ALAT
by WEMA

2018
Annual Report & Accounts

Can't Stop, Won't Stop.

WEMA BANK
With you. All the way.

CORPORATE INFORMATION

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FOREIGN CORRESPONDENT BANKS
London, UK - Standard Chartered Bank, Union Bank Plc, Bank of Beirut, United National Bank, Access Bank Plc
New York, USA - Standard Chartered Bank, United Bank for Africa (UBA)
Frankfurt, Germany - BHF Bank, Commerzbank, Deutsche Bank AG

AUDITORS
Deloitte & Touche (Chartered Accountant)

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OVERVIEW

About Wema Bank

Regarded as Nigeria's most resilient bank and longest surviving indigenous financial institution, Wema Bank has offered a range of value-added banking and advisory services for 74 years.

Incorporated in 1945 as Agbonmagbe Bank Limited, a private limited liability company, we began operations in the same year. The bank became Wema Bank PLC, a public limited company, in April 1987 and was listed on the Nigerian Stock Exchange in January 1990. The Central Bank of Nigeria granted Wema Bank a Universal Banking License on February 5, 2001, empowering us to expand our range of services.

Several changes in 2009 repositioned the bank as a regional commercial bank, but She has since evolved into a national bank as licensed by the Central Bank in 2015.

Today, Wema Bank provides Retail, SME and Corporate Banking services as well as Treasury, Trade and Business Advisory services to her ever-growing clients through a close-knit, nationwide network of over 150 business offices backed by a robust ICT platform across Nigeria.

The bank's position as one of Nigeria's most innovative financial institutions was confirmed with the launch of ALAT by Wema, the first fully digital bank in Africa, on May 2, 2017. ALAT by Wema has since been recognised around the world and honoured with several awards.

The bank is committed to long-term sustainability and maintains the highest standards of social responsibility, diversity and corporate governance.

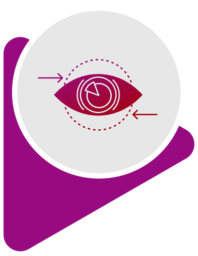
Our Brand

Wema Bank's unique proposition is value-based relationship banking, which defines the personality of our brand and its present direction.

We are motivated by the desire to understand our customers' needs by connecting with them deeply, through mutual respect, mindful service, relevant innovation and efficiency.

- We believe in people and societal values.
- We believe in the common good and sustainable success.
- We strive to create value that endures and uplifts human dignity and collective welfare.
- Success to us implies succeeding along with all our stakeholders; all moving forward and creating value.

Our Corporate Philosophy



Vision

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

Mission

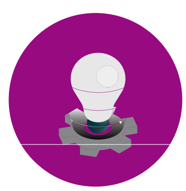
To give every customer a delightful and memorable service experience.

Values

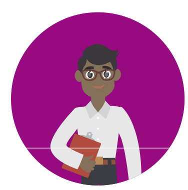
Mutual Respect

Teamwork

Performance Driven

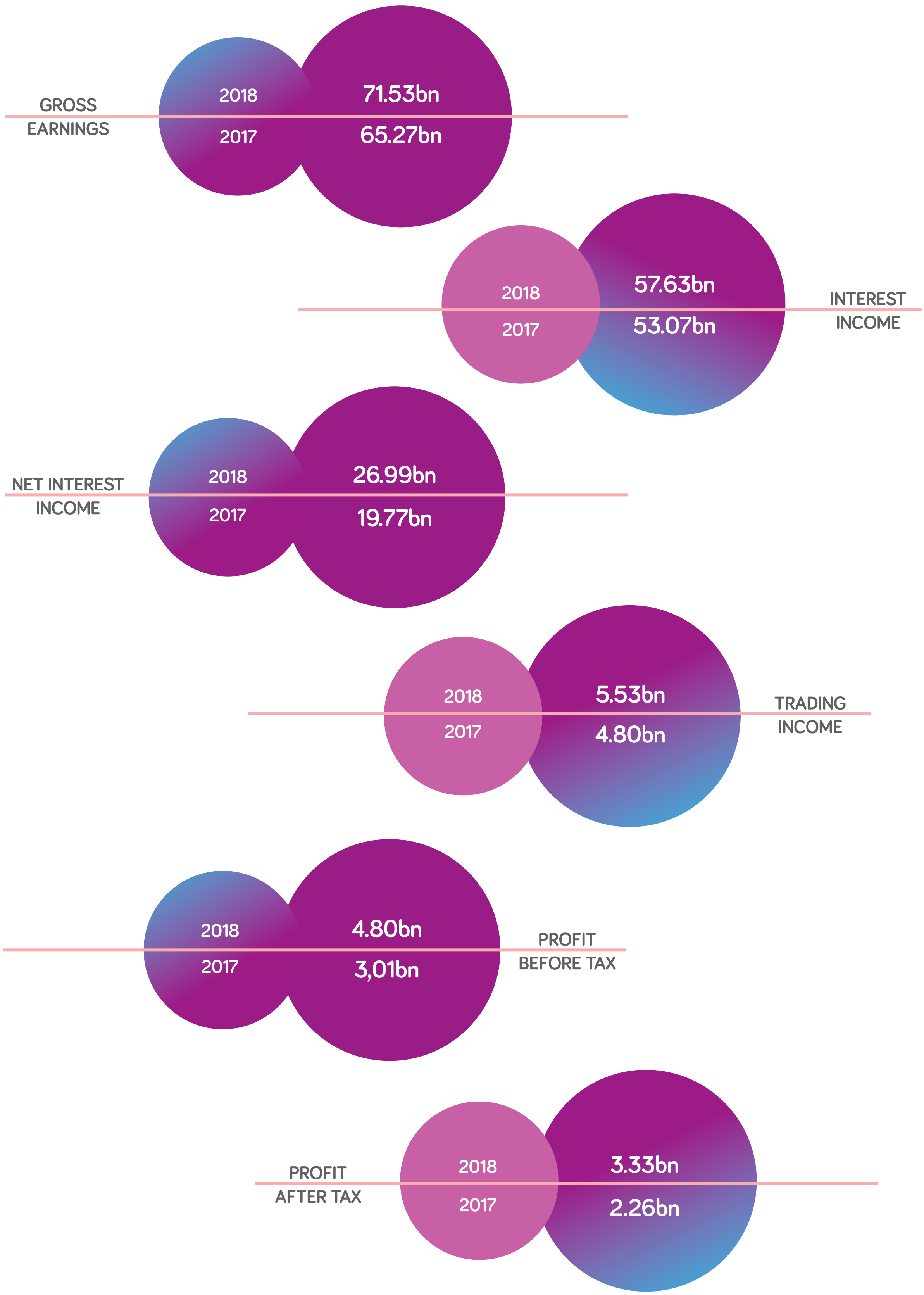


Innovation



Professionalism

Financial Highlights



Corporate Governance

Wema bank Plc remains committed to the highest standards of Corporate Governance, which has been a key contributor to its long-term success and engagement between the Bank and its stakeholders.

The Bank has laid emphasis on the cardinal values of fairness, independence, credibility, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of all the stakeholders.

At Wema Bank, we consider ourselves trustees of our Shareholders and acknowledge our responsibility towards them for creating and safeguarding shareholders' wealth. In the year under review, the Bank largely complied with the provision of Securities and Exchange Commission (SEC) and the Codes of Corporate Governance of the Central Bank of Nigeria (CBN). The Bank's performance on corporate governance is regularly being monitored and reported. Every year, the bank obtains an independent report on the effectiveness of its Board members and the Board. In 2018, the Board engaged KPMG Advisory Services to conduct an independent evaluation of the Board's performance and the result of the evaluation was presented to the Board at the Board meeting held on February 28, 2019. The report which confirmed the efficiency and effectiveness of the Board and its members is contained in this Annual Report and Accounts for 2018.

The Bank will continue to enthrench and infuse the principles of Corporate Governance into every aspect of its business as She is committed to both the letter and spirit of Corporate Governance.

Governance Structure

Our Board has a proper mix of executive and non-executive directors to maintain its independence and separate its functions of governance and management.

The Board is comprised of eleven(11) Directors as stated below:

Executive Directors	4
Non-Executive Directors	7 (inclusive of 2 Independent Directors)

Four out of the eleven(11) Board members or one-third of the Board are women which is in compliance with the provisions of the Central Bank of Nigeria's Code of Corporate Governance.

Changes on the Board

During the financial year ended 31st December, 2018, Mr. Segun Oloketuyi retired from the Board having served as the Managing Director/Chief Executive Officer for over 9 years.

Role of the Board

The primary purpose of the Board is to provide strategic direction for the Bank to deliver long term value to shareholders.
Other functions of the Board include:

- To review and provide guidance for the Bank's corporate and business strategy;
- To review Management's succession plan and determine their compensation;
- To ensure that the Bank's operations are ethical and comply 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.

Role of Chairman and the Managing Director/Chief Executive Officer

The roles of the Chairman and the Managing Director/CEO are clearly separated and are not held by the same individual. The Chairman is solely responsible for the running of the Board, whilst the Managing Director/CEO in conjunction with the Executive Management team is responsible for the day to day management of the Bank's business and ensure the implementation of the Board's decisions. The Managing Director executes the powers delegated to him in accordance with guidelines as approved by the Board of

Directors.

Selection of Directors

The Board Nomination and Governance Committee is charged with the responsibility of leading the process for Board appointments and for identifying and nominating suitable candidates for the approval of the Board.

In identifying suitable candidates, the Committee considers candidates on their merit, using objective criteria and with due regard for the benefits of diversity on the Board. The Committee then makes recommendations to the Board on the selected directors, based on defined criteria.

Tenure of Directors

Pursuant to the Bank's drive to continually imbibe best Corporate Governance practices, Directors are appointed for a maximum period of three terms of four (4) years each. Thus, the maximum tenure of a director is twelve years, subject to retirement age of 70 years, statutory provisions and regulatory directives.

Board Evaluation

In compliance with the requirements of the Central Bank of Nigeria (CBN) Code of Corporate Governance, KPMG Advisory Services was engaged to carry out a Board Evaluation for the Financial Year ended 31st December 2018. The evaluation was based primarily on benchmarking the bank's current governance structures and practices to the CBN Code, SEC Code and other leading practices, using the five (5) pillars of Board responsibility which underpin effective corporate governance.

1. 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 behavior in the organisation.
4. Monitoring and Evaluation - The Board's role in monitoring Management and evaluating its performance against defined goals.
5. Stewardship - The Board's responsibility towards shareholders and other stakeholders and accountability for their interests

The Independent advisory firm evaluated the performance of the Board and adjudged the Board's compliance culture to corporate governance as positive and largely consistent with the standard contained in the CBN and SEC Codes of Corporate Governance.

Induction and Continuous Training

On appointment to the Board and Board Committees, all the newly appointed Directors receive formal orientation and training programme to enable the Directors familiarise themselves with the Bank's operations, environment, Senior Management etc. This is done through induction courses organized by the Company Secretary. Also, the Bank has institutionalized regular training of Board members on issues pertaining to their oversight functions to update their skills and knowledge on new developments in the industry.

The Company Secretary

The Company Secretary is responsible for, among other things, the implementation of the Code of Corporate governance of the bank, ensuring that the Board procedures and Memorandum and Articles of Association are observed, assisting the Chairman and the Managing Director to formulate an annual Board Plan; organising Board meetings and ensuring that the Minutes of the Board clearly and properly captures the Board's discussions and decisions. The Company Secretary also acts as a corporate Communication Officer by being the centre of communication among the Company's Directors, Management and other stakeholders and also administers the shareholders meeting in line with legal framework.

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

The Board of Directors recently appointed a new Company Secretary, Johnson Lebile, to take responsibility as set forth by law, following the redeployment of the former Company Secretary, Oluwole Ajimisinmi to Business Development in October 2018. The new Company Secretary who reports functionally to the Chairman of the Board of Directors and operationally to the Managing Director will be in acting capacity pending the approval of the Central Bank of Nigeria.

Board Meetings

In compliance with the CBN Code, the Board meets quarterly. Additional meetings are convened as the need arises. In the year ended December 31, 2018, the Board held meetings five (5) times. The details of attendance are provided below:

Meetings Held	1	2	3	4	5
Names of Directors	6 March 2018	9 May 2018	28 June 2018	27 September 2018	14 December 2018
Babatunde Kasali	▪	▪	▪	▪	▪
Segun Oloketuyi	▪	▪	▪	○	○
Ademola Adebise	▪	▪	▪	▪	▪
Moruf Oseni	▪	▪	▪	○	▪
Wole Akinleye	▪	▪	▪	▪	▪
Folake Sanu	▪	▪	▪	▪	▪
Abubakar Lawal	▪	▪	▪	▪	▪
Abolanle Matel-Okoh	▪	▪	▪	▪	▪
Adebode Adefioye	▪	▪	▪	▪	▪
Samuel Durojaye	▪	▪	▪	▪	▪
Tina Vukor-Quarshie	▪	▪	▪	▪	▪
Omobosola Ojo	▪	▪	▪	▪	▪

Board Committees

The Board carries out its oversight functions through its five (5) Committees, as well as the Statutory Audit Committee of the Bank. Each of these Committees has a Charter that clearly defines their roles, responsibilities, functions, composition, structure, frequency of meetings and reporting procedures to the Board.

Through these Committees, the Board effectively deals with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Bank.

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

- Board Risk Management Committee
- Board Credit Committee
- Board Finance and General-Purpose Committee
- Board Nomination & Governance Committee
- Board Audit Committee
- Statutory Audit Committee

The roles and responsibilities of these Committees are discussed below.

Board Risk Management Committee

The Committee's major responsibilities are to:

1. Set policies on the Bank's risk profile and limits;
2. Determine the adequacy and completeness of the Bank's risk detection and measurement systems;
3. Assess the adequacy of risk mitigation;

4. 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;
5. Review the Bank's central liability report and summary of challenged loans with the concurrent power of recommending adequacy of the provisions for loan losses.

The Committee comprised the following members during the year under review:

1.	Tina Vukor-Quarshie	- Chairman
2.	Segun Oloketuyi	- Member (till September30, 2018)
3.	Moruf Oseni	- Member
4.	Folake Sanu	- Member
5.	Abubakar Lawal	- Member
6.	Abolanle Matel-Okoh	- Member
7.	Adebode Adefioye	- Member
8.	Ademola Adebise	- Member (From October 1, 2018)

The Committee meets quarterly, but additional meetings are convened as required. The Committee held four (4) meetings during the year ended 31st December 2018. The attendance details of the Committee's meetings are as follows;

Committee meeting attendance

Meetings held	1	2	3	4
Names of Directors	5 February 2018	8 June 2018	19 September 2018	12 November 2018
Tina Vukor-Quarshie	▪	▪	▪	▪
Segun Oloketuyi	▪	▪	○	○
Moruf Oseni	▪	▪	○	▪
Folake Sanu	▪	▪	▪	▪
Abubakar Lawal	▪	▪	▪	▪
Abolanle Matel Okoh	▪	▪	▪	▪
Adebode Adefioye	▪	▪	○	▪
Ademola Adebise	○	○	○	▪

Board Credit Committee

The responsibilities of the Committee include:

- 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;
- Ensure that the Bank's control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets;
- Consider and approves credits that qualify as "Large Exposures" as defined by the Board from time to time;
- Approve write-offs in excess of Management limits and within the limits as set by the Board;
- Approves credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority.

The Committee comprised the following members during the year under review:

1.	Adebode Adefioye	-	Chairman
2.	Tina Vukor-Quarshie	-	Member
3.	Samuel Durojaye	-	Member
4.	Abubakar Lawal	-	Member
5.	Omobosola Ojo	-	Member
6.	Segun Oloketuyi	-	Member (till September 30, 2018)
7.	Ademola Adebise	-	Member

8. Moruf Oseni - Member
9. Wole Akinleye - Member
10. Folake Sanu - Member

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee held six (6) meetings during the year ended 31st December 2018. The attendance details of the Committee meetings are as follows;

Committee meeting attendance

Meetings held Names of Directors	1 6 February 2018	2 10 April 2018	3 22 May 2018	4 25 July 2018	5 20 September 2018	6 7 November 2018
Adebode Adefioye	■	■	■	■	■	■
Tina Vukor Quarshie	■	■	■	■	■	■
Samuel Durojaye	■	■	■	■	■	■
Abubakar Lawal	■	■	■	■	■	■
Omobosola Ojo	■	■	■	■	■	■
Segun Oloketuyi	■	■	■		○	○
Ademola Adebise	■	■	■	■	■	■
Moruf Oseni	■	■	■	■	○	■
Wole Akinleye	■	■	■	■	■	■
Folake Sanu	■	■	■	■	■	■

Board Nomination and Governance Committee

This Committee was initiated by the Board in furtherance of its desire to comply with best practice in Corporate Governance. The responsibilities of the Committee include:

- Overseeing the nomination, remuneration, performance management and succession planning processes of the Board;
- Monitoring compliance with and periodically reviewing Corporate Governance Guidelines;
- 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 entirely of Non-Executive Directors as follows:

1. Omobosola Ojo - Chairman
2. Adebode Adefioye - Member
3. Samuel Durojaye - Member
4. Tina Vukor-Quarshie - Member
5. Abolanle Matel-Okoh - Member

The Committee held meetings six (6) times during the year ended 31st December 2018. The attendance details of the Committee's meetings are as follows:

Meetings held Names of Directors	1 7 February 2018	2 14 June 2018	3 25 June 2018	4 21 September 2018	5 27 September 2018	6 15 November 2018
Omobosola Ojo	■	■	■	■	■	■
Adebode Adefioye	■	■	■	■	■	■
Samuel Durojaye	■	■	■	■	■	■
Tina Vukor - Quarshie	■	■	■	■	■	■
Abolanle Matel - Okoh	■	■	○	■	■	■

Board Finance and General-Purpose Committee

This Committee handles all staff matters and its responsible for the oversight of strategic people issues, employee retention, equality and diversity as well as other significant employee related matters and administrative issues.
Other functions of this Committee include:

- Defining the strategic business focus and plans of the Bank;
- Monitor the performance of the bank against budget;
- Supporting Management business development efforts;
- Defining capital expenditure limits and approve all capital expenditure on behalf of the Board;

The Committee comprised the following members during the period under review:

1. Abubakar Lawal - Chairman
2. Omobosola Ojo - Member
3. Abolanle Matel-Okoh - Member
4. Tina Vukor-Quarshie - Member
5. Segun Oloketuyi - Member (till September 30, 2018)
6. Ademola Adebise - Member
7. Wole Akinleye - Member

The Board Finance and General-Purpose Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee held four (4) meetings during the year ended 31st December 2018. The attendance details of the Committee meetings are as follows;

Meetings held	1	2	3	4
Names of Directors	8 February 2018	13 June 2018	18 September 2018	14 November 2018
Abubakar Lawal	▪	▪	▪	▪
Omobosola Ojo	▪	▪	▪	▪
Abolanle Matel - Okoh	▪	▪	○	▪
Tina Vukor - Quarshie	▪	▪	▪	▪
Segun Oloketuyi	▪	▪	○	○
Ademola Adebise	▪	▪	▪	▪
Wole Akinleye	▪	▪	○	▪

Board Audit Committee

This Committee was established to protect the interests of the Bank's shareholders and other stakeholders and to act on behalf of the Board by overseeing:

- The integrity of financial reporting
- Adequacy of the control environment; and
- Internal and external audit function

The Committee comprised the following members during the period under review:

1. Samuel Durojaye - Chairman
2. Abolanle Matel-Okoh - Member
3. Omobosola Ojo - Member

The Board Audit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee held four (4) meetings during the 2018 financial year.

Committee meeting attendance

Meetings held	1	2	3	4
Names of Directors	7 February 2018	27 June 2018	17 September 2018	15 November 2018
Samuel Durojaye	▪	▪	▪	▪
Abolanle Matel - Okoh	▪	▪	▪	▪
Omobosola Ojo	▪	▪	▪	▪

Statutory Audit Committee

This Committee was established in compliance with section 359(3) of the Companies and Allied Matters Act of Nigeria (CAMA) LFN 2004. The Committee is made up of three (3) Non-Executive Directors and three (3) Shareholders' of the Bank appointed at Annual General Meetings. The Bank's Company Secretary/Legal Adviser serves as the secretary to the Committee, while one of the Shareholders serves 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 as regards the appointment, removal and remuneration of the external auditor of the Bank;
- Authorizing the internal auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee;
- Reviewing 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 comprised the following members during the period under review:

1.	Prince Adekunle Olodun (Shareholders' Representative)	-	Chairman
2.	Mr. Joe Anosike Ogbonna (Shareholders' Representative)	-	Member
3.	Mr. Kashimawo Akanji Taiwo (Shareholders' Representative)	-	Member
4.	Mr. Abubakar Lawal	-	Member
5.	Mr. Adebode Adefioye	-	Member
6.	Mr. Samuel Durojaye	-	Member

The Statutory Audit Committee meets at least once in a quarter. However, additional meetings are convened as required. The Committee met four (4) times during the 2018 financial year.

Committee meeting attendance

Meetings held	1	2	3	4
Names of Members	**2 March 2018**	**25 June 2018**	**21 September 2018**	**29 October 2018**
Prince Adekunle Olodun	▪	▪	▪	▪
Mr. Joe Anosike Ogbonna	▪	▪	▪	▪
Mr. Kashimawo Akanji Taiwo	▪	▪	▪	▪
Mr. Abubakar Lawal	▪	▪	○	▪
Mr. Adebode Adefioye	▪	▪	▪	▪
Mr. Samuel Durojaye	▪	▪	▪	▪

Management Committees

The Committees comprises of Senior Management of the Bank. These Committees are risk driven as they are set up to identify, analyze, synthesize and make recommendations on risks arising from the 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 to take actions and decisions within the confines of their limits.

The following are the standing Management Committees in the Bank:

- Executive Committee
- Management Credit Committee
- Watchlist Committee
- Assets and Liability Committee
- Management Risk Committee
- IT Steering Committee

Executive Committee

The purpose of the Committee is to deliberate and take policy decisions on the effective and efficient management of the Bank.

The responsibilities of the Committee include:

- Review the strategic operations of the Bank:
    - (I) Review Audit & Inspection Reports
    - (ii) Review adequacy and sufficiency of Branch tools
    - (iii) Review manning level in branches and head office departments
- Consideration and approval of proposed New Branches;
- Review the asset and liability profile of the Bank;
- Consideration and approval of capital and recurrent expenses;
- Monitor and give strategic direction on regulatory issues.

The Committee comprises Managing Director/Chief Executive Officer, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time. The Committee meets monthly. However, additional meetings are convened as required.

Management Credit Committee

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

- Provide 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 Group 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 Committee comprises of the Managing Director/Chief Executive Officer, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time. The Secretary to the Committee is the Head of Credit Risk Department of the Bank.

Watchlist Committee

The purpose of this Committee is to assess the risk asset portfolio of the Bank. Other functions include:

- Highlighting the status of the Bank's assets in line with the internal and external regulatory Framework;
- Takes actions appropriately in respect of delinquent assets;
- Ensures that adequate provisions are taken in line with the regulatory guidelines.

Membership of the Committee includes Managing Director, Executive Directors, Head of Enterprise Risk Management, Head of Remedial Assets Management and other relevant Senior Management Staff of the Bank. The Secretary to the Committee is the Head of Loan Review and Monitoring Unit.

Assets and Liabilities Committee

This is a Committee that shoulders responsibility for the management of a variety of risks arising from the Bank's business which include:

- 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 liability strategies.

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

Management Risk Committee

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

- Review the effectiveness of the Bank's overall risk management strategy at the enterprise level;
- Identify and evaluate new strategic risks and agree on suitable mitigating factors;
- Review the enterprise risk scorecard and determine the risk to be reported to the Board on a quarterly basis.

Membership of the Committee includes Managing Director/Chief Executive Officer, Executive Directors, Chief Risk Officer and the Chief Audit Executive, Head of Internal Control, representatives of Operations, Information Technology and Legal.

IT Steering Committee

Information Technology (IT) has become crucial in the support, sustainability and growth of the bank's business. This makes it imperative for Management to pay more to IT investments and Governance.

This Committee's responsibilities are as follows:

- Oversees the development and maintenance of the IT strategic plan;
- Approve vendors used by the organization and monitors their financial condition;
- Approve and monitor major projects, IT budgets, priorities, standards, procedures, and overall IT performance;
- Coordinates priorities between the IT department and users' 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 interests 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 the established goals and present a report to Executive Committee as and when necessary;
- Acts in a supervisory capacity, in implementing the Bank's IT strategy.

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 Bank transmits returns on all whistle-blowing reports and Corporate Governance breaches to the Central Bank of Nigeria on a monthly basis.

Whistle blowing Procedures

In compliance with the CBN mandate on whistle blowing and in line with the Bank's commitment to instil the best corporate governance practices, the bank formulated a Whistle – Blowing Policy, which guarantees anonymity. The Policy covers both the external and internal whistle blowers and extend to conducts of stakeholders including employees, customers and vendors.
The Bank has a dedicated e-mail address for whistle blowing and the whistleblowing policy is permanently available on the Bank's website and 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.

The Bank's Chief Audit Executive is responsible for monitoring and reporting on Whistle-Blowing. The Chief Audit Executive also presents a report on Whistle-Blowing to the Board Audit Committee on a regular basis.

Code of Professional Conduct for Employees and Directors

The Bank has an internal code of professional conduct for staff and directors which is strictly adhered to upon assumption of duties.

Shareholders

The Annual General Meeting of the Bank is the highest decision-making body. The General Meetings are duly convened and held in line with existing statutory provisions in a transparent and fair manner.

Shareholders are opportune to express their opinions on the Bank's financials and other issues affecting the Bank. Other attendees of the meetings are Regulators such as Central Bank of Nigeria, Securities and Exchange Commission, The Nigerian Stock Exchange, Corporate Affairs Commission and representatives of Shareholders' Associations.

The Board places considerable importance on effective communication with shareholders on developments in the Bank. In this regard, the Bank has established an Investors Relations Unit which deals directly with enquiries from shareholders and investors 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, their voting right at General Meetings of the Bank. All shareholders are treated equally, regardless of the volume of shareholding or social status.

Shareholder's Complaint Management Policy

The Bank has developed a Complaint Management Policy for shareholders to foster an efficient and timely resolution of Shareholders' complaints. The Policy can be accessed through the Bank's website.

Insider Trading Policy

The Bank has an Insider Trading Policy which prohibits Directors, insiders and their related persons in possession of confidential price sensitive information from dealing with the securities of the Bank during the closed period.
Note: In the year under review, there was no infraction of this policy.

Succession Planning

The Board has a robust Succession Planning Policy in place and the Nomination and Governance Committee has been assigned by the Board to be responsible for the Bank's succession plan, especially to ensure that the bank has an appropriate succession plan in place for the positions of the Managing Director/Chief Executive Officer, Executive Directors, Company Secretary and other Senior Management staff and to make recommendations to the Board for approval. Nomination for appropriate positions has been recognized as a priority by the Board in order to strengthen the Bank's Management and ensure continued progress.

Sustainability At Wema Bank

Sustainability is driven by the need to create value and opportunities in the environment and strengthen the relationship with the various stakeholders. Hence, our corporate goal is to become the most innovative bank in Africa in the next five years leading through digital technology. In line with this aspiration, we have designed our sustainability strategy to reflect this stance, with focus on providing "Digital Solutions for Societal Impact".

As a Bank, we will continue to implement our sustainability initiatives through:

- Sustained investments in technology to enhance our business activities and operations.
- Alleviation of social problems, through the use of technology to create solutions and harness opportunities.
- Continuous training and investment in our people to improve our economic, social and environmental impact.

The focus of our sustainability activities during 2018 financial year was targeted at improving the Bank's societal impact, reducing our environmental footprint and creating shared value among stakeholders. There were concerted efforts to ensure that every member of our team recognises and understands these values and are bound by them. Sustainability training was an integral part of the induction program for new staff with a refresher programme for the entire workforce. So far, 2018 was the year that most resources have been committed to our sustainability initiatives since we started the responsible organisation's journey.

Sustainability Guidelines and Alignment

We aligned all our sustainability initiatives with the Nigerian Sustainable Banking Principles (NSBPs), Sustainable Development Goals (SDGs) and United Nations Environment Programme – Finance Initiative Principles for Responsible Banking (UNEPFI – PRB). The Bank recently endorsed the UNEPFI Principles for Responsible Banking after the launch in Paris on November 26, 2018. The aim of the UNEPFI principles is to improve the way business is done, strengthen the trust and engagement with customers, stakeholders and employees.

We have streamlined our sustainability targets into four (4) broad goals of implementing digital solutions for societal impact; sustainable business activities and operations; community investments and engagements; governance and reporting.

Key: Digital Solution for Societal Impact · Sustainable Business Activities & Operations · Community Investment & Engagement · Governance & Reporting

Our Business Activities: Environmental and Social Risk Management

We will integrate environmental and social considerations into decision making processes relating to our Business Activities to avoid, minimize or offset negative impacts.

Our Business Operations: Environmental and Social Footprint

We will avoid, minimize or offset the negative Impacts of our Business Operations on the environment and local communities in which we operate and, where possible, promote positive impacts.

Human Rights

We will respect human rights in our Business Operations and Business Activities.

Women's Economic Empowerment

We will promote women's economic empowerment through a gender inclusive workplace culture in our Business Operations and seek to provide products and services designed specifically for women through our Business Activities.

Financial Inclusion

We will promote financial inclusion, seeking to provide financial services to Individuals and communities that traditionally have had limited or no access to the formal financial sector.

E&S Governance

We will implement robust and transparent E&S governance practices in our respective institutions and assess the E&S governance practices of our clients.

Capacity Building

We will develop individual institutional and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our Business Activities and Business Operations.

Collaborative Partnerships

We will collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one, ensuring our approach is consistent with international standards and Nigerian development needs.

Reporting

We will regularly review and report on our progress in meeting these Principles at the individual institution and sector level.

-Nigerian Sustainable Banking Principles

-17 Sustainable Development Goals

Digital Solutions for Societal Impact

Our Corporate Sustainability and Responsibility strategy was developed with the aim of accelerating the path to inclusive growth for the economy. Given that Nigeria is leaning towards the development of a digital economy with focus on innovation, growth and social prosperity, we want to play a key role in driving and bringing this objective to fruition. Our initiatives will create a platform for the teeming youthful population to harness the untapped opportunities in the various sectors of the economy.

Our overarching goal for sustainability at Wema Bank is to provide Digital Solutions for Societal Impact. Hence, we have continued to leverage on our digital capabilities and the strides made on developing the ALAT and *945# platforms to deepen financial inclusion, empower individuals and businesses; and more importantly, increase ease of access to various forms of financial services. So far, both platforms have been used to acquire over 600,000 customers since we launch in May 2017. As a result, we have increased access to a spectrum of financial services especially the underserved segments of the market.

Furthermore, we are developing sustainable solutions for our customers and host communities through hackathon events (events that allow software programmers and designers collaborate and solve everyday problems) and setting up startup acceleration hubs to advance the solutions developed, mentor young entrepreneurs and create access to capital. The Bank is in the process of setting up of a dedicated Innovation Hub, that will increase collaboration among the startup entrepreneurs, by providing structured workspace, training, mentoring, access to funding and investors.

With this, we are on the path to promoting socio-economic development in Nigeria. Our long-term aspiration is to become a responsible stakeholder in the growing digital economy, with capacity for increased innovation to identify untapped opportunities in the market space and impact positively on the society, environment and business.

Innovation team

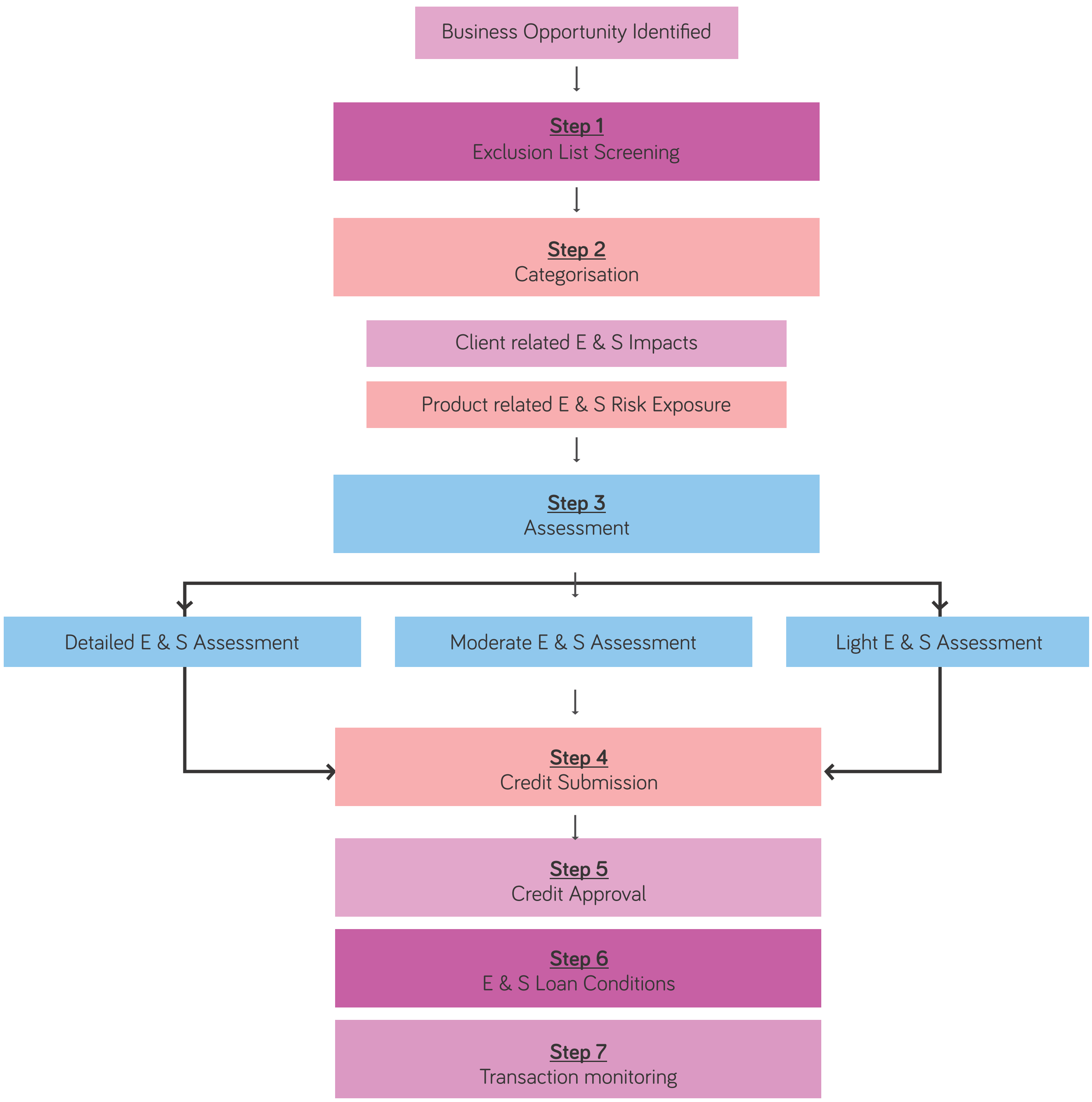
Sustainable Business Activities and Operations

We have infused sustainability into every area of our business and operations, including the products and services we offer, process and policy design and the use of technology.

Sustainable Business Activities

In 2018, we made appreciable progress in the implementation and deployment of our Environmental and Social Risk Management (ESRM) Framework in line with the tenets of the Nigerian Sustainable Banking Principles (NSBP). Being a responsible organisation involves a thorough review of what we finance, how the businesses operate and the impact these businesses make on the environment. Hence, we have continued to refine and align our ESRM framework in line with global best practices.

Given our strength in technology and innovation, we have automated the process of screening transactions, conducting environmental and social due diligence, categorising transactions based on environmental and social risks, credit decision-making process and effective monitoring of the customers environmental and social risk performance. So far, we have been able to assess over 600 loan request through this platform. This process has made our customers more aware of the sustainability implications of their business on the environment, human rights and business ethics.



Business Operations

We are aware that energy efficiency is one of the key solutions to mitigating climate change. As a strategy, we have continued to implement efficient measures to reduce the negative impact of our environmental and social footprint at our business locations.

- **Energy Efficiency:** We have installed energy saving bulbs across all our branches and enforced a generator shutdown policy, by ensuring that most of our branches shut down their generators by 4 pm daily, while the corporate branches shut down their generators at 6 pm daily.
- **Alternative Energy:** The Bank has also deployed a solar power mobile ATM Truck to meet the banking needs of people in remote locations and to reduce carbon emission. Two (2) of our branches have solar power ATMs which has eliminated the use of generators in those locations, hence the significant reduction in carbon emission.
- **Paper Reduction Initiative:** PurpleWorks, (our online document management system for memos, reports, request forms, presentations) is one of the key platforms supporting our efforts at reducing our carbon emission. In Wema Bank, we discourage printing on paper as most of our processes and approvals are originated and completed online within a specified period as agreed in the policy. This platform has significantly reduced our paper usage in the Bank by 80% and have improved operational efficiency.

PurpleWorks

Paper Reduced By

172,430

- Internal Memos
- Reports
- Regulatory Returns

- **Water Management:** The Bank has implemented an innovative water management system across our branches to reduce water consumption using the dual toilet flushing system. With this, we are using less water and making it available for other uses. Also, we have increased our environmental sustainability advocacy by creating increased awareness of the importance of adopting the 3Rs (reduce, reuse and recycle) of recycling with our employees and vendors.
- **Health & Safety:** We know that healthy workforce is a productive workforce. Hence, we take paramount care of the health and wellness of our employees by providing access to quality health care and the availability of onsite fitness centre for general use. As part of our commitment to protecting our employees and customers, we carry out periodic fire drills to ensure that all staff, customers and visitors to our premises understand what they need to do if there is a fire and help us to test how effective our fire evacuation plan is and to improve certain aspects of our fire provisions. The fire drills were carried out using a comprehensive action plan, specified procedures, enhancement of safety technology, and cooperation of all security personnel.

Fire Drill Exercise

Solar Powered ATM

Community Investments & Engagement

We have been involved in several impactful community investments which have enhanced our collective view and position on responsible banking within the society. The Bank embarked on several financial inclusion and empowerment programmes for customers and women in our host communities.

There were capacity building sessions for young entrepreneurs on how to scale and grow their businesses leveraging on technology. It is motivating to see the impact of these training on our customers going by their capacity to manage financial situations in a better approach. We believe in sharing knowledge and advanced thinking for the wider socio-economic benefit. Hence, we are committed to developing the Nigerian women to take advantage of the opportunities of learning from the experts in business, finance and career.

In 2018, we identified young women transforming small businesses in Nigeria using technology. We have tagged these women as Tech-Chics. These women are our ambassadors and mentors to other young women starting or running tech-related services. One of the Tech-Chicks, Abisoye Afolayan, was nominated for the 2018 CNN Heroes Awards. Also, through the Wema Women network (WWN), we ran series of Woman to Woman Open Office sessions, with a focus on developing a well-rounded woman in business, finance and career. These sessions were open to customers and female employees.

Women to Woman Open Office Sessions

iVolunteer @ Wema

The Bank launched the iVolunteer @ Wema programme in 2018. iVolunteer is an employee volunteering initiative programme aimed at building a strong cohesive team working together to make an impact on the society, environment and business. The Bank identified specific areas of volunteering which includes financial literacy, education and training, health and the environment.

The team volunteered to proffer financial literacy, discipline and budget clinic to individuals and small business owners in select areas in Lagos (Ajah, Marina &Tinubu) and the Bauchi States. We were able to reach out to over 300 individuals and small businesses and some of the businesses have started basic bookkeeping and are currently in the process of putting a structure to their business activities.

iVolunteer Outreach in Marina

iVolunteer Outreach in Ajah

Staff also volunteered to clean Kids Beach Garden, Lekki Lagos and recycled the waste gathered from the activity into nice keepsakes for some of our branches and the Head Office. This activity not only positioned the Bank as forward-thinking but also as an innovative Bank.


Beach Cleaning

Kids Beach Garden

Another major social impact activity was the Declutter and Donate programme, where staff were encouraged to donate the following items to the Old Awuru Community in Borgu Local Government, Niger State:

- Clothing, food items,
- Toiletries and
- Mosquito nets

The community had been ravaged by flood, and the donation came in a timely manner to alleviate their plight. About 500 lives reached, with hearty and inspiring smiles and hope for the future.

- Refurbished Computers: The Bank also decluttered its stock of depreciated computer systems. The computer systems were refurbished and donated to Adeyemo College in Kaduna State and Wesley College, Oyo State.

Computer donation to Wesley College, Oyo

Picture of Awuru Flooding

Donated food and clothing items

Donated food and clothing items

Donation to Orphanage

Staff were also encouraged to donate food and clothing items and nominate homes and orphanages that will receive the items. About 400 lives were impacted through the donations to the various homes across the country. The homes nominated were God's Grace Kiddies Heritage Foundation, Calabar, Adonai Orphanage Home Institute, Kaduna, Home for Motherless Babies Oyo, Old Peoples Home and Modupe Cole Memorial Lagos, and Gideons Orphanage Home, Abeokuta, Ogun State.

So far, over 3000 staff have participated in the iVolunteer programme, and we expect this number to increase as we continue to expand these initiatives. Participation in volunteering activities have improved our problem-solving skills, value for life and knowledge, a sense of purpose and leadership skills.

Stakeholders Engagement Our stakeholders are very important to achieving our sustainability objectives. We use various methods to solicit feedback and also support industry and regulatory initiatives that will entrench the sustainability agenda in the marketplace. We will actively engage our stakeholders and create platforms for dialogue with government, regulators and civil societies.

Governance & Reporting

The Board Nomination and Governance Committee has the responsibility for driving the sustainability agenda of the Bank. The key sustainability decisions are reviewed and approved by the Committee members while the Sustainability Department through the Sustainability Advisory Committee reports progress made on the goals and targets to ensure transparency and accountability. The Sustainability department work with the champions from specific departments including Human Capital Management, Risk Management, General Administrative Services and Retail Banking Division to implement the initiatives, put the activities into practice and engage stakeholders.

In compliance with the Nigerian Sustainable Banking Principles (NSBP), the Bank reports progress made on targets and goals semi-annually. We intend to undertake a sustainability audit and commence the Global Reporting Initiative (GRI) for the effective measurement of the impact of our sustainability initiatives.

Looking Ahead

Sustainability is a journey, but we are happy with the progress we have made so far. We will continue to make investments in initiatives that have a positive impact with opportunities for innovation, inclusive growth and thought leadership. We will increase our collaboration with stakeholders to meet the environmental, social and economic goals of the Bank.

