

WEMA BANK PLC

**Unaudited IFRS Results
for the period ended 30 June 2018**

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Wema Bank Plc

Consolidated and Separate Financial Statements For the year ended 30 June 2018

Statement of Profit or loss and other Comprehensive Income

In thousands of Nigerian Naira

		Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
Interest income	7	25,395,777	25,453,263	53,073,120	25,395,134	25,365,352	52,662,658
Interest expense		(16,306,130)	(16,972,861)	(33,306,169)	(16,306,130)	(16,885,355)	(32,887,899)
Net interest income	7	9,089,647	8,480,402	19,766,951	9,089,004	8,479,997	19,774,759
Net impairment loss on financial assets	11	(344,165)	(88,417)	(2,179,798)	(344,165)	(88,417)	(2,179,798)
Net interest income after impairment charge for credit losses		8,745,482	8,391,985	17,587,153	8,744,839	8,391,580	17,594,961
Net gain on HFT investment securities		118,779		185,146	118,779		185,146
Net fee and commission income	8	3,003,782	3,890,429	5,642,142	3,003,782	3,890,429	5,642,142
Net trading income	9	3,298,776	527,064	4,799,164	3,298,776	527,064	4,799,164
Other income	10	216,846	589,255	1,569,259	216,846	589,255	1,569,259
		6,638,183	5,006,748	12,195,711	6,638,183	5,006,748	12,195,711
Operating income		15,383,665	13,398,733	29,782,864	15,383,022	13,398,328	29,790,672
Personnel expenses	12	(5,003,946)	(5,130,431)	(10,009,585)	(5,003,946)	(5,130,431)	(10,009,585)
Depreciation and amortization	13b	(1,294,200)	(1,148,623)	(2,318,008)	(1,294,200)	(1,148,623)	(2,318,008)
Other operating expenses	13a	(7,270,607)	(5,686,194)	(14,446,068)	(7,270,607)	(5,686,194)	(14,408,206)
Profit before tax		1,814,912	1,433,485	3,009,203	1,814,269	1,433,080	3,054,873
Income tax expense	26	(244,926)	(214,962)	(753,715)	(244,926)	(214,962)	(753,715)
Profit for the year		1,569,986	1,218,523	2,255,488	1,569,343	1,218,118	2,301,158
<u>Other comprehensive income, net of income tax</u>							
<u>Items that will not be subsequently reclassified to profit or loss</u>							
Re-measurement of defined benefit obligation		-		-	-		-
Income tax relating to items that will not be reclassified subsequently to profit or Loss		-	-	-	-	-	-
		-	-	-	-	-	-
<u>Items that will be subsequently reclassified to profit or loss</u>							
Fair value gain/(loss) on available-for-sale investments		-		140,051			140,051
Net change in fair value of investments FVOCI		12,101		-	12,101		-
Income tax relating to items that may be reclassified subsequently to profit or Loss		(1,494)		-	(1,494)		-
Other comprehensive income for the year		10,607		140,051	10,607		140,051
Total comprehensive income for the year		1,580,592	1,218,523	2,395,539	1,579,949	1,218,118	2,441,209
Profit attributable to:							
Equity holders of the Bank		1,569,986	1,218,523	2,255,488	1,569,343	1,218,118	2,301,158
Total comprehensive income for the year		1,580,592	1,218,523	2,395,539	1,579,949	1,218,118	2,441,209
Earnings per share-basic	14	8.2	6.3	5.8	8.2	6.3	6.0

The notes on pages 7 to 25 are an integral part of these financial statements

Wema Bank Plc

Consolidated and Separate Financial Statements
For the year ended 30 June 2018

Statement of financial Position

	Notes	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
<i>In thousands of Nigerian Naira</i>							
Cash and cash equivalents	15	49,754,832	24,872,223	22,427,586	49,781,001	24,871,977	22,425,891
Restricted Deposit with CBN	15b	47,722,308	27,226,810	26,495,664	47,722,308	27,226,810	26,495,664
Pledged assets	16	16,463,974	9,818,818	25,420,137	16,463,974	9,818,818	25,420,137
Investment securities:							
Fair value through other comprehensive income	17a	8,109,900		0	8,110,900		0
Held for trading	17b	19,867,779	5,500,761	10,003,842	19,867,779	5,501,761	10,003,842
Available for sale	17a	0	13,064,731	9,565,557	0	13,064,731	9,566,557
Held at amortised cost	17c	29,138,985		0	26,317,332		0
Held to maturity	17c	0	49,819,681	24,897,782	0	47,009,254	22,077,200
Loans and advances to customers	18	223,432,254	205,713,875	215,840,031	223,432,254	205,713,875	215,840,031
Investment properties	19	42,887	357,791	45,671	42,887	357,791	45,671
Property and equipment	20	17,587,759	17,345,389	17,078,789	17,587,759	17,345,389	17,078,789
Intangible assets	21	797,890	309,610	759,092	797,890	309,610	759,092
Other assets	23	18,668,865	9,775,564	14,349,673	18,724,921	9,775,564	14,405,728
Deferred tax assets	22	21,269,702	22,169,702	21,269,702	21,269,702	22,169,702	21,269,702
		452,857,135	385,974,955	388,153,526	450,118,707	383,165,282	385,388,304
Deposits from banks	24	0	40,183,945	26,575,260	0	40,183,945	26,575,260
Deposits from customers	25	354,855,582	251,718,929	254,460,881	354,881,751	251,744,540	254,487,050
Current tax liabilities	26	267,694	221,125	359,878	267,694	221,125	359,878
Other liabilities	27	19,568,150	19,486,733	17,682,745	19,559,057	19,430,657	17,646,215
Other borrowed funds	28	27,265,607	24,674,965	39,459,512	24,433,856	21,864,944	36,627,761
Obligations under finance lease	29	-		0	-		0
		401,957,033	336,285,697	338,538,276	399,142,358	333,445,211	335,696,164
EQUITY							
Share capital	30	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	30	8,698,230	48,870,107	8,698,230	8,698,230	48,870,107	8,698,230
Regulatory risk reserve		5,551,202	7,217,592	5,846,943	5,551,202	7,217,592	5,846,943
Retained earnings	30	5,659,556	(36,755,242)	4,089,570	5,735,803	-36,724,428	4,166,460
Other reserves		11,703,881	11,069,568	11,693,274	11,703,881	11,069,568	11,693,274
		50,900,102	49,689,258	49,615,250	50,976,349	49,720,071	49,692,140
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK							
		452,857,135	385,974,955	388,153,526	450,118,707	383,165,282	385,388,304

