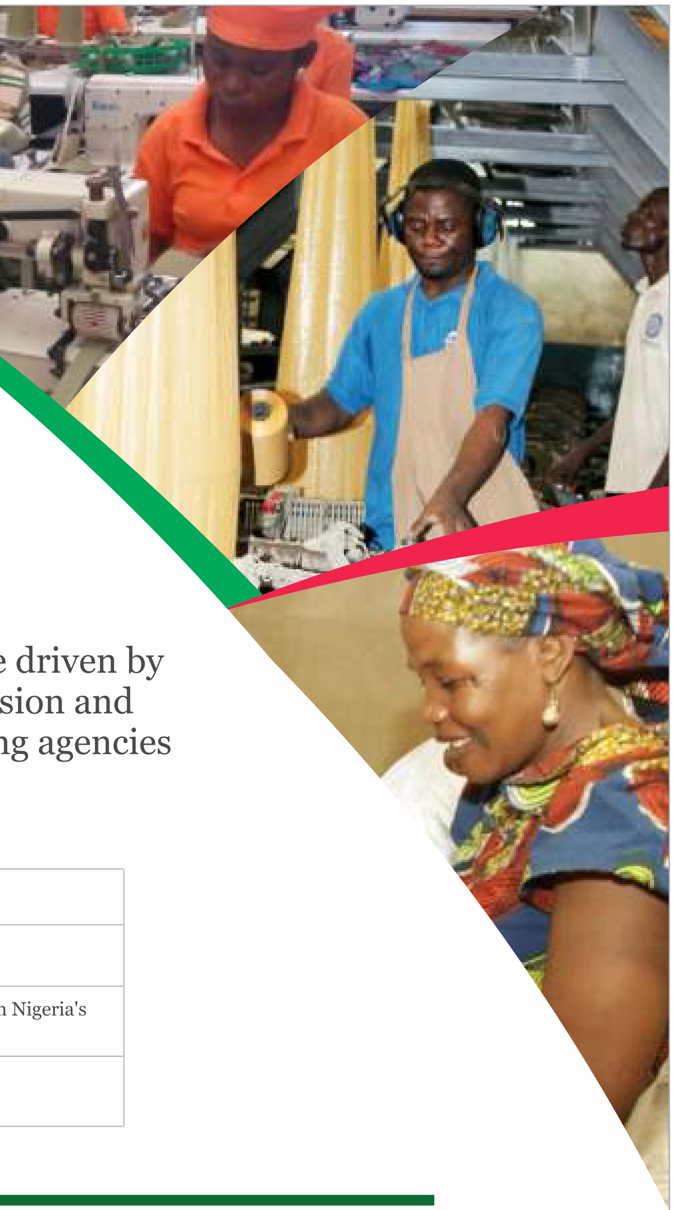
Annual Report & Accounts

2016

BANK OF INDUSTRY

...transforming Nigeria's industrial sector.



Transforming Nigeria's Industrial Sector Viably...

As the **Bank of Industry** continues to be driven by its core values in pursuit of its Vision, Mission and Mandate, international and domestic rating agencies upgrade and affirm BOI's ratings.

	2016	2015
FitchRatings	AA+	AA+
Moody's	Aa1	Ba3 (In consonance with Nigeria's sovereign rating)
Agusto&Co.	AA-	A+

CORE VALUES
Service | Professionalism | Passion | Integrity | Resourcefulness | Innovation | Team Spirit

VISION
To be Africa's leading Development Finance Institution operating under global best practices.

MISSION
To transform Nigeria's industrial sector by providing financial & business support services to enterprises.

MANDATE
Providing financial assistance for the establishment of potentially viable large, medium, small and micro enterprises as well as expansion, diversification and modernisation of existing ventures and rehabilitation of ailing ones.

The Bank of Industry's Domestic and Foreign Development Partners that are drawn from the Public and Private Sectors include Federal Government Agencies. State Governments, International Institutions, Community Based Organisation, High Net Worth Individuals and Eminent Traditional Rulers.

BANK OF INDUSTRY
...transforming Nigeria's industrial sector

T: 0700 CALL BOI
customercare@boi.ng | www.boi.ng

contents

Our Vision

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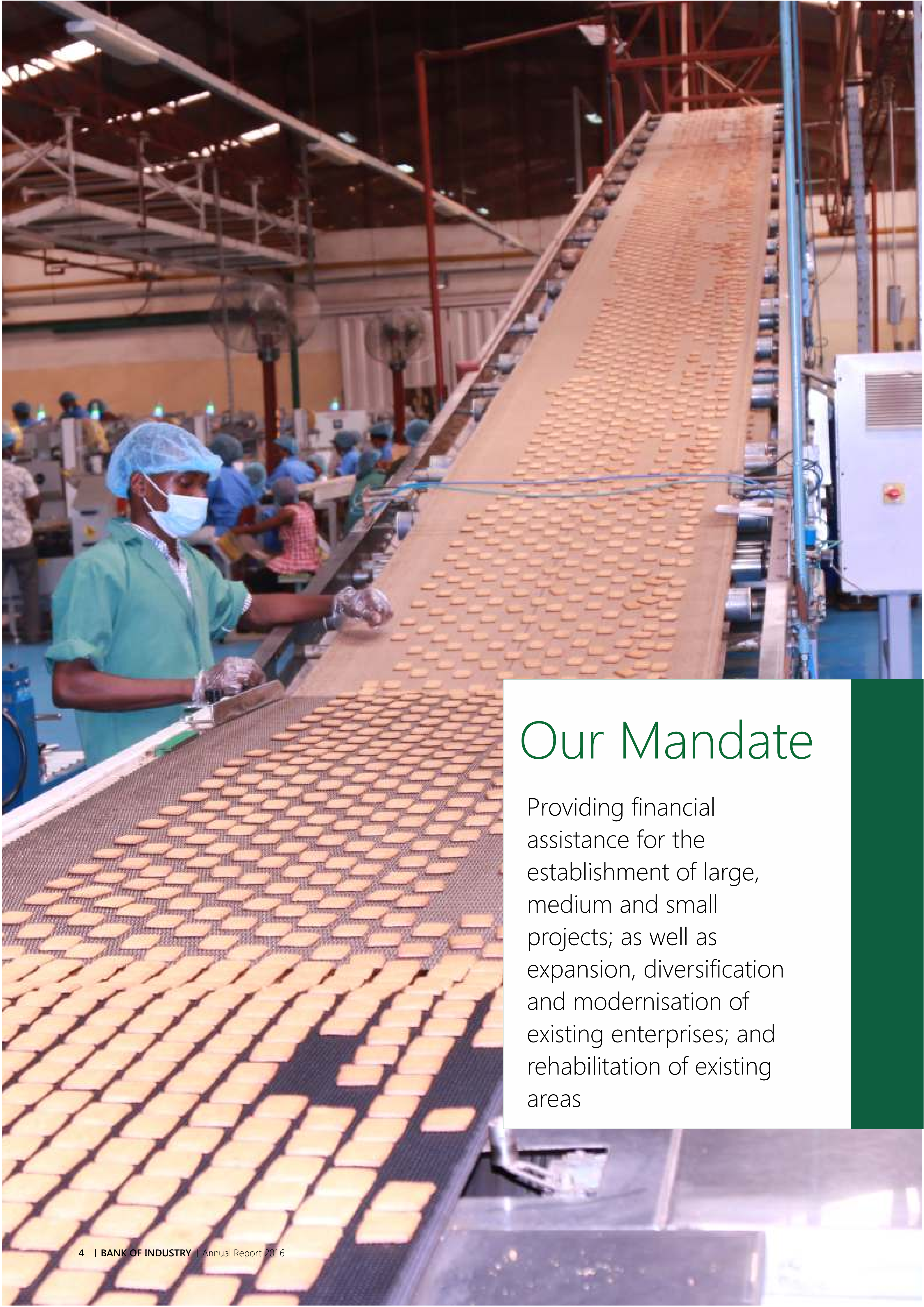
Our Mission

To transform Nigeria's industrial sector by providing financial & business support services to enterprises



Our Mandate

Providing financial assistance for the establishment of large, medium and small projects; as well as expansion, diversification and modernisation of existing enterprises; and rehabilitation of existing areas

Our Core Values

Service
Professionalism
Passion
Integrity
Resourcefulness
Innovation
Team Spirit

Corporate Information

DIRECTORS	
Mr. Olufemi Edun	Non-Executive Director (appointed wef 12 October 2016)
Mr. Waheed A. Olagunju	Ag. Managing Director (wef 15 February 2016)
Mrs. Toyin Adeniji	Executive Director (wef 7 March 2016)
Mr. Jonathan Tobin	Executive Director (wef 14 March 2016)
Mr. Simon Aranonu	Executive Director (wef 12 October 2016)
Dr. Mahmoud Isa-Dutse	Non-Executive Director (wef 12 October 2016)
Dr. Mudashiru A. Olaitan	Non-Executive Director (wef 12 October 2016)

KEY MANAGEMENT PERSONNEL	
Mr. Waheed A. Olagunju	Ag. Managing Director/CEO
Mrs. Toyin Adeniji	ED (Micro Enterprises)
Mr. Jonathan Tobin	ED (Corporate Services and Commercial)
Mr. Simon Aranonu	ED (Large Enterprises)
Mr. Joseph O. Babatunde	General Manager (Large Enterprises)
Mr. Abdul-Ganiyu O. Mohammed	General Manager (SME-South)
Mr. Shekarau D. Omar	General Manager (SME-North)
Mr. Akeem Adesina	General Manager (Operations and Technology)
Mr. Ezekiel J. Oseni	Chief Risk Officer and General Manager, Risk Management Division
Mr. Taiye Emagha	Group Head (Treasury/Financial Institutions)
Mr. Taiwo Kolawole	Chief Finance Officer
Mr. Aliyu A. Sadat	Group Company Secretary
Mr. Osuwa Mohammed	Legal Adviser

COMPANY SECRETARY	Aliyu A Sadat
REGISTERED OFFICE	BOI House, 23 Marina, Lagos
BUSINESS OFFICE	BOI House, 23 Marina, Lagos
AUDITORS	Akintola Williams Deloitte (Chartered Accountants) Civic Towers, Plot GA 1, Ozumba Mbadiwe Avenue, Victoria Island, Lagos
SOLICITORS	Chris Ogunbanjo & Co. 3, Hospital Road, P.O. Box 1785, Lagos
BANKERS	Central Bank of Nigeria Ecobank Nigeria Limited Access Bank Plc Skye Bank Plc Zenith International Bank Plc Stanbic IBTC Bank Plc First City Monument Bank Plc First Bank of Nigeria Plc Guaranty Trust Bank Plc United Bank for Africa Plc Diamond Bank Plc
CORRESPONDENT BANK	Citibank, New York

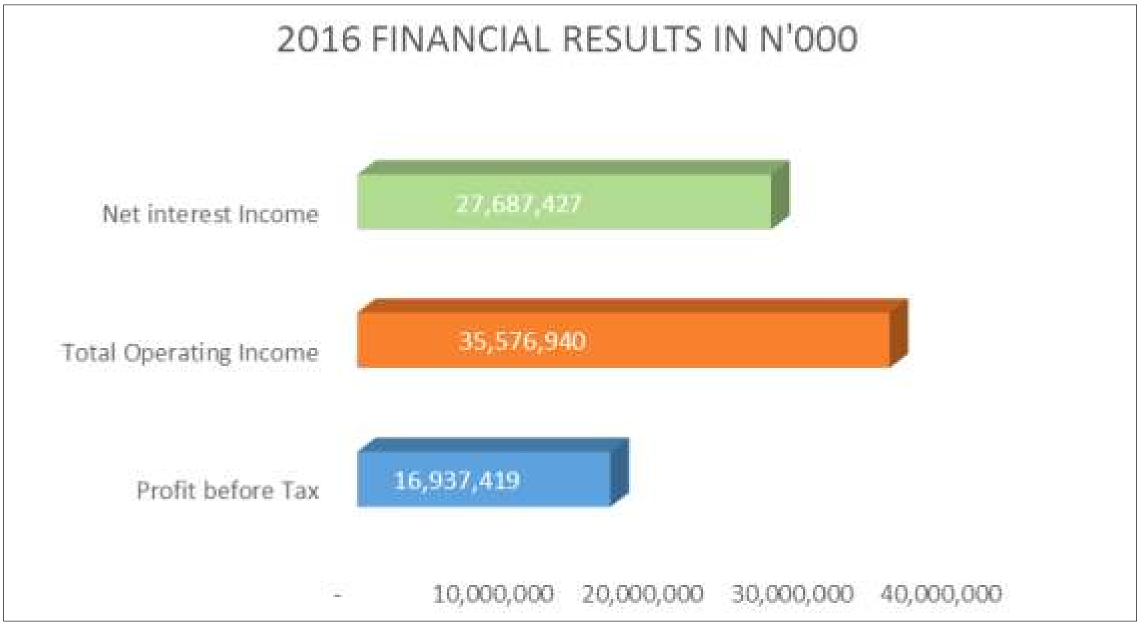
FINANCIAL

ANALYSIS

FINANCIAL ANALYSIS

Financial Performance

Bank of Industry Limited posted an impressive operating income of N33.9billion in the year ended December 2016 and profit before tax from operations increased by 44% to N17bn from N11.95 billion (excluding exceptional income earned from sale of quoted equities of N37.5bn in 2015). The improvement in profit from operation was achieved from the growth in operational performance, loan monitoring, effective loan collections, and exchange gain. The Group posted a return on equity of 6.83% and return on asset of 2.13%.



Net Interest Income

Interest income grew by 5% to N28billion from N26.7billion. Interest expense increased by 85% to N367million (2015: N198million), the increase is majorly due to the depreciation in naira/dollar exchange rate which impacted on The Group's foreign currency borrowings. The net interest income grew by 4.4% to N27.6billion

Non-Interest revenue

The Group's non-interest income totaled N6.8 billion from N6.31billion (excluding exceptional income earned from sale of quoted equities of N37.5bn in 2015) recorded in 2015 representing 7.3% increase. Included in the non-interest income line is an exchange gain of N4.1 billion posted for the 2016 from N1.3 billion reported in 2015 representing a 213% increase. This increase was due to the depreciation in naira/dollar exchange and the Group's exposure to a foreign currency net asset.

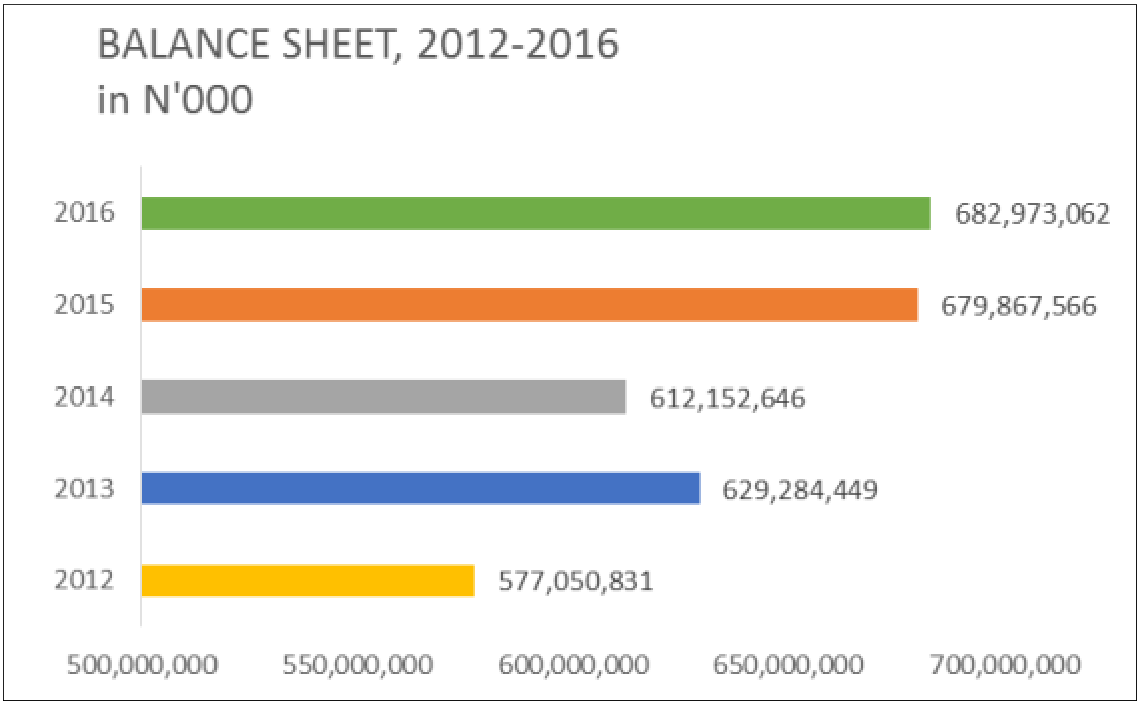
Impairment

The strength and quality of the Group's loan book continues to be within acceptable levels and recoverability of the impaired loans regularly. The impairment charge on the Group's loan book during year decreased by 84%. This is attributable to improvement in the Group's risk management strategy and loan collection drive.

Strong and Viable Balance sheet

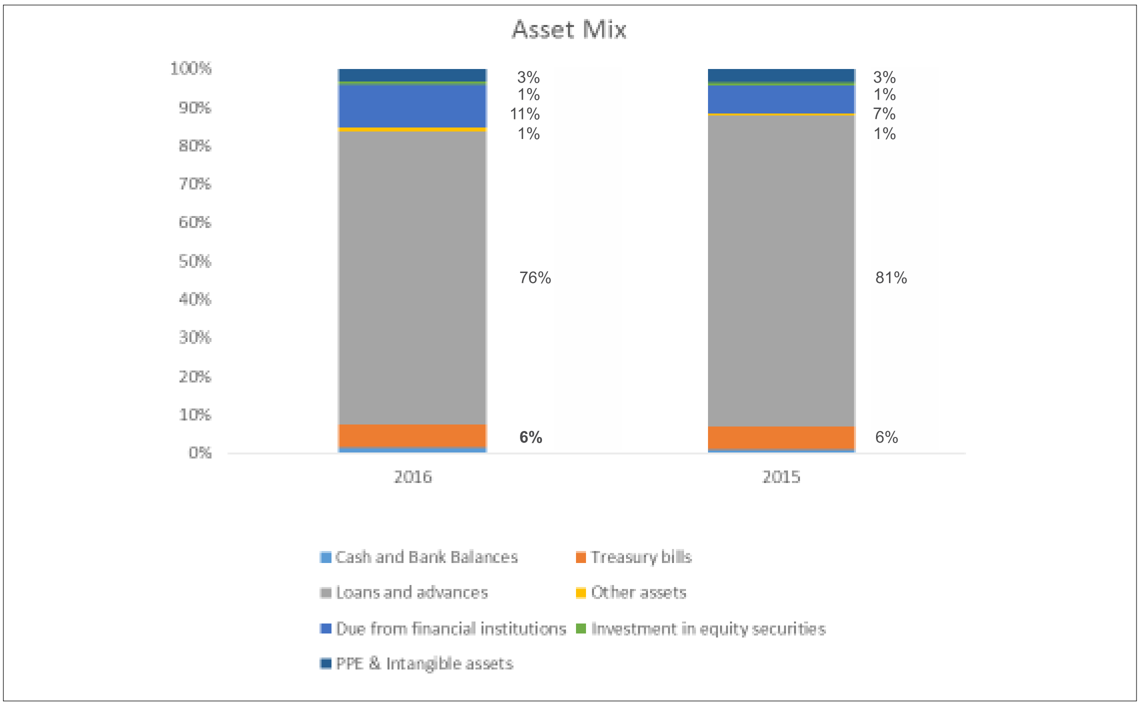
A strong balance sheet is a key factor in ensuring sustainability of the Group and also drive the achievement of the Group's objective.

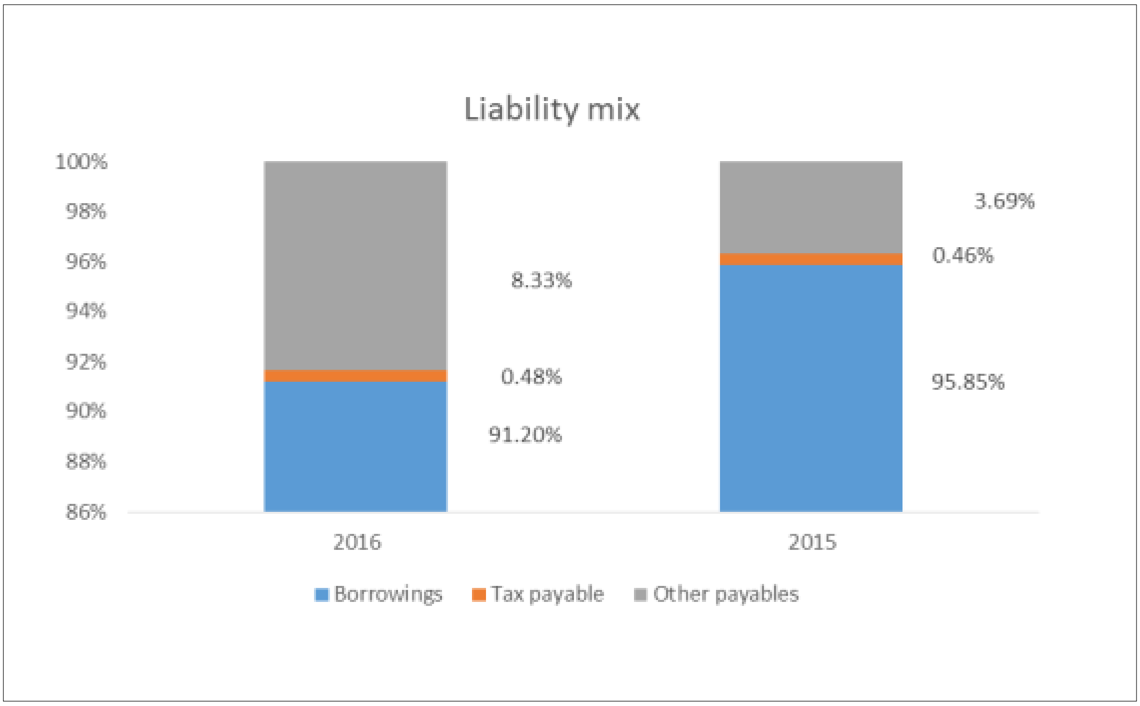
The Group closed the period with total asset of N682.9 billion representing an increase of 0.5%, total liabilities of N463billion representing a decrease of 2.2% and shareholder's fund of N219.9 billion representing 6.5%.increase.



During the year ended, the Group continued to maintain its usual mix of asset and liability. The highest proportion of the Group's asset still remain in Loans and advances and this shows the Group's consistent commitment in meeting in its mandate towards industrialising the Nigerian economy. The Group however, maintains a robust risk framework to ensure that its assets are of high quality. The asset and liability mix of the Group is depicted below.

FINANCIAL ANALYSIS





The Group has consistently endeavoured to diversify its loan portfolio in order to reduce concentration to one sector and also to have a fair developmental impact in all critical sectors of the economy. The sectoral allocation of the loan porfolio of the Group is depicted below. The financial institutions sector depicted below is majorly characterised as an on-lending model to various sectors of the economy. Hence, the reason for the huge percentage allocation to it.

Capital Adequacy

The Group has shown a consistent increase in its Shareholders' Funds with a growth of 6.5% rising from N206bn in 2015 to N219bn in 2016.

The Group's regulatory tier 1 capital adequacy ratio was 36.1% at the end of 2016, against 33.5% recorded in 2015. This is above the benchmark of 5%.

Similarly, the regulatory tier 2 Capital at the end of 2016 was 12% against 11.2% in 2015.

The overall capital adequacy ratio stood at 48.2% as at the end of 2016 which is far ahead of the set benchmark of 10% for Development Financial Institutions.

The Group's non-performing loans net of provision to qualifying capital currently stands at 8.4%. In comparison to 2015 ratio of 12.1%, it shows some improvement as the potential size of additional impairment to be made has declined.

Liquidity

The Group has enough liquid asset to meet its financial obligations. The liquidity position of Bank is measured by the proportion of its liquid assets to its current liabilities. In 2016 and 2015 respectively, these were 326% and 511%. This shows the Groups has consistently maintained a considerable liquidity position to meet demand on its operations and settle outstanding liabilities as they fall due.

All figures exceed the minimum requirement of the CBN's Regulatory and Supervisory Framework for Banks that stipulates a minimum liquidity ratio of 10%.

DISCRIMINATING COMPETENCIES

(THE THINGS THAT SET BOI APART)

Exceptional Customer Service Delivery	Consistent, high levels of customer (external and internal) service and satisfaction
Efficient Technology & Processes	Simplified and customer focused process well enabled with automation and other supporting technology
Robust Enterprise Risk Management	Robust risk framework across the bank to proactively manage the organization risks and ensure risk losses are minimized
Highly Knowledgeable, Resourceful & Motivated Workforce	Talented and skilled workforce capable of delivering excellent services. Environment which promotes merit and rewards high performance
Ability to Form and Effectively Leverage Strategic Alliances	Proactively seeking alliances and partnerships and effectively leveraging it to achieve BOI's strategic aspirations

FINANCIAL HIGHLIGHTS

	Group		Bank	
	31-Dec-16 N'000	**31-Dec-15 N'000**	**31-Dec-16 N'000**	**31-Dec-15 N'000**
MAJOR PROFIT OR LOSS ACCOUNT ITEMS				
Interest income	28,054,718	26,722,355	27,277,475	26,064,689
Other operating income	7,889,502	44,241,903	6,769,362	43,760,159
Interest expense	(367,281)	(198,514)	(197,784)	(31,022)
Impairment charges	(1,792,051)	(11,295,451)	(1,676,611)	(9,608,782)
operating expenses	(16,847,459)	(12,239,601)	(15,198,938)	(10,785,104)
Profit before tax	16,937,429	47,230,693	16,973,504	49,399,940
Taxation	(2,370,503)	(2,533,858)	(3,148,619)	(2,516,652)
Profit after tax	14,566,926	44,696,831	13,824,885	46,883,288
MAJOR BALANCE SHEET ITEMS				
Loans and advances	517,910,285	545,657,495	517,730,409	545,538,545
Borrowings	422,203,976	453,336,299	422,013,520	453,041,147
Share capital	147,371,321	147,371,321	147,371,321	147,371,321
Shareholders' funds	219,905,158	206,547,324	224,939,976	212,326,526
Total assets	682,973,064	679,867,568	686,022,075	683,198,982
PER N2 SHARE DATA				
Profit/basic earnings (in kobo)	19.769	60.659	18.762	63.626
Net assets (in kobo)	298.44	280.31	305.27	288.15
Number of employees	335	318	276	268
Total ordinary shares	73,685,660,000	73,685,660,000	73,685,660,000	73,685,660,000

Dr. Okechukwu Enyinna Enelamah
Hon. Minister, Federal Ministry of Industry, Trade and Investment

Statement by the Hon. Minister, Federal Ministry of Industry, Trade and Investment

Distinguished Ladies and Gentlemen, it is with great honour and privilege that I welcome you all to the 57th Annual General Meeting of the Bank of Industry.

Developments in the global economy continued to pose challenges for most economies in 2016, more so in emerging economies. According to the National Bureau of Statistics, the Nigerian economy contracted by -1.51% in the year. This contraction was attributed to a number of headwinds ranging from high inflation rate, unfavourable conditions in the oil industry and exchange rate challenges. It is reassuring however that the Bank of industry was able to consolidate on its developmental impact during the year despite the aforementioned economic downsides. In the year under review, the bank disbursed N65.9billion to 737 micro, small, medium and large enterprises, which helped to create over 500,000 direct and indirect jobs. The bank also implemented several capacity building initiatives and intervention programmes as a socially responsible development oriented organization.

It is highly commendable that while several corporate institutions in the country experienced a downgrade in their credit ratings in the year, the Bank of Industry got a reaffirmation of its AA+ National Credit Rating accompanied by a stable outlook by Fitch Ratings, a world class credit rating agency. Moody's, another international rating agency also assigned Aa1.ng/NG-1 rating, the second highest of three national scale ratings categories to the bank. Agusto, the foremost Nigerian rating agency similarly upgraded the bank's domestic rating of A+ to AA- in 2016. This is a testament to the strong corporate governance and enterprise risk management practices that the bank has integrated into its operations.

As the foremost Development Finance Institution in Nigeria with a strong commitment to social responsibility, the Bank of Industry has continued to provide strong support for the developmental initiatives of the Federal Government and its agencies. Worthy of note is the fact that the bank has been pushing boundaries with regards to consolidating its strategic partnership with state governments and other key institutions in terms of its Matching, Managed and Legacy Fund Initiatives, which provide direct lending and advisory support to address specific needs of key segments and sectors of the economy.