In furtherance to our ongoing commitments to corporate sustainability, we will organise capacity building workshops for our customers to apprise them of the new development on global sustainability issues, how to manage business risks and improve transparency and accountability. More importantly, we will continue to monitor and measure our impact on the sustainability journey.

Wema Bank Compliance Risk Framework

Compliance is “adhering to the requirements of the law, industry and organizational codes, principles of good governance and ethical standards.”

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss of reputation that a bank may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice.

Compliance risk also arises in situations where laws or rules governing certain bank products or activities of the bank's customers may be ambiguous or untested.

Compliance department is an integral part of Wema Bank’s business practices committed to achieving compliance with applicable laws, rules and regulations. The Compliance department is at the fore-front of supporting the compliance goals of the bank by implementing programs that identify potential risks, deter misconduct and potentially reduce penalties in the event infractions occur.

The continued change in legislation aimed at combating Money Laundering and Terrorist Financing has placed great emphasis on the formal and structured monitoring of compliance with legal, regulatory and supervisory requirements.

Our Compliance Risk Framework reflects the following core principles and practices:

- Compliance is about our responsibilities as employees, our culture, the systems and processes we use every day;
- Complying with the letter and spirit of regulatory standards is an essential part of the bank’s core values and it is critical to our
- success as a leading financial services organisation;
- Ensuring that the letter and spirit of regulatory standards are embedded into how we do business, how we conduct ourselves,
- how our systems and processes are designed and how they operate;
- Compliance with regulatory standards is the responsibility of everyone in the Bank. Visibility and accountability of senior
- management ensures a strong compliance culture;
- The role of the compliance function is to guide the organisation in embedding compliance into how we do business; and
- Actively engaging with regulatory bodies and industry forums to ensure the maintenance of high standards across the industry.

Primary responsibility for managing compliance risk resides with the business line managers, who are the first line of defense. Within, each major business area, there is a dedicated Compliance Officer with specific responsibilities designed to ensure both regulatory and internal compliance

The Compliance Risk Framework utilises a range of mechanisms, including audit, file reviews, customer surveys and operational risk assessments to measure the effectiveness of our compliance program.

The Compliance Department is led by a Chief Compliance Officer (CCO), who ensures the implementation of the Compliance Risk Management Framework. The team provides the infrastructure to facilitate compliance planning and reporting, provides specialist advice to business and operational units of the bank. The compliance department operates a zonal structure which is led by Zonal Compliance Officers. The Zonal Compliance Officers implement regulatory initiatives and ensure internal policies are adhered to.

Key components of the Compliance framework:

Board and Management Responsibilities
The overall responsibility of establishing broad business strategy, significant policies and understanding significant risks of the bank rests with the Board of Directors. In Wema Bank, through the establishment of Board Risk Management Committee (BRMC), the Board of Directors oversees the effectiveness and sets the risk acceptance criteria of AML/CFT programme and compliance to internal policies.

The internal and external audit reports are sent to the Board through senior management. The Board ensures that management takes timely and prompt actions in implementing recommendations and remediating exceptions. Wema Bank Board carries out periodic review meetings with senior management through relevant committees to discuss the effectiveness of all the risk areas – Compliance risk inclusive.

The Bank’s Management sets out a strong Compliance culture within the bank. With governance & guidance from the Board of Directors, the Executive Committee (EXCO) puts in place approved policies and procedures to identify, measure, monitor and control risks. The Bank has a Compliance structure, which assigns clear responsibility, authority and reporting relationships among members of staff. The Management through its monthly Management Risk Committee (MRC), monitors the adequacy and effectiveness of the

Compliance functions based on the bank's established policies & procedures.

The Chief Executive Officer and Chief Financial Officer regularly attest to the returns to Security and Exchange Commission (SEC), Central Bank of Nigeria (CBN), Stockholders, general public and other regulatory bodies.

Reports to Senior Management and the Board of Directors

Compliance issues and risks identified in the financial environment are discussed at the Board and Management Risk Committee meetings as detailed below:

- Management Risk Committee – Monthly
- Board Risk Management Committee – Quarterly
- Statutory Audit Committee – Quarterly
- Board Audit Committee - Quarterly

Critical emerging issues requiring immediate attention prior to the meetings are communicated to Management and Board.

Cooperation with Regulators and Law Enforcement Authorities

Wema Bank will give full cooperation to law enforcement authorities within the limits of the rule governing confidentiality. The Bank shall comply promptly with all requests made pursuant to the provisions of relevant AML/CFT laws and regulations and provide all requested information to the CBN, NFIU and other competent authorities. For instance, where the bank is aware that certain funds lodged into an account was derived from a criminal activity or money laundering, the bank will observe the stipulated procedures for disclosure of suspicious transactions by reporting to the NFIU immediately. It is pertinent to note that the Law requires banks to report suspicious activities or transactions to the Nigerian Financial Intelligence Unit (NFIU) under Section 2, 6 and 10 of the Money Laundering (Prohibition) Act, 2011 (as amended in 2012).

Wema bank is aware of the need to co-operate with law enforcement authorities in the continuous efforts to fight money laundering and terrorist financing.

Compliance Department serves as a liaison officer between the bank and regulators and a point of contact for all employees on issues relating to money laundering and terrorist financing.

Customer Due Diligence (CDD)

Wema Bank ensures that Due Diligence (DD) and proper Know Your Customer (KYC) are carried out on prospective customers. All parties to a business are properly identified before relationships are established.

Obtaining and verifying of proof of identity (name and address) are carried out using reliable and independent sources. The Bank ensures that the true owners or promoters are adequately identified.

In Wema Bank, the level of KYC carried out on customers is determined by the level of risk associated with the customer. As such, high risk customers attract Enhanced Due Diligence (EDD).

Risk Recognition and Assessment

Wema Bank continually recognizes and assesses all the material risks that could adversely affect the achievement of the bank's goals and business objectives. Wema bank identifies and considers both internal and external factors.

The risk assessment by the bank focuses more on the review of business strategies developed to maximize the risk/reward trade-off within the different areas of the bank. This assessment is based on compliance with regulatory requirements, social, ethical and environmental risks that affect the banking industry.

Customer Risk Assessment Process

Wema Bank will assess KYC risk by classifying accounts into different categories of Risk such as high, medium, and low. The account type for example domiciliary, foreign exchange trade accounts, PEP accounts, deposits, trade names, borrowing names etc. is used to determine customer risk rating. The Bank uses its risk assessment framework in classifying its customers at the point of account opening and for as long as the business relationship continues. The risk consideration covers jurisdiction, products, services, nature of business, age of customer, transaction types and volumes that will be carried out by customer, address location etc.

Customer Identification Program (CIP)

As a rule, a business relationship with Wema Bank will NOT be established until the identity of the potential customer is satisfactorily established. Where a potential customer declines to provide any account initiation information, the relationship will NOT be established. Furthermore, if follow-up information is not forthcoming, any relationship already established will be terminated.

Politically Exposed Persons (PEPs)

In line with regulatory requirements, Wema Bank classifies Politically Exposed Persons (PEPs) as high-risk customers. Senior Management approval is required before such accounts are opened.

Due to the peculiarity of the transactions of PEPs, all PEP accounts are subjected to a continuous account monitoring process. This is to mitigate money laundering, terrorist financing and strict adherence to regulatory policies and FATF recommendations on the management of PEP accounts.

Preservation of Customers' Records

In line with applicable laws and regulations, Wema Bank keeps all documents and transaction records of customers in the ordinary course of business relationship and for a minimum period of five (5) years after the severance of business relationship with the Bank.

Know Your Employee (KYE)

To identify and mitigate employee risks, which most often cause time wastages, money and reputational damage, Wema Bank Plc has developed a Know Your Employee (KYE) program which allows background checks to be done on all employees. The KYE procedures includes background screening of prospective and current employees, especially for criminal history, verification of references, experience, education and professional qualifications, etc.

Compliance Training (AML/CFT & Compliance to Internal Policies)

Considering the role of employees, management and Board of Directors in the fight against money laundering and terrorist financing, formal ALM/CFT trainings are conducted on a regular basis for all members of staff, senior management and Board of directors.

Additional training is conducted through the bank's intranet, nuggets and bi-weekly knowledge sharing sessions (KSS).

Knowledge base of all employees are periodically assessed. This is a part of the employees' appraisal.

Monitoring, Testing, Surveillance & Reporting

Compliance Department ensures adherence to both internal policies, regulatory pronouncements and directives by engaging other Strategic Business Units (SBUs) and ensure increased compliance monitoring. This is implemented as follows:

- Ongoing monitoring of business activities (Credit, Treasury, Trade Services, Operations, Legal, HCM etc.) for compliance with regulatory requirements and the bank's policies.
- Escalate issues to Management Risk Committee (MRC) and Board Risk and Management Committee (BRMC) on monthly and quarterly basis respectively for resolution of observed exceptions.

Transaction Monitoring

In Wema Bank, transaction monitoring is a continuous process. This is conducted or carried out daily for effective and timely reporting. Customer transaction behavioral patterns are documented, variations from such documented pattern are termed "unusual transactions". These transactions are subjected to further scrutiny with the aim of determining if they are suspicious.

Where transactions are confirmed suspicious, formal reports are forwarded to the Nigerian Financial Intelligence Unit (NFIU).

Transaction Reporting

In line with applicable laws and regulations, certain returns and reports are made to the regulatory bodies. In Nigeria, the Nigerian Financial Intelligence Unit (NFIU) is the regulatory agency saddled with the responsibility for the receipt of the following transaction related reports:

- Currency Transaction Report (CTR)
- Suspicious Transaction Report (STR)

While the Foreign Transaction Report (FTR) is rendered to both NFIU and the CBN

The above returns are rendered in line with Sections 2, 6 and 10 of the Money Laundering (Prohibition) Act, 2011 as amended in 2012.

- Section 2 of the Act mandates Financial Institutions to report all international transfers of funds and security of sum exceeding ten thousand dollars ($10,000) or its equivalent in other foreign currencies.
- Section 6 provides that all Financial Institutions must submit a report on all unusual and suspicious transactions.
- Section 10 requires all Financial Institutions to render returns on lodgments or transfers of funds of N5million and above for individuals and N10million and above for corporate customers.

Regulatory Return Rendition

This is a continuous review of all returns rendered to the regulatory authorities (NFIU, CBN, SEC, FIRS, NDIC etc.) by the Bank. The department ensures that all returns are rendered to appropriate regulatory bodies at the stipulated time. Follow up on regulatory returns has been automated. Compliance department accesses the CBN website daily for information on new circulars.

Whistle Blowing/Employees' Responsibilities.

All employees are responsible for complying with the Bank's policy on whistle blowing. Employee having information concerning any prohibited or unlawful act promptly reports such matter to the Chief Inspector, Chief Compliance Officer and Legal Adviser of the Bank.

While this is the preferred reporting procedure, employees are also free to report to their line supervisors, anyone in Compliance, Internal Control, Audit & Inspection, Risk Management, Strategic Management, or the Chief Financial Officer, where necessary.

The whistle blowing policy protects the whistle blower from any reprisal for reporting unlawful acts. The whistle blower's identity is protected.

A dedicated email address and telephone numbers are assigned for whistle blowing.

Treating Customers Fairly

A complaint is any expression of dissatisfaction whether oral or written and whether justified or not from or on behalf of a complainant about Wema Bank Plc's provision of or failure to provide a specific financial service.

All Wema Bank employees who interact with customers are aware of how to deal with a possible complaint promptly. Wema bank has effective and efficient procedures for handling customer complaints. The Customer Experience Unit of the bank handles all customer complaints in line with CBN regulation.

The customer protection unit of the CBN monitors banks daily on customer complaints. Financial institutions are expected to:

- Acknowledge complaints promptly
- Make an objective, prompt and thorough initial investigation of complaints
- Provide a timely reply to the complainant after that initial investigation; Inform the complainant of his/her right to apply to the Sub-Committee on Ethics and Professionalism
- Keep adequate records of complaints and investigations.

Management of Blacklisted Individuals and Entities

Sequel to the 11 September, 2001 attack and the resultant review conducted by Financial Action Task Force (FATF) on non-cooperative countries and territories (NCCT), some jurisdictions were found to lack effective AML/CFT programme. These and other individuals and entities of questionable reputation are restrained from banking activities.

The list of blacklisted individuals and entities are obtained from the following:

- The Office of Foreign Assets Control (OFAC)
- The United Nations (UN)
- European Union (EU)
- Local list

In Wema Bank, all members of staff who engage in customer transaction processing are required to ensure all cross- border transactions with the bank are screened against the watch list to check for possible matches. Where there is a possible match, employees are mandated to stop the transaction and escalate the exception identified to compliance for further review. Screening for blacklisted individuals and entities is done both at the on-boarding of new customers and processing of cross border transactions.

Role of External and Internal Auditors in Evaluating AML/CFT & Compliance to Internal Policies

External Auditors, by dint of their independence of the management of the bank, provides unbiased recommendations on the strength and weakness of the AML/CFT and Internal Compliance programme of the bank. They examine the records, transactions of the bank and evaluate its accounting policy, disclosure policy and methods of financial estimation made by the Bank.

The Internal Audit functions, as part of the monitoring of AML/CFT programme and compliance to Internal Policies, reports directly to the Board of Directors, or its Audit Committee, with a line reporting to the MD/CEO. This allows the board and management have an independent overview on the overall Compliance programme of the bank.

Conclusion

The Wema Bank's Compliance Framework covers all aspects of her activities to ensure internal and regulatory compliance. The framework, being a guide to how the Bank conducts her businesses, ensures the mitigation of Money Laundering, Terrorist Financing, regulatory (internal & external) and compliance risks.

Customer Complaints Management and Feedback

Introduction

In line with the Central Bank of Nigeria's Consumer Protection Framework which guides the effective regulation of consumer protection practices of Financial Institutions (FIs) in Nigeria, we have also aligned our policies and adopted an internal Customer Protection Framework which ensures the protection of Customer Rights as we provide financial and non-financial services, as well as keeping the Bank within the regulation of Consumer Protection Laws.

At Wema Bank, we are fully committed to offering our customers delightful and memorable service experience because our customers are at the heart of our business. The Bank prides itself on providing excellent customer service always, however, while considering the number and complexity of financial and non-financial transactions that take place every day, the Bank recognizes that there will inevitably be occasions when mistakes and misunderstandings occur. In these situations, Wema Bank encourages customers to bring their concerns to the attention of the Bank for prompt resolution. In addition, deliberate efforts are made to solicit customers' feedback on its products and services.

To achieve excellent customer service delivery in line with the Bank's focus, employees are adequately trained to have a strong and adequate customer service orientation and be customer-centric in every aspect of the Bank's operations thereby fulfilling the Bank's promise to Customers, as contained in its charter. The Bank's customer service charter requires all staff to

,

- Be courteous, friendly, helpful and professional always.
- To serve customers, listen and respond to all enquiries, suggestions, feedback and complaints in a timely manner across all our touch points.
- To clearly understand our customer's financial and non-financial needs and offer products and services tailored to suit our customers.
- To always be at the forefront of innovation in products, service delivery and business processes.

Complaints Channels

We value the feedback provided by our customers, as such the following channels/touch points are available to encourage our customers' interaction with the Bank:

Telephone
0-7000 PURPLE, 08039003700
01-2777700

Email:
purpleconnect@wemabank.com

SMS & WhatsApp
0705 111 2111

Live Chat
www.wemabank.com

Fraud Desk
01-2779836 - Frauddesk@wemabank.com

Letters
Customer Protection Unit, Wema Bank Plc, Wema Towers, 54 Marina, Lagos

Social Media
Facebook.com/wemabankplc | Youtube.com/wemabank
Instagram.com/wemabank | Twitter.com/google+.com

Complaints Handling

Wema Bank is in full compliance with the Consumer Protection laws by the Central Bank of Nigeria.

We handle customers complaints with sensitivity and in due regard for the needs and understanding of each complainant. We strive to resolve customers complaints at first level. Where this cannot be achieved, they are immediately referred to the appropriate persons for resolution.

All complaints are logged and tracked for resolution and feedback is provided to the customers there after.

Complaints Tracking and Reporting

We diligently track complaint information for continuous improvement of our processes and services. An independent review of the root cause of complaints made is carried out and lessons learnt are fed back to the relevant business units to avoid future occurrence. Customer complaint metrics are analysed and reports presented to Executive Management and the Operational Risk Management committee. Reports on customer complaints are also sent to the Central bank as required.

Solicited Customer Feedback

Deliberate efforts are made to solicit feedback from customers and staff on the services and products of the bank through the following:

- Surveys
- Customers forums

The feedbacks obtained are reviewed and lessons learnt are used for service improvement across the Bank.

Our Resolution Structure

The process flow for customer complaint resolution is as follows:

- Complaints are received through all our available service channels (Telephone, Electronic Mail, SMS, WhatsApp, Live Chats, Letters/Visits to the Branches/Head Office, Social media)
- Received complaints are acknowledged within 24 hours of receipt
- The complaint is resolved immediately or escalated to the appropriate unit for resolution
- An update is given within 48 hours of receipt and regular feedback on the resolution status of the received complaints is given to the customer subsequently
- The complaint is closed upon satisfactory resolution of the issue raised and feedback is provided to the customer.
- 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 prevent recurrences.

In the year 2018, we received 261,425 (excluding the 7,051 pending complaints from the previous year) operational complaints which are everyday feedback from customers on concerns they observed while using our alternate channels. From the total number of feedbacks received, 265,792 were resolved leaving a total of 2,684 pending complaints as at 31 December 2018.

Table 1 below shows the details of complaints received in FY 2018 on a month-by-month basis:

MONTH	Total No. of Complaint Received	Total No. of Complaint Resolved	Total No. of complaint forwarded to CBN
January	15,581	16,555	Nil
February	14,629	15,602	Nil
March	19,302	19,786	Nil
April	18,962	18,900	Nil
May	22,472	22,956	Nil
June	18,105	18,803	Nil
July	19,972	19,859	Nil
August	24,387	25,191	Nil
September	25,551	26,289	Nil
October	29,245	27,887	Nil
November	26,391	27,150	Nil
Dececember	26,828	26,814	Nil
Grand Total	261,425	265,792	Nil

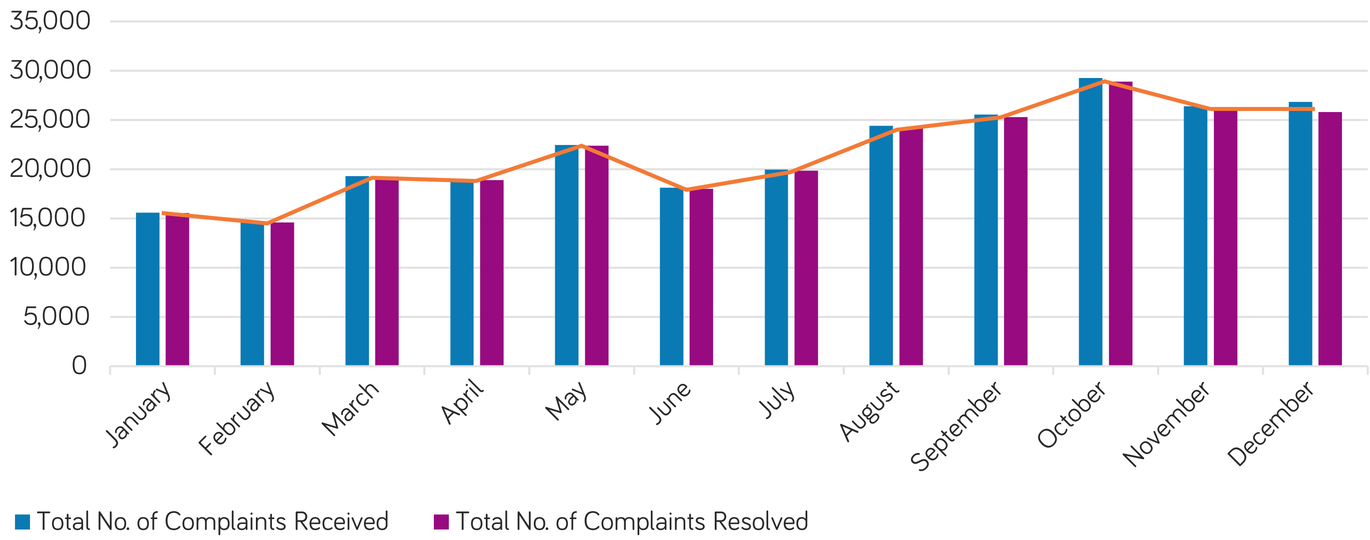


Table 2 shows the total number of complaints and amount claims received as at the end of the Financial Year 2018 in comparison with those received in 2017.

	Number		Total Amount Claimed		Amount Refunded	
Description	2018	2017	2018 (N'000)	2017 (N'000)	2018 (N'000)	2017 (N'000)
Unresolved Complaints pending with the bank At 1 January	7,051	2,850	209,551,513	4,196,017,794	N/A	N/A
Received Complaints	261,425	143,589	4,162,831,988	1,833,128,084	N/A	N/A
Resolved Complaints	265,792	139,388	4,136,700,537	5,819,594,365	26,131,451	60,253,403
Unresolved Complaints escalated to CBN for intervention	N/A	N/A	N/A	N/A	N/A	N/A
Unresolved Complaints pending with the bank at 31 December	2,684	7,051	235,682,964	209,551,513	N/A	N/A

REPORTS

Notice of the 2018 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of Wema Bank Plc will be held at The Lagoon Restaurant, 1c Ozumba Mbadiwe, Victoria Island, Lagos on Wednesday, May 8, 2019 at 11:00am to transact the following business:

Ordinary Business.

1. To lay before the meeting the bank's Audited Financial Statements for the year ended 31st December, 2018 together with the reports of the Directors, Auditors and Audit Committee thereon;

2. To declare dividend;

3. To re-elect the following Directors retiring by rotation, as Non-Executive Directors:
   a. Mr. Abubakar Lawal
   b. Mr. Adebode Adefioye
   c. Mr. Babatunde Kasali

4. To authorize the Directors to fix the remuneration of the Auditors;

5. To elect members of the Audit Committee;

Special Business

6. To approve the remuneration of Directors.

Proxy

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

For the appointment to be valid, a completed and duly stamped Proxy form must be completed and deposited at the office of the Registrar, Greenwich Registrars & Data Solutions, 274 Murtala Mohammed Way Yaba, Lagos State, not less than 48 hours prior to the time fixed for the Annual General Meeting. A blank proxy form is attached to the Annual Report.

Dated this 8th day of April 2019

By Order of the Board

Johnson Lebile
Company Secretary
FRC/2019/NBA/00000019017
54, Marina,
Lagos.

Notes

a. Closure of Register

The Register of Members and Transfer Books will be closed from Monday, April 29, 2019 to Monday, May 6, 2019 (both dates inclusive) to enable the Registrar update the Register and prepare for payment of dividend .

b. Dividend

If the proposed dividend of 3kobo per ordinary share is approved, dividend will be paid commencing from May 13, 2019 to shareholders whose names appear in the Register of Members at the close of business on April 26, 2019.

c. Statutory Audit Committee

In accordance with section 359(5) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder for appointment to the Audit Committee. All nominations of members for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting.

Kindly note that the provisions of the Codes of Corporate Governance issued by the Securities and Exchange Commission(SEC) and the Central Bank of Nigeria have indicated that some members of the Committee should be knowledgeable in internal control processes.

Consequently, all nominations should be accompanied by a copy of the nominee's detailed resume disclosing requisite qualification.

d. Biographical Details of Directors for Re-election

The profiles of the directors standing for re-election are provided in this Annual Report.

e. Rights of Shareholders to ask questions

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting on any item contained in the Annual Report and Accounts. Please send questions and comments to the Company's Secretarial Department, Wema Bank Plc, 54 Marina Lagos not later than 3rd day of May, 2019.

Explanatory Notes to The Proposed Resolutions

The Notes below provide explanation to the proposed resolutions.

Resolutions 1 to 6 are being proposed as ordinary resolutions. This means that for each resolution to be passed, a simple majority of votes in favour of the resolution is required. Please note that if you abstain from voting, you will not be counted in the calculation of the proportion of votes 'for' or 'against' a resolution.

Resolution 1: Annual Report and Accounts

The directors are required under Section 345 (1) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 to lay before the company at the General Meeting for each financial year, copies of the Financial Statements of the company made up to a date not exceeding nine months prior to the date of the meeting. This provides the shareholders the opportunity to ask questions on the content of the Annual Report and Financial Statements.

Resolution 2: Declaration of Dividend

By Section 379 (1) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, the General Meeting has the power to approve or reduce the dividend recommended by the Directors but cannot increase the amount. If the 3 kobo dividend is approved, the dividend, net of withholding tax will be payable on May 13, 2019 to those shareholders registered on the company's Register of Shareholders as at April 26, 2019.

Resolution 3: Re-election of Directors

The company's Articles of Association require one-third of all Non-Executive Directors (rounded down) to stand for re-election every year, depending on their tenure on the Board.

In keeping with the requirement, Messrs Abubakar Lawal, Adebode Adefioye and Babatunde Kasali will retire at this Annual General Meeting and being eligible for re-election, will submit themselves for re-election. It is hereby confirmed that following a formal evaluation, the directors continue to demonstrate commitment to their role as Non-Executive Directors.

The profiles of the said Directors are provided in this Annual Report.

Resolution 4: Approval of Auditor's Remuneration

Deloitte & Touche was appointed as Statutory Auditor of the bank by the Ordinary Resolution of shareholders, passed at the Annual General Meeting held on June 10, 2011. Section 361(1)(b) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, provides that the remuneration of the Auditor of a company shall, subject to Section 361 1(a) be fixed by the company at a general meeting or in such manner as the company at a general meeting may determine. Pursuant to this provision, the shareholders will be required to authorize the directors to fix the remuneration of the Statutory Auditor for the financial year ending December 31, 2019.

Resolution 5: Election of Members of the Audit Committee

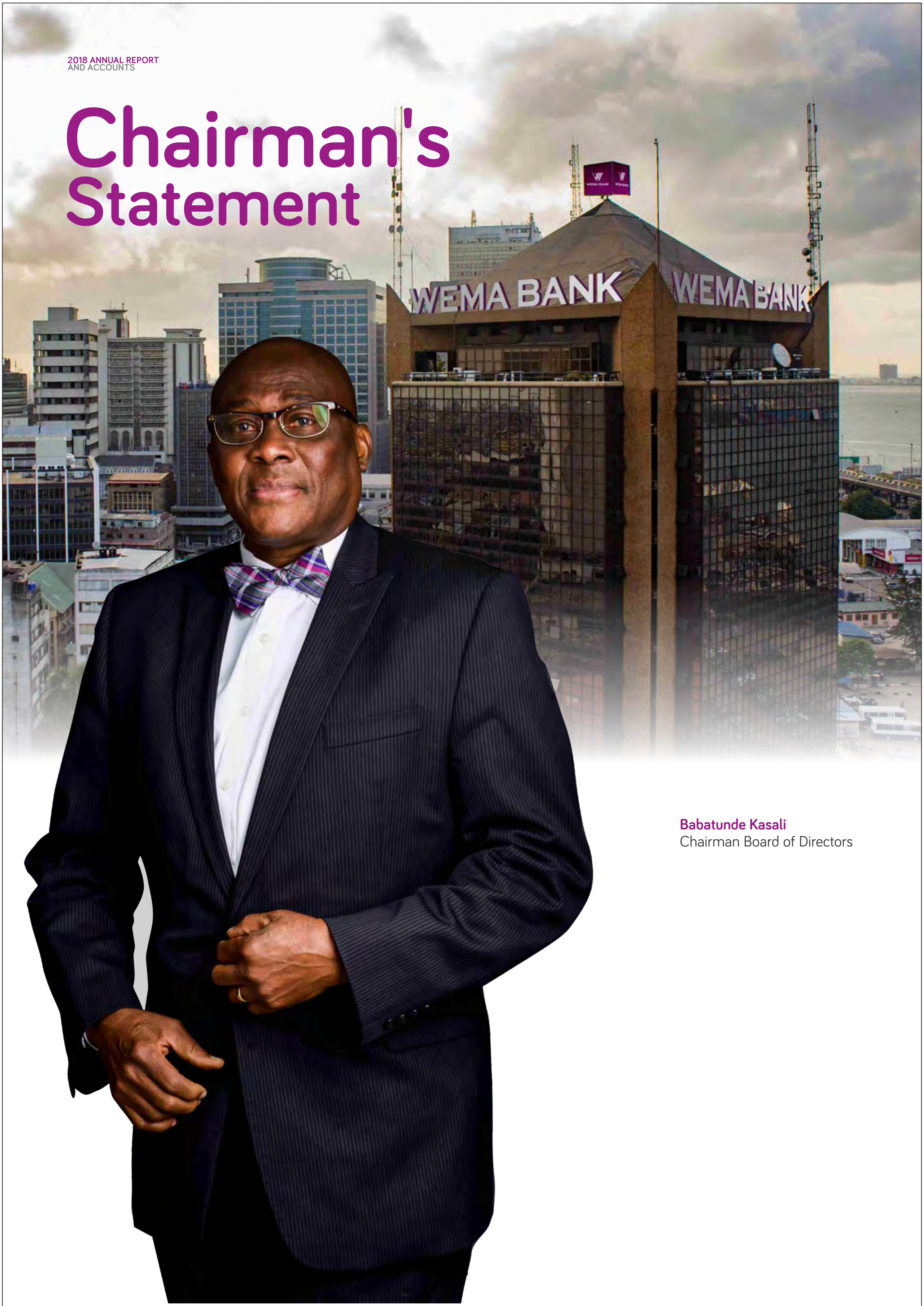
In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, any member may nominate a shareholder for election as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

Resolution 6: Approval of Directors' Fees

A company is required to seek approval for the annual fees payable to the Non-Executive Directors. Shareholders will therefore be required to approve the annual fee recommended by the Board to be paid to the Non-Executive Directors in the financial year ended December 31, 2019.

Shareholders will therefore be required to approve annual fees of N33, 000, 000 (Thirty-Three Million Naira) for the Non-Executive Directors for the 2019 financial year. The proposed remuneration is maintained at the 2018 threshold.

Chairman's Statement



Babatunde Kasali
Chairman Board of Directors

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen, welcome to the 2018 Annual General Meeting of our Bank.

It gives me great pleasure to present to you our financial results for 2018 as well as review the operating environment under which our Bank achieved that performance while looking forward to an even better year in 2019. This will be my second time doing this task in my capacity as the Chairman, Board of Directors of this esteemed financial institution, and I am honored to take on this responsibility.

Babatunde Kasali
Chairman Board of Directors

Chairman's Statement

In 2018, a new management team comprising Mr. Ademola Adebise and Mr. Moruf Oseni took office as Managing Director & Deputy Managing Director respectively. I must use this opportunity to also thank our former Managing Director, Mr. Segun Oloketuyi for his significant contribution to the success of this institution for over 9 years.

2018 was a year of extremes for Nigeria. The year started with GDP growing at 1.95%, a drop from the 2.11% of the last quarter of 2017, but then fell steeply to 1.5% in 2nd quarter of 2018 while inching up to 1.81% in the 3rd quarter of 2018. Inflation started in the year at a high 15.13% but ended the year at 11.44%. The global economy fed into our domestic economy impacting government receipts and constricting some of our top trade exports.

The year was extremely challenging within the banking industry as the Central Bank increased its interventionist posture issuing circulars with increased frequency. A player in the industry was taken over by the CBN through AMCON while another player was acquired in an industry transforming surprise. Another two players agreed to merge creating a new largest player by customers in the Tier 1 space.

Ladies and Gentlemen, I am pleased to inform you that our Bank delivered on most of its strategic goals for 2018 while undertaking bold steps to ensure that our immediate future consolidates on the good work done in previous years.

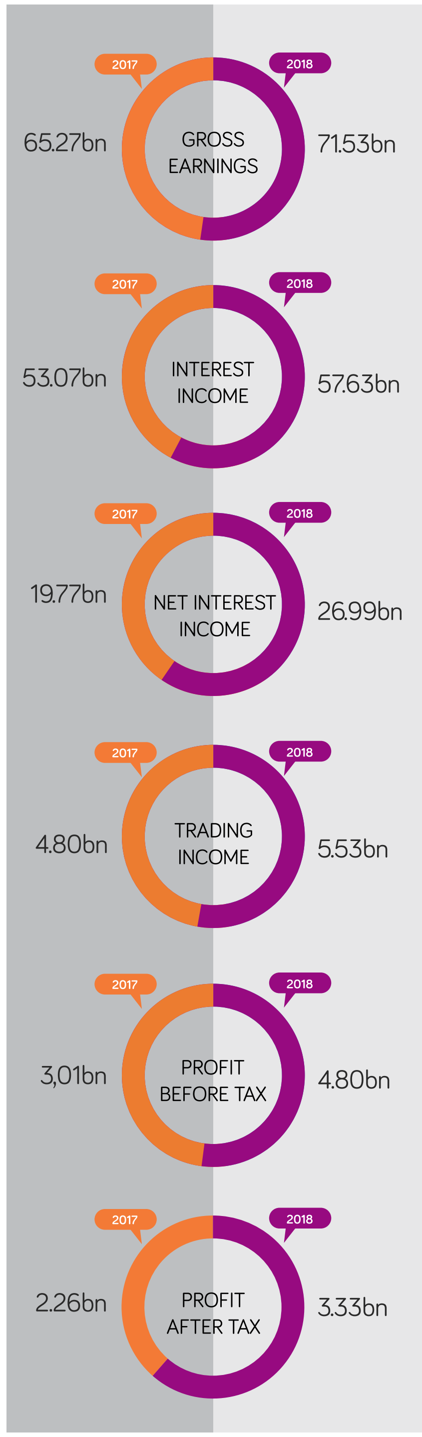
It is satisfying to note that year on year, Wema Bank continues to record significant achievements in various areas and the culmination of these efforts is that the Bank, after several years is well positioned to finally pay dividends to shareholders in 2019. Also, our resolve to be the Industry leader in technology did not waver in 2018 as ALAT, Nigeria's First Fully Digital Bank, continues to record strong performance.

Operating Environment

Global Environment – A new World Trading Order

The year was an epochal one for the global economic order as slowly, but surely global trade started a transition from a collegial culture to a confrontational one under the new US Trade Protectionist posture. There were a number of key factors that drove the global economy in 2018, including the following:

- **Trade Tensions:** In the course of the year, the United States imposed up to $250billion in tariffs on China while China retaliated with $60billion in tariffs on imports from the US. The EU and a few other countries also had tariffs imposed on them by the US. This uncertainty within the global economy resulted in a drop in GDP growth rates with the IMF projecting that Global GDP grew only 3.5% in 2018, a drop from the earlier projection of 3.8%.



- **Interest Rates Hikes:** The US Federal Reserves continued its program of interest rates hikes in 2018 which made it more attractive for investors to keep their funds in the US thereby leading to an exodus of foreign portfolio investments from developing and emerging markets. On the average, The Nigerian Stock Exchange was down in 2018 and the All Share Index fell 17.81% Year on Year.

- **Commodities Prices:** Commodities prices led by crude oil fell for most of the year. Nigerian Bonny light started the year at $69.68/barrel then climbed to $75.38 in June only to end the year at $52.72/barrel. Most other commodities exporting countries had a bad year.

- Finally, the China economy grew at 6.5% during the 3rd quarter of 2018, from a projection of 6.6% and from previously average growth rates above 7%, pointing to a contraction in the largest producing market that negatively impacted the global economy.

Push Towards Normalization in The Domestic Economy in 2018

Nigeria's gross domestic product (GDP) grew by 1.81% (year-on-year) in real terms in the 3rd quarter of 2018, marking a growth from the dismal 1.5% in the 2nd quarter and 1.95% in the 1st quarter of 2018. The good news was that we had 3 consecutive quarters of growth in 2018 headlining our recovery from the recession experienced in 2017. Growth in 2017 was driven to an extent by increased crude oil production and higher crude prices in the 1st half of 2018.

The last half of 2018 saw a lot of the Federal Government infrastructure projects start to come on stream with a number of projects in the Transportation (rail & road) and the Power (generation & distribution) being completed. Increasingly we also saw convergence of the multiple foreign exchange rates across the various rate windows (now rates are hovering around N360/$1.00). The naira was also maintained in a band around N360/$1.00 which was good for businesses. However, a large part of the 4th quarter was lost to policy stagnation as increasingly the federal government and the legislature's attention shifted to electioneering matters.

In 2018, the CBN Monetary Policy Committee maintained its key policy rate at 14% for 4 consecutive quarters, a factor made easier because inflation trended down from a high 15.13% at the beginning of the year to drop below 12% by April finally ending the year at 11.44%.

The Banking industry saw significant developments in 2018 including the revocation of Skye Bank's banking license and creation of a bridge bank (Polaris Bank) by the Central Bank. In addition, there was some significant mergers & acquisition activities with the announcement of the acquisition of Diamond Bank by Access Bank in the 4th quarter of 2018. The transaction will be concluded in 2019. The Banking industry finally seemed to be working out its high NPL's mainly from the Oil and Gas industry though this trend has been impacted to a small extent by the fall in crude oil prices. Exposure to the Telecoms industry also seemed to have finally been resolved with the acquisition of Etisalat by Teleology Group giving some monies back to banks in the funding consortium.

In 2019, the key things to watch out for will include crude oil price and production, increase in domestic and international borrowing leading to a fiscal crisis; the strategic direction of the government and the tenure of The Central Bank Governor.

Financial Scorecard

The Group continued to record improved performances, as gross earnings in 2018 grew by 9.6% from N65.27billion in 2017 to N71.53billion. Profit before Tax (PBT) and Profit after Tax (PAT) increased by 59.47% and 47.35% respectively to N4.80billion and N3.33billion against N3.01billion and N2.26billion in 2017.

Total Assets as at December 2018 stood at N488billion representing a 26% increase over the N387billion recorded in the corresponding year of 2017 as loans to customers rose by 16.65% to close the 2018 year at N252 billion from N216 billion recorded in 2017.

Impressively, the Bank during the year maintained its Non-Performing Loans (NPL) at 4.98%, below the regulatory limit of 5%, despite the challenging macro-economic environment. Furthermore, the Bank continues to record growth in its retail deposit drive, as the Wema brand gains continued acceptance. Savings deposit grew by 26.2% from N49.83 billion to N62.89 billion while current account deposit grew by 46.80% from N12.47 billion to N18.30 billion.

Our Strategic Focus

Consistently, our aim as a bank is to scale up and improve market share through various initiatives and it is particularly pleasing to note that in 2018, the bank made significant strides in this direction.

Since 2016, our business has largely focused on four (4) major areas namely Innovation and Technology, Providing Excellent Customer Service, Effective Risk Management and Broadening Our National footprint to achieve our targets. ALAT, Nigeria's first fully digital bank, was borne of this renewed focus and in 2018, the Bank continues to record significant growth especially around customer acquisition.

As we go into 2019, we will deepen our focus on the commercial and corporate business while we introduce a renewed focus on our retail business. The above will help to continue to reinforce our commitment towards balance sheet optimisation, efficient processes and operations as well as value creation for our esteemed customers and shareholders.

Our Achievements

The 2018 financial year brought with challenges as well as successes for your bank. We saw Year on year growth despite the vagaries of the domestic and international economic space within the period. We have raised Tier II from the market in 2018 which showed a favorable disposition of the financial markets to the Wema Brand. We remain investment grade as we seek to attract new investment into the bank in 2019 and this is thanks to the men and women who represent our Bank in various capacities.

ALAT continues to be a significant success for the Bank and this continues to be evidenced by the awards that the Bank received during the year including the World Finance Awards for Most innovative Bank Africa, the 2018 Asian Banker Awards for Best Digital Bank Africa.

Infosys - Finacle Client Innovation Award 2017

World Summit Awards - Best and Most Innovative Digital Solution in Nigeria

World Finance - Best Digital Bank, Nigeria

World Finance - Best Mobile Banking App, Nigeria

New Age Banking Awards - Excellence in Branchless Banking

Business Day Banking Awards 2107 - The Digital Banking Platform of the Year

Asian Banker Award - Best Digital Bank in Africa

TUSH Awards - Most Youth Friendly Brand of 2017

Delivering top quality customer service remains a central tenet of the Bank business operations and as we go into 2019 we will continue to drive towards our ambitious target of being in the top 5 best banks in customer service by year end and I believe we will deliver on this goal.

Outlook For 2019

Growth In 2019 Will Be Slow and The Banking Industry Needs to Prepare for This.

As we effectively refocus and strategize to drive the Bank in 2019, there are certain key factors that might negatively impact the domestic and international economies. These factors include the following:

- Continuing trade tensions between developed and developing economies like the United States and China;
- The manner of the United Kingdom's exit (Brexit) from the European Union will also be a significant drag on global economic growth.
- Slowdown in global economic growth impacting commodities trading nations and depressing crude oil prices in 2018.
- Uncertainties around the conduct of the 2019 Presidential & Gubernatorial elections in February 2019.
- Continued strengthening of the USD negatively impacting import prices across all import classes into Nigeria and thus making goods and services more expensive.

As a Bank, it is our duty to look beyond the clouds to find opportunities for accelerated growth especially around the sectors and industries which are enjoying growth, areas like Agriculture and Manufacturing. Internally, significant steps were taken in 2018 to ensure that in 2019, we deliver value for our shareholders and we are prepared to achieve this. Another of our core commitment in 2019 is to continue to use our technology edge to drive disruption to deliver on our goals for the year.

Wema Bank is well positioned to ride the growth curve and deliver even better performance in 2019. As a Bank, we look forward to 2019 with great confidence as we begin to realize the Wema dream of giving all who interact with us a delightful and memorable service experience.

Thank you for your continued support and loyalty.

Babatunde Kasali
Chairman Board of Directors
FRC/2017/ICAN/00000016973

Director's Report

The directors present their annual report on the affairs of Wema Bank Plc (the "Bank") and the group, the audited financial statements and independent auditor's report for the financial year ended 31st December 2018.

Legal Form

The Bank was incorporated in Nigeria under the Companies Act of Nigeria as a private limited liability company on May 2, 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 is a Commercial Bank with National Banking Authorization under the new CBN licensing regime to operate in Nigeria.

The bank has a wholly owned subsidiary Wema Bank Funding SPV Plc.

Reporting Entity

Wema Bank Plc (the Bank) is a company domiciled in Nigeria. The Bank's registered office is 54, Marina, Lagos, Nigeria. The Bank is primarily involved in Corporate, Ccommercial, Retail Banking and Financial Advisory Services. The Bank has Deloitte and Touche as Auditors, Greenwich Registrars & Data Solutions Limited as Registrars and Johnson Lebile as Company Secretary/Legal Adviser.

Wema Bank Funding SPV was established for the purpose of issuing bonds to fund working capital, enhance liquidity and capital base.

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 other banking services.

