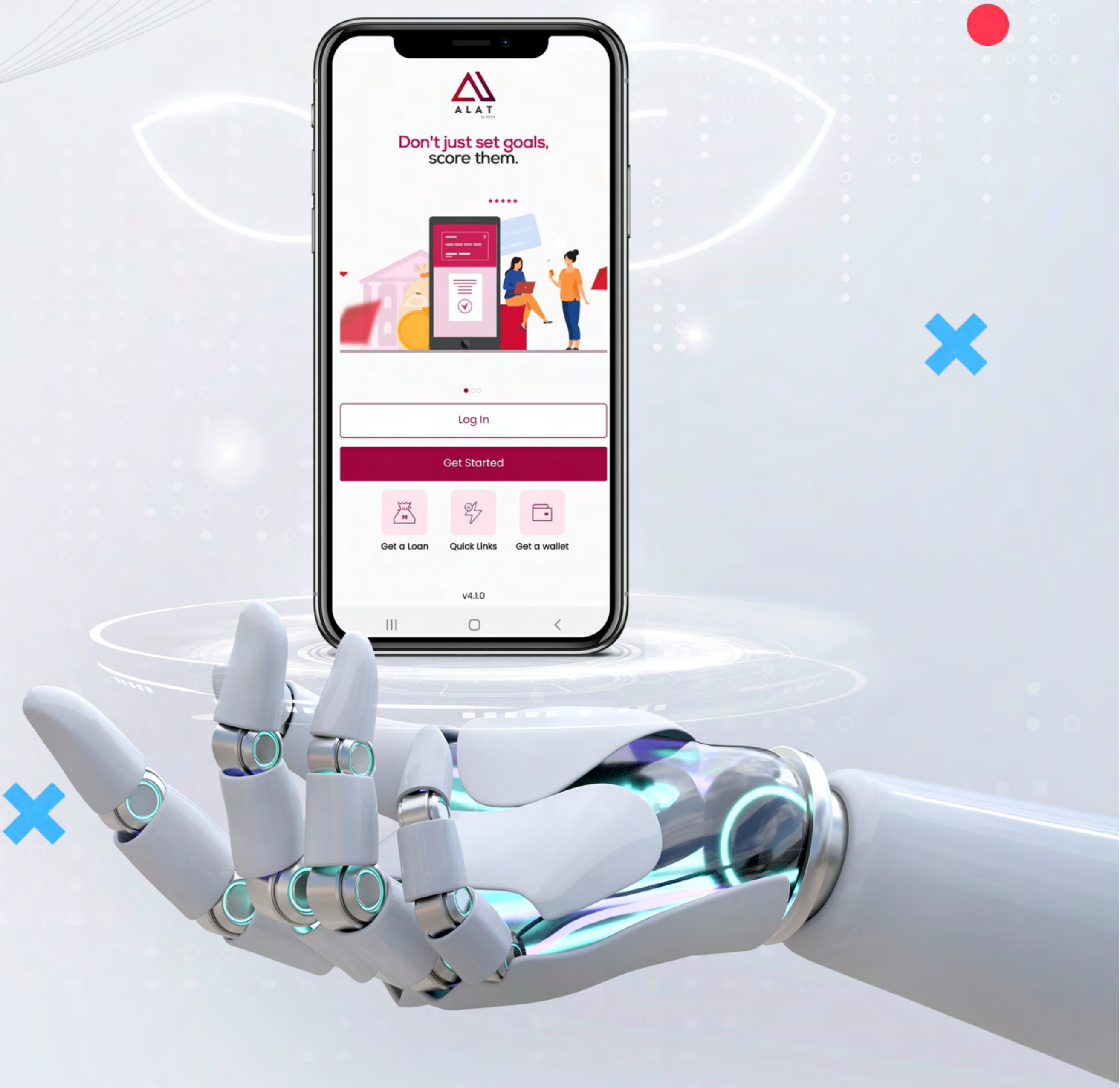
ALAT
by WEMA



2022 ANNUAL REPORT

AND STATEMENT
OF ACCOUNTS

WEMA BANK
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Corporate Information

Wema Bank Plc
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+234 1 277 8600 | info@wemabank.com | www.wemabank.com

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+234 0 70 5111 2111

purpleconnect@wemabank.com

www.wemabank.com

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

KPMG Professional Services (Chartered Accountants)

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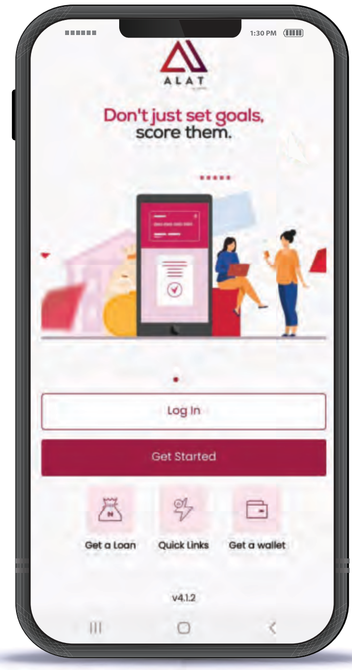

GROUP SAVINGS
Raise money with people, reach your savings goals faster.

BILL PAYMENTS
Pay personal and corporate bills with ease straight from your phone

LIFESTYLE HUB
Buy movie and event tickets, get discounts.

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OVERVIEW

01

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About Wema Bank

Regarded as Nigeria's most resilient bank and the longest surviving indigenous Financial Institution in Nigeria, Wema Bank Plc ("the Bank") has over the years, diligently offered a range of value-adding banking and financial advisory services to the Nigerian public for 77 years. Incorporated in 1945 as a Private Limited Liability Company under the old name of Agbonmagbe Bank Limited, it commenced banking operations in Nigeria in the same year. Wema Bank subsequently transformed into a Public Limited Liability Company (PLC) in April 1987 and was listed on the floor of the Nigerian Stock Exchange (NSE) in January 1990. On February 5, 2001, Wema Bank Plc was granted a universal banking license by the Central Bank of Nigeria (CBN), thus allowing the Bank to provide the Nigerian public with a diverse portfolio of financial and business advisory services.

In 2009, the Bank underwent a strategic repositioning exercise which culminated in a decision to operate as a commercial bank with regional authorization. Upon a successful turnaround, the Bank applied to the Central Bank of Nigeria (CBN) for and was granted a national banking license in 2015.

Wema Bank offers retail banking, SME banking, corporate banking, treasury, trade services and financial advisory to its ever-expanding clientele. Operating a network of over 150 business offices backed by a robust ICT platform across Nigeria, we are committed to long-term sustainability in our business whilst maintaining the highest standards of social responsibility, corporate governance and diversity in our operations.

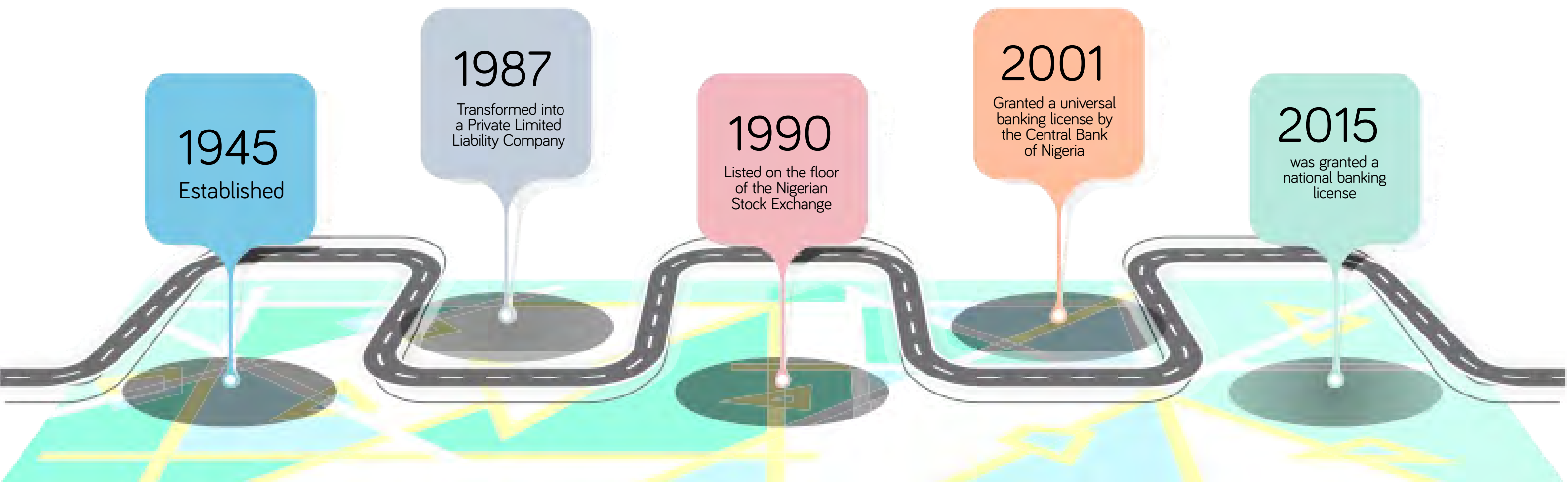
Our Brand

The Wema Bank brand reinforces our unique proposition to empower lives through innovation. This is a single concept which drives the understanding of the new direction of the Wema Bank brand. This personifies the behavior and product we create.

To drive this proposition, we develop an intimate relationship with our customers, putting us in a position to recognize their requirements and priorities. Our approach is hinged on partnership, progress, service, innovation and efficiency. We seek to understand our customers' businesses and objectives, such that we can anticipate and meet their needs as they fulfill their financial goals and aspirations.

- We are believers in people and societal values.
- We believe in the common good and sustainable success.
- We measure success not only by what is gained, but by the reciprocal value added to lives and businesses.
- We strive to create values that endure as well as uplift human dignity and collective welfare.

Success to us implies succeeding along with all our stakeholders, all moving forward and creating value.



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ALAT by WEMA

Vision

To be the dominant digital platform in Africa delivering seamless financial services.

Mission

Empowering lives through innovation.

Values

- Think Passion
- Think Partnership
- Think Progressive
- Think Plenty
- Think Play

TIN 00797080-0001

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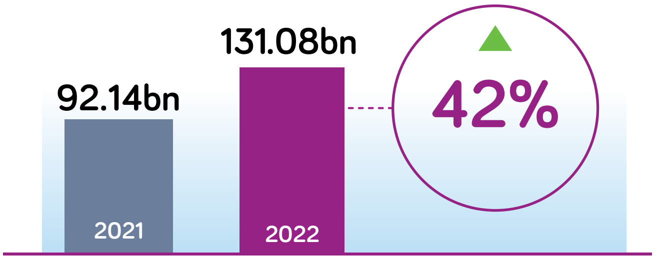
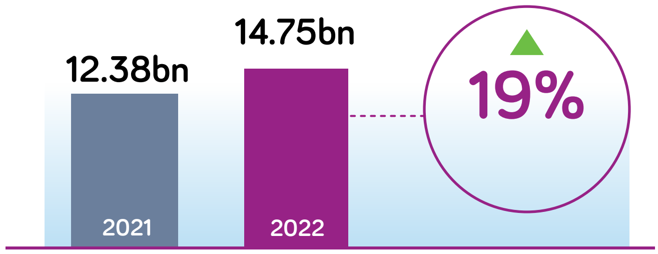
Financial Highlights

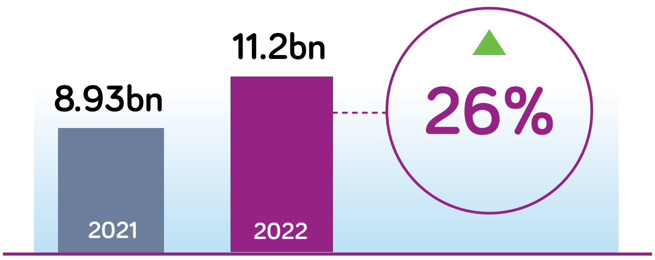
Gross Earnings



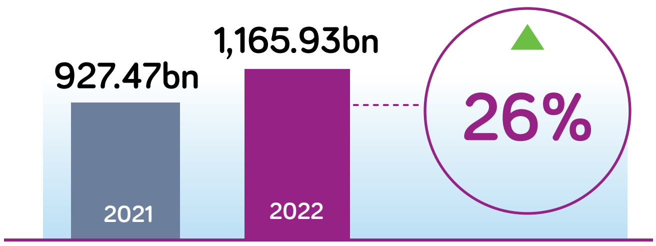
Profit Before Tax



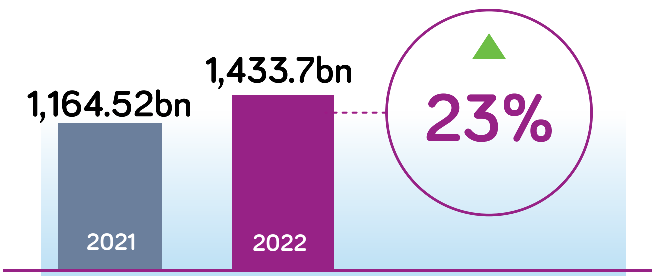
Profit After Tax



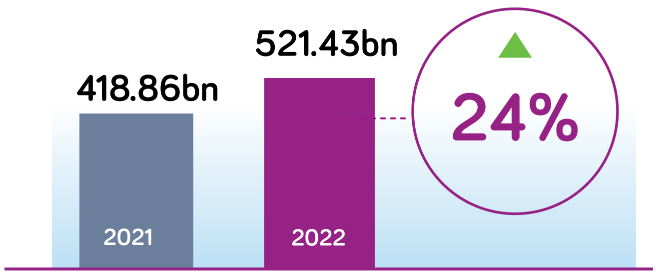
Total Deposit



Total Assets



Loan To Customers



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Corporate Governance

Wema Bank Plc. reiterates its commitment to the full compliance with the highest standards of Corporate Governance and proactively integrates sound corporate governance practices across its operations, ensuring compliance with the requirements of the Corporate Governance Codes of the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC) and the Nigerian Code of Corporate Governance (NCCG).

