WEMA BANK

2017

ANNUAL REPORT

AND ACCOUNTS

RESILIENCE AND INNOVATION

Corporate Information

Wema Bank Plc
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Purple Connect (Contact Centre)

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purpleconnect@wemabank.com

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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
Deloitte & Touche (Chartered Accountant)
Civic Tower
Ozumba Mbadiwe Avenue
Victoria Island
Lagos

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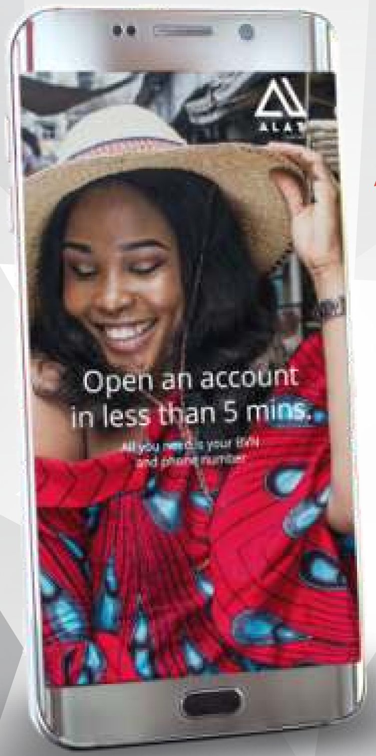

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Overview

About Wema Bank

Widely reputed as the longest surviving and most resilient indigenous bank in Nigeria, Wema Bank Plc has over the years, diligently offered a range of value-adding banking and financial advisory services to the Nigerian public. Incorporated in 1945 as a Private Limited Liability Company under the old name of Agbonmagbe Bank Limited, it commenced banking operations in Nigeria the same year. Wema Bank later transformed into a Public Limited Company (PLC) in April 1987 and was listed on the floor of the Nigerian Stock Exchange (NSE) in January 1990. On 5 February, 2001, Wema Bank Plc was granted a universal banking licence by the Central Bank of Nigeria (CBN), thus allowing the Bank provide the Nigerian public with a diverse portfolio of financial and business advisory services.

In 2009, the Bank underwent a strategic repositioning exercise which culminated in a decision to operate as a commercial bank with regional authorisation. Upon the successful turnaround, the Bank applied to the Central Bank of Nigeria (CBN) and was granted a national license in 2015.

Wema Bank offers retail, SME banking, corporate banking, treasury, trade services and financial advisory to its ever-expanding clientele. Operating a network of over 150 business offices 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 Brand

The Wema Bank Brand reinforces our unique proposition which is Value Driven Relationship Banking. This is a single concept which drives the understanding of the new direction of the Wema Bank Brand. This personifies the behavior and solutions we provided.

Our Brand is driven by a desire to develop an intimate relationship with our customers, putting us in a position to recognize their requirements and priorities. Our approach is hinged on mutual respect, service, innovation and efficiency. We seek to understand our customers' businesses and objectives, such that we are able to anticipate and meet their needs as they fulfill their financial goals and aspirations

- We are believers in people and societal values.
- We believe in the common good and sustainable success.
- We measure success not only by what is gained, but by the reciprocal value added to lives and businesses.
- We strive to create value that endure as well as uplift human dignity and collective welfare.

Success to us implies succeeding along with all our stakeholders, all moving forward and creating value.

Our Corporate Philosophy

Vision

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

Mission

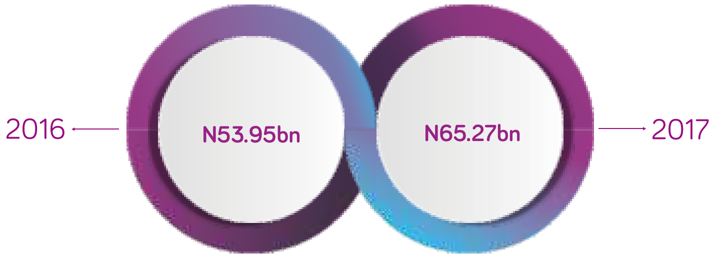
To give every customer a delightful and memorable service experience.

Values

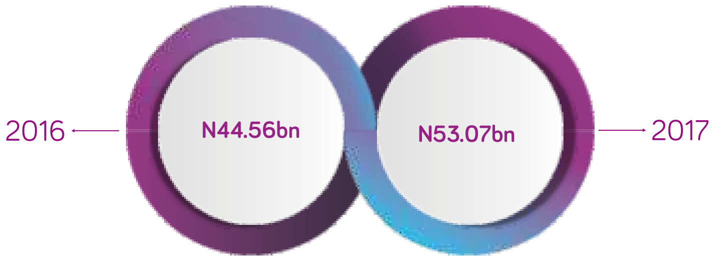
- Mutual Respect
- Teamwork
- Performance Driven
- Innovation
- Professionalism

Financial Highlights

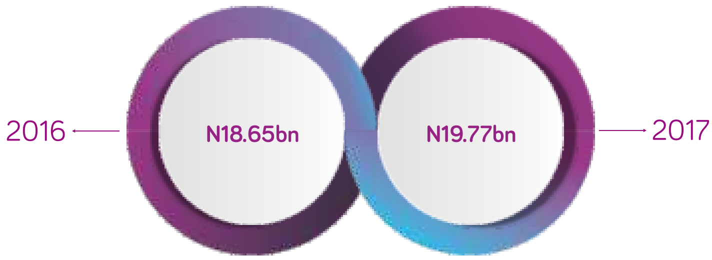
Gross Earnings



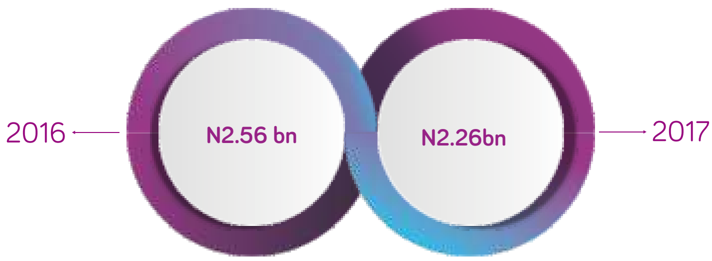
Interest income



Net Interest Income



Profit after Tax



Statements

Corporate Governance

We believe high standards of Corporate Governance is a key contributor to the long-term success of the Bank, creating trust and engagement between the Bank and its stakeholders.

The Bank has laid emphasis on the cardinal values of fairness, independence, credibility, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of all the stakeholders.

At Wema Bank, we consider ourselves trustees of our shareholders and acknowledge, our responsibility towards them for creating and safeguarding shareholders' wealth. In the year under review, the Bank largely complied with the provision of Securities and Exchange Commission(SEC) and the Codes of Corporate Governance of the Central Bank of Nigeria(CBN)

The Bank will continue to infuse the principles of Corporate Governance into every aspect of its business as we are committed to both the letter and spirit of Corporate Governance.

Governance Structure

Size and Composition of the Board

We believe that our Board needs to have an appropriate mix of executive and non-executive directors to maintain its independence, and separate its functions of governance and management.

The Board is comprised of 12 Directors as stated below;

Executive Directors	5
Non-Executive Directors	7 (inclusive of 2 Independent Directors)

Three out of the 12 Board members or one-third of the Board are women which is in compliance with the provisions of the Central Bank of Nigeria's Code of Corporate Governance.

Changes on the Board

In the course of the financial year ended 31 December, 2017, Mr. Adeyinka Asekun resigned from the Board having served as the Chairman of the Board of Directors for 5 years. Mr Babatunde Kasali was appointed as the Chairman of the Board of Directors in May 2017

Role of the Board

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

Other functions of the Board include:

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

Role of Chairman and the Managing Director/Chief Executive Officer

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 conjuction 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. The Managing Director executes the powers delegated to him in accordance with guidelines as approved by the Board of Directors.

Selection of Directors

The Board Nomination and Governance Committee is charged with the responsibility of leading the process for Board appointments and for identifying and nominating suitable candidates for the approval of the Board.

In identifying suitable candidates, the Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The Committee, based on defined criteria, makes recommendations to the Board on the selected directors.

Tenure of Directors

Pursuant to 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 years subject to retirement age of 70 years, statutory provisions and regulatory 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 2017. 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 standard contained in the CBN and SEC Codes of Corporate Governance.

Induction and Continuous Training

On appointment to the Board and Board Committees, all Directors receive formal orientation and training programme 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 Chairman of the Board of Directors and operationally to the Managing Director.

The Company Secretary performs the following roles amongst others;

1. Acts as a Consultant and Secretary of Board of Directors and other Committees;
2. Acts as Corporate Governance and Compliance Officer;
3. Acts as a Corporate Communication Officer by being the center of communication among the Company's Directors, Management and stakeholders;
4. Acts as a Coordinator with regulatory bodies;
5. Manages the Board of Directors meeting and Board Committee meetings;
6. Administers the Shareholders meeting in line with the legal framework.

Board Meetings

In compliance with the CBN Code, the Board meets quarterly. Additional meetings are convened as the need arises. In the year ended December 31 2017, the Board held meetings five (5) times. The details of attendance is provided below:

	1	2	3	4	5	6
Names of Directors	03March2017	24 March 2017	10 May 2017	28 June 2017	05 October 2017	13 December2017
Mr.Adeyinka Asekun*	■	■	■	□	□	□
Babatunde Kasali**	□	■	■	■	■	■
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	■	■	■	■	■	■

*Mr Adeyinka Asekun resigned from office effective 10th May 2017; *Mr Babatunde Kasali was appointed a director effective 1st March 2017

Board Committees

The Board carries out its oversight functions through its five (5) 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 year under review are:

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

The roles and responsibilities of these Committees are discussed below:

Board Risk Management 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 functions;
- 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 comprised of the following members during the year under review:

1. Ms. Tina Vukor-Quarshie	- Chairman
2. Segun Oloketuyi	- Member
3. Moruf Oseni	- Member
4. Folake Sanu	- 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. Additional meetings are convened as required. The Committee held four (4) meetings during the year ended 31st December 2017. The attendance details of the Committee meetings are as follows;

Committee meeting attendance

Meetings held	1	2	3	4
Names of Directors	13 March 2017	13 June 2017	03 September 2017	23 November 2017
Ms. Tina Vukor-Quarshie	■	■	■	■
Mr. Abubakar Lawal	□	■	■	■
Mr. Samuel Durojaye*	■	□	□	□
Mr Adebode Adefioye	■	■	■	■
Mrs Abolanle Matel Okoh	■	■	■	■
Segun Oloketuyi	■	■	■	■
Moruf Oseni	■	■	■	■
Folake Sanu	■	■	■	■

*Samuel Durojaye ceased to be a member of the Committee on 10th May 2017

Board Credit Committee

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

- 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 high to safeguard the quality of the Bank's risk assets;
- Consider and approves credits that qualify as "Large Exposures" as defined by the Board from time to time;
- Approve write-offs in excess of Management limits and within the limits as set by the Board;
- Approves credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority.

The Committee comprised the following members during the year 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. Moruf Oseni	-	Member
9. Wole Akinleye	-	Member
10. Folake Sanu	-	Member

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee held four (4) meetings during the year ended 31st December 2017. The attendance details of the Committee meetings are as follows;

Committee meeting attendance

Meetings held	1	2	3	4
Names	14 March 2017	12 June 2017	12 September 2017	24 November 2017
Mr. Adebode Adefioye	■	■	■	■
Mrs. 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;
- Facilitate a process to engage 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 held meetings four (4) times during the year ended 31st December 2017. The attendance details of the Committee meetings are as follows;

Committee meeting attendance

Meetings held	1	2	3	4
Names	15 March 2017	15 June 2017	14 September 2017	30 November 2017
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 its responsible for the oversight of strategic people issues, employee retention, equality and diversity as well as other significant employee relations matters and administrative issues.

Other functions of this Committee include:

- Defining the strategic business focus and plans of the Bank
- Supporting Management business development efforts
- Defining 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. Ms. Tina Vukor Quarshie	-	Member
6. Segun Oloketuyi	-	Member
7. Ademola Adebise	-	Member
8. 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 held meeting four (4) times during the year ended 31st December 2017. The attendance details of the Committee meetings are as follows;

Committee meeting attendance

Meetings held	1	2	3	4
Names of Directors	16 March 2017	14 June 2017	11 September 2017	29 November 2017
Mr. Abubakar Lawal	■	■	■	■
Mrs Omobosola Ojo	■	■	■	■
Mrs Abolanle Matel Okoh	■	■	■	■
Ms Tina Vukor Quarshie*	□	■	■	■
Segun Oloketuyi	■	■	□	■
Ademola Adebise	■	■	■	■
Wole Akinleye	■	■	■	■

Board Audit Committee

This Committee was established to protect the interests of the Bank's shareholders and other stakeholders and to act on behalf of the Board by overseeing;

- The integrity of financial reporting
- Adequacy of the control environment; and
- Internal and external audit function

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

1. Mr. Samuel Durojaye	-	Chairman
2. Mrs. Abolanle Matel-Okoh	-	Member
3. Mrs. Omobosola Ojo	-	Member

The Board Audit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the 2017 financial year.

Committee meeting attendance

Meetings held	1	2	3	4
Names of Directors	13 March 2017	13 June 2017	14 September 2017	30 November 2017
Mr Samuel Durojaye	□	■	■	■
Mrs Abolanle Matel Okoh	■	■	■	■
Mrs Omobosola Ojo	■	■	■	■

Statutory Audit Committee of the Bank

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

The Committee is responsible for:

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

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

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

The Statutory Audit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met five (5) times during the 2017 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	5
Names of Members	27 February 2017	17 March 2017	16 June 2017	15 September 2017	27 October 2017
Prince Adekunle Olodun	■	■	■	■	■
Mr. Joe Anosike Ogbonna	■	■	■	■	■
Mr Kashimawo Akanji Taiwo	■	■	■	■	■
Mr. Abubakar Lawal	■	■	■	■	□
Mr. Adebode Adefioye	■	■	■	■	■
Mr. Samuel Durojaye	■	■	■	■	■

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 actions and decisions within confines of their limits.

The following are the standing Management Committees in the Bank:

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

Executive Committee

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

The responsibilities of the Committee include:

- Review the strategic operations of the Bank:

  (I) Review Audit & Inspection Reports
  (ii) Review adequacy and sufficiency of Branch tools
  (iii) Review manning level in branches and head office departments

- Consideration and approval of proposed New Branches;
- Review the asset and liability profile of the Bank;
- Consideration and approval of capital and recurrent expenses;
- Review the activities of the subsidiaries and associated Companies;
- Monitor and give strategic direction on regulatory issues.

The Committee comprises of the Managing Director/Chief Executive Officer, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time. The Committee meets fortnightly.

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:

- Provide 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 Group Managing Director/CEO as determined by the Board of Directors;
- Reviews the entire credit portfolio of the Bank and conducts periodic checks of the quality of risk assets in the Bank;
- Ensures adequate monitoring of credits is carried out.

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

The Committee comprises of the Managing Director/Chief Executive Officer, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time.

Watchlist Committee

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

- 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 the Head of Credit Monitoring Unit.

Assets and Liabilities Committee

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

- Market and liquidity risk management;
- Loan to deposit ratio analysis;
- Cost of funds analysis;
- Establishing guidelines for pricing on deposit and credit facilities;
- Exchange rate risks analysis;
- Balance sheet structuring;
- Regulatory considerations and monitoring of the status of implemented assets and liability strategies.

Membership of the Committee includes the Managing Director/CEO, Executive Directors, Treasurer, Chief Finance Officer, Chief Risk Officer and other 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 Managing Director/Chief Executive Officer, Executive Directors, Chief Risk Officer and the Chief Inspector, Internal Control, representatives of Operations, Information Technology 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 users' departments;
- Reviews the adequacy and allocation of IT resources in terms of funding, personnel, equipment, and service levels;
- Provides use and business perspective to IT investments, priorities and utilization;
- Monitors the implementation of the various initiatives and ensure that deliverables and expected outcomes/business value are realized;
- Ensures increased utilization of technology and that the Bank gets adequate returns on all IT investments;
- Makes 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;
- Evaluates progress toward the established goals and present a report to Exco as when necessary;
- Acts 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. Other 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 shareholders are treated equally, regardless of volume of shareholding or social status.

Shareholder's Complaint Management Policy

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

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

Insider Trading Policy

The Bank has an insider trading policy which prohibits Directors, insiders and their related persons in possession of confidential price sensitive information from dealing with the securities of the Bank during the closed 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 bank has an appropriate succession plan in place for the positions of the Chief Executive Officer/Managing Director, Executive Directors, Company Secretary and other Senior Management staff 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 Bank’s Management and ensure continued progress.

To Create The Wealth You Truly Deserve,

You Need Your Bank In Your Hands

Open Account	*945*1#
Self Recharge	*945*Amount#
My Balance	*945*0#
Send Money	*945*AccountNumber*Amount#
Cardless Withdrawal	*945*8*Amount#
Buy Airtime	*945*PhoneNumber*Amount#

Dial

Sustainability at Wema Bank

Our Sustainability journey is based on our sense of responsibility to our environment and to generations unborn. Before the introduction of sustainable practices for the banking sector, we were aware of the impacts of human activity on the earth and were in support of strategies to ameliorate these effects. However, in recent times, the banking industry has come together to jointly commit to promoting the sustainability of our planet's existence through our operations and the activities of our varied stakeholders.

As an organization, we are committed to continuous improvements coupled with progressive innovations in order to continue meeting the expectations of our customers and stakeholders and the society at large.

Our business strategy is centered around our customers. Everything we do, is for the benefit of our customers. This is evidently projected by the thrust of our vision and mission statement. This informs our resolve to continuously innovate and develop financial solutions that will meet their requirements. Our customers are the driving force behind the continuous reengineering and rejuvenation of our products and services.

Our strategic business units are charged with the responsibility of directly engaging relevant customer segments to ensure that the Bank remains fully in touch with the needs, expectations and perceptions of our varied customers. This ensures that we remain nimble, ready to react and quick to respond to any issue that requires attention.

Being sustainable implies doing business whilst contributing to the commercial and communal progress of the societies in which we operate. It also entails considering the conservational effects of our activities on our stakeholders. As a financial intermediary with products tailored to the requirements of varied individuals, enterprises, organizations and governments, we always strive to contribute to our nation's economic growth and development.

Our sustainability strategy is focused on responsible business practices. We adopt and embed sustainability in our business. This helps to ensure that we are not jeopardizing opportunities and resources for future generations. For us, sustainability implies deliberate corporate choices to implement occupational systems, to instigate thought patterns, to form a philosophy of commercial, communal and conservational accountability across our network. Through these, we are able to specifically deal with matters of concern to the Bank and our domicile environments while addressing the corporate developmental goals.

As a result, addressing responsible business needs of the communities in which we operate and providing working solutions that help improve such communities is of utmost importance to us. We believe that this approach should apply to overall risk management, agricultural finance, environmental finance, power, emerging business opportunities in the arts, global carbon trading and general investments in Africa.

We do this because of our strong commitment to all round development which is not only commercially sustainable, but also communally equitable and conservationally friendly. Our core value of PROFESSIONALISM is always evident as we are committed to advancing sustainability in the workplace, marketplace, environment and community.

Sustainability In The Workplace

Human Rights

As a Bank, we are committed to the upholding of fundamental human rights, regardless of race, gender, financial status, disability, age, ethnicity or religion. Our Human Rights policy influences our enterprise-wide activities. We demonstrate our respect for the rights of all people, through our gender-inclusive, equitable opportunities and unprejudiced workplace philosophy. Our core value of PROFESSIONALISM is always adhered to.

In addition, we also promote human rights compliance through our lending decisions and supply chain relationships. Respectively, our procurement and enterprise risk officers ensure that we follow our enhanced risk Management framework which ensures that we do not conduct business with current or potential customers or vendors that do not align with our specific requirements.

Also, we have put in place a grievance mechanism on human rights. Staff are allowed to make complaints report any human rights abuses in an atmosphere devoid of ridicule, judgement or intimidation. Our Core Value of MUTUAL RESPECT always guides us.

Inclusion, Diversity and Empowerment

We fully subscribe to the fact that ignoring the contribution of women would imply not taking account of 50% of our combined potential. In Wema Bank, the empowerment of women is an issue that we are committed to. Women empowerment is of utmost importance to us, and we have always maintained programmes within our organization in order to eradicate gender inequality. We maintain that no one should be excluded from access to financial services on the basis of their race, gender, financial status, disability, age, ethnicity or religion.
We empower our female employees by helping them build their leadership competencies so that they can assume future leadership roles within the organization. Since the resumption of this current management, there has been a concerted effort to infuse our Board and Management cadres with well-deserving female professionals. Female representation on the Board has grown from 0% as at 2010 to an unprecedented 33% as at 2017. Also, there has been significant improvement in the number of females in Senior Management positions.

Wema Women Network (WWN)

The Bank commemorates the International Women's Day on March 8 of every year. The theme for the 2017 was #BeBoldForChange. The Wema Women's Network held a series of activities to mark the event and encouraged women to commit to the movement. In a bid to display the commitment of the female staff to the movement, women dressed in corporate wears made from local fabrics and tailored locally.

Other activities in commemoration of the 2017 International Women's Day included:

- The #BeEncouragedForChange Knowledge Series which ran on the Bank's Yammer platform for a month before the International Women's Day

- The #BeBoldForChange Symposium, targeted at female staff to discuss Standing Up for Change. This was held on International Women's Day
- The #BeFitForChange Exercise session, where all staff were encouraged to participate in physical fitness programs, which included checking the weight and BMI indices as well as participating in aerobics sessions.
- A social media campaign was also executed on the Bank's social media platforms where pictures and videos of staff creating awareness on Being Bold For Change were uploaded and promoted to sensitize and create more awareness in the community.
- In 2017, engagement activities were executed to ensure that our female staff participate in empowerment programmes ranging from capacity building to networking opportunities, specifically considered to guide and mentor our female employees. These activities included:
- WWN Product Development Breakfast meeting,
- Book Review Sessions,
- Sponsorship of 15 WWN members to attend the Annual WIMBIZ conference, amongst others.

These activities were chosen in order to encourage our female staff and drive the confidence and skills required to thrive in their endeavors.

Employee Engagement

During the widely recognized Customer Service Week, which essence was to motivate staff to consistently deliver outstanding service to our customers. Staff were allocated to different houses and our core value of TEAMWORK was put to the test on the pitch, as we slugged it in different games such as soccer, athletics, tug-of-war, table tennis, egg and spoon race, and a host of others.
Our houses with their distinct colors were Expertise, Efficiency, Momentum and Excellence.

Women's Day celebration 2017

Cross section of some Wema Bank staff during the 2017 Customer Service Week

2017 Wemalympics march pass

Staff performing warm up exercises at the 2017 Wemalympics

Sustainability in The Marketplace

Using Innovation to Drive Sustainable Finance - ALAT

Driving sustainable finance, informed our commitment to developing and launching Nigeria's first digital bank, ALAT by Wema. ALAT was created out of the need to delight our customers by taking the Bank and our bespoke financial services to them, regardless of the time of day or their location. We, as a bank, are committed to simplifying the transactions that our customers are involved in. We also want to help save time and resources that we and our customers would expend in order to consummate financial dealings. Our Core Value of INNOVATION was exhibited here.

ALAT features and its sustainable benefits are:

Features	Benefits
Open an account in 5 minutes or less	• Saves Time • Requires less energy
Open your account from your phone	• Paperless process, so NO carbon footprint
Instantly fund your account with any bank card (local and international)	• Saves Time • No need to go to a bank to deposit, so NO carbon footprint
In-app Card Activation	• Saves Time • No need to go to an ATM to activate a card, so NO carbon footprint
Up to 10% interest on goal savings	• Help the customer to earn money • Financial Literacy and Empowerment
Schedule and pause recurring payments	• Saves Time • Saves worrying for the customer

Since the launch of ALAT in May 2017, we have enrolled about 200,000 new customers, who have carried out almost 900,000 transactions totaling N12 billion.

