Gap (asset - liabilities)		(19,702,720)	(19,779,836)	(104,360,677)	15,212,388	57,141,256	14,465,669	(2,161,355)
Cumulative liquidity gap				(104,360,677)	(89,148,289)	(32,007,033)	(17,541,364)	(19,702,720)

Bank

31 December 2016	Note	Carrying amount	Gross nominal inflow /(outflow)	Less than 3 months	3 - 6 months	6 - 12 months	5 years	More than 5 years
In thousands of Nigerian Naira								
Non-derivative assets:								
Cash and cash equivalents	15	27,608,708	27,608,708	27,608,708				
Pledged assets	16	16,419,725	15,819,523	134,832.00	6,377,071.02	-	-	9,907,821.85
Non-pledged trading assets		238,036	250,000		238,035.66			
Loans and advances to customers	18	227,008,550	227,309,006	70,564,587	14,761,192	54,055,877	71,037,038	16,589,856
Investment securities	17	59,030,562	58,884,384	12,075,285	9,998,418	13,446,207	305,502	23,205,150
		330,305,581	329,871,621	110,383,412	31,374,717	67,502,084	71,342,540	49,702,828
Non-derivative liabilities								
Deposits from banks	26	37,433,906	37,261,092	37,433,906				
Deposits from customers	27	283,328,215	283,328,215	171,097,380	16,399,786	11,000,288	56,891,400	27,939,361
Other borrowed funds	30	29,282,289	29,112,449	6,422,814	-	-	-	22,859,475
Interest bearing financial liability	29	932	932	932				
		350,045,342	349,702,688	214,955,032	16,399,786	11,000,288	56,891,400	50,798,836
Gap (asset - liabilities)		(19,739,761)	(19,831,067)	(104,571,620)	14,974,930	56,501,796	14,451,140	(1,096,008)
Cumulative liquidity gap				(104,571,620)	(89,596,690)	(33,094,894)	(18,643,753)	(19,739,761)

31 December 2015	Note	Carrying amount	Gross nominal inflow /(outflow)	Less than 3 months	3 - 6 months	6 - 12 months	5 years	More than 5 years
In thousands of Nigerian Naira								
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	-	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)

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.

OPERATIONAL RISK MANAGEMENT

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.
In Wema Bank we understand that there are inherent risks in all the Bank's products, activities, processes and systems; and that sound operational risk management reflects the effectiveness of the Board of Directors and Senior Management in administering its portfolio of products, activities, processes and systems; creating value for all stakeholders and entrenching a competitive advantage for the Bank.

Operational Risk Management Philosophy

The Bank's operational risk management philosophy is driven by the eleven (11) Operational Risk Management Principles as defined by Basel Committee on Banking Supervision. The adoption of these principles has the advantage of strategically creating and driving a robust risk management culture in the Bank and allows for the achievement of greater sophistication and consistency in operational risk management.

Operational Risk Management Framework

The implementation of a process driven framework ensures that all principal risks in the Bank are proactively identified, assessed, measured, adequately mitigated, monitored and reported to Senior Management to aid effective decision making.

The Framework clearly documents:

- Governance structures, including reporting lines and accountabilities;
- Operational risk management tools and how they are used;
- Operational risk profile, permissible thresholds or tolerances for inherent and residual risk, and approved risk mitigation strategies;
- Approach to establishing and monitoring thresholds or tolerances for inherent and residual risk exposure;
- Management risk reporting;
- Independent review and assessment of operational risk; and
- Revision of policies whenever a material change in the operational risk profile of the bank occurs.

Policies and Procedures

Operational risk management policies and procedures that clearly define the way in which all aspects of operational risk are managed are documented and communicated. These policies and procedures are aligned with the overall business strategy and supports the continuous improvement of the risk management function.

Wema Bank's Operational risk management policies and procedures address the process for review and approval of new products, activities, processes and systems. The review and approval process considers:

- Inherent risks in the new product, service, or activity;

- Resulting changes to the bank's operational risk profile and appetite and tolerance, including the risk of existing products or activities;
- The necessary controls, risk management processes, and risk mitigation strategies;
- The residual risk;
- Changes to relevant risk limits;
- The procedures and metrics to measure, monitor, and manage the risk of the new product or activity; and
- Availability of the required human resources and technology infrastructure before the introduction of new products.

Operational Risk Exposure

Operational risk exposures are managed through a robust and consistent set of management processes that drives risk identification, assessment, control, reporting and monitoring. This will keep operational risk at considerable levels relative to the nature of our businesses and the markets in which Wema Bank plays, our capital and liquidity, and the competitive, economic and regulatory environment. With the array of controls, operational losses are inevitable. Our operational risk strategy seeks to minimize the impact that operational risk and losses can have on going concern of the organization. The Bank's promotes operational risk management culture that reduces the probability of occurrence of expected events and cost implication by managing the risk profile and implementing loss prevention techniques to reduce erosion of the organization's earnings. Our Strategy also seeks to minimize the impact of unexpected and catastrophic events and related costs through sound Business Continuity Management that will support the Bank's long term growth.