The Bank emphasises the fundamental pillars of corporate governance of accountability, fairness, transparency, independence and social responsibility at all levels thereby enhancing its shareholders' value and aligning the interest of all its stakeholders.

At Wema Bank, we consider ourselves trustees of our shareholders and acknowledge our responsibility towards them, to maintain their trust and confidence and safeguard their investment. 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. The Board engaged an Independent Governance Consultant to conduct an independent evaluation of the Board's performance in year 2022 and the result of the evaluation was presented to the Board at the meeting held on April 20, 2023. The report which confirmed the transparency and competence of the Board and its members is contained in this Annual Report and Accounts for year 2022.

The Bank will continue to entrench the principles of Corporate Governance into every aspect of its business as we are committed to aligning with global best practices.

Governance Structure

Size and Composition of the Board

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

The Board is comprised of 13 Directors as stated below:

Executive Directors	**5**
Non-Executive Directors	**8 (inclusive of 3 Independent Directors)**

Four (4) out of the thirteen (13) Board members are women.

Changes on the Board

During the financial year ended December 31, 2022, two directors were appointed as follows:

Directors	Position	Status/Changes
Oluwayemisi Olorunshola	Independent Non-Executive Director	Appointed on January 24, 2022
Bolarin Okunowo	Independent Non-Executive Director	Appointed on January 24, 2022

On 30 December 2022, the Bank announced further changes in the board membership as follows:

- Retirement of the Managing Director/CEO, Mr. Ademola Adebise with effect from 31st March 2023
- Appointment of Mr. Moruf Oseni as Acting Managing Director/CEO and as substantive Managing Director/CEO with effect from 1st April, 2023.
- Appointment of Mr. Oluwole Akinleye as Deputy Managing Director and Mr. Tunde Mabawonku as Executive Director with effect from 1st April, 2023.

The approval of the Central Bank of Nigeria has been sought and obtained for the above appointments.

Role of the Board

The primary role 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 systems 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

Access to Independent Professional Advice

The Board has the power to obtain advice and assistance from independent professional advisers or experts (at the Company's expense) as may be deemed necessary to aid its effectiveness.

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, including the Board's skill needs with due regard for the benefit of diversity on the Board. The Committee then recommends nominated directors to the Board and thereafter, to the shareholders for election at the Annual General Meeting.

Tenure of Directors

Pursuant to the Bank's drive to continually imbibe best Corporate Governance practices, Directors of the bank are appointed for a specific tenure as prescribed in the Board Charter and in consonance with the CBN's guidelines and directives.

Thus, the maximum tenure of a Non-Executive Director is twelve (12) years, subject to retirement age of 70 years, statutory provisions and regulatory directives; the tenure of Independent Directors is eight (8) years, whilst the tenure of the Managing Director and Executive Directors is a maximum of twelve (12) and ten (10) years respectively, subject to retirement age of 60 years.

Board Evaluation

In compliance with the requirements of the Central Bank of Nigeria (CBN) Code of Corporate Governance, an Independent Governance Consultant was engaged to carry out a Board Evaluation for the Financial Year ended 31 December, 2022. The evaluation was based primarily on benchmarking the Bank's current governance structures and practices against the CBN Code, SEC Code, Nigerian Code of Corporate Governance and other global practices, using the four (4) pillars of Board responsibility which underpin effective corporate governance.

- Board leadership and Strategy - The Board's ability to manage its own activities and oversee the planning and implementation of the Bank's strategy.
- Accountability and Audit – The Board's role in delegating authority to Management and monitoring Management's activities.
- Monitoring and Evaluation - The Board's ability to define a framework for measuring and monitoring the performance of the Board, its committees and individual directors against defined goals.
- 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 2018 Nigerian Code of Corporate Governance, and sector-specific Codes of Corporate Governance of the CBN and SEC respectively.

Induction and Continuous Training

On appointment to the Board and Board Committees, all newly appointed Directors receive formal orientation and induction training to enable them to familiarise themselves with the Bank's operations, policies, and other members of staff. This is done through induction workshops organized by the Company Secretary. We conducted induction programme for the newly appointed directors in 2022 - April 6-8, 2022. They are also attended the Company Direction Course facilitated by the Institute of Directors (IoD).

Also, the Bank has institutionalized regular training (both local and foreign) of Board members on issues pertaining to their oversight functions to update their skills and knowledge on new developments in the industry in line with Section 18.2 of the Central Bank of Nigeria Code of Corporate Governance. All the Directors underwent training on Anti Money-Laundering & Combating the Financing of Terrorism and Review of Salient Issues in the new BOFIA 2020, while some directors attended other trainings on Leading Digital Transformation & Innovation, Effective Board Governance & Oversight for Sustainable Growth in VUCA Times (CBN-FITC), etc.

The Company Secretary

The Company Secretary is responsible for, among other things, the implementation of the Codes of Corporate Governance in the Bank, ensuring that the Board's Charters, 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 Directors, Management and other stakeholders and administers the shareholders' meetings in line with legal requirements.

Also, the Company Secretary liaises with regulatory agencies to ensure adequate compliance with the recommended corporate governance practices.
The Company Secretary reports functionally to the Chairman of the Board of Directors and operationally to the Managing Director as the Bank's General Counsel and enjoys the full support of the Board for the efficient performance of his duties.

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, 2022, the Board held six (6) meetings, details of attendance are provided below:

✓ Present ○ Absent * Not Applicable

Meetings Held	1	2	3	4	5	6
Names of Directors	24 Feb, 2022	9 March, 2022	12 May, 2022	10 Aug, 2022	17 Nov, 2022	13 Dec, 2022
Babatunde Kasali	✓	✓	✓	✓	✓	✓
Ademola Adebise	✓	✓	✓	✓	✓	✓
Moruf Oseni	✓	✓	✓	✓	✓	✓
Wole Akinleye	✓	✓	✓	✓	✓	✓
Abubakar Lawal	✓	✓	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	✓	✓	✓
Emeka Obiagwu	✓	✓	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓	✓	✓
Adeyemi Adefarakan	✓	✓	✓	✓	✓	✓
Oluyemisi Olorunshola	✓	✓	✓	✓	✓	✓
Bolarin Okunowo	✓	✓	✓	○	✓	✓

Board Committees

The Board carries out its oversight functions through its five (5) Committees, as well as the Statutory Audit Committee. Each of these Committees has a Charter that clearly defines its 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 fully utilizes its expertise to formulate strategies for the Bank. The Board Committees in operation during the year under review were:

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

The Committees meet at least once in each quarter. However, additional meetings may be convened as required. The roles and responsibilities of these Committees are detailed below.

Board Risk Management Committee

The Committee's major responsibilities are to:

1. Review and assess the integrity and adequacy of the overall risk management structure of the Bank.
2. Oversee the establishment of a formal Risk Management Framework for the Bank and monitor Management's implementation and integration of the framework into the day-to-day operations of the Bank.
3. Establish a robust contingency plan and continuity of business imperatives with in-built capabilities for disruption minimization in the event that mission critical threats crystallize.
4. Ensure the Bank has a comprehensive compliance framework for regulations and guidelines on money laundering and financial crimes.
5. Ensure the establishment of an Information Technology (IT) Data Governance Framework for the Bank and monitor Management's implementation of the Framework.
6. Review significant pronouncements and changes to key regulatory requirements relating to the risk management area to the extent that they apply to the Bank.
7. Report to the Board on material matters arising at the Risk Management Committee meetings following each meeting of the Committee and notify the Audit Committee of relevant issues worth considering.
8. Monitor changes anticipated for the economic and business environment, including consideration of emerging trends and other factors considered relevant to the Bank's risk profile and risk appetite.
9. Ensure appropriate independence and authority of the risk management function.
10. Monitor the Bank's capital adequacy levels and capital management process, ensuring compliance with global best-practice standards, such as recommended by the Central Bank of Nigeria (CBN) and Basel II/III.
11. Advise the Board on risk management procedures and controls for new products, markets and services.

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

1.	Abubakar Lawal	-	Chairman
2.	Ibiye Ekong**	-	Member
3.	Abolanle Matel Okoh	-	Member
4.	Adeyemi Adefarakan	-	Member
5.	Ademola Adebise	-	Member
6.	Wole Akinleye	-	Member
7.	Emeka Obiagwu**	-	Member
8.	Oluwayemisi Olorunshola***	-	Member
9.	Bolarin Okunowo***	-	Member

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The Committee held four (4) meetings during the year ended 31 December 2022.

The attendance details of the Committee's meetings are as follows:

✓ Present ○ Absent * Not Applicable

Meetings Held	1	2	3	4
Names of Directors	7 Feb, 2022	28 Apr, 2022	25 July, 2022	27 Oct, 2022
Abubakar Lawal	✓	✓	✓	✓
Ibiye Ekong**	*	*	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	✓
Adeyemi Adefarakan	✓	✓	✓	✓
Ademola Adebise	✓	✓	✓	✓
Wole Akinleye	✓	✓	✓	✓
Emeka Obiagwu**	*	*	✓	✓
Oluyemisi Olorunshola***	✓	✓	✓	✓
Bolarin Okunowo***	✓	✓	*	✓

**Mrs. Ibiye Ekong and Mr. Emeka Obiagwu joined the Committee in July 2022
*** Dr. (Mrs.) Oluyemisi Olorunshola and Mrs. Bolarin Okunowo ceased to be members of the Committee from May 2022

Board Credit Committee

This Committee is made up of individuals who are knowledgeable in credit analysis.

The responsibilities of the Committee include:

1. Oversee the establishment of credit policies and guidelines, to be adopted by the Board, articulating the Bank's tolerances with respect to credit risk, and oversee management's administration of, and compliance with, these policies and guidelines.
2. Review and recommend for Board approval, on an annual basis, policies on credit philosophy, risk appetite, risk tolerance, credit rating methodology and other material credit risk policies for the Bank.
3. Approve credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority.
4. Review and approve 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.
5. Approve write-offs in excess of Management limits and within the Committee's limits as set by the Board.
6. Receive and review reports from senior management (and appropriate management committees and credit review) regarding compliance with applicable credit risk related policies, procedures and tolerances.
7. Monitor the performance and quality of the Bank's credit portfolio through the review of selected measures of credit quality and trends.
8. Review and assess the adequacy of the allowance for credit losses.

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

1.	Ibiye Ekong	-	Chairman
2.	Abubakar Lawal	-	Member
3.	Abolanle Matel-Okoh	-	Member
4.	Adeyemi Adefarakan	-	Member
5.	Olusegun Adesegun	-	Member
6.	Bolarin Okunowo	-	Member
7.	Ademola Adebise	-	Member
8.	Moruf Oseni	-	Member
9.	Wole Akinleye	-	Member
10.	Oluwole Ajimisinmi	-	Member
11.	Emeka Obiagwu	-	Member

The Committee held eight (8) meetings during the year ended 31 December 2022.

The attendance details of the Committee meetings are as follows:

✓ Present ○ Absent * Not Applicable

Meetings Held	1	2	3	4	5	6	7	8
Names of Directors	3 Feb, 2022	20 Apr, 2022	17 June, 2022	22 June, 2022	14 July, 2022	29 Sep, 2022	8 Nov., 2022	8 Dec., 2022
Ibiye Ekong	✓	✓	✓	✓	✓	✓	✓	✓
Abubakar Lawal	✓	✓	✓	✓	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	✓	✓	✓	○	✓
Adeyemi Adefarakan	✓	✓	✓	✓	○	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓	✓	✓	✓	○
Bolarin Okunowo	○	✓	✓	✓	✓	○	✓	✓
Ademola Adebise	✓	✓	✓	✓	✓	✓	○	○
Moruf Oseni	✓	✓	✓	✓	✓	✓	✓	✓
Wole Akinleye	✓	✓	✓	✓	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓	✓	✓	✓	✓
Emeka Obiagwu	✓	✓	✓	✓	✓	✓	✓	✓

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 main responsibilities of the Committee include:

1. Overseeing the nomination, remuneration, performance management and succession planning processes of the Board.
2. Overseeing the induction of new Directors and continuing training programme for Directors.
3. Overseeing the annual performance appraisal of the Board, its Committees, the Chairman and individual directors by an independent professional.
4. The Committee shall periodically review the Charter, composition and performance of each committee of the Board and make recommendations to the Board for the creation of additional committees or the elimination of a committee of the Board.
5. Developing and adopting a Code of Business Conduct and Ethics for employees, directors and officers of the Bank.
6. Monitoring compliance with and periodically reviewing corporate governance guidelines.

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

1. Oluwayemisi Olorunshola - Chairman
2. Abolanle Matel-Okoh - Member
3. Ibiye Ekong - Member
4. Olusegun Adesegun - Member
5. Adeyemi Adefarakan - Member
6. Bolarin Okunowo - Member

The Committee held seven (7) meetings during the year ended 31 December 2022.

