

WEMA BANK PLC

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

Contents

	Page
Statements of financial position	1
Statements of comprehensive income	2
Statements of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5

Statement of Financial Position

As at 30 September 2014

	Notes	30 September 2014	31 December 2013
<i>In thousands of Nigerian Naira</i>			
ASSETS			
Cash and cash equivalents	18	32,169,625	31,314,482
Restricted Deposit with CBN		35,689,494	25,672,861
Pledged assets	19	23,868,783	21,830,179
Investment securities:	24		
Available for sale		21,728,937	7,180,114
Held for trading		4,222,702	-
Held to maturity		57,857,805	102,379,943
Loans and advances to customers	20	128,470,313	98,631,825
Derivative financial assets		218,047	137,800
Investment property	25	497,400	601,822
Property and equipment	26	13,383,015	12,468,085
Intangible assets	27	1,099,697	913,200
Investment in associate	22	2,964,626	2,964,626
Other assets	29	5,846,109	3,407,835
Deferred tax assets	28	23,369,702	23,369,702
TOTAL ASSETS		351,386,256	330,872,475
LIABILITIES			
Deposits from banks	30	3,898,218	3,200,000
Deposits from customers	31	234,509,602	217,734,559
Derivative financial liabilities		190,168	197,370
Current tax liabilities	32	470,049	382,047
Other liabilities	34	10,155,953	10,375,390
Other borrowed funds	34	58,598,213	57,587,958
TOTAL LIABILITIES		307,822,203	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		(33,532,456)	(35,663,169)
Other reserves		8,939,170	8,900,980
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		43,564,054	41,395,151
TOTAL EQUITY		43,564,054	41,395,151
TOTAL LIABILITIES AND EQUITY		351,386,256	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

Adeyinka Asekun

FRC No: Chairman

Segun Oloketuyi

FRC No: Managing Director

For the period ended 30 September 2014

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<u>30 September 2014</u>	<u>31 December 2013</u>
Interest income	8	26,134,737	28,542,092
Interest expense	8	(12,151,188)	(16,017,736)
Net interest income		13,983,549	12,524,356
Net impairment loss/write back on financial assets	13	(476,062)	1,329,627
Net interest income after impairment charge for credit losses		13,507,487	13,853,983
Net fee and commission income	9	3,738,639	5,133,191
Net trading income	10	1,099,550	349,188
Other income	11	673,725	1,621,087
		5,511,914	7,103,466
Operating income		19,019,401	20,957,449
Personnel expenses	14	(7,513,843)	(8,932,412)
Operating lease expenses	15(a)	(362,505)	(496,355)
Depreciation and amortisation		(1,253,312)	(1,390,814)
Other operating expenses	15	(7,383,020)	(9,120,986)
		2,506,721	1,016,882
Share of profit in associate	23		930,426
Profit before tax		2,506,721	1,947,308
Income tax expense	16	(376,008)	(350,777)
Profit for the year		2,130,713	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	38,190	118,521
Other comprehensive income for the year, net of income tax		38,190	103,957
Total comprehensive income for the year		2,168,902	1,700,488
Profit attributable to:			
Equity holders of the Bank		2,130,713	1,596,531
Total comprehensive income for the year		2,168,902	1,700,488
Profit per share-basic	17	7	8
Profit per share-diluted	17	7	8

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

Statement of Changes in Equity

For the period ended 30 September 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				118,521
Share of Associate's other comprehensive income										(14,564)	(14,564)
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 transfer to statutory reserves				(816,364)	478,959					816,364	-
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	-	-	-	-	-	-	-	-	-	2,130,713	2,130,713
Transfer											-
Other comprehensive income											
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	38,190	-	-	-	38,190
Share of Associate's other comprehensive income										-	-
Total other comprehensive income	-	-	-	-	-	-	38,190	-	-	-	-
Total comprehensive income for the period	19,287,233	48,870,107	-	(0)	8,148,511	526,908	263,751	-	-	(33,532,456)	43,564,054
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 September 2014	19,287,233	48,870,107	-	(0)	8,148,511	526,908	263,751	-	-	(33,532,456)	43,564,054