Operational Risk exposures are further being managed by:

- Implementing global Standards into the operational risk management framework to ensure that we abide by global best practices in managing operational risks
- Frequently Increased monitoring and enhanced preventive/detective controls to manage risks associated with new technologies and new/emerging banking terrain;
- Promote a culture that strengthens internal security controls to prevent cyber/technologically related attacks;
- Improved controls and security to protect customers when using digital channels;
- Enhanced third-party risk management capability to enable capability to enable the consistent risk assessment of any third-party service.

Operational Risk Losses

The operational risk management department collects and analyze operational risk loss data. The Bank recognizes the value of loss data for conducting predictive and loss distribution analysis which is part of advanced approach under Basel II / III.

As a result of sound operational risk management that is embedded into the Bank's Business as Usual activities, we experienced a significant decrease in operational risk losses in 2016 as compared to 2015 financial year.

The following are some of the key tools adopted for managing operational risk in Wema Bank.

- Business Process Mapping: Business process mappings identify the key steps in business processes, activities and organizational functions. They also identify the key risk points in the overall business process. Process maps can reveal individual risks, risk interdependencies and areas of control or risk management weakness.
- Scenario Analysis: Scenario analysis is a process of obtaining expert opinion of business line and risk managers to identify potential operational risk events and assess their potential outcome.
- Risk & Control Self-Assessment (RCSA); Risk & Control Self-Assessment (RCSA) is the process through which the likelihood (probability) of identified risks (inherent and residual) occurring and the impact in the event of occurrence are assessed. It enables process owners to develop a risk profile for their respective business/support functions and to assess the effectiveness of mitigating controls.
- Key Risk Indicators (KRIs): Key Risk Indicators are metrics used to show changes in risk profile and are designed to monitor the development of significant risks. Key Risk Indicators are defined for high or medium risk area in each business / support unit as part of the Bank's approach to assessing operational risk and setting its risk appetite. Thresholds are also defined for each key risk indicator to serve as proxy for risk appetite for each risk area and business / support unit.
- Key Performance Indicators (KPIs): Key Performance Indicators are metrics used to define performance targets for business/support unit based on its goals and objectives and to monitor its progress towards achieving these targets.
- Internal Loss Data Collection and Analysis: Internal operational loss data such as loss arising from fraud, forgeries, robbery and system downtime provides meaningful information for assessing a bank's exposure to operational risk and the effectiveness of internal controls. Analysis of loss events provides insight into the causes of large losses and information on whether control failures are isolated or systematic.

Business Continuity Management

Wema Bank provides a governance framework for crisis management and orderly restoration of business activities upon the occurrence of an adverse event (e.g. a natural disaster or man-made disaster or technological failures).

The Bank describes the methods to be used by the Business for risk assessment, risk analysis, risk mitigation, monitoring and reporting while providing for consistent program administration, senior management oversight with clearly defined roles and responsibilities. Sound business continuity management helps to:

I. Ensure business continuity in a cost-effective manner
ii. Provide safety for staff in crisis situations
iii. Provide method for analysing business impacts of adverse events
iv. Comply with statutory and regulatory provisions.

The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information. The Bank mitigates business continuity risks by reviewing and testing recovery procedures. The Bank obtained ISO certification in information Security (ISO27001) and Service Management (ISO20000) since 2015. Regular bank wide awareness campaigns are also used to drive information security and business continuity culture in the bank.

STRATEGIC RISK MANAGEMENT

An institutions ability to manage strategic risk is crucial to its survival and long term development. Strategic risk management is primarily concerned with how an institution relates itself to the environment it operates in, and the choices it makes in response to changes in environment and on the deployment of capital and resources in ways that create competitive advantage for the institution. The principle of sound strategic risk management in Wema Bank provides guidance for identification, measurement, control and monitoring of Strategic risk. The Bank's strategic Risk Management is entrenched as an integral part of the Enterprise Risk Management framework.

Strategic Risk Management Process in Wema Bank involves Board and senior management oversight over the formulation of a Strategic risk management process which includes:

- Sound Strategic planning process for formulating the institutions strategic goals and objectives, which is consistent with the corporate mission and values and for translating those goals and objectives into a well-structured strategic plan for delivery and measurement of desired outcomes
- Personnel, technology, funding and capital resources allocated, and the priority assigned, to the implementation strategies are compatible
- The methods of communicating, implementing and modifying strategies
- Performance evaluation and feedback mechanism

The Strategic risk management process in Wema Bank include the following four key elements:

- Strategic Planning
- Alignment and Change management
- Implementation and Monitoring
- Performance evaluation and feedback

Strategic Risk Monitoring and Control

Strategic Risk Monitoring and Control is also critical in Wema bank which ensures conformity with policies from time to time. It involves periodic review of the institutions strategic risk profile. The Institutions risk profile is reviewed based on the following parameters:

- Compatibility of strategic decisions taken in relation to the Institution's long-term vision, mission and values.
- Speed and effectiveness with which the bank can respond to changes
- Availability of resources to take care of strategic decisions
- Impact of strategic decision.