Apart from developing youth-centric products such as the Youth Entrepreneurship Support Programme (YES-P) and the Graduate Entrepreneurship Fund (GEF), that have both provided platforms for our teeming youth population to become successful entrepreneurs. The bank also sponsored amongst other initiatives, capacity building programmes in tomato processing and gemstone development for

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Statement by the Hon. Minister, Federal Ministry of Industry, Trade and Investment - continued

"I am delighted that the bank has also been gaining significant traction in the implementation of the Government Enterprise and Empowerment Programme (GEEP) that is being rolled out in all the 36 states of the Federations and the Federal Capital Territory. BOI's support for the Federal Government's N-Power Programme under which jobs are being created for 500,000 youths in agricultural and health sectors as well the teaching profession is another highly commendable manifestation of the bank's contributions to ongoing efforts at diversifying and reviving the national economy. "

over a thousand youth across the six geo-political zones of the country. The bank also entered into an alliance with the Afterschool Graduate Development Centre and First Bank of Nigeria to provide financial and advisory support to at least a million youths over the next five years.

I am delighted that the bank has also been gaining significant traction in the implementation of the Government Enterprise and Empowerment Programme (GEEP) that is being rolled out in all the 36 states of the Federations and the Federal Capital Territory. BOI's support for the Federal Government's N-Power Programme under which jobs are being created for 500,000 youths in agricultural and health sectors as well the teaching profession is another highly commendable manifestation of the bank's contributions to ongoing efforts at diversifying and reviving the national economy.

I am pleased to also note that the bank has not only launched the second phase of the implementation of its Renewable Energy Programme in partnership with the United Nations Development Programme (UNDP) to provide solar power to more rural communities in the country, but has also developed a Solar Energy Product, which provides an opportunity for Micro, Small and Medium Enterprises to access finance at sub-market interest rate to install solar energy to run their businesses.

As we look ahead with great optimism towards the expectation that the national economy will come out of recession in 2017, I have a strong conviction that the Bank of Industry will continue to leverage its experience and resources to keep making significant positive impact in the society.

At this point, I would like to thank all the bank's shareholders and stakeholders for their unflinching support and loyalty. To the management and entire staff of the Bank of Industry, I appreciate and commend your passion, commitment and resilience as you forge ahead in pursuit of its mandate of transforming the nation's industrial sector as well as support for the economic agendas of the Federal and many state governments. Please rest assured of our Ministry's continued support as well as that of the Federal Government as a whole for the Bank of Industry.

Thank you all for listening.

"As we look ahead with great optimism towards the expectation that the national economy will come out of recession in 2017, I have a strong conviction that the Bank of Industry will continue to leverage its experience and resources to keep making significant positive impact in the society."

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Okechukwu Enelamah
Honourable Minister
Federal Ministry of Industry,
Trade & Investment (FMITI).

AISHA ABUBAKAR

HONOURABLE MINISTER OF STATE,
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT

Mr. Aminu Aliyu Bisalla
Permanent Secretary, Federal Ministry of Industry, Trade & Investment

NOTICE OF 57TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Seventh Annual General Meeting of the Bank will be held at the Transcorp Hilton Hotel, Abuja, on Thursday, May 11, 2017 at 11.00 a.m. precisely to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Accounts of the Company for the year ended 31st December, 2016 together with the Report thereon of the Directors and Auditors of the Company.
2. To elect Directors
3. To declare a Dividend
4. To appoint Auditors of the Company until the conclusion of the next General Meeting of the Company at which the Accounts are laid before the members and to authorize the Directors to fix their remuneration.

SPECIAL BUSINESS

5. To fix the remuneration of the Directors.

Dated this 11th day of May, 2017

BY ORDER OF THE BOARD

A. A. SADAT
Secretary

Registered Office
BOI House
23, Marina
Lagos.

ACTING MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S STATEMENT

"That BOI is holding its AGM as early as May for the first time is a testimony to the high quality of corporate governance system as well as management that is currently in place at the bank and a manifestation of its compliance with the Companies and Allied Matters Act, Banking and Other Financial Institutions Act, International Financial Reporting Standards and the Financial Reporting Council of Nigeria Act."

Distinguished Ladies and Gentlemen,

I welcome you all to the 57th Annual General Meeting of the Bank of Industry Limited.

The year 2016 marked the Bank of Industry's fifteenth financial year of operation since the bank was reconstructed in 2001out of its precursor institution the Nigerian Industrial Development Bank. It is gratifying to note that in the last decade and half, BOI has continued to make giant strides in pursuit of its developmental mandate. The bank has invested over a trillion Naira in more than 25,000 small, medium and large enterprises. The assisted ventures span several sectors of the Nigerian economy including agro and solid minerals processing, petro chemicals and polymer, cotton textile and apparels, automobiles, creative industries as well as Information Communication and Technology. These enterprises have had considerable impact on Nigeria's economy including the generation of more than 5 million direct and indirect jobs.

That BOI is holding its AGM as early as May for the first time is a testimony to the high quality of corporate governance system as well as management that is currently in place at the bank and a manifestation of its compliance with the Companies and Allied Matters Act, Banking and Other Financial Institutions Act, International Financial Reporting Standards and the Financial Reporting Council of Nigeria Act.

BOI has demonstrated that a development bank can viably deliver on its mandate. The institution recorded its most impressive performance in 2016 by recording double-digit growths in almost all aspects of its operations. For instance, while the volume of new loans rose by 10% to N171bn from N156bn in 2015 disbursements to small and medium enterprises (SMEs) similarly went up by 42% within the same period to N8bn from N5.64bn. More than 800 enterprises that could potentially generate over 1,000,000 jobs benefited from BOI's facilities last year. The quality of the bank's risk assets improved phenomenally as the ratio of non-performing loans dropped to 3.72% in 2016 from 5.87 in 2015. The average ratio of non-performing loans in Nigeria's banking system rose to 14%, in 2016 which is beyond the Central Bank of Nigeria's threshold of 5%. The bank also posted an operating Profit Before Tax of N17bn, which represents a 44% increase over 2015's N11.95bn.

During the year under review, with 141 market facing staff out of a total a staff strength of 277 and a risk asset base of N566bn, the bank recorded unprecedented levels of operating efficiency and actually outperformed some of the nation's commercial banks. While the risk asset per market facing staff stood at N4.01bn, the average staff contribution to profit before tax was N62 million. The sustained stellar performances is traceable to the high level of professionalism and the adoption of global best practices by the institution's competent, committed as well as passionate management team and staff. These achievements also culminated in BOI's consistently high ratings by international and domestic rating agencies being upgraded and affirmed. While Moody's assigned BOI Aa1 in 2016 up from Ba3 of 2015, Agusto's rating of AA- in 2016 was higher than A+ of 2015. AA+ assigned by Fitch in 2015 was affirmed in 2017.

"BOI has demonstrated that a development bank can viably deliver on its mandate. The institution recorded its most impressive performance in 2016 by recording double-digit growths in almost all aspects of its operations."

"The sustained stellar performances are traceable to the high level of professionalism and the adoption of global best practices by the institution's competent, committed as well as passionate management team and staff."

While acknowledging the feats recorded in 2016, the bank is not basking in them as it is already bracing up assiduously to the development challenges facing our dear country. In its bid to ensuring the MSMEs account for at least 30% of its projected risk assets of N1.2 trillion by 2019, as at 30th April, 2017 the bank had already exceeded last year's disbursement to MSME's by disbursing more than N13 billion as against last year's N8 billion which represents 62% increase.

Although the Bank appreciates current efforts by both the Federal Government and the Central Bank of Nigeria at recapitalising the institution, we also understand that there are limitations due to competing priorities. Accordingly, BOI has embarked on a N1 trillion fund mobilisation drive within and outside the country to part finance the industrial component of the Economic Recovery and Growth Plan (ERGP) as well as support ventures that would fast track Nigeria's realisation of the Sustainable Development Goals (SDGs) and also rev BOI's risk assets up to N1.2 trillion by 2019 in line with its revalidated strategic plan (2016-2019). Under the plan, it is envisaged that enterprises financed by BOI would generate more than 5 million jobs. In this regard, the Bank of Industry has commenced discussion with the Development Bank of Nigeria and some foreign national as well as multilateral development finance institutions.

In order to ensure that BOI achieves the set targets under its Strategic Plan and the envisaged development impact, the bank has embarked on a robust capacity building programme in support of its Nigerian entrepreneurs especially those in the MSME space as well as other development banks and development support service provider. The bank is implementing these capacity building schemes in collaboration with some of its domestic and foreign development partners.

Having approved loans of over N1 trillion over the last decade and a half in its quest to transform the industrial sector in Nigeria, the Bank of Industry is indeed well positioned to keep intervening in keys sectors of the Nigerian economy, especially as the drive for sustainable national economic diversification gains significant momentum. Towards enhancing its capacity to keep supporting the real sector, the bank further strengthened its strategic partnerships by engaging public and private sector institutions, both locally and internationally not only for collaborative financing opportunities, but also in terms of corporate development in line with its vision to operate under global best practices.

As we keep bringing our services closer to our current and prospective customers, especially MSMEs, we further expanded our branch network from seventeen to twenty-one in the year. The following new offices were opened in the year: Abeokuta (Ogun State), Sokoto (Sokoto State), Makurdi (Benue State) and Umuahia (Abia State). In the same vein, we increased our State Matching Fund partnership with state governments from 17 to 21 states. The new additions are Abia (N1bn), Katsina (N2bn), Sokoto (N2bn) and Benue (N2bn) States. We also signed a N1bn Legacy Fund, with the House of Oduduwa led by the Ooni of Ife, Oba Adeyeye Enitan Ogunwusi Ojaja II in the year.

The N5bn Bottom of Pyramid initiative, an on-lending platform created by the Bank to provide financing opportunities to Micro-enterprises through Microfinance Banks (MFB) also gained further traction in the year through the approval of N3.57bn to 16 MFBs. Notable new partners are LAPO MFB, FORTIS MFB, Lotus Capital, HASAL MFB, ADDOSER MFB amongst others. Over 12,000 enterprises have benefitted from this scheme, while over 50,000 jobs have been created. In the same vein, the Bank signed a Memorandum of Understanding with Ecobank Nigeria to leverage their reach nationwide to on-lend N1bn to MSMEs on behalf of the Bank of Industry.

At this juncture, I would like to appreciate our key stakeholders: development partners, regulatory bodies as well as our dear customers for their unwavering support throughout the year. And to my colleagues at the Bank of Industry,

I say thank you for working tirelessly to make it possible for the bank to report yet another year of remarkable developmental impact in our dear country.

Thank you all for your kind attention

Waheed Olagunju
Ag. Managing Director/Chief Executive Officer, BOI

The Directors have pleasure in submitting to members, their report and the audited financial statements for the year ended 31 December 2016.

1. Legal Form

The Bank of Industry Limited was reconstructed in 2001 out of the Nigerian Industrial Development Bank (NIDB) Limited, which was incorporated in 1964. Although the Bank's authorized share capital was initially set at N50 billion in the wake of NIDB's reconstruction into BOI in 2001, it has been increased to N250 billion in order to put the Bank in a better position to address the nation's rising economic profile in line with its mandate.

2. State of Affairs/Subsequent Events

In the opinion of the Directors, the state of the Bank's affairs was satisfactory and no event has occurred since the reporting date, which would affect the consolidated and separate financial statements as presented.

3. Result for the Year

	Group	Bank		
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Net interest income	27,687,437	26,523,841	27,079,691	26,033,667
Profit before tax	16,937,429	47,230,693	16,973,504	49,399,940
Income tax	(2,370,503)	(2,533,858)	(3,148,619)	(2,516,652)
Profit for the year	14,566,926	44,696,835	13,824,885	46,883,288
Other comprehensive income	(14,358)	274,411	(16,697)	353,026
Total comprehensive income for the year	14,552,568	44,971,246	13,808,188	47,236,314

4. Principal Activities

The Bank's mandate includes the provision of financial assistance for the establishment of large, medium and small projects as well as expansion, diversification and modernization of existing enterprises; and rehabilitation of ailing industries. The Bank also manages dedicated funds and through its subsidiaries, provides business advisory services, trusteeship, leasing, insurance brokerage, etc.

There was no change in the activities of the Group and Company during the year.

5. Business Review

Bank of Industry Limited carries out its activities in accordance with its Memorandum and Articles of Association and Companies and Allied Matters Act CAP C20 LFN 2004.

6. Directors

The names of Directors who held office during the year are as follows:

Mr. Olufemi Edun	Non-Executive Director (wef 12 October, 2016)
Mr. Waheed A. Olagunju	Managing Director (Ag)(wef 15 February, 2016)
Mrs. Toyin Adeniji	Executive Director (wef 7 March, 2016)
Mr. Jonathan Tobin	Executive Director (wef 14 March, 2016)
Mr. Simon Aranonu	Executive Director (wef 12 October, 2016)
Dr. Mahmoud Isa-Dutse	Non-Executive Director (wef 12 October, 2016)
Dr. Mudashiru A. Olaitan	Non-Executive Director (wef 12 October, 2016)

7 Records of Directors' Attendance

Pursuant to and in accordance with the provisions of Section 258(2) of the Companies and Allied Matters Act CAP C20 LFN 2004, the Record of Directors' Attendance at Shareholders' committee Meetings held during the year under review is set out in item 14 (4) of this report and available for inspection at the Annual General Meeting.

8 Directors Interests

The Interests of the Directors in the issued share capital of the Group and Company are recorded in the register of Director's Shareholding as at 31 December, 2016 as follows:

S/N	Names of Directors	31-Dec-16	31-Dec-15
1	Mr. Olufemi Edun	Nil	Nil
2	Mr. Waheed A. Olagunju	Nil	Nil
3	Mrs. Toyin Adeniji	Nil	Nil
4	Mr. Jonathan Tobin	Nil	Nil
5	Mr. Simon Aranonu	Nil	Nil
6	Dr. Mahmoud Isa-Dutse	Nil	Nil
7	Dr. Mudashiru A. Olaitan	Nil	Nil

9 Analysis of Shareholding

As at the end of 2016, BOI's shares were held by 44 shareholders as analyzed in the table below:

		No of Shares Held	% of Total Shareholding
i)	Ministry of Finance Incorporated	69,857,608,889	94.8
ii)	Central Bank of Nigeria	3,827,446,730	5.2
iii)	42 Other Nigerians	605,000	negligible

10 Substantial Interest in Shares (10% and above)

The above analysis shows that one shareholder (Ministry of Finance Incorporated) has 94.8% holding.

11 Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts with which the Company was involved as at 31 December 2016.

12 Property and equipment

Movements in property and equipment during the year are shown in note 23

In the opinion of the directors, the market value of the Group's properties is not less than the value shown in the financial statements.

13 Employment and Employees

13.1 Employment of Physically Challenged Persons

The Group and Company operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Group's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

13.2 Health, Safety at Work and Welfare of Employees

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the group provides medical facilities to its employees and their immediate families at its expense.

13.3 Employee Involvement and Training

The Group encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Group provides opportunities where employees deliberate on issue affecting the Group and employees interest, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower.

13.4 Research and Development

The Group also on a continuous basis carries out research into new banking products and services.

14 Corporate Governance

1. Commitment

The Corporate Governance principles for the Group and Company provide for best practices to be followed by the Company in every area of its activities and the Board takes responsibility for ensuring that the Company maintains the highest standards. The Board of Directors is dedicated to ensuring that the Group's objectives are achieved. The Group and Company recognizes the importance of high standard corporate governance and is committed to same by institutionalizing corporate governance principles as part of its corporate structure. It will continue to pursue strict adherence to the implementation of Corporate Governance rules of the Central Bank of Nigeria.

The Board continues to operate within the confines of Regulatory Code of Corporate Governance, the Company's Articles of Association and the Companies and Allied Matters Act CAP C20 LFN 2004. The operations and activities of the Company are carried out transparently.

2. Board Composition

As at 31 December, 2016, the Shareholders' committee comprised seven (7) Directors; three (3) Non-Executive, and four (4) Executive.

The guiding principles of the Group's Corporate Governance guidelines are as follows:

- That delegation of authority by the owners to the Board and subsequently to the Executives are clearly defined and agreed.
- That there is effective communication and information sharing outside of meetings.
- That actions are taken on fully informed basis, in good faith with due diligence and care and in the best interest of the 'company and all stakeholders.
- That compliance with applicable laws and regulations and the interest of stakeholders be enhanced. Where there is any conflict between the Company's rules and legislation, legislation supersedes.
- That there is conformity with the Group's overall strategy and direction.

3. The Role of the Board

The role of the Board of Directors of the Group and Company are guided by the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004, the Company's Articles of Association and other applicable laws and regulations.

4. Frequency of meetings

Meetings of the Board are held quarterly. However, meetings may be convened at any time, whenever the need arises. The Shareholders' Committee was inaugurated on 12 October, 2016.

A Summary of the record of attendance at the meetings is presented below:

NAME	Number of Meetings Attended
Mr. Olufemi Edun	2
Mr. Waheed A. Olagunju	2
Mrs. Toyin Adeniji	2
Mr. Jonathan Tobin	2
Mr. Simon Aranonu	2
Dr. Mahamoud Isa-Dutse	2
Dr. Mudashir A. Olaitan	2

15 Auditors

Messrs. Akintola Williams Deloitte has indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

A resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY ORDER OF THE BOARD

ALIYU A. SADAT
Company Secretary
FRC/2016/NBA/00000014552

Statement of Directors' Responsibilities for the preparation and approval of the Financial Statement

The Directors of Bank of Industry Limited are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and the Bank as at 31 December 2016, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

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

The financial statements of the Group for the year ended 31 December 2016 were approved by shareholders' committee on 30 March 2017

On behalf of the Directors of the Group

Waheed Olagunju
Ag. Managing Director/CEO
FRC/2014/IODN/00000009957

Olufemi Edun
Non-Executive Director
FRC/2015/ICAN/00000010844

1. **Mr. Waheed Olagunju**
   Ag. Managing Director/CEO
2. **Mrs. Toyin Adeniji**
   Executive Director (Micro Enterprises)
3. **Mr. Jonathan Tobin**
   Executive Director (Corporate Services)
4. **Mr. Simon Aranonu**
   Executive Director (Large Enterprises)
5. **Mr. Joseph O. Babatunde**
   General Manager (Large Enterprises)
6. **Mr. Abdul-Ganiyu Mohammed**
   General Manager (SME, South)

THE EXECUTIVE MANAGEMENT TEAM

7. Mr. Akeem Adesina
General Manager (Operations &Technology)

8. Mr. Shekarau Omar
General Manager (SME, North)

9. Dr. Ezekiel Oseni
Chief Risk Officer and General Manager, Risk Management Division

FEDERAL GOVERNMENT OF NIGERIA
SOCIAL INVESTMENT OFFICE

Government Enterprise and Empowerment Programme (GEEP)
(MarketMoni)

HOW MARKETMONI LOAN WORKS

GEEP MarketMoni Loans are being delivered to beneficiaries through their registered market associations and/or cooperatives. Upon verification of the market association or cooperative, its eligible members who have valid BVNs are onboarded to the programme, bank accounts opened for them, and relevant information are collected for credit assessment. Upon disbursement, the beneficiary makes weekly repayments towards their loan.

GEEP MarketMoni is a national social intervention programme to reach 1.6 million beneficiaries across all States and the Federal Capital Territory.

1. What is MarketMoni?

MarketMoni is a microcredit loan available to traders, market women and men, artisans, enterprising youths, small scale farmers and agric workers nationwide. MarketMoni is easy to access and repayable over six months.

2. What does MarketMoni Loan Offer?

- Loans from N10,000.00 to N100,000.00
- One-time 5% administrative fee (no other charges)
- 6-month loan tenure
- Two weeks grace period
- Weekly repayments through daily collections

3. Who can apply?

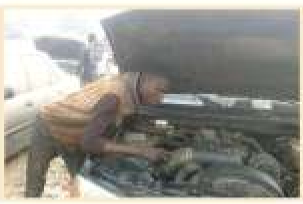
Members of registered and vetted associations, cooperatives or trade groups. These members must have valid Bank Verification Numbers (BVNs) and verified business locations. The application form is **FREE.**

4. Can I, as an individual, apply directly for the MarketMoni loan?

You must be an active member of a registered association, cooperative or business group. The association, cooperative or business group must be registered by your State Government or Corporate Affairs Commission.

President Muhammadu Buhari with members of the National Council of Women Societies Kaduna branch led by its chairman Mrs. Deborah Dan Ishaya in Kaduna.

GEEP MARKETMONI ACTIVITIES AT MPAPE MECHANIC VILLAGE, ABUJA. LOANS REACH DIFFERENT TARGETS – MECHANICS AND SPARE-PART DEALERS



BANK OF INDUSTRY
...transforming Nigeria's industrial sector

For more information, go to any office of the Bank of Industry nationwide, or visit ***www.boi.ng/marketreg, marketmoni@boi.ng, 07002255264***

www.boi.ng

ABOUT BOI

TRANSFORMING NIGERIA'S INDUSTRIAL SECTOR

The Bank of Industry (BOI) that was incorporated in 1959 as ICON Limited and reconstructed into the Nigerian Industrial Development Bank (NIDB) in 1964 and further restructured into BOI in 2001. Nigeria's oldest and most successful Development Finance Institution. Due to its sustained impressive performance over the past 58 years, the Bank of Industry with its AA+ rating by FITCH Ratings is today, the best internationally rated wholly owned Nigerian bank. It was also rated Aa1 by Moody's Investor Services and AA- by Agusto & Co of Nigeria. As Nigeria's premier Development Finance Institution, BOI has consistently, efficiently and effectively intervened in sectors of the Nigerian economy that market-based financial institutions would shy away from.

In recent times, it has rapidly expanded its risk assets without compromising quality such that the ratio of its non-performing loans is currently 3.72%, which is one of the lowest in Nigeria's banking industry. In line with BOI's commodity-based industrialization strategy that emphasizes adding value to Nigeria's vast agricultural, solid minerals and petroleum resources, the thousands of Micro, Small, Medium and Large enterprises that BOI has assisted across the country have had such far reaching multiplier effects on the Nigerian economy such as job creation and resultant wealth creation, as well as poverty alleviation. Because many of the assisted projects are also import substitution and export-based, BOI's esteemed customers have contributed significantly to efforts at attaining national self-reliance through backward integration and economic diversification, all of which positively impact the contribution of the manufacturing sector to Nigeria's Gross National Product.

L-R: Executive Director, Corporate Services & Commercial, Bank of Industry (BoI), Mr Jonathan Tobin; President, Institute of Chartered Accountants of Nigeria (ICAN), Deacon Titus Soetan presenting Award to the Acting Managing Director, Bank of Industry, Mr. Waheed Olagunju, while Executive Director, Micro Enterprise/ Financial Inclusion Directorate (BoI), Mrs Toyin Adeniji, looks on during the ICAN 2017 annual dinner and awards presentation in Lagos.

BOI BAGS ICAN AWARD

The Institute of Chartered Accountants of Nigeria (ICAN) has recognized the Bank of Industry's contribution to the development of MSMEs in the country, endowing the Bank with the Merit Award in the Corporate category in this year's edition of its annual awards which held in Lagos recently.

The award was in recognition of BoI's outstanding contributions to the growth of businesses and the nation's economy.

ICAN said having reviewed BoI's activities in the last one year, it found that BoI has recorded remarkable improvements in supporting Micro, Small and Medium Enterprises (MSMEs) in line with one of the priorities of the Federal Government.

The institute said, for instance, that a review of activities during the 2016 financial year showed that BoI's loans approvals as at December 2016 rose by nine per cent to N150 billion, compared to N138.5 billion achieved in 2015.

Indeed, disbursements to MSMEs also went up by 42% within the same period to N8 billion, from N5.64 billion in 2015, while the bank's wide ratio of non-performing loans (NPL) reduced to 3.72 per cent in 2016, from 5.87 per cent in 2015.

Also, BoI's operating Profit Before Tax (PBT) rose to N17b in 2016, from N11.95b in 2015, representing 44% increase.

"All these culminated in BoI's ratings by international and domestic rating agencies being upgraded and affirmed throughout 2016.

"While Moody's assigned BoI Aa1 in 2016, up from Ba3 of 2015, Agusto's rating of AA- in 2016 was higher than A+ of 2015. AA+ assigned by Fitch in 2015 was affirmed in February 2017", the bank stated in a statement.

In the last one year, BoI had taken bold steps to implement the economic programmes of the Federal and state governments in collaboration with domestic and foreign development partners.

The bank noted that conscious efforts have continued to be made towards evolving a favorable ecosystem for SMEs in Nigeria and further deepen its credit delivery process and have it revitalized for speed and efficiency.

These include expansion of the bank's branch network, automation of its operations and equipping youths with relevant business skills in solid minerals, agro processing as well as cotton, textile and garmenting.

BOI partners NAFDAC

The Bank of Industry has partnered with the National Agency for Food and Drug Administration and Control (NAFDAC), to provide quality assurance on SME products.

This comes as the Bank signed an MoU with the food and drug regulatory agency to ensure that related products produced by MSMEs met all regulatory standards, which would enable them thrive and be competitive in the markets.

Speaking at the ceremony to sign the MoU at the Bank's Lagos head office, Mr. Waheed Olagunju, acting Managing Director of the Bank said that partnership will expedite economic growth by making sure that Small and Medium Enterprise (SMEs) meet up with best production standards.

Explaining further, he noted that "It is only certified products that can be sold in the market profitably. It is important for BoI customers to be accredited. Their accreditation by NAFDAC shows that they conform to best manufacturing practices. BoI is supporting many local pharmaceutical companies under Manufacturers Association of Nigeria to export their products because they meet NAFDAC and World Health Organisation (WHO) standards," Olagunju said.

In her response, Mrs. Yetunde Oni, acting Director-General, NAFDAC, said that the collaboration would cement Federal Government's programme to promote the non-oil sector of the economy, boosting productivity of SMEs through granting of marketing authorisation to products that would implement good manufacturing practice.

Acting Managing Director, Bank of Industry (BoI), Mr. Waheed Olagunju (2nd right); Ag. Director General, National Agency for Food Drug Administration and Control (NAFDAC), Mrs Yetunde Oni (right);Executive Director, Corporate Services & Commercial, BoI, Jonathan Tobin (2nd left),and Divisional Head, Large Enterprises, BoI, Joseph Babatunde (left), during the MOU signing between BoI and NAFDAC Lagos.

Support for **Women** in Business Initiatives

Caption in "Support for Women in Business Initiatives" need to have the proper mix of capital and small letters, e.g. Acting Managing Director, Bank of Industry (BoI), Mr Waheed Olagunju (2nd left) receiving the Special Recognition Award to BoI for the support to women in business from Chief Executive Officer, WFM 91.7, Mrs Toun Okewale- Sonaiya,(2nd right) while Chairman, St. Ives Communications (Owners of WFM 91.7), Dr. Babatunde Okewale (left) and Former, First Lady of Ekiti State, Mrs Bisi Fayemi (right) watch, during the Voice of Women (VOW) Conference & Award presentation in Lagos.

L-R: Speaker/ CEO Wassy Creations, Otunba Wasiu Taiwo; Speaker/ Founder/ CEO ReelFruit, Affiang Williams; Executive Director,Micro Enterprises Directorate,Bank of Industry, Toyin Adeniji;Speaker/ Founder/CEO SecureID Ltd., Kofo Akinkugbe;Speaker/CEO/ PathCare Laboratories, Pamela Ajayi,and Divisional Head, Large Enterprises,BoI, Mr .Joseph Babatunde,during the Bank of Industry 2017 International Women's Day celebration, Themed: "Be Bold for Change" held in Lagos.

L-R: Speaker/ CEO Wassy Creations, Otunba Wasiu Taiwo; Speaker/ Founder/ CEO ReelFruit, Affiang Williams; Executive Director,Micro Enterprises Directorate,Bank of Industry, Toyin Adeniji;Speaker/ Founder/CEO SecureID Ltd., Kofo Akinkugbe;Speaker/CEO/ PathCare Laboratories, Pamela Ajayi during the Bank of Industry 2017 International Women's Day celebration, Themed: "Be Bold for Change" held in Lagos.

CREATIVE INDUSTRY

L-R: Group Head,Creative Industry Group,Bank of Industry,Mrs Cynthia Nwuka; Founder,Terra kulture and Bolanle Austine-Peters Production, Mrs Bolanle Austin-Peters,and Acting Managing Director,Bank of Industry,Mr. Waheed Olagunju, at the launch of the TerraKulture Arena, the first privately- owned, purpose-built theatre in Lagos.

Actor, Mr. Patrick Doyle; Group Head, Creative Industry Division, Bank of Industry, Mrs Cynthia Nwuka; Director & Producer of the movie, Isoken, Jadesola Osiberu; Actress, Dakore Akande; Former Managing Director, Daily Times/Executive Directorof the movie, Isoken, Dr. Yemi Ogunbiyi, and Actress, Bolanle Olukanni, at the news conference on the new movie, Isoken, supported by BoI NollyFund in Lagos.

BOI extends presence to 22 states, records 42% increased disbursement to MSMEs

Entrepreneurs in more states of the country will now have the benefit of being able to engage with the Bank of Industry and have their applications processed faster. This is as the Bank commenced operations in three more states, Abia, Kwara and Benue recently.

