

WEMA BANK PLC

**Unaudited IFRS Results
for the period ended 30 June 2017**

Contents	Page
Statements of financial position	1
Statements of comprehensive income	2
Statements of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5

Statement of Financial Position
As at 30 June 2017

	<i>Notes</i>	Group 30 June 2017	Bank 30 June 2017	Group 31 December 2016	Bank 31 December 2016	Bank 30 June 2016
<i>In thousands of Nigerian Naira</i>						
ASSETS						
Cash and cash equivalents	15,a	24,872,223	24,871,977	27,623,945	27,608,708	49,196,948
Restricted Deposit with CBN	15,b	27,226,810	27,226,810	48,161,682	48,161,682	66,186,942
Pledged assets	16	9,818,818	9,818,818	16,419,725	16,419,725	9,423,498
Investment securities:		-	-	-	-	-
Available for sale	17,a	5,500,761	5,501,761	3,158,208	3,159,208	2,060,490
Held for trading	17,b	13,064,731	13,064,731	238,036	238,036	360,405
Held to maturity	17,c	49,819,681	47,009,254	58,679,662	55,871,354	46,360,808
Loans and advances to customers	18	205,713,875	205,713,875	227,008,550	227,008,550	171,994,387
Investment property	21	357,791	357,791	361,798	361,798	389,271
Property and equipment	22	17,345,389	17,345,389	16,614,465	16,614,465	16,106,498
Intangible assets	23	309,610	309,610	400,017	400,017	397,550
Other assets	25	9,775,564	9,775,564	3,207,791	3,207,791	6,713,832
Deferred tax assets	24	22,169,702	22,169,702	22,169,702	22,169,702	22,569,702
TOTAL ASSETS		385,974,955	383,165,282	424,043,581	421,221,036	391,760,333
LIABILITIES						
Deposits from banks	26	40,183,945	40,183,945	37,433,906	37,433,906	24,032,970
Deposits from customers	27	251,718,929	251,744,540	283,302,604	283,328,215	253,839,911
Current tax liabilities	28	221,125	221,125	349,245	349,245	259,344
Other liabilities	29	19,486,733	19,430,657	22,392,756	22,324,495	34,127,007
Other borrowed funds	30	24,674,965	21,864,944	32,093,404	29,282,289	32,314,839
Obligations under finance lease	31	-	-	932	932	19,168
TOTAL LIABILITIES		336,285,697	333,445,211	375,572,847	372,719,082	344,593,239
EQUITY						
Share capital	32	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	32	48,870,107	48,870,107	385,974,955	383,165,282	424,043,581
Regulatory risk reserve		7,217,592	7,217,592	8,402,592	8,402,592	3,644,042
Retained earnings	32	(36,755,242)	(36,724,428)	(39,158,766)	(39,127,546)	(34,216,122)
Other reserves		11,069,568	11,069,568	11,069,568	11,069,568	9,581,834
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		49,689,258	49,720,071	48,470,734	48,501,954	47,167,094
TOTAL EQUITY		49,689,258	49,720,071	48,470,734	48,501,954	47,167,094
TOTAL LIABILITIES AND EQUITY		385,974,955	383,165,282	424,043,581	421,221,036	391,760,333