The notes on pages 7 to 25 are an integral part of these financial statements
The financial statements were authorized for issue by the directors on


Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973


Segun Oloketuyi
Managing Director
FRC/2013/ICAN/00000002099


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

Wema Bank Plc

Consolidated and Separate Financial Statements For the year ended 30 June 2018

Group

In thousands of Nigerian naira (000s)

2018

Balance at 1 January 2018

Capital Reduction

Total comprehensive income:

Profit or loss

Other comprehensive income

Re-measurement of defined benefit obligation

Cumulative gain/loss reclassified from reserve on disposal of AFS investments

Fair value reserve (available-for-sale) financial assets

Share Capital	Share premium	Regulatory risk	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
19,287,233	8,698,230	5,846,943	11,026,315	526,908	140,051	4,089,570	49,615,250
	-					-	-
-	-	-	-	-		1,569,986	1,569,986
-	-	-	-	-	-	-	-
-	-	-	-	-	10,607	-	10,607
19,287,233	8,698,230	5,846,943	11,026,315	526,908	150,658	5,659,556	51,195,842

Transactions with owners, recorded directly in equity

Contributions by and distributions to owners

Regulatory risk reserve

Transfer to Statutory reserve

Total contribution and distributions to owners

-	-	(295,741)	-	-	-	-	(295,741)
-	-	-	-	-	-	-	-
-	-	(295,741)	-	-	-	-	(295,741)

Balance at 30 June 2018

19,287,233	8,698,230	5,551,202	11,026,315	526,908	150,658	5,659,556	50,900,102
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2017

Balance at 1 January 2017

Capital Reduction

Total comprehensive income:

Profit or loss

Other comprehensive income

Re-measurement of defined benefit obligation

Cumulative gain/loss reclassified from reserve on disposal of AFS investments

Fair value reserve (available-for-sale) financial assets

19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(39,158,766)	48,470,734
	(40,171,877)					39,127,546	(1,044,331)
-	-	-	-	-		2,255,488	2,255,488
-	-	-	-	-	-	-	-
-	-	-	-	-	(206,692)		(206,692)
-	-	-	-	-	140,051	-	140,051

19,287,233	8,698,230	8,402,592	10,335,968	526,908	140,051	2,224,268	49,615,250
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Transactions with owners, recorded directly in equity

Contributions by and distributions to owners

Regulatory risk reserve

Transfer to Statutory reserve

Total contribution and distributions to owners

-	-	(2,555,649)	-	-	-	2,555,649	-
-	-	-	690,347	-	-	(690,347)	-
-	-	(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
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Wema Bank Plc

Consolidated and Separate Financial Statements For the year ended 30 June 2018

Bank

In thousands of Nigerian naira (000s)

2018	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
Balance at 1 January 2018	19,287,233	8,698,230	5,846,943	11,026,315	526,908	140,051	4,166,460	49,692,140
Capital Reduction								-
Total comprehensive income:								-
Profit or loss	-	-	-	-	-		1,569,343	1,569,343
Other comprehensive income								
Re-measurement of defined benefit obligation							-	-
Capital Reduction								-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments								-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	10,607	-	10,607
Total comprehensive income for the period	19,287,233	8,698,230	5,846,943	11,026,315	526,908	150,658	5,735,803	51,272,089
Transactions with owners, recorded directly in equity								-
Contributions by and distributions to owners								-
Regulatory risk reserve			(295,741)				-	(295,741)
transfer to statutory reserves				-			-	-
Total contribution and distributions to owners	-	-	(295,741)	-	-	-	-	-
Balance at 30 June 2018	19,287,233	8,698,230	5,551,202	11,026,315	526,908	150,658	5,735,803	50,976,349
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
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 period	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			(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	4,166,460	49,692,140

Wema Bank Plc

Consolidated and Separate Financial Statements For the year ended 30 June 2018 Statement of Cash Flow