The attendance details of the Committee meetings are as follows:

✓ Present ○ Absent * Not Applicable

Meetings Held	1	2	3	4	5	6	7
Names of Directors	1 Feb, 2022	7 March, 2022	22 Apr, 2022	18 July, 2022	31 Oct, 2022	17 Nov, 2022	12 Dec., 2022
Oluyemisi Olorunshola	✓	✓	✓	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	✓	✓	✓	○
Ibiye Ekong	✓	✓	✓	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓	✓	✓	✓
Adeyemi Adefarakan	✓	✓	✓	✓	✓	✓	✓
Bolarin Okunowo	✓	○	✓	○	✓	✓	✓

Board Finance and General-Purpose Committee

This Committee reviews and evaluates all matters relating to the bank's financial policies, financial arrangements, strategic direction, capital expenditure and human capital management.

Other functions of this Committee include:
1. Defining the strategic business focus and plans of the Bank and ensure effective implementation of approved strategy.
2. Monitor the performance of the bank against budget.
3. Management of staff matters which includes but not limited to employee retention, equality and diversity and administrative issues.
4. Defining capital and operating expenditure limits and approve all capital expenditure on behalf of the Board.
5. Review the Bank's investment portfolio and investment strategy annually.
6. Oversee Supporting Management business development efforts.

The Committee was comprised of the following members during the year under review:
1. Abolanle Matel-Okoh - Chairman
2. Adeyemi Adefarakan - Member
3. Olusegun Adesegun** - Member
4. Oluwayemisi Olorunshola - Member
5. Ademola Adebise - Member
6. Moruf Oseni - Member
7. Oluwawole Ajimisinmi** - Member
8. Ibiye Ekong*** - Member

The Committee held four (4) meetings during the year ended 31 December 2022.

✓ Present ○ Absent * Not Applicable

Meetings Held	1	2	3	4
Names of Directors	7 March, 2022	25 Apr, 2022	22 July, 2022	25 Oct, 2022
Abolanle Matel-Okoh	✓	✓	✓	✓
Adeyemi Adefarakan	✓	✓	○	✓
Olusegun Adesegun**	*	*	✓	✓
Oluyemisi Olorunshola	✓	✓	✓	✓
Ademola Adebise	✓	✓	✓	✓
Moruf Oseni	✓	✓	○	✓
Oluwole Ajimisinmi**	*	*	✓	✓
Ibiye Ekong***	✓	✓	*	*

**Mr. Olusegun Adesegun and Mr. Oluwole Ajimisinmi joined the Committee in July 2022
*** Mrs. Ibiye Ekong ceased to be a member of the Committee from May 2022

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Board Audit Committee

This Committee was established to maintain the bank's financial stability, provide oversight of the financial reporting process, the audit process, the bank's system of internal controls and compliance with laws and regulations. The Committee also acts on behalf of the Board by:

1. Overseeing the integrity of financial reporting.
2. Overseeing the adequacy of the control environment.
3. Overseeing the internal and external audit function.
4. Ascertaining the independence of external auditors.
5. Ensuring compliance with established policy through periodic review of reports provided by Management, internal and external auditors and the supervisory authorities.
6. Overseeing the identification and monitoring of significant fraud risks across the Bank and ensuring that adequate prevention, detection and reporting mechanisms are in place.

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

1. Bolarin Okunowo	-	Chairman
2. Abubakar Lawal	-	Member
3. Ibiye Ekong	-	Member
4. Abolanle Matel-Okoh	-	Member
5. Oluwayemisi Olorunshola	-	Member
6. Adeyemi Adefarakan***	-	Member
7. Olusegun Adesegun	-	Member

The Board Audit Committee held Six (6) meetings during the 2022 financial year.

The attendance details of the Committee's meetings are as follows:

✓ Present ○ Absent * Not Applicable

Meetings Held	1	2	3	4	5	6
Names of Directors	15 Feb, 2022	2 March, 2022	26 Apr, 2022	20 July, 2022	18 Oct, 2022	14 Nov, 2022
Bolarin Okunowo	✓	✓	✓	✓	✓	✓
AbubakarLawal**	*	*	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓	✓	✓
Abolanle Matel-Okoh***	✓	✓	✓	*	*	*
Oluwayemisi Olorunshola	✓	✓	✓	✓	✓	✓
Adeyemi Adefarakan***	○	✓	○	*	*	*
Olusegun Adesegun	✓	✓	○	✓	✓	○

**Mr. Abubakar Lawal joined the Committee in July 2022
*** Mrs. Matel-Okoh and Mr. Adeyemi Adefarakan ceased to be members of the Committee from May 2022

Statutory Audit Committee

This Committee was established in compliance with Section 404(3) of the Companies and Allied Matters Act, CAP C20 LFN 2020 (CAMA). The Committee is made up of two (2) Non-Executive Directors and three (3) Shareholders' of the Bank appointed at the Bank's Annual General Meeting. The Bank's Company Secretary/General Counsel 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 about 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 financially literate members who are knowledgeable in internal control processes during the period under review:

Names	Role	Status
Prince Adekunle Olodun	Chairman	Shareholders' Representative
Mrs. Esther Osijo	Member	Shareholders' Representative
Mr. Joe Anosike	Member	Shareholders' Representative
Mr. Abubakar Lawal	Member	Non-Executive Director
Mrs. Bolarin Okunowo**	Member	Non-Executive Director
Mrs. Ibiye Ekong***	Member	Non-Executive Director

The Statutory Audit Committee held five (5) meetings during the 2022 financial year. Details of members' attendance are as follows:

✓ Present   ○ Absent   * Not Applicable

Meetings Held	1	2	3	4	5
Names of Members	10 Feb, 2022	3 March, 2022	29 Apri, 2022	27 July, 2022	3 Nov, 2022
Prince Adekunle Olodun	✓	✓	✓	✓	✓
Mrs. Esther Osijo	✓	✓	✓	✓	✓
Mr. Joe Anosike	✓	✓	✓	✓	✓
Mr. Abubakar Lawal	✓	✓	✓	✓	✓
Mrs. Bolarin Okunowo**	*	*	✓	✓	✓
Mrs. Ibiye Ekong***	✓	✓	✓	*	*

**Mrs. Bolarin Okunowo joined the committee in July 2022.
***Mrs. Ibiye Ekong ceased to be a member of the committee from May 2022.

Management Committees

The Committees comprises of the Executive Management and some Senior Management Officers of the Bank. These Committees are risk driven as they are set up to identify, analyse, 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 always complied with. 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
- Service Excellence Committee
- Sustainability Committee
- Data Governance Committee
- Innovation Governance Committee
- Information Security Steering Committee
- Tenders Committee
- Disciplinary 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:

1. Review the strategic operations of the Bank:
    - Review audit and inspection reports
    - Review adequacy and sufficiency of Branch tools
    - Review manning level in branches and head office departments
2. Consideration and approval of proposed new branches.
3. Review the asset and liability profile of the Bank.
4. Consider and approve capital and recurrent expenses.
5. Review the activities of subsidiaries and associated companies.
6. Monitor and give strategic direction on regulatory issues.

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

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.
- Review and approve credit facilities to individual obligors not exceeding an aggregate sum as determined by the Board from time to time.
- Review and approve all credits that are above the approval limit of the Managing Director/CEO, as determined by the Board of Directors.
- Review the entire credit portfolio of the Bank and conduct periodic checks of the quality of risk assets in the Bank.
- Ensure adequate monitoring of credits granted by the Bank.

The Committee meetsat least monthly depending on the number of credit applications to be appraised and considered. The Committee comprises of the Managing Director/Chief Executive Officer, all other Executive Directors, the Company Secretary/General Counsel 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 internal and external regulatory frameworks.

- Determines and approves actions to take in respect of delinquent assets.
- Ensures that adequate provisions are made in line with the regulatory guidelines.

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

Assets and Liabilities Committee

This is the Committee that is responsible 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, all other Executive Directors, the Treasurer, the Chief Financial Officer, the Chief Risk Officer and other relevant Senior Management Staff.

Management Risk Committee

In line with global best practices 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 the Managing Director/Chief Executive Officer, all other Executive Directors, the Chief Risk Officer, the Chief Audit Executive, Head of Internal Control, representatives of Operations, Information Technology and Legal departments.

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 attention to IT investments, IT risk management and data governance.

This Committee's responsibilities are as follows:

- Oversees the development and maintenance of the IT strategic plan.
- Approves vendors used by the Bank and monitor their financial condition.
- Approves and monitors 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 on IT investments, priorities and utilization.
- Monitors the implementation of the various initiatives and ensures that deliverables and expected outcomes / business value are realized.
- Ensures increased utilization of technology and adequate returns on all IT investments;
- Evaluates progress toward the established goals and present a report to the Executive Committee as and when necessary.
- Acts in a supervisory capacity, in implementing the Bank's IT strategy.
- Makes recommendations and/or decisions in the best interests of the Bank, following review by IT department on such items as procurement of desktops and equipment, service standards, and networking requirements, including benchmarks.

Service Excellence Committee

The Committee was established to manage and enforce service excellence within the Bank. Other functions include:

- Creating and instilling a service excellence vision and an organizational climate conducive for promoting a culture of excellent service delivery.
- Reviewing of customer service failures and proffering remediation
- Facilitating and celebrating progress in service excellence goals.
- Ensuring employees are trained and imbibe the principles of excellent / exceptional service.

The Committee is chaired by the Deputy Managing Director and other members include the Chief Compliance Officer, the Chief Human Resource Officer, the Company Secretary/General Counsel and the Chief Experience Officer. The secretary of the Committee is the Head, Customer Experience Management. The Committee meets on a monthly basis and at any other time as may be required.

Sustainability Committee

This committee oversees and guides the adoption and implementation of the Corporate Sustainability strategy of the Bank in alignment with the Nigerian Sustainability Banking Principles (NSBP), UNEP-FI Principles for Responsible Banking and Sustainable Development Goals.

The Committee's responsibilities include:

- Development and review of the corporate sustainability strategy of the Bank
- Reviewing and making recommendations to management on reporting to shareholders and other communities regarding corporate responsibility activities
- Reviewing and making recommendations to the Board with respect to any shareholder proposal that relates to the matters overseen by the Committee.

The Committee meets on a monthly basis and at such times as the chairperson of the Committee shall decide in order to fulfil its duties. The Committee comprises of the Deputy Managing Director, an Executive Director, the Chief Compliance Officer, the Chief Risk Officer, the Chief Human Resource Officer and other senior management staff as may be appointed from time to time.

Data Governance Committee

The Committee was established to develop comprehensive policies, oversee documentation by which internal business units collect, steward, disseminate, and integrate data on behalf of the Bank. The Committee also performs the following functions:

- Develop, implement, maintain and assist in enforcing bank-wide data management policies, standards, guidelines, and operating procedures related to enterprise data.
- Advise on bank-wide data management practices for decision making including data warehousing, business intelligence and master data management.
- Assist in enhancing enterprise data with consistent definitions and classifications according to data management standards and guidelines.
- Minimize data redundancy or errors by ensuring improved data quality and adherence to standards.
- Ensure data is scalable, reportable, and secure.
- Coordinate compliance requirements related to laws and regulations that have information management implications and impart a duty upon the institution.

Membership of this Committee includes two Executive Directors, the Chief Compliance Officer, the Chief Human Resource Officer, the Chief Digital Officer, Chief Information Officer and some other senior management staff. The Committee meets quarterly and at any other time as may be required.

Innovation Governance Committee

The Committee is setup to steer, advise, govern all innovation activities within the Bank in line with the bank's corporate strategy and intent, and most importantly help achieve sustainable innovation.

The Committee's responsibilities include:

- Driving the change process that will move the bank towards a culture that represents, supports and sustains innovation; constantly monitoring it to make sure that it stays on track.

- Overseeing, reviewing and approving policies, budgets, projects, strategies, divestment, acquisition, mergers and required investments for the innovation team.
- Overseeing development and implementation of the Innovation team's strategy and its alignment with the bank's overall strategy and objectives.
- Providing guidance on technology and innovation related issues of importance to the bank as the Board may from time-to-time request.

Membership of the Committee includes two Executive Directors, Heads of various departments and other senior management staff as may be appointed from time to time. The Committee meets quarterly and at any other time as may be required.

Information Security Steering Committee

The Committee assists the Board in fulfilling part of its corporate governance obligations to the shareholders and the investment community. The Committee's responsibilities include:

- Ensuring that the requisite information security management standard (ISO 27001) and IT service Management Standard (ISO 20000) internal audits are conducted in accordance with the audit plan and ensure that the issues raised during the audit are all closed promptly.
- Ensuring that the Bank's security policies and processes align with the business objectives.
- Evaluating, approving and sponsoring institution-wide security investment

The Committee comprises of an Executive Director, top Management Executives, Company Secretary/General Counsel and any some senior management staff as may be appointed from time to time. The Committee meets quarterly and at any other time as may be required.

Tenders Committee

The purpose of the committee is to ensure that the most favorable terms for acquisition of goods, work, services required are obtained for the Bank's main activities ("purchases") on the principles of competitiveness, transparency and team decision making and in line with “Best practices”.

The functions of the Committee include but not limited to:

- Call for tenders
- Receive and open tenders
- Overseeing of the evaluation of all tenders
- Approval of all tender recommendations and awards
- Approval of requests for pre-qualification or other methods of procurement
- Provision of guidelines for procurement on behalf of the bank's EXCO

Membership of the Committee includes the Treasurer, the Company Secretary/General Counsel, the Chief Compliance Officer, the Chief Information Officer and other senior management staff as may be appointed from time to time. The secretary of the Committee is the Head, Property Management Department. The Committee meets quarterly and at any other time as may be required.