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

The financial statements were authorised for issue by the directors on

Segun Oloketuyi
Managing Director
FRC/2013/ICAN/00000002099



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



Statement of Cash Flow
For the year ended 30 June 2017

In thousands of Nigerian Naira

	<i>Notes</i>	Group June 2017	Bank June 2017	Group December 2016	Bank December 2016	Bank June 2016
Cash flows from operating activities						
Profit/Loss for the year		1,218,523	1,218,118	2,560,580	2,591,800	1,103,101
Adjustments for:						
Taxation expense	28	214,962	214,962	684,565	684,565	194,665
Depreciation and amortization		1,149,372	1,149,372	2,308,498	2,308,498	1,133,202
Adjustment for transfer out of PPE now expensed		-	-	5,459	5,459	
Adjustment amortisation write back						
Gain on disposal of investment properties						
Loss/Gain on disposal of property and equipment	10	(2,595)	(2,595)	(4,029)	(4,029)	(1,514)
Benefit in Kind		-	-	20,317	20,317	
Specific provision on cash	15,a	-	-	(9,407)	(9,407)	
Net interest income		(8,480,402)	(8,479,997)	(18,650,178)	(18,680,393)	(8,522,507)
Dividend received from equity investment		(135,216)	(135,216)	(27,448)	(27,448)	
Impairment loss on financial assets		98,252	98,252	590,782	590,782	(61,523)
		(5,937,104)	(5,937,104)	(12,520,861)	(12,519,856)	(6,154,576)
Change in pledged assets		6,600,907	6,600,907	36,217	36,217	7,032,444
Change in loans and advances to customers		21,196,426	21,196,426	(41,818,059)	(41,818,059)	13,663,726
Change in other assets		(6,567,773)	(6,567,773)	819,440	819,440	(15,319,942)
Change in deposits from banks	26	2,750,039	2,750,039	37,433,906	37,433,906	24,032,970
Changes in interest payable on bank takings		-	-	-	-	
Change in restricted deposit with CBN		20,934,872	20,934,872	5,224,387	5,224,387	
Change in finance lease obligations						
Change in deposits from customers		(31,583,675)	(31,583,675)	(1,675,232)	(1,649,621)	(31,137,925)
Change in other liabilities		(2,785,355)	(2,773,170)	9,320,681	9,252,421	21,117,417
		4,608,337	4,620,521	(3,179,521)	(3,221,166)	13,234,114
Income tax paid	28	(343,082)	(343,082)	(318,014)	(318,014)	(318,015)
Interest received		25,453,263	25,365,352	44,560,461	44,446,020	20,157,318
Vat paid		(121,600)	(121,600)	(121,600)	(121,600)	-
Interest paid		(16,972,861)	(16,885,355)	(25,037,469)	(24,892,813)	(10,108,848)
Net cash from operating activities		12,624,058	12,635,837	15,903,857	15,892,428	22,964,569
Cash flows from investing activities						
Net disposal of investment securities-HTM		8,859,981	8,862,100	(29,891,014)	(27,082,706)	4,325,086
Acquisition of investment securities-AFS		(2,342,553)	(2,342,553)	4,483,817	4,482,817	5,569,640
Change in trading assets		(12,826,695)	(12,826,695)	4,450,456	4,450,456	(17,572,160)
Adjustment to fair value loss/gain						(117)
Dividend received from equity investment		135,216	135,216	27,448	27,448	
Acquisition of property and equipment	22	(1,779,541)	(1,779,541)	(2,850,272)	(2,850,272)	(1,139,546)
Proceeds from sale of associate		-	-	-	-	
Proceeds from the sale of property and equipment		36,456	36,456	31,031	31,031	36,301
Proceeds from the sale of investment property		-	-	24,099	24,099	-
Acquisition of intangible assets		(40,205)	(40,205)	(79,168)	(79,168)	(72,393)
Net cash used in investing activities		(7,957,341)	(7,955,222)	(23,803,604)	(20,996,296)	(8,853,189)
Cash flows from financing activities						
Change in other borrowed funds		(7,418,439)	(7,417,345)	(20,196,513)	(23,007,628)	(19,984,484)
Proceeds from Issue of Shares		-	-	-	-	
Share Issue Expenses		-	-	-	-	
Interest paid on CBN financial accomodation loan	7	-	-	(872,814)	(872,814)	(1,525,963)
Net cash from financing activities		(7,418,439)	(7,417,345)	(21,069,327)	(23,880,442)	(21,510,447)
Net increase in cash and cash equivalents		(2,751,722)	(2,736,730)	(28,969,073)	(28,984,310)	(7,396,068)
Cash and cash equivalents at beginning of period		27,623,944	27,608,708	56,593,017	56,593,017	56,593,017
Cash and cash equivalents at end of period	15	24,872,223	24,871,977	27,623,944	27,608,708	49,196,949