<i>In thousands of Nigerian Naira</i>	Notes	Group 30-Jun 2018	Group 30-Jun 2017	Group 31 December 2017	Bank 30-Jun 2018	Bank 30-Jun 2017	Bank 31 December 2017
Cash flows from operating activities							
Profit for the year		1,569,986	1,218,118	2,255,488	1,569,343	1,218,118	2,301,158
Adjustments for:							
Taxation expense	26	246,421	214,962	753,715	246,421	214,962	753,715
Depreciation and amortization		1,294,200	1,149,372	2,318,008	1,294,200	1,149,372	2,318,008
Adjustment for transfer out of PPE now expensed		65,302	-	9,227,334	65,302	-	-
IFRS 9 impact adjusted directly in retained earnings		(295,741)	-	-	(295,741)	-	-
(Gain)/Loss on disposal of property and equipment	10	(2,382)	(2,595)	(59,059)	(2,382)	(2,595)	(59,059)
Benefit in Kind							
Specific provision on cash	15		-			-	
Net interest income		(9,089,647)	(8,479,997)	(19,766,951)	(9,089,004)	(8,479,997)	(19,774,759)
Dividend received from equity investment		-	(135,216)	(162,876)	-	(135,216)	(162,876)
Impairment loss on financial assets		361,162	98,252	2,196,373	361,162	98,252	2,196,373
		(5,850,699)	(5,937,104)	(12,465,302)	(5,850,699)	(5,937,104)	(12,427,440)
Change in pledged assets		8,956,163	6,600,907	(9,000,412)	8,956,163	6,600,907	(9,000,412)
Change in loans and advances to customers		(7,953,384)	21,196,426	9,227,334	(7,953,384)	21,196,426	9,227,334
Change in other assets		(4,319,192)	(6,567,773)	(11,122,931)	(4,319,193)	(6,567,773)	(11,178,986)
Change in deposits from banks	24	(26,575,260)	2,750,039	(10,858,646)	(26,575,260)	2,750,039	(10,858,646)
Change in finance lease obligation		-	-	-	-	-	-
Change in restricted deposit with CBN		(21,226,644)	20,934,872	21,666,018	(21,226,644)	20,934,872	21,666,018
Change in deposits from customers		100,394,701	(31,583,675)	(28,841,723)	100,394,701	(31,583,675)	(28,841,165)
Change in other liabilities		1,898,887	(2,785,355)	(4,189,040)	1,926,324	(2,773,170)	(4,157,309)
		45,324,572	4,608,337	(45,584,702)	45,352,007	4,620,521	(45,570,606)
Income tax paid	26	(338,604)	(343,082)	(343,082)	(338,604)	(343,082)	(343,082)
Interest received		25,395,777	25,453,263	53,073,120	25,395,134	25,365,352	52,662,658
Vat paid		(13,482)	(121,600)	(511,903)	(13,482)	(121,600)	(511,903)
Interest paid		(15,805,937)	(16,972,861)	(32,188,031)	(15,805,937)	(16,885,355)	(32,188,031)
Net cash from operating activities		54,562,325	12,624,058	(25,554,598)	54,589,118	12,635,837	(25,950,964)
Cash flows from investing activities							
Net disposal of investment securities-HTM		(4,241,203)	8,859,981	33,518,731	(4,240,132)	8,862,100	33,531,005
Acquisition of investment securities-AFS		1,466,264	(2,342,553)	(6,473,990)	1,466,264	(2,342,553)	(6,473,990)
Change in trading assets		(9,863,937)	(12,826,695)	(9,765,806)	(9,863,937)	(12,826,695)	(9,765,806)
Dividend received from equity investment		-	135,216	162,876	-	135,216	162,876
Acquisition of property and equipment	20	(1,676,247)	(1,779,541)	(3,029,376)	(1,676,247)	(1,779,541)	(3,029,376)
Proceeds from the sale of property and equipment		5,281	36,456	81,548	5,281.15	36,456	81,548
Proceeds from the sale of investment property		-	-	161,500	-	-	161,500
Acquisition of intangible assets		(231,141)	(40,205)	(535,214)	(231,141)	(40,205)	(535,214)
Net cash generated by / (used in) investing activities		(14,540,983)	(7,957,341)	14,120,269	(14,539,912)	(7,955,222)	14,132,543
Cash flows from financing activities							
Proceed from borrowings		4,163,270	(7,418,439)	15,867,870	4,163,270	(7,417,345)	15,867,870
Repayment of borrowings		(16,357,174)		(8,504,673)	(16,357,174)		(8,525,309)
Interest paid on borrowings	7	(500,193)		(1,125,227)	(500,193)		(706,957)
Net cash from financing activities		(12,694,097)	(7,418,439)	6,237,970	(12,694,097)	(7,417,345)	6,635,604
Net increase in cash and cash equivalents		27,327,245	(2,751,722)	(5,196,359)	27,355,109	(2,736,730)	(5,182,817)
Cash and cash equivalents at beginning of period		22,427,586	27,623,944	27,623,945	22,425,891	27,608,708	27,608,708
Cash and cash equivalents at end of period	15	49,754,831	24,872,223	22,427,586	49,781,000	24,871,977	22,425,891

Wema Bank Plc

Consolidated and Separate Financial Statements For the year ended 30 June 2018

Notes to the Financial Statements

In thousands of Nigerian Naira

	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
7 Interest income						
Cash and cash equivalents	367,696	76,831	147,436	367,053	76,831	145,793
Loans and advances to banks and customers	22,818,729	21,447,162	45,006,638	22,818,729	21,447,162	45,006,638
Investments securities	2,209,352	3,929,270	7,919,046	2,209,352	3,841,359	7,510,227
Total interest income	25,395,777	25,453,263	53,073,120	25,395,134	25,365,352	52,662,658
Interest expense						
Deposits from banks	1,863,633	3,928,915	8,796,540	1,863,633	3,928,915	8,796,540
Deposits from customers	13,942,304	12,947,326	23,391,491	13,942,304	12,947,326	23,391,491
Other borrowed funds	500,193	96,620	1,118,138	500,193	9,114	699,868
Total interest expense	16,306,130	16,972,861	33,306,169	16,306,130	16,885,355	32,887,899
8 Fees and commission income						
Retail banking customer fees & commissions	2,076,379	1,511,427	3,458,732	2,076,379	1,511,427	3,458,732
Corporate banking customer fees & commissions	653,316	550,310	1,137,405	653,316	550,310	1,137,405
Other fees and charges	274,087	1,828,692	1,046,005	274,087	1,828,692	1,046,005
Total fee and commission income	3,003,782	3,890,429	5,642,142	3,003,782	3,890,429	5,642,142
9 Net trading income						
Fixed income securities	13,978	0	9,251.00	13,978	0	9,251.00
Treasury bills	2,932,022	371,383	2,586,114	2,932,022	371,383	2,586,114
Foreign exchange trading (note 9.1)	352,776	155,681	1,997,107	352,776	155,681	1,997,107
Other gains	0	-	206,692	-	-	206,692
	3,298,776	527,064	4,799,164	3,298,776	527,064	4,799,164
9.1 Foreign exchange trading income is principally						
10 Other income						
Dividends on available-for-sale equity securities	-	135,216	162,876	-	135,216	162,876
Gains on disposal of property and equipment	2,382	2,595	59,059	2,382	2,595	59,059
Rental income	21,553	12,832	25,687	21,553	12,832	25,687
Insurance claim received	-	-	46,996	-	-	46,996
Income on contingents	29,512	60,954	367,672	29,512	60,954	367,672
Income on deposit accounts	21,013	48,328	208,105	21,013	48,328	208,105
Fund transfer	5,863	7,260	5,863	5,863	7,260	5,863
FX Revaluation	-	-	561,942	-	-	561,942
Swift transactions	34,617	6,941	77,212	34,617	6,941	77,212
Others	101,906	315,130	53,847	101,906	315,130	53,847
	216,846	589,255	1,569,259	216,846	589,255	1,569,259

