



Wema Bank

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Q3 2017

**Wema Bank Unaudited IFRS Results For
the Period Ended 30 September 2017**



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Contents

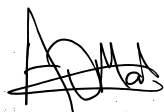
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Statement of Financial Position
As at 30 September 2017

In thousands of Nigerian Naira

	Notes	Group 30 September 2017	Bank 30 September 2017	Group 31 December 2016	Bank 31 December 2016	Bank 30 September 2016
ASSETS						
Cash and cash equivalents	15,a	21,600,700	21,600,700	27,623,945	27,608,708	32,227,252
Restricted Deposit with CBN	15,b	30,410,662	30,410,662	48,161,682	48,161,682	60,493,756
Pledged assets	16	44,943,210	44,943,210	16,419,725	16,419,725	16,627,427
Investment securities:						
Available for sale	17,a	5,842,210	5,843,210	3,158,208	3,159,208	2,642,289
Held for trading	17,b	4,333,365	4,333,365	238,036	238,036	9,658,276
Held to maturity	17,c	28,982,936	26,074,490	58,679,662	55,871,354	41,257,309
Loans and advances to customers	18	210,866,043	210,866,043	227,008,550	227,008,550	177,013,510
Investment property	21	247,086	247,086	361,798	361,798	387,110
Property and equipment	22	17,152,070	17,152,070	16,614,465	16,614,465	16,252,062
Intangible assets	23	850,436	850,436	400,017	400,017	373,832
Other assets	25	7,061,183	7,061,183	3,207,791	3,207,791	4,973,439
Deferred tax assets	24	22,169,702	22,169,702	22,169,702	22,169,702	22,569,702
TOTAL ASSETS		394,459,603	391,552,157	424,043,581	421,221,036	384,475,965
LIABILITIES						
Deposits from banks	26	43,779,052	43,779,052	37,433,906	37,433,906	46,232,201
Deposits from customers	27	250,923,376	250,949,540	283,302,604	283,328,215	227,016,420
Current tax liabilities	28	276,156	276,156	349,245	349,245	288,779
Other liabilities	29	25,410,071	25,354,241	22,392,756	22,324,495	37,583,274
Other borrowed funds	30	24,070,813	21,161,254	32,093,404	29,282,289	26,012,450
Obligations under finance lease	31	-	-	932	932	8,949
TOTAL LIABILITIES		344,459,469	341,520,243	375,572,847	372,719,082	337,142,073
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	48,870,107	48,870,107	48,870,107
Regulatory risk reserve		7,217,592	7,217,592	8,402,592	8,402,592	3,644,042
Retained earnings	32	(36,444,365)	(36,412,585)	(39,158,766)	(39,127,546)	(34,049,324)
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		50,000,135	50,031,914	48,470,734	48,501,954	47,333,892
TOTAL EQUITY		50,000,135	50,031,914	48,470,734	48,501,954	47,333,892
TOTAL LIABILITIES AND EQUITY		394,459,603	391,552,157	424,043,581	421,221,036	384,475,965