Statement of Comprehensive Income
For the year ended 30 June 2017

	<i>Note</i>	Group	Parent	Group	Parent	Parent
<i>In thousands of Nigerian Naira</i>		30 June 2017	30 June 2017	31 December 2016	31 December 2016	30 June 2016
Interest income	#	25,453,263	25,365,352	44,560,461	44,446,020	20,157,318
Interest expense	#	(16,972,861)	(16,885,355)	(25,910,283)	(25,765,627)	(11,634,811)
Net interest income		8,480,402	8,479,997	18,650,178	18,680,393	8,522,507
Net impairment (loss)/write back on financial assets	#	(88,417)	(88,417)	(412,400)	(412,400)	61,523
Net interest income after impairment charge for credit losses		8,391,985	8,391,580	18,237,778	18,267,993	8,584,030
Net fee and commission income	#	3,890,429	3,890,429	6,190,739	6,190,739	3,091,863
Net trading income	#	527,064	527,064	2,123,108	2,123,108	695,642
Other income	#	589,255	589,255	1,486,941	1,486,941	319,150
		5,006,748	5,006,748	9,800,788	9,800,788	4,106,655
Operating income		13,398,733	13,398,328	28,038,566	28,068,781	12,690,685
Personnel expenses	#	(5,130,431)	(5,130,431)	(10,352,321)	(10,352,321)	(5,179,666)
Depreciation and amortisation	3,t	(1,148,623)	(1,148,623)	(2,308,498)	(2,308,498)	(1,133,202)
Other operating expenses	3,ε	(5,686,194)	(5,686,194)	(12,132,602)	(12,131,597)	(5,080,051)
Profit before tax		1,433,485	1,433,080	3,245,145	3,276,365	1,297,766
Income tax expense	#	(214,962)	(214,962)	(684,565)	(684,565)	(194,665)
Profit for the year		1,218,523	1,218,118	2,560,580	2,591,800	1,103,101
Other comprehensive income, net of income tax						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of defined benefit obligation		-	-	(165,850)	(165,850)	-
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Fair value (loss)/ gain on available-for-sale investments		-	-	11,894	11,894	(117)
Other comprehensive income for the year, net of income tax		-	-	(153,956)	(153,956)	(117)
Total comprehensive income for the year		1,218,523	1,218,118	2,406,624	2,437,844	1,102,984
Profit attributable to:						
Equity holders of the Bank		1,218,523	1,218,118	2,560,580	2,591,800	1,103,101
Total comprehensive income for the year		1,218,523	1,218,118	2,406,624	2,437,844	1,102,984
Profit per share-basic	#	6.3	6.3	6.6	6.7	6.0
Profit per share-diluted	#	6.3	6.3	6.6	6.7	6.0

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

Statement of Changes in Equity

For the period ended 30 June 2017

Company

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
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								
Remeasurement of defined benefit obligation	-	-	-	-	-	-	(165,850)	(165,850)
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	11,894	-	11,894
Total other comprehensive income	-	-	-	-	-	11,894	(165,850)	(153,956)
Total comprehensive income for the period	19,287,233	48,870,107	3,644,042	9,558,428	526,908	206,692	(33,591,456)	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
2017								
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
Total comprehensive income:								
Profit or loss	-	-	-	-	-	-	1,218,118	1,218,118
Other comprehensive income								
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(37,909,428)	49,720,072
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve	-	-	(1,185,000)	-	-	-	1,185,000	-
Transfer to Statutory reserve	-	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	(1,185,000)	-	-	-	1,185,000	-
Balance at 30 June 2017	19,287,233.00	48,870,107.00	7,217,592.28	10,335,968	526,908.00	206,692.00	(36,724,428.19)	49,720,071.99

Statement of Changes in Equity

For the year ended 30 June 2017

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	9,637,785	526,908	206,692	(38,460,583)	48,470,734
Total comprehensive income:								
Profit or loss	-	-	-	-	-	-	1,218,523	1,218,523
Other comprehensive income								
Remeasurement of defined benefit obligation							-	-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve			(296,736)				296,736	-
Transfer to Statutory reserve				-			-	
Total contribution and distributions to owners	-	-	(296,736)	-	-	-	296,736	-
Balance at 30 June 2017	19,287,233.00	48,870,107.00	8,105,856.28	9,637,784.90	526,908.00	206,692.00	(36,945,323.56)	49,689,257.62