Inclusion, Diversity and Empowerment

The Bank has been involved in the process of developing initiatives to empower women who use our product offerings. The Bank is developing a composite offering which seeks to impact female customer segments as well as women in communities where we operate. The initiative will target the unbanked, underbanked, micro-businesses, students, young professionals, medium-scale and larger businesses. A few of our existing products will be enhanced to ensure that women are impacted, in the form of self-awareness programs, health management assistance, financial empowerment programs, literacy programs, etc.

Agent Banking

We are committed to ensuring access to financial services to areas that were previously excluded, while contributing to the development and preservation of the communities where we are present.
The Bank has commenced collaborative discussion with Action Health Incorporated, with regards to developing our Agent Banking framework for empowering young women in low-income communities. The Bank launched its Agency Banking initiative in 2017 and also embarked on a campaign aimed at specifically signing on female agents in specified low-income areas. The Bank chose to partner with the organization because of its involvement with disadvantaged girls and young women in Nigeria.

Sustainability in The Environment

ATMs Powered by Solar on our Bank-on-Wheels

In continuance of our commitment to sustainability, we took careful measures and implemented fitting systems to enable us to comply with all environmental and social regulations relating to our banking activities and operations.


Wema On Wheels

Cross section of staff at the launch of Wema On Wheels

On our environmental performances, we aim to continuously seek ways of ameliorating or where possible, eliminating the adverse ecological effect our activities and operations may have on the environment, by participating and advancing environmentally friendly technologies. Presently, the Bank is dedicated to the installation of solar powered ATMs across our locations. We also recently introduced our Bank-On-Wheels, which is a mobile branch. This mobile branch houses 2 solar-powered ATMs. Our objective for executing this is to reduce our carbon emissions, whilst enabling the provision of financial services to communities in the shortest possible timeframe in order to bring formal banking to the disadvantaged and underserved groups in the society. The Bank also has an early closure policy where the head office is shut down at 7pm and branches at 6pm. We are installing eco-printing devices in all our facilities.

Reduce, Reuse and Recycle Campaign

Over the years, the Bank has adopted sustainable waste management practices. In July 2017, we commenced our waste sorting project for proper disposal and management of paper, plastic, glass and can waste in all our Lagos locations. Since the commencement, there has been a significant reduction in the amount of waste produced that goes to landfill in these locations. As such, we are expanding the recycling initiative to other locations. We also ensured that all paper stationery used in printing internal memos are re-used, where possible.

Sustainability in The Community

Employee Volunteering Programme

Sustainable businesses encourage and support the involvement of their employees in community volunteer work. Employee volunteering is an innovative way for businesses to invest in their people and local communities. We are aware of the benefits of charitable acts towards the communities in which we operate. Some of the activities we were involved in include:

- Purple Nectar Initiative: Staff were encouraged to donate one-day of their basic salary, and in turn donated to 12 critically ill children in various Government-owned hospitals in different parts of the country.
- Financial Literacy Day: During the commemoration of the 2017 Financial Literacy Day, the Bank adopted 6 public schools from the 6 geo-political zones of the country.

Our Senior Management visited the adopted schools to teach them about the benefits of developing a savings culture. About 2,000 students participated in the events facilitated by senior members of staff.Some of the schools visited include: CAC Government Middle School, Osogbo, St. Marks Anglican High school, Osogbo, Oba Laoye Memorial High School, Ilesa Grammar School, Ilesha, Harmony Secondary School, Rock"N" Garden Academy, Scintillate International School, Al-azah International School, Ahmadu Bello Memorial School, Federal Government College, Brighter School, Police Secondary School and Edokpolor Grammar School.

- Children's Day Debate Competition: To commemorate 2017 Children's Day, pupils from some primary schools were invited to a debate competition at the Wema Bank Head office. The topic of the debate was "The importance of saving from an early age". After the debate, the children were presented with gift items and taken on an excursion around the major departments in the Head Office, as well as the offices of the Executive Directors. Some of the schools that visited the Head Office are Tadel International School and Maryland Convent Private School.


2017 Financial Literacy Week

2017 Financial Literacy Week

- Wema LifeSource Blood Donation Drive: Members of staff volunteered to donate blood to the LUTH Blood Bank which would be given out freely to patients in dire need of blood, as it is commonly projected that anyone who donates blood saves a life. Members of staff in Wema Bank through the sustainability platform have helped in saving lives by volunteering to participate in donating their blood to save lives. Efforts are ongoing to make the activity periodic thereby making the Wema Life Source Blood donation drive of the sustainability programme truly sustainable.


2017 Purple Nectar blood donation drive


2017 Purple Nectar blood donation drive

Sustainability Guidance and Principles

Our Affiliations within the Financial Industry include:

Nigeria Sustainability Banking Principles

Throughout the year, the Bank continued to participate in the NSBP Champions Meetings. In this capacity, the Bank collaborated with other Nigerian banks in the implementation of the NSBPs.

United Nations Environment Program – Financial Initiative (UNEP-FI)

The UNEP FI is a collaborative initiative between UNEP and the global financial sector. UNEP FI works with its full range of partners to promote sustainable development through the financial industry players. The Bank was represented on the regional representatives' platform of the UNEP FI in Africa. The Bank joined other global leaders in environmental sustainability to move the sustainable finance agenda forward. As an active member of the UNEP FI, the Bank participates in the Annual General Meetings and contributes to developing innovative ideas for accelerating Sustainable Finance in Emerging Markets.

The Regional Roundtable on Sustainable Finance held on 27th – 29th November 2017 in Johannesburg South Africa. At the annual congregation of the region's proponents on sustainable finance, the effect of climate change on the EMEA region was discussed extensively. It was also emphasized that as prime financial intermediaries of economies, the decisions that financial institutions take can shape not just the discussions around sustainable practices, they can also shape outcomes and consequently the effects on the society at large.

Sustainability At Wema Bank - What Next?

We make these efforts in order to jointly secure, for our business and society a sustainable future. As part of our sustainability agenda, we consciously intend to positively affect people's lives in all the communities where we serve. Thus, we continue to contribute to the socio-economic development of our host communities, and help to achieve the new Sustainable Development Goals (SDGs). Over the years, our areas of focus in community investment have included health, education and sports. It is our expectation that these efforts will forge and encourage the growth of solid relationships with our communities, while increasing the reach of our sustainability footprint.

As we move into the next stage of our sustainability journey, we intend to set smart targets that would enable us to achieve our sustainability objectives. We are committed to measuring our social and environmental footprint, develop coherent sustainability policies and put in place a sustainability governance framework that will guide effective sustainability integration at Wema Bank.

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 the Compliance Framework, which covers Anti-Money Laundering/Combating the Financing of Terrorism , 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 Management Committee (BRMC)/Board Audit Committee (BAC), the Board of Directors monitors the effectiveness of AML/CT 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 Financial Officer regularly attest to the 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 Management 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, training 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 periodic 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 patterns of customers, variations from the documented pattern of customers' transactions are termed "unusual transactions". These transactions are subjected to further scrutiny with the aim of determining if they are suspicious.

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

Transaction Reporting

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

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

While 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. Any Employee in possession of information concerning any prohibited or unlawful act promptly reports such matter to the Chief Inspector, Chief Compliance Officer and Legal Adviser of the Bank.

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

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

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

Risk Recognition and Assessment

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

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

Management of Blacklisted Individuals and Entities

Sequel to the 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 programmes. These and other individuals and entities of questionable reputation are restrained from banking activities.

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

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

- Local list

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

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

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

External Auditors, by dint of their independence of the Management of the Bank, 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 used by the Bank.

The Internal Audit function, 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 business, ensures the mitigation of Money Laundering, Terrorist Financing, regulatory (internal & external) and compliance risks.

Customer Complaints Management and Feedback

Introduction

Wema Bank is fully committed to its values of mutual respect, teamwork, innovation and performance driven. The Bank prides itself on providing excellent customer services at all times at the same time, given the number and complexity of financial transactions that take place every day, the Bank recognizes that there will inevitably be occasions when mistakes and misunderstandings occur. In these situations, Wema bank encourages customers to bring their concerns to the attention of the bank for prompt resolution. In addition, deliberate efforts are made to solicit customers' feedback on its products and services.

To achieve excellent customer service delivery in line with the Bank's focus, the staff of the bank are continuously trained to have a strong customer service orientation and be customer-centric in every aspect of the Bank's operations thereby fulfilling the Bank's promise to Customers, as contained in its charter. The Bank's Customer Service Charter requires all staff to:

- Be courteous, friendly, helpful and professional at all times.
- To serve you, listen and respond to all enquiries, suggestions, feedback and complaints in a timely manner across all our touch points.
- To clearly understand our customer's financial needs and offer products and services tailored to suit our customers.
- To always be at the forefront of innovation in products, services, delivery and business processes.

Complaints Channels

We value the feedback provided by our customers, as such the following channels/touch points are available to encourage our customers' interaction with the Bank:

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

Email:
purpleconnect@wemabank.com

SMS & WhatsApp:
07051112111

Live Chat:
www.wemabank.com

Fraud Desk:
01-2779836; frauddesk@wemabank.com

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

Social Media:

wemabankplc | wemabank | wemabank | wematube | wemabank

Complaints Handling

We handle customer complaints with sensitivity and in due regard for the needs and understanding of each complainant. Efforts are made to resolve customer's complaints at first level. Where this cannot be achieved, they are immediately referred to the appropriate persons for resolution. All complaints are logged and tracked for resolution and feedback is provided to the customer.

Complaints Tracking and Reporting

We diligently track complaint information for continuous improvement of our processes and services. An independent review of the root cause of complaints made is carried out and lessons learnt are fed back to the relevant business units to avoid future occurrence. Customer complaint metrics are analysed and reports presented to Executive Management and the Operational Risk Management Committee. Reports on customer complaints are also sent to the Central bank as required.

Solicited Customer Feedback

Deliberate efforts are made to solicit feedback from customers and staff on the services and products of the bank through the following:

- Surveys
- Customers forums

The feedbacks obtained are reviewed and lessons learnt are used for service improvement across the Bank.

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 and feedback is provided to the customer.
- 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.

In the year 2017, we received 143,589 operational complaints (excluding the 2,850 pending complaints from the previous year). These are everyday feedbacks from customers on concerns they observed while using our alternate channels. From the total number of feedback received, 136,538 were resolved leaving a total of 7,051 pending complaints as at 31 December 2017.

Table 1 how the details of complaints received in FY 2017 on a month-by-month basis:

Table 1

Month	Total No. of Complaints Received	Total No. of Complaints Resolved	Total No. of complaints forwarded to CBN
January	5,603	5,580	Nil
February	4,900	4,853	Nil
March	5,940	5,888	Nil
April	7,713	7,630	Nil
May	8,747	8,660	Nil
June	10,631	10,526	Nil
July	14,422	14,332	Nil
August	14,680	14,007	Nil
September	15,913	14,691	Nil
October	12,957	11,969	Nil
November	20,975	19,683	Nil
December	21,108	18,719	Nil
Grand Total	143,589	136,538	Nil

Complaints Received & Resolved - Month by Month (2017)

Table 2 shows the total number of complaints and amount claims received as at the end of the Financial Year 2017 in comparison with those received in 2016.

Table 2

	Number		Total Amount Claimed		Amount Refunded	
Description	2017	2016	2017 (N'000)	2016 (N'000)	2017 (N'000)	2016 (N'000)
Unresolved Complaints pending with the bank at 1 January	2,850	3,711	4,196,017,794	1,675,766,527	N/A	N/A
Received Complaints	143,589	57,272	1,833,128,084	4,241,751,384	N/A	N/A
Resolved Complaints	139,388	54,422	5,819,594,365	45,733,590	60,253,403	46,071,111
Unresolved Complaints escalated to CBN for intervention	N/A		N/A	N/A	N/A	N/A
Unresolved Complaints pending with the bank at 31 December	7,051	2,850	209,551,513	4,196,017,794	N/A	N/A

Hit the bull's eye with SmartSave

Convenient savings at your own pace to achieve your financial goals. **Open a Wema SmartSave Account today!**

smartsave

Reports

Notice of the 2017 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2017 Annual General Meeting of Wema Bank Plc will be held at the Banquet Hall, Civic Center, Ozumba Mbadiwe, Victoria Island Lagos on Wednesday, May 9, 2018 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, 2017 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. Mrs. Omobosola Ojo
   b. Samuel Durojaye
   c. Tina Vukor-Quarshie

3. To authorize the Directors to fix the remuneration of the Auditors;
4. To elect members of the Audit Committee;
5. To approve the Remuneration of Directors.

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 Registrar 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 5th day of April,2018

By Order Of The Board

Wole Ajimisinmi
Company Secretary
FRC/2013/NBA/00000002116
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, 2018 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.

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's Secretarial Department, Wema Bank Plc, 54 Marina Lagos not later than 30th day of April, 2018.

Chairman's Statement

Babatunde Kasali, Chairman Board of Directors

Distinguished Ladies and Gentlemen, valued Shareholders, I welcome you all to the 2017 Annual General Meeting of Wema Bank Plc. I am particularly honoured to present our financial results for 2017 and review the operating environment under which our Bank operated in. I will be doing so for the first time in my new capacity as Chairman, Board of Directors of this institution, and I am honoured to take on this responsibility.

The year 2017 marked the long road to recovery for the country as the economy exited a year long recession. However, it reinforced known realities in the minds of stakeholders, on the need to diversify the economy, particularly weaning the Nation from continued oil dependence. We highlight that the Government has indeed taken some steps, with the introduction of the Economic Growth and Recovery Plan (ERGP), increased intervention funds amongst others.

Despite the challenges of 2017, the year was a positive one for the economy and the banking industry as the economy returned to growth. Ladies and Gentlemen, I am pleased to inform you that our Bank delivered on a substantial proportion of its strategic goal for 2017 while undertaking bold steps to ensure that we consolidate on earlier gains.

It is satisfying to note that year on year (y/y), Wema Bank continues to record significant achievements in various areas. Some of which include; the launch of ALAT, Nigeria's first fully digital bank, as we build new capabilities for sustainable competitive advantages.

Operating Environment

Global Environment – Growth Amidst Persistent Headwinds

Global recovery continued to pick up pace in 2017 as investment, trade and industrial production coupled with rising consumer and business confidence drove growth within the year. Consequently, upward revisions in growth outlook was broad-based and included Japan, China, emerging Europe and Russia. These upward revisions offset the downward revisions in India, the United Kingdom and the United States.

Despite the positive outlook resulting in a 0.1% increase in global growth forecast for 2017 and 2018 (3.6% and 3.7%), a number of emerging market and developing economies in Sub-Saharan Africa, the Middle East and Latin America remain weak with stagnant per capita incomes.

The normalization of interest rates across developed economies, particularly the U.S and the unwinding of its $4.5 trillion balance sheet portends significant spillovers to Emerging Market and Developing Economies (EMDEs). Though activities by the respective monetary authorities could constitute downside risks to global growth in 2018, expectations are that EMDEs could experience some vulnerabilities albeit moderate, resulting from high corporate debt and thin policy buffers.

The reduction of its balance sheet by the Federal Reserve marked the second phase of the Policy Normalization in the United States portends significant adverse spillovers to Emerging Market and Developing Economies (EMDEs) and remains a downside risk to global growth going into 2018. However, expectations are that EMDEs will suffer some adverse effects but not significant enough to cause systemic financial crises.

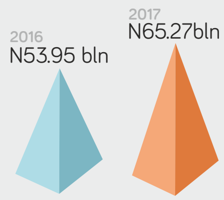
Cyclical Upswing in 2017

The nation's Gross Domestic Product (GDP) grew by 0.83% (y/y) in real terms and 2.42% higher than the -1.58% recorded in 2016. The mainstay driver of growth was increased crude oil production, following the government's effort at resolving the restiveness within the Niger-Delta region and higher oil prices which resulted from production cuts by some OPEC and Russia.
.
Despite the gains recorded in the economy, there are concerns relating to the slow implementation of structural & institutional reforms, foreign exchange illiquidity, possible unrest in the Niger Delta, continued farmers – herdsmen clashes and resistance by the Boko-Haram sect.

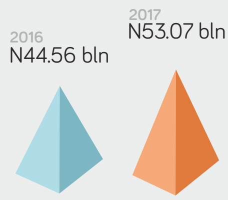
The Banking Sector

The Banking sector which characterized by FX liquidity shortage and heightened Non-Performing

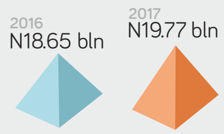
GROSS EARNINGS



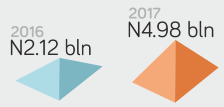
INTEREST INCOME



NET INTEREST INCOME



TRADING INCOME



Loans(NPLs) witnessed several FX policies, particularly, the introduction of Investor and Exporters (I&E) window by the Central Bank of Nigeria (CBN) in April 2017.

The introduction of the I&E window recorded profound impact on the economy and the banking sector, facilitating the co-integration exchange rates with the parallel market, restoration of trade lines and the pay-downs of existing loans.

Going into 2018, we expect sustained crude oil price and production, the implementation of the 2018 budget, implementation of the Economic Recovery and Growth Plans (ERGP), debt portfolio switch by the Federal Government and foreign exchange liquidity will reduce vulnerabilities to the sector.

Financial Scorecard

The Group continued to record improved performances, as gross earnings in 2017 grew from N54.36 billion in 2016 to N65.27billion in 2017. Interest income of the bank grew by 19.10% to N53.07 billion as against N44.56 billion reported in 2016. Net Interest Income also increased from N18.65 Billion in 2016 to N19.77 billion in 2017. Trading income for the reporting period grew by over 100% to N4.98 billion as against N2.12 billion in 2016. Profit after Tax (PAT) decreased from N2.56 billion in 2016 to N2.26 billion in 2017.

Our Strategic Focus

Our business is focused on four (4) major areas namely; Innovation and Technology, Relationships, Risk Management and National Footprint to achieve our set targets. In our continued bid to continuously position the Bank for sustainable competitive advantages, the Bank invested in building new capabilities with the launch of ALAT - Africa's first fully digital bank, in 2017, ALAT has recorded significant milestones especially around customer acquisition. Furthermore, we continue to improve on our people through requisite trainings while driving and gaining efficiencies within our processes.

As we go into 2018, we will continue to reinforce our commitment towards balance sheet optimization and income generation, efficiency and value creation for our esteemed customers and shareholders.

Achievements

Your Bank in 2017 recorded significant success stories, which we are especially proud of. In spite of the challenges faced as a Bank, the Bank continues to maintain both its international and domestic Long-Term National Credit Rating at investment grade (BBB-) with a Stable Outlook.

ALAT has been a resounding success for the Bank and this was evident in the numerous awards the Bank received during the year. These include the World Summit Awards (Best and Most Innovative Digital Solution in Nigeria) and Business Day Banking Awards 2017 (Digital Banking Platform of the year). This is in recognition of the strategic vision of the Bank, and its ability to execute. As a Bank, our priority is to put our best foot forward always in the area of service to our esteemed customers. Our evolution in this area is no coincidence, as over the years, the Bank has devoted considerable resource to ensuring that we are among the top ten banks in the country. Wema Bank was rated eighth (8th) at this year's annual KPMG customer service survey.; advancing five (5) places from 2016. In 2018, we have set ourselves the ambitious target of being among the top 5 best banks in customer service and I believe we will deliver on this goal.

Corporate Governance

In 2017, we bid farewell to Mr. Adeyinka Asekun, the erstwhile Chairman of the Board of Directors of our Bank, following his nomination and confirmation as an Ambassador of the Federal Republic of Nigeria by the Senate. During his time as Chairman, the Bank witnessed exciting developments in technology. We will fondly remember Mr. Asekun for his leadership during the transformation era.

It is therefore with a great sense of responsibility that I step into Mr. Asekun's shoes as Chairman Board of Directors of this enduring institution. With the guidance of the Almighty God and the support of our esteemed shareholders, I intend to build on the legacy of Mr. Asekun and continue to guide our Bank as we strive to fulfill our promise to our customers and shareholders.

Outlook For 2018

Growth In 2018 Is Broad Based And The Banking Industry Will Not Be Left Out

I am optimistic about 2018 considering the impact of the OPEC oil deal on crude oil prices, improved FX liquidity, downturn in consumer prices (inflation) and interest rates. Already, we have witnessed the gains being recorded by the stock market, a barometer for the economy while we await the implementation of the 2018 budget.

However, headwinds still abound especially on the political scene as campaigning for the 2019 general elections kick off. There are also concerns around monetary and fiscal policy alignment and implementation. Overall, GDP growth can accelerate at a faster pace than the projected 2% in 2018.

Best Mobile Banking App, Nigeria
(Word Finance)

Best Digital Bank Nigeria
(Word Finance)

Excellence In Branchless Banking

The Digital Banking Platform of The Year
(Business Day Banking Awards)

Best and Most Innovative Digital Solution in Nigeria
(World Summit Awards)

The recovery wave is broad and the banking sector stands to benefit. As a Bank, we look forward to 2018 with renewed confidence. Internally, significant steps were taken in 2017 to ensure that in 2018, we deliver value for our shareholders. On performance, the year, 2017 gave us a good idea of the possibilities within the digital space. Our commitment in 2018 to technology disruption will be central to our ability to deliver on our goals for the year.

Undoubtedly, 2017 was a challenging year, but I believe the worst is behind us as a country and it is time for growth. Wema Bank is well positioned to ride the growth curve and deliver even better performance in 2018. As a Bank, we look forward to 2018 with great confidence as we begin to realize the Wema dream of giving all who interact with us a delightful and memorable service experience.

Thank you for your continued support and loyalty.

Babatunde Kasali
Chairman Board of Directors
FRC/2017/ICAN/00000016973

Directors' Report

The directors present their annual report on the affairs of Wema Bank Plc (the "Bank") and the group, the audited financial statements and independent auditor's report for the financial year ended 31 December 2017.

Legal Form

The Bank was incorporated in Nigeria under the Companies Act of Nigeria as a private limited liability company on 2 May, 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.

The bank has a wholly owned subsidiary WEMA Bank Funding SPV Plc.

Reporting Entity

Wema Bank Plc (the Bank) is a company domiciled in Nigeria. 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 Deloitte and Touche as Auditors, GTL Registrars Limited and Oluwole Ajimisinmi as Company Secretary/Legal Adviser.

Wema Bank Funding SPV Plc was established for the purpose of issuing bonds to fund working capital, enhance liquidity and capital base.

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	Group	Bank	Bank
In thousands of Nigeria Naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Gross earnings	65,268,831	54,361,250	64,858,369	54,246,809
Profit on ordinary activities before taxation	3,009,203	3,245,145	3,054,873	3,276,365
Taxation	(753,715)	(684,565)	(753,715)	(684,565)
Profit on ordinary activities after taxation	2,255,488	2,560,580	2,301,158	2,591,800
Profit attributable to equity holders	2,255,488	2,560,580	2,301,158	2,591,800
Appropriation:				
Transfer to statutory reserve	690,348	777,540	690,348	777,540
Transfer to general reserve	1,565,141	1,783,040	1,610,811	1,814,259
Basic earnings per share	5.8k	6.6K	6.0k	6.7K
Total non-performing loans to gross loans	3.52%	5.10%	3.52%	5.10%

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:

	Director's Name		Holdings in 2017 Number	Holdings in 2016 Number
1	Mr. Babatunde Kasali	Chairman	-	-
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	1,750,000,000
9	Mr. Ademola Adebise	Deputy Managing Director	10,265	10,265
10	Mr. Moruf Oseni	Executive Director	-	-
11	Mr. Oluwole Akinleye	Executive Director	632,950	632,950
12	Mrs. Folake Sanu	Executive Director	12,677	12,677

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Available on all cards

mastercard | VISA | Verve

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, Mr. Samuel Durojaye, Mrs. Omobosola Ojo and Ms. Tina Vukor-Quarshie will retire by rotation and being eligible, offer themselves for re-election.

Remuneration and Expenses of Directors

The annual directors' fee is N6,000,000.00 (Six Million Naira Only) for Chairman and N4,500,000.00 (Four Million, Five Hundred Thousand Naira Only) for other Directors and gross per annum. This fee covers all duties, including services on any Board Committees.

The sitting allowance for each meeting attended is N150,000.00 for members and N200,000.00 for Chairmen of Board Committees.

