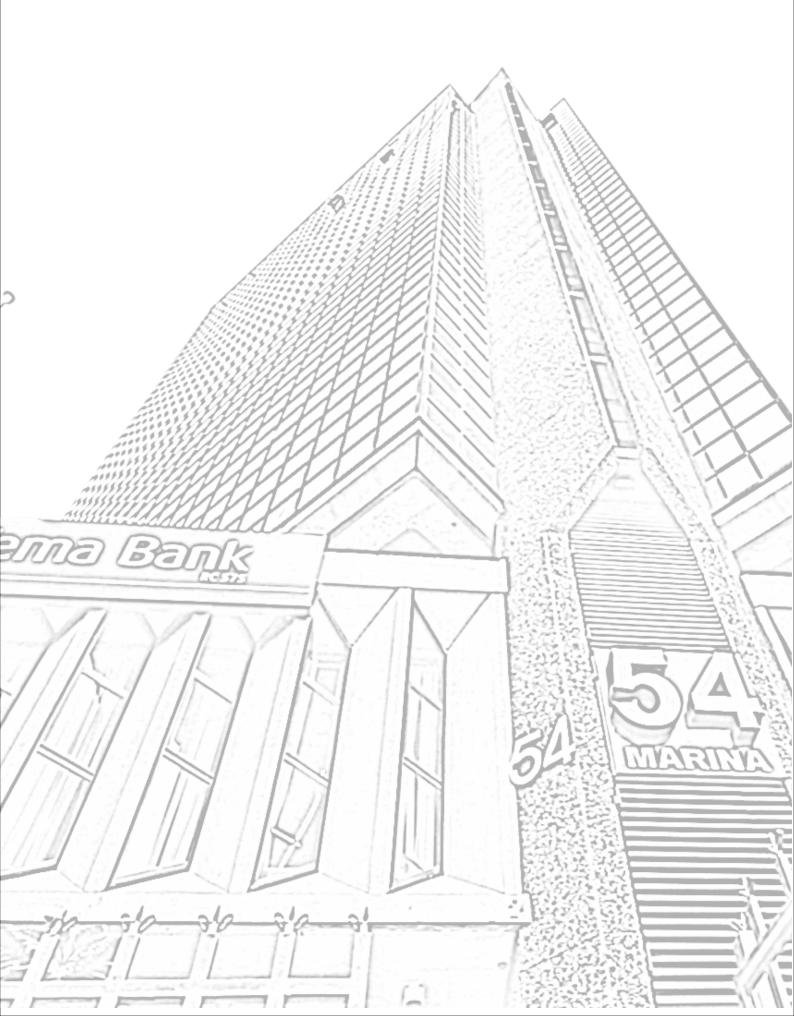
2011

ANNUAL REPORT AND ACCOUNTS







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About Us in Brief

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Our Corporate Philosophy

Vision

To be the financial institution of choice in service delivery and superior returns

Mission

To give every customer a delightful and memorable service experience

Core Values

Mutual Respect

We at Wema Bank believe mutual respect is our guide to service our customers both internal and external

Teamwork

The result of teamwork in a service organization like ours is a satisfied customer

Innovation

Innovation is imperative to keeping and attracting new customers for today and tomorrow

Professionalism

At Wema Bank, we breed seasoned professionals to give a delightful and memorable service experience

Performance-driven

Focusing on our service goals helps drive our performance to attain service delivery

Corporate Profile

With a distinctive industry brand, Wema Bank offers a full range of financial services covering commercial and institutional banking, corporate finance, retail banking, trade finance and foreign-exchange operations.

stablished in 1945, Wema Bank is Nigeria's longest surviving indigenous financial institution. Proud of a rich heritage built on a resilient brand and enduring **relationships** with all stakeholders, Wema Bank continually conducts its affairs and business in line with international best practice.

Over the past 67 years, Wema Bank has consistently and diligently offered a full-fledged range of value-adding banking and financial advisory services to the Nigerian public.

In 2009, the Bank underwent a strategic repositioning exercise spearheaded by a new management team that has seen its finances and profile rise considerably which finally culminated into its taking a sound strategic decision to operate as a commercial Bank with regional scope in South-South Nigeria, South-West Nigeria, Lagos and Federal Capital Territory in 2011.



CORPORATE PROFILE

With a culture based on the principles of professionalism, service excellence, integrity and innovation, the Bank currently employs seasoned professionals from across the financial services industry.

Correspondent Banks

London (UK)

Standard Chartered Bank Union Bank Bank of Beirut United National Bank Deutsche Bank

New York

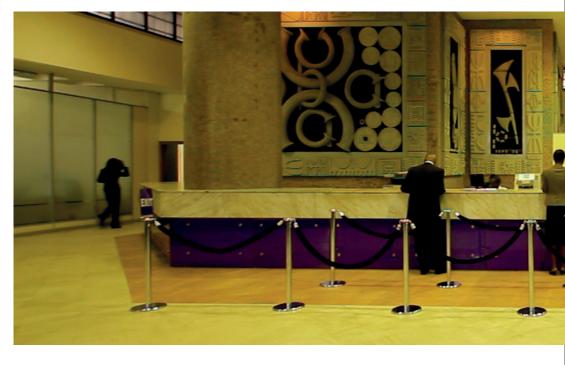
Standard Chartered Bank United Bank for Africa (UBA)

Frankfurt

BHF Bank Commerzbank

South Africa

Standard Bank



Our Services

With a distinctive industry brand, Wema Bank offers a full range of financial services covering commercial and institutional banking, corporate finance, retail banking, SME financing, trade finance and foreign-exchange operations. The Bank's operation is presently supported by processes, technology and structures that are in tune with global standards, and most importantly, a highly skilled workforce to ensure seamless and excellent service delivery to all customers.

In the past few years, Wema Bank Plc has achieved major advances in e-banking, network expansion and quality of service delivery and today, operates an ultra-modern innovative Information Technology structure with an integrated computerized banking system based on the world-class Finacle Banking Software platform. Wema Bank offers a wide range of electronic banking products and services accessible via its website, www.wemabank.com, and has deployed

scores of Automated Teller Machines (ATMs) and alternative payment infrastructure across its areas of operations.

The Bank also introduced its innovative electronic debit card, "The Wema MasterCard", that allows customers to perform basic financial transactions via ATMs, PoS (Point of Sale) terminals, Online Shops & e-commerce websites, WemaMobile (Wema Bank Java & Android-based Mobile banking applications) and Internet-based Web-Pay (online purchase/payment) 24hours a day, 7days a week.

Business & Brand Affiliations

Proud of our business pedigree and backed by a burgeoning domestic franchise, Wema Bank has built robust and rewarding relationships and business alliances with various correspondent Banks around the globe, which positions the Bank to offer efficient banking services to its valued customers within and outside Nigeria.

CORPORATE PROFILE



total and enterprise-wide transformation which the Bank recently embarked upon.

The Workforce

Wema Bank Plc's Board is made up of experienced, tested, and astute business leaders headed by Chief Samuel Bolarinde as Chairman. The board is composed of four (4) Executive and nine (9) Non-Executive Directors.

The Management team is led by Mr. Segun Oloketuyi, a first-rate banker and inveterate change agent with several years of banking and managerial experience, as the current Managing Director/Chief Executive Officer. Prior to coming on board as the MD/CEO, Oloketuyi was an Executive Director at Skye Bank Plc. He leads a bright and dynamic team at Wema Bank.

With a culture based on the principles of professionalism, service excellence, integrity and innovation, the Bank currently employs seasoned professionals from across the financial services industry. The deepening of the Bank's human capital base is in pursuit of

Our Vision

Undoubtedly, Wema Bank Plc is resolute to maintain and sustain an adaptive, responsive corporate culture in all facets of its operations. The Bank is committed to improving overall asset and liability management, asset quality and achieving lower cost of funds, in order to achieve and sustain superior financial returns.

As a service-oriented Bank, Wema is determined to continually upgrade the quality of its service delivery through steady investments in human capital development, business process improvement and technology enhancement. Currently, the Bank's branch network is undergoing reengineering to exploit identified profitable market segments with a balanced spread, without compromising profitability.

As a service-oriented
Bank, Wema is
determined to continually
upgrade its service
delivery quality through
steady investments in
human capital
development, business
process improvement
and technology
enhancement.

Company Secretary

Oluwole Ajimisinmi

Registered Office

54, Marina, Lagos Island, Lagos, Nigeria

Auditors

Akintola Williams Deloitte Akintola Williams Deloitte House 235 Ikorodu Road Ilupeju, Lagos,

Registrars

Wema Registrars Limited Plot 30, Oba Akran Avenue Ikeja, Lagos

Products & Services

RETAIL



It is an account for children aged 0 to 12 years and is designed to help parents and guardians plan towards the funding of the education of their children & wards.



Purple Account is a savings account for young adults especially those in secondary schools, tertiary institutions and fresh graduates.



WTA is a hybrid savings account that operates with the flexibility of a current account.



Moment Account is a savings account that can be opened by anybody that has previously been excluded from banking services due to inability to provide satisfactory identification and proof of address documents.



This is a suite of our electronic transfer payment solutions available to both individual and corporate clients



Wema personal savings account (PSA) is a product designed to encourage a savings culture.



An enhanced current account developed to meet the needs of high net worth individuals (HNIs) and select corporate organisations.



A menu driven mobile banking solution that gives 24/7 access to your account and various services via the screen of the mobile phone.



Wema MasterCard Verve is a safe, secure and convenient Naira-denominated Chip & Pin Debit card that allows you spend Naira directly from your account with Wema Bank in over 29 million merchant locations in over 210 countries worldwide.



This is a standard current account. It allows for cheque issuance & acceptance for clearing purpose, it can be opened by an individual, as a joint account or registered business.



A novel initiative that allows the bank's customers authorize a 3rd party cash withdrawal from any Wema Bank ATM without any account or debit card.



An internet-based application which gives real-time access to your account from any location offering funds transfer, bills payment, airtime recharge, mini statement, e-mail alert, etc. It is fast, secure and convenient.



Point of Sales (PoS), is an alternative means of payment for goods and services. PoS transactions can either be local or international.



A collections solutions for corporate and individual business owners that relieves the business owners of insecurity associated with cash.



Retail Pay, the solution in a box, is a two in one product (physical device & solution) designed to meet the limitations and challenges surrounding merchants' businesses.



International funds transfer from other countries to a beneficiary in Nigeria. For every transfer received in a Wema Bank branch, the beneficiary receives a free gift like key rings, pen, notepads, umbrella, mug, t-shirt etc.

PRODUCTS & SERVICES - RETAIL



ROD is available to all salary employees of pre-enlisted companies/ministries/agents who had received at least one month salary payment into his/her account with the bank.



This is a loan currently available to employees of a pre-enlisted companies who operate a Salary Current Account or Salary Savings account with Wema Bank.



An integrated web-based solution that allows the bank to provide Local Money Transfer (LMT) services to customers and non-customers alike, using the existing network of branches in a secured, seamless and cost-effective manner.



It is a savings account that enables individuals save towards specific purposes of their choice with higher returns on their savings.



WAAS is an asset finance facility available to individuals who wish to acquire and enjoy brand new assets of their choice while repayment is made over a period of time.

CORPORATE & COMMERCIAL

At Wema Bank, our Corporate Banking Group is responsible for relationship-building and account management of large domestic corporates, multinationals and institutional clients under pre-determined Customer Acceptance Criteria. Our Commercial Banking Group, providing tailored products and superior services to our valued customers is the top priority of the Business Development Group at Wema Bank.

Overdrafts Facility Drawing against Uncleared Effects

Invoice Discounting/ Receivable Refinancing

Contingent Liabilities, Bonds & Guarantees

Relationship Management

Term Loans

Warehouse Financing

Syndicated Loans Stock Replacement Facility Import Financing Facility

Advances

Project/Contract Finance Facility Equipment Leasing Facility

PRODUCTS & SERVICES - TRADE SERVICES

Trade across borders can be complex due to varying trade practices, business regulations and levels of risks. At Wema Bank, we $recognize this challenge \ and \ have \ constituted \ a \ team \ of \ seasoned \ professionals \ with \ deep \ knowledge \ of \ the \ complex \ transactions \ that$ characterize cross-border trade. Our service offerings include, though not limited to the following:

Bills for Collection

Form M Processing/ RAR Processing

Form A Processing

Letters of Credit

Offshore Guarantees

NXP Export Processing

Trade Finance/ Invisible Trade

Shipping **Documents** Handling

ADVISORY SERVICES

Business & SME Advisory **Business Plan** Development **Business Process** Re-engineering

Capital Raising Support

Enterprise Transformation & Planning

Performance Management Framework Development

Strategy Development & Revaluation

Project Advisory Financial Due Diligence

Financial Modelling

Business Valuation

Feasibility Study

Development

Debt Restructuring

Capital Raising

Project & **Financial Advisory**

Project / Infrastructure funding

Project Framework / Concession Advisory Development of Expression of Interest Document

Development of Bid Documents

Development of Request for Proposal

Customer Complaints Management and Feedback

Wema Bank PLC recognizes the importance of customer patronage to the growth of its business and thus, considers customer complaints and feedback as valuable opportunities to identify improvement opportunities, increase performance and enhance customer service experience. In cognizance of these, a standardized process for receiving, recording, managing and resolving these complaints and feedback was designed.

Our Complaints Channels

The Bank set up a dedicated and fully equipped state-of-the-art Contact Centre – Purple Connect, through which our customers can make requests or enquiries, lodge complaints and provide feedback to the Bank on all products and services. The available channels at Purple Connect are:



The Bank has set up a

equipped state-of-the-art

Contact Centre – Purple

Connect, through which

our customers can make requests or enquiries,

lodge complaints and

Bank on all products.

provide feedback to the

dedicated and fully

HOTLINES

+234 (0) 803 900 3700, +234 (01) 277 7700



SHORT MESSAGING SERVICE

+234 (0) 705 111 2111



E-MAIL

purpleconnect@wemabank.com



LIVE CHAT

www.wemabank.com

The Bank also receives customer feedback via letters sent to our Head Office at 54 Marina, Lagos or its other branch locations and via its social media channels which are referred to the Contact Centre (Purple Connect) for resolution.

Our Resolution Structure

The process flow for resolving customer complaints resolution is as follows:

2011 ANNUAL REPORT & ACCOUNTS

CUSTOMER COMPLAINTS MANAGEMENT AND FEEDBACK

- We have multiple channels via which we receive your complaints; The Contact Centre, Branches and the Head Office (Letters).
- Once received (depending on the medium of contact), an acknowledgment of the receipt of the complaint is sent within 24 hours.
- An investigation is carried out with a view to resolving the complaint in the shortest time possible. A status update would be given within 48 hours of lodging the complaint
- Most complaints are resolved within 72hrs except in cases where further information is required from the complainant or a third party's involvement is required
- Once a complaint has been resolved, the sender would be notified and the complaint status would be termed as resolved

Periodic reports on all customer complaints and feedback received in the Bank are collated and grouped based on type/frequency, analyzed to determine the root cause(s) and circulated to our Management team and other relevant departments to forestall future recurrences.

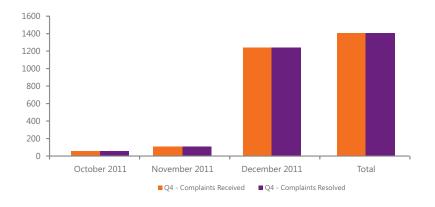
The Bank also renders monthly reports to the Central Bank of Nigeria (CBN) in line with the CBN guidelines on resolution of complaints.

Table A shows, at a glance, the number of complaints received from October 2011 to December, 2011.

In a bid to improve service delivery, the Bank migrated from an old Core Banking Application to the new Finacle10.2.08 Core Banking Application in December 2011. Hence, there was a significant increase in the number of customer complaints received for that month as a result of migration-related issues. The number of complaints have since decreased drastically and we are aiming minimal complaints on a monthly basis.

Periodic reports on all customer complaints and feedback received in the Bank are collated, grouped based on type/frequency, analyzed to determine the root cause(s) and circulated to our Management team and other relevant departments to forestall future recurrences.

TABLE A			
Month	Total No. of Complaints Received	Total No. of Complaints Resolved	Total No. of Complaints forwarded to CBN for intervention
October 2011	54	54	Nill
November 2011	108	108	Nill
December 2011	1241	1241	Nill
Total (Q4 2011)	1403	1403	Nill





Statements

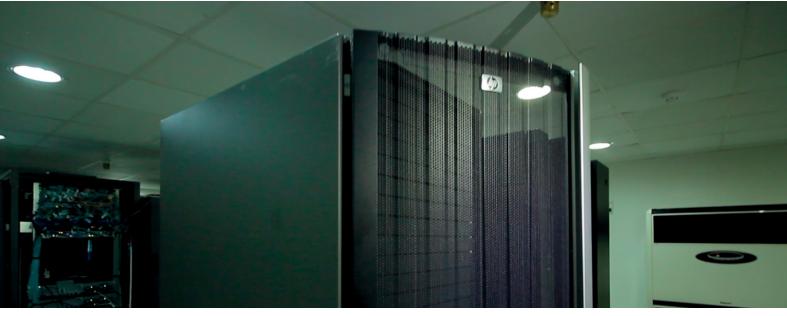
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Newly Deployed Blade Servers

to strengthen service delivery

In a bid to strengthen service delivery via its IT platforms, the Bank deployed state-of-art full and half-blade servers to improve its branch and online service offerings to clients and also enhance the deployment of critical IT-based applications, cloud and virtualization services.

In December 2011, Wema Bank also became the first sub-saharan African financial institution to fully deploy the Finacle 10.2 Core Banking Application which has greatly enhanced its branch and e-banking service offerings to customers whilst reducing system downtime and improving access to banking services.









Notice of 2011 **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the 2011 Annual General Meeting of Wema Bank Plc will be held at The Banquet Hall, Lagoon Restaurant, 1c, Ozumba Mbadiwe Avenue, Victoria Island, Lagos on Monday, December 24, 2012 at **11:00am** to transact the following businesses:

Ordinary Business

- 1. To lay before the meeting the Audited Financial Statement for the year ended December 31, 2011 together with the reports of the Directors, Auditors and Audit Committee thereon;
- 2. To elect/re-elect Directors;
- 3. To approve the remuneration of Directors;
- 4. To elect members of the Audit Committee;
- 5. To authorize Directors to fix the remuneration of the Auditors.

Special Business

To consider and if thought fit, pass the following as Special Resolutions:

- 1. That the Authorized Share Capital of the Bank be increased from N10,000,000,000.00 to N20,000,000,000.00 by the creation of 20,000,000,000 ordinary shares of 50 kobo each, such shares to rank parri-passu in all respects with the existing ordinary shares of the Bank and that clause 5 of the Memorandum of Association and Article 7 of the Articles of Association be altered accordingly.
- 2. Pursuant to Article 8 of the Bank's Articles of Association, that the shareholders authorize the Directors to raise the sum of N35billion by way of a Special Placing Offer from strategic investors at a price to be determined, in one or more tranches, subject to obtaining the approvals of relevant regulatory authorities, including but not limited to the Central Bank of Nigeria, the Securities and Exchange Commission and Nigerian Stock Exchange.
- 3. That the Directors be and are hereby authorized, subject to obtaining the approvals of relevant regulatory authorities to raise additional debt capital of such amount as shall be appropriate for the business of the Bank, either locally or internationally, through the issuance of tenured bonds, irredeemable preference shares, notes, equity or debts (or a combination of both), loans in any currency whether or not convertible to shares, or any other methods, in one or more tranches, and at such

NOTICE OF 23RD ANNUAL GENERAL MEETING

interest rates, pricing and terms to be determined by the Directors as they deem appropriate.

Note: Proxy

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company.

A proxy form is supplied with the Notice and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrars not less than 48 hours before the time fixed for the Annual General Meeting.

Closure of Register and Transfer Books

The Register of Members and Transfer Books will be closed between Tuesday, December 4, 2012 and Tuesday, December 11, 2012 both dates inclusive for the purpose of preparing an up-to-date Register.

Audit Committee

In Accordance with Section 395(5) of Companies and Allied Matters Act, CAP C20 LFN 2004, all nominations of members for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD

Wole Ajimisinmi Company Secretary 54, Marina Lagos

Dated the 19th day of November, 2012



Chairman's Statement



Though gains in earnings and various cost-containment strategies were largely wiped out by one-off impairment charges on assets culminating in an after-tax loss of ₩8.12billion in December 2011, the bank has however fully realigned its books for positive performance.

istinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen; It is my honour to welcome you to the 2011 Annual General Meeting (AGM) of Wema Bank Plc. I am particularly delighted to welcome you in my capacity as the Chairman of the Board of Directors of this enduring institution whose history and commitment to service is remarkable. In this capacity, I shall be presenting to you the Annual Report and Financial Statements for the financial year ended December 31, 2011.

As is customary, I hereby present a summary of significant developments in the operating environment that affected our operations and performance scorecard given that the period was marked by interplays of external and domestic socioeconomic issues that impacted significantly on domestic businesses and the banking industry in particular. Additionally, I will broadly share with you the outlook for the year 2012.

The Global Economy

The IMF's Global Economic Report of July 2011 painted a grim picture of the world's fragile economic recovery. The global economy suffered a barrage of economic shocks from the Great East Japan earthquake and tsunami to unrest in oil producing nations. Europe was not spared as it suffered from major financial turbulence with some Euro Zone members at risk of default on their debt obligations. The constraint on the global economy was further exacerbated with the Chinese economic slowdown with GDP shrinking to 9.2% in 2011 from over 10% in 2010.

World Economic Outlook projections indicated the global growth rate stabilized at 4%; down from over 5% in 2010. However, the global recovery was and is still being threatened by intensifying strains in Europe and fragilities elsewhere. The austerity policies across Europe which are a prerequisite for economic bailouts to countries are squeezing credit in nations like Greece, Spain and France.

CHAIRMAN'S STATEMENT

The Bank was able to fully divest from its subsidiaries in line with CBN regulation regarding banking operations. This has allowed the bank to focus on its core banking functions in order to deliver growth.

Africa

The single most defining moment in the continent in 2011 was the Arab Spring; a revolution which engulfed Northern African nations in both civil and violent clashes which led to significant loss of lives and regime change in countries such as Egypt, Tunisia and Libya.

Sub-Saharan Africa

Sub-Saharan Africa's economy rebounded well, although there were variations within the region with regards to the speed of the recovery. Average growth in the region was forecasted at nearly 6% in 2011 – up from 2.1% in 2009. Increased global demand for energy gave African oil producers, especially Angola and Nigeria, a major boost to greater than 7% growth with oil price on the international market hitting \$104.26 per barrel.

In most of the region's low-income countries and among the seven oil exporters, growth returned to almost precrisis levels. Growth in the region, according to the IMF was also driven by strong domestic demand as a result of rising real incomes and sustained private and public investment. Also, exports benefited from increased reorientation of trade towards fast-growing markets in Asia.

Nigerian Economy

In 2011, the Nigerian economy measured by nominal GDP grew at 7.36%, a marginal decline from 7.98% in 2010. Key economic developments that contributed to the decline in 2011 include lower agricultural output, the lingering effect of the financial sector reforms (involving mainly the banking sector and the capital market), as well as some significant

disruptions witnessed in the oil and gas sector particularly towards the fourth quarter of the year.

Oil sector contributions to output remained modest during the review period growing by 2.9% and 0.34% respectively during the second and third quarter of the year, while production peaked at 2.15 million bpd. Despite economic challenges experienced by many developed economies, crude oil prices remained above US\$100pb.

The country's headline inflation rate declined in 2011 according to the National Bureau of Statistics Economic Outlook 2012, even though 2011 was an election year with the potential for large monetary inflows within the economy. The average inflation rate for 2011 was 10.9%, down from the average of 13.8% in 2010.

The Cash-Lite policy is expected to weigh heavily on the amount of currency in circulation and inflation rate will continue to decline in the New Year. The non-oil sector, especially the services industry and telecommunications should provide stronger contributions to GDP growth and provide increased business opportunities for banks in the New Year.

The Banking Industry

The reform policies and development efforts of the CBN impinged on the economy in several ways in 2011. The successful purchase of the industries Non-performing loans by the Asset Management Company of Nigeria (AMCON) led to significant decline in the aggregate number of non-performing assets in the industry which allowed industry players to reposition for stronger results.

CHAIRMAN'S STATEMENT

However, the Central Bank of Nigeria maintained a tight monetary policy stance throughout the year with the aim of keeping inflationary pressures in check and protecting our currency from external economic factors. As a result, the Apex bank raised key monetary policy tools several times within the year to manage money supply amidst increased government spending.

Benchmark Monetary Policy Rate was increased from 6.25% in January 2011 to 12% by October 2011 while the Cash Reserve Ratio was reviewed upward from 4% to 8%. The firm control of monetary supply enabled the Government maintain an average headline inflation of 10.9% during the review period.

The Central Bank also continued its diligent audit of industry players during the year. All universal banking licenses were revoked in 2011 and were replaced with International, National and Regional banking licenses. This restricted the activities of financial institutions to core banking activities. In addition, the Apex Bank mandated all Nigerian banks to comply with the International Financial Reporting Standard in reporting their financial statements by December 2012.

Also, four of the rescued banks were acquired by existing banks in 2011. As a result of these Mergers and Acquisitions, the banking landscape was altered across all tiers. This also resulted in stiffer competition as banks continue to fight for the same market while customers got savvier and product knowledge increased.

Wema Bank

The transformation program that commenced in 2009 is almost complete. Wema Bank now runs on a sound corporate governance structure. With a

strong and professional Board that is knowledgeable with sound Management ideologies founded on ethics and integrity, the bank continues to navigate the harsh economic realities and endures as a deposit money bank.

We reorganised our business model to focus on our strengths. In this regard, our operations have been streamlined, and we operate today in the South-West and South-South geo-political zones, comprising twelve states; in addition to the Federal Capital Territory. We play majorly in the commercial and retail banking space. We have begun to increase our foot print in the public sector as well as taking on-board selective corporate banking transactions.

In 2011, we carried out a total overhaul of our systems and processes, and concluded the implementation of a new core banking application; Finacle 10.2, which has given us the right platform to actualize our initiatives around electronic business. Today, Wema Bank has scaled up in quantity and quality of our offerings in the e-Business space.

The bank was able to fully divest from its subsidiaries in line with CBN regulation regarding banking operations. This has allowed the bank to focus on its core banking functions in order to deliver growth.

Balance sheet indices show improved quality; a direct result of the transformation work embarked upon in the last three years. Notably Wema Bank, in the financial year, has been a net placer of funds in the market. Our liquidity ratio has consistently been over 60% in the last couple of years. The minimum threshold is 30%. While the NPL ratio dropped to 14% from 50% in 2010 and the bank expects to close 2012 with about 4.5%.

In 2011, we carried out a total overhaul of our systems and processes, and concluded the implementation of a new core banking application; Finacle 10.2, which has given us the right platform to actualize our initiatives around electronic business.

CHAIRMAN'S STATEMENT

Earnings have been growing consistently, while we have introduced a number of measures in managing our costs more efficiently, with the attendant reduction in average cost per unit of earnings.

Financial Result

The year 2011 was a very challenging one for operators in the banking industry. As a financial institution, Wema Bank has been able to rise above these challenges and as time goes on, your Bank becomes ever more adept at handling the Nigerian Financial scene. As a Bank we continue to adapt our strategy and believe strong financial results will be the hallmark of the Bank, going forward.

We also expect to recapitalise the bank in 2012 as plans are in place to commence a ₦35 billion tier-1 Capital raising exercise. We envisage no bottlenecks in this process and as such, given the new injection of capital, we will begin the process of seeking regulatory approval as soon as all necessary plans are finalised for a National Banking Licence. This will allow the bank to further take advantage of opportunities in other commercial hubs in the country.

Wema Bank's financial performance has shown a positive, upward trend since 2009 when the new management took over with gross earnings growing by 35.02% to ₦25.64billion as at December 2011. Though gains in earnings and various cost-containment strategies were largely wiped out by one-off impairment charges on assets culminating in an aftertax loss of ₩8.12billion in December 2011, the bank has however fully realigned its books for positive performance. Nevertheless, a growth of 9.45% to ₩222.24billion was recorded in total assets in 2011 whilst an aggressive focus on cleaner loan books and better risk management has seen a significant reduction in NPL ratio from 56% in FY2010 to 14% in FY2011.

Board of Directors

My dear colleagues on the Board, may I seize this opportunity to express my gratitude and deepest appreciation to you for the support and cooperation given to me as the Chairman. Without doubt, the work has been challenging but rewarding.

It is rewarding because of the massive commitment you have all given to the arduous task of rebuilding the institution into a competitive brand that it used to be. Evidently, a strong foundation has been laid for the bank through your hard work and individual and collective professional contributions. I am indebted to you all and I say "thank you". With this strong foundation, I am confident of an exciting financial performance in the bank going forward.

In 2011, Dr Patrick Ayo Akinyelure and Prof Taiwo Osipitan in their capacity as Non-Executive Directors of the Bank exited the Board in the course of the year under review. I hereby express my profound appreciation to these distinguished personalities for their commitment and contributions to the transformation project in Wema Bank.

During the period under review, the Board also approved the nomination of Mr. Ramesh Hathiramani and Mr. Abubakar Lawal as Non-Executive Directors of the bank. Their appointments have since been approved by the Central Bank of Nigeria. These are distinguished individuals who have displayed their competence in their individual fields.

Mr. Hathiramani comes on board with over forty years of management

experience in Nigeria and overseas and sits on the board of several companies including Prestige Assurance Plc., Dana Airlines Limited and Chairman of Dana Group.

Mr. Lawal joins us with a rich experience in Capital Market operations spanning a period of 15 years. He is a Fellow of the Chartered Institute of Stockbrokers, the Chartered Institute of Bankers in Nigeria and the Institute of Directors (IoD). He is a retired Council Member of the Nigerian Stock Exchange and Member, Chartered Institute of Stock Brokers. Mr.Lawal is also the Managing Director/CEO of GTI Capital Ltd.

The Future

Esteemed shareholders, I would like to use this opportunity to thank my colleagues on the Board, the management and employees for their dedication and unwavering support despite the difficulties experienced in 2011.

To you our shareholders, your resilience and faith in our bank is commendable. I have never been more convinced that our future is bright. As we recapitalise the bank in 2012 and put in place strategies and structures to drive growth, I am confident that we will maximise value for all stakeholders.

Ladies and Gentlemen, on behalf of the Board, I would like to thank you very sincerely for your unalloyed support. The future though challenging, remains promising for all of us. May God bless you all.

Chief Samuel Bolarinde
Chairman, Board of Directors

Corporate Governance Report

Being an institution which places great emphasis on the provision of excellent services to all its customers, the practice of effective and transparent corporate governance ensures that the Bank is managed in a responsible and value-driven manner, aimed towards sustaining the confidence of shareholders, employees, stakeholders and the public

Introduction

In a bid to maintain our continuous commitment to good corporate governance principles and practices, the Bank commissioned a top notch auditing firm to perform a thorough appraisal of its compliance with the principles of corporate governance and practices. The major aim of the Bank was to benchmark its current corporate governance structures and practices with the Central Bank of Nigeria (CBN) Code of Conduct on Corporate Governance 2006 and to proffer solutions on how the Bank can bridge identified gaps in its current corporate governance structures.

Being an institution which places great emphasis on the provision of excellent services to all its customers, the practice of effective and transparent corporate governance ensures that the Bank is managed in a responsible and value-driven manner, aimed towards sustaining the confidence of shareholders, employees, regulators and other stakeholders at large.

The Board and management of the Bank reaffirm that they understand that the sacred duty to establish, entrench and maintain an effective corporate governance process, internal control system, record keeping and decision making is theirs and strict adherence to their roles will ensure effective risk management within the organization.

The said annual appraisal was performed as mandated by CBN in its Code of Conduct on Corporate Governance for Banks in the year under review and the focal point was an examination of the level of compliance of the Bank in terms of the Board's structure and composition, processes and relationships, competencies, roles and responsibilities.

Governance Structure

The Board

The Board placed emphasis on the following values: strategy, corporate culture, stewardship, Board operations, monitoring and evaluation. The direct effect of this approach was a more effective governance, accountability and appropriate risk management.

The Board of directors is composed of thirteen (13) members; 9 non-Executive Directors, 4 Executive Directors inclusive of the Managing Director/Chief Executive Officer (MD/CEO). One of the non-Executive Directors chairs the Board. There were changes to the Board composition in the year under review as two new directors joined the Board.

The role of the Chairman and the Chief Executive are separate and no one individual combines the two positions. The Board delegated the day to day management of the Bank to the Managing Director/Chief Executive Officer who is assisted by the Executive Management Team. The Executive Management team which is composed of seasoned and experienced individuals executes the powers delegated to them without undue interference and in accordance with agreed guidelines. They are accountable to the Board for the development and implementation of strategies and policies.

The Board composition is presented as follows:

S/N	Name of Director	Director Status	Position	Date of Appointment to Board	Interest Represented
1	Chief Samuel Bolarinde	Non-Executive	Chairman	May 2009	SW 8 Investment Ltd
2	Segun Oloketuyi	Executive	MD/CEO	May 2009	Management
3	Nurudeen Fagbenro	Executive	ED, South-West Bank	Aug. 2006	Management
4	Ademola Adebise	Executive	ED, Lagos & South-South Bank	May 2009	Management
5	Chief Opeyemi Bademosi	Non-Executive		May 2009	SW 8 Investment Ltd
6	Prince Adebode Adefioye	Non-Executive		May 2009	SW 8 Investment Ltd
7	Dr. Ayo Akinyelure*	Non-Executive		July 2010	Oodu'a Inv. Co. Ltd.
8	Prof. Taiwo Osipitan (SAN)*	Non-Executive		Sept 2010	Oodu'a Inv. Co. Ltd.
9	Mr Ramesh Hathiramani	Non-Executive		Sept 2011	Shareholding
10	Mr Abubakar Lawal	Non-Executive		Sept 2011	Shareholding

^{*}Messrs. Dr. Ayo Akinyelure and Prof. Taiwo Osipitan (SAN) tendered their resignation from the Board effective January 1, 2012 and July 2012 respectively.

Role of the Board

The primary purpose of the Board is to provide strategic direction for the Bank in order to deliver long term value to shareholders through its general overseeing of the Bank's business. The Board makes decision on all matters of importance to the bank and ensures there exist an effective risk management policy.

Other functions of the Board include:

- To review management succession plan and determine their compensation
- To ensure that the Bank operates ethically and complies with applicable laws and regulations;
- To approve capital projects and investments
- To consider and approve the annual budget of the Bank, monitor its performance and ensure that the Bank remains a going concern;
- To ensure that adequate system of internal control, financial reporting and compliance are in place;
- To ensure that an effective risk management process exists and is sustained;
- To constitute Board Committees and determine their terms of reference and procedures; including reviewing and approving the reports of these Committees.