Disciplinary Committee

The Committee was established to examine alleged breaches of rules and regulations within the Bank, adjudicate over such breaches and recommend appropriate sanctions to the Executive Committee. Other functions of the Committee include:

- Ensuring compliance with the code of conduct and other policies of the Bank
- Direct investigation into allegations
- Recommendation of appropriate sanctions on erring staff to the Executive Committee

The Committee comprises of an Executive Director, the Chief Human Resource Officer, the Chief Audit Executive, the Company Secretary/General Counsel and other senior management staff as may be appointed from time to time. The Committee meets monthly and at any other time as may be required.

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 and Nigerian Code of Corporate Governance.

The Bank transmits returns on all whistle-blowing reports and corporate governance breaches to the Central Bank of Nigeria monthly.

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 and Statutory 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 and executed upon assumption of duties. The code intends to help Directors to recognize their ethical responsibilities to the Bank among others and promote a culture of fairness, honesty and accountability.

Shareholders

The Annual General Meeting of the Bank is the highest decision-making body. 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 business-related issues. Other attendees of the meetings are Regulators such as Central Bank of Nigeria, Securities and Exchange Commission, The Nigerian Stock Exchange, Corporate Affairs Commission, professional consultants, and representatives of Shareholders' Associations.

The Board places considerable importance on effective communication with shareholders on developments in the Bank. Accordingly, the Bank has established an Investors Relations Unit which deals directly with enquiries from shareholders and investors to promote and improve 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, particularly their attendance and 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 record of infraction of this policy.

Succession Planning

The Board has a robust Selection Criteria and Succession Policy in place and the Board Nomination and Governance Committee has been assigned by the Board, the responsibility of ensuring that the Bank has a suitable succession plan in place at every point in time for the Board and in particular, positions of the Managing Director/Chief Executive Officer, Executive Directors, Company Secretary and other Senior Management roles and to make recommendations to the Board for approval.

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Sustainability Report

Accelerating Sustainability Progress

The accelerated evolution of society post-COVID19 has led to an ever-increasing awareness of the importance of sustainability and climate action. Environmental, Social and Governance (ESG) metrics are more prominent than ever as further recovery efforts are being made across the globe. 2022 saw more deliberate action and demand for sustainable accountability among local and global stakeholders. Governments, businesses, and individuals alike can no longer afford to ignore or treat lightly the blatant calls for immediate climate action amongst other pressing societal needs. To this end, it is essential to find, create and develop new ways of harnessing innovative opportunities. Many businesses including Wema Bank created new solutions to meet the dynamic needs of the populace in the face of the pressing need for urgent climate action.

Initiatives centered on social equity and diversity, empowerment, hybrid working models and sustainable business practices were designed to reduce the impact of the pandemic whilst meeting the need of societal stakeholders. The constant clamour for a reduction in climate change activities and the negative impact of emissions on the planet brought to the limelight the need for everyone to be responsible. This was highlighted in great detail by the United Nations Framework Convention on Climate Change (UNFCCC) COP 27 event which held in Egypt, Africa for the first time.

Our activities this year were focused on building resilience for our staff, customers, and other stakeholders in the face of recovery efforts from the pandemic as well as the effects of climate change. We harnessed available opportunities and partnerships to contribute to the global net-zero emission targets through initiatives and innovations in our business activities and operations. Through these initiatives and innovations, we believe that we are better positioned to become a more sustainable, responsible, and responsive Bank, providing simpler, faster and more effective solutions to our customers and creating long-term value and a sustainable future for all our stakeholders.

Our Commitment to International Sustainability Principles

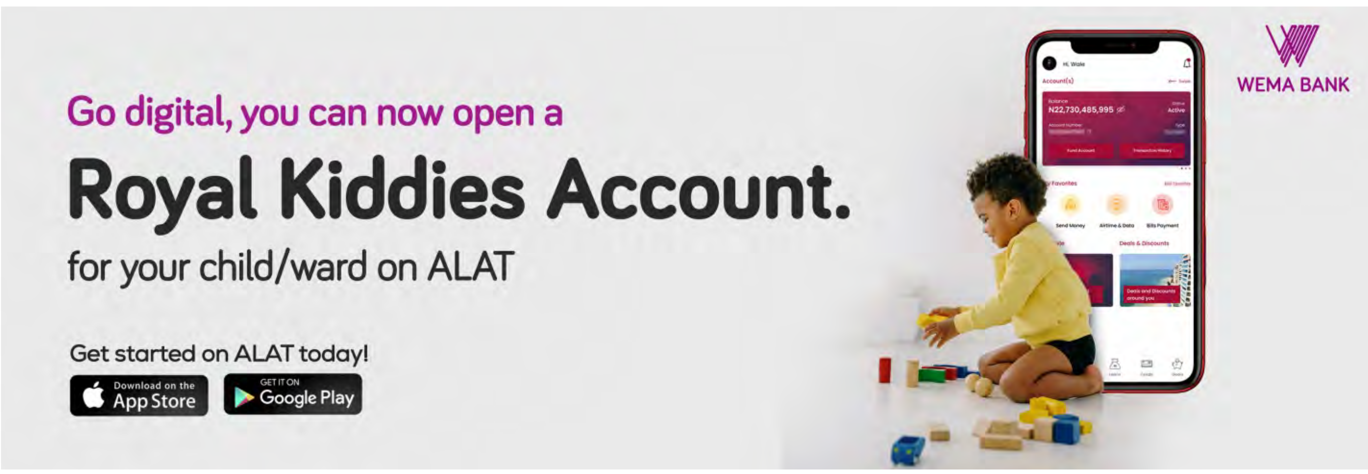
We recognize the need to impact society and the role required of us in achieving the greater global effort hence, we align with international standards and global best practices to forge strong alliances and achieve our desired impact in the society. Our initiatives were aligned with the Sustainable Development Goals (SDGs), United Nations Environment Program – Finance Initiative Principles for Responsible Banking (UNEP-FI PRB), United Nations Women Empowerment Principles (UN-WEP) and the Nigerian Sustainable Banking Principles (NSBPs)

Sustainable Development Goals (SDGs) Advocacy

At Wema Bank, we understand that advocacy is vital to generating momentum and commitment to achieving the Sustainable Development Goals. The 17 Sustainable Development Goals (SDGs) aim to produce a better world for humanity where social issues like extreme poverty, hunger, illiteracy and inequality become things of the past and the planet is preserved. The SDGs advocate for the society, environment and economy and provide a road map for improving our world.

We targeted our initiatives towards achieving the goals while forging alliances with vital stakeholders with a view to ensuring that no one is left behind.

We focused on 10 of the SDGs where we believe we can make appreciable impact in our business operations and activities.



Sustainable Development Goals

Our Priority SDGs

Nigerian Sustainable Banking Principles

UNEP-FI Principles for Responsible Banking

United Nations Women Empowerment Principles

United Nations Environment Programme – Finance Initiative Principles for Responsible Banking (UNEP-FI PRB) – Our Commitment and Achievements

As one of the signatory founders to the Principles, we demonstrated our commitment and support for the Principles for Responsible Banking (PRBs) in the Year 2022 by taking giant strides in our areas of materiality: Financial Inclusion and Women's Economic Empowerment. Our report for the PRB is attached in Appendix 1.

United Nations Women Empowerment Principles (UN-WEP)

As a responsible and forward-thinking organisation, we recognize the need for gender equality in our workplace, marketplace, and the community as a whole. The Bank recently endorsed the UN-WEP to further reiterate our commitment to promote gender equality and women empowerment. Our current activities and initiatives for the year cut across all 7 Women Empowerment Principles.

Nigerian Sustainable Banking Principles (NSBPs)

The NSBPs are guidelines for Nigerian banks to improve their environmental and social impacts on business and operations, including increased advocacy for women empowerment and human rights. We ensured that all our sustainability initiatives, business operations and activities aligned with these Principles. We also made progress in executing initiatives aimed at delivering positive impacts to society. The NSBPs also enabled us to collaborate with the rest of the Nigerian banking community in making positive impact in the country.

Our Footprints In 2022

Environment

Our corporate commitment to environmental sustainability as well as various environmental regulations have informed environmentally conscious decisions in our business activities and operations. We will continue to take deliberate actions and drive more initiatives to mitigate the impact of our business activities on climate change and other environmental concerns.

Energy Efficiency

We are continuously seeking alternative and more environmentally friendly ways to generate energy for our business activities. We reduced our carbon emission by 750 Metric Tonnes in 2022 through our 28 solar-powered branches. All our ATMs across the country use hybrid power supply (solar, grid and inverter) to meet the needs of our customers within and outside our business locations.

The bankwide generator shut-down policy was also enforced and this also led to a significant reduction in our energy consumption and wastage. Other measures through which we reduced energy usage in the year include;

1. Our facilities are powered by LED energy-saving bulbs.
2. Enhancement of alternative channels such as ALAT, BankPass and *945# for banking ensured there was low footfall of customers and reduction in long opening hours at the branches. This went a long way in reducing the carbon footprint at the branches.
3. Meetings and conferences were conducted virtually, and this brought about a significant reduction of our carbon footprint and the cost of travel.
4. Reduction in commuting to physical office locations due to work from home policies has also helped to reduce our carbon emissions.

Paper Usage Reduction

We recognize that decreasing the use of paper helps to protect valuable natural resources, reduces carbon footprint, and saves cost. When we use less paper, we will print less, use less ink and save electricity. Paper reduction in our operations have been duly effective as most of our correspondence are carried out digitally. This has also helped to reduce our carbon footprint and improve operational efficiency. We will continue to reduce paper usage through PurpleWorks, our electronic correspondence and document management system.

Water Management

We implemented effective water management measures across our branches. The dual toilet flushing system installed in the branches reduced water consumption while our effluent water management system recycled wastewater for other uses. We also continually advocate the importance of water conservation to our employees and customers. This will further the water conservation drive for prolonged use and service to all.

Waste Management

Since 2019, our waste recycling process for proper disposal and management of recyclables (paper, plastic, glass and can) has developed exponentially with positive outcomes.

In 2022, we leveraged our existing partnership with waste recycling companies and non-governmental organizations to reduce the amount of waste that goes into the landfill. We also onboarded new recycling partners to further extend our waste recycling process beyond Lagos State, making a total of 60 branches across the country. The proceeds of the processed recyclables are used for social causes such as school fees payment for children in disadvantaged communities through RecyclesPay and purchase of healthcare premium from SosoCare (one of our Hackaholics 2.0 winners). This contributes to the economic growth of the recycling industry whilst also encouraging a responsible waste disposal system.

Overall, we collected over 15,000kg of recyclables across the branches. We have also improved our environmental sustainability advocacy by creating increased awareness on the importance of adopting the 3Rs of recycling (reduce, reuse, and recycle) with our employees and vendors.

Renewable Energy Drive

In alignment with the country's Net-Zero commitment and the enactment of the Nigerian Climate Act, we increased awareness on energy transition to alternative sources which are safer for the environment. This was duly effected through periodic webinars and newsletters for customer sensitization. The Bank also launched a Green Energy Finance Facility to provide opportunities for SMEs to access up to N10million for renewable energy solutions in their business operations.

Renewable Energy Drive

Environmental Cleanup & Advocacy

Environmental Sustainability involves sustainable use of our natural environment in ways that are beneficial both now and in the future. It entails taking good care of the limited resources available without compromising the ability of future generations to meet their needs. We also promote environmental sustainability through community and coastal cleanup initiatives and advocacy. This is done to mitigate the effects of environmental and marine pollution in communities across the country. Environmental advocacy further spreads awareness and aids the development of environment-friendly consciousness amongst members of society.

Community and Coastal Cleanup

Socio-Economic

Community Support

We are deliberate about our impact on the communities in which we operate. In 2022, we supported and gave back to our communities through initiatives listed below.

Volunteering

iVolunteer @ Wema is an employee volunteering initiative with a focus on building a strong, cohesive team working to make an impact on the society, environment, and business. Through this platform, about 3000 employees of the Bank have logged in over 94,471 hours in volunteering services. We have impacted over 120,000 people in more than 90 communities across Lagos and other states in the South-West, South-South, South-East and North regions of Nigeria through employee volunteering. In the year 2022, our employees engaged in volunteering activities through the initiatives listed below.

Mentorship Programme

We continued the drive for youth education and empowerment through mentorship sessions for students in different states across the country. The students were trained on cybersecurity, leadership, hygiene, financial awareness, and the development of vision boards amongst others. Schools like Vivian Fowler Memorial College for Girls, Victoria Island Junior Secondary School, Wesley Girls Senior Secondary School, Lagos Anglican Girls Grammar School in Lagos, and others across the country were impacted through this initiative in the reporting year.


Mentorship Sessions

Financial Literacy Outreach

Volunteers across the Bank drive financial inclusion by enlightening existing and potential customers on managing their finances in order to be financially independent. We held financial literacy sessions in communities across the country including Ijede, Ibadan, LASU, UNILAG, Ondo and Epe respectively.


Financial Literacy Sessions at LASU, Ijede & UNILAG

Valentine @Wema

In line with the global celebration of love, volunteers from the Bank visited locations across Lagos and Ekiti on Valentine's Day. Inhabitants of the Old People's Home, Yaba benefitted from the initiative as groceries, toiletries and other relief items were donated for their general wellbeing. To further curb the rapid increase in the incidence of moral decadence and depravity amongst Nigerian youths, mentorship session for the students at Victoria Island Junior Secondary School, Lagos and Fiyin Folu High School, Aiyedun, Ekiti respectively.