Strategic Risk Indicators (SRI) are collated regularly to give timely information to senior management and Board for better decision making.

REPUTATIONAL RISK MANAGEMENT

Reputational risk is the potential that negative publicity regarding the Bank's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. Reputational risk can also result in liquidity constraints and significant depreciation in the bank's market capitalization. Wema Bank recognizes that strong reputational risk management is about maximizing our opportunities within the market and enhancing our competitive position. It is also about improving the way our customers, our shareholders and our employees perceive us.

Since we operate in a financial environment that is of high interest to various stakeholders and vulnerable to regulatory actions that may adversely impact its reputation, the Bank constantly reviews activities, processes, services and staffing decisions that have the potential to damage its reputation.

Damage to the bank's reputation arising from Negative publicity may manifest itself in:

- Costly litigation and other remediation costs
- Regulatory sanctions
- A negative impact on employee morale, recruitment and retention
- Reduction in share price, brand and shareholder value
- A decline in the customer base
- A measurable, negative impact on financial performance on a short or long term basis
- Constrained liquidity and higher funding costs

Reputational Risk Monitoring and Control

Efforts are always concerted to ensure that any event that can lead to reputational issue for the bank are promptly addressed and prevented in most cases. Reputational Risk Measurement Process entails:

- The actual (current) value of Reputational Risk Indicator (RRI) in comparison to the risk limit.
- The actual (current) value of the overall Reputational Risk Indicator (RRI) in comparison to the risk limit.

Reputational Risk Monitoring entails:

- Track Reputational Risk Indicators (RRIs)
- Recommend Management Actions
- Report RRI and/Proposed Management Actions

Reputational risk monitoring program is aimed at ensuring that:

- Reputational risk exposures are adequately identified, assessed, measured and managed
- Reputational risk is managed in line with the framework
- The reputational risk management framework is adequate and appropriate for managing reputational risks.

(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) banks' 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 consists of 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 2016	31 December 2015
Tier 1 capital			
Ordinary share capital	32	19,287,233	19,287,233
Share premium		48,870,107	48,870,107
Retained earnings		(39,127,546)	(36,017,406)
Other reserves		10,862,876	10,280,134
Treasury shares			
Regulatory risk reserve			
Shareholders' fund		39,892,669	42,420,068
Less:			
Fair value reserve on available-for-sale			
Securities		-	(31,815)
Other intangible assets		(400,017)	(488,110)
Deferred tax	24	(22,169,702)	(22,569,702)
Total		17,322,950	19,330,441
Tier 2 capital			
The tier 2 capital applied to a maximum of 33.3% of tier 1 capital.		21,027,001	25,773,915
Risk-weighted assets		189,863,679	170,851,205
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		11.07%	15.09%
Total tier 1 capital expressed as a percentage of risk-weighted assets		9.12%	11.31%

(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 Notional Disclosures

Statement of Value Added

In thousands of Nigerian Naira	Group 2016	%	Bank 2016	%	Bank 2015	%
Gross Income	54,361,249		54,246,808		45,791,801	
Interest paid	(25,910,283)		(25,765,627)		(19,408,466)	
	28,450,966		28,481,181		26,383,335	
Write back/(Impairment) charge on financial assets	(412,401)		(412,401)		77,640	
Bought-in materials and services	(12,132,128)		(12,131,123)		(11,374,945)	
Value added	**15,906,437**	**100**	**15,937,657**	**100**	**15,086,030**	**100**
Distribution						
Employees						
Salaries and benefits	10,352,321	65%	10,352,321	65%	9,844,548	65%
Government						
Income tax	284,565	2%	284,565	2%	318,253	2%
Retained in the Bank						
Deferred Tax	400,000	3%	400,000	3%	400,000	3%
Assets replacement (depreciation & amortisation)	2,308,971	14%	2,308,971	14%	2,250,024	15%
Profit transferred to reserve	2,560,579	16%	2,591,799	16%	2,273,205	15%
	15,906,437	**100**	**15,937,657**	**100**	**15,086,030**	**100**