Operating Result

	Group	Group	Bank	Bank
In thousands of Nigerian Naira	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Gross earnings	71,529,939	65,268,831	70,907,759	64,858,369
Profit on ordinary activities before taxation	4,797,710	3,009,203	4,830,549	3,054,873
Taxation	(1,471,290)	(753,715)	(1,471,290)	(753,715)
Profit on ordinary activities after taxation	3,326,420	2,255,488	3,359,260	2,301,158
Profit attributable to equity holders	3,326,420	2,255,488	3,359,260	2,301,158
Appropriation:				
Transfer to statutory reserve	1,007,778	690,347	1,007,778	690,347
Transfer to general reserve	1,423,368	1,865,302	1,423,368	1,865,302
Basic earnings per share	8.6k	5.8K	8.7k	6.0K
Total non- performing loans to gross loans	4.98%	3.52%	4.98%	3.52%

Dividend Payment

The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a dividend of N1.157 million being N0.03 per share from the retained earnings account as at 31st December 2018. This will be presented for ratification by the shareholders at the Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of qualified recipients.

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's Name		Holdings in 2018 Number	Holdings in 2017 Number
1	Mr. Babatunde Kasali	Chairman	-	-
2	Mr. Segun Oloketuyi	MD/CEO (Until September 30, 2018)	-	-
3	Mr. Adebode Adefioye	Director	6988	6,988
4	Mr. Abubakar Lawal	Director	-	-
5	Mr. Samuel Durojaye	Director	-	-
6	Ms. Tina Vukor-Quarshie	Director	-	-
7	Mrs. Omobosola Ojo	Director	-	-
8	Mrs. Abolanle Matel-Okoh	Director	1,750,000,000	1,750,000,000
9	Mr. Ademola Adebise	Managing Director (effective Oct 1, 2018)	10,265	10,265
10	Mr. Moruf Oseni	Deputy Managing Director (effective Oct 1, 2018)	-	-
11	Mr. Oluwole Akinleye	Executive Director	1,641,800	632,950
12	Mrs. Folake Sanu	Executive Director	12,677	12,677

The following directors of the Bank had indirect shares in the issued share capital of the Bank as recorded in the Register of Directors' shareholding as at December 31, 2018:

	Director's Name	Indirect Holdings in 2018	Indirect Holdings in 2017
1	Mr. Babatunde Kasali & Mrs. Abolanle Matel-Okoh	10,695,688,150	10,685,688,150
2	Mr. Ademola Adebise	2,243,208	2,243,208
3	Mr. Adebode Adefioye	3,145,825,726	3,857,446,628
4	Mr. Abubakar Lawal	44,900,944	214,900,944
5	Mr. Samuel Durojaye	3,853,707,045	3,295,895,437
6	Ms. Tina Vukor'Quarshie	-	-
7	Mrs. Omobosola Ojo	-	-
8	Mr. Moruf Oseni	-	-
9	Mr. Wole Akinleye	-	-
10	Mrs. Folake Sanu	-	-

Mr. Ademola Adebise has indirect holdings with AIICO Insurance

Mr. Samuel Durojaiye has indirect holdings with Pilot Finance Limited and Odua Investment

Mr. Adebode Adefioye has indirect holdings with SW8 Investment Limited

Mr. Abubakar Lawal has indirect holdings with L.A Proshares Limited

Retirement of Directors

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, Mr. Abubakar Lawal, Mr. Adebode Adefioye and Mr. Babatunde Kasali will retire by rotation and being eligible, offer themselves for re-election.

Remuneration and Expenses of Directors

The annual directors' fee is N6,000,000.00 (Six Million Naira Only) for Chairman and N4, 500,000.00 (Four Million, Five Hundred Thousand Naira Only) for other Directors. This fee covers payments for all duties, including services on any Board Committees.

The sitting allowance for each meeting attended is N150,000.00 for members and N200,000.00 for Chairmen of Board Committees.

The Company reimburses all reasonable and properly-documented expenses incurred while performing the duties of their office.

Directors' Interests in Contracts

Directors have no interest in any contract in the year under review.

Property and Equipment

Information relating to changes in property and equipment is given in Note 20 to the financial statements. In the directors' opinion, the net realizable value of the Bank's properties is not less than the carrying value in the financial statements.

Remuneration Policy

Mandate & Terms of Reference

The Remuneration Policy is a product of the Nomination and Governance Committee of the Board of Directors ("the Board") of Wema Bank Plc ("Wema"). The Committee is set out in compliance with various Corporate Governance Codes of conduct.

Objectives

This policy sets out the criteria and mechanism for determining the levels of remuneration of the Directors of the Bank and the frequency for review of same. It further defines the process for determining Directors' compensations and rewards for corporate and individual performance.

Purpose

Amongst others, this policy attempts to:

a. Ensure remuneration is provided in a form that will attract, retain and motivate qualified industry professionals as Directors of a major Bank.
b. Balance and align the remuneration of the Directors with the short-term and long-term elements of their tasks.
c. Align the interests of the Executive and Non-Executive Directors with the interests of the Shareholders and other stakeholders of the Bank; and
d. Ensure that remuneration reflects performance.

Executive Directors Remuneration Components

a. Fixed Remuneration
The fixed remuneration shall be determined on the basis of the role of the individual director, including responsibility, skill and experience, job complexity, performance and the specific needs of the Bank at the material time.

b. Performance-Based Remuneration
The Nomination & Governance Committee shall determine a maximum percentage of performance-based remuneration relative to the fixed remuneration in line with the KPIs as defined by Executive Contract of the Executives.

c. Pension Schemes
Executive Directors are covered by defined pension contribution plans and the Bank remits both its percentage of the pension contributions and that of the Executive Director to the nominated Pension Managers every month.

d. Severance Pay
Executive Directors are entitled to Severance Pay as determined in their contracts of Employment.

e. Other Benefits
Other benefits which may include medical insurance etc. are awarded on the basis of individual employment contracts and industry practice.

Non-Executive Directors Remuneration Components

The remuneration of Non-Executive Directors shall be fixed by the Board on the recommendation of Executive Management and approved by Shareholders in a General Meeting. However, the fees and allowances or other incentives tied to corporate performance paid to non-executive directors shall not be at a level that can compromise their independence.

The Directors will further be paid all travelling, hotel and other expenses properly incurred by them in the process of attending and returning from Board meetings or committee meetings or general meetings of the Bank or in connection with the business of the Bank.

Shareholding Analysis

The shareholding pattern of the Bank as at 31st December 2018 is as stated below:

Share Range		No. of Shareholders	Shareholders%	Number of Holdings	Shareholders%
1,000		30,277	12.37	15,354,972	0.04
100	5,000	146,384	59.78	304,295,370	0.79
500	10,000	28,565	11.67	198,330,052	0.51
1,000	50,000	30,495	12.45	612,447,930	1.59
5,000	100,000	4,484	1.83	321,559,099	0.83
10,000	500,000	3,796	1.55	727,167,893	1.89
50,000	1,000,000	387	0.16	282,025,590	0.73
100,000	5,000,000	365	0.15	701,472,271	1.82
500,000	10,000,000	35	0.01	243,399,624	0.63
10,000,000	500,000,000	47	0.02	4,726,251,394	12.25
50,000,000	1,000,000,000	8	0.00	4,918,970,909	12.75
1,000,000,000	and Above	8	0.00	25,523,190,977	66.17
TOTAL -		**244,851**	**100.00**	**38,574,466,081**	**100.00**

Wema Bank Plc Shareholdings Pattern/Range Analysis as at 31 December 2017

Share Range	No. of Shareholders	Shareholders%	Number of Holdings	Shareholders%
1-1,000	30,277	12.37	15,354,972	0 .04
1,001- 5,000	146,384	59.78	304,295,370	0 .79
5 001 - 10 000	28,565	11.67	198 330 052	0 .51
10, 001- 50,000	30 ,495	12.45	612,447 ,930	1.59
50,001 -100,000	4,484	1.83	321, 559,099	0 .83
100 00 1- 500 000	3.796	1.55	727.167 893	1.89
500, 001-1,000,000	387	0.16	282,025,590	0 .73
1,000,001 - 5,000 ,000	365	0.15	701,472 ,271	1.82
5,000 001 - 10 000,000	35	0.01	243,399 624	0 .63
10,000, 001 -500,000,000	47	0.02	4,726,251,394	12.25
500,000, 001-1,000,000,000	8	0.00	4,918, 970,909	12.75
1 000.0 00 000 and Above	8	0.00	25 523.190 977	66.17
TOTAL	**244,851**	**100.00**	**38,574 ,466,081**	**100.00**

Substantial Interests in Shares

According to register of members, as at **31st December, 2018** the following shareholders held more than 5% of the issued share capital of the Bank:

S/No	Name	Holding	% Holding	Representative on the Board
1	Neemtree Limited	10,695,688,150	27.73	Babatunde Kasali, Abolanle Matel -Okoh
2	Odua Investment	3,853,691,608	10.00	Samuel Durojaye
3	Petrotrab Limited	3,295,880,000	8.54	-
4	SW8 Investment Ltd	3,145,825,726	8.16	Adebode Adefioye

According to register of members, as at **31st December 2017**, the following shareholders held more than 5% of the issued share capital of the Bank:

S/No	Name	Holding	% Holding	Representative on the Board
1	Neemtree Limited	10,685,688,150	27.70	Babatunde Kasali, Abolanle Matel -Okoh
2	Odua Investment	3,295,880,000	8.54	Samuel Durojaye
3	Petrotrab Limited	3,095,569,669	8.02	-
4	SW8 Investment Ltd	3,857,446,628	10	Adebode Adefioye

Aside from the above-named substantial shareholders, no other person(s) holds more than 5% of the issued and fully paid up shares of the Company.

Donation

The Bank made contributions to charitable and non-political organizations amounting to N34.62m (31 December 2017: N53,5m) during the year, as listed below:

		N'000
1	Ogun State Economic Summit	10,000
2	ABUAD	9,450
3	Ikeja Gold Club	4,000
4	Bowen University	3,165
6	Olabisi Onabanjo University	2,500
10	UCH Health Workers	1,000
11	Nigeria Canada Summit	2,500
12	Other Donations	2,005
	TOTAL	**34,620**

Several other humanitarian services were rendered during the year under review for example One Day Salary for Love Campaign programme amounting to N2,431,600.28 was donated to four (4) Orphanage Homes in 4 states; Lagos, Oyo, Calabar and Kaduna State.

Events after reporting date

There were no significant or material events that occurred after the end of the reporting year and before the financial statements are authorised for issue by the Management of the bank.

Human Resources

(i) Employment of physically challenged Persons

The Bank continues to maintain a policy of giving fair consideration to application for employment made by physically challenged persons with due regard to their abilities and aptitudes. The Bank's policies prohibit discrimination against physically challenged persons in the recruitment, training and career development of employees. In the event of members of staff becoming incapacitated, 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 or any modification thereof.

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.

Employee Gender Analysis

The number and percentage of women in Wema Bank during the 2018 Financial Year vis-à-vis total workforce is as follows:

Total Employees	Gender			Proportion	
	M	F	Total	M	F
	568	453	1021	56%	44%
Employee -Bank					
Board & Top Management	M	F	Total	M	F
Assistant General Manager	6	2	8	75%	25%
Deputy General Manager	7	0	7	100%	0%
General Manager	4	0	4	100%	0%
Executive Director	1	1	2	50%	50%
Deputy Managing Director	1	0	1	100%	0%
Managing Director	1	0	1	100%	0%
Non-Executive Director	4	3	7	57%	43%
TOTAL	**24**	**6**	**30**	**80%**	**20%**

Customer Complaints Management and Feedback

The Bank recognizes the importance of customer patronage to the growth of its business and thus considers customer complaints and feedback as valuable information to improve its service delivery.

Customer Complaints Management and Feedback

The Bank recognizes the importance of customer patronage to the growth of its business and thus considers customer complaints and feedback as valuable information to improve its service delivery.

Wema Bank has continued to improve on its feedback channels to ensure timely and satisfactory resolution of complaints. In view of this, a Consumer Protection Unit resident at the Head Office was also created to nib service issues as raised without further delay in addition to the fully equipped state of the art Contact Centre – Purple Connect. The available feedback channels in the Bank are listed below:

Hotlines: 08039003700, 01-2777700
Email: purpleconnect@wemabank.com
SMS: 07051112111
Live Chart: www.wemabank.com
Letters: Consumer Protection Unit, Customer Experience Management Department, 54, Marina, Lagos

Auditors

The Auditors, Deloitte and Touche have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. 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

Johnson Lebile
FRC/2019/NBA/00000019017
Company Secretary
Wema Towers
54 Marina, Lagos.

Shareholders' Bulletin

Issued & Paid-up

	Authorised Share Capital		Issued Share Capital (Increase)	Description	Total Issued Share Capital	
YEAR	NO OF SHARES	AMOUNT N'000	NO OF SHARES		NO OF SHARES	AMOUNT N'000
1945			20,000		20,000	10,000
1970			980,000		1,000,000	500,000
1974			4,600,000		5,600,000	2,800,000
1981			4,000,000		9,600,000	4,800,000
1987	20,000,000,000	10,000,000,000	14,400,000	PRIVATE ISSUE FOR CASH	24,000,000	12,000,000
1988			8,000,000	PRIVATE ISSUE FOR CASH	32,000,000	16,000,000
1989			8,000,000	PRIVATE ISSUE FOR CASH	40,000,000	20,000,000
1990			16,000,000	BONUS:2 FOR 5	56,000,000	28,000,000
1990			24,000,000	PUBLIC ISSUE FOR CASH	80,000,000	40,000,000
1991			20,000,000	BONUS:1 FOR 4	100,000,000	50,000,000
1992			20,000,000	BONUS:1 FOR 5	120,000,000	60,000,000
1993			80,000,000	PUBLIC ISSUE FOR CASH	200,000,000	100,000,000
1993			30,000,000	BONUS:1 FOR 4	230,000,000	115,000,000
1995			46,000,000	BONUS:1 FOR 5	276,000,000	138,000,000
1996			55,200,000	BONUS:1 FOR 5	331,200,000	165,600,000
1997			68,217,200	PUBLIC ISSUE FOR CASH	399,417,200	199,708,600
1997			639,067,520	BONUS:8 FOR 5	1,038,484,720	519,242,360
2000			311,545,416	RIGHT ISSUE FOR CASH: 1 FOR 2	1,350,030,136	675,015,068
2002			207,696,944	RIGHT ISSUE FOR CASH: 1 FOR 2	1,557,727,080	778,863,540
2003			778,863,540	RIGHT ISSUE FOR CASH: 1 FOR 2	2,336,590,620	1,168,295,310
2003			778,863,540	BONUS:1 FOR 3	3,115,454,160	1,557,727,080
2004			1,038,494,720	BONUS:1 FOR 3	4,153,948,880	2,076,974,440
2004			5,000,000,000	PUBLIC ISSUE FOR CASH	9,153,948,880	4,576,974,440
2005			445,162,526	BONUS:1 FOR 20	9,599,111,406	4,799,555,703
2005			721,519,546	NATIONAL BANK FOR CONVERSION	10,320,630,952	5,160,315,476
2010			2,500,618,927	SPECIAL PLACING	12,821,249,879	6,410,624,940
2012*			-913,907,131	SHARE REDUCTION	11,907,342,748	5,953,671,374
2013	40,000,000,000	20,000,000,000	26,667,123,333	SPECIAL PLACING	38,574,466,081	19,287,233,041

Shareholders' Bulletin

Since becoming a public company in 1987, the company has issued shares and declared dividends as shown below.

S/N	SHARES DATES	DESCRIPTION	NO OF ORD. SHARES INVOLVED
1	30/09/1987	PRIVATE ISSUE FOR CASH	14,400,000
2	05/12/1988	PRIVATE ISSUE FOR CASH	8,000,000
3	31/03/1989	PRIVATE ISSUE FOR CASH	8,000,000
4	24/10/1990	BONUS:2 FOR 5	16,000,000
5	16/11/1990	PUBLIC ISSUE FOR CASH	24,000,000
6	18/10/1991	BONUS:1 FOR 4	20,000,000
7	20/11/1992	BONUS: 1 FOR 5	20,000,000
8	20/08/1993	PUBLIC ISSUE FOR CASH	80,000,000
9	26/10/1993	BONUS:1 FOR 4	30,000,000
10	16/11/1995	BONUS: 1 FOR 5	46,000,000
11	31/12/1996	BONUS: 1 FOR 5	55,200,000
12	28/02/1997	PUBLIC ISSUE FOR CASH	68,217,200
13	31/03/1997	BONUS: 8 FOR 5	639,067,520
14	31/03/2000	RIGHTS ISSUE FOR CASH: 1 FOR 2	311,545,416
15	31/03/2002	RIGHTS ISSUE FOR CASH:1 FOR 2	207,696,944
16	31/03/2003	RIGHTS ISSUE FOR CASH:1 FOR 2	778,863,540
17	31/03/2003	BONUS: 1 FOR 3	778,863,540
18	31/03/2004	BONUS: 1 FOR 3	1,038,484,720
19	31/03/2005	PUBLIC ISSUE FOR CASH	5,000,000,000
20	09/11/2005	BONUS: 1 FOR 20	445,162,526
21	30/08/2006	NATIONAL BANK CONVERSION	721,519,546
22	14/12/2010	SPECIAL PLACING	12,821,249,878
23	30/12/2013	SPECIAL PLACING	26,667,123,333

Wema Bank Plc dividend pay-out history.

DIVIDEND ISSUE NO	FINANCIAL YEAR ENDED	DIV. PAY -OUT PER 50K SHARE	PAYMENT DATE	AMOUNT
1	31/03/1989	7.5K	09/10/1989	N3,000,000.00
2	31/03/1990	10K	08/10/1990	N4,000,000.00
3	31/03/1991	6.25K	07/10/1991	N5,000,000.00
4	31/03/1992	10K	09/10/1992	N10,000,000.00
5	31/03/1993	20K	30/09/1993	N24,000,000.00
6	03/03/1994	30K	30/09/1994	N69,000,000.00
7	31/03/1995	32.5K	29/09/1995	N74,750,000.00
8	31/03/1996	27.5K	25/10/1996	N75,900,000.00
9	31/03/1997	7.5K	31/10/1997	N77,886,354.00
10	31/03/1998	10K	28/10/1998	N103,848,472.00
11	31/03/1999	12.5K	31/08/1999	N129,810,590.00
12	31/03/2000	15K	02/10/2000	N202,504,520.00
13	31/03/2001	25K	27/09/2001	N337,507,543.00
14	31/03/2002	45K	09/09/2002	N700,977,186.00
15	31/03/2003	25K	30/10/2003	N763,655,288.00
16	31/03/2004	10K	20/10/2004	N311,092,082.00

Board and Management

Ademola Adebise,
Managing Director/CEO

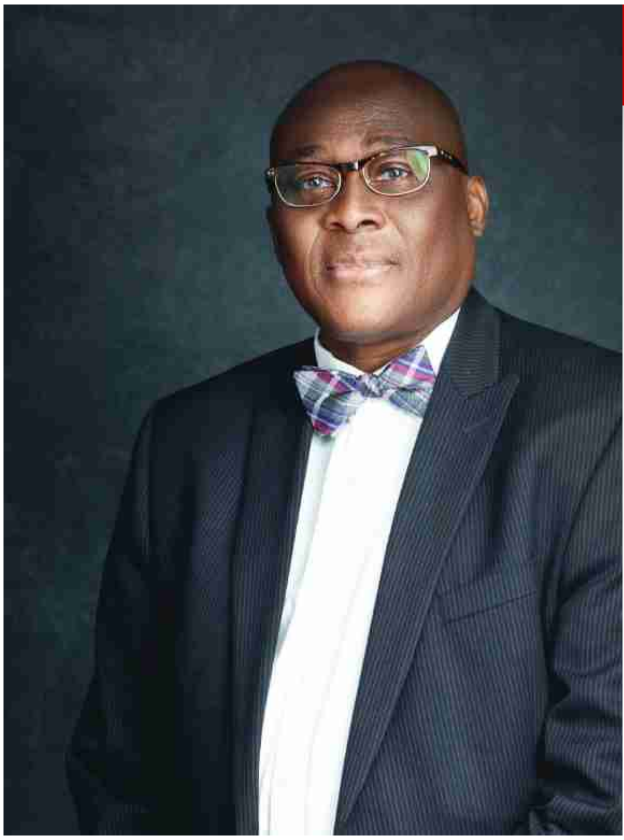
Babatunde Kasali,
Chairman

Board and Management

From Left to Right: Tina Vukor-Quarshie (TVQ), Wole Akinleye, Moruf Oseni and Omobosola Ojo

From Left to Right: Abubakar Lawal, Folake Sanu, Samuel Durojaye, Abolanle Matel-Okoh and Adebode Adefioye

Profile of Directors



Babatunde Kasali
Chairman

Babatunde Kasali is a consummate professional with expertise in Audit, Risk Management, Compliance and Retail banking, spanning over 3 decades.

He has served as General Manager and Regional Bank Head at United Bank for Africa (UBA) Plc., a bank he joined in 1996. While at UBA, he held several positions such as Chief Inspector, Regional Director and Divisional Director.

He has also served as Managing Director of Resolution and Restructuring Company Limited, Non-Executive Director at UAC of Nigeria Plc (since March 27, 2013) and Non-Executive Director of UACN Property Development Company Plc., from January 13, 2010 to March 24, 2013. Before his return to Wema Bank on March 7, 2017, he first joined the bank as Non-Executive Director appointed by Resolution and Restructuring Company Limited from February 2015 to November 26, 2015.

Babatunde is a Fellow of the Institute of Chartered Accountants of Nigeria. He graduated with B.Sc (Hons) Degree in Economics from Manchester Metropolitan University, UK in 1977.

Ademola Adebise,
Managing Director/CEO

Ademola has over 30 years' experience in the banking industry (inclusive of four years in management consulting), and has worked in various capacities in Information Technology, Financial Control & Strategic Planning, Treasury, Corporate Banking, Risk Management and Performance Management.

Before joining Wema Bank, Ademola was the Head of the Finance & Performance Management Practice at Accenture (Lagos Office) where he led various projects for banks in Business Process Re-engineering, Information Technology and Risk Management.

He is an alumnus of the Advanced Management Program (AMP) of the Harvard Business School and holds a bachelor's degree in Computer Science from the University of Lagos and a master's degree in Business Administration (MBA) from the Lagos Business School.

A Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Ademola is also an Associate of the Chartered Institute of Taxation of Nigeria and the Computer Professionals Registration Council of Nigeria. He is a honorary member of the Chartered Institute of Bankers of Nigeria (HCIB) and a member of the Institute of Directors.

Prior to his appointment as Managing Director with effect from October 1, 2018, Ademola was the Deputy Managing Director of the bank.

He also serves on the board of Nigeria Inter-Bank Settlement System Plc (NIBSS), AIICO Insurance Plc, and AIICO Pensions Management Limited.

Profile of Directors

Moruf Oseni
Deputy Managing Director

Moruf Oseni is the Deputy Managing Director (DMD) of Wema Bank Plc. Prior to his appointment as DMD on October 1, 2018, he was an Executive Director responsible for the bank's Consumer & SME business, E-business & Payments and the Digital bank (ALAT).

Before joining Wema Bank, Moruf was the CEO of MG Ineso Limited, a principal investment and financial advisory firm with interests in various sectors of the economy. Prior to MG Ineso, Moruf was a Vice President at Renaissance Capital, where he was responsible for Debt Capital Markets (DCM), Equity Capital Markets (ECM) and structured finance origination and execution for Sub-Saharan African corporates and financial institutions. He was also an Associate at Salomon Brothers/Citigroup Global Markets in London and New York where he was involved in credit market origination and execution for European financial institutions. During his tenure at Citigroup, he was involved in the origination of various pioneering and innovative instruments across the debt spectrum. He commenced his career as an IT officer with Nigeria Liquefied Natural Gas Company (NLNG).

Moruf is a member of the Institute of Directors (IoD), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and a member of Nigerian Institute of Management (NIM). He serves on the board of Continental Broadcasting Services Limited and is a member of the Lagos State Economic Advisory Committee.

Moruf holds an MBA degree from the Institut European d'Administration des Affaires (INSEAD) in France, a Masters in Finance (MiF) from the London Business School and a B.Sc. in Computer Engineering from Obafemi Awolowo University (OAU), Ile-Ife, Nigeria. He is also an alumnus of both the Advanced Management Program (AMP) of the Harvard Business School and King's College, Lagos.

Wole Akinleye
Executive Director

With almost three decades of cognate banking experience, Wole Akinleye is the Executive Director responsible for Corporate Banking & South.

His work experience cuts across all major areas of banking operations including Retail, Corporate Banking and Risk Management.

Wole Akinleye was Group Head, Business Development, Lagos at StanbicIBTC prior to joining Wema Bank in 2009. At StanbicIBTC, he held at various times, the role of Regional Head, Retail & Commercial Banking in the bank's Lagos Island, Lagos Mainland and South-West regions.

A Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Wole obtained his first degree in Accounting from Obafemi Awolowo University in 1989 and subsequently, a master's degree in Business Administration (Finance) from the same University. A widely travelled banker, Wole has attended several Senior Leadership Programmes around the world.

Profile of Directors

Folake Sanu
Executive Director

Folake Sanu is a reputable banker and finance professional with over 37 years' work experience. She started her career in Audit, as a liaison officer to regulatory authorities and external auditors and has subsequently worked in Executive and Senior Management roles for several commercial banks in Nigeria.

Her work experience spreads across Corporate Strategy, Financial Control, Operations and Technology, Risk Management, Audit, Mergers and Acquisitions and Credit and Marketing.

Folake is a fellow of the Institute of Chartered Accountants of Nigeria (FCA), an honorary senior member of the Chartered Institute of Bankers of Nigeria, and an alumnus of the London Business School. She has also attended various management courses at the Harvard Business School and INSEAD Fontainbleau.

Prior to her appointment as the Executive Director, Business Support, she served as the Executive Director, Lagos. In her present role Folake coordinates the Sustainability & Corporate Social Responsibility, Human Capital Management, Operations, Customer Experience Management, Business Processes Re-engineering and Brand & Marketing Communications departments of the bank.

She has successfully overseen efficiency in service delivery for the bank's branches, strategic focus, digitization of core processes and all-round improvement of brand perception, brand loyalty and brand acceptance.

Folake is a result-oriented, resourceful and motivating leader dedicated to the pursuit of the overall corporate goals of the bank. She enjoys travelling, listening to music, watching movies, and taking part in aerobics and sports.

Adebode Adefioye
Non-Executive Director

Adebode Adefioye is an alumnus of the University of Lagos from where he obtained a bachelor's degree (Chemistry) in 1983 and two years later, a master's degree from the same citadel of knowledge.

He started his career with John Holt Plc and rose through the ranks to become a General Manager from 2000 to 2002, having held several management positions. He served at different levels and sections in the company with his experience covering Production & Quality Control, Personnel and Administration before opting for an early retirement in 2002 and has since been engaged in business and public service.

Currently he serves on the board of several limited liability companies like Cereem Investment Limited, SW8 Investment Limited, IBK Services Limited and Spectrum Ventures Limited.

Adebode joined the Board on May 21, 2009.

Profile of Directors

Abubakar Lawal
Non-Executive Director

Abubakar Lawal holds an HND certificate in Banking & Finance from The Polytechnic, Ibadan (1988). He later obtained an MBA from Abubakar Tafawa Balewa University, Bauchi in 1999.

Abubakar worked at Midas Finance Limited, Ibadan from 1990 to 1993 as an Investment Officer. Thereafter, he joined the services of City Code Trust Limited, Lagos as a Manager in 1993 and Altrade Securities Limited, Ikeja as an Assistant General Manager in 1995.

He is a professional and a Fellow of the Chartered Institute of Stockbrokers, the Chartered Institute of Bankers in Nigeria, the Institute of Directors (IOD), a Certified Pension Practitioner and an Associate of the National Institute of Marketing of Nigeria. His career in the Capital Market spans a period of 16 years. He is a highly experienced Stockbroker. He is also a member of the Ikoyi Club 1938 and Ikeja Golf Club.

Abubakar is a former Council Member of the Nigerian Stock Exchange and Member, Chartered Institute of Stock Brokers. He was appointed as Non-Executive Director of the bank on September 8, 2011.

He is also the Managing Director/CEO of GTI Capital Ltd He loves reading and golfing.

Samuel Durojaye
Non-Executive Director

A Fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria, Samuel Durojaye is also an Associate Member of Chartered Institute of Stockbrokers of Nigeria (CIS) and the Institute of Directors, Nigeria.

Samuel's employment profile covers Union Bank Plc (formerly Barclays), Balogun Ayanfalu Badejo & Co (Chartered Accountants), Nigerian Breweries Plc as an Accountant and Finance Manager between 1986 and November 1990.

Before his appointment on the Board of Wema Bank, he was a Director on the Boards of Pilot Finance Limited and Towergate Insurance Plc. He served as Commissioner for Finance in Ogun State between May 1999 and May 2003.

He has also served in his professional capacity on several committees, which include: the Strategic Committee (ICAN), Consultancy Committee (CIBN-Lagos Branch) and Finance & General Purpose Committee (CIS).

Samuel was appointed a Non-Executive Director on the Board of Wema Bank on May 2, 2012.

He is currently the Managing Director/Chief Executive Officer in Pilot Finance Limited; a position he has held since 2006.

Tina Vukor-Quarshie (TVQ)
Independent Non-Executive Director

Tina Vukor'Quarshie attended the prestigious Idia College, Benin-City where she graduated with as the best graduating student in the West African School Certificate Examination in 1977. At the University of Ife, now Obafemi Awolowo University, Ile-Ife where she bagged a Bachelors of Pharmacy (B.Pharm) degree with a Second Class, Upper Division in 1982 and later a Master of Science (M.Sc) degree in Pharmacy, 1986. Whilst at the University of Ife, she was honoured with a National Merit Award by the Federal Government of Nigeria for scholastic excellence and the Odelola Memorial prize for the best graduating student in Traditional Medicine.

She abandoned pharmacy for the world of finance where she picked a Master of Business Administration (MBA) degree in 1988 from the University of Benin. This prepared her for what has turned out to be an outstanding career in banking. At the University of Benin, she was the recipient of the Dr. Samuel Ogbemudia prize for the best graduating student in business policy and the Chief Isaac Akinmokun prize for the best graduating student in Entrepreneurial Development. She was awarded an Honourary Doctorate degree by the Commonwealth University, Belize/London Graduate School in 2012.

'TVQ' as she is fondly called started her banking career as a Credit Analyst in 1988 with the International Merchant Bank Limited, Lagos from where, in 1990, she moved to Zenith Bank Limited as a pioneer member of staff and Assistant Manager where she worked in the Foreign Exchange and Correspondent Banking Department. She soon rose to become Deputy Manager and between 1992-1994, she was the Manager/ Head of the Financial Intermediaries and Correspondent Banking Departments.

After heading several divisions of the bank, which included Treasury/Financial Institutions, Correspondent and Corporate Banking Divisions, Retail Banking Division, Human Resource (Training and Development), she was deservedly appointed an Executive Director of the bank in 1999. During her time at Zenith Bank, she won several awards, notably the Chief Executive Awards (in recognition of unalloyed loyalty to the bank, outstanding performance and achievement and exceptional leadership qualities).

This unusually hardworking, energetic, dynamic and unassuming personality took a year sabbatical leave from banking after her voluntary exit from Zenith Bank Limited in June 2000. After a well-deserved rest, TVQ was practically dragged out of this self-imposed leave to re-enter the Nigerian Banking scene as Divisional Director, Commercial Banking from July 12th, 2001 to September 30th, 2001 of the highly successful Guaranty Trust Bank Plc.

Never known to shy away from challenges and with a desire to creatively leave prints on any path she treads, she soon joined the upcoming Platinum Bank Limited as Executive Director in October 2001, from where she also voluntarily resigned in December 2002. She had decided to engage the "retreat" mode of her three R's (Retreat, Renew and Return) and pursue her passion for awakening and enhancing the human potential through writing, motivational speeches, training sessions, etc. She is a well sought-after leader, trainer and consultant. She is currently the Chief Executive Officer/ Chief Service Marshal of TVQ Consulting Group®, a training and consulting firm on customer service, marketing and leadership.

TVQ is a well-decorated achiever who has won many honours in her endeavours, is a member of the prestigious Institute of Directors and a Lifetime Deputy Governor of the American Biographical Institute, North Carolina, USA. This highly focused and career-minded lady loves travelling, reading and listening to classical and jazz music.

She joined the bank as Independent Non-Executive Director on August 17, 2012.

Omobosola Ojo
Independent Non-Executive Director

Omobosola Ojo obtained a Bachelor of Arts degree in History from the Ondo State University, (OSUA) in 1991. She subsequently obtained a Bachelor of Laws degree from the University of Buckingham, United Kingdom, in 1995. She was called to the Nigerian Bar in 2000. On her return to Nigeria, she attended the Nigerian Law School and was called to the Nigerian Bar in 2000.

Thereafter, she worked at the Department of Public Prosecution in the Lagos State Ministry of Justice and thereafter, joined the law firm of O. Adekoya and Co. in Lagos as an Associate.

Omobosola is now a Partner in the law firm of Fola Akinrinsola, Ojo & Co, Lagos.

She is well trained in banking and management, having attended several seminars and trainings on Credit Analysis, Risk Management, Corporate Governance, Board Leadership, Leveraging Global Perspectives in Building, Sustainable Financial instituting and Financial Oversight, etc. She has also participated in the Corporate Governance Rating System (CGRS) training and passed the, Fiduciary Awareness test.

Omobosola Ojo joined the Board as an Independent Non-Executive Director on August 16, 2013. She is a member of the Nigerian Bar Association, the Institute of Chartered Mediators and Conciliators (CHMC) and an Honorary Senior Member of the Chartered Institute of Bankers (HCIB).

Abolanle Matel-Okoh
Non-Executive Director

An attorney with over 20 years of experience in Nigeria and the United States of America, Bola is a member of the Nigerian Bar and the New York State Appellate Division, Third Department Bar.

With experience in diverse areas of judicial science encompassing legal research, investigation, adjudication amongst others, Bola started her career in United Commercial Bank as a Legal Officer in 1992. Over the next 20 years, Bola gained relevant experience in legal practice and real estate business in various firms based in Nigeria and the USA.

A law graduate of the Ogun State University, Bola holds a Bachelor of Law Degree from the Nigerian Law School, Lagos and is also a Licensed Real Estate Agent from the Weichert Real Estate School, New Jersey, USA.

Bola joined the Board on January 23, 2015.

Executive Management

Ademola Adebise
Managing Director/CEO

Moruf Oseni
Deputy Managing Director

Wole Akinleye
Executive Director

Folake Sanu
Executive Director

General Managers

Wole Ajimisinmi
Regional Executive,
Lagos

Olukayode Bakare
Treasurer

Tunde Mabawonku
Chief Financial Officer

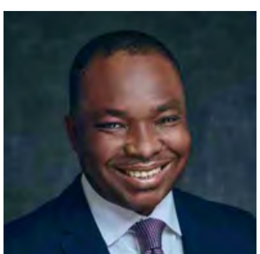
Deputy General Managers

Rotimi Badiru
Regional Manager,
Ikeja

Mohammed Kawu
Regional Executive,
North

Olajide Omole
Regional Manager,
Ikeja

Sylvanus Eneche
Chief Risk Officer



Richard Uba Amafonye
Chief Information Officer

Dotun Ifebogun
Acting Head, Retail Bank

Dele Adeyinka
Regional Manager,
Lagos Island

Assistant General Managers

Oluwatoyin Karieren
Chief Compliance Officer

Adekunle Onitiri
Chief Audit Executive

Olaitan Sunday
Regional Executive,
South-West

Emmanuel Edah
Regional Manager,
Benin

Adeoluwa Akomolafe
Chief Information Security Officer

Olalekan Somorin
Regional Manager,
Apapa

Aramide Awosanya
Regional Manager,
Lagos Mainland

Tajudeen Bakare
Head Of Operations

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:

1 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.

2 We are of the opinion that the accounting and reporting policies of the Group 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 2018 were satisfactory and reinforce the Group's internal control systems.

3 We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of Insider Related Credits in the financial statements of Banks". We hereby confirm that an aggregate amount of N6.372billion (31 December 2017: N6.661billion) was outstanding as at 31 December 2018 of which Nil (31 December 2017: Nil) was non- performing.

4 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 management's responses thereon and with the effectiveness of the Group's system of accounting and internal control.

Prince Adekunle Olodun

FRC/2013/NIM/00000003105
Chairman, Audit Committee
12, March 2019

Members of the Audit Committee are:

1.	Prince Adekunle Olodun	-	Shareholder (Chairman)
2.	Mr. Anosikeh Joe Ogbonna	-	Member
3.	Mr. Kashimawo Akanji Taiwo	-	Member
4.	Mr. Samuel Durojaye	-	Member
5.	Mr. Adebode Adefioye	-	Member
6.	Mr. Abubakar Lawal	-	Member

In attendance:
Mr. Johnson Lebile - Secretary

Statement of Directors' Responsibilities

For the preparation and approval of the Consolidated and Separate Financial Statements
The Directors of WEMA Bank Plc are responsible for the preparation of the group financial statements that gives a true and fair view of the financial position of the Group as at 31 December 2018 and the results of its operations, cash flows and changes in equity for the year end, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011 and Bank and Other Financial Institutions Act Cap B3 LFN 2004.

In preparing the consolidated financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of transactions, other events and conditions on the Bank's financial position and financial performance; and
- Making an assessment of the Bank's ability to continue as a going concern.

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of Bank and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

Going Concern:

The Directors have assessed the Group's ability to continue as a going concern and have no reason to believe the Group will not remain a going concern in the year ahead.

The consolidated financial statements of the Group for the year ended 31 December 2018 were approved by the board of directors on 12 March, 2019.

Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973

Ademola Adebise
Managing Director/CEO
FRC/2013/ICAN/00000002115

Tunde Mabawonku
Chief Financial Officer
FRC/2013/ICAN/00000002097

Deloitte.

Independent Auditor's Report
To the Shareholders of Wema Bank Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Wema Bank Plc (the Bank) and its subsidiary (together referred to as the Group)which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity, consolidated and separate statements of cash flow for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated financial position of Wema Bank Plc as at 31 December 2018 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004,Banks and Other Financial Institutions Act Cap B3 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matter	
Loan Loss Impairment	**How the matter was addressed in the audit**
The Bank adopted IFRS 9 – Financial Instruments during the year, which requires the measurement of expected credit loss allowance for financial assets at amortised cost and fair value through other comprehensive income. The Bank reviews its loans and advances for impairment at the end of each reporting period. There are significant judgements made in the following areas in applying IFRS 9 – Financial Instruments. These include; • Determining the staging of financial assets of the Bank which includes establishing groups of similar financial assets • Determining criteria for significant increase in credit risk	We evaluated the design and tested the implementation and operating effectiveness of the key controls over the computation of impairment loss. In evaluating the design of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed. In performing operating effectiveness of controls, we selected a sample of transactions based on the control frequency to determine whether the control operated during the year.

- Determination of the probability of default (PD) and Loss Given

Default (LGD), which includes establishing the relative weightings of forward-looking scenarios for each type of loan and the associated Expected Credit Loss (ECL).

Due to the significant judgements that are applied by management in determining whether an impairment loss has occurred we considered this to be a key audit risk.

The Bank is also required to compute loan provision in accordance with the Central Bank of Nigeria prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with Prudential guidelines that results in inaccurate loan impairment computations.

The Bank is also required to make transfers from income surplus to regulatory credit risk reserve based on the excesses of IFRS impairment and Central Bank of Nigeria provision.

Additionally, given this is a first time adoption of IFRS 9, additional disclosures are required in the financial statements.

The disclosures relating to impairment of loans and advances to customers, which are included in notes to the financial statements, are considered important to the users of the financial statements given the level of judgement and estimation involved.

With the support of our internal credit risk specialists we:

Tested the assumptions, inputs and formulas used in a sample of ECL models (including assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models);

  - performed an evaluation of management's key assumptions over the expected credit loss model (ECL), including the probability of default and the Loss Given Default.
  - tested the underlying calibration data behind the determination of the probability of default by agreeing same to underlying supporting documentation.
  - tested the disclosures to ensure that the required disclosures under IFRS 9 together with the first time adoption disclosures have been appropriately disclosed.

- Tested the opening balances to gain assurance on the transition from IAS 39 to IFRS 9;
- Challenged the criteria used to allocate asset to stage 1, 2 or 3 in accordance with IFRS 9;
- Tested assets in stage 1, 2 and 3 to verify that they were allocated to the appropriate stage;
- Tested the data used in the ECL calculation by reconciling to source systems;
- Recalculated the risk ratios for a sample of performing loans in order to test credit monitoring;
- Assessed the completeness and appropriateness of post model adjustments and recalculating a sample;
- Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards including disclosure of transition from IAS 39.

We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.

We further assessed as appropriate the classifications of the Bank's loans and advances in accordance with Central Bank of Nigeria, prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the regulatory credit risk reserve.

Based on our review, we found that the Group's impairment methodology, including the model, assumptions and key inputs used by Management and Directors to estimate the amount of loan impairment losses and the estimated loan impairment losses determined were appropriate in the circumstances.

Deferred Taxation Deferred tax assets (as disclosed in note 22) have been written down to N20 billion in the current year to the extent that it is probable that future potential tax deductions will be available to realise deferred tax asset. As this required judgement from the directors in estimating future taxable income, deferred tax has been identified as a key audit matter.	We obtained the deferred tax calculations prepared by the Client. Our tax specialists were involved in assessing the recognition and measurement of the deferred tax assets and liabilities and performed the following: • Reviewed the deferred tax asset calculation for compliance with Nigerian tax legislation. • Evaluated the directors' assessment of the estimated manner in which the timing differences, including the recoverability of the deferred tax assets, would be realized by comparing this to evidence obtained in respect of other areas of the audit, including cash flow forecasts, business plans, minutes of directors' meetings and our knowledge of the business. • Challenged the assumptions made by the directors for uncertain deferred tax positions to assess whether sufficient deferred tax provisions have been recognised and are based on the most probable outcome. • Test checked the arithmetical accuracy of the client's calculations provided by the bank. Based on the work performed, we find the directors' assessment of the deferred tax asset recognised in the financial statements reasonable and appropriate.

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004,Banks and Other Financial Institutions Act Cap B3 LFN 2004,Financial Reporting Council Act,2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of theconsolidated and separate financial statements, including the disclosures and whether the Group and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Group has kept proper books of account, so far as appears from our examination of those books.
iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

- The Bank has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria
- In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 32.