In Compliance with the CBN Code, the Board meets quarterly and additional meetings are convened as the need arises. In furtherance of the above roles, the Board met six (6) times during the period under review.

Board Committees

In the discharge of its roles and responsibilities, the Board is assisted by five (5) Standing Committees. These committees have their clearly defined terms of reference setting out their roles, responsibilities, functions and reporting procedures to the Board.

The Board Committees in operation during the period under review are:

- Board Risk Management Committee
- Board Credit Committee
- Audit Committee of the Bank
- Board General Purpose Committee
- Board Nomination & Governance Committee

The roles and responsibilities of these committees are discussed as follows:

Board Risk Management Committee

In line with the CBN Guideline for "Developing Risk Management Framework for Individual Risk Elements in Banks", the Board has exhibited its commitment to achieving best practice risk management and full compliance with the laws and regulatory requirements. The Bank has continuously singled out risk management as an area to be significantly strengthened at every point in time, hence, the Bank has a risk management framework covering risk governance, policies for the key risk areas of credit, market and operational risks, and other pervasive risks as may be posed by the events in the industry from time to time. The Board has also established risk management policies, procedures and

systems that address risk identification, measurement, management, control and reporting.

The Bank's Chief Risk Officer is a seasoned Banker who has occupied the same role in other reputable banks and he presents regular briefings to the Board Committee at its meeting. The Bank has also entered into a contract with an expatriate consultant with years of experience in risk management to enable the Bank harness from his wealth of experience.

The Bank also has an Inspection department manned by a General Manager who also performs compliance functions which provides adequate assurance in protecting the integrity of the operations of the Bank.

The Bank is working on its plans to fully implement the risk management framework giving due considerations to the changes in the Bank, governance, skill and capacity development as well as the new directives of the CBN regarding implementation of Basel II and III.

The Committee's major responsibilities are to set policies on the Bank's risk profile and limits, determine the adequacy and completeness of the Bank's risk detection and measurement systems, assess the adequacy of the mitigants to the risks, review and approve the contingency plan for specific risks and ensure that all units in the Bank are fully aware of the risks involved in their functions. The Committee further reviews the Bank's central liability report and summary of challenged loans with the concurrent power of recommending adequacy of the provisions for loan losses and possible charge offs. The Committee meets quarterly, and additional meetings are convened as required. The committee met three (3) times during the 2011 financial year. The Committee is made up of the following members:

- Chief Opeyemi Bademosi (Non-Executive Director) Chairman
- Professor Taiwo Osipitan, (SAN) (Non-Executive Director)
- Dr. Ayo Akinyelure (Non-Executive Director) Member
- Segun Oloketuyi (Managing Director) Member
- Nurudeen Fagbenro (Executive Director) Member
- Ademola Adebise (Executive Director) Member

Board Credit Committee

This Committee is made up of individuals who are versed in credit analysis. They are responsible for the consideration of loan applications above the limits delegated to the Management Credit Committee or Managing Director as may be defined by the Board from time to time.

The credit risk process was re-engineered by the Bank in terms of credit appraisal, sanctioning, collateral management and remedial management. The Bank developed policies covering the key risk areas of credit risk.

The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets. All credits that qualify as "Large Exposures" as defined by the Board from time to time are considered and approved by the Board Credit Committee at special meetings convened for that purpose.

The Board Credit Committee is further responsible for approving write-offs in excess of Management limits and within the limits as set by the Board, approving credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority. The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met six (6) times during the 2011 financial year. The Committee is made up of the following members:

- Prof. Taiwo Osipitan, (SAN) (Non-Executive Director) Chairman
- Adebode Adefioye (Non-Executive Director)
- Chief Opeyemi Bademosi (Non-Executive Director) Memher
- Segun Oloketuyi (Managing Director) Member
- Nurudeen Fagbenro (Executive Director) Member
- Ademola Adebise (Executive Director) Member

Audit Committee of the Bank

Committee was established in compliance with the Companies and Allied Matters Act of Nigeria (CAMA). The Committee consists of three shareholder representatives

appointed at Annual General Meetings and three Non Executive Directors. All the members of the committee are independent of the Bank's Management. The Committee meets quarterly, with its proceedings regulated by the Audit Charter. The Chief Inspector of the Bank serves as the secretary to the Committee, while one of the shareholders serve as the Chairman of the Committee.

The Committee is responsible for ascertaining whether the accounting and reporting policies of the Bank are in accordance with the legal requirements and agreed ethical practices, reviewing the scope and planning of audit requirements, reviewing the findings on management matters as reported by the external auditors and departmental responses thereon, reviewing the effectiveness of the Bank's system of accounting and internal control, making recommendations to the Board in regards to the appointment, removal and remuneration of the external auditor of the Bank and authorizing the internal auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee.

The Committee also reviews the Bank's annual and interim financial statements, including reviewing the effectiveness of the Bank's disclosure, controls and systems of internal control, the integrity of the Bank's financial reporting and the independence and objectivity of the external auditors. The Committee may seek additional information and explanations from the external auditors. The internal and external Auditors have unrestricted access to the Committee and this ensures that their independence is not impaired in any way.

The Board Audit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the 2011 financial year. The Committee is made up of the following members:

- Mathew Akinlade (Shareholder)
 Chairman
- Prince Adekunle Olodun (Shareholder)
 Member
- Joe Anosike (Shareholder)
 Member
- Chief Opeyemi Bademosi (Non-Executive Director)
 Member
- Adebode Adefioye (Non-Executive Director)
 Member
- Dr. Ayo Akinyelure (Non-Executive Director)
 Member

General Purpose Committee

This Committee handles all staff matters and is responsible for the oversight of strategic people issues, employee retention, equality and diversity as well as other significant employee relations matters and administrative issues.

Other functions of this Committee include:

- To define the strategic business focus and plans of the Bank
- To support Management business development efforts
- To define capital expenditure limits and approve all capital expenditure on behalf of the Board

The Board General Purpose Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met five (5) times during the 2011 financial year. The Committee is made up of the following members:

- Adebode Adefioye (Non-Executive Director)
 Chairman
- Chief Opeyemi Bademosi (Non-Executive Director)
 Member
- Dr. Ayo Akinyelure (Non-Executive Director)
 Member
- Segun Oloketuyi (Managing Director)
 Member
- Ademola Adebise (Executive Director)
 Member

Nomination and Governance Committee

This Committee was a new initiative of the Board in furtherance of its desire to comply with best practice in corporate governance. The Committee met two (2) times during the 2011 financial year.

The responsibilities of the committee include overseeing the nomination, remuneration, performance management and succession planning processes of the Board. The Committee is also to facilitate a process to engage all directors in determining their specific needs and aligning their needs with their roles and responsibilities. The Committee is composed of only non-executive directors.

Membership of the Committee are as follows:

- Dr. Ayo Akinyelure (Non-Executive Director)
 Chairman
- Adebode Adefioye (Non-Executive Director)
 Member
- Professor Taiwo Osipitan (SAN) (Non-Executive Director)
 Member

Attendance of Board and Committee Meetings

The table below shows the frequency of meetings of the Board of Directors and Board committees, as well as members attendance for the financial year ended

Directors	Board	Board Credit Committee	Board Audit Committee	Risk Mgt Committee	Nomination & Governance Committee	General Purpose Committee
Frequency of Meetings	6	6	4	3	2	5
Chief Samuel Bolarinde	5	N/A	N/A	N/A	N/A	N/A
Segun Oloketuyi	6	6	N/A	3	N/A	5
Nurudeen Fagbenro	6	4	N/A	3	N/A	N/A
Ademola Adebise	6	5	N/A	2	N/A	5
Chief Opeyemi Badamosi	6	6	4	3	N/A	5
Prince Adebode Adefioye	6	6	4	N/A	2	5
Dr. Ayo Akinyelure	1	N/A	2	2	2	2
Prof. Taiwo Osipitan (SAN)	6	5	4	3	2	3
Mr Ramesh Hathiramani*	2	N/A	N/A	N/A	N/A	N/A
Mr Abubakar Lawal*	3	N/A	1	N/A	N/A	N/A

^{*}Messrs. Ramesh Hathiramani and Abubakar Lawal joined the Board in September 2011.

Tenure of Directors

In pursuance of the Bank's drive to continually imbibe best Corporate Governance practices, there is an existing Board of Directors resolution which dates back to March 2005 adopting a maximum tenure of two (2) terms of four (4) years each subject to statutory provisions, directives and attainment of 70 years of age, whichever is earlier.

Board Appraisal

An effective Board of Directors is a critical factor in ensuring a well governed, well directed and successful Bank. A periodic Evaluation of the effectiveness and performance of the Board of Directors, its committees, is consistent with good corporate governance.

In furtherance of best corporate governance practices the Board commissioned KPMG Advisory Services to carry out a Board evaluation for the Financial Year ended 31 December 2011. The evaluation was based primarily on bench-marking the performance of the Board of Directors with the requirements of the CBN Code using five key corporate governance considerations:

- Board Operations: the Board's ability to manage its own activities
- 2. Strategy: The Board's role in the strategy process

- 3. Corporate Culture: The Board's role in overseeing the achievement of ethical behaviour in the organization.
- 4. Monitoring and Evaluation: The Board's role in monitoring management and evaluating its performance against defined goals.
- Stewardship: The Board's responsibility towards shareholders and other stakeholders and accountability for their interests.

The Independent advisory firm adjudged the performance of the Board and stated that the Board's compliance culture to corporate governance is positive and largely consistent with the CBN and SEC Code of Corporate Governance.

Though certain areas were identified which require upgrades to achieve full compliance with leading governance practices, the Board is intent upon developing a detailed plan setting out objectives, tasks, responsibilities and timing, with in-built mechanisms for periodic checks to monitor the progress of the implementation.

The Company Secretary

The Company Secretary is responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance of the Bank, coordinating the orientation and training

of new Directors and the continuous education of Non-Executive Directors; assisting the Chairman and Managing Director to formulate an annual Board Plan and with administration of other strategic issues at Board level; organizing Board meetings and ensuring that the minutes of the Board clearly and properly capture the Board's discussions and decisions.

The Company Secretary also liaises with Regulatory Authority to ensure adequate compliance with the Code of Best Corporate Governance Practices.

Induction and Continuous Training

The Bank is committed to skills and capacity development for the Directors. The first step towards this process is director induction, the Bank has developed a formal orientation programme and induction policies for new directors as a means of investing in the Board with a view to further developing and strengthening the Board collectively.

Also, the Bank has institutionalized regular training of Board members and senior management on issues pertaining to their oversight functions and their fiduciary duties and responsibilities.

Management Committees

The Committees are composed of senior management staff of the Bank. These Committees are risk driven as they are entirely set up to identify, analyze, synthesize and make recommendations on risks arising from day-to-day activities of the Bank.

These Committees also ensure that risk limits as contained in the Board and Regulatory Policies are complied with at all times. In addition, they provide inputs for the respective Board Committees of the Bank and ensure that recommendations of the Board Committees are effectively and efficiently implemented.

They frequently meet as the risk issues occur to immediately take action and decisions within confines of their limits.

The following are the standing Management Committees in the Bank:

- Management Credit Committee
- Watchlist Committee
- Assets and Liabilities Committee
- Management Audit Committee
- IT Steering Committee
- Executive Committee (EXCO)
- Management Tender Committee
- Management Risk Committee
- · Disciplinary Committee

Management Tender Committee

Membership of the Committee includes the Divisional Head, Corporate Services, Company Secretary, Head, Internal Control, Head, General Services, Chief Finance Officer, Head, Corporate Transformation & Change Management, Head, IT and Head, Procurement and Vendor Management. The Secretary of the Committee is the Head, Procurement and Vendor Management.

It is the responsibility of the Committee to obtain the most favorable terms for acquisition of goods, work and services required for the Bank's main activities ("purchases") on the principles of competitiveness, transparency and team decision making.

As part of its functions, the MTC has the authority to:

- Call for tenders
- Receive and open tenders
- · Oversee the evaluation of all tenders
- Approve all tender recommendations and awards
- Approve requests for pre-qualification or other methods of procurement
- Provide guidelines for procurement on behalf of the Bank's EXCO.

Management Risk Committee (MRC)

This Committee oversees and ensures the effective management of the Bank's Enterprise Risk Management Framework / Basel II, III. It is responsible for ensuring a holistic approach is applied in managing the risks Wema Bank is exposed to as an enterprise. The MRC will have a direct reporting relationship to the Board Risk Management Committee (BRMC) in addition to its reporting relationship to Executive Committee (EXCO).

Specific responsibilities of MRC with respect to enterprise risk management will be to (but not limited to):

- Provide management oversight for Basel II & Basel III / enterprise risk management.
- Ensure policies and procedures for managing all facets of risks the Bank is exposed to are developed, implemented and effectively communicated throughout the Bank according to local and international best practices, Basel II and Basel III.
- Periodically review the Basel II & III / enterprise risk management framework to ensure appropriateness and continued usefulness in line with the size and complexity of the Bank.
- Monitor regularly the bank's risk exposures and take timely decisions/actions required to manage exposures within agreed tolerance levels/risk limits.

- Deliberate on risk exposure reports (and updates) presented by the Bank's Enterprise Risk Management Division and other relevant departments as necessary, and take decisions/ actions as necessary.
- Review and approve recommended actions to mitigate/control potential risk events pertaining to Wema Bank such as credit risk, operational risk, market risk, residual risk model risk, credit concentration risk, country risk, Interest Rate in Banking Book (IRRBB), liquidity risk, settlement risk, reputational risk and strategic Risk, external factors such as earnings risk, risks originating in the economic and regulatory environment, compliance risk etc.
- Review and approve new products/market entry plans subject to the approval/ratification of the Board of Directors and its delegated risk committee.
- Provide periodic reports to the Board Risk Management Committee (BRMC) on the bank's enterprise risk exposures and plans to mitigate/control risks within tolerance levels and limits set by the BRMC

Members of the MRC includes Managing Director/CEO (Chairman), all Executive Directors, Chief Risk Officer (CRO), Regional Executive (Lagos), Divisional Head (Retail Banking), Head of Corporate Banking, Divisional Head of Corporate Services, Head of IT, Legal Adviser/ Company Secretary, Treasurer, Chief Inspector, Chief Finance Officer, and Head of Internal Control.

All Departmental Heads in the Enterprise Risk Management Division are always in attendance at regularly scheduled meetings.

Management Credit Committee

This Committee is entirely responsible for ensuring that the Bank is in total compliance with the Credit Policy Manual as approved by the Board of Directors.

- It provides inputs for the Board Credit Committee
- Reviews and approves credit facilities to individual obligors not exceeding an aggregate sum as determined by the Board of the Bank from time to time.
- Responsible for reviewing and approving all credits that are above the approval limit of the Managing Director/CEO as determined by the Board of Directors.
- Reviews the entire credit portfolio of the Bank and conducts periodic checks of the quality of risk assets in the Bank.
- Ensures adequate monitoring of credits is carried out.

The Committee meets monthly depending on the number of credit applications to be appraised and considered. The

Secretary to the Committee is Head of Credit Risk Management Department of the Bank.

Disciplinary Committee

Members of the Committee include:

- Ademola Adebise, Executive Director, Lagos & South-South
- Tope Adebayo, Chief Inspector
- Jude Monye, Chief Risk Officer
- Wole Ajimisinmi, Company Secretary/Legal Adviser
- Akinlolu Ayileka, Divisional Head, Retail Banking
- Olufunke Okoli, Head, Corporate Transformation & Human Capital Management
- Kunle Olatubosun, Regional Operations Eexecutive, Lagos & South South
- Oluwatoyin Karieren, Head, Internal Control
- Esohe Emela, Secretary
- Luqman Abdulrasheed, Observer (Chairman NUBIFIE)
- Kunle Adeleke, Observer (Chairman, ASSIBIFI)

Objectives

The objective of the Committee is to complement the normal disciplinary procedure. The Committee shall only be consulted for the purpose of making recommendations in serious cases that might warrant termination or dismissal. However, the recommendation of the Disciplinary Committee shall be subject to the approval of EXCO.

Functions

- Meet on Ad-hoc basis to adjudicate on serious disciplinary matters.
- Recommending appropriate disciplinary sanctions to EXCO for approval.
- Hearing of Appeals

Watchlist Committee

It is the responsibility of this Committee to assess the risk asset portfolio of the Bank.

- It highlights the status of the Bank's risk assets in line with the Internal and External Regulatory Framework.
- Takes actions appropriately in respect of delinquent assets.
- Ensures that adequate provisions are made in line with the regulatory guidelines.

Membership of the Committee includes the Managing Director, all Executive Directors, Head of Remedial Assets Management

and other relevant Senior Management Staff of the Bank. The Secretary to the Committee is Head of Loan Review and Monitoring Unit.

Assets and Liabilities Committee

This is a Committee that shoulders the responsibility for Management of a variety of risks arising from the Bank's business which includes;

- · market and liquidity risk management,
- loan to deposit ratio analysis, cost of funds analysis
- establishing guidelines for pricing on deposit and credit facilities,
- exchange rate risks analysis,
- · balance sheet structuring,
- regulatory considerations and monitoring of the status of implemented assets and liabilities strategies.

Membership of the Committee includes, the Managing Director/CEO, Executive Directors, Treasurer, Chief Finance Officer and Risk Officers together with other relevant Senior Management Staff.

Management Audit Committee

In line with global best practice and the Code of Corporate Governance, the Committee was constituted to amongst other things:

 Carefully and painstakingly plan, review and give necessary recommendation as it relates to Internal Control and Auditing processes and practices in the bank.

Membership of the Committee includes Chief Inspector; Representative of the Business Area, Risk Management, Internal Control, Representatives of Operations, Information Technology and Legal Service Department.

IT Steering Committee

In many organizations, Information Technology has become crucial in the support, sustainability and the growth of the business. This pervasive use of Technology has created a critical dependency on IT that calls for a specific focus on IT Governance.

This Committee's responsibilities are as follows:

- Oversees the development and maintenance of the IT strategic plan,
- Approves vendors used by the organization and monitors their financial condition

- Approves and monitors major projects, IT budgets, priorities, standards, procedures, and overall IT performance.
- Coordinates priorities between the IT department and user departments.
- Reviews the adequacy and allocation of IT resources in terms of funding, personnel, equipment and service levels.
- Provides use and business perspective to IT investments, priorities and utilization
- Monitors the implementation of the various initiatives and ensure that deliverables and expected outcomes/business value are realized.
- Ensures increased utilization of technology and that the Bank gets adequate returns on all IT investments.
- Makes recommendations and/or decisions in the best interest of the Bank, following review by IT department, on such items as desktops, equipment and service standards, and networking requirements, including benchmarks.
- Evaluates progress toward established goals and present a report to EXCO as at when necessary.
- Acts in a supervisory capacity, in implementing the Bank's IT strategy.

Executive Committee (EXCO)

The EXCO comprise the Managing Director and all Executive Directors and other members of Senior Management as may be appointed from time to time. The Committee meets fortnightly (or such other times as business exigency may require) to deliberate and take policy decisions on the effective and efficient management of the Bank. It also serves as a processing unit for issues to be discussed at the Board level. EXCO's primary responsibility is to ensure the implementation of strategies approved by the Board, provide leadership to the management team and ensure efficient deployment and management of the Bank's resources. Its Chairman is responsible for the day-to-day running and performance of the Bank.

Other specific functions of EXCO include but not limited to the following:

- Review the Strategic Operations of the Bank.
- Review Audit & Inspection reports
- Review of Branch Compliance Officers' functions in branches
- Review Adequacy and Sufficiency of Branch tools
- Review manning levels in branches and Head office departments
- Consideration and Approval of Capital and Recurrent Expenses
- Executes disciplinary power and impose sanctions
- Monitor and give strategic direction on regulatory issues.

Monitoring Compliance with Corporate Governance

The Chief Compliance Officer of the Bank monitors compliance with money laundering requirements and the implementation of the CBN Code of Corporate Governance.

The Chief Compliance Officer alongside with Chief Executive Officer of the Bank certify bi-yearly to the Central Bank of Nigeria that they are not aware of any other violation of the Corporate Governance Code, other than as reported during the course of the year.

The Bank forwards monthly returns to the Central Bank of Nigeria on all whistle-blowing reports and Corporate Governance breaches.

Whistle Blowing Procedures

In compliance with the CBN mandate on whistle blowing and in line with the Bank's commitment to instill the best corporate governance practices, it has established a whistle blowing procedure that guarantees anonymity.

The Bank has a dedicated e-mail address for whistle-blowing procedures and the whistle-blowing policy is permanently available on the Bank's intranet.

There is a direct link on the Bank's intranet for dissemination of information, to enable members of staff report all identified breaches of the Bank's Code of Corporate Governance.

Code of Professional Conduct for Employees

The Bank has an internal code of professional conduct (Human Capital Management Manual) which all staff are expected to subscribe to upon assumption of duties and reaffirm their commitment to the Bank's Code on yearly basis.

Shareholders

The Annual General Meeting of the Bank is the highest decision making body. The General Meetings of the Bank are conducted in a transparent and fair manner.

Shareholders are opportuned to express their opinions on the Bank's financials and other issues affecting the Bank. The attendees of the meetings are regulators such as Central Bank of Nigeria, Securities & Exchange Commission, The Nigerian Stock Exchange, Corporate Affairs Commission, minority shareholders and representatives of Shareholders' Association.

The Board places considerable importance on effective communication with shareholders on developments in the Bank. The Bank has established an Investors Relations Unit to promote and deepen shareholders' access to information and enhance effective communication with shareholders.

Protection of Shareholders' Rights

The Board ensures the protection of the Statutory and General Rights of Shareholders at all times, particularly voting rights at General Meetings of the Bank. All are treated equally, regardless of volume of shareholding or social status.

Report of the Directors

For the year ended 31st December, 2011

The directors present their annual report on the affairs of Wema Bank Plc (the "Bank"), and its subsidiaries (the "Group"), together with the Group and Bank audited financial statements and independent auditor's report for the financial year ended 31st December, 2011.

Legal form

The Bank was incorporated in Nigeria under the Companies Act of Nigeria as a private limited liability company on 2 May 1945 and was converted to a public company in April 1987. The Bank's shares, which are currently quoted on the Nigerian Stock Exchange, were first listed in February 1991. The Bank was issued a universal banking license by the Central Bank of Nigeria on January 2001. Arising from the consolidation in the banking industry, Wema Bank Plc acquired National Bank of Nigeria Plc in December 2005. Currently, the bank has opted for a Regional Commercial Banking License under the new CBN licensing regime to operate within the South- South and South West geopolitical zones of Nigeria and the Federal Capital Territory.

Principal activity

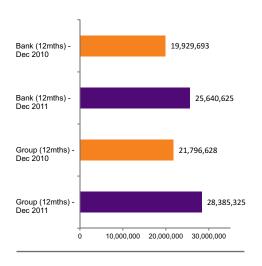
The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and money market activities.

The Bank had five direct subsidiaries namely Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes (Savings & Loans)Limited and Wema Securities and Finance Plc. The Bank also had two indirect subsidiaries; Great Nigeria Insurance Plc and Independent Securities Limited and one associated company; Associated Discount House. During the year, divestment from these subsidiaries was carried out in line with the CBN directives. The financial results of these subsidiaries up to the date of divestment have been consolidated in these financial statements.

Operating results

Highlights of the Group's operating results for the year under review are as follows:

Gross Earnings12 months - Dec 2010 - Dec 2011



	Group Dec 2011 12 months N'000	Group Dec 2010 12 months N'000	Bank Dec 2011 12 months N'000	Bank Dec 2010 12 months N'000
Gross earnings	28,385,325	21,796,628	25,640,625	19,929,693
(Loss)/ profit on ordinary activities before taxation Taxation	(9,419,583) (1,508,864)	13,141,763 4,313,891	(7,523,820) (125,657)	12,964,108 3,274,425
(Loss)/ profit on ordinary activities after taxation Extra-ordinary item	(10,928,447) (159,056)	17,455,654	(7,649,477) (466,736)	16,238,533
(Loss)/ profit on ordinary activities after taxation and extra-ordinary item Non-controlling interests	(11,087,503)	17,455,654 (247,480)	(8,116,213)	16,238,533
(Loss)/profit attributable to equity holders	(11,087,503)	17,208,174	(8,116,213)	16,238,533
Appropriation: Transfer to statutory reserve Transfer to statutory contingency reserve Subsidiaries' performance eliminated	- - (2,971,290)	4,871,560 31,679		4,871,560 -
Transfer to general reserve	(8,116,213)	12,304,935	(8,116,213)	11,366,973
	(11,087,503)	17,208,174	(8,116,213)	16,238,533
(Loss)/basic earnings per share	(85)K	163k	(63)k	154k
Total nonperforming loans to gross loans	N/A	50%	13.8%	53.1%

Directors' Shareholding

The following directors of the Bank held office during the year and had direct interests in the issued share capital of the Bank as $recorded\ in\ the\ register\ of\ Directors\ shareholding\ as\ noted\ below:$

	Director	Position		Number of Ordinary Shares held ember 2011	Direct Shareholding Number of Ordinary Shares held December 2010
1.	Chief Samuel Bolarinde	Chairman	-	285,714	13,977
2.	Mr. Segun Oloketuyi	MD/CEO	-	-	-
3.	Mr. Adebode Adefioye	Director	-	6,988	6,988
4.	Chief Opeyemi Bademosi	Director	-	-	-
5.	Mr. Ademola Adebise	Executive Director	-	10,265	10,265
6.	Mr. Nurudeen Fagbenro	Executive Director	-	9,478,955	2,999,954
7.	Mr. Moruf Oseni	Executive Director	Appointed with effect from May 02, 2012	-	-
8.	Dr. Ayo Akinyelure	Director	Resigned with effect from Jan 1, 2012	37,331	37,331
9.	Professor Taiwo Osipitan	Director	Resigned with effect from July 2012	1,000,000	483,444
10.	Mr. Ramesh Hathiramani	Director	Appointed with effect from Sept 2011	2,222,222	-
11.	Mr. Abubakar Lawal	Director	Appointed with effect from Sept 2011		
12.	Hon. Chief Ayodele Awodeyi	Director	Appointed with effect from May 11, 2012		
13.	Mr. Samuel Durojaiye	Director	Appointed with effect from May 02, 2012		
14.	Ms. Tina Vukor-Quarshie	Director	Appointed with effect from Aug 2012		
15.	Mr. Adeyinka Asekun	Director	Appointed with effect from Aug 2012		

Retirement of Directors

In accordance with the provision of sections 249(2) of the Companies and Allied Matters Act and Articles 89 of the Articles of Association of the Bank, Messrs Ramesh Hathiramani, Abubakar Lawal, Ayodele Awodeyi, Adeyinka Asekun, Tina Vukor-Quarshie and Samuel Durojaiye were appointed to the Board between the last Annual General Meeting and now. These directors hereby retired from office and being eligible have offered themselves for re-election at this General Meeting.

In accordance with the provisions of Section 259 of the Companies and Allied Matters Act of Nigeria, one third of the directors of the Bank shall retire from office. The directors to retire every year shall be those who have been longest in office since their last election. In accordance with the provisions of this section, Chief Opeyemi Bademosi will retire by rotation and being eligible, offer himself for re-election.

In accordance with Article 93(ii) of the Articles of Association of the Bank, the Chairman of the Board, Chief Samuel Bolarinde, having attained the age of 70 years on September 18, 2012, hereby retires from the Board with effect from this Annual General Meeting.

Directors' Interests in Contracts

None of the directors has notified the Bank for the purpose of Section 277 of the Companies and Allied Matters Act of Nigeria of any interest in contracts deliberated upon during the year under consideration.

Property and Equipment

Information relating to changes in property and equipment is given in Note 26 to the financial statements. In the directors' opinion, the net realisable value of the Group's properties is not less than the carrying value in the financial statements.

Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2011 is as stated below:

Share Range		No of Shareholders	Percentage of Shareholders (%)	No of Shares Held	Percentage of Holding %
1 -	9,999	205,574	81.65%	512,954,482	4.00%
10,000 -	50,000	35,657	14.16%	699,810,193	5.46%
50,001 -	100,000	5,138	2.04%	368,035,558	2.87%
100,001 -	500,001	4,446	1.77%	850,820,285	6.64%
500,001 -	1,000,000	425	0.17%	307,562,139	2.40%
1,000,001 -	5,000,000	431	0.17%	872,337,270	6.80%
5,000,001 -	10,000,000	38	0.02%	266,364,220	2.08%
10,000,001 -	50,000,000	43	0.02%	946,079,205	7.38%
50,000,001 -	100,000,000	6	0.00%	405,915,430	3.17%
100,000,001 -	500,000,000	13	0.00%	2,177,555,688	16.98%
500,000,001 -	1,000,000,000	3	0.00%	1,385,838,610	10.81%
1,000,000,001 -	5,000,000,000	1	0.00%	4,027,976,800	31.42%
Foreign Share holders		-	-	-	-
Total		254,775	100.00%	12,821,249,880	100.00%

The shareholding pattern of the Bank as at 31 December 2010 is as follows:

			Percentage		Percentage
		No. of	of Shareholders	No. of	of Holding
Share Range		Shareholders	(%)	Shares Held	%
1 -	9,999	206,601	81.34%	510,803,107	3.98%
10,000 -	50,000	36,428	14.34%	709,313,938	5.53%
50,001 -	100,000	5,330	2.10%	375,538,249	2.93%
100,001 -	500,001	4,647	1.83%	888,896,496	6.93%
500,001 -	1,000,000	460	0.18%	325,395,847	2.54%
1,000,001 -	5,000,000	439	0.17%	880,011,428	6.86%
5,000,001 -	10,000,000	42	0.02%	296,262,675	2.31%
10,000,001 -	50,000,000	43	0.02%	963,727,383	7.52%
50,000,001 -	100,000,000	6	0.00%	410,331,228	3.20%
100,000,001 -	500,000,000	9	0.00%	1,177,055,000	9.18%
500,000,001 -	1,000,000,000	2	0.00%	1,038,103,276	8.10%
1,000,000,001 -	5,000,000,000	2	0.00%	5,245,811,252	40.91%
Foreign Share holders		-	-	-	-
Total		254,010	100.00%	12,821,249,880	100.00%

Shareholder	No. of shares Held	December 2011 Percentage of Shareholding	No. of Shares Held	December 2010 Percentage of Shareholding
SW8 Investment Company Limited	4,027,976,800	31.4%	4,027,976,800	39%
Odu'a Investment Company Limited	1,217,834,452	9.5%	1,032,063,095	10%

Donations and Charitable Gifts

The Bank made contributions to charitable and non-political organizations amounting to N2,500,000 (December 2010:N774,000) during the year, as listed below:

Contribution toward rehabilitation of **Ibadan Flood Victims** 2,500,000 **Total** 2,500,000

Post Balance Sheet Events

There were no post balance sheet events which could have a material effect on the state of affairs of the Group as at 31 December 2011 or the financial performance for the year ended on that date that have not been adequately provided for or disclosed.

Human Resources

(i) Employment of disabled persons

The Bank continues to maintain a policy of giving fair consideration to application for employment made by disabled persons with due regard to their abilities and aptitudes. The Bank's policies prohibit discrimination against disabled persons in the recruitment, training and career development of employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Bank continues and appropriate training arranged to ensure that they fit into the Bank's working environment.

(ii) Health, safety and welfare at work

The Bank enforces strict health and safety rules and practices at the work environment, which are reviewed and tested

regularly. In addition, medical facilities are provided for staff and their immediate families at the Bank's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

The Bank operates both Group Personal Accident and Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2004.

Employee Involvement and Training

The Bank ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Bank's policy of continuous development, the Bank draws up annual training programmes. The programmes include on the job training, classroom sessions and web-based training programmes which are available to all staff.

Compliance Plan with Central Bank of Nigeria's Regulation on the Scope of Banking Activities

Section 6(1) of the Central Bank of Nigeria regulation on the scope of banking activities and ancillary matters requires every bank currently operating under a universal banking licence to submit to the Central Bank of Nigeria for approval a compliance plan duly approved by the Bank's Board of Directors. The regulation requires banks to divest from all non-banking businesses and apply for a new type of banking licence based on the decision of the Bank's Board of Directors.

The Bank's compliance plan duly approved by the Board of Directors on 31st January, 2011 is as follows:

Proposed type of banking licence

The Bank reviewed the options provided by the new licensing regime instituted by the Central Bank of Nigeria and applied for a Regional Commercial Banking licence.

Divestment from Non-banking Subsidiaries

The Bank has seven non-banking subsidiaries in Nigeria which are: Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes Savings and Loans Limited, Wema Securities and Finance Plc, Great Nigeria InsurancePlc and Independent Securities Limited. Divestment from these subsidiaries has commenced. Three options were considered which include: sale to third parties, acquisition by the Bank through a Scheme of Arrangement and management buyout by current management of the subsidiaries.

Wema Assets Management Limited, a wholly owned subsidiary of Wema Bank Plc, trades in the Nigerian Capital Market. The Company was incorporated on 24 February, 2000 and currently has a paid up share capital of N300 million. The Board of Directors resolved to integrate the business of the Company to that of the bank through a Scheme of Arrangement.

Wema Registrars Limited, a wholly owned subsidiary of Wema Bank Plc, acts as an investment manager, financial adviser and as a dealer in quoted and other securities. The Company commenced operations in 2003 and currently has a paid up share capital of N50 million. The Board of Directors has sold the Company as a going concern to an acceptable core investor.

Wema Insurance Brokers Limited, a wholly owned subsidiary of Wema Bank Plc, is into the provision of insurance brokerage services. The Company commenced operations in 2004 and currently has a paid up share capital of N5 million. The Board of Directors has sold the Company as a going concern to an acceptable core investor.

Wema Homes (Savings & Loans) Limited, a wholly owned subsidiary of Wema Bank Plc, was incorporated in 2004 and licensed by CBN in February 2005 to carry on mortgage banking business. It has a paid up share capital of N1.6 billion as at date. The Board of Directors resolved to integrate the operations of the company into the bank's operations with the assets and liabilities of the company transferred to the Bank.

Wema Securities and Finance Plc, a partly owned subsidiary of Wema Bank Plc, is into the provision of financial services. The Company was incorporated in 1998 and currently has a paid up share capital N650 million.

The Board of Directors resolved that the Bank will integrate the operations of Wema Securities and Finance Plc into its own operations and have the assets and liabilities of the company transferred to the Bank.

REPORT OF THE DIRECTORS



However, a creditor of the company instituted a creditor winding up proceeding against the company. A liquidator has subsequently been appointed at the Order of the Federal High Court, Lagos to wind up the company.