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2017

#REF!	Group 30 June 2017	Bank 30 June 2017	Group 31 December 2016	Bank 31 December 2016	Bank 30 June 2016
In thousands of Nigerian Naira					
Impairment losses on loans and advances					
-specific impairment	-	-	1,082,399	1,082,399	
-collective impairment	98,252	98,252	13,684	13,684	94,396
- Recoveries on loans	(9,835)	(9,835)	(178,382)	(178,382)	(155,919)
-Write offs	-	-	(689,985)	(689,985)	
Impairment loss on other assets (Note 25)	0	0	184,684	184,684	
#REF!	88,417	88,417	412,400	412,400	(61,523)
Personnel expenses					
Wages and salaries	3,620,684	3,620,684	7,528,860	7,528,860	3,756,031
Contributions to defined contribution plans	555,089	555,089	571,937	571,937	573,012
Gratuity Expenses	-	-	451,433	451,433	-
Other staff costs	954,658	954,658	1,800,091	1,800,091	850,623
	5,130,431	5,130,431	10,352,321	10,352,321	5,179,666
13a					
Other operating expenses					
Advertising and market mg	311,680	311,680	428,490	428,490	639,209
AMCON Levy	586,370	586,370	1,984,739	1,984,739	903,756
Auditors remuneration	7,432	7,432	120,000	120,000	30,000
Business Expenses	126,901	126,901	158,945	158,945	76,267
Cash movement expenses	214,637	214,637	443,631	443,631	249,914
Diesel Expenses	324,881	324,881	507,569	507,569	-
Directors Expenses	-	-	15,923	15,923	-
Directors fees	50,486	50,486	65,900	65,900	-
Donations	12,083	12,083	33,530	33,530	-
Electricity	89,767	89,767	159,430	159,430	293,615
General administrative expenses	330,385	330,385	516,719	516,719	242,023
Insurance	121,083	121,083	287,433	287,433	130,892
Loss on disposal of property and equipment	-	-	-	-	-
NDIC Premium	580,974	580,974	1,150,009	1,150,009	381,138
Other Accruals	-	-	-	-	-
Other premises and equipment costs	212,254	212,254	457,939	457,939	207,661
PAYE/Withholding expenses	-	-	73,143	73,143	-
Printing and stationery	230,081	230,081	304,289	304,289	130,532
Professional fees	349,180	349,180	873,050	873,050	412,469
Repairs and maintenance	798,111	798,111	1,685,078	1,685,078	737,660
Security expenses	310,996	310,996	595,024	595,024	271,013
Service charge	292,072	292,072	628,545	628,545	113,683
SMS Expenses & Others	-	-	29,896	29,896	13,853
Statutory expenses	-	-	68,017	67,012	24,670
Technology and alternative channels	554,200	554,200	1,068,557	1,068,557	-
Transport & Communications	182,621	182,621	299,892	299,892	159,138
VAT	-	-	97,833	97,833	62,557
Wema Anniversary Expense	-	-	1,523	1,523	-
Wema Homes & Wema Asset cessation taxes	-	-	77,498	77,498	-
	5,686,194	5,686,194	12,132,602	12,131,597	5,080,051

NOTES TO THE FINANCIAL STATEMENTS

13b	In thousand of Nigeria Naira	30 June 2017	30 June 2017	31 December 2016	31 December 2016	30 June 2016
	Depreciation and amortisation					
	Property, plant and equipment	1,144,616	1,144,616	1,986,702	1,986,702	965,974
	Investment property	4,007	4,007	8,554	8,554	4,276
	Intangible assets	-	-	313,242	313,242	162,952
14		1,148,623	1,148,623	2,308,498	2,308,498	1,133,202
	Earnings per share					

Basic and diluted earnings per share

Basic earnings or loss per share is calculated by dividing the profit or loss for the year attributable to shareholders by the weighted

The calculation of basic earnings per share as at 31 December 2016 was based on the profit attributable to ordinary shareholders of

	30 June 2017	30 June 2017	31 December 2016	31 December 2016	30 June 2016
<i>In thousands</i>					
Weighted average number of ordinary shares - basic					
Weighted average number of shares at beginning '000	38,574,466	38,574,466	38,574,466	38,574,466	38,574,466
Weighted average number of ordinary shares - diluted					
Weighted average number of shares'000	38,574,466	38,574,466	38,574,466	38,574,466	38,574,466
	38,574,466	38,574,466	38,574,466	38,574,466	38,574,466