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



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



Mr. Babatunde Kasali
Chairman, Board of Directors
FRC/2017/ICAN/00000016973

Statement of Cash Flow

For the year ended 30 September 2017

<i>In thousands of Nigerian Naira</i>	Notes	Group 30 September 2017	Bank 30 September 2017	Group 31 December 2016	Bank 31 December 2016	Bank 30 September 2016
Cash flows from operating activities						
Profit/Loss for the year		1,529,400	1,529,961	2,560,580	2,591,800	1,103,101
Adjustments for:						
Taxation expense	28	269,993	269,993	684,565	684,565	194,665
Depreciation and amortization		1,780,231	1,780,231	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	(58,666)	(58,666)	(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		(12,231,204)	(12,231,765)	(18,650,178)	(18,680,393)	(8,522,507)
Dividend received from equity investment		(162,876)	(162,876)	(27,448)	(27,448)	
Impairment loss on financial assets		267,995	267,995	590,782	590,782	(61,523)
		(8,605,127)	(8,605,127)	(12,520,861)	(12,519,856)	(6,154,576)
Change in pledged assets		(28,523,485)	(28,523,485)	36,217	36,217	7,032,444
Change in loans and advances to customers		15,874,512	15,874,512	(41,818,059)	(41,818,059)	13,663,726
Change in other assets		(3,853,391)	(3,853,391)	819,440	819,440	(15,319,942)
Change in deposits from banks	26	6,345,146	6,345,146	37,433,906	37,433,906	24,032,970
Changes in interest payable on bank takings		-	-	-	-	
Change in restricted deposit with CBN		17,751,020	17,751,020	5,224,387	5,224,387	
Change in finance lease obligations						
Change in deposits from customers		(32,379,228)	(32,378,674)	(1,675,232)	(1,649,621)	(31,137,925)
Change in other liabilities		3,137,983	3,150,414	9,320,681	9,252,421	21,117,417
		(30,252,571)	(30,239,586)	(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		37,473,740	37,287,257	44,560,461	44,446,020	20,157,318
Vat paid		(121,600)	(121,600)	(121,600)	(121,600)	-
Interest paid		(25,242,536)	(25,055,492)	(25,037,469)	(24,892,813)	(10,108,848)
Net cash from operating activities		(18,486,048)	(18,472,502)	15,903,857	15,892,428	22,964,569
Cash flows from investing activities						
Net disposal of investment securities-HTM		29,696,728	29,796,864	(29,891,014)	(27,082,706)	4,325,086
Acquisition of investment securities-AFS		(2,684,002)	(2,684,002)	4,483,817	4,482,817	5,569,640
Change in trading assets		(4,095,329)	(4,095,329)	4,450,456	4,450,456	(17,572,160)
Adjustment to fair value loss/gain						(117)
Dividend received from equity investment		162,876	162,876	27,448	27,448	
Acquisition of property and equipment	22	(2,151,814)	(2,151,814)	(2,850,272)	(2,850,272)	(1,139,546)
Proceeds from sale of associate			-		-	
Proceeds from the sale of property and equipment		132,385	132,385	31,031	31,031	36,301
Proceeds from the sale of investment property		108,871	108,871	24,099	24,099	-
Acquisition of intangible assets		(684,321)	(684,321)	(79,168)	(79,168)	(72,393)
Net cash used in investing activities		20,485,394	20,585,529	(23,803,604)	(20,996,296)	(8,853,189)
Cash flows from financing activities						
Change in other borrowed funds		(8,022,591)	(8,121,035)	(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		(8,022,591)	(8,121,035)	(21,069,327)	(23,880,442)	(21,510,447)
Net increase in cash and cash equivalents		(6,023,245)	(6,008,008)	(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	21,600,700	21,600,700	27,623,944	27,608,708	49,196,949

The notes on pages 5 to 57 are an integral part of these financial statements

Statement of Comprehensive Income
For the year ended 30 September 2017

	Notes	Group 30 September 2017	Bank 30 September 2017	Group 31 December 2016	Bank 31 December 2016	Bank 30 September 2016
<i>In thousands of Nigerian Naira</i>						
Interest income	7	37,473,740	37,287,257	44,560,461	44,446,020	31,927,487
Interest expense	7	(25,242,536)	(25,055,492)	(25,910,283)	(25,765,627)	(19,136,589)
Net interest income		12,231,204	12,231,765	18,650,178	18,680,393	12,790,898
Net impairment (loss)/write back on financial assets	11	(255,613)	(255,613)	(412,400)	(412,400)	(79,720)
Net interest income after impairment charge for credit losses		11,975,591	11,976,152	18,237,778	18,267,993	12,711,178
Net fee and commission income	8	5,551,298	5,551,298	6,190,739	6,190,739	4,407,532
Net trading income	9	1,602,870	1,602,870	2,123,108	2,123,108	943,287
Other income	10	937,955	937,955	1,486,941	1,486,941	614,025
		8,092,123	8,092,123	9,800,788	9,800,788	5,964,844
Operating income		20,067,714	20,068,275	28,038,566	28,068,781	18,676,022
Personnel expenses	12	(7,844,309)	(7,844,309)	(10,352,321)	(10,352,321)	(7,598,729)
Depreciation and amortisation	13,b	(1,779,301)	(1,779,301)	(2,308,498)	(2,308,498)	(1,713,582)
Other operating expenses	13,a	(8,644,711)	(8,644,711)	(12,132,602)	(12,131,597)	(7,869,711)
Profit before tax		1,799,393	1,799,954	3,245,145	3,276,365	1,494,000
Income tax expense	28	(269,993)	(269,993)	(684,565)	(684,565)	(224,100)
Profit for the year		1,529,400	1,529,961	2,560,580	2,591,800	1,269,900
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		1,529,400	1,529,961	2,406,624	2,437,844	1,269,783
Profit attributable to:						
Equity holders of the Bank		1,529,400	1,529,961	2,560,580	2,591,800	1,269,900
Total comprehensive income for the year		1,529,400	1,529,961	2,406,624	2,437,844	1,269,783
Profit per share-basic	14	5.3	5.3	6.6	6.7	4
Profit per share-diluted	14	5.3	5.3	6.6	6.7	4