Great Nigeria Insurance Plc, an indirectly owned subsidiary of Wema Bank Plc, is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers. The Company was incorporated in 1960 and currently has a paid up share capital N750 million. The Board of Directors has sold the bank's interest in the Company to an acceptable core investor.

Independent Securities Limited, a partly owned subsidiary of Wema Bank Plc, is principally engaged in the business of stock broking and operates as a broker and dealer in shares, stocks, debentures and other securities for the account of companies listed in the Nigerian Stock Exchange. The Company commenced operation in 1995 and currently has a paid up share capital of ₩220 million. The Board of Directors has sold the bank's interest in the Company to an acceptable core investor.

Employee Gender Analysis

The number and percentage of women employed during the financial year vis-à-vis total workforce is as follows:

Total Employees	S	Sex			rtion
	М	F	Total	М	F
				%	%
Employee - Bank	774	573	1347	57	43
Board & Top Management					
	М	F	Total	М	F
				%	%
Assistant General Manager	8	2	10	80	20
Deputy General Manager	5	0	5	100	0
General Manager	6	0	6	100	0
Executive Director	3	0	3	100	0
Deputy Managing Director	0	0	0	0	0
Managing Director	1	0	1	100	0
Non-Executive Director	7	1	8	87.5	12.5

Auditors

The Auditors, Akintola Williams Deloitte was appointed at the last Annual General Meeting to replace KPMG Professional Services who retired as auditors in line with Central Bank of Nigeria directive of ten (10) years maximum tenure for external auditors of Banks. The auditors, having indicated their willingness to continue in office, a resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY ORDER OF THE BOARD

Wole Ajimisinmi Company Secretary Wema Towers 54 Marina Lagos 10th September, 2012



Statement of Directors' Responsibility in Relation to the Financial Statements For the Year Ended 31 December 2011

The directors accept responsibility for the preparation of the annual financial statements set out on page 23 to 33 and 44 to 107 that give a true and fair view in accordance with statement of accounting standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria and other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

The directors further accepts responsibility for maintaining adequate accounting records as required by Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are from material misstatement whether due to fraud or error.

The directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Samuel Bolarinde

Chairman September 11, 2012 **Segun Oloketuyi** Managing Director

September 11, 2012

Mysers &

Statement of Significant Accounting Policies

For the Year Ended 31 December 2011

A summary of the principal accounting policies, applied consistently throughout the current year and preceding years, is set out below:

(a) Basis of preparation

These financial statements are the consolidated financial statements of Wema Bank Plc and its subsidiaries (hereinafter collectively referred to as "the Group"). The consolidated financial statements are prepared under the historical cost convention, modified by the periodic revaluation of fixed assets to approximate market value, and comply with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have been consolidated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for minority interest. Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

The consolidated financial statements combine the financial statements of Wema Bank Plc ("the Bank") and its subsidiaries ("the Group") wherein there is majority shareholding and/or control of the Board of Directors and management. The consolidated subsidiaries are Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes Limited, Wema Securities and Finance Plc, Great Nigeria Insurance and Independent Securities Limited.

(ii) Associates

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are recognised at cost less impairment in the Bank's separate financial statements.

The Group's share of the associates' post acquisition profits or losses is recognised in the profit and loss accounts. Its share of post acquisition reserves is recognised in reserves. The cumulative post acquisition

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

investments are adjusted against the carrying amount of the investments.

When the Group's share of losses equals or exceeds its interest in an associate including any other unsecured receivables, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Distributions received from an associate are applied to reduce the carrying amount of the investment. Adjustments are also made to the carrying amount of the investment for changes in the Bank's proportionate interest in the associate arising from changes in equity that have not been recognized in the associate's profit and loss account. Such changes include those arising from the revaluation of properties, plant and equipment and from foreign exchange translation differences. The Bank's share of those reserves is recognised directly in the equity of the Bank.

(c) Goodwill on consolidation

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the separable net assets of subsidiaries acquired, at the date of the acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might have been impaired. Impairment losses are recognised in the profit and loss account in the period in which they arise.

(d) Investment securities

The Group classifies its investments into the following categories: short-term investments, long-term investments and investments in subsidiaries. Investment securities (short-term and long- term investments) are initially recognized at cost and classified upon initial recognition. Debt and equity securities intended to be held for a period not exceeding one year or with tenor to maturity not exceeding one year, and investments held for trading are classified as short-term investments.

i. Short term investments

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when

current financing needs make such conversion desirable. In addition, such investment is to be held for not more than one year.

Investments held-for-trading are those investments that the Group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit taking.

Investments held-for-trading and other marketable securities are stated at net realisable value. The gain/loss on revaluation is credited/charged to profit and loss account during the year.

Treasury bills are presented net of unearned discount. Unearned discount is deferred and amortised as earned. Investments in treasury bills held for trading are carried at net realizable value. Gains or losses resulting from market valuation are recognised in the profit and loss account.

ii. Long term investments

Long-term investments are investments held over a long period of time to earn income or appreciate in value. Long-term investments may include debt and equity securities.

Long term investments in marketable securities are stated at the lower of cost and net realizable value.

Interest earned whilst holding investment securities is reported as interest income.

Any discount or premium arising on acquisition of bonds is included in the original cost of the investment and is amortised over the period of purchase to maturity.

Interest earned whilst holding investment securities is reported as interest income. Dividend receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

iii. Investments in subsidiaries

Investments in subsidiaries are carried in the Bank's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognized as an expense in the period in which the impairment is identified.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

iv. Investments in associates

Investments in associates are carried in the Bank's balance sheet at cost less impairment.

On disposal of an investment in associates, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

(e) Loans and advances

Loans and advances are stated net of provision for bad and doubtful loans. Classification and provisioning is made in accordance with the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria for account that are not performing in accordance with the terms of the related facilities as follows:

Non-specialized loans

Interest and/or principal outstanding for over	Classification	Provision
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
Over 360 days	Lost	100%

Specialized loans

Specialized loans comprise project finance and margin finance and are classified in accordance with the criteria specified in the Prudential Guidelines for Deposit Money Banks in Nigeria. The classifications and provisioning for specialized loans take into consideration the cash flows and gestation periods of the different loan types. Specialized loans as defined by the Prudential Guidelines for Deposit Money Banks in Nigeria include:

- i. **Project Finance**
- ii. **Object Finance**
- Income Producing Real Estate Finance

- Commercial Real Estate
- Mortgage Finance
- Agriculture Finance (including farm and non-farm credits)
- SME loan vii.
- viii. Margin Loan

	% of outstanding obligation to amount due	Days past due for aggregate installments	% of provision on total outstanding balance
Classification			
Watchlist	Between 60% and 75%	>180days	0%
Substandard	<60%	180days to 2yrs	25%
Doubtful	<60%	2 yrs to 3 yrs	50%
Very Doubtful	<60%	3 yrs to 4 yrs	75%
Lost	<60%	> 4 yrs	100%

Unrealized mark-up/interest in respect of non-performing loans and advances are reversed from revenue account and credited into interest in suspense account until they are realised in cash. Future interests charged on the accounts are credited to the same account until such facilities becomes performing.

Object Finance, income producing real estate and commercial real estate Financing:

	% of outstanding obligation to amount due	Days past due for aggregate installments	% of provision on total outstanding balance
Classification			
Watchlist	Between 60% and 75%	>180days	0%
Substandard	<60%	180days to 1yrs	25%
Doubtful	<60%	1 yrs to 2 yrs	50%
Very Doubtful	<60%	2 yrs to 3 yrs	75%
Lost	<60%	> 3 yrs	100%

Mortgage Loans:

	% of outstanding obligation to amount due	Days past due for markup/interest or principal	% of provision on total outstanding balance
Classification			
Watchlist	n/a	>90days	0%
Substandard	n/a	90days to 1yr	10%
Doubtful	n/a	1 yr to 1.5 yrs or unprovided balance not >50% of NRV of security	50%
Lost	n/a	more than 2yrs	100%

FOR THE YEAR ENDED 31 DECEMBER 2011

(a) Agriculture Finance (short term facilities (purchase of seeds, fertilizers, WC, and other Inputs):

	% of outstanding obligation to amount due	Days past due for markup/interest or principal	% of provision on total outstanding balance
Classification			
Watchlist	n/a	>90days	0%
Substandard	n/a	90days to 1yr	10%
Doubtful	n/a	1 yr to 1.5 yrs	50%
Very Doubtful	n/a	1.5 yrs to 2yrs	75%
Lost	n/a	more than 2yrs	100%

(b) Agriculture Finance - Long term Facilities (Farm development finance, purchase of machinery, livestock financing):

	% of outstanding obligation to amount due	Days past due for markup/interest or principal	% of provision on total outstanding balance
Classification			
Watchlist	n/a	>90days	0%
Substandard	n/a	90days to 1yr	10%
Doubtful	n/a	1 yr to 2yrs	50%
Very Doubtful	n/a	2yrs to 3yrs	75%
Lost	n/a	more than 3yrs	100%

SME Loans - SME short term facilities (Maturities of 1 year):

	outstanding obligation to amount due	Days past due for markup/interest or principal	% of provision on total outstanding balance
Classification			
Watchlist	n/a	>90days	0%
Substandard	n/a	90days to 1yr	10%
Doubtful	n/a	1 yr to 1.5 yrs	50%
Very Doubtful	n/a	1.5 yrs to 2yrs	75%
Lost	n/a	more than 2yrs	100%

SME Loans - SME Long term facilities (Maturities of more than 1 year):

	% of outstanding obligation to amount due	Days past due for markup/interest or principal	% of provision on total outstanding balance
Classification			
Watchlist	n/a	>90days	0%
Substandard	n/a	90days to 1yr	10%
Doubtful	n/a	1 yr to 2yrs	50%
Very Doubtful	n/a	2yrs to 3yrs	75%
Lost	n/a	more than 3yrs	100%

Margin financing:

All margin facilities are included in performing loan balances and are assessed for impairment by marking the underlying securities to market. The excess of loan amounts above the market value of the underlying securities is provisioned and charged to profit/loss account to accommodate actual and expected losses on the facility amounts and is reported in specific provisions for margin loans.

Hair cut adjustments:

The Bank holds collateral against loans and advances to customers in the form of executed and registered mortgage interests over property, and other qualifying securities. No provision is recognised on loans and advances to customers to the extent of haircut adjustments determined based on the weighted value of qualified collateral held against loans and advances to customers classified as lost for a maximum period of one year as prescribed by the prudential guidelines. The

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

weighted value of qualified collateral is adjusted to take account of any possible future fluctuations in the value of the collateral, occasioned by market movement.

The following hair cut adjustments are applicable on all loan types classified as lost:

Description of collateral	Haircut adjustments weightings
Cash	
Treasury Bills and government securities	
e.g. bonds	0%
Quoted equities and other traded secur	ities 20%
Bank Guarantees and Receivables of	
blue chip companies	20%
Residential legal mortgage	50%
Commercial legal mortgage	50%

General provision:

A 1% general provision is made on all performing loans and advances.

Bad debts are written off against the related provision for bad and doubtful debts when it is determined that they are uncollectible. Bad debts in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be uncollectible. Subsequent recoveries on bad debts written off are credited to the profit and loss account.

(f) Leases

The Group classifies a lease as a finance lease if the following conditions are met:

- (a) The lease is non-cancelable, and
- (b) any of the following is applicable
- i. the lease term covers substantially (80% or more) the estimated useful life of the asset or,
- ii. the net present value of the lease at its inception using the minimum lease payments and implicit interest rate is equal to or greater than the fair value of the leased asset or,
- iii. the lease has a purchase option which is likely to be exercised.

A lease that does not qualify as a finance lease as specified above is classified as an operating lease.

A Group company can be a lessor or a lessee in either a finance lease or an operating lease.

Where a Group Company is the lessor

When assets are held subject to a finance lease, the transactions are recognized in the books of the Group at the net investments in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is defined as the difference between the gross investment and the present value of the asset under the lease.

The discount is recognized as unearned in the books of the Group and amortized to income over the life of the lease on a basis that reflects a constant rate of return on the Group's net investment in the lease.

Finance leases are treated as risk assets and the net investment in the lease are subject to the provisioning policy listed in note (e) above.

When assets are held subject to an operating lease, the assets are recognized as property and equipment based on the nature of the asset and the Group's normal depreciation policy for that class of asset applies. Lease income is recognized on a straight line over the lease term. All indirect costs associated with the operating lease are charged as incurred to the profit and loss account.

ii. Where a Group Company is the lessee

When the assets leased are subject to operating lease, the total payments made under operating leases are charged to profit and loss on a systematic basis in line with the time pattern of the Group's benefit.

When the assets are subject to a finance lease, the Group accounts for it by recording the lease as an acquisition of an asset and the incurrence of a liability.

At the beginning of the lease term, the Group records the initial asset and liability at amounts equal to the fair value of the leased asset less the present value of any un-guaranteed or partially guaranteed residual value which would accrue to

FOR THE YEAR ENDED 31 DECEMBER 2011

the lessor at the end of the term of the lease. The discount factor to apply in calculating the present value of the unguaranteed residual value accruing to the lessor is the interest rate implicit in the lease.

Where the Group cannot determine the fair value of the leased asset at the inception of the lease or is unable to make a reasonable estimate of the residual value of the lease without which the interest rate implicit in the lease could not be computed, the initial asset and liability are recorded at amounts equal to the present value

The leased asset is depreciated or the rights under the leased asset are amortized in a manner consistent with the Group's own assets.

The minimum lease payment in respect of each accounting period is allocated between finance charge and the reduction of the outstanding lease liability. The finance charge is determined by applying the rate implicit in the lease to the outstanding liability at the beginning of the year.

(g) Property and equipment

All property and equipment are initially stated at cost. They are subsequently stated at historical cost or valuation less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation is calculated on a straight line basis to write down the cost of property and equipment to their residual values over their estimated useful lives as follows:

Leasehold Properties	Over the Lease period
Freehold properties	2%
Leasehold improvements	10%
Furniture and fittings	20%
Equipment and machinery	20%
Computer software and equipments	25%
Motor vehicles	25%

Capital work-in-progress which represents fixed assets under construction is not depreciated.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit and loss account for the period.

(h) Investment property

An Investment Property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the enterprise. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Group. An occupation of more than 15% of the property is considered substantial.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Group's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

FOR THE YEAR ENDED 31 DECEMBER 2011

An increase in carrying amount arising from the revaluation of investment property is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account, is credited to profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

(i) Taxation

Income tax expenses / credits are recognised in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date.

(i) Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is fully provided for on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer possible that the related tax benefit will be realised.

(k) Income recognition

Interest income is recognised on an accrual basis and (i) credited to income only when it has been irrevocably earned. Interest overdue for more than 90 days is suspended and recognised on a cash basis only. Lease finance income is amortized over the lease period to achieve a constant rate of return on the outstanding net investment.

- Credit related fees are deferred and amortized over the life of the related facility where they constitute 10% or more of the projected average annual yield of the facility, otherwise such fees are credited to the profit and loss account at the time the credit is granted.
- (iii) Non-credit related fee income is recognised at the time the service or the related transactions are considered substantially completed.
- Investment income is recognized on an accrual basis and (iv) credited to the profit and loss account. Gains and losses on investment securities are recognised in the profit and loss account upon the sale of the securities.
- Commissions and fees, where material are amortised (v) over the life of the related service.
- (vi) Otherwise, commissions and fees charged to customers for services rendered are recognized at the time the services or transactions are completed.
- (vii) Dividend income is recognized when the right to receive payment is established.
- (viii) Income arising on investments held by the life business is recognized in the life fund whilst income derived from investments held by the general business is credited to the profit and loss account.

(I) Foreign currency items

Reporting currency

The consolidated financial statements are presented in Nigerian Naira, which is the Group's reporting currency.

ii. Transactions and balances

Transactions denominated in foreign currencies are translated into Naira at the rates of exchange ruling at the date of each transaction (or where appropriate the rate of the related forward contracts). Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

FOR THE YEAR ENDED 31 DECEMBER 2011

(m) Retirements benefits

Pension costs

The Group operates a funded, defined contribution pension scheme for employees in Nigeria.

Obligations in respect of the Group's contributions to the scheme are recognised as an expense in the profit and loss account on an annual basis. The employee and the Bank contribute 7.5% and 17.5% of basic salary, housing, luncheon and transport allowance respectively to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

(n) Off Balance sheet transactions/contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are never recognised rather they are disclosed in the financial statements when they arise.

Transactions to which there are no direct balance sheet risks to the Group are reported and accounted for as off balance sheet transactions and comprise:

Guarantees and performance bonds

The Bank provides financial guarantees and bonds to third parties on the request of customers in form of bid and performance bonds or advance payment guarantees. These agreements have fixed limits and generally do not extend beyond the period stated in each contract.

The amounts reflected in the financial statements for bonds and guarantees represent the maximum accounting loss that would be recognized at the balance sheet dates if counterparties failed completely to perform as contracted.

Letters of credit

The Bank provides letters of credit to guarantee the performance of customers to third parties. Confirmed letters of credit for which the customer has not provided cash cover are reported off balance sheet.

(o) Cash and cash equivalents

Cash and cash equivalents comprises cash and balances with CBN, balances due from other banks and treasury bills.

(i) Cash and balance with CBN

Cash comprises cash on hand, demand deposits denominated in Naira and foreign currencies and cash balances with the Central Bank of Nigeria (CBN). Cash equivalents are short-term, highly liquid instruments which are:

- readily convertible into cash, whether in local or foreign currency; and
- so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

(ii) Due from other banks

Due from other banks represents cash held in other banks in Nigeria and banks outside Nigeria.

(p) Sale of loans or securities

A sale of loans or securities without recourse to the Group is accounted for as a disposal and the assets excluded from the balance sheet.

Profits or losses on sale of loans or securities without recourse to the Group are recognised by the Group when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding
- there must not be any repurchase obligations

A sale or transfer of loans or securities with recourse where there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains on the Group's balance sheet, with any related cash received recognised as a liability.

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can be reasonably estimated.

(q) Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted number of ordinary shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

(r) Provision

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments.

Segment information is presented in respect of the Group's business segments. The Group's primary format for segment reporting is based on business segments. The

business segments are determined by management based on the Group's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(t) Dividend

Dividend on ordinary shares are appropriated from retained earnings and recognised as a liability in the period in which they are declared. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

(u) Other assets

Prepayments, receivables and other sundry debit balances are classified as other assets and are stated at cost net of allowances for amounts doubtful of recovery.

Allowances for doubtful accounts are made in line with the provisions of the CBN Prudential Guidelines for receivables whose collection has been identified by management as doubtful. When a receivable is deemed not collectible, it is written off against the related allowance and subsequent recoveries are credited to the profit and loss account.

(v) Ordinary share capital

Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(w) Deposit administration

Receipts for deposit administration and other business of saving natures are recognized as liabilities. Interest accruing from investment of the savings is recognized in the profit and loss account in the period it is earned while interest paid and due to depositors is recognized as an expense.

(x) Outstanding claims and provisions

Full provision is made for the estimated cost of all claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time.

FOR THE YEAR ENDED 31 DECEMBER 2011

In non-life insurance business, a provision is also made for the cost of claims incurred but not reported (IBNR) as at the balance sheet date on the basis of 10% of claims notified but not settled in compliance with the provisions of section 20(1) (b) of the Insurance Act, 2003.

Similarly provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding at that date, including IBNR. Differences between provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the Revenue Account of the following year.

(y) Underwriting profits

The Group conducts life assurance and non-life insurance business through its insurance subsidiary. The Group offers a full range of insurance underwriting services.

i. Underwriting profits for non-life insurance business

The underwriting profits for non-life insurance business are determined on an annual basis whereby the incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follow:

- Premium written related to risks assumed during the year, and include estimates of premium due but not yet received, less an allowance for cancellation.
- Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated on the basis of time apportionment.
- Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR").
- Provisions for unexpired risks are the estimated amounts required over and above provisions for

unearned premiums to meet future claims and related expenses on business in force at the end of the accounting period.

 Expenses are allocated to the relevant revenue accounts as incurred in the management of each class of business.

ii. Underwriting profits for life assurance business

- The underwriting profits for life assurance business are determined on a fund. The incurred costs of claims, commissions and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:
- Premiums written relate to risks assumed during the year, and include estimates of premiums due but not yet received, less an allowance for estimated lapses.
- Claims arising on maturity are recognized when the claim becomes due for payment.
- Death claims are accounted for on notification. Surrenders are accounted for on payment.
- Expenses and commissions are allocated to the life fund as incurred in the management of the life business.
- The life assurance contracts (accounted for in life fund) are assessed every three years by qualified consulting actuaries in accordance with section 29 of the Insurance Act. Any resulting actuarial loss is made up by additional provisions charged to the Group's profit and loss account.

Actuarial surpluses are allocated between the shareholders and the policyholders. Any balance remaining is retained in the life fund and attributable to "with profit" policyholders as the date of actuarial valuation.

In accordance with section 22(1) of the Insurance Act, CAP 117 LFN 2004, an additional reserve (contingency reserves) of not less than 25% of the net written premium for every year between each valuation date, is maintained.

(z) Deferred acquisition and maintenance costs

Prepaid expenses include deferred acquisition expenses and deferred maintenance expenses. These expenses are

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

incurred as a result of direct business earned from brokers. The deferred portion is calculated based on the percentage of unearned premium to written premium.

(aa) Borrowings

Borrowed funds are recorded initially at their issue proceeds and subsequently stated at cost less any repayments. Transaction costs where immaterial, are recognized immediately in the profit and loss account. Where transaction costs are material, they are capitalized and amortized over the life of the loan. Interest paid on borrowings is recognized in the profit and loss for the year.

(ab) Intangible assets

Intangible assets consist of computer software and costs associated with the development of Software for internal use. Costs that are directly associated with the production of identifiable and unique software products which are controlled by the company and which will probably generate economic benefits exceeding costs are recognized as intangible assets. These costs are amortized on the basis of straight line over the rate of 20%. Costs associated with maintaining software programs are recognized as an expense when incurred.

Report of the Audit Committee

TO THE MEMBERS OF WEMA BANK PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Wema Bank Plc hereby report as follows:

- We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the cooperation of Management and Staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2011 were satisfactory and reinforce the Bank's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/2004 dated 18 February 2004 on "Disclosure of Insider Related Credits in the financial statements of Banks". We hereby confirm that an aggregate of N3,645,493,000 (December 2010: N14,345,041,000) was outstanding as at 31 December 2011 of which N540,977,000 (December 2010: N11,846,671,000) was non-performing.
- We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with the management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Members of the Audit Committee

Chairman

Mr. Matthew Akinlade

Members

Mr. Anosikeh Joe Ogbonna Prince Adekunle Olodun Mr. Samuel Durojaye Mr. Adebode Adefioye Chief Opeyemi Bademosi

Mr. Matthew AkinladeChairman, Audit Committee
September 11, 2012

Jel Je

Independent Auditor's Report



TO THE MEMBERS OF WEMA BANK PLC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wema Bank Plc and its subsidiaries (together, the Group) set out on pages 23 to 33 and 44 to 84 which comprise the consolidated balance sheets as at 31 December 2011, the consolidated profit and loss account, and statement of cash flows for the year ended, a summary of significant accounting policies, valued added, financial summary and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Statement of Accounting Standards issued by the Financial Reporting Council of Nigeria and in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and the Banks and Other Financial Institutions Act Cap B3 LFN 2004 and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

Akintola Williams Deloitte

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INDEPENDENT AUDITOR'S REPORT

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2011, and of their financial performance and cash flows for the year then ended. The Group and the Bank have kept proper books of account, which are in agreement with the balance sheet and income statement, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and the Banks and Other Financial Institutions Act CAP B3 LFN 2004, and in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

Emphasis of Matter

We draw attention to Note 2 in the financial statements which indicates that **Wema Bank Plc** has incurred a loss for the year ended 31 December 2011 of N8.12billion, and had a net cash outflows of N27.39billion and as of that date, the Bank's shareholders' funds of N6.72billion are below the regulatory capital of N10billion for a regional bank, for which it has obtained an Approval-in-Principle (AIP) from the Central Bank of Nigeria. These conditions, along with other matters set forth in Note 2 indicate the existence of uncertainty that may cast doubt about the Bank's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other Matter

The consolidated financial statements of **Wema Bank Plc** for the year ended December 31, 2010, were audited by another auditor who expressed a modified opinion on those financial statements on 15 April 2011. The basis of qualification was the Bank's treatment of a N36 billion forbearance granted by the CBN on its overdrawn position in the retained earnings of that year rather than its inclusion as an extra-ordinary income in the profit and loss account as recommended by the auditor. This would lead to an understatement of tax liabilities by about N10.8 billion. As also noted in Note 41(d), the Bank is pursuing tax exemption notice on the potential tax liability relating to the fobearance to fully resolve the issue. Therefore, no provision is made in these financial statements.

Report on Other Legal and Regulatory Requirements

Our examination of loans and advances was carried out in accordance with the Prudential Guidelines for Licenced Banks issued by the Central Bank of Nigeria.

In accordance with Circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider related credits are disclosed in Note 42 to the financial statements.

Contraventions

The Bank contravened certain sections of the Banks and Other Financial Institutions Act, CAP B2 LFN 2004 during the year as explained in Note 46 to the financial statements.

Akintola Williams Deloitte.

Chartered Accountants Lagos, Nigeria 10 September, 2012



Report of External Consultants on Board Appraisals of Wema Bank Plc



In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation ("the CBN Code), Wema Bank Plc ("Wema Bank" or "the Bank") engaged KPMG Advisory Services to carry but an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2011. The CBN Code mandates an annual appraisal of the board and individual Directors with specific focus on the Board's structure and composition, responsibilities, processes and relationships, individual Director's competencies and respective roles in the performance of the Board

Corporate governance is the system by which business corporations are directed and controlled to enhance performance and shareholder value. It is a system of checks and balances among the Board, management, and investors to produce a sustainable corporation geared towards delivering long-term value.

Our approach to the appraisal of the Board involved a review of the Bank's key corporate governance structures, policies and practices. This included the review of corporate governance framework and representations obtained during oneon-one interviews with the members of the Board and management. We also reviewed the Bank's corporate governance report prepared by the Board and included in the Annual Report for the year ended 31 December 2011, and assessed the level of compliance of the Board with the CBN Code.

Our review revealed that the Bank's corporate governance practices are largely compliant with the CBN Code. Specific recommendations for improving the Bank's governance practices have been articulated and included in our detailed report to the Board. The key areas for improvement identified include: Board and Board Committee composition, single-obligor lending limits and non-exectuive director remuneration structure.

Lagos (Head Office)

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Dimeji Solandeen

Dimeji Salaudeen

Partner, KPMG Advisory Services 17 September 2012

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Board of Directors & Management Team

- 38 Board of Directors
- 40 Executive Management
- 40 Management Team

Board of Directors











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2	3	6	7	8	9
4	5	10	10	12	
		13	14	15	

¹ Chief Samuel Bolarinde, ² Segun Oloketuyi, ³ Ademola Adebise, ⁴ Nurudeen Fagbenro, ⁵ Moruf Oseni, ⁶ Ade Adefioye, ⁷ Chief Ope Bademosi, ⁸ Prof. Taiwo Osipitan (SAN), ⁹ Dr. Ayo Akinyelure, ¹⁰ Mr. Abubakar Lawal, ¹¹ Mr. Ramesh Hathiramani, ¹² Mr. Samuel Durojaye, ¹³ Hon. Chief Ayodele Awodeyi, ¹⁴ Ms. Tina Vukor-Quarshie, ¹⁵Mr. Adeyinka Asekun



Executive Management and Management Team

Executive Management

- 1. Segun Oloketuyi Managing Director/CEO
- 2. Ademola Adebise Executive Director, Lagos & South-South Bank
- 3. Nurudeen Fagbenro Executive Director, South-West Bank
- Moruf Oseni
 Executive Director, Abuja Bank & Lagos Public
 Sector











General Managers

- 1. Babatope Adebayo Chief Inspector
- 2. Olusoji Jenyo Divisional Head, Corporate Services
- 3. Jude Monye Chief Risk Officer
- 4. Oluwole Akinleye Regional Executive, Lagos Business Group
- 5. Okon Okon Regional Executive, South-South Business Group













Deputy General Managers

- Akinlolu Ayileka
 Divisional Head, Retail Banking
- 2. Musa Ahmed Regional Executive, Abuja Business Group
- 3. Oluwole Ajimisinmi
 Legal Adviser/Company Secretary
- 4. Fola Ajanlekoko Head, General Services
- 5. Oladele Olaolu Regional Executive, South-West Business Group









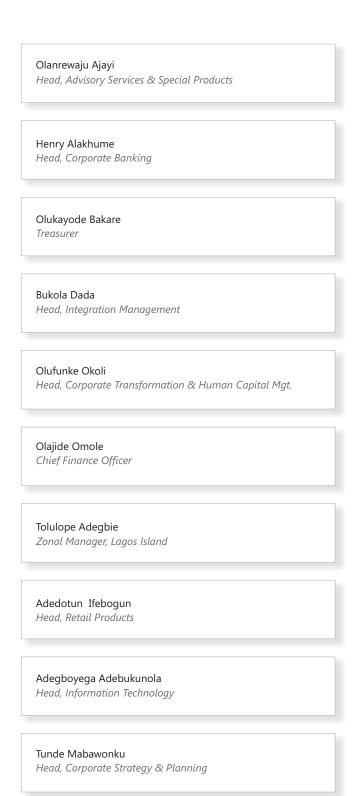




EXECUTIVE MANAGEMENT & MANAGEMENT TEAM

Management Team contd.

Assistant General Managers



Remodelled

Maryland Branch with Purple Zone











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CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER, 2012

	N	Group	Bank	Bank
Assets	Note	2010 N '000	2011 N '000	2010 N '000
Assets		14 000	11 000	14 000
Cash in hand and balances with CBN	14	6,567,639	18,268,860	6,026,043
Treasury bills	15	8,176,206	10,432,898	8,176,207
Due from financial institutions	16	50,239,452	16,403,382	48,544,435
Loans and advances to customers	17	42,793,251	60,143,452	38,637,809
On-lending facilities	18	6,718,813	7,312,016	6,718,813
Advances under finance lease	19	896,608	958,312	896,608
Insurance receivables	20	209,872	330,312	-
Investment securities	21	49,763,750	61,919,987	48,644,369
Investment in subsidiaries	22	+3,703,730	01,313,307	1,984,193
Investment in associates	23	1,578,744	1,353,703	1,353,703
Deferred tax assets	34	25,054,034		
Other assets	25		23,384,264	23,384,264
		6,767,437	7,396,922	6,163,901
Intangible assets	26 (b)	4 200 051	449,985	-
Investment property	24	4,296,051	730,769	12.614.202
Property and equipment	26(a)	13,922,543	13,484,000	12,614,282
Total assets		216,984,400	222,238,550	203,144,627
Liabilities				
	27	120 002 752	1 47 207 400	121 507 000
Customers' deposits	27	120,883,753	147,387,408	121,507,898
Due to other banks	28	2,588,220	2,658,168	2,588,220
On-lending liabilities	29	6,718,813	7,385,875	6,718,813
Claims payable	30	305,232	-	-
Liability on investment contracts	31	1,135,391	-	-
Liabilities on insurance contracts	32	1,328,593	164.070	-
Current income tax payable	13(b)	609,954	164,978	386,453
Other liabilities	33	12,861,712	7,008,880	6,875,670
Deferred tax liabilities	34	279,262	33,264	-
Retirement benefit obligations	35	172,175	185,772	160,840
Borrowings	36	54,331,986	50,693,142	50,069,457
Total liabilities		201,215,091	215,517,487	188,307,351
Capital and reserves				
Share capital	37	6,410,623	6,410,623	6,410,623
Share capital Share premium	38	24,701,231	24,701,231	24,701,231
Revaluation reserve	39	4,249,457	2,088,605	2,088,605
Retained earnings	39			
		(28,646,302)	(35,475,856)	(27,359,643)
Other reserves	39	9,653,463	8,996,460	8,996,460
Equity attributable to shareholders	40	16,368,471	6,721,063	14,837,275
Non-controlling interest	40	(599,162)		
Total equity		15,769,309	6,721,063	14,837,275
Total equity and liabilities		216,984,400	222,238,550	203,144,627
Guarantees and other commitments	44/->	10 500 027	0.017.010	10 500 027
on behalf of customers	41(b)	18,598,027	9,917,919	18,598,027

These financial statements were approved by the Board of Directors on 10 September 2012 and signed on its behalf by:

Chief Samuel Bolarinde

Segun Oloketuyi

Directors

Olajide Omole

Chief Finance Office

The accounting policies on pages 23 to 33 and the notes on pages 47 to 84 form part of these financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

		Group 2011	Group 2010	Bank 2011	Bank 010
	Note	N '000	N '000	N '000	₩'000
Gross earnings		28,385,325	21,796,628	25,640,625	19,929,693
Interest and similar income	5	19,482,295	14,085,939	18,643,648	13,570,104
Interest and similar expenses	6	(7,012,576)	(8,243,938)	(6,919,277)	(7,899,927)
Net interest margin		12,469,719	5,842,001	11,724,371	5,670,177
Fee and commission income	7	6,260,100	6,657,336	5,355,588	5,790,732
Net fee and commission income		6,260,100	6,657,336	5,355,588	5,790,732
Net foreign exchange income	8	321,439	372,268	321,439	368,158
Underwriting profit	9	737,465	447,434	-	-
Income from investments	10	1,584,026	233,651	1,319,950	200,699
Operating income		21,372,749	13,552,690	18,721,348	12,029,766
Operating expenses	12	(21,303,605)	(20,859,032)	(17,353,936)	(18,206,006)
Loan loss (expenses)/recoveries	17(l)	(3,683,316)	21,514,830	(3,512,013)	21,010,066
Diminution in other assets / Investments value	17(m)	(5,805,411)	(1,237,997)	(5,379,219)	(1,869,718)
Group's share of associate's profit	23		171,272		
(Loss)/ profit on ordinary activities before taxation		(9,419,583)	13,141,763	(7,523,820)	12,964,108
Taxation	13(a)	(1,508,864)	4,313,891	(125,657)	3,274,425
(Loss)/ profit on ordinary activities after taxation and before extra-ordinary item		(10,928,447)	17,455,654	(7,649,477)	16,238,533
Extra - ordinary item	11	(159,056)	-	(466,736)	-
(Loss)/ profit on ordinary activities after taxation and extra-ordinary item		(11,087,503)	17,455,654	(8,116,213)	16,238,533
Non-controlling interest	40(a)		(247,480)		
(Loss)/ profit attributable to equity holders of the Ba	ank	(11,087,503)	17,208,174	(8,116,213)	16,238,533
Appropriations					
Transfer to statutory reserve		-	4,871,560	-	4,871,560
Transfer to statutory contingency reserve		-	31,679	-	-
Subsidiaries' performance eliminated	22(a)	(2,971,290)	-	-	-
Transfer to retained earnings	39(a)	(8,116,213)	12,304,935	(8,116,213)	11,366,973
		(11,087,503)	17,208,174	(8,116,213)	16,238,533
(Loss)/ basic earnings per share (kobo)	43	(85)	163	(63)	154

The accounting policies on pages 23 to 33 and notes on pages 47 to 84 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Group 2010	Bank 2011	Bank 2010
		N '000	N '000	N '000
Operating Activities				
Net cash flow from operating activities	44	29,465,409	(11,384,157)	28,711,352
Income tax paid	13(b)	(292,252)	(347,132)	(188,114)
Value Added tax paid		(61,204)	(129,459)	(61,204)
Net cash flows from operating activities		29,111,953	(11,860,748)	28,462,034
Investing Activities	21/1)	(47.715.202)	(15.276.020)	(47.632.313)
Additional investments in debt and equities	21(h)	(47,715,203)	(15,376,838)	(47,632,212)
Dividend income received	10	18,418	65,367	2,370
Purchase of property and equipment Purchase of intangible (software)	26(a) 26(b)	(1,772,102)	(1,527,214) (461,890)	(1,116,853)
Proceeds from disposal of property and equipment	20(0)	151,231	190,063	120,231
Proceeds from disposal of long term investments		326,027	130,003	120,231
Purchase of investment property	24	(206,155)	_	_
Proceeds from disposal of investment property		108,123	_	-
Proceeds of disposal in subsidiary			3,338,500	_
Net cash flows from investing activities		(49,089,661)	(13,772,012)	(48,626,464)
Financing Activities				
Borrowings				
- Interest paid on CBN financial accomodation loan	36	(771,791)	(2,428,085)	(771,791)
- Inflow from BOI refinancing scheme		6,718,813	667,062	6,718,813
- NHF loan repayment		(8,207)	-	-
- Repayment of bank overdraft		(6,929)	-	-
Proceeds from issue of shares		7,501,856	-	7,501,856
Share issue expenses		(342,287)		(342,287)
Net cash flows from financing activities		13,091,455	(1,761,023)	13,106,591
Net decrease in cash and cash equivalents		(6,886,254)	(27,393,784)	(7,057,839)
Cash and cash equivalents, beginning of year		70,303,481	61,680,614	68,738,453
Cash and cash equivalents, end of year	45	63,417,227	34,286,830	61,680,614
Net (decrease)/increase in cash and cash equivalents		(6,886,254)	(27,393,784)	(7,057,839)

1. General information

Wema Bank Plc ("the Bank") was incorporated in Nigeria on 2nd May 1945 under the Companies & Allied 'Matters Act of Nigeria (as amended) as a private limited liability company and was converted to a public company in 'April 1987. The Bank's shares, which are currently quoted on the Nigeria Stock Exchange, were first listed in February 1991. The Bank was issued a universal banking licence by the Central Bank of Nigeria in January 2001. Arising from the consolidation in the banking industry, Wema Bank Plc acquired National Bank of Nigeria Limited in December 2005. During the year, it obtained an approval in principle to operate as a commercial bank in Nigeria with regional authorisation.