During the year the bank contravened certain sections of BOFIA and CBN circulars/guidelines, the details of the contravention and the related penalties are as disclosed in Note 33 to the financial statements.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
29 March, 2019
Engagement Partner: Michael Daudu, FCA
FRC/2013/ICAN/00000000845

KPMG

Report of The Independent Consultant to The Board of Directors of Wema Bank Plc on Their Appraisal for The Year Ended 31 December 2018

In compliance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance for Banks in Nigeria Post Consolidation ("the CBN Code") and the Securities and Exchange Commission (SEC) Code of Corporate Governance ("the SEC Code"), Wema Bank Pic. ("Wema Bank" or "the Bank") engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2018.

The Codes mandate an annual appraisal of the Board with specific focus on the Board's structure and composition, esponsibilities, processes and relationships, individual director competencies and respective roles in the performance of the Board. We have performed the procedures agreed with Wema Bank in respect of the appraisal of the Board in accordance with the provisions of the CBN Code and SEC Code. These procedures, which are limited in scope but sufficient for the Board's objectives in line with the Codes, are different in scope from an external audit. Consequently, no opinion is expressed by us on the activities reported upon.

Our approach to the appraisal of the Board involved a review of the Bank's board papers and minutes, key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained from questionnaires, interviews with the members of the Board and senior management. On the basis off our review, except as noted below, the Bank's corporate governance practices are largely in compliance with the key provisions of the SEC and CBN Codes. Specific recommendations for further improving the Bank's governance practices have been included in our detailed report to the Board. These include recommendations in the following key areas: Board succession planning, compliance with regulatory limits and whistle-blowing mechanism.

Tomi Adepoju
Partner, KPMG Advisory Services
FRC/2013/1 CAN/00000001185
28 February 2019


ALAT
by WEMA
FRIENDS WHO SAVE TOGETHER,
WIN TOGETHER
RAISE MONEY FASTER WITH GROUP SAVINGS

FINANCIALS

Statement of Profit or Loss and Other Comprehensive Income

In thousands of Nigerian Naira	Notes	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
Interest income	7	57,634,999	53,073,120	57,012,819	52,662,658
Interest expense	7	(30,642,651)	(33,306,169)	(29,997,631)	(32,887,899)
Net interest income	7	**26,992,348**	**19,766,951**	**27,015,188**	**19,774,759**
Net impairment loss on financial assets	11	(3,510,537)	(2,179,798)	(3,510,537)	(2,179,798)
Net interest income after impairment charge for credit losses		23,481,811	17,587,153	23,504,651	17,594,961
Net gain on FVTPL investment securities		33,188	185,146	33,188	185,146
Net fee and commission income	8	6,507,409	5,642,142	6,507,409	5,642,142
Net trading income	9	5,532,402	4,799,164	5,532,402	4,799,164
Other income	10	1,821,941	1,569,259	1,821,941	1,569,259
		13,894,940	12,195,711	13,894,940	12,195,711
Operating income		**37,376,751**	**29,782,864**	**37,399,591**	**29,790,672**
Personnel expenses	12	(12,336,818)	(10,009,585)	(12,336,818)	(10,009,585)
Depreciation and amortization	13b	(2,622,568)	(2,318,008)	(2,622,568)	(2,318,008)
Other operating expenses	13a	(17,619,656)	(14,446,068)	(17,609,656)	(14,408,206)
Profit before tax		4,797,710	3,009,203	4,830,549	3,054,873
Income tax expense	26.1	(1,471,290)	(753,715)	(1,471,2 90)	(753,715)
Profit for the year		**3,326,420**	**2,255,488**	**3,359,259**	**2,301,158**
Other comprehensive income, net of income tax					
Items that will not be subsequently reclassified to profit or loss					
Net change in fair value of investments FVOCI		200		200	-
		200		200	-
Items that will be subsequently reclassified to profit or loss					
Fair value gain/(loss) on available-for-sale investments		-	140,051	-	140,051
Income tax relating to items that may be reclassified subsequently to profit or Loss		-	-	-	-
Other comprehensive income for the year		200	140,051	200	140,051
Total comprehensive income for the year		**3,326,620**	**2,395,539**	**3,359,459**	**2,441,209**
Profit attributable to:					
Equityholders of the Bank		3,326,420	2,255,488	3,359,259	2,301,158
Total comprehensive income for the year		3,326,620	2,395,539	3,359,459	2,441,209
Earnings per share-basic	14	8.6	5.8	8.6	6.0

Consolidated and Separate Financial Statements

Statement of financial Position

		Group		Bank	
	Note	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
In thousands of Nigerian Naira					
Cash and cash equivalents	15	42,122,799	22,427,586	42,122,799	22,425,891
Restricted Deposit with CBN	15b	58,054,204	26,495,664	58,054,204	26,495,664
Pledged assets	16	20,583,433	25,420,137	20,583,433	25,420,137
Investment securities:					
Fair value through other comprehensive income	17a	880,074	9,565,557	881,074	9,566,557
Fair Value through profit or loss	17b	11,708,530	10,003,842	11,708,530	10,003,842
Held at amortised cost	17c	59,029,181	24,897,782	48,139,606	22,077,200
Loans and advances to customers	18	252,189,613	215,840,031	252,189,613	215,840,031
Investment properties	19	40,273	45,671	40,273	45,671
Property and equipment	20	18,602,696	17,078,789	18,602,696	17,078,789
Intangible assets	21	927,391	759,092	927,391	759,092
Other assets	23	4,459,906	13,741,178	4,459,906	13,797,233
Deferred tax assets	22	20,206,217	21,269,702	20,206,217	21,269,702
		488,804,317	**387,545,031**	**477,915,742**	**384,779,809**
Deposits from banks	24	-	26,575,260	-	26,575,260
Deposits from customers	25	369,199,768	254,460,881	369,314,164	254,487,050
Current tax liabilities	26.2	429,079	359,878	429,079	359,878
Other liabilities	27	22,837,603	17,074,250	22,772,597	17,037,720
Other borrowed funds	28	45,448,718	39,459,512	34,401,023	36,627,761
		437,915,168	337,929,781	426,916,863	335,087,669
EQUITY					
Share capital	30	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	30	8,698,230	8,698,230	8,698,230	8,698,230
Regulatory risk reserve		3,384,894	5,846,943	3,384,894	5,846,943
Retained earnings	30	5,992,622	4,089,570	6,102,353	4,166,460
Other reserves		13,526,170	11,693,274	13,526,170	11,693,274
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**50,889,149**	**49,615,250**	**50,998,880**	**49,692,140**
TOTAL LIABILITIES AND EQUITY		**488,804,317**	**387,545,031**	**477,915,742**	**384,779,809**

The financial statements were authorized for issue by the directors on 12 March, 2019

Babatunde Kasali	**Ademola Adebise**	**Tunde Mabawonku**
Chairman	**Managing Director**	**Chief Financial Officer**
FRC/2017/ICAN/00000016973	FRC/2013/ICAN/00000002115	FRC/2013/ICAN/00000002097

Consolidated and Separate Financial Statements

Statements of changes in equity

Group

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Regulatory risk	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2018								
Balance at 31 December 2017	**19,287,233**	**8,698,230**	**5,846,943**	**11,026,315**	**526,908**	**140,051**	**4,089,570**	**49,615,250**
IFRS 9 opening ECL adjustment	-	-	(2,877,639)	-	-	-		(2,877,639)
IFRS 9 opening adjustment on FVTOCI	-	-	-	-	-	824,918	-	824,918
Balance at 1 January 2018	19,287,233	8,698,230	2,969,304	11,026,315	526,908	964,969	4,089,570	47,562,529
Profit or loss	-	-	-	-	-	-	3,326,420	3,326,420
Other comprehensive income								
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments	-	-	-	-	-	-	-	-
Fair value reserve (FVTOCI) financial assets	-	-	-	-	-	200	-	200
Total comprhensive income for the year	19,287,233	8,698,230	2,969,304	11,026,315	526,908	965,169	7,415,990	50,889,149
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve	-	-	415,589	-	-	-	(415,589)	-
Transfer to Statutory reserve	-	-	-	1,007,778	-	-	(1,007,778)	-
Total contribution and distributions to owners	-	-	415,589	1,007,778	-	-	(1,423,368)	-
Balance at 31 December 2018	**19,287,233**	**8,698,230**	**3,384,894**	**12,034,093**	**526,908**	**965,169**	**5,992,622**	**50,889,149**

Statements of changes in equity

Group

In thousands of Nigerian naira (000s)

2017	**Share Capital**	**Share premium**	**Regulatory risk**	**Statutory reserve**	**SMEIES reserve**	**Fair value reserves**	**Retained earnings**	**Total equity**
Balance at 1 January 2017	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(39,158,76)	48,470,734
Capital Reduction	-	(40,171,87)	-	-	-	-	39,127,546	(1,044,331)
Total comprehensive income:								-
Profit or loss	-	-	-	-	-	-	2,255,488	2,255,488
Other comprehensive income								
Re-measurement of defined benefit obligation	-	-	-	-	-	-	-	-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments	-	-	-	-	-	(206,692)	-	(206,692)
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	140,051	-	140,051
Total comphrensive income for the year	19,287,233	8,698,230	8,402,592	10,335,968	526,908	140,051	2,224,268	49,615,250
Transactions with owners, recorded directly in equity								-
Contributions by and distributions to owners								-
Regulatory risk reserve	-	-	(2,555,649)	-	-	-	2,555,649	-
Transfer to Statutory reserve	-	-	-	690,347	-	-	(690,347)	-
	-	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	(2,555,649)	690,347	-	-	1,865,302	-
Balance at 31 December 2017	**19,287,233**	**8,698,230**	**5,846,943**	**11,026,315**	**526,908**	**140,051.00**	**4,089,570**	**49,615,250**

Consolidated and Separate Financial Statements

Statements of changes in equity

Bank

In thousands of Nigerian naira (000s)

2018	**Share Capital**	**Share premium**	**Regulatory risk reserve**	**Statutory reserve**	**SMEIES reserve**	**Fair value reserves**	**Retained earnings**	**Total equity**
Balance at 1 January 2018	19,287,233	8,698,230	5,846,943	11,026,315	526,908	140,051	4,166,460	49,692,140
IFRS 9 opening ECL adjustment			(2,877,639)					(2,877,639)
IFRS 9 opening adjustment on FVTOCI	-	-	-	-	-	824,918	-	824,918
Balance at 1 January 2018	19,287,233	8,698,230	2,969,304	11,026,315	526,908	964,969	4,166,460	47,639,419
Profit or loss	-	-	-	-	-	-	3,359,259	3,359,259
Other comprehensive income								
Fair value reserve (FVTOCI) financial assets	-	-	-	-	-	200.00	-	200
Total comprehensive income for the year	19,287,233.00	8,698,230	2,969,304	11,026,315	526,908	965,169	7,525,719	50,998,878
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve	-	-	415,589	-	-	-	(415,589)	-
transfer to statutory reserves				1,007,778			(1,007,778)	-
Total contribution and distributions to owners	-	-	415,589	1,007,778	-	-	(1,423,368)	-
Balance at 31 December 2018	**19,287,233.00**	**8,698,230**	**3,384,894**	**12,034,093**	**526,908**	**965,169**	**6,102,353**	**50,998,879**

Consolidated and Separate Financial Statements

Statements of changes in equity

Bank

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2017								
Balance at 1 January 2017	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(39,127,546)	48,501,954
Capital Reduction		(40,171,877)					39,127,546	(1,044,331)
Total comprehensive income:								-
Profit or loss	-	-	-	-	-	-	2,301,158	2,301,158
Other comprehensive income								
Re-measurement of defined benefit obligation								
Capital Reduction								
Cumulative loss reclassified from reserve on disposal of AFS investments	-	-	-	-	-	(206,692)		(206,692)
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	140,051	-	140,051
Total comprehensive income for the year	19,287,233	8,698,230	8,402,592	10,335,968	526,908	140,051	2,301,158	49,692,140
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Regulatory risk reserve	-	-	(2,555,649)	-	-	-	2,555,649	-
transfer to statutory reserves	-	-	-	690,347	-	-	(690,347)	-
								-
Total contribution and distributions to owners	-	-	(2,555,649)	690,347	-	-	1,865,302	-
Balance at 31 December 2017	**19,287,233**	**8,698,230**	**5,846,943**	**11,026,315**	**526,908**	**140,051**	**4,166,460**	**49,692,140**

Statement of Prudential Adjustments

In thousands of Nigerian Naira	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
Impairment - IFRS				
Loans and Advances:				
-Collective	1,586,070	1,998,519	1,586,070	1,998,519
-Specific	7,808,039	2,237,482	7,808,039	2,237,482
	9,394,109	**4,236,001**	**9,394,109**	**4,236,001**
Other Financial Assets:				
- Long Term investments	459,583	339,583	459,583	339,583
- Other Assets	3,840,077	3,621,834	3,840,077	3,621,834
	4,299,660	**3,961,417**	**4,299,660**	**3,961,417**
Total	**13,693,769**	**8,197,418**	**13,693,769**	**8,197,418**
Impairment - Prudential Guidelines				
Loans and Advances:				
-General	6,229,179	2,371,170	6,229,179	2,371,170
-Specific	6,549,824	7,711,774	6,549,824	7,711,774
	12,779,003	**10,082,944**	**12,779,003**	**10,082,944**
Other Financial Assets:				
- Long Term investments	459,583	339,583	459,583	339,583
- Other assets	3,840,077	3,621,834	3,840,077	3,621,834
	4,299,660	**3,961,417**	**4,299,660**	**3,961,417**
Total	**17,078,663**	**14,044,361**	**17,078,663**	**14,044,361**
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	**3,384,894**	**5,846,943**	**3,384,894**	**5,846,943**

Statement of Cash Flow

		Group		Bank	
In thousands of Nigerian Naira	Notes	31-Dec 2018	31-Dec 2017	31-Dec 2018	31-Dec 2017
Cash flows from operating activities					
Profit for the year		3,326,420	2,255,488	3,359,259	2,301,158
Adjustments for:					
Taxation expense	26	1,471,290	753,715	1,471,290	753,715
Depreciation and amortization	13b	2,622,568	2,318,008	2,622,568	2,318,008
Adjustment for transfer out of PPE now expensed		(1,087)		(1,087)	
Gain on disposal of property and equipment	10	(3,766)	(59,059)	(3,766)	(59,059)
Net interest income		(26,992,347)	(19,766,951)	(27,015,188)	(19,774,759)
Dividend received from equity investment		(38,333)	(162,876)	(38,333)	(162,876)
Impairment loss on financial assets		3,489,741	2,196,373	3,489,741	2,196,373
Operating cashflow before movement in working capital		(16,125,514)	(12,465,302)	(16,115,515)	(12,427,440)
Change in pledged assets		4,836,704	(9,000,412)	4,836,704	(9,000,412)
Change in loans and advances to customers		(41,728,917)	9,227,334	(41,728,917)	9,227,334
Change in other assets		9,619,514	(11,122,931)	9,675,569	(11,178,986)
Change in deposits from banks	24	(26,575,260)	(10,858,646)	(26,575,260)	(10,858,646)
Change in restricted deposit with CBN		(31,558,540)	21,666,018	(31,558,540)	21,666,018
Change in deposits from customers		114,738,887	(28,841,723)	114,827,114	(28,841,165)
Change in other liabilities		6,239,076	(4,189,040)	6,210,600	(4,157,309)
Cash flow generated by operations		19,445,950	(45,584,702)	19,571,755	(45,570,606)
Income tax paid	26	(338,604)	(343,082)	(338,604)	(343,082)
Interest received		57,634,999	53,073,120	57,012,819	52,662,658
Vat paid		(24,612)	(511,903)	(24,612)	(511,903)
Interest paid		(25,474,743)	(32,188,031)	(26,912,175)	(32,188,031)
Net cash from operating activities		**51,242,990**	**(25,554,598)**	**49,309,182**	**(25,950,964)**
Cash flows from investing activities					
Acquisition of investment securities-at amortised cost		(33,767,245)	33,518,731	(25,738,457)	33,531,005
Acquisition of investment securities-FVOCI		7,860,365	(6,473,990)	7,860,365	(6,473,990)
Change in trading assets		(1,704,688)	(9,765,806)	(1,704,688)	(9,765,806)
Dividend received from equity investment		38,333	162,876	38,333	162,876
Acquisition of property and equipment	20	(3,757,759)	(3,029,376)	(3,757,759)	(3,029,376)
Proceeds from the sale of property and equipment		30,769	81,548	30,769	81,548
Proceeds from the sale of investment property		-	161,500	-	161,500
Acquisition of intangible assets		(577,531)	(535,214)	(577,531)	(535,214)
Net cash(used in)/generated by investing activities		**(31,877,760)**	**14,120,269**	**(23,848,968)**	**14,132,543**
Cash flows from financing activities					
Proceed from borrowings		31,033,157	15,867,870	22,857,415	15,867,870
Repayment of borrowings		(25,535,265)	(8,504,673)	(25,535,265)	(8,525,309)
Interest paid on borrowings	7	(5,167,909)	(1,125,227)	(3,085,456)	(706,957)
Net cash from financing activities		**329,983**	**6,237,970**	**(5,763,306)**	**6,635,604**
Net increase in cash and cash equivalents		19,695,213	(5,196,359)	19,696,908	(5,182,817)
Cash and cash equivalents at beginning of year		22,427,586	27,623,945	22,425,891	27,608,708
Cash and cash equivalents at end of period	15	**42,122,799**	**22,427,586**	**42,122,799**	**22,425,891**

Notes to the Financial Statement

1. Reporting Entity

Wema Bank Plc (the "Bank") is a Company domiciled in Nigeria. The address of the Bank's registered office is 54 Marina, Lagos, Nigeria. The Bank is primarily involved in investment, corporate, commercial and retail banking. The bank has a wholly owned subsidiary which is WEMA Bank Funding SPV Plc.

1.1 Going Concern

The Bank received its national banking license from Central Bank of Nigeria in November 2015 and now operate as a National Bank as against its previous status as a regional bank.

Based on the current capitalization position of the bank, the Directors expects the bank to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business.

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

2. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria.

The financial statements comply with the requirement of the Companies and Allied Matters Act CAP C20 LFN 2004.The Bank and Other Financial Institutions Act CAP B3 LFN 2004 and the Guidelines issued by the Central Bank of Nigeria to the extent that they are not in conflict with the International Financial Reporting Standards.

The financial statements were authorized for issue by the Board of Directors on 12 March, 2019.

(b) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Group's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Basis of measurement

These financial statements are prepared on a historical cost basis except for financial assets and financial liabilities, which are measured at fair value.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 2.1

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the bank and its subsidiary (Wema Bank Funding SPV Plc). The subsidiary is controlled by the bank. Control is achieved when the Bank has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affects its returns. Total comprehensive income of subsidiaries is attributed to the owners of the Bank. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by the Group.

The wholly owned subsidiary was incorporated in Nigeria on the 30th of June, 2016 (Registration Number 1345745) as a public limited company under the name of Wema Bank Funding SPV Plc. The special purpose vehicle carries on business at Wema Towers, 54 Marina, Lagos. It has no subsidiary or affiliate. It was established as a special purpose vehicle for the purpose of issuing bonds to fund working capital, enhance liquidity and enhance its capital base of the Bank.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.1 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1.1 New standards that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

(a) The classification and measurement have been retrospectively applied from 1 January, 2018

2.1.2 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities and;
2) Impairment of financial assets, and General Hedge accounting

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at 1 January 2018

Financial assets

At 1 January, 2018 the carrying amounts of the financial instruments held by the Bank in each of the IAS 39 measurement categories were as follows:

Measurement category	Notes	(i) IAS 39 Carrying Amount 1/1/2018	(ii) Re-classifications	(iii) Remeasurements	(iv) = (i)+(ii)+(iii) IFRS 9 Carrying amount 1/1/2018	Reserves on 1/1/2018	OCI effect on 1/1/2018
Fair Value through profit or loss	17b	**10,003,842**	**-**	**-**	**10,003,842**	**-**	**-**
Additions:							
From available for sale (IAS 39)		-	-	-	-	-	-
From amortised cost (IAS39) -required reclassification		-	-	-	-	-	-
From amortised cost (IAS 39) - fair value option elected at 1/1/2018		-	-	-	-	-	-
Subtractions: To amortised cost (IFRS 9)		-	-	-	-	-	-
Total Change to FVTPL							
FVTPL balances, reclassifications and remeasurements at 1/1/2018		**10,003,842**			**10,003,842**		
FVTOCI							
Additions:							
From FVTPL (fair value option under IAS 39) - FVTCI elected at 1/1/2018		-	-	-	-	-	-
From Available for sale (IAS 39)	17a	9,566,557	-	824,918	10,391,475	824,918	-
Subtractions:		-	-	-	-	-	-
Available for sale (IAS 39) to FVTPL (IFRS 9)		-	-	-	-	-	-
Available for sale (IAS39) to amortised cost (IFRS 9)		-	-	-	-	-	-
Total Change to FVTOCI							
FVTOCI balances, reclassifications and remeasurements at 1/1/2018		9,566,557		824,918	10,391,475	824,918	
Amortised cost							
Additions:							
From loans and receivables (IAS 39) (a)	18	215,840,031	-	(2,633,426)	213,206,604	(2,633,426)	-
From FVTPL (IAS 39) - required reclassification (b)		-		-	-	-	-
From FVTPL (IAS 39) - Fair value option revoked as at 1/1/2018		-			-	-	-
From Held to Maturity	17c	47,497,337	-	(241,936)	67,255,401	(241,936)	-
From Cash and cash equivalents	15	22,425,891	-	(2,277)	22,392,554	((2,277))	-
Subtractions:							
To FVTPL (IFRS 9) - required classification		-	-	-	-	-	-
To FVTPL (IFRS 9) - FV option elected at 1/1/2018		-	-	-	-	-	-
Total change to amortised cost		285,763,259	-	(2,877,639)	282,885,619	(2,877,639)	-
Amortised cost balances, reclassifications and remeasurements at 1/1/2018		285,763,259	-	(2,877,639)	282,885,619	(2,877,639)	-
Total financial asset balances, reclassifications and remeasurements at 1/1/2018		305,333,658	-	(2,052,721)	303,280,936	(2,052,721)	-

Financial Liabilities

FVTPL					
Additions:					
From amortised cost (IAS 39) - fair value option elected at 31/12/2018	-	-	-	-	-
Subtractions:	-	-	-	-	-
To amortised cost (IFRS 9) - fair value option revoked 1/1/2018	-	-	-	-	-
Total change to FVTPL	-	-	-	-	-
FVTPL balances, reclassifications and remeasurements at 1/1/2018	-	-	-	-	-
Amortised cost	434,964,889.24			434,964,889.24	
Additions:					
From FVTPL (IAS 39) - FV option revoked at 1/1/2018	-	-	-	-	-
Subtractions:	-	-	-	-	-
To FVTPL (IFRS 9)	-	-	-	-	-
Fair value option electedat 1/1/2018	-	-	-	-	-
Total change to amortised cost	-				
Amortised cost balances, reclassifications and remeasurements at 1/1/2018	434,964,889.24			434,964,889.24	
Total financial liability balances, reclassifications and remeasurements at 1/1/2018	434,964,889.24			434,964,889.24	
Total Change to retained earnings at 1/1/2018					
Total change to OCI at 1/1/2018					

Impact of initial application of IFRS 9 on financial performance

The initial application of IFRS 9 did not have impact on Profit or Loss of the Bank

IFRS 9 Impact on Statement of Financial Position

	Group					Bank				
	December 31, 2018					December 31, 2018				
	(IAS 39)	Classification & measurement	Expected credit losses	Tax	1 January 2018 (IFRS 9)	(IAS 39)	Classification & measurement	Expected credit losses	Tax	1 January 2018 (IFRS 9)
In thousands of Nigerian Naira										
Cash and cash equivalent	22,427,586		(2,277)		22,425,309	22,425,891	-	(2,277)	-	22,423,614
Restricted Deposit with CBN	26,495,664		-		26,495,664	26,495,664	-	-	-	26,495,664
Pledged assets	25,420,137		-		25,420,137	25,420,137	-	-	-	25,420,137
Investment securities:							-	-		-
Available for sale	9,565,557	(9,565,557)			-	9,566,557	(9,566,557)	-		-
Fair Value Through Other Comprehensive Income		9,565,557	824,918		10,390,475		9,566,557	824,918		10,391,475
Held for trading	10,003,842	(10,003,842)			-	10,003,842	(10,003,842)	-		-
Fair Value Through Profit or Loss		10,003,842	(106,473)		9,949,413		10,003,842	(54,429)		9,949,413
Held to maturity	24,897,782	(24,897,782)			-	22,077,200	(22,077,200)	-		-
Held at amortised cost		24,897,782	(135,463)		24,762,319	-	22,077,200	(135,463)		21,941,737
Loans and advances to customers	215,840,031		(2,633,426)		213,206,605	215,840,031	-	(2,633,426)	-	213,206,605
Total financial assets	334,650,599	-	(2,052,721)	-	332,597,878	331,829,322	-	(2,052,721)	-	329,776,601

Impact of IFRS 9 on Profit or loss as at 1 January 2018

There is no impact of adoption of IFRS 9 on profit or loss as the Bank chose not to restate comparative figures.

Impact of IFRS 9 on statement of cashflows as at 1 January 2018

The application of IFRS 9 has had no impact on the cash flows of the Bank and Group.

Impact of IFRS 9 on Statement of Changes in Equity

As at 1 January, 2018	Group Regulatory risk reserve	Bank Regulatory risk reserve	Group Fair Value reserve	Bank Fair Value reserve
At 31 December 2017 - under IAS 39	5,846,943	5,846,943	140,051.00	140,051.00
Increase in impairment allowance based on Expected Credit Loss (ECL)				
Loans and advances to customers	(2,585,377)	(2,585,377)		
Financial Guarantees and other off-balance sheet commitments	(48,049)	(48,049)		
Unquoted equities			824,918	824,918
Money market placements	(2,277)	(2,277)		
Debt securities	(241,936)	(241,936)		
	(2,877,639)	(2,877,639)	824,918.00	824,918.00
Restated as at 1 January 2018	2,969,304.00	2,969,304.00	964,969.00	964,969.00

Effect of IFRS 9 adoption on regulatory risk reserve and profit or loss

In thousands of Nigerian Naira	Notes	Opening IFRS 9 Adjustment charged to reserve	IFRS 9 ECL Adjustment charged to profit or loss
Debt securities	17c	241,936	1,175
Cash and cash equivalents	15	2,277	33,337
Loans and advances	18	2,633,426	63,610
Total		2,877,639	98,122

Notes to the transition adjustments

A. IFRS 9 changed the classification categories of financial assets from IAS 39. Held-for-trading assets were classified to mandatory fair value through profit or loss; held to maturity investment securities were classified to amortised cost; and available-for-sale assets were classified as fair value through other comprehensive income unless they were deemed to be in a fair value business model or failed the contractual cash flow requirements under IFRS 9. There were no changes in the classification and measurement of financial liabilities. Below table provides additional information:

A	Classification and measurement of Financial Assets and Financial Liabilities
A.1	Treasury Bills, Federal Government, State and Corporate Bonds originally classified as held-to-maturity investments are now carried at amortised cost: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;
A.2	Treasury bills originally classified as available-for-sale investments and carried at fair value are carried at Fair value through other comprehensive income (FVOCI): these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the notes in the open market, and the notes' contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the treasury bills will continue to be subsequently measured at FVTOCI upon the application of IFRS 9, and the fair value gains or losses accumulated in the fair value reserves.
A.3	Investments in unquoted equities originally classified as available-for-sale investments carried at fair value are designated at Fair Value through Other Comprehensive Income on the adoption of IFRS 9 however, fair value gains or losses accumulated in the fair value reserve will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment.

A.4	Investments in treasury bills originally classified as held for trading investments carried at fair value are classified at Fair Value through profit or loss on the adoption of IFRS 9 as the strategy adopted by the Group for these instruments is to actively manage them for profitability.
A.5	There is no change in the measurement of the Group's financial liabilities classification as all instruments held continue to be measured at amortised cost under IFRS 9. Please see note. for changes in classification of the Group's financial assets upon application of IFRS 9.
	The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.
B	Impairment of Financial Assets
B.1	In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on: a. Loans and advances measured at amortised cost, b. Debt instruments that will be carried at FVTOCI under IFRS 9 (see classification and measurement section above), c. Finance lease receivables and financial guarantee contracts are subjected to the impairment provisions of IFRS 9
	The Group applied the general approach to recognise lifetime expected credit losses for its finance lease receivables as required by IFRS 9. As regards the debt securities (Federal Government and State Government bonds), the directors of the Company consider that they have low credit risk given their strong external credit rating and hence expect to recognise 12-month expected credit losses for these items. In relation to the financial guarantee contracts, the directors have assessed that there has not been a significant increase in the credit risk from initial recognition to 31 December 2018. Accordingly, the directors expect to recognise 12-month expected credit losses.

Items existing as at 01/01/18 that are subject to the impairment provisions of IFRS 9	Credit risk attributes at 01/01/18	1/1/2018 In thousands of Naira
Loans and advances to customers and Finance lease receivables	The directors have concluded that it would require undue cost and effort to determine the credit risk of each loan on their respective dates of initial recognition. These loans are also assessed to have credit risk other than low. Accordingly, the Group recognises lifetime ECL for these loans until they are derecognised.	2,585,377
Debt securities (Federal Government Bonds, Corporate Bonds)	These items are assessed to have low credit risk at each reporting date based on their respective external credit ratings. As such, the Group assumes that the credit risk on these financial instruments has not increased significantly since initial recognition as permitted by IFRS 9 and recognises 12-months ECL for these assets.	241,936

Unquoted equities	The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognised in profit or loss. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognised in profit or loss.	824,918
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions.	2,277
Financial Guarantee contracts	There has been no significant increase in the risk of default on the underlying loans since initial recognition up to 1 January 2018. The Group therefore recognises 12-months ECL for these contracts.	48,049

2.2 IFRS 15

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Group. Interest and fee income integral to financial instruments and leases is accounted for using the applicable standards.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

Adoption of this standard does not have any significant impact on the Group

2.3 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 16	Leases
IFRS 17	Insurance Contracts
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 23	Uncertainty over Income Tax Treatments

IFRS 16 Leases

IFRS 16 'Leases' has an effective date for annual periods beginning on or after 1 January 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a right of use ('ROU') asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease, and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as under IAS 17.

The Directors are still assessing the impact of adoption of the standard.

IFRS 17 Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The Standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2022, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.
The impact on the Group's consolidated financial statements is still uncertain.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for repayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019.

Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.
The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Annual Improvements include amendments to four Standards.

a. IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

b. IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

c. IFRS 3 Business Combinations.

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

d. IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied. The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's onsolidated financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 (Amendments)

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The nterpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to beu s e d in its income tax filings.
  - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

3 Significant Accounting Policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Bank.

Control is achieved when the Bank:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In assessing control, the Bank takes into consideration potential voting rights that currently are exercisable.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the cquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Bank elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(b) Foreign currency

The financial statements are presented in Nigerian Naira, which is the Bank's functional and reporting currency. Transactions in foreign currencies are translated at the foreign exchange rates effective at the date of the transaction. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss; Other exchange differences are recognised in other

comprehensive income in the fair valuation reserve;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

(c) Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value, are recognised in 'Interest income' and 'Interest expense' in the profit or loss using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period, see 'Net trading income' and 'Net income from other financial instruments at FVTPL'.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the "interest income" line item
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in the Group's fair value measurement policy.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

a. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

b. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

(ii) Amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

(d) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(e) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes, dividend and foreign exchange differences.

(f) Dividend Income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends on trading equities are reflected as a component of net trading income or other operating income based on the underlying classification of the equity investment (Dividend income on investments in equity instruments at FVOCI are recognised as a component of other income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment).

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Bank as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.
Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Bank as a lessee

Finance Lease

Leases in terms of which the Bank assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Assets held under finance leases are initially recognised as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor included in the statement of financial position as a finance lease obligation.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Bank's general policy on borrowing costs (see policy on borrowing cost. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Bank's statement of financial position.

Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(h) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Additional taxes that arise from the distribution of dividend by the Bank are recognised at the same time as the liability to pay the related dividend is recognised.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised.
Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Financial Instruments

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

Debt Instruments

1. A debt instrument is measured at amortized cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. A debt instrument is measured at FVOCI only if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Business Model Assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument.

Equity instruments Designated as at FVTOCI

On initial recognition, the Bank may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.
The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment
- that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial reco gnition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.
- In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly

- reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Impairment of financial assets

The Bank recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, finance lease receivables, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Bank recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

1. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include backstop based on delinquency.

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Bank will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The Bank will primarily assess whether a significant increase in credit risk has occurred for an exposure in line with its staging criteria by comparing:

- the risk of default on the exposure as at the reporting date; with
- the risk of default on the exposure as at the date of initial recognition

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument.

For certain revolving facilities (e.g. overdrafts), the date when the facility was first entered into could be a long time ago. Modifying the contractual terms of a financial instrument may also affect this assessment.

Individual or collective assessment of significant increase in credit risk

The objective of the impairment requirements in IFRS 9 is to recognise lifetime expected credit losses for all financial instruments for which there has been a significant increase in credit risk since initial recognition – whether assessed on an individual or collective basis. For some instruments, a significant increase in credit risk may be evident on an individual instrument basis before the financial instrument becomes past due. In these cases, an assessment of whether there has been a significant increase in credit risk is carried out on an individual basis.

For some other instruments, a significant increase in credit risk may not be evident on an individual instrument basis before the financial instrument becomes past due.

To assess significant increases in credit risk on a collective basis, the Bank group financial instruments on the basis of shared credit risk characteristics, which may include any of the following examples of shared credit risk characteristics:

- instrument type;
- credit risk ratings;
- collateral type;
- date of origination;
- remaining term to maturity;
- industry;

2. Default

The Bank will consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Bank.
- Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

This definition is largely consistent with the definition that is used for regulatory purposes (as defined in paragraph 12.1(b) of the CBN Prudential Guideline 2010).

The Bank also considers:

- qualitative factors including
- internally and external objective evidence of impairment.

3. Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired'when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired. In making an assessment of whether an investment in subnational/corporate debt instrument is credit-impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The current financial situation of the sub-national/corporate issuer.
- The mechanisms in place to provide the necessary support (from the central government), as well as the intention, reflected in public statements of governments/corporate issuer and availability to use those mechanisms.

4. Write off Policy

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off and this is taken as a derecognition event. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due. Additionally, the Bank also follows the CBN regulation regarding write-off of non-performing loans.

5. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Bank's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Bank is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Bank recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Reclassifications

Financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities

Financial liabilities are not reclassified.

Modifications of financial assets and financial liabilities

a. Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value. Any costs or fees incurred as part of the modification are recognised as part of the gain or loss on derecognition.

If the cash flows of the modified asset are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset using the original EIR and recognizes any difference arising between this recalculated amount and the existing gross carrying amount as a modification gain or loss in profit or loss. Any costs or fees incurred as part of the modification adjust the carrying amount of the modified financial asset, and are amortised over the remaining term of the modified financial asset.

b. Financial liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

When the cash flows of the modified financial liability are not substantially different, then the modification does not result in derecognition of the financial asset and any difference in recognized in profit or loss (similar to the principle for accounting for modification of financial asset that do not result in derecognition).

Offset of financial assets

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has currently enforceable a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The financial assets and liabilities are presented on a gross basis.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a Bank of similar transactions such as in the Bank's trading activity.

Derecognition

a. Financial assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit and loss.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Initial recognition of assets pledged as collateral is at fair value, whilst subsequently measured at amortized cost or fair value as appropriate.

b. Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value is recognised as part of net trading income in profit or loss.

Derivative financial assets

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognized amounts and the parties intend to settle the cash flows on a net basis, or realize the asset and settle the liability simultaneously.

The method of recognizing fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognized in the profit or loss.

Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Restructured financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value.

Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- the risk of default at the reporting date based on the modified terms; with the risk of default based on data on initial recognition and the original contractual terms.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is derecognized and replaced with a new one due to financial difficulties of the borrower, then the modified asset is considered to be a new financial asset. Accordingly, the date of modification is treated as the date of initial recognition for the purpose of impairment calculation. The determination of whether the asset's credit risk has increased significantly reflects comparison of:

- the risk of default at the reporting date based on the modified terms; with o the risk of default based on data on initial recognition (i.e. the modification date) and the modified terms.

However, in some unusual circumstances following a modification that results in derecognition of the original financial asset, there may be evidence that the modified financial asset is credit-impaired at initial recognition, and thus, the financial asset should be recognized as an originated credit-impaired financial asset. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset that resulted in the derecognition of the original financial asset. In such a case, the Bank treats the new assets resulting from the modification as credit- impaired on the modification date (initial recognition) and the Bank will observe the regulatory probationary periods provided by the Central Bank of Nigeria (CBN).

Regulatory Probationary Period

The CBN expects Banks to place financial instruments into relevant stages using the transfer criteria set out in IFRS 9 and those determined by the Bank.

However, where there is significant evidence of reduction in credit risk, the CBN requires banks to observe the following probationary periods;

- 90 days probationary period to move a loan from Lifetime ECL not credit impaired (stage 2) to 12 months ECL (stage 1)
- 90 days probationary period to move a loan from Lifetime ECL credit-impaired (stage 3) to Lifetime ECL not impaired (stage 2)
- 180 days probationary period to move a loan from Lifetime ECL credit-impaired (stage 3) to 12 months ECL (stage 1).

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued, borrowings and other liabilities are the Bank's sources of debt funding. When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale-and repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements. The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at FVTPL.

(j) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.
Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(n) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The Bank holds some investment properties consequence of the ongoing rationalisation of its retail branch network. Other property has been acquired through the enforcement of security over loans and advances. Investment property is measured at cost less accumulated depreciation and impairment losses in line with the cost model in IAS 16. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

(o) Property and equipment

(I) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where the Bank has an obligation to remove the asset or restore the site and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-today servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Furniture and office equipment	5 years
Computer equipment	4 years
Motor vehicles	4 years
Work in progress	Not depreciated

Work in progress consists of items of property and equipment that are yet available for us. Work in progress is carried at cost less any required impairment.

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.

Depreciation methods, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

(iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(p) Intangible assets

Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is shorter of 3 years or the contractual licensing period.

Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(q) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(r) Provisions

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(I) Restructuring

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

(s) Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

(t) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as personnel expenses in profit or loss when they are due in respect of service rendered before the end of the reporting period. repaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is vailable. Contributions to a defined contribution plan that is due more than 12 months after the end of the reporting period in which the employees render service are discounted to their present value at the reporting date.

The Bank operates a funded, defined contribution pension scheme for employees in Nigeria. Obligations in respect of the

Bank'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 in accordance with the Pension Reform Act 2014.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Long Term Employee Benefit- Staff Gratuity Scheme

The Bank operates a defined benefit pension plan, which requires provisions to be made to a separately unfunded Plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date that the bank recognises related restructuring costs

The Bank discontinued the scheme during the year and as such no longer has a staff gratuity scheme.

(v) 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 Bank or the Bank 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 Bank. Contingent assets are never recognised rather they are disclosed in the financial statements when an inflow of economic benefit is probable.

(w) Share capital and reserves

(i) Share issue costs
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) Dividend on the Bank's ordinary shares
Dividend on the Bank's ordinary shares are recognised in equity when approved by Bank's shareholders.

(x) Earnings per share

The Bank presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(y) Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available.

(z) Non-current assets held for sale

Non-current assets and disposal group are classified as held for sale of their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from date of classification. Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Related party transactions

Transactions with related parties are conducted and recorded at arm's length and disclosed in accordance with IAS 24 "Related party disclosures".

4(a) Key sources of estimation uncertainty

(I) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on the basis described in accounting policy.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merit and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way interest losses are modeled and to determine the required input parameters,
based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are made.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy j (viii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements made in applying the Bank's accounting policies include:

(i) Valuation of financial instruments

The Bank's accounting policy on fair value measurements is discussed below.
The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either (i.e., derived from prices). This category includes instruments valued using: quoted market prices inactive markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.
Establishing groups of assets with similar credit risk characteristics
When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

In thousand of Nigera Naira

Group				
31-Dec-18	Level 1	Level 2	Level 3	Total
Trading assets	11,708,530	-	-	11,708,530
Investment securities	-	880,074		880,074
	11,708,530	**880,074**	**-**	**12,588,604**
Bank				
31-Dec-18	Level 1	Level 2	Level 3	Total
Trading assets	11,708,530	-	-	11,708,530
Investment securities	-	881,074		881,074
	11,708,530	**881,074**	**-**	**12,289,604**
Group				
31-Dec-17	Level 1	Level 2	Level 3	Total
Trading assets	10,003,842	-	-	10,003,842
Investment securities	9,425,212	140,345		9,565,557
	19,429,054	**140,345**	**-**	**19,570,399**
Bank				
31-Dec-17	Level 1	Level 2	Level 3	Total
Trading assets	10,003,842	-	-	10,003,842
Investment securities	9,425,212	141,345		9,565,557
	19,429,054	**141,345**	**-**	**19,570,399**

(ii) Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:
Details of the Group's classification of financial assets and liabilities are given in note 6.

(iii) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(iv) Determination of impairment of property and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(v) Determination of recognised deferred tax balances

Management is required to make judgements concerning the recoverability of unused tax losses.
Judgement is required in determining the estimated future profitability from which tax assets are expected to be realised.

(v) Operating segments

The Bank, which has a national authorization, has four reportable geographical segments, which are the Bank's strategic zones. The strategic zones offer different products and services and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic zones, the Bank's management reviews internal management reports on a monthly basis.

Segment information is presented in respect of the Bank's geographic segments which represents the primary segment reporting format and is based on the Bank's management and reporting structure.

