FitchRatings

Banks

Nigeria

Wema Bank PLC

Full Rating Report

Ratings

Long-Term IDR	B-
Short-Term IDR	B
Viability Rating	b-
Support Rating	5
Support Rating Floor	NF
National Long-Term Rating	BBB-(nga)
National Short-Term Rating	F3(nga)

Sovereign Risk

Long-Term Foreign-Currency DR	B+
Long-Term Local-Currency IDR	B+

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Financial Data

Wema Bank PLC

	31 Dec 16	31 Dec 15
Total assets (USDm)	1,381.1	1,300*
Total assets (NGNbn)	421.2	396.7
Total equity (NGNbn)	48.5	46.1
Operating profit (NGNbnm)	3.3	3.0
Published net income (NGNbn)	2.6	2.3
Comprehensive income (NGNbn)	2.4	2.3
Operating ROAA (%)	0.84	0.82
Operating ROAE (%)	6.95	6.68
Internal capital generation (%)	5.34	4.93
Equity/assets (%)	11.51	11.61
Tier 1 ratio (%)	9.12	11.31
Capital adequacy (%)	11.07	15.09

*Converted using end-2016 exchange rate of NGN305/USD1

Related Research

2017 Outlook: Sub-Saharan Africa Banks (February 2017)

Nigerian Banks: Peer Review (March 2017)

Wema Bank PLC - Ratings Navigator (March 2017)

Nigeria (March 2017)

Nigerian Banks - Results Dashboard (May 2017)

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Key Rating Drivers

Standalone Strength Drives Ratings: Wema Bank PLC's Issuer Default Ratings (IDRs) are driven by its standalone creditworthiness as defined by its Viability Rating (VR). The VR is constrained by the operating environment and by the bank's company profile and considers weak profitability, high loan concentration and limited capital buffers. The VR also factors in good management and strategy, low impaired loans ratios and lower sensitivity to foreign-currency (FC) liquidity in the market than peers.

Operating Environment Constrains Ratings: Wema's ratings are constrained by the highly volatile and challenging domestic operating environment. The Nigerian economy continues to be affected by low oil prices, muted GDP growth, naira depreciation, US dollar shortages and policy uncertainty.

Company Profile Also Limits Ratings: Wema's limited franchise (1% market share) and evolving business model are key constraints on the company profile. The bank was recapitalised in 2009 by a consortium of private investors following its insolvency in 2008.

Good Management and Strategy: Wema has an experienced and stable senior management team that has led the bank's turnaround. Wema is now in an early-stage growth phase focusing on mid-market corporates and retail segments. For the past three years, Wema has met on its strategic targets but its financial metrics remain weak.

Weak Profitability: The bank's core earnings remain low but are gradually improving. Net interest income has benefited from Nigeria's high-interest-rate environment (the policy rate is 14%) despite pressure on the cost of funding. One of the main constraints on Wema's profitability continues to be its high cost base (the cost/income ratio was 87% in 2016). Loan impairment charges are increasing but remain manageable.

High Concentration of Loans: Wema's low impaired loans ratio (end-2016: 1.1%) partly reflects its below-average exposure to the oil sector and a smaller proportion of FC loans. However, our assessment of asset quality also considers Wema's very high credit concentrations by industry and single borrower.

Limited Capital Buffers: Fitch Ratings considers Wema's capital ratios as tight in the context of its operating environment. The bank's total capital adequacy ratio (CAR) has thin buffers over its regulatory minimum of 10% and is sensitive to even modest shocks. Pressure on the CAR comes from low internal capital generation and inflated risk-weighted assets (RWA) due to currency depreciation.

Low Sensitivity to FC Liquidity: Wema's funding is primarily reliant on costly savings and term deposits given its limited retail franchise. Positively, Wema has a lower proportion of FC assets and liabilities than peers and is less affected by FC liquidity pressures in the system.

Rating Sensitivities

Upgrade Unlikely: An upgrade is unlikely in the current environment. In the medium term, a significant improvement in FC liquidity in the system or clear evidence of timely support for domestic banks could result in sovereign support being factored into the IDRs.

Asset-Quality Risk: The ratings are sensitive to fast asset-quality deterioration or a material erosion of capital.

Operating Environment

Lower Oil Prices Continues to Pose Severe Challenges

We believe that Nigerian banks will continue to face challenges, albeit at a lower level than in an extremely difficult 2016. Banks faced multiple threats last year from the operating environment, including Nigeria sliding into recession, the economy continuing to suffer from lower oil prices and severe shortages of FC. Consequently, banks struggled with declining operating profitability (excluding translation gains), sluggish credit growth, fast asset-quality deterioration, tight FC liquidity and weakening capitalisation, which put increasing pressure on their credit profiles.