The Bank carried out the approved divestment plan for the former subsidiaries during the year and had no subsidiaries as at end of the year. [2010: five (5) direct and two (2) indirect subsidiaries as shown below]:

	Country of Incorporation	Percentage holding 2011	Percentage holding 2010	Nature of holding
Wema Asset Management Limited	Nigeria	0%	100%	Direct
Wema Registrars Limited	Nigeria	0%	100%	Direct
Wema Insurance Brokers Limited	Nigeria	0%	100%	Direct
Wema Homes Limited	Nigeria	0%	100%	Direct
Wema Securities and Finance Plc	Nigeria	0%	80.06%	Direct
Great Nigeria Insurance Company Plc	Nigeria	0%	75.00%	Indirect
Independent Securities Limited	Nigeria	0%	73.25%	Indirect

2. Going concern considerations

The Bank had shareholders' funds of N6.72 billion as at 31 December 2011. These are stated after the recognition of a deferred tax asset of N23.38 billion. The Bank made a loss of about N8.12 billion during the 2011 financial year due largely to allowances in other assets.

However, the Bank's shareholders' funds are below the regulatory capital of N10billion for a commercial bank with a regional authorization, for which it has obtained an Approval In Principle (AIP) from the Central Bank of Nigeria.

The Central Bank of Nigeria (CBN) in 2009 provided a financial accommodation assistance loan amounting to N50 billion to the Bank to address capital needs and liquidity position of the Bank. The 7-year (inclusive of 4 years moratorium) has 4 years 9 months to maturity and interest obligations are being serviced on due dates.

The Bank has put in place a three-phase plan for fresh capital injection to ensure that it has enough buffer capital both for business growth and to hedge against business shocks that may arise from time to time. In the long term, it intends to maintain a minimum capital adequacy ratio of at least 15% and the plan is to raise about +30 billion within a 12 - 24 month window as shown below:

Phase	Plan	Timelines
1	Realign balance sheet for efficiency by:	
	- Sale of subsidiaries	Done
	- Sale of non-core real estate assets	10 months up to 31 October, 2012
2	Source for core investors and offer new shares under special placing	15 months up to 31 March, 2013
3	Additional capital by way of:	
	- Public offer for subscription	15 months up to 31 March 2013
	- Debt capital (Tier 2 Capital)	20 months up to 31 August 2013

The above initiatives will address the shortfall in shareholders' funds and enable the Bank to meet the minimum capital requirement for regional banks in Nigeria.

Based on the support and forebearances provided by CBN to date and the current and planned actions of the Bank as described above, the Directors expect the Bank to continue as a going concern, realised its assets and discharge its liabilities in the normal course of business.

Accordingly, the financial statements are prepared on a going concern basis.

3. Segment analysis

- (a) By business segment

 The Group's business is organized along three (3) main business segments
- (i) Banking includes acting as financial intermediaries
- (ii) Asset management includes portfolio management and advisory services
- (iii) Non-banking financial services includes the provision of finance house services.

4(b) Business segments:

(b) business segments.	Ва	anking		Asset agement		king financial ervices		allocated ments	Gro	up Total
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	N '000	₩'000	N '000	₩'000	₩'000	N '000	N '000	₩'000	₩'000	₩'000
Gross earnings: Derived from external customers Derived from other business segments	25,640,625	19,929,693	1,291,271	629,751 25,491	333,816	301,144 49,725	1,119,613	936,040 221,067	28,385,325	21,796,628 296,283
Charged to other segments						-		-	-	(296,283)
Total Revenue	25,640,625	19,929,693	1,291,271	655,242	333,816	350,869	1,119,613	1,157,107	28,385,325	21,796,628
Interest and other expenses	(6,919,277)	(7,899,927)	(19,307)	(14,779)	(57,984)	(326,165)	(16,007)	(3,067)	(7,012,576)	(8,243,938)
Operating income	18,721,348	12,029,766	1,271,964	640,463	275,832	24,704	1,103,607	1,154,040	21,372,749	13,552,690
Expense:										
Depreciation	(1,457,360)	(1,592,034)	(263,652)	(246,542)	(54,778)	(11,468)	(100,019)	(126,733)	(1,875,809)	(1,976,777)
(Loss)/ profit before tax Exraordinary item Taxation	(7,523,820)	12,964,108	(2,256,548)	538,635	263,546	(169,247)	97,238	(191,732)	(9,419,583) (159,056) (1,508,864)	13,141,764 - 4,313,891
(Loss)/ profit after tax									(11,087,503)	17,455,655
Assets and Liabilities: Tangible segment assets Charged to other segments	222,238,550	203,144,627	-	8,475,546 -	- -	1,105,588	- -	9,479,377	222,238,550	222,205,138 (5,220,737)
Total assets	222,238,550	203,144,627		8,475,546		1,105,588		9,479,377	222,238,550	216,984,401
Segment liabilities Charged to other segments	215,517,487	188,307,351 	- -	9,676,933	<u>-</u>	8,090,532 -		4,306,661	215,517,487	210,381,477 (9,166,386)
Total liabilities	215,517,487	188,307,351		9,676,933		8,090,532		4,306,661	215,517,487	201,215,091
Net assets/(liabilities)	6,721,063	14,837,276		(1,201,387)		(6,984,944		5,172,716	6,721,063	15,769,310

NB: The Bank divested from all its non-banking subsidiaries during the year.

		Group 2011	Group 2010	Bank 2011	Bank 2010
		N '000	N '000	N '000	N '000
5.	Interest and similar income				
	Interest and similar income was derived as follows:				
	(a) Source: Bank				
	Placements Treasury bills and investment securities	2,331,756 5,520,674	2,738,289 1,958,043	2,291,628 5,520,675	2,700,925 1,958,043
	Non-bank	7,852,430	4,696,332	7,812,303	4,658,968
	Loans and advances Advances under finance lease	11,106,960 522,905	9,352,192 37,415	10,729,916 101,429	8,873,721 37,415
		11,629,865	9,389,607	10,831,345	8,911,136
		19,482,295	14,085,939	18,643,648	13,570,104
	(b) Geographical location				
	Interest income earned in Nigeria Interest income earned outside Nigeria	19,482,295	14,085,939	18,643,648	13,570,104
6.	Interest and similar expenses	19,482,295	14,085,939	18,643,648	13,570,104
0.	Interest and similar expenses comprise:				
	(a) Source: Bank				
	Borrowed funds Non-bank	2,794,344	4,703,149	2,794,344	4,550,947
	Time deposits Savings and other accounts	2,976,696 1,241,536	3,155,741 385,048	2,884,294 1,240,639	2,967,497 381,483
		4,218,232	3,540,789	4,124,933	3,348,980
		7,012,576	8,243,938	6,919,277	7,899,927
	(b) Geographical location: Paid in Nigeria Paid outside Nigeria	7,012,576	8,243,938	6,919,277	7,899,927 -
		7,012,576	8,243,938	6,919,277	7,899,927

		Group 2011	Group 2010	Bank 2011	Bank 2010
		N '000	₩'000	N '000	N '000
	ommission income				
Credit relat		1,836,297	3,230,799	1,814,685	3,222,626
Other fees	n on turnover and commissions	1,371,190 1,717,865	1,192,235 1,479,883	1,370,159 933,194	1,191,034 1,334,439
Other inco	me	1,334,748	754,419	1,237,550	42,633
		6,260,100	6,657,336	5,355,588	5,790,732
8. Net foreig	n exchange income				
Foreign cu	n exchange income comprises: rrency trading	321,439	282,002	321,439	282,002
Exchange of	gain		90,266		86,156
		321,439	372,268	321,439	368,158
9. Underwrit	ing profit				
Underwriti General ins	ng profit comprises:	576,339	447,434	_	_
	ers portion of life assurance	161,126			
Underwriti	ng profit	737,465	447,434		
10. Income from	om investments				
	m investments comprises:	220.442	10.410	65.267	2 270
Dividend in Rental inco		329,443 30,003	18,418 9,433	65,367 30,003	2,370 8,879
	ale of securities (Note 10.1 below)	1,224,580	205,800	1,224,580	189,450
		1,584,026	233,651	1,319,950	200,699

i. Included in the profit on sale of securities is the the gain on sale of the Bank's investments in Interswitch during the year amounting to ₩1.224b.

11 Extra-ordinary item

This represents net gain on divestments of the non-banking subsidiaries of the Bank during the year.

Net loss from outright disposal (Note 11(a)(i) & (III) below) Net (loss)/ gain from absorbed subsidiaries (Note 11(a)(ii)&(iv) below)

(159,056)	-	(466,736)	-
-	-	(440,736)	-
(159,056)	-	(26,000)	-

a) In line with the Central Bank of Nigeria's directive on non-banking subsidiaries, the bank divested from its non-banking subsidiaries during the year through a combination of two options: outright disposal and absorption of those with similar operations as below:

Bar	nk	WemaSec	GNI	WIBrokers	WRegistrars	ISL	Total 2011
		N'000	N '000	N '000	N '000	N'000	N '000
i)	Net (loss)/ gain from disposed subsidiaries						
	Proceeds on disposal Cost of disposal		3,250,000 (100,000)	26,000 	50,000	53,000	3,379,000 (100,000)
	Net proceeds of disposal Write back of provision	910,000	3,150,000	26,000	50,000	53,000 53,000	3,279,000 963,000
		910,000	3,150,000	26,000	50,000	106,000	4,242,000
	Less cost of investment/loan	(910,000)	(3,250,000)	(5,000)	(50,000)	(53,000)	(4,268,000)
	Net (loss)/ gain on disposal		(100,000)	21,000		53,000	(26,000)
					WHomes	WAssets	2011
ii)	Net (loss)/gain from absorbed subsid	diaries			₩'000	N '000	N '000
,	Net assets absorbed	a.a			800,042	(4,510,972)	(3,710,930)
	Write back of previous provision Cost of investment				(1,639,876)	5,210,070 (300,000)	5,210,070 (1,939,876)
	Net (loss)/gain on divestment				(839,834)	399,098	(440,736)
Gro	oup						Total
Gro	pup	WemaSec	GNI	WIBrokers		ISL	2011
Gro	Net (loss)/ gain from disposed subsidiaries	WemaSec N'000	GNI N'000	WIBrokers V	WRegistrars N'000	ISL N '000	
	Net (loss)/ gain from disposed						2011
	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal Net proceeds of disposal		N'000 3,250,000	N '000	50,000	N '000	2011 N'000 3,379,000
	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal		3,250,000 (100,000)	N'000 26,000	50,000	N'000 53,000	3,379,000 (100,000)
	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal Net proceeds of disposal Net liabilities (disposed of) /provision write back	N'000	3,250,000 (100,000)	N'000 26,000	50,000	53,000 53,000	3,379,000 (100,000) 3,279,000
	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal Net proceeds of disposal Net liabilities (disposed of)	N'000	3,250,000 (100,000) 3,150,000	26,000 - 26,000	50,000 50,000 50,000	N'000 53,000 53,000	3,379,000 (100,000) 3,279,000 (5,539,145)
	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal Net proceeds of disposal Net liabilities (disposed of) /provision write back Less share of net liabilities	N'000 (5,592,145) (5,592,145)	3,250,000 (100,000) 3,150,000	26,000 	50,000 50,000 50,000	53,000 53,000 53,000 106,000	3,379,000 (100,000) 3,279,000 (5,539,145) (2,260,145)
	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal Net proceeds of disposal Net liabilities (disposed of) /provision write back Less share of net liabilities / (assets) at date of disposal	N'000 (5,592,145) (5,592,145)	3,250,000 (100,000) 3,150,000 - 3,150,000 (3,196,838)	26,000 	50,000 50,000 50,000 50,000 (53,814) (3,814) WHomes	53,000 53,000 53,000 106,000 (110,288) (4,288)	3,379,000 (100,000) 3,279,000 (5,539,145) (2,260,145) 2,101,090 (159,056)
iii)	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal Net proceeds of disposal Net liabilities (disposed of) /provision write back Less share of net liabilities / (assets) at date of disposal Net (loss)/ gain on disposal	N'000 (5,592,145) (5,592,145)	3,250,000 (100,000) 3,150,000 - 3,150,000 (3,196,838)	26,000 	50,000 50,000 50,000 (53,814) (3,814)	53,000 53,000 53,000 106,000 (110,288) (4,288) WAssets N'000	2011 N'000 3,379,000 (100,000) 3,279,000 (5,539,145) (2,260,145) 2,101,090 (159,056) 2011 N'000
iii) Net Valı	Net (loss)/ gain from disposed subsidiaries Proceeds on disposal Cost of disposal Net proceeds of disposal Net liabilities (disposed of) /provision write back Less share of net liabilities / (assets) at date of disposal Net (loss)/ gain on disposal	N'000 (5,592,145) (5,592,145) 5,592,145	3,250,000 (100,000) 3,150,000 - 3,150,000 (3,196,838)	26,000 	50,000 50,000 50,000 50,000 (53,814) (3,814) WHomes	53,000 53,000 53,000 106,000 (110,288) (4,288)	3,379,000 (100,000) 3,279,000 (5,539,145) (2,260,145) 2,101,090 (159,056)

NB: WemaSec was under liquidation by an order of court as at year end and it was dormant during the year. In addition, the Directors represent that Wema Bank did not provide any guarantee to any of the third parties the Company was indebted to.

iv)

b) The aggregate book values of the net assets for all the subsidiaries dealt with at the respective dates of disposal were as follows:

	GNI Dec-11	Wema Insurance Brokers Dec-11	Wema Registrars Dec-11	ISL Dec-11	Wema Securities Dec-10	Wema Homes Oct-11	Wema Assets Dec-11	Total Dec-11
Assets	N'000	N '000	N'000	N '000	N'000	N'000	₩'000	N '000
Cash in hand	1,463	49	28,107	111,024	39,836	-	26,485	206,964
Due from financial institutions	1,167,360	153,428	430,195	-	28	102,924	198,404	2,052,339
Loans and advances to customers	-	-	-	-	4,994	547,152	658,094	1,210,240
Insurance receivables	144,665	-	-	-	-	-	-	144,665
Investment securities	317,429	189,814	-	449,720	564,873	-	391,777	1,913,613
Deferred tax assets	509,511	-	-	85,909	148,617	-	-	744,037
Other assets	815,288	941	16,297	98,513	314,025	39,483	21,454	1,306,001
Investment property	3,620,339	-	-	-	-	616,775	-	4,237,114
Property and equipment	650,725	7,596	12,160	19,152	33,214	23,679	226,777	973,303
Intangible assets	4,105	-				-	-	4,105
Total assets	7,230,885	351,828	486,759	764,318	1,105,587	1,330,013	1,522,991	12,792,381
Liabilities								
Customers' deposits	-	-	-	-	-	104,992	-	104,992
Claims payable	498,553	-	-	-	-	-	-	498,553
Liability on investment contracts	176,049	-	-	-	-	-	67,815	243,864
Liabilities on insurance contracts	1,676,887	-	-	-	-	-	-	1,676,887
Current income tax payable	143,497	25	5,124	5,072	20,525	11,687	187,697	373,627
Other liabilities	473,449	92,005	418,412	171,918	4,089,932	150,965	535,117	5,931,798
Deferred tax liabilities	-	1,488	8,166	-	-	-	33,264	42,918
Retirement benefit obligations	-	215	1,243	-	-	4,904	-	6,362
Borrowings		127,979		436,764	3,980,073	257,423	5,210,070	10,012,309
Total liabilities	2,968,435	221,712	432,945	613,754	8,090,530	529,971	6,033,963	13,495,722
Nott-	4 262 450	120.116	F2 01 4	150 564	(6.004.043)	000 042	(4 510 072)	(6,000,000)
Net assets	4,262,450	130,116	53,814	150,564	(6,984,943)	800,042	(4,510,972)	(6,098,929)
Share of net assets	3,196,838	130,116	53,814	110,288	(5,592,145)	800,042	(4,510,972)	(5,812,020)
Net cash inflow arising on								
divestments								
Cash consideration	3,250,000	26,000	50,000	53,000	_	-	_	
Cost of divestments	(100,000)		-	-	_	_	_	_
Net proceeds on disposal	3,150,000	26,000	50,000	53,000	-	-	-	-
Cash and cash equivalents								
disposed	(1,168,823)	(153,477)	(458,302)	(111,024)	(39,864)	(102,924)	(224,889)	(2,259,303)
	1,981,177	(127,477)	(408,302)	(58,024)	(39,864)	(102,924)	(224,889)	(2,259,303)
		(127,777)	(400,302)	(50,024)	(55,004)	(102,324)	(227,009)	(2,233,303)

		Group 2011	Group 2010	Bank 2011	Bank 2010
12	Operating expenses	N '000	N '000	N '000	₩'000
	(a) Analysis of operating expenses:				
	Staff salaries and allowances	7,639,667	9,577,071	7,363,382	8,816,263
	Auditor's remuneration	85,600	100,000	75,000	75,000
	Depreciation (see note 26a)	1,875,809	1,976,777	1,457,360	1,592,034
	Amortisation (see note 26b)	11,906	1,970,777	11,906	1,392,034
	Loss on disposal of property and equipment	14,761	6,522	14,761	8,172
	Operating lease rentals	896,173	0,322	896,173	0,172
	AMCON levy	629,693	-	629,693	_
	Administrative and general expenses	3,631,116	3,443,516	2,399,179	2,218,011
	Repairs and maintenance	1,471,955	2,455,048	1,432,612	2,442,027
	Loss on disposal of securities	1,909,881	153,481	1,432,012	2,442,027
	Insurance	1,208,760	903,689	1,204,097	901,765
	Professional fees			486,592	304,013
		513,206	335,387		,
	Director's emoluments	119,456	110,184	106,715	98,372
	Rents and rates	582,187	933,676	570,362	900,681
	Travelling	122,313	145,430	119,401	133,094
	Business development expenses	342,433	450,371	341,783	449,242
	Printing and stationary	248,689	267,880	244,920	267,332
		21,303,605	20,859,032	17,353,936	18,206,006
	(b) Staff and executive Directors' costs				
	(i) Employee costs, including executive directors,				
	during the year is shown below:				
	- Wages and salaries	6,701,234	7,491,078	6,424,949	6,771,111
	- Pension cost : -				
	- Defined contribution plans	652,662	599,842	652,662	593,273
		7,353,896	8,090,920	7,077,611	7,364,384
	Other retirement benefit costs	285,771	1,486,151	285,771	1,451,879
	Other retirement benefit costs			203,771	1,131,073
		7,639,667	9,577,071	7,363,382	8,816,263
	(ii) The average number of percent employed				
	(ii) The average number of persons employed by the Group during the year was as follows:	Number	Number	Number	Number
	- Executive Directors	Number 3		Number 3	
		59	6 68	59	3
	- Management				61
	- Non-management	1,287	1,758	1,287	1,661
		1,349	1,832	1,349	1,832

(iii) Employees other than Directors, earning more than \$\frac{\text{\tin}\text{\texi}\text{\texit{\texit{\texi}\text{\text{\text{\texi}\text{\text{\texi}\text{\texit{\text{\texitil{\text{\text{\text{\tet

₩2,500,00	_	N 1,000,000
N 1,490,001	-	₩2,500,000
N 2,510,001	-	₦3,020,000
N 3,240,001	-	₦3,750,000
N 3,990,001	-	N 4,500,000
N 4,710,001	-	₩5,220,000
N 5,390,001	-	₩5,900,000
N 5,990,001	-	N 6,600,000
N 6,900,001	-	N 7,710,000

Group 2011	Group 2010	Bank 2011	Bank 2010
Number	Number	Number	Number
1,010	1,343	1,010	1,291
139	216	139	178
9	15	9	12
144	186	144	187
20	26	20	25
-	4	-	-
9	12	9	12
7	13	7	9
8	11	8	8
1,346	1,826	1,346	1,722

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

(c) Directors' remuneration:

(i) Directors' remuneration (excluding pension contributions and certain benefits) was provided as follows:

		Group 2011	Group 2010	Bank 2011	Bank 2010
		N '000	N '000	N '000	₩'000
	Fees as directors	19,905	14,690	15,390	14,690
	Other emoluments	36,268	20,399	91,325	20,399
	Executive compensation	56,173 63,283	35,089 75,095	106,715 63,283	35,089 63,283
		119,456	110,184	169,998	98,372
(i) The Directors' remuneration shown above includes: Chairman			6,266	6,266
	Highest paid director			8,538	8,538
(c) (iii) The emoluments of all other directors fell within th	e following rang	es:		
(-)				Number	Number
	N2,370,001 - N2,380,000			0	0
	N2,720,001 - N2,730,000			7	4
	₦3,060,001 - ₦3,070,000			0	0
	₩7,360,001 - ₩7,370,000			0	2
13 1	axation				

(a) Tax charge

The tax charge for the year comprises:	Group 2011	Group 2010	Bank 2011	Bank 2010
	N '000	₩'000	N'000	₩'000
Company income tax Education tax Prior year under-provision	211,390 5,214 -	184,553 253,221 58,188	125,657 -	97,266 253,221 253,221
	216,604	495,962	125,657	350,487
Deferred tax credit (see note 34(b)) Deferred tax charge (see note 34(c))	(44,909) 1,337,169	(4,811,495) 1,642	-	(3,624,912)
	1,508,864	(4,313,891)	125,657	(3,274,425)
(b) (i) Current income tax payable The movement on the current income tax payable account during the year was as follows:				
- Balance, beginning of year		406,244	386,453	224,080
- Charge for the year (see note 13(a))		495,962	125,657	350,487
- Payments during the year		(292,252)	(347,132)	(188,114)
Balance, end of year		609,954	164,978	386,453

⁽ii) The current tax charge for the Bank has been computed based on the minimum tax requirements as there was no taxable profit in the year (31 December, 2010: N3,274,425).

			Group 2010	Bank 2011	Bank 2010
			N ′000	N ′000	₩′000
14	Cas	h in hand and balances with CBN (Central Bank of Nigeria)			
	(a)	Cash in hand and balances with CBN comprise: Cash in hand	2,840,027	3,140,333	2,798,431
		Operating account held with the Central Bank of Nigeria (CBN)	2,161,541	4,310,217	2,161,541
		Manufatanian and an aite with CDN	5,001,568	7,450,550	4,959,972
		Mandatory reserve deposits with CBN - Cash reserve	1,066,071	10,818,310	1,066,071
		- Statutory deposits (See (c) below)	500,000	10,010,310	1,000,071
			6,567,639	18,268,860	6,026,043
	(b)	Mandatory reserve deposits are not available for use in the Group's day-to-day operations.			
	(c)	This represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of the Insurance Act, Cap I17 LFN 2004.			
15	Tre	asury bills			
	The	se comprise:			
		asury bills (see (a) below)	8,176,206	10,432,898	8,176,207

- (a) i. Included in treasury bills are bills amounting to ₦3,402,000,000 (31 December 2010: ₦2,151,589,000) pledged as collateral to the Central Bank of Nigeria, First Bank of Nigeria, Nigeria Interbank Settlement System, Federal Inland Revenue Services, Interswitch Nigeria Limited and Valucard Nigeria Limited as at year end.
 - ii. The original cost of treasury bills as at 31 December 2011 was ₩10,436,000 (31 December 2010: ₩8,176,000).

16. Due from financial institutions

(a)	Due from financial institutions comprise:	Group 2010	Bank 2011	Bank 2010
		₩'000	N '000	₩'000
	Balances held with other local banks and discount houses - Current accounts	171,863	_	-
	- Placements (see note (b) below)	47,233,980	12,597,076	45,710,826
	Balances and cash balances outside Nigeria - Balances held with other banks outside Nigeria			
	(see note (c) below)	2,833,609	3,806,306	2,833,609
		50,239,452	16,403,382	48,544,435

- (b) Included in placements are N12,500,000,000 (December 2010:N13,800,000,000) placed with local banks.
- (c) Included in balances held with other banks outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to N353,852,000 (31 December 2010: N908,046,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see note 33). The amount is not available for the day-to-day operations of the Bank.

17 Loans and advances to customers:

(a) Loans and advances to customers comprise:	Group 2010 N '000	Bank 2011 N '000	Bank 2010 N '000
Overdrafts Term loans Others	35,195,954 31,123,627 8,038,555	25,187,581 41,905,455 2,983,154	35,920,891 27,164,611 7,482,169
	74,358,136	70,076,190	70,567,671
Less: allowances for bad and doubtful loans - specific allowance (see note (i) below) - general allowance (see note (j)(i) below)	(17,515,983) (13,484)	(7,132,209) (599,738)	(19,241,488)
- Interest in suspense (see note (k) below)	(14,035,418)	(2,200,791)	(12,688,374)
	(31,564,885)	(9,932,738)	(31,929,862)
	42,793,251	60,143,452	38,637,809
(b) The loans and advances are analysed as follows: Specialised loans (see (c) below) Non-specialised loans	4,921,969 69,436,167 74,358,136	17,101,930 52,974,260 70,076,190	4,921,969 65,645,702 70,567,671
Provisions			
<u>Specialised:</u> Specific allowance General allowance	(705,648)	(27,946) (161,759)	(705,648)
Interest in suspense Allowance for margin	(310,649)	(118,732)	(310,649)
-	(1,016,297)	(308,437)	(1,016,297)
Non-specialised: Specific allowance General allowance	(16,810,335) (13,484)	(6,985,530) (437,979)	(18,535,840)
Interest in suspense	(13,724,769)	(2,200,791)	(12,377,725)
	(30,548,588)	(9,624,301)	(30,913,565)
	(31,564,885)	(9,932,738)	(31,929,862)
	42,793,251	60,143,452	38,637,809

					Group 2010 N '000)	Bank 2011 N'000	Bank 2010 N '000
(c)	Gross amount of special	lised loans compr	ise:					
	Project finance Object finance Agriculture finance Mortgage finance Real estate finance				4,813,334	- 1 - -	0,678,276 ,079,884 ,723,410 ,712,261 ,615,100	4,813,334 - - -
					4,813,334	16	5,808,931	4,813,334
	Margin loans			_	108,635	5	292,999	108,635
<i>(</i> 1)		. 6 .1		_	4,921,969	17,	101,930	4,921,969
(d)	Classification of gross and advances as at 31 D			S				
		Project	Object	Agriculture	Mortgage	Real estate	2011	2010
		finance N'000	finance N'000	finance N'000	finance N'000	finance N'000	Total	Total
	Performing Watchlist	9,203,088 409,000	1,079,884 -	682,491 	712,261	4,498,128 -	16,175,852 409,000	3,883,957
		9,612,088	1,079,884	682,491	712,261	4,498,128	16,584,852	3,883,957
	Other classification: Substandard Doubtful Very doubtful	66,188 -	-	40,919 -	- -	-	107,107 -	43,433
	Lost					116,972	116,972	994,579
		66,188		40,919		116,972	224,079	1,038,012
		9,678,276	1,079,884	723,410	712,261	4,615,100	16,808,931	4,921,969
	Percentage to total loans	1%	0%	6%	0%	3%	1%	21%
(e)	The allowance for specia	alised loans comp	orises:		Balance	Allowance	Balance	Allowance
					2011 N'000	2011 N'000	2010 N'000	2010 N'000
	Project finance Object finance Agriculture finance Mortgage finance				9,678,276 1,079,884 723,410 712,261	108,578 10,799 17,055 7,123	4,813,334 - - -	946,028 - - -
	Real estate finance			-	4,615,100	46,151		
	Margin loans				16,808,931 292,999	189,705 118,732	4,813,334 108,635	946,028 70,269
	Wargiir louris			-	17,101,930	308,437	4,921,969	1,016,297
				=	,	Group 2010 N '000	Bank 2011 N'000	Bank 2010 N'000
(f)	Loans and advances by Secured against real est Secured by shares of qu Otherwise secured Unsecured	ate	e.			12,808,017 1,562,228 37,285,830 22,702,061	37,981,246 1,034,754 7,204,194 23,855,996	11,499,780 1,353,053 38,789,449 18,925,389
						74,358,136	70,076,190	70,567,671

		Group 2010	Bank 2011	Bank 2010
		N '000	N '000	N '000
(g)	The gross value of loans and advances by maturity is as follown	NS:		
	Under 1 month	40,493,688	18,605,432	39,055,734
	1 - 3 months	5,428,027	3,253,118	5,423,793
	3 - 6 months	5,707,019	6,051,576	1,996,287
	6 - 12 months	7,533,527	11,065,657	7,504,128
	Over 12 months	15,195,875	31,100,407	16,587,729
		74,358,136	70,076,190	70,567,671
(h)	The gross value of loans and advances by performance is as f	follows:		
	Performing	34,272,081	59,973,797	30,221,456
	Watchlist	2,919,210	409,000	2,919,210
		37,191,291	60,382,797	33,140,666
	Non-performing:			
	- Sub-standard	370,373	339,481	364,658
	- Doubtful - Lost	9,326,292 27,470,180	420,045 8,933,867	10,779,584 26,282,763
	2050			
		37,166,845	9,693,393	37,427,005
		74,358,136	70,076,190	70,567,671
(i)	The movements on specific loan loss allowance during the yew as as follows:	ear		
	Balance, beginning of year	51,113,293	19,241,488	52,250,768
	Absorbed from former subsidiaries	-	734,802	-
	Allowances made during the year	4,384,276	6,925,541	4,101,934
	Allowances no longer required	(25,535,008)	(3,955,436)	(24,736,122)
	Allowances written-off during the year	(12,446,578)	(15,814,186)	(12,375,092)
	Balance, end of year	17,515,983	7,132,209	19,241,488
(j)	(i) The movement in general loan loss allowance during the year is as follows:	2		
	Balance, beginning of year	4,436	-	-
	Allowance made during the year	9,048	599,738	
	Balance, end of year	13,484	599,738	

(j) (ii) The Bank made a 1% general provision of N599,738,000 on loans and advances in the current year in line with the provisions of paragraph 55 of SAS 10 (2010: Nil).

The non-recognition of the 1% general provision in 2010 was based on the revision of the prudential guidelines for Deposit Money Banks by the Central Bank of Nigeria effective 1 July 2010. The revised guidelines deleted the requirement for the 1% general provision in the previous guideline and in its stead noted that general provisioning guidelines shall now be issued by CBN as a counter cyclical measure from time to time. In addition, the CBN in a letter BSD/DIR/GEN/CIR/04/013 notified banks that the 1% general provision on performing risk assets shall not be required in the preparation of financial statements for the year ended 31 December 2010.

The Bank did not make a 1% general provision in 2010 based on the waiver published by Financial Reporting Council (FRC) formerly known as Nigerial Accounting Standards Board (NASB) at the request of the Central Bank of Nigeria (CBN) and dated March 2011.

The current 1% general provision was necessitated because the waiver granted by NASB had expired with effect from 31 December 2010.