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

Statement of Changes in Equity
For the period ended 30 September 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	-	-	-	-	-	-	1,529,961	1,529,961
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	(37,597,585)	50,031,915
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 September 2017	19,287,233	48,870,107	7,217,592	10,335,968	526,908	206,692	(36,412,585)	50,031,915

Statement of Changes in Equity

For the period ended 30 September 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	-	-	-	-	-	-	1,529,400	1,529,400
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			(131,098)				131,098	-
Transfer to Statutory reserve				-			-	
Total contribution and distributions to owners	-	-	(131,098)	-	-	-	131,098	-
Balance at 30 September 2017	19,287,233	48,870,107	8,271,494	9,637,785	526,908	206,692	(36,800,085)	50,000,134

AS TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2017

	Group 30 September 2017	Bank 30 September 2017	Group 31 December 2016	Bank 31 December 2016	Bank 30 September 2016
In thousands of Nigeria Naira					
Interest income					
Cash and cash equivalents	140,521	140,521	609,528	609,528	488,003
Loans and advances to banks and customers	31,792,799	31,792,799	38,693,553	38,693,553	28,155,452
Investments securities	5,540,420	5,353,937	5,257,380	5,142,939	3,284,032
Total interest income	37,473,740	37,287,257	44,560,461	44,446,020	31,927,487
Interest expense					
Deposits from banks	5,455,685	5,455,685	3,471,622	3,471,622	5,686,679
Deposits from customers	19,599,807	19,599,807	21,388,702	21,388,702	12,839,596
Other borrowed funds	187,044	-	1,049,959	905,303	610,314
Total interest expense	25,242,536	25,055,492	25,910,283	25,765,627	19,136,589
Fees and commission income					
<i>In thousands of Nigerian Naira</i>					
Retail banking customer fees & commissions	2,585,871	2,585,871	2,730,300	2,730,300	2,017,318
Corporate banking customer fees & commissions	878,549	878,549	1,721,001	1,721,001	1,111,160
Other fees and charges	2,086,878	2,086,878	1,739,438	1,739,438	1,279,054
Total fee and commission income	5,551,298	5,551,298	6,190,739	6,190,739	4,407,532
Net trading income					
<i>In thousands of Nigerian Naira</i>					
Fixed income securities	-	-	-	-	140,454
Treasury bills	1,224,338	1,224,338	451,588	451,588	136,015
Foreign exchange trading	378,532	378,532	1,671,520	1,671,520	666,818
	1,602,870	1,602,870	2,123,108	2,123,108	943,287
Other income					
<i>In thousands of Nigerian Naira</i>					
Dividends on available-for-sale equity securities	162,876	162,876	27,448	27,448	27,448
Gains on disposal of property and equipment	58,666	58,666	4,029	4,029	2,727
Rental income	21,021	21,021	45,474	45,474	40,378
Fair value loss writeback	-	-	-	-	-
Insurance claim received	-	-	56,770	56,770	98,898
Income on contingents	60,954	60,954	368,107	368,107	200,559
Income on deposit accounts	48,328	48,328	202,675	202,675	164,016
Funds Transfer	7,260	7,260	28,816	28,816	-
Swift transactions	6,941	6,941	24,855	24,855	20,378
FX Revaluation	-	-	611,243	611,243	-
Others	571,910	571,910	117,524	117,524	59,621
	937,955	937,955	1,486,941	1,486,941	614,025