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

For the period ended 30 September 2014

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	September 2014	December 2013
Cash flows from operating activities			
Profit/Loss for the year		2,130,713	1,596,531
Adjustments for:			
Taxation expense		376,008	350,777
Depreciation and amortization	27	1,306,053	1,390,814
Gain on disposal of property and equipment		(18,736)	(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	(13,983,549)	(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	476,062	(1,329,627)
		(9,718,235)	(12,305,901)
Change in trading assets			-
Change in pledged assets		(2,038,604)	(10,345,019)
Change in loans and advances to customers		(30,244,198)	(23,333,080)
Change in other assets		(12,535,154)	(5,893,166)
Change in deposits from banks		698,218	2,666,514
Change in deposits from customers		16,775,043	43,432,135
Change in other liabilities		(162,150)	2,954,616
		(37,225,080)	(2,823,902)
Income tax paid		(288,006)	(97,695)
Interest received		26,134,737	28,542,092
Vat paid		(64,490)	(96,190)
Interest paid		(8,781,281)	(11,511,801)
Net cash from operating activities		(20,224,119)	14,012,505
Cash flows from investing activities			
Acquisition of investment securities		25,788,803	(31,501,857)
Dividend received from equity investment		4,785	87,459
Acquisition of property and equipment	27	(1,825,884)	(1,536,537)
Proceeds from the sale of property and equipment		37,101	1,089,380
Proceeds from the sale of investment properties		95,000	50,280
Acquisition of intangible assets		(660,889)	(265,549)
Proceeds from disposal of subsidiaries		-	-
Cash received from absorption		-	-
Net cash used in investing activities		23,438,916	(32,076,824)
Cash flows from financing activities			
Deposit for shares		-	(4,740,454)
Change in other borrowed funds		1,010,255	581,339
Proceeds from Issue of Shares		-	40,000,689
Share Issue Expenses		-	(1,584,342)
Interest paid on CBN financial accomodation loan		(3,369,907)	(4,505,935)
Net cash from financing activities		(2,359,652)	29,751,297
Net increase in cash and cash equivalents		855,144	11,686,978
Cash and cash equivalents at beginning of period		31,314,482	19,627,505
Cash and cash equivalents at end of period	18	32,169,626	31,314,483

NOTES TO THE FINANCIAL STATEMENTS

8

For the period ended 30 September 2014

	30 September 2014	31 December 2013	31 December 2012
Interest income			
Cash and cash equivalents	919,831	1,829,035	1,313,511
Loans and advances to banks and customers	16,089,081	16,525,490	15,516,856
Investments securities	9,125,825	10,187,567	8,225,232
Total interest income	<u>26,134,737</u>	<u>28,542,092</u>	<u>25,055,599</u>

	30 September 2014	31 December 2013	31 December 2012
Interest expense			
Deposits from banks	390,111	829,552	572,114
Deposits from customers	8,391,170	10,682,249	8,149,093
Other borrowed funds	3,369,907	4,505,935	4,566,286
Total interest expense	<u>12,151,188</u>	<u>16,017,736</u>	<u>13,287,493</u>

9 Fees and commission income

	30 September 2014	31 December 2013	31 December 2012
<i>In thousands of Nigerian Naira</i>			
Retail banking customer fees & commissions	1,535,445	2,168,232	2,336,354
Corporate banking customer fees & commissions	1,858,548	2,048,318	1,719,210
Other fees and charges	344,646	916,641	707,433
Total fee and commission income	<u>3,738,639</u>	<u>5,133,191</u>	<u>4,762,997</u>

10 Net trading income

	30 September 2014	31 December 2013	31 December 2012
<i>In thousands of Nigerian Naira</i>			
Fixed income securities	10,592	-	-
Treasury bills	552,698	-	-
Equities (see note (i) below)	-	-	-
Foreign exchange trading	536,261	349,188	93,174
	<u>1,099,550</u>	<u>349,188</u>	<u>93,174</u>

11 Other income

	30 September 2014	31 December 2013	31 December 2012
<i>In thousands of Nigerian Naira</i>			
Dividends on available-for-sale equity securities	4,785	87,459	3,915
Gains on disposal of property and equipment	18,736	784,396	335,005
Rental income (i)	34,214	47,315	57,948
Trading income on derivative	55,605	137,490	
Others	560,385	564,426	407,748
	<u>673,725</u>	<u>1,621,087</u>	<u>804,616</u>

NOTES TO THE FINANCIAL STATEMENTS

13

For the period ended 30 September 2014 <i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	30 September 2012
Impairment losses on loans and advances			
-specific impairment	456,503	204,628	4,110,499
-collective impairment	68,958	1,172,561	174,935
- Recoveries on loans	(187,315)	(2,930,205)	-
-Write offs	137,916		-
Impairment loss on available for sale financial assets			
- Allowance for the year	-	-	400,598
Impairment loss on other assets (Note 30)	-	223,388	266,728
	<u>476,062</u>	<u>(1,329,627)</u>	<u>4,952,760</u>

14 Personnel expenses

<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Wages and salaries	5,309,789	6,084,548	5,585,339
Contributions to defined contribution plans	914,174	1,087,809	609,494
Other staff costs	1,289,880	1,760,055	1,636,440
	<u>7,513,843</u>	<u>8,932,412</u>	<u>7,831,273</u>