We are slightly more optimistic for 2017. There are some improvements on the macro-economic front, which should ease pressure on the banks' operating environment. We expect banks to remain profitable despite sluggish loan growth, with net interest income benefiting from high policy rates. Further asset-quality deterioration is likely, albeit at a slower pace. An improvement in FC liquidity depends to a large extent on government policy and external factors. Some of the larger banks could tap the international bond markets in 2017, but debt remains expensive.

Company Profile

Wema is a full-service bank and is by far the smallest of the Fitch-rated banks in Nigeria, with a 1% market share. The bank was recapitalised in 2009 by a consortium of private investors following its insolvency in 2008. The bank has since been restructured under a new management team and returned to profitability in 2013. It has now entered into a growth phase, targeting mid-sized corporates and the retail sector, and plans to expand nationally. The bank became a regional bank during its restructuring, focusing on the economically important regions of South, South-West, Abuja and Lagos. In 2015, the bank gained a national licence and has since been expanding its network of 135 branches and kiosks.

Wema is listed on the Nigerian stock exchange with several local private-equity investors being its largest shareholders with a combined stake of 78.63%.

Franchise and Business Model

Wema has a more limited, mostly regional, franchise than its peers with no discernible competitive advantage. However, its business model has been modernised as part of Wema's restructuring and the bank now operates a universal banking model. Given its size, the bank mainly serves small- and medium-sized domestic corporates across most industry sectors. The bank's retail proposition, which forms 10% of gross loans and 26% of deposits, is expanding, especially with the roll-out of a range of alternative delivery channels. We expect the bank to capture market share but it is unlikely that Wema will become a mid-sized bank soon.

Management and Strategy

Wema has an experienced and stable senior management team that remain committed to transforming the bank. The team was appointed by Wema's new shareholders following its recapitalisation in 2009. While we believe the senior team are capable, there appears to be a high reliance on several individuals, indicating that the bank lacks depth in mid/more junior management levels.

The bank is in an early-stage growth phase following its wide-ranging reorganisation. The strategy is based on establishing scale, especially in retail banking, by relying on innovation and technology. It is highly likely that the bank will grow via acquisitions to gain market share. Execution of strategic objectives has been satisfactory despite Nigeria's difficult operating environment. Core earnings are strengthening with rapid volume growth but profitability remains poor due to weak operating efficiency.

Related Criteria

Global Bank Rating Criteria (November 2016)

Corporate governance risks are high in Nigeria, but the bank appears to have an adequate framework. No significant compliance failings have been reported by the CBN or the Securities and Exchange Commission. Wema's board has 12 members, made up of seven non-executive directors (of whom two are independent) and five executive directors. Related-party lending is relatively low at 5% of gross loans at end-2016.

Risk Appetite

Underwriting Standards and Risk Controls

Wema has a slightly higher risk appetite than peers given its expansion phase. This is mitigated by adequate risk controls and underwriting standards that appear appropriate for the size and complexity of the business. The bank's risk framework was strengthened as part of its restructuring and is broadly in line with the industry. Wema's below-average level of FC loans is a positive factor in our assessment of risk appetite. The bank has large credit concentrations by name and sector, but this is common in Nigeria.

Market Risk

Wema's main market risks are interest-rate and FC risks. Interest-rate risk is low. The bank estimates a +/-500bp parallel shift in the yield curve would affect shareholder's funds by less than 1%, due to Wema's ability to reprice its loan book with relative ease if required.

Exposure to FC risk is relatively low given the size of the US dollar loan book (about 7.6% of loans at end-2016). Wema manages currency risk through regulatory limits on net positions (20% limit of shareholder's equity on the banking book as per the CBN's regulation).

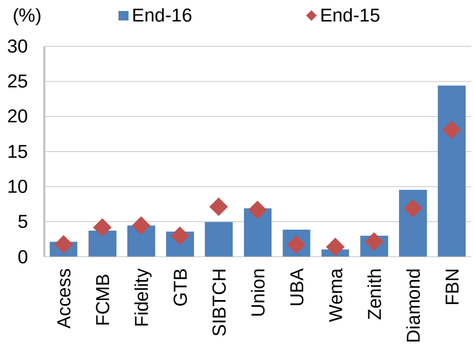
Growth

We expect Wema's growth in 2017 to be lower than in previous years due to a combination of weak GDP growth and the high-interest-rate environment. Furthermore, management is mindful of Wema's tight capitalisation, which constrains rapid credit expansion. Like other Nigerian banks, Fitch expects Wema to hold a greater share of assets in high-yielding government securities when operating conditions are less certain.