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2017

11	Group	Bank	Group	Bank	Bank
	30 September	30 September	31 December	31 December	30 September
	2017	2017	2016	2016	2016
In thousands of Nigerian Naira					
Impairment losses on loans and advances					
-specific impairment	-	-	1,082,399	1,082,399	
-collective impairment	267,995	267,995	13,684	13,684	250,482
- Recoveries on loans	(12,382)	(12,382)	(178,382)	(178,382)	(170,762)
-Write offs	-	-	(689,985)	(689,985)	
Impairment loss on other assets (Note 25)	0	0	184,684	184,684	
12	255,613	255,613	412,400	412,400	79,720
Personnel expenses					
Wages and salaries	5,885,151	5,885,151	7,528,860	7,528,860	5,444,922
Contributions to defined contribution plans	897,879	897,879	571,937	571,937	865,747
Gratuity Expenses	-	-	451,433	451,433	-
Other staff costs	1,061,279	1,061,279	1,800,091	1,800,091	1,288,060
	7,844,309	7,844,309	10,352,321	10,352,321	7,598,729
13a					
Other operating expenses					
Advertising and market mg	691,173	691,173	428,490	428,490	1,008,637
AMCON Levy	795,926	795,926	1,984,739	1,984,739	1,264,084
Auditors remuneration	66,400	66,400	120,000	120,000	50,000
Business Expenses	190,460	190,460	158,945	158,945	109,948
Cash movement expenses	292,803	292,803	443,631	443,631	364,967
Diesel Expenses	417,449	417,449	507,569	507,569	
Directors Expenses	22,400	22,400	15,923	15,923	
Directors fees	33,238	33,238	65,900	65,900	
Donations	42,755	42,755	33,530	33,530	
Electricity	146,627	146,627	159,430	159,430	467,376
General administrative expenses	724,533	724,533	516,719	516,719	
Insurance	194,465	194,465	287,433	287,433	180,348
Loss on disposal of property and equipment	-	-	-	-	
NDIC Premium	696,350	696,350	1,150,009	1,150,009	381,138
Other Accruals	-	-	-	-	
Other premises and equipment costs	331,846	331,846	457,939	457,939	
PAYE/Withholding expenses	-	-	73,143	73,143	146,817
Printing and stationery	324,751	324,751	304,289	304,289	198,691
Professional fees	195,129	195,129	873,050	873,050	689,396
Repairs and maintenance	1,312,061	1,312,061	1,685,078	1,685,078	1,121,700
Security expenses	349,029	349,029	595,024	595,024	431,116
Service charge	601,004	601,004	628,545	628,545	212,852
SMS Expenses & Others	-	-	29,896	29,896	27,647
Statutory expenses	-	-	68,017	67,012	49,874
Technology and alternative channels	928,685	928,685	1,068,557	1,068,557	605,572
Transport & Communications	287,627	287,627	299,892	299,892	237,869
VAT	-	-	97,833	97,833	
Wema Anniversary Expense	-	-	1,523	1,523	-
Wema Homes & Wema Asset cessation taxes	-	-	77,498	77,498	-
	8,644,711	8,644,711	12,132,602	12,131,597	7,548,032

NOTES TO THE FINANCIAL STATEMENTS

13b	In thousand of Nigeria Naira	30 September 2017	30 September 2017	31 December 2016	31 December 2016	30 September 2016
	Depreciation and amortisation					
	Property, plant and equipment	1,539,557	1,539,557	1,986,702	1,986,702	1,470,148
	Investment property	5,841	5,841	8,554	8,554	6,437
	Intangible assets	233,903	233,903	313,242	313,242	236,997
14	Earnings per share	1,779,301	1,779,301	2,308,498	2,308,498	1,713,582

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 average number of ordinary shares in issue during the year.