Geographical segments

The Bank operates in four geographical regions; South-west, South-South, Abuja and Lagos zones:

(i) **Group**

31-Dec-18

In thousands of Nigerian Naira	South-West	South-South	Abuja	Lagos	Total
Derived from external customers	11,138,782	2,506,370	3,154,452	54,730,335	71,529,939
Interest and similar expenses	(4,473,205)	(1,226,894)	(1,031,912)	(23,910,640)	(30,642,651)
Operating income	8,379,404	1,279,476	2,122,540	30,819,695	40,887,288
Operating expenses	(4,954,486)	(646,035)	(969,556)	(29,519,501)	(36,089,578)
Profit on ordinary activities before taxation	1,711,091	633,441	1,152,984	1,300,194	4,797,710
Income tax expense	(319,287)	(72,015)	(115,966)	(964,022)	(1,471,290)
Profit on ordinary activities after taxation	1,391,804	561,426	1,037,018	336,172	3,326,420
Assets and liabilities:					
Total assets	135,773,091	29,992,809	34,991,011	288,047,406	488,804,317
Total liabilities	(160,815,397)	(26,800,125)	(31,266,813)	(219,032,833)	(437,915,168)
Net Asset	(25,042,306)	3,192,684	3,724,198	69,014,573	50,889,149

(ii) Bank

In thousands of Nigerian Naira	South-West	South-South	Abuja	Lagos	Total
Derived from external customers	11,138,782	2,506,370	3,154,452	54,108,155	70,907,759
Interest and similar expenses	(4,473,205)	(1,226,894)	(1,031,912)	(23,265,620)	(29,997,631)
Operating income	6,665,577	1,279,476	2.122,540	30,842,535	40,910,128
Operating expenses	(4,954,486)	(646,035)	(969,556)	(29,509,502)	(36,079,579)
Profit on ordinary activities before taxation	1,711,091	633,441	1,152,984	1,133,033	4,830,549
Income tax expense	(319,287)	(72,015)	(115,966)	(964,022)	(1,471,290)
Profit on ordinary activities after taxation	1,391,804	561,426	1,037,018	369,011	3,359,259
Assets and liabilities:					
Total assets	135,780,174	29,992,809	34,991,011	277,151,748	477,915,742
Total liabilities	(160,807,250)	(26,800,125)	(31,266,813)	(208,042,675)	(426,916,863)
Net Asset	(25,027,076)	3,192,684	3,724,198	69,109,073	50,998,879

		Group		Bank	
	In thousands of Nigerian Naira	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
7	**Interest income**				
	Cash and cash equivalents	1,305,176	147,436	1,305,176	145,793
	Loans and advances to customers	51,013,451	45,006,638	51,013,457	45,006,638
	Investments securities	5,316,371	7,919,046	4,694,191	7,510,227
	Adjusted interest on impaired loans				
	Total interest income	**57,634,999**	**53,073,120**	**57,012,819**	**52,662,658**
	Interest expense				
	Deposits from banks	983,288	8,796,540	983,288	8,796,540
	Deposits from customers	24,491,455	23,391,491	25,928,887	23,391,491
	Other borrowed funds	5,167,909	1,118,138	3,085,456	699,868
	Total interest expense	**30,642,651**	**33,306,169**	**29,997,631**	**32,887,899**
	Fees and commission income				
8	Management fees	1,113,996	736,961	1,113,996	736,961
	Other credit related fees	421,057	317,646	421,057	317,646
	Account maintenance fees	964,660	821,861	964,660	821,861
	Fees on electronic products	2,845,751	2,202,657	2,845,751	2,202,657
	Fees on financial guarantees	415,231	212,967	415,231	212,967
	Other fees and charges	746,714	1,350,051	746,714	1,350,051
	Total fee and commission income	**6,507,409**	**5,642,142**	**6,507,409**	**5,642,142**
9	**Net trading income**				
	Fixed income securities	39,551	9,251	39,551	9,251.00
	Treasury bills	4,485,360	2,586,114	4,485,360	2,586,114
	Foreign exchange trading (note 9.1)	1,007,491	1,997,107	1,007,491	1,997,107
	Other gains	-	206,692	-	206,692
		5,532,402	**4,799,164**	**5,532,402**	**4,799,164**

9.1 Foreign exchange trading income is principally made up of trading income on foreign currencies, as well as gains and losses from revaluation of trading position. The amount reported above are totally from financial assets carried at fair value through profit or loss

		Group		Bank	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
10	**Other income**				
	Dividends on available-for-sale equity securities	38,333	162,876	38,333	162,876
	Gains on disposal of property and equipment	3,766	59,059	3,766	59,059
	Rental income	29,825	25,687	29,825	25,687
	Insurance claim received	18,940	46,996	18,940	46,996
	Income on contingents	29,512	367,672	29,512	367,672
	Service charge	70,405	0	70,405	0
	Income on deposit accounts	164,076	208,105	164,076	208,105
	Fund transfer	7,564	5,863	7,564	5,863
	Advisory fees	46,606	0	46,606	0
	FX revaluation	156,563	561,942	156,563	561,942
	Swift transactions	76,292	77,212	76,292	77,212
	Gains on disposal of unquoted equities (CSCS)	1,047,492	0	1,047,492	0
	Others	132,567	53,847	132,567	53,847
		1,821,941	**1,569,259**	**1,821,941**	**1,569,259**

In line with disclosure requirement of CBN Circular number BSD/DIR/GEN/LAB/10/016, the Bank did not earn referral Commision from Bancassurance services during the year.

		Group		Bank	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
11	**Impairment loss on financial assets**				
	In thousands of Nigerian Naira				
	- specific impairment	858,118	639,036	858,118	639,036
	- collective impairment	2,585,314	1,302,149	2,585,314	1,302,149
	- Recoveries on loans	(20,796)	(16,575)	(20,796)	(16,575)
	Adjusted interest on impaired loans	(421,162)	-	(421,162)	-
	Impairment loss on bonds	72,699	263,149	72,699	263,149
	Impairment loss on other assets	338,242	(7,961)	388,242	(7,961)
	IFRS 9 ECL adjustment	98,122	-	98,122	-
		3,510,537	**2,179,798**	**3,510,537**	**2,179,798**
12	**Personne l expenses**				
	Wages and salaries	9,966,645	8,161,994	9,966,645	8,161,994
	Contributions to defined contribution plans	992,399	580,034	992,399	580,034
	Gratuity Expenses	-	410,991	-	410,991
	Other staff costs	1,377,774	856,566	1,377,774	856,566
		12,336,818	**10,009,585**	**12,336,818**	**10,009,585**

Compensation for the staff are as follows:

	Group		Bank	
In thousands of Nigerian naira	31-Dec-17	31-Dec-17	31-Dec-18	31-Dec-17
Employee costs, including executive directors, during the year is shown below:				
Wages and salaries	9,966,645	8,161,994	9,966,645	8,161,994
Pension cost: -	-			
Gratuity expenses	385,547	410,991	385,547	410,991
Defined contribution plans	606,851	580,034	606,851	580,034
	-			
	10,959,044	9,153,019	10,959,044	9,153,019
Other staff costs	1,377,774	856,566	1,377,774	856,566
	12,336,818	**10,009,585**	**12,336,818**	**10,009,585**

(a) The average number of persons employed during the period by category:

	Group		Bank	
	31-Dec-18 Number	31-Dec-17 Number	31-Dec-18 Number	31-Dec-17 Number
Executive Directors	4	5	4	5
Management	32	34	32	34
Non-management	985	995	985	995
	1021	**1034**	**1021**	**1,034**

The emoluments of all other directors fell within the following ranges:

			Number	Number	Number	Number
N2,370,001	-	N2,380,000	-	-	-	-
N2,720,001	-	N2,730,000	-	-	-	-
N3,060,001	-	N5,070,000	7	8	7	8
N7,360,001	-	N7,370,000	4	4	4	4

Staff loans

Staff received loans at below the market interest rate. These loans are measured at fair value at initial recognition. The difference between the PV of cash flows discounted at the contractual rate and Present Value of cash flows discounted at market rate has been recognised as prepaid employee benefit which is amortised to personnel expense (other staff cost) over the life of the loan.

Key management personnel compensation for the year comprised:

In thousands of Nigerian naira	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Short term employee benefits	294,487	297,839	294,487	297,839
Post-employment benefits	154,236	160,196	154,236	160,196
	448,723	**458,035**	**448,723**	**458,035**

Employees other than Directors, earning more than N200,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

			Group		Bank	
			31-Dec-18 Number	31-Dec-17 Number	31-Dec-18 Number	31-Dec-17 Number
N500,000	-	N1,000,000		-		-
N1,490,001	-	N2,500,000	44	46	44	46
N2,510,001	-	N3,020,000	72	69	72	69
N3,240,001	-	N3,750,000	310	310	310	310
N3,990,001	-	N4,500,000	144	145	144	145
N4,710,001	-	N5,220,000	161	169	161	169
N5,390,001	-	N5,900,000	93	92	93	92
N5,990,001	-	N6,600,000	122	122	122	122
N6,900,001	-	N7,710,000	71	74	71	74
Above -N7,710,000						

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

In thousands of Nigerian naira	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Executive compensation/fees	297,839	297,839	297,839	297,839
Other emoluments	142,790	142,790	142,790	142,790
	440,629	440,629	440,629	440,629
The Directors' remuneration shown above includes:				
Chairman	6,266	6,266	6,266	6,266
Highest paid director	70,050	70,050	70,050	70,050

	In thousands of Nigerian Naira	Group		Bank	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
13a	**Other operating expenses**				
	Advertising and marketing	1,290,508	1,213,127	1,290,508	1,213,127
	AMCON Levy (i)	2,452,607	2,105,481	2,452,607	2,105,481
	Auditors remuneration	142,742	130,000	132,742	120,000
	Business expenses	410,365	260,618	410,365	260,618
	Cash movement expenses	492,801	430,711	492,801	430,711
	Diesel expenses	757,429	549,652	757,429	549,652
	Directors expenses	106,049	76,925	106,049	76,925
	Directors fees	99,657	64,350	99,657	64,350
	Donations	79,307	53,585	79,307	53,585
	Electricity	241,322	203,055	241,322	203,055
	General administrative expenses	988,011	992,365	988,011	964,503
	Legal expenses	149,907	92,403	149,907	92,403
	Insurance	260,523	269,855	260,523	269,855
	NDIC Premium	1,190,528	1,311,727	1,190,528	1,311,727
	Other premises and equipment costs	476,706	450,779	476,706	450,779
	PAYE/withholding expenses	741,807	473,563	741,807	473,563
	Printing and stationery	380,496	315,167	380,496	315,167
	Other professional fees	679,320	583,952	679,320	583,952
	Digital Bank professional fees	345,130	-	345,130	-
	Repairs and maintenance	1,874,635	1,715,533	1,874,635	1,715,533
	Security expenses	592,163	471,216	592,163	471,216
	Service charge	988,959	736,647	988,959	736,647
	SMS expenses & others	48,129	18,476	48,129	18,476
	Statutory expenses	39,964	38,756	39,964	38,756
	Technology and alternative channels (ii)	2,276,268	1,505,509	2,276,268	1,505,509
	Transport & communications	514,323	382,617	514,323	382,617
		17,619,656	**14,446,068**	**17,609,656**	**14,408,206**

(i) AMCON contributory cost relates to contribution towards the fund set up by the Central Bank of Nigeria for the bail out of the banking sector. The cost is charged at 0.5% of the preceding year's total assets and a percentage of the qualifying off balance sheet exposures.

(ii) This represents expenses incurred by the Bank on electronic and digital platforms.

		Group		Bank	
13b	Depreciation and amortization	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	Property, plants and equipment	2,207,915	2,041,221	2,207,915	2,041,221
	Investment property	5,399	7,256	5,399	7,256
	Intangible assets	409,254	269,531	409,254	269,531
		2,622,568	**2,318,008**	**2,622,568**	**2,318,008**

14 Earnings per share

Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings per share as at 31 December 2018 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

	Group		Bank	
In thousands	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Weighted average number of ordinary shares basic; In thousands of Nigerian Naira	- 38,574,466	38,574,466	38,574,466	38,574,466
Profit attributable to ordinary shareholders -basic				
Profit for the year attributable to equity holders of the Bank in thousands of Nigerian Naira	3,326,420	2,255,488	3,359,259	2,301,158
Earnings per share - basic (Kobo)	8.6	5.8	8.6	6.0

		Group		Bank	
	Cash and cash equivalents				
15	In thousands of Nigerian Naira	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	Cash and balances with banks	17,114,625	13,268,262	17,114,625	13,266,567
	Unrestricted balances with central bank	6,863,422	7,928,915	6,863,422	7,928,915
	Money market placements (Less than 90 days)	18,180,366	1,230,409	18,180,366	1,230,409
	Opening IFRS 9 Adjustment	(33,337)	-	(33,337)	
	IFRS 9 ECL Adjustment	(2,277)	-	(2,277)	-
		42,122,799	**22,427,586**	**42,122,799**	**22,425,891**

15b Restricted Deposit with CBN

This represents mandatory cash deposit held with Central Bank of Nigeria as a regulatory Cash Reserve Requirements (CRR). The CRR rate was increased from 20% to 22.5% for both private and public sector funds in the year 2016 and the rate has been maintained till the date. The balance as at end of December 2018 was N58,054,204,000 (2017 - N26,495,664,000).

Restricted deposits with Central Bank are not available for use in day to day operations.

		Group		Bank	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
16	**Pledged Assets Measured at Amotized Cost**				
	In thousands of Nigerian Naira				
	Treasury bills (note 16.1)	6,793,338	9,055,123	6,793,338	9,055,123
	Bonds (16.2)	13,790,095	16,365,014	13,790,095	16,365,014
		20,583,433	**25,420,137**	**20,583,433**	**25,420,137**

16.1 The treasury bills are pledged for clearing activities with the clearing bank and as collection bank for government taxes and electronic card transactions with Federal Inland Revenue Service (FIRS), Nigerian Interbank Settlement System (NIBSS) and Interswitch Nigeria Limited. The bank cannot trade on these pledged assets during the period that such assets are committed as pledged.

16.2 The Bonds are pledged as collateral for interbank takings and intervention credit granted to the Bank by the Bank of Industry for the purpose of refinancing existing loans to Small and Medium Scale Enterprises Scheme under secured borrowing with related liability of N2.78billion (2017: N3.67billion) as disclosed in note 28.

		Group		Bank	
	In thousands of Nigerian Naira	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
17	**Investment securities**	**71,340,484**	**44,467,181**	**60,451,909**	**41,647,599**
	Current	43,755,275	25,983,803	43,755,275	25,983,803
	Non-current	27,585,209	18,483,378	16,696,634	15,663,796
17a	**Investment securities measured at FVTOCI**				
	Treasury bills	-	9,425,212	-	9,425,212
	Equity (see note (i) below)	880,074	140,345	881,074	141,345
		880,074	**9,565,557**	**881,074**	**9,566,557**
17b	**Investment securities measured at FVTPL:**				
	Treasury bills (see (ii) below)	**11,708,530**	**10,003,842**	**11,708,530**	**10,003,842**
17c	**Investment Securities measured at amortised cost**				
	Treasury bills	32,046,745	6,554,749	32,046,745	6,554,749
	FGN bonds	25,253,421	14,903,704	14,363,846	12,083,122
	Other bonds (see (iii) below)	2,044,825	3,702,478	2,044,825	3,702,478
		59,344,991	**25,160,931**	**48,455,416**	**22,340,349**
	Impairment on Dana bond	(72,699)	(263,149)	(72,699)	(263,149)
	Opening IFRS 9 adjustment	(241,936)	-	(241,936)	-
	IFRS 9 ECL adjustment	(1,175)	-	(1,175)	-
		59,029,181	**24,897,782**	**48,139,606**	**22,077,200**
(i)	**Equity**				
	Unquoted Investments:				
	Unified Payment Services Limited	7,474	4,935	7,474	4,935
	Central Securities System Nigeria Limited	-	87,928	-	87,928
	Nigeria Inter-Bank Settlement System	47,482	47,482	47,482	47,482
	WEMA Funding SPV Plc (a)	-	-	1,000	1,000
	Fair value gain on (FVTOCI) financial assets	825,118	-	825,118	-
		880,074	140,345	881,074	141,345
		880,074	**140,345**	**881,074**	**141,345**

(I) Wema Funding SPV PLC was incorporated on 30 June 2016 and commenced operations on 12 October 2016. The principal activity of the company is to raise or borrow money by the issue of bond or debt instruments and invest the money raised or borrowed in securities or any other investments as the company may deem fit.

(ii) This represents Nigerian Treasury Bills with maturity of less than 360 days; a face value of N13,710,944,000 stated at Fair value through profit or loss.

(iii) Other bonds - these are held to maturity securities for state and corporate entities, stated at amortised cost as shown below:

CORPORATE		31-Dec-2018	31-Dec-2017
1	7YR: DANA Group Bond Series 1	1,344,097	1,492,036
STATE BONDS			
2	EKITI State Govt Bon		421,707
3	EKITI State Govt Bond Tranche 11	371,423	631,739
5	ONDO State Govt Bond	329,305	893,847
Sub Total		**700,728**	**1,947,293**
Grand Total		**2,044,825**	**3,439,329**

18 Loans and advances to customers measured at amortised cost

	Group		Bank	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
In thousands of Nigeria Naira				
Overdrafts	28,517,756	19,125,728	28,517,756	19,125,728
Term Loans	231,163,886	199,722,372	231,163,886	199,722,372
Advances under finance lease	1,902,080	1,227,933	1,902,080	1,227,933
Gross loans and receivables	**261,583,722**	**220,076,032**	**261,583,722**	**220,076,032**
Less Allowances for Impairment				
Opening IFRS 9 adjustment	(2,633,426)	-	(2,633,426)	-
IFRS ECL 9 adjustment	63,610	-	63,610	-
Adjusted interest on impaired loans	421,162	-	421,162	-
Specific Allowances for impairment	(5,532,165)	(2,237,482)	(5,532,165)	(2,237,482)
Collective allowances for impairment	(1,586,070)	(1,998,519)	(1,586,070)	(1,998,519)
	(9,394,109)	(4,236,001)	(9,394,109)	(4,236,001)
Net loans and advances to customers	**252,189,613**	**215,840,031**	**252,189,613**	**215,840,031**
Overdrafts				
Gross Overdrafts	28,517,756	19,125,728	28,517,756	19,125,728
Less Allowances for Impairment				
Specific Allowances for impairment	(1,516,451)	(523,261)	(1,516,451)	(523,261)
Collective allowances for impairment	(219,454)	(267,019)	(219,454)	(267,019)
	(1,735,905)	(790,279)	(1,735,905)	(790,279)
Net Overdrafts	**26,781,851**	**18,335,448**	**26,781,851**	**18,335,448**
Term Loans				
Gross Term Loans	231,163,886	199,722,372	231,163,886	199,722,372
Less Allowances for Impairment				
Term Loans				
Gross Term Loans	231,163,886	199,722,372	231,163,886	199,722,372
Less Allowances for Impairment				
Specific Allowances for impairment	(3,909,210)	(1,689,620)	(6,172,803)	(1,689,620)
Collective allowances for impairment	(1,344,467)	(1,721,173)	(1,344,467)	(1,721,173)
	(5,253,677)	(3,410,793)	(7,517,270)	(3,410,793)
Net Term Loans	**225,910,209**	**196,311,579**	**223,646,616**	**196,311,579**

Advance Under Finance Lease		Group		Bank
In thousands of Nigerian Naira	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net Advance	1,902,080	1,227,933	1,902,080	1,227,933
Less Allowances for Impairment				
Specific Allowances for impairment	(118,785)	(24,601)	(118,785)	(24,601)
Collective Allowances for impairment	(22,149)	(10,328)	(22,149)	(10,328)
	(140,934)	(34,929)	(140,934)	(34,929)
Net advance after impairment	**1,761,146**	**1,193,004**	**1,761,146**	**1,193,004**
Total Loans and Advances				
Current	138,926,994	117,419,124	138,926,994	117,419,124
Non-current	122,656,728	102,656,908	122,656,728	102,656,908
	261,583,722	**220,076,031**	**261,583,722**	**220,076,031**
Finance Lease Receivable				
Gross investment in finance lease				
Less than one year	24,718	49,074	24,718	49,074
Between one and five years	2,424,317	1,449,869	2,424,317	1,449,869
More than five years	5,000	161,307	5,000	161,307
	2,454,035	1,660,250	2,454,035	1,660,250
Unearned finance income	(551,955)	(432,317)	(551,955)	(432,317)
Net investment in finance lease	**1,902,080**	**1,227,933**	**1,902,080**	**1,227,933**
Net advances under finance lease				
Less than one year	60,515	39,067	60,515	39,067
Between one and five years	1,674,428	1,080,967	1,674,428	1,080,967
More than five years	167,138	107,900	167,138	107,900
	1,902,080	**1,227,933**	**1,902,080**	**1,227,933**

IFRS 9 as at 31 December, 2018	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross Loans	228,949,425	19,518,545	13,115,753	261,583,723
Impairment	(1,602,556)	(93,044)	(7,698,510)	(9,394,109)
Net Loans	**227,346,869**	**19,425,501**	**5,417,243**	**252,189,613**

18a Reconciliation of impairment allowance on loans and advances to customers

In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 1 January 2018	790,279	3,410,792	34,930	4,236,001
Specific impairment	523,260	1,689,621	24,601	2,237,482
Collective impairment	267,019	1,721,171	10,329	1,998,519
Reclass from Regulatory Risk Reserve	1,736,071	881,049	16,306	2,633,426
Additional impairment for the year {Note 11}	440,865	2,828,114	174,453	3,443,432
Specific impairment	238,430	457,055	162,633	858,118
Collective impairment	202,435	2,371,059	11,820	2,585,314
Written off in the year as uncollectible	(277,885)	(620,069)	-	(897,954)
Amounts recovered during the year	(3,425)	(17,371)	-	(20,796)
Balance as at 31 December 2018	3,185,905	6,482,516	225,689	9,394,109
Specific impairment	2,216,450	5,388,049	203,540	7,808,039
Collective impairment	469,454	1,094,467	22,149	1,586,070

In thousands of Nigerian Naira	Overdraft	Term Loan Loan	Advances under finance lease	Totals
Balance as at 1 January 2017	466,731	2,259,326	106,374	2,832,431
Specific impairment	386,901	1,644,820	104,340	2,136,061
Collective impairment	79,830	614,506	2,034	696,370
Additional impairment for the year (Note 11)	388,830	1,534,489	17,866	1,941,185
Specific impairment	201,641	427,824	9,571	639,036
Collective impairment	187,189	1,106,665	8,295	1,302,149
Written off in the year as uncollectible	(48,707)	(383,023)	(89,310)	(521,040)
Amounts recovered during the year	(16,575)		-	(16,575)
Balance as at 31 December 2017	790,279	3,410,792	34,930	4,236,001
Specific impairment	523,260	1,689,621	24,601	2,237,482
Collective impairment	267,019	1,721,171	10,329	1,998,519

18b Maximum exposure to credit risk before collateral held or other credit enhancements

Concentration of risks of financial assets with credit risk exposure

Credit risk exposures relating to on - balance sheet assets are as follows:

	Group		Bank	
In thousands of Nigeria Naira	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Loans and advances to banks				
Loans and advances to customers:				
Corporate Bank				
Overdrafts	21,345,513	18,235,216	21,345,513	18,235,216
- Term loans	228,983,448	195,617,819	228,983,448	195,617,819
- Others	1,375,056	1,174,694	1,375,056	1,174,694
Retail Bank				
- Overdrafts	1,742,763	890,512	1,742,763	890,512
- Term loans	8,032,752	4,104,553	8,032,752	4,104,553
- Others	104,191	53,239	104,191	53,239
Trading assets				
- Debt securities	11,708,531	10,003,842	11,708,531	10,003,842
Investment securities				
- Debt securities	79,747,351	59,743,131	68,851,694	56,922,549
Other assets	-			-
	352,984,649	**289,823,006**	**342,143,947**	**287,002,424**

	Group		Bank	
Contingent Liabilities & Commitments:				
Financial guarantee	49,408,931	33,441,018	49,408,931	33,441,018
Other contingent	13,511,352	14,859,486	13,511,352	14,859,486
	62,920,283	**48,300,504**	**62,920,283**	**48,300,504**

In thousands of Nigerian Naira

	Group		Bank	
Nature of collateral in respect of loans and advances	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Secured against real estates	178,492,977	150,422,391	178,492,977	150,422,391
secured against shares	7,489,625	6,132,919	7,489,625	6,132,919
Otherwise secured	75,601,120	63,520,723	75,601,120	63,520,723
Unsecured	-	-	-	-
	261,583,722	**220,076,033**	**261,583,722**	**220,076,033**

The Bank is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Nature of assets and carrying amount:				
Real Estate	178,492,977	160,032,604	178,492,977	160,032,604
Shares	7,489,625	4,466,152	7,489,625	4,466,152

Disclosure

Wema Bank in conjunction with a consortium of lenders participated in a US$403.6Milion syndicated facility to finance the development of an OPL and the construction of a hydrocarbon transportation pipeline. Wema Bank's exposure to the facility is US$20million primarily for the construction of a 70km liquid hydrocarbon transportation pipeline. The completion of the project was delayed due to cost escalations necessitated by the change in technology for the pipeline project. Sequel to this, the facility was restructured in line with the new project completion timelines.

The members of the consortium obtained a concession from the regulatory agency to watchlist the account given its significance to the national economy and give the customer enough time to meet the restructured commitments. The facility was therefore declassified and a special 10% provision applied to the outstanding balance.

Given the regulatory concession, the Bank has reflected this in its Performing loan portfolio.

19 **Investment Property**

Group / Bank		**Group**		**Bank**
In thousands of Nigerian Naira (000s)	2018	2017	2018	2017
Cost				
Balance at 1 January 2018	280,633	404,058	280,633	404,058
Additions				
Write -off	(233,554)	-	(233,554)	-
Disposals	-	(123,425)	-	(123,425)
Balance at 31 Dec 2018	**47,079**	**280,633**	**47,079**	**280,633**
Accumulated depreciation and impairment				
Balance at 1 January 2018	234,962	42,260	234,962	42,260
Charge for the year	5,399	7,256	5,399	7,256
Disposals	-	(14,554)	-	(14,554)
Write -off	(233,554)		(233,554)	
Transfer to Capital Reduction (note 30.i)	-	200,000	-	200,000
Balance at 31 Dec 2018	6,807.00	234,962	6,807	234,962
Net Book Value at 31 Dec 2018	**40,273**	**45,671**	**40,273**	**45,671**

(i) Investment properties represent land and buildings that are not substantially occupied by the bank but held for investment purposes. Investment properties are carried at cost less accumulated depreciation and impairment losses in accordance with the cost model. Investment properties are depreciated over a useful life of 50 years with a nil residual value. Had investment property been carried at fair value, the fair value as at 31 December 2018 would have been N103,305,825.08 (31 December 2017: N104,457,596.43). The valuations were provided by Messrs Diya Fatimilehin & Co. chartered surveyors and valuers (FRC/2013/NIESV/00000000754).

(ii) On 19 December, 2013 the Central Bank of Nigeria issued a circular that all deposit money banks should dispose off all the investment properties in their books on or before 30 June, 2014. The directors are aware of this directive and all necessary efforts is being made to ensure compliance. Although the directors are committed to a plan to sell the asset as directed by the Central bank of Nigeria; however, the asset requires some process to be in place before disposal and this we have initiated. Hence, the sale is not expected to qualify for recognition as a completed sale within one year from the date of classification.

Consequently, the assets were not classified as Held for sale as the stipulated criteria in IFRS 5 regarding this has not been met.

20 Property and equipment

Group / Bank

In thousands of Nigerian Naira (000s)	Land	Buildings	Furniture & Office Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
Cost							
Balance at 1 January 2018	1,225,581	14,697,341	6,090,524	1,952,289	6,378,768	1,372,248	31,716,751
Additions	70,330	1,125,127	940,447	515,714	667,065	439,076	3,757,759
Reclassification from WIP	-	-	-	-	-	-	-
Transfer to software (note 21)			-	-	-	-	-
Transfer to prepaid expenses	-	-	437	-	-	-	437
Disposals			(251,994)	(153,916)	(3,223)	-	(409,134)
Balance at 31 Dec 2018	**1,295,911**	**15,822,468**	**6,779,414**	**2,314,087**	**7,042,609**	**1,811,324**	**35,065,813**
Accumulated depreciation and impairment							
Balance at 1 January 2018	-	4,362,690	4,299,245	1,485,545	4,490,482	-	14,637,962
Charge for the year	-	299,683	673,447	255,527	978,629	-	2,207,285
Disposals	-	-	(239,385)	(140,395)	(2,351)	-	(382,131)
Balance at 31 Dec 2018	**-**	**4,662,373**	**4,733,308**	**1,600,677**	**5,466,760**	**-**	**16,463,117**
Net Book Value							
Balance at 1 January 2018	**1,225,581**	**10,334,651**	**1,791,279**	**466,744**	**1,888,286**	**1,372,248**	**17,078,789**
Balance at 31 Dec 2018	**1,295,911**	**11,160,095**	**2,046,107**	**713,410**	**1,575,850**	**1,811,324**	**18,602,696**

Group / Bank

In thousands of Nigerian Naira (000s)	**Land**	**Buildings**	**Furniture & Office Equipment**	**Motor vehicles**	**Computer Equipment**	**Work in Progress**	**Total**
Cost							
Balance at 1 January 2017	1,188,034	14,265,937	5,448,061	1,904,305	5,677,335	587,160	29,070,832
Additions	37,547	260,181	525,086	42,323	632,189	1,532,050	3,029,376
Reclassification from WIP	-	203,322	127,094	169,544	71,897	(571,857)	-
Transfer to software (note 21)	-	-	-	-	-	(164,115)	(164,115)
Transfer to prepaid expenses	-	-	-	-	-	(10,990)	(10,990)
Disposals	-	(32,099)	(9,717)	(163,883)	(2,653)	-	(208,352)
Balance at 31 December 2017	**1,225,581**	**14,697,341**	**6,090,524**	**1,952,289**	**6,378,768**	**1,372,248**	**31,716,751**
Accumulated depreciation and impairment							
Balance at 1 January 2018	-	3,892,888	3,678,839	1,362,131	3,522,509	-	12,456,367
Charge for the year	-	276,575	554,838	239,927	969,881	-	2,041,221
Disposals	-	(6,773)	(8,040)	(116,513)	(1,908)	-	(133,234)
Transfer to Capital Reduction (note 30i)	-	200,000	73,608	-	-	-	273,608
							-
Balance at 31 December 2017	**-**	**4,362,690**	**4,299,245**	**1,485,545**	**4,490,482**	**-**	**14,637,962**
Net Book Value							
Balance at 1 January 2017	**1,188,034**	**10,373,049**	**1,769,222**	**542,174**	**2,154,826**	**587,160**	**16,614,465**
Balance at 31 December 2017	**1,225,581**	**10,334,651**	**1,791,279**	**466,744**	**1,888,286**	**1,372,248**	**17,078,789**

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
21 Intangible assets				
Cost				
Cost 1 January	3,619,870	2,920,541	3,619,870	2,920,541
Additions	577,531	535,214	577,531	535,214
Transfer from property and equipment (note 20)	-	164,115	-	164,115
At 31 December	**4,197,401**	**3,619,870**	**4,197,401**	**3,619,870**
Amortization and impairment losses				
Cost 1 January	2,860,778	2,520,524	2,860,778	2,520,524
Amortization for the year	409,232	269,524	409,232	269,524
Transfer to capital reduction (note 30.i)	-	70,730	-	70,730
At 31 December	3,270,010	2,860,778	3,270,010	2,860,778
Carrying amounts	**927,391**	**759,092**	**927,391**	**759,092**

(a) The intangible assets have got finite lives and are amortised over the higher of 3 years or the contractual licensing period. No impairment losses were recognised against intangible assets.

(b) The authorised and contracted capital commitments as at the balance sheet date was nil (31December 2017 nil)

(c) There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2017: nil)

22 Deferred tax assets
(a) Recognised deferred tax assets

Deferred tax assets are attributable to the following:

In thousands of Nigerian Naira		Group		Bank	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
At 1 January 2018	26.1	21,269,702	22,169,702	21,269,702	22,169,702
Write down		(1,063,485)	(400,000)	(1,063,485)	(400,000)
Capital Reduction (note 30i)		-	(500,000)	-	(500,000)
At 31 December 2018		**20,206,217**	**21,269,702**	**20,206,217**	**21,269,702**

The Group declared operating losses in 2008 and 2009 financial years, as a result of the specific impairment of loan and other receivables which resulted into a deferred tax asset of N24 billion.

The Group recognises deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Group consider all available positive and negative evidences, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations in line with its accounting policy on deferred tax. Deferred tax assets were reviewed at the reporting date and are reduced to N20.20 billion (2017 21.26 billion). The Bank will continue to assess the recoverability of its deferred tax assets, and to ensure that only amount considered recoverable are recognised in the books and presented in the statement of financial position.

23 Other assets

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
In thousands of Nigerian Naira				
Accounts receivables	3,269,568	3,272,912	3,269,568	3,328,967
Prepayments	1,311,633	1,511,795	1,311,633	1,511,795
Stock	558,870	359,926	558,870	359,926
Collaterised placement	52,917	52,917	52,917	52,917
Clearing balance	405,250	589,423	405,250	589,423
Fraud & burglary	545,918	548,683	545,918	548,683
CBN special reserve (see 23.1 below)	677,214	10,677,214	677,214	10,677,214
AGSMEIS investment with CBN	115,058	-	115,058	-
Card receivables	833,931	907,605	833,931	907,605
FBN settlement	42,838	(15,308)	42,838	(15,308)
Other settlements	395,707	(593,187)	395,707	(593,187)
Others	23,921	51,032	23,921	51,032
	8,299,983	17,363,012	8,299,983	17,419,067
Specific impairment on other assets	(3,840,077)	(3,621,834)	(3,840,077)	(3,621,834)
	4,459,906	**13,741,178**	**4,459,906**	**13,797,233**
At 1 January	3,621,834	3,694,646	3,621,834	3,694,646
Allowance made during the year	218,243	(7,961)	218,243	(7,961)
Transfer from investment	-	(64,851)	-	(64,851)
At 31 December	**3,840,077**	**3,621,834**	**3,840,077**	**3,621,834**

23.1 CBN Special Reserve

The balance represents amount debited to the bank's current account with CBN as eligibility contribution to the Special Intervention Reserve for the Real Sector Support Facility (RSSF). The RSSF will be used to support start-ups and expansion financing needs of priority sectors of the economy to expand the industrial base and consequently diversify the economy. Draw down will be subject to banks contribution to the Special Intervention Reserve (SIR) with the CBN. The Facility shall be administered at an all-in interest rate/charge of 9 per cent per annum payable on quarterly basis. The CBN shall release the fund to DMBs at 1% interest rate.

24 Deposits from banks

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
In thousands of Nigeria Naira				
Money market deposits (Items in course of collection)	-	**26,575,260**	-	**26,575,260**

25 Deposits from customers

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
25a Retail customers:				
Term deposits	59,091,417	31,146,060	59,091,417	31,146,060
Current deposits	18,303,142	12,468,199	18,303,142	12,468,199
Savings	62,891,853	49,830,433	62,891,853	49,830,433
Corporate customers:				
Term deposits	129,353,423	90,579,009	129,353,423	90,579,009
Current deposits	83,747,802	62,530,153	83,862,198	62,556,322
Others	15,812,131	7,907,027	15,812,131	7,907,027
	369,199,768	**254,460,881**	**369,314,164**	**254,487,050**

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
25b The maturity profile of customers' deposit is as follows:				
Under 3 months	254,244,803	143,770,947	254,359,200	143,797,116
3 - 6months	50,122,360	17,116,515	50,122,360	17,116,515
6 - 12months	11,924,196	19,540,395	11,924,196	19,540,395
Over 12months	52,908,409	74,033,024	52,908,409	74,033,024
	369,199,768	**254,460,881**	**369,314,164**	**254,487,050**

At 31 December 2018 N52.9billion (31 December 2017: N74.03billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

		Group		Bank	
	In thousands of Nigerian Naira	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
26	**Taxation**				
26.1	**Income tax expense**				
	Company income tax	351,751	328,348	351,751	328,348
	Education Tax	-	-	-	-
	NITDA Levy	56,054	31,530	56,054	31,530
	Over provision	-	(6,163)	-	(6,163)
	Income Tax expense	407,805	353,715	407,805	353,715
	Deferred tax expenses	1,063,485	400,000	1,063,485	400,000
		1,471,290	753,715	1,471,290	753,715

The income tax expense for the year can be reconciled to the accounting profit as follows:

		Group		Bank	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	Profit before tax from continuing operations	4,797,710	3,009,203	4,830,543	3,054,873
	Income tax expense calculated at 30% (2017:30%)	1,449,165	916,462	1,449,165	916,462
	Effect of income that is exempt from taxation	(385,680)	(522,625)	(385,680)	(522,625)
	Effect of expenses that are not deductible in	-	-		
	determining taxable profit	-	-	-	-
	Education tax at 2% of assessable profit	-	-	-	-
	Effect of concessions and other allowances)	-	-	-	-
	Minimum tax adjustment	351,751	328,348	351,751	328,348
	Information technology tax levy adjustment	56,054	31,530	56,054	31,530
		1,471,290	**753,715**	**1,471,290**	**753,715**
26.2	**Current tax liabilities**				
	At 1 January	359,878	349,245	359,878	349,245
	Payment during the year	(338,604)	(343,082)	(338,604)	(343,082)
	Charge for the year	407,805	353,715	407,805	353,715
	At 31 December	**429,079**	**359,878**	**429,079**	**359,878**

The charge for taxation is based on the provision of the Company Income Tax Act Cap C21 LFN 2004. Education Tax is based on 2% of the assessable profit for the year in accordance with the Education Tax Act CAP E4 LFN 2004. NITDA levy is based on 1% of profit before tax in accordance with NITDA levy Act 2007

27 Other liabilities

In thousands of Nigerian Naira	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
Financial Liabilities				
Creditors and accruals	647,648	71,139	647,648	71,139
Staff Deductions	118,892	80,246	118,892	80,246
Provision for Others	236,388	-	236,388	-
Amcon Levy	277,300	-	277,300	-
Other current liabilities	157,693	151,252	92,686	114,722
Insurance Claim	70,635	62,804	70,635	62,804
Swift Payables	75,997	57,821	75,997	57,821
Western Union	45,860	33,436	45,860	33,436
Salary Suspense	155,041	130,773	155,041	130,773
Accounts payable	595,884	554,209	595,884	554,209
Electronic products payable	425,679	110,902	425,679	110,902
Certified cheques	1,196,631	1,516,148	1,196,631	1,516,148
Customer deposits for letters of credit	4,585,784	5,484,782	4,585,784	5,484,782
Discounting Line	12,841,871	7,691,621	12,841,871	7,691,621
Pension Contribution	-	10,838	-	10,838
Remittances	540,155	580,174	540,155	580,174
	21,971,458	16,536,145	21,906,452	16,499,615
Non-Financial Liabilities				
Litigation claims provision (i)	196,435	76,435	196,435	76,435
Other payables	669,710	461,670	669,710	461,670
	22,837,603	**17,074,250**	**22,772,597**	**17,037,720**

In thousands of Nigerian Naira	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
(i) Movement in litigation claims provision				
At 1 January	76,435	101,848	76,435	101,848
Additions	120,000	-	120,000	-
Payment	-	(4,918)	-	(4,918)
Provision no longer required	-	(20,495)	-	(20,495)
	196,435	**76,435**	**196,435**	**76,435**

28 Other borrowed funds

	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
Due to BOI (see (i) below)	2,776,464	3,672,566	2,776,464	3,672,566
Osun Bailout Fund (see ii below)	-	9,549,597	-	9,549,597
CBN Agric. loan (see iii below)	825,234	992,906	825,234	992,906
CBN MSMEDF (see iv below)	1,000,112	108,005	1,000,112	108,005
Wema SPV (see v below)	24,676,318	6,328,205	13,628,623	3,496,454
Debt securities (see vi below)	-	15,557,870	-	15,557,870
National Housing Fund	93,638	104,047	93,638	104,047
Shelter Afrique (see vii below)	2,938,327	3,146,316	2,938,327	3,146,316
AFDB (see viii below)	5,639,386	-	5,639,386	-
ICD (see ix below)	7,493,845	-	7,493,845	-
AGSMEIS	5,394	-	5,394	-
	45,448,718	**39,459,512**	**34,401,023**	**36,627,761**

(I) 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 facilities are secured by Nigerian Government Securities worth N8, 934,491,000 and have 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 customers.

(ii) Amount represents salary credit bail out facility from Central Bank of Nigeria. It has a moratorium of twenty years at bank's interest rate of 9%. The corresponding entry is in loans and advances and the bank is expected to provide Central Bank of Nigeria with periodic progress on the facility. The principal repayment is by bullet payment at the expiration of the moratorium granted.

(iii) This represents CBN intervention funds to some of the Bank's customers in the agricultural sector. The fund is administered at a maximum interest rate of 9% per annum. The maximum tenor of the facility is 7 years.

(iv) This represents CBN intervention funds to some bank's customers in Small & Medium Scale sector. The fund is administered at a maximum interest rate of 9% per annum and maximum tenor of 5 years.

(v) The Wema SPV of 2018: N24, 636,113,000 (2017: N6, 328,205,000) represents amortized cost of the fixed rate unsecured bond issued by Wema Funding SPV Plc. The outstanding bond of N6, 295,000,000 and N17, 675,000,000 (principal) were issued on 12 October 2016 and 2018 respectively for a period of 7 years at 18.5% and 16.5% per annum with interest payable semi-annually and principal payable at maturity in October 2023 and 2025 respectively.

(vi) The debt securities of 2018: NIL (2017: N15,557,870,000) represents amortized cost of the fixed rate commercial paper issued by Wema Bank Plc on 3rd October, 2017 for a period of 182days and 270days at 19% and 19.5% respectively per annum with interest payable upfront and face value (N17,022,715,000) payable at maturity in March and June 2018 respectively and this has been settled accordingly.

(vii) This amount represents the bank's foreign facility from Shelter Afrique, this was granted to the Bank for a period of 7 years. It is repayable bi-annually with interest rate of L+6.5% (Libor plus 6.5%)

(viii) This amount represents the bank's foreign facility from AFDB, this was granted to the Bank for a period of 7 years. It is repayable bi-annually with interest rate of L+5.2% (Libor plus 5.2%)

(ix) This amount represents the bank's foreign facility from ICD, this was granted to the Bank for a period of 5 years, with 1 year moratorium. It is repayable at maturity with interest rate of 6.91% (mid swap 2.96% plus 395 bps per annum)

		Group		Bank	
		31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
28.1	**Analysis of movement in borrowed fund**				
	At 1 January	39,459,511	32,093,404	36,627,761	29,282,289
	Additions	31,033,157	15,867,870	22,857,417	15,867,870
	Changes in accrued interest	-	(7,089)	-	(7,089)
	Effect of exchange rate	451,111	10,000	451,111	10,000
	Payments made	(25,495,061)	(8,504,673)	(25,535,265)	(8,525,309)
	At 31 December	**45,448,718**	**39,459,512**	**34,401,024**	**36,627,761**

29 Obligations under finance leases

Leasing arrangements
The bank leased certain of its motor vehicles and equipment under finance leases. The average lease term is 4 years. The Bank has acquires automatic ownership on full settlement of all related lease as installments are completed at the end of the lease terms.

The Bank's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 15% to 24% per annum.