Financial Profile

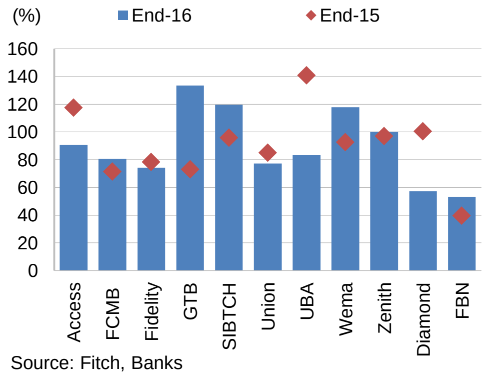
Asset Quality

Impaired Loans (NPLs)/Gross Loans



Source: Fitch, Banks

LLR/NPLs



Source: Fitch, Banks

Loan-Quality Metrics

(%)	2016	2015	2014	2013
Growth of gross loans	22.2	23.5	48.3	22.6
Impaired loans/gross loans	1.05	1.4	1.0	1.7
Reserves for impaired loans/impaired loans	117.9	92.5	195.4	232.5
Impaired loans less reserves for impaired loans/ Fitch Core Capital	-1.7	0.9	-7.6	-13.6
Loan impairment charges/average gross loans	0.1	-0.1	-0.6	-1.7

Source: Fitch, Wema

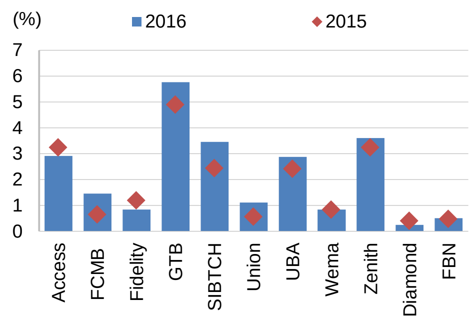
Wema is sensitive to event risk because of high credit concentrations by both sector and borrower. Its largest 20 borrowers represented 34.8% of the total loan book at end-2016 (end-2015: 43%). None of its largest borrowers was impaired or restructured. Wema also has a relatively large concentration to the oil industry at 17.9**%** of gross loans (end-2015: 17.0%). Although this is below the sector average of 30%, we consider it as a risk if any of its largest oil-related borrowers comes under stress given the bank's limited franchise and therefore limited negotiation power. Most of the bank's oil exposure is to the downstream segment.

Given its franchise, the bank is highly exposed to the real economy, particularly to manufacturing, general commerce and trading, which are the sectors most affected by the currency issues in Nigeria. These clients are also operating in niche sub-sectors and down the credit curve.

The bank's impaired loans ratio (1.05% at end-2016) is among the lowest in Nigeria. While this is an IFRS classification, on a 90 days past due basis (which is the prudential requirement), its non-performing loans ratio was 5% at end-2016 (end-2015: 2.7%) and a better reflection of asset quality. Reserve coverage of impaired loans was healthy at 117.9%.

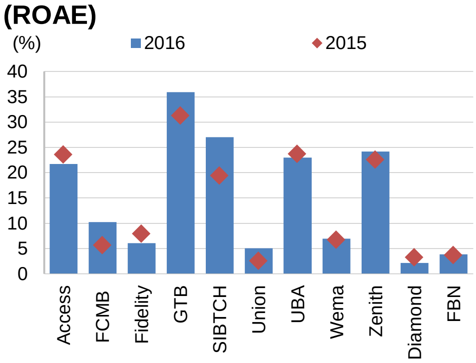
Earnings and Profitability

Operating Return on Average Assets (ROAA)



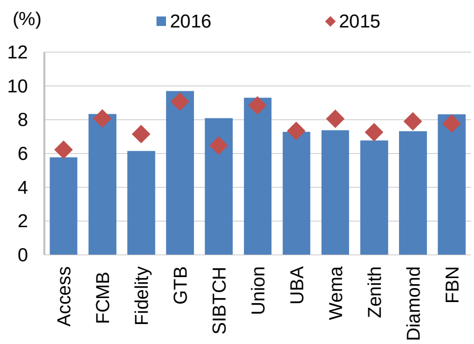
Source: Fitch, Banks

Operating Return on Average Equity (ROAE)



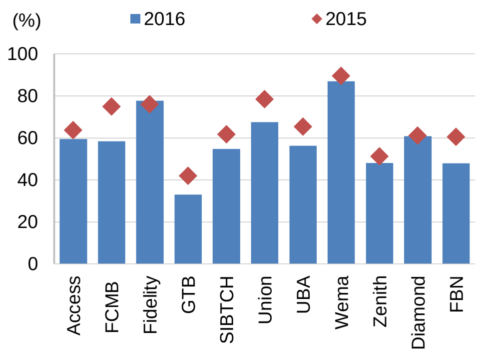
Source: Fitch, Banks

NIM



Source: Fitch, Banks

Cost/Income



Source: Fitch, Banks

Key Performance Metrics

(%)	2016	2015	2014	2013
Net interest income/average earning assets	7.4	8.1	7.9	7.1
Non-interest income/gross revenues	34.3	32.6	26.5	35.7
Loans and securities impairment charges/ pre-impairment operating profit	11.2	-7.4	2.8	-215.6
Cost/income	87.1	89.4	87.5	101.6
Operating profit/average equity	6.9	6.7	7.2	9.2
Operating profit/average assets	0.8	0.8	0.9	0.7