According to the Acting Managing Director, Bank of Industry, Mr. Waheed Olagunju, opening these new offices was in line with the Bank's strategy to deepen penetration of its services across the country and ease access to the Bank's interventions for SMEs in the country, while helping the states realise their rich endowment in mineral and natural resources, and take advantage of them for industrialisation.

With the commencement of operations in these three states, entrepreneurs resident in those states could now access financial and business services support from the Bank which hitherto they had to travel to neighbouring states (where BOI has offices) to access. Also, the Bank's processes had been interlinked with its offices nationwide to quicken and simplify transactions

Speaking at the Kwara office commissioning, Mr. Olagunju stated that "to date, BOI has recorded a total loan approval of N11.6 billion to 66 projects, including large enterprises (LE) as well as , medium, small and micro enterprises (MSMEs) in Kwara State of which about N365,254,402.61 is in respect of 42 MSMEs under the Matching Fund Scheme, while in terms of developmental impact, more than 5,018 direct and indirect jobs have been created. Some of the enterprises that BOI has assisted in Kwara State include: Kam Industries Nigeria Limited, Lubcon Limited, Tranquil Mazab, Gbose Quarries Limited, Wahan Foods Limited, Foodpro Limited, Mount Olive Nigeria Limited, Biomedical Limited".

R-L: Governor Abdulfatah Ahmed of Kwara State; Acting Managing Director, Bank of Industry (BOI), Mr. Waheed Olagunju; Executive Director, Corporate Services,BOI, Mr. Tobin Jonathan, and Head of Service, Kwara State,Hajia Sara Umar, during the Official Commissioning of Bank of Industry (BOI)'s Kwara State Office in Ilorin ,Kwara State.

He added that, while commissioning the Benue Office, that as at February 2017, the bank had approved loans of about N1.5 billion to over 13 companies and micro enterprises spread across the state.

In related developments, the Bank in keeping with its promise to sustain annual increment in micro small and medium enterprises (MSMEs) financing going forward, announced that it had increased disbursement to small businesses to N8 billion in 2016, representing 42 per cent increment from N5.6 billion in 2015. The BoI Acting Managing Director, Mr. Waheed Olagunju said the increment would ensure more Nigerians get access to finance to create opportunities for rapid development of the country.

L-R: Commissioner for Industry Trade and Investment Benue State, Dr. Tersoo Kpelai; Acting Managing Director, Bank of Industry (BOI), Mr. Waheed Olagunju; Benue State Governor Samuel Ortom, and Executive Director (Corporate Services) BOI, Mr. Tobin Jonathan, during the Commissioning of Bank of Industry (BOI)'s Benue State Office in Makurdi.

MSME CLINICS IN FOCUS

The Micro Small and Medium Enterprises (MSME) Clinic series is being organised by the Office of the Vice President to bring Federal Government development agencies such as the Ministry of Industry, Trade and Investment (FMITI), National Agency for Food and Drug Administration and Control (NAFDAC), Bank of Industry (BOI), Bank of Agriculture (BOA), Nigerian Export Promotion Council (NEPC), Standard Organisation of Nigeria (SON), Corprate Affairs Commission (CAC), Nigerian Investment Promotion Council (NIPC), Federal Inland Revenue Service (FIRS), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and Nigerian Export-Import Bank (NEXIM) closer to MSMEs across the country.

MSME Clinic in Sokoto state

Vice President, Prof Yemi Osinbajo (left) Acting Managing Director, Bank of industry,BOI, Waheed Olagunju, Leather producer Alh. Ibrahim Gandi and Director General, Sokoto State, Small and Medium Enterprises agency; Hajia Aishatu Hassan during the Nationwide Micro Small and Medium Enterprises Clinic in Sokoto, Sokoto State.

MSME Clinic in Plateau state

Vice president, Yemi Osinbajo(2nd left) inspecting some local product at the Plateau state Micro, small and medium clinic for Viable Enterprises in Jos with him are, Acting Managing Director Bank of Industry, Waheed Olagunju(left) Plateau State Governor Simon Lalong,(2ndright) and Minister of State for Investment, Aisha Abubakar. and an entrepreneur, mrs Grace Chikan

MSME Clinic in Abia state

Abia State Governor, Dr Okezie Ikpeazu(left) Minister of Trade and Investment, Dr Okechukwu Enalamah, Vice President Yemi Osinbajo, Special Assistant To Vice President on SMES, Tolu Moses and Acting Managing Director, Bank of Industry Waheed Olagunju during the Launching of Nation wide Micro, Small and Medium Enterprise Clinics in Aba , Abia State

BANK OF INDUSTRY
...transforming Nigeria's industrial sector

Bank of Industry and Development Partners

BOI COMMISSIONS SOKOTO STATE OFFICE

Governor Aminu Tambuwal of Sokoto (second left) commissioning BOI's Office in Sokoto. Thereafter the Bank of Industry-Sokoto State Government N2bn MSME Matching Fund was launched.

FINANCIALS

	2016 N'000	2015 N'000
Profit Before Tax	N17bn	N11.9bn
Loans	N171bn	N156bn
Disbursement to SMEs	N8bn	N5.64
Non-Performing Loans (NPL)	3.72%	5.87%

CREDIT RATINGS

International	2016	2015
Fitch	AA+	AA+
Moodys	Aa1	Ba3 (in consonance with Nigeria's sovereign rating)
Domestic		
Agusto & Co.	AA-	A+

MEMORANDUM OF UNDERSTANING (MoU) BETWEEN BAYELSA STATE GOVERNMENT AND BANK OF INDUSTRY

L-R: Bayelsa State Governor Henry Seriake Dickson; Acting Managing Director, Bank of Industry (BOI) Mr. Waheed Olagunju; Commissioner for Trade, Industry and Investment Bayelsa State Mr. Kemela Okara, and Executive Director (Corporate Services) BOI, Mr. Tobin Jonathan, during the sining of Memorandum of Understanding (MOU) between Bayelsa State Government, and Bank of Industry, on development fund for MSME, in Yenagoa, Bayelsa State

MEMORANDUM OF UNDERSTANING (MoU) BETWEEN BENUE STATE GOVERNMENT AND BANK OF INDUSTRY

R-L: Benue State Governor Samuel Ortom; Acting Managing Director, Bank of Industry, (BOI), Mr. Waheed Olagunju; and Executive Director, Corporate Services Bank Of Industry, Mr. Tobin Jonathan; during the signing of memorandum of understanding on #2 billion enterprise development fund for entrepreneurs, in Makurdi Benue State

BOI COMMISSIONS KATSINA STATE OFFICE

Governor Aminu Masari of Katsina State (middle) commissioning BOI's Office in Katsina after which the Bank of Industry-Katsina State Government N2bn MSME Matching Fund was launched.

BOI-ABIA STATE GOVERNMENT LAUNCH MSME DEVELOPMENT FUND

Governor Okezie Ikpeazu of Abia State (first right). First left is Mr Chukwuemeka Ifezulike, Special Adviser to the Minister of Industry Trade and Investment.

The Bank of Industry's Domestic and Foreign Development Partners that are drawn from the Public and Private Sectors include Federal Government Agencies, State Governments, International Institutions, Community Based Organisations and Eminent Traditional Rulers.

Impacting Micro Small and Medium Enterprises (MSMEs) Viably

Words on Marble

"When our Government assumed office we noticed that the N1bn intervention fund with the Bank of Industry was not being disbursed because BOI did not consider most of the applications it received as viable. On our part, we did not want these funds treated as unaccountable patronage or share of the national cake. We decided therefore that it was best to create a platform for the willing youth to acquire the necessary business skills, and we were lucky to find willing partners in the Kaduna Business School and the Bank of Industry. I hereby thank the leadership of Waheed Olagunju at the Bank of Industry and Dr. Sani at the Kaduna Business School who have made this possible"

-Governor Nasir Ahmad El-Rufai

We have been following the commendable progress of the Bank of Industry especially its diligent implementation of the Federal Government's YES programme, that is the Bank's Youth Entrepreneurship Scheme and I think it is an important initiative that the government has taken to empower youths."

- Sultan of Sokoto

"I need to partner with a reputable organization like the Bank of Industry for obvious reasons; cheap funds, long-term credit facilities that commercial banks won't be able to give; use it to empower youths; preach morals to them; put guarantees down for them"

-Ooni of Ife

TESTIMONIALS FROM BOI CUSTOMERS

"As one of the pioneer beneficiaries of the BOI-NYSC Graduate Entrepreneurship Fund (GEF), I now own my business and employing other young Nigerians like me. Thank you BOI"

-Emmanuel Faleti (Lagos)
NYSC batch A 2015 GEF Beneficiary

"My ultimate goal, with the support of the Bank of Industry, is to go into processing and value addition thereby creating more jobs for young people in my community."

-Aisha Ilna (Kano)
NYSC batch A 2015 GEF Beneficiary

"BOI has done remarkably well by giving young, business-minded people like myself, the opportunity to be able to set our businesses."

-Aniele Ndubuisi (Port Harcourt)
NYSC batch A 2015 GEF Beneficiary

"I started my small biscuit factory in Kano with a long term loan of N24.46mn from BOI. My turn over is now more than N800mn. The Kaduna State Government is my biggest customer because I supply biscuits under their school feeding programme. I owe my success to BOI's financial assistance and business advisory support."

- Alhaji Umar Sani Marshall –
MD/CEO, Marshal Biscuits Ltd, Kano

"The online course has been a great opportunity for young entrepreneurs like me to gain more business knowledge. The lessons I have learnt from this program cannot be quantified."

- YES Participant
Sani Mohammed, Kaduna State

"The Youth Entrepreneurship Support (YES) programme is the first of its kind that I have ever enrolled for. Lessons derived so far from the courses have been very helpful in the day to day running of my farm. Thank you once again team BOI!"

- YES Participant
Abdul Bala Ishaq, Niger State

"My sales have increased by ten folds now that I sell cold drinks and close at 10pm instead of 7pm. Solar power is cheaper than petrol powered generator, noiseless and cleaner. God bless Bank of Industry."

-Madam Oyiboka Egwuatu
Drinks vendor in Onono, Anambra State

'BOI's YES portal is the best online platform I have ever seen. It is educative, interactive and I have learnt from the YES programme that running a business without sound education in entrepreneurial management is like groping in the dark.

- YES Participant
Anthony Ehigiamusoe, Edo State

"BOI's improved performance in 2016 despite the economic head winds and its consistently high ratings are due to strong commitment to professionalism and strict adherence to global best practices by the bank's competent, dedicated as well as passionate management team and staff who also enjoyed the support of BOI's valued domestic and international development partners. Together we look forward to positively impacting more Nigerians in 2017 and beyond."

-Waheed A. Olagunju
Acting Managing Director & CEO

In order to enhance the Bank of Industry's (BOI) financial and business advisory support for MSMEs across the country five new offices were established in the following states: Sokoto, Katsina, Benue, Ogun and Abia with the support of their respective state governments. Thus increasing the number of BOI offices from fifteen to twenty.

CHEQUE PRESENTATION CEREMONY TO BOTTOM OF THE PYRAMID (BOP) SCHEME ON LENDING LOAN BENEFICIARIES IN LAGOS

L-R: Managing Director, LAPO MicroFinance Bank, Mr Godwin Ehigiamusoe; Divisional Head, Small and Medium Enterprises South,Bank of Industry, Mr AbdulGaniyu Mohammed; MD/ CEO, Fortis MicroFinance Bank Plc,Mr Tiko Okoye;Acting managing Director,BoI,Mr Waheed Olagunju; MD/CEO, Lotus Capital Limited, Hajia Hajara Adeola, and Executive Director, Commercial Services, BoI, Mr . Jonathan Tobin, during the BoI Cheque presentation ceremony to Bottom of the Pyramid (BOP) Scheme on lending Loan beneficiaries in Lagos.

PARTNERING WITH FIRST BANK AND AFTER GRADUATE DEVELOPMENT CENTRE (AGDC) ON YOUTH IGNITE

Deputy managing director, First Bank, Gbenga Shobo; Chairman, First Bank, Mrs Ibukun Awosika ; acting managing director, Bank of Industry (BoI), Mr. Waheed Olagunju, and executive director, corporate services and commercial, BoI, Mr. Jonathan Tobin, at the launch of the youth ignite programme in Lagos.

BOI-NYSC GEF CHEQUE PRESENTATION CEREMONY

CEO, Teesas Drycleaning Services and beneficiary of the BOI-NYSC Graduate Entreprenuership Fund (GEF), Esther Owolabi, with the Diretor-General, National Youth Service Corps (NYSC), Brig. Gen. Sule Kazaure and Mrs. Karima Babangida, Director, Federal Ministry of Agriculture and Rural Development at the cheque presentation to beneficiaries.

MEMORANDUM OF UNDERSTANDING WITH NATIONAL ART AND CULTURE

Director General National Council for Art Culture, Otunba Olusegun Runsewe(left) Acting Managing Director Bank of Industry, Mr. Waheed Olagunju; and Executive Director Corporate Services BOI, Mr. Jonathan Tobin, during the singing of memorandum of understanding on provision of funds to eligible Entrepreneurs in the Nigerian art and culture sector in Abuja

GEMSTONE TRAINING TO TRADING

The Bank of Industry (BoI) conducted training of 1,600 youths in gemstones production to aid economic recovery and diversification

According to the Bank of Industry the extraction, processing and trading in gemstones would expedite recovery, transformation and diversification of the economy.

BOI also stated that the programme aligns with the Bank Commodity-Based Industrialisation Strategy as elongated by United Nations Economic Commission for Africa (UNECA) which stresses the need to add value to Nigeria's vast and rich agricultural, solid minerals and petroleum resources.

"Relative to country's other major natural resource endowments, solid minerals is where we have the lowest hanging fruits stated BOI's Acting Managing Director, Mr. Waheed Olagunju.

"For instance, gemstones are beneath our soil and you do not need to dig too deep before extracting them, unlike agriculture and oil where you need several months or even years of preparation before you can reap the fruits of your labour.

"In some locations, you can actually extract gemstones like sapphire, the size of a cube of sugar and earn up to $100,000 in a matter of weeks," he said.

Olagunju further said that the multi-billion dollar industry that had transformed many economies of the world had potential to generate foreign exchange earnings, job and wealth creation for Nigerians.

"Given the growth of the jewelry market worldwide, the potential economic impact of gemstones mining and its multiplier effects are enormous.

"Nigeria is actually blessed with some of the world's scarce precious gemstones like beryl and aquamarine, sapphires, zircon and various grades of tourmaline.

"Gemstones are readily available in commercial quantities in most parts of Nigeria," Olagunju said.

He said that the training session would be conducted by Laurel School of Mines for the 1,600 youths in eight locations across the six geopolitical zones of the country.

Olagunju said that participants with potentially viable and bankable business plans would be financed by BoI after the training session and also offered business support services

GEMSTONES TRAINING TO TRADING CAPACITY BUILDING PROGRAMME

Cross section of participants at the Gemstones Training to Trading Programme in Gombe State

Cross section of participants at the Gemstones Training to Trading Programme in Rivers State

BANK OF INDUSTRY
...transforming Nigeria's industrial sector.

and

HIS IMPERIAL MAJESTY
AROLE ODUDUWA, OONI OF IFE

BOI, HOUSE OF ODUDUWA LAUNCH N1 BILLION MICRO SMALL AND MEDIUM ENTERPRISES (MSME) MATCHING FUND

Highlights of the memorandum of understanding signing ceremony in Ife-Ife

His Imperial Majesty, Ooni of Ife, Oba Adeyeye Enitan Ogunwusi Ojaja II; Acting Managing Director & CEO, Bank Of Industry Limited, Mr Waheed Olagunju, Divisional Head, Small and Medium Enterprises (South), Mr. Abdul-Ganiyu Mohammed and the Company Secretary, Mr. Aliyu Sadat.

Ooni of Ife, Oba Adeyeye Ogunwusi (left) and BOI's, Acting Managing Director/CEO, Mr. Waheed Olagunju.

Features of the MSME Matching Fund:

- Interest rate 7.5%
- Moratorium period 6 – 12 Months
- Tenor 3-5 years
- Business support services through BOI accredited MSME consultants.
- Significant amount of the fund is earmarked for woman and youth.
- Most beneficiaries must have businesses in Ile Ife, however, by mutual consent of BOI and Oduduwa Foundation, entrepreneurs located outside Ile-Ife can also access the fund.

Targeted Sectors include:

- Agriculture & Agro-allied Industries
- Solid Minerals
- Services including trading in made in Nigeria products

(M) His Imperial Majesty, Ooni of Ife, Oba Adeyeye Enitan Ogunwusi, Ojaja II, BOI's Acting Managing Director/CEO, Mr. Waheed Olagunju and staff of the bank at the event.

Cross section of trained agro processors and potential beneficiaries of the facility

(M) His Imperial Majesty, Ooni of Ife, Oba Adeyeye Enitan Ogunwusi, Ojaja II; BOI's Acting Managing Director/CEO, Mr. Waheed Olagunju with some of Ife's women leaders.

Entertainers at the event.

Nigerian Content Board, Bank of Industry launch $100m Fund for Oil Industry operators

The Nigerian Content Development and Monitoring Board (NCDMB) and the Bank of Industry (BOI) on Tuesday launched the Nigerian Content Intervention Fund (NCI Fund) with $100m (Hundred Million Dollars), a major step geared to address the paucity of funding and inability to access credit which often beset manufacturers, service providers and other key players in the Nigerian oil and gas industry.

The pool of funds will be managed by the BOI, which would lend directly to qualifying players in the oil and gas industry under competitive terms. This is a departure from the old model whereby the Nigerian Content Development Fund (NCDF) provided partial guarantees and 50 per cent interest rebate to service companies who obtained facilities from commercial banks for asset acquisition and projects execution. Under the old model which became operational in 2012, three companies-Ladol, Starz and Vandrezzer consummated transactions.

Speaking at the formal launch and MoU signing ceremony of the NCI Fund in Lagos, the Acting Executive Secretary of the NCDMB, Mr. Patrick Daziba Obah explained that the Board opted for the new model in response to the feedback it received from industry stakeholders who experienced difficulty accessing the funds.

He stressed that the Board was leveraging on the experience of the Bank of Industry in Development Financing, adding that "the MOU between our two agencies reflects the strong determination of BOI and NCDMB to lead the process of industrialization, by closing the gap in financing of projects that have high prospects of creating employment, retaining revenue in-country and adding value to our economy."

Benefiting companies are expected to deploy the funds for the acquisition of fixed assets (machinery and ancillary equipment). They can also use the funds as working capital, for leasing of industrial and business equipment and constructions and acquisition of marine vessels.

Speaking further, Obah listed the revised features of the NCI Fund to include compliance with the Treasury Single Account policy of the Federal Government, on-lending to beneficiaries, 8 per cent interest rate, long tenure of up to 10 years, single obligor limit of $10 Million and varied application which can include manufacturing, asset ownership etc.

He assured that transactions that were consummated under the partial guarantee arrangement will be managed to final settlement and promised that the Board will continue to work with stakeholders to develop financial products that address other unique financial requirements of interest of Nigerian Oil and Gas Service Providers (NOSPs).

The NCI Fund is sourced from the Nigerian Content Development Fund (NCDF) which is funded from 1% that is deducted from the value of all upstream contracts. The NCDF is underpinned by Section 104 of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act which provided that the funds be used for developing capacity in the oil and gas industry. About $600m has accumulated in the NCDF till date.

In his address, the Acting Managing Director of BIO, Mr. Waheed Olagunju underscored similarities in the mandate of NCDMB and BIO, noting that both agencies were created to drive the industrialization of Nigeria and add value to the nation's natural resources.

He assured that the NCI Fund would avoid the pitfalls which limited the success of the NCDF and ensure that qualified service companies access the funds they need to grow capacity.

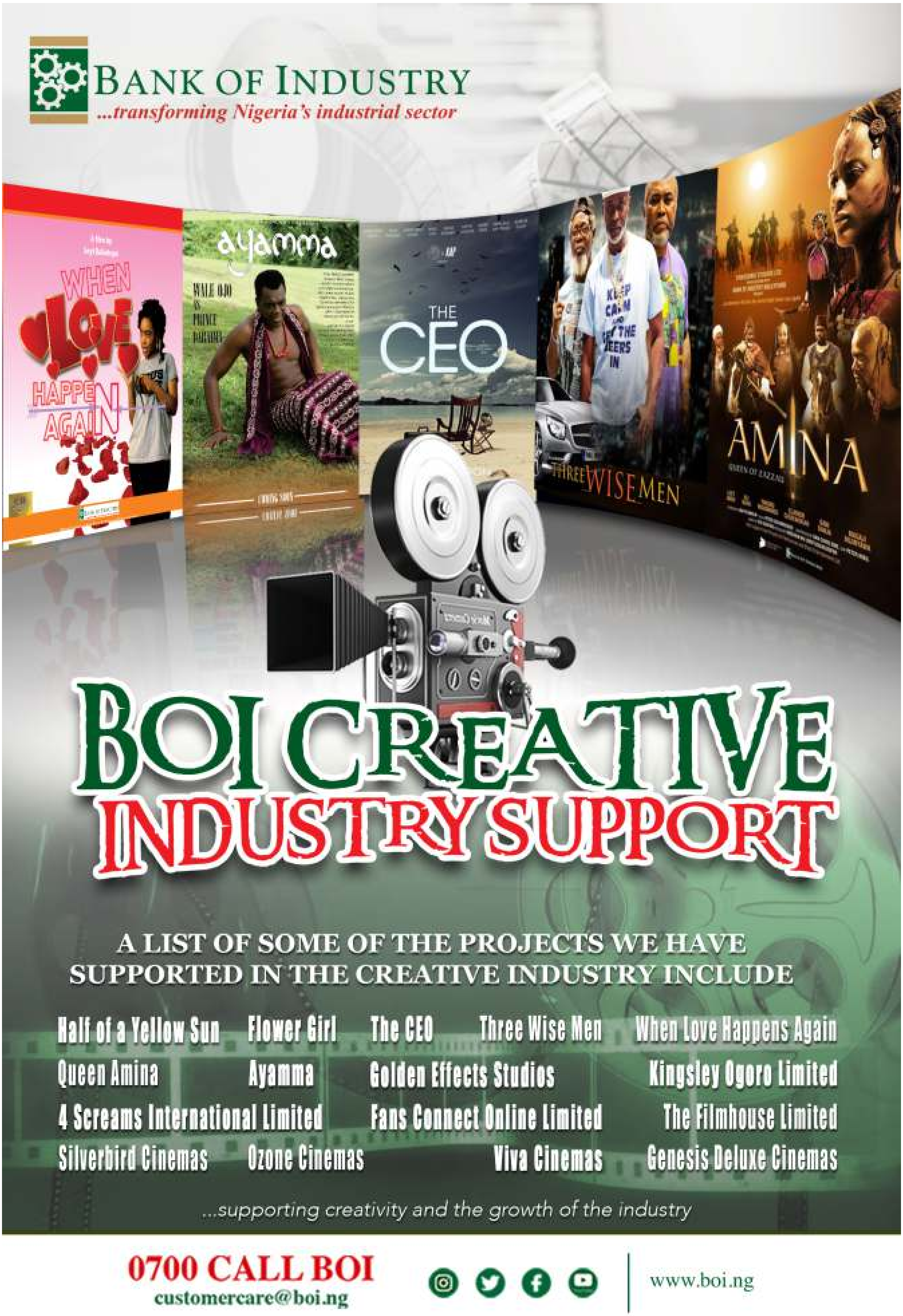
On the conditions for accessing the NCI Fund, the Acting MD explained that the Bank would consider viability as well as social impact of loan proposals before granting credits, pledging that it would apply its competencies and tested banking principles to surpass the expectations of potential beneficiaries.

Olagunju also promised that the Bank would guard against persons who obtain loans from government agencies without any plan of repayment.

In his remarks, the Chairman of the Petroleum Technology Association of Nigeria (PETAN) Mr. Bank-Anthony Okoroafor commended the Board for being responsive to the demands of the industry stakeholders who clamored for a change in the operating model of the NCDF. He noted that many PETAN members were unable to access the Fund under the old model because of the posture of banks to financing oil and gas projects as well as other cumbersome conditions. "Several companies had good ideas and projects but could not access the funds," he said.

Okoroafor also challenged the Board to increase the size of the NCI Fund to $600m so that legacy projects like a big shipping yard can be set up in the country. Speaking further, the PETAN chairman argued that the NCDF was deducted from contracts executed by service companies, the process for accessing the funds by contributory companies should be seamless and credit should be advanced to genuine companies.

He also canvassed that primary consideration be given to companies that have already created capacities and proven themselves.


BANK OF INDUSTRY
...transforming Nigeria's industrial sector
ayamma
THE CEO
WHEN LOVE HAPPEN AGAIN
THREE WISE MEN
AMINA
BOI CREATIVE
INDUSTRY SUPPORT
A LIST OF SOME OF THE PROJECTS WE HAVE SUPPORTED IN THE CREATIVE INDUSTRY INCLUDE
Half of a Yellow Sun
Flower Girl
The CEO
Three Wise Men
When Love Happens Again
Queen Amina
Ayamma
Golden Effects Studios
Kingsley Ogoro Limited
4 Screams International Limited
Fans Connect Online Limited
The Filmhouse Limited
Silverbird Cinemas
Ozone Cinemas
Viva Cinemas
Genesis Deluxe Cinemas
...supporting creativity and the growth of the industry
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PARTNERING WITH STATE GOVERNMENTS TO DEVELOP MICRO, SMALL AND MEDIUM ENTERPRISES

MATCHING FUND PARTNERS

STATE	FUND SIZE (₦)
ABIA	1,000,000,000
ANAMBRA	1,000,000,000
BAYELSA	2,000,000,000
BENUE	2,000,000,000
CROSS RIVER	500,000,000
DELTA	1,127,051,564
EDO	500,000,000
EKITI	200,000,000
ENUGU	399,600,000
GOMBE	500,000,000
KADUNA	1,000,000,000
KANO	500,000,000
KATSINA	2,000,000,000
KOGI	500,000,000
KWARA	500,000,000
NIGER	600,000,000
OGUN	1,000,000,000
ONDO	1,000,000,000
OSUN	1,000,000,000
OYO	1,000,000,000
TARABA	700,000,000
SOKOTO	2,000,000,000

TOTAL FUND SIZE

21,026,651,564.00

ACHIEVEMENTS OF THE PARTNERSHIPS INCLUDE:

- Supporting MSMEs that are viable and sustainable
- Robustly supporting MSMEs that are involved in value addition and processing of Nigeria's vast agricultural, solid minerals and petroleum resources
- Financing MSMEs that generate considerable employment opportunities across the value chains
- Improving the living standards of communities where viable MSMEs are located arising from the positive developmental impact and multiplayer effects engendered by the assisted enterprises

PRODUCTS & SERVICES

Medium and long-term financing

Equity Financing

Business development support services

International trade services such as documentary credit, etc.

Collaboration with other development partners, particularly public and private sectors as well as multilateral and bilateral agencies.

Provision of antenna services for foreign development and business support organizations.

Management of dedicated funds on behalf of state governments, national, regional and multilateral institutions for on-lending to Micro, Small and Medium Enterprises (MSMEs) and large enterprises.

A host of other complementary services rendered by the following subsidiaries of BOI:
-LECON Financial Services Limited
-BOI-Investment Trust Company Limited (BOI-ITC)
-Industrial & Development Insurance Brokers Limited (IDIB),
-BOI-Microfinance Bank Limited (BOI-MFB).

OPERATING PRINCIPLES

Professionalism, excellence and integrity in the conduct of our business.

Long-term partnership (relationship) with clients, based on shared responsibility for the success of enterprises.

Equitable commitment to the prosperity of all stakeholders.

Assurance of BOI's viability, survival and capabilities.

Lending decisions based both on project's expected viability and probability of loan repayment.

Interest charged to cover costs of borrowing, risk and operating expenses.

Support of enterprises with potential to be profitable, competitive and sustainable and have substantial development impact.