Other Notional Disclosures
Financial Summary

In thousands of Nigerian Naira	31-Dec-2016	31-Dec-2016	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012
naira						
Assets:						
Cash and cash equivalents	27,623,945	27,608,708	56,583,610	52,153,878	31,314,482	19,627,505
Non-pledged trading assets	-	-	-	-	-	-
Pledged assets	16,419,725	16,419,725	16,455,942	25,775,651	21,830,179	11,485,160
Investment securities	62,075,906	59,268,598	41,107,271	41,212,524	109,560,057	77,939,680
Loans and advances to customers	227,008,550	227,008,550	185,596,590	149,293,849	98,631,825	73,745,718
Investment property	361,798	361,798	393,547	402,145	601,822	664,907
Property Plant and equipment	16,614,465	16,614,465	15,967,711	14,042,912	12,468,085	12,433,326
Intangible assets	400,017	400,017	488,110	1,001,954	913,200	925,429
Investment in associate	-		-	-	2,964,626	2,048,765
Assets Held for Sale	-	-	-	2,964,626	-	-
Other assets	51,369,473	51,369,473	57,580,831	72,745,071	29,218,497	23,464,395
Deferred tax assets	22,169,702	22,169,702	22,569,702	22,969,702	23,369,702	23,369,702
	424,043,581	**421,221,036**	**396,743,314**	**382,562,312**	**330,872,475**	**245,704,597**
Finance by:						
Share capital	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	6,410,624
Share premium	48,870,107	48,870,107	48,870,107	48,870,107	48,870,107	24,701,231
Retained earnings	(39,158,766)	(39,127,546)	(36,017,406)	(34,793,663)	(35,663,169)	(35,307,930)
Treasury shares	-	-	-	-	-	(4,571,482)
Other reserve	19,472,160	19,472,160	13,924,176	10,404,971	8,900,980	10,045,873
Deposits from banks	37,433,906	37,433,906	-	3,243,218	3,397,370	730,856
Deposits from customers	283,302,604	283,328,215	284,977,836	258,956,478	217,734,559	174,302,424
Derivative financial liabilities	-	-	-	418,612	-	-
Current tax liabilities	349,245	349,245	382,694	338,537	382,047	128,965
Other liabilities	22,392,756	22,324,495	12,949,273	17,107,217	10,127,394	7,516,963
Obligations under finance lease	932	932	79,485	347,874	247,966	-
Other borrowed funds	32,093,404	29,282,289	52,289,916	58,381,728	57,587,958	57,006,619
Deposit for shares	-	-	-	-	-	4,740,454
	424,043,581	**421,221,036**	**396,743,314**	**382,562,312**	**330,872,475**	**245,704,597**
Guarantees and other commitments	**37,526,467**	**37,526,467**	**19,056,528**	**21,112,316**	**14,739,537**	**7,686,040**

	Group 31-Dec 2016	**Bank 31-Dec 2016**	**Bank 31-Dec 2015**	**Bank 31-Dec 2014**	**Bank 31-Dec 2013**	**Bank 31-Dec 2012**
Gross earnings	53,948,848	53,834,407	45,869,441	42,186,867	36,981,439	30,716,386
Profit/(loss) before taxation	3,245,145	3,276,365	2,991,458	3,093,940	1,947,308	(4,942,211)
Income tax	(684,565)	(684,565)	(718,253)	(721,495)	(350,777)	(98,418)
Profit/(loss) after taxation	**2,560,580**	**2,591,800**	**2,273,205**	**2,372,445**	**1,596,531**	**(5,040,629)**

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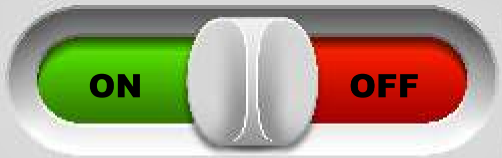

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www.wemabank.com (LIVE CHAT), **purpleconnect@wemabank.com** (E-Mail)

WEMA BANK
With you. All the way.

Shareholders' Kit

PROXY FORM

WEMA BANK

Annual General Meeting to be held at the Banquet Hall, Civic Center, Ozumba Mbadiwe, Victoria Island Lagos, Nigeria on May 10, 2017 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

Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To lay before the meeting the Audited Financial Statement for the year ended December 31, 2016 together with the reports of the Directors, Auditors and Audit Committee thereon;	☐	☐
2. To elect/re-elect the following Directors a. Mr Adebode Adefioye ☐ b. Mrs Abolanle Matel Okoh ☐ c. Mr Babatunde Kasali ☐	☐	☐
3. To approve the Remuneration of Directors	☐	☐
4. To authorize the Directors to fix the remuneration of the Auditors.	☐	☐
5. To elect members of the Audit Committee.	☐	☐

ADMISSION CARD

ANNUAL GENERAL MEETING to be held at the Banquet Hall, Civic Center, Ozumba Mbadiwe, Victoria Island Lagos, Nigeria on May 10, 2017 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) 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.

(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, 274, Murtala Muhammed Way, Yaba, Lagos not less than 48 hours 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
274, MURTALA MUHAMMED WAY
YABA,LAGOS.