Source: Fitch

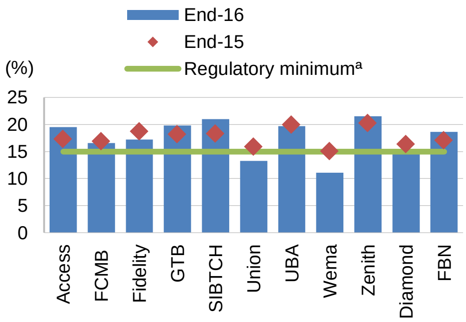
Wema continues to struggle with weak earnings and profitability. Operating profitability remains affected by the bank's very high cost base, with a cost/income ratio of 87% in 2016. However, margins are high, reflecting the high-interest-rate environment and Wema's mid-tier customer base. Cost of funding remains high. This is due to tight liquidity in the system and high rates paid on its deposit base. The bank's deposit mix negatively affects its margins as about 66% of its customer deposits are in the form of expensive savings and term deposits.

Non-interest revenue generation continues to be solid (34% of operating income in 2016), driven by healthy transaction fees and trading income. FC revaluation gains (booked on the bank's FC-denominated assets following the naira devaluation) represented 2.1% of operating income – much lower than peers due to Wema's smaller FC book.

Wema continues to carry a very high cost base, which is only partly due to restructuring. More importantly, a high inflation rate and the naira devaluation have inflated the bank's operating expenses. After personal expenses, the largest costs are regulatory-related, including the AMCON levy (0.5% of prior year assets) and the Nigeria Deposit Insurance Corporation premium. While the bank has been trying to streamline costs, including through branch closures, the bank has little flexibility to make savings without damaging its fledgling franchise, in our view.

Capitalisation and Leverage

Total Capital Adequacy Ratio (CAR)



[a] Wema is subject to only a 10% minimum CAR (15% for most others)
Source: Fitch, Banks

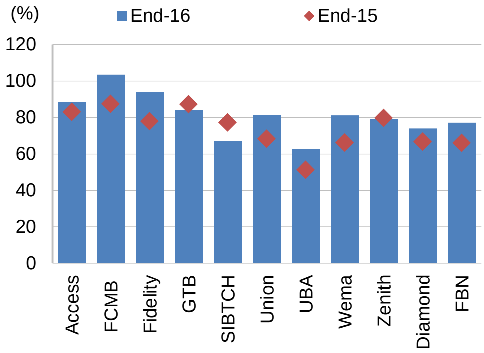
Key Capital Metrics

(%)	2016	2015	2014	2013
Fitch Core Capital/risk weighted assets	13.7	13.5	16.0	12.7
Tangible common equity/tangible assets	6.5	6.2	5.4	5.6
Regulatory total capital adequacy ratio[a]	11.1	15.1	18.2	26.7
Regulatory Tier 1 capital ratio	9.1	11.3	13.9	13.3
Internal capital generation	5.3	4.9	5.4	4.7

[a] 10% minimum requirement
Source: Fitch, Wema

Wema's capital ratios are low in the context of its volatile credit environment, especially as its total CAR is close to its regulatory minimum of 10%. As such, we believe it is sensitive to even modest shocks. The bank's CAR declined in 2016 due to higher RWAs from the translation effect on its FC assets post devaluation. Further pressure came from poor internal capital generation. The bank planned to boost capital through a rights issue but this has not materialised due to the market conditions. However, Wema strengthened its Tier 2 capital in 2016 by issuing seven-year subordinated debt locally.

Loans/Deposits



Source: Fitch, Banks

Key Liquidity Metrics

(%)	2016	2015	2014	2013
Loans/customer deposits	81.1	65.9	58.8	47.2
Customer deposits/total funding	80.9	84.3	80.2	78.1
Regulatory liquidity ratio[a]	30	31	32	30

[a] 30% minimum requirement
Source: Fitch, Wema

Wema's funding and liquidity is weaker than peers' because of its limited franchise, which is a common problem among the smaller banks. The bank has a lower proportion of low-cost current accounts (31% of total customer deposits) than its peers and is more reliant on term and savings deposits. Furthermore, about 53% of its deposits come from the less-stable corporate sector, a figure that rises to 68% if SME deposits are included. Deposit growth slowed in 2016 mainly due to macro-conditions. The Fitch-calculated loans/deposits ratio increased as a result, but remains acceptable. Wema has limited buffers over the regulatory liquidity ratio due to limited holdings of liquid assets (mainly government securities).