The calculation of basic earnings per share as at 30 September 2017 was based on the profit attributable to ordinary shareholders of N1,529,961,000 and weighted average number of ordinary shares outstanding of 38,574,466,000 (2016: 38,574,466,000).

	30 September 2017	30 September 2017	31 December 2016	31 December 2016	30 September 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
	<u>38,574,466</u>	<u>38,574,466</u>	<u>38,574,466</u>	<u>38,574,466</u>	<u>38,574,466</u>

Profit attributable to ordinary shareholders -basic & diluted

	30 September 2016	30 September 2016	31 December 2016	31 December 2016	30 September 2016
<i>In thousands of Nigerian Naira</i>					
Profit for the year attributable to equity holders of the Bank N'000	1,529,400	1,529,961	2,560,580	2,591,800	1,269,900
Earnings per share -basic	5.29	5.29	6.64	6.72	4.39
Earnings per share - diluted	5.29	5.29	6.64	6.72	4.39

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2017

15 Cash and cash equivalents	Group	Bank	Group	Bank	Bank
	30 September 2017	30 September 2017	31 December 2016	31 December 2016	30 September 2016
<i>In thousands of Nigerian Naira</i>					
Cash and balances with banks	16,956,494	16,956,494	12,950,646	12,935,409	21,296,798
Unrestricted balances with central bank	4,644,206	4,644,206	9,407,329	9,407,329	6,372,354
Money market placements	-	-	5,265,970	5,265,970	4,558,100
Specific provision	21,600,700	21,600,700	27,623,945	27,608,708	32,227,252
	-	-	-	-	-
	21,600,700	21,600,700	27,623,945	27,608,708	32,227,252

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 September 2017	30 September 2017	31 December 2016	31 December 2016	30 September 2016
<i>In thousands of Nigerian Naira</i>					
Treasury bills	27,461,423	27,461,423	6,511,903	6,511,903	6,056,995
Bonds	17,481,787	17,481,787	9,907,822	9,907,822	10,570,432
	44,943,210	44,943,210	16,419,725	16,419,725	16,627,427

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

17 Investment securities	30 September 2017	30 September 2017	31 December 2016	31 December 2016	30 September 2016
	Investment securities	39,158,511	36,251,065	62,075,906	59,268,598
Current	20,519,356	20,519,356	35,553,455	35,553,455	29,751,249
Non-current	18,639,155	15,731,709	26,522,451	23,476,107	23,806,626
(a) Available-for-sale investment securities comprise:					
Bonds (see (ii) below)					-
Treasury bills	5,701,865	5,701,865	3,005,125	3,005,125	2,489,206
Equity (see note (v) below)	140,345	141,345	153,083	154,083	153,083
Less: specific allowance for impairment (see (i) below)	-	-	-	-	-
	5,842,210	5,843,210	3,158,208	3,159,208	2,642,289
(b) Held for trading investment securities comprise:					
Treasury bills	4,333,365	4,333,365	238,036	238,036	9,658,276

(c)	Held to maturity investment securities comprise:	-	-	-	-	-
	Treasury bills	10,484,126	10,484,126	32,310,294	32,310,294	17,603,766
	FGN Bonds	14,464,567	11,556,121	21,626,779	18,818,471	18,747,312
	Other bonds	4,034,243	4,034,243	4,742,589	4,742,589	4,906,231
		28,982,936	26,074,490	58,679,662	55,871,354	41,257,309

Specific allowance for impairment
In thousands of Nigerian 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	14,235,133
Term Loans	193,079,937	193,079,937	209,091,346	209,091,346	160,604,274
Advances under finance lease	5,390,012	5,390,012	5,390,012	5,390,012	5,402,355
Gross loans and receivables	213,829,572	213,829,572	229,840,981	229,840,981	180,241,761

