

WEMA BANK PLC

**Unaudited IFRS Results
for the quarter ended 30 June 2014**

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Statement of Financial Position

As at 30 June 2014

	Notes	30 June 2014	31 December 2013
<i>In thousands of Nigerian Naira</i>			
ASSETS			
Cash and cash equivalents	18	12,204,634	31,314,482
Restricted Deposit with CBN		36,277,667	25,672,861
Pledged assets	19	15,051,086	21,830,179
Investment securities:	24		
Available for sale		7,435,128	7,180,114
Held for trading		2,885,490	-
Held to maturity		98,365,491	102,379,943
Loans and advances to customers	20	115,513,411	98,631,825
Derivative financial assets		251,948	137,800
Investment property	25	595,575	601,822
Property and equipment	26	12,614,431	12,468,085
Intangible assets	27	1,213,392	913,200
Investment in associate	22	2,964,626	2,964,626
Other assets	29	5,482,798	3,407,835
Deferred tax assets	28	23,369,702	23,369,702
TOTAL ASSETS		334,225,380	330,872,475
LIABILITIES			
Deposits from banks	30	7,200,000	3,200,000
Deposits from customers	31	216,305,712	217,734,559
Derivative financial liabilities		250,028	197,370
Current tax liabilities	32	349,402	382,047
Other liabilities	34	8,282,657	10,375,390
Other borrowed funds	34	58,982,757	57,587,958
TOTAL LIABILITIES		291,370,556	289,477,324
EQUITY			
Share capital		19,287,233	19,287,233
Share premium		48,870,107	48,870,107
Regulatory risk reserve		(0)	(0)
Treasury shares		-	-
Retained earnings		(34,216,124)	(35,663,169)
Other reserves		8,913,608	8,900,980
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		42,854,824	41,395,151
TOTAL EQUITY		42,854,824	41,395,151
TOTAL LIABILITIES AND EQUITY		334,225,380	330,872,475

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

The financial statements were authorised for issue by the directors on

Chief Samuel Bolarinde

FRC No: Chairman

Segun Oloketuyi

FRC No: Managing Director

Statement of Profit/Loss and Other Comprehensive Income

For the period ended 30 June 2014

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<u>30 June 2014</u>	<u>31 December 2013</u>
Interest income	8	17,656,588	28,542,092
Interest expense	8	(7,947,972)	(16,017,736)
Net interest income		9,708,616	12,524,356
Net impairment loss/write back on financial assets	13	(355,040)	1,329,627
Net interest income after impairment charge for credit losses		9,353,576	13,853,983
Net fee and commission income	9	2,473,253	5,133,191
Net trading income	10	341,669	349,188
Other income	11	354,088	1,621,087
		<u>3,169,010</u>	<u>7,103,466</u>
Operating income		12,522,586	20,957,449
Personnel expenses	14	(4,946,647)	(8,932,412)
Operating lease expenses	15(a)	(132,128)	(496,355)
Depreciation and amortisation		(700,655)	(1,390,814)
Other operating expenses	15	(5,040,750)	(9,120,986)
		<u>1,702,406</u>	<u>1,016,882</u>
Share of profit in associate	23		930,426
Profit before tax		1,702,406	1,947,308
Income tax expense	16	(255,361)	(350,777)
Profit for the year		1,447,045	1,596,531
Other comprehensive income, net of income tax			
Share of other comprehensive income of associate	23	-	(14,564)
Fair value (loss)/ gain on available-for-sale investments	16	12,628	118,521
Other comprehensive income for the year, net of income tax		12,628	103,957
Total comprehensive income for the year		1,459,673	1,700,488
Profit attributable to:			
Equity holders of the Bank		1,447,045	1,596,531
Total comprehensive income for the year		1,459,673	1,700,488
Profit per share-basic	17	8	8
Profit per share-diluted	17	8	8