Wema Bank Plc

Consolidated and Separate Financial Statements
For the year ended 30 June 2018

Notes to the Financial Statements

	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
11 Impairment loss of financial assets						
<i>In thousands of Nigerian Naira</i>						
Impairment losses on loans and advances						
- specific impairment	-		639,036	-		639,036
- collective impairment	361,162	98,252	1,302,149	361,162	98,252	1,302,149
- Recoveries on loans	(16,997)	(9,835)	(16,575)	(16,997)	(9,835)	(16,575)
- Write offs	-		-	-		-
Impairment loss on bonds	-		263,149	-		263,149
Impairment loss on other assets	-		(7,961)	-		(7,961)
	344,165	88,417	2,179,798	344,165	88,417	2,179,798
12 Personnel expenses						
Wages and salaries	3,582,435	3,620,684	8,161,994	3,582,435	3,620,684	8,161,994
Contributions to defined contribution plans	394,006	555,089	580,034	394,006	555,089	580,034
Gratuity Expenses (note 12.1)	-	-	410,991	-	-	410,991
Other staff costs (note 12.2)	1,027,505	954,658	856,566	1,027,505	954,658	856,566
	5,003,946	5,130,431	10,009,585	5,003,946	5,130,431	10,009,585

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<i>In thousands of Nigerian Naira</i>		Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
13a	Other operating expenses						
	Advertising and marketing	556,448	311,680	1,213,127	556,448	311,680	1,213,127
	AMCON Levy	587,716	586,370	2,105,481	587,716	586,370	2,105,481
	Auditors remuneration	92,742	7,432	130,000	92,742	7,432	120,000
	Business Expenses	130,966	126,901	260,618	130,966	126,901	260,618
	Cash movement expenses	213,850	214,637	430,711	213,850	214,637	430,711
	Diesel Expenses	271,256	324,881	549,652	271,256	324,881	549,652
	Directors Expenses	15,650	-	76,925	15,650	-	76,925
	Directors fees	23,875	50,486	64,350	23,875	50,486	64,350
	Donations	43,420	12,083	53,585	43,420	12,083	53,585
	Electricity	124,301	89,767	203,055	124,301	89,767	203,055
	General administrative expenses	463,086	330,385	992,365	463,086	330,385	964,503
	Insurance	119,960	121,083	269,855	119,960	121,083	269,855
	NDIC Premium	506,505	580,974	1,311,727	506,505	580,974	1,311,727
	Other premises and equipment costs	228,470	212,254	450,779	228,470	212,254	450,779
	PAYE/Withholding expenses	-	-	473,563	-	-	473,563
	Printing and stationery	229,317	230,081	315,167	229,317	230,081	315,167
	Professional fees	1,124,130	349,180	676,354	1,124,130	349,180	676,354
	Repairs and maintenance	764,692	798,111	1,715,533	764,692	798,111	1,715,533
	Security expenses	246,289	310,996	471,216	246,289	310,996	471,216
	Service charge	408,587	292,072	736,647	408,587	292,072	736,647
	SMS Expenses & Others	-	-	18,476	-	-	18,476
	Statutory expenses	-	-	38,756	-	-	38,756
	Technology and alternative channels	841,590	554,200	1,505,509	841,590	554,200	1,505,509
	Transport & Communications	277,757	182,621	382,617	277,757	182,621	382,617
		7,270,607	5,686,194	14,446,068	7,270,607	5,686,194	14,408,206
13b	Depreciation and amortization						
	Property, plants and equipment	1,099,052	1,014,004	2,041,221	1,099,052	1,014,004	2,041,221
	Investment property	2,783	4,007	7,256	2,783	4,007	7,256
	Intangible assets	192,365	130,612	269,531	192,365	130,612	269,531
		1,294,200	1,148,623	2,318,008	1,294,200	1,148,623	2,318,008

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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 30 June 2018 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding :

In thousands

	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
Weighted average number of ordinary shares - basic; '000	38,574,466	38,574,466	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 '000

Earnings per share -basic (Kobo)

1,569,986	1,218,523	2,255,488	1,569,343	1,218,118	2,301,158
8.2	6.4	5.8	8.2	6.4	6.0

15 Cash and cash equivalents

In thousands of Nigerian Naira

	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
Cash and balances with banks	16,429,687	19,523,852	13,268,262	16,455,856	19,523,606	13,266,567
Unrestricted balances with central bank	8,846,780	4,179,472	7,928,915	8,846,780	4,179,472	7,928,915
Money market placements	24,478,365	1,168,899	1,230,409	24,478,365	1,168,899	1,230,409
	49,754,832	24,872,223	22,427,586	49,781,001	24,871,977	22,425,891

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 the rate has been maintained till the date. The balance as at end of June 2018 was N47,722,308,000 (N2017 - N26,495,664,000).

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

16 Pledged assets - Held to maturity

In thousands of Nigerian Naira

	Group 30-Jun-18		Group 31-Dec-17	Bank 30-Jun-18		Bank 31-Dec-17
Treasury bills (note 16.1)	6,580,815	0	9,055,123	6,580,815	0	9,055,123
Bonds (16.2)	9,883,159	9,818,818	16,365,014	9,883,159	9,818,818	16,365,014
	16,463,974	9,818,818	25,420,137	16,463,974	9,818,818	25,420,137

- 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.