Profit attributable to ordinary shareholders -basic & diluted

	30 June 2017	30 June 2017	31 December 2016	31 December 2016	30 June 2016
<i>In thousands of Nigerian Naira</i>					
Profit for the year attributable to equity holders of the Bank N'000	1,218,523	1,218,118	2,560,580	2,591,800	1,103,101
Earnings per share -basic	6.32	6.32	6.64	6.72	5.72
Earnings per share - diluted	6.32	6.32	6.64	6.72	5.72

NOTES TO THE FINANCIAL STATEMENTS

For the the period ended 30 June 2017

15 Cash and cash equivalents	Group	Bank	Group	Bank	Bank
	30 June	30 June	31 December	31 December	30 June
	2017	2017	2016	2016	2016
<i>In thousands of Nigerian Naira</i>					
Cash and balances with banks	19,523,852	19,523,606	12,950,646	12,935,409	18,347,992
Unrestricted balances with central bank	4,179,472	4,179,472	9,407,329	9,407,329	21,394,801
Money market placements	1,168,899	1,168,899	5,265,970	5,265,970	9,454,155
	24,872,223	24,871,977	27,623,945	27,608,708	49,196,948
Specific provision	-	-	-	-	-
	24,872,223	24,871,977	27,623,945	27,608,708	49,196,948

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 harmonised to 22.5% for both private and public sector funds during the year 2016.

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

16 Pledged assets - Held to maturity	Group	Group	Group	Bank	Bank
	30 June	30 June	31 December	31 December	30 June
	2017	2017	2016	2016	2016
<i>In thousands of Nigerian Naira</i>					
Treasury bills	-	-	6,511,903	6511903	-
Bonds	9,818,818	9,818,818	9,907,822	9907822	9,423,498
	9,818,818	9,818,818	16,419,725	16419725	9,423,498

The treasury bills are pledged for clearing activities with First Bank and as collection bank for government taxes and for 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 that such assets are committed as pledged.

The Bonds are pledged as collateral for the intervention credit granted to the Bank by the Bank of Industry for the purpose of refinancing existing loans to Small and Medium Scale Enterprises Scheme under secured borrowing with related liability of N5.18billion (N6.17billion)as disclosed in note 30.

17 Investment securities	30 June	30 June	31 December	31 December	30 June
	2017	2017	2016	2016	2016
Investment securities	68,385,173	65,575,746	62,075,906	59,268,598	48,781,704
Current	42,541,790	42,541,790	35,553,455	35,553,455	24,191,940
Non-current	25,843,383	23,033,956	26,522,451	23476107	24,589,764
(a) Available-for-sale investment securities comprise:					
Bonds (see (ii) below)					
Treasury bills	5,347,561	5,347,561	3,005,125	3,005,125	1,912,342
Equity (see note (v) below)	153,200	154,200	153,083	154,083	148,148
Less: specific allowance for impairment (see (i) I	-	-	-	-	-
	5,500,761	5,501,761	3,158,208	3,159,208	2,060,490
(b) Held for trading investment securities comprise:					
Treasury bills	13,064,731	13,064,731	238,036	238036	360,405

(c) Held to maturity investment securities comprise	-	-	-	-	-
Treasury bills	24,129,498	24,129,498	32,310,294	32310294	21,919,193
FGN Bonds	21,634,584	18,824,157	21,626,779	18818471	19,389,486
Other bonds	4,055,599	4,055,599	4,742,589	4742589	5,052,129
	49,819,681	47,009,254	58,679,662	55,871,354	46,360,808

Specific allowance for impairment

In thousands of Nigeria Naira

At 1 January

Charge for the year

Write off

Allowance no longer required

18 Loans and advances to customers at amortised cost

In thousands of Nigerian Naira

Overdrafts	15,359,623	15,359,623	15,359,623	15,359,623	15,368,114
Term Loans	188,093,407	188,093,407	209,091,346	209,091,346	153,890,571
Advances under finance lease	5,390,012	5,390,012	5,390,012	5,390,012	5,857,120
Gross loans and receivables	208,843,042	208,843,042	229,840,981	229,840,981	175,115,805