Less Allowances for Impairment

Specific Allowances for impairment	(2,136,061)	(2,136,061)	(2,136,250)	(2,136,250)	(1,463,312)
Collective allowances for impairment	(827,468)	(827,468)	(696,181)	(696,181)	(1,764,939)
	(2,963,529)	(2,963,529)	(2,832,431)	(2,832,431)	(3,228,252)
Net loans and advances to customers	210,866,043	210,866,043	227,008,550	227,008,550	177,013,510

Overdrafts

Gross Overdrafts	15,359,623	15,359,623	15,359,623	15,359,623	14,235,133
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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	14,235,133

Term Loans

Gross Term Loans	193,079,937	193,079,937	209,091,346	209,091,346	160,604,274
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Less Allowances for Impairment

Specific Allowances for impairment	-	-	-	-	-
Collective allowances for impairment	-	-	-	-	-
	-	-	-	-	-
Net Term Loans	193,079,937	193,079,937	209,091,346	209,091,346	160,604,274

Advances under finance lease

Gross Advance	5,390,012	5,390,012	5,390,012	5,390,012	5,402,355
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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	5,402,355

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2017

20 Assets Classified as Held for Sale

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

	2017	2016	2016
Balance, beginning of year	0	0	
Disposal	0	-	
	<u>0</u>	<u>-</u>	
Balance, end of year	<u>-</u>	<u>-</u>	
21 (i) Investment properties	30 September 2017	31 December 2016	30 September 2016
Carrying amount at the beginning of year	<u>361,798</u>	<u>393,547</u>	<u>393,547</u>
Cost	404,058	442,165	442,165
Accumulated Depreciation	<u>(42,260)</u>	<u>(48,618)</u>	<u>(48,618)</u>
Additions	-	-	-
Disposals	<u>(108,871)</u>	<u>(23,195)</u>	<u>-</u>
Cost	<u>(123,425)</u>	<u>(38,107)</u>	<u>-</u>
Depreciation	14,554	14,912	0
Depreciation charge for the year	<u>(5,841)</u>	<u>(8,554)</u>	<u>(6,437)</u>
Carrying amount at the end of the year	<u>247,086</u>	<u>361,798</u>	<u>387,110</u>
Cost	<u>280,633</u>	<u>404,058</u>	<u>442,165</u>
Accumulated depreciation	<u>(33,547)</u>	<u>(42,260)</u>	<u>(55,055)</u>

(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 30 September 2017 would have been N1,080,206,000 (2016:N1,382,250,000).

(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 been made to ensure compliance. Although the directors are committed to a plan to sell the asset as directed by the Central bank of Nigeria; the active programme to locate a buyer and complete the plan has not been initiated. Hence, the sale is not expected to qualify for recognition as a completed sale within one year from the date of classification.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2017
22 Property and equipment

In thousands of Nigerian Naira	Land	Buildings	Furniture & Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
Cost							
Balance at 1 January 2017	1,096,084	14,357,887	5,448,062	1,904,304	5,677,338	587,156	29,070,831
Additions	-	327,370	382,600	94,137	451,755	895,953	2,151,814
Reclassifications	-	-	-	-	-	-	0
Transfer	-	-	-	-	-	-	0
Disposals	-	(32,099)	(7,943)	(159,183)	(2,653)	-	(201,878)
Balance at 30 September, 2017	1,096,084	14,653,158	5,822,718	1,839,258	6,126,440	1,483,109	31,020,768
Accumulated depreciation and impairment							
Balance at 31 December 2012	-	3,904,372	-	1,496,656.00	3,176,354	-	8,577,382
Balance at 1 January 2017	-	3,892,888	3,678,839	1,362,132	3,522,510	-	12,456,369
Charge for the year	-	205,564	436,360	181,272	717,292	-	1,540,488
Disposals	-	(6,773)	(6,181)	(113,297)	(1,908)	-	(128,159)
Transfer	-	-	-	-	-	-	0
Balance at 30 September, 2017	-	4,091,679	4,109,019	1,430,106	4,237,894	-	13,868,698
Carrying amounts							
Balance at 1 January 2017	1,096,084	10,464,999	1,769,223	542,174	2,154,828	587,156	16,614,462
Balance at 30 September, 2017	1,096,084	10,561,479	1,713,700	409,152	1,888,546	1,483,109	17,152,070