However, Wema is less exposed to FC liquidity risks than peers owing to its limited FC balance sheet. The bank has no material FC debt (other than interbank obligations) and is not exposed to refinance risk.

Sovereign Support Factors

Fitch considers the authorities' propensity to support the banking system to be high and there is a record of recent support across the sector.

However, Fitch believes that sovereign support to Nigerian banks cannot be relied on given Nigeria's (B+/Negative) weak ability to provide support, particularly in FC. Although the size of the banking sector is small by international standards at about 30% of GDP, government finances have been weakened by lower oil prices. Therefore, the Support Rating Floors of all Nigerian banks is at 'No Floor' and all Support Ratings (SRs) are at '5'. This reflects our view that senior creditors cannot rely on receiving full and timely extraordinary support from the Nigerian sovereign if any of the banks become non-viable. In the case of Wema, the SR of '5'also reflects its lower perceived systemic importance.

Wema Bank PLC
Income Statement

	31 Dec 2016			31 Dec 2015		31 Dec 2014		31 Dec 2013	
	Year End USDm Audited - Unqualified	Year End NGNbn Audited - Unqualified	As % of Earning Assets	Year End NGNbn Audited - Unqualified	As % of Earning Assets	Year End NGNbn Audited - Unqualified	As % of Earning Assets	Year End NGNbn Audited - Unqualified	As % of Earning Assets
1. Interest Income on Loans	126.9	38.7	12.55	30.3	11.61	21.6	9.85	16.5	7.07
2. Other Interest Income	18.9	5.8	1.87	6.8	2.62	13.8	6.29	12.0	5.14
3. Dividend Income	0.1	0.0	0.01	0.1	0.02	0.0	0.01	0.1	0.04
4. Gross Interest and Dividend Income	**145.8**	**44.5**	**14.42**	**37.2**	**14.25**	**35.5**	**16.15**	**28.6**	**12.25**
5. Interest Expense on Customer Deposits	70.1	21.4	6.94	15.1	5.80	11.8	5.37	10.7	4.57
6. Other Interest Expense	14.4	4.4	1.42	4.3	1.64	5.1	2.32	5.3	2.28
7. Total Interest Expense	**84.5**	**25.8**	**8.36**	**19.4**	**7.44**	**16.9**	**7.69**	**16.0**	**6.85**
8. Net Interest Income	**61.3**	**18.7**	**6.07**	**17.8**	**6.81**	**18.6**	**8.46**	**12.6**	**5.40**
9. Net Gains (Losses) on Trading and Derivatives	7.0	2.1	0.69	1.8	0.68	0.9	0.39	0.5	0.21
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	0.2	0.1	0.02	0.1	0.04	0.0	0.00	n.a.	-
13. Net Fees and Commissions	20.3	6.2	2.01	5.6	2.15	5.2	2.38	5.1	2.20
14. Other Operating Income	4.6	1.4	0.45	1.1	0.43	0.6	0.28	1.4	0.60
15. Total Non-Interest Operating Income	**32.0**	**9.8**	**3.17**	**8.6**	**3.30**	**6.7**	**3.05**	**7.0**	**3.00**
16. Personnel Expenses	34.2	10.4	3.38	9.9	3.80	10.1	4.59	9.1	3.88
17. Other Operating Expenses	47.1	14.4	4.66	13.7	5.24	12.0	5.47	10.9	4.65
18. Total Non-Interest Expenses	**81.3**	**24.8**	**8.04**	**23.6**	**9.04**	**22.1**	**10.06**	**19.9**	**8.53**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	0.9	0.40
20. Pre-Impairment Operating Profit	**12.1**	**3.7**	**1.19**	**2.8**	**1.07**	**3.2**	**1.44**	**0.6**	**0.26**
21. Loan Impairment Charge	0.7	0.2	0.07	(0.2)	(0.08)	(0.7)	(0.30)	(1.6)	(0.66)
22. Securities and Other Credit Impairment Charges	0.6	0.2	0.06	n.a.	-	0.7	0.34	0.2	0.10
23. Operating Profit	**10.7**	**3.3**	**1.06**	**3.0**	**1.15**	**3.1**	**1.40**	**1.9**	**0.83**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	0.0	0.0	0.00	0.0	0.00	0.0	0.01	0.0	0.00
26. Non-recurring Expense	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	**10.7**	**3.3**	**1.06**	**3.0**	**1.15**	**3.1**	**1.41**	**1.9**	**0.83**
30. Tax expense	2.2	0.7	0.22	0.7	0.28	0.7	0.33	n.a.	-
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**8.5**	**2.6**	**0.84**	**2.3**	**0.87**	**2.4**	**1.08**	**1.9**	**0.83**
33. Change in Value of AFS Investments	0.0	0.0	0.00	(0.0)	(0.01)	0.0	0.00	0.1	0.05
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	(0.5)	(0.2)	(0.05)	0.1	0.02	n.a.	-	(0.0)	(0.01)
37. Fitch Comprehensive Income	**8.0**	**2.4**	**0.79**	**2.3**	**0.88**	**2.4**	**1.08**	**2.1**	**0.88**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	8.5	2.6	0.84	2.3	0.87	2.4	1.08	1.9	0.83
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate	USD1 = NGN305	USD1 = NGN197	USD1 = NGN169.68	USD1 = NGN157.257