Less Allowances for Impairment

Specific Allowances for impairment	(2,136,061)	(2,136,061)	(2,136,250)	(2,136,250)	(1,448,958)
Collective allowances for impairment	(993,106)	(993,106)	(696,181)	(696,181)	(1,672,459)
	(3,129,167)	(3,129,167)	(2,832,431)	(2,832,431)	(3,121,417)
Net loans and advances to customers	205,713,875	205,713,875	227,008,550	227,008,550	171,994,387

Overdrafts

Gross Overdrafts	15,359,623	15,359,623	15,359,623	15,359,623	15,368,114
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Less Allowances for Impairment

Specific Allowances for impairment	-	-	-	-	-
Collective allowances for impairment	-	-	-	-	-
	-	-	-	-	-
Net Overdrafts	15,359,623	15,359,623	15,359,623	15,359,623	15,368,114

Term Loans

Gross Term Loans	188,093,407	188,093,407	209,091,346	209,091,346	153,890,571
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Less Allowances for Impairment

Specific Allowances for impairment	-	-	-	-	-
Collective allowances for impairment	-	-	-	-	-
	-	-	-	-	-
Net Term Loans	188,093,407	188,093,407	209,091,346	209,091,346	153,890,571

Advances under finance lease

Gross Advance	5,390,012	5,390,012	5,390,012	5,390,012	5,857,120
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Less Allowances for Impairment

Specific Allowances for impairment	-	-	-	-	-
Collective allowances for impairment	-	-	-	-	-
	-	-	-	-	-
Net advances	5,390,012	5,390,012	5,390,012	5,390,012	5,857,120

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NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June, 2017

22 Property and equipment

In thousands of Nigerian Naira	Land	Buildings	Furniture & Equipment	Motor vehicles	Computer Equipment	Work in Progress
Cost						
Balance at 1 January 2017	1,096,084	14,357,887	5,448,062	1,904,304	5,677,338	587,156
Additions	-	77,013	241,363	83,112	316,604	1,061,449
Reclassifications	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Disposals	-	-	(2,049)	(119,333)	(1,429)	-
Balance at 30 June, 2017	1,096,084	14,434,900	5,687,376	1,868,083	5,992,513	1,648,605
Accumulated depreciation and impairment						
Reclassifications	-	317,603.00	-	(1,149.00)	(580,221.00)	-
Balance at 1 January 2017	-	3,892,888	3,678,839	1,362,132	3,522,510	-
Charge for the year	-	135,371	285,796	122,019	471,567	-
Disposals	-	-	(1,922)	(85,968)	(1,060)	-
Transfer	-	-	-	-	-	-
Balance at 30 June, 2017	-	4,028,259	3,962,713	1,398,183	3,993,017	-
Carrying amounts						
Balance at 1 January 2017	1,096,084	10,464,999	1,769,223	542,174	2,154,828	587,156
Balance at 30 June, 2017	1,096,084	10,406,641	1,724,663	469,900	1,999,496	1,648,605

(a) The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2015: nil)

(b) There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (31 December 2015: nil)

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June, 2017

23 Intangible assets

	Group	Bank	31 December 2016	31 December 2016
	30 June 2017	30 June 2017		
<i>In thousands of Nigerian Naira</i>				
Cost				
At 1 January	2,920,541	2,920,541	2,695,392	2,695,392
Additions	40,205	40,205	225,149	225,149
Transfer to computer equipment				
Written off				
At 31 December	2,960,746	2,960,746	2,920,541	2,920,541
Amortization and impairment losses				
At 1 January	2,520,524	2,520,524	2,207,282	2,207,282
Amortization for the year	130,612	130,612	313,242	313,242
Transfer to computer equipment				
Write back of excess amortization to income				
Written off				
	2,651,136	2,651,136	2,520,524	2,520,524
Carrying amounts	309,610	309,610	400,017	400,017

- (a) The intangible assets have got finite lives and are amortised over the shorter of 3 years or the contractual licensing period. No impairment losses were recognised against intangible assets.
- (b) The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2015: nil)
There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2015: nil)