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

Directors' Interests in Contracts

GTI Capital Limited is acting as Consultant on capital restructuring of the Bank.

Property and Equipment

Information relating to changes in property and equipment is given in Note 20 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.

e. Other Benefits

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

Non-Executive Directors Remuneration Components

The remuneration of Non-Executive Directors shall be fixed by the Board on the recommendation of Executive Management and approved by Shareholders in a General Meeting. However, the fees and allowances or other incentives tied to corporate performance paid to non-executive directors shall not be at a level that can compromise their independence.

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

Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2017 is as stated below:

Share Range	Number of Shareholders	Shareholders %	Number of Holdings	Shareholding %
1-1,000	29,779	12.15	15,192,341	0.04
1,001 -5,000	146,735	59.85	305,166,894	0.79
5,001 -10,000	28,732	11.72	199,408,103	0.52
10,001 -50,000	30,783	12.56	618,095,293	1.60
50,001 -100,000	4,528	1.85	324,000,337	0.84
100,001 -500,000	3,794	1.55	722,093,575	1.87
500,001 -1,000,000	360	0.15	262,038,180	0.68
1,000,001 -5,000,000	355	0.14	681,739,106	1.77
5,000,001 -10,000,000	27	0.01	188,215,364	0.49
10,000,001 - 500,000,000	51	0.02	4,862,856,059	12.61
500,000,001 -1,000,000,000	8	0.00	4,922,725,909	12.76
1,000,000,000 and Above	8	00	25,472,934,920	66.04
Total	**245,160**	**100.00**	**38,574,466,081**	**100.00**

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	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 -1,000,0 00,000	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**

Substantial Interests in Shares

According to register of members, as at 31 December 2017, the following shareholders held more than 5% of the issued share capital of the Bank:

S/No	Name	Holding	% Holding
1	NEEMTREE LIMITED	10,685,688,150	27.70
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 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

The Bank made contributions to charitable and non-political organizations amounting to N53,585,000.00 (31 December 2016: N30,200,000.00) during the year, as listed below

		N'000
1	OLABISI ONABANJO UNIVERSITY	25,000
2	LAGOS STATE SECURITY TRUST FUND	10000
3	2ND ANNUAL ECONOMIC & INVESTMENT SUMMIT	5,000
4	NIGER STATE INVES TMENT SUMMIT	5,000
5	ANNIV PROJECT	5,000
9	OTHER DONATIONS	3,585
	TOTAL	**53,585**

Several other humanitarian services were rendered during the year under review for example One Day Salary for Love Campaign programme totaling N5,127,060.28; this was health grant given to twelve beneficiaries in Abuja, Port Harcourt and Lagos.

Events after reporting date

There were no significant or material events that occurred after the end of the reporting year and before the financial statements are authorised for issue by the Management of the bank.

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 as amended.

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--‑vis total workforce is as follows:

M	F	Total Employees	M	F
571	463	1034	55%	45%

Employee - Bank					
Board & Top Management	M	F	Total	M	F
Assistant General Manager	9	2	11	82%	18%
Deputy General Manager	6	1	7	86%	14%
General Manager	2	0	2	100%	0%
Executive Director	2	1	3	67%	33%
Deputy Managing Director	1	0	1	100%	0%
Manag ing Director	1	0	1	100%	0%
Non-Executive Director	4	3	7	57%	43%
Total	28	7	35	80%	20%

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 nib 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/WhatsApp: 07051112111
Live Chat: www.wemabank.com
Letters: Consumer Protection Unit, Customer Experience Management Department, 54 Marina, Lagos

Auditors

The Auditors, Deloitte and Touche have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. 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

Board & Management

Segun Oloketuyi, Managing Director/CEO

Babatunde Kasali, Chairman

Our Board of Directors

1. Ademola Adebise
(Deputy Managing Director)
2. Moruf Oseni
(Executive Director)
3. Wole Akinleye
(Executive Director)

4. Folake Sanu
(Executive Director)
5. Adebode Adefioye
(Non-Executive Director)
6. Abubakar Lawal
(Non-Executive Director)

7. Samuel Durojaye
(Non-Executive Director)
8. Tina Vukor-Quarshie
(Independent Non-Executive)
9. Omobosola Ojo
(Independent Non-Executive)
10. Abolanle Matel-Okoh
(Non-Executive Director)

Profile of Directors

Babatunde Kasali, Chairman
Appointed - March 2017

Babatunde Kasali is a consummate professional with expertise in Audit, Risk Management, Compliance and Retail banking, spanning over 3 decades.

He has served as General Manager and Regional Bank Head for United Bank for Africa Plc., a bank he joined in 1996. While at the bank, he also held several positions such as Chief Inspector, Regional Director and Divisional Director.

He has also served as Managing Director of Resolution and Restructuring Company Limited. He has also been a Non-Executive Director at UAC of Nigeria Plc since March 27, 2013 and was a Non-Executive Director of UACN Property Development Company Plc., from January 13, 2010 to March 24, 2013. He had from February 2015 to November 26, 2015 served as a Non-Executive Director of Wema Bank Plc.

Mr. Kasali is a Fellow of the Institute of Chartered Accountants of Nigeria. He graduated with B.Sc (Hons) Degree in Economics from Manchester Metropolitan University, UK in 1977.

Segun Oloketuyi, Managing Director/CEO
Appointed - May 2009

Segun Oloketuyi, a consummate banker with several years of banking and managerial experience. 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 has 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.

A 2007 recipient of the Distinguished Alumni Merit Award of the University of Lagos, Segun holds the memberships of the Institute of Directors (IOD) and the Ikoyi Club 1938.

Ademola Adebise, Deputy Managing Director
Appointed - May 2009

Ademola Adebise has over 28 years' experience in the banking industry (inclusive of 4 years in management consulting), and has worked in various capacities in Information Technology, Financial Control & Strategic Planning, Treasury, Corporate Banking, Risk Management and Performance Management.

Before joining Wema Bank, Adebise was Head, Finance & Performance Management Practice at Accenture (Lagos Office) where he led various projects for banks in Business Process Re-engineering, Information Technology and Risk Management.

He is an alumnus of the Advanced Management Program (AMP) of the Harvard Business School and a Bachelor's degree holder in Computer Science from the University of Lagos. He obtained a Master's degree in Business Administration (MBA) from the Lagos Business School.

Ademola Adebise is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He is also an Associate of the Chartered Institute of Taxation and Computer Professionals (Registration Council of Nigeria). He is an honorary Member of the Chartered Institute of Bankers of Nigeria (HCIB) and a member of the Institute of Directors.
Adebise also serves on the board of Nigeria Inter-Bank Settlement System Plc (NIBSS), AIICO insurance Plc, AIICO Pensions Management Limited and FITC.

Prior to his appointment as Deputy Managing Director, Adebise was the Executive Director in charge of Corporate & South Directorate.
He has attended several training courses, seminars and workshops locally and overseas.

Profile of Directors

Moruf Oseni, Executive Director
Appointed - May 2012

Moruf Oseni is the Executive Director of the Retail Directorate on the board of Wema Bank Plc. with responsibility for Consumer & SME business, E-business & Payments and the Digital bank (ALAT).

Prior to his appointment to the board of Wema Bank Plc, Moruf was the CEO of MG Ineso Limited, a principal investment and financial advisory firm with interests in various sectors of the economy. Before MG Ineso, Moruf was a Vice President at Renaissance Capital, where he was responsible for debt capital markets (DCM), equity capital markets (ECM) and structured finance origination and execution for Sub-Saharan African corporates and financial institutions. 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 is a member of the Institute of Directors (IoD), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and a member of Nigerian Institute of Management (NIM). He serves on the board of Continental Broadcasting Services Limited and is a member of the Lagos State Economic Advisory Committee.

He holds an MBA degree from the Institut European d'Administration des Affaires (INSEAD) in France, a Masters in Finance (MiF) from the London Business School and a B.Sc. in Computer Engineering from Obafemi Awolowo University (OAU), Ile-Ife, Nigeria. He is also an alumnus of King's College, Lagos.

Wole Akinleye, Executive Director
Appointed - December 2014

With almost 3 decades of cognate Banking experience, Wole Akinleye is the Executive Director responsible for co-ordinating business development activities in the South for Wema Bank.
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 Master's 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
Appointed - January 2015

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.

Profile of Directors

Adebode Adefioye, Non-Executive Director
Appointed - May 2009

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

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

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

As a member of the Ikeja Golf Club, he is an avid golfer, serving the golfing communities in different capacities.

Ade Adefioye is a notable member of the Institute of Public Analysts of Nigeria.

Abubakar Lawal, Non-Executive Director
Appointed - September 2011

Abubakar Lawal holds an HND certificate in Banking & Finance from The Polytechnic, Ibadan (1988). He later obtained an MBA from Abubakar Tafawa Balewa University, Bauchi in 1999.

Abubakar 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.

Abubakar is a retired Council Member of the Nigerian Stock Exchange and Member, Chartered Institute of Stock Brokers. He loves reading and golfing. Until his appointment as a Non-Executive Director on the board, Mr. Lawal is the Managing Director/CEO of GTI Capital Ltd, a position he occupies till date. He is happily married with children.

Samuel Durojaye, Non-Executive Director
Appointed - May 2012

He is currently the Managing Director/Chief Executive Officer in Pilot Finance Limited.

Samuel 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.

A Fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria, Samuel Durojaye is also an Associate Member of Chartered Institute of Stockbrokers of Nigeria and Associate, Institute of Directors, Nigeria.

Before his appointment on the Board of Wema 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.

His professional committee membership covers: the Strategic Committee (ICAN), Consultancy Committee (CIBN-Lagos Branch) and Finance & General Purpose Committee (CIS).

Profile of Directors

Tina Vukor-Quarshie, Independent Non-Executive

Appointed - August 2012

Tina Vukor-Quarshie (TVQ) has a Bachelor's degree (Second Class, Upper Division) and then a Master's 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 and the Odelola Memorial prize for best graduating student in Traditional Medicine.

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

Prior to her appointment as a non-executive Director on the board of Wema Bank Plc, 'TVQ', as she is fondly called, began her banking career with International Merchant Bank (IMB) Ltd as a credit analyst in 1988. TVQ also had a stellar career in Zenith Bank Plc which she joined in 1990 as a pioneer member of staff, rising through the ranks and heading several divisions at senior management level, winning several awards in the process. She also worked as Divisional Director, Commercial Banking at Guaranty Trust Bank Plc in 2001 and then as Executive Director at Platinum Bank Plc.

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.

TVQ is a member of the prestigious Institute of Directors and a Lifetime Deputy Governor of the American Biographical Institute, North Carolina, USA.

Omobosola Ojo, Independent Non-Executive

Appointed - August 2013

Omobosola Ojo obtained a Bachelor of Arts degree in History from the Ondo State University, (OSU) in the year, 1991. She also read law and obtained a Bachelor of Laws degree from the University of Buckingham, United Kingdom, between 1993 and 1995 and was called to the Nigerian Bar in 2000.

She started her working career in the Lagos State Ministry of Justice, Department of Public Prosecution, in Lagos, Nigeria and afterwards joined the law firm of O. Adekoya and Company.

She has attended several seminars and received trainings in banking matters and management in and outside Nigeria, some of which seminars or trainings include, Credit Analysis, Risk Management, Corporate Governance, Board Leadership, Leveraging Global Perspectives in Building and Financial Oversight, etc.

She is currently a Partner in the law firm of Fola Akinrinsola, Ojo & Co, Lagos, a member of the Nigerian Bar Association, Ikeja branch, a member of the Institute of Chartered Mediators and Conciliators (CHMC) and an Honorary Senior Member of the Chartered Institute of Bankers (HCIB). She is married with two boys and a girl.

Abolanle Matel-Okoh, Non-Executive Director

Appointed - January 2015

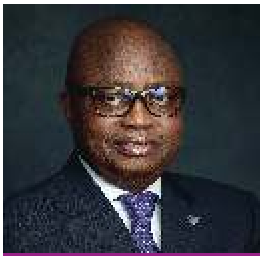
An attorney with over 20 years of experience in Nigeria and the United States of America, Bola is a member of the Nigerian Bar and the New York State Appellate Division, Third Department Bar.

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.

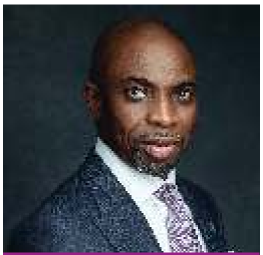
Abolanle Matel-Okoh is the current CEO of Havilah Ventures Ltd.

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

Wole Ajimisinmi
Company Secretary

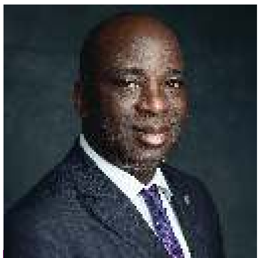
Henry Alakhume
Head Corporate Banking Group

Deputy General Managers

Olukayode Bakare
Treasurer

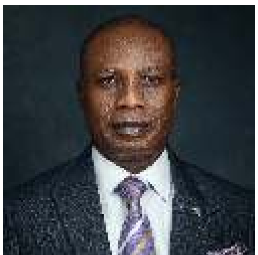
Tunde Mabawonku
Chief Financial Officer

Olufunke Okoli
Head HCM



Rotimi Badiru
Head Operations

Mohammed Kawu
Regional Executive, North



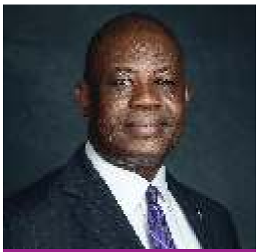
Olajide Omole
RM, Ikeja

Richard Amafonye
Chief Information Officer

Assistant General Managers

Dotun Ifebogun
Head, Retail & SME

Sylvanus Eneche
Chief Risk Officer



Kunle Olatubosun
Branch Operations

Opeyemi Okhelen
Chief Compliance Officer

Oluwatoyin Karieren
Internal Control

Jide Bello
Regional Manager, Lagos

Adekunle Onitiri
Chief Inspector

Dele Adeyinka
Head Digital Banking, ALAT

Dotun Akomolafe
Chief Information Security

Olalekan Somorin
Regional Manager, Apapa

Olaitan Sunday
Regional Manager, Oyo & Ogun

Emmanuel Edah
Regional Manager, South South

Statement of Directors' Responsibilities

For the preparation and approval of the Consolidated and Separate 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 2017 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 and separate 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 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 2017 were approved by the Board of directors on 6 March 2018

On behalf of the Directors of the Group

Babatunde Kasali (Chairman)	**Segun Oloketuyi (Managing Director/CEO)**	**Tunde Mabawonku (Chief Financial Officer)**
FRC/2017/ICAN/00000016973	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 co-operation 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 2017 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 N6,661 billion (31 December 2016: N7,279billion) was outstanding as at 31 December 2017 of which Nil (31 December 2016: Nil) was non- performing.
- We have deliberated on the findings of the external auditors who have confirmed that necessary co-operation 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
FRC/2013/NIM/00000003105
Chairman, Audit Committee

2 March 2018

Members of the Audit Committee are:

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

In attendance:

Mr. Wole Ajimisinmi	-	Secretary

Report of The Independent 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 Banks and Discount Houses 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 2017. The CBN Code mandates an annual appraisal of the Board with specific focus on the Board's structure and 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 geared 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 2017, and assessed the level of compliance of the Board with the CBN Code and the 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:

Director re-election process, director training and related party transactions management.

Tomi Adepoju
Partner, KPMG Advisory Services
FRC/2013/1CAN/00000001185

13 March, 2018

Independent Auditor's Report

Deloitte.

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 subsidiary (together referred to as the Group) which comprise the consolidated and separate statements of financial position as at 31 December 2017, 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 and financial position of Wema Bank Plc as at 31 December 2017 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.

Key Audit Matter	How the matter was addressed in the audit
Loan Loss Impairment	
Loans and advances make up a significant portion of the total assets of Wema Bank Plc, with the total risk assets portfolio of about ₦216billion (Note 18) representing about 56% 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.	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 assessed 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. We involved Deloitte credit specialist to assess and consider the appropriateness of the model and methodology used by the Bank and whether it is in line with the requirements of IAS 39. 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.

Deferred Taxation	
Deferred tax assets (as disclosed in note 22) have been written down to ₦21 billion 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.	Our tax specialists assessed the recognition and measurement of the deferred tax assets and liabilities which included: • Review of the deferred tax asset calculation for compliance with Nigerian tax legislation. • Evaluating the directors' assessment of the estimated manner in which the timing differences, including the recoverability of the deferred tax assets, would be reali zed 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 knowledge 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 calculations provided by the bank. Based on the audit procedures performed, we find the directors' assessment of the deferred tax assets recognised in the financial statements reasonable and appropriate.

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. 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 Bank 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- ·Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists 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.

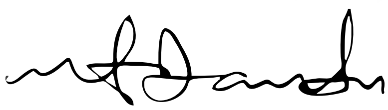
Report on Other Legal and Regulatory Requirements

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

- The Bank has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria
- In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 32.

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 33 to the financial statements.



For: Deloitte and Touche
Chartered Accountants Lagos, Nigeria
13 April, 2018

Engagement Partner: Michael Daudu, FCA
FRC/2013/ICAN/00000000845

Financials

Consolidated and Separate Financial Statements

Consolidated and Separate Statement of Profit or loss and other Comprehensive Income

In thousands of Nigerian Naira		Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
Interest income	7	53,073,120	44,560,461	52,662,658	44,446,020
Interest expense		(33,306,169)	(25,910,283)	(32,887,899)	(25,765,627)
Net interest income	7	19,766,951	18,650,178	19,774,759	18,680,39 3
Net impairment loss on financial assets	11	(2,179,798)	(412,401)	(2,179,798)	(412,401)
Net interest income after impairment charge for credit losses		17,587,153	18,237,777	17,594,961	18,267,992
Net fee and commission income	8	5,642,142	6,190,739	5,642,142	6,190,739
Net trading income	9	4,984,310	2,123,108	4,984,310	2,123,108
Other income	10	1,569,259	1,486,942	1,569,259	1,486,942
		12,195,711	9,800,789	12,195,711	9,800,789
Operatin g income		29,782,864	28,038,566	29,790,672	28,068,781
Personnel expenses	12	(10,009,585)	(10,352,321)	(10,009,585)	(10,352,321)
Depreciation and amortization	13b	(2,318,008)	(2,308,497)	(2,318,008)	(2,308,497)
Other operating expenses	13a	(14,446,068)	(12,132,603)	(14,408,206)	(12,131,598)
Profit before tax		3,009,203	3,245,145	3,054,873	3,276,365
Income tax expense	26	(753,715)	(684,565)	(753,715)	(684,565)
Profit for the year		2,255,488	2,560,580	2,301,158	2,591,800
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)
Income tax relating to items that will not be reclassified subsequently to profit or Loss		-	-	-	-
		-	(165,850)	-	(165,850)
Items that will be subsequently reclassified to profit or loss					
Fair value gain on available -for-sale investments		140,051	11,894	140,051	11,894
Income tax relating to items that may be reclassified subsequently to profit or Loss		-	-	-	-
Other comprehensive income for the year		140,051	(153,956)	140,051	(153,956)
Total comprehensi ve income for the year		2,395,539	2,406,624	2,441,209	2,437,844
Profit attributable to:					
Equity holders of the Bank		2,255,488	2,560,580	2,301,158	2,591,800
Total comprehensive income for the year		2,395,539	2,406,624	2,441,209	2,437,844
Earnings per share -basic	14	5.8	6.6	6.0	6.7

Consolidated and Separate Statement of Financial Position

	Notes	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
In thousands of Nigerian Naira					
Cash and cash equivalents	15	22,427,586	27,623,945	22,425,891	27,608,708
Restricted Deposit with CBN	15b	26,495,664	48,161,682	26,495,664	48,161,682
Pledged assets	16	25,420,137	16,419,725	25,420,137	16,419,725
Investment securities:					
Available for sale	17a	9,565,557	3,158,208	9,566,557	3,159,208
Held for trading	17b	10,003,842	238,036	10,003,842	238,036
Held to maturity	17c	24,897,782	58,679,662	22,077,200	55,871,354
Loans and advances to customers	18	215,840,031	227,008,550	215,840,031	227,008,550
Investment properties	19	45,671	361,798	45,671	361,798
Property and equipment	20	17,078,789	16,614,465	17,078,789	16,614,465
Intangible assets	21	759,092	400,017	759,092	400,017
Other assets	23	14,349,673	3,207,791	14,405,728	3,207,791
Deferred tax assets	22	21,269,702	22,169,702	21,269,702	22,169,702
		388,153,526	424,043,581	385,388,304	421,221,036
Deposits from banks	24	26,575,260	37,433,906	26,575,260	37,433,906
Deposits from customers	25	254,460,881	283,302,604	254,487,050	283,328,215
Current tax liabilities	26	359,878	349,245	359,878	349,245
Other liabilities	27	17,682,745	22,392,756	17,646,215	22,324,495
Other borrowed funds	28	39,459,512	32,093,404	36,627,761	29,282,289
Obligations under finance lease	29	-	932	-	932
		338,538,276	375,572,847	335,696,164	372,719,082
EQUITY					
Share capital	30	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	30	8,698,230	48,870,107	8,698,230	48,870,107
Regulatory risk reserve		5,846,943	8,402,592	5,846,943	8,402,592
Retained earnings	30	4,089,570	(39,158,766)	4,166,460	(39,127,546)
Other reserves		11,693,274	11,069,568	11,693,274	11,069,568
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		49,615,250	48,470,734	49,692,140	48,501,954
TOTAL LIABILITIES AND EQUITY		388,153,526	424,043,581	385,388,304	421,221,036

The financial statements were authorized for issue by the directors on 6 March, 2018.