Wema Bank PLC
Balance Sheet

		31 Dec 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013	
	Year End USDm	Year End NGNbn	As % of Assets	Year End NGNbn	As % of Assets	Year End NGNbn	As % of Assets	Year End NGNbn	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	1.3	0.4	0.09	0.4	0.11	0.4	0.10	0.0	0.00
3. Other Consumer/ Retail Loans	21.0	6.4	1.52	12.6	3.17	13.6	3.56	9.2	2.78
4. Corporate & Commercial Loans	731.3	223.0	52.95	175.0	44.11	138.3	36.15	93.5	28.26
5. Other Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Less: Reserves for Impaired Loans	9.3	2.8	0.67	2.4	0.61	3.0	0.78	4.1	1.23
7. Net Loans	**744.3**	**227.0**	**53.89**	**185.6**	**46.78**	**149.3**	**39.02**	**98.6**	**29.81**
8. Gross Loans	**753.6**	**229.8**	**54.57**	**188.0**	**47.39**	**152.3**	**39.81**	**102.7**	**31.04**
9. Memo: Impaired Loans included above	7.9	2.4	0.57	2.6	0.66	1.5	0.40	1.8	0.53
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	17.3	5.3	1.25	17.4	4.38	0.0	0.00	0.0	0.00
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	0.8	0.2	0.06	4.7	1.18	2.1	0.55	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	0.1	0.04
5. Available for Sale Securities	10.4	3.2	0.75	7.6	1.92	1.6	0.42	7.2	2.17
6. Held to Maturity Securities	237.0	72.3	17.16	45.2	11.40	63.3	16.54	124.2	37.54
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	3.0	0.90
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	**248.2**	**75.7**	**17.97**	**57.6**	**14.51**	**67.0**	**17.51**	**134.5**	**40.65**
10. Memo: Government Securities included Above	199.6	60.9	14.45	42.4	10.69	43.2	11.30	101.6	30.70
11. Memo: Total Securities Pledged	53.8	16.4	3.90	16.5	4.15	25.8	6.74	21.8	6.60
12. Investments in Property	1.2	0.4	0.09	0.4	0.10	0.4	0.11	0.6	0.18
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	0.0	0.0	0.00	0.0	0.00	3.0	0.77	n.a.	-
15. Total Earning Assets	**1,010.9**	**308.3**	**73.20**	**260.9**	**65.77**	**219.6**	**57.42**	**233.7**	**70.64**
C. Non-Earning Assets									
1. Cash and Due From Banks	231.2	70.5	16.74	92.6	23.33	122.2	31.95	57.0	17.22
2. Memo: Mandatory Reserves included above	157.9	48.2	11.43	53.4	13.46	70.1	18.31	25.7	7.76
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	54.5	16.6	3.94	16.0	4.02	14.0	3.67	12.5	3.77
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	1.3	0.4	0.09	0.5	0.12	1.0	0.26	0.9	0.28
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	72.7	22.2	5.26	22.6	5.69	23.0	6.00	23.4	7.06
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	10.5	3.2	0.76	4.2	1.06	2.7	0.70	3.4	1.03
11. Total Assets	**1,381.1**	**421.2**	**100.00**	**396.7**	**100.00**	**382.6**	**100.00**	**330.9**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	314.4	95.9	22.76	88.1	22.21	112.9	29.51	97.4	29.45
2. Customer Deposits - Savings	148.8	45.4	10.78	35.6	8.97	32.1	8.39	33.4	10.10
3. Customer Deposits - Term	465.7	142.0	33.72	161.3	40.65	114.0	29.79	86.9	26.25
4. Total Customer Deposits	**928.9**	**283.3**	**67.26**	**285.0**	**71.83**	**259.0**	**67.69**	**217.7**	**65.81**
5. Deposits from Banks	122.7	37.4	8.89	0.0	0.00	3.2	0.85	3.4	1.03
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Commercial Paper and Short-term Borrowings	21.1	6.4	1.52	0.6	0.16	2.5	0.65	n.a.	-
8. Total Money Market and Short-term Funding	**1,072.7**	**327.2**	**77.68**	**285.6**	**71.99**	**264.7**	**69.18**	**221.1**	**66.83**
9. Senior Unsecured Debt (original maturity > 1 year)	53.9	16.4	3.90	8.1	2.05	n.a.	-	n.a.	-
10. Subordinated Borrowing	21.1	6.4	1.52	25.0	6.30	50.1	13.09	50.1	15.13
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Long-term Funding	n.a.	n.a.	-	19.2	4.83	8.3	2.17	7.5	2.27
13. Total LT Funding (original maturity > 1 year)	**75.0**	**22.9**	**5.43**	**52.3**	**13.18**	**58.4**	**15.26**	**57.6**	**17.40**
14. Derivatives	n.a.	n.a.	-	0.0	0.00	0.4	0.11	n.a.	-
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Funding	**1,147.7**	**350.0**	**83.10**	**337.9**	**85.17**	**323.5**	**84.55**	**278.7**	**84.24**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	0.1	0.0	0.00	0.2	0.04	0.5	0.13	0.4	0.12
4. Current Tax Liabilities	1.1	0.3	0.08	0.4	0.10	0.3	0.09	0.4	0.12
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	73.1	22.3	5.30	12.2	3.08	14.5	3.78	10.0	3.01
10. Total Liabilities	**1,222.0**	**372.7**	**88.49**	**350.7**	**88.39**	**338.8**	**88.56**	**289.5**	**87.49**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	158.3	48.3	11.47	45.9	11.56	42.8	11.17	41.2	12.44
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	0.7	0.2	0.05	0.2	0.05	0.2	0.06	0.2	0.07
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	0.8	0.21	n.a.	-
6. Total Equity	**159.0**	**48.5**	**11.51**	**46.1**	**11.61**	**43.8**	**11.44**	**41.4**	**12.51**
7. Total Liabilities and Equity	**1,381.1**	**421.2**	**100.00**	**396.7**	**100.00**	**382.6**	**100.00**	**330.9**	**100.00**
8. Memo: Fitch Core Capital	85.0	25.9	6.16	23.0	5.80	19.4	5.07	17.1	5.17
Exchange rate		USD1 = NGN305		USD1 = NGN197		USD1 = NGN169.68		USD1 = NGN157.257	