BANK OF INDUSTRY STRATEGY

In 2014, Bank of Industry embarked on a corporate strategic transformation journey and has identified the need to revalidate its strategic plan for the next 3 years (2017 -2019)

- The overall macroeconomic environment and conditions has witnessed several changes which has resulted in a harsher operating conditions for companies in Nigeria, including BOI
- The current administration of the federal government has stated its commitment to implement policies aimed at reversing the prevailing macroeconomic trends in its desire to make a tangible impact including in diversifying the economy, generating employment, etc.
- BOI under its parent ministry, the Federal Ministry of Industry, Trade and Investment (FMITI), is viewed as a critical organ through which the government can make the desired impact; thus the Bank is needs to visibly increase its interventions in line with its stated vision/ mission and in alignment with the federal government's policy objectives

- **BOI is currently well positioned to achieve these objectives:**
  - The Bank has operated in a professional financially sustainable manner, cementing its status as the most viable of all the country's development finance institutions
  - BOI has operated with a clear focus, to promote industrialization in the country and has developed key capabilities that has enabled the Bank to deepen its impact in key sectors
  - The Bank has made significant investments in its people, technology and other tangible/ non tangible assets/ infrastructure that has contributed to the impact it has made in the intervening years

- **However, in revalidating its strategy, the Bank needs to further strengthen its capabilities in the following areas to enable it achieve greater developmental impact:**
  - Deepen its impact in focus sectors by expanding its current client base which appears quite concentrated
  - Expand its limited coverage of the MSME segment in order to deepen its impact in this area e.g. drive employment generation
  - Drive service delivery excellence through refining its approach to key business capabilities : talent management, partnerships/ alliances, risk management and technology

In the prior 5-year strategic plan (2015-2019), the Bank had agreed on 5 strategic pillars, which are still valid

Vision/ Strategic Aspiration	"To be Africa's leading development finance institution operating under global best practices"

Transformation for Impact: Strategic Themes

Deepen Impact in Core Sectors	Expand Sector Coverage	Drive MSME Penetration	Drive Service Delivery Excellence	Energise Workforce
Aggressively increase interventions in core sectors	Capture opportunities in 2 – 3 new emerging value-based industrial sectors	Significantly increase MSME play across sectors and locations	Use innovation & leverage technology to drive service delivery excellence	Create environment to attract & retain knowledgeable/ motivated staff

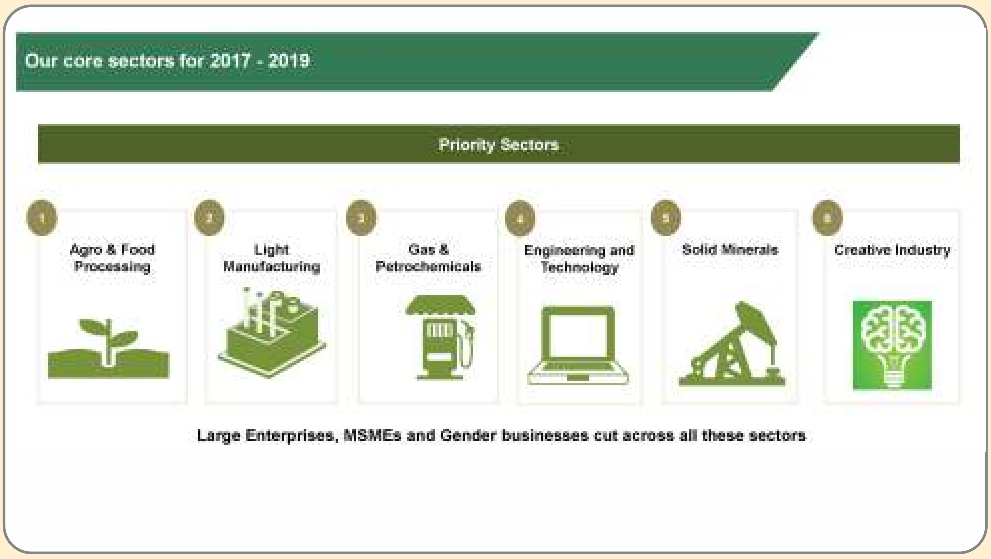
Transformation for Impact: Key Enablers/ Critical Capabilities

Strategic Alliances	Strong Risk Management	Robust Technology Platforms

In the next 3 years (2017-2019), the bank shall consolidate its developmental impact by focusing on the following key areas

1. **Deepen Penetration in Core and Emerging sectors** by strengthening strategic business capabilities in these sectors
2. **Support local Industrial Champions** to domesticate productive capacity and reduce external dependence through import substitution
3. **Develop and strengthen strategic alliances** with both public and private institutions (including multilateral agencies)
4. **Support MSME projects through strategic linkages** in the value chains of focus sectors thereby ensuring that MSME businesses contribute 30% to the bank's risk assets
5. Actively **promote and support game-changing manufacturing enterprises** in the Nigerian Industrial landscape

REVALIDATION AND REFINEMENT



Selection of BOI's focus on MSME sectors ensures alignment with the Nigeria Industrial Revolution Plan (NIRP)

Establish BOI as Leading MSME Player

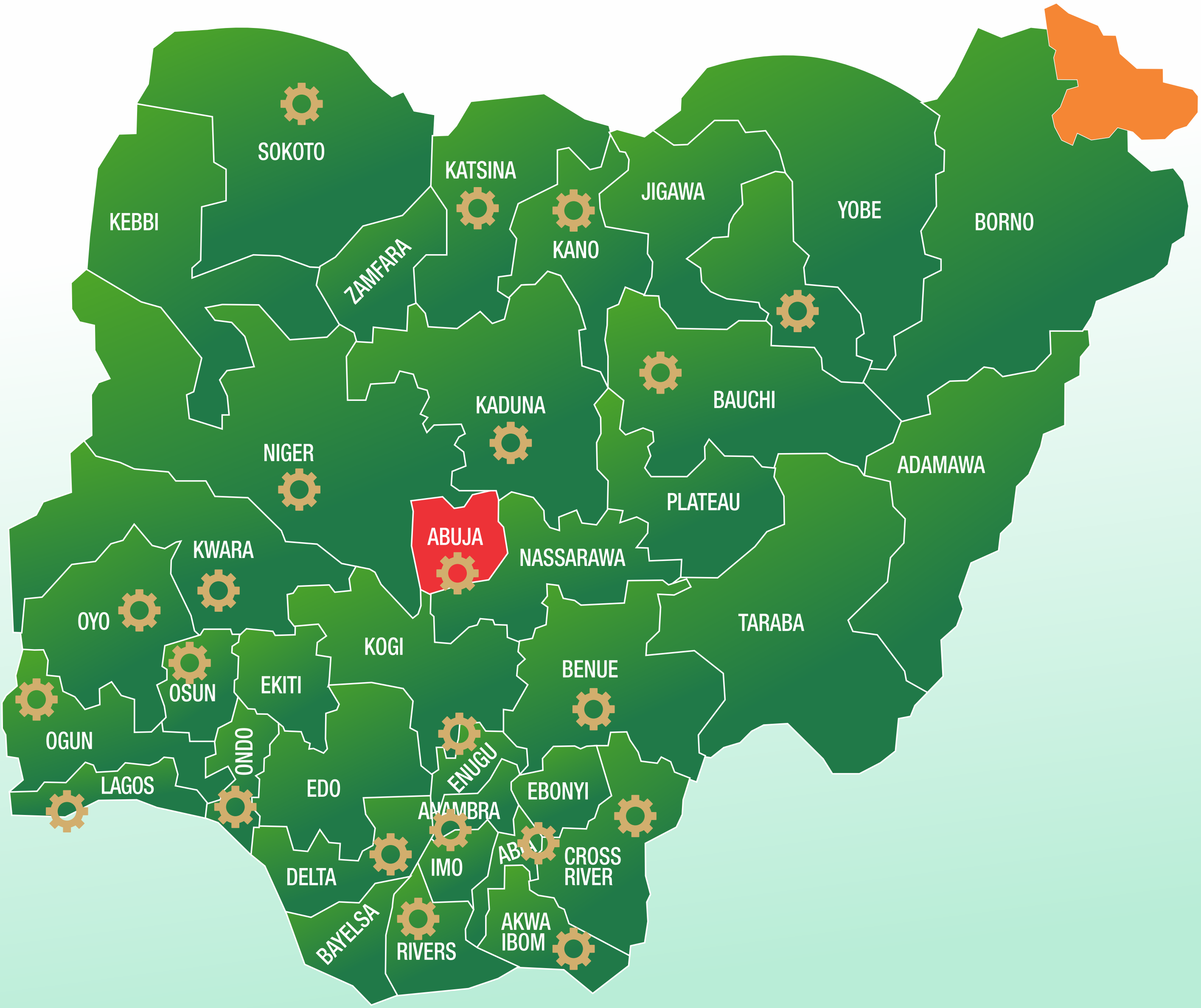
EXPLOIT MSME VOLUME AND VALUE POTENTIAL

Community Impact

- *Drive financial inclusion*
- *Drive gender participation to reduce poverty*

Focus MSME Sectors	Agro and Food Processing	Light Manufacturing	Creative Industries & Renewable Energy	Other Emerging Sectors**
Aligning Clusters	• Animal Feeds • Aquaculture • Dairy • Fish Smoking/Drying • Food Processing (comprising processing of agric products) • Fruit Juice • Meat Processing • Confectionery • Bottled water, juices & beverages	• Paper, Roofing Sheets, lube blending, Paints • Leather/Footwear • Ceramics & Tiles • Chemicals and Paints • Plastics • Soaps and Detergents • Blocks and Interlocking Stones • Cosmetics • Adire (Tie and Dye)/Aso Oke)	• Art & Crafts • Visual & Theatre Arts • Media • Hospitality • E-Commerce/ICT • Movie Production • Waste Recycling • Mechatronics • Solar (off grid) • Fashion/Garmenting • Theme Parks	• ICT • Roofing Sheets • Quarries • Foundries/Metal Fabrication/3-D Printing • Gemstone • Digital Print ing/Multimedia Publishing • Laundry and Dry Cleaning • Health Care • Quick Service Restaurants • Vocational schools • Greenhouses
Estimated no. of MSMEs (Nationwide	3,302,202	4,900,837	390,860	5,726,748
Employment Generation Potential	7,084,650	8,193,694	838,455*	9,089,206

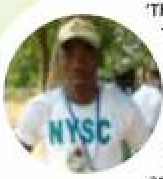
BOI's National reach



BANK OF INDUSTRY
...transforming Nigeria's industrial sector.

Youth Entrepreneurship Support Programme
(YES-PROGRAMME)

These Participants can't all be wrong



'The Youth Entrepreneurship Support (YES) programme is first of its kind that I have ever enrolled for. I had just started my Agro-allied business when I heard about YES on TV. I least believed that a programme such as this will be as transparent as it has been. The whole exercise from the application period up to the online training is as transparent as it can ever be. The online training has been enriching and full of exploration of new ideas, skills and knowledge that prior to now, I wouldn't have known. Lessons derived so far from the courses have been very helpful in the day to day running of my farm. Thank you once again team BOI!'

– Abdul Bala Ishaq, Niger State

'BOI's YES portal is the best online platform I have ever seen. It is educative, interactive and built on transparency with numerous learning resources at the disposal of the students. Simply put, it is user friendly and interesting. I have learnt from the YES programme that running a business without sound education in entrepreneurial management is like groping in the dark. The modules administered have helped me to be more effective in managing my business and taking vital decisions when necessary'.

– Anthony Ehigiamusoe, Edo State

'Thank you BOI for equipping me with relevant business skills and knowledge that I would not ordinarily have been able to acquire myself. I have learnt to set SMART goals which will help me as soon as I start my business, to monitor my process and make necessary adjustment where possible'

– Christy Ishaya, Kano State

'The YES application process was transparent; all you needed to do was provide details about your business and how you intend to use the finance if gotten. Upon enrolling for the online courses, one of the key learning points for me is managing my time effectively and efficiently by prioritizing aright with the aid of several time management tools. I am glad I made it this far. Thank you to BOI, Nigeria is going to be great'

– Florence Bankole, Lagos State

'The BOI-YES Programme is transforming me from being a traditional entrepreneur to a modern entrepreneur through well-designed online courses which have enabled me not to only manage my enterprise, but manage myself and my resources. The online class has given me room to network with those in ICT across the country. Thank you BOI'

– Idrees Hambali, Taraba State

On the whole, I would say that the BOI -YES programme is simply the best exposure any aspiring entrepreneur can undergo. So far, I have learnt how to manage time, set goals for success, and above all, how to be productive as an individual, and also for my business'

– Abubakar Jimriya, Adamawa State

'The online course has been a great opportunity for young entrepreneurs like me to gain more business knowledge. The lessons I have learnt from this program cannot be quantified. That missing link in my knowledge to become successful is what the program is gradually filling in and preparing me for what is yet to come'

– Sani Mohammed, Kaduna State

You can still apply for the YES program.

kindly visit the official portal
Application closes 31th July, 2016

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FINANCIAL STATEMENTS

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Bank of Industry Limited

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

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated financial position of Bank of Industry Limited as at 31 December 2016 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, Banks and Other Financial Institutions Act Cap B3 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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

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

The key audit matter below relates to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
LOAN LOSS IMPAIRMENT	

Loans and advances make up a significant portion of the total assets of Bank of Industry Limited, with the total risk assets portfolio of about N518 billion (Note 17) representing about 76% of the Group and Bank's total assets.
 	
Bank of Industry Limited has an impairment model that is applied to loans and advances. The methodology addresses the two types of impairments being specific and collective impairments.
The Bank determines collective impairment charges on loans and advances that are not assessed for individual impairment in accordance with the requirement of IAS 39 –Financial Instruments: Recognition and Measurement. The impairment model uses parameters for the determination of capital related to credit risk i.e. Probability of
	Our audit procedures to assess the loan loss impairment included the following:
	
	• We obtained an understanding of the controls in place by the bank and determined whether these controls have been appropriately designed and implemented.
	
	• We assessed the loan portfolio of the bank to determine:
	  • the appropriateness of the impairment at the end of the financial year by performing procedures around the aging of the loan portfolio to determine whether the numbers used in the model is appropriate.
	  • considered the appropriateness of the model and methodology used by the Bank and whether it is in line with the requirements of IAS 39.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
LOAN LOSS IMPAIRMENT	
Default (PD), Loss Given Default (LGD), Roll Rates (RR) Certain loans are further assessed for specific impairment. Specific impairment is calculated on significant loans that have been assessed and determined to be individually impaired and these loans are not collectively assessed for impairment. This is considered a key audit matter because it is an area that involves significant estimates and judgement.	For the collective impairment, the loan balances that fall within this category were assessed by challenging the Probability of Default (PD), Loss Given Default (LGD) and Roll Rates (RR) used by the Directors in determining the impairment. For specific impairments, we performed procedures to determine whether: • The Credit Policy of the Bank was appropriately applied. • Only collaterals that has been legally enforceable by the Bank have been included. • The perfected/realizable collateral provided by the customers are eligible and/or ineligible in the evaluation of the estimated future cash flows. Based on our review and the analysis of the bank's process, the methodology and assumptions applied by the bank, we reasonably concluded that these assumptions appears reasonable.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of theconsolidated and separate financial statements, including the disclosures, and whether the Group and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Group has kept proper books of account, so far as appears from our examination of those books.
iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

- The Bank has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria
- In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 37.

No contravention of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 by the Group came to our knowledge during the year ended 31 December 2016.

For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
8 May, 2017

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

FOR THE YEAR ENDED 31 DECEMBER 2016

		Group		Bank	
	Note	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
Interest income	5	28,054,718	26,722,355	27,277,475	26,064,689
Interest Expense	6	(367,281)	(198,514)	(197,784)	(31,022)
Net Interest Income		**27,687,437**	**26,523,841**	**27,079,691**	**26,033,667**
Fee and commission income	7	1,944,705	1,740,789	1,832,573	1,699,279
Net gain/(loss) from financial instruments measured at fair value		24,641	(120,388)	24,641	(108,490)
Other income	8	5,919,008	5,168,923	4,911,000	4,716,790
Gain on sale of Available for sale securities	8.1	1,148	37,452,580	1,148	37,452,580
Total Operating income		**35,576,939**	**70,765,745**	**33,849,053**	**69,793,826**
Impairment charges	9	(1,792,051)	(11,295,451)	(1,676,611)	(9,608,782)
Net operating income		**33,784,888**	**59,470,294**	**32,172,442**	**60,185,044**
Staff cost	10	(7,058,409)	(5,559,310)	(6,792,894)	(5,472,857)
Depreciation and amortisation	11	(1,280,381)	(1,345,058)	(382,571)	(332,909)
Other operating expenses	12	(8,508,669)	(5,335,233)	(8,023,473)	(4,979,338)
Total operating expense		**(16,847,459)**	**(12,239,601)**	**(15,198,938)**	**(10,785,104)**
Profit before tax		16,937,429	47,230,693	16,973,504	49,399,940
Taxation	26	(2,370,503)	(2,533,858)	(3,148,619)	(2,516,652)
Profit for the year		**14,566,926**	**44,696,835**	**13,824,885**	**46,883,288**
Profit attributable to:					
Owners of the company		14,534,574	44,603,879	13,824,885	46,883,288
Non-Controlling Interest		32,352	92,956	-	-
		14,566,926	44,696,835	13,824,885	46,883,288

CONSOLIDATED AND SEPARATE
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Bank 31-Dec-16 N'000	Bank 31-Dec-15 N'000
Profit for the year		14,566,926	44,696,835	13,824,885	46,883,288
Other comprehensive income					
a Items that may be reclassified into profit or loss					
Available for sale financial assets					
Net change in fair value on available for sale financial assets during the year		(380,025)	145,418	(382,223)	158,081
b Items that may not be reclassified into profit or loss					
Remeasurement of Defined benefit obligation	28.1c	463,469	85,469	461,267	151,815
Taxes relating to components of OCI	26.1	(97,801)	43,524	(95,741)	43,130
		365,668	128,993	365,526	194,945
Other comprehensive income for the year net of tax		(14,358)	274,411	(16,697)	353,026
Total Comprehensive income for the year net of tax		14,552,568	44,971,246	13,808,188	47,236,314
Total comprehensive income attributable to:					
Owners of the company		14,519,026	44,866,445	13,808,188	47,236,314
Non-Controlling Interest		33,542	104,801	-	-
-					
		14,552,568	44,971,246	13,808,188	47,236,314
Earnings per share (kobo)	30	20	61	19	64

AS AT 31 DECEMBER 2016

		Group		Bank	
	Note	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
ASSETS					
Cash and bank balances	13	9,918,212	6,769,860	9,609,117	6,406,037
Due from financial institutions	14	76,707,031	49,451,660	82,545,829	55,660,828
Treasury bills		40,428,831	39,638,164	40,428,831	39,638,164
Advances under Lease	15	706,273	1,157,110	-	-
Investment in debt securities	16	21,000	91,593	-	-
Loans and advances	17	517,910,285	545,657,495	517,730,409	545,538,545
Equity securities	18	4,965,679	5,232,263	8,937,831	9,181,533
Investment in subsidiaries	19	-	-	545,720	545,720
Prepayment, accrued income and other assets	20	5,933,114	4,307,021	5,059,456	3,302,647
Trading properties	21	2,192,389	2,192,389	-	-
Intangible assets	22	178,617	106,081	177,846	105,311
Property and equipment	23	13,678,423	14,280,730	12,072,401	12,104,239
Investment property	24	8,422,336	8,413,619	8,250,313	8,259,399
Deferred tax asset	26.4	1,910,874	2,569,583	613,474	2,456,559
Employee benefits	28.1	-	-	50,848	-
TOTAL ASSETS		**682,973,064**	**679,867,568**	**686,022,075**	**683,198,982**
LIABILITIES					
Other liabilities	25	38,558,214	17,447,679	37,277,173	15,667,958
Tax payable	26	2,199,233	2,173,401	1,791,406	1,986,816
Borrowings	27	422,203,976	453,336,299	422,013,520	453,041,147
Employee benefits	28.1	106,483	362,865	-	176,535
TOTAL LIABILITIES		**463,067,906**	**473,320,244**	**461,082,099**	**470,872,456**
CAPITAL AND RESERVES					
Share capital	29	147,371,321	147,371,321	147,371,321	147,371,321
Retained earnings		830,734	2,578,687	6,057,460	8,462,227
Statutory reserve		23,511,669	19,313,502	23,255,284	19,107,819
Non-distributable reserves	32	15,052,521	4,162,896	15,050,316	4,162,866
Actuarial reserve		2,082,012	1,717,534	2,124,382	1,758,856
SME reserve	33	30,000,000	30,000,000	30,000,000	30,000,000
Available for sale reserve	34	158,265	538,290	161,314	543,538
Business combinations under common control		919,899	919,899	919,899	919,899
Total equity attributable to owners of the Company		219,926,421	206,602,129	224,939,976	212,326,526
Non-controlling Interest		(21,263)	(54,805)	-	-
Total equity		**219,905,158**	**206,547,324**	**224,939,976**	**212,326,526**
TOTAL LIABILITIES AND EQUITY		**682,973,064**	**679,867,568**	**686,022,075**	**683,198,982**

The financial statements were approved by the Board of Directors on 30 March, 2017 and signed on its behalf by:

Waheed Olagunju
Ag. Managing Director/CEO
FRC/2014/IODN/00000009957

Taiwo Kolawole
Chief Finance Officer
FRC/2013/ICAN/00000002545

Olufemi Edun
Non-Executive Director
FRC/2015/ICAN/00000010844

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2016

Group

	Share Capital N'000	Retained Earnings N'000	Statutory Reserves N'000	Share Premium N'000	Non-Distributable Reserves N'000	Business combination under common control N'000	Actuarial Reserve N'000	SME Reserve N'000	Available for Sale Reserve N'000	Attributable to Owners of parent N'000	Non Controlling Interest N'000	Total N'000
At 1 January 2015	147,371,321	2,561,004	5,247,774	65,876	4,188,877	919,899	1,600,386	-	392,872	162,348,010	(159,606)	162,188,404
Profit for the year	-	44,603,879	-	-	-	-	-	-	-	44,603,879	92,956	44,696,836
Other comprehensive income												
Total other comprehensive income	-	-	-	-	-	-	117,148		145,418	262,565	11,845	274,410
Total comprehensive income for the year	147,371,321	47,164,883	5,247,774	65,876	4,188,877	919,899	1,717,534	-	538,290	207,214,455	(54,805)	207,159,650
Transactions with owners												
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	
Dividend to equity holders	-	(612,326)	-	-	-	-	-	-	-	(612,326)	-	(612,326)
Transfers within reserves												
Transfer to statutory reserves	-	(13,999,852)	14,065,728	(65,876)	-	-	-	-	-	-	-	
Transfer to Non -distributable reserves (note 28)	-	25,981	-	-	(25,981)	-	-	-	-	-	-	
Transfer to SME reserves	-	(30,000,000)	-	-	-	-	-	30,000,000	-	-	-	
At 31 December, 2015	147,371,321	2,578,687	19,313,502	-	4,162,896	919,899	1,717,534	30,000,000	538,290	206,602,130	(54,805)	206,547,324
At 1 January, 2016	147,371,321	2,578,687	19,313,502	-	4,162,896	919,899	1,717,534	30,000,000	538,290	206,602,130	(54,805)	206,547,324
Profit or loss for the year	-	14,534,574	-	-	-	-	-	-	-	14,534,574	32,352	14,566,926
Other comprehensive income												
Total other comprehensive income	-	-	-	-	-	-	364,478	-	(380,025)	(15,547)	1,190	(14,357)
Total comprehensive income for the year	147,371,321	17,113,261	19,313,502	-	4,162,896	919,899	2,082,012	30,000,000	158,265	221,121,157	(21,263)	221,099,894
Transactions with owners												
Dividend to equity holders	-	(1,194,736)	-	-	-	-	-	-	-	(1,194,736)	-	(1,194,736)
Transfers within reserves												
Transfer to statutory reserves	-	(4,198,167)	4,198,167		-	-	-	-	-	-	-	
Transfer to Non-distributable reserves	-	(10,889,625)	-	-	10,889,625	-	-	-	-	-	-	
At 31 December, 2016	147,371,321	830,734	23,511,669	-	15,052,521	919,899	2,082,012	30,000,000	158,265	219,926,421	(21,263)	219,905,158

Bank

	Share Capital N'000	Retained Earnings N'000	Statutory Reserves N'000	Non Distributable Reserves N'000	Business combination under common control N'000	SME Reserve	Available for Sale Reserve N'000	Actuarial Reserve N'000	Total N'000
At 1 January, 2015	147,371,321	6,230,242	5,042,832	4,188,877	919,899	-	385,457	1,563,911	165,702,540
Profit or loss	-	46,883,288	-	-	-	-	-	-	46,883,288
Other comprehensive income									
Total other comprehensive income	-	-	-	-	-	-	158,081	194,944	353,025
Total comprehensive income for the year	147,371,321	53,113,530	5,042,832	4,188,877	919,899	-	543,538	1,758,856	212,938,853
Transactions with owners									
Issue of shares	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	(612,328)	-	-	-	-	-	-	(612,328)
Transfers within reserves									
Transfer to statutory reserve	-	(14,064,987)	14,064,987	-	-	-	-	-	-
Transfer to loan impairment reserves	-	26,011	-	(26,011)	-	-	-	-	-
Transfer to SME reserves	-	(30,000,000)	-	-	-	30,000,000	-	-	-
At 31 December, 2015	147,371,321	8,462,227	19,107,819	4,162,866	919,899	30,000,000	543,538	1,758,856	212,326,526
At 1 January, 2016	147,371,321	8,462,227	19,107,819	4,162,866	919,899	30,000,000	543,538	1,758,856	212,326,526
Profit or loss	-	13,824,885	-	-	-	-	-	-	13,824,885
Other comprehensive income									
Total other comprehensive income	-	-	-	-	-	-	(382,223)	365,526	(16,697)
Total comprehensive income for the year	147,371,321	22,287,112	19,107,819	4,162,866	919,899	30,000,000	161,314	2,124,382	226,134,712
Transactions with owners									
Issue of shares	-	-	-	-	-	-	-	-	-
Dividend to equity holders		(1,194,736)	-	-	-	-	-	-	(1,194,736)
Transfer to statutory reserve	-	(4,147,466)	4,147,466	-	-	-	-	-	-
Transfer to Non-distributable reserves	-	(10,887,450)	-	10,887,450	-	-	-	-	-
Transfer to SME reserves	-	-	-	-	-	-	-	-	-
At 31 December, 2016	147,371,321	6,057,460	23,255,284	15,050,316	919,899	30,000,000	161,314	2,124,382	224,939,976

Retained earnings
Retained earnings comprises the undistributed profits from previous years which have not been reclassified to other reserves.

Statutory reserve
Statutory reserve represents 30% of profit after tax for the parent in line with the provisions of the Bank and Other financial Institutions Act (BOFIA) CAP B3 LFN 2004.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investments are derecognised or impaired.

Non-distributable reserve
This reserve warehouses the difference between loan provision under prudential guideline and IFRS impairment allowance

Actuarial reserve
This consist of the actuarial gains or losses arising from the valuation of the Group's defined benefit plan.

Business combination under common control
The Federal Executive Council directed Bank of Industry to take over the defunct Nigeria Bank of Commerce and Industry (NBCI) on 14th June 2007. This take over did not take place till 30 June 2012 as Bank of Industry rejected the absorption of some of the liabilities amounting to N2.5billion. The waiver for this liability absorption was later obtained from the Minister of Finance. The acquisition is a business combination under common control as both NBCI and Bank of Industry are owned by the same parent (Ministry of Finance and Central Bank of Nigeria). The difference between the cost of acquisition and the amount at which the assets and liabilities have been recorded is recognised in business combination under common control reserve.

SME reserve
This reserve is to provide funding for SME to provide funding in line with medium term expenditure framework of the federal government

		Group		Bank	
	Note	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
Operating activities					
Cash from operations	31	66,547,219	9,758,426	65,282,353	8,114,036
Income tax paid	26	(1,783,763)	(751,106)	(1,596,685)	(748,491)
Staff gratuity remittance		(162,923)	(204,840)	(97,487)	(197,373)
Net cash from operating activities		**64,600,533**	**8,802,480**	**63,588,181**	**7,168,172**
Investing activities					
Purchase of equity securities		(174,007)	(52,000)	(160,150)	(4,052,000)
Dividend from Available for sale securities		87,825	543,784	84,199	539,667
Purchase of investment properties		(71,334)	-	-	-
Proceed from disposal of investment properties		49,311	805,359	-	805,359
Proceeds from disposal of equity		3,061	39,509,839	3,061	39,509,839
Purchase of property and equipment		(1,362,893)	(1,078,858)	(306,974)	(494,976)
Purchase of Intangible assets		(107,206)	(110,783)	(107,206)	(110,013)
Proceed from disposal of property and equipment		496,159	1,023,198	-	805,375
Investment in treasury bills		(790,667)	(39,638,164)	(790,667)	(39,638,164)
Net cash (used in)/from investing activities		**(1,869,751)**	**1,002,375**	**(1,277,737)**	**(2,634,913)**
Financing activities					
Proceeds/(repayment) of borrowings		(31,132,323)	23,120,985	(31,027,627)	23,318,491
Dividend payment		(1,194,736)	(612,326)	(1,194,736)	(612,326)
Net cash (used in)/from financing activities		**(32,327,059)**	**22,508,659**	**(32,222,363)**	**22,706,165**
Net cash and cash equivalents		30,403,723	32,313,514	30,088,081	27,239,424
Cash and cash equivalents at 1 January		56,221,520	23,908,006	62,066,865	34,827,441
Cash and cash equivalents at 31 December	32	**86,625,243**	**56,221,520**	**92,154,946**	**62,066,865**

1 Reporting entity

Bank of Industry was incorporated as a private limited liability company under the name Nigerian Industrial Development Bank Limited on 22 January 1964. The Bank changed its name to Bank of Industry Limited by a special resolution on 5 October 2001. It is owned by the Ministry of Finance Incorporated (94.80%), Central Bank of Nigeria (5.19%) and other Nigerian citizens (0.0008%). The Bank's registered address is 23 Marina Road Lagos. The Bank is primarily engaged in providing financial services for the establishment and expansion of large, medium small scale and micro projects. The shares are not quoted in a public market and it does not file its financial statements with a securities and exchange commission for the purpose of issuing any class of instruments in a public market.