Babatunde Kasali (Chairman)	**Segun Oloketuyi (Managing Director/CEO)**	**Tunde Mabawonku (Chief Financial Officer)**
FRC/2017/ICAN/00000016973	FRC/2013/ICAN/00000002099	FRC/2013/ICAN/00000002097

Consolidated statement of changes in equity

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
2017								
Balance at 1 January 2017	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(39,158,766)	48,470,734
Capital Reduction		(40,171,877)					39,127,546	(1,044,331)
Total comprehensive income:								
Profit or loss	-	-	-	-	-		2,255,488	2,255,488
Other comprehensive income								
Re-measurement of defined benefit obligation	-	-	-	-	-	-	-	-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments						(206,692)		(206,692)
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	140,051	-	140,051
Total Comprehensive Income for the year	19,287,233	8,698,230	8,402,592	10,335,968	526,908	140,051	2,224,268	49,615,250
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve	-	-	(2,555,649)	-	-	-	2,555,649	-
Transfer to Statutory reserve	-	-	-	690,347	-	-	(690,347)	-
Total contribution and distributions to owners	-	-	(2,555,649)	690,347	-	-	1,865,302	-
Balance at 31 December 2017	19,287,233	8,698,230	5,846,943	11,026,315	526,908	140,051	4,089,570	49,615,250

Consolidated statement of changes in equity

Group In thousands of Nigerian Naira (000s) 2016	Share Capital	Share premium	Regulatory Risk reserve	Statutory reserve	SMEIES reserve	Fair Value reserves	Retained earnings	Total equity
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 year	19,287,233	48,870,107	3,644,042	9,558,428	526,908	206,692	(33,622,676)	48,470,734
Transactions wit h 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 contribut ion 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

Separate statement of changes in equity

Bank

In thousands of Nigerian naira (000s)

2017	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
Balance at 1 January 2017	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(39,127,546)	48,501,954
Capital Reduction		(40,171,877)					39,127,546	(1,044,331)
Total comprehensive income:								-
Profit or loss	-	-	-	-	-		2,301,158	2,301,158
Other comprehensive income								
Re-measurement of defined benefit obligation							-	-
Capital Reduction								-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments						(206,692)		(206,692)
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	140,051	-	140,051
Total comprehensive income for the year	19,287,233	8,698,230	8,402,592	10,335,968	526,908	140,051	2,301,158	49,692,140
								-
Transactions with owners, recorded directly in equity								-
Contributions by and distributions to owners								-
Regulatory risk reserve			(2,555,649)				2,555,649	-
transfer to statutory reserves				690,347			1,865,302	-
Total contribution and distributions to owners	-	-	(2,555,649)	690,347	-	-	643,581	-
Balance at 31 December 2017	19,287,233	8,698,230	5,849,943	11,026,315	526,908	140,051	4,166,460	49,692,140

Separate statement of changes in equity

Bank *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	-	-		-	-		2,591,800	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 comprehens I've income for the year	19,287,233	48,870,107	3,644,042	9,558,428	526,908	206,692	(33,591,456)	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**

Consolidated and Separate Statements of Prudential Adjustments

	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
Impairment - IFRS				
Loans and Advances:				
- Collective	1,998,519	696,181	1,998,519	696,181
- Specific	2,237,482	2,136,250	2,237,482	2,136,250
	4,236,001	2,832,431	4,236,001	2,832,431
Other Financial Assets:				
- Long Term investments	339,583	-	339,583	-
- Other Assets	3,621,834	3,694,646	3,621,834	3,694,646
	3,961,417	3,694,646	3,961,417	3,694,646
Total	8,197,418	6,527,077	8,197,418	6,527,077
Impairment - Prudential Guidelines				
Loans and Advances:				
- General	2,371,170	4,363,818	2,371,170	4,363,818
- Specific	7,711,774	6,871,205	7,711,774	6,871,205
	10,082,944	11,235,023	10,082,944	11,235,023
Other Financial Assets:				
- Long Term investments	339,583	-	339,583	-
- Other assets	3,621,834	3,694,646	3,621,834	3,694,646
	3,961,417	3,694,646	3,961,417	3,694,646
Total	14,044,361	14,929,669	14,044,361	14,929,669
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	5,846,943	8,402,592	5,846,943	8,402,592

Consolidated and Separate Statement of Cash Flow

In thousands of Nigerian Naira	Notes	Group 31 December 2017	Group 31 December 2016	Bank 31 December 2017	Bank 31 December 2016
Cash flows from operating activities					
Profit for the year		2,255,488	2,560,580	2,301,158	2,591,800
Adjustments for:					
Taxation expense	26	753,715	684,565	753,715	684,565
Depreciation and amortization	13b	2,318,008	2,308,497	2,318,008	2,308,497
(Gain)/Loss on disposal of property and equipment		(59,059)	(4,029)	(59,059)	(4,029)
Benefit in Kind	10	-	20,317	-	20,317
Specific provision on cash	15	-	(9,407)	-	(9,407)
Net interest income		(19,766,951)	(18,650,178)	(19,774,759)	(18,680,393)
Dividend received from equity investment		(162,876)	(27,448)	(162,876)	(27,448)
Impairment loss on financial assets		2,196,373	590,783	2,196,373	590,783
		(12,465,302)	(12,526,320)	(12,427,440)	(12,525,315)
Change in pledged assets		(9,000,412)	36,217	(9,000,412)	36,217
Change in loans and advances to customers		9,227,334	(41,818,059)	9,227,334	(41,818,059)
Change in other assets		(11,122,931)	824,899	(11,178,986)	824,899
Change in deposits from banks		(10,858,646)	37,433,906	(10,858,646)	37,433,906
			-		-
Change in restricted deposit with CBN		21,666,018	5,224,387	21,666,018	5,224,387
Change in deposits from customers		(28,841,723)	(1,675,232)	(28,841,165)	(1,649,621)
Change in other liabilities		(4,189,040)	10,475,185	(4,157,309)	10,406,924
		(45,584,702)	(2,025,017)	(45,570,606)	(2,066,662)
Income tax paid	26.2	(343,082)	(318,014)	(343,082)	(318,014)
Interest received		53,073,120	44,560,461	52,662,658	44,446,020
Vat paid		(511,903)	(121,600)	(511,903)	(121,600)
Interest paid		(32,188,031)	(24,860,323)	(32,188,031)	(24,860,324)
Net cash from operating activities		(25,554,598)	17,235,507	(25,950,964)	17,079,420
Cash flows from investing activities					
Net disposal proceed of investment securities HTM		33,518,731	(29,891,014)	33,531,005	(27,082,706)
Acquisition of investment securities-AFS		(6,473,990)	4,483,817	(6,473,990)	4,482,817
Change in trading assets		(9,765,806)	4,450,456	(9,765,806)	4,450,456
Dividend received from equity investment		162,876	27,448	162,876	27,448
Acquisition of property and equipment	20	(3,029,376)	(2,841,744)	(3,029,376)	(2,841,744)
Proceeds from the sale of property and equipment		81,548	31,031	81,548	31,031
Proceeds from the sale of investment property		161,500	24,099	161,500	24,099
Acquisition of intangible assets	21	(535,214)	(87,696)	(535,214)	(87,696)
Net cash generated by / (used in) investing activities		14,120,269	(23,803,603)	14,132,543	(20,996,295)
Cash flows from financing activities					
Proceed from borrowings		15,867,870	6,608,246	15,867,870	3,796,453
Repayment of borrowings		(8,504,673)	(27,974,061)	(8,525,309)	(27,959,263)
Interest paid on borrowings		(1,125,227)	(1,035,161)	(706,957)	(904,624)
Net cash from financing activities		6,237,970	(22,400,976)	6,635,604	(25,067,434)
Net increase in cash and cash equivalents		(5,196,359)	(28,969,072)	(5,182,817)	(28,984,309)
Cash and cash equivalents at beginning of year		27,623,945	56,593,017	27,608,708	56,593,017
Cash and cash equivalents at end of year		22,427,586	27,623,945	22,425,891	27,608,708

The notes on pages 68 to 142 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 Bank's registered office is located at 54 Marina, Lagos, Nigeria. The Bank is primarily involved in investment, corporate, commercial and retail banking. It 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 operate 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 6 March, 2018

(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 are measured at fair value through profit or loss. Financial assets and liabilities held for trading also 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 the capital base of the Bank.

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

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

2.2 Amendments to IFRSs that are mandatorily effective for the current year

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 1 January 2017.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of borrowings (note 28) and certain other financial liabilities (note 27). A reconciliation between the opening and closing balances of these items is provided in note 28.2. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 28.2, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to IFRSs 2014-2016 Cycle

The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 2.2).

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.3 New and revised IFRSs in issue but not yet effective

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers (and the related Clarifications)1
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes 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 fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for 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 also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Bank have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and Measurement - Impact assessment

- The standard will affect the classification and measurement of financial assets held as at 1 January 2018 as follows. Trading assets which are classified as held-for-trading and measured at FVTPL under IAS 39, will also be measured at FVTPL under IFRS 9.
- Loans and advances to customers and cash and cash equivalent that are classified as loans and receivables and measured at amortised cost under IAS 39 will in general also be measured at amortised cost under IFRS 9.
- Held-to-maturity investment securities measured at amortised cost under IAS 39 will in general also be measured at amortised cost under IFRS 9.
- Debt investment securities that are classified as available-for-sale under IAS 39 may, under IFRS 9, be measured at amortised cost, FVOCI or FVTPL, depending on the particular circumstances.
- The majority of the equity investment securities that are classified as available-for-sale under IAS 39 will be measured at FVTPL under IFRS9. However, some of these equity investment securities may eventually be designated as at FVOCI on 1 January 2018.

Impairment - Impact Assessment on equity

- The IFRS 9's requirements noted above are expected to bring the Group's loan loss reserves as at 1 January 2018 by approximately N5.8 billion, indicating an increase of N1.6 billion over the impairment recognised under IAS 39. The table below provide details of the impact assessment;

Estimated Impact of Adoption of IFRS 9			
In N million	As reported at 31 December 2017	Estimated adjustment due to adoption of IFRS 9	Estimated adjusted opening balance on 1 January 2018
Retained Earnings	4,090	1,591	2,499
Regulatory Risk Reserve	5,847	(1,591)	4,256
Total Equity	49,692	0	49,692

Impairment - Impact Assessment on Regulatory Capital

- The Central Bank of Nigeria is in the process of issuing guidelines on the transition approach to be adopted by Nigerian Bank for regulatory capital purposes. On the basis of recognizing the full impact of IFRS 9 on the day of adoption, the Group has estimated the impact of IFRS 9 on regulatory capital to be approximately 0% in total regulatory capital and 0% increase in capital adequacy ratio. The actual impact may be different from the assessment disclosed in this financial statement.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 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:

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

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.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the following major sources:

- Interest income from loans, money market securities and fixed income securities
- Fees and commissions from retail and corporate banking
- Trading gain from foreign currency, fixed income securities and treasury bills
- Rental income, dividend income and others

The standard does not apply to revenue associated with financial instruments, and therefore, will not impact the majority of the Group's revenue, including interest income, trading revenue and securities gains which are covered under IFRS 9 Financial Instruments. The implementation of the standard is being led by the Financial control department in coordination with the business segments. The areas of focus for the Group's assessment of impact are fees and commissions. The Group has been working to identify and review the customer contracts within the scope of the new standard. While the assessment is not complete, the timing of the Group's revenue recognition of fees and commissions within the scope of this standard is not expected to materially change. The Group is also evaluating the additional disclosures that may be relevant and required.

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-of-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. The Group is currently in the process of assessing the impact that the initial application would have on its business and will adopt the standard for the annual period commencing January 1, 2019.

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 Group 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 Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

Annual Improvements to IFRSs 2014 – 2016 Cycle

The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year – see note 2.1 for details of application.

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non- monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

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 a constant rate of interest on the remaining balance of the liability.

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

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

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

Bank as the lessor

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

(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(l), (s) 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 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

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 depending on their classification as either held for trading, held-to-maturity, fair value through profit fair value through profit or loss, incremental direct transaction costs and subsequently accounted for 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 propeconsequence 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
Furniture and office equipment	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

- 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 reversedonly 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) Defined Benefit Plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

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

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'personnel expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(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".

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 j (viii).

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

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

(ii) Determining fair values

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

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

(I) Valuation of financial instruments

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

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either (i.e., derived from prices). This category includes instruments valued using: quoted market prices, inactive markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less 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:

In thousands of Nigerian Naira				
Group				
31-Dec-17	Level 1	Level 2	Level 3	Total
Trading assets	10,003,842	-	-	10,003,842
Investment securities	9,425,212	140,345		9,565,557
	19,429,054	140,345	-	19,569,399
Bank				
31-Dec-17	Level 1	Level 2	Level 3	Total
Trading assets	10,003,842	-	-	10,003,842
Investment securities	9,425,212	141,345		9,566,557
	19,429,054	141,345	-	19,570,399
Group				
31-Dec-16	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-Dec-16	Level 1	Level 2	Level 3	Total
Trading assets	238,036	-	-	238,036
Investment securities	3,017,863	141,345		3,159,208
	3,255,899	141,345	-	3,397,244

(ii) Financial asset and liability classification

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

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

(iii) Depreciation and carrying value of property and equipment

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

(iv) Determination of impairment of property and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(v) Determination of recognised deferred tax balances

Management is required to make judgements concerning the recoverability of unused tax losses.

Judgement is required in determining the estimated future profitability from which tax assets are expected to be realised.

5 Operating segments

The Bank, operates under a National authorisation licence and has for reportable geographic segments, which are the Bank's strategic zones. The strategic zones offer different products and services and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic zones, the Bank's management reviews internal management reports on a monthly basis.

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

Geographical segments

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

(i) Group

31 December 2017

In thousands of Nigerian Naira	South - West	South - South	Abuja	Lagos	Total
Derived from external customers	10,725,136	1,892,671	3,154,452	47,316,774	63,089,033
Interest and similar expenses	2,997,555	666,123	1,332,247	28,310,244	33,306,169
Operating income	7,727,581	1,226,548	1,822,205	19,006,530	29,782,864
Operating expenses	4,819,259	535,473	803,210	20,615,719	26,773,661
Profit on ordinary activities before taxation	2,908,322	691,075	1,018,995	(1,609,189)	3,009,203
Income tax expense	(128,132)	(75,372)	(75,372)	(474,839)	(753,715)
Profit on ordinary activities after taxation	2,780,190	615,703	943,623	(2,084,028)	2,255,488
Assets and liabilities:					
Total assets	97,038,382	15,526,141	19,407,676	256,181,327	388,153,526
Total liabilities	121,873,779	20,312,297	23,697,679	172,654,521	338,538,276
Net Asset	(24,835,397)	(4,786,156)	(4,290,003)	83,526,806	49,615,250

(ii) Bank

In thousands of Nigerian Naira	South - West	South - South	Abuja	Lagos	Total
Derived from external customers	10,655,357	626,786	626,786	50,769,642	62,678,571
Interest and similar expenses	5,262,064	1,315,516	2,302,153	24,008,166	32,887,899
Operating income	5,393,293	(688,730)	(1,675,367)	26,761,476	29,790,672
Operating expenses	4,812,444	534,716	802,074	20,586,565	26,735,799
Profit on ordinary activities before taxation	580,849	(1,223,446)	(2,477,441)	6,174,911	3,054,873
Income tax expense	(128,132)	(75,372)	(75,372)	(474,839)	(753,715)
Profit on ordinary activities after taxation	452,717	(1,298,818)	(2,552,813)	5,700,072	2,301,158
Assets and liabilities:					
Total assets	96,347,076	15,415,532	19,269,415	254,356,281	385,388,304
Total liabilities	120,850,619	20,141,770	23,498,731	171,205,044	335,696,164
Net Asset	(24,503,543)	(4,726,238)	(4,229,316)	83,151,237	49,692,140

Geographical segments

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

(iii) Group

31 December 2016

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/ (loss) 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

(iv) 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	3,276,365
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	21,086,127	278,694,813	421,221,036
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)	90,417,568	48,501,953

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-Dec-17								
	Cash and cash equivalents	-	-	-	-	22,427,586	-	22,427,586	22,427,586
	Pledged assets	-	25,420,137	-	-	-	-	25,420,137	24,924,322
	Loans and advances to customers	-	-	220,076,032	-	-	-	220,076,032	215,840,031
	Investment securities	10,003,842	24,897,782	-	9,565,557	-	-	44,467,181	43,281,642
	Total	10,003,842	50,317,919	220,076,032	9,565,557	22,427,586	-	312,390,936	306,473,581
	Deposits from banks	-	-	-	-	26,575,260	-	26,575,260	26,575,260
	Deposits from customers	-	-	-	-	254,460,881	-	254,460,881	254,460,881
	Other borrowed funds	-	-	-	-	-	39,459,512	39,459,512	39,459,512
	Total	-	-	-	-	281,036,141	39,459,512	320,495,653	320,495,653

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-Dec-17								
	Cash and cash equivalents	-	-	22,425,891	-	-	-	22,425,891	22,425,891
	Pledged assets	-	25,420,137	-	-	-	-	25,420,137	24,924,322
	Loans and advances to customers	-	-	220,076,032	-	-	-	220,076,032	215,840,031
	Investment securities	10,003,842	22,077,200	-	9,566,557	-	-	41,647,599	58,543,040
	Total	10,003,842	47,497,337	242,501,923	9,566,557	22,425,891	-	309,569,659	321,733,284
	Deposits from banks	-	-	-	-	26,575,260	-	26,575,260	26,575,260
	Deposits from customers	-	-	-	-	254,487,050	-	254,487,050	254,487,050
	Interest bearing liabilities	-	-	-	-			-	-
	Other borrowed funds	-	-	-	-	36,627,761	-	36,627,761	36,627,761
	Total	-	-	-	-	317,690,071	-	317,690,071	317,690,071

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
(c) 31-Dec-16								
Cash and cash equivalents	-	-	27,623,945	-	-	-	27,623,945	27,623,945
Pledged assets	-	16,419,725	-	-	-	-	16,419,725	16,049,228
Loans and advances to customers	-	-	229,840,981	-	-	-	229,840,981	225,035,916
Investment securities	238,036	58,679,662	-	3,158,208	-	-	62,075,906	61,323,265
Total	238,036	75,099,387	257,646,926	3,158,208	-	-	335,960,557	330,032,354
Deposits from banks	-	-	-	-	37,433,906	-	37,433,906	37,433,906
Deposits from customers	-	-	-	-	283,302,604	-	283,302,604	283,302,604
Interest bearing liabilities	-	-	-	-	932	-	932	932
Other borrowed funds	-	-	-	-	32,093,404	-	32,093,404	32,093,404
Total	-	-	-	-	352,830,846	-	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
(c)	31-Dec-16								
	Cash and cash equivalents	-	-	27,608,708	-	-	-	27,608,708	27,608,708
	Pledged assets	-	16,419,725	-	-	-	-	16,419,725	16,049,228
	Loans and advances to customers	-	-	229,840,981	-	-	-	227,008,550	225,035,916
	Investment securities	238,036	55,871,354	-	3,159,208	-	-	59,268,598	58,543,040
	Total	238,036	72,291,079	257,449,689	3,159,208	27,608,708	-	330,305,581	327,236,892
	Deposits from banks	-	-	-	-	37,433,906	-	37,433,906	37,433,906
	Deposits from customers	-	-	-	-	283,328,215	-	283,328,215	283,328,215
	Interest bearing liabilities	-	-	-	-	932	-	932	932
	Other borrowed funds	-	-	-	-	29,282,289	-	29,282,289	29,282,289
	Total	-	-	-	-	350,045,342	-	350,045,342	350,045,342

In thousands of Nigerian Naira	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
7 Interest income				
Cash and cash equivalents	147,436	609,528	145,793	609,528
Loans and advances to banks and customers	45,006,638	38,693,553	45,006,638	38,693,553
Investments securities	7,919,046	5,257,380	7,510,227	5,142,939
Total interest income	53,073,120	44,560,461	52,662,658	44,446,020
Interest expense				
Deposits from banks	8,796,540	3,471,622	8,796,540	3,471,622
Deposits from customers	23,391,491	21,388,702	23,391,491	21,388,702
Other borrowed funds	1,118,138	1,049,959	699,868	905,303
Total interest expense	33,306,169	25,910,283	32,887,899	25,765,627
8 Fees and commission income				
Retail banking customer fees & commissions	3,458,732	2,730,300	3,458,732	2,730,300
Corporate banking customer fees & commissions	1,137,405	1,721,001	1,137,405	1,721,001
Other fees and charges	1,046,005	1,739,438	1,046,005	1,739,438
Total fee and commission income	5,642,142	6,190,739	5,642,142	6,190,739
9 Net trading income				
Fixed income securities	9,251	-	9,251	-
Treasury bills	2,771,260	451,588	2,771,260	451,588
Foreign exchange trading (note 9.1)	1,997,107	1,671,520	1,997,107	1,671,520
Other gains	206,692	-	206,692	-
	4,984,310	2,123,108	4,984,310	2,123,108

9.1 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.

	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
10 Other income In thousands of Nigerian Naira				
Dividends on available-for-sale equity securities	162,876	27,448	162,876	27,448
Gains on disposal of property and equipment	59,059	4,029	59,059	4,029
Rental income (note 10.1)	25,687	45,474	25,687	45,474
Insurance claim received	46,996	56,770	46,996	56,770
Income on contingents	367,672	368,107	367,672	368,107
Income on deposit accounts	208,105	202,675	208,105	202,675
Fund transfer	5,863	28,816	5,863	28,816
FX Revaluation (note 10.2)	561,942	611,244	561,942	611,244
Swift transactions	77,212	24,855	77,212	24,855
Others	53,847	117,524	53,847	117,524
	1,569,259	1,486,942	1,569,259	1,486,942

10.1 The Bank has a number of properties from which rental income is derived. During the year ended 31 December 2017, the Bank spent N2.89 million (31 Dec 2016: N7.66million) to generate rental income as disclosed above. Refer to note 19 for details of the investment properties.

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

		Group	Group	Bank	Bank
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
11	**Impairment loss of financial assets**				
	In thousands of Nigerian Naira				
	Impairment losses on loans and advances				
	- specific impairment	639,036	1,082,400	639,036	1,082,400
	- collective impairment	1,302,149	13,684	1,302,149	13,684
	- Recoveries on loans	(16,575)	(178,382)	(16,575)	(178,382)
	- Write offs	-	(689,985)	-	(689,985)
	Impairment loss on bonds	263,149		263,149	
	Impairment loss on other assets	(7,961)	184,684	(7,961)	184,684
		2,179,7 98	412,401	2,179,798	412,401
12	**Personnel expenses**				
	Wages and salaries	8,161,994	7,528,860	8,161,994	7,528,860
	Contributions to defined contribution plans	580,034	571,937	580,034	571,937
	Gratuity Expenses (note 12.1)	410,991	451,433	410,991	451,433
	Other staff costs	856,566	1,800,091	856,566	1,800,091
		10,009,585	10,352,321	10,009,585	10,352,321

12.1 **This represents last accrual made in respect of the bank's staff gratuity before cancellation in the year. See note 27ii for details**

		Group	Group	Bank	Bank
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
13a	**Other operating expenses**				
	Advertising and marketing	1,213,127	428,490	1,213,127	428,490
	AMCON Levy	2,105,481	1,984,739	2,105,481	1,984,739
	Auditors remuneration	130,000	120,000	120,000	120,000
	Business Expenses	260,618	158,945	260,618	158,945
	Cash movement expenses	430,711	443,631	430,711	443,631
	Diesel Expenses	549,652	507,569	549,652	507,569
	Directors Expenses	76,925	15,923	76,925	15,923
	Directors fees	64,350	65,900	64,350	65,900
	Donations	53,585	33,530	53,585	33,530
	Electricity	203,055	159,430	203,055	159,430
	General administrative expenses	992,365	516,720	964,503	516,720
	Insurance	269,855	287,433	269,855	287,433
	NDIC Premium	1,311,727	1,150,009	1,311,727	1,150,009
	Other premises and equipment costs	450,779	457,939	450,779	457,939
	PAYE/Withholding expenses	473,563	73,143	473,563	73,143
	Printing and stationery	315,167	304,289	315,167	304,289
	Professional fees	676,354	873,050	676,354	873,050
	Repairs and maintenance	1,715,533	1,685,078	1,715,533	1,685,078
	Security expenses	471,216	595,024	471,216	595,024
	Service charge	736,647	628,545	736,647	628,545
	SMS Expenses & Others	18,476	29,896	18,476	29,896
	Statutory expenses	38,756	68,017	38,756	67,012
	Technology and alternative channels	1,505,509	1,068,557	1,505,509	1,068,557
	Transport & Communications	382,617	299,892	382,617	299,892
	VAT	-	97,833	-	97,83 3
	Wema Anniversary Expense	-	1,523	-	1,523
	Wema Homes & Wema Asset cessation taxes	-	77,498	-	77,498
		14,446,068	12,132,603	14,408,206	12,131,598
13b	**Depreciation and amortization**				
	Property, plants and equipment	2,041,221	1,986,701	2,041,221	1,986,701
	Investment property	7,256	8,554	7,256	8,554
	Intangible assets	269,531	313,242	269,531	313,242
		2,318,008	2,308,497	2,318,008	2,308,497

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 2017 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

In thousands	Group	Group	Bank	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Weighted average number of ordinary shares - basic	38,574,466	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	2,255,488	2,560,580	2,301,158	2,591,800
Earnings per share -basic (Kobo)	5.8	6.6	6.0	6.7

		Group	Group	Bank	Bank
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
15	**Cash and cash equivalents**				
	In thousands of Nigerian Naira				
	Cash and balances with banks	13,268,262	12,950,646	13,266,567	12,935,409
	Unrestricted balances with central bank	7,928,915	9,407,329	7,928,915	9,407,329
	Money market placements	1,230,409	5,265,970	1,230,409	5,265,970
		22,427,586	27,623,945	22,425,891	27,608,708

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 in the year 2016 and remained unchanged in 2017. The balance as at end of financial year was N26,495,664,000 (N2016 - N48,161,682,000).

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

		Group	Group	Bank	Bank
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
16	**Pledged assets - Held to maturity**				
	In thousands of Nigerian Naira				
	Treasury bills (note 16.1)	9,055,123	6,511,903	9,055,123	6,511,903
	Bonds (16.2)	16,365,014	9,907,822	16,365,014	9,907,822
		25,420,137	16,419,725	25,420,137	16,419,725

16.1 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.