24 Deferred tax assets and liabilities

- (a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group	Bank	Group 31 December 2016	Bank 31 December 2016
	30 June 2017	30 June 2017		
<i>In thousands of Nigerian Naira</i>				
At 1 January	22,169,702	22,169,702	22,569,702	22,569,702
Allowances for loan losses	-	-	(400,000)	(400,000)
Others	-	-	-	-
At 31 December	22,169,702	22,169,702	22,169,702	22,169,702
	Balance at 31 December 2016	Balance at 31 December 2016	Balance at 31 December 2016	Balance at 31 December 2016

- (b) Movements in temporary differences during the year

30 June 2017

<i>In thousands of Nigerian Naira</i>				
Unused tax losses (i)	22,169,702	22,169,702	22,569,702	22,569,702
Available-for-sale securities	-	-	(400,000)	(400,000)
Allowances for loan losses	-	-	-	-
Others	-	-	-	-
	22,169,702	22,169,702	22,169,702	22,169,702

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December, 2016

- (i) The Bank had total unused tax losses of N8 billion as of 31 December 2016 (31 December 2015: N6.8 billion). Deferred tax on the full amount was not recognised in the financial statements. The amount recognised was limited to management's best estimate of the amount that is expected to be recovered through future profitability. The Bank expects that there will be sufficient taxable profits in future to fully utilise the recognised tax asset.

25 Other assets	Group	Bank	Group	Bank	
	30 June	30 June	31 December	31 December	30 June
	2017	2017	2016	2016	2016
<i>In thousands of Nigerian Naira</i>					
Accounts receivables	3,246,643	3,246,643	3,248,708	3,248,708	6,538,579
Receivable from TSA	-	-	-	-	-
Prepayments	6,774,973	6,774,973	1,725,500	1,725,500	-
Stock	312,225	312,225	347,585	347,585	-
Collateralised Placement	52,917	52,917	52,917	52,917	-
Clearing Balance	477,565	477,565	434,461	434,461	-
Fraud & Burglary	491,856	491,856	448,496	448,496	-
Others	2,161,134	2,161,134	644,770	644,770	3,754,547
	<u>13,517,313</u>	<u>13,517,313</u>	<u>6,902,437</u>	<u>6,902,437</u>	<u>10,293,126</u>
Specific impairment on other assets	(3,741,749)	(3,741,749)	(3,694,646)	(3,694,646)	(3,579,295)
	<u>9,775,564</u>	<u>9,775,564</u>	<u>3,207,791</u>	<u>3,207,791</u>	<u>6,713,832</u>
At 1 January	3,694,646	3,694,646	3,637,495	3,637,495	-
Allowance made during the year	-	-	184,684	184,684	-
Allowance written off	(127,533)	(127,533)	(127,533)	(127,533)	-
At 31 December	<u>3,567,113</u>	<u>3,567,113</u>	<u>3,694,646</u>	<u>3,694,646</u>	<u>0</u>
26 Deposits from banks					
Money market deposits	40,183,945	40,183,945	37,433,906	37,433,906	24,032,970
Items in the course of collection	#REF!	#REF!	-	-	-
	<u>#REF!</u>	<u>#REF!</u>	<u>37,433,906</u>	<u>37,433,906</u>	<u>24,032,970</u>
27 Deposits from customers					
Retail customers:					
Term deposits	38,562,178	38,562,178	33,234,310	33,234,310	35,271,442
Current deposits	22,051,021	22,051,021	22,357,225	22,357,225	17,474,346
Savings	47,161,144	47,161,144	45,399,150	45,399,150	39,676,625
Corporate customers:					
Term deposits	79,115,719	79,115,719	108,808,264	108,808,264	98,243,767
Current deposits	55,864,853	55,890,464	65,494,472	65,520,083	61,347,360
Others	8,964,014	8,964,014	8,009,183	8,009,183	1,826,371
	<u>251,718,929</u>	<u>251,744,540</u>	<u>283,302,604</u>	<u>283,328,215</u>	<u>253,839,911</u>
27b The maturity profile of customers' deposit is as follows					
Under 3 month	170,690,866	170,690,866	170,690,866	170,690,866	-
3 - 6 months	16,399,786	16,399,786	16,399,786	16,399,786	-
6 - 12 months	11,000,288	11,000,288	11,000,288	11,000,288	-
Over 12 months	53,627,989	53,653,600	85,211,664	85,237,275	-
	<u>251,718,929</u>	<u>251,744,540</u>	<u>283,302,604</u>	<u>283,328,215</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June, 2017