(k)	The movement on interest-in-suspense during the year were as follows:	Group 2010	Bank 2011	Bank 2010
		N '000	N '000	N '000
	Balance, beginning of year Interest suspended during the year Interest recovered Interest written off	14,147,634 3,401,696 (2,753,694) (760,218)	12,688,374 - (1,925,019) (8,562,564)	13,232,576 2,969,710 (2,753,694) (760,218)
	Balance, end of year	14,035,418	2,200,791	12,688,374
(1)	Loan loss expense/ (recoveries) comprise: (i) Loans and advances - General allowance (See (j)(i) above) - General provision on-lending (Note 18) - Specific allowance (See (i) above) - Allowance no longer required (See (i) above)	9,048 - 4,384,276 (25,535,008) (21,141,684)	599,738 73,859 6,925,541 (3,955,436) 3,643,701	4,101,934 (24,736,121) (20,634,187)
	(ii) Advances under finance lease			
	 General allowance (See Note 19(b)(ii)) Specific allowance (See Note 19(b)(i)) Allowance no longer required (See Note 19(b)(i)) 	(11) 2,745 (375,879) (373,145)	(131,688) (131,688)	(375,879) 375,879
		(21,514,830)	3,512,013	21,010,066

			Group 2011 N '000	Group 2010 N '000	Bank 2011 N '000	Bank 2010 N '000
(m)	Dim	inution/(recoveries) in other assets and investments value	1, 555	11 000	11 000	11 000
	Allo	comprise: wance made on unlisted investment securities - long term (see note 21(f)(ii)) wance made on listed investment securities	336,569	103,922	282,093	98,922
		- long term (see note 21(f)(i))	73,330	21,510	43,400	-
		wance made on listed investment securities - short term (see note 21(g)) wance for impairment on investments	-	63,359	-	-
	Spe	in subsidiaries (see note 22(b)) cific allowance on other assets (see note 25(c))	- 5,395,512	- 1,246,938	- 5,053,726	910,286 1,227,914
	Allo	wance no longer required on other assets (see note 24(c))	-	(405,714)	-	(367,404)
	Allo	wance no longer required on listed investment securities - short term (see note 21(g))	_	(277,836)	_	-
		securities short term (see note 21(g))	5,805,411	752,179	5,379,219	1,869,718
	Allo	wance on insurance receivables (see note 20(b))		485,818		
			5,805,411	1,237,997	5,379,219	1,869,718
18	On-	lending facilities				
	(a)	This represents disbursement to customers in respect of on-lending facilities received from Bank of Industry (see note 29).				
		Gross loan Allowances	7,385,875 (73,859)	6,718,813	7,385,875 (73,859)	6,718,813
			7,312,016	6,718,813	7,312,016	6,718,813
	(b)	Classification of on-lending facilities as at 31 December 2011 is as follows:				
		Performing	7,385,875	6,718,813	7,385,875	6,718,813
	(c)	The allowance for on-lending facilities is as follows:	Balance 2011	Allowance 2011	Balance 2010	Allowance 2010
		On landing	N'000	₩'000	N '000	N '000
		On-lending	7,385,875	73,859	7,385,875	
	(d)	The maturity profile of on-lending facilities stated above is as follows:				
		Over 12 months	7,385,875	6,718,813	7,385,875	6,718,813
19	Adv	vances under finance lease				
	(a)	Advances under finance lease comprise: Gross investment in finance lease Un-earned income	1,188,304 (220,312)	1,704,058 (211,197)	1,188,304 (220,312)	1,239,493 (211,197)
		Net investment in finance lease	967,992	1,492,861	967,992	1,028,296
		Allowance for losses: Specific (see note (b)(i) below) General (see note (b)(ii) below)	(9,680)	(596,253)	(9,680)	(131,688)
		Balance, end of year	958,312	896,608	958,312	896,608

			Group 2010 N'000	Bank 2011 N'000	Bank 2010 N'000
(b)	(i)	The movement on specific allowances for bad and doubtful advances under finance lease was as follows:			
		Balance, beginning of year Charge for the year (See note 17(l)(ii)) Allowance no longer required (See note 17(l)(ii))	969,387 2,745 (375,879)	131,688 - (131,688)	507,567 - (375,879)
		Allowances of disposed subsidiaries Balance, end of year	596,253		131,688
	(ii)	The movement on general allowances for bad and doubtful advances under finance lease was as follows:			
		Balance, beginning of year Charge/(writeback) made during the year (See note 17(l)(ii))	11 (11)	9,680	
		Balance, end of year		9,680	
(c)		maturity profile of the net investment in advances under nce lease is as follows:			
	1 - 3 3 - 6 6 - 3	der 1 month 3 months 6 months 12 months er 12 months	567,660 1,579 3,401 83,223 836,998	967,992 - - - - - - - 967,992	103,095 1,579 3,401 83,223 836,998 1,028,296
(d)		performance analysis of net investment in advance under nce lease is as follows:			
	Perf	forming	896,057	967,992	894,914
	- Su	n performing ubstandard oubtful ost	1,732 10,659 584,413 1,492,861	967,992	1,732 271 131,379 1,028,296
20.	Insu	urance receivables			
	(a)	Insurance receivables comprise:			
		Due from insurance companies	1,089,802		
			1,089,802	-	-
		Allowance for doubtful receivables (see (b) below)	(879,930)		
			209,872	-	

			Group 2010 N '000	Bank 2011 N '000	Bank 2010 N '000
	(b)	Movement in allowance for doubtful insurance	11 000	11 000	11 000
	` /	receivables is as follows:			
		Balance, beginning of the year	420,958	-	-
		Additions during the year (See note 17(m))	485,818	-	-
		Allowances written-off during the year	(26,846)		
		Balance, end of the year	879,930		
21	Inve	restment securities			
	(a)	Investment securities - long term			
		(i) Unlisted debt securities - at cost			
		Federal Govt. Bonds (see (c) below)	45,617,089	53,001,571	45,617,089
		Ekiti State bonds	-	2,000,000	-
		14.5% Corporate bonds	2,015,123	6,500,000	2,015,123
		(ii) Listed equity securities - at cost (Market value: N179.86n	n) 1,036,549	1,509,306	153,000
		(iii) Unlisted equity securities - at cost			
		- Frontage Communications Limited	1,705,030	-	1,705,030
		- Knight Rook (Grant Properties)	906,695	-	906,695
		- AIICO pension managers limited	80,000	-	-
		- Central Securities System Nigeria Limited	87,800	87,800	87,800
		- ATM Consortium Limited	73,389	73,389	73,389
		- Nigeria Inter-bank Settlement System	47,482	47,482	47,482
		- Ibadan Clay and Bricks Limited	40,000	-	-
		- E-Government	37,500	37,500	37,500
		- Capital Bancorp Limited	22,480	-	-
		- Continental Reinsurance Plc	200,000	-	-
		- Sterling Assurance Nigeria Ltd	36,220	-	-
		- Valucard Nigeria Plc	14,821	14,821	14,821
		- Nigeria Industrial Development Bank	128	128	128
		- Others	164,462	236,926	-
		 Equities in Small and Medium Scale Enterprises (see note (e) below) 	486,463	320,358	486,463
			52,571,231	63,829,281	51,144,520
		Provision for diminution in value (see note (f) below)	(3,268,922)	(1,909,294)	(2,500,151)
			49,302,309	61,919,987	48,644,369
	(b)				
		Listed equity securities - Proprietary investments (Costs)	2,481,242	-	-
		Provision for diminution in value (see note (g) below)	(2,019,801)	-	-
			461,441	-	-
			49,763,750	61,919,987	48,644,369

			Group 2010	Bank 2011	Bank 2010
c)	(i)	The analysis of FGN Bonds - held to maturity is as follows	N '000	N '000	N'000
c)	(I)	(7.00%) 6th FGN Bond Series 4(2019) (9.35%) 4th FGN Bond Series 9(2017) (15.00%) 5th FGN Bond Series 5(2028) (12.49%) 6th FGN Bond Series 3(2029) (8.50%) 6th FGN Bond Series 5 (2029) (10.00%) 7th FGN Bond Series 3 (2030) (10.50%) 5th FGN Bond Series 3 (2011) (9.92%) 6th FGN Bond Series 1 (2012) (10.50%) 6th FGN Bond Series 2 (2012) (4.00%) 7th FGN Bond Series 2 (2015) (9.45%) 5th FGN Bond Series 1 (2013) (10.70%) 5th FGN Bond Series 2 (2015) (9.25%) 4th FGN Bond Series 11 (2014) (5.5%) 7th FGN Bond Series 1 (2013) (10.5%) 8th FGN Bond Series 1 (2014) AMCON Consideration Bond (see note 21 (d))	308,177 115,019 252,697 6,576,899 21,552,266 966,469 108,230 108,937 107,120 169,325 109,996	303,679 110,089 244,871 6,398,983 21,252,273 563,937 - 100,348 101,672 175,281 103,024 96,906 52,152 182,353 200,447 23,115,556	308,177 115,019 252,697 6,576,899 21,552,266 966,469 108,230 108,937 107,120 169,325 109,996
			45,617,089	53,001,571	45,617,089

- (ii) The market value of long term Federal Government Bonds is \$ 51,004,954,647 (31 December 2010: \$40,513,137,182).
- (iii) Included in long term Federal Government Bonds is an amount of \$7,537,110,000 (31 December 2010: \$6,787,110,000) pledged as collateral by the Bank for various transactions (See Note 29 (b)).

(d) The analysis of AMCON Consideration bonds is provided below:	Group 2010 N '000	Bank 2011 N '000	Bank 2010 N '000
Gross value of investment Additions during the year Unearned income	20,425,924 - (5,238,109)	20,425,924 8,710,127 (6,020,495)	20,425,924 - (5,238,109)
Balance, end of year	15,187,815	23,115,556	15,187,815

AMCON Bond represents initial Consideration Bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The Initial Consideration Bonds are 3 year zero coupon with a yield to maturity of 10.125%. The initial Consideration Bonds were issued in exchange for non-performing eligible loans taken over from the Bank.

(e) Equities in small and medium scale enterprises comprise:	Group 2010	Bank 2011	Bank 2010
	N '000	N '000	N '000
Kotco Power Industries Limited	139,965	139,965	139,965
Eagle Packaging Printing	100,000	100,000	100,000
Oil Palm Industry Limited	37,893	37,893	37,893
United Information Technology	56,000	-	56,000
Ecco Solution Limited	28,619	-	28,619
Tokson Industry Limited	40,000	40,000	40,000
Tifanny Stoneworks	30,000	-	30,000
Meroxe Paints Industry Limited	28,066	-	28,066
Double Crown Limited	13,000	-	13,000
Interswitch Limited (Note 10.1)	10,420	-	10,420
Associated Equity Funds	2,500	2,500	2,500
	486,463	320,358	486,463
	480,403	320,330	400,403

(ii) The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) in line with the Policy Guidelines for 2001 Fiscal year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the Bank's investment under the Small and Medium Industries Equity Investment Scheme (SMEEIS). A total of N320,358,000 (31 December 2010: N486,463,000) has so far been invested under the scheme. Due to the effective percentage holding of the Bank in these companies, some of them qualify as associates. However, they are not accounted as associated entities as the investments are held for sale and the value of the Bank's residual interest in the individual investee companies is not material.

(f)	(f) Movement in allowance for impairment of investment securities - long term is as follows:		Group	Bank	Bank
	5000	anties long term is as follows.	2010	2011	2010
			N '000	N '000	₩'000
	(i)	Listed equity securities :			
		Balance, beginning of year	817,687	109,600	109,600
		Allowance made during the year (see note 17(m))	21,510	43,400	-
		From absorbed subsidiaries	-	1,317,424	-
		Allowance written off	(270,547)		
		Balance, end of year	568,650	1,470,424	109,600
	(ii)	Unlisted equity securities:			
		Balance, beginning of year	2,601,788	2,390,551	2,291,629
		Write-off made on unlisted equities during the year	(5,438)	(2,233,774)	-
		Allowance made on other unlisted equities			
		during the year (see note 17(m))	103,922	282,093	98,922
		Balance, end of year	2,700,272	438,870	2,390,551
			3,268,922	1,909,294	2,500,151
(g)	(g) Movement in allowance for impairment of listed investment securities - short term is as follows:				
	Balance, beginning of year		2,236,752	-	-
	Allowance made during the year (see note 17(m))		63,359	-	-
	Allowance no longer required (see note 17(m))		(277,836)	-	-
	Allo	wance written off	(2,474)		
	Bala	ance, end of year	2,019,801		

		Group 2010	Bank 2011	Bank 2010
		N '000	N '000	₩'000
(h) (i)	The movement in investment securities-long term is as follow	/S:		
	Balance, beginning of the year	2,038,565	48,644,369	1,111,079
	Additions	47,715,203	15,376,838	47,632,212
	Disposals/ writeoffs	(602,012)	(2,006,738)	-
	Additional provision/Write back	150,553	(94,482)	(98,922)
	Balance, end of year	49,302,309	61,919,987	48,644,369

(ii) The investments reclassified from short term to long term are transferred at historical cost less allowance for impairment in their value.

(iii) Corporate bonds

The amount represents the total value of the Bank's investment in corporate bonds. Of this amount, the sum of N2,000,000,000 represents 5 year 12% Fixed Rate Senior Unsecured Bonds issued by Flour Mills of Nigeria Plc, 7 year 14.5% Dana group bond of N3,000,000,000 and 3 year 11.5 of WAPCO bond of N1,500,000,000 to the Bank.

22 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Group 2010	Bank 2011	Bank 2010
	N '000	N '000	N '000
Wema Asset Management Limited (See (d) below) Wema Registrars Limited (See (e) below) Wema Insurance Brokers Limited (See (f) below) Wema Homes Limited (See (g) below) Wema Securities and Finance Plc (See (h) below)	- - - -	- - - - -	300,000 50,000 5,000 1,629,193 910,286
Provision for diminution in value (see (b) below)		- -	2,894,479 (910,286) 1,984,193

The Bank in compliance with CBN directive on non-banking subsidiaries divested from all its non-banking subsidiaries during the year. The performance of those subsidiaries for the period is consolidated in the profit and loss account up to the date of disposals and the net result of N2.97billion (loss) dealt with through the appropriations.

(b)	Movement in allowance for impairment on investments in subsidiaries - is as follows:	Bank 2011 N'000	Bank 2010 N '000	
	Balance, beginning of year (Write-off)/allowance made during the year (see note 17(m))		910,286 (910,286)	910,286
	Balance, end of year	_	_	910,286

(c) Principal subsidiary undertakings disposed of:

	untry of orporation	Company Name	Nature of Business	Percentage of equity capital held	Year end
1	Nigeria	Wema Asset Management Limited	Asset management	100%	31/12/2010
2	Nigeria	Wema Registrars Limited	Securities registration	100%	31/12/2010
3	Nigeria	Wema Insurance Brokers Limited	Insurance brokerage	100%	31/12/2010
4	Nigeria	Wema Homes Limited	Mortgage services	100%	31/12/2010
5	Nigeria	Wema Securities and Finance Plc	Finance house services	80.06%	31/12/2010

- (d) This represents the cost of the Bank's 100% equity holding in Wema Asset Management Ltd. The company was incorporated in February 2000 and commenced operations in 2002. The company merged its operations with the Bank through internal restructuring effective 31 December 2011.
- (e) This represents the cost of the Bank's 100% equity holding in Wema Registrars Ltd. The company was incorporated in 2002 and commenced operations in February 2003. The Bank divested from the entity in December 2011.
- (f) This represents the cost of the Bank's 100% equity holding in Wema Insurance Brokers Ltd. The company was incorporated in May 2002 and commenced operations in April 2004. The Bank divested from the entity in December 2011.
- (g) This represents the cost of the Bank's 100% equity holding in Wema Homes Ltd. The company was incorporated in February, 2004 and commenced operations in April 2005. It merged its operations with the Bank effective 31 December 2011 through a scheme of merger.
- (h) This represents the cost of the Bank's 80.06% equity holding in Wema Securities and Finance Plc. The company was incorporated in April 1988 and commenced operations in April 1992. It was under liquidation as at 31 December 2011 by an order of the court.
- The performance of these subsidiaries during the year have been consolidated in these financial statements up to the date of disposal/divestments.

23. Investment in associate

(a) Investment in associate comprises:

	Group 2010	Bank 2011	Bank 2010
	N '000	N '000	N '000
Balance, beginning of year	1,353,703	1,353,703	1,353,703
Share of prior year revenue reserve in associate	(450,919)	-	-
Share of prior year statutory reserve in associate	504,688		
Balance, adjusted at beginning of year	1,407,472	1,353,703	1,353,703
Share of result for the year	171,272		
Balance, end of year	1,578,744	1,353,703	1,353,703

This represents the Bank's investment of 116,000,000 (31 December 2010: №116,000,000) ordinary shares of №1 each in Associated Discount House Limited incorporated in Nigeria, representing 33% (31 December 2010: 33%) equity interest in the company. The interest of the bank in the net assets of the company is N1.923 billion as at end of the year.

24 Investment property

(a)	(i)	Movement in investment property is as follows:	Group 2010 N '000	Bank 2011 N '000	Bank 2010 N '000
		Balance, beginning of year Additions Assets of absorbed subsidiaries Disposals Assets of disposed subsidiaries	4,198,020 206,155 - (108,123)	730,769 - -	- - - -
		Balance, end of year	4,296,051	730,769	-

(ii) Investment property represents land and buildings held by the Group for investment purposes. They are not occupied substantially by the Group and are not subject to periodic charges for depreciation.

The properties are independently valued at least once every three years on the basis of open market value. This valuation is carried out by a professional qualified firm of valuers.

The Group's investment property were professionally valued in January 2009 by Diya Fatimilehin & Co and Ubosi Eleh & Co. The revaluation surplus has been recognised in the revaluation reserve.

25 Other assets

		Group	Bank	Bank
(a)	Other assets comprises:	2010	2011	2010
		N '000	N '000	N '000
	Prepayments	760,648	953,715	684,800
	Interest receivable	326,914	1,287,916	7,450
	Stock	227,970	218,269	227,470
	Divestment proceeds receivable(see (a) below)	-	2,980,900	-
	Other accounts receivable (see (b) (below)	11,441,150	10,778,255	10,110,361
		12,756,682	16,219,055	11,030,081
	Allowances on other assets (see (c) below)	(5,989,245)	(8,822,134)	(4,866,180)
		6,767,437	7,396,922	6,163,901

- (a) This represents amount receivable from the disposal of four (4) of the Bank's former subsidiaries to successful bidders. The Sales and Purchase Agreements (SPAs) have been duly signed by the parties as at year end. The total agreed consideration was N3.38billion and the various buyers have deposited the intial agreed amount per the SPAs to the Bank through the Financial advisers- Greenwich Trust Limited by the year end.
- (b) Included in other accounts receivable is an amount of N4.5 billion (31 December 2010: N4.5 billion) representing the balance receivable from the proceeds of the disposal of the Bank's shares previously warehoused by the Bank. Adequate provision has been made for this balance in these financial statements.

(c) The movement on allowance on other assets during the year was as follows:		Group	Bank	Bank	
		2010	2011	2010	
		N '000	N'000	N '000	
Balance, beginning of year		5,476,914	4,866,180	4,021,367	
Allowance made during the ye		1,246,938	5,053,726	1,227,914	
Allowance no longer required ((405,714)	-	(367,404)	
Allowance written-off		(328,893)	(1,097,772)	(15,697)	
Balance, end of year		5,989,245	8,822,134	4,866,180	

26 (a) Property and Equipment

Bar									
	e movement on these accounts during	el.	Leasehold	F 0.	F 0.	C		Caralta I accarda	
tne	year was as follows:	Freehold	Properties &	Furniture &	Equipment &	Computer	Motor	Capital work	Total
<i>(</i> :)	Cost/valuation	Properties N'000	Improvements N'000	Fittings	Machinery N'000	Equipment N'000	Vehicles	in Progress	Total
(i)	Cost/valuation	## 000	14 000	#4 000	#¥ 000	₩ 000	14 000	₩ 000	₩ 000
	Balance, beginning of the year	10,246,998	3,253,818	1,111,759	3,194,283	4,177,867	1,612,169	164,603	23,761,497
	Additions	18,036	246,553	61,128	136,880	196,332	105,775	762,511	1,527,214
	Disposals	(192,000)	(32,479)	(7,286)	(48,534)	(8,252)	(176,158)	-	(464,709)
	Absorbed	784,810	21,468	17,036	479,232	28,325	360,041	-	1,690,912
	_								
	Balance, end of the year	10,857,844	3,489,359	1,182,638	3,761,861	4,394,272	1,901,826	927,114	26,514,914
(ii)	Accumulated depreciation								
	Balance, beginning of the year	1,279,347	1,562,565	747,155	2,407,154	3,763,323	1,387,671	-	11,147,215
	Charge for the year	325,897	166,326	189,350	308,800	316,185	150,802	-	1,457,360
	Disposals	(5,913)	(19,374)	(5,855)	(45,087)	(7,500)	(176,157)	-	(259,884)
	Absorbed	45,026	14,814	14,612	411,948	26,415	173,409	-	686,224
	Balance, end of the year	1,644,357	1,724,331	945,262	3,082,815	4,098,424	1,535,725	-	13,030,914
	Net Book Value								
	31 December 2011	9,213,486	1,765,028	237,375	679,047	295,848	366,101	927,114	13,484,000
	31 December 2010 =								
	Beginning of the year - Bank	8,967,651	1,691,253	364,604	787,129	414,544	224,498	164,603	12,614,282
	- Group	9,127,853	2,131,848	387,256	1,096,769	445,601	568,613	164,603	13,922,543
	_								

⁽iii) The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2010: nil)

⁽iv) The Bank's freehold and leasehold properties were revalued as at 31 December 2006 by Messers. Jide Taiwo & Co. on the basis of depreciated replacement cost. In line with CBN guideline on treatment of revaluation surplus, 45% of the revaluation gain of Ne.63 billion amounting to Ne.98billion has been taken to revaluation reserves and reduced to Ne.09billion with subsequent disposals. All subsequent additions are stated at cost.



			Group 2010	Bank 2011	Bank 2010
26	(b)	Intangible assets	N '000	N '000	N '000
		These consist of computer softwares and the movement on these accounts during the year was as follows:			
		Cost			
		At 1 January Additions in the year	-	461,890	-
		At 31 December	-	461,890	-
		Amortisation			
		At 1 January	-	-	-
		Amortised in the year		11,905	
		At 31 December		11,905	
		Net book value		440.005	
		At 31 December, 2011		449,985	
		At 31 December, 2010			
27	Cus	tomers' deposits			
	(a)	Customers' deposits comprise:			
		Demand			
		- Current	65,640,547	73,319,398	65,615,358
		- Domiciliary	1,302,762	1,643,352	1,302,762
		Time	28,868,388	45,239,290	29,666,987
		Savings	25,072,056	27,185,368	24,922,791
	(b)	The maturity profile of customers' deposits	120,883,753	147,387,408	121,507,898
	(5)	is as follows:			
		Under 1 month	91,811,787	102,413,652	91,756,746
		1 - 3 months	1,322,510	7,307,655	1,267,108
		3 - 6 months	1,174,019	27,376,968	1,133,544
		6 - 12 months	270,660	9,892,830	250,422
		Over 12 months	26,304,777	396,303	27,100,078
28	Due	e to other banks	120,883,753	147,387,408	121,507,898
_0					
		e to other banks comprise: er-bank takings	_	1,274,897	_
		ns in the course of collection	2,588,220	1,383,271	2,588,220
			2,588,220	2,658,168	2,588,220
29	On-	lending Liabilities			

(a) On-lending facilities represent obligations to Bank of Industries in respect of the Bank's role as an intermediary (see Note 18) in respect of facilities disbursed to customers.

	Group	Bank	Bank
	2010	2011	2010
	N '000	N '000	N '000
Power and airline	_	-	-
Manufacturing and SME fund	6,718,813	7,385,875	6,718,813
Donata Danila di Santanatana (anno anta (b.))	C 710 013	7 205 075	6 710 013
Due to Bank of Industry (see note (b))	6,718,813	7,385,875	6,718,813

(b) The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Nigerian Government Securities worth N7,385,875 (2010: N6,787,110,000) and has a maximum tenor of 15 years.

A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of

(c) The maturity profile of amounts due to Bank of Industries stated above for on-lending is as follows:

				Group 2010	Bank 2011	Bank 2010
				₩'000	N '000	₩'000
		Ov	er 12 months	6,718,813	7,385,875	6,718,813
30	Clai	ims	payable			
			ding claims on insurance contracts comprise: insurance policies	237,854	_	-
			rance policies	67,378	-	-
31	Lial	hili#	y on investment contracts	305,232	_	_
31	Liai	Jilit	, on mestinent contracts			
	(a)	Lia	bility on investment contracts comprises:			
			posit administration funds (see note(b) below) ner managed funds (see note(c) below)	310,132 825,259	-	- -
				1,135,391	_	
	(b)	(i)	Movement in deposit administration funds: Balance, beginning of year	416,027	_	_
			Withdrawals Guaranteed interest	(127,031) 21,136	-	-
			Balance, end of the year	310,132		
			24.4.1.55, 51.4.5 , 64.1			

⁽ii) Deposit administration funds arose from investment contracts of the insurance subsidiary of the Group. Holders of such contracts are guaranteed their funds plus a guaranteed interest for the tenor of the contract. These contracts have additional life benefits scheme.

		Group 2010	Bank 2011	Bank 2010
(c) (i)	Movement in other managed funds:	N '000	N '000	N '000
	Balance, beginning of the year	27,395	-	-
	Additions	1,164,854	-	-
	Withdrawals	(366,990)		
	Balance, end of the year	825,259		

(c) (ii) Other managed funds represent monies administered by the Group under trust contract. Investors in the trust product are guaranteed their principal as well as agreed interest.

	9	. hhar anar ang.			
			Group	Bank	Bank
32	Liabilities on insura	nce contracts	2010 N '000	2011 N'000	2010 N '000
	(a) Liabilities on ins	urance contracts comprise:	14 000	H 000	14 000
	Life Frond (eee (le	(V) k alam)	007.400		
	Life Fund (see (b Provision for un	expired risks additions (see (c) below)	987,400 341,193	-	-
		,	·		
			1,328,593		-
	(b) (i) The mover	nent in life fund is as follows:			
	Balance, be	eginning of the year	720,741	_	-
	Increase in		266,659	-	-
	Balance, er	nd of the year	987,400	-	-
	(c) The movement	in provision for unexpired risk is as follows:			
		•			
	Balance, beginn	ring of the year pired risks premium	264,310 76,883	-	-
	increase in unex	pired risks premium			
	Balance, end of	the year	341,193		_
33	Other liabilities				
	Other liabilities comp	orise:			
	Customers' deposits	for letter of credit (see note 16(c))	908,046	353,852	908,046
	Interest payable	(//	29,204	-	-
	Unearned income		97,847	166,423	41,474
	Certified cheques		1,252,754	1,927,046	1,249,135
	Short term payable		77,952	-	-
	AMCON levy		-	629,693	-
	Customers funds		3,957,574	-	-
	Deposit for foreign co	urrency	469,927	66,104	469,928
	Other credit balances	5	6,068,408	3,865,762	4,207,088
			12,861,712	7,008,880	6,875,670

			Group 2010	Bank 2011	Bank 2010
			N '000	N '000	N '000
34	Def	erred taxation			
	(a)	Deferred taxation comprises:			
		Deferred tax assets (see note (b) below) Deferred tax liabilities (see note (c) below)	25,054,034 (279,262)	23,384,264 (33,264)	23,384,264
			24,774,772	23,351,000	23,384,264
	(b)	Deferred tax assets			
		The movement on this account during the year was as follows	::		
		Balance, beginning of year Credit for the year (see note 13(a))	20,242,539 4,811,495	23,384,264	19,759,352 3,624,912
		Balance, end of year	25,054,034	23,384,264	23,384,264
	(c)	Deferred tax liabilities			
		The movement on the deferred tax account during the year was as follows:			
		Balance, beginning of the year Credit for the year (see note (13)(a)) Liabilities of absorbed subsidiaries	277,620 1,642	- - 33,264	- - -
		Balance, end of year	279,262	33,264	_
35	Ret	irement benefit obligations			
	(a)	Retirement benefit obligations comprise:			
		Defined contribution schemes (see note (b) below)	172,175	185,772	160,840
	(b)	Defined contribution schemes			
		The movement in defined contribution liability is as follows: Balance, beginning of year Charge for the year Contribution remitted	61,803 599,842 (489,470)	160,840 652,662 (627,730)	53,405 593,273 (485,838)
		Balance, end of year	172,175	185,772	160,840

The Group and its employees make a contribution of 7.5% and 17.5% of basic salary, housing and transport allowance respectively to each employee's retirement savings account maintained with the employees nominated Pension Fund Administrators.

(i)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

			Group 2010 N '000	Bank 2011 N '000	Bank 2010 N '000
26	D.		14 000	N 000	14 000
36	DOI	rowings			
	(a)	Borrowings comprise:			
		CBN financial accommodation loan (see (b) below)	50,069,457	50,435,719	50,069,457
		Bank overdraft	599,000	-	-
		National Housing Fund	278,985	257,423	-
		Other borrowings	3,384,544	-	-
			54,331,986	50,693,142	50,069,457

(b) This represents a subordinated convertible loan, plus accrued interest, granted to the Bank by the Central Bank of Nigeria (CBN) in October 2009 for a period of 7 years. The principal amount is repayable as a bullet payment at maturity while interest is payable monthly at MPR (monetary policy rate) plus 5% per annum 2010:(5%). The loan is convertible to either preference shares or ordinary shares of the Bank at the option of the CBN and becomes exercisable from 61 months after the draw-down date.

)	The analysis of the CBN financial accomodation loan is as follow	vs: Group 2010	Bank 2011	Bank 2010
		N '000	N '000	N'000
	Balance, beginning of year (Principal) Forebearance in the year (see note(ii) below)	87,000,000 (36,938,289)	50,061,711	87,000,000 (36,938,289)
	_	50,061,711	50,061,711	50,061,711
	Balance, beginning of year (Interest) Accrued in the year Payment during the year	779,537 (771,791)	7,749 2,794,344 (2,428,085)	779,537 (771,791)
		7,746	374,008	7,746
	Balance, end of year (Principal and interest)	50,069,457	50,435,719	50,069,457

(ii) In its letter dated 21 December 2010, the Central Bank of Nigeria (CBN) approved the Bank's request for a waiver of its indebtedness to the CBN in the sum of ₦36,938,289,192. The waiver represented a 100% forbearance on the Bank's overdrawn position with the CBN as at October 2010 which was included as part of the financial accomodation loan. This forbearance formed part of the package of incentives provided by the CBN to support the Bank towards a prompt turnaround of its adverse financial position.

The directors were of the opinion that the purpose of the forbearance was to shore up the Bank's capital and accordingly, the Bank recognised the amount in retained earnings in 2010.

			Group 2010	Bank 2011	Bank 2010
			N'000	N '000	N'000
37	Sha	re capital			
	(a)	Authorised:			
		20,000,000,000 Ordinary shares of 50 kobo each	4.0.00	40.000	
		(31 December 2010: 20,000,000,000 of 50k each)	10,000,000	10,000,000	10,000,000
	(b)	Issued and fully-paid:			
		12,821,249,880 Ordinary shares of 50 kobo each			
		(31 December 2010: 12,821,249,880 Ordinary shares of 50k each)	6,410,624	6,410,624	6,410,624
		of sok each)	0,410,024	0,410,024	0,410,024
	(c)	(i) The movement in the issued and fully paid share capital	account during the ye	ear was as follows:	
			Group	Bank	Bank
			2010	2011	2010
			N '000	N '000	N '000
		Balance, beginning of year	5,160,315	6,410,623	5,160,315
		Issued during the year(see note (c)(ii) below)	1,250,308	-	1,250,308
		Palance and of year	6,410,623	6,410,623	6,410,623
		Balance, end of year	0,410,623	0,410,023	0,410,623
	(ii)	In the 2010 financial year, the Bank issued 2,500,618,928 ordin		ach at N 3 per share	in a special private
		placement. The proceeds of the issue were accounted for as f	Ollows:		₩′000
					11 000
		Proceeds			7,501,855
		Transfer to share capital (see (c)(i) above) Transfer to share premium (see note 38)			(1,250,308) (6,251,547)
		Hansier to share premium (see note 36)			(0,231,347)
					-
			Group	Bank	Bank
			2010	2011	2010
			₩'000	N '000	N '000
38	Sha	re premium			
		•			
		ance, beginning of year	18,791,971	24,701,231	18,791,971
		ed during the year (See note 37(c)(ii)) re issue expenses	6,251,547 (342,287)	-	6,251,547 (342,287)
		·			(312,201)
	Bala	ance, end of year	24,701,231	24,701,231	24,701,231

39 Reserves

(i)	Bank	Statutory	SMEEIS	Syndicated loan redemption	Capital	Total Other	Fixed assets Revaluation	Retained	Total
	_	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Reserve	Reserves
		N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
	Balance, beginning of the year Transferred from profit and loss account	7,669,552	526,908	500,000	300,000	8,996,460	2,088,605	(27,359,643) (8,116,213)	(16,274,578) (8,116,213)
	Balance, end of the year	7,669,552	526,908	500,000	300,000	8,996,460	2,088,605	(35,475,856)	(24,390,791)

- (ii) Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act Cap B3 LFN 2004 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital statutory reserves as at year end.
- (iii) The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by a CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 periods but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

40	Non-controlling interest	Group 2010 N '000	Bank 2011 N '000	Bank 2010 N '000
	(a) The movement in the non-controlling interest account during the year is shown below:			
	Balance, beginning of the year Transfer from profit and loss account	(846,643) 247,480		
	Balance, end of year	(599,162)		

41 Contingent liabilities, guarantees and other commitments on behalf of customers

(a) Litigations and claims

There are litigation claims against the Bank as at 31 December 2011 amounting to N-6,752,450,947 (31 December 2010: ₦30,228,097,664). These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements.

(b) (i) Guarantees and other commitments on behalf of customers In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The amount of the off-balance sheet financial instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group 2010	Bank 2011	Bank 2010
	₩'000	N '000	₩'000
Guarantees and indemnities	7,029,619	2,943,676	7,029,619
Bonds	1,397,212	434,431	1,397,212
Clean-line facilities & irrevocable letters of credit	10,171,196	6,539,812	10,171,196
	18,598,027	9,917,919	18,598,027

(ii) Included in these guarantees and other commitments on behalf of customers are cash collaterised contingent liabilities of N872,263,500 (31 December 2010: ₩942,335,862).

(c) Operating lease commitment

This relates mainly to IT infrastructure and the software leased during the year (2010: Motor vehicles and ATM equipment). The future minimum lease payments under non-cancellable rental operating leases are as follows:

	Group 2010	Bank 2011	Bank 2010
	N'000	N'000	N'000
Less than one year	291,440	-	291,440
Between one and three years	134,334	1,441,851	134,334
	425,774	1,441,851	425,774

(d) The Bank obtained a forbearance of N36b in respect of part of its loan from the CBN in 2010 and recorded it in equity gross of the associated income tax of about N10.8b because the directors believed that it did not qualify for income tax payment. The Bank needs to obtain necessary tax exemption notice or clearance on the transaction from the relevant tax authority or regulators to fully resolved the issue of associated tax liability of N10.8b. The issue is being followed up with the regulators and no provision is made in these financial statements by the directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

42 Related Party transactions

- (a) A number of banking transactions were entered into with related parties in the normal course of business. These include loans, deposits, placements and off balance sheet transactions. The volumes of related-party transactions, outstanding balances at the year-end were as follows:
- (b) Risk assets outstanding as at 31 December 2011

 The Bank granted various credit facilities to companies whose directors are also directors of Wema Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of №3,645,493,000 (31 December 2010: №14,345,041,000) was outstanding on these facilities at the end of the year of which №540,977,000 (31 December 2010: №11,846,671,000) was non performing.