16.2 The Bonds are pledged as collateral for interbank takings and 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 N3.63billion (2016: N5.18billion) as disclosed in note 28.

	In thousands of Nigerian Naira	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
17	**Investment securities**	44,467,181	62,075,906	41,647,599	59,268,598
	Current	25,983,803	35,553,455	25,983,803	35,553,455
	Non-current	18,483,378	26,522,451	15,663,796	23,715,143
17a	**Available -for-sale investment securities comprise:**				
	Treasury bills	9,425,212	3,005,125	9,425,212	3,005,125
	Equity (see note (i) below)	140,345	153,083	141,345	154,083
		9,565,557	3,158,208	9,566,557	3,159,208
17b	**Held for trading investment securities comprise:**				
	Treasury Bills (see (ii) below)	10,003,842	238,036	10,003,842	238,036
17c	**Held to maturity investment securities comprise:**				
	Treasury Bills	6,554,749	32,310,294	6,554,749	32,310,294
	FGN Bonds	14,903,704	21,626,779	12,083,122	18,818,471
	Other Bonds (see (iii) below)	3,439,329	4,742,589	3,439,329	4,742,589
		24,897,782	58,679,662	22,077,200	55,871,354
(i)	Equity				
	Quoted Investments:	-	12,738	-	12,738
	Unquoted Investments:				
	Unified Payment Services Limited	4,935	4,935	4,935	4,935
	Nigeria Automated Clearing System	18,000	18,000	18,000	18,000
	Central Securities System Nigeria Limited	87,928	87,928	87,928	87,928
	Nigeria Inter-Bank Settlement System	29,482	29,482	29,482	29,482
	WEMA Funding SPV Plc (a)	-	-	1,000	1,000
		140,345	140,345	141,345	141,345
		140,345	153,083	141,345	154,083

(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 through the issuance and the investment of money raised and borrowed in securities or any other investments as the company may deem fit.

(ii) This represents Nigerian Treasury Bills with maturity of less than 360 days; a face value of N11,032,711,000 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		N	N
1	7YR: DANA Group Bond Series 1	1,492,036	1,811,737
STATE BONDS			
2	EKITI State Govt Bond	421,707	788,373
3	EKITI State Govt Bond Tranche 11	631,739	762,469
5	ONDO State Govt Bond	893,847	1,380,010
		1,947,293	2,930,852
		3,439,329	4,742,589

18 Loans and advances to customers at amortised cost

		2017	2017	2016	2016
		Group	Group	Bank	Bank
In thousands of Nigeria Naira	Key	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Overdrafts	18.1	19,125,728	15,359,623	19,125,728	15,359,623
Term Loans	18.2	199,722,372	209,091,346	199,722,372	209,091,346
Advances under finance lease	18.3	1,227,933	5,390,012	1,227,933	5,390,012
Gross loans and receivables		220,076,032	229,840,981	220,076,033	229,840,981
Less Allowances for Impairment					
Specific Allowances for impairment	18q	(2,237,482)	(2,136,061)	(2,237,482)	(2,136,061)
Collective Allowances for impairment	18a	(1,998,519)	(696,370)	(1,998,519)	(696,370)
		(4,236,001)	(2,832,431)	(4,236,001)	(2,832,431)
Net loans and advances to customers		215,840,031	227,008,550	215,840,031	227,008,550
Overdrafts					
Gross Overdrafts		19,125,728	15,359,623	19,125,728	15,359,623
Less Allowances for Impairment					
Specific Allowances for impairment		(523,261)	(386,901)	(523,261)	(386,901)
Collective Allowances for impairment		(267,019)	(79,830)	(267,019)	(79,830)
		(790,279)	(466,731)	(790,279)	(466,731)
Net Overdrafts		18,335,448	14,892,892	18,335,448	14,892,892
Term Loans					
Gross Term Loans		199,722,372	209,091,346	199,722,372	209,091,346
Less Allowances for Impairment					
Specific Allowances for impairment		(1,689,620)	(1,644,820)	(1,689,620)	(1,644,820)
Collective Allowances for impairment		(1,721,173)	(614,506)	(1,721,173)	(614,506)
		(3,410,793)	(2,259,326)	(3,410,793)	(2,259,326)
Net Term Loans		196,311,579	206,832,020	196,311,579	206,832,020
Advance Under Finance Lease					
In thousands of Nigerian Naira					
Gross Advance		1,227,933	5,390,012	1,227,933	5,390,012
Less Allowances for Impairment					
Specific Allowances for impairment		(24,601)	(104,340)	(24,601)	(104,340)
Collective Allowances for impairment		(10,328)	(2,034)	(10,328)	(2,034)
		(34,929)	(106,374)	(34,929)	(106,374)
Net advances		1,193,004	5,283,638	1,193,004	5,283,638
Total Loans and Advances					
Current		117,419,125	79,293,850	117,419,125	79,293,850
Non-current		102,656,908	150,547,131	102,656,908	150,547,131
		220,076,033	229,840,981	220,076,033	229,840,981
Finance Lease Receivable					
Gross investment in the finance lease					
Less than one year		49,074	99,728	49,074	99,728
Between one and five years		1,449,869	1,598,196	1,449,869	1,598,196
More than five years		161,307	4,929,246	161,307	4,929,246
		1,660,250	6,627,170	1,660,250	6,627,170
Unearned finance income		(432,317)	(1,237,158)	(432,317)	(1,237,158)
Net investment in finance lease		1,227, 933	5,390,012	1,227,933	5,390,012
Net advances under finance lease					
Less than one year		39,067	81,098	39,067	81,098
Between one and five years		1,080,967	1,297,142	1,080,967	1,297,142
More than five years		107,900	4,011,772	107,900	4,011,772
		1,227,933	5,390,012	1,227,933	5,390,012

18a Reconciliation of impairment allowance on loans and advances to customers

In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 1 January 2017	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
Additional impairment for the year (Note 11)	388,830	1,534,489	17,867	1,941,185
Specific impairment	201,641	427,824	9,572	639,036
Collective impairment	187,189	1,106,665	8,294	1,302,149
Written off in the year as uncollectible	(48,707)	(383,023)	(89,311)	(521,041)
Amounts recovered during the year	(16,575)		-	(16,575)
Balance as at 31 December 2017	790,280	3,410,792	34,929	4,236,001
Specific impairment	523,261	1,689,621	24,601	2,237,482
Collective impairment	267,019	1,721,171	10,328	1,998,519

In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 1 January 2016	672,828	1,728,700	24,774	2,426,302
Specific impairment	464,627	863,289		1,327,916
Collective impairment	208,201	865,411	24,774	1,098,386
Additional impairment for the year {Note 11}	388,335	626,149	81,564	1,096,048
Specific impairment	100,975	877,084	104,304	1,082,363
Collective impairment	287,360	(250,935)	(22,740)	13,685
Written off in the year as uncollectible	(594,432)	(95,553)		(689,985)
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

18b 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:

	Group	Group	Bank	Bank
In thousands of Nigeria Naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Loans and advances to banks	48,923,250	75,785,627	48,921,555	75,770,390
Loans and advances to customers:				
Corporate Bank				
– Overdrafts	18,235,216	14,194,930	18,235,216	14,194,930
– Term loans	195,617,819	197,931,334	195,617,819	197,931,334
– Others	1,174,694	5,264,938	1,174,694	5,264,938
Retail Bank	-	-		-
– Overdrafts	890,511	1,164,693	890,511	1,164,693
– Term loans	4,104,553	11,160,013	4,104,553	11,160,013
– Others	53,239	125,073	53,239	125,073
Trading assets	-	-		-
– Debt securities	10,003,842	238,036	10,003,842	238,036
Investment securities		-		
- Debt securities	59,743,131	61,684,787	56,922,549	58,876,479
Other assets	-	-	-	-
	289,823,006	291,763,804	287,002,424	288,955,496
Contingent Liabilities & Commitments:				
Financial guarantee	33,441,018	23,226,063	33,441,018	23,226,063
Other contingent	14,859,486	14,300,404	14,859,486	14,300,404
	48,300,504	37,526,467	48,300,504	37,526,467

Nature of collateral in respect of loans and advances

Secured against real estates	150,422,391	160,032,604	150,422,391	160,032,604
Secured against shares	6,132,919	4,466,152	6,132,919	4,466,152
Otherwise secured	63,520,723	65,342,226	63,520,723	65,342,226
Unsecured	-	-	-	-
	220,076,033	229,840,982	220,076,033	229,840,982

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

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 are within their running periods have had no interest and/or principal overdue and no indication of impairment displayed. Watchlist indicates those that are within their running periods have had no indication of impairment but have interest/ principal between 0 - 90 days due.

Group

31-Dec-17	Loans and advances to customers			
In thousands of Nigerian Naira	Overdrafts	Term loans	Advances under finance lease	Total
Grades:				
1. Current	9,825,935	108,016,639	1,055,201	118,897,775
IA. Watchlist	6,677,142	78,507,251	105,744	85,290,137
Total	16,503,077	186,523,890	1,160,945	204,187,912

Bank

31-Dec-17	Loans and advances to customers			
In thousands of Nigerian Naira	Overdrafts	Term loans	Advances under finance lease	Total
Grades:				
1. Current	9,825,935	107,677,433	1,055,201	118,558,569
IA. Watchlist	6,677,142	78,507,251	105,744	85,290,136
Total	16,503,077	186,184,683	1,160,945	203,848,705

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

Disclosure

Wema Bank in conjunction with a consortium of lenders participated in a US$403.6Milion syndicated facility to finance the development of an OPL and the construction of a hydrocarbon transportation pipeline. Wema Bank's exposure to the facility is US$20million primarily for the construction of a 70km liquid hydrocarbon transportation pipeline. The completion of the project was delayed due to cost escalations necessitated by the change in technology for the pipeline project. Sequel to this, the facility was restructured in line with the new project completion timelines.

The members of the consortium obtained a concession from the regulatory agency to watchlist the account given its significance to the national economy and give the customer enough time to meet the restructured commitments. The facility was therefore declassified and a special 10% provision applied to the outstanding balance.

Given the regulatory concession, the Bank has reflected this in its Performing loan portfolio.

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-17

In thousands of Nigerian Naira	Loans and advances to customers			
	Overdrafts	Term loans	Advances under finance lease	Total
Past due up to 30 days	1,405,174	11,060,911	24,671	12,490,757
Past due 30-60 days	1,588	2,053		3,642
Past due 60-90 days	496,638	361,437	2,347	860,422
Total	1,903,400	11,424,401	27,019	13,354,820
Fair value of collateral	2,077,909	11,951,916	27,315	9,415,468
Amount of under/ (over) - collaterisation	(24,539)	(56,623)	(765)	(167,174)

Bank

31-Dec-17

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	1,405,174	11,060,911	24,671	600,951
Past due 30-60 days	1,588	2,053		7,818,524
Past due 60-90 days	496,638	361,437	2,347	828,819
Total	1,903,400	11,424,4 01	27,019	9,248,294
Fair value of collateral	2,077,909	11,951,916	27,315	711,401
Amount of under/ (over) - collaterisation	(24,539)	(56,623)	(765)	(81,927)

Group

31-Dec-16

In thousands of Nigerian Naira	Loans and advances to customers			
	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	790,1 67	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)

Individually impaired loans

Loans and advances to customers

The individually impaired loans and advances to customers before taking into consideration the cashflow from collateral held is N2.5 billion (2016: N2.4 billion). The breakdown of the gross amount of individually impaired loans and advances by class is as follows:

Group	Loans and advances to customers			
In thousands of Nigerian Naira				
31-Dec-17	Overdraft	Term Loan	Advances under finance lease	Totals
Individually impaired loan	719,336	1,774,081	39,970	2,533,387
Impairment Allowance	(515,476)	(1,697,404)	(24,601)	(2,237,482)
Fair value of collateral	916,040	1,761,863	40,158	2,718,061
Bank				
31-Dec-17				
Individually impaired loan	719,336	1,774,081	39,970	2,533,387
Impairment Allowance	(515,476)	(1,697,404)	(24,601)	(2,237,482)
Fair value of collateral	916,040	1,761,863	40,158	2,718,061

Group	Loans and advances to customers			
31-Dec-16	Overdraft	Term Loan	Advances under finance lease	Totals
Individually impaired loan	531,569	1,765,677	104,529	2,401,775
Impairment Allowance	386,901	1,644,820	104,529	2,136,250
Fair value of collateral	144,668	120,857	189	265,714
Bank				
31-Dec-16				
Individually impaired loan	531,569	1,765,677	104,529	2,401,775
Impairment Allowance	386,901	1,644,820	104,529	2,136,250
Fair value of collateral	144,668	120,857	189	265,714

Restructuring policy

Loans with renegotiated terms are loans that have been restructured because the bank has made concessions 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-17

In thousands of Nigerian Naira	Gross Amount	Specific Impairment	Collective Impairment	Total Impairment	Carrying Amount
Loans to individuals	5,048,303	962,774	349,277	1,312,051	3,736,251
Loans to corporate entities and other organisations	215,027,729	1,274,707	1,649,242	2,923,949	211,959,274
	220,076,032	2,237,482	1,998,519	4,236,001	215,840,031

Bank

31-Dec-17

In thousands of Nigerian Naira					
Loans to individuals	5,048,303	962,774	349,277	1,312,052	3,736,251
Loans to corporate entities and other organisations	215,027,729	1,274,707	1,649,242	3,068,455	211,959,274
	220,076,032	2,237,482	1,998,519	4,236,001	215,840,031

Group

31-Dec-16

In thousands of Nigerian Naira	Gross Amount	Specific impairment	Collective Impairment	Total Impairment	Carrying Amount
Loans to individuals	6,406,242	447,792	4,635	452,427	5,953,815
Loans to corporate entities and other organisations	223,434,739	1,717,218	662,786	2,380,004	221,054,735
	229,840,981	2,165,010	667,421	2,832,431	227,008,550

Bank

31-Dec-16

In thousands of Nigerian Naira					
Loans to individuals	6,406,242	447,792	4,635	452,427	5,953,815
Loans to corporate entities and other organisations	223,434,739	1,717,218	662,786	2,380,004	221,054,735
	229,840,981	2,165,010	667,421	2,832,431	227,008,550

In thousands of Nigerian Naira	Group	Group	Bank	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Impairment allowa nce on loans and advances to customers				
Specific impairment				
At 1 January	2,136,061	1,327,916	2,136,061	1,327,916
Charge for the year	639,037	1,082,400	639,037	1,082,400
Recovery	(16,575)	-	(16,575)	
Write-offs	(521,041)	(274,255)	(521,041)	(274,255)
At 31 December	**2,758,524**	**2,136,061**	**2,758,524**	**2,136,061**
Collective impairment				
At 1 January	696,370	1,098,416	696,370	1,098,416
Charge for the year	1,302,149	13,684	1,302,149	13,684
Allowance no longer required	-	-	-	-
Write-offs	-	(415,730)	-	(415,730)
At 31 December	1,998,519	696,370	1,998,519	696,370

The maturity profile of loans & advances is as follows:

Less than 3months	38,453,037	22,999,394	38,453,037	22,999,394
3 -6months	34,346,101	42,633,300	34,346,101	42,633,300
6 -12months	11,549,703	13,661,156	11,549,703	13,661,156
1 -5years	83,382,463	98,787,523	83,382,463	98,787,523
5years and above	52,344,727	48,927,177	52,344,727	48,927,177
	220,076,031	227,008,550	220,076,031	227,008,550

19 Investment properties

	Group	Group	Bank	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
In thousands of Nigeria Naira				
Carrying amount at 1 January	361,798	393,547	361,798	393,547
Cost	404,058	442,165	404,058	442,165
Accumulated Depreciation	(42,260)	(48,618)	(42,260)	(48,618)
Additions				
Disposals	(108,871)	(23,195)	(108,871)	(23,195)
Cost	*(123,425)*	*(38,107)*	*(123,425)*	*(38,107)*
Depreciation	*14,554*	*14,912*	*14,554*	*14,912*
Capital Reduction	(200,000)		(200,000)	
Depreciation charge for the year	(7,256)	(8,554)	(7,256)	(8,554)
Carrying amount at 31 December	**45,671**	**361,798**	**45,671**	**361,798**
Cost	80,633	404,058	80,633	404,058
Accumulated depreciation	(34,962)	(42,260)	(34,962)	(42,260)

(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 2017 would have been N104,457,596 (31 December 2016: N1,382,250,000). 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.

20 Property and equipment

Group / Bank

In thousands of Nigerian Naira (000s)	Land	Buildings	Furniture & Office Equipment	Motor Vehicles	Computer Equipment	Work in Progress	Total
Cost							
Balance at 1 January 2017	1,188,034	14,265,937	5,448,061	1,904,305	5,677,335	587,160	29,070,832
Additions	37,547	260,181	525,086	42,323	632,189	1,532,050	3,029,376
Reclassification from WIP	-	203,322	127,094	169,544	71,897	(571,857)	-
Transfer to intangible assets (note 21)	-	-	-	-	-	(164,115)	(164,115)
Transfer to prepaid expenses	-	-	-	-	-	(10,990)	(10,990)
Disposals	-	(32,099)	(9,717)	(163,883)	(2,653)	-	(208,352)
Balance at 31 December 2017	1,225,581	14,697,341	6,090,524	1,952,289	6,378,768	1,372,248	31,716,751
Accumulated depreciation and impairment							
Balance at 1 January 2017	-	3,892,888	3,678,839	1,362,131	3,522,509	-	12,456,367
Charge for the year	-	276,575	554,838	239,927	969,881	-	2,041,221
Disposals	-	(6,773)	(8,040)	(116,513)	(1,908)	-	(133,234)
Transfer to Capital Reduction (note 30 h)	-	200,000	73,608	-	-	-	273,608
Balance at 31 December 2017	-	4,362,690	4,299,245	1,485,545	4,490,482	-	14,637,962
Carrying amounts							
Balance at 1 January 2017	1,188,034	10,373,049	1,769,222	542,174	2,154,826	587,160	16,614,465
Balance at 31 December 2017	1,225,581	10,334,651	1,791,279	466,744	1,888,286	1,372,248	17,078,789

Property and equipment

Group / 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	2,841,744
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)
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-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
21 Intangible assets				
Cost				
Cost 1 January, 2017	2,920,541	2,695,392	2,920,541	2,695,392
Additions	535,214	233,677	535,214	233,677
Transfer from property and equipment (note 20)	164,115	-	164,115	-
Transfer to computer equipment	-	(8,528)	-	(8,528)
At 31 December, 2017	3,619,870	2,920,541	3,619,870	2,920,541
Amortization and impairment losses				
Cost 1 January, 2017	2,520,524	2,207,282	2,520,524	2,207,282
Amortization for the year	269,524	313,242	269,524	313,242
Transfer to Capital Reduction (note 30 h)	70,730	-	70,730	-
At 31 December, 2017	2,860,778	2,520,524	2,860,778	2,520,524
Carrying amounts	759,092	400,017	759,092	400,017

(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 2016: nil)
(c) There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2016: nil)

22 Deferred tax assets and liabilities

In thousands of Nigerian Naira	Group 31-Dec-17 2017	Group 31-Dec-16 2016	Bank 31-Dec-17 2017	Bank 31-Dec-16 2016
At 1 January 2017	22,169,702	22,569,702	22,169,702	22,569,702
Write down	(400,000)	(400,000)	(400,000)	(400,000)
Capital Reduction (note 30h)	(500,000)	-	(500,000)	-
At 31 December 2017	21,2 69,702	22,169,702	21,269,702	22,169,702

The Group had unused tax losses carried over from previous years as a result of huge specific impairment on loan and other receivables between the years 2008 and 2009. These losses led to the cumulative a deferred tax asset of N24 billion.

The Group recognises deferred tax assets to the extent that its believes that these assets are more likely than not to be realized. In making such a determination, the Group consider all available positive and negative evidences, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations in line with its accounting policy on deferred tax. Deferred tax assets were reviewed at the reporting date and are reduced to N21.27 Billion (2016: 22.16 billion). The Bank will continue to assess the recoverability of its deferred tax assets, and to ensure that only amount considered recoverable are recognised in the books and presented in the statement of financial position.

	In thousands of Nigerian Naira	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
23	**Other assets**				
	Accounts receivables	3,272,912	3,248,708	3,328,967	3,248,708
	Prepayments	1,511,795	1,725,500	1,511,795	1,725,500
	Stock	359,926	347,585	359,926	347,585
	Collaterised Placement	52,917	52,917	52,917	52,917
	Clearing Balance	589,423	434,461	589,423	434,461
	Fraud & Burglary	548,683	448,496	548,683	448,496
	CBN Special Reserve (see 23.1 below)	10,677,214	-	10,677,214	-
	Card Receivables	907,605	469,085	907,605	469,085
	Others	51,032	175,685	51,032	175,685
		17,971,507	6,902,437	18,027,562	6,902,437
	Specific impairment on other assets	(3,621,834)	(3,694,646)	(3,621,834)	(3,694,646)
		14,349,673	3,207,791	14,405,728	3,207,791
	At 1 January	3,694,646	3,637,495	3,694,646	3,637,495
	Allowance made during the year	(7,961)	184,684	(7,961)	184,684
	Allowance written off	(64,851)	(127,533)	(64,851)	(127,533)
	At 31 December	3,621,834	3,694,646	3,621,834	3,694,646

23.1 CBN Special Reserve

The balance represents amount debited to the bank's current account with CBN as eligibility contribution to the Special Intervention Reserve for the Real Sector Support Facility (RSSF). The RSSF will be used to support start-ups and expansion financing needs of priority sectors of the economy to expand the industrial base and consequently diversify the economy. Draw down will be subject to banks contribution to the Special Intervention Reserve (SIR) with the CBN. The Facility shall be administered at an all-in interest rate/charge of 9 per cent per annum payable on quarterly basis. The CBN shall release the fund to Deposit Money Banks (DMBs) at 1% interest rate.