15 Other operating expenses

<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Other premises and equipment costs	1,228,732	1,588,244	1,465,428
Auditors remuneration	10,000	90,000	90,000
Professional fees	218,231	215,687	352,590
AMCON Levy	1,383,999	1,221,684	739,776
Security expenses	392,587	525,594	426,773
Cash movement expenses	276,144	389,540	344,464
NDIC Premium	737,691	1,061,873	856,641
Printing and stationery	206,487	303,993	367,121
Advertising and marketing	818,412	785,294	307,173
Transport & Communications	278,217	298,997	281,902
Service charge	224,071	301,751	361,396
Insurance	203,613	507,741	299,678
Business Expenses	136,838	135,525	121,718
General administrative expenses	1,267,999	1,695,063	1,712,338
	<u>7,383,020</u>	<u>9,120,986</u>	<u>7,726,998</u>

(a) Operating leases

<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Less than one year	-	-	-
Between one and five years	362,505	496,355	569,929
More than five years	-	-	-
	<u>362,505</u>	<u>496,355</u>	<u>569,929</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

For the period ended 30 September 2014 <i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Cash and balances with banks	14,478,197	11,863,083	6,621,567
Unrestricted balances with central bank	1,491,428	3,447,015	3,362,510
Deposits with the Central Bank of Nigeria	-	-	-
Money market placements	16,200,000	16,004,384	9,643,428
	32,169,625	31,314,482	19,627,505

19 Pledged assets - Held to maturity

<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Treasury bills	8,076,289	6,767,724	3,060,713
Bonds	15,792,494	15,062,455	8,424,447
	23,868,783	21,830,179	11,485,160

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

<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Overdrafts	16,315,538	17,005,245	15,719,370
Term Loans	114,622,989	84,695,691	66,918,852
Advances under finance lease	1,977,121	1,007,830	1,108,678
Gross loans and receivables	132,915,649	102,708,767	83,746,900
<i>Less Allowances for Impairment</i>			
Specific Allowances for impairment	(502,330)	(683,277)	(7,811,675)
Collective allowances for impairment	(3,943,005)	(3,393,665)	(2,189,497)
	(4,445,335)	(4,076,942)	(10,001,172)
Net loans and advances to customers	128,470,313	98,631,825	73,745,728

For the period ended 30 September 2014

24 Investment securities	30 September 2014	31 December 2013	31 December 2012
<i>In thousands of Nigerian Naira</i>			
Investment securities	83,809,444	109,560,057	77,939,680
Current	52,156,869	78,075,761	38,045,225
Non-current	31,652,576	31,484,297	39,894,455
	<u>83,809,444</u>	<u>109,560,057</u>	<u>77,939,680</u>

(a) Available-for-sale investment securities comprise:			
Bonds (see (ii) below)	7,190,210	6,819,826	6,878,750
Treasury bills	14,142,818	-	-
Equity (see note (v) below)	395,910	431,109	2,437,668
Less: specific allowance for impairment (see note 24)	-	(70,821)	(1,891,540)
	<u>21,728,937</u>	<u>7,180,114</u>	<u>7,424,878</u>

(b) Held for trading investment securities comprise:			
Treasury bills	4,222,702	-	-
FGN Bonds (see (iii) below)	-	-	-
Other bonds (see (iv) below)	-	-	-
	<u>4,222,702</u>	<u>-</u>	<u>-</u>

(c) Held to maturity investment securities comprise:			
Treasury bills	33,791,349	78,075,761	38,045,225
FGN Bonds	14,047,051	14,734,065	22,059,382
Other bonds	10,019,406	9,570,117	10,410,195
	<u>57,857,805</u>	<u>102,379,943</u>	<u>70,514,802</u>

(i) Specific allowance for impairment	30 September 2014	31 December 2013	31 December 2012
<i>In thousands of Nigerian Naira</i>			
Balance, beginning of year	70,821	1,891,540	1,578,580
Charge for the year	-	-	400,598
Acquired from merger of business	-	-	-
Write-offs	(70,821)	(1,658,698)	-
Allowance no longer required	-	(162,021)	(87,638)
Balance, end of year	<u>-</u>	<u>70,821</u>	<u>1,891,540</u>

25 (i) Investment property	30 September 2014	31 December 2013	31 December 2012
<i>In thousands of Nigerian Naira</i>			
Carrying amount at the beginning of year	601,822	664,907	728,741
Cost	629,913	680,193	730,769
Accumulated Depreciation	(28,090)	(15,285)	(2,028)
Additions	-	-	-
Disposals	(95,000)	(50,280)	(50,576.4)
Depreciation charge for the year	(9,423)	(12,805)	(13,258)
Carrying amount at the end of the year	497,400	601,822	664,907
Cost	534,913	629,913	680,193
Accumulated depreciation	(37,513)	(28,090)	(15,285)

- (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 31 December 2013 would have been N1,692,550,000 (2012:N1,541,516,000).