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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 N3.22billion (2017: N3.63billion) as disclosed in note 30.

In thousands of Nigerian Naira	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
17 Investment securities	57,116,664	68,385,173	44,467,181	54,296,011	65,575,746	41,647,599
Current	33,300,476	42,541,790	25,983,803	33,300,476	42,541,790	25,983,803
Non-current	23,816,188	25,843,383	18,483,378	20,995,535	23,033,956	15,663,796
17a FVTOCI/AFS investment securities comprise:						
Treasury bills	7,967,016	5,347,561	9,425,212	7,967,016	5,347,561	9,425,212
Equity (see note (i) below)	142,884	153,200	140,345	143,884	154,200	141,345
	8,109,900	5,500,761	9,565,557	8,110,900	5,501,761	9,566,557
17b Held for trading investment securities comprise:						
Treasury Bills (see (ii) below)	19,867,779	13,064,731	10,003,842	19,867,779	13,064,731	10,003,842
17c Held at amortised cost/HTM investment securities comprise:						
Treasury Bills	5,465,681	24,129,498	6,554,749	5,465,681	24,129,498	6,554,749
FGN Bonds	21,185,415	21,634,584	14,903,704	18,363,762	18,824,157	12,083,122
Other Bonds (see (iii) below)	2,487,889	4,055,599	3,439,329	2,487,889	4,055,599	3,439,329
	29,138,985	49,819,681	24,897,782	26,317,332	47,009,254	22,077,200
(i) Equity						
Quoted Investments:	-	12,855.00	0	-	12,855.00	0
Unquoted Investments:						
Unified Payment Services Limited	7,474	4,935	4,935	7,474	4,935	4,935
Nigeria Automated Clearing System	18,000	18,000	18,000	18,000	18,000	18,000
Central Securities System Nigeria Limited	87,928	87,928	87,928	87,928	87,928	87,928
Nigeria Inter-Bank Settlement System	29,482	29,482	29,482	29,482	29,482	29,482
WEMA Funding SPV Plc (a)	-	1,000.00	-	1,000	1,000	1,000
	142,884	141,345	140,345	143,884	141,345	141,345
	142,884	154,200	140,345	143,884	154,200	141,345

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

(ii) This represents Nigerian Treasury Bills with maturity of less than 360 days; a face value of N42,368,268,000 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:

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		2018	2017
CORPORATE		N	N
1	7YR: DANA Group Bond Series 1	1,492,036	1,492,036
STATE BONDS			
2	EKITI State Govt Bond	213,654	421,707
3	EKITI State Govt Bond Tranche 11	452,369	631,739
5	ONDO State Govt Bond	329,829	893,847
		995,853	1,947,293
		2,487,889	3,439,329

18 Loans and advances to customers at amortised cost

	Key	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
<i>In thousands of Nigeria Naira</i>							
Overdrafts	18.1	23,000,552	15,359,623	19,125,728	23,000,552	15,359,623	19,125,728
Term Loans	18.2	204,966,187	188,093,407	199,722,372	204,966,187	188,093,407	199,722,372
Advances under finance lease	18.3	1,464,263	5,390,012	1,227,933	1,464,263	5,390,012	1,227,933
Gross loans and receivables		229,431,002	208,843,042	220,076,033	229,431,002	208,843,042	220,076,033
Less Allowances for Impairment							
Specific Allowances for impairment	18q	(3,913,932)	(2,136,061)	(2,237,482)	(3,913,932)	(2,136,061)	(2,237,482)
Collective allowances for impairment	18a	(2,084,816)	(993,106)	(1,998,519)	(2,084,816)	(993,106)	(1,998,519)
		(5,998,748)	(3,129,167)	(4,236,001)	(5,998,748)	(3,129,167)	(4,236,001)
Net loans and advances to customers		223,432,254	205,713,875	215,840,032	223,432,254	205,713,875	215,840,032
Overdrafts							
Gross Overdrafts		23,000,552	15,359,623	19,125,728	23,000,552	15,359,623	19,125,728
Less Allowances for Impairment							
Specific Allowances for impairment		(817,907)	(483,216)	(523,261)	(817,907)	(483,216)	(523,261)
Collective allowances for impairment		(292,319)	(187,695)	(267,019)	(292,319)	(187,695)	(267,019)
		(1,110,226)	(670,910)	(790,279)	(1,110,226)	(670,910)	(790,279)
Net Overdrafts		21,890,326	14,688,713	18,335,448	21,890,326	14,688,713	18,335,448
Term Loans							
Gross Term Loans		204,966,187	188,093,407	199,722,372	204,966,187	188,093,407	199,722,372
Less Allowances for Impairment							
Specific Allowances for impairment		(2,915,498)	(1,528,244)	(1,689,620)	(2,915,498)	(1,528,244)	(1,689,620)
Collective allowances for impairment		(1,783,573)	(725,084)	(1,721,173)	(1,783,573)	(725,084)	(1,721,173)
		(4,699,071)	(2,253,328)	(3,410,793)	(4,699,071)	(2,253,328)	(3,410,793)
Net Term Loans		200,267,116	185,840,079	196,311,579	200,267,116	185,840,079	196,311,579

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Notes to the Financial Statements

19 Investment properties	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
<i>In thousands of Nigeria Naira</i>						
Carrying amount at the beginning of year	45,671	361,798	361,798	45,671	361,798	361,798
Cost	280,633	404,058	404,058	280,633	404,058	404,058
Accumulated Depreciation	(234,962)	(42,260)	(42,260)	(234,962)	(42,260)	(42,260)
Additions						
Disposals	-	-	(108,871)	-	-	(108,871)
Cost	-	-	(123,425)	-	-	(123,425)
Depreciation	-	-	14,554	-	-	14,554
Capital Reduction	-	-	(200,000)	-	-	(200,000)
Depreciation charge for the year	(2,784)	(4,007)	(7,256)	(2,784)	(4,007)	(7,256)
Carrying amount at the end of the year	42,887	357,791	45,671	42,887	357,791	45,671
Cost	280,633	404,058	280,633	280,633	404,058	280,633
Accumulated depreciation	(237,746)	(46,267)	(234,962)	(237,746)	(46,267)	(234,962)

- (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 June 2018 would have been N103,305,825.08 (31 December 2017: N104,457,596.43). 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.