The participants were tutored on the significance of Valentine's Day, the right ways to express love and the dangers of social vices. The Team also trained the students on basic financial literacy knowledge and the importance of lifelong learning. About 568 people were impacted through this initiative.

Valentine @Wema Initiative

Salary for Love

In line with the Bank's corporate social investment initiatives, the annual Salary for Love campaign was implemented in February 2022 with members of staff donating their one-day basic salary to address salient issues and needs in immediate communities. Since inception in 2018, this initiative has served as a means of achieving our objective of making a positive impact in society, with significant results recorded annually.

The 2022 Salary for Love initiative centered on the major themes of 'Education and Entrepreneurship'. The theme was informed by the rapid increase in moral decadence and depravity amongst Nigerian youths and the need to contribute in our own way to enable a better future for the younger generation. We executed projects in 7 states namely – Lagos, Ondo, Rivers, Edo, Akwa Ibom, Kaduna and the Federal Capital Territory respectively. Impact projects include the donation of a borehole facility to Eko Akete Grammar School, Lagos; textbook donations to Akure High School, Akure; Community High School, Ore; and C.A.C. Oke Isegun High School, Ondo; renovation of the lavatory facilities of Christian Council Primary & Secondary School, Elekahia, Port-Harcourt, donation of classroom furniture to Government Secondary School, Rigasa, Kaduna amongst others. Over 12,000 beneficiaries were impacted through this initiative in the reporting year.

Head Office & ALAT

Eastern Region

Abuja Region

Lagos Region

Southwest Region

Pad-A-Girl Initiative

A 2018 World Bank estimate revealed that at least 500 million women and girls globally lack access to the facilities they need to manage their periods. In Nigeria, reports state that 25 percent of school-age girls do not have enough resources to handle their menstrual hygiene. This is encapsulated in the term Period Poverty. This lack of immediate access to sanitary products has a direct impact on their education, emotional well-being, health, and productivity. It has been duly established that period poverty is a major factor affecting school attendance rates for girls across Africa.

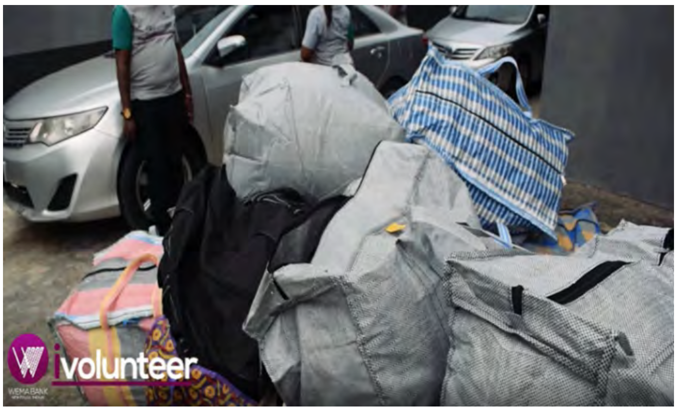
In light of these statistics, we launched the Pad-A-Girl drive in 2021 to combat this menace and curb period poverty among young girls. In 2022, we continued this drive to provide free sanitary products for secondary school girls in Lagos. Over 1800 girls benefitted from the session at Lagos Anglican Girls Grammar School, and we look to further expand our reach to other schools across the country.

Pad-A-Girl Initiative

Declutter and Donate

Declutter and Donate is an annual initiative which commenced in 2018. It involves encouraging staff to donate new and gently used clothes, shoes, children's toys, household items groceries and other gift items in order to put smiles on the faces of vulnerable communities during the festive season. Since inception, the initiative has impacted diverse communities in Niger state with over 20,000 beneficiaries.

In 2022, the items collected were donated to the flood ravaged Igbogene Community in Yenagoa Local Government Area, Bayelsa State. The community was one of the various communities in the region which were negatively affected by the flooding crisis in 2022. Reports show that over 1.4 million people were displaced, and 612 deaths recorded due to the unprecedented deluge experienced during the rainy season. The donated items were also supplemented with foodstuff and beverages for over 100 households in the community. About 5000 beneficiaries were positively impacted through this initiative.

Declutter & Donate 5.0

Other Staff Volunteering Initiatives

Finance and Corporate Services Division - Project Giving Back

In commemoration of the Customer Service Week, the Finance and Corporate Services Division executed impact initiatives across the Lagos Island communities. The initiatives were based on meeting the needs of our immediate communities in alignment with the core Corporate Social Investment Pillars of the Bank.
The executed projects include;

1. **Education:** It has been established that a conducive and healthy school environment shapes the attitudes which children develop toward their education as well as promotes effective teaching and learning. In light of this, we renovated 10 dilapidated classrooms in St. Paul's Anglican Primary School, Lagos Island. This project will further contribute towards the achievement of SDG 4 – Quality Education.
2. **Finance:** As part of the Bank's financial inclusion drive, we hosted a Financial Literacy Session for the MSMEs and business owners within Marina. Participants were taught the essentials of financial literacy such as budgeting, bookkeeping, savings, and investment amongst others for their business development. Over 60 beneficiaries were impacted at the session and 3 business owners were awarded grants respectively.
3. **Health:** In alignment with SDG 3 – Good Health & Well-being, we donated healthcare facilities and renovated a section at Massey Street Children Hospital, Lagos Island. This is part of efforts to promote access to healthcare services for beneficiaries within the immediate community.

Over 300 people within the Lagos Island environment were impacted through this initiative.

Finance & Corporate Services Division Giving Back Project

Compliance and Conduct Division - School Renovation Drive

As part of their year-end team bonding activities, the Compliance & Conduct Division executed a school renovation project to provide a conducive learning environment for the pupils of Christ Church Cathedral Nursery & Primary School, Lagos. The lavatory facilities were in a deplorable state, and this had a negative impact on the pupils' attendance and learning assimilation. The team renovated the toilet facilities and donated a water pumping machine and cleaning equipment to the school. This project cuts across SDG 3 – Good Health & Wellbeing, SDG 4 – Quality Education and SDG 6 – Clean Water & Sanitation to provide a better learning experience for the pupils. About 800 beneficiaries were impacted by this initiative.

School Renovation & Donation Drive

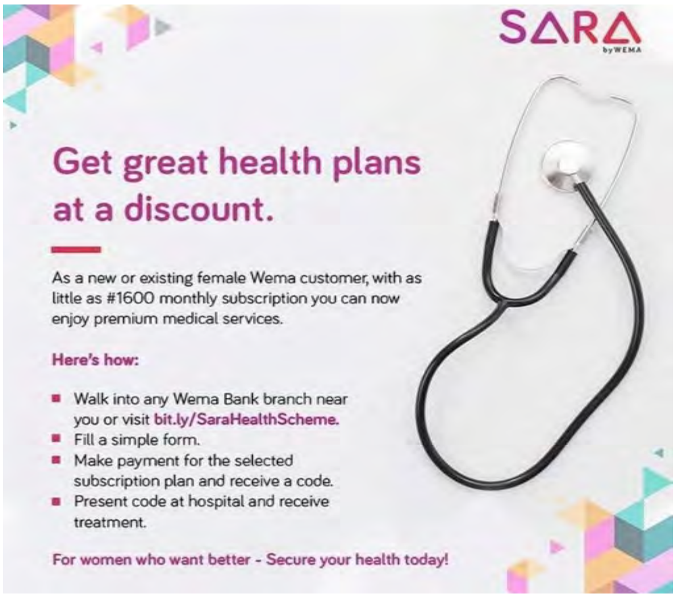
Women Empowerment

We are intentional about our commitment to women empowerment and gender equity in the organisation and business world. In 2022, we continued our drive for women empowerment through diverse initiatives for overall success of women in society. These initiatives have had far reaching impact and provided growth opportunities for women through SARA by Wema – our female proposition and Wema Women Network – our internal female network.

SARA by Wema

Through our female proposition, the Bank has empowered women to thrive in all endeavour through access to finance, mentorship sessions, trainings, and networking opportunities.

1. Gender Loan: Opportunities for female business owners to benefit from the SME Gender Loan at 9% without collateral. Over 300 women-led businesses impacted so far with over N300m disbursed to female entrepreneurs.
2. Over 20,000 women impacted through capacity building webinars and other business trainings during the year.
3. We continued to leverage on our partnership with AIICO Multishield to offer HMO and hospital cash plan for women. Subscribers have access to healthcare services such as gynecology and obstetrics, antenatal, evacuation and pediatrics amongst others at affordable prices. Female business owners who have been hospitalized for a minimum of 3 days can also get a sum of N10,000 for business support up to 5 times yearly.



SARA by Wema Initiatives

Wema Women Network

The Wema Women Network was established in 2013 as our internal female network made up of all female staff across all cadres and locations. The network offers an opportunity for women to be nurtured and inspired to be the best in their career and personal lives. The network also supports female staff to realize their full potential and ultimately drive full representation across different levels in the Bank.

In the reporting year, the network championed activities including connect sessions, health seminars, fitness challenges, movie nights and several team bonding activities during the year. Most of the programs were centered around personal and career growth for the female members of staff across the Bank. The second edition of the Fitness Challenge was widely participated in across the regions of the Bank. Physical fitness was promoted through the weekly 10,000 steps challenge, fruit & water challenge, midday stretch with winners announced weekly.

Monthly newsletters were circulated to all staff to create awareness on issues relating to capacity development and paying attention to vital themes such as productivity, health, personal effectiveness amongst others. Members also participated in conferences, seminars and other women-focused events for continued development and capacity building purposes. These include WIMBIZ Annual Conference, WISCAR (Women In Successful Careers) Conference, Association of Professional Women Bankers events amongst others.

Wema Women Network Health & Fitness Challenge 2.0

Wema Women Network Movie Night

Wema Women Network Year-End Event

Wema Women at WIMBIZ Conference 2022

Wema Women with Chimamanda Adichie at WISCAR Conference 2022

Partnerships

We have developed a systemic thinking approach by adopting a mindset about organizations working together across sectors and breaking down silos, to advance the global goals and our corporate objectives. We leveraged on these partnerships during the year for effective planning, implementation, and execution of our various empowerment initiatives. Our different partnerships as well as sponsorships are highlighted below:

SheCan Nigeria

We partnered with SheCan Nigeria to host their 4th annual conference as well as empower women. The Chief Digital Officer of the Bank facilitated a session at the conference in furtherance of our vision of driving digital solutions for societal impact. Financial literacy, capacity building and skill acquisition sessions were organized to empower women and youths in Lagos State. Over 5,000

SheCan Conference 2022

BOAT by Lifebank

On Monday, March 28, 2022, a Kaduna-bound train from Abuja was attacked by terrorists around 7pm. The terrorists planted explosives on the train tracks, forcing the 970-passenger train to stop and subsequently unleashed carnage, leaving a trail of devastation in their wake. According to a report by the Nigerian Emergency Management Agency on the incident, 8 persons were confirmed dead with about 25 passengers on admission in critical condition at a Kaduna hospital. To help save the lives of the admitted victims, we partnered with BOAT by LifeBank Foundation, a nonprofit organization that funds the purchase of medical supplies for low-income patients in underserved communities across Africa. Our donation of critical medical supplies such as blood and oxygen helped saved 18 lives.

Saving lives in partnership with BOAT by Lifebank

Women's Health Platform Foundation (WHPF)

In commemoration of Breast Cancer Awareness Month 2022, we extended the free breast scan screening and awareness initiative beyond Lagos State. In partnership with Women's Health Platform Foundation (WHPF), breast cancer awareness sessions and free breast screening facilities were provided for over 100 female customers and staff within Abuja and surrounding communities.

Free Breast Cancer Screening with WHPF

FOCAD Global Concepts

At Wema bank, youth education and empowerment are duly prioritized in our social investment initiative as we believe that the youth are critical to building a sustainable future for our communities and economy. In 2022, we expanded our partnership with FOCAD Global Concepts on the 5th edition of the Career Summer Camp for teenagers to cover Lagos, Ogun, Oyo, and Abuja respectively. About 9100 students were impacted.

Career Summer Camp 2022

Women In Successful Careers (WISCAR)

We partnered with WISCAR for the 2022 WISCAR Annual Leadership and Mentoring Conference with the objective of showcasing leading women contributing to nation-building in their various fields. This in turn has the potential effect of influencing the required legal and policy changes for gender equality, inclusive growth, and sustainable national development.

International Commemorations

To further drive positive impact within the internal bank structure and in the communities where we operate, we held the following (commemorative) events.

International Women's Day

Gender bias was reported by the Gender Social Norm index as one of the major barriers to women, as it limits them from attaining leadership positions and deters overall societal and organizational progress. In light of this, the International Women's Day 2022 global theme - #BreaktheBias was selected to address the stereotypes that form barriers to the advancement of women in different fields of

International Women's Day 2022 was commemorated internally on Friday, March 11th, 2022 with seasoned speakers – Mrs. Bolarin Okunowo, MD/CEO Chemical and Allied Products Plc and Dr. Dolapo Fasawe, General Manager, Lagos State Environmental Protection Agency. Celebrity comedian, Basketmouth also featured on the side-chat in bringing to fore the winners of the #BreaktheBias Challenge which had over 50 video entries across the Bank.