24	**Deposits from banks**	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
	In thousands of Nigeria Naira				
	Money market deposits (Items in course of collection)	26,575,260	37,433,906	26,575,260	37,433,906

25	**Deposits from customers**				
25a	**Retail customers:**				
	Term deposits	31,146,060	33,234,310	31,146,060	33,234,310
	Current deposits	12,468,199	22,357,225	12,468,199	22,357,225
	Savings	49,830,433	45,399,150	49,830,433	45,399,150
	Corporate cust omers:				
	Term deposits	90,579,009	108,808,264	90,579,009	108,808,264
	Current deposits	62,530,153	65,494,472	62,556,322	65,520,083
	Others	7,907,027	8,009,183	7,907,027	8,009,183
		254,460,881	283,302,604	254,487,050	283,328,215

25b The maturity profile of customers' deposit is as follows:

Under 3 months	143,770,947	170,690,866	143,797,116	170,690,866
3 - 6months	17,116,515	16,399,786	17,116,515	16,399,786
6 - 12months	19,540,395	11,000,288	19,540,395	11,000,288
Over 12months	74,033,024	85,211,664	74,033,024	85,237,275
	254,460,881	283,302,604	254,487,050	283,328,215

At 31 December 2017 N74.03billion (31 December 2016: N85.24billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

Group	Group	Bank	Bank		
		31 December	31 December	31 December	31 December
	In thousands of Nigerian Naira	2017	2016	2017	2016
26	Taxation				
26.1	Income tax expense				
	Company income tax	328,348	311,091	328,348	311,091
	Education Tax	-	5,502	0	5,502
	NITDA Levy	31,530	32,651	31,530	32,651
	Capital Gains Tax	-	-	0	-
	(Over) / Under provision	(6,163)	(64,679)	(6,163)	(64,679)
	Current Income Tax expense	353,715	284,565	353,715	284,565
	Deferred tax expenses	400,000	400,000	400,000	400,000
		753,715	684,565	753,715	684,565

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

	Group	Group	Bank	Bank
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
Profit before tax from continuing operations	3,009,204	3,245,145	3,054,874	3,276,365
Income tax expense calculated at 30% (2015:30%)	902,761	973,544	916,462	982,910
Effect of income that is exempt from taxation	(652,102)	(1,774,717)	(665,802)	(1,740,385)
Effect of expenses that are not deductible in determining taxable profit	- 143,177	1,192,455	143,177	1,148,757
Education tax at 2% of assessable profit	-	5,502	-	5,502
Effect of concessions and other allowances)	-	(55,961)	-	(55,961)
Minimum tax adjustment	328,348	311,091	328,348	311,091
Information technology tax levy adjustment	31,530	32,651	31,530	32,651
	753,715	684,565	753,715	684,565

26.2	Current tax liabilities				
	At 1 January	349,245	382,694	349,245	382,694
	Payment during the year	(343,082)	(318,014)	(343,082)	(318,014)
	Charge for the year	353,715	284,565	353,715	284,565
	At 31 December	359,878	349,245	359,878	349,245

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

27 Other liabilities

In thousands of Nigerian Naira	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
Financial Liabilities				
Creditors and accruals	151,385	328,805	151,385	328,805
Other current liabilities	436,086	427,068	399,556	427,068
Accounts payable	665,111	1,276,521	665,111	1,208,260
Certified cheques	1,516,148	1,498,923	1,516,148	1,498,923
Customer deposits for letters of credit	5,484,782	8,242,032	5,484,782	8,242,032
Discounting Line	7,691,621	7,526,234	7,691,621	7,526,234
Pension Contribution (see note (ii) below	10,838	330	10,838	330
Defined benefit Plan (See note (iii)below)	-	19,909	0	19,909
FBN Settlement	15,308	643,660	15,308	643,660
Other Settlements	593,187	1,534,203	593,187	1,534,203
Remittances	580,174	396,828	580,174	396,828
	17,144,640	21,894,513	17,108,110	21,826,252
Non-Financial Liabilities				
Litigation claims provision (i)	76,435	101,848	76,435	101,848
Other payables	461,670	396,395	461,670	396,395
	17,682,745	22,392,756	17,646,215	22,324,495

(i) Movement in litigation claims provision

	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
Opening balance	101,848	-	101,848	-
Additions	-	132,000	-	132,000
Payment	(4,918)	(30,152)	(4,918)	(30,152)
Provision no longer required	(20,495)	-	(20,495)	-
	76,435	101,848	76,435	101,848

(ii) Pension Contribution

	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
At 1 January	330	766	330	766
Contribution in the year	818,285	822,269	818,285	822,269
Remittance to PFA	(807,777)	(822,705)	(807,777)	(822,705)
At 31 December	10,838	330	10,838	330

(iii) 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 year ended 31 December 2016 under the International Accounting Standard 19 Revised.

Gratuity Scheme Wind Down

In accordance with the trust deed guidelines for the set-up of the bank's gratuity scheme the board of directors decided a discontinuation of the scheme. A six months notice was given to staff effective 1 March, 2017 and all eligible staff were paid their gratuity entitlement on 31 August, 2017. The wind down gratuity scheme eligibility condition was 5 years continuous service effective 1 January, 2007 to 31 August 2017

The items disclosed in the balance are as follows:

	Group	Group	Bank	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Defined Benefit Obligation	-	(958,598)		(958,598)
Fair Value of Plan Assets	-	938,689		938,689
Deficit/Surplus	-	(19,909)		(19,909)
Asset Ceiling	-	-	-	-
Net(Liability)/Asset Recognition	-	(19,909)	-	(19,909)

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

- A deficiency of N19,909,000 as at 31 December,2016 and
- A deficiency was nil as at 31 December, 2017 due to the wind down of the policy

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-Dec-16
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	Group	Bank	Bank
28	**Other borrowed funds**	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Due to CBN (see (i) below)	-	6,422,814	0	6,422,814
	Due to BOI (see (ii) below)	3,672,566	5,177,727	3,672,566	5,177,727
	Osun Bailout Fund (see iii below)	9,549,597	9,735,070	9,549,597	9,735,070
	CBN Agric. loan (see iv below)	992,906	1,048,034	992,906	1,048,034
	CBN MSMEDF (see v below)	108,005	139,997	108,005	139,997
	Wema SPV (see vi below)	6,328,205	6,308,474	3,496,454	3,497,359
	Debt Securities (see vii below)	15,557,870	-	15,557,870	-
	National Housing Fund	104,047	113,783	104,047	113,783
	Shelter Afrique (see viii below)	3,146,316	3,147,505	3,146,316	3,147,505
		39,459,512	32,093,404	36,627,761	29,282,289

(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 fully paid down 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 2017: N6,328,205,000 (2016: 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) The debt securities of 2017: N15,557,870,000 (2016: N'0) represents amortized cost of the fixed rate commercial paper issued by Wema Bank Plc on 3rd October, 2017 for a period of 182days and 270days at 19% and 19.5% respectively per annum with interest payable upfront and face value (N17,022,715,000) payable at maturity in March and June 2018 respectively.

(viii) 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%)

28.1 Analysis of movement in borrowed fund

Group	Group	Bank	Bank	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Opening	32,093,404	52,289,917	29,282,289	52,289,917
Additions	15,867,870	6,681,662	15,867,870	3,870,274
Changes in accrued interest	(7,089)	4,614	(7,089)	102,392
Effect of exchange rate	10,000	1,154,505	10,000	1,057,000
Payments made	(8,504,673)	(28,037,294)	(8,525,309)	(28,037,294)
At 31 December 2017	39,459,512	32,093,404	36,627,761	29,282,289

29 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 acquired 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	
	31/12/17	31/12/16	31/12/17	31/12/16
	N'000	N'000	N'000	N'000
Not later than one year	932	1,044	932	932
Later than one year and not later than five years	-	-		
Later than five years	-	-		
	932	1,044	932	932
Future finance charges	(932)	(112)	(932)	-
Present value of minimum lease payments	-	**932**	-	**932**

		Group	Group	Bank	Bank
	In thousands of Nigerian Naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
30	Share capital and Reserves				
(a)	The share capital comprises:				
(i)	Authorised -				
	40,000,000 Ordinary shares (2016 - 40,000,000,000) Ordinary				
	shares of 50k each (2016 - 50k)	20,000,000	20,000,000	20,000,000	20,000,000
(ii)	Issued and fully paid -				
	38,574,466,000 Ordinary shares (2016 -38,574,466,000 ordinary				
	shares of 50k each (2016 - 50k)	19,287,233	19,287,233	19,287,233	19,287,233
B	Share Premium				
	At 1 January	48,870,107	48,870,107	48,870,107	48,870,107
	Capital Reduction (Note 30i)	(40,171,877)	-	(40,171,877)	-
	At 31 December	8,698,230	48,870,107	8,698,230	48,870,107

Share premium is the excess paid by shareholders over the nominal value for their shares

(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.

	Group	Group	Bank	Bank
In thousands of Nigeria Naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
At 1 January	(39,158,766)	(36,017,406)	(39,127,546)	(36,017,406)
Profit or loss	2,255,488	2,560,580	2,301,158	2,591,800
Transfer to Regulatory risk reserve	2,555,649	(4,758,550)	2,555,649	(4,758,550)
Transfer to Statutory Reserve	(690,347)	(777,540)	(690,347)	(777,540)
Transfer to Capital Reduction	39,127,546		39,127,546	
Re-measurement of defined benefit contribution	-	(165,850)	-	(165,850)
At 31 December 2017	4,089,570	(39,158,766)	4,166,460	(39,127,546)

(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.

(h)	Capital Reduction	Group	Group	Bank	Bank
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	At 1 January				
	Transfer from PPE (note 20)	(273,608)	-	(273,608)	-
	Transfer from Investment Properties (note 19)	(200,000)		(200,000)	
	Transfer from Intangible Assets (note 21)	(70,730)	-	(70,730)	-
	Transfer from Retained Earnings (note 30f)	(39,127,546)	-	(39,127,546)	-
	Transfer from Deferred tax assets (note 22)	(500,000)	-	(500,000)	-
	Transfer to Share Pre mium (note 20b)	40,171,884	-	40,171,884	-
		-	-	-	-

In line with shareholders' approval of 30 June 2016 to pursue a capital reduction scheme, the bank obtained approvals from all relevant regulatory agencies. Consequent to this, a special resolution of members was obtained at an extra-ordinary meeting held on October 10, 2017 and confirmation petition was filed with the Federal High Court for an order confirming the reduction. The order sanctioning the scheme and the reduction was filed with the Corporate Affairs Commission. This is in accordance with section 105 – 107 of the Companies and Allied Matters Act.

31 Contingencies

(I) Litigation and claims

There are litigation claims against the Bank as at 31 December 2017 amounting to N15,928,111,094.67 (31 December 2016: N15,282,011,944.97 These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements.

(ii) Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Endorsements are residual liabilities of the Bank in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions.
Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk

	Group	Group	Bank	Bank
In thousands of Nigerian naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Contingent liabilities:				
Guarantees and indemnities	30,506,624	20,960,058	30,506,624	20,960,058
Bonds	2,934,394	2,266,005	2,934,394	2,266,005
Clean-line facilities & irrevocable letters of credit	14,859,486	14,300,404	14,859,486	14,300,404
	48,300,504	37,526,467	48,300,504	37,526,467

32 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:

	Group	Group	Bank	Bank
In thousands of Nigerian naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Loans and advances:				
At 1 January	7,279,229	12,898,416	7,279,229	12,898,416
Granted during the year	597,174	376,782	597,174	376,782
Repayments during the year	(1,214,485)	(5,995,969)	(1,214,485)	(5,995,969)
At 31 December, 2017	6,661,918	7,279,229	6,661,918	7,279,229
Interest earned	1,580,388	1,945,013	1,580,388	1,945,013
Deposit Liabilities				
Deposits	91,875	527,000	91,875	527,000

Interest rates charged on balances outstanding are rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate, equities and other assets of the respective borrowers. Impairment losses of N40,452,304.79 (2016- N12,169,570.13) 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:

	Group	Group	Bank	Bank
In thousands of Nigerian naira	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Employee costs, including executive directors, during the year is shown below:				
Wages and salaries	8,161,994	7,528,860	8,161,994	7,528,860
Pension cost: -				
Gratuity Expenses	410,991	451,433	410,991	451,433
Defined contribution plans	580,034	571,937	580,034	571,937
	9,153,019	8,552,230	9,153,019	8,552,230
Other staff costs	856,566	1,800,091	856,566	1,800,091
	10,009,585	10,352,321	10,009,585	10,352,321

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

	Group	Group	Bank	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Number	Number	Number	Number
Executive Directors	5	5	5	5
Management	34	22	34	22
Non-management	995	984	995	984
	1,034	1,011	1,034	1,011

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:

			Group	Group	Bank	Bank
			31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
			Number	Number	Number	Number
N500,000	-	N1,000,000	-	8	-	8
N1,490,001	-	N2,500,000	46	129	46	129
N2,510,001	-	N3,020,000	69	351	69	351
N3,240,001	-	N3,750,000	310	2	310	2
N3,990,001	-	N4,500,000	145	108	145	108
N4,710,001	-	N5,220,000	169	2	169	2
N5,390,001	-	N5,900,000	92	101	92	101
N5,990,001	-	N6,600,000	122	109	122	109
N6,900,001	-	N7,710,000	74	196	74	196
Above - N7,710,000						

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

In thousands of Nigerian naira	Group	Group	Bank	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Executive compensation/fees	297,839	227,838	297,839	227,838
Other emoluments	142,790	206,396	142,790	206,396
	440,629	434,234	440,629	434,234

The Directors' remuneration shown above includes:

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

The emoluments of all other directors fell within the following ranges:

			Number	Number	Number	Number
N5,000,001	-	Above	12	10	12	10

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	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Short term employee benefits	297,839	256,238	297,839	256238
Post-employment benefits	160,196	177,996	160,196	177,996
	458,035	434,234	458,035	434,234

Transactions with other related parties

				31-Dec-17
	Loans	Deposits	Interest Receive	Interest Paid
	N'M	N'M	N'M	N'M
LEASING PARTNERS LTD -Principal Shareholder	1,901	-	578	-
Applemark Nigeria Limited-Principal Shareholder	279	1.2	58	-
Wemabod Estates-Principal Shareholder	1,474	47,040	262	-
Petrolex Oil & Gas Limited-Principal Shareholder	2,642	594	517	-
GTI Microfinance Bank Ltd-Principal Shareholder	0	4,991	0	-

Transactions with other related parties

				31-Dec-2016
	Loans	**Deposits**	**Interest Received**	**Interest Paid**
			Received	**Paid**
	N'M	N'M	N'M	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	-

Principal Shareholders and Their Related Interests

As at 31st December, 2017

ACCT_NAME		FACILITY TYPE	RELATIONSHIP	DIRECTOR'S NAME2	DATE GRANTED/ DATE GRANTED/RENEWED	EXPIRY DATE	AMORTIZED COST 31/12/2017 BAL. @ 31/12/2017 (N'000)	INTEREST INTEREST RATE	SECURITY NATURE VALUE N'000	SECURITY VALUE N'000	REMARKS
PETROLEX OIL & GAS LIMITED	KESSINGTON ADEBUTU	TERM LOAN	RELATED COY TO A PRINCIPAL SHAREHOLDER	KESSINGTON ADEBUTU	28-Oct-16	31-Jan-22	2,641,630	25	GUARANTEES & PLEDGES	4,000,000	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	KESSINGTON ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	KESSINGTON ADEBUTU	18-Jul-16	31-Jan-18	13,555	23	LEGAL MORTGAGE	130,000	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	KESSINGTON ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	KESSINGTON ADEBUTU	23-Aug-16	31-Jan-18	6,644	23	LEGAL MORTGAGE	130,000	PERFORMING
APPLEMARK NIGERIA LIMITED	SERVING DIRECTOR	TERM LOAN	SERVING DIRECTOR	ABUBAKAR R. LAWAL	12-Apr-17	24-Jan-18	278,645	22	LEGAL MORTGAGE	147,000	PERFORMING
SAMUEL OLADIPUPO DUROJAYE	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	SAMUEL DUROJAIYE	19-Aug-16	19-Aug-18	15,160	25	LEGAL MORTGAGE	10,000	PERFORMING
MORUF ABIOLA OSENI	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	MORUF OSENI	26-Jul-16	26-Jul-18	-	0	DOMICILIATION	7,500	PERFORMING
PREMIER HOTEL	ODU'A GROUP	OVERDRAFT	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	12-Apr-17	11-Apr-18	-	23	DOMICILIATION	10,000	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	KESSINGTON ADEBUTU	OVERDRAFT	RELATED OBLIGOR TO A PRINCI PAL SHAREHOLDER	KESSINGTON ADEBUTU	20-Jun-16	19-Jun-18	5,065	0	DOMICILIATION	12,000	PERFORMING
SOLOMON KESINGTON AGRO ALLIED LTD(OPERATIONS ACCOUNT)	KESSINGTON ADEBUTU	OVERDRAFT	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	KESSINGTON ADEBUTU	20-Jul-17	20-Jul-18	7,314	25	LEGAL MORTGAGE	174,000	PERFORMING
OLUWOLE STEPHEN AKINLEYE	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	OLUWOLE AKINLEYE	21-Apr-16	21-Apr-18	960	0	DOMICILIATION	1,500	PERFORMING
ADEBODE ADEFIOYE	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	ADEBODE ADEFIOYE	5-May-16	5-May-18	2,833	0	LEGAL MORTGAGE	50,000	PERFORMING
ADEBODE ADEFIOYE	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	ADEBODE ADEFIOYE	5-May-16	5-May-18	-	0	LEGAL MORTGAGE	50,000	PERFORMING
LEASING PARTNERS LIMITED	ABUBAKAR R. LAWAL	TERM LOAN	SERVING DIRECTOR	ABUBAKAR R. LAWAL	2-Jun-17	27-Feb-18	1,901,078	25	LEGAL MORTGAGE/SHARES	4,314,000	PERFORMING
SPECTRUM VENTURES LIMITED ACCOUNT 2	ADEBODE ADEFIOYE	TERM LOAN	CROSS DIRECTORSHIP	ADEBODE ADEFIOYE	9-Jun-17	9-Jun-20	54,053	24	LEGAL MORTGAGE	107,880	PERFORMING
SEGUN OLANIYI OLOKETUYI	SERVING DIRECTOR	OVERDRAFT	MANAGING DIRECTOR	SEGUN OLANIYI OLOKETUYI	24-Jun-16	24-Jun-18	0	0	DOMICILIATION	5,000	PERFORMING
APEXGATE NIGERIA LIMITED	SERVING DIRECTOR	OVERDRAFT	CROSS DIRECTORSHIP	ADEMOLA ADEBISE	18-Jan-17	18-Jan-18	4,502	23	ALL ASSETS DEBENTURE	30,820	PERFORMING
SAMUEL OLADIPUPO DUROJAYE	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	SAMUEL DUROJAIYE	29-Feb-16	23-Feb-18	972	0	LEGAL MORTGAGE	10,000	PERFORMING
ADEMOLA A ADEBISE	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	ADEMOLA ABIMBOLA ADEBISE	6-Jul-16	20-Apr-18	109	0	DOMICILIATION	3,750	PERFORMING
SEGUN OLANIYI OLOKETUYI	SERVING DIRECTOR	TERM LOAN	MANAGING DIRECTOR	SEGUN OLANIYI OLOKETUYI	26-Jun-14	23-Jun-24	45,778	12	LEGAL MORTGAGE	60,000	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	KESSINGTON ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	KESSINGTON ADEBUTU	29-Jan-16	31-Jul-19	16,855	23	LEGAL MORTGAGE	87,000	PERFORMING
ADEMOLA A ADEBISE	SERVING DIRECTOR	TERM LOAN	SERVING DIRECTOR	ADEMOLA ABIMBOLA ADEBISE	6-Mar-14	23-Feb-24	47,316	22.5	DOMICILIATION	10,000	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	KESSINGTON ADEBUTU	TERM LOAN	RELATED OBLIGOR TO A PRINCIPAL SHAREHOLDER	KESSINGTON ADEBUTU	11-May-15	30-Apr-18	79,754	23	LEGAL MORTGAGE	87,000	PERFORMING
WEMABOD ESTATES LTD ACC 1	ODU'A GROUP	TERM LOAN	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	5-Nov-14	30-Nov-21	1,023,136	21	LEGAL MORTGAGE	2,000,000	PERFORMING
WEMABOD ESTATES LTD ACC 1	ODU'A GROUP	TERM LOAN	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	6-Jan-17	6-Jan-19	5,735	25	LEGAL MORTGAGE	2,000,000	PERFORMING
WEMABOD ESTATES LTD ACC 1	ODU'A GROUP	TERM LOAN	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	29-Nov-17	31-Aug-20	445,498	20	LEGAL MORTGAGE	2,000,000	PERFORMING
ODUA INV COY LTD	ODU'A GROUP	OVERDRAFT	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	7-Apr-17	7-Apr-18	-	23	STOCKS & SHARES	600,000	PERFORMING
TRADERITE LIMITED	RELATED COY TO THE MANAGING DIRECTOR	OVERDRAFT	RELATED COY TO THE MANAGING DIRECTOR	SEGUN OLANIYI OLOKETUYI	8-Nov-16	8-Nov-17	45,472	25	LEGAL MORTGAGE	135,000	PERFORMING
FOLAKE SANU	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	FOLAKE SANU	17-Jan-17	17-Jan-19	-	0	DOMICILIATION	2,730	PERFORMING
ABOLANLE ABOSEDE MATEL-OKOH	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	ABOLANLE ABOSEDE MATEL-OKOH	6-Mar-15	28-Feb-17	-	0	DOMICILIATION	5,000	PERFORMING
ADEYINKA OLATOKUNBO ASEKUN	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	ADEYINKA OLATOKUNBO ASEKUN	24-Jun-16	24-Jun-18	-	0	DOMICILIATION	5,000	PERFORMING
OMOBOSOLA DIDE-OLU OJO	SERVING DIRECTOR	OVERDRAFT	SERVING DIRECTOR	OMOBOSOLA DIDE-OLU OJO	15-Jun-16	18-Feb-18	4,895	0	DOMICILIATION	5,000	PERFORMING
NURUDEEN ADEYEMO FAGBENRO	EX- DIRECTOR	TERM LOAN	EX- DIRECTOR	NURUDEEN ADEYEMO FAGBENRO	8-Sep-15	8-Sep-19	2,554	22	BILL OF SALE	5,000	PERFORMING
NURUDEEN ADEYEMO FAGBENRO	EX- DIRECTOR	OVERDRAFT	EX- DIRECTOR	NURUDEEN ADEYEMO FAGBENRO	14-Apr-16	23-Mar-18	480	0	DOMICILIATION	10,000	PERFORMING
FOLLY-YEM ALLIED SERVICES LIMITED	COMPANY SECRETARY	TERM LOAN	RELATED COY TO A MGT STAFF	OLUWOLE AJIMISINMI	10-May-17	31-Oct-19	2,141	30	BILL OF SALE- VEHICLES	5,208	PERFORMING
FOLLY-YEM ALLIED SERVICES LIMITED	COMPANY SECRETARY	OVERDRAFT	RELATED COY TO A MGT STAFF	OLUWOLE AJIMISINMI	31-Aug-17	31-Aug-18	9,388	29	BILL OF SALE- VEHICLES	50,000	PERFORMING
E AND O POWER AND EQUIPMENT LEASING	ODU'A GROUP	OVERDRAFT	RELATED COY TO A PRINCIPAL SHAREHOLDER	ODUA GROUP	12-Apr-17	11-Apr-18	395	23	DOMICILIATION	10,000	PERFORMING

33 Contraventions

The bank contravened the following legislations during the year and paid penalties to the tune of N11,000,000.00:

In thousands of Nigeria Naira

Particular	Nature of contravention	Penalties
CBN	PENALTY ON INTERNATIONAL CARD TRANSACTIONS	1,000
CBN	PENALTY ON 2015 AND 2016 RISK -BASED EXAMINATION	8,000
CBN	PENALTY ON STRATEGY MANAGEMENT	2,000
	TOTAL	11,000

34 Events after reporting period

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

Risk Overview

Enterprise risk management

Enterprise risk management in Wema Bank includes the methods and processes used by the Bank to manage risks and seize opportunities related to the achievement of set objectives. It also provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to the bank's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress. By identifying and proactively addressing risks and opportunities, the Bank protects and creates value for their stakeholders, including owners, employees, customers, regulators, and society overall.

Introduction

The business activities that Wema Bank engage 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 into 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.

Our capital and liquidity in relation to our risk profile and market/macroeconomic conditions.

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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 enhance 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 methodologies, 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 management report

In the course of the financial year ended 31 December, 2014, the bank reviewed its Enterprise Risk Management structure and decided to embark on a transformation of its entire risk management process to align with international best practice by introducing new units and re-invigorating the existing ones. The Bank also instituted the process for review and implementation on its Enterprise Risk Framework as well as deployment of a new lending solution that will improve the quality of its risk assets.

The Enterprise Risk Management Division has enhanced its staff 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 five (5) functional departments, namely:

- Credit Risk Management
- Operational Risk Management
- Market and Liquidity Risk Management
- Loan Review and Monitoring
- Remedial Asset Management

The Bank's corporate vision, mission and objectives remain the fulcrum around which the risk management strategies revolve, these include:

- Definition of strategic objectives;
- Proactive portfolio planning;
- Proactive control over money and capital market activities;
- Proactive account planning;
- Conduct of consistent portfolio review;
- Regular conduct of macro-economic review;
- Institution of robust IT - driven operational process; and

- Definition of risk and return preferences.

The various risk management related committees and sub committees of the Board and Management improved substantially in the discharge of their statutory and oversight functions. The committees include:

- The Board Risk Management Committee (BRMC);
- The Management Risk Committee (MRC);
- The Board Credit Committee (BCC);
- The Management Credit Committee (MCC);
- The Asset and Liability Committee (ALCO);
- The Executive Committee (EXCO);

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 a 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 Bankers, we make conscious efforts 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 methodologies 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 methodology 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).

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
3. 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 loans and advances include:

I. Mortgages over residential properties;
ii. Charges over business assets such as premises, inventory and accounts receivable;
iii. Charges over financial instruments such as debt securities and equities.
iv. Cash

Longer-term finance and lending to corporate entities as well as individuals are generally secured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant loans and advances.
Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset- backed securities and similar instruments, which are secured by portfolios of financial instruments.