2 Application of New and Revised Standards

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

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

The impact of the application of these standards is set out below:

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

The Group has applied these amendments for the first time in the current year. The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

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

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

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

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

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

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

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

"The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

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

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

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

Annual Improvements to IFRSs 2010-2014 Cycle

The Annual improvements to IFRSs 2010-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The Amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held for distribution accounting is discontinued.

The amendments of IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds. The market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Group's consolidated financial statements.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments2
IFRS 15	Revenue from Contracts with Customers2
IFRS 16	Leases3
Amendments to IFRS 2	Classification and Measurement of Share-based payment Transactions2
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or joint Ventures4
Amendments to IAS 7	Disclosure initiative1
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses1

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

4 Effective for annual periods beginning on or after a date to be determined.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

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

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group has engaged a review of the business model corresponding to the different portfolios of financial assets and of the characteristics of these financial assets, such as equity instruments and instrument whose cash flows are sole payments of principal and interest. This review will also support the designation of equity instruments at fair value through other comprehensive income when appropriate as per the business objective.

There is no expected impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities.

The impact of the new impairment model is also under review. This analysis requires the identification of the credit risk associated with the counterparties and, considering that the majority of the Group's financial assets are loans and advances, integrates as well some statistical data reflecting the actual past experience of occurred loss for default.

IFRS 15 Revenue from Contracts with Customers

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

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

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

The directors of the Group anticipate that the application of IFRS 15 in the future will not have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

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

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has some operating lease. A preliminary assessment indicates that lease arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable provide a reasonable estimate of the financial effect until this review is completed.

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

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

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for the equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

I) the original liability is derecognised;

ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

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

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB, however, earlier application of the amendments is permitted. The directors of the Bank anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should the Bank have an associate as such transaction arise.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

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

The amendments clarify the following:

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

   The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

3 Basis of Preparation

3.1 Compliance with International Financial Reporting Standards

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs), as published by the International Accounting Standards Board (IASB), and the interpretations of these standards, issued by the International Financial Reporting Interpretations Committee (IFRIC). The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

3.2 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for the revaluation of certain financial instruments, as set out in the principal accounting policies below and some investment properties that were revalued prior to transition. Historical cost is generally based on the fair value of the considerations given in exchange for the assets.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank and its subsidiaries. Control is achieved when the Bank:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or do not have, the current ability to direct the relevant activities at the time decisions need to be made, including voting patterns at previous shareholders' meetings.
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

When the Group loses Control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amount previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3.1 Consolidation

"The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the Bank's reporting date. The consolidation principles are unchanged as against the previous year.

3.3.2 Subsidiaries

The consolidated financial statements of the Group comprise the financial statements of the parent entity and all consolidated subsidiaries as of reporting periods. Subsidiaries are companies in which the Group directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective acquisition date or up to the effective date on which control ceases, as appropriate. Inter-company transactions, balances and intragroup gains on transactions between group companies are eliminated. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

3.4 Functional and presentation currency

Items included in the financial statements of Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). These financial statements are presented in Nigerian Naira (=N=), which is the entity's functional currency. The financial information has been rounded to the nearest thousand, except as otherwise indicated.

3.5 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the entity.

3.6 Critical accounting estimates

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies to the financial statements. The Notes below sets out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The accounting policies that are deemed critical to the group's results and financial position, in terms of the materiality of the items to which the policy is applied, and which involve a high degree of judgement including the use of assumptions and estimation, are discussed below.

3.6.1 Impairment of financial assets

The Group's accounting policy for losses arising from the impirment of financial assets is described in Note 1e to the Financial Statements. Impairment allowances represent management's best estimate of losses incurred in the financial assets at the balance sheet date.

3.6.2 Fair value of financial assets

The Group's accounting policy for determining the fair value of financial assets is described on pages 17 to 25 to the Financial Statements. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

4 Significant accounting policies

4.1 Interest, fees and commissions

4.1.1 Interest

Interest is recognized in the income statement for all financial instruments except for those classified as held for trading or designated at fair value. For those classified at fair value, it is recognised in gains and losses. Interest is recognized in Interest income and Interest expense respectively in the income statement using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the firm estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses. The calculation includes all amounts paid or received by the bank that are an integral part of the effective rate of a financial instrument, including transactions costs and all other premiums and discounts. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

Interest on impaired financial assets is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4.1.2 Fees and commissions

Fee income is earned from a diverse range of services provided by Bank of Industry Limited to its customers. Fee income is accounted for as follows:

- income earned on the execution of a significant transaction is recognised as revenue when the transaction is completed;
- income earned from the provision of services is recognized as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees, wealth management and financial planning); and
- income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment, arrangement and processing fees) and recorded in Interest income. Commitment fees, together with related direct costs, for loan facilities where drawdown is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn down. Commitment fees in relation to facilities where drawdown is not probable are recognised over the term of the commitment.

4.1.3 Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

4.1.4 Rental income

The Group's policy for recognition of revenue from operating leases is described in note 4s.

4.2 Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield curves, option volatilities and currency rates. When such evidence exists, the Bank recognises a gain or loss on inception of the financial instrument, being the difference between the transaction price and the fair value. When unobservable market data have a significant impact on the valuation of financial instruments, the entire initial difference in fair value indicated by the valuation model from the transaction price is not recognised immediately in the income statement but is recognised over the life of the transaction on an appropriate basis, or when the inputs become observable, or the transaction matures or is closed out, or when the firm enters into an offsetting transaction.

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities assumed. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Fair values of financial instruments may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available. Various factors influence the availability of observable inputs and these may vary from product to product and change over time.

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, depending on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

4.3 Financial assets and liabilities

All financial assets and liabilities are recognised in the Group's statement of financial position at trade date.

4.3.1 Financial assets

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially recognised at fair value.

4.3.1.1 Financial asset classes and initial recognition

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. Management determines the classification of financial assets and liabilities at the time of initial recognition and the classification is dependent on the nature and purpose of the financial assets.

4.3.1.2 Financial asset classes and subsequent recognition

4.3.1.2.1 Financial assets at fair value through profit or loss

Financials assets are classified as held for trading if they have been acquired or incurred principally for the purpose of selling or repurchasing in the near term, or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

4.3.1.2.2 Loans and receivables

Loans and receivables include loans and advances to banks and customers originated by the Group which are not classified as either held for trading or designated at fair value. Loans and advances are recognized when cash is advanced to a borrower. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method less any impairment losses.

4.3.1.2.3 Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and where the Group has the positive intention and ability to hold to maturity. They are initially recorded at fair value plus any directly attributable transaction costs, and subsequently measured at amortised cost, using the effective interest method less accumulated impairment losses.

Available for sale assets are non-derivative financial assets that are classified as available for sale and are not categorised into any of the other categories described above. Available for sale financial assets are initially measured at fair value plus direct and incremental transaction costs and subsequently measured at fair value , and changes therein are recognised in other comprehensive income in 'Available for sale investments - fair value gains/(losses)' until the financial assets are either sold or become impaired. When available for sale financial assets are sold, cumulative gains or losses previously recognised in other comprehensive income are recognised in the income statement as 'Net realized gain on sale of investments AFS'. Premiums and/or discounts arising on the purchase of dated investment securities are included in the calculation of their effective interest rates. Foreign exchange gains and losses on securities AFS are recognised in profit or loss within other income.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group right to receive the dividends is established

A financial asset classified as available for sale that would have met the definition of loans and receivables on initial recognition may only be transferred from the available for sale classification where the firm has the intention and the ability to hold the asset for the foreseeable future or until maturity.

4.4 De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the firm neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the firm recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the firm retains substantially all the risks and rewards of ownership of a transferred financial asset, the firm continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4.4.1 Financial liabilities

4.4.1.1 Recognition

Financial liabilities are initially measured at fair value, plus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially recognised at fair value.

4.4.1.2 Classes of Financial liabilities

Financial liabilities are either classified as financial liabilities at fair value through profit or loss or other liabilities.

4.4.1.3 Financial liabilities at fair value through profit and loss

Financials liabilities are classified as held for trading if they have been acquired or incurred principally for the purpose of selling or repurchasing in the near term, or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

4.4.1.4 Other financial liabilities

Other financial liabilities, including borrowings, are measured at amortised cost using the effective interest rate method, except for held for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss.

4.5 De-recognition of financial liabilities

"The firm derecognises financial liabilities when, and only when, the firm's obligations are discharged, cancelled or expire.

4.6 Impairment of financial assets

4.6.1 I Identification and measurement

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets, other than those held at fair value through profit or loss, are impaired. These are impaired, and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The criteria that the firm uses to determine that there is objective evidence of an impairment loss include:

a) Significant financial difficulty of the issuer or obligor;
b) A breach of contract, such as a default or delinquency in interest or principal payments;
c) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
e) The disappearance of an active market for that financial asset because of financial difficulties;
f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

i) Adverse changes in the payment status of borrowers in the portfolio;
ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

If the firm determines that there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Interest and charges are accrued on all loans including those in arrears. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.6.2 Available for sale securities

At each balance sheet date an assessment is made of whether there is any objective evidence of impairment in the value of a financial asset. Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Where such evidence exists, the difference between the financial asset's acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any previous impairment loss recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

Impairment losses for available-for-sale equity securities are recognised within 'Impairment charges and provisions for other liabilities and charges in the income statement.

Reversals of impairment of equity shares are not recognised in the income statement, increases in the fair value of equity shares after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets above. Reversals of impairment of debt instruments are recognised in the income statement.

4.8 Property and equipment

4.8.1 Recognition and measurement

Properties and equipment are stated at cost less any impairment losses and depreciation calculated on a straight-line basis to write-off the assets over their useful lives.

The cost of the relevant property, plant and equipment includes and is made up of expenditures that are directly attributable to the acquisition of the assets. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss statement during the period in which they are incurred.

4.8.2 Depreciation

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life.

The firm depreciates it assets over the following period

	Year
Freehold Buildings	50
Freehold land	not depreciated
Construction Work in progress	not depreciated
Motor vehicles	3
Furniture, fittings and Equipment	4

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the bank takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the bank estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Property, plant and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable.

4.8.3 Derecognition

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised in the income statement during the period in which they were incurred.

4.9 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise office buildings leased out under operating lease agreements.

Some properties are partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 75% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Group uses the size of the property measured in square meter. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost and accounted for in manner similar to IAS 16 requirements. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

4.10 Intangible assets

4.10.1 Computer software

Computer software is stated at cost, less amortisation and accumulated impairment losses, if any.

"The identifiable and directly associated external and internal costs of acquiring and developing software are capitalized where the software is controlled by the group, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense during the period when they are incurred.

4.11 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indicators of impairment. If indicators are present, these assets are subject to an impairment review. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets. The impairment review includes the comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less cost to sell and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of tangible and intangible assets, excluding goodwill, are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. In subsequent years, the Group assesses whether indications exist that impairment losses previously recognized for tangible and intangible assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

4.12 Discontinued operations

The Group presents discontinued operations in a separate line in the consolidated income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
© Is a subsidiary acquired exclusively with a view to resale (for example, certain private equity investments).

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the consolidated income statement.

4.13 Share capital

4.13.1 Share issue costs

Incremental costs directly attributable to the issue of new shares or options including those issued on the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

4.13.2 Dividend on ordinary shares

Dividend on ordinary shares is recognised in equity in the period in which it is approved by the Group's shareholders. Dividend declared after the balance sheet date is dealt with in the subsequent period.

4.14 Employee benefits

4.14.1 Post-employment benefits

Group companies operate various pension schemes. The schemes are generally funded through payments to administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

The group operates a defined contribution plan, based on a percentage of pensionable earnings funded by both the group and qualifying employees under a mandatory scheme governed by the Pension Reform Act of 2004. The employer contributes 25% and employee contribute 5% of pensionable earnings hence an amount of 30% in total is contributed. Contributions to these plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group also maintains a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the consolidated statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions is recognised in other comprehensive income. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

4.14.2 Short term and other long term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4.15 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the firm from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

4.16 Taxes, including deferred taxes

4.16.1 Income tax

Income tax comprises current tax and deferred tax. Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years and is recognised as an expense in the period in which profits arise. Current tax assets and liabilities are offset when the group intends to settle on a net basis and the legal right to offset exists. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

4.16.2 Deferred tax

Deferred income tax is provided for in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted at the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.16.2.1 Deferred tax asset

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies.

Recognition of deferred tax assets is based on the evidence available about conditions at the balance sheet date, and requires significant judgments to be made regarding projections of loan impairment charges and the timing of recovery in the economy. These judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, future reversals of existing taxable temporary differences, tax planning strategies and the availability of loss carrybacks.

4.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

4.18 Trading Properties

Trading properties are inventory measured at the lower of cost and net realizable value using the First-In-First-Out (FIFO) Method. Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale. Excess of inventory cost over its net realizable value is written off and recognised in the Group profit or loss.

Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale.

Inventory consist of:

Property purchased for the specific purpose of resale

Property constructed for the specific purpose of resale

4.18 Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.18.1 The Group as a Lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4.19 Business combination

Business combination under common control are accounted for in the consolidated accounts prospectively from the date the Bank obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statement of the Group. Any difference between the fair value of consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity reserve

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, 'Business combinations', a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for an impairment. If the cost of acquisition is less than the fair value of the Group's share of the net assets acquired, the difference is recognised directly in the consolidated income statement.

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IAS 39, 'Financial instruments: Recognition and measurement'; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

4.20 Valuation of Financial Instruments

All financial instruments are initially recognised at fair value. In the normal course of business, fair value of a financial instrument on initial recognition is the transaction price (i.e. the fair value of consideration received or given). The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Valuation techniques used to calculate fair values are discussed in Note 1b above. The main assumptions and estimates which management consider when applying a model with valuation techniques are:

I. The likelihood and expected timing of future cash flows on the instrument. These cash flows are usually governed by the terms of the instrument, although judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;

ii. Selecting an appropriate discount rate for the instrument. The determination of this is based on the assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate rate; and

iii. Judgement to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

		Group		Bank	
		31-Dec-16 N'000	**31-Dec-15 N'000**	**31-Dec-16 N'000**	**31-Dec-15 N'000**
5	**Interest income**				
	Interest income on financial assets carried at amortised cost:				
	Loans and advances to customers	13,864,809	14,102,834	13,807,914	14,062,377
	Loans and advances to financial institutions	3,282,748	3,798,076	3,282,748	3,798,076
	Treasury operations	9,910,464	7,360,528	10,186,813	8,204,236
	Lease Income	996,697	1,460,917	-	-
		28,054,718	**26,722,355**	**27,277,475**	**26,064,689**
	The total represent interest income on financial assets that are not recorded at fair value through profit or loss.				
6	**Interest expense**				
	Borrowings	**367,281**	**198,514**	**197,784**	**31,022**
	The total represent interest expense on financial liabilities (borrowings) that are not recorded at fair value through profit or loss.				
7	**Fee and commission income**				
	Management fee on third party funds	636,134	739,969	636,134	739,969
	Credit related fees	1,197,281	985,533	1,085,149	944,023
	Commission on letter of credit	111,290	15,287	111,290	15,287
		1,944,705	**1,740,789**	**1,832,573**	**1,699,279**
8	**Other income**				
	Dividend from available for sale securities	87,825	543,784	84,199	539,667
	Gain on disposal of property plant and equipment	-	702,832	-	800,044
	Gain on disposal of investment property	-	798,807	-	798,807
	Gain/(Loss) on disposal of trading property	30,689	(26,900)	-	-
	Exchange gain	4,123,247	1,316,330	3,650,558	926,019
	Rental income	934,064	1,104,562	913,912	1,095,627
	Gain on disposal of other equity securities	143	355,122	-	355,122
	Loan recoveries	235,133	194,645	235,133	194,645
	Brokerage income	38,701	37,322	-	-
	Default charges income	139,291	-	-	-
	Lease monitoring income	73,600	-	-	-
	Other income	256,315	142,419	27,198	6,859
		5,919,008	**5,168,923**	**4,911,000**	**4,716,790**

8.1 In year 2015, gain on disposal of equity securities represents profit realised on investment in unquoted equities of Friesland Campina WAMCO Nigeria Plc disclosed as available for sale share in the financial statement. See note 18.2 for further details.

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
9	**Impairment charges/(write back)**				
	Investment in debt securities (note 16.1)	(12,040)	-	-	-
	Due from financial institutions (note 14.1)	(131,871)	1,031,307	(131,871)	1,031,307
	Advances under finance lease (note 15.1)	80,542	(491,555)	-	-
	Equity investment (note 18)	66,745	629,025	41,468	620,526
	Trading properties (note 19)	-	2,207,795		- -
	Loans and advances (note 17.2)	1,393,889	7,952,306	1,393,452	7,956,949
	Other assets (note 20.1)	394,786	(33,427)	373,562	-
		1,792,051	**11,295,451**	**1,676,611**	**9,608,782**
10	**Staff cost**				
	Salaries and wages	6,223,781	4,891,665	5,958,528	4,805,391
	Staff gratuity	233,885	321,350	233,885	321,350
	Medical and welfare expenses	600,743	346,295	600,481	346,116
		7,058,409	**5,559,310**	**6,792,894**	**5,472,857**
11	**Depreciation and amortisation**				
	Amortisation of Intangible asset (note 22)	34,671	4,702	34,671	4,702
	Depreciation of property and equipment (note 23)	1,066,042	1,148,684	172,451	140,447
	Depreciation of investment property (note 24)	179,668	191,672	175,449	187,760
		1,280,381	**1,345,058**	**382,571**	**332,909**
12	**Other operating expenses**				
	Loss on disposal of property and equipment	68,536	-	-	-
	Rent and rates	337,775	355,668	326,533	344,463
	Directors' emoluments	107,720	80,695	101,844	76,538
	Postages and telephones	153,402	170,456	147,289	165,116
	Entertainment	121,503	97,489	120,549	96,467
	Motor running/business travelling expenses	1,494,618	769,177	1,471,102	757,232
	Consultancy services	158,781	264,855	143,369	231,739
	Receivership and legal fees	106,277	138,827	106,277	138,827
	Advertisement expenses	918,038	556,737	914,948	554,453
	Corporate gift	80,268	39,343	80,268	39,343
	Business development	1,240,233	118,057	1,240,233	117,057
	Training and capacity building	1,251,674	569,377	1,239,829	560,801
	Bank charges	42,224	95,792	36,877	87,955
	Insurance	108,945	158,539	49,022	58,314
	Subscriptions	13,191	29,768	10,758	27,753
	Donations	2,958	64,116	2,958	64,116
	Repairs and Maintenance	417,363	311,489	412,736	308,377
	Sundry expenses	98,999	105,720	36,231	46,091
	Lease rental	676,613	586,778	676,613	586,778
	Office expenses	855,245	630,918	731,999	549,456
	Printing and stationery	126,307	128,394	124,113	126,462
	Loan write off	61,399	-	4,925	-
	Audit fee	66,600	63,038	45,000	42,000
		8,508,669	**5,335,233**	**8,023,473**	**4,979,338**

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
13	**Cash and Bank Balances**				
	Cash in hand	90,836	3,532	5,557	1,148
	Cash balances with Local Banks	1,207,459	2,018,882	983,643	1,657,443
	Cash Balances with Foreign Banks	5,713,459	1,318,186	5,713,459	1,318,186
	Cash with CBN	2,906,458	3,429,260	2,906,458	3,429,260
		9,918,212	**6,769,860**	**9,609,117**	**6,406,037**
14.	**Due from Financial Institutions**				
	Fixed Deposit - Local	55,914,364	49,891,992	61,753,162	56,089,872
	Fixed Deposit - Foreign	22,508,126	1,418,286	22,508,126	1,418,286
	Allowance for impairment (note 14.1)	(1,715,459)	(1,858,618)	(1,715,459)	(1,847,330)
		76,707,031	**49,451,660**	**82,545,829**	**55,660,828**
14.1	**Specific Allowance for Impairment**				
	At I January	1,858,618	827,311	1,847,330	816,023
	(Write back)/charge for the year (note 9)	(131,871)	1,031,307	(131,871)	1,031,307
	Write off during the year	(11,288)	-	-	-
	At 31 December	**1,715,459**	**1,858,618**	**1,715,459**	**1,847,330**
15.	**Advances under Finance Lease**				
	Gross Investment	2,112,373	2,845,911	-	-
	Unearned Income	(28,396)	(96,053)	-	-
	Present value of minimum lease payments	2,083,977	2,749,858	-	-
	Allowance for uncollectible lease payments (note 15.1)	(1,377,704)	(1,592,748)	-	-
		706,273	**1,157,110**	**-**	**-**
15.1	**Allowance for Impairment**				
	At 1 January	1,592,748	2,254,327	-	-
	Impairment write back for the year (note 9)	80,542	(491,555)	-	-
	Bad debt written off	(295,586)	(170,024)		
	At 31 December	**1,377,704**	**1,592,748**	**-**	**-**
16.	**Investment in Debt securities**				
	Debenture	1,005,375	1,088,008	-	-
	Impairment loss (note 16.1)	(984,375)	(996,415)	-	-
		21,000	**91,593**	**-**	

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
16.1	**Allowance for Impairment**				
	At 1 January	996,415	996,415	-	-
	Impairment loss for the year (note 9)	(12,040)	-	-	-
	At 31 December	**984,375**	**996,415**	**-**	**-**
17	**Loans and Advances**				
	Loans to customers	171,977,831	156,741,487	171,795,109	156,615,513
	Less specific impairment (note 17.1a)	(20,985,589)	(19,172,498)	(20,983,040)	(19,167,213)
	Less collective impairment (note 17.1b)	(7,196,249)	(7,659,144)	(7,195,952)	(7,657,405)
	Total loans to customers	143,795,993	129,909,845	143,616,117	129,790,895
	Loan to financial institutions (note 17.3)	374,114,292	415,747,650	374,114,292	415,747,650
		517,910,285	**545,657,495**	**517,730,409**	**545,538,545**
17.1a	**Specific Allowance for Impairment**				
	At 1 January	19,172,498	17,198,068	19,167,213	17,182,857
	Impairment loss for the year	1,856,677	9,438,713	1,854,905	9,442,817
	Bad debt written off	(43,586)	(7,464,283)	(39,078)	(7,458,461)
	At 31 December	**20,985,589**	**19,172,498**	**20,983,040**	**19,167,213**
17.1b	**Collective Allowance for Impairment**				
	At 1 January	7,659,144	9,145,850	7,657,405	9,143,273
	Impairment write back for the year	(462,788)	(1,486,407)	(461,453)	(1,485,868)
	Bad debt written off	(107)	(299)	-	-
	At 31 December	**7,196,249**	**7,659,144**	**7,195,952**	**7,657,405**
17.2	**Movement in loan impairment (note 9)**				
	Specific impairment	1,856,677	9,438,713	1,854,905	9,442,817
	Collective impairment	(462,788)	(1,486,407)	(461,453)	(1,485,868)
		1,393,889	**7,952,306**	**1,393,452**	**7,956,949**

These are loans created by the bank from the proceeds of the zero coupon N535billion debenture instrument issued in 2010 to the Central Bank of Nigeria (CBN) under the CBN Liquidity Facility Program. The program is aimed at promoting the apex bank's economic objectives, stimulate the power and aviation as well as the small and medium enterprises sectors of the Nigerian economy. See note 27 for more details on the facility.

	Group		Bank	
	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
18 Equity Securities				
Held for Trading				
Quoted Equity Securities	91,948	103,658	91,948	70,196
Available for Sale (AFS) at Fair Value				
Equity Securities	551,886	900,165	516,029	900,165
Available for Sale at Cost				
Cost	7,434,561	7,294,212	11,408,794	11,248,644
Impairment allowance (note 18.1)	(3,112,716)	(3,065,772)	(3,078,940)	(3,037,472)
	4,965,679	**5,232,263**	**8,937,831**	**9,181,533**
Allowance for Impairment				
At 1 January	3,065,772	2,436,747	3,037,472	2,416,946
Impairment loss for the year (note 8)	66,745	629,025	41,468	620,526
Write off	(19,801)	-	-	-
At 31 December	**3,112,715**	**3,065,772**	**3,078,940**	**3,037,472**

18.1 AFS equity security are required to be carried at fair value. However, due to the unavailability of reliable market information or inputs for valuation techniques, unquoted AFS securities are being carried at cost in line with acceptable basis under IFRS. Quoted AFS securities are fair valued using level 1 input.

18.2 In year 2015, the bank disposed its holdings of 127 million units investment in Friesland Campina WAMCO Nigeria Plc which cost N1,700,589,771. The net proceeds realised on this sale amounted to N39,153,169,272.46. The profit realised on the disposal was N37,452,579,501.46.

19 Investment in subsidiaries

Details of the group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31-Dec-16	31-Dec-15
Lecon Financial Services Limited	Leasing and Financing Solutions	Lagos	81.3%	81.3%
BOI Investment and Trust Company Limited	Trusteeship and Consultancy services	Lagos	100%	100%
BOI Microfinance Bank	Microfinance banking	Lagos	100%	100%
Industrial and Development Insurance Brokers Limited	Insurance placement and consultancy	Lagos	100%	100%

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
20	**Prepayment and other assets**				
	Prepayments	2,024,779	1,467,081	1,986,446	1,410,782
	Estate and rental debtors	607,726	624,214	162,018	111,065
	UNDP receivable	441,525	-	441,525	-
	Receivable on planned assets	294,860	-	294,860	-
	Other account receivable	2,211,648	2,466,910	943,161	787,330
	Due from fund holder	137,755		137,755	
	WHT receivable account	389,542	182,048	389,542	182,048
	Accrued income	611,370	-	611,370	338,030
	Due from related companies	-	-	496,397	496,397
	Deposit for fixed assets (note 20.2)	-	9,130	-	-
	Management fees receivable	925,389	915,312	719,761	761,047
	LC fees and commission receivable	110,173	71,654	89,638	55,403
	Impairment allowance (note 20.1)	(1,821,654)	(1,429,328)	(1,213,017)	(839,455)
		5,933,114	**4,307,021**	**5,059,456**	**3,302,647**
20.1	**Specific Allowance for Impairment**				
	At 1 January	1,429,328	1,462,755	839,455	839,455
	Impairment loss for the year (note 9)	394,786	(33,427)	373,562	-
	Write off	(2,460)	-	-	-
	At 31 December	**1,821,654**	**1,429,328**	**1,213,017**	**839,455**

20.2 Deposit for fixed asset represents cash payments made for assets that were yet to be delivered.

		Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Bank 31-Dec-16 N'000	Bank 31-Dec-15 N'000
21	**Trading properties**				
	Gwarinpa Estate	3,752,556	3,752,556	-	-
	Land at Asokoro	647,628	647,628	-	-
		4,400,184	4,400,184	-	-
	Impairment allowance (note 11)	(2,207,795)	(2,207,795)	-	-
		2,192,389	**2,192,389**	-	-

The trading properties represents the value of 33 units of houses built at Gwarimpa Estate and the bare plot of land at Asokoro in Abuja which are available for immediate sale in the Group. The impairment allowance of N2,207,795,000 on the trading properties relates to impairment of landed property in Asokoro of which its allocation was revoked by FCTA without compensation and a reduction of net realisable value of the 33 units of houses situated at Life Camp Abuja.