The speakers provided insight into creating requisite structures for ending ingrained biases and stereotypes against women. Women need to work differently, not less. Organizational structures should be reviewed to create work environments where women can thrive across all their responsibilities and aspirations. Women were also encouraged to inspire and mentor other women for success. Breaking the bias is a collective responsibility for all members of society and the earlier deliberate actions are taken, the better for everyone involved. Over 500 participants were impacted at the commemorative event.

International Women's Day Commemoration

World Cleanup Day

World Cleanup Day is an annual global event aimed at combating the waste management crisis affecting communities and coastlines across the world. In commemoration of World Cleanup Day 2022, the largest volunteering drive across the Bank was held in September across Lagos, Aba, Kaduna, and Port Harcourt respectively.

The iVolunteer team joined non-governmental organizations such as SosoCare and International Coastal Cleanup (ICC) to clean up communities and areas along the coastal line. Over 2218kg of waste and recyclables were generated with about 1500 people impacted across the country. This initiative, in alignment Sustainable Development Goals 6, 13 – 15 (Clean Water & Sanitation, Climate Action, Life Below Water & Life on Land) respectively has contributed positively to the overall health and well-being of the communities impacted.

World Cleanup Day 2022

International Day of the Girl Child

The 10th anniversary of the International Day of the Girl Child celebrated across the world with the theme Our Time is Now – Our Rights, Our Future with the core objective of equipping girls around the world with the requisite skills and opportunities for leadership, societal advancement, and growth. October is also Cybersecurity Awareness Month; hence we leveraged on the two commemorations to mentor the students at Lagos Anglican Girls Grammar School.

International Day of the Girl Child Commemoration

Cancer Awareness Month

This year, the cancer awareness session was expanded to address and drive increased awareness on the major cancer cases affecting men and women with the aim of ending the menace of cancer in our society. The session featured experts who provided insights into the risk factors for breast, cervical and prostate cancer respectively and how they can be managed.

Post-webinar, free breast screening services were provided for over 100 female customers and staff within Abuja and environs in partnership with Women Health Platforms Foundation (WHPF).

Cancer Awareness Session

International Men's Day

In furtherance of our objective to ensure a balanced workforce and entrench gender inclusiveness across board, the International Men's Day 2022 commemoration featured seasoned speakers who addressed participants on the theme – **Helping Men Achieve their Potential**.

Participants benefitted from the insightful tips towards better reflection and preparation for success as provided by Fela Durotoye, Leadership Expert and CEO, Gemstone; Yemi Faseun, HR Professional and Founder, The YF Academy; and Ahmed Banu, Managing Director, STL Asset Management respectively. Themes on rising above pressure, building visibility for growth, effective financial planning and working for success were deeply explored. Men across diverse age groups and levels in the Bank were celebrated and duly encouraged on the need for deliberate commitment to consistent growth and development in the light of established goals and aspirations. Over 200 participants were impacted at the session.

International Men's Day Commemoration

Sustainable Workplace

Staff Physical and Mental Well Being

We recognize the increasing need to safeguard and promote the health and overall wellness of our employees. Daily stressors occasioned by economic and social challenges make attention to physical and mental wellbeing of staff imperative. We organised mental health sessions for employees during the year and continued with the Employee Assistance Program (EAP) to help employees deal with work-life stressors and general life issues to achieve sound psychological and all-round wellness. Physical fitness boosts were also encouraged through the midday exercises and stretches observed daily across different departments within the Bank.

Midday Exercises & Mental Wellness Sessions

Occupational Health and Safety

We continued to uphold and review the enforcement of stipulated health and safety rules in light of the current global reality. Employees were regularly sensitized on the need to take responsibility for their safety and that of others by reporting occupational incidences daily. We also carry out quarterly knowledge sharing sessions on occupational health and safety with assessment tests to gauge staff comprehension and preparedness for emergency situations.

Fire drills were carried out to ensure that all staff, customers, and visitors in our premises understand the safety measures and emergency response techniques in the incidence of a fire outbreak. 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

Diversity and Inclusion

At Wema Bank, we uphold the belief that diversity and inclusion are crucial to organizational growth and development. We endeavour to treat all employees with fairness and respect, with equal access and opportunities to career and personal success. Our objective in this regard is to create an enabling environment for growth and to provide a workplace that is free from discrimination, with zero tolerance for any form of harassment, victimization, or other similar violations in the workplace.

We aim to attract talent regardless of gender, age, ethnicity, and religion. We conduct periodic reviews of our Diversity & Inclusion Policy as well as leverage on initiatives such as the Ideas Portal to foster a culture where all employees' ideas and points of view are openly welcomed.

Human Rights

We are intentional on promoting a safe working environment devoid of discrimination and harassment. Our Code of Conduct Policy and Human Capital Management policies address human right risks in the workplace and are supplemented by routine internal communication to drive staff awareness on their fundamental human rights.

Our commitment to protecting the sanctity of human rights also informs the lending process as we screen and vet transactions for human rights issues and potential infringements. On a monthly basis, we reiterate the need to escalate abuse and other related issues that contravene human rights. This is also entrenched in our sustainability learning materials which are communicated periodically to all members of staff.

Employee Training and Development

We understand that dedicated employee training and development programs not only contribute to employee productivity, staff retention and profitability of the Bank, it is also vital for sustained business growth. The importance of sustainability considerations in global business practices and operations has been repeatedly emphasized and magnified in the light of various social and environmental challenges. To this end, we continue to train members of staff in various capacities on local and global sustainability trends and challenges to ensure that each employee understands their role in shaping a collective sustainable future.

In addition to general training sessions, there were specific trainings for relationship managers and credit officers on Environmental, Social & Governance (ESG) and Sustainable Finance.

In partnership with Coursera, each employee was afforded the opportunity to study at least three (3) courses relevant to the areas of expertise, with certificate of course completion issued at the end of the training sessions. Employees also participated in other courses relevant to their skills for career development and growth, each spending at least 90 hours in training. We will continue to equip members of staff for the future through tailor-made learning programmes.

Wemalympics

To improve team bonding and internal collaboration, the bank has continued to advance in our annual sports and games tournament "Wemalympics'. This initiative was launched in 2018 with the core objective of contributing to our employees' physical fitness, mental well-being, and social interactions, while fostering the development of other essential skills such as teamwork, tolerance, courage, resilience, and innovation. The 5th edition of Wemalympics involved increased regional participation through sporting events and activities with senior management members also involved to provide motivation and support for members of staff.

Wemalympics 2022

Sustainable Business

Financial Inclusion

At Wema Bank, we believe that financial inclusion is fundamental to poverty eradication and overall economic development. Financial inclusion is one of the key socio-economic strategies that will drive development and growth in Nigeria.

The Bank has continued to drive ALAT, our flagship digital platform for seamless account opening and usage for the diverse population. We improved the functionality of our electronic channels and ensured that we met and exceeded our customer's banking expectations. Other channels such as the USSD platform (*945#) were used to reach the unbanked and underbanked segments. The number of unbanked individuals who received financial services through Wema Bank for the first time in 2022 was over 300,000.

To further deepen financial inclusion, we organized Financial Literacy sessions across the country, especially among the youth population, impacting over 17,000 people. We collaborated with our agents to reach out to customers in remote parts of the country through Bank Pass, a platform for opening Tier 1&2 accounts for the unbanked and underbanked and BVN enrolment. We also expanded our agency banking network during the year with over 24,000 agents across the country.

In addition, we supported various Central Bank of Nigeria (CBN)-led initiatives to achieve the national financial inclusion target of 95% by 2024.

Capacity Building for SMEs – SME Business School

SMEs are crucial to national economy growth and prosperity. They provide products and services, contribute to employment and create value for economies. When given the right support, there are various benefits to the society and economy as a whole. 2022 witnessed some recovery from the massive disruption in economic activities due to COVID-19. The Bank was able to play a part in supporting MSMEs with quality training to help scale their businesses as well as strategies to take advantage of evolving climate action need.

The Wema SME Business School continued with the SME Business School 3. 0 and 4.0 editions taking place in Abuja and Port Harcourt during the year. Other capacity building sessions including trainings on transiting to renewable energy sources for businesses was also held for SMEs. This will help existing customers scale their businesses and support the growth of MSMEs in Nigeria. The provision of the Green Finance Facility will also provide access to sustainable finance for these businesses.

SME Business School 3.0

SME Business School 4.0

Governance

We believe that good governance is a product of constant engagement with stakeholders about pre-agreed expectations, formulating policies and establishing norms and standards to guarantee achievement of the Bank's vision and mission. It also includes an operational system of compensation that safeguards the interests of stakeholders and discourages maladministration and deviations from the institution's objectives. Good governance enables us to be conscious of our values through enhanced accountability, strong risk and performance management, transparency, and effective leadership.

Sustainability Governance Structure

The Board Nomination and Governance Committee reviews and approves decisions that govern the environmental, social and economic policies within the organization through the Sustainability Committee, while all sustainability initiatives are executed by the Corporate Sustainability and Responsibility Department. In addition, the department is responsible for advising the board and executive management on best sustainability practices and relevant regulatory expectations.

The Sustainability Committee comprises of members from key departments of the bank who are stakeholders in driving the sustainability agenda. The committee reviews strategies, activities and policies regarding sustainability and community investments and makes recommendations to the Board.

To ensure that sustainability is entrenched and fully embedded in our operations, we have nominated champions who understand and drive this cause within various units of the Bank including Human Capital Management, Risk Management, General Administrative Services and Retail Banking Division.

Transparency and Accountability

The Bank's decision-making process is transparent and promotes honesty, integrity, accountability, and discourages misconduct. The Bank has in place a strategy that outlines clear roles and responsibilities of relevant stakeholders for our sustainability journey and serves as a detailed road map for our sustainability agenda implementation. This is in alignment with global best practices and meets regulatory requirements to all local and international bodies which we are signatory to. We also share our progress with stakeholders and regulators on a regular basis to increase transparency.

We continually update our sustainability related policies to ensure our requirements are more succinctly articulated and standardized across business units. These policies set out our principles and standards for risk management and compliance.

Responsible Lending Practices

We are mindful of the economic challenges in the country and how they also affect our clients and the growing need for lending products and practices in place to guide and assist them in being financially independent. Our viewpoint is that lending to customers is a long-term commitment hence we ensure that we offer customers credit facilities that suit their needs and financial capacity.

We take a holistic and long-term view of our lending strategy by ensuring that what we finance supports sustainable development and our corporate goals. Our financing strategy is anchored on business activities with positive impact on the environment, economy and society.

We provide guidance to our customers in order for them to adopt and transit to more sustainable models of doing business and work in line with our environmental and social risk management system.

We have continually enhanced our credit risk policy to incorporate a better approach to managing environmental, social and governance (ESG) issues in our lending process. Relationship managers and credit officers are periodically trained on Environmental and Social Risk Management to equip them with the requisite knowledge to support our lending procedures. In addition, credit risk managers review the environmental and social risk assessments before making decisions on credit approval.

Our credit processes include site visitation to client business environments to ascertain the level of compliance with pre-agreed environmental and social responsibility requirements. Monitoring our customers' adherence to our ESG standards and implementing good ESG practices include tracking progress in addressing past incidents, engaging customers in establishing policies that align with global best practices and following up on agreed mitigating measures and action plans.

Vendors' Environmental and Social Responsibility Forum

To mitigate the risks that can emerge from transactions from vendors and ensure excellent service delivery, we organised the second edition of the Vendors Environmental and Social Responsibility forum the second edition of the annual Environmental and Social

Governance Forum for vendors. The vendors were enlightened about elements of Environmental And Social Governance such as; need for gender equality drive in the supply chain, ethical and responsible labour practices, responsible production and disposal, sustainable and responsible procurement, appropriate health and safety measures to adopt, etc.

The session was well received with about 43 vendors in attendance spanning different sectors such as cleaning and janitorial services, IT consultancy, security system technology, infrastructural development, etc.

Vendors' Environmental and Social Responsibility Forum

Strengthening our Response to Climate Change

The far-reaching effects of climate change cannot be overemphasized. From more extreme weather to increasing food prices, loss of income and biodiversity, these effects are felt by people everywhere. The ensuing climate risks can have severe impacts on our business as a bank and in the light of the national commitment to the year 2060 net-zero emission target, we understood that more needs to be done. Hence, we took intentional measures to strengthen our response to climate change through the following initiatives;

- **Climate Risk Policy** – We took a step forward in our climate action commitment, with a new climate policy in alignment with the Nigeria Climate Change Act and National Energy Transition Plan. This will enable us to reduce our carbon emission in our operations and our financed emissions as well.

- **Green Finance Facility** - Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders, by providing funds where it is needed most. We understand that our financing choices can enable the necessary transition to a low-carbon economy and contribute to building climate resilience through the financing of adaptation measures. To this end, the Bank launched a Green Energy Finance Facility to enable SMEs to reduce their emissions through power generation. The facility provides opportunities for SMEs to access up to N10million for renewable energy solutions in their business operations. This is the first step in measuring, disclosing, and assessing our exposure to climate-related risks, which needs to be continually documented and communicated, such as quantifying the GHG emissions from our lending activities.

Green Finance Facility

- **COP 27 Representation** – Partnerships and collaborations with key stakeholders are important in achieving the bank's sustainability agenda. We participated at the United Nations Framework Convention on Climate Change (UNFCCC) COP 27 event which took place from November 6 – 18, 2022 in Egypt. The event afforded the Bank the opportunity to engage pertinent stakeholders in the global sustainability space and to seek for funding partners in alignment with our Sustainability Funding project.