SHAREHOLDER'S DATA UPDATE FORM

GTL REGISTRARS

No 274, Murtala Mohmmed Way, Yaba, 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 for 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 fall due.

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

GTL REGISTRARS
(A member of the Greenwich Trust Group)

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 FILL IN THE FORM IN CAPITAL LETTERS AND RETURN
TO THE ADDRESS ABOVE

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

*

*

*

Company Seal

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.	☐		

E-dividend Mandate Activation Form

GTL REGISTRARS

Affix Current Passport Photograph

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
GTL REGISTRARS LIMITED
274 Murtala Mu hammed Way,Yaba, Lagos

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name | First Name | Other Names

Address

City | State | Country

Previous Address (if any)

CSCS Clearing House Number

Mobile Number 1 | Mobile Number 2

Email Address

Shareholder's Signature

Company Seal (If applicable)

2nd Signatory (Joint/Company Accounts)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234 - (0)1-2793160-2.

Tick	Company Name	Shareholders Account No.
	Abplast Products PLC	
	Aluminium Extrusion PLC	
	Cashchew Nut Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	Meyer PLC	
	DN Tyre & Rubber PLC	
	Ecobank Transnational Incorporated (Naira)	
	Ecobank Transnational Incorporated (USD)	
	Ekiti State Bond Tranche 1 & 2	
	EKOCORP PLC	
	Eterna PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria Limited	
	Great Nigeria Insurance PLC	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Local Contractors Receivables Bond Tranche 1, 2 & 3	
	Mobil Oil Nigeria PLC	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Reinsurance	
	Nigerian Enamelware Company PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	Seven-Up Bottling Company PLC	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	UBA Fixed N20 Billion Bond Series 1 Bond	
	Union Bank of Nigeria PLC	
	UBN Property Company PLC	
	Unilever Nigeria PLC	
	Ensure Insurance (erstwhile Union Assurance Company Limited)	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	WEMA Bank PLC	

Branch Network

ABUJA	LAGOS	SOUTH-WEST	SOUTH-SOUTH	NORTH	ATM PLUS
7	49	69	12	2	2
BRANCHES	BRANCHES	BRANCHES	BRANCHES	BRANCHES	LOCATIONS

FEDERAL CAPITAL TERRITORY (FCT), ABUJA

1.	AMINU KANO	81, AMINU KANO WAY, FCT ABUJA	FCT	012778622
2.	CBD	464,CENTRAL BUSINESS AREA,ABUJA.	FCT	012779908
3.	GARKI	11, DUNUKOFIA STREET, AREAR 11, GARKI ABUJA	FCT	012779910
4.	LUGBE	HOUSE 166 1ST AVENUE FHA LUGBE, ABUJA	FCT	012779909
5.	NATIONAL ASSEMBLY	NASS COMPLEX,THREE ARM ZONE,ABUJA.	FCT	012779911
6.	RALPH SODIENDE	OYO HOUSE,RALPH SHODEINDE STR,CBD,ABUJA.	FCT	012779912
7.	WUSE	36,HERBERT MACAULAY WAY,WUSE,ABUJA.	FCT	012779913

LAGOS STATE

8.	ABULE EGBA	15, LAGOS/ABEOKUTA EXPRESS WAY, ABULE EGBA	LAGOS	012779906
9.	ADENIJI ADELE	184, ADENIJI ADELE ROAD,LAGOS-ISLAND	LAGOS	012779868
10.	ADMIRALTY	26, OBAFEMI ANIBABA STREET OFF ADMIRALTY WAY. LEKKI PHASE 1	LAGOS	012778956
11.	ADO BADORE	GENESIS COLLEGE, ADO BADORE ROAD AJAH	LAGOS	012779833
12.	AGEGE	185, OLD ABEOKUTA MOTOR ROAD, AGEGE	LAGOS	012779897
13.	AJAH	KM 23, LAGOS EPE EXPRESS ROAD	LAGOS	012778605
14.	AJAO ESTATE	2, RASMON CLOSE OFF OSOLO WAY AJAO ESTATE	LAGOS	012779882
15.	ALABA	3A, OJO, IGBEDE ROAD, ALABA INT'L MARKET	LAGOS	012779876
16.	ALLEN	33, ALLEN AVENUE IKEJA	LAGOS	012779902
17.	ASPAMDA	BLK 9, ZONE D ASPAMDA MARKET. INT'L TRADE FAIR COMPLEX	LAGOS	012779875
18.	AWOLOWO RD.	82, AWOLOWO RD, IKOYI, LAGOS	LAGOS	012779863
19.	BADAGRY	JOSEPH DOSU ROAD, BADAGRY	LAGOS	012779881
20.	BARIGA	60, JAGUNMOLU STREET, BARIGA	LAGOS	012779884
21.	BROAD STREET	41/45, BROAD STREET BRANCH, LAGOS ISLAND	LAGOS	012779860
22.	COMMERCIAL RD	2, COMMERCILA ROAD, APAPA	LAGOS	012779874
23.	DOPEMU	60, LAGOS/ABK EXPRESS ROAD DOPEMU	LAGOS	012779899
24.	EBUTE METTA	52/54, MURITALA MOHAMMED WAY EBUTE META	LAGOS	012779889
25.	EGBEDA	117, IDIMU ROAD EGBEDA. ORELOPE BUS STOP	LAGOS	012779900
26.	IDOWU TAYLOR	8, IDOWU TAYLOR STREET, VICTORIA ISLAND, LAGOS	LAGOS	012779861
27.	IJEDE	60, IKORODU ROAD IJEDE	LAGOS	012779888
28.	IJORA	IJORA FISHRIES TERMINAL BEHINDE NEPA WORKSHOP, IJORA, LAGOS	LAGOS	012779871
29.	IKEJA	24, OBA AKRAN AVENUE IKEJA	LAGOS	012779907
30.	IKORODU	23/24, SHAGAMU ROAD IKORODU	LAGOS	012779883
31.	IPONRI	IPONRI SHOPPING CENTRE	LAGOS	012779873
32.	ISOLO	24, ABIMBOLA STREET ISOLO	LAGOS	012779895
33.	JIBOWU	33, IKORODU ROAD JIBOWU	LAGOS	012779890
34.	KAFI	OMATSOLA MALL, 4, KAFI STREET, BEHIND SHOPRITE, IKEJA	LAGOS	012779931
35.	LAGOS AIRPORT HOTEL	111, OBAFEMI AWOLOWO ROAD IKEJA	LAGOS	012779905
36.	LAPAL	241, IGBOSERE ROAD, LAGOS	LAGOS	012779867