Wema Bank PLC
Summary Analytics

	31 Dec 2016 Year End	31 Dec 2015 Year End	31 Dec 2014 Year End	31 Dec 2013 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	20.65	19.86	18.07	18.34
2. Interest Expense on Customer Deposits/ Average Customer Deposits	8.24	6.21	5.20	5.59
3. Interest Income/ Average Earning Assets	17.55	16.85	15.22	16.13
4. Interest Expense/ Average Interest-bearing Liabilities	8.06	6.48	5.82	6.36
5. Net Interest Income/ Average Earning Assets	7.38	8.05	7.97	7.10
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	7.29	8.15	8.25	7.98
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	7.38	8.05	7.97	7.10
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	34.31	32.62	26.48	35.74
2. Non-Interest Expense/ Gross Revenues	87.06	89.44	87.49	101.59
3. Non-Interest Expense/ Average Assets	6.34	6.49	6.33	6.97
4. Pre-impairment Op. Profit/ Average Equity	7.82	6.22	7.40	2.90
5. Pre-impairment Op. Profit/ Average Total Assets	0.94	0.77	0.91	0.22
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	11.18	(7.43)	2.78	(215.56)
7. Operating Profit/ Average Equity	6.95	6.68	7.19	9.16
8. Operating Profit/ Average Total Assets	0.84	0.82	0.88	0.68
9. Operating Profit / Risk Weighted Assets	1.72	1.75	2.54	1.45
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	5.50	5.07	5.56	9.16
2. Net Income/ Average Total Assets	0.66	0.63	0.68	0.68
3. Fitch Comprehensive Income/ Average Total Equity	5.18	5.12	5.56	9.65
4. Fitch Comprehensive Income/ Average Total Assets	0.62	0.63	0.68	0.72
5. Taxes/ Pre-tax Profit	20.88	24.01	23.34	n.a.
6. Net Income/ Risk Weighted Assets	1.37	1.33	1.96	1.45
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	13.66	13.47	16.03	12.74
2. Tangible Common Equity/ Tangible Assets	6.50	6.16	5.42	5.58
3. Tier 1 Regulatory Capital Ratio	9.12	11.31	13.96	13.33
4. Total Regulatory Capital Ratio	11.07	15.09	18.22	26.66
5. Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Equity/ Total Assets	11.51	11.61	11.44	12.51
7. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
8. Internal Capital Generation	5.34	4.93	5.42	4.70
E. Loan Quality				
1. Growth of Total Assets	6.17	3.71	15.62	34.66
2. Growth of Gross Loans	22.24	23.46	48.28	22.64
3. Impaired Loans/ Gross Loans	1.05	1.39	1.01	1.71
4. Reserves for Impaired Loans/ Gross Loans	1.23	1.29	1.97	3.97
5. Reserves for Impaired Loans/ Impaired Loans	117.90	92.52	195.44	232.57
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(1.66)	0.85	(7.55)	(13.58)
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(0.89)	0.43	(3.34)	(5.61)
8. Loan Impairment Charges/ Average Gross Loans	0.12	(0.14)	(0.55)	(1.72)
9. Net Charge-offs/ Average Gross Loans	n.a.	0.04	n.a.	1.60
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.05	1.39	1.01	1.71
F. Funding and Liquidity				
1. Loans/ Customer Deposits	81.12	65.98	58.81	47.17
2. Interbank Assets/ Interbank Liabilities	14.07	n.a.	0.00	0.00
3. Customer Deposits/ Total Funding (excluding derivatives)	80.94	84.33	80.16	78.12
4. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