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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 2018	1,225,581	14,697,341	6,090,524	1,952,289	6,378,768	1,372,248	31,716,751
Additions	40,330	891,387	514,579	246,217	438,955	(455,221)	1,676,247
Reclassification from WIP		(65,660)	(2,463)	(21,275)	17,549		(71,849)
Transfer to software (note 21)							-
Transfer to prepaid expenses							-
Disposals			(5,213)	(39,352)	(451)		(45,016)
Balance at 30 June 2018	1,265,911	15,523,067	6,597,428	2,137,879	6,834,822	917,027	33,276,133
Accumulated depreciation and impairment							
Balance at 1 January 2018	-	4,362,690	4,299,245	1,485,545	4,490,482	-	14,637,962
Charge for the year	-	145,360	315,771	120,547	517,374	-	1,099,052
Disposals	-		(4,091)	(37,391)	(442)	-	(41,924)
Transfer to Capital Reduction (note 30.1)	-	(631)	(2,612)	(20,849)	17,375	-	(6,717)
Balance at 30 June 2018	-	4,507,419	4,608,313	1,547,853	5,024,789	-	15,688,374
Carrying amounts							
Balance at 1 January 2018	1,225,581	10,334,651	1,791,279	466,744	1,888,286	1,372,248	17,078,789
Balance at 30 June 2018	1,265,911	11,015,648	1,989,115	590,026	1,810,033	917,027	17,587,759

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 2018	1,225,581	14,697,341	6,090,524	1,952,289	6,378,768	1,372,248	31,716,751
Additions	40,330	891,387	514,579	246,217	438,955	(455,221)	1,676,247
Reclassification from WIP	-	(65,660)	(2,463)	(21,275)	17,549		(71,849)
Transfer to software (note 21)	-						-
Transfer to prepaid expenses	-						-
Disposals	-		(5,213)	(39,352)	(451)	-	(45,016)
Balance at 30 June 2018	1,265,911	15,523,067	6,597,428	2,137,878	6,834,821	917,027	33,276,133
Accumulated depreciation and impairment							
Balance at 1 January 2018	-	4,362,690	4,299,245	1,485,545	4,490,482	-	14,637,962
Charge for the year	-	145,360	315,771	120,547	517,374	-	1,099,052
Disposals	-		(4,091)	(37,391)	(442)	-	(41,924)
Transfer to Capital Reduction (note 30.1)	-	(631)	(2,612)	(20,849)	17,375	-	(6,717)
Balance at 30 June 2018	-	4,507,419	4,608,313	1,547,853	5,024,789	-	15,688,374
Carrying amounts							
Balance at 1 January 2018	1,225,581	10,334,651	1,791,279	466,744	1,888,286	1,372,248	17,078,789
Balance at 30 June 2018	1,265,911	11,015,648	1,989,115	590,026	1,810,033	917,027	17,587,759

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In thousands of Nigerian Naira

	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
21 Intangible assets						
Cost						
Cost 1 January, 2018	3,619,870	2,920,541	2,920,541	3,619,870	2,920,541	2,920,541
Additions	231,141	40,205	535,214	231,141	40,205	535,214
Transfer from property and equipment (note 20)	-	-	164,115	-	-	164,115
Transfer to computer equipment	-	-	-	-	-	-
At 30 June, 2018	3,851,011	2,960,746	3,619,870	3,851,011	2,960,746	3,619,870
Amortization and impairment losses						
Cost 1 January, 2018	2,860,778	2,520,524	2,520,524	2,860,778	2,520,524	2,520,524
Amortization for the year	192,343	130,612	269,524	192,343	130,612	269,524
Transfer to Capital Reduction (note 30i)	-	-	70,730	-	-	70,730
At 30 June, 2018	3,053,121	2,651,136	2,860,778	3,053,121	2,651,136	2,860,778
Carrying amounts	797,890	309,610	759,092	797,890	309,610	759,092

- (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 2017: nil)
- (c) There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2017: nil)

22 Deferred tax assets and liabilities

- (a) Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Group 30 June 2018	Group 30 June 2017	Group 31 December 2017	Bank 30 June 2018	Bank 30 June 2017	Bank 31 December 2017
In thousands of Nigerian Naira						
At 1 January 2018	21,269,702	22,169,702	22,169,702	21,269,702	22,169,702	22,169,702
Write down	-	-	(400,000)	-	-	(400,000)
Capital Reduction (note 30i)	-	-	(500,000)	-	-	(500,000)
At 30 June 2018	21,269,702	22,169,702	21,269,702	21,269,702	22,169,702	21,269,702