3 Collateral

In thousands of Nigerian Naira	Group	Group	Bank	Bank
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Against individually impaired	28,724,865	9,681,182	28,724,865	9,681,182
Against collectively impaired	438,196,880	215,354,734	438,196,880	215,354,734
Total	**466,921,745**	**225,035,916**	**466,921,745**	**225,035,916**
Against individually impaired:				
Property	22,576,230	6,756,216	6,756,216	6,756,216
Cash	66,022	200,000	66,022	200,000
Otherwise Secured	6,082,612	264,444	6,082,612	264444
Unsecured	-	2,460,522	0	2,460,522
	28,724,865	9,681,182	28,724,865	9,681,182
Against collectively impaired:				
Property	306,552,412	148,996,832	306,552,412	148,996,832
Cash	31,341,914	5,789,950	31,341,914	5,789,950
Otherwise Secured	94,777,554	22,996,649	94,777,554	22,996,649
Unsecured	5,525,000.00	37,624,303	5,525,000	37,624,303
	438,196,880	215,407,734	438,196,880	215,407,734

Master netting arrangements

As a matter of policy and practice, the bank takes advantage of set-off arrangements to settle gaps emanating from outstanding balances in favour 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 2017	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409
CORPORATE					
AGRICULTURE, FORESTRY AND FISHING	4,313,762				
CAPITAL MARKETS	2,434,012				
CONSTRUCTION	27,605,258				
EDUCATION	2,485,737				
FINANCE AND INSURANCE	1,695,730				1,230,409
GENERAL	20,378,947				
GENERAL COMMERCE	23,154,402				
GOVERNMENTS	12,733,482	32,567,809	25,420,137	10,003,842	
MANUFACTURING	8,097,432				
OIL AND GAS	43,197,819				
POWER AND ENERGY	11,715,870				
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	10,845,480				
REAL ESTATE ACTIVITIES	26,371,320				
TRANSPORTATION AND STORAGE	12,290,882				
OTHERS	624,379	1,895,530			
RETAIL:					
MORTGAGE	200,900				
OTHERS	7,694,619				
	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409
Concentration by location:					
Nigeria	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409

Bank

31 December 2017	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409
CORPORATE					
AGRICULTURE, FORESTRY AND FISHING	4,313,762				
CAPITAL MARKETS	2,434,012				
CONSTRUCTION	27,605,258				
EDUCATION	2,485,737				
FINANCE AND INSURANCE	1,695,730				1,230,409
GENERAL	20,378,947				
GENERAL COMMERCE	23,154,402				
GOVERNMENTS	12,733,482	32,567,809	25,420,137	10,003,842	
MANUFACTURING	8,097,432				
OIL AND GAS	43,197,819				
POWER AND ENERGY	11,715,870				
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	10,845,480				
REAL ESTATE ACTIVITIES	26,371,320				
TRANSPORTATION AND STORAGE	12,290,882				
OTHERS	624,379	1,895,530			
RETAIL:					
MORTGAGE	200,900				
OTHERS	7,694,619				
	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409
Concentration by location:					
Nigeria	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409

Group

31-Dec-16	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	227,008,550	61,837,870	16,419,725	238,036	5,256,970
AGRICULTURE, FORESTRY AND FISHING	2,260,034				
CAPITAL MARKETS	5,123,351				
CONSTRUCTION	24,320,730				
EDUCATION	2,663,806				
FINANCE AND INSURANCE	3,332,996				5,256,970
GENERAL	27,687,857				
GENERAL COMMERCE	20,490,722				
GOVERNMENTS	13,387,958	60,026,133	16,419,725	238,036	
MANUFACTURING	11,606,526				
OIL AND GAS	41,049,602				
POWER AND ENERGY	10,163,230				
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	11,849,156				
REAL ESTATE ACTIVITIES	33,848,297				
TRANSPORTATION AND STORAGE	6,985,761				
OTHERS	783,304	1,811,737			
RETAIL:					
MORTGAGE	365,692				
OTHERS	11,089,528				
	227,008,550	61,837,870	16,419,725	238,036	5,256,970
Concentration by location:					
Nigeria	227,008,550	61,837,870	16,419,725	238,036	5,256,970

Bank

31-Dec-16	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	227,008,550	61,837,870	16,419,725	238,036	5,256,970
AGRICULTURE, FORESTRY AND FISHING	2,260,034				
CAPITAL MARKETS	5,123,351				
CONSTRUCTION	24,320,730				
EDUCATION	2,663,806				
FINANCE AND INSURANCE	3,332,996				5,256,970
GENERAL	27,687,857				
GENERAL COMMERCE	20,490,722				
GOVERNMENTS	13,387,958	60,026,133	16,419,725	238,036	
MANUFACTURING	11,606,526				
OIL AND GAS	41,049,602				
POWER AND ENERGY	10,163,230				
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	11,849,156				
REAL ESTATE ACTIVITIES	33,848,297				
TRANSPORTATION AND STORAGE	6,985,761				
OTHERS	783,304	1,811,737			
RETAIL:					
MORTGAGE	365,692				
OTHERS	11,089,528				
	227,008,550	61,837,870	16,419,725	238,036	5,256,970
Concentration by location:					
Nigeria	227,008,550	61,837,870	16,419,725	238,036	5,256,970

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

In thousands of Nigerian Naira

Exposure to credit risk

Group 31-Dec-17	Loans and advances to customers	Investment securities	Pledged assets	Non pledged trading assets	Cash and cash equivalents (Placements)
Carrying amount, net of allowance for impairment	215,840,031				
Assets at amortised cost:					
Individually impaired:					
AAA	-				
AA	2,936,804	30,883,665	25,420,137	10,003,842	1,230,409
A	61,693,109				
BBB	61,075,705	1,824,489			
BB	52,513,407				
B	37,567,925				
CCC	-	1,755,185			
CC	4,289,084				
C	-				
D	-				
Gross amount	220,076,033	34,463,339	25,420,137	10,003,842	1,230,409
Allowance for impairment	4,236,001	-	-	-	-
Carrying amount, net of allowance for impairment	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409

In thousands of Nigerian Naira

Exposure to credit risk

Bank 31-Dec-17	Loans and advances to customers	Investment securities	Pledged assets	Non pledged trading assets	Cash and cash equivalents (Placements)
Carrying amount, net of allowance for impairment	215,840,031				
Assets at amortised cost:					
Individually impaired:					
AAA	-				
AA	2,936,804	28,063,083	25,420,137	10,003,842	1,230,409
A	61,693,109				
BBB	61,075,705	1,825,489			
BB	52,513,407				
B	37,567,925				
CCC	-	1,755,185			
CC	4,289,084				
C	-				
D	-				
Gross amount	220,076,033	31,643,757	25,420,137	10,003,842	1,230,409
Allowance for impairment	4,236,001	-	-	-	-
Carrying amount, net of allowance for impairment	215,840,031	31,643,757	25,420,137	10,003,842	1,230,409

In thousands of Nigerian Naira

Exposure to credit risk

Group 31-Dec-16	Loans and advances to customers	Investment securities	Pledged assets	Non-pledged trading assets	Cash and cash equivalents (Placements)
Carrying amount, net of allowance for impairment	227,008,550				
Assets at amortised cost:					
Individually impaired:					
AAA					
AA	3,151,540	57,095,281	16,419,725	238,036	5,265,970
A	59,838,149				
BBB	107,254,482	2,930,852			
BB	12,800,948				
B	44,879,957				
CCC	1,726,615	1,811,737			
CC	189,290				
C	-				
D	-				
Gross amount	229,840,981	61,837,870	16,419,725	238,036	5,265,970
Allowance for impairment	2,832,431	-	-	-	-
Carrying amount, net of allowance for impairment	227,008,550	61,837,870	16,419,725	238,036	5,265, 970

In thousands of Nigerian Naira

Exposure to credit risk

Bank 31-Dec-16	Loans and advances to customers	Investment securities	Pledged assets	Non-pledged trading assets	Cash and cash equivalents (Placements)
Carrying amount, net of allowance for impairment	227,008,550				
Assets at amortised cost:					
Individually impaired:					
AAA					
AA	3,151,540	54,287,973	16,419,725	238,036	5,265,970
A	59,838,149				
BBB	107,254,482	2,930,852			
BB	12,800,948				
B	44,879,957				
CCC	1,726,615	1,811,737			
CC	189,290				
C	-				
D	-				
Gross amount	229,840,981	59,030,562	16,419,725	238,036	5,265,970
Allowance for impairment	2,832,431	-	-	-	-
Carrying amount, net of allowance for impairment	227,008,550	59,030,562	16,419,725	238,036	5,265,970

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 risks) include daily valuation of positions, limit monitoring, sensitivity analysis, value-at-risk, and stress testing 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 functions, is to ensure that aggregate risk exposures of the Bank are within approved appetite of the Bank 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 (BRMC).

These policies and limits ensure that risks faced across business activities and on 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 (BRMC).

The risk reporting framework involves presentation of reports to the Asset and Liability Committee (ALCO), Management Risk Committee (MRC) and Board Risk Management Committee (BRMC). The management committees receive periodic market risk reports and recommendations, while relevant reports are presented to the Board Risk Management Committee (BRMC) on a quarterly basis.
Exposures to market risks are managed through various metrics/models such as re-pricing gap, ratio analysis, value at risk, earning at risk (EaR), economic value of equity (EVE), sensitivity and scenario analyses 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/rates. Where no market prices/rates are available for a specific instrument or contract period, mark-to-model is used to derive the relevant market prices/rates. 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 such as interest rates and foreign exchange rates amongst others on specific instruments or portfolios. An instance is 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/prices over a specified time horizon and at a given level of confidence. The use of VaR is integrated into market risk management and calculated for all trading positions.
Our models are predominantly based on historical and parametric simulations which incorporate the following features:

- Historical market rates/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 at 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 in risk management, 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 would 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.

Stress Testing

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 could be much higher than those predicted by VaR models.

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 periodically monitored, while market risk reverse stress tests are undertaken on the premise that there is a fixed loss. The stress testing process identifies which scenarios leads to this loss. The rationale behind the reverse stress test is to understand scenarios that are beyond normal business settings which 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 back-testing 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 could 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 the 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.

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 three metrics amongst others:

Foreign currency concentrations risk as at 31 December 2017

Exchange rate exposure limits

Group

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
31 December 2017						
Cash and cash equivalents	4,870,417	384,430	780,995	16,343,487	48,257	22,427,586
Pledged assets	-	-	-	25,420,137	-	25,420,137
Non-pledged trading assets	-	-	-	10,003,842	-	10,003,842
Loans and advances to customers	24,875,184	94,286	11,956	190,858,605	-	215,840,031
Investment securities	-	-	-	34,463,339	-	34,463,339
Other assets	660,039	1,408	120	13,688,107	-	14,349,674
Total financial assets	30,405,640	480,125	793,071	290,777,517	48,257	322,504,609
Deposits from banks	-	-	-	26,575,260	-	26,575,260
Deposit from customers	7,403,450	176,878	334,736	246,545,814	2	254,460,881
Other borrowed funds	3,060,000	117,232	11,820	36,270,460	-	39,459,512
Other liabilities	11,366,404	102,133	84,379	6,129,466	363	17,682,746
Total financial liabilities	21,829,855	396,243	430,935	315,521,000	365	338,178,399

Bank

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
31 December 2017						
Cash and cash equivalents	4,870,417	384,430	780,995	16,341,792	48,257	22,425,891
Pledged assets	-	-	-	25,420,137	-	25,420,137
Non-pledged trading assets	-	-	-	10,003,842	-	10,003,842
Loans and advances to customers	24,875,184	94,286	11,956	190,858,605	-	215,840,031
Investment securities	-	-	-	31,643,757	-	31,643,757
Other assets	660,039	1,408	120	13,744,162	-	14,405,729
Total financial assets	30,405,640	480,125	793,071	288,012,295	48,257	319,739,387
Deposits from banks	-	-	-	26,575,260	-	26,575,260
Deposit from customers	7,403,450	176,878	334,736	246,571,983	2	254,487,050
Other borrowed funds	3,060,000	117,232	11,820	33,438,709	-	36,627,761
Other liabilities	11,366,404	102,133	84,379	6,092,936	363	17,646,216
Total financial liabilities	21,829,855	396,243	430,935	312,678,888	365	335,336,287

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	375,222,670

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	22,324,495
Total financial liabilities	21,419,772	699,892	293,206	349,950,564	5,472	372,368,905

- 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 trend. The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to anticipate increase in 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 an interest sensitive static balance sheet size/structure assumption. In reality, Wema Bank proactively seeks to change the interest rate risk profile to optimize net interest 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.

Liquidity Risk Management

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they fall 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 Bank could fulfill its obligations at all times, whilst managing liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk from the on-balance sheet and/or off-balance sheet components

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 Liability 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 funding 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 factors 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 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 identify potential challenges which are covered through increased 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 financial institution 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 or unplanned events which could be company-specific and systemic may cause either a short or long-term liquidity crisis. The Bank reviews its Contingency Funding Plan in the light of evolving market conditions and stress test results.

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

As at Reporting date
RSA constant and RSL increases by 1%
RSA and RSL increase by 1%
RSA increases by 2% and RSL increases by 1%
RSA increases by 3.5% and RSL increases by 1%

In thousands of Nigerian Naira	As at Reporting Date	RSA constant and RSL increases by 1%	RSA and RSL increase by 1%	RSA increases by 2% and RSL increases by 1%	RSA increases by 3.5% and RSL increases by 1%
Group31 -Dec-17					
Average for the year	1,798,132	1,627,117	1,714,360	1,801,604	1,932,470
Maximum for the year	3,751,004	3,591,208	3,676,808	3,764,428	3,895,860
Minimum for the year	547,026	356,547	452,185	545,584	664,348
Bank					
31-Dec-17					
Average for the year	1,800,293	1,629,071	1,716,420	1,803,769	1,934,793
Maximum for the year	3,755,510	3,595,524	3,681,225	3,768,951	3,900,540
Minimum for the year	547,683	356,976	452,728	546,239	665,146

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 year	1,537,481	1,251,329	1,457,244	1,663,159	1,972,032
Maximum for the year	2,132,396	1,861,291	2,118,181	2,375,070	2,760,405
Minimum for the year	878,881	641,918	851,464	1,061,010	1,375,328
Bank					
31-Dec-16					
Average for the year	1,539,329	1,252,832	1,458,995	1,665,158	1,974,402
Maximum for the year	2,134,958	1,863,528	2,120,726	2,377,924	2,763,721
Minimum for the year	879,937	642,690	852,487	1,062,284	1,376,981

Exposure to liquidity risk

The key measure used by the Bank in 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 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16
At the end of the year	26.25%	30.30%	26.25%	30.30%
Average for the year	25.03%	30.22%	25.03%	30.22%
Maximum for the year	34.33%	30.85%	34.33%	30.85%
Minimum for the year	17.77%	28.74%	17.77%	28.74%

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Residual contractual maturities of financial assets and liabilities

Group			Gross nominal					
		Carrying	inflow/	Less than				More than
31 December 2017	Note	amount	(outflow)	3 months	3 - 6 months	6 - 12 months	5 years	5 years
In thousands of Nigerian Naira								
Non-derivative assets:								
Cash and cash equivalents	15	22,427,586	48,923,250	22,427,586				
Pledged assets	16	25,420,137	25,420,137	1,404,006	7,651,117	-	-	16,365,014
Non-pledged trading assets		10,003,842	10,003,842	717,560	1,850,549	7,435,733		
Loans and advances to customers	18	215,840,031	215,840,031	74,234,177	11,462,410	27,755,517	82,639,245	19,748,682
Investment securities	17	34,463,339	34,463,339	2,869,410	15,996,752	944,568	1,687,913	12,964,697
		308,154,935	334,650,599	101,652,739	36,960,827	36,135,818	84,327,158	49,078,392
Non-derivative liabilities								
Deposits from banks	26	26,575,260	26,575,260	26,575,260				
Deposits from customers	27	254,460,881	254,460,881	238,212,885	15,425,200	822,795	-	-
Other borrowed funds	30	39,459,512	39,459,512		3,114,137	12,443,733	3,254,321	20,647,321
Interest bearing financial liability	29							
		320,495,653	320,495,653	264,788,145	18,539,337	13,266,529	3,254,321	20,647,321
Gap (asset - liabilities)		(12,340,718)	14,154,946	(163,135,406)	18,421,490	22,869,289	81,072,837	28,431,071
Cumulative liquidity gap				(163,135,406)	(144,713,916)	(121,844,626)	(40,771,789)	(12,340,718)

Residual contractual maturities of financial assets and liabilities

Bank 31 December 2017 *In thousands of Nigerian Naira*		Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3 - 6 months	6 - 12 months	5 years	More than 5 years
Non-derivative assets:								
Cash and cash equivalents	15	22,425,891	22,425,891	22,425,891				-
Pledged assets	16	25,420,137	25,420,137	1,404,006	7,651,117	-	-	16,365, 014
Non-pledged trading assets		10,003,842	10,003,842	717,560	1,850,549	7,435,733		
Loans and advances to customers	18	215,840,031	215,840,031	74,234,177	11,462,410	27,755,517	82,639,245	19,748,682
Investment securities	17	31,643,757	31,643,757	2,634,652	14,687,994	867,289	1,549,818	11,904,004
		305,333,658	305,333,658	101,416,287	35,652,070	36,058,539	84,189,063	48,017,699
Non-derivative liabilities								
Deposits from banks	26	26,575,260	26,575,260	26,575,260				
Deposits from customers	27	254,487,050	254,487,050	238,237,383	15,426,787	822,880		
Other borrowed funds	30	36,627,761	36,627,761		3,114,137	12,443,733	3,254,321	17,815,570
Interest bearing financial liability	29							
		317,690,071	317,690,071	264,812,643	18,540,923	13,266,613	3,254,321	17,815,5 70
Gap (asset - liabilities)		(12,356,413)	(12,356,423)	(163,396,357)	17,111,147	22,791,926	80,934,742	30,202,129
Cumulative liquidity gap				(163,396,357)	(146,285,210)	(123,493,284)	(42,558,542)	(12,356,413)

Residual contractual maturities of financial assets and liabilities

Group 31 December 2016 *In thousands of Nigerian Naira*	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3 - 6 months	6 - 12 months	5 years	More than 5 years
Non-derivative assets:								
Cash and cash equivalents	15	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 (assets- liabilities)		(19,702,720)	(19,779,836)	(104,598,713)	15,450,424	57,141,256	14,465,669	(2,161,355)
Cumulative liquidity gap				(104,598,713)	(89,148,289)	(32,007,033)	(17,541,364)	(19,702,719)

Residual contractual maturities of financial assets and liabilities

Bank			Gross nominal					
31 December 2016		Carrying	inflow/	Less than				More than
In thousands of Nigerian Naira	Note	amount	(outflow)	3 months	3 - 6 months	6 - 12 months	5 years	5 years
Non-derivative assets:								
Cash and cash equivalents	15	27,608,708	27,608,708	27,608,708	-	-	-	-
Pledged assets	16	16,419,725	15,927,196	134,832	6,377,071			9,907,822
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	329,979,294	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	27,939,3 61
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 (assets - liabilities)		(19,739,761)	(19,723,394)	(104,571,620)	14,974,931	56,501,796	14,451,140	(1,096,008)
Cumulative liquidity gap				(104,571,620)	(89,596,689)	(33,094,893)	(18,643,753)	(19,739,761)

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 managing 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 Managament

The Board of Directors and Senior Management of Wema Bank understand that there are inherent risks in the Bank's products, activities, processes and systems and that to create value for all stakeholders while entrenching competitive advantage sound operational risk management must be implemented.

The Basel committee's definition adopted by Wema Bank defines Operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". Operational risk can be classified into Internal Operational/ Operational failure risk and external operational / Operational strategic risk.

Internal operational Risk or Operational Failure Risk

Internal Operational risk is the risk associated with a failure or inadequacy of people, process or system/technology. The risk is encountered in the pursuit of organizational strategy and is due to the following factors:

- **People -** People risks refer to operational failures that are driven specifically by factors attributable to the behavior of staff members. Examples are: lack of experience and knowledge, lack of team work and respect for individual, lack of integrity, reliance on key individual, lack of customer focus andprofessionalism, insufficient resources, inadequate supervision and a poor control environment.
- **Internal Process -** Internal process risks are associated with breakdown in established processes, transaction errors, fraud, marketing risk, selling risk, information management, product complexity and the absence of a process or the inadequacy of a process within business lines.
- **Technology or system -** System risks are associated with system failures arising from the breakdown, interruption and physical loss/damage to a computerized processing system, security breach, systems suitability and compatibility. This risk originates within the organization, internal to the bank and is under the direct control of management.

External Operational Risk or Operational Strategic Risk

External operational risk is the risk associated with political upheavals, shifting societal needs, changes in government and regulatory policies, terrorist threats, money laundering, etc. They are external to the Bank and are outside the direct control of management. However, it should be observed that a failure to address a strategic risk issue could translate into an operational failure.

Operational Risk Event Types

The operational risk event types are explained as follows:

Internal Fraud

These are losses that are due to acts committed with the intention to defraud and misappropriate property or circumvent regulations. Examples are: intentional misreporting of positions, employee theft, and insider trading on an employee's own account.

External Fraud

These are losses that are due to acts committed by a third party with the intention to defraud, misappropriate property or circumvent regulations. For example, robbery, forgery, cheque kiting, and damage from computer hacking.

Employment Practices and Workplace Safety

Losses arising from acts inconsistent with employment, health or safety related laws and agreements. Examples are: workers compensation claims, violation of employee health and safety rules, organized labour activities, discrimination claims, and general liability.

Clients, Products and Business Practices

Losses arising from an unintentional or negligent act or failure to meet professional obligation to customers. Examples are: fiduciary breaches, misuse of confidential customer information, improper trading activities on the Bank's account, money laundering and sale of unauthorized products.

Damage to Physical Assets

Loss or damage to physical assets resulting from natural disasters and other events. Examples are: terrorism, vandalism, earthquake, fire and flood.

Business Disruption and System Failures

An event that disrupts normal business operations or causes a business or system failure. Examples are: hardware and software failures, telecommunication problems and utility outages.

Execution, Delivery and Process Management

A failure in transaction processing or process management which stems from relations with trade counterparties and vendors. Examples are: data entry errors, collateral management failures, incomplete legal documentation, unapproved access given to client accounts, non-client counterparty non-performance and vendor disputes.

Operational Risk Management Framework, Policies and Procedures

A process driven framework is adopted which ensures that all principal risks are proactively identified, assessed, measured, adequately mitigated, monitored and reported to the Board and Senior Management for risk informed decision making. This framework documents operational risk governance structures, tools, risk profile and appetite, management risk reporting and independent review and assessment

Operational risk management policies and procedures are documented on how all aspects of operational risk are to be managed, documented and communicated in alignment with the overall business strategy and supports the continuous improvement of the risk management function.

Operational Risk Exposure Management

Operational risk exposures are managed through a robust and consistent set of management processes aimed at maintaining within 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.

Implementation and certification to global standards such as ISO 27001(Information Security Management) and ISO 20000 (IT Service Management) ensures regular review and enhancement of controls to address emerging threats to information and information assets as well as enhance third party risk management.

Operational Risk Losses

One of the tools used by the Operational Risk Management team is Internal Loss Data Collection and analysis. With this tool operational risk loss data is collected and analyzed for predictive and loss distribution analysis which is part of advanced approach under Basel II / III. Analysis of loss events provides insight into the root cause of losses and information on whether control failures are isolated or systematic.

Reduction in Operational losses started in 2015 and has since been maintained, for the last three years operational losses have reduced from year to year. This trend can be associated with risk aware culture that has been entrenched in the bank as well as the various continuous control improvement initiatives that have been implemented.

Other tools used to manage operation risk are Business Process Mapping, Scenario Analysis, Risk & Control Self-Assessment (RCSA), Key Risk Indicators (KRI), and External Loss Data Collection and Analysis.