28 Taxation payable	30 June	31 December	30 June
<i>In thousands of Nigerian Naira</i>	2017	2016	2016
Current Income Tax	214,962	311,091	
Education Tax	-	5,502	
NITDA Levy	-	32,651	
Capital Gains Tax	-	-	
(Over) / Underprovision	-	(64,679)	
Deferred Tax	-	400,000	
Per profit or loss	214,962	684,565	
At 1 January	349,245	382,694	382,694
Payment during the year	(343,082)	(318,014)	(123,350)
Deferred Tax	-	(400,000)	
At 31 December	221,125	349,245	259,344

The charge for taxation is based on the provision of the Company Income Tax Act Cap C21 LFN 2004. Education Tax is based on 2% of the assessable profit for the year in accordance with the Education Tax Act CAP E4 LFN 2004. NITDA levy is based on 1% of profit before tax in accordance with NITDA levy Act 2007.

29 Other liabilities	30 June	30 June	31 December	31 December	30 June
<i>In thousands of Nigerian Naira</i>	2017	2017	2016	2016	2016
Creditors and accruals	1,868,111	1,868,111	827,048	827,048	2,632,292
Other current liabilities	285,028	285,028	427,068	427,068	4,982,193
Pension Contribution (see note (i) below)	-	-	330	330	
Defined benefit Plan (See note (ii) below)	1,243,384	1,243,384	19,909	19,909	600,000
Accounts payable	822,230	822,230	1,276,520	1,208,260	2,576,590
Certified cheques	1,017,157	1,017,157	1,498,923	1,498,923	1,681,484
Foreign currency transfers payable	5,968,815	5,968,815	8,242,032	8,242,032	21,654,448
Discounting Line	7,745,035	7,745,035	7,526,234	7,526,234	
FBN Settlement	-	-	643,660	643,660	
Other Settlements	2,960	2,960	1,534,203	1,534,203	
Remittances	477,937	477,937	396,828	396,828	
	19,430,657	19,430,657	22,392,755	22,324,495	34,127,007
(i) Pension Contribution					
At 1 January	330	330	766	766	
Contribution in the year	822,269	822,269	822,269	822,269	
Remittance to PFA	(822,705)	(822,705)	(822,705)	(822,705)	
At 31 December	-106	-106	330.03765	330.03765	

30 Other borrowed funds	Group	Bank	Group	Bank	30 June
<i>In thousands of Nigerian Naira</i>	30 June	30 June	31 December	31 December	2016
	2017	2017	2016	2016	2016
Due to CBN (see (i) below)	-	-	6,422,814	6,422,814	12,500,000
Wema SPV Bond	-	3,327,519	-	3,497,359	-
Debt Securities	-	-	-	-	-
National Housing Fund	106,865	106,865	113,783	113,783	115,494
CBN MSMEDF	120,592	120,592	139,997	139,997	157,125
Due to BOI (see (ii) below)	4,610,080	4,610,080	5,177,727	5,177,727	5,520,684
CBN Agric loan (see iii below)	994,492	994,492	1,048,034	1,048,034	1,191,835
Osun State Bail Out(see iv below)	9,646,396	9,646,396	9,735,070	9,735,070	10,000,000
Shelter Afrique	3,059,000	3,059,000	3,147,505	3,147,505	2,829,700
Other Borrowings	6,308,474	-	6,308,474	-	-
	24,845,899	21,864,944	32,093,404	29,282,289	32,314,838

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June, 2017

- (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 2010;(5%). 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 final payment was made in January 2017.
- (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 facility is secured by Nigerian Government Securities worth N 8,934,491,000 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) 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.

- Amounts 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 credits 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.

31	30 June	30 June	31 December	31 December	30 June
(a) Share capital	2017	2017	2016	2016	2016
The share capital comprises:					
<i>In thousands of Nigerian Naira</i>					
(i) Authorised -					
40,000,000,000 Ordinary	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
shares of 50k each					
(ii) <i>In thousands of Nigerian Naira</i>					
Issued and fully paid -					
12,821,249,880 ordinary	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
shares of 50k each					
(b) Share premium					
Share premium is the excess paid by shareholders over the nominal value for their shares.					