Finance lease liabilities

	Minimum Lease 31-Dec-18 N'000	31-Dec-17 N'000	Present value of minimum lease payments 31-Dec-18 N'000	31-Dec-17 N'000
Not later than one year	-	932	-	932
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	932	-	932
Future finance charges	-	(932)	-	(932)
Present value of minimum lease payments	-	-	-	-

In thousands of Nigerian Naira	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
30 Share capital and Reserves				
(a) The share capital comprises:				
(i) Authorised - 40,000,000 Ordinary shares (2017 - 40,000,000,000) Ordinary shares of 50k each (2017 - 50k)	20,000,000	20,000,000	20,000,000	20,000,000
(ii) Issued and fully paid - 38,574,466,000 Ordinary shares (2017 -38,574,466,000) shares of 50k each (2017 - 50k)	**19,287,233**	**19,287,233**	**19,287,233**	**19,287,233**
b Share Premium				
At 1 January	8,698,230	48,870,107	8,698,230	48,870,107
Capital Reduction (Note 30h)	-	(40,171,877)	-	(40,171,877)
At 31 December	**8,698,230**	**8,698,230**	**8,698,230**	**8,698,230**

Share premium is the excess paid by shareholders over the nominal value for their shares

(c) Statutory reserves

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 of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

(d) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value through other comprehensive income until the investment is derecognised or impaired.

(e) SMEIES Reserve

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 CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and approved by CBN.

In prior year, 10% of profit after taxation was transferred to SMEEIS reserves in accordance with Small and Medium Enterprise Equity Investment Scheme as revised in April 2005."

(f) Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

In thousands of Nigeria Naira	Group 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-18	Bank 31-Dec-17
At 1 January	4,089,570	(39,158,766)	4,166,460	(39,127,546)
Profit or loss	3,326,420	2,255,488	3,359,259	2,301,158
Transfer from Regulatory risk reserve	(415,589)	2,555,649	(415,589)	2,555,649
Transfer to Statutory Reserve	(1,007,778)	(690,347)	(1,007,778)	(690,347)
Transfer to Capital Reduction	-	39,127,546	-	39,127,546
At 31 December 2018	**5,992,622**	**4,089,570**	**6,102,353**	**4,166,460**

The Bank's board of directors at its meeting held on 12 March, 2019 proposed a dividend of N0.03 per ordinary share totaling N1.157 million (2017 Nil) subject to the approval of the shareholders at the annual general meeting

(g) Regulatory risk reserve

The regulatory risk reserve warehouses the excess of the impairment on loans and advances computed under the Nigerian GAAP based on the Central Bank of Nigeria prudential guidelines compared with the incurred loss model used in calculating the impairment under IFRSs.

30(h) Capital Reduction

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
In thousands of Nigerian Naira				
At 1 January				
Transfer from PPE (note 20)	-	(273,608)	-	(273,608)
Transfer from Investment Properties (note 19)	-	(200,000)	-	(200,000)
Transfer from Intangible Assets (note 21)	-	(70,730)	-	(70,730)
Transfer from Retained Earnings (note 30f)	-	(39,127,546)	-	(39,127,546)
Transfer from Deferred tax assets (note 22)	-	(500,000)	-	(500,000)
Transfer to Share Premium (note 30b)	-	40,171,884	-	40,171,884
	-	-	-	-

In line with shareholders' approval of 30th June 2016 to pursue a capital reduction scheme, the bank obtained approvals from all relevant regulatory agencies. Consequent to this, a special resolution of members was obtained at an extra-ordinary meeting held on October 10, 2017 and confirmation petition was filed with the Federal High Court for an order confirming the reduction. The order sanctioning the scheme and the reduction was filed with the Corporate Affairs Commission. This is in accordance with section 105 – 107 of the Companies and Allied Matters Act.

31 Contingencies

(i) Litigation and claims

There are litigation claims against the Bank as at 31 December 2018 amounting to N11,058,581,506.36 (31 December 2017: N15,928,111,094.67 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.

(ii) Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Bank in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities include performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk.

	Group		Bank	
In thousands of Nigerian naira	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Contingent liabilities:				
Guarantees and indemnities	44,413,119	30,506,624	44,413,119	30,506,624
Bonds	4,995,812	2,934,394	4,995,812	2,934,394
Clean-line facilities & irrevocable letters of credit	13,511,351	14,859,486	13,511,351	14,859,486
	62,920,283	**48,300,504**	**62,920,283**	**48,300,504**

32 Related party transactions

Transactions with key management personnel

The Bank's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Wema Bank Plc.

Key management personnel and their immediate relatives transacted with the Bank during the year as follows:

Loans and advances:

	Group		Bank	
In thousands of Nigerian naira	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Loans and advances:				
At 1 January	6,661,918	7,279,229	6,661,918	7,279,229
Granted during the year	715,400	597,174	715,400	597,174
Repayments during the year	(1,004,332)	(1,214,485)	(1,004,332)	(1,214,485)
At 31 December	**6,372,986**	**6,661,918**	**6,372,986**	**6,661,918**
Interest earned	1,279,257	1,580,388	1,279,257	1,580,388
Deposit Liabilities				
Deposits	**79,234**	**91,875**	**79,234**	**91,875**

Principal Shareholders,Related Parties and Their Interests

ACCOUNT NAME	GROUP	FACILITY TYPE	RELATIONSHIP	DIRECTOR'S NAME2	DATE GRANTED/ RENEWED	EXPIRY DATE	BALANCE	INTEREST RATE	SECURITY NATURE	SECURITY VALUE	REMARKS
PETROLEX OIL & GAS LIMITED	KESSINGTON ADEBUTU	TERM LOAN	Related Coy to a Principal Shareholder	KESSINGTON ADEBUTU	28 - Oct - 16	31 - Jan - 22	2,688,038,939.49	25.00	GUARANTEES & PLEDGES	4,000,000,000.00	PERFORMING
LEASING PARTNERS LIMITED	ABUBAKAR R. LAWAL	TERM LOAN	Serving Director	ABUBAKAR R. LAWAL	2 - Jun - 17	27 - Feb - 19	1,736,696,439.48	25.00	LEGAL MORTGAGE/SHARES	4,314,000,000.00	PERFORMING
WEMABOD ESTATES LTD ACC 1	ODU'A GROUP	TERM LOAN	Related Coy to a Principal Shareholder	ODUA GROUP	5 - Nov - 14	30 - Nov - 21	928,382,470.97	21.00	LEGAL MORTGAGE	2,000,000,000.00	PERF ORMING
WEMABOD ESTATES LTD ACC 1	ODU'A GROUP	TERM LOAN	Related Coy to a Principal Shareholder	ODUA GROUP	6 - Jun - 18	31 - Aug - 20	251,038,285.78	20.00	LEGAL MORTGAGE	2,000,000,000.00	PERFORMING
OLUWOLE STEPHEN AKINLEYE	SERVING DIRECTOR	TERM LOAN	Serving Direct or	OLUWOLE AKINLEYE	17 - Dec - 18	31 - Jan - 29	200,000,000.00	6.00	LEGAL MORTGAGE	200,000,000.00	PERFORMING
FOLAKE SANU	SERVING DIRECTOR	TERM LOAN	Serving Director	FOLAKE SANU	7 - Sep - 18	30 - Sep - 28	200,000,000.00	6.00	DOMICILIATION	200,000,000.00	PERFORMING
APPLEM ARK NIGERIA LIMITED	SERVING DIRECTOR	TERM LOAN	Serving Director	ABUBAKAR R. LAWAL	12 - Apr - 17	5 - Mar - 19	119,671,643.76	22.00	LEGAL MORTGAGE	147,000,000.00	PERFORMING
SPECTRUM VENTURES LIMITED ACCOUNT 2	ADEBODE ADEFIOYE	TERM LOAN	Cross Directorship	ADEBODE AD EFIOYE	9 - Jun - 17	9 - Jun - 20	68,923,563.95	24.00	LEGAL MORTGAGE	107,880,000.00	PERFORMING
SEGUN OLANIYI OLOKETUYI	EX-MANAGING DIRECTOR	TERM LOAN	Managing Director	SEGUN OLANIYI OLOKETUYI	26 - Jun - 14	23 - Jun - 24	40,832,510.03	12.00	LEGAL MORTGAGE	60,000,000.00	PER FORMING
ADEMOLA A ADEBISE	SERVING DIRECTOR	TERM LOAN	Serving Director	ADEMOLA ABIMBOLA ADEBISE	6 - Mar - 14	23 - Feb - 24	35,875,204.28	22.50	DOMICILIATION	10,000,000.00	PERFORMING
SAMUEL OLADIPUPO DUROJAYE	SERVING DIRECTOR	OVERDRAFT	Serving Director	SAMUEL DURO JAIYE	4 - Oct - 17	11 - OCT - 19	30,420,538.61	24.00	LEGAL MORTGAGE	10,000,000.00	PERFORMING
ODUA INV COY LTD	ODU'A GROUP	OVERDRAFT	Related Coy to a Principal Shareholder	ODUA GROUP	8 - May - 18	8 - May - 19	28,011,205.79	23.00	STOCKS & SHARES	600,000,000.00	PERFORMING
FOLLY - YEM ALLIED SERVICES LIMITED	GENERAL MANAGER	OVERDRAFT	Related Coy to a Mgt Staff	OLUWOLE AJIMISINMI	5 - Sep - 18	5 - Sep - 19	11,817,921.26	27.00	BILL OF SALE - VEHICLES	50,000,000.00	PERFORMING
NURUDEEN ADEYEMO FAGBENRO	EX - DIRECTOR	OVERDRAFT	Ex - Director	NURUDEEN ADEYEMO FAGBENRO	8 - Sep - 15	8 - Sep - 19	10,103,536.07	2.50	DOMICILIATION	10,000,000.00	PERFORMING
PREMIER HOTEL	ODU'A GROUP	OVERDRAFT	Related Coy to a Principal Shareholder	ODUA GROUP	8 - May - 18	8 - May - 19	8,360,912.16	23.00	DOMICILIATION	10,000,000.00	PERFORMING
OLADIPUPO OLATUNDE ADEBUTU	KESSINGTON ADEBUTU	TERM LOAN	Related Obligor to a Principal Shareholder	KESSINGTON ADEBUTU	2 - Jul - 18	30 - Jun - 19	5,802,775.96	2.50	LEGAL MORTGAGE	87,000,000.00	PERFORMING
ADETUTU JUBIRILA BURAIMO	KESSINGTON ADEBUTU	TERM LOAN	Related Obligor to a Principal Shareholder	KESSINGTON ADEBUTU	30 - Oct - 18	27 - Feb - 19	5,000,000.00	29.00	DOMICILIATION	5,000,000.00	PERFORMING
E AND O POWER AND EQUIPMENT LEASING	ODU'A GROUP	OVERDRAFT	Related Coy to a Principal Shareholder	ODUA GROUP	8 - May - 18	8 - May - 19	4,655,537.34	23.00	DOMICILIATION	10,000,000.00	PERFORMING
NURUDEEN ADEYEMO FAGBENRO	EX - DIRECTOR	TERM LOAN	Ex - Director	NURUDEEN ADEYEMO FAGBENRO	8 - Sep - 15	8 - Sep - 19	1,100,822.99	22.00	BILL OF SALE	5,000,000.00	PERFORMING
FOLLY - YEM ALLIED SERVICES LIMITED	GENERAL MANAGER	TERM LOAN	Related Coy to a Mgt Staff	OLUWOLE AJIMISINMI	10 - May - 17	31 - Oct - 19	1,082,913.84	30.00	BILL OF SALE - VEHICLES	5,208,000.00	PERFORMING
SAMUEL OLADIPUPO DUROJAYE	SERVING DIRECTOR	OVERDRAFT	Serving Director	SAMUEL DUROJAIYE	2 - Jul - 18	31 - Aug - 19	882,135.99	2.50	LEGAL MORTGAGE	10,000,000.00	PERFORMING
SAMUEL OLADIPUPO DUROJAYE	SERVING DIRECTOR	OVERDRAFT	Serving Director	SAMUEL DUROJAIYE	2 - Jul - 18	31 - Aug - 19	713,640.20	2.50	LEGAL MORTGAGE	10,000,000.00	PERFORMING
ADEBODE AD EFIOYE	SERVING DIRECTOR	OVERDRAFT	Serving Director	ADEBODE ADEFIOYE	2 - Jul - 18	31 - Aug - 19	548,866.94	2.50	LEGAL MORTGAGE	50,000,000.00	PERFORMING
WEMABOD ESTATES LTD ACC 1	ODU'A GROUP	TERM LOAN	Related Coy to a Principal Shareholder	ODUA GROUP	6 - Jan - 17	6 - Jan - 19	430,865.80	25.00	LEGAL MORTGAGE	2,000,000,000.00	PERFORMING
OLUWOLE STEPHEN AKINLEYE	SERVING DIRECTOR	OVERDRAFT	Serving Director	OLUWOLE AKINLEYE	21 - Apr - 16	30 - Apr - 19	292,186.63	2.50	DOMICILIATION	1,500,000.00	PERFORMING
ADEMOLA A ADEBISE	SERVING DIRECTOR	OVERDRAFT	Serving Director	ADEMOLA ABIMBOLA ADEBISE	6 - Jul - 16	19 - Apr - 19	81,598.98	2.50	DOMICILIATION	3,750,000.00	PERFORMING
ABOLANLE ABOSEDE MATEL-OKOH	SERVING DIRECTOR	OVERDRAFT	Serving Director	ABOLANLE ABOSEDE MATEL - OKOH	6 - Mar - 15	28 - Feb - 19	24,281.42	2.50	DOMICILIATION	5,000,000.00	PERFORMING

Interest rates charged on balances outstanding are rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate, equities and other assets of the respective borrowers. Impairment losses of N42,584,580.16 (2017- N40,452,304.79) have been recorded against balances outstanding during the period with key management personnel and their immediate relatives at the year end.

Transactions with other related parties	Relationship	Loans ₦'Million	Deposits ₦'Million	31-Dec-18 Receive ₦'Million	Paid ₦'Million
Petrolex Oil & Gas Limited	Related to a Principal Shareholder	2,688	272	645	46
Leasing Partners Limited	Related to a Serving Director	1,737	-	417	0
Applemark Nigeria Limited	Related to a Serving Director	120	-	29	0
Spectrun Ventures Limited	Related to a Serving Director	69		17	0
ODUA Invstment Company Limited	Pricnipal Shareholder	28	-	7	0
Folly-Yem Allied Services Limited	Related Company to a Mgt. Staff	13	-	3	0
Premier Hotel	Related to a Principal Shareholder	8	-	2	0
E and O Power and Equipment Leasing	Related to a Principal Shareholder	5	-	1	0
WEMABOD Estates Limited	Related to a Principal Shareholder	1,180	187	283	32

Transactions with other related parties		Loans ₦'Million	Deposits ₦'Million	31 Dec 17 Interest Receive ₦'Million	Interest Paid ₦'Million
Leasing Partners Limited	Related to a Serving Director	1,901	-	578	-
Applemark Nigeria Limited	Related to a Serving Director	279	1.2	58	-
Wemabod Estates	Related to a Principal Shareholder	1,474	47	262	-
Petrolex Oil & Gas Limited	Related to a Principal Shareholder	2,642	594	517	-
GTI Microfinance Bank Ltd	Related to a Principal Shareholder	-	4,991	-	-

33 Contraventions

The bank contravened the following legislations during the year and paid penalties to the tune of N8,800,000.00:

In thousands of Nigeria Naira

Particular Nature of contravention

Particular	Nature of contravention	Penalties
CBN	Penalty on Foreign Exchange Examination	2,000
CBN	Penalty on Consumer Protection Compliance	2,000
CBN	Penalty On 2017 annual report and financial statements	4,000
NSE	Penalty on late filing of 2017 annual report and financial statements	800
TOTAL		**8,800**

34 Events after reporting period

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

Risk Overview

Enterprise risk management

Enterprise risk management in Wema Bank includes the methods and processes used by the Bank to manage risks and seize opportunities related to the achievement of set objectives. It also provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to the bank's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress. By identifying and proactively addressing risks and opportunities, the Bank protects and creates value for their stakeholders, including owners, employees, customers, regulators, and society overall.

The Bank's Enterprise Risk Management (ERM) framework is integrated with its Governance and Compliance framework. Effective Governance ensures that Risks are understood, managed and communicated in an appropriate manner. Ultimately, the purpose of the Bank's Enterprise Risk Management functions is to identify, measure, evaluate, monitor, report and control all material risks on a timely basis and to assess the adequacy of our capital and liquidity in relation to our risk profile and market/macroeconomic conditions.

The Board, either directly or acting through its committees sets the risk appetite of the Bank. The Board sets this risk appetite taking into cognizance our strategic objectives and the risks that the organization is willing to assume in the pursuit of these objectives. At all points, the Board is acutely aware of the fact that while risk appetites and tolerance levels are set individually for various risks, there is a strong correlation amongst several risks and often these risks reinforce each other. The Bank's policies and processes are aligned with our risk management strategy and established risk appetite.

Our employees are encouraged to monitor, assess, report and actively manage risks within their operational spheres. Comprehensive risk registers are maintained and an annual review is undertaken of all business units and process through the Risk and Control Self-Assessment exercise (RCSA). A culture of personal accountability and integrity is encouraged throughout the organization and employees are encouraged to report observed wrong doings anonymously through dedicated whistleblowing channels. Regular training in all aspects of our risk culture helps to reinforce expected behavior.

Risks are identified and documented through the Bank's risk map process which sets out the Bank's risk profile in relation to key risk categories in its component business units. Identified risks are regularly assessed through the bank's risk appetite framework, stress testing process and in terms of emerging risks. Using the Basel II Pillar 1 framework, our Credit, Operational and Market risks are regularly measured and monitored. Other Pillar 2 risks are measured and provided for through our Internal Capital Adequacy Assessment Process (ICAAP).

Risk management framework and governance

The Bank's activities and processes involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Bank's attitude to risk.

We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions. Our annual risk cycle is designed to give management relevant and timely information from which trends can be observed and evaluated.

The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people. The Bank adopts a holistic view of in the assessment and management all major risks. We remain vigilant regarding both known and emerging risks and ensure that we are strong enough to withstand any exogenous shocks. Our board risk committees play a critical role in providing oversight of risk management and ensuring that our risk appetite, risk culture and risk profile are consistent with and support our strategy to deliver long-term and sustainable growth.

The management of risk is evolving and necessitate a regular review of the effectiveness of each enterprise risk management component. It is in the light of this that the Bank's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in the following ways:

- Through continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit;
- And through independent evaluation by external auditors, examiners and consultants.

Wema Bank runs an automated approach to managing, communicating, and implementing enterprise risk management policies and procedures across the Bank. This provides an integrated and dynamic platform for documenting and analysing risks, developing mitigation plans, defining controls, and managing continuous risk assessments. It provides clear visibility on key risk indicators, assessment results, and compliance initiatives. We believe that understanding and managing our risks and continuously improving our controls are central to the delivery of our strategic objectives.

Balancing Risk and Return

Striking a balance between risk and return aims to minimize the downside, while optimizing the upside with a view to enhance shareholders' values, and transmit confidence to our other capital providers and clients, as well as ensure the overall sustainability of our business. Every business activity requires the Bank to put capital at risk in exchange for the possibility of earning a return. In some activities, the level of return is quite predictable, whereas in others it can vary over a very wide spectrum, ranging from loss to profit.

Our objective of balancing risk, return and capital has led us to enhance substantially our risk management methodologies, to be able to identify threats, uncertainties and opportunities and in turn develop mitigation and management strategies to achieve a desired outcome.

Enterprise-wide Scenario and Stress Testing

We use robust and appropriate scenario stress testing to assess the potential impact on the Group's capital adequacy and strategic plans. Our stress testing and scenario analysis programme is central to the monitoring of strategic and potential risks. It highlights the vulnerabilities.

The Bank has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- market risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk and the Bank's management of capital

Enterprise risk management report

In the course of the financial year ended 31 December, 2018, 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.

The Enterprise Risk Management Division has enhanced its staff compliments 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's Enterprise Risk Management comprises five (5) functional departments, namely:

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

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);

Credit Risk Management

Overview

Credit risk refers to the probability of loss due to a borrower's failure to make payments on any type of debt. Credit risk management is the practice of mitigating losses by understanding the adequacy of a bank's capital and loan loss reserves at any given time.

The credit risk management of the Bank is mainly concerned with generation of profits, which are commensurate with the risks being undertaken to meet the Bank's target returns on assets and investment.

The credit risk management functions of the Bank involve credit analysis and credit quality assurance process principally to identify and mitigate the risks inherent in the system. Secondly, it involves credit administration and loan review to ensure that the quality of the aggregate risk asset portfolio is not compromised from disbursement to full payback.

Credit risk management helps to guide lending officers in balancing the quality and quantity of the loan portfolio of the bank to achieve earnings objectives while also meeting appropriate credit needs, maintaining proper credit standards, holding risk to reasonable limits, minimizing losses, evaluating new business opportunities, adjusting to changes in the regulatory environment and providing adequate liquidity.

The Bank's credit risk management objective is to enable us have a high quality and well diversified risk asset portfolio, which will:

- Generate profits which are commensurate with the risks and meet the bank's target Return on Assets;
- Enable the Bank to identify potential problem risk assets thus keeping non-performing assets and charge-offs to the barest possible;
- Adhere (as much as practicable) to directives concerning exposure to industries/sectors identified to be strategic.

To achieve these objectives, the Bank does the following:

- Identify target markets
- Determine its risk appetite and appropriate returns;
- Structure and develop products that will meet clients' requirements but with minimal risk to the bank;
- Manage the risk asset portfolio effectively and efficiently.

In Wema Bank, credit risk management is guided by the following;

Trust and integrity

Individuals and companies place their funds with us trusting our integrity in managing these funds. This integrity flows through everything the Bank does. Any break in the chain of "continuous integrity, no matter how small and no matter where; will eventually lead to the decline of the Bank - if it is not checked." The Bank will not take any action that may compromise its integrity.

It is easy to forget the importance of integrity. In credit functions, you are far removed from the depositors who have entrusted their money to you. As the funds you lend come from so many sources, you often feel no specific responsibility. As Bankers, we make conscious efforts to continuously strengthen our integrity. The name; Wema Bank is a constant reminder of this need.

Two examples of the application of the integrity principle are, avoiding conflicts of interest (for instance loans to the Bank's auditors) and complying with Government regulations.

Understanding risk

The bank's main activity is to manage risk. Risk, simply defined, is the variability of possible outcomes. For every transaction, you must learn to identify and optimize returns from all risks undertaken. Risk in this sense is an opportunity once fully understood.

One method is to think through the transaction step by step. At each point ask what could go wrong and how can I:

- Alert myself to the event.
- Identify inherent risks and minimize unwanted risks/outcomes.
- Optimize returns from risks undertaken.

It is this principle that guides us to always have at least two separate ways out of a loan.

Matching risk and return

For every risk the Bank takes we must have a matching return for taking that risk. All too often we take the interest and fees we charge as fixed and simply apply our efforts to structuring a credit. In many instances the return on the credit is far too low for the risk of lending. For instance, a 10% profit margin on a loan is a small compensation for losing the whole loan. It would take the profit of 10 good loans just to break even. In this situation, our success rate must be over 90% of all loans.

However, in special cases we might decide to have an exposure to a company at a low return with the expectation of getting other business accounts which will improve our profitability from the relationship.

Delinquent loans are costly to manage. From experience a bad loan takes more than ten times as much management effort as a good loan. For every bad loan, the opportunity cost in lost income from other activities is very high. Bad loans are a major drag on a bank's efficiency.

Independent verification

A guiding principle of credit is that all information should be independently verified. This may involve an external expert or a skilled member of staff. Independently verified information helps to reduce risk considerably.

An important aspect of independent verification is the separation of controls. For instance, the person who prepares a credit should not be the one who approves it.

Complying with government regulations

A key principle of credit policy is that the bank will always comply with all government regulations. This principle is based on several factors. The bank operates under a license. The terms of the license call for compliance with government regulations. By not complying, we not only breach our contract with the authorities, we also risk losing our license or incurring penalties.

Also, if we assume that government regulations are in the best interest of the country, then we work against this interest when we break them. If we break regulations and this information reaches the market, then our reputation will be diminished. The fall in reputation could result in lost business and reduced profit. Considering all the negative results of breaking regulations, we are much better off complying with them.

Credit risk policies

The following are the principal credit policies of the Bank:

Target market & client focus policy

Establishing a target market and focusing on clients forms the basis of a strong business and credit relationships. We do not intend to meet all the finance needs of all customers. We shall thus focus our efforts on target markets specifically chosen by us after detailed studies.

The target markets are the industries a credit team concentrates its marketing efforts on. Client focus identifies the specific customers within that target market for whom we wish to be the primary Bank. Lending to these customers will be dependent on their meeting our Risk Acceptance Criteria (RAC).

Building a profitable, high quality credit portfolio should be the key aim of every Account Officer. A good Account Officer is not one that aims at winning and retaining any client at all costs but the one that learns to say "no' not just to low quality credit proposals but also to those credit requests that do not fit into our corporate strategy.

Credit concentration risk policy

Credit concentration risk refers to any single exposure or group of exposures with the potential to result in large losses which may impair the Bank's earnings or capital because of significant credit risk events affecting the single obligor or group of obligors with similar business or risk profile.

Credit concentration

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

Administrative and Support Service Activities	180,965
Agriculture, Forestry and Fishing	9,039,217
Arts, Entertainment and Recreation	187,357
Capital Market	2,418,413
Construction	38,452,340
Education	1,947,375
Finance and Insurance	2,472,873
General	17,962,243
General Commerce	42,141,307
Government	12,079,134
Human Health and Social Work Activities	325,535
Information and Communication	363,311
Manufacturing	10,719,580
Oil and Gas	52,472,373
Power and Energy	15,216,560
Professional, Scientific and Technical Activities	15,162,918
Real Estate Activities	26,279,014
Transportation and Storage	13,037,967
Water Supply; Sewage, Waste Mgt	1,125,239
And Remedial	**261,583,722**

Responsibilities of business and credit risk management

In Wema Bank, Business units and Credit Risk Management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR using approved methodologies as set out in the Bank's policy, however Credit Risk Management will validate such ratings.

Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current. In Wema Bank, Credit Risk Management has the final authority if there is a question about a specific rating.
Credit process

Wema Bank's credit process starts with target market identification and portfolio planning. Credit requests are initiated by the Strategic Business Units, and the credit requests are subjected to review and approvals by applicable credit approving authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.

Monitoring of facilities is undertaken by both the Strategic Business Units and the Bank's Loan Review and Monitoring Department. The process is centralized.

Credit risk rating policy

A risk rating is a grade given to a loan (or a group of loans), reflecting its quality. Risk ratings are usually in numbers. For instance, risk ratings range from AAA to D, where AAA represents a loan of highest quality and D represents a loan of lowest quality. Risk classifications are in form of interpretation such as Extremely Low Risk, Average Risk, High Risk, Substandard or Lost. In many cases both ways of assessing risks are used together.

As the Bank manages a large number of loans, by giving each one a grade or risks rating, a number of processes can be performed more effectively.

Risk rating methodology and process

The credit rating of the obligors plays a vital role in final credit decisions as well as in the terms offered for successful loan applications. Wema Bank employs a robust credit rating system in the determination of the Obligor and inherent risks and thus allows the bank to maintain its asset quality at a desired level.

As the Bank manages a large number of loans, by giving each one a grade or risks rating, a number of processes can be performed more effectively. These processes include:

1. Measuring the riskiness of the total portfolio of loans (for instance a weighted average).
2. Monitoring the trend in the quality of loans (for instance from January to December average risk rating fell 2 points from B to CC).
3. Establishing guidelines for Risk Based Pricing (e.g. Rating A may be priced as prime while Rating C may be priced at prime + 3%).
4. Providing performance measures (for instance, recognition could be given to the team with the lowest average risk rating).
5. Providing criteria for taking action on loans (for instance all loans of risk rating CCC will be mentioned at MCC to ensure they do not deteriorate further).
6. Providing early warning signals, which lead to early detection of problems and opportunity for remedy.

Once established, a risk rating system can have many benefits. However, to be effective, the rating process must be credible, consistent, reliable, objective and efficient.

Risk rating metrics

The Bank's Risk Rating scale is detailed below:

RISK CLASSIFICATION	RISK GRADE	RISK WEIGHT
Extremely Low Risk	AAA	9.0 - 10.0
Very Low Risk	AA	8.0 - 8.9
Low Risk	A	7.0 - 7.9
Above Average Risk	BBB	6.0 - 6.9
Average Risk	BB	5.5 - 5.9
Below Average Risk	B	5.0 - 5.4
High Risk/ Watchlist	CCC	4.5 - 4.9
Very High Risk/ Substandard	CC	4.0 - 4.4
Extremely High Risk/Doubtful	C	3.5 - 3.9
Bad and Lost	D	Below 3.5

Credit risk rating models in Wema Bank

The following are the credit risk rating models deployed by the Bank.

Obligor Risk Rating Models have been developed for:

1. Retail exposures
2. Commercial exposures
3. Corporate exposures

Facility Risk Rating Models have been developed for:

1. Probability of Default
2. Loss Given Default
3. Exposure at Default

Credit approval and lending authorities

The key objective of Wema Bank lending is to make profits. In making a credit decision a Relationship Manager must have sufficient information to evaluate a potential borrower's character, collateral, capital and capacity. They must also understand the external conditions, which will affect the borrower's ability to meet their financial obligations. To ensure that decisions to lend are made at levels that reflect the size and complexity of the loans, different loan amounts fall under special approval authorities. The proper lending authority must approve all facilities, loans and commitments to all clients.

The lending authority in the Bank shall flow through the management hierarchy with the final authority residing in the Board of Directors.

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
Board	Above N1.5 billion
Board Credit Committee	N1.5 billion
Management Credit Committee	N500 million
Managing Director	N150 million

Some other specific control and mitigation measures are outlined below:

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% of the Forced Sale Value (FSV) of all 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 loans and advances include:

i. Mortgages over residential properties;
ii. Charges over business assets such as premises, inventory and accounts receivable;
iii. Charges over financial instruments such as debt securities and equities.
iv. Cash

Longer-term finance and lending to corporate entities as well as individuals are generally secured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset- backed securities and similar instruments, which are secured by portfolios of financial instruments.

Details of collateral pledged by customers against the carrying amount of loans and advances as at December 31, 2018 are as follows:

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Against individually impaired	329,813,566	279,678,984	329,813,566	279,678,984
Against collectively impaired	133,439,253	88,983,354	133,439,253	88,983,354
Total	**463,252,819**	**368,662,338**	**463,252,819**	**368,662,338**
Against individually impaired:				
Property	153,430,419	132,983,490	153,430,419	132,983,490
Equities	92,011,493	62,433,813	92,011,493	62,433,813
Cash	1,000,000	6,850,000	1,000,000	6,850,000
Debenture on stock and companies' assets	83,371,653	77,411,681	83,371,653	77,411,681
	329,813,566	**279,678,984**	**329,813,566**	**279,678,984**
Against collectively impaired:				
Property	54,945,851	38,320,196	54,945,851	38,320,196
Equities	45,848,460	32,819,681	45,848,460	32,819,681
Cash	2,497,389	1,409,736	2,497,389	1,409,736
Debenture on stock and companies' assets	30,147,553	16,433,741	30,147,553	16,433,741
	133,439,253	**88,983,354**	**133,439,253**	**88,983,354**

Assets obtained by taking possession of collateral	**Year ended 2018 NGN**	**Year ended 2017 NGN**
Property	1,258,425,000	3,500,000
Other	369,541,789	-
Total assets obtained by taking possession of collateral	1,627,966,789	3,500,000

Master netting 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.

Group

31-Dec-18	**Loans and advances to customers**	**Investment securities**	**Pledged assets**	**Trading assets**	**Cash and cash equivalents (Placements)**
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	252,189,613	59,163,918	20,583,433	11,708,530	18,144,752
Corporate					
Agriculture, forestry and fishing	8,083,066				
Capital markets	2,413,087				
Construction	37,323,771				
Education	1,896,048				
Finance and insurance	2,445,363				18,144,752
General	16,101,653				
General commerce	40,316,459				
Governments	12,076,889	57,819,820	20,583,433	11,708,530	
Manufacturing	10,501,059				
Oil and gas	52,052,127				
Power and energy	15,040,601				
Professional, scientific and technical activities	14,346,536				
Real estate activities	24,194,711				
Transportation and storage	12,759,999				
Mortgage	494,187				
Others	2,144,057	1,344,098			
	252,189,613	**59,163,918**	**20,583,433**	**11,708,530**	**18,144,752**
Concentration by location: Nigeria	**252,189,613**	**59,163,918**	**20,583,433**	**11,708,530**	**18,144,752**

Group

31 December 2017	**Loans and advances to customers**	**Investment securities**	**Pledged assets**	**Trading assets**	**Cash and cash equivalents (Placements)**
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	215,840,031	34,463,339	25,420,137	10,003,842	1,230,409
Corporate					
Agriculture, forestry and fishing	4,313,762				
Capital markets	2,434,012				
Construction	35,292,182				
Education	2,485,737				
Finance and insurance	1,695,730				1,230,409
General	20,378,947				
General commerce	23,154,402				
Governments	12,733,482	32,567,809	25,420,137	10,003,842	
Manufacturing	8,097,432				
Oil and gas	43,197,819				
Power and energy	11,715,870				
Professional, scientific and technical activities	10,845,480				
Real estate activities	26,572,020				
Transportation and storage	12,290,882				
Others	632,274	1,895,530			
	215,840,031	**34,463,339**	**25,420,137**	**10,003,842**	**1,230,409**
Concentration by location: Nigeria	**215,840,031**	**34,463,339**	**25,420,137**	**10,003,842**	**1,230,409**

Bank

31-Dec-18	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	252,189,613	48,268,261	20,583,433	11,708,530	18,144,752
Agriculture, forestry and fishing	8,083,066				
Capital markets	2,413,087				
Construction	37,323,771				
Education	1,896,048				
Finance and insurance	2,445,363				18,144,752
General	16,101,653				
General commerce	40,316,459				
Governments	12,076,889	46,924,163	25,420,137	10,003,842	
Manufacturing	10,501,059				
Oil and gas	52,052,127				
Power and energy	15,040,601				
Professional, scientific and technical activities	14,346,536				
Real estate activities	24,194,711				
Transportation and storage	12,759,999				
Mortgage					
Others	2,144,057	1,344,098			
	252,189,613	**48,268,261**	**25,420,137**	**10,003,842**	**18,144,752**
Concentration by location: Nigeria	**252,189,613**	**48,268,261**	**25,420,137**	**10,003,842**	**18,144,752**

Bank **31 December 2017**	Loans and advances to customers	Investment securities	Pledged assets	Trading assets	Cash and cash equivalents (Placements)
In thousands of Nigerian					
Carrying amount, net of allowance for impairment	215,840,031	31,643,757	25,420,137	10,003,842	1,230,409
Corporate					
Agriculture, forestry and fishing	4,313,762				
Capital markets	2,434,012				
Construction	35,292,182				
Education	2,485,737				
Finance and insurance	1,695,730				1,230,409
General	20,378,947				
General commerce	23,154,402				
Governments	12,733,482	29,747,227	25,420,137	10,003,842	
Manufacturing	8,097,432				
Oil and gas	43,197,819				
Power and energy					
Professional, scientific and technical activities	10,845,480				
Real estate activities	26,572,020				
Transportation and storage	12,290,882				
Others	632,274	1,896,530			
	215,840,031	**31,643,757**	**25,420,137**	**10,003,842**	**1,230,409**
Concentration by location: Nigeria	**215,840,031**	**31,643,757**	**25,420,137**	**10,003,842**	**1,230,409**

Credit definitions

(i) Impaired loans and investment securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). These are loans and securities specifically impaired and are graded CC, C and D in the Bank's internal credit risk grading system.

(ii) Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

All loans and advances are categorised as either:

- Collectively impaired
- Individually impaired

The impairment allowance includes allowances against financial assets that have been individually impaired and those subjects to collective impairment.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by Wema Bank Plc.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note (a) for a description of how Wema Bank Plc determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note (b) for a description of how Wema Bank Plc defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note (b) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note (b) includes an explanation of how Wema Bank Plc has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).
- Further explanation is also provided of how Wema Bank Plc determines appropriate groupings when ECL is measured on a collective basis.

The following summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(initial recognition) 12 month expected credit losses	(Significant increase in credit risk since initial recognition) Lifetime expected credit losses	(Credit-impaired assets) Lifetime expected credit losses

(a) Significant increase in credit risk

The CBN Risk Management Guidelines prescribes quantitative and qualitative criteria for the identification of significant activities and sets a threshold of contributions for determining significant activities in the Bank.

This practice is essentially to drive the risk control focus of financial institutions.

Wema Bank applies a mix of qualitative and quantitative techniques in the determination of its significant activities under prescribed broad headings. The criteria used in estimating the materiality of each activity is essentially based on the following:

a. The strategic importance of the sector;
b. The contribution of the sector to the total assets of the Bank;
c. The net income of the sector; and
d. The risk inherent in the sector.

Forward transitions: Credit Ratings

Wema Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Notch differences between the current rating grade and initial rating grade can be indicative of significant increase in credit risks

The Bank specifies the number of notch increases that will be viewed as a significant increase in credit risk since origination. This number is specified separately for both low and high risk accounts. The split between low and high risk accounts is also specified by the Bank. Assuming the account is currently classified as Stage 1, if the current credit rating increases by more notches than the specified number since origination, the account is classified as Stage 2.

In addition, if the accounts current credit rating is worse than the default credit rating indicator, also specified by the Bank, the account is classified as Stage 3."

These credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposure	Retail exposures	All exposures
Information obtained during periodic review of customer files — e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes	Internally collected data on customer behaviour — e.g. utilisation of credit card facilities	Payment record —this includes overdue status as well as a range of variables about payment ratios
·Data from credit reference agencies, press articles, changes in external credit ratings	·Affordability metrics	·Utilisation of the granted limit
Quoted bond and credit default swap (CDS) prices for the borrower where available	External data from credit reference agencies including industry-standard credit scores	Requests for and granting of forbearance
Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities		·Existing and forecast changes in business, financial and economic conditions

(b) Definition of default

WEMA Bank Plc considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by Wema Bank Plc and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout Wema Bank Plc 's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-paired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts Wema Bank Plc expects to be owed at the time of default, over the next 12 months (12M EAD or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, Wema Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents Wema Bank's expectation of the extent of loss on a defaulted exposure. LGD varies bytype of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as apercentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early epayment/refinance assumptions are also incorporated into the calculation.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of Wema Bank 's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note 3.1.2.4 for an explanation of forward- looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. WEMA Bank Plc has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by WEMA Bank Plc's Economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, WEMA Bank Plc also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see note 3.1.2.1). This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, WEMA Bank measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. WEMA Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within WEMA Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2018 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		2018	2019	2020	2021	2022
Prime Lending Rate (%)	Best	335.44	364.26	393.07	421.89	450.70
	Optimistic	318.67	346.04	373.42	400.79	428.17
	Downturn	352.21	382.47	412.73	442.98	473.24
Oil Exports ($'m)	Best	14.44	15.12	15.80	16.48	17.16
	Optimistic	13.72	14.36	15.01	15.66	16.31
	Downturn	15.1615	15.8768	16.5921	17.3073	18.0226
Real GDP Growth rate (%)	Best	0.66%	-0.30%	-0.62%	-1.26%	-1.90%
	Optimistic	3.66%	3.02%	2.38%	1.74%	1.10%
	Downturn	-2.34%	-2.98%	-3.62%	-4.26%	-4.90%

Sensitivity analysis

The most significant assumptions affecting the ECL allowance are as follows

(i) Prime lending rate, given its impact on the general rate of borrowing.
(ii) Oil Exports, given the amount of income and expected cash flows in the books of the counterparty and its ability to pay back the loans.
(iii) Real GDP Growth Rate: given on the overall outlook of the economy

Set out below are the changes to the ECL as at 31 December 2018 that would result from reasonably possible changes in these parameters from the actual assumptions used in WEMA bank's economic variable assumptions (for example, the impact on ECL of increasing the estimated prime lending rate, Oil exports and real GDP growth rate by 1% in each of the base, optimistic and downturn scenarios):

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for WEMA Bank to be statistically credible. Where sufficient information is not available internally, WEMA Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

Retail – Groupings for collective measurement

- Loan to value ratio band
- Credit Rating band
- Product type (e.g. Residential/Buy to Let mortgage, Overdraft, Credit Card)
- Repayment type (e.g. Repayment/Interest only)

Corporate – Groupings for collective measurement

- Collateral type
- Credit Rating band

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

(c) Maximum exposure to credit risk – Financial instruments subject to impairment
For ECL purposes, the bank's financial asset is segmented into sub-portfolios are listed below:

- Retail loan Portfolio
- Corporate loan Portfolio
- Investment securities
- Placement with other banks
- Off balance sheet exposures

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents Wema Bank maximum exposure to credit risk on these assets.

Retail loan portfolio

			2018			2017
ECL staging						
	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Purchased credit-impaired**	**Total**	**Total**
	N'million	N'million	N'million	N'million	N'million	N'million
Credit grade						
Investment grade	5,516	-	1,258	-	6,774	5,592
Speculative grade	1,400	-	1,706	-	3,106	3,740
Gross carrying amount	**6,916**	**-**	**2,964**	**-**	**9,880**	**9,332**
Loss allowance	147	-	2,486	-	2,634	1,930
Carrying amount	**6,768**	**-**	**478**	**-**	**7,246**	**7,402**

Corporate loan portfolio

			2018			2017
ECL staging						
	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Purchased credit - impaired**	**Total**	**Total**
	N'million	N'million	N'million	N'million	N'million	N'million
Credit grade						
Investment grade	152,388	5,302	5,251	-	162,942	120,691
Speculative grade	69,646	14,217	4,900	-	88,762	90,053
Gross carrying amount	**222,034**	**19,519**	**10,152**	-	**251,704**	**210,744**
Loss allowance	1,410	93	5,212	-	6,715	4,891
Carrying amount	**220,624**	**19,426**	**4,940**	-	**244,989**	**205,853**

ECL staging	Investment Securities					
					2018	2017
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit - impaired	Total	Total
	N'million	N'million	N'million	N'million	N'million	N'million
Credit grade						
Investment grade	79,511	-	-	-	79,511	63,628
Speculative grade	701	-	1,344	-	2,045	3,432
Gross carrying amount	**80,212**	**-**	**1,344**	**-**	**81,556**	**67,060**
Loss allowance	174	-	68	-	242	242
Carrying amount	**80,038**	-	**1,276**	-	**81,314**	**66,818**

ECL staging	Placement					
					2018	2017
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit - impaired	Total	Total
	N'million	N'million	N'million	N'million	N'million	N'million
Credit grade						
Investment grade	18,180	-	-	-	18,180	1,230
Speculative grade	-	-	-	-	-	-
Gross carrying amount	**18,180**	**-**	**-**	**-**	**18,180**	**1,230**
Loss allowance	36	-	-	-	36	2
Carrying amount	**18,144**	-	**-**	-	**18,144**	**1,228**

(d) Collateral and other credit enhancements

Wema Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. Wema bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Wema Bank prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Margin agreement for derivatives, for which Wema Bank has also entered into master netting agreements;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

Wema Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by Wema Bank since the prior period.