Business Continuity Management

The need for the implementation of business continuity management capabilities continues to increase as there is a rise in the number of natural and man-made business interruptions as well as the growing impact of business interruptions on organizations due to rising business interconnectivity. A governance framework encompassing crisis management and orderly restoration of business activities upon the occurrence of an adverse event is in place in Wema Bank.

Methodologies 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 are documented. This ensures safety of staff in event of a crisis, provides a methodology for analysing the business impacts of adverse events, cost effective management of business continuity and compliance with statutory and regulatory provisions.

Strategic Risk Management

Strategic Risk Management Process in Wema Bank involves Board and senior management oversight of a sound strategic planning process for formulating the institutions strategic goals and objectives 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. This process is driven by four key elements; Strategic Planning, Alignment and Change management, Implementation and Monitoring and Performance evaluation and feedback.

Strategic Risk Monitoring and Control ensures conformity with policies from time to time. It involves periodic review of the bank's strategic risk profile based on; 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 and Impact of strategic decision. Strategic Risk Indicators (SRIs) are collated regularly to give timely information to senior management and Board for better decision making.

Reputational Risk Management

The financial environment is of high interest to various stakeholders and is also vulnerable to regulatory actions that may adversely impact reputation, as such the Bank constantly reviews activities, processes, services and staffing decisions that have the potential to damage reputation.

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 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.

Negative publicity resulting in reputational damage can be as a result of; Costly litigation and other remediation costs, Regulatory sanctions, Negative impact on employee morale, recruitment and retention, Reduction in share price, brand and shareholder value, Decline in the customer base, Measurable, negative impact on financial performance on a short or long-term basis and Constrained liquidity and higher funding costs. Such events promptly address to prevent reputational damage.

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.

The aftermath of our capital management objective has 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 consist the computed capital adequacy ratio of the Bank.

To align with the CBN current reforms, we are taking a multiple approach to raising the Bank capital base to the required level through:

- Increasing the Bank's revenue base while ensuring efficient management of operating expenses.
- Vigorously implementing debt recovery strategies.

The 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 2017	31 December 2016
Tier 1 capital			
Ordinary share capital	30	19,287,233	19,287,233
Share premium		8,698,230	48,870,107
Retained earnings		4,166,460	(39,127,546)
Other reserves		11,553,223	11,069,568
Treasury shares			
Regulatory risk reserve			
Shareholders' fund		43,705,146	40,099,362
Less:			
Fair value reserve on available-for-sale			
Securities		(140,051)	(206,692)
Other intangible assets		(759,092)	(400,017)
Deferred tax	22	(21,269,702)	(22,169,702)
Total		21,536,301	17,322,951
Tier 2 capital			
Tier 2 Capital		3,496,454	3,704,050
The tier 2 capital applied to a maximum of 33.3% of tier 1 capital.		25,032,755	21,027,001
Risk-weighted assets		174,776,788	189,863,679
Capital ratios			
Total regulatory capital expressed as a percentage of total risk -weighted assets		14.32%	11.07%
Total tier 1 capital expressed as a percentage of risk-weighted assets		12.32%	9.12%

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the Bank's longer term strategic objectives.

Other National Disclosures

Statement of Value Added

			Group				Bank	
In thousands of Nigerian Naira	2017	%	2016	%	2017	%	2016	%
Gross Income	65,268,831		54,361,249		64,858,369		54,361,249	
Interest paid	(33,306,169)		(25,910,283)		(32,887,899)		(25,910,283)	
	31,962,662		28,450,966		31,970,470		28,450,966	
Impairment charge on financial assets	(2,179,798)		(412,402)		(2,179,798)		(412,401)	
Bought-in materials and services	(14,446,068)		(12,132,128)		(14,408,206)		(12,132,128)	
Value added	15,336,796	100	15,906,43 6	100	15,382,466	100	15,9 37,657	100
Distribution								
Employees								
Salaries and benefits	10,009,585	65	10,352,321	64	10,009,585	65	10,352,321	64
Government								
Income tax	353,715	2	284,565	2	353,715	2	284,565	2
Retained in the Bank								
Deferred Tax	400,000	3	400,000	3	400,000	3	400,000	3
Assets replacement (depreciation & amortisation)	2,318,008	15	2,308,971	15	2,318,008	15	2,308,971	15
Profit transferred to reserve	2,255,488	15	2,560,579	16	2,301,158	15	2,560,579	16
	15,336,796	100	15,906,436	100	15,382,466	100	15,9 37,657	100

Other National Disclosures

Financial Summary

In thousands of Nigerian Naira	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16	Bank 31-Dec-15	Bank 31-Dec-14	Bank 31-Dec-13
Assets:							
Cash and cash equivalents	22,427,586	27,623,945	22,425,891	27,608,708	56,583,610	52,153,878	31,314,482
Non-pledged trading assets					-	-	-
Pledged assets	25,420,137	16,419,725	25,420,137	16,419,725	16,455,942	25,775,651	21,830,179
Investment securities	44,467,181	62,075,906	41,647,599	59,268,598	41,107,271	41,212,524	109,560,057
Loans and advances to customers	215,840,031	227,008,550	215,840,031	227,008,550	185,596,590	149,293,849	98,631,825
Investment property	45,671	361,798	45,671	361,798	393,547	402,145	601,822
Property Plant and equipment	17,078,789	16,614,465	17,078,789	16,614,465	15,967,711	14,042,912	12,468,085
Intangible assets	759,092	400,017	759,092	400,017	488,110	1,001,954	913,200
Investment in associate	-		-		-	-	2,964,626
Assets Held for Sale	-	-	-	-	-	2,964,626	-
Other assets	40,845,337	51,369,473	40,901,392	51,369,473	57,580,831	72,745,071	29,218,497
Deferred tax assets	21,269,702	22,169,702	21,269,702	22,169,702	22,569,702	22,969,702	23,369,702
	388,153,526	424,043,581	385,388,304	421,221,036	396,743,314	382,562,312	330,872,475
Finance by:							
Share capital	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	8,698,230	48,870,107	8,698,230	48,870,107	48,870,107	48,870,107	48,870,107
Retained earnings	4,089,570	(39,158,766)	4,166,460	(39,127,546)	(36,017,406)	(34,793,663)	(35,663,169)
Other reserve	17,540,217	19,472,160	17,540,217	19,472,160	13,924,176	10,404,971	8,900,980
Deposits from banks	26,575,260	37,433,906	26,575,260	37,433,906	-	3,243,218	3,397,370
Deposits from customers	254,460,881	283,302,604	254,487,050	283,328,215	284,977,836	258,956,478	217,734,559
Derivative financial liabilities	-	-	-	-	-	418,612	-
Current tax liabilities	359,878	349,245	359,878	349,245	382,694	338,537	382,047
Other liabilities	17,682,745	22,392,756	17,646,215	22,324,495	12,949,273	17,107,217	10,127,394
Obligations under finance lease	-	932	-	932	79,485	347,874	247,966
Other borrowed funds	39,459,512	32,093,404	36,627,761	29,282,289	52,289,916	58,381,728	57,587,958
Deposit for shares	-	-	-	-	-	-	-
	388,153,526	424,043,581	385,388,304	421,221,036	396,743,314	382,562,312	330,872,445
Guarantees and other commitments	48,300,504	37,526,467	48,300,504	37,526,467	19,056,528	21,112,316	14,739,537

	Group 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-17	Bank 31-Dec-16	Bank 31-Dec-15	Bank 31-Dec-14	Bank 31-Dec-13
Gross earnings	65,268,831	53,948,848	62,678,571	53,834,407	45,869,441	42,186,867	36,981,439
Profit before taxation	3,009,203	3,245,145	3,054,873	3,276,365	2,991,458	3,093,940	1,947,308
Income tax	(753,715)	(684,565)	(753,715)	(684,565)	(718,253)	(721,495)	(350,777)
Profit after taxation	2,255,488	2,560,580	2,301,158	2,591,800	2,273,205	2,372,445	1,596,531

Shareholders’ Kit

05

PROXY FORM

WEMA BANK

Annual General Meeting to be held at the Banquet Hall, Civic Center, Ozumba Mbadiwe, Victoria Island Lagos, Nigeria on May 9, 2018 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 Statements for the year ended December 31, 2017 together with the reports of the Directors, Auditors and Audit Committee thereon;	☐	☐
2. To elect/re-elect the following Directors as Non-Executive Directors; Mrs. Omobosola Ojo ☐ Samuel Durojaye ☐ Tina Vukor-Quarshie ☐	☐	☐
3. To authorize the Directors to fix the remuneration of the Auditors;	☐	☐
4. To elect members of the Audit Committee;	☐	☐
5. To approve the remuneration of Directors	☐	☐

ADMISSION CARD

ANNUAL GENERAL MEETING to be held at the Banquet Hall, Civic Center, Ozumba Mbadiwe, Victoria Island Lagos, Nigeria on May 9, 2018 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.

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

FCT Abuja

No.	Branch Name	Address	State	Telephone
1.	Aminu Kano	82, Aminu Kano Way, Wuse II	FCT	01 2779913
2.	CBD	264, Central Business District, Abuja	FCT	01 2779908
3.	Le Meridian	11 Dunukofia Street Garki, Abuja	FCT	012779908
4.	Lugbe	House 168, 1st Avenue, Lugbe FHA, Lugbe	FCT	012779909
5.	Mararaba	Kabayi junction, by Sharp Corner, along Abuja-Nasarawa express way	FCT	012779910
6.	National Assembly	NASS Complex, Abuja	FCT	01 2779911
7.	Ralph Sodeinde	Oyo House, Ralph Shodeinde Street, Abuja	FCT	01 2779912
8.	Wuse Market	Medlife House, Plot 2135, Herbert Macaulay Way, Wuse Zone 5	FCT	01 2779913

Lagos State

9.	Abule Egba	15, Lagos/Abeokuta Express Road, Abule- Egba	Lagos	01 2779906
10	Adeniji Adele	Pelewura Shopping Centre, Lagos Island	Lagos	01 2779868
11.	Admiralty	26, Obafemi Anibaba Street, Lekki Phase 1	Lagos	012778956
12.	Agege	185, Old Abeokuta Motor Road, Agege	Lagos	01 2779897
13.	Ajah	KM 23, Lagos Epe Expressway, Ajah	Lagos	012778605
14.	Ajao Estate	2, Rasmon Close, Off Osolo Road, Ajao Estate	Lagos	01 2779882
15.	Alaba	3a, Ojo-Igbede Road, Alaba International Market, Ojo	Lagos	01 2779876
16.	Allen Avenue	33, Allen Avenue, Ikeja	Lagos	01 2779902
17.	Aspamda	Block 9, (Zone D) Aspamda Mkt., Int'l Trade Fair Complex, Ojo	Lagos	01 2779875
18.	Awolowo Road	35 Awolowo Road, Ikeja	Lagos	01 2779863
19.	Badagry	Joseph Dosu Road, Badagry	Lagos	01 2779881
20.	Ado Badore	Ado Badore - Genesis College, Ajah	Lagos	01 2779833
21	Bariga	60, Jagunmolu Street, Bariga	Lagos	01 2779884
22	Bells University	Bells University of Technology, Otta	Ogun	01 2779904
23	Broad Street	41/45, Broad Street, Lagos Island	Lagos	01 2779860
24	Commercial Road	2, Commercial Road, Apapa	Lagos	01 2779874
25	Dopemu	60, Lagos/Abeokuta Express Road, Dopemu	Lagos	01 2779899
26	Ebutte Metta	52/54, Murtala Mohammed Way, Ebute-Metta	Lagos	01 2779889
27	Egbeda	117, Idimu Road, Orelope Bus stop, Egbeda	Lagos	01 2779900
28	Idowu Taylor	8, Idowu Taylor Street, Victoria Island	Lagos	01 2779861
29	Ijede	60, Ikorodu Road, Ijede	Lagos	01 2779888
30	Ijora	Ijora Fisheries Terminal, Apapa	Lagos	01 2779871
31	Ikeja	24, Oba Akran Avenue, Ikeja	Lagos	01 2779907
32	Ikorodu	23/24, Ikorodu-Sagamu Road, Ikorodu	Lagos	01 2779883
33	Iponri	Iponri Shopping Centre, Iponri, Surulere	Lagos	01 2779873
34	Isolo	24, Abimbola Street, Isolo	Lagos	01 2779895
35	Jibowu	33, Ikorodu Road, Jibowu	Lagos	01 2779890
36	Kafi	4 Kafi street, Omatsola mall, Alausa, Ikeja	Lagos	01 2779931
37	Lagos Airport Hotel	Lagos Airport Hotel, 111, Obafemi Awolowo Way, Ikeja	Lagos	01 2779905
38	LAPAL House	241, Igbosere Road, Lagos Island	Lagos	01 2779867
39	LASU	Lagos State Univeristy Main Campus, Lagos-Badagry Exp., Ojo	Lagos	01 2779879
40	Lawanson	89, Itire Road, Lawanson, Surulere	Lagos	01 2779885
41	Lekki	2nd Roundabout, Lekki-Epe Expressway, Lekki	Lagos	01 2779866
42	Mamman Kontagora	23, Broad Street, Mamman Kontagora House, Lagos Island	Lagos	01 2779864
43	Marina	Wema Tower, 54, Marina, Lagos Island	Lagos	01 2779862
44	Maryland	2, Mobolaji Bank-Anthony Way, Maryland, Ikeja	Lagos	01 2779892
45	Mushin	236, Agege Motor Road, Mushin	Lagos	01 2779887

No.	Branch Name	Address	State	Telephone
46	NPA	Shed 6 NPA Terminal, Apapa	Lagos	01 2779870
47	NAHCO	1st Floor NAHCO Building, off M/M Airport Road, Ikeja	Lagos	01 2779894
48	Oba-Akran	Plot 30, Oba Akran Avenue, Ikeja	Lagos	01 2779896
49	Ogba	Plot 45, Omole Industrial Layout, Isheri Road, Ogba	Lagos	01 2779898
50	Ojota	Odu'a Int'l Model Market Complex, Ojota	Lagos	01 2779893
51	Oke Aarin	107, Alakoro Street, Oke Aarin Market, Lagos Island	Lagos	01 2779865
52	Okokomaiko	29, Badagry Express Road, Okokomaiko	Lagos	01 2779877
53	Oniru	Odyssey Plaza, Plot 4, T.F. Kuboye Road, Oniru, Lekki	Lagos	01 2779841
54	Orile Iganmu	34, Alh. Opere Street, Orile-Iganmu, off Lagos/Badagry Exp.	Lagos	01 2779872
55	Opebi	67, Opebi Road, Ikeja	Lagos	01 2779840
56	Oshodi	455, Agege Motor Road, Bolade-Oshodi	Lagos	01 2779886
57	Otta	Idi Iroko/Lagos Road, Sango Otta	Ogun	01 2779901
58	Tinubu	Wema House, 27 Nnamdi Azikiwe Street, Lagos Island	Lagos	01 2779869
59	UNILAG	University of Lagos, Akoka, Yaba	Lagos	01 2779891
60	Warehouse Road	32, Warehouse Road, Apapa	Lagos	01 2779878

SOUTH-WEST

Ogun State

61	Ago Iwoye	Fibigbade Street, Ago-Iwoye	Ogun	01 2779955
62	Ayetoro	Oke Oyinbo Quarters, Ayetoro	Ogun	01 2779952
63	Babcock University	Babcock University, Ilishan Remo	Ogun	01 2779959
64	Idi-iroko	Idi-iroko/Lagos Road, Idi-Iroko	Ogun	01 2779948
65	Ifo	Vespa Bus Stop, Abeokuta Motor Road Ifo	Ogun	01 2779951
66	Ijebu-Igbo	6, Adeboye Road, Ijebu Igbo	Ogun	01 2779954
67	Ijebu-Ode	201, Folagbade Street, Ijebu Ode	Ogun	01 2779953
68	Ilaro	Ona Ola Quarters, beside Yewa South LGA, Ilaro	Ogun	01 2779943
69	Iperu	KAAF Building, Old Ibadan Road, Iperu Remo	Ogun	01 2779950
70	Lafenwa	1, Lagos/Abeokuta Road, Lafenwa, Abeokuta	Ogun	01 2779946
71	Oke Ilewo	1, IBB Boulevard, Opp. CBN, Oke-Ilewo, Abeokuta	Ogun	01 2779949
72	OOU, Ago Iwoye	Olabisi Onabanjo University, Ago Iwoye	Ogun	01 2779956
73	Owode	Fashina Square, Idiroko Road, Owode - Egbado	Ogun	01 2779947
74	Panseke	GNI Building, 1, Onikolobo Road, Onikolobo, Abeokuta	Ogun	01 2779944
75	Sagamu	80, Akarigbo Street, Sagamu	Ogun	01 2779957
76	WAPCO, Sagamu	WAPCO Factory, Sagamu	Ogun	01 2779958

Ekiti State

77	ABUAD	Talent Discovery Centre, Afe Babalola University, Ado Ekiti	Ekiti	01 2777851
78	Aiyedun	Aiyedun/Omuo Road, Aiyedun Ekiti	Ekiti	01 2779963
79	Aramoko	Ilao Quarters, Aramoko Roundabout, Aramoko	Ekiti	01 2779965
80	Okesha	3 & 4, Okesha Road, Opp. Squadron 33, NPF, Ado Ekiti	Ekiti	01 2777850
81	Ikere-Ekiti	Oke–Aodu Street, Ado-Ekiti Road, Ikere Ekiti	Ekiti	01 2779967
82	Ise-Ekiti	Oja Oba Road, Ise Ekiti	Ekiti	01 2779962
83	Omuo-Ekiti	Kota, Omuo Oke Road, Omuo-Ekiti	Ekiti	01 2779968
84	Orere Owu	2, Orere Owu Street, Ado-Ekiti	Ekiti	01 2779961
85	UNAD, Ado Ekiti	University of Ado Ekiti, Iworoko Rd, Ado Ekiti	Ekiti	01 2779966
86	Ikole-Ekiti	22, Omodowa Street, Ikole-Ekiti	Ekiti	012779832
87	Iye-Ekiti	Local Government Secretariat, Iye-Ekiti	Ekiti	012777856
88	Iyin-Ekiti	46, Oba Owolabi Road, Iyin-Ekiti	Ekiti	012777859

No.	Branch Name	Address	State	Telephone

Oyo State

No.	Branch Name	Address	State	Telephone
89	Agodi Gate	Agodi Gate, Ife Road, Ibadan	Oyo	01 2779914
90	Apata Ganga	Abeokuta Road, Apata, Ibadan	Oyo	01 2779915
91	Bodija	Oba Akinbiyi Shopping Centre, Ibadan	Oyo	01 2779916
92	Cocoa Mall	Cocoa House Complex, Oba Adebimpe Road, Dugbe	Oyo	01 2779989
93	Dugbe	Sijuwola House, Plot 5, Old Dugbe, Ibadan	Oyo	01 2779917
94	Gbagi	New Gbagi Market, New Ife Road, Gbagi, Ibadan	Oyo	01 2779918
95	Igbeti	Market Square, Igbeti	Oyo	01 2779919
96	Igboho	1, Comprehensive Health Centre Road, Igboho	Oyo	01 2779920
97	Igbo-ora	Opposite Methodist Church, Tapa Street, Sango, Igboora	Oyo	01 2779928
98	Ilorin	171, Ibrahim Taiwo Road, Ilorin	Kwara	01 2779921
99	Kishi	1, Ajegunle, Kishi/Igbeti Road, Kishi	Oyo	01 2779922
100	Mokola	Mokola Roundabout, Ibadan	Oyo	01 2779923
101	Ogbomosho	Ibadan-Ilorin Road, Apake, Ogbomosho	Oyo	01 2779924
102	Olubadan	New Ife Road, Ibadan	Oyo	01 2779925
103	Polytechnic	South Campus, The Polytechnic, Ibadan	Oyo	01 2779926
104	Sango	Elewure Bus Stop, Mokola Sango Road, Ibadan	Oyo	01 2779927
105	Secretariat, Ibadan	Secretariat Roundabout, Ibadan	Oyo	01 2779929

Ondo State

No.	Branch Name	Address	State	Telephone
106	FUTA	Federal University of Technology (FUTA), Akure	Ondo	01 2779972
107	Igbara Odo	3, Inipa Street, Igbara Odo	Ondo	01 2779964
108	Igbara Oke	25, Obada Market Square, Igbara Oke, Akure	Ondo	01 2779977
109	Ikare	Jubilee Road, Ikare	Ondo	01 2779974
110	Iju	Ifofin Road, Iju	Ondo	01 2779971
111	Oba Adesida Road	54A, Oba Adesida Road, Akure	Ondo	01 2779969
112	Ondo	Yaba Street, Idi-ishin, Ondo	Ondo	01 2779975
113	Ore	Old Market Road, Off Ondo/Sabo Road, Opp. FRSC Office, Ore	Ondo	01 2779973
114	Owo	Idimisasa Road, Opposite Olowo's Palace, Owo	Ondo	01 2779976
115	Oyemekun Road	34, Oyemekun Road, Akure	Ondo	01 2779974
116	Irun Akoko	Ijowa Quarters, Ikare/Ado-Ekiti Road, Irun-Akoko	Ondo	012779830

Osun State

No.	Branch Name	Address	State	Telephone
117	Ede	1, Owode Market Road, Ede	Osun	01 2779939
118	Ibokun	Osogbo Road, Ibokun via Ilesa	Osun	01 2779937
119	Iragbiji	8, Market Street, Iragbiji	Osun	01 2779932
120	Iwo	6, Station Road, Iwo	Osun	01 2779936
121	Modakeke	Ondo Road, Modakeke	Osun	01 2779930
122	Oduduwa University	Oduduwa University, Ipetumodu	Osun	01 2777852
123	OAU	Obafemi Awolowo University, Ile-Ife	Osun	01 2779942
124	Okuku	Offa-Osogbo Road, Beside King's Palace, Okuku	Osun	01 2779933
125	Igbara	82, Obafemi Awolowo Way, Igbona, Osogbo	Osun	01 2779934
126	Station Road	169, Station Road, Osogbo	Osun	01 2779935
127	Ilesha	Imo Roundabout, Ilesha	Osun	01 2779941

SOUTH-SOUTH

Akwa Ibom

No.	Branch Name	Address	State	Telephone
128	Eket	78, Eket-Oron Road, Eket	Akwa Ibom	01 2779978

No.	Branch Name	Address	State	Telephone
129	Uyo	Plot 179, Aka Road, Uyo	Akwa Ibom	01 2779986

Bayelsa State

130	Yenagoa	Mbiama Road, Opposite State INEC Office, Pansha, Yenogoa	Bayelsa	01 2779986

Cross Rivers State

131	Calabar	39 /113, Murtala Mohammed Highway, Calabar	Cross Rivers	01 2779979

Delta State

132	Asaba	407, Nnebi Road, Asaba	Delta	01 2779981
133	Warri	Warri/Sapele road, opposie old Leventis, Warri	Delta	01 2779982

Edo State

134	Akpakpava	12, Akpakpava Street, Benin City	Edo	01 2779984
135	Mission Road	39, Mission Road, Benin City	Edo	01 2779985
136	UNIBEN	University of Benin, Benin City	Edo	01 2779980

Rivers State

137	Olu Obasanjo Road	66, Olu Obasanjo Road, Bics Mall, Port Harcourt	Rivers	01 2779987
138	Trans Amadi	Plot 11, Trans Amadi Industrial Layout, Port Harcourt	Rivers	01 2779988
139	Aba Road	76, Aba Road, Port Harcourt	Rivers	01 2778624

NORTH CENTRAL

Kogi

140	Lokoja	IBB Way, Opposite Kog State Radio, Lokoja	Kogi	01 2778955

Nasarawa

141	Mararaba	Kabai junction, along Abuja-Nasarawa Expressway, Mararaba	Nasarawa	012777707

Kaduna

142	Kaduna	22 Bida road, kaduna	Kaduna	012778636

Kano

143	Kano	139 Murtala Mohammed way opposite P.S Mandirides Kano	Kaduna	012779832

NORTH EAST

Bauchi

144	Bauchi	No. 1 Commercial Road, Bauchi	Bauchi	012779850

Niger

145	Minna	35, Bosso Road, Minna	Niger	01 2779870

Wema Bank Plc RC 575
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