Wema Bank PLC
Reference Data

		31 Dec 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013	
	Year End USDm	Year End NGNbn	As % of Assets	Year End NGNbn	As % of Assets	Year End NGNbn	As % of Assets	Year End NGNbn	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	73.5	22.4	5.32	8.8	2.22	12.0	3.14	8.2	2.49
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Off-Balance Sheet items	n.a.	n.a.	-	n.a.	-	9.1	2.37	0.0	0.00
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
Average Loans	614.5	187.4	44.50	152.5	38.43	119.7	31.30	90.1	27.24
Average Earning Assets	830.7	253.4	60.15	220.7	55.63	233.1	60.94	177.5	53.66
Average Assets	1,281.6	390.9	92.80	363.6	91.64	349.1	91.26	286.0	86.45
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	1,048.4	319.8	75.91	299.7	75.54	290.2	75.84	251.8	76.10
Average Common equity	153.8	46.9	11.14	44.1	11.11	42.3	11.06	21.1	6.39
Average Equity	154.4	47.1	11.18	44.8	11.29	42.7	11.16	21.3	6.42
Average Customer Deposits	850.9	259.5	61.61	243.4	61.36	226.8	59.28	191.0	57.72
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	231.4	70.6	16.75	16.5	4.16	27.3	7.14	7.0	2.11
Loans & Advances 3 - 12 Months	225.6	68.8	16.34	28.4	7.16	43.0	11.25	25.8	7.79
Loans and Advances 1 - 5 Years	232.9	71.0	16.86	100.7	25.38	69.4	18.14	55.5	16.79
Loans & Advances > 5 years	54.4	16.6	3.94	42.4	10.69	9.5	2.49	10.3	3.12
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	561.0	171.1	40.62	170.7	43.02	148.1	38.71	108.7	32.84
Retail Deposits 3 - 12 Months	89.8	27.4	6.50	27.4	6.91	30.0	7.85	30.2	9.14
Retail Deposits 1 - 5 Years	186.5	56.9	13.51	56.9	14.34	39.5	10.32	38.4	11.61
Retail Deposits > 5 Years	91.6	27.9	6.63	30.0	7.56	41.4	10.81	40.4	12.22
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	122.7	37.4	8.89	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	21.1	6.4	1.52	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	53.9	16.4	3.90	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	75.0	22.9	5.43	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	21.1	6.4	1.52	25.0	6.30	50.1	13.09	50.1	15.13
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	622.5	189.9	45.07	170.9	43.06	121.0	31.62	134.3	40.60
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	622.5	189.9	45.07	170.9	43.06	121.0	31.62	134.3	40.60
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	622.5	189.9	45.07	170.9	43.06	121.0	31.62	134.3	40.60
E. Equity Reconciliation									
1. Equity	159.0	48.5	11.51	46.1	11.61	43.8	11.44	41.4	12.51
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	159.0	48.5	11.51	46.1	11.61	43.8	11.44	41.4	12.51
F. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	159.0	48.5	11.51	46.1	11.61	43.8	11.44	41.4	12.51
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	1.3	0.4	0.09	0.5	0.12	1.0	0.26	0.9	0.28
6. Deferred tax assets deduction	72.7	22.2	5.26	22.6	5.69	23.4	6.11	23.4	7.06
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	**85.0**	**25.9**	**6.16**	**23.0**	**5.80**	**19.4**	**5.07**	**17.1**	**5.17**
Exchange Rate		USD1 = NGN305		USD1 = NGN197		USD1 = NGN169.68		USD1 = NGN157.257	

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.