37.	LASU	LASU MAIN CAMPUS	LAGOS	012779879
38.	LAWANSON	89, ITIRE RD, LAWANSON	LAGOS	012779885
39.	LEKKI	2ND ROUNDABOUT BESIDE TEXACO FILLING STATION, LEKKI LAGOS	LAGOS	012779866
40.	MAMMAN KONTAGORA	23, BROAD STREET, LAGOS	LAGOS	012779864
41.	MARINA	54, MARINA , LAGOS	LAGOS	012779862
42.	MARYLAND	2, MOBOLAJI BANK ANTHONY WAY, MARYLAND, IKEJA, LAGOS	LAGOS	012779892
43.	MUSHIN	236, AGEGE MOTOR ROAD	LAGOS	012779887
44.	NAHCO	IST FLOOR NAHCO BUILDING	LAGOS	012779894
45.	OBA AKRAN	PLT 30, OBA AKRAN AVENUE, IKEJA	LAGOS	012779896
46.	OGBA	PLOT 45, OMOLE INDUSTRIAL ESTATE	LAGOS	012779898
47.	OJOTA	ODUA INTL MODEL MARKET, OJOTA	LAGOS	012779893
48.	OKE-ARIN	104, ALAKORO, OKE-ARIN LAGOS	LAGOS	012779865
49.	OKOKOMAIKO	29, BADAGRY EXPRESS WAY, OKOKO	LAGOS	012779877
50.	ONIRU	ODYSSEY PLACE, PLOT 4, T.F. KUBOYE ROAD, ONIRU, LEKKI	LAGOS	012779841
51.	OPEBI	65A, OPEBI IKEJA	LAGOS	012779840
52.	ORILEIGANMU	34, OPERESTREET,OFFLAGOS-BADAGRYEXPRESSWAY,ORILEIGANMUBRANCH	LAGOS	012779872
53.	OSHODI	455, AGEGE MOTO ROAD, OSHODI	LAGOS	012779886
54.	TINUBU	27, NNAMDI AZIKIWE STREET LAGOS ISLAND	LAGOS	012779869
55.	UNILAG	UNILAG CAMPUS	LAGOS	012779891
56.	WAREHOUSE RD	32, WAREHOUSE ROAD APAPA,LAGOS	LAGOS	012779878

