

WEMA Bank Plc Unaudited Financial Result for the quarter ended March 31st, 2018

LAGOS, NIGERIA – 27th April 2018 – Wema Bank PLC (Bloomberg: Wema NL) (“Wema” or “the Bank”) announces its unaudited first quarter financial result.

- Deposit growth of 20.29% to ₦306.09 billion in Q1’2018 from ₦254.46 billion in FY2017.
- Gross earnings increases by 5.02% to ₦16.07 billion.
- Awarded the Best Digital Bank in Africa at the 2018 Asian Banker Awards.
- Secures \$15million and ₦7.3 billion line of credit from AFDB and DBN.

Managing Director/Chief Executive Officer’s review

Commenting on the results, the MD/CEO, Segun Oloketuyi provided further insights into the performance of the Bank during the period:

Our strategic priorities in 2018 focus on increasing our market share and improving on profitability, given the constraints to deposit growth in 2017. With concerted efforts, the Bank achieved a deposit growth of 20.29% to ₦306.09 billion (Dec. 2017; ₦254.46 billion) while interest expense declined by 1.92% from ₦8.47 billion in Q1’2017 to ₦8.31 billion in Q1’2018, resulting from the re-pricing of deposits and low cost funding from increased accounts openings.

Despite the declining yield environment, gross earnings increased by 5.20% from ₦15.28 billion in Q1’2017 to ₦16.07 billion in Q1’2018. This increase was supported by a 21.07% growth in non-interest income to ₦3.43 billion (Q1’2017; ₦2.83 billion), led by a 424.77% growth in net trading income. Profit before Tax (PBT) grew to ₦0.88 billion (Q1’2017; ₦0.85 billion), notwithstanding the increase in impairment charges for the period.

Our digital journey elicits excitement as the Bank was named the Best Digital Bank in Africa at the 2018 Asian Bankers Award. The Bank also recorded significant growth in partnerships, particularly in the area of Agency Banking. As at March 2018, the number of our agents had increased by 126.52% across 95 locations within the country. We remain focused, leveraging our platforms and in-built capabilities in lowering our cost of service and growing our share of the market.

As the domestic economy improves, though fraught with global uncertainties, we recognize opportunities amongst key sectors. As a result, the Bank secured credit lines of \$15 million and ₦7.3 billion from the African Development Bank (AFDB) and the Development Bank of Nigeria (DBN) respectively. These funds will help bolster the Bank’s strategic vision of supporting Micro, Small and Medium Enterprises (MSMEs) being the panacea to long-term economic growth.

In the months ahead, we would be developing platforms and supporting initiatives that prioritize the needs of our customers, leveraging technology in solving problems across all sectors.

— ‘Segun Oloketuyi (MD/CEO)

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Financial Performance Review

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 31 MARCH, 2018					
ASSETS	Group	Bank	Bank	Group	Bank
	30-Mar-18 N'000	30-Mar-18 N'000	31-Mar-17 N'000	31-Dec-17 N'000	31-Dec-17 N'000
Cash and cash equivalents	35,346,015	35,372,184	34,486,439	22,427,586	22,425,891
Restricted deposits with CBN	35,878,900	35,878,900	45,661,682	26,495,664	26,495,664
Pledged assets	16,580,843	16,580,843	34,904,238	25,420,137	25,420,137
Loans and advances to customers	215,477,087	215,477,087	222,174,339	215,840,031	215,840,031
Investment securities:					
Fair value through other comprehensive income	1,389,454	1,390,454	-	-	-
Held for Trading	40,878,424	40,878,424	4,927,565	10,003,842	10,003,842
Available for sale	-	-	153,083	9,565,557	9,566,557
Held to maturity	-	-	26,123,384	24,897,782	22,077,200
Held at amortised cost	30,093,858	27,272,206	-	-	-
Investment property	44,287	44,287	359,805	45,671	45,671
Other assets	15,776,566	15,832,622	4,153,052	14,349,673	14,405,728
Property and equipment	17,064,625	17,064,625	16,347,455	17,078,789	17,078,789
Intangible assets	697,573	697,573	370,848	759,092	759,092
Deferred tax assets	21,269,702	21,269,702	21,769,702	21,269,702	21,269,702
TOTAL ASSETS	430,497,333	427,758,905	411,431,592	388,153,526	385,388,304
LIABILITIES					
Deposits from banks	10,342,430	10,342,430	48,682,971	26,575,260	26,575,260
Deposits from customers	306,086,383	306,112,552	265,439,621	254,460,881	254,487,050
Current tax liabilities	482,994	482,994	145,167	359,878	359,878
Long term liabilities	40,541,415	37,709,664	22,197,103	39,459,512	36,627,761
Other liabilities	22,884,034	22,874,941	25,742,889	17,682,745	17,646,215
TOTAL LIABILITIES	380,337,256	377,522,581	362,207,751	338,538,276	335,696,164
CAPITAL AND RESERVES					
Share capital	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	8,698,230	8,698,230	48,870,107	8,698,230	8,698,230
Regulatory risk reserve	5,222,681	5,222,681	8,402,592	5,846,943	5,846,943
Retained earnings	5,231,190	5,307,437	(38,405,659)	4,089,570	4,166,660
Other reserves	11,720,743	11,720,743	11,069,568	11,693,274	11,693,274
Attributable to equity holders of the bank	50,160,077	50,236,324	49,223,841	49,615,250	49,692,140
TOTAL LIABILITIES AND EQUITY	430,497,333	427,758,905	411,431,592	388,153,526	385,388,304