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<i>In thousands of Nigerian Naira</i>		Key	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
23	Other assets							
	Accounts receivables	25	3,205,211	3,246,643	3,272,912	3,261,267	3,246,643	3,328,967
	Prepayments	25	6,129,988	6,774,973	1,511,795	6,129,988	6,774,973	1,511,795
	Stock	25	480,865	312,225	359,926	480,865	312,225	359,926
	Collateralised Placement	26	52,917	52,917	52,917	52,917	52,917	52,917
	Clearing Balance	26	303,653	477,565	589,423	303,653	477,565	589,423
	Fraud & Burglary	26	540,125	491,856	548,683	540,125	491,856	548,683
	CBN Special Reserve (see 23.1 below)	26	10,677,214	-	10,677,214	10,677,214	-	10,677,214
	AGSMEIS Investment with CBN	25e	115,058	-	-	115,058	-	-
	Card Receivables	25a	744,638	874,857	907,605	744,638	874,857	907,605
	Others	25d	117,465	1,286,277	51,032	117,465	1,286,277	51,032
			<u>22,367,134</u>	<u>13,517,313</u>	<u>17,971,507</u>	<u>22,423,190</u>	<u>13,517,313</u>	<u>18,027,562</u>
	Specific impairment on other assets	26	(3,698,269)	(3,741,749)	(3,621,834)	(3,698,269)	(3,741,749)	(3,621,834)
			18,668,865	9,775,564	14,349,673	18,724,921	9,775,564	14,405,728
	At 1 January 2018		3,621,834	3,694,646	3,694,646	3,621,834	3,694,646	3,694,646
	Allowance made during the year		76,435	47,103	(7,961)	76,435	47,103	(7,961)
	Transfer from investment		-	-	(64,851)	-	-	(64,851)
	At 30 June 2018		3,698,269	3,741,749	3,621,834	3,698,269	3,741,749	3,621,834

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 DMBs at 1% interest rate.

		Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
24	Deposits from banks						
	<i>In thousands of Nigeria Naira</i>						
	Money market deposits (Items in course of collection)	26.1	<u>40,183,945</u>	<u>26,575,260</u>	<u>-</u>	<u>40,183,945</u>	<u>26,575,260</u>
25	Deposits from customers						
25a	Retail customers:						
	Term deposits	27.1	53,174,322	38,562,178	53,174,322	38,562,178	31,146,060
	Current deposits	27.2	13,140,874	22,051,021	13,140,874	22,051,021	12,468,199
	Savings	27.3	53,937,267	47,161,144	53,937,267	47,161,144	49,830,433
	Corporate customers:						
	Term deposits	27.4	153,764,662	79,115,719	153,764,662	79,115,719	90,579,009
	Current deposits	27.5	67,740,181	55,890,464	67,766,350	55,890,464	62,556,322
	Others	27.6	13,098,276	8,964,014	13,098,276	8,964,014	7,907,027
			354,855,582	251,744,540	354,881,751	251,744,540	254,487,050
25b	The maturity profile of customers' deposit is as follows:						
	Under 3 months		183,837,506	170,690,866	183,863,675	170,690,866	143,797,116
	3 - 6months		41,623,941	16,399,786	41,623,941	16,399,786	17,116,515
	6 - 12months		34,283,437	11,000,288	34,283,437	11,000,288	19,540,395
	Over 12months		<u>95,110,698</u>	<u>53,653,600</u>	<u>95,110,698</u>	<u>53,653,600</u>	<u>74,033,024</u>
			354,855,582	251,744,540	354,881,751	251,744,540	254,487,050

At 30 June 2018 N95.11billion (31 December 2017: N74.03billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

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		Group 30 June 2018	Group 31 December 2017	Bank 30 June 2018	Bank 31 December 2017
26	In thousands of Nigerian Naira Taxation				
26.1	Income tax expense				
	Company income tax	246,421	328,348	246,421	328,348
	Education Tax	-	-	-	-
	NITDA Levy	-	31,530	-	31,530
	Capital Gains Tax	-	-	-	-
	(Over) / Under provision	-	(6,163)	-	(6,163)
	Current Income Tax expense	246,421	353,715	246,421	353,715
	Deferred tax expenses	-	400,000	-	400,000
		246,421	753,715	246,421	753,715

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

	Group 30 June 2018	Group 31 December 2017	Bank 30 June 2018	Bank 31 December 2017
Profit before tax from continuing operations	1,814,912	3,009,203	1,814,269	3,054,873
Income tax expense calculated at 30% (2017:30%)	544,281	916,462	544,281	916,462
Effect of income that is exempt from taxation	(297,769)	(522,625)	(297,769)	(522,625)
Effect of expenses that are not deductible in determining taxable profit	-	-	-	-
Education tax at 2% of assessable profit	-	-	-	-
Effect of concessions and other allowances)	-	-	-	-
Minimum tax adjustment	-	328,348	-	328,348
Information technology tax levy adjustment	-	31,530	-	31,530
	246,512	753,715	246,512	753,715
26.2	Current tax liabilities			
	At 1 January	359,878	349,245	359,878
	Payment during the year	(338,604)	(343,082)	(343,082)
	Charge for the year	246,421	353,715	246,421
	At 30 June	267,694	359,878	267,694

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

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27 Other liabilities

In thousands of Nigerian Naira

Financial Liabilities

Key	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
Creditors and accruals	29.1 539,031	1,868,111	151,385	539,031	676,541	151,385
Other current liabilities	29.2 387,879	285,028	436,086	378,786	285,028	399,556
Accounts payable	29.5 979,459	-	665,111	979,459	0	665,111
Certified cheques	29.6 1,908,961	1,243,384	1,516,148	1,908,961	1,243,384	1,516,148
Customer deposits for letters of credit	29.7 4,474,538	822,230	5,484,782	4,474,538	822,230	5,484,782
Discounting Line	29.8 9,603,785	1,017,157	7,691,621	9,603,785	1,017,157	7,691,621
Pension Contribution (see note (ii) below)	29c -	5,968,815	10,838	0	5,968,815	10,838
FBN Settlement	29.9 17,316	-	15,308	17,316	0	15,308
Other Settlements	29a 694,460	2,960	593,187	694,460	2,960	593,187
Remittances	29b 437,394	477,937	580,174	437,394	477,937	580,174
	19,042,823	19,430,657	17,144,640	19,033,730	18,239,087	17,108,110
Non-Financial Liabilities						
Litigation claims provision (i)	29d 76,435	-	76,435	76,435	0	76,435
Other payables	29e 448,892	1,191,570	461,670	448,892	1,191,570	461,670
	19,568,150	20,622,227	17,682,745	19,559,057	19,430,657	17,646,215