Executive Director and Chairperson, Sustainability Committee, Mr. Emeka Obiagwu was a panelist on the session titled Driving Innovations for Building Gender-Responsive, Climate-Resilient Communities. He spoke extensively on Gender mainstreaming for effective mitigation and adaptation strategies. He further highlighted Wema bank's innovations and initiatives for building gender-responsive, climate-resilient communities.

A landmark decision during the event is the provision of loss and damage funds to help developing countries including Nigeria deal with the devastating effects of climate change.

The Bank will take advantage of this opportunity once modalities are known for disbursement of the funds.

Highlights from COP 27 Representation

Whistle Blowing
Wema Bank encourages whistleblowing, which aims to create a work environment where employees can raise concerns on ethics, governance, human rights infringements, irregularities or malpractices, breach of Wema Bank values without fear of victimization and with an assurance that their concerns will be taken seriously. The whistleblowing procedure ensures anonymity for whistleblowers to protect them from victimization and harassment. There is a direct link on the intranet for whistleblowers to report all identified breaches of the Code of Corporate Governance. All reports are investigated, and necessary sanctions applied for violations.

Reporting
Periodic measurement and reporting of our sustainability achievements helps us to focus on what is important to us and our stakeholders.

In compliance with the Nigerian Sustainable Banking Principles (NSBPs), the Bank reports progress made on targets and goals semi-annually to the Central bank of Nigeria. We also render annual reports on our achievements on the United Nations Environment Programme – Finance Initiative Principles for Responsible Banking (UNEP-FI PRB) and United Nations Women Empowerment Principles (UN-WEP) in line with our commitment to the global goals. The report is anchored on our area of materiality.

In 2022, our sustainability report was prepared in accordance with Global Reporting Initiative (GRI) Standards. We also had our first ever sustainability assurance by KPMG, which put us on the global stage as a sustainable and forward-looking organisation.

We will continue to ensure that our reporting system is full of integrity, accountability, and transparency. We will also continue to clearly communicate, assess, and report the impact we have on our stakeholders.

Pressing for Progress

The importance of sustainability considerations in global business practices and operations has been repeatedly emphasized and magnified in the light of key takeaways from the recently concluded UNFCCC-COP27. This further drives the necessity for organizations to take deliberate action in working towards a sustainable future.

Forecasts have shown that in the year 2023, sustainability will take the center stage in the corporate world vis-à-vis ESG investments, transition to renewable energy, fair and inclusive workplace, recycling, financial inclusion, and clamour for eco-friendly products and services. As a responsible and forward-thinking organisation, we are committed to playing a leading role in driving these ESG trends within our operations and business activities whilst also encouraging our customers to adopt sustainable business models.

In the coming year, we will leverage on the progress we have made so far by providing financial and non- financial support to all our various stakeholder groups. More importantly, we will consistently drive sustainable practices, leveraging on our strength in technology and diverse array of skills and expertise within the business and our operating environment.

Appendix 1

Reporting the UNEP-FI Principle for Responsible Banking

The following is the abridged version of the reporting requirements for Signatories of the Principles for Responsible Banking. Within this report, there are six areas to show that Wema Bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. They are highlighted below.

- Impact Analysis
- Target Setting
- Plans for Target Implementation and Monitoring
- Progress on Implementing Targets
- Governance Structure for Implementation of the Principles

PRINCIPLE 1: **ALIGNMENT** We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.	Wema Bank operates a retail banking business model which is aligned with our corporate aspiration of improving access to digital financial services and enriching lives by leveraging on our digital capabilities. Our aspiration is to become the most dominant digital banking platform in Nigeria while our mission is empowering lives through innovation. The Bank has developed various solutions that will enable the banked (lifestyle solutions), underbanked (Financial Literacy & Investments) and unbanked (financial inclusion & micro lending) have unrestricted access to financial services across the various geographical zones and demography in Nigeria. Specifically, we serve the following market segment; • Youth & Young Adults, • Middle- & Low-Income Earners, • SME & MSMEs (Micro, Small and Medium Enterprises) and • Farmers. • Corporates Our flagship product, ALAT was introduced to meet the banking needs of customers regardless of location or banking needs. We also offer an array of financial solutions leveraging on our best-in-class technological architecture with strong partnerships to drive our offerings within the eco -system. Wema Bank has continued to align its products and services to the societal needs, goals and aspirations. The digital banking solution (ALAT) was designed to meet the banking needs of our diverse customer base and the youthful population in the country. With ALAT, customers do not need to visit a bank branch before the account can be opened or request for a debit card. **Financial Inclusion:** We have improved access to financial services through the ALAT platform while alleviating poverty and meeting the inclusion target as stated in the Nigerian Sustainable Banking Principles (NSBP). The Bank also created the microloan scheme to provide access to funds for people at the bottom of the pyramid. Financial inclusion remains one of the key socio-economic strategies that will eradicate poverty and drive development and growth in Nigeria. Our agency banking network with 27,532 agents as at December 2022 also enabled us to provide financial services to previously unbaked people in remote areas of the country. This is also in alignment with SDGs 1, 2, 8 & 10 and NSBP 4. **Women Empowerment:** This is important to us as we believe in advancing gender equality and improving access to the necessities of life for women. Our female proposition, Sara by Wema, continues to bridge the gender gap in the business world and gives women access to mentorship, funding, capacity building and advisory services to start or scale their businesses. The 9% gender loan has benefitted about 300 women as at date with about N500 disbursed.

Our internal network, called "Wema Women Network", continues to nurture and inspire women to be the best in their career and personal lives. This is also one of the key principles under the Nigerian Sustainable Banking Principles 5 and SDG 5 & 10.

To reiterate our commitment to women empowerment, we are also in alignment with the United Nations Women Empowerment Principles (UN-WEP) which we signed up to in November 2021. This has enabled us to continue to drive women empowerment at the highest levels.

PRINCIPLE 2: IMPACT & TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts by managing the risks to people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

In line with our business model, we identified Financial Inclusion and Women Empowerment as the most significant areas with capacity to make significant positive impact on the Nigerian economy, social prosperity and our business by extension.
The negative impact will be in the area unavailability of the right financial products or offerings, increased poverty and inequality.

Our corporate initiatives are targeted at the critical sectors of the economy with a view to alleviating poverty, increase job creation and inclusive growth. All of these are in alignment with the global and Nigerian economic framework.
These initiatives will help facilitate and accelerate inclusive growth in the Nigerian economy, while banks will act as economic catalyst.

We are aware of the importance of these target areas to the huge Nigerian population of over 200 million people and about 65% of the population are financially included (especially women) according to EFInA report. This is also in alignment with the Central Bank of Nigeria's 95 per cent financial inclusion target by 2024.

2.1. Impact Analysis
Financial Inclusion
Our goal is to continuously develop accessible and affordable financial products and services to individuals, communities and businesses, that traditionally have limited or no access to the formal financial sector. Although, we have created the ALAT banking platform to make account opening and usage easy for everyone, we will continue to segment the addressable market due to the large size of the unbanked and underbanked population.

We have made banking accessible by using mobile technology to reach everyone in the urban and rural areas of the country. There are regular financial literacy programmes across our business locations, through virtual platforms and on online media to increase awareness for these offerings.

The implementation of our financial inclusion programmes has enabled our customers to take advantage of global financial dynamics, enhance efficiency in managing personal finances, promote entrepreneurship, banking culture and financial stability.
We expect to continue to witness positive future economic and social well-being of Nigerians by reducing poverty, improving income and facilitating development.

Women Empowerment
We are aware of the mammoth contributions that women make to the economy, whether in businesses, on farms, as entrepreneurs or employees, or by doing unpaid care work at home; and promoting women's economic empowerment sets a clear direction towards gender equality, poverty eradication and inclusive economic growth.
Economic empowerment of women under the Sara by Wema platform has increased access to economic resources and opportunities including jobs, financial services, property and other productive assets, skills development and market information.

As a Bank, we are committed to providing platforms that will provide financial, social and personal empowerment to women across the various spheres in Nigeria. We will continue partner with profit and not-for profit organizations to promote gender equity and inclusive economic growth. We will leverage on these platforms to drive skill acquisition, access to grants, networking and marketplace.

2.2. Target Setting

Based on our identified areas, financial inclusion and women empowerment which we shared with the Board Nominations & Governance Committee responsible for driving sustainability for alignment and commitment. In addition, we set targets to deepen our reach across these two areas to increase our positive impact and minimize the negative impact of increased poverty and inequality in the country. These goals are in line with SDGs 1,2 5, 8, 10 and the NSBPs 4 &5.

We have continuously engaged both our internal and external stakeholders to ensure that our banking solutions are available, reliable and affordable. Technology has created the opportunity for effective distribution and customer resolution. We set a 5-year target in 2019 to achieve these milestones while implementing other enabling strategies and actions

Target & Achievement

Target Area	Target - Year 4 (2022)	Achievement
Financial Inclusion	180,000	573,055
Gender Empowerment	600,000	1,033,520

We put systems in place to reduce financial exclusion by ensuring that we request for the minimum regulatory documentation from these customers. Our solutions are designed in local language for ease of understanding and there is a multi-lingual contact centre to address customer needs. More importantly we have ensured that most requests can be completed online including request for a debit card without coming to the branch, which has reduced carbon footprint significantly. These are some of the mechanisms we have implemented to reduce our negative impacts.

2.3 Plans for Target Implementation and Monitoring

To meet the targets and desired milestones we have;

- Continuously created awareness on financial literacy and the opportunities available to our Sara by Wema customers.
- Organised capacity building programmes and vocational skill acquisition sessions.
- Designed robust and best in class feedback mechanism including the Agency Banking structure.
- Regular reporting to the Sustainability Advisory Committee and the Board Nominations and Governance Committee.

The progress made is actively measured monthly through the growth or decline in active customer number across the various segments and demography.

2.4 Progress on Implementing Targets

We have continued to implement the initiatives listed above through collaborative efforts. We have made progress in deepening our financial inclusion strategy and the women empowerment initiatives, evidenced by surpassing targets set.

PRINCIPLE 3: CLIENTS & CUSTOMERS

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

The bank has developed several frameworks to improve our relationship and engagement with our customers. Some of the frameworks include the Customer Engagement Model, Financial Literacy Strategy, Youth Mentorship and Empowerment Model, Communications Strategy, Customer Complaint and Resolution Policy, Sara by Wema Platform and Sara Health Scheme.

The bank organised programmes aimed at promoting engagement, human centred design, vocational skill acquisition and financial literacy, mentorship and empowerment programmes for the youth.

- We run monthly campaigns to encourage our customers to own a bank account to improve inclusion thereby alleviating poverty and reducing hunger SDGs 1 &2 and NSBP
- Quarterly vocational training and capacity building for women running micro and small medium enterprises with the aim of improving equality and decent work and economy SDG 5, 8 &10 and NSBP 4.
- Regular engagement with stakeholders to determine what is important to them and this in turn informs our areas of materiality.

Principle 4: **Stakeholders** We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	Our stakeholders are individuals and groups that are impacted by our business operations and activities. At Wema bank, we have identified our stakeholder groups as: investors/shareholders, employees, customers, suppliers/vendors, local communities, partners (NGOs, etc.) government/regulators and media. Periodic engagement with these identified stakeholders enables us to identify key areas that are of importance to them and obtain valuable input to help us effectively address the concerns while partnership with them provides support in actualizing these goals. Some of the organisations include She Can Nigeria, FOCAD, AIICO Insurance, Bank of Industry (BOI). We also worked with sustainability champions to implement some of the initiatives.
PRINCIPLE 5: **GOVERNANCE & CULTURE** We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	The Board Nomination and Governance Committee is responsible for driving the sustainability agenda of the Bank. The Committee reviews and approves decisions that govern the environmental, socio-economic and governance (ESG) policies within the organization through the Sustainability Committee. All sustainability initiatives are executed by the Corporate Sustainability and Responsibility Department. In addition, the department is responsible for advising the board and executive management on best sustainability practices and relevant regulatory expectations. Sustainability has been embedded in the culture and strategy of the bank. Every employee is aware of the bank's commitment to sustainability and have gone through the basic training while the champions drive sustainability implementation at the business level. There is a firm commitment form the Board and management to drive equity and fairness in renumeration with clear communication of our corporate objectives and focus. Milestones achieved are reported to the Chief Finance and Strategy Officer who is the Divisional Head responsible for Sustainability Department. The Sustainability Advisory Committee meets on a quarterly basis to review progress and align focus with the strategic business units. The Corporate Sustainability team also reports progress on sustainability related matters to the Board Nomination & Governance Committee quarterly. In the year 2022, we took a step forward in our climate action commitment, with a new climate policy in alignment with the Nigeria Climate Change Act and National Energy Transition Plan. This will enable us to reduce our carbon emission in our operations and our financed emissions as well.
Principle 6: **Transparency & Accountability** We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.	We are beginning to see impact on the progress made in implementation of the PRBs on our business operations and customers. We have witnessed consistent growth while making meaningful impact across the environmental, socioeconomic and governance pillars. We liaise with the sustainability champions to review progress made in line with our sustainability agenda and other opportunities that are beneficial to the society. We collaborate with NGOs, regulatory authorities and sustainability champions to implement these principles in line with our sustainability strategy. In 2022, our sustainability report was prepared in accordance with Global Reporting Initiative (GRI) Standards. We also had our first ever sustainability assurance by KPMG. This was done to reiterate our commitment to transparency and accountability to our various stakeholder groups and the society at large. We will continue to align our targets with the SDGs, NSBPs and UN-WEP for collective growth and effective implementation of our target areas while ensuring transparency and accountability.