INCOME STATEMENT				
	Group 30-Mar-18 N'000	Group 31-Mar-17 N'000	Bank 30-Mar-18 N'000	Bank 31-Mar-17 N'000
Gross earnings	16,072,433	15,277,653	16,071,790	15,163,212
Interest income	12,644,450	12,446,291	12,643,807	12,331,850
Interest expense	(8,307,413)	(8,470,095)	(8,307,413)	(8,355,939)
Net Interest Income	4,337,037	3,976,196	4,336,394	3,975,911
Net impairment charges	(203,231)	(11,637)	(203,231)	(11,637)
Net interest income after impairment charges	4,133,806	3,964,559	4,133,163	3,964,274
Net gain on HFT investment securities	269,661	-	269,661	-
Net fee and commission income	1,634,057	2,192,998	1,634,057	2,192,998
Net trading income	1,405,768	267,882	1,405,768	267,882
Other income	118,497	370,482	118,497	370,482
Operating Income	7,561,789	6,795,921	7,561,146	6,795,636
Personnel expenses	(2,805,655)	(2,581,453)	(2,805,655)	(2,581,453)
Depreciation and amortisation	(639,716)	(565,568)	(639,716)	(565,568)
Other operating expenses	(3,232,471)	(2,799,336)	(3,232,471)	(2,799,336)
	883,947	849,564	883,304	849,279
Share of profit in associate	-	-	-	-
Profit before tax	883,947	849,564	883,304	849,279
Income tax expense	(119,246)	(127,392)	(119,246)	(127,392)
Profit after tax	764,701	722,172	764,058	721,887

Highlights

- Gross earnings increased by 5.20% (Y-o-Y) to ₦16.07 billion in Q1'2018 from ₦15.28 billion in Q1'2017.
- Profit before Tax (PBT) increased by 3.53% to ₦0.88 billion in Q1'2018 from ₦0.85 billion in Q1'2017.
- Profit after Tax (PAT) rose 5.56% to ₦0.76 billion in Q1'2018 from ₦0.72 billion in Q1'2017.
- Customer deposits improved by 20.29% to N306.09 billion (Dec. 2017; ₦254.46 billion), resulting from increasing market share and brand acceptance.

Operational Achievements

- Branch improvement – Babcock University and Warri branch; Opened Aba Branch.

Ratios

- Net Loan to Deposit Ratio: 70.40% (84.82% as at December 2017)
- Non-Performing Loans Ratio to 4.01% (3.52% as at December 2017)
- Capital Adequacy Ratio (CAR): 12.29% (14.32% as at December 2017)
- Liquidity Ratio: 34.59%.

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FOR FURTHER INFORMATION:

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Notes to editors:

About WEMA Bank Plc

Wema Bank, the pioneer of Nigeria's first fully digital bank ALAT, offers a range of retail, SME banking, corporate banking, treasury, trade and financial advisory services to its customers. Wema Bank operates with a National Banking licence, with a network over 140 branches and service centres across Nigeria, backed by a robust ICT platform

More information can be found at www.wemabank.com/investor-relations/

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