Wema Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that Wema Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Credit-impaired assets	Gross exposure N'million	Impairment allowance N'million	Carrying amount N'million	Fair value of collateral held N'million
Loans to individuals:				
• Overdrafts	1,189	510	679	2,640
• Credit cards	156	54	101	786
• Lease	33	19	15	106
• Loans	8,008	2,025	5,983	17,327
• Mortgage	494	26	469	741
Loans to corporate entities:				
• Overdrafts	27,162	2,121	25,041	66,457
• Credit cards	12	1	11	53
• Lease	1,869	207	1,662	3,684
• Loans	222,662	4,386	218,276	371,459
• Mortgage	-	-	-	-
Total credit -impaired assets	**261,584**	**7,821**	**253,762**	**463,253**

The following table shows the distribution of LTV ratios for WEMA Bank's mortgage credit-impaired portfolio:

Mortgage portfolio – LTV distribution	Credit - impaired (Gross carrying amount)
Lower than 50%	-
50 to 60%	-
61 to 70%	-
71 to 80%	-
81 to 90%	-
91 to 100%	-
Higher than 100%	6.66
Total	**6.66**

(e) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or
- decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down")
- between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial
- instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular
- refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign Nrrencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off
- during the period (see note 3.1.5).

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss allowance - Loans and advances to customers at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased credit-impaired**	
	12-month ECL	Lifetime ECL	Lifetime ECL		Total
	N'million	N'million	N'million	N'million	N'million
Balance at 31 December 2017	-	-	-	-	4,236
IFRS 9 opening ECL adjustment	-	-	-	-	2,585
Loss allowance as at 1 January 2018	2,383	748	3,690	-	6,821
Movements with P& L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	2,525	-	-	-	2,525
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
FX and other movements	-	-	-	-	-
Total net P&L charge during the period	**4,908**	**748**	**3,690**	**-**	**9,346**
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2018	**4,908**	**748**	**3,690**		**9,346**

Loss allowance – Debt securities at amortised cost	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	N'million	N'million	N'million	N'million	N'million
Loss allowance as at 1 January 2018	**131**	**-**	**113**	**-**	**244**
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	80	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of d iscount(a)	-	-	-	-	-
FX and other movements					
Total net P&L charge during the period	**212**	**-**	**113**	**-**	**324**
Other movements with no P&L impact					
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the period	-	-	8	-	8
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2018	**212**	**-**	**104**	**-**	**316**

The total amount of undiscounted expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the year was nil.

The following table sets out the allocation of the carrying value of assets and liabilities subject to market risk between trading and non-trading portfolios

Group	At 31 December 2018			At 31st December 2017		
	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
	NGN	NGN	NGN	NGN	NGN	NGN
Assets subject to market risk						
Cash and cash equivalents	17,114,625	-	17,114,625	13,268,262	-	13,268,262
Cash and bank balances with Central Bank	64,917,626	-	64,917,626	34,124,579	-	34,124,579
Treasury Bills	32,046,745	-	32,046,745	6,554,749	-	6,554,749
Trading assets	11,708,530	11,708,530	-	10,003,842	10,003,842	0
Assets pledged as collateral	20,583,433	-	20,583,433	25,420,137	-	25,420,137
Loans and advances to banks	18,144,752	-	18,144,752	1,230,409	-	1,230,409
Loans and advances to customers	252,189,613	-	252,189,613	215,840,031	-	215,840,031
Investment securities	26,982,436	-	26,982,436	18,343,033	-	18,343,033
Other financial assets	-	-	-	-	-	0
	443,687,760	**11,708,530**	**434,042,086**	**324,785,042**	**10,003,842**	**314,781,200**
Derivative financial instruments						
Deposits from banks	-	-	-	26,575,260	-	26,575,260
Deposits from customers	369,199,768	-	369,199,768	254,460,881	-	254,460,881
Debt secrities issued	24,676,318	-	24,676,318	6,328,205	-	6,328,205
Other financial liabilities	33,614,271	-	33,614,271	40,822,928	-	40,822,928
	427,490,357	**-**	**427,490,357**	**301,612,014**	**-**	**301,612,014**

Market Risk Management

Overview

This is the risk arising from movements in interest rate, foreign exchange rates and prices of instruments in the money and capital markets which negatively affect the earning and capital of the financial institution.

Exposure to market risk

Exposure to market risk is separated into two portfolios:

- Trading portfolios comprise positions arising from market making.
- The models/tools used to measure and control traded market risk (interest rate and foreign exchange risk) include daily valuation of positions, limit monitoring, sensitivity analysis, value-at-risk, and stress testing analyses amongst others.
- Non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities, and non-traded financial instruments.
- The principal objective of market risk management of non-trading portfolios is to optimize net interest income.

Wema Bank is exposed to market risk arising from positions created in its trading and banking books. Where appropriate, we apply similar risk management policies and measurement techniques to both trading and non-trading portfolios.

One of the primary objectives of market risk management, as part of our independent risk function, is to ensure that our business units' risk exposure is within the approved appetite commensurate with its defined strategy. To achieve this objective, market risk management works closely with risk takers ("the business units") and other control and support groups.

Market risk governance

Market risk management governance is designed and established to promote oversight of all market risks, effective decision-making and timely escalation to senior management and board.

Market risk management defines and implements a framework to systematically identify, assess, monitor and report our market risk vulnerabilities. Market risk managers identify market risks through active portfolio analysis and engagement with the business areas.

Market risk is managed and controlled in Wema Bank through policies and limits approved by the Board (BRMC). These policies and limits ensure that risks faced across business activities and on aggregate basis are within the stipulated risk appetite of the Bank, while taking cognizance of regulatory constraints.

The specific limits are proposed by the Head, Market Risk Management through the Chief Risk Officer (CRO) and approved by the relevant management committees, and ultimately by the Board (BRMC).

The risk reporting framework involves presentation of reports to the Asset and Liability Committee (ALCO), Management Risk Committee (MRC) and Board Risk Management Committee (BRMC). The management committees receive periodic market risk reports and recommendations, while relevant reports are presented to the Board Risk Management Committee (BRMC) on a quarterly basis.

Exposures to market risks are managed through various metrics/models such as re-pricing gap, ratio, value at risk, earning at risk (EaR), economic value of equity (EVE), sensitivity and scenario analyses amongst others. Also, the Bank regularly conduct stress testing to monitor its vulnerability to very extreme, but plausible shocks.

In line with the CBN circular on Basel II/III capital framework, the Bank adopts the standardized approach for market risk regulatory capital requirement. Also, the Bank has put in place a detailed plan for the full implementation of Basel II/III framework with timelines for migration to more advance capital computation methods in the future.

Market risk measures

Monitoring and limiting market risk exposures

We aim to accurately measure all types of market risks by a comprehensive set of risk metrics reflecting economic and regulatory requirements.

Quantification of market risks is based on some internally developed key risk metrics/tools as well as regulatory defined market risk approaches.

Limits setting

Specific limits and triggers (regulatory and internal) have been set across the various market risk areas to prevent undue market risk exposures. Market risk management ensures that these limits and triggers are adhered to at all times by the Bank.

The following limits amongst others currently exist:

- Open position limits
- Interbank placement limits (DPLs):
- Management action triggers (MATs)
- Stop Loss limit
- Dealer limits
- Deal authorization limits
- Value-at-Risk limits

Mark-to-Market (MTM)

The mark-to-market technique establishes unrealized profit/loss by revaluing open traded positions at prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices. It is the Bank's policy to revalue all exposures under the traded market risk portfolio on daily basis. As a general guide, marking to market is performed independently of the trading unit.

Sensitivity analysis

Sensitivity analysis measures the impact of individual market factor movements on specific instruments or portfolios, including interest rates and foreign exchange rates, such as the effect of a one basis point change in yield. We use sensitivity measures to monitor the market risk positions within each risk type. Sensitivity limits are set for portfolios, products and risk types, with the depth of the market being a principal factor in determining the acceptable risk level.

Value at risk

Value at risk ('VaR') is a technique for estimating potential losses on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The use of VaR is integrated into market risk management and calculated for all trading positions. Where we do not calculate VaR explicitly, we use alternative tools as highlighted in the 'Stress testing' section below.

Our models are predominantly based on historical and parametric simulations which incorporate the following features:

- historical market rates and prices are calculated with reference to foreign exchange rates, interest rates, and the associated volatilities;
- potential market movements utilised for VaR are calculated with reference to data from at least the past five years; and
- VaR measures are calculated to a 99% confidence level and use a one-day holding period.

The nature of the VaR models means that an increase in observed market volatility will lead to an increase in VaR without any changes in the underlying positions.

VaR model limitations

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations. For example:

- use of historical data as a proxy for estimating future events may not encompass all potential events, particularly extreme ones;
- the use of a holding period assumes that all positions can be liquidated or the risks offset during that period, which may not fully reflect the market risk arising at times of severe illiquidity, when the holding period may be insufficient to liquidate or hedge all positions fully;
- the use of a 99% confidence level does not take into account losses that might occur beyond this level of confidence; and
- VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposures.

Risk factors are reviewed on a regular basis and incorporated directly in the VaR models, where possible.

Stress testing

Stress testing is an important procedure that is integrated into our market risk management framework to evaluate the potential impact on portfolio values of more extreme, although plausible, events or movements in a set of financial variables. In such scenarios, losses can be much greater than those predicted by VaR modelling. Scenarios are tailored to capture the relevant potential events or market movements for risk factors. The risk appetite around potential stress losses for the Bank is set and monitored. Market risk reverse stress tests are undertaken on the premise that there is a fixed loss. The stress testing process identifies which scenarios lead to this loss. The rationale behind the reverse stress test is to understand scenarios beyond normal business settings that could have contagion and systemic implications.

Stressed VaR and stress testing, together with reverse stress testing and the management of gap risk, provide management with insights regarding the 'tail risk' beyond VaR, for which Wema Bank's appetite is limited.

Back-testing

We routinely validate the accuracy of our VaR models by backtesting them against both actual and hypothetical profit and loss against the corresponding VaR numbers. Hypothetical profit and loss exclude non-modelled items such as fees, commissions and revenues of intra-day transactions. We would expect, on average, to see two or three losses in excess of VaR at the 99% confidence level over a one-year period. The actual number of losses in excess of VaR over this period can therefore be used to gauge how well the models are performing.

Structural foreign exchange exposures

Structural foreign exchange exposures represent net investments in currencies other than the Naira. Exchange differences on structural exposures are recognised in 'Other comprehensive income'. We use the Naira as our presentation currency in our consolidated financial statements. Our consolidated balance sheet is, therefore, affected by exchange differences between the Naira and all other currencies underlying our day to day operations. Our structural foreign exchange exposures are managed with the primary objective of ensuring, where practical, that our capital ratios are largely protected from the effect of changes in exchange rates.

Interest rate risk in the banking book

A major component of market risk exposures in the Bank is the interest rate in the banking book. Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates or yield curves. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books.

Measurement of interest rate risk in the banking book

Interest rate risk in the banking book is measured and controlled using three metrics:

- re-pricing gap analysis
- net interest income sensitivity; and
- economic value of equity.

Re-pricing gap analysis

This allows the Bank to maintain a positive or negative gap depending upon the forecast of interest rate trend. The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to anticipate increase net interest income, in line with market outlook.

Net interest income sensitivity

A principal part of our management of non-traded interest rate risk is to monitor the sensitivity of expected net interest income under varying interest rate scenarios (simulation modelling), where all other economic variables are held constant. Projected net interest income sensitivity figures represent the effect of the pro forma movements in projected yield curves based on a static balance sheet size and structure assumption, other than instances where the size of the balances or repricing is deemed interest rate sensitive (non-interest-bearing current account migration and fixed rate loan early prepayment). In reality, Wema Bank proactively seeks to change the interest rate risk profile to optimize net revenues.

Economic value of equity (EVE)

An economic value of equity ('EVE value') represents the present value of future banking book cash flows that could be distributed to equity providers under a managed run-off scenario. This represents the current book value of equity plus the present value of future net interest income under a managed run-off scenario. The present value of net interest income under a managed run-off and under any interest rate scenario can therefore be assessed by deducting the book value of equity from the EVE value calculated. An EVE sensitivity is the extent to which the EVE value will change due to a pre-specified movement in interest rates, where all other economic variables are held constant. The EVE sensitivity represents the sensitivity of discounted net interest income plus the sensitivity of the net present value of any transactions used to hedge the interest income earned on equity. If the EVE sensitivity is adjusted to remove the sensitivity in net present value of any transactions used to hedge the interest income earned on equity, the resulting adjusted EVE sensitivity represents the extent to which, under a managed run-off scenario, discounted net interest income is sensitive to a pre-specified movement in interest rates.

When assessing the sensitivity of economic value of equity to interest rate movements, the timing of principal cash flows can vary but the amount remains constant.

EVE can also be used for assessing the economic capital required to support interest rate risk in the banking book ('IRRBB'):

- Where EVE under any scenario is higher than the current balance sheet carrying value of equity, the banking book income stream is positive (i.e. profit) and therefore capital accretive under that scenario and no economic capital for IRRBB is required.
- Where EVE of any scenario is lower than the current balance sheet carrying value of equity, the banking book income stream is negative (i.e. loss) and therefore capital deductive under that scenario and economic capital for IRRBB should be held against this loss.

In thousands of Nigerian Naira **Sensitivity of projected net interest income**		**200bps parallel increase NGN**	**200bps parallel decrease NGN**
2018	Year ending 31 December	(2,318,068)	2,318,068
2017	Year ending 31 December	(1,782,835)	1,782,835

Liquidity Risk Management

Overview

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The objective of the Bank's liquidity risk management framework is to ensure that the Bank can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet.

Liquidity risk management framework

Liquidity risk management governance is designed and established to promote oversight of all liquidity risks, effective decision-making and timely escalation to senior management and board.

The Bank has an internal liquidity and funding risk management framework which aims to allow it to withstand very severe liquidity stresses. It is designed to be adaptable to changing business models, markets and regulations. The management of liquidity and funding is primarily undertaken by the Asset and Lability Management Committee (ALCO) in compliance with the Bank's policy and international best practices.

The Board defines the liquidity and funding risk strategy for the Bank, as well as the risk appetite, based on recommendations made by the Chief Risk Officer (CRO) through the Asset and Liability Management Committee (ALCO). At least annually, the Board approves the Bank's Liquidity Policy and Contingency Funding Plan, including establishing liquidity risk tolerance levels which are used by the Bank to measure and control liquidity risks, as well as our long-term funding plan.

Treasury is mandated to manage the overall liquidity and funding position of the Bank, with Market Risk acting as an independent control function, responsible for reviewing the liquidity risk framework, proposing the risk appetite through the Chief Risk Officer (CRO) and the validation of liquidity risk models which are used to measure and manage the Bank's liquidity risk profile.

Treasury manages liquidity and funding, in accordance with the Board-approved risk appetite across a range of relevant metrics and implements a number of tools to monitor these and ensure compliance. In addition, Treasury works closely in conjunction with Market Risk, and the business facing units, to analyze and understand the underlying liquidity characteristics of the business portfolios. These parties are engaged in regular and frequent dialogue to understand changes in the Bank's position arising from business activities and market circumstances. Dedicated business targets are allocated to ensure the Bank meets its overall liquidity and funding appetite.

The relevant management committees and Board is informed of performance against the risk appetite metrics via periodic Liquidity Scorecard. As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure that the plan is in compliance with our risk appetite.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

Quantifications

The Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

a) Funding and Liquidity plan;
b) Gap Analysis; and
c) Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and application of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The liquidity gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Bank monitors the 30-day and 1-year cumulative gaps as a +/- 20% and 10% of the total on/off balance sheet size.

The Gap Analysis tracks all contractual cash flows based on defined maturity buckets over a 12-month horizon. The Bank has implemented a set of approved limits to restrict the Bank's exposure to wholesale counterparties, which have historically shown to be the most susceptible to market stress.

Limit management and monitoring

The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators; where relevant information and data are compared against limits that have been established. The Bank's Treasury is responsible for maintaining sufficient liquidity by keeping optimal level of liquid assets and available funding for near-term liabilities. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors on a quarterly basis.

Contingency Funding Plan

The Bank has a contingency funding plan which incorporates early warning signals to monitor market conditions. The contingency funding plan covers the following considerations:

- available sources of secondary funding to supplement cash flow shortages
- the lead times to obtain such funding
- the roles and responsibilities of those involved in the contingency plans; and
- the communication and escalation plan when there are signs of deteriorating liquidity conditions.
  The Bank monitors its liquidity position and funding strategies on an ongoing basis, while recognizing that unexpected and/or unplanned events which could be company specific or systemic could cause either a short or long-term liquidity crisis. It reviews its Contingency Funding Plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Bank's Treasury in collaboration with Market Risk prepares a liquidity worksheet that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and adverse crisis situations. The worksheet is an integral component of the Contingency Funding Plan. Although it is unlikely that a funding crisis of any significant degree could materialize, we consider it important to evaluate this risk and formulate contingency plans should one occur.

Operational Risk Management

Introduction

Every organization, irrespective of its size or the sector of the economy it plays face internal and external factors and influences that make it uncertain whether and when the organizations business objectives will be achieved. According to the International Organization for Standardization (ISO), the effect this uncertainty has on an organization's objectives is "risk".

Organizations carry out various activities, in other to achieve various objectives. All these activities involve various risks and in diverse degrees. To achieve objectives the management of risk is inevitable, and this is usually done by identifying risk, analyzing risk and then evaluating whether the risk should be modified by risk treatment to satisfy their risk criteria. At every stage in this process, there is communication and consultation with stakeholders and monitoring and review of the risks and controls that are modifying the risk to ensure that no additional risk treatment is required.

Operational Risk Management

The Operational Risk management definition by the Basel Committee adopted by us at Wema Bank is, the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Operational risks are those risks arising from the execution of an institution's business functions; a broad concept with a key focus on the risks arising from people, process, systems and external events. There are inherent risks in all the Bank's products, activities, processes, and systems; and sound operational risk management reflects the effectiveness of the Board of Directors and Senior Management in administering its portfolio of products, activities, processes, and systems; creating value for all stakeholders and entrenching a competitive advantage for the Bank.

Operational Risk Management Philosophy

The Bank's operational risk management philosophy is driven by the following principles defined by the Basel Committee on Banking Supervision.

- The board of directors should take the lead in establishing a strong risk management culture.
- Banks should develop, implement and maintain a Framework that is fully integrated into the bank's overall risk management processes.
- The board of directors should establish, approve and periodically review the Framework.
- The board of directors should approve and review an operational risk appetite and tolerance statement the that articulates the nature, types, and levels of operational risk that the bank is willing to assume.
- Senior management should develop for approval by the board of directors a clear, effective and robust governance structure with well defined, transparent and consistent lines of responsibility.
- Senior management should ensure the identification and assessment of the operational risk inherent in all material products, activities, processes, and systems to make sure the inherent risks and incentives are well understood.
- Senior management should ensure that there is an approval process for all new products, activities, processes, and systems that fully assess operational risk.
- Senior management should implement a process to regularly monitor operational risk profiles and material exposures to losses.
- Banks should have a strong control environment that utilizes policies, processes and systems; appropriate internal controls; and appropriate risk mitigation and/or transfer strategies.
- Banks should have business resiliency and continuity plans in place to ensure an ability to operate on an ongoing basis and limit losses in the event of a severe business disruption
- A bank's public disclosures should allow stakeholders to assess its approach to operational risk management.

The adoption of these principles has helped Wema Bank create and drive a strategic and robust risk management culture which allows the achievement of greater sophistication and consistency in operational risk management.

Operational Risk Management Framework

The implementation of a process-driven framework ensures that all principal risks in the Bank are proactively identified, assessed, measured, adequately mitigated, monitored and reported to Senior Management to aid effective decision making.

The Framework clearly documents:

- Governance structures, including reporting lines and accountabilities;
- Operational risk management tools and how they are used;
- Operational risk profile, permissible thresholds or tolerances for inherent and residual risk, and approved risk mitigation strategies;
- Approach to establishing and monitoring thresholds or tolerances for inherent and residual risk exposure;
- Management risk reporting;
- Independent review and assessment of operational risk; and
- Revision of policies whenever a material change in the operational risk profile of the bank occurs.

Operational Risk Management Policies and Procedures

Operational risk management policies and procedures that clearly define the way in which all aspects of operational risk are managed are documented and communicated. These policies and procedures are aligned with the overall business strategy and support the continuous improvement of the risk management function.

- Wema Bank's Operational risk management policies and procedures address the process for review and approval of new products, activities, processes, and systems. The review and approval process consider:
- Inherent risks in the new product, service, or activity;
- Resulting changes to the bank's operational risk profile and appetite and tolerance, including the risk of existing products or activities;
- The necessary controls, risk management processes, and risk mitigation strategies;
- The residual risk;
- Changes to relevant risk limits;
- The procedures and metrics to measure, monitor, and manage the risk of the new product or activity; and
- Availability of the required human resources and technology infrastructure before the introduction of new products.

Operational Risk Exposure

Operational risk exposures are managed through a robust and consistent set of management processes that drives risk identification, assessment, control, reporting, and monitoring. This keeps operational risk at considerable levels relative to the nature of our businesses and the markets in which Wema Bank plays, our capital and liquidity, and the competitive, economic and regulatory environment. With the array controls, operational losses are inevitable. Our operational risk strategy seeks to minimize the impact that operational risk and losses can have on the bank.

The Bank's promotes operational risk management culture that reduces the probability of occurrence of expected events and cost implication by managing the risk profile and implementing loss prevention techniques to reduce erosion of the organization's earnings. Also, to minimize the impact of unexpected and catastrophic events and related costs through sound Business Continuity Management that will support the Bank's long-term growth. These are further being managed by

- Implementing global Standards into the operational risk management framework to ensure that we abide by global best practices in managing operational risks
- Frequently Increased monitoring and enhanced preventive/detective controls to manage risks associated with new technologies and new/emerging banking terrain;
- Promote a culture that strengthens internal security controls to prevent cyber/technologically related attacks;
- Improved controls and security to protect customers when using digital channels;
- Enhanced third-party risk management capability to enable the capability to enable the consistent risk assessment of any third-party service.

Operational Risk Management Tool

The following are some of the key tools adopted for managing operational risk in Wema Bank.

Business Process Mapping: Business process mappings identify the key steps in business processes, activities, and organizational functions. They also identify the key risk points in the overall business process. Process maps can reveal individual risks, risk interdependencies, and areas of control or risk management weakness.

Scenario Analysis: Scenario analysis is a process of obtaining expert opinion of business line and risk managers to identify potential operational risk events and assess their potential outcome.

Risk & Control Self-Assessment (RCSA): Risk & Control Self-Assessment (RCSA) is the process through which the likelihood (probability) of identified risks (inherent and residual) occurring and the impact in the event of occurrence are assessed. It enables process owners to develop a risk profile for their respective business/support functions and to assess the effectiveness of mitigating controls.

Key Risk Indicators (KRIs): Key Risk Indicators are metrics used to show changes in risk profile and are designed to monitor the development of significant risks. Key Risk Indicators are defined for high or medium risk area in each business/support unit as part of the Bank's approach to assessing operational risk and setting its risk appetite. Thresholds are also defined for each key risk indicator to serve as a proxy for risk appetite for each risk area and business/support unit.

Key Performance Indicators (KPIs): Key Performance Indicators are metrics used to define performance targets for business/support unit based on its goals and objectives and to monitor its progress towards achieving these targets.

Internal Loss Data Collection and Analysis: Internal operational loss data such as loss arising from fraud, forgeries, robbery, and system downtime provides meaningful information for assessing a bank's exposure to operational risk and the effectiveness of internal controls. Analysis of loss events provides insight into the causes of large losses and information on whether control failures are isolated or systematic.

Cybersecurity Risk Management

The safety and soundness of the financial industry require that banks operate in a safe and secure environment. Hence, the platform on which information is processed and transmitted must be adequately safeguarded to ensure the confidentiality, integrity, and availability of information as well as the avoidance of financial loss and reputation risk, amongst others.

In recent times, cybersecurity threats have increased in number and sophistication as information technology is used to expedite the flow of funds among entities. In this regard, threats such as ransomware, targeted phishing attacks and Advanced Persistent Threats (APT), have become prevalent; demanding that Banks remain resilient and take proactive steps to secure their critical information assets including customer information that are accessible from the cyberspace.

Cybersecurity risk associated with Cyber-attacks from external criminals or internally disgruntled employees. The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information.

An Information Security Office led by a Chief Information Security Officer (CISO) was established. The CISO is responsible for developing and implementing an information security program, which includes procedures and policies designed to protect enterprise communications, systems and information assets from both internal and external threats.

The bank officially got certified in the globally recognized Information Security and Information Technology Standards – ISO27001 (Information Security Management System) and ISO 20000 (IT Service Management Systems) in 2015 with the official certificate presentation in 2016. In line with the requirements for maintaining the certifications, which is to run a three-year cycle with two surveillance audits in the first two years and a full recertification Audit in the third year. Successful surveillance audits were conducted in 2016 and 2017 and the recertification Audit was successfully concluded on the 2nd of November 2018.

Business Continuity Management

In recent years several natural and man-made events have had a big effect on the financial industry, which has resulted in a rise in business continuity planning. By integrating business continuity management into an overall Enterprise Risk Management Framework, banks can ensure they are prepared for future challenges.

Wema Bank provides a governance framework for crisis management and orderly restoration of business activities upon the occurrence of an adverse event (e.g. a natural disaster or man-made disaster or technological failures).

The Bank promotes a culture that describes the methodologies to be used by the Business for risk assessment, risk analysis, risk mitigation, monitoring and reporting while providing for consistent program administration, senior management oversight with clearly defined roles and responsibilities. Sound business continuity management helps to:

- Ensure business continuity in a cost-effective manner
- Provide safety for staff in a crisis
- Provide a methodology for analyzing the business impacts of adverse events
- Comply with statutory and regulatory provisions.

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. Regular bank-wide awareness campaigns are also used to drive a business continuity culture in the bank.

Strategic Risk Management

An institutions ability to manage strategic risk is crucial to its survival and long-term development. Strategic risk management is primarily compared with how an institution relates itself to the environment it operates in, and the choices it makes in response to changes in the environment and on the deployment of capital and resources in ways that create a competitive advantage for the institution. The principle of sound strategic risk management in Wema Bank provides guidance for the identification, measurement, control, and monitoring of Strategic risk. The Bank's strategic Risk Management is entrenched as an integral part of the Enterprise Risk Management framework.

Strategic Risk Management Process in Wema Bank involves Board and senior management oversight over the formulation of a Strategic risk management process which includes:

- Sound Strategic planning process for formulating the institution's strategic goals and objectives, which is consistent with the corporate mission and values and for translating those goals and objectives into a well-structured strategic plan for delivery and measurement of desired outcomes
- Personnel, technology, funding, and capital resources allocated, and the priority assigned, to the implementation strategies are compatible
- The methods of communicating, implementing and modifying strategies
- Performance evaluation and feedback mechanism

The Strategic risk management process in Wema Bank include the following four key elements:

- Strategic Planning
- Alignment and Change management
- Implementation and Monitoring
- Performance evaluation and feedback

Strategic Risk Monitoring and Control

Strategic Risk Monitoring and Control is also critical in Wema bank which ensures conformity with policies from time to time. It involves a periodic review of the institution's strategic risk profile. The Institutions risk profile is being reviewed based on the following parameters:

- Compatibility of strategic decisions taken in relation to the Institution's long-term vision, mission, and values.
- Speed and effectiveness with which the bank can respond to changes
- Availability of resources to take care of strategic decisions
- Impact of strategic decision.

Strategic Risk Indicators (SRI) are collated regularly to give timely information to senior management and Board for the better decision taken.

Reputational Risk Management

Reputational risk is the potential that negative publicity regarding the Bank's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. Reputational risk can also result in liquidity constraints and significant depreciation in the bank's market capitalization. Wema Bank recognizes that strong reputational risk management is about maximizing our opportunities within the market and enhancing our competitive position. It is also about improving the way our customers, our shareholders and our employees perceive us.

Because we operate in a financial environment that is of high interest to various stakeholder and vulnerable to regulatory actions that may adversely impact its reputation.

Damage to the bank's reputation arising from Negative publicity may manifest itself in:

- Costly litigation and other remediation costs
- Regulatory sanctions
- A negative impact on employee morale, recruitment, and retention
- Reduction in share price, brand and shareholder value
- A decline in the customer base
- A measurable, negative impact on financial performance on a short- or long-term basis

- Constrained liquidity and higher funding costs

Reputational Risk Monitoring and Control

Efforts are always concerted to ensure that any event that can lead reputational issue from the bank promptly addresses and prevented in most cases. Reputational Risk Measurement Process entails:

- The actual (current) value of Reputational Risk Indicator (RRI) in comparison to the risk limit.
- The actual (current) value of the overall Reputational Risk Indicator (RRI) in comparison to the risk limit.

Reputational Risk Monitoring entails:

- Tracking Reputational Risk Indicators (RRIs)
- Recommending Management Actions
- Reporting RRI and/Proposed Management Actions
- The reputational risk monitoring program is aimed at ensuring that:
- Reputational risk exposures are adequately identified, assessed, measured and managed
- Reputational risk is managed in line with the framework

The reputational risk management framework is adequate and appropriate for managing reputational risks.

	As at Reporting Date	RSA constant and RSL increases by 1%	RSA and RSL increases by 1%	RSA increases by 2% and RSL increases by 1%	RSA increases by 3.5% and RSL increases by 1%
In thousands of Nigerian Naira					
Group 31-Dec-18					
Average for the year	6,785,346	6,584,252	6,119,205	7,272,730	7,226,750
Maximum for the year	8,810,950	8,636,524	7,991,869	9,458,494	9,378,522
Minimum for the year	5,643,451	5,399,698	5,058,381	6,027,912	5,984,074
Bank					
31-Dec-18					
Average for the year	6,737,719	6,538,036	6,642,438	6,746,839	6,903,441
Maximum for the year	8,749,106	8,575,904	8,675,227	8,774,551	8,958,947
Minimum for the year	5,603,839	5,361,797	5,490,907	5,592,034	5,716,359

	As at Reporting Date	RSA constant and RSL increases by 1%	RSA and RSL increases by 1%	RSA increases by 2% and RSL increases by 1%	RSA increases by 3.5% and RSL increases by 1%
In thousands of Nigerian Naira					
Group 31-Dec-17					
Average for the year	1,798,132	1,627,117	1,714,360	1,801,604	1,932,470
Maximum for the year	3,751,004	3,591,208	3,676,808	3,764,428	3,895,860
Minimum for the year	547,026	356,547	452,185	545,584	664,348
Bank					
31-Dec-17					
Average for the year	1,800,293	1,629,071	1,716,420	1,803,769	1,934,793
Maximum for the year	3,755,510	3,595,524	3,681,225	3,768,951	3,900,540
Minimum for the year	547,683	356,976	452,728	546,239	665,146

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. This measurement complies with the regulatory requirement guideline of the Central Bank of Nigeria.

The details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	Group		Bank	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
At the end of the year	34.64%	26.25%	34.64%	26.25%
Average for the year	34.87%	25.03%	34.87%	25.03%
Maximum for the year	38.14%	34.33%	38.14%	34.33%
Minimum for the year	30.87%	17.77%	30.87%	17.77%

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the

Residual contractual maturities of financial assets and liabilities

Group **31 December 2018** In thousands of Nigerian Naira	**Note**	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**5 years**	**More than 5 years**
Non-derivative assets:								
Cash and cash equivalents	15	42,086,047	42,086,047	42,086,047	-	-	-	-
Pledged assets	16	20,583,433	20,583,433	-	-	7,538,000	-	13,045,433
Non-pledged trading assets		11,708,530	11,708,530	-	-	11,708,530	-	-
Loans and advances to customers	18	252,189,613	252,189,613	103,965,964	31,072,750	24,706,089	71,786,071	23,060,035
Investment securities	17	59,407,029	59,407,029	21,922,700	116,332	22,162,823	1,085,372	14,119,802
		385,974,652	385,974,652	167,974,711	31,189,082	66,115,442	72,871,443	50,225,270
Non-derivative liabilities								
Deposits from banks	24	-	-	-	-	-	-	-
Deposits from customers	25	369,876,800	369,876,800	363,677,940	4,698,894	1,499,966	-	-
Other borrowed funds	28	53,862,523	53,862,523	7,673	-	332,142	15,767,979	37,754,728
Interest bearing financial liability	27	12,841,871	12,841,871	10,677,207	1,763,937	400,727	-	-
		436,581,194	436,581,194	374,362,821	6,462,831	2,232,835	15,767,979	37,754,728
Gap (asset -liabilities)		(50,606,542)	(50,606,542)	(206,388,110)	24,726,251	63,882,607	57,103,463	12,470,542
Cumulative liquidity gap				(206,388,110)	(181,661,859)	(117,779,252)	(60,675,789)	(48,205,247)

Residual contractual maturities of financial assets and liabilities

Bank 31 December 2018	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	6 -3 months	6 -12 months	5 years	More than 5 years
In thousands of Nigerian Naira								
Non - derivative assets:								
Cash and cash equivalents	15	42,086,047	42,086,047	42,086,047	-	-	-	-
Pledged assets	16	20,583,433	20,583,433	-	-	7,538,000	-	13,045,433
Non - pledged trading assets		11,708,530	11,708,530	-	-	11,708,530	-	-
Loans and advances to customers	18	252,189,613	252,189,613	103,965,964	31,072,750	24,706,089	71,786,071	23,060,035
Investment securities	17	48,511,372	48,511,372	21,922,700	116,332	11,267,167	1,085,372	14,119,802
		375,078,995	375,078,995	167,974,711	31,189,082	55,219,786	72,871,443	50,225,270
Non - derivative liabilities								
Deposits from banks	24	-	-	-	-	-	-	-
Deposits from customers	25	370,034,455	370,034,455	363,835,595	4,698,894	1,499,966	-	-
Other borrowed funds	28	42,855,033	42,855,033	7,673	-	332,142	15,767,979	26,747,238
Interest bearing financial liability	27	12,841,871	12,841,871	10,677,207	1,763,937	400,727	-	-
		425,731,359	425,731,359	374,520,476	6,462,831	2,232,835	15,767,979	26,747,238
Gap (asset - liabilities)		(50,562,364)	(50,562,364)	(206,545,765)	24,726,251	52,986,950	57,103,463	23,478,031
Cumulative liquidity gap				(206,545,765)	(181,819,513)	(128,832,563)	(71,729,100)	(48,251,069)

Group 31 December 2017 In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3 - 6 months	6 -12 months	5 years	More than 5 years
Non-derivative assets:								
Cash and cash equivalents	15	22,427,586	48,923,250	22,427,586	-	-	-	-
Pledged assets	16	25,420,137	25,420,137	1,404,006	7,651,117	-	-	16,365,014
Non - pledged trading assets		10,003,842	10,003,842	717,560	1,850,549	7,435,733		
Loans and advances to customers	18	215,840,031	215,840,031	74,234,177	11,462,410	27,755,517	82,639,245	19,748,682
Investment securities	17	34,463,339	34,463,339	2,869,410	15,996,752	944,568	1,687,913	12,964,697
		308,154,935	334,650,599	101,652,739	36,960,827	36,135,818	84,327,158	49,078,392
Non - derivative liabilities								
Deposits from banks	26	26,575,260	26,575,260	26,575,260	-	-	-	-
Deposits from customers	27	254 ,460,881	254,460,881	238,212,885	15,425,200	822,795	-	-
Other borrowed funds	30	39,459,512	39,459,512		3,114,137	12,443,733	3,254,321	20,647,321
Interest bearing financial liability	29							
		320,495,653	320,495,653	264,788,145	18,539,337	13,266,529	3,254,321	20,647,321
Gap (asset -liabilities)		(12,340,718)	14,154,946	(163,135,406)	18,421,490	22,869,289	81,072,837	28,431,071
Cumulative liquidity gap				(163,135,406)	(144,713,916)	(121,844,626)	(40,771,789)	(12,340,718)

Bank

31 December 2017 In thousands of Nigerian Naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3 - 6 months	6 -12 months	5 years	More than 5 years
Non-derivative assets:								
Cash and cash equivalents	15	22,425,891	48,921,555	22,425,891	-	-	-	-
Pledged assets	16	25,420,137	25,420,137	1,404,006	7,651,117	-	-	16,365,014
Non-pledged trading assets		10,003,842	10,003,842	717,560	1,850,549	7,435,733		
Loans and advances to customers	18	215,840,031	215,840,031	74,234,177	11,462,410	27,755,517	82,639,245	19,748,682
Investment securities	17	31,643,757	31,643,757	2,634,652	14,687,994	867,289	1,549,818	11,904,004
		305,333,658	331,829,322	101,416,287	35,652,070	36,058,539	84,189,063	48,017,699
Non-derivative liabilities								
Deposits from banks	26	26,575,260	26,575,260	26,575,260				
Deposits from customers	27	254,487,050	254,487,050	238,237,383	15,426,787	822,880		
Other borrowed funds	30	36,627,761	36,627,761		3,114,137	12,443,733	3,254,321	17,815,570
Interest bearing financial liability	29							
		317,690,071	317,690,071	264,812,643	18,540,923	13,266,613	3,254,321	17,815,570
Gap (asset -liabilities)		(12,356,413)	14,139,251	(163,396,357)	17,111,147	22,791,926	80,934,742	30,202,129
Cumulative liquidity gap				(163,396,357)	(146,285,210)	(123,493,284)	(42,558,542)	(12,356,413)
Non-derivative assets:								

The above tables show the undiscounted cash flows on the Bank's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity.

The Bank's expected cash flows on some financial assets and liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to maintain a stable or increasing balance. Also, retail mortgage loans have an original contractual maturity of between 20 and 25 years but an average expected maturity of six years as customers takes advantage of early repayment options.

The gross nominal inflows / (outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities and assets held for risk management purposes.

As part of the management of its liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

The following table sets out the allocation of the carrying value of assets and liabilities subject to market risk between trading and non-trading portfolios:

Bank	**At 31st December 2018**			**At 31st December 2017**		
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**
	NGN	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**
Assets subject to market risk						
Cash and cash equivalents	17,114,625	-	17,114,625	13,266,567	-	13,266,567
Cash and bank balances with Central Bank	64,917,626	-	64,917,626	34,124,579	-	34,124,579
Treasury Bills	32,046,745	-	32,046,745	6,554,749	-	6,554,749
Trading assets	11,708,530	11,708,530	-	10,003,842	10,003,842	-
Assets pledged as collateral	20,583,433	-	20,583,433	25,420,137	-	25,420,137
Derivative financial instruments						
Loans and advances to banks	18,108,000	-	18,108,000	1,230,409	-	1,230,409
Loans and advances to customers	252,189,613	-	252,189,613	215,840,031	-	215,840,031
Investment securities	16,092,861	-	16,092,861	15,522,451	-	15,522,451
Other financial assets	-	-	-	-	-	-
	432,761,433	11,708,530	421,052,903	321,962,765	10,003,842	311,958,923
Liabilities subject to market risk						
Deposits from banks	-	-	-	26,575,260	-	26,575,260
Deposits from customers	369,314,164	-	369,314,164	254,487,050	-	254,487,050
Debt securities issued	13,628,623	-	13,628,623	3,496,454	-	3,496,454
Other financial liabilities	33,614,271	-	33,614,271	40,822,928	-	40,822,928
Subordinated liabilities	-	-	-	-	-	-
	416,557,058	**-**	**416,557,058**	**325,381,692**	**-**	**325,381,692**

The Group trading VaR for the year is shown in the table below:

Historical VaR (99%,oneday) by risk type	**Average**		**Minimum**		**Maximum**		**Year end**	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
	NGN	NGN	NGN	NGN	NGN	NGN	NGN	NGN
Foreign exchange	1,074	1,024	885	900	1,530	1,167	899	1,167
Interest rate	132,987	36,518	75,489	15,747	216,705	66,381	146,128	66,381
Total VaR exposure	134,061	37,541	76,374	16,647	218,235	67,548	147,027	67,548

In thousands of Nigerian Naira	[USD] impact		[EUR] impact		[GBP] impact	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Profit or loss	113,071	116,333	2,423	1,846	4,367	4,464
Other equity	(113,071)	(116,333)	(2,423)	(1,846)	(4,367)	(4,464)

The Bank has prudently adopted the ruling I&E rate for the translation of financial assets and liabilities denominated in foreign currencies as at 2018 year end in response to the expected technical devaluation of the Naira in the short and medium terms.

In view of the current global and domestic macro-economic trends/outlooks amidst exit of foreign portfolio investors (FDIs) from the local market arising from increased political risks, the likely convergence of rates after the general elections is unexpected.

The sensitivity analysis shows that the Bank is positioned to record gain on its net financial assets denominated in foreign currencies in the short to medium term.

Foreign currency risk management

Group

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Others	Total
31 December 2017					
Cash and cash equivalents	4,870,417	384,430	780,995	48,257	6,084,099
Pledged assets					-
Non - pledged trading assets					-
Loans and advances to customers	24,875,184	94,286	11,956	-	24,981,426
Investment securities	-	-	-	-	-
Other assets	-	-	-	-	-
Total financial assets	**29,745,601**	**478,716**	**792,951**	**48,257**	**31,065,525**
Deposits from banks	-	-	-	-	-
Deposit from customers	7,403,450	176,878	334,736	2	7,915,067
Other borrowed funds	3,146,316			-	3,146,316
Other liabilities	7,562,569	117,232	11,820		7,691,621
Total financial liabilities	**18,112,335**	**294,110**	**346,556**	**2**	**18,753,004**

Bank

I n thousands of Nigerian Naira	US Dollar	Euro	Pound	Others	Total
31-Dec-17					
Cash and cash equivalents	4,870,417	384,430	780,995	48,257	6,084,099
Pledged assets					-
Non - pledged trading assets					-
Loans and advances to customers	24,875,184	94,286	11,956	-	24,981,426
Investment securities					-
Other assets					-
Total financial assets	**29,745,601**	**478,716**	**792,951**	**48,257**	**31,065,525**
Deposits from banks					-
Deposit from customers	7,403,450	176,878	334,736	2	7,915,067
Other borrowed funds	3,146,316	-	-	-	3,146,316
Other liabilities	7,562,569	117,232	11,820	-	7,691,621
Total financial liabilities	**18,112,335**	**294,110**	**346,556**	**2**	**18,753,004**

Other assets and other liabilities in FY 2017 have been represented to show only financial assets and liabilities as applicable

Foreign currency exposure risk as at 31 December 2018
Group

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Others	Total
31 December 2018					
Cash and cash equivalents	20,758,879	521,238	770,349	58,048	22,108,515
Pledged assets	-	-	-	-	-
Non-pledged trading assets	-	-	-	-	-
Loans and advances to customers	34,993,667	272,622	-	-	35,266,289
Investment securities	-	-	-	-	-
Other assets					-
Total financial assets	**55,752,546**	**793,860**	**770,349**	**58,048**	**57,374,804**
Deposits from banks	-	-	-	-	-
Deposit from customers	16,086,935	283,235	333,690	3	16,703,863
Other borrowed funds	15,784,956		-	-	15,784,956
Other liabilities	12,573,546	268,325			12,841,871
Total financial liabilities	**44,445,437**	**551,560**	**333,690**	**3**	**45,330,690**

Bank

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Others	Total
31 December 2018					
Cash and cash equivalents	20,758,879	521,238	770,349	58,048	22,108,515
Pledged assets	-	-	-	-	-
Non-pledged trading assets	-	-	-	-	-
Loans and advances to customers	34,993,667	272,622	-	-	35,266,289
Investment securities	-	-	-	-	-
Other assets	-	-	-	-	-
Total financial assets	**55,752,546**	**793,860**	**770,349**	**58,048**	**57,374,804**
Deposits from banks	-	-	-	-	-
Deposit from customers	16,086,935	283,235	333,690	3	16,703,863
Other borrowed funds	15,784,956	-	-	-	15,784,956
Other liabilities	12,573,546	268,325	-	-	12,841,871
Total financial liabilities	**44,445,437**	**551,560**	**333,690**	**3**	**45,330,690**

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of the United States of America (USD), the European Union (EUR) and the United Kingdom (GBP) respectively.