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

Statement of Changes in Equity

As at 30 June 2014

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Treasury shares	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Capital reserves	Syndicated Loan Reserves	Retained earnings	Total equity
2013											
Balance at 1 January 2013	6,410,624	24,701,231	(4,571,482)	816,364	7,669,552	526,908	107,040	300,000	500,000	(35,181,920)	1,278,316
Total comprehensive income:											
Profit or loss										1,596,531	1,596,531
Transfer								(300,000)	(500,000)	800,000	
Other comprehensive income											
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	118,521	-	-	(14,564)	118,521
Share of Associate's other comprehensive income	-	-	-	-	-	-	118,521	-	-	(14,564)	103,957
Total other comprehensive income	-	-	-	-	-	-	118,521	-	-	(14,564)	103,957
Total comprehensive income for the period	6,410,624	24,701,231	(4,571,482)	816,364	7,669,552	526,908	225,561	-	-	(32,799,953)	2,978,804
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Regulatory risk reserve				(816,364)						816,364	-
transfer to statutory reserves					478,959					(478,959)	
New shares issued	12,876,609	24,168,876	4,571,482							(3,200,620)	38,416,347
Total contribution and distributions to owners	12,876,609	24,168,876	4,571,482	(816,364)	478,959					(2,863,215)	38,416,347
Balance at 31 December 2013	19,287,233	48,870,107	-	(0)	8,148,511	526,908	225,561	-	-	(35,663,169)	41,395,151
2014											
Balance at 1 January 2014	19,287,233	48,870,107	-	(0)	8,148,511	526,908	225,561	-	-	(35,663,169)	41,395,151
Total comprehensive income:											
Profit or loss	-	-	-	-	-	-	-	-	-	1,447,045	1,447,045
Transfer											-
Other comprehensive income											
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	12,628	-	-	-	12,628
Share of Associate's other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	12,628	-	-	-	-
Total comprehensive income for the period	19,287,233	48,870,107	-	(0)	8,148,511	526,908	238,189	-	-	(34,216,124)	42,854,824
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Regulatory risk reserve				-							-
New shares issued	0	(0)	-								(0)
Total contribution and distributions to owners	0	(0)	-								(0)
Balance at 30 June 2014	19,287,233	48,870,107	-	(0)	8,148,511	526,908	238,189	-	-	(34,216,124)	42,854,824

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

Statement of Cash Flow

As at 30 June 2014

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	June 2014	December 2013
Cash flows from operating activities			
Profit/Loss for the year		1,447,045	1,596,531
Adjustments for:			
Taxation expense		255,361	350,777
Depreciation and amortization	27	700,655	1,390,814
Gain on disposal of property and equipment		(4,214)	(784,396)
Property & Equipment written off		-	12,241
Fair value loss on available for sale investments		-	-
Gain on sale of equity investment		-	-
Loss on disposal of subsidiaries		-	-
Net interest income	8	(9,708,616)	(12,524,356)
Share of profit of associate		-	(930,426)
Dividend received from equity investment		(4,785)	(87,459)
Impairment loss on financial assets	13	355,040	(1,329,627)
		<u>(6,959,514)</u>	<u>(12,305,901)</u>
Change in trading assets			-
Change in pledged assets		6,779,093	(10,345,019)
Change in loans and advances to customers		(17,117,921)	(23,333,080)
Change in other assets		(12,793,916)	(5,893,166)
Change in deposits from banks		4,000,000	2,666,514
Change in deposits from customers		(1,428,847)	43,432,135
Change in other liabilities		(1,975,586)	2,954,616
		<u>(29,496,692)</u>	<u>(2,823,902)</u>
Income tax paid		(288,006)	(97,695)
Interest received		17,656,588	28,542,092
Vat paid		(64,490)	(96,190)
Interest paid		(5,713,711)	(11,511,801)
Net cash from operating activities		<u>(17,906,311)</u>	<u>14,012,505</u>
Cash flows from investing activities			
Acquisition of investment securities		839,594	(31,501,857)
Dividend received from equity investment		4,785	87,459
Acquisition of property and equipment	27	(747,046)	(1,536,537)
Proceeds from the sale of property and equipment		6,879	1,089,380
Proceeds from the sale of investment properties		-	50,280
Acquisition of intangible assets		(468,288)	(265,549)
		<u>(364,075)</u>	<u>(32,076,824)</u>
Cash flows from financing activities			
Deposit for shares		-	(4,740,454)
Change in other borrowed funds		1,394,799	581,339
Proceeds from Issue of Shares		-	40,000,689
Share Issue Expenses		-	(1,584,342)
Interest paid on CBN financial accomodation loan		(2,234,261)	(4,505,935)
Net cash from financing activities		<u>(839,462)</u>	<u>29,751,297</u>
Net increase in cash and cash equivalents		<u>(19,109,848)</u>	<u>11,686,978</u>
Cash and cash equivalents at beginning of period		31,314,482	19,627,505
Cash and cash equivalents at end of period	18	<u>12,204,634</u>	<u>31,314,483</u>