	Group		Bank	
	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
22 Intangible assets				
Cost/valuation:				
At 1 January	110,783	-	110,013	-
Acquired during the year	102,732	110,783	102,732	110,013
Reclassification (note 22.1)	4,474	-	4,474	-
At 31 December	**217,989**	**110,783**	**217,219**	**110,013**
Accumulated Depreciation				
At 1 January	4,702	-	4,702	-
Charge for the year	34,671	4,702	34,671	4,702
At 31 December	39,373	4,702	39,373	4,702
Net Book Value: 1 January	106,081	-	105,311	-
Net Book Value: 31 December	**178,616**	**106,081**	**177,846**	**105,311**

22.1 The reclassification relates to cost of software reclassified from computer equipment

23 Property and Equipment

Group

	Leasehold Land N'000	Freehold Building N'000	Motor Vehicles N'000	Furniture, Fittings and Equipment N'000	Construction in progress N'000	Total N'000
Cost/valuation:						
At 1 January 2015	12,357	279,855	5,192,466	1,674,780	11,388,656	18,548,114
Additions during the year	-	170,473	574,113	334,272	-	1,078,858
Disposal	-	(11,810)	(845,355)	(26,258)	-	(883,423)
At 31 December 2015	12,357	438,518	4,921,224	1,982,794	11,388,656	18,743,549
At 1 January 2016	12,357	438,518	4,921,224	1,982,794	11,388,656	18,743,549
Additions during the year	-	-	883,747	316,291	-	1,200,038
Reclassification	(332)	(167,768)	-	(5,245)	-	(173,345)
Disposal	-	-	(1,474,776)	(278,906)	-	(1,753,682)
At 31 December 2016	**12,025**	**270,750**	**4,330,195**	**2,014,934**	**11,388,656**	**18,016,560**

23 Property and Equipment Cont'd

Group

	Leasehold Land N'000	Freehold Building N'000	Motor Vehicles N'000	Furniture, Fittings and Equipment N'000	Construction in progress N'000	Total N'000
Accumulated Depreciation						
At 1 January 2015	-	92,053	2,280,022	1,505,119	-	3,877,194
Charge for the year	-	7,591	1,004,688	136,404	-	1,148,683
Disposal	-	(6,480)	(530,320)	(26,258)	-	(563,058)
At 31 December 2015	-	93,164	2,754,390	1,615,265	-	4,462,819
At 1 January 2016	-	93,164	2,754,390	1,615,265	-	4,462,819
Charge for the year	-	5,826	889,370	170,846	-	1,066,042
Disposal	-	-	(911,500)	(277,487)	-	(1,188,987)
Reclassification		(1,634)	-	(103)	-	(1,737)
At 31 December 2016	-	97,356	2,732,260	1,508,521	-	4,338,137
Net Book Value						
At 31 December 2015	12,357	345,354	2,166,833	367,529	11,388,656	14,280,730
At 31 December 2016	**12,025**	**173,394**	**1,597,935**	**506,413**	**11,388,656**	**13,678,423**

Bank

	Leasehold Land N'000	Freehold Building N'000	Motor Vehicles N'000	Furniture, Fittings and Equipment N'000	Construction in progress N'000	Total N'000
Cost/valuation:						
At 1 January 2015	12,025	279,855	15,980	652,651	11,388,656	12,349,167
Additions during the year	-	170,473	304	324,199	-	494,976
Reclassification	-	-	-	-	-	-
Disposal	-	(11,811)	-	-	-	(11,811)
At 31 December 2015	12,025	438,517	16,284	976,850	11,388,656	12,832,332
At 1 January 2016	12,025	438,517	16,284	976,850	11,388,656	12,832,332
Additions during the year	-	-	-	312,220	-	312,220
Reclassification (note 24.1)	-	(168,100)	-	(5,245)	-	(173,345)
At 31 December 2016	**12,025**	**270,417**	**16,284**	**1,283,825**	**11,388,656**	**12,971,207**

23 Property and Equipment Cont'd

Bank

	Leasehold Land N'000	Freehold Building N'000	Motor Vehicles N'000	Furniture, Fittings and Equipment N'000	Construction in progress N'000	Total N'000
Accumulated Depreciation						
At 1 January 2015	-	92,053	15,815	486,257	-	594,126
Charge for the year	-	7,591	171	132,685	-	140,447
Disposal	-	(6,480)	-	-		(6,480)
At 31 December 2015	-	93,164	15,986	618,942	-	728,093
At 1 January 2016	-	93,164	15,986	618,942	-	728,092
Charge for the year	-	5,809	172	166,470	-	172,451
Reclassification (note 24.1)	-	(1,737)	-	-	-	(1,737)
At 31 December 2016	**-**	**97,236**	**16,158**	**785,412**	**-**	**898,806**
Carrying Amounts						
At 31 December 2015	12,025	345,354	298	357,908	11,388,656	12,104,239
At 31 December 2016	**12,025**	**173,181**	**126**	**498,413**	**11,388,656**	**12,072,401**

24 Investment Property

	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Bank 31-Dec-16 N'000	Bank 31-Dec-15 N'000
Cost/valuation:				
At 1 January	9,578,876	9,588,261	9,382,637	9,392,022
Additions	71,334	-	-	-
Reclassification (note 24.1)	168,100	-	168,100	-
Disposal	(56,035)	(9,385)	-	(9,385)
At 31 December	9,762,275	9,578,876	9,550,737	9,382,637
Accumulated Depreciation				
At 1 January	1,165,258	976,418	1,123,238	938,311
Charge	179,668	191,672	175,449	187,760
Reclassification (note 24.1)	1,737	-	1,737	-
Disposal	(6,724)	(2,833)	-	(2,833)
At 31 December	1,339,939	1,165,258	1,300,424	1,123,238
Net Book Value				
At 1 January	8,413,619	8,611,843	8,259,399	8,453,711
At 31 December	**8,422,336**	**8,413,619**	**8,250,313**	**8,259,399**

Investment Property comprises a number of properties that are leased out to third parties for rental income. The investment properties are carried at cost.

24.1 The reclassification represents cost and accumulated depreciation of items of property reclassified from property, plant and equipment.

		Group		Bank	
		31-Dec-16 N'000	**31-Dec-15 N'000**	**31-Dec-16 N'000**	**31-Dec-15 N'000**
25	**Other Liabilities**				
	Accruals and deferred income (note 25.1)	4,287,006	4,510,280	3,777,904	3,586,909
	LC payable	5,741,767	865,905	5,741,767	865,905
	Amount due to Debt Management Office (note 25.2)	1,717,199	1,717,130	1,717,153	1,717,153
	Due to Fund holders (note 25.3)	25,689,002	9,251,952	25,504,507	9,033,737
	Staff pension (note 25.4)	175,448	215,751	48,503	84,903
	Deposits	201,086	152,865	-	-
	Other creditors	746,706	733,796	487,339	379,352
		38,558,214	17,447,679	37,277,173	15,667,958
25.1	**Accruals and deferred income**				
	Accruals and deferred income comprises of:				
	Accrued expenses	2,293,232	1,700,240	1,784,131	1,214,914
	Deferred income	-	438,044	-	-
	Advance deposit for legal expenses	1,361,373	1,147,548	1,361,373	1,147,548
	Rental creditors	631,656	1,223,703	631,656	1,223,702
	Dividend payable	745	745	745	745
		4,287,006	4,510,280	3,777,904	3,586,909

25.2 This represents amount due to Debt Management Office (DMO) for repayment of Legacy Lines of Credits to the lenders on behalf of the Bank. The credit was taken by Bank's precursor institution (NIDB) from African Development Bank (AfDB) and European Investment Bank (EIB).

25.3 Due to fund holders represent balances due to Funds that are being managed by the Bank of Industry Limited. See the details of the managed fund in the additional disclosures on managed fund.

		Group		Bank	
		31-Dec-16 N'000	**31-Dec-15 N'000**	**31-Dec-16 N'000**	**31-Dec-15 N'000**
25.4	**Staff Pension**				
	At 1 January	215,751	344,636	84,903	85,688
	Arising during the year	629,938	568,858	600,852	555,812
	Remittance during the year	(670,241)	(697,743)	(637,252)	(556,597)
	At 31 December	**175,448**	**215,751**	**48,503**	**84,903**

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
26	**Income Tax Recognised in statement of profit or loss**				
	Current Tax				
	Company income tax	284,077	-	-	1,103,993
	Education tax	96,057	12,914	71,446	12,182
	Minimum tax	1,160,539	1,122,590	1,160,094	-
	Capital gain tax	-	158,953	-	158,953
	Information technology levy	172,685	493,999	169,735	493,999
	Tax under provision	96,237	-	-	-
		1,809,595	**1,788,456**	**1,401,275**	**1,769,127**
	Deferred tax recognised in statement of profit or loss	560,908	745,402	1,747,344	747,525
	Total income tax recognised in statement of profit or loss	2,370,503	2,533,858	3,148,619	2,516,652
26.1	Deferred tax expense recognised in other comprehensive income	97,801	(43,524)	95,741	(43,130)
26.2	**Current tax liability**				
	At 1 January	2,173,401	1,136,051	1,986,816	966,180
	Charge for the year	1,809,595	1,788,456	1,401,275	1,769,127
		3,982,996	2,924,507	3,388,091	2,735,307
	Paid during the year	(1,783,763)	(751,106)	(1,596,685)	(748,491)
	At 31 December	**2,199,233**	**2,173,401**	**1,791,406**	**1,986,816**
26.3	**Income Tax Reconciliation**				
	Profit before tax from continuing operations	16,937,429	47,230,693	16,973,504	49,399,943
	Income tax expense calculated at 30% of PBT (2015: 30%)	5,081,229	14,169,208	5,092,051	14,819,983
	Effect of income that is exempt from taxation	(3,734,842)	(12,308,890)	(2,976,187)	(12,307,307)
	Effect of expense that are not deductible in determining taxable profit	39,631	(924,233)	39,631	(922,362)
	Effect of tax incentive	(51,799)	178,070	(50,920)	153,686
	Effect of information technology levy	172,664	2,636	169,735	2,636
	Effect of balancing charge	-	(121,816)	-	(121,816)
	Effect of minimum tax	786,375	(148,200	802,863	(148,200)
	Effect of education tax	77,245	-	71,446	-
	Effect of capital gain tax	-	1,040,032	-	1,040,032
	Others	-	647,051	-	-
	Company income/minimum tax expense recognised in profit or loss	**2,370,503**	**2,533,858**	**3,148,619**	**2,516,652**
	Effective tax rate	14%	5%	19%	5%

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
26.4	**Deferred Tax**				
	At 1 January	2,569,583	3,271,461	2,456,559	3,160,953
	Charge to profit or loss	(560,908)	(745,402)	(1,747,344)	(747,524)
	Charge to other comprehensive income	(97,801)	43,524	(95,741)	43,130
	At 31 December	**1,910,874**	**2,569,583**	**613,474**	**2,456,559**

Component of Deferred Tax

		Group	
		31-Dec-16 N'000	31-Dec-15 N'000
26.5	**Deferred Tax Balances**		
	Deferred tax assets	2,839,934	2,942,424
	Deferred tax liabilities	(981,942)	(372,841)
		1,857,992	**2,569,583**

2016	At 1 January N'000	Recognised in profit or loss N'000	Recognised in other comprehensive income N'000	At 31 December N'000
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment	(372,841)	(609,101)	-	(981,942)
Cash balances - Foreign	-	923,740	-	923,740
Provisions - retirement benefit	521,706	-	(97,801)	423,905
Loans & advances	2,317,967	96,351	-	2,414,318
Other liabilities	2,790	123,269	-	126,059
Exchange difference	-	(1,095,167)	-	(1,095,167))
Tax losses	99,961	-	-	99,961
	2,569,583	**(560,908)**	**(97,801)**	**1,910,874**
2015				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment	(350,066)	(22,775)	-	(372,841)
Provisions - retirement benefit	423,349	55,226	43,130	521,706
Loans & advances	3,095,426	(777,853)	394	2,317,967
Other liabilities	2,790	-	-	2,790
Tax losses	99,961	-	-	99,961
	3,271,460	**(745,402)**	**43,524**	**2,569,583**

27.	**Borrowings**				
	CBN Intervention fund (note 27.1)	406,657,242	443,216,147	406,657,242	443,216,147
	ADB loan (note 27.2)	15,356,277	9,825,000	15,356,278	9,825,000
	Other borrowings (note 27.3)	190,456	295,152	-	-
		422,203,976	**453,336,299**	**422,013,520**	**453,041,147**

27.1 The Central Bank of Nigeria (CBN) in 2010 invested N500 billions in a zero coupon debenture instruments issued by the Bank of Industry Limited as part of its intervention programs in the Nigeria economy. The fund was meant to provide developmental finance of N300billion to the power and aviation sector as well as refinancing and restructure facilities of N200billion to the SME subsectors. An additional amount of N35billion was invested into Bank of Industry in 2011. The Power and Aviation Intervention Fund (PAIF) guidelines issued by the CBN provides that the issuer, the Bank of Industry Limited shall be the managing agent of the fund whilst the African Finance Corporation (AFC) serves as the Technical Adviser to the Fund. Amount due to CBN represents the utilised portion of the fund.

27.2 The bank obtained a $100million line of credit from African Development Bank (AfDB). The loan is secured by a sovereign guarantee of the Federal Government of Nigeria issued by the debt management office. The facility is earmarked for the financing of export-oriented small and medium enterprises (SME) with particular emphasis on the non-oil sector. The first tranche of the loan drawn down is $50 million with the following terms; tenor - 10 years, interest rate - 6months USD libor plus 0.06% funding margin plus 60 basis points, 3 years grace period.

27.3 The Short Term Investment Basket (STIB) is an investment product of one of the subsidiaries – BOI-Investment and Trust Company Limited. Borrowings represent the deposits received from investors which are fixed with the entity as placements for specific periods, earning interest at agreed rates upon maturity.

28 Defined Benefit Plan

The Bank operates an unfunded defined benefits scheme for its qualifying employees. An employee is entitled to the benefits of the gratuity as long as the employee has spent not less than 5 years in the service before he retires or withdraws. The retirement age is the date on which the employee attains the age of 60 or 35 years in service whichever comes first. The defined benefits plan is a plan that defines the amount of benefit that each employee is entitled to on retirement. The defined benefit liability is discounted using the market yields at the reporting date of government bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability. The most recent actuarial evaluations of the present value of the defined benefit obligations were carried out by HR Nigeria Limited. The present value of the defined benefit obligation and the related current and past service cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Group		Bank	
	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
Discount Rate	16%	12%	16%	12%
Expected Rates of Salary Increase	13%	11%	13%	11%
Rate of inflation	12%	9%	12%	9%

Amounts Recognised in profit or loss in respect of these defined benefit obligations	Group 31-Dec-16 N'000	31-Dec-15 N'000	Bank 31-Dec-16 N'000	31-Dec-15 N'000
Current Service Cost	231,866	188,638	212,701	173,344
Interest on obligation	234,965	230,586	205,956	208,114
	466,831	419,224	418,657	381,458
Amounts Recognised in Other Comprehensive income in respect of these defined benefit obligations				
Actuarial gains	364,478	85,469	365,526	151,815

The expense recognised for the year are included in the employee benefits expense for the profit or loss. The amount included in the statement of financial position arising from the entity's obligation of the defined benefit plan is as follows:

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
28.1	**Net Liability arising from Defined benefit Obligation**				
	Present value of unfunded defined benefit (note 28.1a)	1,994,400	2,013,095	1,751,590	1,749,555
	Fair value of planned assets (note 28.1b)	(1,887,917)	(1,650,230)	(1,802,438)	(1,573,021)
	Net Liability arising from defined benefit obligation	**106,483**	**362,865**	**(50,848)**	**176,535**
28.1a	Movements in the present value of the defined benefit obligation in the current year as follows				
	At 1 January	2,013,095	1,590,745	1,749,555	1,421,704
	Current service cost	231,866	188,638	212,701	173,344
	Interest cost	234,965	230,586	205,956	208,114
	Actuarial losses/(gains) (note 28.1c)	(322,603)	207,966	(319,135)	143,766
	Benefits paid	(162,923)	(204,840)	(97,487)	(197,373)
	At 31 December	**1,994,400**	**2,013,095**	**1,751,590**	**1,749,555**
28.1b	**Planned Asset**				
	Opening fair value	1,650,230	505,944	1,573,021	435,000
	Expected return on plan asset	193,976	70,674	184,772	60,108
	Employer contribution	3,082	985,017	-	979,704
	Actuarial gain/(loss) (note 28.1c)	140,866	293,435	142,132	295,582
	Benefit paid	(100,237)	(204,840)	(97,487)	(197,373)
		1,887,917	**1,650,230**	**1,802,438**	**1,573,021**
28.1c	**Amount recognised in Statement of Comprehensive income in respect of the defined benefit plans are as follows:**				
	Defined benefit obligation (note 28.1a)	322,603	(207,966)	319,135	(143,766)
	Planned asset (note 28.1b)	140,866	293,435	142,132	295,582
		463,469	**85,469**	**461,267**	**151,816**
29	**Share Capital**				
	Authorised Capital Comprise of:				
	125,000,000 ordinary shares of N2 each	**250,000,000**	**250,000,000**	**250,000,000**	**250,000,000**
	Issued and fully paid				
	73,685,660,620 Ordinary shares of N2 each:				
	At 31 December	**147,371,321**	**147,371,321**	**147,371,321**	**147,371,321**

30 Basic earnings per share

Basic earnings per share (EPS) are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year as follows:

	Group		Bank	
	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
Profit for the year attributable to shareholders (N'000)	14,566,926	44,696,835	13,824,885	46,883,288
Number of ordinary shares in issue as at year end (unit) ('000)	73,685,660	73,685,660	73,685,660	73,685,660
Earnings per share - basic (kobo)	20	61	19	64

31 Reconciliation of profit after tax to cash generated from operation

	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Bank 31-Dec-16 N'000	Bank 31-Dec-15 N'000
Profit after tax	14,566,926	44,696,832	13,824,885	46,883,288
Income tax expense recognised in profit or loss	2,370,503	2,533,858	3,148,619	2,516,652
	16,937,429	47,230,692	16,973,504	49,399,940
Adjustment for non-cash items				
Add: Loan impairment charge for the year	1,393,889	7,952,308	1,393,452	7,956,949
Loan write off	104,985	-	44,003	
Allowance for uncollectible lease payment	80,542	(491,555)	-	-
Impairment Loss/(write back) for prepayment and other assets	394,786	(33,427)	373,562	-
Impairment on investment securities	54,705	629,025	41,468	620,526
Amortisation - Intangible assets	34,671	4,702	34,671	4,702
Depreciation charge- Investment properties	179,668	191,672	175,449	187,760
Depreciation - Property and equipment	1,066,042	1,148,682	172,451	140,447
Gain on disposal of Investment property	(30,689)	26,900	-	(798,807)
Gain on disposal of equity	(1,148)	(37,807,702)	(1,148)	(37,807,702)
Gain from disposal of property and equipment	-	(702,832)	-	(800,044)
Dividend from Available for sale securities	(87,825)	(543,784)	(84,199)	(539,667)
	20,127,055	17,604,681	19,123,213	18,364,104
Changes in operating assets and liabilities				
Decrease in equity held for trading	11,710	786,544	(21,752)	592,361
Decrease in advances under lease	665,881	1,494,522	-	-
Increase in loans and advances	26,252,951	(9,294,730)	26,370,677	(9,286,572)
Decrease in trading properties	-	2,341,082	-	-
Decrease in prepayment, accrued income & other assets	(2,020,878)	(1,658,266)	(2,130,371)	(1,813,433)
Decrease in staff gratuity	368,811	(431,231)	331,372	(460,981)
Increase in other liabilities	21,141,689	(1,084,176)	21,609,214	718,558
Cash from operations	**66,547,219**	**9,758,426**	**65,282,353**	**8,114,037**

		Group		Bank	
		31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-16 N'000	31-Dec-15 N'000
32	**Cash and cash equivalent**				
	Cash and Bank balances	9,918,212	6,769,860	9,609,117	6,406,037
	Due from financial institution	76,707,031	49,451,660	82,545,829	55,660,828
		86,625,243	**56,221,520**	**92,154,946**	**62,066,865**
33	**Statement of prudential adjustment**				
	Provision per prudential guidelines	43,234,359	31,826,939	43,229,308	31,826,939
	Impairment per IFRS	(28,181,838)	(27,664,043)	(28,178,992)	(27,664,073)
	Non distributable reserves	**15,052,521**	**4,162,896**	**15,050,316**	**4,162,866**

Section 15.5 of the Prudential Guidelines (PG) 2010 requires difference between loan provision under PG and IFRS provision be treated as follows:

a Where loan provision under PG is greater than IFRS provisions, the excess should be transferred from general reserves to a non-distributable regulatory reserves (i.e. loan impairment reserves).

b Where loan provision under PG is less than IFRS provisions, the excess should be transferred from regulatory reserve (i.e. loan impairment reserve) to retained earnings account to the extent of the non-distributable reserve previously recognized.

The non-distributable reserves should be classified under Tier 1 as part of core capital.

34 SME Reserve

This represents the Executive Management Committee approved SME fund reserve in line with medium term expenditure framework of the Federal Government.

		31-Dec-16 N'000	2015 N'000	31-Dec-16 N'000	2015 N'000
35	**Available for sale reserve**				
	At January	538,290	392,872	543,538	385,457
	Net change in fair value on available for sale of financial assets during the year	(382,217)	145,418	(382,223)	158,081
	At 31 December	**156,073**	**538,290**	**161,315**	**543,538**

36 Employees and Directors

a) Employees

The average number of persons employed by the company during the year was as follows:

	Group		Bank	
	31-Dec-16 Number	31-Dec-15 Number	31-Dec-16 Number	31-Dec-15 Number
Managing Director	-	1	-	1
Executive Directors	4	3	4	2
Management	29	22	18	11
Non-management	302	292	254	254
	335	318	276	268

Compensation for the above staff is set out below	N'000	N'000	N'000	N'000
Wages and salaries	5,972,477	4,560,173	6,055,483	4,535,587
Pension cost:				
Defined contribution	555,803	579,913	503,526	555,812
Defined benefits	269,229	419,224	233,885	381,458
	6,797,509	**5,559,309**	**6,792,894**	**5,472,857**

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions) were:

	Group		Bank	
	31-Dec-16 Number	31-Dec-15 Number	31-Dec-16 Number	31-Dec-15 Number
N300,001 - N2,000,000	22	17	-	-
N2,000,001 - N2,800,000	4	2	-	-
N2,800,000 - N3,500,000	12	11	1	-
N3,500,001 - N4,000,000	6	11	-	3
N4,000,001 - N5,500,000	26	12	19	6
N5,500,001 - N6,500,000	35	64	35	62
N6,500,001 - N7,800,000	47	3	43	-
N7,800,001 - N9,000,000	42	41	41	41
N9,000,001 - and above	141	159	137	156

b Directors

	N'000	N'000	N'000	N'000
Remuneration paid to the directors was:				
Fees and sitting allowances	3,955	6,628	3,015	2,700
Executive compensation	-	-	-	-
Other directors expenses and benefits	3,351	73,838	-	73,838
	7,306	80,466	3,015	76,538

	N'000	N'000	N'000	N'000
Fees and other emoluments disclosed above include amount paid to:				
The Chairman	-	810	-	810

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

Below N1,000,000	13	11	-	-
N1,000,000 - N2,000,000	-	-	-	-
N2,000,001 - N3,000,000	-	-	-	-
N5,500,001 - and above	7	7	7	7

37 Related party transactions:

a Parent:

Transactions between Bank of Industry and its subsidiaries which are eliminated on consolidated are not separately disclosed in the consolidated financial statements. The Group's effective interests and investments in subsidiaries as at 31 December 2016 are shown below:

Entity	Effective holding %	Nominal share capital held Million
BOI Investment and Trust Company Limited	100.0%	110,000
Leasing Company of Nigeria Limited	81.3%	270,038
Industrial and Development Insurance Brokers Limited	100.0%	5,000
BOI Microfinance Bank Limited	100.0%	100,000

b Key management personnel

Key management personnel is defined as the Group's executive management, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

c Key management compensation

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group 31-Dec-16 N'000	Group 31-Dec-15 N'000	Bank 31-Dec-16 N'000	Bank 31-Dec-15 N'000
Salaries and other short-term benefits	794,440	607,559	794,440	568,558
Retirement benefit cost	108,246	108,246	89,979	89,979
Termination benefit	-	-	-	-

d Loans to related parties

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favorable than those given to other staff. Mortgage loans amounting to N652.691million (2015: N599.308million) are secured by the underlying assets.

38 Penalties for non- compliance

In 2016, there was no penalty imposed on the group (2015: Nil).

39 Contingent liabilities and commitment

a. Legal proceedings

The Group is presently involved in 35 litigation suits in the ordinary course of business. The total claimed in the cases against the group is estimated at N10.4 billion. The actions are being contested and the Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Group. Apart from these, we are not aware of any other pending or threatened claims and litigations.

b. Capital commitments

At the reporting date, the Group had capital commitments amounting to N8.253 billion (2015: N8.253 billion) in respect of authorised and contracted capital projects.

40 Event after the reporting period

There are no post balance sheet events that could have had a material effect on the state of affairs of the group as at 31 December 2016 which have not been adequately provided for or disclosed.

41 Off balance sheet item

This relates to balances of the various funds managed by the bank as at 31 December 2016.

42 Financial risk management

Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

Credit Risk

The Group defines credit risks as all the risks that may lead to economic loss to the Bank as a result of the failure or inability of a customer to meet its obligations as they fall due.

The principal areas where the Bank is exposed to credit risk include: lending (in form of short term loan, medium term loan and long term loan), contingent obligations, lease financing and treasury activities.

As every loan has an inherent risk of not being repaid, The Bank's main concern is to minimize credit risks.

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Principal credit Objectives

The Group's principal credit objectives is to manage risks in order that its sustained portfolio performance (measured by levels of non-performing assets and charge-offs) would not be jeopardized. Its credit objectives are therefore to support, manage or finance:

i) Enterprises with potential to be profitable, competitive, sustainable and have substantial developmental impact.
ii) Companies that have capacity to add substantially to industrial output.
iii) Projects that utilize largely domestic raw materials.
iv) Industries in which Nigeria's comparative advantage could be converted to competitive ones.
v) Companies that have abilities to promote the expansion of exports through the production of high quality products that are attractive to domestic and export markets.
vi) Projects that create both forward and backward linkages with the rest of the domestic or regional economy.
vii) Ventures that promote inter-state or regional integration.
viii) Enterprise with high employment generation capacity.
ix) MSMEs that have linkage with large firms that operate under franchise, cluster and specialized markets.
x) Projects that are environmentally friendly.
xi) Projects in the services sector that support industrial development.

Credit risk measurement

The Board of Directors of the Group is the ultimate authority for all credit decisions and approvals. It may delegate its powers to other levels as deemed necessary. Such delegated authority must be exercised with high sense of responsibility. Management of credit risk is of importance to the Group. To achieve the above mentioned credit objectives, the Bank adopts the following strategies:

i) Define appropriate Target Markets.
ii) Determine its Risk Acceptance Criteria and returns consistent with the risk level.
iii) Have effective and efficient relationship management and credit administration.
iv) Have effective problem loan recognition and management procedures.
v) Partner with customers and other stakeholders based on shared responsibilities for the success of the enterprise.
vi) Make lending decisions based on the project's expected viability and probability of loan repayment (Relationship Officers should place more emphasis on using cash flow to be generated by a project as a major criterion for recommending such project for approval).
vii) Ensure adequacy of security and collateral for loans.
viii) Pay attention to details and exercise due diligence in all stages of loan transactions. (A simple omission or mistake can make a loan go bad. There must be no ambiguity in any aspect of the transaction).
ix) Familiarize with requisite fiscal and monetary policies as well as the CBN Prudential Guidelines and apply these to the evaluation of credit proposals.
x) Imbibe the credit culture. A credit culture is rooted in corporate attitudes, philosophies, traditions and standards which are institutionalized. The role of a well-received credit culture is to create a risk-management climate that will foster an understanding of the Bank's expectations and the reasons behind its policies.

The Group also have an Executive Management Committee charged with the responsibility of:

I) Review the single obligor limit as well as the delegated approval limits from time to time and recommend same to the Board.
ii) Reviewing and approving the submissions of all projects evidenced by requisite reports presented before it by the Lending /Business Groups within its approval limits.
iii) Recommending to the Board Credit and Investment Committee those projects above its limits.

The Group also have the Risk Management Division (RMD). RMD has the primary responsibility of monitoring compliance with the Group's credit policies and processes. It has four groups: Credit Risk Management (credit Administration Department, Credit Control Department, Credit Monitoring Department), Loan Recovery, Compliance Risk and Other Enterprise Risk Management. The division's primary responsibilities are to:

i) Ensure the maintenance of effective risk management environment in the Bank.
ii) Develop credit analysis guidelines for the Group and recommend credit approval limits in line with the Group's policy.
iii) Ensure compliance with regulatory authorities' guidelines.
iv) Define the Group's risk and return preferences and target risk portfolio.
v) Quarterly review of the credit portfolio on a Bank-wide basis to assess risk in the Bank's portfolio as per the Prudential Guidelines of the CBN.
vi) Review placement and investment limits.
vii) Issue Group-wide portfolio review report on a bi-annual basis.
viii) Issue Divisional/Zonal office Portfolio Review Report on a monthly basis to ensure effective loan repayment.
ix) Pre-disbursement audit and vetting of credit documents.
x) Carry out recovery, loan work out and turn around functions as well as make recommendations for write offs.

xi) Set risk acceptable criteria for credit & product paper developed in the Bank.
xii) Review and accreditation of insurance counterparties.
xiii) Review and accreditation of estate valuers.
xiv) Instituted the use of Bank verification number (BVN) to verify MSME customers and their guarantors.
xv) Review and recommend the appointment of External Auditors for SMEs' customers.
xvi) Liaise with the Rating agencies in the conduct of the Bank rating exercise

Single Obligor Limit

The Group maintains single obligor limits as follows:

i) For Loans from BOI Funds - 20% of the Group's Shareholders' Fund unimpaired by losses.
ii) For Off Balance Sheet Items - 20% of the fund owners' equity unimpaired by losses.
iii) For Specialized Intervention Funds - Limit as per the underlying Memorandum of Understanding.