(i) Movement in litigation claims provision

Opening balance	76,435	-	101,848	76,435	-	101,848
Additions	-	-	-	-	-	-
Payment	-	-	(4,918)	-	-	(4,918)
Provision no longer required	-	-	(20,495)	-	-	(20,495)
	76,435	-	76,435	76,435	-	76,435

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In thousands of Nigerian Naira

	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
28 Other borrowed funds						
Due to CBN	-	-	-	0	0	-
Due to BOI (see (i) below)	3,220,504	4,610,080	3,672,566	3,220,504	4,610,080	3,672,566
Osun Bailout Fund (see ii below)	9,437,599	9,646,396	9,549,597	9,437,599	9,646,396	9,549,597
CBN Agric. loan (see iii below)	933,516	994,492	992,906	933,516	994,492	992,906
CBN MSMEDF (see iv below)	113,562	120,592	108,005	113,562	120,592	108,005
Wema SPV (see v below)	6,159,270	6,308,474	6,328,205	3,327,519	3,327,519	3,496,454
Debt Securities (see vi below)	-	-	15,557,870	0	-	15,557,870
National Housing Fund	97,128	106,865	104,047	97,128	106,865	104,047
Shelter Afrique (see vii below)	7,304,028	3,059,000	3,146,316	7,304,028	3,059,000	3,146,316
	27,265,607	24,845,899	39,459,512	24,433,856	21,864,944	36,627,761

- (i) 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.

- (ii) 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.
- (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) 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.
- (v) The debt securities of 2018: N6,159,270,000 (2017: N6,328,205,000) 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.
- (vi) The debt securities of 2018: N12,989,807,000 (2017: N15,557,870,000) 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 and fully paid.
- (vii) This amount represents the bank's foreign facility from Shelter Afrique, this was granted to the Bank for a period of 7 years. It is repayable bi-annually with interest rate of L+6.5% (Libor plus 6.5%)

	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
At 1 January	39,459,511	32,093,404	32,093,404	36,627,760	29,282,289	29,282,289
Additions	4,163,270	-	15,867,870	4,163,270	-	15,867,870
Changes in accrued interest	0	-	(7,089)	0	-	(7,089)
Effect of exchange rate changes [loss/(profit)]	-	-	10,000	-	-	10,000
Payments made	(16,357,174)	(7,247,505)	(8,504,673)	(16,357,174)	(7,417,345)	(8,525,309)
At 30 June	27,265,607	24,845,899	39,459,512	24,433,856	21,864,944	36,627,761

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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 30-Jun-18 N'000	payments 31-Dec-17 N'000	Present value of minimum lease payments 30-Jun-18 N'000	31-Dec-17 N'000
Not later than one year	-	932	-	932
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	932	-	932
Future finance charges	-	(932)	-	(932)
Present value of minimum lease payments	-	-	-	-
	Group 30-Jun-18	Group 31-Dec-17	Bank 30-Jun-18	Bank 31-Dec-17

In thousands of Nigerian Naira

30 Share capital and Reserves

(a) The share capital comprises:

(i) Authorised - 40,000,000 Ordinary shares (2017 - 40,000,000,000) Ordinary shares of 50k each (2017 - 50k)	20,000,000	20,000,000	20,000,000	20,000,000
(ii) Issued and fully paid - 38,574,466,000 Ordinary shares (2017-38,574,466,000) shares of 50k each (2017 - 50k)	19,287,233	19,287,233	19,287,233	19,287,233

b Share Premium

At 1 January, 2018	8,698,230	48,870,107	8,698,230	48,870,107
Capital Reduction (Note 30i)	-	(40,171,877)	-	(40,171,877)
At 30 June, 2018	8,698,230	8,698,230	8,698,230	8,698,230

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

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(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 SMEIES 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 SMEIES (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 SMEIES 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.

<i>In thousands of Nigeria Naira</i>	Group 30-Jun-18	Group 31-Dec-17	Bank 30-Jun-18	Bank 31-Dec-17
At 1 January	4,089,570	(39,158,766)	4,166,460	(39,127,546)
Profit or loss	1,569,986	2,255,488	1,569,343	2,301,158
Transfer to Regulatory risk reserve	-	2,555,649	-	2,555,649
Transfer to Statutory Reserve	-	(690,347)	-	(690,347)
Transfer to Capital Reduction	-	39,127,546	-	39,127,546
Re-measurement of defined benefit contribution	-	-	-	-
At 31 December 2017	5,659,556	4,089,570	5,735,803	4,166,460

(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.

30 (i) Capital Reduction

	Group 30-Jun-18	Group 31-Dec-17	Bank 30-Jun-18	Bank 31-Dec-17
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 Premium (note 20b)	-	40,171,884	-	40,171,884
	-	-	-	-

In line with shareholders' approval of 30th 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.

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31 Contingencies

(i) Litigation and claims

There are litigation claims against the Bank as at 30 June 2018 amounting to N11,201,234,102.00 (31 December 2017: N15,928,111,094.67 These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements.

(ii) Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Bank in respect of bills of exchange, which have been paid and subsequently rediscounted.

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

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

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

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

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

In thousands of Nigerian naira	Group 30-Jun-18	Group 30-Jun-17	Group 31-Dec-17	Bank 30-Jun-18	Bank 30-Jun-17	Bank 31-Dec-17
Contingent liabilities:						
Guarantees and indemnities	40,697,699	23,963,510	30,506,624	40,697,699	23,963,510	30,506,624
Bonds	1,564,006	333,148	2,934,394	1,564,006	333,148	2,934,394
Clean-line facilities & irrevocable letters of credit	13,498,253	13,987,314	14,859,486	13,498,253	13,987,314	14,859,486
	55,759,958	38,283,971	48,300,504	55,759,958	38,283,971	48,300,504