NOTES TO THE FINANCIAL STATEMENTS

8 Net interest income

For the period ended 30 June 2014

	30 June 2014	31 December 2013
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Interest income

Cash and cash equivalents	538,242	1,829,035
Loans and advances to banks and customers	10,450,165	16,525,490
Investments securities	6,668,181	10,187,567
Total interest income	<u>17,656,588</u>	<u>28,542,092</u>

Interest expense

	30 June 2014	31 December 2013
Deposits from banks	266,711	829,552
Deposits from customers	5,446,999	10,682,249
Other borrowed funds	2,234,261	4,505,935
Total interest expense	<u>7,947,972</u>	<u>16,017,736</u>

9 Fees and commission income

In thousands of Nigerian Naira

	30 June 2014	31 December 2013
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Retail banking customer fees & commissions	1,043,175	2,168,232
Corporate banking customer fees & commissions	1,127,706	2,048,318
Other fees and charges	302,372	916,641
Total fee and commission income	<u>2,473,253</u>	<u>5,133,191</u>

10 Net trading income

In thousands of Nigerian Naira

	30 June 2014	31 December 2013
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Fixed income securities	-	-
Treasury bills	-	-
Equities (see note (i) below)	-	-
Foreign exchange trading	341,669	349,188
	<u>341,669</u>	<u>349,188</u>

11 Other income

In thousands of Nigerian Naira

	30 June 2014	31 December 2013
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Dividends on available-for-sale equity securities	4,785	87,459
Gains on disposal of property and equipment	4,214	784,396
Rental income (i)	18,688	47,315
Trading income on derivative	55,605	137,490
Others	270,795	564,426
	<u>354,088</u>	<u>1,621,087</u>

NOTES TO THE FINANCIAL STATEMENTS

13 Impairment loss on financial assets

For the period ended 30 June 2014	30 June	31 December
<i>In thousands of Nigerian Naira</i>	2014	2013
Impairment losses on loans and advances		
-specific impairment	317,200	204,628
-collective impairment	-	1,172,561
- Recoveries on loans	(148,080)	(2,930,205)
-Write offs	185,921	
Impairment loss on available for sale financial assets		
- Allowance for the year	-	-
Impairment loss on other assets (Note 30)	-	223,388
	<u>355,040</u>	<u>(1,329,627)</u>

14 Personnel expenses

	30 June	31 December
<i>In thousands of Nigerian Naira</i>	2014	2013
Wages and salaries	3,524,673	6,084,548
Contributions to defined contribution plans	597,011	1,087,809
Other staff costs	824,963	1,760,055
	<u>4,946,647</u>	<u>8,932,412</u>

15 Other operating expenses

	30 June	31 December
<i>In thousands of Nigerian Naira</i>	2014	2013
Other premises and equipment costs	1,007,015	1,588,244
Auditors remuneration	9,999	90,000
Professional fees	165,899	215,687
AMCON Levy	910,674	1,221,684
Security expenses	261,617	525,594
Cash movement expenses	187,036	389,540
NDIC Premium	521,836	1,061,873
Printing and stationery	125,506	303,993
Advertising and marketing	450,671	785,294
Transport & Communications	195,672	298,997
Service charge	100,643	301,751
Insurance	131,772	507,741
Business Expenses	85,407	135,525
General administrative expenses	887,002	1,695,063
	<u>5,040,750</u>	<u>9,120,986</u>

(a) Operating leases

	30 June	31 December
<i>In thousands of Nigerian Naira</i>	2014	2013
Less than one year	-	-
Between one and five years	132,128	496,355
More than five years	-	-
	<u>132,128</u>	<u>496,355</u>

The Bank is in a contractual relationship whereby it leases motor vehicle and generators from Great Nigeria Insurance and Independent securities Limited.

NOTES TO THE FINANCIAL STATEMENTS

18 Cash and cash equivalents

For the period ended 30 June 2014	30 June	31 December
<i>In thousands of Nigerian Naira</i>	2014	2013
Cash and balances with banks	11,172,058	11,863,083
Unrestricted balances with central bank	432,577	3,447,015
Deposits with the Central Bank of Nigeria	36,277,667	-
Money market placements	600,000	16,004,384
	48,482,301	31,314,482

19 Pledged assets - Held to maturity

	30 June	31 December
<i>In thousands of Nigerian Naira</i>	2014	2013
Treasury bills	-	6,767,724
Bonds	15,051,086	15,062,455
	15,051,086	21,830,179

The treasury bills are pledged for clearing activities and as collection bank for government taxes and for electronic card transactions.