SOUTH-WEST

OGUN STATE

57.	AGO IWOYE	FIBIGBADE STREET, AGO IWOYE	OGUN	012779955
58.	AIYETORO	ILARO RD, AYETORO	OGUN	012779952
59.	BABCOCK	BABCOCK UNIVERSITY ILISAN	OGUN	012779959
60.	BELLS	BELLS UNIVERSITY OF TECHNOLOGY OTA	LAGOS	012779904
61.	IDI IROKO	LAGOS ROAD IDIIROKO	OGUN	012779948
62.	IFO	ABEOKUTA MOTOR ROAD IFO,OGUN STATE	OGUN	012779951
63.	IJEBU IGBO	ADEBOYE ROAD, IJEBU IGBO	OGUN	012779954
64.	IJEBU ODE	NO 201, Folagbade Street Ijebu Ode	OGUN	012779953
65.	ILARO	LESLIE STREET, ILARO	OGUN	012779943
66.	IPERU	KAAF BUILDING, OLD IBADAN EXPRESS WAY, IPERU REMO,OGUN	OGUN	012779950
67.	LAFENWA	2, ABEOKUTA LAGOS ROAD LAFENWA ROAD	OGUN	012779946
68.	OKE ILEWO	IBB BOULEVARD OPP CB,OKEILEWO,ABEOKUTA	OGUN	012779949
69.	OOU	OOU CAMPUS, AGO IWOYE	OGUN	012779956
70.	OTTA	IDIROKO RD OTTA OPPOSITE SLOT/MTN BUILDING.	OGUN	012779901
71.	OWODE	FASHINA SQUARE, IDIROKO ROAD, OWODE-YEWA	OGUN	012779947
72.	PANSEKE	GNI BUILDING ,PANSEKE ABEOKUTA	OGUN	012779944
73.	SAGAMU	AKARIGBO RD, SABO	OGUN	012779957
74.	WAPCO	LAFARGE CEMENT FACTORY, SAGAMU	OGUN	012779958

EKITI STATE

75.	ABUAD	SPORTS COMPLEX OF AFE BABALOLA UNIVERSITY, ADO EKITI	EKITI	012777851
76.	AIYEDUN	OMUO ROAD AIYEDUN	EKITI	012779963
77.	ARAMOKO	ILAO,QUARTERS, ARAMOKO EKITI	EKITI	012779965
78.	IGBARA ODO	3, INIPA ST, IGBARA ODO	EKITI	012779964
79.	IKERE EKITI	OKE AODU STR BESIDE IKERE CENTRAL MOSQUE	EKITI	012779967
80.	IKOLE EKITI	22, OMODOWA STREET, BEHIND ELEKOLE'S PALACE, ADO EKITI	EKITI	012779832

81.	ISE EKITI	PALACE SQUARE, ISE EKITI	EKITI	012779962
82.	IYIN EKITI	46, OBA OWOLABI ROAD, IYIN EKITI, EKITI STATE	EKITI	012777859
83.	OKESHA	2, ADEKUNLE FAJUYI ROAD, OKESHA, ADO-EKITI	EKITI	012777850
84.	OMUO EKITI	KOTA, OMUOOKE RD	EKITI	012779968
85.	OREREOWU	2,OREREOWU STREET,OLD GARAGE ADO-EKITI	EKITI	012779961
86.	UNAD	EKITI STATE UNIVERSITY,IWOROKO ROAD,ADO EKITI	EKITI	012779966

OYO STATE

87.	AGODI GATE	OPPOSITE AGODI POLICE STATION,AGODI GATE,IBADAN.OYO STATE	OYO	012779914
88.	APATA GANGA	ABEOKUTA ROAD,APATA,IBADAN. OYO STATE	OYO	012779915
89.	BODIJA	OBA AKINBIYI SHOPPING CENTRE,BODIJA,IBADAN.OYO STATE	OYO	012779916
90.	COCOA MALL	BESIDE SHOPRITE,COCOA HOUSE COMPLEX,OBA ADEBIMPE RD.DUGBE.IBADAN. OYO STATE	OYO	012779989
91.	DUGBE	SIJUWOLA HOUSE, PLOT 5, OLD DUGBE LAYOUT ,IBADAN. OYO STATE	OYO	012779917
92.	NEW GBAGI	NEW GBAGI MARKET,NEW IFE ROAD,IBADAN. OYO STAE	OYO	012779918
93.	IGBETI	MARKET SQUARE,IGBETI. OYO STATE	OYO	012779919
94.	IGBOHO	BEHINDE OYO STATE GENERAL HOSPITL, OKE AFIN, IGBOHO. OYO STATE	OYO	012779920
95.	KISHI	IGBETI/KISHI ROAD,AJEGUNLE,KISHI. OYO STATE	OYO	012779922
96.	MOKOLA	MOKOLA ROUNDABOUT,IBADAN. OYO STATE	OYO	012779923
97.	OGBOMOSO	IBADAN-ILORIN ROAD,APAKE,OGBOMOSHO. OYO STATE	OYO	012779924
98.	OLUBADAN	NEW IFE ROAD, OPPOSITE NEW GARAGE IBADAN. OYO STATE	OYO	012779925
99.	POLYTECHNIC	NEAR SOUTH CAMPUS,THE POLYTECHNIC,IBADAN. OYO STATE	OYO	012779926
100.	SANGO	ELEWURE, SANGO IBADAN. OYO STATE	OYO	012779927
101.	IGBOORA	OPPOSITE METHODIST CHURCH, SAGAUN-UN, IGBOORA, OYO STATE	OYO	012779928
102.	SECRETARIAT	SECRETARIAT ROUNDABOUT,IBADAN. OYO STATE	OYO	012779929
103.	ILORIN	171, IBRAHIM TAIWO ROAD, ILORIN. KWARA STATE	KWARA	012779921