Name of company/individual	Relationship	Facility type	N '000	Status	Nature of Security
Odua Investment Coy	Principal Shareholder	ODF	225,064	Performing	Lien On Shares
Vitafoam Nigeria Plc	Coy of The Bank's Director	ODF	215,763	Performing	Negative Pledge
Vitafoam Nigeria Plc	Coy of The Bank's Director	ODF	941,822	Performing	Negative Pledge
Wema Securities and Finance Plc	Subsidiary of Wema Bank Plc	ODF	215,171	Lost	Negative Pledge
Wema Securities and Finance Plc	Subsidiary of Wema Bank Plc	ODF	210,344	Lost	Negative Pledge
Wema Securities and Finance Plc	Subsidiary of Wema Bank Plc	ODF	115,462	Lost	Negative Pledge
Adebode Adefioye	Serving Director	Term_loan	30,727	Performing	LM ON LP
Vt Leasing Limited	Serving Director	Object Finance	279,859	Performing	LM ON LP
Dana Drugs Ltd	Serving Director	BOI - Refinance Scheme	1,060,435	Performing	Morgage All Asset Debenture
Dana Motors Limited	Serving Director	Overdraft Facility	159,208	Performing	Morgage All Asset Debenture
Ashmina Ltd	Serving Director	BOI - Refinance Scheme	151,344	Performing	Morgage All Asset Debenture
Ashmina Ltd	Serving Director	Overdraft Facility	29,577	Performing	Morgage All Asset Debenture
Dana Pharmaceuticals Ltd	Serving Director	Overdraft Facility	9,835	Performing	Morgage All Asset Debenture
Dana Steel Limited	Serving Director	Overdraft Facility	882	Performing	Morgage All Asset Debenture
Total		_	3,645,493		

- (c) Deposits oustanding as at 31 December 2011.
 - (i) Director/insiders related deposit liabilities as at year end amounted to №29,218,000 (31 December 2010: №25,426,000).
 - (ii) Subsidiaries' deposit account balances with the Bank as at year end amounted to Nil (31 December 2010: Negrous 2010: Negrou

43 (Loss)/ earnings per share

 $(Loss)/\,earnings\,per\,share\,has\,been\,computed\,based\,on\,\,(loss)/\,profit\,after\,taxation\,and\,the\,weighted\,average\,\,number\,of\,ordinary$ shares of 12,821,247,000 (31 December 2010: 10,529,016,000) in issue during the year.

	Group 2010	Group 2010	Bank 2011	Bank 2010
	N '000	N '000	N '000	₩'000
(Loss)/profit attributable to equity holders	(11,087,503)	17,208,174	(8,116,213)	16,238,533
Number of ordinary shares in issue as at year end	12,821,247	12,821,247	12,821,247	12,821,247
Weighted average number of ordinary shares	12,821,247	10,529,016	12,821,247	10,529,016
(Loss)/basic earnings per share -kobo	(85)	163	(63)	154

44 Net cash flow from operating activities

Reconciliation of (loss)/ profit before tax to cash generated from operating activities:

	Group 2010	Bank 2011	Bank 2010
	N '000	N '000	₩'000
(Loss)/profit after tax Add back: taxation	17,455,655 (4,313,891)	(7,649,477) 125,657	16,238,533 (3,274,425)
	13,141,764	(7,523,820)	12,964,108
Adjustments to reconcile loss/ profit before tax to net cash flow from operating activities:			
(Recovery)/allowance for bad and doubtful loans	(21,141,684)	4,388,184	(20,634,186)
Write off of Loans and advances	-	(15,814,186)	-
Net movement on interest in suspense	-	(10,487,583)	-
Allowance/(recovery) for investments and other assets	752,179	5,379,219	1,869,718
Write off on other assets	-	(1,097,772)	-
Allowance on insurance receivables	485,818	-	-
Increase in provision on unexpired risks	76,883	-	-
Increase in life funds	266,659	-	-
Acquired fixed assets from former subsidiaries	-	(1,004,688)	-
Write-off of unquoted investments	-	2,006,738	-
Recovery on finance lease	(373,145)	(131,688)	(375,879)
Depreciation of property and equipment	1,976,777	1,457,360	1,592,034
Amortisation of intangible assets	-	11,905	-
Share of associate's loss	(171,273)	-	-
Interest on CBN loan	-	2,794,344	-
Adjustment to accrued interest b/f	-	232,493	-
Loss on disposal of property and equipment	6,522	14,761	8,172
Cost of subsidiaries sold and merged	-	1,984,193	-
Loss on subsidiaries divestments	-	(5,077,693)	-
Dividend income from equity investments	(18,418)	(65,367)	(2,370)
Net cash flow from operating activities before changes in operating assets	(4,997,918)	(22,933,600)	(4,578,403)

Reconciliation of (loss)/ profit before tax to cash generated from operating activities Cont'd:

(Increase)/decrease in operating assets:	Group 2010	Bank 2011	Bank 2010
	N '000	N '000	N '000
Cash reserve balances Loans and advances Advances under finance leases On-lending facilities Insurance receivables Investment securities -short term Interest receivable and prepayments Other assets receivable	(173,951) 8,349,983 (60,257) (6,718,813) (483,641) 234,820 (325,348) (1,319,060)	(9,752,239) 491,481 60,304 (667,062) - (1,549,381) (3,639,593) (15,056,490)	(173,951) 10,632,935 (63,847) (6,718,813) - (52,443) (1,246,735) 2,377,146
Increase/(decrease) in operating liabilities: Customers' deposits Due to other banks Customers' deposit for foreign currency denominated obligations Investment contract liabilities Retirement obligations Interest payable and unearned income Other liabilities Outstanding claims Borrowings	26,824,789 2,120,424 540,036 691,969 (31,383) 1,329,000 100,215 3,384,544	25,879,510 69,948 (403,824) - (56,456) 124,949 368,122 - 623,685 26,605,934	26,716,824 2,120,424 540,036 - - 2,047 1,533,280 - - 30,912,610
Net cash flow from operating activities	29,465,409	(11,384,157)	28,711,352

45 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash, treasury bills and other eligible bills, operating account with other banks, amounts due from other banks and short-term government securities.

	Group 2010	Bank 2011	Bank 2010
	₩'000	N '000	N '000
Cash in hand and balances with CBN (less restricted balances)			
(see note 14(a))	5,001,568	7,450,550	4,959,972
Treasury bills (see note 15)	8,176,206	10,432,898	8,176,207
Due from financial institutions (see note 16)	50,239,452	16,403,382	48,544,435
	63,417,227	34,286,830	61,680,614

46 Compliance with Banking Regulation

 $During \ the \ year, the \ Bank \ contravened \ a \ section \ of \ the \ provision \ of \ the \ Banks \ and \ Other \ Financial \ Institutions \ Act \ as \ stated \ below:$

Section	Description	No of times	Penalty N'000
27 (1)	Late submission of audited financial statements	1	Nil

47 Events after balance sheet date

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2011 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

48 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

49. Compliance Plan with Central Bank of Nigeria's Regulation on the Scope of Banking Activities

Section 6(1) of the Central Bank of Nigeria Regulation on the Scope of Banking activities and ancillary matters issued on 7 September 2010 requires every bank currently operating under a universal banking licence to submit to the Central Bank of Nigeria for approval a compliance plan duly approved by the Bank's Board of Directors. The regulation requires banks to divest from all non-banking businesses and apply for a new type of banking licence based on the decision of the Bank's Board of Directors. The Bank's compliance plan duly approved by the Board of Directors on 31 January 2011 is as follows

Proposed type of banking licence

The Bank reviewed the options provided by the new licensing regime instituted by the Central Bank of Nigeria and resolved that the Bank would apply for a Regional Commercial Banking licence. By this, the Bank shall maintain a minimum paid up share capital of +10,000,000,000 (Ten Billion Naira) as required by the new CBN Regulation No 01, 2010 on the Scope, Conditions and Minimum Standards for Commercial Banks.

(ii) Divestment from non-banking subsidiaries

The Bank had seven non-banking subsidiaries in Nigeria which are: Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes Savings and Loans Limited, Wema Securities and Finance Plc, Great Nigeria Insurance and Independent Securities Limited. Three options available to the divestment process were: sale to third parties, acquisition by the Bank through a scheme of arrangement and management buyout by current management of the subsidiaries. The Board approved divestments plans were carried out during the year as follows:

Wema Assets Management Limited, a wholly owned subsidiary of Wema Bank Plc, trades in the Nigerian Capital Market. The Company was incorporated on 24 February, 2000 and currently has an authorized share capital of N 8 billion. The Company's operations were merged with the Bank's through internal restructuring during the year.

Wema Registrars Limited, a wholly owned subsidiary of Wema Bank Plc, acts as an investment manager, financial adviser and as a dealer in quoted and other securities. The Company commenced operations in 2003 and currently has an authorized share capital of N50 million. The Bank sold the Company as a going concern to an acceptable core investor.

Wema Insurance Brokers Limited, a wholly owned subsidiary of Wema Bank Plc, is into the provision of insurance brokerage services. The Company commenced operations in 2004 and currently has an authorized share capital of N5 million. The Bank sold the Company as a going concern to an acceptable core investor.

Wema Homes Savings & Loans Limited, a wholly owned subsidiary of Wema Bank Plc, was incorporated in 2004 and licensed by CBN in February 2005 to carry on mortgage banking business. It has an authorized share capital of N3 billion as at date. The Bank integrated the operations of Wema Homes (Savings & Loans) Limited into its own operations and the assets and liabilities of the company was transferred to the Bank as at year end.

Wema Securities and Finance PIc, a partly owned subsidiary of Wema Bank PIc, is into the provision of financial services. The Company was incorporated in 1998 and currently has an authorized share capital \(\frac{1}{2}\)3.5 billion.

The company was put under liquidation by an order of court during the year. Therefore the bank wrote off its investment therein and it was consequently deconsolidated in these financial statements the parent having lost control to the Receiver.

Great Nigeria Insurance PLC, a partly owned subsidiary of Wema Bank Plc, is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers. The Company was incorporated in 1960 and currently has an authorized share capital N5.5 billion. The Bank sold the its interest in the company as a going concern to an acceptable core investors.

Independent Securities Limited, a partly owned subsidiary of Wema Bank Plc, is principally engaged in the business of stock broking and operates as a broker and dealer in shares, stocks, debentures and other securities for the account of companies listed in the Nigerian Stock Exchange .The Company commenced operation in 1995 and currently has an authorized share capital of N250 million. . The Bank sold the Company as a going concern to an acceptable core investor.

The total assets, net assets and net cashflows of the subsidiaries disposed of during the year are presented in Note 11b.

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

Bank:

	2011		2010	
	N '000	%	N '000	%
Gross earnings	25,640,625		19,929,693	
Interest expense: -Local - Foreign	6,919,277 		7,899,927	
	32,559,902		27,829,620	
Loan loss expense/diminution in other risk assets value	(8,891,232)		19,140,348	
	23,668,670		46,969,968	
Bought in materials and services - Local	(22,371,748)		(16,347,739)	
Value added	1,296,922	100	30,622,229	100
Distribution				
Employees - Employees as wages, salaries and pensions	7,363,382	568	8,816,263	29
Government - Taxation	125,657	10	350,487	1
Retained in business:				
Depreciation - Property and equipment	1,445,455	112	1,580,129	5
Amortisation - Intangible assets	11,905		11,905	
Deferred taxation	-	-	3,624,912	12
(Loss)/ profit for the year	(7,649,477)	(590)	16,238,533	53
	1,296,922	100	30,622,229	100

FIVE YEAR FINANCIAL SUMMARY YEAR ENDED 31 DECEMBER 2011

G	ro	u	p

ASSETS: Cash and balances with CBN 6.567.639 6.354.205 5.810.659 7.079.167 Cash and balances with CBN 8176.207 5.049.245 2.923.425 2.9473.797 Due from financial institutions 50.239.472 60.292.150 1.333.516 46.156.955 48.799.222 Con-lending facilities 6.718.813 30.001.550 46.166.955 48.799.222 Advances under finance lease 898.608 463.206 913.272 2.747.277 Investment is associate 1.578.744 1.578.744 1.353.703 20.953.19 Investment is associate 1.578.744 1.578.744 1.353.703 20.953.19 Deferred tax assets 6.576.437 5.964.253 8.967.682 6.865.558 Interstment property 4.296.052 4.198.000 3.032.351 1.003.56 Investment property 4.296.052 4.198.000 3.032.351 1.003.56 Investment property 4.296.052 4.198.000 3.032.351 1.003.56 Investment property 4.296.052 4.198.000 3.032.351 1.00	Group	31 Dec. 2010	31 Dec. 2009	31 Mar. 2009	31 Mar. 2008
Cash and balances with CRI Treasury bills 6.567.639 6.354.206 8.106.09 5.94.245 2.923.452 2.747.277		N'000	N '000	N '000	N '000
Peasury bills		6 567 630	6 354 306	E 010 CE0	7.070.164
Due from financial Institutions 50,239,452 60,239,150 13,335,516 8,655,06 Loans and advances to customers 42,793,251 30,001,550 46,6555 48,796,222 On-lending facilities 6,718,813 00,550 46,6655 48,796,222 Insurance receivables 209,872 212,049 85,565 184,361 Investment securities 4,766,375 2,293,318 1343,302 209,31,91 Investment in associate 1,578,744 1,578,744 1,353,703 13,33,703 Other assets 6,767,437 5,964,253 8,967,682 6,865,558 Investment securities 6,767,437 5,964,253 8,967,682 6,865,558 Investment property 4,296,052 4,198,020 3,032,251 1,003,567 FORDAL ASSETS 216,984,401 150,936,241 129,608,892 156,205,031 FINANCED BY. 21,284,281 1,000,361 1,003,567 1,003,567 1,003,567 1,003,567 1,003,567 1,003,567 1,003,567 1,003,567 1,003,567 1,003,567 1,003,56					
Loans and advances to customers					
On-lending facilities 6,718,813 463,206 913,272 2,747,277 Insurance receivables 896,608 463,206 913,272 2,747,277 Insurance receivables 209,872 212,049 85,565 184,361 Investment securities 4,976,377 5,954,933 32,024,259 183,336 20,953,191 Peferred tax assets 6,767,437 5,964,253 8,967,682 3,685,551 110,337,701 Intrangible assets 6,767,437 5,964,253 8,967,682 6,865,551 110,335,671 1,983,497 1,03,561					
Insurance receivables	On-lending facilities		-	-	-
Investmentsecurities	Advances under finance lease	896,608	463,206	913,272	2,747,272
Investment in associate					184,368
Deferred taxa ssests					
Other assets 6,767,437 5,964,253 8,967,682 6,865,555 Invastment property 4,296,052 4,198,020 3,032,251 1,003,656 Property and equipment 13,922,543 14,284,971 14,833,479 17,990,156 Goodwill on consolidation 216,984,401 150,936,241 129,608,892 156,205,035 FINANCED BY: 5hare capital 6,410,623 5,160,315 5,034,971 5,034,971 Share capital 6,410,623 1,8791,971 17,693,085 17,693,085 Reserves (14,743,382) (68,943,614) (62,650,023) (42,840,331 Non-controlling interest (599,162) (846,643) (62,580,023) (42,840,331 Customers' deposits 120,883,753 94,058,964 108,825,013 132,959,116 On-lending facilities 6,781,831 6,779,77 - Claims payable 305,232 205,017 128,066 83,211 Liabilities on insurance contracts 1,328,593 985,051 777,340 282,64 Current income 279,662 <td></td> <td></td> <td></td> <td></td> <td></td>					
Intangible assets					
Investment property		-	-	-	-
TOTAL ASSETS		4,296,052	4,198,020	3,032,351	1,003,561
TOTAL ASSETS		13,922,543	14,284,971	14,833,479	17,990,158
STANANCED BY: Share capital	Goodwill on consolidation				
Share capital 6,410,623 5,160,315 5,034,971 1,034,977 Share premium 24,701,231 18,791,971 1,693,085 17,657,055 17,693,085 17,693,085 17,657,055 17,693,085 17,657,055 17,693,085 17,657,055 17,657,065 18,698,011 17,657,065 18,608,083,083 18,666 83,215 18,666 83,215 18,666 83,215 18,666 18,3215 18,666 18,3215 18,666 18,3215 18,666 18,3215 18,666 18,215 19,662 18,769,067	TOTAL ASSETS	216,984,401	150,936,241	129,608,892	156,205,035
Share premium					
Reserves					5,034,971
Non-controlling interest	·				
Customers' deposits 120,883,753 94,058,964 108,825,013 132,959,116 Due to other banks 2,588,220 467,797 -					
Due to other banks					
On-lending facilities 6,718,813 - - Claims payable 305,232 205,017 128,066 83,211 Liability on investment contracts 1,135,391 443,422 605,315 40,642 Liabilities on insurance contracts 1,328,593 985,051 777,340 282,642 Current income tax payable 609,954 406,245 417,840 395,690 Other liabilities 279,262 277,620 - 172,165 Retirement benefit obligations 172,175 61,803 51,870 38,421 Other borrowings 54,331,986 88,672,659 43,284,660 - Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,761 Dec. 2010 Dec. 2009 Mar. 2009 Mar. 2008 12 months 12 mon				-	-
Liability on investment contracts 1,135,391 443,422 605,315 40,643 Liabilities on insurance contracts 1,328,593 398,5051 777,340 282,642 Current income tax payable 609,954 406,245 417,840 395,690 Other liabilities 12,861,712 11,195,634 15,695,604 42,169,712 Deferred tax liabilities 279,262 277,620 - 172,16 Retirement benefit obligations 172,175 61,803 51,870 38,426 Other borrowings 54,331,986 88,672,659 43,284,660 156,205,032 Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,766 Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,766 Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,766 Burrent material customers 18,598,027 2,612,397 2,479,855 16,765,766 INCOME STATEMENT N'000 N'000 N'000<			-	-	-
Liabilities on insurance contracts Current income tax payable 609,954 406,245 417,840 395,690 Cther liabilities 12,861,712 11,195,634 15,695,604 42,169,712 Deferred tax liabilities 279,262 277,620 - 172,165 Retirement benefit obligations 172,175 61,803 51,870 38,426 Cther borrowings 216,984,401 150,936,241 129,608,892 156,205,038 Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,768 Dec. 2010 Dec. 2009 Mar. 2009 Mar. 2009 12 months 9 months 12 months 12 months INCOME STATEMENT N°000 N°000 N°000 N°000 Gross earnings 21,796,628 18,994,974 21,796,628 25,978,276 Net operating income Operating expenses (20,859,032) (14,390,194) (16,495,325) (19,653,833) Recoveries/(allowance) on loan loss & other risk assets 20,276,833 (4,838,286) (16,208,452) (52,923,736) Group's share of associate's profit Try, 273	Claims payable	305,232	205,017	128,066	83,215
Current income tax payable 609,954 406,245 417,840 395,690 Other liabilities 12,861,712 11,195,634 15,695,604 42,169,714 Deferred tax liabilities 279,262 277,620 - 172,167 Retirement benefit obligations 172,175 61,803 51,870 38,428 Other borrowings 54,331,986 88,672,659 43,284,660 - Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,768 INCOME STATEMENT N'000 Dec. 2009 Mar. 2009 Mar. 2009 Mar. 2009 Mar. 2009 N'000 <					40,643
Other liabilities 12,861,712 11,195,634 15,695,604 42,169,712 Deferred tax liabilities 279,262 277,620 - 172,162 Retirement benefit obligations 172,175 61,803 51,870 38,426 Other borrowings 54,331,986 88,672,659 43,284,660 38,426 Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,768 Bec. 2010 Dec. 2010 Dec. 2009 Mar. 2009 Mar. 2009 Mar. 2008 Mar. 2008 Mar. 2008 Mar. 2008 Mar. 2008 Mar. 2009 Mar. 2009 Mar. 2009 Mar. 2008 Mar. 2009 Mar. 2008					
Deferred tax liabilities 279,262 277,620 - 172,161 Retirement benefit obligations 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 51,870 38,428 172,175 61,803 172,175 61,803 172,175 61,803 172,175 61,803 172,175 61,803 172,175 61,803 172,175 172,1		·			
Retirement benefit obligations				15,095,004	
Other borrowings 54,331,986 88,672,659 43,284,660 216,984,401 150,936,241 129,608,892 156,205,035 Guarantees and other commitments on behalf of customers 18,598,027 2,612,397 2,479,855 16,765,768 Dec. 2010 Dec. 2009 Mar. 2009 Mar. 2008 12 months 12 months<		·		51.870	
Dec. 2010 Dec. 2009 Mar. 2008 Mar.	_	·	•	,	
Dec. 2010 Dec. 2009 Mar. 2009 Mar. 2009 12 months 13 months 13 months 13 months 13 months 13 months 14 months 14 months 14 months 15 m		216,984,401	150,936,241	129,608,892	156,205,035
INCOME STATEMENT 12 months 9 months 12 months 12 months Gross earnings 21,796,628 18,994,974 21,796,628 25,978,276 Net operating income 13,552,690 10,360,281 4,397,565 15,778,030 Operating expenses (20,859,032) (14,390,194) (16,495,325) (19,653,833 Recoveries/(allowance) on loan loss & other risk assets 20,276,833 (4,838,286) (16,208,452) (52,923,736 Group's share of associate's profit 171,273 - - - - Profit/(loss) before taxation 13,141,764 (8,868,199) (28,306,212) (56,799,539 Taxation 4,313,891 1,337,901 7,850,756 10,494,937 Extra-ordinary item - - - - Profit/(loss) after taxation and extraordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602 Non-controlling interest (247,480) 766,864 1,393,413 498,475	Guarantees and other commitments on behalf of customers	18,598,027	2,612,397	2,479,855	16,765,768
INCOME STATEMENT N'000 N'000 N'000 N'000 Gross earnings 21,796,628 18,994,974 21,796,628 25,978,276 Net operating income 13,552,690 10,360,281 4,397,565 15,778,030 Operating expenses (20,859,032) (14,390,194) (16,495,325) (19,653,833 Recoveries/(allowance) on loan loss & other risk assets 20,276,833 (4,838,286) (16,208,452) (52,923,736 Group's share of associate's profit 171,273 - - - - Profit/(loss) before taxation 13,141,764 (8,868,199) (28,306,212) (56,799,539 Taxation 4,313,891 1,337,901 7,850,756 10,494,937 Extra-ordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602 Non-controlling interest (247,480) 766,864 1,393,413 498,475					Mar. 2008 12 months
Net operating income 13,552,690 10,360,281 4,397,565 15,778,030 Operating expenses (20,859,032) (14,390,194) (16,495,325) (19,653,833 Recoveries/(allowance) on loan loss & other risk assets 20,276,833 (4,838,286) (16,208,452) (52,923,736 Group's share of associate's profit 171,273 - - - - Profit/(loss) before taxation 13,141,764 (8,868,199) (28,306,212) (56,799,539 Taxation 4,313,891 1,337,901 7,850,756 10,494,937 Extra-ordinary item - - - - Profit/(loss) after taxation and extraordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602 Non-controlling interest (247,480) 766,864 1,393,413 498,475	INCOME STATEMENT		N'000		N '000
Operating expenses (20,859,032) (14,390,194) (16,495,325) (19,653,833) Recoveries/(allowance) on loan loss & other risk assets 20,276,833 (4,838,286) (16,208,452) (52,923,736) Group's share of associate's profit 171,273 - - - Profit/(loss) before taxation 13,141,764 (8,868,199) (28,306,212) (56,799,539) Taxation 4,313,891 1,337,901 7,850,756 10,494,937 Extra-ordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602) Non-controlling interest (247,480) 766,864 1,393,413 498,475	Gross earnings	21,796,628	18,994,974	21,796,628	25,978,276
Operating expenses (20,859,032) (14,390,194) (16,495,325) (19,653,833) Recoveries/(allowance) on loan loss & other risk assets 20,276,833 (4,838,286) (16,208,452) (52,923,736) Group's share of associate's profit 171,273 - - - Profit/(loss) before taxation 13,141,764 (8,868,199) (28,306,212) (56,799,539) Taxation 4,313,891 1,337,901 7,850,756 10,494,937 Extra-ordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602) Non-controlling interest (247,480) 766,864 1,393,413 498,475	Net operating income	13.552.690	10.360.281	4.397.565	15.778.030
Recoveries/(allowance) on loan loss & other risk assets 20,276,833 (4,838,286) (16,208,452) (52,923,736 Group's share of associate's profit 171,273 - - - Profit/(loss) before taxation 13,141,764 (8,868,199) (28,306,212) (56,799,539 Taxation 4,313,891 1,337,901 7,850,756 10,494,937 17,455,655 (7,530,298) (20,455,456) (46,304,602 Extra-ordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602 Non-controlling interest (247,480) 766,864 1,393,413 498,475					(19,653,833)
Taxation 4,313,891 1,337,901 7,850,756 10,494,937 17,455,655 (7,530,298) (20,455,456) (46,304,602) Extra-ordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602) Non-controlling interest (247,480) 766,864 1,393,413 498,475	Recoveries/(allowance) on loan loss & other risk assets	20,276,833		(16,208,452)	(52,923,736)
Extra-ordinary item 17,455,655 (7,530,298) (20,455,456) (46,304,602) Profit/(loss) after taxation and extraordinary item Non-controlling interest (247,480) 766,864 1,393,413 498,475				. , , ,	(56,799,539)
Extra-ordinary item -	Taxation				
Non-controlling interest (247,480) 766,864 1,393,413 498,475	Extra-ordinary item	1/,455,655 	(7,530,298)	(20,455,456)	(46,304,602)
					(46,304,602) 498,475
Profit/(loss) attributable to equity holders <u>17,208,175</u> (6,763,434) (19,062,043) (45,806,127)	Profit/(loss) attributable to equity holders	17,208,175	(6,763,434)	(19,062,043)	(45,806,127)
Basic earnings/(loss) per share - kobo	Basic earnings/(loss) per share - kobo	163k	(66)k	(189)k	(455)k

FIVE YEAR FINANCIAL SUMMARY YEAR ENDED 31 DECEMBER 2011

Bank	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009	31 Mar. 2009	31 Mar. 2008
	₩'000	N'000	₩'000	N '000	₩'000
ASSETS					
Cash and balances with CBN	18,268,860	6,026,043	5,851,836	5,309,086	6,565,677
Treasury bills	10,432,898	8,176,207	5,049,245	2,923,425	29,472,855
Due from financial institutions	16,403,382	48,544,435	58,729,492	9,539,964	6,786,313
Loans and advances to customers	60,143,452	38,637,809	28,636,557	49,689,651	48,394,253
On-lending facilities	7,312,016	6,718,813	456.000	- 022.452	1 060 755
Advances under finance lease	958,312	896,608	456,882	822,453	1,969,755
Investment securities Investments in subsidiaries	61,919,987	48,644,369 1,984,193	1,111,079	2,464,782 2,894,479	2,914,474
Investments in associates	1,353,703	1,353,703	2,894,479 1,353,703	2,094,479	2,894,479
Deferred tax assets	23,384,264	23,384,264	19,759,352	18,511,749	10,720,356
Other assets	7,396,922	6,163,901	5,725,233	5,045,953	4,777,741
Intangible Assets	449,985	-	5,725,255	5,0 15,555	-
Investment property	730,769	_	_	_	_
Property and equipment	13,484,000	12,614,282	13,217,865	13,780,071	14,410,672
the Secondary		, , , , ,			, , , , ,
TOTAL ASSETS	222,238,550	203,144,627	142,785,723	110,981,613	128,906,575
FINANCED BY:					
Share capital	6,410,623	6,410,623	5,160,315	5,034,971	5,034,971
Share premium	24,701,231	24,701,231	18,791,971	17,693,085	17,693,085
Reserves	(24,390,791)	(16,274,578)	(69,451,400)	(67,356,708)	(55,342,708)
Deposit for shares	-	-	-	-	-
Customers' deposits	147,387,408	121,507,898	94,791,074	108,907,683	136,122,027
Due to other banks	2,658,168	2,588,220	467,797	-	-
On-lending facilities	7,385,875	6,718,813	-	-	-
Current income tax payable	164,978	386,453	224,081	191,040	168,113
Other liabilities	7,008,880	6,875,670	4,968,942	4,126,176	25,192,659
Dividend payable	-	-	-	-	-
Deferred tax liabilities	33,264	-	-	-	-
Retirement benefit obligations	185,772	160,840	53,405	48,154	38,428
Other borrowings	50,693,142	50,069,457	87,779,538	42,337,212	
	222,238,550	203,144,627	142,785,723	110,981,613	128,906,575
Guarantees and other commitments on behalf of customers	9,917,919	18,598,027	2,612,397	2,479,855	16,765,768
on benan of customers	9,917,919	10,330,027			
	Dec. 2011 12 months	Dec. 2010 12 months	Dec. 2009 9 months	Mar. 2009 12 months	Mar. 2008 12 months
INCOME STATEMENT	12 months	N'000	H'000	12 months	N'000
ACCOMESTAL EMERT	11 000	14 000	14 000	11 000	14 000
Gross earnings	25,640,625	19,929,693	16,272,245	12,938,450	21,633,431
N. C. C. C.	10 721 240	12 020 766	0.426.272	2 506 252	12.255.040
Net operating income	18,721,348	12,029,766	8,426,272	2,596,252	13,255,840
Operating expenses Allowance for loan loss & other risk assets	(17,353,936)	(18,206,006)	(13,293,765)	(14,477,190)	(16,794,212)
Allowance for loan loss & other risk assets	(8,891,232)	19,140,348	1,558,239	(7,555,936)	(64,943,792)
(Loss)/profit/ before taxation	(7,523,820)	12,964,108	(3,309,254)	(19,436,874)	(68,482,164)
Taxation	(125,657)	3,274,425	1,214,562	7,768,466	10,743,425
	(223,037)	5,2, 1, 123		.,, 53, 100	
(Loss)/profit after taxation	(7,649,477)	16,238,533	(2,094,692)	(11,668,408)	(57,738,739)
Extra-ordinary item	(466,736)				
(Loss)/profit after taxation and Extra-ordinary item	(8,116,213)	16,238,533	(2,094,692)	(11,668,408)	(57,738,739)
(Loss)/earnings per share - kobo	(63)	154k	(21k)	(116)k	(573)k
- ·					

(a) Principal credit policies

Wema Bank's principal credit policies are as set out in the Credit Policy Manual. Credit Risk Management Framework and Credit Process Workflow serve as major policy instruments that quide our credit risk management practices and procedures. The principal thrust of the credit policies include:

- (i) Engaging in best practice credit risk management activities at all times;
- (ii) Structuring and developing credit products that meet customers' requirements at minimal risk to the Bank;
- (iii) Defining and adhering to the Bank's target markets, risk appetite and risk acceptance criteria to guide lending decisions;
- (iv) Generating earnings which are commensurate with the Bank's risk exposure and meet its target return on assets;
- (v) Ensuring compliance with regulatory, legal and statutory measures in the course of lending activities;
- (vi) Identifying potential problematic risk assets and keeping non performing assets and charge offs to the barest minimum;
- (vii) Managing risk asset portfolio effectively and efficiently;
- (viii) Building capacity and improving skill levels to support the Bank's credit management functions' and
- (ix) Complying with regulatory credit risk management requirements.

(b) Risk rating methodology

- (i) We operate internal risk rating and credit scoring models which were designed to facilitate effective assessment of risk involved in lending to various categories of customers including; consumer, retail, small and medium enterprises, commercial, corporate and public sector.
- (ii) The objectives of the internal ratings methodology in Wema Bank include:
 - To conduct obligor risk rating;
 - To conduct portfolio risk rating;
 - To enable the Bank evaluate and predict the likelihood that an obligor will default; and
 - Evaluate the impact of such default on the Bank.
- (iii) The internal rating methodology is integrated into the Bank's overall portfolio risk management providing the basis for credit risk measurement, monitoring and reporting thereby supporting Management's and Board's decision making.
- (iv) Wema Bank's rating methodology incorporates:
- (a) Obligor risk rating: risk that a borrower will not be able to meet required obligations as and when due.
- (b) Facility risk rating: risk of loss in the event that a borrower defaults on a specific transaction. The risk of loss is usually linked to the availability (recourse), reliability and coverage of pledged collateral.
- (c) Counter party risk rating systems for the different market segments based on the unique characteristics of each of the following market categorization:
 - Corporate Customers;
 - Commercial customers;
 - Public sector customers;
 - Retail customers; and
 - Financial institutions Customers.
- (v) Separate rating systems have been established for retail and corporate portfolios i.e;
 - · Risk rating systems for corporate, commercial, sovereign and financial institutions exposures; and
 - Risk scoring systems for retail and consumer exposures.

(c) Enterprise risk management report

In the course of the financial year ended 31 December 2011, the bank reviewed its Enterprise Risk Management structure and decided to embark on a transformation of its entire risk management process to align with international best practice by introducing new units and re-invigorating the existing ones. The Bank also instituted the process for review and implementation on its Enterprise Risk Framework as well as deployment of a new lending solution that will improve the quality of its risk assets.

Our Enterprise Risk Management Division has enhanced its staff components to further improve on the quality of risk assets and identify, analyze, measure and control economic impact of risks on the Bank's assets or earning capacity.

The Bank also introduced a new core banking application in the fourth quarter of 2011 that is robust and equipped to meet the requirements of our enterprise risk management division amongst other divisions of the Bank.

Within the year, Operational Risk Management Unit came on board as a full-fledged department of the Division and Credit Risk Management Department was expanded with the addition of Credit Control & Legal Risk Unit.

The Bank's Enterprise Risk Management comprises six (6) functional departments, namely:

- · Credit Risk Management
- · Operational Risk Management
- Market and Liquidity Risk Management
- · Remedial Asset Management
- Compliance
- · Loan Review and Monitoring

The Bank's corporate vision, mission and objectives remain the fulcrum around which the risk management strategies revolve, these include:

- Definition of strategic objectives;
- Proactive portfolio planning;
- · Proactive control over money and capital market activities;
- · Proactive account planning;
- · Conduct of consistent portfolio review;
- · Regular conduct of macro economic review;
- Institution of robust IT driven operational process; and
- · Definition of risk and return preferences.