(a) Loans and advances

For measuring credit risk of loan, advances and investments, the Group makes use of its risk rating criteria which are clearly and precisely defined based on: objectively measurable factors e.g. cash flow capacity, capital adequacy, profitability, liquidity, gearing, return on asset, return on equity, credit history, current exposure and past account performance. Some non-numerate criteria are also applied such as character, quality of Board and Management, type of facility, type/location/value of security/type of customer/sectorial classification etc.

Internal rating Scale

For the purpose of Risk classification and the exercise of rights under the approval limits, credit facilities are classified into Grades 1-7. The different grades are defined as follows:

Class Name	Guidance
1. Minimal Risk	Excellent business prospects & Fixed Asset Coverage (FAC of not less than 3, security of cash or near cash for full amount and interest
2. Modest Risk	Good business prospects, Fixed Asset Coverage (FAC) of 2.5 or above, security of Bank Guarantee.
3. Average Risk	Fair business prospects, Fixed Asset Coverage (FAC) of 2.5, security of landed properties in prime location with excellent realizable value
4. Marginal Risk (Management attention required) Watch list	Below average business prospects, Fixed Asset Coverage (FAC) of 2.0 – 2.5, security of landed property in urban centres with high level of realizability.
5. Sub-standard Risk (criticized)	Below average business prospects, Fixed Asset Coverage (FAC) of 1.5 - 2.0, security of landed property with weak realizable value
6. Sub-standard Risk	Doubtful business prospects, Fixed Asset Coverage (FAC) of below 1.5, security of landed properties in rural areas with poor realizable value. For existing projects, Loss of interest has occurred or is likely to occur and there is potential for partial loss of principal. Collection in full is highly improbable. Non-accrual status. Valuation of the loan will result in a provision.
7. Sub-standard Risk (Loss)	Collection of outstanding due is so doubtful that the loan does not warrant classification as an active account of the Bank. Full write-off, even though partial recovery may be possible in future.

Credit quality of financial asset that are neither past due nor impaired individually

	Group		Bank	
	31-Dec-16 N'000	**31-Dec-15 N'000**	**31-Dec-16 N'000**	**31-Dec-15 N'000**
Minimal risk	1,683,480	10,235,901	1,683,480	10,235,901
Modest Risk	2,604,043	74,265,604	2,604,043	74,265,604
Average Risk	966,235	3,517,472	966,235	3,517,472
Marginal Risk (Watch List)	108,110,674	4,173,768	108,110,674	4,173,768
	113,364,432	**92,192,745**	**113,364,432**	**92,192,745**

(b) Debt securities and other bills

Credit Risk Control & Mitigation policy

Credit risk limits signify the maximum level of credit risk the Bank is willing to accept in pursuit of its earning objectives. Levels of credit risk undertaken by the Group are controlled by setting approved credit limits for all loans, advances, investments and off balance sheet engagements.

The Bank maintains internal credit approval limits for various levels of authority in the credit process. The current position as approved by the Board and Management is as shown in the table below:

Authority level	Approval limit
Chief Risk Officer and Line Divisional Heads	Above N1m and up to N5m
Chief Risk Officer and Line Executive Directors	Above N5m and up to N10m
Management Credit Committee	Above N10m and up to N20m
Chief Risk Officer, Line Executive Directors and Managing Director	Above N20m and up to N50m
Executive Management Committee	Above N50m and up to N200m
Board Credit and Investment Committee	Above N200m and up to N500m
Board	Above N500m

Approval limits are set by the Board after recommendation by the Board Credit, Investment Committee and Executive Management Committee and reviewed from time to time as the circumstances of the Bank demand.

Some other specific control and mitigation measures are outlined below:

b) Collateral

In line with the Group's credit policy, security is taken for all credits granted.

The major types of collateral acceptable for loan and advances include:

i) First legal charge on all present and future fixed and floating assets.
ii) Legal or Equitable mortgage on the collateral properties.
iii) Pari-passu sharing of charged assets with other Financial Institutions (where applicable).
iv) Chattel mortgage or execution of Bill of Sale on items of plant and machinery.
v) Mortgage of shares.
vi) Lien by way of legal charge on the intellectual property in the case of film industry.
vii) Personal guarantee of the Promoters (as appropriate).
viii) Quadripartite domiciliation of ISPO arrangement to be executed by the customer, a designated Bank and the Franchiser in favour of BOI.
ix) Bank guarantees.
x) Cash collateral.

Loans, Short & Long-term finance and lending to corporate entities as well as individuals are generally secured. In addition, in order to minimise the credit loss, the Bank obtains additional collaterals from the counterparty for the relevant loans and advances.

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below for loans that are individually impaired and loans that are past due but not impaired.

	Loans and advances to customers			
	Group		Bank	
In thousands of Nigerian Naira	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Against individually impaired	3,251,766	2,344,348	3,251,766	2,344,348
Against Loans that are past due but not impaired	71,626,032	203,000,910	71,626,032	203,000,910
	74,877,798	205,345,258	74,877,798	205,345,258

(c) Credit concentration

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	Group	Bank
	Loans and advances to customers	**Loans and advances to customers**
31 December 2016		
In thousands of Nigerian Naira		
Carrying amount, net of allowance for impairment		
Concentration by sector:		
Agro-Processing	36,655,258	36,655,258
Creative Industry	2,823,758	2,823,758
Engineering & Technology	8,263,798	8,263,798
Food processing	30,136,539	30,136,539
Gas & Petrochemicals	34,930,988	34,930,988
Solar & Energy Programme	223,006	223,006
Solid Minerals	25,261,752	25,261,752
Gender Business	94,181	94,181
Financial Institutions	376,489,137	376,489,137
Others	3,031,868	2,851,992
	517,910,285	**517,730,409**

	Group	Bank
	Loans and advances to customers	**Loans and advances to customers**
31 December 2015		
In thousands of Nigerian Naira		
Carrying amount, net of allowance for impairment		
Concentration by sector:		
Agro-Processing	39,399,691	39,399,691
Creative Industry	2,791,859	2,791,859
Engineering & Technology	6,069,632	6,069,632
Food processing	29,903,666	29,903,666
Gas & Petrochemicals	28,878,655	28,878,655
Solar & Energy Programme	144,430	144,430
Solid Minerals	20,216,784	20,216,784
Financial Institutions	415,747,650	415,747,650
Others	2,505,128	2,386,178
	545,657,495	**545,538,545**

(d) Credit definitions

(i) Impaired loans and investment securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

(ii) Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the number of days past due, level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

(iii) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

(ii) Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

(iii) Write-off policy

The Group writes off a loan / security balance (and any related allowances for impairment losses) when Management determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

All loans and advances are categorised as either:
Collectively impaired
Individually Impaired

Financial assets past due but not Individually impaired

	Group 31-Dec-16 Loans and advances to customers N'000	Group 31-Dec-15 Loans and advances to customers N'000	Bank 31-Dec-16 Loans and advances to customers N'000	Bank 31-Dec-15 Loans and advances to customers N'000
Past due up to 6months	4,375,203	18,073,291	4,375,203	18,073,291
Past due 6 to 12 months	17,014,658	13,438,676	17,014,658	13,438,676
Past due above 12 months	4,265,546	1,450,564	4,265,546	1,450,564
	25,655,407	32,962,530	25,655,407	32,962,531
Financial assets individually impaired				
Gross amount	23,392,324	19,926,652	23,392,324	19,926,652
Allowance for Impairment	(20,140,558)	(18,295,734)	(20,140,558)	(18,295,734)
Carrying Amount	3,251,766	1,630,918	3,251,766	1,630,918

Past due but not impaired loans and investment debt securities
Past due but not impaired loans other than those carried at fair value through profit or loss, are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

Allowances for Impairment
The Group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loan and investment debt security portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortised cost, a collective loan loss allowance established for groups of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Foreign Currency Exchange Risk
Foreign currency risk is the potential loss due to adverse movements in market foreign exchange rates.

The Bank is exposed to foreign currency risk through its foreign currency cash holdings.

Management of Foreign Currency risk
The Group manages its foreign currency risk by limiting the amount of cash it holds in foreign currency.

The following table details the Bank's sensitivity to a increase and decrease in Naira against the US dollars, pounds and Euro. Management believe that the stated percentage movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding denominated assets as there were no liabilities denominated in foreign currency. A positive number indicates an increase in profit where Naira strengthens by the stated percentage against the respective currencies. For the stated percentage increase or decrease in the rate, there would be an equal and opposite impact on profit, and the balances below would be negative.

2016	**Group N'000**	**Bank N'000**
Naira strengthens by 1% against the US dollar		
Profit / (loss)	95,963	95,963
Naira weakens by 1% against the US dollar		
Profit / (loss)	(95,963)	(95,963)
Naira strengthens by 6% against the Pounds		
Profit / (loss)	29,636	29,636
Naira weakens by 6% against the Pounds		
Profit / (loss)	(29,636)	(29,636)
Naira strengthens by 8% against the Euro		
Profit / (loss)	30,586	30,586
Naira weakens by 8% against the Euro		
Profit / (loss)	(30,586)	(30,586)

2015	**Group N'000**	**Bank N'000**
Naira strengthens by 1% against the US dollar		
Profit / (loss)	58,234	58,234
Naira weakens by 1% against the US dollar		
Profit / (loss)	(58,234)	(58,234)
Naira strengthens by 6% against the Pounds		
Profit / (loss)	23,700	23,700
Naira weakens by 6% against the Pounds		
Profit / (loss)	(23,700)	(23,700)
Naira strengthens by 8% against the Euro		
Profit / (loss)	20,868	20,868
Naira weakens by 8% against the Euro		
Profit / (loss)	**(20,868)**	**(20,868)**

Liquidity risk
This is the risk that the Group might not be able to meet with its obligation as they fall due.

Management of liquidity risk
The ultimate responsibility for liquidity risk management rest with the Board of Directors, which has established an appropriate risk management framework for the management of the Group short, medium and long term funding and liquidity management requirements. This function has been delegated to the asset and liability management committee of the Group. This committee meets on bi-weekly to monitor liquidity profile of the Group. The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

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

Group Residual contractual maturities of financial assets and liabilities

31 December 2016 In thousands of Nigerian Naira	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
Non-derivative assets:								
Cash and Bank Balances	9,918,212	9,918,212	9,918,212	-	-	-	-	-
Due from Financial Institution	76,707,031	77,355,447	77,355,447	-	-	-	-	-
Treasury bills	40,428,831	41,480,697	41,480,697					
Loans and Advances	517,910,285	599,035,569	99,482,534	80,401,777	75,533,710	70,509,920	61,663,620	211,44,008
Other assets	2,474,808	2,474,808	2,474,808	-	-	-	-	-
	647,439,167	730,264,733	230,711,698	80,401,777	75,533,710	70,509,920	61,663,620	211,44,008
Non-derivative liabilities								
Other Liabilities	38,558,214	38,558,214	38,558,214	-	-	-	-	-
Borrowings	422,203,976	422,203,976	-	-	-	-	-	422,203,976
	460,762,190	460,762,190	38,558,214	-	-	-	-	422,203,976
Gap (asset - liabilities)	186,676,977	269,502,543	192,153,484	80,401,777	75,533,710	70,509,920	61,663,620	(210,759,968)
Cumulative liquidity gap			192,153,484	272,555,261	348,088,971	418,598,891	480,262,511	269,502,543

Group Residual contractual maturities of financial assets and liabilities

31 December 2015 In thousands of Nigerian Naira	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
Non-derivative assets:								
Cash and Bank Balances	6,769,860	6,769,860	6,769,860	-	-	-	-	-
Due from Financial Institution	49,451,660	49,451,660	49,451,660	-	-	-	-	-
Treasury bills	39,638,164	40,000000	40,000,000	-	-	-	-	-
Loans and Advances	545,657,494	602,955,303	165,065,046	85,286,879	78,606,193	69,492,485	61,125,513	143,379,187
Prepayment, accrued income & other assets	2,438,195	2,438,195	2,438,195	-	-	-	-	-
	604,317,208	701,615,017	263,724,760	85,286,879	78,606,193	69,492,485	61,125,513	143,379,187
Non-derivative liabilities								
Other Liabilities	17,447,679	17,447,679	17,447,679	-	-	-	-	-
Borrowings	453,336,299	453,336,299	-	-	-	-	-	453,336,299
	470,783,978	470,783,978	17,447,679	-	-	-	-	453,336,299
Gap (asset - liabilities)		230,831,039	246,277,081	85,286,879	78,606,193	69,492,485	61,125,513	(309,957,112)
Cumulative liquidity gap			246,277,081	331,563,960	409,170,152	479,662,638	540,788,151	230,831,039

Current maturity mis-match profile

The above tables show the undiscounted cash flows on the Group's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

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

Liquidity risk

BankResidual contractual maturities of financial assets and liabilities

31 December 2016 In thousands of Nigerian Naira	Carrying Amount	Gross nominal inflow/ (outflow)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
Non-derivative assets:								
Cash and Bank Balances	9,609,117	9,609,117	9,609,117	-	-	-	-	-
Due from Financial Institution	82,545,829	84,104,045	84,104,045	-	-	-	-	-
Treasury bills	40,428,831	41,480,697	41,480,697					
Loans and Advances	517,730,409	598,855,693	99,302,658	80,401,777	75,533,710	70,509,920	61,663,620	211,444,008
Prepayment, accrued income & other assets	3,073,011	3,073,011	3,073,011	-	-	-	-	-
	653,387,197	737,122,563	237,569,528	80,401,777	75,533,710	70,509,920	61,663,620	211,444,008
Non-derivative liabilities								
Other Liabilities	37,277,173	37,277,173	37,277,173	-	-	-	-	-
Borrowings	422,013,520	422,013,520	-	-	-	-	-	422,013,520
	459,290,694	459,290,693	37,277,173	-	-	-	-	422,013,520
Gap (asset - liabilities)	-	(277,831,870)	200,292,355	80,401,777	75,533,710	70,509,920	61,663,620	(210,569,512)
Cumulative liquidity gap	-	-	200,292,355	280,694,132	356,227,842	426,737,762	488,401,382	277,831,870

BankResidual contractual maturities of financial assets and liabilities

31 December 2015 In thousands of Nigerian Naira	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Less than 5 years	Above 5 years
Non-derivative assets:								
Cash and Bank Balances	6,406,462	6,406,462	6,406,462	-	-	-	-	-
Due from Financial Institution	55,660,828	55,660,828	55,660,828	-	-	-	-	-
Treasury bills	39,638,164	40,000,000	40,000,000					
Loans and Advances	545,538,545	602,836,354	164,946,097	85,286,879	78,606,193	69,492,485	61,125,513	143,379,187
Prepayment, accrued income & other assets	1,891,864	1,891,864	1,891,864	-	-	-	-	-
	649,135,863	706,795,508	268,905,251	85,286,879	78,606,193	69,492,485	61,125,513	143,379,187
Non-derivative liabilities								
Other Liabilities	15,667,958	15,667,958	15,667,958	-	-	-	-	-
Borrowings	453,041,147	453,041,147	-	-	-	-	-	453,041,147
	468,709,106	468,709,106	15,667,958	-	-	-	-	453,041,147
Gap (asset - liabilities)		198,085,978	213,236,868	85,286,879	78,606,193	69,492,485	61,125,513	(309,661,960)
Cumulative liquidity gap			213,236,868	298,523,747	377,129,940	446,622,426	507,747,939	198,085,978

Current maturity mis-match profile

The above tables show the undiscounted cash flows on the Bank's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

Financial Assets and Liabilities

The table below sets out the categories, carrying amounts and fair values of Group's financial assets and liabilities:

Group			31-Dec-16			
ASSETS	Fair Value Through Profit or loss	Available for Sale	Held to Maturity	Loans and receivable	Total Carrying amount	Fair Value
Cash and bank balances	-	-	-	9,918,212	9,918,212	9,918,212
Due from financial institution	-	-	-	76,707,031	76,707,031	76,707,031
Treasury bills			40,428,831		40,428,831	40,428,831
Equity securities	91,948	4,873,731	-	-	4,965,679	4,965,679
Loans and advances	-	-	-	517,910,285	517,910,285	517,910,285
Prepayment, accrued income & other assets	-	-	-	2,474,808	2,474,808	2,474,808
	91,948.37	4,873,731	40,428,831	607,010,335	652,404,846	652,404,846

LIABILITIES	Fair Value Through Profit or loss	Amortised Cost	Total Carrying amount	Fair Value
Other liabilities	-	38,558,214	38,558,214	38,558,214
Borrowings	-	422,203,976	422,203,976	422,203,976
	-	**460,762,190**	**460,762,189**	**460,762,189**

Group

31-Dec-2015

ASSETS	Held for Trading	Available for Sale	Held to Maturity	Loans and receivable	Total Carrying amount	Fair Value
Cash and bank balances	-	-	-	6,769,860	6,769,860	6,769,860
Due from financial institution	-	-	-	49,451,660	49,451,660	49,451,660
Treasury bills			39,638,164		39,638,164	39,638,164
Equity securities	70,195	5,162,067	-	-	5,232,263	5,232,263
Loans and advances	-	-	-	545,657,494	545,657,494	545,657,494
Prepayment, accrued income & other assets	-	-	-	2,438,195	2,438,195	2,438,195
	70,195	**5,162,067**	**39,638,164**	**604,317,208**	**649,187,635**	**649,187,635**

LIABILITIES	Fair Value Through Profit or loss	Amortised Cost	Total Carrying amount	Fair Value
Other liabilities	-	17,447,679	17,447,679	17,447,679
Borrowings	-	453,336,299	453,336,299	453,336,299
	-	**470,783,978**	**470,783,978**	**470,783,978**

Financial Assets and Liabilities

The table below sets out the carrying amounts and fair values of Bank's financial assets and liabilities:

Bank — 31-Dec-16

ASSETS	Fair Value Through Profit or loss	Available for Sale	Held to Maturity	Loans and receivable	Total Carrying amount	Fair Value
Cash and bank balances	-	-	-	9,609,117	9,609,117	9,609,117
Due from financial institution	-	-	-	82,545,829	82,545,829	82,545,829
Treasury bills			40,428,831	-	40,428,831	40,428,831
Equity securities	91,948	8,845,883	-	-	8,937,831	8,937,831
Loans and advances	-	-	-	517,730,409	517,730,409	517,730,409
Prepayment, accrued income and other assets				3,073,011	3,073,011	3,073,011
	91,948	8,845,883	40,428,831	612,958,366	662,325,028	662,325,028

LIABILITIES	Fair Value Through Profit or loss	Amortised Cost	Total Carrying amount	Fair Value
Other liabilities	-	37,277,173	37,277,173	37,277,173
Borrowings	-	422,013,520	422,013,520	422,013,520
	-	**459,290,693**	**459,290,694**	**459,290,693**

Bank 31-Dec-15

ASSETS	Fair Value Through Profit or loss	Available for Sale	Held to Maturity	Loans and receivable	Total Carrying amount	Fair Value
Cash and bank balances	-	-	-	6,406,037	6,406,037	6,406,037
Due from financial institution	-	-	-	55,660,828	55,660,828	55,660,828
Treasury bills			39,638,164		39,638,164	39,638,164
Equity securities	70,195	9,111,338	-	-	9,181,533	9,181,533
Loans and advances	-	-	-	545,538,545	545,538,545	545,538,545
Prepayment, accrued income and other assets	-	-	-	3,302,647	3,302,647	3,302,647
	70,195	9,111,338	39,638,164	610,908,057	659,727,754	659,727,754

LIABILITIES	Fair Value Through Profit or loss	Amortised Cost	Total Carrying amount	Fair Value
Other liabilities	-	15,667,958	15,667,958	15,667,958
Borrowings	-	453,041,147	453,041,147	453,041,147
	-	**468,709,106**	**468,709,106**	**468,709,106**

Assets for which fair value approximates carrying value
For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to financial liabilities without a specific maturity.

Fixed rate financial instruments
The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity.

FOR THE YEAR ENDED 31 DECEMBER 2016

	Group				Bank			
	2016 N'000	%	2015 N'000	%	2016 N'000	%	2015 N'000	%
Gross income	35,944,220		70,765,745		34,046,837		69,793,826	
Interest paid)	(367,281)		(198,514)		(197,784)		(31,022	
	35,576,939		70,567,231		33,849,053		69,762,804	
Administrative overheads	(8,508,669)		(5,136,719)		(8,023,473)		(4,948,316)	
Value Added	**27,068,270**	**100**	**65,430,512**	**100**	**25,825,580**	**100**	**64,814,488**	**100**
Applied as follows:								
To pay employees:								
- Salaries and wages	7,058,409	26	5,559,310	8	6,792,894	26	5,472,857	8
To pay government								
- Taxation	1,809,595	7	1,788,456	4	1,401,275	5	1,769,127	4
Retained for future replacement of assets and expansion of business:								
- Deferred taxation	560,908	2	745,402	1	1,747,344	7	747,525	-
- Depreciation and amortisation	1,280,381	5	1,345,058	2	382,571	1	332,909	1
- Impairment charges	1,792,051	7	11,295,451	17	1,676,611	6	9,608,782	15
- Profit retained in the business	14,566,926	53	44,696,835	68	13,824,885	55	46,883,288	72
	27,068,270	100	65,430,512	100	25,825,580	100	64,814,488	100

FOR THE YEAR ENDED 31 DECEMBER 2016

Group — **IFRS**

	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
ASSETS					
Cash and Bank Balances	9,918,212	6,769,860	2,777,956	14,389,234	8,790,449
Due from Financial Institution	76,707,031	49,451,660	21,130,050	69,451,448	88,712,605
Treasury Bills	40,428,831	39,638,164	-	-	-
Debt securities	21,000	91,593	130,364	-	-
Equity Securities	4,965,679	5,232,263	8,106,427	9,015,898	7,419,841
Advances under Lease	706,273	1,157,110	1,990,053	3,560,164	4,704,267
Loans and Advances	517,910,285	545,657,495	544,314,772	498,702,883	443,016,832
Prepayment, accrued income & other assets	5,933,114	4,307,021	2,615,328	3,891,270	5,610,646
Trading properties	2,192,389	2,192,389	4,533,471	4,965,582	4,696,575
Intangible Assets	178,617	106,081	-	-	-
Property plant and equipment	13,678,423	14,280,729	14,670,921	13,196,972	3,268,912
Investment Property	8,422,336	8,413,619	8,611,843	8,792,489	8,849,042
Deferred Tax Asset	1,910,874	2,569,583	3,271,461	3,318,509	1,951,121
Assets directly attributable to disposal group	-	-	-	-	30,541
	682,973,064	**679,867,568**	**612,152,646**	**629,284,449**	**577,050,831**
Other Liabilities	38,558,214	17,447,679	17,639,372	19,952,947	8,801,054
Tax Payable	2,199,233	2,173,401	1,024,757	1,487,136	758,621
Deposit for Shares	-	-	-	1,107,313	39,714,129
Borrowings	422,203,976	453,336,299	430,215,314	450,523,474	513,455,181
Employee benefit	106,483	362,865	1,084,800	2,457,113	1,852,042
Liabilities directly attributable to disposal group			-	-	500
TOTAL LIABILITIES	**463,067,904**	**473,320,244**	**449,964,243**	**475,527,983**	**564,581,527**
CAPITAL AND RESERVES					
Ordinary share capital	147,371,321	147,371,321	147,371,321	145,745,194	6,585,129
Retained Earnings	830,734	2,578,687	2,561,004	3,588,466	1,640,795
Statutory reserve	19,364,204	19,313,502	5,247,774	3,339,825	2,254,901
Non-distributable reserves	15,052,521	4,162,896	4,188,877	-	850,485
Actuarial Reserve	2,082,012	1,717,534	1,600,386	248,880	186,669
Share premium	-	-	65,876	65,876	65,876
SME reserve	30,000,000	30,000,000	-	-	-
Fair value reserve	158,265	538,290	392,872	(104,537)	1,920
Business combinations under common control	919,899	919,899	919,899	919,899	919,899
Total equity attributable to owners of the Company	219,926,421	206,602,129	162,348,009	153,803,603	12,505,674
Non-controlling Interest	(21,263)	(54,805)	(159,606)	(47,137)	(36,370)
Total Equity	**219,905,158**	**206,547,324**	**162,188,403**	**153,756,466**	**12,469,304**
TOTAL LIABILITIES AND EQUITY	**682,973,064**	**679,867,568**	**612,152,646**	**629,284,449**	**577,050,831**

FOR THE YEAR ENDED 31 DECEMBER 2016

Bank	IFRS				
	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
ASSETS					
Cash and Bank Balances	9,609,117	6,406,037	2,296,462	13,699,343	8,419,735
Due from Financial Institution	82,545,829	55,660,828	32,530,979	81,492,553	98,537,454
Treasury bills	40,428,831	39,638,164			
Debt securities	-	-	7,886,477	8,614,614	6,943,324
Loans and Advances	-	545,538,545	544,208,921	498,070,253	442,924,808
Equity Securities	517,730,409	9,181,533	-	-	-
Advances under Lease	8,937,831	-	-	-	-
Investment in Subsidiaries	545,720	545,720	545,720	545,720	545,720
Prepayment, accrued income & other assets	5,059,456	3,302,647	1,489,214	2,953,474	3,673,115
Trading properties	-	-	-	-	-
Intangible Assets	177,846	105,311	11,755,042	9,698,771	2,509,708
Property and equipment	12,072,401	12,104,239	8,453,711	8,630,544	8,700,994
Investment Property	8,250,313	8,259,399	3,160,953		1,961,690
Deferred Tax Asset	613,474	2,456,559	-	3,306,545	5,000
Employee benefit	50,848	-	-	-	-
	686,022,075	**683,198,982**	**612,327,479**	**627,011,817**	**574,221,548**
Other Liabilities	37,277,173	15,667,959	15,058,924	16,828,569	7,360,974
Tax Payable	1,791,406	1,986,816	856,656	1,367,843	706,917
Deposit for Shares	-	-	-	1,107,313	39,714,129
Employee benefit	-	176,535	986,704	2,247,060	1,739,706
Borrowings	422,013,520	453,041,147	429,722,656	449,043,018	511,066,091
TOTAL LIABILITIES	**461,082,099**	**470,872,456**	**446,624,940**	**470,593,803**	**560,587,817**
CAPITAL AND RESERVES					
Ordinary share capital	147,371,321	147,371,321	147,371,321	145,745,194	6,585,129
Retained Earnings	6,057,460	8,462,227	6,230,242	6,375,036	2,993,062
Statutory reserve	19,107,818	19,107,819	5,042,832	3,205,840	2,120,916
Non-distributable reserve	15,050,316	4,162,866	4,188,877	-	850,485
Actuarial Reserve	2,124,382	1,758,856	1,563,911	291,048	164,240
Share premium	-	-	-	-	-
SME reserve	30,000,000	30,000,000	-	-	-
Available for sale reserve	161,314	543,538	385,457	(119,003)	-
Business combinations under common control	919,899	919,899	919,899	919,899	919,899
Other reserves					
Total equity attributable to owners of the Company	224,939,976	212,326,526	165,702,539	156,418,014	13,633,731
Total Equity	**224,939,976**	**212,326,526**	**165,702,539**	**156,418,014**	**13,633,731**
TOTAL LIABILITIES AND EQUITY	**686,022,075**	**683,198,982**	**612,327,479**	**627,011,817**	**574,221,548**

Additional Disclosure on Managed Funds

This represents the net asset balances of the various funds managed by the bank as at 31 December 2016.

	2016 N'000	2015 N'000
National Automotive Council fund	3,292,467	8,126,385
Anambra State Fund	438,953	451,888
Niger State Funds	111,029	158,441
Kogi State Funds	110,590	6,189
Osun State Funds	188,315	56,181
Edo State Funds	157,921	175,761
Delta State Funds	351,344	148,987
Kaduna State Fund	557,711	536,601
Taraba State Fund	366,121	348,928
Kano State Fund	155,459	217,732
Kwara State Fund	202,693	133,836
Ekiti State Fund	14,558	17,863
Smedan Fund	65,197	54,665
Ondo State Fund	132,107	139,227
Ogun State fund	311,965	293,517
Dangote fund	3,421,682	2,935,313
Gombe Fund	42,560	62,065
Oyo State Fund	473,459	518,468
Enugu State Fund	212,570	212,958
Cross River State fund	165,552	221,460
Business Development Fund for Women (BUDFOW)	33,777	53,510
National Sugar Industrial Development fund	2,951,322	1,814,687
Sugar Levy Fund	249,622	797,621
Cement fund	-	12,541,369
National Programme for Food Security (NPAFS) fund	861,209	833,645
Federal Department of Agriculture (FDA) Cottage fund	1,620,884	1,483,846
Rice Processing fund	2,983,169	12,316,497
	19,472,236	**44,657,640**

National Automotive Council (NAC) Fund

The NAC Fund is aimed at developing the Nigerian automotive sector by financing projects in the automotive industry. The Fund is also used to finance annual budgetary approval for Capital and Recurrent Expenditures of the National Automotive Council.