The Bonds are pledged as collateral for the intervention credit granted to the Bank by the Bank of Industry for the purpose of refinancing existing loans to SMEs

20 Loans and advances to customers at amortised cost

	30 June	31 December
<i>In thousands of Nigerian Naira</i>	2014	2013
Overdrafts	20,042,094	17,005,245
Term Loans	98,233,952	84,695,691
Advances under finance lease	1,412,704	1,007,830
Gross loans and receivables	119,688,750	102,708,767
<i>Less Allowances for Impairment</i>		
Specific Allowances for impairment	(3,492,062)	(3,393,665)
Collective allowances for impairment	(683,277)	(683,277)
	(4,175,339)	(4,076,942)
Net loans and advances to customers	115,513,411	98,631,825

24 For the period ended 30 June 2014

Investment securities	30 June 2014	31 December 2013
<i>In thousands of Nigerian Naira</i>		
Investment securities	108,686,110	109,560,057
Current	74,102,198	78,075,761
Non-current	31,698,421	31,484,297
	<u>105,800,620</u>	<u>109,560,057</u>

(a) Available-for-sale investment securities comprise:

Bonds (see (ii) below)	7,063,708	6,819,826
Treasury bills	1,072	-
Equity (see note (v) below)	370,348	431,109
Less: specific allowance for impairment (see note 24)	-	(70,821)
	<u>7,435,128</u>	<u>7,180,114</u>

(b) Held for trading investment securities comprise:

Treasury bills	2,885,490	-
FGN Bonds (see (iii) below)	-	-
Other bonds (see (iv) below)	-	-
	<u>2,885,490</u>	<u>-</u>

(c) Held to maturity investment securities comprise:

Treasury bills	74,101,126	78,075,761
FGN Bonds	14,322,321	14,734,065
Other bonds	9,942,044	9,570,117
	<u>98,365,491</u>	<u>102,379,943</u>

(i) **Specific allowance for impairment**

	30 June 2014	31 December 2013
<i>In thousands of Nigerian Naira</i>		
Balance, beginning of year	70,821	1,891,540
Charge for the year	-	-
Acquired from merger of business	-	-
Write-offs	(70,821)	(1,658,698)
Allowance no longer required	-	(162,021)
Balance, end of year	<u>-</u>	<u>70,821</u>

25 (i) Investment property

In thousands of Nigerian Naira	30 June 2014	31 December 2013
Carrying amount at the beginning of year	601,822	664,907
Cost	629,913	680,193
Accumulated Depreciation	(28,090)	(15,285)
Additions	-	-
Disposals	-	(50,280)
Depreciation charge for the year	(6,247)	(12,805)
Carrying amount at the end of the year	595,575	601,822
Cost	629,913	629,913
Accumulated depreciation	(34,338)	(28,090)

- (ii) Investment property represents land and buildings that are not substantially occupied by the bank held for investment purposes. Investment property is carried at cost less accumulated depreciation and impairment losses in accordance with the cost model. Investment property is depreciated over a useful life of 50 years with a nil residual value. Had investment property been carried at fair value, the fair value as at 30 June 2014 would have been N1,692,550,000 (2013:N1,692,550,000).