The following table details the Group's sensitivity to a per cent increase and decrease in currency units against the relevant foreign currencies. Per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a per cent change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where currency units weakens per cent against the relevant currency. For a per cent strengthening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

Operational Risk Management

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.

In Wema Bank we understand that there are inherent risks in all the Bank's products, activities, processes and systems; and that sound operational risk management reflects the effectiveness of the Board of Directors and Senior Management in administering its portfolio of products, activities, processes and systems; creating value for all stakeholders and entrenching a competitive advantage for the Bank.

Operational Risk Management Philosophy

The Bank's operational risk management philosophy is driven by the eleven (11) Operational Risk Management Principles as defined by Basel Committee on Banking Supervision. The adoption of these principles has the advantage of strategically creating and driving a robust risk management culture in the Bank and allows for the achievement of greater sophistication and consistency in operational risk management.

Operational Risk Management Framework

The implementation of a process driven framework ensures that all principal risks in the Bank are proactively identified, assessed, measured, adequately mitigated, monitored and reported to Senior Management to aid effective decision making.

The Framework clearly documents: -

- Governance structures, including reporting lines and accountabilities;
- Operational risk management tools and how they are used;
- Operational risk profile, permissible thresholds or tolerances for inherent and residual risk, and approved risk mitigation strategies;
- Approach to establishing and monitoring thresholds or tolerances for inherent and residual risk exposure;
- Management risk reporting;
- Independent review and assessment of operational risk; and
- Revision of policies whenever a material change in the operational risk profile of the bank occurs.

Policies and Procedures

Operational risk management policies and procedures that clearly define the way in which all aspects of operational risk are managed are documented and communicated. These policies and procedures are aligned with the overall business strategy and supports the continuous improvement of the risk management function.
Wema Bank's Operational risk management policies and procedures address the process for review and approval of new products, activities, processes and systems.

The review and approval process considers:

- Inherent risks in the new product, service, or activity;
- Resulting changes to the bank's operational risk profile and appetite and tolerance, including the risk of existing products or activities;
- The necessary controls, risk management processes, and risk mitigation strategies;
- The residual risk;
- Changes to relevant risk limits;
- The procedures and metrics to measure, monitor, and manage the risk of the new product or activity; and
- Availability of the required human resources and technology infrastructure before the introduction of new products.

Operational Risk Exposure

Operational risk exposures are managed through a robust and consistent set of management processes that drives risk identification, assessment, control, reporting and monitoring. This will keep operational risk at considerable levels relative to the nature of our businesses and the markets in which Wema Bank plays, our capital and liquidity, and the competitive, economic and regulatory environment. With the array controls, operational losses are inevitable. Our operational risk strategy seeks to minimize the impact that operational risk and losses can have on going concern of the organization. The Bank's promotes operational risk management culture that reduces the probability of occurrence of expected events and cost implication by managing the risk profile and implementing loss prevention techniques to reduce erosion of the organization's earnings. Our Strategy also seeks to minimize the impact of unexpected and catastrophic events and related costs through sound Business Continuity Management that will support the Bank's long term growth.

Operational Risk exposures are further being managed by:

- Implementing global Standards into the operational risk management framework to ensure that we abide by global best practices in managing operational risks
- Frequently Increased monitoring and enhanced preventive/detective controls to manage risks associated with new technologies and new/emerging banking terrain;
- Promote a culture that strengthens internal security controls to prevent cyber/technologically related attacks;
- Improved controls and security to protect customers when using digital channels;
- Enhanced third-party risk management capability to enable capability to enable the consistent risk assessment of any third-party service.

Operational Risk Losses

The operational risk management department collects and analyze operational risk loss data. The bank's recognizes the value of loss data for conducting predictive and loss distribution analysis which is part of advanced approach under Basel II / III.

As a result of sound operational risk management that is embedded into the Bank's Business as usual activities, we experienced a significant decrease in operational risk losses in 2017 as compared to 2016 financial year.

The following are some of the key tools adopted for managing operational risk in Wema Bank.

- **Business Process Mapping:** Business process mappings identify the key steps in business processes, activities and organizational functions. They also identify the key risk points in the overall business process. Process maps can reveal individual risks, risk interdependencies and areas of control or risk management weakness.
- **Scenario Analysis:** Scenario analysis is a process of obtaining expert opinion of business line and risk managers to identify potential operational risk events and assess their potential outcome.
- **Risk & Control Self-Assessment (RCSA):** Risk & Control Self-Assessment (RCSA) is the process through which the likelihood (probability) of identified risks (inherent and residual) occurring and the impact in the event of occurrence are assessed. It enables process owners to develop a risk profile for their respective business/support functions and to assess the effectiveness of mitigating controls.
- **Key Risk Indicators (KRIs):** Key Risk Indicators are metrics used to show changes in risk profile and are designed to monitor the development of significant risks. Key Risk Indicators are defined for high or medium risk area in each business / support unit as part of the Bank's approach to assessing operational risk and setting its risk appetite. Thresholds are also defined for each key risk indicator to serve as proxy for risk appetite for each risk area and business /support unit.
- **Key Performance Indicators (KPIs):** Key Performance Indicators are metrics used to define performance targets for business/support unit based on its goals and objectives and to monitor its progress towards achieving these targets.
- **Internal Loss Data Collection and Analysis:** Internal operational loss data such as loss arising from fraud, forgeries, robbery and system downtime provides meaningful information for assessing a bank's exposure to operational risk and the ffectiveness of internal controls. Analysis of loss events provides insight into the causes of large losses and information on whether control failures are isolated or systematic.

Business Continuity Management

Wema Bank provides a governance framework for crisis management and orderly restoration of business activities upon the occurrence of an adverse event (e.g. a natural disaster or man-made disaster or technological failures).

The Bank describes the methodologies to be used by the Business for risk assessment, risk analysis, risk mitigation, monitoring and reporting while providing for consistent program administration, senior management oversight with clearly defined roles and responsibilities. Sound business continuity management helps to:

i. Ensure business continuity in a cost-effective manner
ii. Provide safety for staff in crisis situations
iii. Provide methodology for analysing business impacts of adverse events
iv. Comply with statutory and regulatory provisions.

The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information. The Bank mitigates business continuity risks by reviewing and testing recovery procedures. The Bank obtained ISO certification in information Security (ISO27001)

Strategic Risk Management

An institutions ability to manage strategic risk is crucial to its survival and long term development. Strategic risk management is primarily concerned with how an institution relates itself to the environment it operates in, and the choices it makes in response to changes in environment and on the deployment of capital and resources in ways that create competitive advantage for the institution. The principle of sound strategic risk management in Wema Bank provides guidance for identification, measurement, control and monitoring of Strategic risk. The Bank's strategic Risk Management is entrenched as an integral part of the Enterprise Risk Management framework.

Strategic Risk Management Process in Wema Bank involves Board and senior management oversight over the formulation of a Strategic risk management process which includes:

- Sound Strategic planning process for formulating the institutions strategic goals and objectives, which is consistent with the corporate mission and values and for translating those goals and objectives into a well-structured strategic plan for delivery and measurement of desired outcomes
- Personnel, technology, funding and capital resources allocated, and the priority assigned, to the implementation strategies are compatible
- The methods of communicating, implementing and modifying strategies
- Performance evaluation and feedback mechanism

The Strategic risk management process in Wema Bank include the following four key elements

- Strategic Planning
- Alignment and Change management
- Implementation and Monitoring
- Performance evaluation and feedback

Strategic Risk Monitoring and Control

Strategic Risk Monitoring and Control is also critical in Wema bank which ensures conformity with policies from time to time. It involves periodic review of the institutions strategic risk profile. The Institutions risk profile is reviewed based on the following parameters:

- Compatibility of strategic decisions taken in relation to the Institution's long-term vision, mission and values.
- Speed and effectiveness with which the bank can respond to changes
- Availability of resources to take care of strategic decisions
- Impact of strategic decision.

Strategic Risk Indicators (SRI) are collated regularly to give timely information to senior management and Board for better decision taken.

Reputational Risk Management

Reputational risk is the potential that negative publicity regarding the Bank's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. Reputational risk can also result in liquidity constraints and significant depreciation in the bank's market capitalization. Wema Bank recognizes that strong reputational risk management is about maximizing our opportunities within the market and enhancing our competitive position. It is also about improving the way our customers, our shareholders and our employees perceive us.

Since we operate in a financial environment that is of high interest to various stakeholders and vulnerable to regulatory actions that may adversely impact its reputation, the Bank constantly reviews activities, processes, services and staffing decisions that have the potential to damage its reputation.

Damage to the bank's reputation arising from Negative publicity may manifest itself in:

- Costly litigation and other remediation costs
- Regulatory sanctions
- A negative impact on employee morale, recruitment and retention
- Reduction in share price, brand and shareholder value
- A decline in the customer base
- A measurable, negative impact on financial performance on a short or long term basis
- Constrained liquidity and higher funding costs

Reputational Risk monitoring and Control

Efforts are always concerted to ensure that any event that can lead reputational issue from the bank are promptly address and prevented in most cases. Reputational Risk Measurement Process entails:

- The actual (current) value of Reputational Risk Indicator (RRI) in comparison to the risk limit.
- The actual (current) value of the overall Reputational Risk Indicator (RRI) in comparison to the risk limit.

Reputational Risk Monitoring entails:
- Track Reputational Risk Indicators (RRIs)
- Recommend Management Actions
- Report RRI and/Proposed Management Actions

Reputational risk monitoring program is aimed at ensuring that:
- Reputational risk exposures are adequately identified, assessed, measured and managed
- Reputational risk is managed in line with the framework
- The reputational risk management framework is adequate and appropriate for managing reputational risks.

Capital management

(i) Regulatory capital

The Bank's lead regulator, the Central Bank of Nigeria sets and monitors capital requirements for the Bank. The banking operations are directly supervised by the Central Bank of Nigeria. The Bank, in 2008 took a proactive step of commencing the process of disencumbering the 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, the 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 Bank 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.

Our Bank's regulatory capital as managed by the Financial Control and Treasury Units is divided into two tiers.
Tier 1 capital, which includes share capital, share premium, other reserves and retained earnings.
Tier 2 capital, which includes revaluation reserves and other borrowings
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.

(ii) Capital Adequacy Ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained.

In thousands of Nigeria naira	31-Dec 2018	31-Dec 2017
Tier 1 capital		
Ordinary share capital	19,287,233	19,287,233
Share premium	8,698,230	8,698,230
Statutory reserves	12,034,093	11,026,315
SMEIES	526,908	526,908
RRR applied for IFRS 9 Impact	-	-
Retained earnings	6,102,353	4,166,460
Total qualifying Tier 1 capital	46,648,817	43,705,146
Deferred tax assets	20,206,217	21,269,702
Intangible assets	927,391	759,092
Investment in capital of financial subsidiaries	-	-
	21,133,607	22,028,794
Adjusted Total qualifying Tier 1 capital	25,515,210	21,676,352
Tier 2 capital		
Other comprehensive income (OCI)	965,169	140,051
Sub-ordinated debts	13,051,704	3,496,454
Total qualifying Tier 2capital	14,016,873	3,636,505
Investment in capital and financial subsidiaries	-	-
Net Tier 2 Capital	8,621,728	3,496,454
Total regulatory capital	34,136,938	25,172,806
Risk - weighted assets		
Credit risk	130,736,338	122,323,506
Market risk	5,787,771	2,804,606
Operational risk	52,997,548	49,648,676
Total risk-weighted assets	189,521,657	174,776,788
Risk-weighted Capital Adequacy Ratio (CAR)	18.01%	14.32%
Total tier 1 capital expressed as a percentage of riskweighted assets	13.46%	12.32%

(iii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the Bank's longer term strategic objective.

Other National Disclosures

Statement of Value Added

	Group				Bank			
In thousands of Nigerian Naira	2018	%	2017	%	2018	%	2017	%
Gross Income	71,529,939		65,268,831		70,907,759		64,858,369	
Interest expense	(30,642,651)		(33,306,169)		(29,997,631)		(32,887,899)	
	40,887,288		31,962,662		40,910,128		31,970,470	
Impairment charge on financial assets	(3,510,537)		(2,179,798)		(3,510,537)		(2,179,798)	
Bought-in materials and services	(17,619,656)		(14,446,068)		(17,609,656)		(14,408,206)	
Value added	19,757,096	**100**	15,336,796	**100**	19,789,935	**100**	**15,382,466**	**100**
Distribution								
Employees								
Salaries and benefits	12,336,818	62	10,009,585	64	12,336,818	62	10,009,585	64
Government								
Income tax	407,805	3	353,715	2	407,805	3	353,715	2
Retained in the Bank								
Deferred Tax	1,063,485	5	400,000	4	1,063,485	5	400,000	4
Assets replacement (depreciation &amortisation)	2,622,568	13	2,318,008	15	2,622,568	13	2,318,008	15
Profit transferred to reserve	3,326,420	17	2,255,488	15	3,359,259	17	2,301,158	15
	19,757,096	**100**	**15,336,796**	**100**	**19,789,935**	**100**	**15,382,466**	**100**

Other National Disclosures

In thousands of Nigerian Naira	Group 31-Dec-18	Bank 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15	Bank 31-Dec-14
Assets:								
Cash and cash equivalents	42,122,799	42,122,799	22,427,586	22,425,891	27,623,945	27,608,708	56,583,610	52,153,878
Restricted Deposit with CBN	58,054,204	58,054,204	26,495,664	26,495,664	48,161,682	48,161,682	53,386,069	70,056,472
Pledged assets	20,583,433	20,583,433	25,420,137	25,420,137	16,419,725	16,419,725	16,455,942	25,775,651
Investment securities	71,617,785	60,729,210	44,467,181	41,647,599	62,075,906	59,268,598	41,107,271	41,212,524
Loans and advances to customers	252,189,613	252,189,613	215,840,031	215,840,031	227,008,550	227,008,550	185,596,590	149,293,849
Investment property	40,273	40,273	45,671	45,671	361,798	361,798	393,547	402,145
Property Plant and equipment	18,602,696	18,602,696	17,078,789	17,078,789	16,614,465	16,614,465	15,967,711	14,042,912
Intangible assets	927,391	927,391	759,092	759,092	400,017	400,017	488,110	1,001,954
Assets Held for Sale	-	-	-	-	-	-	-	2,964,626
Other assets	4,459,906	4,459,906	13,741,178	13,797,233	3,207,791	3,207,791	4,194,762	2,688,599
Deferred tax assets	20,206,217	20,206,217	21,269,702	21,269,702	22,169,702	22,169,702	22,569,702	22,969,702
Total assets	**488,804,317**	**477,915,742**	**387,545,031**	**384,779,809**	**424,043,581**	**421,221,036**	**396,743,314**	**382,562,312**
Finance by:								
Share capital	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	8,698,230	8,698,230	8,698,230	8,698,230	48,870,107	48,870,107	48,870,107	48,870,107
Retained earnings	5,992,622	6,102,353	4,089,570	4,166,460	-39,158,766	-39,127,546	-36,017,406	-34,793,663
Other reserve	16,911,064	16,911,064	17,540,217	17,540,217	19,472,160	19,472,160	13,924,176	10,404,971
Deposits from banks	-		26,575,260	26,575,260	37,433,906	37,433,906	-	3,243,218
Deposits from customers	369,199,768	369,314,164	254,460,881	254,487,050	283,302,604	283,328,215	284,977,836	258,956,478
Derivative financial liabilities	-	0	-	-	-	-	-	418,612
Current tax liabilities	429,079	429,079	359,878	359,878	349,245	349,245	382,694	338,537
Other liabilities	22,837,603	22,772,597	17,074,250	17,037,720	22,392,756	22,324,495	12,949,273	17,107,217
Obligations under finance lease			-	-	932	932	79,485	347,874
Other borrowed funds	45,448,718	34,401,023	39,459,512	36,627,761	32,093,404	29,282,289	52,289,916	58,381,728
Total liabilities and equity	**488,804,317**	**477,915,742**	**387,545,031**	**384,779,809**	**424,043,581**	**421,221,036**	**396,743,314**	**382,562,312**
Guarantees and other commitments	**62,920,283**	**62,920,283**	**48,300,503**	**48,300,503**	**37,556,469**	**37,556,469**	**19,056,528**	**21,112,316**

	Group 31-Dec-18	Bank 31-Dec-18	Group 31-Dec-17	Bank 31-Dec-17	Group 31-Dec-16	Bank 31-Dec-16	Bank 31-Dec-15	Bank 31-Dec-14
Gross earnings	71,529,939	70,907,759	65,268,831	64,858,369	53,948,848	53,834,407	45,869,441	42,186,867
Profit/(loss) before taxation	4,797,710	4,830,549	3,009,203	3,054,873	3,245,145	3,276,365	2,991,458	3,093,940
Income tax	(1,471,290)	(1,471,290)	(753,715)	(753,715)	(684,565)	(684,565)	(718,253)	(721,495)
Profit/(loss) after taxation	3,326,420	3,359,259	**2,255,488**	**2,301,158**	**2,560,580**	**2,591,800**	**2,273,205**	**2,372,445**

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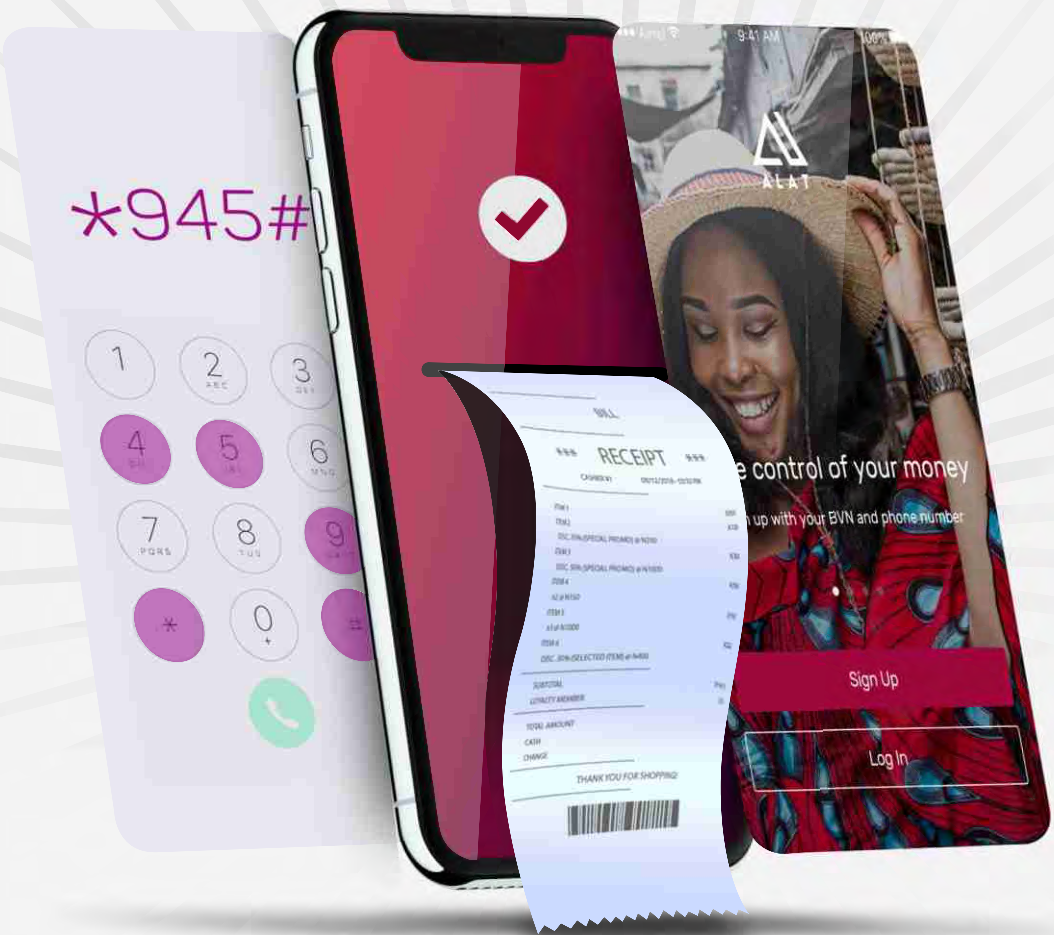

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WEMA BANK
With you. All the way.

Proxy Form

WEMA BANK

Annual General Meeting to be held at The Lagoon Restaurant, 1c Ozumba Mbadiwe, Victoria Island, Lagos on Wednesday, May 8, 2019 at 11:00am

I/We* ______________________________

being member/members of Wema Bank Plc hereby appoint** ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on ______________________________

______________________________ and at any adjournment thereof.

SHAREHOLDER'S SIGNATURE & DATE

SHAREHOLDER'S NAME

Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To lay before the meeting the Audited Financial Statements for the year ended 31st December, 2018 together with the reports of the Directors, Auditors and Audit Committee thereon;	☐	☐
2	To declare dividend	☐	☐
3.	To re-elect the following Directors as Non-Executive Directors; Mr. Abubakar Lawal ☐ Mr. Adebode Adefioye ☐ Mr. Babatunde Kasali ☐	☐	☐
4.	To authorize the Directors to fix the remuneration of the Auditors;	☐	☐
5.	To elect members of the Audit Committee;	☐	☐
6.	To approve annual fees of N33, 000, 000 (Thirty-Three Million Naira) for the Non-Executive Directors for the 2019 financial year.	☐	☐

ADMISSION CARD

ANNUAL GENERAL MEETING to be held at The Lagoon Restaurant, 1c Ozumba Mbadiwe, Victoria Island, Lagos on Wednesday, May 8, 2019 at 11:00am

Shareholder's Name (Surname & Other Names) ______________________________

Shareholder's Account No. No. 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) 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.

(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, Greenwich Registrars & Data Solutions Limited, 274, Murtala Muhammed Way, Yaba, Lagos not less than 48 hours 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.

SIGNATURE OF PERSON ATTENDING

DATE SIGNED.

D D / M M / Y Y Y Y

PLEASE AFFIX
POSTAGE STAMP
HERE

THE REGISTRAR
GREENWICH REGISTRARS & DATA SOLUTIONS
274, MURTALA MUHAMMED WAY
YABA,LAGOS.

Affix
Current
Passport Photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
GREENWICH REGISTRARS & DATA SOLUTIONS
274 Murtala Muhammed Way, Yaba, Lagos

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name	First Name	Other Names

Address

City **State** **Country**

Previous Address (if any)

CSCS Clearing House Number

Mobile Number 1 **Mobile Number 2**

Email Address

Shareholder's Signature

Company Seal (If applicable)

2nd Signatory (Joint/Company Accounts)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234-(0)1-2793160-2.

Tick	Company Name	Shareholders Account No.
	11 PLC	
	Abplast Products PLC	
	Allianz Nigeria Plc (erstwhile Union Assurance Company Limited; Ensure Insurance)	
	Aluminium Extrusion PLC	
	Cashchew Nut Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	DN Tyre & Rubber PLC	
	Ecobank Transnational Incorporated (Naira)	
	Ecobank Transnational Incorporated (USD)	
	Ekiti State Bond Tranche 2	
	EKOCORP PLC	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria Limited	
	Great Nigeria Insurance PLC	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Reinsurance	
	Nigerian Enamelware Company PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	UBA Fixed N20 Billion Bond Series 1 Bond	
	UBN Property Company PLC	
	Unilever Nigeria PLC	
	Union Bank of Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	WEMA Bank PLC	
	Wema Funding SPV Plc Bond Series I & II	

Branch Network

Lagos

ABULE EGBA BRANCH

1 5, Lagos/Abeokuta
Express Way, Abule- Egba,

01 2779906

ADENIJI ADELE BRANCH

184, Adeniji Adele Road
Lagos Island

01 2779868

ADMIRALTY BRANCH

Admiralty 26, Obafemi Anibaba Street,
Off Admiralty Road Lekki Phase 1

01 2779868

AGEGE BRANCH

185, Old Abeokuta Motor
Road, Agege

01 2779897

AJAH BRANCH

KM 23, Lagos Epe Express
Road, Ajah

012778605

AJAO ESTATE BRANCH

Ajao Estate 2, Rasmon Close,
Off Osolo Road, Ajao Estate

01 2779882

ALABA BRANCH

3a, Ojo-Igbede Road,
Alaba International Market, Ojo

01 2779876

ALLEN BRANCH

33, Allen Avenue,
Ikeja

01 2779902

ASPAMDA BRANCH

Blk 9, (Zone D) Aspamda Mkt.,
Int'l Trade Fair Complex,

01 2779875

AWOLOWO ROAD BRANCH

35 Awolowo Road
Ikoyi ,

01 2779863

BADAGRY BRANCH

Joseph Dosu Road,
Badagry

01 2779881

BARIGA BRANCH

60, Jagunmolu Street,
Bariga

01 2779884

BELLS BRANCH

Bells University of Technology,
Otta.

01 2779904

BROAD STREET BRANCH

41/45, Broad Street,
Lagos Island

01 2779860

COMMERCIAL ROAD BRANCH

2, Commercial Road,
Apapa

01 2779874

DOPEMU BRANCH

60, Lagos/Abeokuta
Express Road, Dopemu

01 2779899

EBUTE META BRANCH

52/54, Murtala Muhammed way.
Ebute-Metta

01 2779889

EGBEDA BRANCH

117, Idimu Road, Orelope Bus
stop, Egbeda

01 2779900

IDOWU TAYLOR BRANCH

8, Idowu Taylor Street, Victoria
Island Lagos

01 2779861

IJEDE BRANCH

60, Ikorodu Road,
Ijede

01 2779888

IJORA BRANCH

Ijora Fisheries Terminal Behind Nepa
workshop. Ijora, Lagos,

01 2779871

OBA AKRAN BRANCH

24, Oba Akran Avenue,
Ikeja

01 2779907

IKORODU BRANCH

23/24, Sagamu Road.
Ikorodu.

01 2779883

IPONRI BRANCH

Iponri Shopping Centre,
Iponri, Surulere

01 2779873

ISOLO BRANCH

24, Abimbola Street,
Isolo

01 2779895

JIBOWU BRANCH

33, Ikorodu Road,
Jibowu

01 2779890

KAFI BRANCH

Omatsola mall, 4 Kafi street,
Behind Shoprite Mall, Ikeja

01 2779931

LAGOS AIRPORT HOTEL BRANCH

111, Obafemi Awolowo Road,
Ikeja

01 2779905

LAPAL BRANCH

241, Igbosere
Road, Lagos Island

01 2779867

LASU BRANCH

LASU Lagos State Univeristy Main
Campus, Lagos-Badagry Exp. Ojo

01 2779879

LAWANSON BRANCH

89, Itire Road,
Lawanson, Surulere

01 2779885

LEKKI BRANCH

2nd Roundabout, Beside,Texaco
Filling Station, Lekki.

01 2779866

MAMMAN KONTAGORA BRANCH

23, Broad Street, Mamman Kontagora
House, Lagos Island

01 2779864

Branch Network

Lagos

ABULE EGBA BRANCH

1 5, Lagos/Abeokuta
Express Way, Abule- Egba,

01 2779906

AGEGE BRANCH

185, Old Abeokuta Motor
Road, Agege

01 2779897

ALABA BRANCH

3a, Ojo-Igbede Road,
Alaba International Market, Ojo

01 2779876

AWOLOWO ROAD BRANCH

35 Awolowo Road
Ikoyi ,

01 2779863

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Bells University of Technology,
Otta.

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Island Lagos

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24, Oba Akran Avenue,
Ikeja

01 2779907

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24, Abimbola Street,
Isolo

01 2779895

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Ikeja

01 2779905

LAWANSON BRANCH

89, Itire Road,
Lawanson, Surulere

01 2779885

ADENIJI ADELE BRANCH

184, Adeniji Adele Road
Lagos Island

01 2779868

AJAH BRANCH

KM 23, Lagos Epe Express
Road, Ajah

012778605

ALLEN BRANCH

33, Allen Avenue,
Ikeja

01 2779902

BADAGRY BRANCH

Joseph Dosu Road,
Badagry

01 2779881

BROAD STREET BRANCH

41/45, Broad Street,
Lagos Island

01 2779860

EBUTE META BRANCH

52/54, Murtala Muhammed way.
Ebute-Metta

01 2779889

IJEDE BRANCH

60, Ikorodu Road,
Ijede

01 2779888

IKORODU BRANCH

23/24, Sagamu Road.
Ikorodu.

01 2779883

JIBOWU BRANCH

33, Ikorodu Road,
Jibowu

01 2779890

LAPAL BRANCH

241, Igbosere
Road, Lagos Island

01 2779867

LEKKI BRANCH

2nd Roundabout, Beside,Texaco
Filling Station, Lekki.

01 2779866

ADMIRALTY BRANCH

Admiralty 26, Obafemi Anibaba Street,
Off Admiralty Road Lekki Phase 1

01 2779868

AJAO ESTATE BRANCH

Ajao Estate 2, Rasmon Close,
Off Osolo Road, Ajao Estate

01 2779882

ASPAMDA BRANCH

Blk 9, (Zone D) Aspamda Mkt.,
Int'l Trade Fair Complex,

01 2779875

BARIGA BRANCH

60, Jagunmolu Street,
Bariga

01 2779884

COMMERCIAL ROAD BRANCH

2, Commercial Road,
Apapa

01 2779874

EGBEDA BRANCH

117, Idimu Road, Orelope Bus
stop, Egbeda

01 2779900

IJORA BRANCH

Ijora Fisheries Terminal Behind Nepa
workshop. Ijora, Lagos,

01 2779871

IPONRI BRANCH

Iponri Shopping Centre,
Iponri, Surulere

01 2779873

KAFI BRANCH

Omatsola mall, 4 Kafi street,
Behind Shoprite Mall, Ikeja

01 2779931

LASU BRANCH

LASU Lagos State Univeristy Main
Campus, Lagos-Badagry Exp. Ojo

01 2779879

MAMMAN KONTAGORA BRANCH

23, Broad Street, Mamman Kontagora
House, Lagos Island

01 2779864

Branch Network

MARINA BRANCH

Wema Tower, 54, Marina, Lagos Island

01 2779862

NPA BRANCH

NPA Shed 6 NPA Terminal, Apapa Lagos

01 2779870

OGBA BRANCH

Plot 45, Omole Industrial Estate Ogba

01 2779898

OKOKOMAIKO BRANCH

29, Badagry Express Way Okoko ,

01 2779877

MARYLAND BRANCH

2, Mobolaji Bank-Anthony Way, Maryland, Ikeja

01 2779892

NAHCO BRANCH

1st Floor NAHCO Building, off M/M Airport Road, Ikeja

01 2779894

OJOTA BRANCH

Odu'a Int'l Model Market Complex, Ojota

01 2779893

ONIRU BRANCH

Odyssey Plaza, Plot 4,T.F. Kuboye Road, Oniru, Lekki

01 2779841

MUSHIN BRANCH

236, Agege Motor Road Mushin ,

01 2779887

OBA AKRAN BRANCH

Plot 30, Oba Akran Avenue, Ikeja

01 2779896

OKE-ARIN BRANCH

104, Alakoro Street, Oke Aarin Market, Lagos Island

01 2779865

ORILE IGANMU BRANCH

34, Opere Street,off Lagos/Badagry Exp. Orile-Iganmu,

01 2779872

OPEBI BRANCH

65A, Opebi Road, Ikeja Lagos

01 2779840

SANGOTEDO BRANCH

Klm 48 ,Opposite FRSC Office on Lagos-Epe Expressway, After Lagos Business School, Olokonla

WAREHOUSE ROAD BRANCH

32, Warehouse Road, Apapa.

01 2779878

OSHODI BRANCH

455, Agege Motor Road, Oshodi

01 2779886

TINUBU BRANCH

27 Nnamdi Azikwe Street, Lagos Island.

01 2779869

OTTA BRANCH

Idi Iroko Road, Opp Slot/MTN Building, Otta

01 2779901

UNILAG BRANCH

University of Lagos, Akoka, Yaba

01 2779891

Abuja

AMINU KANO BRANCH

81, Aminu Kano Way Wuse II FCT ,

01 2779913

LUGBE BRANCH

House 168, 1st Avenue, Lugbe FHA, Lugbe FCT

01 2779908

WUSE BRANCH

36, Herbert Macaulay Way, Wuse Zone 5

01 2779913

CBD BRANCH

Area, Abuja FCT
464, Central Business

01 2779908

NATIONAL ASSEMBLY BRANCH

NASS Complex, Three Arm Zone Abuja FCT

01 2779911

GARKI BRANCH

Garki, Abuja FCT
Dunukofia Street, Area 11.

01 2779908

RALPH SODEINDE BRANCH

Oyo House, Ralph Shodeinde Street, Abuja FCT

01 2779912

Akwa Ibom

EKET BRANCH

78, Eket-Oron Road, Eket

01 2779978

UYO BRANCH

Plot 179, Aka Road, Uyo

01 2779986

Bauchi

BAUCHI BRANCH

Opposite Bauchi State Library

01 2779986

Branch Network

Bayelsa

YENOGOA BRANCH

Mbiama Road, Opposite
INEC Office

Delta

ASABA BRANCH

407, Nnebisi Road, Asaba
Delta

01 2779981

Cross River

CALABAR BRANCH

39 /113, Murtala Mohammed Highway,
Calabar (Former Crossline Park)

01 2779979

WARRI BRANCH

33, Effurun/Sapele Road,
Warri

01 2779982

Edo

AKPAKPAVA BRANCH

12, Akpakpava Street,
Benin City

01 2779984

MISSION ROAD BRANCH

39, Mission Road,
Benin City

01 2779985

UNIBEN BRANCH

University of Benin,
Benin City

01 2779980

Ekiti

ABUAD BRANCH

Sport Complex Opp, Afe
Babalola University, Ado Ekiti

01 2777851

AIYEDUN BRANCH

Omuo Road,
Aiyedun Ekiti

01 2779963

ARAMOKO BRANCH

Ilao Quarters, Aramoko
Roundabout Aramoko

01 2779965

IGBARA ODO BRANCH

3, Inipa Street
Igbara Odo

012779964

IKERE EKITI BRANCH

Oke–Aodu Street, Beside Ikere
Central Mosque, Ado-Ekiti Road, i

01 2779967

ISE EKITI BRANCH

Palace Square,
Ise Ekiti ,

01 2779962

IYIN EKITI BRANCH

46, Oba Owolabi Road,
Iyin-Ekiti

012777859

OKESHA BRANCH

2, Adekunle Fajuyi Road.
Ado Ekiti.

01 2777850

OMUO EKITI BRANCH

Kota, Omuo Oke
Road, Omuo-Ekiti

01 2779968

OREREOWU BRANCH

2, Orereowu Street, Old Garage,
Ado-Ekiti

01 2779961

UNAD BRANCH

Ekiti State University,
Iworoko Rd, Ado Ekiti

01 2779966

Kaduna

KADUNA BRANCH

22, bida road, kaduna
Kaduna

012778636

Kano

KANO BRANCH

Murtala Muhammed way, Beside
Fedex, Kano state

01 2779832

Kogi

LOKOJA BRANCH

IBB Way, Lokoja Opposite
Kogi State Radio, Lokoja

01 2778955

Kwara

ILORIN BRANCH

371, Ibrahim Taiwo Road,
Ilorin, Kwara State

01 2779921

Nasarawa

MARARABA BRANCH

Kabai junction, along Abuja-
Nasarawa Expressway,

012777707

Niger

MINNA BRANCH

Minna 35, Bosso Road,
Minna

01 2779870

Branch Network

Ogun

AGO IWOYE BRANCH
Fibigbade Street,
Ago-Iwoye
01 2779955

AIYETORO BRANCH
Ayetoro Road.
Ayetoro
01 2779952

BABCOCK BRANCH
Babcock University
Ilishan Remo
01 2779959

IDI IROKO BRANCH
Lagos Road,
Idi-Iroko
01 2779948

IFO BRANCH
Abeokuta
Motor Road Ifo
01 2779951

IJEBU IGBO BRANCH
Adeboye Road,
Ijebu Igbo
01 2779954

IJEBU ODE BRANCH
201, Folagbade
Street, Ijebu Ode
01 2779953

ILARO BRANCH
Leslie Street,
Ilaro.
01 2779943

IPERU ROAD BRANCH
KAAF Building, Old Ibadan Exp
Road, Iperu Remo
01 2779950.

LAFENWA BRANCH
2, Lagos/Abeokuta
Road, Lafenwa, Abeokuta
01 2779946

OKE ILEWO BRANCH
IBB Boulevard, Opp.
CBN, Oke-Ilewo, Abeokuta
01 2779949

OOU BRANCH
OOU, Ago Iwoye Olabisi Onabanjo
University, Ago Iwoye Ogun
01 2779956

OWODE BRANCH
Fashina Square, Idiroko
Road, Owode-Yewa
01 2779947

PANSEKE BRANCH
GNI Building
Panseke, Abeokuta ,
01 2779944

SAGAMU BRANCH
Akarigbo Road,
Sabo.
01 2779957

WAPCO BRANCH
Lafarge Cement Factory,
Sagamu
01 2779958

Ondo

ELIZADE BRANCH
Elizade university ,
ilara-mokin, ondo state.
01 2779940

FUTA BRANCH
Federal University of
Technology (FUTA), Akure
01 2779972

IGBARA OKE BRANCH
2, Obada Market Square
Obada,
01 2779977

IJU BRANCH
Ifofin Road,
Iju
01 2779971

IKARE BRANCH
34,Jubilee Road,
Ikare Akoko
01 2779974

IRUN AKOKO BRANCH
Opposite Anglican Church,Ado
Road, Irun Akoko
012779830

OBA ADESIDA BRANCH
54A, Oba Adesida
Road, Akure
01 2779969

ONDO BRANCH
4 Yaba Street,
Ondo
01 2779975

ORE BRANCH
1, Off Ondo Road, Opp. FRSC Office
Behind Sabo Market, Ore
01 2779973

OWO BRANCH
Idimisas Road, Opposite
Olowo's Palace, Owo
01 2779976

OYEMEKUN BRANCH
34, Oyemekun Road,
Akure
01 2779974

Osun

EDE BRANCH
1, Owode Market Road,
Ede Osun
01 2779939

IGBONA BRANCH
10b Awolowo Way, Igbona
Osogbo
01 2779932

IWO BRANCH
6 Station Road,
Iwo
01 2779936

ILESA BRANCH
Ereguru Palace Square,
Imo Roundabout, Ilesha
01 2779941

MODAKEKE BRANCH
Ondo Road,
Modakeke
01 2779930

OKUKU BRANCH
Offa-Osogbo Road,Beside
King Palace, Okuku
01 2779933

Branch Network

OAU BRANCH
OAU Campus,
Ile-Ife
01 2779942

IRAGBIJI BRANCH
Market Square Palace
area, Iragbiji,
01 2779932

STATION ROAD BRANCH
106 Station Road
Osogbo
01 2779935

Oyo

AGODI GATE BRANCH
Opposite Agodi Police Sattion,
Agodi Gate, Ibadan,
01 2779914

APATA GANGA BRANCH
Abeokuta Road, Apata,
Ibadan
01 2779915

BODIJA BRANCH
Oba Akinbiyi Shopping
Centre, Bodija, Ibadan
01 2779916

COCOA MALL BRANCH
Beside Shoprite Cocoa House,
Oba Adedipe Road, Dugbe.
01 2779989

DUGBE BRANCH
Sijuwola House, Plot 5,
Old Dugbe Layout, Ibadan
01 2779917

IGBETI BRANCH
Market Square,
Igbeti
01 2779919

IGBOHO BRANCH
Behind Oyo State General Hospital
Oke Afin, Igboho
01 2779920

IGBO-ORA BRANCH
Opposite Methodist Church,
Shagaun-Un, Igboora
01 2779928

KISHI BRANCH
Kishi/Igbeti, Ajegunle Kishi II,
Kishi
01 2779922

MOKOLA BRANCH
Mokola Roundabout,
Ibadan
01 2779923

NEW GBAGI BRANCH
New Gbagi Market, New Ife Road,
Gbagi, Ibadan
01 2779918

OGBOMOSO BRANCH
Ibadan-Ilorin Road,
Apake, Ogbomosho
01 2779924

OLUBADAN BRANCH
New Ife Road, Opp New Garage,
Ibadan
01 2779925

POLYTECHNIC BRANCH
Polytechnic South Campus,
The Polytechnic, Ibadan
01 2779926

SANGO BRANCH
Elewure Bus Stop,
Sango Road, Ibadan
01 2779927

SECRETARIAT BRANCH
Secretariat
Roundabout, Ibadan
01 2779929

Rivers

ABA ROAD BRANCH
76, Aba Road,
Porthacourt
01 2778624

Cash Centers

ABEERE CASH CENTRE.
OSUN
Osun State Government
Secretariat, Abeere, Osogbo,
Osun State.

IYE EKITI ATM PLUS.
EKITI
Ilejemeje Local Government
Secretariat, Isan-oye Road,
Iye Ekiti, Ekiti State

JEBBA ATM PLUS.
NIGER
Life-camp By Ts Junction Before
Jebba Bridge, Jebba, Niger State

ODUDUWA UNIVERSITY ATM
PLUS. OSUN
Oduduwa University,
Ipetumodu, Ile Ife, Osun State.

OYE EKITI ATM PLUS.
EKITI
Behind Faculty Of Law,
University Of Oye, Ekiti

0 7000 PURPLE, 0803 900 3700
0705 111 2111

wemabank.com | enovate.wemabank.com | alat.ng
purpleconnect@wemabank.com
@wemabank | alat_ng alat.ng