NOTES TO THE FINANCIAL STATEMENTS

26 Property and equipment

<i>In thousands of Nigerian Naira (000s)</i>	Land	Buildings	Furniture & Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
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	260,860	563,664	397,251	417,537	1,825,884
Disposals	0	(173,676)	(52,734)	(1,381)	(299,169)	0	(526,960)
Reclassifications	(8,000)	8,000	0	0	0	0	0
Removal of Obsolete Items							0
Balance at 30 September 2014	<u>690,852</u>	<u>12,791,625</u>	<u>3,602,144</u>	<u>2,175,128</u>	<u>1,242,809</u>	<u>1,214,542</u>	<u>21,717,100</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		202,008	326,817	168,120	125,293	0	822,238
Disposals		(173,677)	(52,566)	(1,290)	(281,337)	0	(508,870)
Adjustment		0	(15,991)	85,825	0	0	69,834
Removal of Obsolete Items						0	0
Balance at 30 September 2014	<u>-</u>	<u>3,555,738</u>	<u>2,618,615</u>	<u>1,437,610</u>	<u>722,122</u>	<u>-</u>	<u>8,334,086</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 September 2014	<u>690,852</u>	<u>9,235,886</u>	<u>983,529</u>	<u>737,518</u>	<u>520,687</u>	<u>1,214,542</u>	<u>13,383,015</u>

27 Intangible assets

<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Cost			
Balance beginning of the year	2,521,843	2,245,227	2,022,814
Additions	660,889	265,549	79,136
Reclassifications		11,068	143,277
Balance end of the year	<u>3,182,733</u>	<u>2,521,843</u>	<u>2,245,227</u>
Amortization and impairment losses			
Balance beginning of the year	1,608,644	1,319,798	917,724
Amortisation for the period	474,392	193,454	301,734
Acquired from business merger			-
Reclassifications		95,391	100,340
Balance end of the year	<u>2,083,036</u>	<u>1,608,644</u>	<u>1,319,798</u>
Carrying amounts	<u>1,099,697</u>	<u>913,200</u>	<u>925,429</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) 2013: nil

29 Other assets

<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
Accounts receivable and prepayments	6,286,203	4,089,134	5,481,113
Restricted deposits with central bank	-	-	-
Divestment proceeds receivable	-	-	662,809
Others	3,002,358	2,966,538	242,869
Specific impairment on other assets	(3,442,452)	(3,647,837)	(3,433,038)
	<u>5,846,109</u>	<u>3,407,835</u>	<u>2,953,754</u>

30	Deposits from banks			
	<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
	Money market deposits	3,898,218	3,397,370	-
	Other deposits from banks	-	-	-
	Items in the course of collection	-	-	730,856
		<u>3,898,218</u>	<u>3,397,370</u>	<u>730,856</u>
31	Deposits from customers			
	<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
	Retail customers:			
	Term deposits	28,182,099	29,340,259	26,049,272
	Current deposits	20,785,928	39,047,967	38,588,603
	Savings	32,420,353	33,428,276	27,977,223
	Corporate customers:			
	Term deposits	81,074,477	57,522,322	42,314,358
	Current deposits	70,261,867	58,139,681	39,325,145
	Others	1,784,878	256,053	47,823
		<u>234,509,602</u>	<u>217,734,559</u>	<u>174,302,424</u>
32	Taxation payable			
	<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
	Balance, beginning of the year	382,047	128,965.00	164,978
	Charge for the year	376,008	350,777.00	98,418
	Payment during the year	(288,006)	(97,695.15)	(134,431)
		<u>470,049</u>	<u>382,047</u>	<u>128,965</u>
33	Other liabilities			
	<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
	Contributions to defined contribution plans	-	-	-
	Creditors and accruals	2,307,824	2,558,482	1,938,356
	Other current liabilities	1,611,470	4,166,087	1,436,323
	Accounts payable	1,950,671	1,459,915	506,701
	Amcon Levy	-	-	1,283,937
	Certified cheques	1,147,058	1,223,628	1,469,292
	Foreign currency transfers payable	3,014,805	719,281	470,346
	Finance lease liability	-	-	-
	Interest bearing liability	124,125	247,996	412,008
		<u>10,155,953</u>	<u>10,375,390</u>	<u>7,516,964</u>
34	Other borrowed funds			
	<i>In thousands of Nigerian Naira</i>	30 September 2014	31 December 2013	31 December 2012
	Due to CBN (see (i) below)	50,061,711	50,061,711	50,061,711
	National Housing Fund	132,890	141,329	147,190
	Due to BOI (see (ii) below)	7,458,649	6,599,918	6,057,718
	CBN Agric loan (see iii below)	944,964	785,000	740,000
		<u>58,598,213</u>	<u>57,587,958</u>	<u>57,006,619</u>