NOTES TO THE FINANCIAL STATEMENTS

26 Property and equipment

	Land	Buildings	Furniture & Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
<i>In thousands of Nigerian Naira (000s)</i>							
Cost							
Balance at 1 January 2014	698,852	12,770,730	3,394,017	1,612,845	1,144,727	797,005	20,418,176
Additions	0	186,571	155,858	331,647	98,591	(25,621)	747,046
Disposals	0	(173,676)	(9,841)	(1,145)	(150,836)	0	(335,497)
Reclassifications	(8,000)	8,000	0	0	0	0	0
Removal of Obsolete Items							0
Balance at 30 June 2014	<u>690,852</u>	<u>12,791,625</u>	<u>3,540,034</u>	<u>1,943,347</u>	<u>1,092,482</u>	<u>771,384</u>	<u>20,829,724</u>
Accumulated depreciation and impairment							
Balance at 1 January 2014	-	3,527,408	2,360,355	1,184,955	878,166	0	7,950,884
Charge for the year		133,508	216,221	100,672	75,912	0	526,313
Disposals		(173,677)	(10,394)	(1,114)	(146,879)	0	(332,064)
Adjustment		0	(15,664)	85,825	0	0	70,161
Removal of Obsolete Items						0	0
Balance at 30 June 2014	<u>-</u>	<u>3,487,238</u>	<u>2,550,518</u>	<u>1,370,338</u>	<u>807,199</u>	<u>-</u>	<u>8,215,294</u>
Carrying amounts							
Balance at 1 January 2014	698,852	9,243,322	1,033,662	427,890	266,561	797,005	12,467,292
Balance at 30 June 2014	<u>690,852</u>	<u>9,304,386</u>	<u>989,517</u>	<u>573,009</u>	<u>285,283</u>	<u>771,384</u>	<u>12,614,431</u>

27 Intangible assets

In thousands of Nigerian Naira

	30 June 2014	31 December 2013
Cost		
Balance beginning of the year	2,521,843	2,245,227
Additions	468,288	265,549
Reclassifications		11,068
Balance end of the year	<u>2,990,132</u>	<u>2,521,843</u>
Amortization and impairment losses		
Balance beginning of the year	1,608,644	1,319,798
Amortisation for the period	168,095	193,454
Acquired from business merger		
Reclassifications		95,391
Balance end of the year	<u>1,776,739</u>	<u>1,608,644</u>
Carrying amounts	<u>1,213,392</u>	<u>913,200</u>

- (a) The intangible assets have got finite lives and are amortised over the shorter of 4 years or the contractual licensing period. No impairment losses were recognised against intangible assets.
- (b) The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2013: nil) There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2013: nil)
- (c) December 2013: nil)

29 Other assets

	30 June 2014	31 December 2013
<i>In thousands of Nigerian Naira</i>		
Accounts receivable and prepayments	6,167,573	4,089,134
Others	2,727,677	2,966,538
Specific impairment on other assets	(3,412,452)	(3,647,837)
	<u>5,482,798</u>	<u>3,407,835</u>

30	Deposits from banks		
	<i>In thousands of Nigerian Naira</i>	30 June 2014	31 December 2013
	Money market deposits	7,200,000	3,397,370
	Other deposits from banks	-	-
	Items in the course of collection	-	-
		<u>7,200,000</u>	<u>3,397,370</u>
31	Deposits from customers		
	<i>In thousands of Nigerian Naira</i>	30 June 2014	31 December 2013
	Retail customers:		
	Term deposits	29,134,801	29,340,259
	Current deposits	19,562,053	39,047,967
	Savings	31,637,096	33,428,276
	Corporate customers:		
	Term deposits	57,518,030	57,522,322
	Current deposits	76,884,740	58,139,681
	Others	1,568,992	256,053
		<u>216,305,712</u>	<u>217,734,559</u>
32	Taxation payable		
	<i>In thousands of Nigerian Naira</i>	30 June 2014	31 December 2013
	Balance, beginning of the year	382,047	128,965.00
	Charge for the year	255,361	350,777.00
	Payment during the year	(288,006)	(97,695.15)
		<u>349,402</u>	<u>382,047</u>
33	Other liabilities		
	<i>In thousands of Nigerian Naira</i>	30 June 2014	31 December 2013
	Contributions to defined contribution plans	-	-
	Creditors and accruals	2,043,122	2,558,482
	Other current liabilities	1,168,435	4,166,087
	Accounts payable	2,088,734	1,459,915
	Amcon Levy	-	-
	Certified cheques	1,090,953	1,223,628
	Foreign currency transfers payable	1,725,914	719,281
	Interest bearing liability	165,500	247,996
		<u>8,282,657</u>	<u>10,375,390</u>
34	Other borrowed funds		
	<i>In thousands of Nigerian Naira</i>	30 June 2014	31 December 2013
	Due to CBN (see (i) below)	50,061,711	50,061,711
	National Housing Fund	136,349	141,329
	Due to BOI (see (ii) below)	7,714,697	6,599,918
	CBN Agric loan (see iii below)	1,070,000	785,000
		<u>58,982,757</u>	<u>57,587,958</u>