The various risk management related committees and sub committees of the Board and Management improved substantially in the discharge of their statutory and oversight functions. The committees include:

- the Board Risk Management Committee(BRMC);
- the Management Risk Committee (MRC);
- the Board Credit Committee (BCC);
- the Management Credit Committee (MCC);
- the Asset and Liability Committee (ALCO);
- the Executive Committee (EXCO);

(d) Credit risk

Credit Risk Management is a key component of the Bank's Enterprise Risk Management structure. The functions are performed by the Credit Risk Management Department, an arm of the Enterprise Risk Management Division.

Wema Bank defines credit risk as the probability that an obligor or counter party will fail to meet its obligations in accordance with agreed terms.

The principal areas where the Bank is exposed to credit risk include: lending, trade finance, leasing, treasury activities and off balance sheet engagement.

As presently constituted for operational convenience, holistic scope, adequacy and effectiveness of its preventive and controls functions, the Department is subdivided into three (3) units namely:

- · Credit Analysis/Credit Quality Assurance Unit with direct reporting relationship to Head (Credit Risk Management);
- Credit Administration Unit with direct reporting relationship to Head (Credit Risk Management);
- Credit Control Unit with direct reporting relationship to Head (Credit Risk Management)

Credit risk measurement

Measurement of credit risk is a vital aspect of the Bank's credit risk management functions. The Bank adopts qualitative and quantitative techniques to measure the risk inherent in its credit portfolio.

(i) Loans and advances

For measuring credit risk of loans, advances and investments, the Bank 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/sectoral classification etc.

Internal rating Scale

The internal rating methodology incorporates ten (10) rating grades. This is to ensure that risk levels are adequately differentiated. Four (4) grades are classified as investment grades (i.e. AAA – BBB), three (3) as speculative grade (i.e. BB – CCC) and three (3) as Default grade (i.e. CC – D) as shown in the table below:

Grade	Description of Grade	Remark
AAA	Extremely Low Risk)
AA	Very Low Risk	Investment/Lending Grade
Α	Good Low Risk	(
BBB	Below Average Risk	2
BB	Average Risk.	1
В	Above Average Risk.	Speculative Grade
CCC	High Risk.	J
CC	Very High Risk/Substandard	1
C	Extremely High Risk/Doubtful	Default Grade
D	Bad and Lost	J

(ii) Debt Securities and Other Bills

Internal rating metrics are used to measure market and liquidity risk exposures to debt securities and other bills.

Credit Risk limit control and mitigation policies

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 Bank are controlled by setting approved credit limits for all loans, advances, investments and off balance sheet engagements.

We have a culture of strict adherence to regulatory measures as stipulated by the Central Bank of Nigeria. Credit Risk Limits are also set on industry, geographical, and product segments.

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

BoardAbove №1.5 billionBoard Credit Committee№1.5 billionManagement Credit Committee№500 millionManaging Director№150 million

Collateral

In line with the Bank's credit policy, security is taken for all credits granted. In order to ensure adequacy of collateral in the event of default of principal loan and interest the Bank's policy requires a minimum of 150% (FSV) coverage ratio for non-cash collateral and 110% cover for cash collaterised loans.

Furthermore, in order to ensure credibility and integrity of security valuation, the Bank has limited acceptable security valuation to two (2) prominent accredited estate valuers in Nigeria.

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

- Mortgage Debenture/ Legal Mortgage over landed properties
- Debenture over specific assets
- Charges over marketable instruments, securities and accounts receivables
- Cash

Netting / set off arrangements

As a matter of policy and practice, the bank takes advantage of netting/set off arrangements to settle gaps emanating from outstanding balances in favour and/or against defaulting counter parties.

Credit related commitments

The Bank consistently deploys robust asset and liability management strategies to ensure its cash and contingent commitments are easily honoured as and when due. Adequate steps are also taken to effectively optimize gaps deriving from undrawn commitments.

As a matter of policy and practice, the bank takes advantage of netting/set off arrangements to settle gaps emanating from outstanding balances in favour and/or against defaulting counter parties.

Approval Limit
Above ₩1.5 billion
₩1.5 billion
₩500 million
₩150 million
N20 million
₩5 million

Collateral

As part of the Bank's credit policy, security is taken on all credits granted. In order to ensure adequacy of collateral in the event of default of principal loan and interest the Bank's policy requires a minimum of 150% (FSV) coverage ratio for non-cash collateral and 110% cover for cash collaterised loans.

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Netting / set off arrangements

As a matter of policy and practice, the bank takes advantage of netting/set off arrangements to settle gaps emanating from outstanding balances in favour and/or against defaulting counter parties.

Credit related commitments

The Bank consistently deploys robust asset and liability management strategies to ensure its cash and contingent commitments are easily honoured as and when due. Adequate steps are also taken to effectively optimize gaps deriving from undrawn commitments.

Risk Assets (Loans and Advances, Advances under Finance Leases, off-balance sheet direct credit substitutes etc)

Loans and advances are summarised as follows:	Group 2010	Bank 2011	Bank 2010
	N '000	N '000	N '000
Performing Watchlist	34,272,081 2,919,210	59,973,797 409,000	30,221,456 2,919,210
	37,191,291	60,382,797	33,140,666
Non-Performing			
- Substandard	370,373	339,481	364,658
- Doubtful	9,326,292	420,045	10,779,584
- Lost	27,470,180	8,933,868	26,282,763
	37,166,845	9,693,394	37,427,005
TOTAL	74,358,136	70,076,190	70,567,671

(e) Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

Group As at 31 December 2010	Retail 2010 N '000	Commercial 2011 N'000	Total 2010 N'000
Not yet due Past due 0 - 30 days Past due up to 30 - 60 days Past due up to 60 - 90 days	395,900 4,490 336,719 57	9,523,147 141,033 36,119 17,782	9,919,046 145,523 372,839 17,839
Bank As at 31 December 2011	737,166	9,718,081	10,455,247
Not yet due Past due 0 to 30 days Past due up to 30 - 60 days Past due up to 60 - 90 days	116,202 1,335 98,832	2,795,180 41,395 10,602 5,219	2,911,382 42,730 109,434 5,219
	216,369	2,852,396	3,068,765
Bank As at 31 December 2010			
Not yet due Past due 0 - 30 days Past due up to 30 - 60 days Past due up to 60 - 90 days	388,098 671 689 57	9,523,147 141,033 36,119 17,782	9,911,244 141,704 36,808 17,839
	389,515	9,718,081	10,107,595

Non-performing loans by industry

Non-performing loans by maustry	Group	Bank	Bank
	2010	2011	2010
	N'000	N'000	N'000
Agriculture	702,613	50,206	695,830
General commerce	14,397,039	369,939	11,361,810
Consumer Credit Consumer Credit	-	-	-
Manufacturing	613,239	105,584	613,239
Mining, Oil and Gas	4,188,899	3,031,980	4,188,899
Real Estate and Construction	4,015,075	116,250	3,286,132
Credit and Financial Institutions	4,332,303	1,944,295	11,823,438
Transportation and Communication	1,503,347	202,686	1,503,346
Education	-	-	-
Government	187,956	88,245	187,956
Others	7,226,374	3,784,208	3,766,355
TOTAL	37,166,845	9,693,393	37,427,005
			-
Non-performing advances by industry			
Agriculture	110	-	110
General Commerce	49,483	-	49,483
Consumer Credit Consumer Credit	-	-	-
Manufacturing	44,837	-	44,837
Mining, Oil and Gas	5,857	-	5,857
Real Estate and Construction	23,347	-	23,347
Credit and Financial Institutions	463,422	-	-
Transportation and Communication	-	-	-
Education	-	-	-
Government	- 0.740	-	- 0.740
Others	9,749	-	9,749
TOTAL	596,805	-	133,383
Non-performing loans by geography			
Abuja & North Central	4,307,279	2,164,184	2,123,104
North East	249,406	2,101,104	249,406
North West	501,760	_	501,760
South East	112,614	_	112,614
South South	4,182,334	34,521	3,421,836
South West	35,513,452	7,494,688	31,018,284
TOTAL	44,866,845	9,693,393	37,427,005
I O II I E			

Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2011. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

Group	

	Due from financial		Advances under	Debt	
	institutions	Loans	finance lease	Instruments	Total
As at 31 December 2010	N '000	N '000	₩'000	N '000	₩'000
Abuja & North Central	-	12,559,671	149,880	30,429,274	3,138,824
North East	-	274,458	-	-	274,458
North West	-	533,945	121	-	534,066
South East	-	117,955	-	-	117,955
South South	-	4,597,945	56,291	-	4,654,236
South West	47,405,843	56,274,162	1,286,570	-	104,966,575
Outside Nigeria	2,833,609		<u> </u>		2,833,609
	50,239,452	74,358,136	1,492,862	30,429,274	156,519,723

Bank

Dank	Due from financial		Advances under	Debt	
	institutions	Loans	finance lease	Instruments	Total
	Dec. 2011	Dec. 2011	Dec. 2011	Dec. 2011	Dec. 2010
	₩'000	N '000	₩'000	₩'000	N '000
As at 31 December 2011					
Abuja & North Central	-	6,095,312	6,623	29,886,015	35,987,950
North East	-	-	-	-	
North West	-		-	-	-
South East	-	128,722	-	-	128,722
South South	-	1,876,000	53,230	-	1,929,230
South West	12,597,076	61,976,157	908,139	-	75,481,372
Outside Nigeria	3,806,306				3,806,306
	16,403,382	70,076,190	967,993	29,886,015	117,333,580

Bank

	Due from financial		Advances under	Debt	
	institutions	Loans	finance lease	Instruments	Total
	Dec. 2010	Dec. 2010	Dec. 2010	Dec. 2010	Dec. 2010
As at 31 December 2010	N '000	N '000	N '000	N '000	₩'000
Abuja & North Central	_	6,672,831	3,217	30,429,274	37,105,322
North East	-	274,458	5,217	50,425,274	274,458
North West	-	533,945	121	-	534,066
South East	-	117,955	-	-	117,955
South South	-	3,837,448	4,920	-	3,842,368
South West	45,710,826	59,131,034	1,020,039	-	105,861,899
Outside Nigeria	2,833,609				2,833,609
	48,544,435	70,567,671	1,028,297	30,429,274	150,569,677

Group

Industry Sectors

·	Due from financial institutions Dec. 2010	Loans Dec. 2010	Advances under finance lease Dec. 2010	Debt Instruments Dec. 2010	Total Dec. 2010
	N '000	N '000	N '000	N '000	N '000
Agriculture General Commerce Consumer Credit Manufacturing Mining, Oil and Gas Real Estate and Construction Credit and Financial Institutions Transportation and Communication Education Government Others	50,239,452	891,151 12,832,035 6,429,891 6,067,329 8,153,864 8,834,480 15,951,450 2,131,153 13,066,783	148,314 215,535 - 205,237 11,270 113,410 1,810 706,946 - 23,378 66,962	- - - - - - 30,429,274	1,039,466 13,047,570 6,429,891 6,272,565 8,165,135 8,947,890 66,192,712 706,946
	50,239,452	74,358,136	1,492,862	30,429,274	156,519,724
	30,233,432	77,550,150	1,432,802	30,723,274	150,515,724

Bank

	Due from financial institutions Dec. 2011 N'000	Loans Dec. 2011 N'000	Advances under finance lease Dec. 2011 N'000	Debt Instruments Dec. 2011 N'000	Total Dec. 2011 N'000
				333	
As at 31 December 2011					
Agriculture	_	891,151	4,061	_	905,213
General Commerce		20,532,035	120,651		20,652,686
	-	20,552,055	120,051	_	20,032,000
Consumer Credit	-	-		-	-
Manufacturing	-	6,067,329	59,872	-	6,127,200
Mining, Oil and Gas	-	8,153,864	11,270	-	8,165,135
Real Estate and Construction	-	7,007,215	23,347	-	7,030,562
Credit and Financial Institutions	16,403,382	12,764,855	1,810	_	29,170,047
Transportation and Communication	-	3,881,180	646,643	_	4,527,823
Education	_	-	-	_	-
Government	-	2,131,153	23,377	29,886,015	32,040,545
Others	-	8,647,408	66,962	-	8,714,371
	16,403,382	70,076,190	967,993	29,886,015	117,333,581

Bank

,	Due from financial institutions Dec. 2010	Loans Dec. 2010	Advances under finance lease Dec. 2010	Debt Instruments Dec. 2010	Total Dec. 2010
	N '000	N '000	N '000	N '000	N '000
As at 31 December 2010					
Agriculture	-	891,151	14,061	-	905,213
General Commerce	-	20,532,035	120,651	-	20,652,686
Consumer Credit	-	-	-	-	-
Manufacturing	-	6,067,329	59,872	-	6,127,200
Mining, Oil and Gas	-	8,153,864	11,270	-	8,165,135
Real Estate and Construction	-	7,007,215	23,347	-	7,030,562
Credit and Financial Institutions	48,544,435	12,764,855	1,810	-	61,311,100
Transportation and Communication	-	3,881,180	706,947	-	4,588,127
Education	-	-	-	-	-
Government	-	2,131,153	23,377	30,429,274	32,583,803
Others		9,138,889	66,962		9,205,852
	48,544,435	70,567,671	1,028,297	30,429,274	150,569,677

$Analysis\ of\ Loans\ and\ Advances\ by\ Portfolio\ Distribution\ and\ Risk\ Rating$

As at 31 December	Group 2010	Bank 2011	Bank 2010
Risk rating	₩'000	N '000	N '000
AAA - BBB	10,960,845	10,645,826	10,645,826
BB - CCC	6,553,359	6,187,094	6,187,094
CC-D	45,564,310	43,996,844	44,488,325
Unrated	11,279,622	9,246,426	9,246,426
Total	74,358,136	70,076,190	70,567,671

(g) Report on market and liquidity risk management

Market Risk

The bank has embarked on implementation of Market risk management policies, process and procedures for the monitoring, measurement and hedging against foreign exchange risks, interest rate risk and liquidity risk in line with global best practice. These processes are incorporated into the bank's overall risk management system to the extent possible as this would enable the bank understand and manage its consolidated risk exposure more effectively ensuring that the various market risk exposures are accurately and adequately identified, measured, monitored, controlled and where feasible, assess the probability of future losses and prompt Management for quick remedial action in response to adverse changes in market factors. Market risk factors are foreign exchange risk, interest rate and Price risk and such positions arise due to market making, proprietary trading, underwriting and investment activities.

Foreign Exchange Risk

The risk of loss resulting from the difference between assumed and actual foreign exchange rates where long position and short position are held on a net basis with regard to its assets and liabilities denominated in foreign currencies. Sources of foreign exchange risk include:

- **Open Position Limit:** This risk arises as a result of difference between the total long and short position in Foreign Currency (securities) held by the bank at any point in time.
- **Transaction Risk:** This is a risk that can arise from adverse movement in rates between the date an asset is created and the date the asset matures which can lead to loss/reduction in earnings for the bank due to non-hedging

Interest Rate Risk (IRR):

This is the risk of loss resulting from changes in interest rates as a result of a mismatch of interest rates on its assets and liabilities and/or timing differences in the maturity periods on its assets and liabilities which can lead to a loss /reduction in earnings. The sources of Interest Rate Risk include:

Re-pricing Risk:

This is the risk that maturing assets/liabilities may be re-priced at rates lower than the prevailing market rates at which funds were obtained thereby creating a potential loss in income for the Bank.

Yield Curve Risk:

This is the risk of an adverse movement in interest rates on financial assets held by the bank.

Basis Risk:

This is the risk that offsetting investments will not experience price changes in entirely opposite direction (i.e perfect negative correlation) thus creating a potential loss.

Options Risk:

This arises when there is a right or obligation to alter the level of timing of the cash-flows of an asset, liability or off-balance sheet instruments.

Market Risk Structure and Framework

The objective of the Bank is to ensure a consistent relationship between its market risk exposures and its long term goals which include defining the market risk appetite for the bank and at the same time achieving an appropriate balance between risk and reward in its business while ensuring that overall market risk exposure is maintained at levels consistent with available capital.

Market risk reports are regularly presented to the Assets & Liabilities Management Committee (ALCO) which comprises of MD/CEO, Executive Directors and other relevant Divisional Heads, with the objective of:

- Monitoring liquidity, asset and liability mismatch, pricing and interest rates
- · Evaluating market risk inherent in new products
- Ensuring compliance with statutory and regulatory requirements relating to market risks
- Balance sheet management.

BRC and full Board are responsible for the following:

- Approve market and liquidity risk management framework, policies, strategies, guidelines and philosophy
- · Provide Board oversight for the implementation of market and liquidity risk management policies
- Approve market and liquidity risks related limits for the Bank.

Liquidity risk

This is the risk that the bank might not be able to trade on an asset in time to prevent a loss or at a cost or provide funds required to meet its obligations/commitments as they fall due as a result of mismatch in the maturity of its assets and liabilities. Enterprise Risk Management has embarked on an all-encompassing process to monitor the banks liquidity status at each point in time through active management of both assets and liability which comply with regulatory requirement and at the same time optimising return on assets while putting in place provision for contingent funding policies to bridge funding requirements for the bank if necessary.

Sources of Liquidity Risk to the bank;

Internal sources: Risk implication as a result of pursuance of profitability. External sources: Risk as a result of macro economic environment.

Wema Bank's exposure to Liquidity Risk is quantified using the following methodologies:

- · Cash flow projection approach
- · Maturity Ladder
- · Scenario Analysis
- Simple Stress Testing
- Ratio Analysis.
 - ➤ Purchase and sale of stocks.
 - ► Purchase and sale of bonds.
 - ► Foreign currency transactions.
 - > Security repurchase agreements etc.

As life of every living soul is in the blood, so is liquidity to any business concern, therefore the inability of the Bank to meet its financial obligations whether in funding of increase in assets or meeting up commitments as they fall due constitutes Liquidity risk.

In order to forestall this, the Bank has drawn up a framework that defines key components for the management of Liquidity Risks including Market Risk Strategy, Market Risk Management Policy and Processes. The framework also establishes the premise on which Liquidity Risk Management requirements is defined and communicates Liquidity Risk Management definitions, purposes, objectives, approaches, key decisions, etc, across the Bank.

Wema Bank defines liquidity risk as possibility of loss arising from either its inability to meet its obligations or fund increase in assets as they fall due without incurring unacceptable costs/ losses or risk of loss arising from adverse movement of rates in the course of efforts to close a liquidity gap from market activities.

The bank approaches liquidity risk management from two perspectives as follows:

- Funding liquidity risk.
- Trading liquidity risk.

The bank's liquidity risk management is aimed at utilizing the potential from both sides of the balance sheet and optimizing all available resources while taking into account the risks associated with each type of liquidity source to control and prevent inability to meet financial obligations as and when due.

The bank identified typical causes of liquidity risk as including cash flow mismatch arising from:

- Portfolio characteristics.
- Asset and liability mixes in the bank's on and off balance sheet positions.
- · Foreign currency portfolio.
- Other risk areas such as credit, operational, market, reputational and strategic risks.

Operational risk management

The rapidly changing and complex business environment is laden with risks and opportunities. The ability of an institution to aptly identify, quantify or profile, and mitigate risks while seizing the opportunities therein would distinguish a stellar institution from an average one. Wema Bank is poised to create a competitive advantage for its brand through proactive risk management which would be built on a sound risk awareness culture and best practices across the gamut of the Bank.

Operational risks are those risks arising from the execution of an institution's business functions; a broad concept with key focus on the risks arising from people, process, systems and external events. Examples of such risks include: fraud, hacking, armed robbery attacks, inadequate policies and procedures, software and hardware failure, high staff attrition, weak corporate governance, etc.

Wema Bank has a robust operational risk management framework that is aimed at ensuring the Bank adequately manages its risk exposures albeit these remain dynamic in today's business world. The Bank has commenced the creation of a sound risk management culture bank-wide through comprehensive training of its staff in structured phases. The business managers and core operations staff have been trained across the regions of the Bank on best practice risk identification, risk profiling, controls, monitoring, and reporting methodologies. Key risk management tools employed by the Bank include:

- · Risk and Control Self-Assessments;
- · Key Risk Indicators;
- · Loss and Loss Events Database;
- Risk Review Workshops;
- · Scenario Sessions;

The Bank's thrust for operational risk management includes:

- Proactive management of risks to ensure these do not become catastrophic risk events;
- · Facilitate sound risk-based business decisions of the Bank;
- Ensure the Bank takes calculated risks at every decision point;
- Increase the bottom line of the Bank on the medium and long run;
- Ensure the Bank has a sound Business Continuity Plan and Disaster Recover Plans for unexpected critical risk events .

Market Risk Strategy

The Bank has implemented a robust Market Risk Management Framework which provides the Management with guidance on Market risk management processes. The Bank's Market Risk strategy and policy is anchored on the following:

- Product diversification which involves trading in a class of products such as debt, foreign exchange instruments, corporate securities and government securities
- Risk-taking within well-defined limits with the sole purpose of creating and enhancing shareholder value and competitive advantage
- Implementation of a Finacle Treasury module as a support for controlling, monitoring and reporting market risk.
- Deployment of a variety of tools to monitor and restrict market risk exposures such as position limits, sensitivity analysis, ratio analysis and management action triggers
- Usage of variety of tools to measure non-tradable interest rate risk such as:

Interest rate gap analysis

- Forecasting and simulating interest rate margins;
- Calculating Earnings-At-Risk (EAR) using various interest rate forecasts;
- Re-pricing risk in the balance sheet;

- Using the Assets and Liabilities Management process to determine balance sheet interest rate sensitivity and appropriate balance sheet mix in line with the Banks business strategy.
- Adhering to regulatory Open Position Limit (OPL) as prescribed by CBN currently 3% of Shareholders' funds.
- Monitoring and compliance with internal market risk limits and other risk management guidelines
 - Regulatory factors.
 - Socio-Political factors.

The Bank's Corporate Planning in conjunction with Enterprise Risk Management Directorate undertakes the duty of identifying Strategic Risk Drivers (SRD) across the internal and the external environments.

The Bank's Strategic Risk Management is driven by the following approaches:

- 1. Identifying material Strategic Risk Drivers (SRD)
- 2. Assessing likelihood of occurrence of each Strategic Risk Driver (SRD)
- 3. Deciding and implementing management action.

Part		Due from		Advances		
Regiculture		financial		under	Debt	
Agriculture - 891,151 148,314 - 1,039,466 General Commerce 1,2,832,035 215,535 - 13,047,570 Consumer Credit - 6,428,891 - - 6,429,891 Manufacturing - 6,067,329 20,2237 - 6,272,881 Mining, Oil and Gas - 8,138,864 111,270 - 8,165,135 Real Estate and Construction - 8,834,860 113,410 - 8,947,880 Credit and financial Institutions - 1,706,946 - 706,946 - 706,946 Government - 2,131,153 23,378 30,429,274 32,588,804 Others - 2,13,067,833 66,962 30,429,274 32,588,804 Others - 2,13,153 65,962 30,429,274 32,588,804 Others - 7,4358,135 1,492,862 30,429,274 32,588,804 Others - 6,023,891 1,492,862 30,429,274 32,588	A					
Consumer Credit	As at 31 December 2010	₩ 000	14 .000	N 000	N 000	₩.000
Consumer Credit						
Consumer Credit	Agriculture	_	891.151	148.314	_	1.039.466
Consumer Credit	_	-	•	•	-	
Manufacturing	Consumer Credit	-		=	-	
Real Estate and Construction	Manufacturing	-		205,237	-	
Transportation and Communication S0,239,452 15,951,450 1,810 66,192,712 Transportation and Communication Communi		-		11,270	-	
Transportation and Communication	Real Estate and Construction	-	8,834,480	113,410	-	8,947,890
Concernment	Credit and Financial Institutions	50,239,452	15,951,450	1,810	-	66,192,712
Covernment	Transportation and Communication	-	-	706,946	-	706,946
Due from Financial Institutions Due from Financial and Communication Due from Financial And Financial	Education	-	-	-	-	-
Name	Government	-	2,131,153	23,378	30,429,274	
Due from financial institutions Property Property	Others		13,066,783	66,962		13,133,745
Sat 31 December 2009 Due from financial institutions Loans financial construction Advance under financial construction Due from financial construction Advance under financial construction Due from financial construction Advance under financial construction Advance under financial construction Senato (A)		50,239,452	74,358,136	1,492,862	30,429,274	156,519,724
Sat 31 December 2009 Due from financial institutions Loans financial construction Advance under financial construction Due from financial construction Advance under financial construction Due from financial construction Advance under financial construction Advance under financial construction Senato (A)	Industry Sectors					
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General Commerce - 15,696,270 240,683 - 15,936,953 Consumer Credit - 18,070,775 289,599 - 18,360,374 Manufacturing - 5,624,122 187,759 - 5,811,881 Mining, Oil and Gas - 8,686,886 7,487 - 8,694,374 Real Estate and Construction - 3,760,750 25,594 - 3,786,344 Credit and Financial Institutions 16,403,382 1,415,071 57,301 - 17,875,754 Transportation and Communication - 2,745,506 52,296 - 2,797,802 Education - - - - - - - Government - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420	American		201 500			201 500
Consumer Credit - 18,070,775 289,599 - 18,360,374 Manufacturing - 5,624,122 187,759 - 5,811,881 Mining, Oil and Gas - 8,686,886 7,487 - 8,694,374 Real Estate and Construction - 3,760,750 25,594 - 3,786,344 Credit and Financial Institutions 16,403,382 1,415,071 57,301 - 17,875,754 Transportation and Communication - 2,745,506 52,296 - 2,797,802 Education - - - - - - - Government - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420	-	-		240.602	-	·
Manufacturing - 5,624,122 187,759 - 5,811,881 Mining, Oil and Gas - 8,686,886 7,487 - 8,694,374 Real Estate and Construction - 3,760,750 25,594 - 3,786,344 Credit and Financial Institutions 16,403,382 1,415,071 57,301 - 17,875,754 Transportation and Communication - 2,745,506 52,296 - 2,797,802 Education - - - - - - - Government - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420		-		·	-	
Mining, Oil and Gas - 8,686,886 7,487 - 8,694,374 Real Estate and Construction - 3,760,750 25,594 - 3,786,344 Credit and Financial Institutions 16,403,382 1,415,071 57,301 - 17,875,754 Transportation and Communication - 2,745,506 52,296 - 2,797,802 Education - - - - - - Government - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420		-		·	-	
Real Estate and Construction - 3,760,750 25,594 - 3,786,344 Credit and Financial Institutions 16,403,382 1,415,071 57,301 - 17,875,754 Transportation and Communication - 2,745,506 52,296 - 2,797,802 Education - - - - - - - Government - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420		-			-	
Credit and Financial Institutions 16,403,382 1,415,071 57,301 - 17,875,754 Transportation and Communication - 2,745,506 52,296 - 2,797,802 Education - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420		-			-	
Transportation and Communication - 2,745,506 52,296 - 2,797,802 Education - - - - - - Government - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420		16 403 382				
Education -		10,403,302			-	
Government - 5,204,875 23,191 29,886,015 35,114,081 Others - 8,570,337 84,084 - 8,654,420	•	_	2,773,300	JZ,Z30 -	=	2,737,002
Others - 8,570,337 84,084 - 8,654,420		-	5.204 875	23 191	29.886.015	35.114.081
		_			25,000,015	
<u> 16,403,382</u>	-					
	_	16,403,382	70,076,190	967,993	29,886,015	117,333,580

Bank

	Due from financial institutions	Loans	Advances under finance lease	Debt Instruments	Total
	N '000	N '000	N'000	N '000	₩'000
Industry Sectors					
Agriculture	-	891,151	14,061	-	905,213
General Commerce	-	20,532,035	120,651	-	20,652,686
Consumer Credit	-	-	-	-	-
Manufacturing	-	6,067,329	59,872	-	6,127,200
Mining, Oil and Gas	-	8,153,864	11,270	-	8,165,135
Real Estate and Construction	-	7,007,215	23,347	-	7,030,562
Credit and Financial Institutions	48,544,435	12,764,855	1,810	-	61,311,100
Transportation and Communication	-	3,881,180	706,947	-	4,588,127
Education	-	-	-	-	-
Government	-	2,131,153	23,377	30,429,274	32,583,803
Others		9,138,889	66,962		9,205,852
	48,544,435	70,567,671	1,028,297	30,429,274	150,569,677

(ii) Analysis of Loans and Advances by Portfolio Distribution and Risk Rating

As at 31 December	Group	Bank	Bank
	2010	2011	2010
Risk rating	N '000	N '000	N '000
AAA - BBB	10,960,845	12,244,068	10,645,826
BB - CCC	6,553,359	6,868,772	6,187,094
CC - D	45,564,310	42,290,102	44,488,325
Unrated	11,279,622	8,673,248	9,246,426
Total	74,358,136	70,076,190	70,567,671



Bank Concentrations of currency risk – on- and off-balance sheet financial instruments 31 December 2011

	Naira	Dollar	GBP	Euro	Others	Carrying amount
	N '000	₩'000	N '000	N '000	N '000	N '000
Assets:						
Cash and balances with Central Banks	17,525,285	601,274	94,362	2 47,939	-	18,268,860
Treasury bills	10,432,899	-	-	-	-	10,432,899
Due from other banks	13,221,989	2,410,618	407,220	363,555	-	16,403,382
Loans and advances to customers	60,143,452	-	-	-	-	60,143,452
On-lending facilities	7,312,016	-	-	-	-	7,312,016
Advances under finance lease	958,312	-	-	-	-	958,312
Insurance receivables	-	-	-	-	-	
Investment securities	61,919,987	-	-	-	-	61,919,987
Investment in subsidiaries	-	-	-	-	-	-
Investment in associate	1,353,703	-	-	-	-	1,353,703
Intangible assets	449,985	-	-	-	-	449,985
Deferred tax assets	23,384,264	-	-	-	-	23,384,264
Other assets	7,233,898	163,024	-	-	-	7,396,922
Investment property	730,769	-	-	-	-	730,769
Property and Equipment	13,484,000			-	-	13,484,000
Total financial assets	218,150,559	3,174,915	501,582	411,494		222,238,551
Park Plate and						
Liabilities:	145 600 750	1 640 622	2.22	16.015		1 47 207 400
Customer deposits	145,688,752	1,648,622	3,220	0 46,815	-	147,387,408
Due to other banks	1,881,505	776,663	-	-	-	2,658,168
On-lending facilities	7,385,875	-	-	-	-	7,385,875
Finance lease obligations	164070	-	-	-	-	164070
Current income tax	164,978	456 502	-	-	-	164,978
Other liabilities	6,585,561	456,583	-	-	-	7,042,144
Deferred tax liabilities	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Other borrowings	50,693,142	-	-	-	-	50,693,142
Retirement Benefit Obligations	185,772					185,772
Total liabilities	212,585,585	2,881,868	3,220	46,815		215,517,487
Net on-balance sheet financial position	5,564,974	293,047	498,362	364,679	_	6,721,064
Off halance shoot	1 427 000	0.205.042		274 166		0.017.010
Off balance sheet	1,437,808	8,205,942		274,169		9,917,919
31 December 2010	Naira	Dollar	GBP	Euro	Others	Carrying amt
	₩'000	N '000	N '000	N '000	N '000	₩'000
Total financial assets	-	-			_	-
Total financial liabilities					-	<u>-</u>
Net on-balance sheet financial position				<u> </u>		<u> </u>
Off balance sheet				<u> </u>		

31 December 2010

	Naira	Dollar	GBP	Euro	Others	Carrying amt
	N '000					
Assets:						
Cash and balances with central banks	5,612,085	184,586	164,519	64,853	-	6,026,043
Treasury bills	8,176,207	-	-	-	-	8,176,207
Due from other banks	45,702,141	2,139,527	303,678	399,089	-	48,544,435
Loans and advances to customers	38,637,809	-	-	-	-	38,637,809
On-lending facilities	6,718,813	-	-	-	-	6,718,813
Advances under finance lease	896,608	-	-	-	-	896,608
Insurance receivables	-	-	-	-	-	-
Investment securities	48,644,369	-	-	-	-	48,644,369
Investment in subsidiaries	1,984,193	-	-	-	-	1,984,193
Investment in associates	1,353,703	-	-	-	-	1,353,703
Goodwill	23,384,264	-	-	-	-	23,384,264
Other assets		-	-	-	-	-
Property and Equipment	6,000,877	163,024	-	-	-	6,163,901
Deferred tax asset	12,614,282					12,614,282
Total financial assets	199,725,351	2,487,137	468,197	463,942		203,144,627
Liabilities:						
Customer deposits	121,506,595	1,303	-	-	-	121,507,898
Due to other banks	2,588,220	-	-	-	-	2,588,220
On-lending facilities	6,718,813	-	-	-	-	6,718,813
Finance lease obligations	-	-	-	-	-	-
Current income tax	386,453	-	-	-	-	386,453
Other liabilities	5,967,623	296,253	263,606	-	348,188	6,875,670
Deferred tax liabilities	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Other borrowings	50,069,457	-	-	-	-	50,069,457
Retirement Benefit Obligations	160,840					160,840
Total liabilities	187,398,002	297,556	263,606		348,188	188,307,351
Net on-balance sheet financial position	12,327,349	2,189,581	204,591	463,942	(348,188)	14,837,276
Off balance sheet	2,018,133	16,579,894			-	18,598,027

Bank Maturity Profile - On Balance Sheet	Up to 1	1-3	3 - 6	6 -12		Over 5	
31 December 2011	month	months	months	months	1 - 5 years	years	Total
	N '000	₩'000	N '000				
Assets:							
Cash and balances with central banks	18,268,860	-	-	-	-	-	18,268,860
Treasury bills	-	573,087	1,961,662	7,898,150	-	-	10,432,899
Due from other banks	11,700,000	4,703,382	-	-	-	-	16,403,382
Loans and advances to customers	18,605,432	3,253,118	6,051,576	11,065,657	12,550,587	8,617,082	60,143,452
On-lending facilities	-	-	-	-	-	7,312,016	7,312,016
Advances under finance lease	958,312	-	-	-	-	-	958,312
Insurance receivables	-	-	-	-	-	-	-
Investment securities	-	-	-	1,701,232	30,332,740	29,886,015	61,919,987
Investment associate	-	-	-	-	-	1,353,703	1,353,703
Goodwill	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	23,384,264	-	23,384,264
Other assets	5,609,919	39,659	7,734	56,579	533,596	1,149,435	7,396,922
Intangible assets	-	-	-	-	449,985	-	449,985
Investment properties	-	-	-	730,769	-	-	730,769
Property and equipment					13,484,000	13,484,000	
Total assets	55,142,523	8,569,246	8,020,972	21,452,387	67,251,172	61,802,251	222,238,551
Liabilities:							
Customer deposits	102,413,652	7,307,655	27,376,968	9,892,830	396,303	-	147,387,408
Due to other banks	2,658,168	-	-	-	-	-	2,658,168
On lending facility	-	_	-	-	_	7,385,875	7,385,875
Claims payable	-	-	-	-	-	-	-
Finance lease obligations	-	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	_	50,693,142	50,693,142
Current income tax	-	-	-	164,978	_	-	164,978
Other liabilities	4,275,178	763,524	1,587,862	415,553	_	-	7,042,117
Deferred tax liabilities	-	· -	-	-	_	-	-
Retirement benefit obligations				185,799	-		185,799
Total liabilities	109,346,998	8,071,179	28,964,830	10,659,160	396,303	58,079,017	215,517,487
Gap	(54,204,475)	498,067	(20,943,858)	10,793,228	66,854,869	3,723,234	6,721,064