- (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 statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2017
23 Intangible assets

In thousands of Nigerian Naira	Group	Bank	Group	Bank	Bank
	30 September	30 September	31 December	31 December	30 September
	2017	2017	2016	2016	2016
Cost					
At 1 January	2,920,541	2,920,541	2,695,392	2,695,392	2,695,392
Additions	684,321	684,321	225,149	225,149	122,718
Transfer to computer equipment	-	-	-	-	0
Written off	-	-	-	-	-
At 31 December	3,604,862	3,604,862	2,920,541	2,920,541	2,818,110
Amortization and impairment losses					
At 1 January	2,520,524	2,520,524	2,207,282	2,207,282	2,207,282
Amortization for the year	233,902	233,902	313,242	313,242	236,997
Transfer to computer equipment	-	-	-	-	0
Write back of excess amortization to income	-	-	-	-	0
Written off	-	-	-	-	-
	2,754,426	2,754,426	2,520,524	2,520,524	2,444,279
Carrying amounts	850,436	850,436	400,017	400,017	373,832

- (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 2016: nil)
There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2016: 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 30 September	Bank 30 September	Group 31 December	Bank 31 December	Bank 30 September
	2017	2017	2016	2016	2016
<i>In thousands of Nigerian Naira</i>					
At 1 January	22,169,702	22,169,702	22,569,702	22,569,702	22,569,702
Allowances for loan losses	-	-	(400,000)	(400,000)	-
Others	-	-	-	-	-
At 31 December	<u>22,169,702</u>	<u>22,169,702</u>	<u>22,169,702</u>	<u>22,169,702</u>	<u>22,569,702</u>

25 Other assets

	Group 30 September	Bank 30 September	Group 31 December	Bank 31 December	Bank 30 September
	2017	2017	2016	2016	2016
<i>In thousands of Nigerian Naira</i>					
Accounts receivables	3,320,273	3,320,273	3,248,708	3,248,708	3,284,095
Receivable from TSA	-	-	-	-	-
Prepayments	4,566,143	4,566,143	1,725,500	1,725,500	2,367,221
Stock	445,854	445,854	347,585	347,585	-
Collateralised Placement	52,917	52,917	52,917	52,917	-
Clearing Balance	387,028	387,028	434,461	434,461	-
Fraud & Burglary	531,457	531,457	448,496	448,496	-
Others	1,387,306	1,387,306	644,770	644,770	2,901,418
	<u>10,690,978</u>	<u>10,690,978</u>	<u>6,902,437</u>	<u>6,902,437</u>	<u>8,552,734</u>
Specific impairment on other assets	(3,629,795)	(3,629,795)	(3,694,646)	(3,694,646)	(3,579,295)
	<u>7,061,183</u>	<u>7,061,183</u>	<u>3,207,791</u>	<u>3,207,791</u>	<u>4,973,439</u>
At 1 January	3,694,646	3,694,646	3,637,495	3,637,495	3,579,295
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>3,579,295</u>

26 Deposits from banks

Money market deposits	43,779,052	43,779,052	37,433,906	37,433,906	46,232,201
Items in the course of collection	-	-	-	-	-
	<u>43,779,052</u>	<u>43,779,052</u>	<u>37,433,906</u>	<u>37,433,906</u>	<u>46,232,201</u>

27 Deposits from customers

Retail customers:					
Term deposits	39,849,147	39,849,147	33,234,310	33,234,310	34,452,669
Current deposits	13,421,617	13,421,617	22,357,225	22,357,225	17,244,946
Savings	46,716,465	46,716,465	45,399,150	45,399,150	42,020,032
Corporate customers:					
Term deposits	86,672,114	86,672,114	108,808,264	108,808,264	75,994,126
Current deposits	55,538,929	55,565,093	65,494,472	65,520,083	55,446,434
Others	8,725,105	8,725,105	8,009,183	8,009,183	1,858,211
	250,923,377	250,949,541	283,302,604	283,328,215	227,016,420