ONDO STATE

104.	ELIZADE	ELIZADE UNIVERSITY , ILARA-MOKIN, ONDO STATE.	ONDO	012779940
105.	FUTA	FEDERAL UNIVERSITY OF TECHNOLOGY AKURE, ONDO STATE	ONDO	012779972
106.	IGBARA OKE	2,OBADA MARKET SQUARE, OBADA	ONDO	012779977
107.	IJU	IFOFIN ROAD,IJU	ONDO	012779971
108.	IKARE	34, JUBILEE ROAD, IKARE AKOKO ONDO STATE	ONDO	012779974
109.	IRUN AKOKO	OPPOSITE ANGLICAN CHURCH, ADO ROAD, IRUN AKOKO.	ONDO	012779830
110.	OBA ADESIDA	54A, OBA ADESIDA ROAD, AKURE	ONDO	012779969
111.	ONDO	4 YABA STREET ,ONDO	ONDO	012779975
112.	ORE	1, OFF ONDO ROAD,OPP FRSC BEHINDE SABO MARKET ORE,ONDO STATE.	ONDO	012779973
113.	OWO	IDIMISAS RD,OPPOSITE OLOWO'S PALACE, OWO	ONDO	012779976
114.	OYEMEKUN	34 OYEMEKUN RD, AKURE	ONDO	012779970

OSUN STATE

115.	EDE	1, OWODE MARKET EDE	OSUN	012779939
116.	IBOKUN	OSOGBO RD,BESIDE ALADEMURE PALACE,IBOKUN	OSUN	012779937
117.	IGBONA	10B, AWOLOWO WAY IGBONA OSOGBO, OSUN STATE	OSUN	012779934
118.	ILESA	Ereguru Palace Square, Imo Rondabout, Ilesha	OSUN	012779941
119.	IRAGBIJI	MARKET SQUARE, PALACE AREA IRAGBIJI	OSUN	012779932
120.	IWO	6, STATION ROAD,IWO	OSUN	012779936
121.	MODAKEKE	ONDO ROAD MODAKEKE	OSUN	012779930
122.	ODUDUWA UNI CASH CENTER	IPETUMODU, ILE IFE, OSUN STATE	OSUN	012777852
123.	OAU	OAU CAMPUS, ILE IFE	OSUN	012779942
124.	OKUKU	OFFA-OSOGBO ROAD BESIDE KING PALACE,OKUKU	OSUN	012779933

125.	STATION ROAD	106, STATION ROAD OSOGBO	OSUN	012779935

SOUTH-SOUTH

AKWA IBOM STATE

126.	EKET	78, EKET/ORON ROAD , EKET	AKWA-IBOM	012779978
127.	UYO	PLOT 179, AKA ROAD, UYO	AKWA-IBOM	012779986

BAYELSA STATE

128.	YENEGOA	MBIAMA ROAD, OPP. INEC OFFICE	BAYELSA	012779985

CROSS RIVER STATE

129.	CALABAR	39/113, M/MOHAMMED HIGHWAY(FORMER CROSS LINE PARK)	CALABAR	012779979

DELTA STATE

130.	ASABA	407, NNEBISI ROAD, ASABA	DELTA	012779981
131.	WARRI	33, EFURUN /SAPALE RD., WARRI	DELTA	012779983

EDO STATE

132.	UNIBEN	UNIBEN CAMPUS, BY UNIBEN MAIN GATE.	EDO	012779980
133.	AKPAKPAVA	12, AKPAKPAVA STR, BENIN	EDO	012779982
134.	MISSION ROAD	39, MISSION ROAD, BENIN	EDO	012779984

RIVER STATE

135.	OLU OBASANJO	66, OLU OBASANJO ROAD, BICS MALL PH	RIVERS	012779987
136.	TRANS AMADI	PLOT 32, TRANS AMADI INDUSTRIAL LAYOUT PH	RIVERS	012779988
137.	ABA ROAD	76, ABA ROAD, PORT HARCOURT	RIVERS	012778624

NORTH

KOGI STATE

138.	LOKOJA	IBB WAY LOKOJA, OPPOSITE KOGI STATE RADIO	KOGI	012778955

NIGER STATE

139.	MINNA	35, BOSSO ROAD MINNA,NIGER STATE	NIGER	012779870

ATM PLUS

140.	ABEERE CASH CENTRE	OSUN STATE GOVERNMENT SECRETARIAT, ABEERE, OSOGBO, OSUN STATE.	OSUN	N/A
141.	IYE EKITI CASH CENTRE	ILEJEMEJE LOCAL GOVERNMENT SECRETARIAT, ISAN-OYE ROAD, IYE EKITI, EKITI STATE	EKITI	012779830

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