From the inception of the NAC Fund on July 31, 2003 till date, the total inflow from the National Automotive Council (NAC) stands at N18.09 billion. The Fund is being managed by BOI for a fee of 5% per annum on investible Fund, payable quarterly and deductible from the balance of the Fund. Similarly, NAC receives Management Fee of 2% per annum on investible Fund payable quarterly and deducted from the balance of the Fund.

For the Funding of projects, the Fund is broken down into three categories, namely;

a) NAC Term loans/Working Capital Financing: - This is for projects in the Automotive Industry. These loans are granted at 7.5% and 10% per annum on term loan and working capital loan respectively.

b) NAC Auto Technicians Support Scheme (NAC-ATSS):- This represents the sum of N1.00 billion set aside from the main NAC Fund for capacity building in repair and maintenance for Nigerian Artisans, Craftsmen and Technicians/Mechanics. The loans are to be advanced through Micro Finance Banks (MFB) meet certain set criteria. This scheme is provided at 7.5% per annum to the partnering MFB and 10% per annum to the final beneficiary.

c) Vehicle Purchase Credit Scheme: - This is to encourage patronage of Nigerian Made
Vehicles. N2,500,000.00 (from the main NAC Fund) for Vehicle Purchase Credit Scheme for individuals and private commercial operators, lease finance for fleet operators to purchase vehicles from local assembly plants in order to enhance their capacity utilization and those of component manufacturers. BOI deals with vehicle purchasers (individuals or fleet operators) via selected Banks and other financial institutions. This scheme is provided at 7.5% per annum to the partnering MFB and 10% per annum to the final beneficiary.

ADDITIONAL DISCLOSURE ON MANAGED FUNDS

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	8,126,385	10,671,558
Net Fund Generated/(Utilized)	(4,833,918)	(2,545,173)
Closing Accumulated Fund	**3,292,467**	**8,126,385**
Represented by:		
Bank Balances	28,180	4,885,437
Investment in Money Market	2,125,230	-
Loan Debtors	415,514	1,269,727
Other Receivable	989,497	2,065,069
Less Liabilities	(265,954)	(93,848)
	3,292,467	**8,126,385**

ANAMBRA STATE MANAGED FUND

Anambra State MSME Fund (also referred to as ANSG-BOI MSME Fund) represents Anambra state Government's share of the 50:50 Counter-part Fund by both the ANSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ANSG committed a sum of N500.0 million with the first and second tranches of the N500.0 million Funds received on 17th August, 2007 and 11th December, 2009 respectively in the sum of N250.0 million per tranche. The interest rate on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	451,888	496,592
Net Fund Generated/(Utilised)	(12,935)	(44,704)
Closing Accumulated Fund	**438,953**	**451,888**
Represented by:		
Bank Balances	9,099	-
Investment in Money Market	373,735	361,338
Loan Debtors	50,956	82,985
Other Receivable	8,401	128,019
Less Liabilities	(3,237)	(120,454)
	438,953	**451,888**

NIGER STATE MANAGED FUND

Niger State MSME Fund (also referred to as NGSG-BOI MSME Fund) represents Niger state Government's (NGSG) share of the 50:50 Counter-part Fund by both the NGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The NGSG signed the MOU with BOI on 23rd September, 2009 and committed a sum of N1.0 billion to the scheme. However, only the sum of N300.0 million has since been released by NGSG. Interest rate of 10% per annum and 12.5% per annum is applicable to the Term loans and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% on the outstanding balance per annum of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	158,441	312,379
Net Fund Generated/(Utilised)	(47,412)	(153,938)
Closing Accumulated Fund	**111,029**	**158,441**
Represented by:		
Bank Balances	1,339	(243)
Investment in Money Market	97,563	-
Loan Debtors	11,977	40,318
Other Receivables	968	119,533
Less Liabilities	(818)	(1,167)
	111,029	**158,441**

KOGI STATE MANAGED FUND

Kogi State MSME Fund (also referred to as KGSG-BOI MSME Fund) represents Kogi state Government's share of the 50:50 Counter-part Fund by both the KGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KGSG signed the MOU with BOI on 26th June, 2009 and committed a sum of N1.0 Billion to the scheme. However, only the sum of N250.0 million has since been released by KGSG. Interest rate of 5% per annum and 10% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% per annum on the outstanding balance of Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	6,189	31,930
Withdrawal	112,419	-
Net Fund Generated/(Utilised)	(8,018)	(25,741)
Closing Accumulated Fund	**110,590**	**6,189**
Represented by:		
Bank Balances	1,422	-
Investment in Money Market	-	39,068
Loan Debtors	5,315	(32,879)
Other receivables	112,419	-
Less Current Liabilities	(8,566)	-
	110,590	**6,189**

OSUN STATE MANAGED FUND

Osun State MSME Fund (also referred to as OSSG-BOI MSME Fund) represents Osun state Government's share of the 50:50 Counter-part Fund by both the OSSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OSSG signed the MOU with BOI on 18th September, 2009 and committed a sum of N1.0 billion to the scheme. However, only the sum of N250.0 million has since been released by OSSG. Interest rate of 10% per annum and 12.5% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 3% on outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	56,181	274,578
Net Fund Generated/(Utilised)	132,134	(218,397)
Closing Accumulated Fund	**188,315**	**56,181**
Represented by:		
Bank Balances	19,574	3,131
Investment in Money Market	67,534	56,050
Loan Debtors	65,625	(47,421)
Other Receivables	36,970	44,821
Less Liabilities	(1,388)	(400)
	188,315	**56,181**

EDO STATE MANAGED FUND

Edo State MSME Fund (also referred to as EDSG-BOI MSME Fund) represents Edo state Government's share of the 50:50 Counter-part Fund by both the EDSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EDSG signed the MOU with BOI on 8th December, 2009 and committed a sum of N250.0 million to the scheme, which has been fully released. Interest rate of 5% per annum and 6.25% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 2% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	175,761	247,380
Net Fund Generated/(Utilised)	(17,840)	(71,619)
Closing Accumulated Fund	**157,921**	**175,761**
Represented by:		
Bank Balances	13,951	3,736
Investment in Money Market	100,239	104,227
Loan Debtors	29,141	121,005
Other Receivables	15,371	25,392
Less Liabilities	(781)	(78,599)
	157,921	**175,761**

DELTA STATE MANAGED FUND

Delta State MSMEs Fund (also referred to as DTSG-BOI MSME Fund) represents Delta state Government's share of the 50:50 Counter-part Fund by both the DTSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The DTSG signed the MOU with BOI on 23rd March, 2008 and committed a sum of N500.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 9% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	148,987	675,683
Additional fund contributed	184,094	-
Net Fund Generated/(Utilised)	18,263	(526,696)
Closing Accumulated Fund	**351,344**	**148,987**
Represented by:		
Bank Balances	(2,433)	(23,936)
Investment in Money Market	2,396	805
Loan Debtors	(10,876)	134
Sundry Debtors	364,848	173,087
Less Liabilities	(2,591)	(1,103)
	351,344	**148,987**

KADUNA STATE MANAGED FUND

Kaduna State MSME Fund (also referred to as KDSG-BOI MSME Fund) represents Kaduna state Government's share of the 50:50 Counter-part Fund by both the KDSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KDSG signed the MOU with BOI 2014 and committed a sum of N500.0 million to the scheme, which has been fully released. Interest rate of 5% per annum and 6.25% per annum is attributable to the Term loan and Working Capital Loans respectively. The Management Fee to be earned by the Bank is 2% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	536,601	517,539
Net Fund Generated/(Utilised)	21,110	19,062
Closing Accumulated Fund	**557,711**	**536,601**
Represented by:		
Bank Balances	-	(1,427)
Investment in Money Market	521,532	542,049
Loan Debtors	43,902	4,467
Other Receivables	58	133
Less Liabilities	(7,781)	(8,621)
	557,711	**536,601**

TARABA STATE MANAGED FUND

Taraba State MSMEs Fund (also referred to as TRSG-BOI MSME Fund) represents Taraba state Government's share of the 50:50 Counter-part Fund by both the TRSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The TRSG signed the MOU with BOI on 10th June, 2015 and committed a sum of N350.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 0% per annum (subsidized by TRSG and 7.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the managed Fund payable quarterly in arrears.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	348,928	329,008
Additional fund contributed	-	-
Net Fund Generated/(Utilised)	17,193	19,920
Closing Accumulated Fund	**366,121**	**348,928**
Represented by:		
Bank Balances	15,397	2
Investment in Money Market	348,465	354,510
Loan Debtors	6,791	-
Sundry Debtors	(2,273)	(3,350)
Less Liabilities	(2,258)	(2,234)
	366,121	**348,928**

KANO STATE MANAGED FUND

Kano State MSME Fund (also referred to as KNSG-BOI MSME Fund) represents kano state Government's share of the 50:50 Counter-part Fund by both the KNSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KNSG signed the MOU with BOI on 30th July, 2013 and committed a sum of N500.0 million to the scheme, which has been fully released. Interest rate of 5% per annum which shall be subject to review by BOI and KNSG from time to time in line with the market dictates. The interest on loan shall accrue to BOI. The Management Fee to be earned by the Bank is 5% per annum on the managed Fund payable quarterly in arrears.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	217,732	249,980
Net Fund Generated/(Utilised)	(62,273)	(32,248)
Closing Accumulated Fund	**155,459**	**217,732**
Represented by:		
Bank Balances	21,237	107,787
Investment in Money Market	76,274	-
Loan Debtors	46,720	131,176
Other Receivables	19,745	13,306
Less Liabilities	(8,517)	(34,537)
	155,459	**217,732**

KWARA STATE MANAGED FUND

Kwara State MSMEs Fund also referred to as KWSG-BOI MSME Fund represents Kwara state Government's share of the 50:50 Counter-part Fund by both the KWSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The KWSG signed the MOU with BOI on 16th May, 2008 and committed a sum of N250.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	133,836	193,683
Net Fund Generated/(Utilised)	68,857	(59,847)
Closing Accumulated Fund	**202,693**	**133,836**
Represented by:		
Bank Balances	590	101,005
Investment in Money Market	-	-
Loan Debtors	89,030	9,843
Other Receivables	115,203	66,400
Less Liabilities	(2,130)	(43,412)
	202,693	**133,836**

EKITI STATE MANAGED FUND

Ekiti State MSMEs Fund (also referred to as EKSG-BOI MSME Fund) represents Ekiti state Government's share of the 50:50 Counter-part Fund by both the EKSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The EKSG signed the MOU with BOI on 2nd February, 2010 and committed a sum of N500.0 million to the scheme. However, only the sum of N100.0 million has been released by EKSG. Interest rate attributable on the disbursed portion of the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% on outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	17,863	11,916
Transfer out of Accumulated Fund	0.00	-
Net Fund Generated/(Utilised)	(3,305)	5,947
Closing Accumulated Fund	**14,558**	**17,863**
Represented by:		
Bank Balances	-	(500)
Investment in Money Market	24,247	23,566
Loan Debtors	-	3,995
Other Receivables	19	18,095
Less Liabilities	(9,708)	(27,293)
	14,558	**17,863**

SMEDAN MANAGED FUND

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) signed an MOU with BOI in 2010 to manage its Fund after the Agency was allocated N50.0 million for Micro Credit Scheme to 10 Cooperatives in 10 Local Governments in Osun East Senatorial District. The amount was apportioned into N30.0 million for onward disbursement to cooperatives while, N20.0 million was for the training of potential loan beneficiaries. The Fund was hence tagged SMEDAN OSUN Fund.

The interest rate attributable on the loan is 5% per annum and the Management Fee to be earned by the Bank is also 5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	54,665	55,784
Contribution Received	-	-
Net Fund Generated/(Utilised)	10,532	1,119
Closing Accumulated Fund	**65,197**	**54,665**
Represented by:		
Bank Balances	3,180	42,755
Investment in Money Market	58,027	-
Loan Debtors	385	(3,033)
Other Receivables	3,606	15,444
Less Liabilities	-	(501)
	65,197	**54,665**

ONDO STATE MANAGED FUND

Ondo State MSME Fund (also referred to as ODSG-BOI MSME Fund) represents Ondo state Government's share of the 50:50 Counter-part Fund by both the ODSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ODSG signed the MOU with BOI on 30th August, 2010 and committed a sum of N1.0 billion to the scheme. However, only the sum of N500.0 million has since been released by ODSG. The interest rate attributable on the Term loan is 6% per annum and 8.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	139,227	509,457
Net Fund Generated/(Utilised)	(7,120)	(370,230)
Closing Accumulated Fund	**132,107**	**139,227**
Represented by:		
Bank Balances	4,206	(11,228)
Investment in Money Market	20,559	5,042
Loan Debtors	86,493	130,640
Other Asset	21,664	43,045
Less Current Liabilities	(815)	(28,272)
	132,107	**139,227**

OGUN STATE MANAGED FUND

Ogun State MSME Fund (also referred to as OGSG-BOI MSME Fund) represents Ogun state Government's share of the 50:50 Counter-part Fund by both the OGSG and BOI to address the dearth of funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OGSG signed the MOU with BOI on 3rd November, 2011 and committed a sum of N500.0 million to the scheme, which has been received. The interest rate attributable on the Term loan is 7% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2017 N'000
Opening Accumulated Fund	293,517	476,620
Net Fund Generated/(Utilised)	18,448	(183,103)
Closing Accumulated Fund	**311,965**	**293,517**
Represented by:		
Bank Balances	11,049	6,285
Investment in Money Market	288,480	201,481
Loan Debtors	4,381	23,078
Other Receivables	10,356	66,203
Less Liabilities	(2,301)	(3,530)
	311,965	**293,517**

DANGOTE STATE MANAGED FUND

Dangote Fund (also referred to as DF-BOI MSME Fund) represents Dangote's share of the 50:50 Counter-part Fund by both the DF and BOI for the deepening and improvement of industrial activities in the country. The Scheme was designed to stimulate economic growth by empowering micro, small and medium entrepreneurs (MSMEs) engaged in manufacturing, agro-processing, distributive or merchandizing activities and service provision in any part of the country.

The DF signed the MOU with BOI on 7th March, 2011 and committed a sum of N2.5 billion to the scheme. However, only the entire sum has been fully released by DF. The interest rate attributable on the loan is 5% per annum. The Management Fee to be earned by the Bank is 1% per annum on the managed Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	2,935,313	2,777,786
Net Fund Generated/(Utilised)	486,369	157,527
Closing Accumulated Fund	**3,421,682**	**2,935,313**
Represented by:		
Bank Balances	3,144,846	-
Investment in Money Market	-	-
Loan Debtors	75,499	141,030
Other Receivables	207,587	3,089,701
Less Liabilities	(6,250)	(295,418)
	3,421,682	**2,935,313**

GOMBE STATE MANAGED FUND

Gombe State MSME Fund (also referred to as GSG-BOI MSME Fund) represents Gombe state Government's share of the 50:50 Counter-part Fund by both the GSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSME) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely: Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The GSG signed the MOU with BOI on 2nd August, 2011 and committed a sum of N500.0 million to the scheme. However, only the sum of N250.0 million has since been released by GSG. The interest rate attributable on the Term loan is 5% per annum and 6.25% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 2.5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	62,065	259,372
Net Fund Generated/(Utilised)	(19,505)	(197,307)
Closing Accumulated Fund	**42,560**	**62,065**
Represented by:		
Bank Balances	860	3,820
Investment in Money Market	42,045	43,343
Loan Debtors	0.00	2,211
Other Receivables	217	13,073
Less Liabilities	(562)	(382)
	42,560	**62,065**

OYO STATE MANAGED FUND

Oyo State MSME Fund (also referred to as OYSG-BOI MSME Fund) represents Oyo state Government's share of the 50:50 Counter-part Fund by both the OYSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The OYSG signed the MOU with BOI on 16th December, 2011 and committed a sum of N500.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	518,468	505,665
Net Fund Generated/(Utilised)	(45,009)	12,803
Closing Accumulated Fund	**473,459**	**518,468**
Represented by:		
Bank Balances	13,267	11
Investment in Money Market	442,172	460,871
Loan Debtors	18,690	26,577
Other Receivables	2,251	38,753
Less Liabilities	(2,921)	(7,744)
	473,459	**518,468**

ENUGU STATE MANAGED FUND

Enugu State MSME Fund (also referred to as ENSG-BOI MSME Fund) represents Enugu state Government's share of the 50:50 Counter-part Fund by both the ENSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The ENSG signed the MOU with BOI on 17th August, 2012 and committed a sum of N500.0 million to the scheme, of which only N141.8 million has been released. The interest rate attributable on the Term loan is 10% per annum and 12.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 3% per annum on the outstanding Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	212,958	200,921
Additional Contribution	0.00	8,000
Net Fund Generated/(Utilised)	(388)	4,037
Closing Accumulated Fund	**212,570**	**212,958**
Represented by:		
Bank Balances	2,805	(9,529)
Investment in Money Market	158,249	171,654
Loan Debtors	52,509	50,934
Other Receivables	730	3,323
Less current Liabilities	(1,723)	(3,424)
	212,570	**212,958**

CROSS RIVER STATE MANAGED FUND

Cross River State MSME Fund (also referred to as CRSG-BOI MSME Fund) represents Cross River state Government's share of the 50:50 Counter-part Fund by both the CRSG and BOI to address the dearth of Funding support to small business owners in the State. Under this scheme, entrepreneurs of Micro, Small and Medium scale Enterprises (MSMEs) with production capacities within the State would have access to the Fund by way of Funding equipment supply and requisite working capital. These entrepreneurs are basically divided into two major categories namely; Cooperatives (i.e. micro) and SMEs both with distinct eligibility requirements and loan servicing terms/conditions.

The CRSG signed the MOU with BOI on 30th July, 2012 and committed a sum of N250.0 million to the scheme, which has been fully released. The interest rate attributable on the Term loan is 8% per annum and 9.5% per annum on the Working Capital Loans. The Management Fee to be earned by the Bank is 5% per annum on the outstanding balance of the Fund payable quarterly.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	221,460	258,470
Net Fund Generated/(Utilised)	(55,908)	(37,010)
Closing Accumulated Fund	**165,552**	**221,460**
Represented by:		
Bank Balances	-	189,921
Investment in Money Market	160,460	-
Loan Debtors	5,244	23,077
Other Receivables	5,876	15,811
Less Liabilities	(6,028)	(7,349)
	165,552	**221,460**

BUSINESS DEVELOPMENT FUND FOR WOMEN

The Memorandum of Understanding (MOU) between the Federal Ministry of Women Affairs and Social Development (FMWASD) and the Bank of Industry Limited (BOI) was drawn in December, 2006 to address challenges faced by women in accessing credit facilities. The aim was to deepen the credit extended to female entrepreneurs in all parts of the country who are desirous of transiting their respective businesses from micro to small scale and later to medium scale enterprises. The Fund is set up to help in development of businesses owned by Women.

The FMWASD released Fund in the sum of N89, 997,600.00 in March, 2007.

The interest on the loan is 10% per annum while the Bank earns Management Fee of 2% per annum of disbursed portfolio.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	53,510	75,352
Net Fund Generated/(Utilised)	(19,733)	(21,842)
Closing Accumulated Fund	**33,777**	**53,510**
Represented by:		
Bank Balances	5,504	24,860
Investment in Money Market	26,077	-
Loan Debtors	2,834	6,606
Other Receivables	841	22,308
Less Liabilities	(1,478)	(264)
	33,777	**53,510**

SUGAR FUND

The Federal Government in furtherance of its policy on Sugar development, instituted the National Sugar Development Council (NSDC) Fund with an initial sum of N200 million for the establishment and resuscitation of companies engaged in the production of sugar, ethanol and sugar cane. The MOU between BOI and the National Sugar Development Council was signed on November 6, 2009. An additional amount of N200. Million and N600 million was received by the Bank on 29th December, 2011 and October, 2013 respectively.

The Fund is to be disbursed as loans to stakeholders involved in the sugar value chain. It is to be used for financing fixed assets as well as working capital. The applicable interest rate on the long term loan is 5% per annum while the working capital is 7% per annum.

The Bank earns Management Fee on the Fund at the rate of 3% per annum on the on the total loans disbursed.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	1,814,687	1,650,090
Contribution Received	-	-
Net Fund Generated/(Utilised)	1,136,635	164,597
Closing Accumulated Fund	**2,951,322**	**1,814,687**
Represented by:		
Bank Balances	5,227	1,262
Investment in Money Market	1,647,533	1,517,058
Loan Debtors	269,627	270,569
Other Receivables	1,032,159	26,972
Less Liabilities	(3,225)	(1,174)
	2,951,322	**1,814,687**

SUGAR LEVY FUNDSUGAR LEVY FUND

The Sugar Levy Fund was set up Federal Government with a statutory mandate to utilize the fund for the development of the Sugar sub-sector of the Nigerian economy. Also, the annual budgetary approval for capital and recurrent expenditure of the National Sugar Development Council (NSDC) is expected to be funded from the Sugar levy Fund as entrenched in section 3(ai) of decree No 88 of 1993. The total amount contributed as at 31st December, 2013 was N3,118,710,845. The fund is remitted to BOI quarterly based on presidential approval from the 10% Sugar levy account with Central Bank of Nigeria (CBN) as prescribed by section 6(4a) of the National Sugar Development Council Enabling Act.

The Bank earns Management Fee on the Fund at the rate of 3% per annum on the total loans disbursed.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	797,621	2,063,153
Contribution Received	-	2,066,019
Withdrawal from Fund	-	(3,483,853)
Net Fund Generated/(Utilised)	(547,999)	152,302
Closing Accumulated Fund	**249,622**	**797,621**
Represented by:		
Bank Balances	7,020	-
Investment in Money Market	241,421	798,050
Loan Debtors	-	-
Other Receivables	1,517	-
Less Liabilities	(336)	(429)
	249,622	**797,621**

CEMENT FUND

The Federal Government of Nigeria set up a 15% Cement Development Fund Account to support the Cement Industry. To this end, the total sum of N9,625,012,823.15 has been disbursed to BOI in the following order:

- The first tranche of the Fund, in the sum of N5,879,576,206.20 was credited to the Bank's Account on July 19, 2011.
- The second tranche of the Fund, in the sum of N3,745,436,616.95 was released to the Bank on January 13, 2012, bringing the total Cement Fund with BOI to N9,625,012,823.15.

The Target beneficiaries are companies involved in cement production as well as those in businesses that are linked or related to the cement industry. The Interest rate on the loan is 10% for term loan.

The Bank does not earn Management Fee on this Fund.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	-	11,894,382
Net Fund Generated/(Utilised)	-	646,987
Closing Accumulated Fund	**-**	**12,541,369**
Represented by:	-	
Bank Balances	-	4,774,492
Investment in Money Market	-	-
Loan Debtors	-	6,067,209
Other Receivables	-	1,956,011
Less Liabilities	-	(256,343)
	-	**12,541,369**

NATIONAL PROGRAMME FOR FOOD SECURITY (NPAFS) FUND

The Federal Government in 2009, set up the National Programme on Agriculture and Food Security (NPAFS) as an organ to implement the programme for Food Security, particularly to initiate policies and execute projects aimed at accelerating the pace of development of rural agriculture through enhanced rural agricultural finance. The Fund is on a Public - Private Partnership (PPP) arrangement by way of Loan 40% of project cost, Grant 40% and 20% Equity contribution from the beneficiaries.

The vehicle for achieving the stated objective is by way of grant and loan schemes, Funded by the Federal Government's budgetary allocation and some Donor Support Funds, thus leading to the establishment of the National Programme for Food Security Fund "NPFS Fund". The MOU for this arrangement with the Ministry of Agriculture and Rural Development was signed in January 2010 for the appropriation of the sum of N1, 155,021,085.00. The scope was later adjusted to N800 million vide a letter from the Ministry in September, 2010. Beneficiaries are screened and pre-selected by the NPFS Office. The beneficiaries of the Fund shall be registered members of Apex Farmers Association (AFA), registered co-operative groups and SMEs in all thirty six (36) States of the country including the Federal Capital Territory (FCT).

The interest rate on the Long Term Loan is 8 % per annum and the Bank is to earn a one-off Management Fee at 4% on the total sum.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	833,645	800,409
Net Fund Generated/(Utilised)	27,564	33,645
Closing Accumulated Fund	**861,209**	**833,645**
Represented by:		
Bank Balances	1,013	1,109
Investment in Money Market	813,891	849,017
Loan Debtors	-	-
Other Receivables	46,305	-
Less Liabilities	-	(16,481)
	861,209	**833,645**

FEDERAL DEPARTMENT OF AGRICULTURE (FDA) COTTAGE FUND

The Federal Government, in furtherance of its programme on Food Security instituted the FDA Cottage Fund with a take-off amount of N1,100,000,000.00. The MOU was signed in January 2009 between the Federal Ministry of Agriculture and Water Resources (FMA&WR), now Federal Ministry of Agriculture and Rural Development (FMA&RD) and BOI. The implementing agency for the scheme is the FMA&RD, through the Federal Department of Agriculture (FDA). Beneficiaries are screened and pre-selected by the FMA&RD.

The objective of the Fund is to promote the development of the selected crops by adding value to their processing chain and providing employment to Nigerian farmers and processors.

The Fund is available for the construction of cottage factory building and procurement of equipment for the processing of three (3) crops namely Oil Palm, Cassava and Rice.

The Fund is being managed on a public sector – private sector partnership arrangement by way of loan (50% of project cost) grant (40%) and 10% equity contribution from the Beneficiary in addition to provision of land for the project.

The Fund is dedicated for the provision of financial assistance to registered members of apex farmers associations, cooperative groups and societies in twenty (20) states of the federation and the FCT.

The interest rate on the Term loan is 8% per annum and the Bank is to earn a one off Management Fee of 4% on the Fund.

The unutilized balance on the Fund is invested in the Nigerian money market at rates ranging from 8% - 10% per annum. The interest income from the investment is added to the Fund.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	1,483,846	1,371,760
Net Fund Generated/(Utilised)	137,038	112,086
Closing Accumulated Fund	**1,620,884**	**1,483,846**
Represented by:		
Bank Balances	-	1,469,852
Investment in Money Market	1,589,310	-
Loan Debtors	-	(1,837)
Other Receivables	80,773	48,011
Less Liabilities	(49,200)	(32,180)
	1,620,884	**1,483,846**

RICE PROCESSING INTERVENTION FUND

The Federal Executive Council (FEC) formally approved the setting up of a N10 Billion Rice Processing Intervention Fund in May 2009. The Fund was designed as a credit scheme to ten initially pre-qualified companies to set up 17 Model Rice Processing Mills in the country. The estimated cost of each mill is N1.4 billion, which is to be financed 40% by the Federal Government's Rice Fund credit facility and 60% by the beneficiary companies/ Commercial Banks. The credit facility, which is mainly to finance plant and machinery and associated costs, is for a tenor of twenty (20) years with five (5) years moratorium at an interest rate of 4% per annum.

The MOU between BOI and Federal Ministry of Agriculture and Water Resources (FMA&WR) for the administration of the Fund was signed on September 2009. The Bank is to retain as Management Fee 0.5% of the 4% interest on the Term Loan.

The unutilized balance on the Fund is invested in the Nigerian money market at rates ranging from 4% - 9% per annum. The interest income from the investment is added to the Fund.

Summary of Fund

	2016 N'000	2015 N'000
Opening Accumulated Fund	12,316,497	11,135,917
Net Fund Generated/(Utilised)	(9,333,328)	1,180,580
Closing Accumulated Fund	**2,983,169**	**12,316,497**
Represented by:		
Bank Balances	297,884	10,682,477
Investment in Money Market	-	
Loan Debtors	2,557,868	1,281,172
Other Receivables	127,417	354,241
Less Liabilities	-	(1,393)
	2,983,169	**12,316,497**

Social Investment Office

MarketMoni

Kudin Kasuwa | Ego Ahia | Owo Oja

About MarketMoni

Objective
Provide loans to Market Women & Traders, Artisans, Enterprising Youths and Small Scale Farmers & Agric. Workers nationwide.

Loan Product
Available loan amounts of:

- N10,000
- N20,000
- N50,000
- N100,000

Loan Terms

- Loan Tenor: 6 Months
- Weekly payments with a two week grace period.
- Administrative Fee of 5% (No other charges).

What are the requirements?

1. You must belong to a registered and accredited market association, cooperative or trade group
2. You must have a valid BVN
3. Your market association, cooperative or trade group must nominate you for a loan and must be willing to stand in as your guarantor
4. Your market association, cooperative or trade group must be registered with BOI
5. You must have a business location which will be verified by MarketMoni agents

What do I do next?

1. **Association Legal Registration**
   Confirm from your association, cooperative or trade group leadership that they are registered at the State or National (CAC) level.
2. **Association Accreditation**
   Get your association, cooperative or trade group to register for BOI accreditation on www.boi.ng/marketreg
3. **Accreditation Validation**
   Your association, cooperative or trade group should send an email to BOI at GEEP-States@boi.ng to confirm the completion of steps 1 and 2 above and include a copy of the group's State/National registration certificate
4. **Beneficiary Registration**
   BOI will engage with your association, cooperative or trade group to validate registration. MarketMoni agents will, thereafter, visit your group to register you for loan consideration.