Group

Maturity Profile - On Balance Sheet	
31 December 2010	

31 December 2010	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N '000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
	_				_		
Cash and balances with Central Banks	6,067,639	-	-	-	-	500,000	6,567,639
Treasury bills	-	-	3,919,636	4,256,571	-	-	8,176,207
Due from other banks	45,206,503	3,642,841	467,614	922,494	-	-	50,239,452
Loans and advances to customers	40,493,689	5,428,027	5,707,019	7,533,527	7,212,972	7,982,902	74,358,136
On-lending facilities	-	-	-	-	-	6,718,813	6,718,813
Advances under finance lease	567,662	1,579	3,401	83,223	400,363	436,633	1,492,861
Insurance receivables	-	209,872	-	-	-	-	209,872
Investment securities	-	2,526,286	-	247,611	18,698,455	33,580,121	55,052,473
Investment in associates	-	-	-	-	-	1,578,745	1,578,745
Goodwill	-	-	-	-	-	-	
Deferred tax asset	-	-			25,054,033	-	25,054,033
Other assets	9,245,024	49,149	76,423	893,577	582,400	1,910,109	12,756,682
Investment property	-	-	-	-	675,714	3,620,338	4,296,052
Property and Equipment					12,774,687	13,555,014	26,329,701
	101,580,517	11,857,754	10,174,094	13,937,003	65,398,624	69,882,676	272,830,667
Liabilities	101,580,517	11,857,754	10,174,094	13,937,003	65,398,624	69,882,676	272,830,667
Liabilities Customer denosits						69,882,676	
Customer deposits	91,811,787	11,857,754 1,322,510	1,174,019	13,937,003 270,660	26,304,777		120,883,753
Customer deposits Due to other banks							120,883,753 2,588,220
Customer deposits Due to other banks On-lending facilities	91,811,787		1,174,019 - -	270,660 - -			120,883,753 2,588,220 6,718,813
Customer deposits Due to other banks On-lending facilities Claims payable	91,811,787						120,883,753 2,588,220
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations	91,811,787		1,174,019 - - 218,023	270,660 - -			120,883,753 2,588,220 6,718,813 305,232
Customer deposits Due to other banks On-lending facilities Claims payable	91,811,787	1,322,510 - - - - - -	1,174,019 - - 218,023 - 1,135,391	270,660 - -			120,883,753 2,588,220 6,718,813
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations Liability on investment contracts	91,811,787 2,588,220 - - -		1,174,019 - - 218,023	270,660 - - 87,209 -	26,304,777 - - - - -	6,718,813 - - -	120,883,753 2,588,220 6,718,813 305,232 - 1,135,391
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations Liability on investment contracts Liabilities on insurance contracts	91,811,787 2,588,220 - - - 2,109	1,322,510 - - - - - -	1,174,019 - - 218,023 - 1,135,391	270,660 - - 87,209 - - 242,586	26,304,777 - - - - -	6,718,813 - - - - - 980,682	120,883,753 2,588,220 6,718,813 305,232 - 1,135,391 1,328,593
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations Liability on investment contracts Liabilities on insurance contracts Other borrowings	91,811,787 2,588,220 - - - 2,109 1,661	1,322,510 - - - - - - - 27,352	1,174,019 - - 218,023 - 1,135,391 72,158	270,660 - - - 87,209 - - - 242,586 2,667,477	26,304,777 - - - - - 3,706 - - 177,045	6,718,813 - - - - - 980,682	120,883,753 2,588,220 6,718,813 305,232 - 1,135,391 1,328,593 54,331,986 609,954 12,861,712
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations Liability on investment contracts Liabilities on insurance contracts Other borrowings Current income tax Other liabilities Deferred tax liabilities	91,811,787 2,588,220 - - - 2,109 1,661 1,983	1,322,510 - - - - - - 27,352 - 141,256	1,174,019 218,023 - 1,135,391 72,158 - 80,262	270,660 - - 87,209 - - 242,586 2,667,477 386,453 1,785,403	26,304,777 - - - - - - 3,706 - -	6,718,813 - - - - - 980,682	120,883,753 2,588,220 6,718,813 305,232 1,135,391 1,328,593 54,331,986 609,954 12,861,712 279,262
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations Liability on investment contracts Liabilities on insurance contracts Other borrowings Current income tax Other liabilities	91,811,787 2,588,220 - - - 2,109 1,661 1,983	1,322,510 - - - - - - 27,352 - 141,256	1,174,019 218,023 - 1,135,391 72,158 - 80,262	270,660 - - 87,209 - - 242,586 2,667,477 386,453 1,785,403	26,304,777 - - - - - 3,706 - - 177,045	6,718,813 - - - - - 980,682	120,883,753 2,588,220 6,718,813 305,232 - 1,135,391 1,328,593 54,331,986 609,954 12,861,712
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations Liability on investment contracts Liabilities on insurance contracts Other borrowings Current income tax Other liabilities Deferred tax liabilities	91,811,787 2,588,220 - - - 2,109 1,661 1,983	1,322,510 - - - - - - 27,352 - 141,256	1,174,019 218,023 - 1,135,391 72,158 - 80,262	270,660 - - 87,209 - - 242,586 2,667,477 386,453 1,785,403	26,304,777 - - - - - 3,706 - - 177,045	6,718,813 - - - - - 980,682	120,883,753 2,588,220 6,718,813 305,232 1,135,391 1,328,593 54,331,986 609,954 12,861,712 279,262
Customer deposits Due to other banks On-lending facilities Claims payable Finance Lease obligations Liability on investment contracts Liabilities on insurance contracts Other borrowings Current income tax Other liabilities Deferred tax liabilities	91,811,787 2,588,220 - - 2,109 1,661 1,983 8,353,942 -	1,322,510	1,174,019 218,023 - 1,135,391 - 72,158 - 80,262 1,655,199	270,660 - 87,209 - 242,586 2,667,477 386,453 1,785,403 - 172,175	26,304,777 3,706 - 177,045 279,262	980,682 51,662,848	120,883,753 2,588,220 6,718,813 305,232 1,135,391 1,328,593 54,331,986 609,954 12,861,712 279,262 172,175

Maturity profile - Off Balance Sheet
The age analysis of contingent liabilities is presented below:

Group

31 December 2010	Up to 1 month	1 - 3 months	3 - 6 months	6-12 months	1 - 5 years	Over 5 years	Total
	N '000	N '000	N '000	N'000	N'000	N'000	₩'000
Guarantees and indeminities	127,465	188,938	49,119	6,603,863	60,234	-	7,029,619
Bonds Letters of credit	85,011 532,787	836,428 1,567,574	1,001 8,070,835	406,528	68,244	-	1,397,212 10,171,196
	745,263	2,592,940	8,120,955	7,010,391	128,478	_	18,598,027
Bank 31 December 2011							
Guarantees and indeminities			160.209	593,683	249,484	-	1,003,376
Bonds Letters of credit			28,794 1,800,792	208,668 6,679,318	196,969 -	-	434,431 8,480,111
	-	_	1,989,796	7,481	446,453	-	9,917,918
Bank 31 December 2010							
Guarantees and indeminities	127,465	188,938	49,119	6,603,863	60,234	-	7,029,619
Bonds Letters of credit	85,011 532,787	836,428 1,567,574	1,001 8,070,835	406,528 -	68,244 10,171,196	-	1,397,212
	745,263	2,592,940	8,120,955	7,010,391	128,478	_	18,598,027

Capital management

The Bank, in 2008 took a proactive step of commencing the process of disencumbering our books of doubtful and classified assets so as to lay a solid foundation for a more virile and prosperous Bank.

In the aftermath of this our capital management objectives have been to:

- · Stop further erosion of shareholders wealth;
- Take all necessary measures to bring the Bank's capital to the level set by the regulatory authorities; and
- Sustain the Bank's capability to continue as a going concern.

The Bank has instituted effective mechanisms for the daily monitoring of movement in our capital base and measurement of our capital adequacy ratio by deploying techniques stipulated by the Central Bank of Nigeria (CBN) banks' supervisory guidelines. Throughout the reporting year, Bank complied strictly with the requirement of monthly rendition of report on same to the CBN. The Auditors are also required to comply with the Nigeria Deposit Insurance Corporation(NDIC) requirement of submitting an annual certificate that consist the computed capital adequacy ratio of the Bank.

To align with the CBN current reforms, we are taking a multiple approach to raising the Group capital base to the required level through:

- · Increasing the Bank's revenue base while ensuring efficient management of operating expenses.
- · Vigorously implementing debt recovery strategies.
- · We are also hopeful of meeting the June 2013 deadline for the injection of fresh capital.

Our Bank's regulatory capital as managed by the Financial Control and Treasury Units is divided into two tiers.

- Tier 1 Capital: Share capital, share premium, other reserves and retained earnings.
- Tier 2 Capital: Revaluation reserves, other borrowings and minority interest.

The risk weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, capital market and other risks associated with each asset and counterparty, taking into consideration any eligible collateral guarantee. A similar treatment is accorded to off-balance sheet transactions with adjustments in line with the contingent nature of the underlining potential losses.

The table below summarizes the composition of regulatory capital and the ratios of the Group's and Bank's for the year ended 31st December 2011.

Capital management

Capital Hallagement	Group 2010	Bank 2011
	N'000	N'000
Tier1 capital		
Share capital	6,410,623	6,410,624
Share premium	24,701,231	24,701,231
Statutory reserves	8,181,862	8,181,862
Contingency reserve	144,694	144,694
SMIEIS reserve	526,907	526,908
Syndicated loan redemption reserve	500,000	500,000
Capital reserve	300,000	300,000
Retained earnings	(28,646,302)	(35,240,207)
	12,119,015	5,525,112
Less:		
Intangible asset - Deferred tax asset	(25,054,034)	(23,405,534)
Total qualifying Tier 1 capital	(12,935,019)	(17,880,422)
Tier 2 capital		
Preference shares	_	-
Non controlling interest	(599,162)	_
CBN convertible loan	50,069,457	50,435,719
Fixed asset and investment property revaluation reserve	4,249,457	2,088,605
General provision	13,484	599,738
Total qualifying Tier 2 capital	53,733,236	53,124,062
Total regulatory capital	40,798,217	35,243,640
Risk-weighted assets:		
On-balance sheet	89,362,748	128,697,403
Off-balance sheet	3,719,605	3,719,605
Total risk-weighted assets	93,082,353	132,417,008
Risk weighted Capital Adequacy Ratio (CAR)	43.83	27



LAGOS

1 Abule Egba 15, Lagos-Abeokuta Express Way, Abule Egba. Tel: 01-7406351, 08191361337 07028417391

2 Adeniji Adele 184, Adeniji Adele Rd., Lagos Island. Tel: 01-8981869

3 Agege 185, Old Abeokuta Motor Rd., Agege. Tel: 01-740652, 07028471185, 08190469662

4 Alaba Int'l Market 3A, Ojo-Igbede Road, Alaba Int'l Market, Ojo. Tel: 07028470440

5 Ajao Estate 2, Ramson Close, Off Osolo Rd., Ajao Estate. Tel: 01-2793123, 07028417317

6 Aspamda Blk 9, (Zone D) Aspamda Market, International Trade Fair Complex, Ojo. Tel: 01-7406557

7 Awolowo Rd. 35, Awolowo Road, beside Total/Hunger Buster, Ikoyi. Tel: 07028417348

8 Allen Avenue 33, Allen Avenue, Ikeja. Tel: 07028417371

9 Badagry Joseph Dosu Road, Badagry. Tel: 07028470984

10 Bariga 60, Jagunmolu Street, Bariga. Tel: 08190531387

11 Bells University Bells University of Technology, Otta. Tel: 07098115018

12 Broad Street 41/45, Broad Street, Lagos Island. Tel: 07028470507

13 Commercial Rd. Apapa 2, Commercial Road, Apapa. Tel: 07028470036

14 Dopemu 60, Lagos/Abeokuta Express Road, Dopemu. Tel: 01-7737130, 07028471010, 07029332193

15 Ebute Metta 52/54, M/Mohammed Way, Oyingbo Market, Ebute Metta. Tel: 01-8441785

16 Egbeda 117, Idimu Rd, Orelope B/Stop, Egbeda. Tel: 01-7406528, 07028470192, 07028433859, 08190531391

17 Idowu Taylor 8, Idowu Taylor Street, Victoria Island. Tel: 01-2710120, 07028390517

18 Ikeja 24, Oba Akran Avenue, Ikeja. Tel: 01-8981575, 07028471029

19 Ikorodu 23/24, Ikorodu-Sagamu Road, Ikorodu. Tel: 01-7406558, 07028470589

20 Ijede Egbin Thermal Station - 60, Ikorodu Rd. Ijede. Tel: 07045515620

21 Ijora Ijora Fishries Terminal, Behind NEPA Workshop, Apapa. Tel: 07028470495

Iponri Shopping Complex, Iponri, Surulere. Tel: 07028418170
 Isolo Abimbola House - 24, Abimbola Street, Isolo. Tel: 07028390469

24 Jibowu 33, Ikorodu Road, Jibowu. Tel: 07028471338

Lagos Airport Hotel
 LAPAL House
 LAPAL House

27 LASU Lagos State University, Main Campus, Lagos-Badagry Expressway, Ojo. Tel: 07029221012

28 Lawanson 89, Itire Rd, Lawanson, Surulere. Tel: 07028470367

29 Lekki 2nd R/about, Beside Texaco Filling, Station, Lekki. Tel: 01-8444825

30 Marina 54, Marina , Lagos Island. Tel: 01-4622260, 07029752943



31 Mamman Kontagora 23, Broad Street (Mamman Kontagora House). Tel: 07028417368

32 Maryland 2, Mobolaji Bank Anthony Way, Ikeja. Tel: 01-2711043, 01-2711044, 0702870091

33 Mushin 236, Agege Motor Road, Mushin. Tel: 01-7406943, 07028390144

34 NAHCO First Floor, NAHCO Building, Off M/Mohammed Airport Rd., Ikeja. Tel: 07028390051

35 NPA Shed 6, NPA Terminal, Apapa. Tel: 07028470191, 07028032759

36 Oba Akran Plot 30. Oba Akran Avenue, Ikeja. Tel: 08190469694

37 Ogba Plot 45, Omole Ind. Layout, Isheri Rd., Ogba, Ikeja. Tel: 08023923206

38 Oke-Aarin 104, Alakoro, Oke-Aarin, Lagos Island. Tel: 07028390149

39 Okokomaiko 29, Badagry Express Rd., Ojo. Tel: 07028470984

40 Ojota Odua Int'l Model Market Complex, Ojota. Tel: 01-7745995

41 Orile Coker Shops 5-7, Block 2/3 (First Floor) Compound, Agric Old Alaba, Orile. Tel: 01-8418459, 08191846443

42 Orile Iganmu 34, Opere Street, Off Lagos-Badagry, Expressway, Orile Iganmu. Tel: 07028471447

43 Otta Idiroko/Lagos Road, Sango Otta. Tel: 07098115018

44 Oshodi 455, Agege Motor Road, Bolade, Oshodi. Tel: 07028414018

45 Tinubu 27, Nnamdi Azikiwe Street, Lagos Island. Tel: 07028417365, 07028417224, 07028417380

46 UNILAG University of Lagos Campus, Akoka. Tel: 07028417366

47 Warehouse Rd, Apapa 32, Warehouse Road, Apapa. Tel: 01-7406552, 07028471398

ABUJA

48 Abuja-Airport Nnamdi Azikiwe Int'l Airport, Gwaska. Tel: 09-8761647, 07028417323

49 Central Business District 264, Central Business District. Tel: 09-2907186

Le-Meridien Hotel Le Meridien Hotel, Area 11, Garki. Tel: 08169854403
 National Assembly NASS Complex, Three Arm Zone. Tel: 09-8725877

52 Ralph-Shodeinde Oyo House, Ralph Shodeinde Street, Central Business District. Tel: 09-8761614, 08190468821

53 Wuse 36, Herbert Macaulay Way, Wuse. Tel: 09-8761613

SOUTH-WEST

Oyo State

54 Agodi Gate Agodi Gate, Old Ife Road, Agodi, Ibadan. Tel: 07028471500, 07028470658

Apata Ganga Abeokuta Road, Apata, Ibadan. Tel: 07028417306, 07028765866
 Bodija Oba Akinbiyi Shopping Centre, Bodija, Ibadan. Tel: 07028470668
 Dugbe Sijuwola House, Plot 5 Old Dugbe Layout, Ibadan. Tel: 07028470463

58 Igbeti Market Square, Igbeti. Tel: 08094973834

Igboho General Hospital Road, Igboho. Tel: 08077080134
 Igboora Tapa Street, Saga-Un Qtrs., Igboora. Tel: 08056886266
 Kishi Igbeti/Kishi Road, Ajegunle, Kishi. Tel: 08094973834

63 New Gbagi New Gbagi Market, New Ife Road, Gbagi, Ibadan. Tel: 08190468827

Mokola Roundabout, Ibadan. Tel: 07028417354

64 Ogbomosho Ibadan-Ilorin Road, Apake, Ogbomosho. Tel: 07029611326

65 Olubadan Olubadan Estate, New Ife Road, Ibadan. Tel: 07028471498, 07028470570, 08190469687

66 Polytechnic, Ibadan Near South Campus, The Polytechnic Ibadan, Ibadan. Tel: 07028471497

67 Sango, Ibadan UI/Oyo Rd., Sango, Ibadan. Tel: 07028471497

68 Secretariat, Ibadan Secretariat Roundabout, Agodi, Ibadan. Tel: 07028470651

69 Ilorin 171, Ibrahim Taiwo Road, Ilorin. Tel: 07029170437, 07029170436

Osun State

Mokola

62

70 Edun Abon Ife/Ede Rd., Edun Abon. Tel: 08058842300
 71 Ede Owode Market, Ede. Tel: 08074571057

72 Ifetedo Ondo/Ife Rd., Oke Awona, Ifetedo. Tel: 08162878573

73 Ilesa Imo Roundabout, Palace Square, Ilesa. Tel: 08169266479, 08190468842

74 Iragbiji Market Square, Palace Area, Iragbiji. Tel: 07083895235

75 Iwo
 6, Station/Bowen Road, Iwo. Tel: 08127008894
 76 Ibokun
 76 Osogbo-Ibokun Rd, Ibokun. Tel: 08162345535

77 JABU JABU University Complex, Ikeji Arakeji. Tel: 07067065463
 78 Modakeke Ondo Road, Modakeke. Tel: 07098714591, 08130380531
 79 OAU Bookshop/OAU Campus, Ile Ife. Tel: 08102796304

80 Okuku Offa-Osogbo Road, Palace Square, Okuku. Tel: 07088950133

81 Osogbo Main 10b, Awolowo Way, Ikirun Bye-Pass, Igbona, Osogbo. Tel: 035-205888

82 Orisumbare 106, Station Rd, Osogbo. Tel: 035-208525

Ogun State

83 Ago Iwoye Fibigbade Street, Ago Iwoye. Tel: 08185451323

84 Aiyetoro Ilaro Rd., Aiyetoro. Tel: 08166597287

85 Babcock University Babcock University Campus, Ilisan Remo. Tel: 08168273396

86. Ewekoro Lagos / Abeokuta Exp Rd, Ewekoro. Tel: 08134876459, 08134876459

87. Idi-Iroko
 88. Ifo
 89. Ijebu Ode
 89. Ijebu Ode
 80. Idi-Iroko/Lagos Rd., Idi-Iroko. Tel: 07042962234
 89. Ijebu Ode
 80. Ijebu Ode
 80

90 Ijebu Igbo Adeboye Rd, Ijebu Igbo. Tel: 07081401881

91. Ilaro Leslie Street, Ilaro. Tel: 08038020591

Lafenwa Lagos/Abeokuta Road, Lafenwa, Abeokuta. Tel: 08190469665
 Oke-Ilewo IBB Boulevard, Opp. CBN, Oke-Ilewo, Abeokuta. Tel: 07029589975

94 OOU, Ago Iwoye OOU Mini Campus, Ago Iwoye. Tel: 08166273160

95. Owode Fashina Square, Idiroko Road, Owode-Egbado, Yewa. Tel: 07042962208
 96. Panseke GNI Building, Onikolobo Road, Panseke, Abeokuta. Tel: 039-851073

97. Sagamu Akarigbo Rd., Sabo, Sagamu. Tel: 01-7644177, 07093312538, 07091702719

98. WAPCO, Sagamu Lafarge Cement Factory, Sagamu. Tel: 07028555918, 07029092995

Ekiti State

99. Aiyedun Ekiti Aiyedun/Omuo Road, Aiyedun. Tel: 07062872716

100. Aramoko Ilao Quarters, Aramoko Roundabout, Aramoko. Tel: 08161259497

101. Erekesan Market Anisulowo House - 4,Erekasan Way, Opposite NITEL, Ado Ekiti. Tel: 08036295367

102. Igbara Odo 3, Inipa Street, Igbara Odo. Tel: 07032567364

103. Ikere Ekiti Oke Aodu Str, Beside Ikere Central, Mosque, Ikere. Tel: 07069003889

104. Ise Ekiti Palace Square, Ise Ekiti. Tel: 07038808151

105. Orere Owu 2, Orereowu Street, Old Garage, Ado-Ekiti. Tel: 08062649320

106. Omuo Ekiti Kota, Omuo-Oke Rd., Omuo-Ekiti. Tel: 08069253522

107. UNAD Ado Ekiti UNAD Campus, Iworoko Road, Ado Ekiti. Tel: 08024932066

Ondo State

108. FUTA, Akure Federal University of Technology, Akure Campus, Akure. Tel: 08164188513

109. Igbara Oke Obada Market Square, Igbara Oke. Tel: 07065515664

110. Ikare Jubilee Rd., Ikare, Akoko. Tel: 08062318964

111. Iju Ifofin Road, Iju. Tel: 08162393461

112. Oba Adesida Rd. 54, Oba Adesida Rd., Akure. Tel: 08165637314

113. Ore Old Market Rd. Off Ondo/Sabo Street, Opp. FRSC Office, Ore. Tel: 07083460728

114. Oyemekun Rd., Akure 34, Oyemekun Rd., Akure. Tel: 08132410984
 115. Ondo 4, Yaba Street, Idi-Ishin. Tel: 07067672125

116. Owo Idimisasa Rd, Palace Square, Owo. Tel: 08054833274

SOUTH-SOUTH

Akwa Ibom

117. Eket 16, Eket/Oron Road, Eket. Tel: 084558074

118. Uyo Plot 179, Aka Road, Uyo. Tel: 07029611327, 07029611325, 08062878270

Bayelsa State

119 Yenagoa Mbiama Rd, Opp INEC Office, Pansha, Yenagoa. Tel: 08160321149

Cross Rivers State

120 Calabar 39/113, M/Mohammed Highway, (former Cross Line Park), Calabar. Tel: 08-7839880, 07029669573

Delta State

121. Asaba 407, Nnebisi Road., Asaba. Tel: 056-870734, 07028413699
 122 Warri 33, Efurun/Sapele Rd., Warri. Tel: 07029611937, 07029492702

Edo State

123. Akpakpava 12, Akpakpava Rd., Benin City. Tel: 08190468833, 08035749882

124. Mission Rd 39, Mission Rd., Benin City. Tel 052-882343, 07028848767, 07028848895

125. UNIBEN UNIBEN Campus, Benin City. Tel: 07028720950

Rivers State

126. Olu-Obasanjo Rd. 66, Olu Obasanjo Rd., Bics Mall, Port Harcourt. Tel: 07028470500, 08184931245

127. Trans Amadi Plot 11, Trans Amadi Layout, Port Harcourt. Tel: 07028470422

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Proxy Form

Annual General Meeting to be held at 11.00a.m on	SN	RESOLUTIONS	FOR	AGAINST
Monday, December 24, 2012 at Banquet Hall, Lagoon Restaurant, 1c, Ozumba Mbadiwe Road, Victoria Island, Lagos.		To lay before the meeting the Audited Financial Statement for the year ended December 31, 2011 together with the reports of the Directors, Auditors and Audit Committee thereon;		
		To elect/re-elect Directors;		
		To approve the Remuneration of Directors		
/We*be ng a member/ members of WEMA BANK PLC hereby		To authorize the Directors to fix the remuneration of the Auditors.		
appoint**at the Annual General Meeting of the Company to be held on Monday, December 24, 2012 and at any adjournment thereof.		That the Authorized Share Capital of the Company be increased from N10,000,000,000.00 to N20,000,000,000.00 by the creation of 20,000,000,000 ordinary shares of N50 kobo each, such shares to rank parri-passu in all respects with the existing ordinary shares of the Bank and that clause 5 of the Memorandum or association and Article 7 of the Articles of Association be altered accordingly.		
Dated thisday of2012		Pursuant to Article 8 of the Bank's Articles of Association, that the shareholders authorize the Directors to raise the sum of N35billion by way of Special Placing Offer from Strategic Investors at a price to be determined, in one or more tranches, subject to obtaining the approvals of relevant regulatory authorities, including but not limited to the Central Bank of Nigeria, the Securities and Exchange Commission and Nigerian Stock Exchange.		
Signature of Shareholder		That the directors be and are hereby authorized, subject to obtaining the approvals of relevant regulatory authorities to raise additional debt capital of such amount as shall be appropriate for the business of the Bank, either locally or internationally, through the issuance of tenured bonds, irredeemable preference shares, notes, equity or debts (or a combination of both) loans in any currency whether or not convertible to shares, or any other		
Name of Shareholder		methods, in one or more tranches, and at such interest rates, pricing and terms to be determined by the Directors as they deem appropriate.		
		e indicate with an "X" in the appropriate box how you wish your votes to be cast bove. Unless otherwise instructed, the proxy will vote or abstain from voting at his		

Admission Card

ANNUAL GENERAL MEETING to be held at 11.00a.m on Monday, December 24, 2012 at the Lagoon Restaurant, Ozumba Mbadiwe Avenue, Victoria Island, Lagos State.

Name of Shareholder			
(in BLOCK LETTERS)		Other Names	
Account Number of S	hareholder		Number of Shares

IMPORTANT

- (a) Before posting the proxy form, please tear off this part and retain it. A person attending the Annual General Meeting of the Company of his proxy should produce this card to secure admission to the meeting.
- (b) A member of the Company is entitled to attend and vote at the Annual General Meeting of the Company. He is also entitled to appoint a proxy to attend and vote instead of him, and in this case, the above card may be used to appoint a proxy.
- (c) Write your name in Block Letters on the proxy form where marked (*), and the name of your proxy where marked (**) and ensure the proxy form is dated and signed.
- (d) It is a requirement of the Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear a stamp duty.
- (e) The proxy form when completed must be deposited at the office of the Registrars, Wema Registrars Limited, 2nd Floor, A.G. Leventis Building, 42/43, marina, Lagos not less than 48hours before the time fixed for the meeting.
- (f) If proxy form is executed by a company, it should be sealed under its common seal or under the hand and seal of its Attorney.

Signatur	e of the Persor	attending	
Jigiiatui	e or the reisor	i attenuning _	

PLEASE AFFIX
POSTAGE STAMP
HERE

The Registrar

Wema Registrars Limited

Plot 30, Oba Akran Road, Ikeja

P.M.B. 12964

Lagos



Shareholder's Data Update Form

Plot 30, Oba Akran Avenue, Ikeja P.M.B. 12964 Marina, Lagos Tel: +234 (01) 773 2181, 0702 838 0379 wemareg.enquiry@wemabank.com; www.wemaregistrars.com

In our quest to update shareholder's data on our client company register of members, we require your mobile phone numbers for individuals and landline for corporate shareholders, your CSCS account number and Bank details to enable us effect payment of subsequent dividend and bonuses videour online e-Bonus and e-Dividend menus. This will enhance safe and timely receipt of your entitlements as they fall due.

PLEASE COMPLETE IN BLOCK LETTERS		D		7, [7, 🗀			
SHARE HOLDER'S INFORMATION		Date (dd/mm/yyyy)		/					
Surame / Company's Name									
Other Names (for individual shareholders)					<u> </u>				
Present Postal Address									
City State		Mobile Pho	ne Numb	er					
e-Mail Address									
e-iviali Address									
eBONUS INFORMATION									
I/ We hereby request that from now on, all my/our l	bonus shares due to me/us f	rom our holding(s) in	all the co	mpanies	ticked b	elow be tr	ansfer	red to	CSCS
electronically.									
Clearing House Number (e.g.C123456789AG)		CSCS Account Nu	ımber						
Name of Stockbroker									
- DIVIDEND INCORMATION									
eDIVIDEND INFORMATION									
I/ We hereby request that from now on, all my/our my/our Bank name below.	Dividend Warrants due to m	ne/us from our holdin	g(s) in all	the comp	oanies ti	cked belo	w be n	nanda	ted to
Bank Name									
Branch Address									
Branch Address							Γ		
					\vdash				Ш
Account Number			Bank Sor	t Code					
Tid the consection of the section of									
Tick the name of Company(ies) in which you have sh			Regis	trars Use	Only - A	Account N	umber		
Abplast Products Plc		eria Insurance Plc		+++			++	+	
☐ Impresit Bakolori Plc ☐ Nigerian Wire &		Oil Palm Plc							
University Press Plc Wema Bank Plc		urities & Fin. Plc		+++	\perp	+++	\perp	\perp	\perp
Antonio Oil Plc C/Rivers State C		urities & Fin. Plc		+++	++	+++	++	+	+
Imperial Telecoms Ltd. Kotco Energy Ltd.	td. L Propertyga	ate Dev. & Inv. Plc							
			¬ —						
				COMPAN		NCORPORAT		JMBER	
SIGNATURE OR THUMBPRINT	SIGNATURE OR	THUMBPRINT							



e-Share Notifier Subscription Form

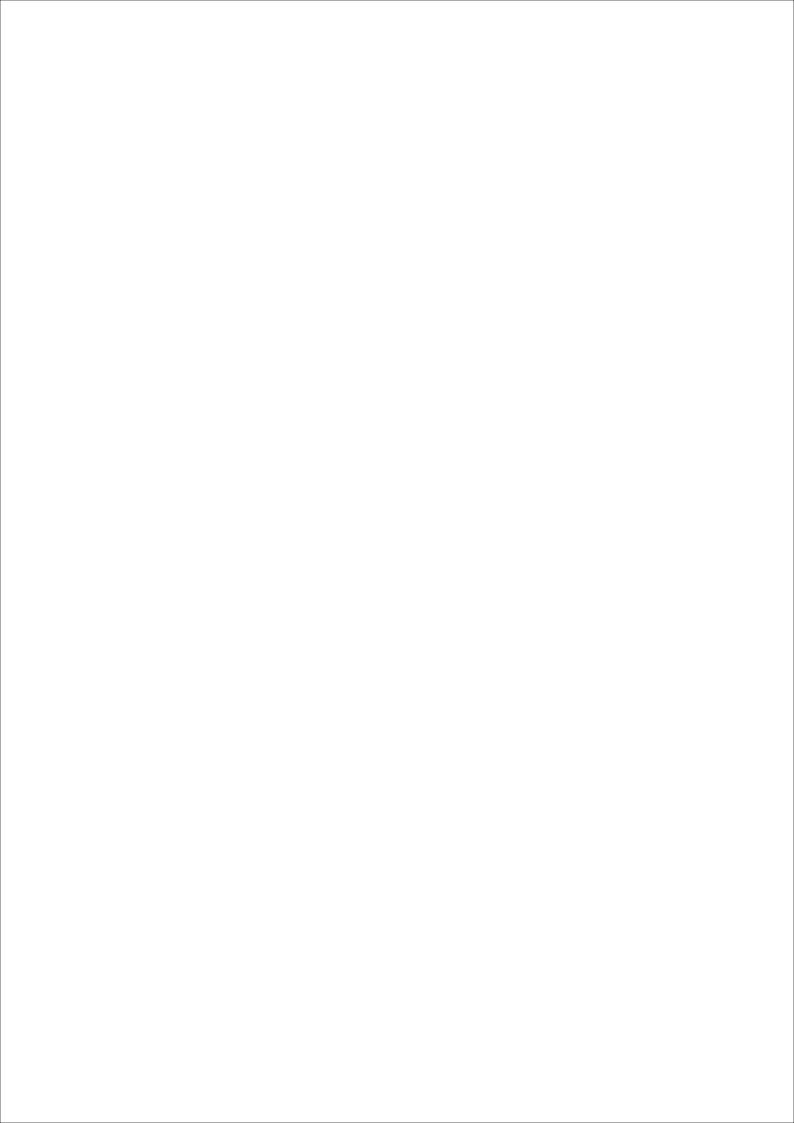
Plot 30, Oba Akran Avenue, Ikeja P.M.B. 12964 Marina, Lagos Tel: +234 (01) 773 2181, 0702 838 0379 wemareg.enquiry@wemabank.com; www.wemaregistrars.com

To:

THE MANAGING DIRECTOR/CEO Wema Registrars Limited Plot 30, Oba Akran Avenue, Ikeja P.M.B. 12964 Marina, Lagos

PLEASE FILL IN THE FORM AND RETURN TO THE ADDRESS ABOVE

Surname	
Other Names	
	Country
Postal Code	
e-Mail	
Mobile Phone	
	PLEASE TICK THE NAME OF THE COMPANY(IES) IN WHICH YOU HAVE SHARES
	Abplast Products Plc
	Antonio Oil Plc
Shareholder's Signature (individual)	C/Rivers State Govt. Bond
	Eterna Plc
Joint Shareholder's/Company Signature	Great Nigeria Insurance Plc
	Imperial Telecoms Ltd.
1	Impresit Bakolori Plc
	☐ Kotco Energy Ltd.
2	☐ Nigerian Wire & Cable Plc
	Okitipupa Oil Palm Plc
3	Propertygate Dev. & Inv. Plc
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