27b The maturity profile of customers' deposit is as follo

Under 3 month	170,690,866	170,690,866	170,690,866	170,690,866	136,765,868
3 – 6months	16,399,786	16,399,786	16,399,786	16,399,786	13,140,310
6 – 12months	11,000,288	11,000,288	11,000,288	11,000,288	8,813,969
Over 12months	52,832,437	52,858,601	85,211,664	85,237,275	68,296,273
	250,923,377	250,949,541	283,302,604	283,328,215	227,016,420

At 30 September 2017 N52.8 billion (31 December 2016: N85 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 year ended 30 September 2017

28 Taxation payable	30 September	31 December	30 September
<i>In thousands of Nigerian Naira</i>	2017	2016	2016
Current Income Tax	269,993	311,091	382,694
Education Tax	-	5,502	
NITDA Levy	-	32,651	
Capital Gains Tax	-	-	
(Over) / Underprovision	-	(64,679)	
Deferred Tax	-	400,000	
Per profit or loss	269,993	684,565	382,694
At 1 January	349,245	382,694	224,100
Payment during the year	(343,082)	(318,014)	(318,015)
Deferred Tax	-	(400,000)	
At 31 December	276,156	349,245	288,779

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

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

29 Other liabilities

In thousands of Nigerian Naira

	30 September 2017	30 September 2017	31 December 2016	31 December 2016	30 September 2016
Creditors and accruals	3,139,506	3,139,506	827,048	827,048	11,758,506
Other current liabilities	411,340	411,340	427,068	427,068	7,491,425
Pension Contribution (see note (i) below)	-	-	330	330	-
Defined benefit Plan (See note (ii)below)	-	-	19,909	19,909	720,000
Accounts payable	853,247	853,247	1,276,520	1,208,260	3,780,202
Certified cheques	699,254	699,254	1,498,923	1,498,923	2,495,592
Foreign currency transfers payable	10,005,759	10,005,759	8,242,032	8,242,032	-
Discounting Line	7,862,075	7,862,075	7,526,234	7,526,234	-
FBN Settlement	-	-	643,660	643,660	-
Other Settlements	1,825,355	1,825,355	1,534,203	1,534,203	-
Remittances	557,705	557,705	396,828	396,828	-
	<u>25,354,241</u>	<u>25,354,241</u>	<u>22,392,755</u>	<u>22,324,495</u>	<u>26,245,724</u>

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Other borrowed funds

In thousands of Nigerian Naira

	Group 30 September 2017	Bank 30 September 2017	Group 31 December 2016	Bank 31 December 2016	30 September 2016
Due to CBN (see (i) below)	-	-	6,422,814	6,422,814	6,250,000
Wema SPV Bond	-	3,395,550	-	3,497,359	-
Debt Securities	-	-	-	-	-
National Housing Fund	104,559	104,559	113,783	113,783	112,035
CBN MSMEDF	114,356	114,356	139,997	139,997	157,125
Due to BOI (see (ii) below)	3,891,055	3,891,055	5,177,727	5,177,727	5,198,730
CBN Agric loan (see iii below)	994,492	994,492	1,048,034	1,048,034	1,178,361
Osun State Bail Out(see iv below)	9,603,742	9,603,742	9,735,070	9,735,070	10,000,000
Shelter Afrique	3,057,500	3,057,500	3,147,505	3,147,505	3,116,200
Other Borrowings	6,308,474	-	6,308,474	-	-
	<u>24,074,178</u>	<u>21,161,254</u>	<u>32,093,404</u>	<u>29,282,289</u>	<u>26,012,450</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 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.
- (iv) 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

(a) **Share capital**

The share capital comprises:

(i) *In thousands of Nigerian Naira*

Authorised -
40,000,000,000 Ordinary
shares of 50k each

30 September 2017	30 September 2017	31 December 2016	31 December 2016	30 September 2016
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40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
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(ii) *In thousands of Nigerian Naira*
Issued and fully paid -
12,821,249,880 ordinary
shares of 50k each

19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
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(b) **Share premium**

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