WEMA BANK

SARA by WEMA

For women who want better.

- Gender friendly loans
- Enjoy high yield interest rates on alat
- Business advisory & Capacity building
- Networking and mentoring opportunities
- Health scheme

Join the community of women that want better
www.sara.wemabank.com

Are you an ALAT user? Download the app to join the ALAT Trybe

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Innovation Report

Hackaholics 3.0 - Building the Future

Wema Bank's Hackathon themed Hackaholics is a yearly program that has gained a lot of public attention and helped to put the bank in the minds of many as one of the most innovative banks in Nigeria. Compared to the last edition, which was an acceleration program that featured startups who are already in business, Hackaholics 3.0 was a campus-based pitch event, where we only worked with students and youth with solid and potentially scalable business solutions. This has further reinforced the bank's position as a youth-centric bank.

The event was centered around exploring the possibilities of Emerging Technologies (NFTs, Metaverse, Blockchain, VR, AR, AI, IoT) in solving basic human needs across Health, Lending, Education, Financial Inclusion, Education, and SME, NFT & Blockchain Technology.

It brought together developers, designers, and creative thinkers from major campuses in the South-West to develop products and discover new technologies and had the pitching event in 3 centers (FUTA, Babcock, and Unilag). Examples of such applications include innovations in risk management, trading, investing, personal finance, big data, retail banking, regulatory compliance, mobile payments, and enterprise social, environmental and health issues.

The grand prize was a total sum of Five Million Naira (N5,000,000) to the top three ideas

We received over 900 Entries across FUTA, BABCOCK, UNILAG, AAUA, KWASU, UNIABUJA, UI, FUOYE, and JABU. Participants were selected based on preset criteria and invited to pitch at designated pitch centers which included FUTA, BABCOCK and UNILAG. At the end of each pitch event, a total of 9 Teams, who had the most innovative and interesting ideas across Health, Lending, Education, Financial Inclusion, Education, SME, NFT & Blockchain Technology were shortlisted.

Federal University of Technology, Akure (FUTA)

We received over 200 entries from FUTA. A two-day incubation program was hosted before the final on the third day at the Akure Tech Hub. At the end of the second day, all eighteen (18) startups pitched to our mentors and only Ten (10) were shortlisted to pitch on the third day at the Hilltop Arena, FUTA, Akure. Only three (3) teams (RoomMe, JPS, and TRADDEX) were selected for the Grand Finale.

BABCOCK University

We had less than a week to engage prospective applicants to join the train at BABCOCK and we received over 105 entries for the BABCOCK pitch storm alone. Fifteen (15) teams were shortlisted to join the two-day pre-pitch incubation program. The 3-day event which started on Tuesday, April 5, had its finale on Thursday, April 7 at the Amphitheatre at BABCOCK university. Three (3) winners (Cible.D X, Shopalznet and Genesis) emerged as winners of the Babcock pitch centre and secured their position to compete for the winning prize in Lagos.

UNILAG Cohort

We received over 350 entries from UNILAG. The event took place at the Purple Academy due to the ongoing ASUU strike and featured all shortlisted startups. We had both internal and external mentors who supported the teams during the pitch session at the Academy. Eighteen (18) startups pitched to the mentors and only three (3) (Kodar Embedded, TeQie Interactive Tech and Acceede) were shortlisted to pitch at the Grand Finale.

Grand Finale at the Purple Academy, Ilupeju

At the Grand Finale, nine teams across all the pitch centres were invited to pitch at the Wema Bank Purple Academy for a chance to win the grand prize of N2,500,000. Team Health Bloc and Current X were picked from the Unilag pitch centre and FUTA respectively wild cards.

Nine (9) teams pitched to a panel of four (4) at the final session where the top three (3) were selected as winners of the Hackaholics 3.0 and were presented with their prizes at the dinner where we also celebrated ALAT@5.

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SN	Team Name	Description
1	RoomMe	An online platform that matches people with apartments and potential roommates based on their preferences.
2	Kodar Embedded	A piece of hardware called "paybox" that allows solar installers and credit/ loan providers easily and without hassle to offer pay as you go solar installations.
3	TeQie Interactive Tech (AjoVest)	A record management platform for small scale business owners and ajo agents (cash collection points) to consolidate their periodic cash remittances digitally across the multiple ajo agents they maintain, to create a credit and savings history upon which financial
4	Acceede	BNPL for quality education. We are helping parents better afford the cost of quality education by using a BNPL model to finance the cost of quality education.
5	HealthBloc	A digitally equipped logistic company that leverages the use of blockchain technologies to monitor the transportation and verification of genuine Health Care supplies from the manufacturer till it reaches the end-user (the patients).
6	JPS	Xpress is a marketplace for digital / Virtual fashion assets
7	Current X	Current X gives the users the ability to track and control the lighting devices in their homes, schools, companies or any form of housing structure that requires electrical illumination, directly from their mobile devices.
8	TRADDEX	An online platform that matches people with apartments and potential roommates based on their preferences
9	Shopalznet	An online platform that matches people with apartments and potential roommates based on their preferences

Hackaholics 2022 Winners

Design Thinking Rumble Workshop -
Scaling & Driving Organizational Creativity

In line with the bank's DD3 strategy/Pillar 6, the Innovation team with the support of major stakeholders had set up the Rumble workshop - a workshop set up to equip members of staff with the practical knowledge and application of the bespoke Design Thinking Methodologies.

Key Objectives
- To strengthen the leadership skills of participants
- Upskill the workforce by adopting a user-centred approach for problem-solving
- Drive inclusiveness and collaboration within the workforce
- To run an open innovation system that encourages easy sourcing/generation of ideas that can be transformed into solutions to address internal challenges.
- To provide an avenue for the divergent business units to get immediate solutions to some of their inherent problems.

6 Rumble Workshops in 2022
- Lagos Edition 1
- Ibadan
- Abuja
- Lagos Edition 2
- Akure
- Port Harcourt

Attendees - 275 Staff Members in total

Seven (23) low-fidelity prototypes were built and presented to the business owners

Achievements from Previous Editions

- Loan Obligation Notification System (LONS)
- Project Step Up is a framework that proposes a clearly defined career progression plan for NFTE within the bank.

- Development of the Wema Wiki
- Revamped onboarding for new hires
- An onboarding framework for the new collections' platform was successfully created
- Revamped onboarding suite for ALAT4Business

Feedback from participants

- **Participant1:** It has been an awesome experience as the three days have been insightful and educative. The workshop has given us an in-depth knowledge of our products and we appreciate the team for allowing us to bring in our ideas to further enhance the suitability of our services. I must also commend the facilitators as they have been extremely helpful, inspiring, and receptive. Kudos to this wonderful team.

- **Participant 2:** Rumble workshop 7.0 was a wonderful experience for me. All our facilitators did an excellent job from day 1 to day 3. It was a valuable and a thought-provoking session for me, your enthusiasm and humor were very motivational, and you have given me a lot to think about. Thank you for the opportunity.

- **Participant 3:** Dear Senior, it's a real privilege to have been a participant of the workshop. I still remember vividly when I received a mail about registration for the workshop. I was a bit discouraged not to apply since one of the utmost requirements was a successful completion of the purple academy sponsored Coursera's course on design thinking but nevertheless, I went ahead and applied and lo and behold I was selected. Those three days have shaped my view about solving business problems from the standpoint of design thinking. The team bonding, brainstorming session, the research session, and Solomon's passion.
- **Participant 4:** I am immensely grateful to have been given the privilege to participate in the just concluded rumble workshop in Lagos. The 3 days of design thinking was educative, and the sessions improved my critical thought process and offered solutions to problem statements.

- **Participant 5:** Brainstorming with colleagues from different units enriched our output. I learnt iteration, ideation, prototyping and other design thinking processes. I'm glad of my group's submission on including FAQ on ALAT App to help customers resolve the challenges on the onboarding process and account restriction. Thanks for the impactful workshop.

- **Participant 6:** During these 3 days, I and my team brainstormed and brought innovative solutions for retaining newly onboarded customers during the “audacious campaign”. We contacted a few new customers via phone calls and asked a few questions where we got relevant responses about why they left the freshly opened account dormant and not in use. This brought us to the point where we as a team created a “User Persona” to solve this problem. At the end of the workshop, we created a user journey map and produced low-hanging fruits to dream of innovative solutions. These solutions were presented to relevant stakeholders across the bank, and we were promised quick implementation for the low-hanging fruits. I also learned that building an experience should be user-centric. User experience is the first form of acceptance of any product. I recommend this workshop. I wish it was weeklong. But then nothing good lasts for long.

Rumble Workshop

Rumble Workshop

Innovation LAB

The WEMA Innovation Lab serves as a space designed to engage diverse participants and members of the workforce in open collaboration for the purpose of creating, elaborating and prototyping radical or incremental solutions to pre-identified challenges in the system/business. The lab consists of a cross-functional development team who collaborates with the business owners to create products and services for the bank.

The 2022 Innovation Lab Outputs

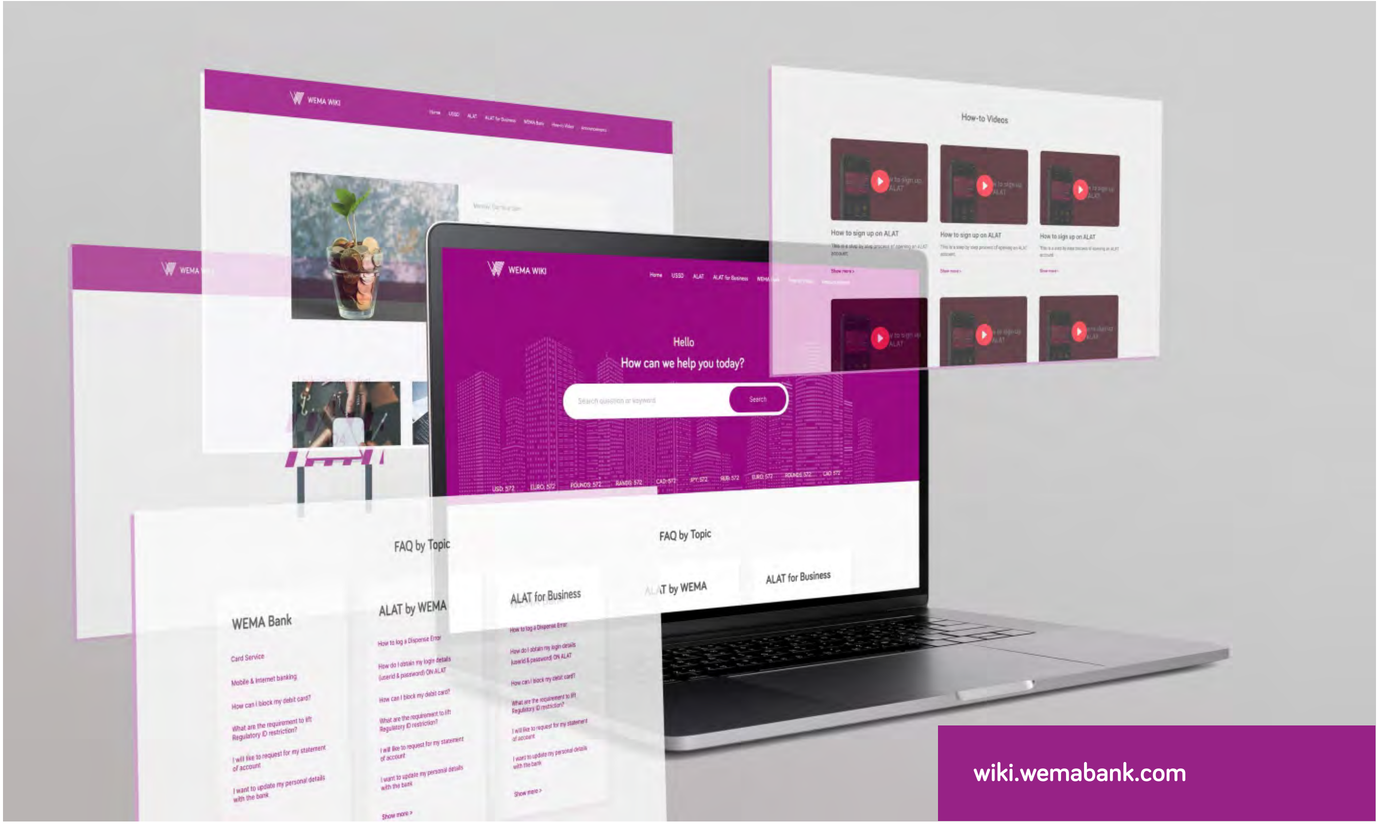
WEMA Wiki

Riding on the organization's goal of driving the culture of innovation across the bank; since the beginning of the year, we have empowered our Innovation Team to run our bespoke Design thinking Workshop called Rumble Workshop and they have successfully hosted 5 of these across different zones in Nigeria. In one of the workshops, a team came up with the idea to close the existing product knowledge gaps for marketers, RMOs and other staff members, by providing an on-the-go solution.

As a result of this, a one stop-shop to check all you need to know about our products in WEMA Bank was built and you can seamlessly answer questions about ALAT, USSD, ALAT for Business and just about any products in the bank with a punch of a button. It's simply the

Wikipedia of WEMA Bank!

Imagine everything you need to know in a quick-to-access solution. This means you no longer need to scratch your legs to answer customers and this would also help us resolve any challenge you might have while using any of our products and support you whenever you are stuck. The solution has an announcement module, which would serve as a repository of all our new releases and how you can use them.

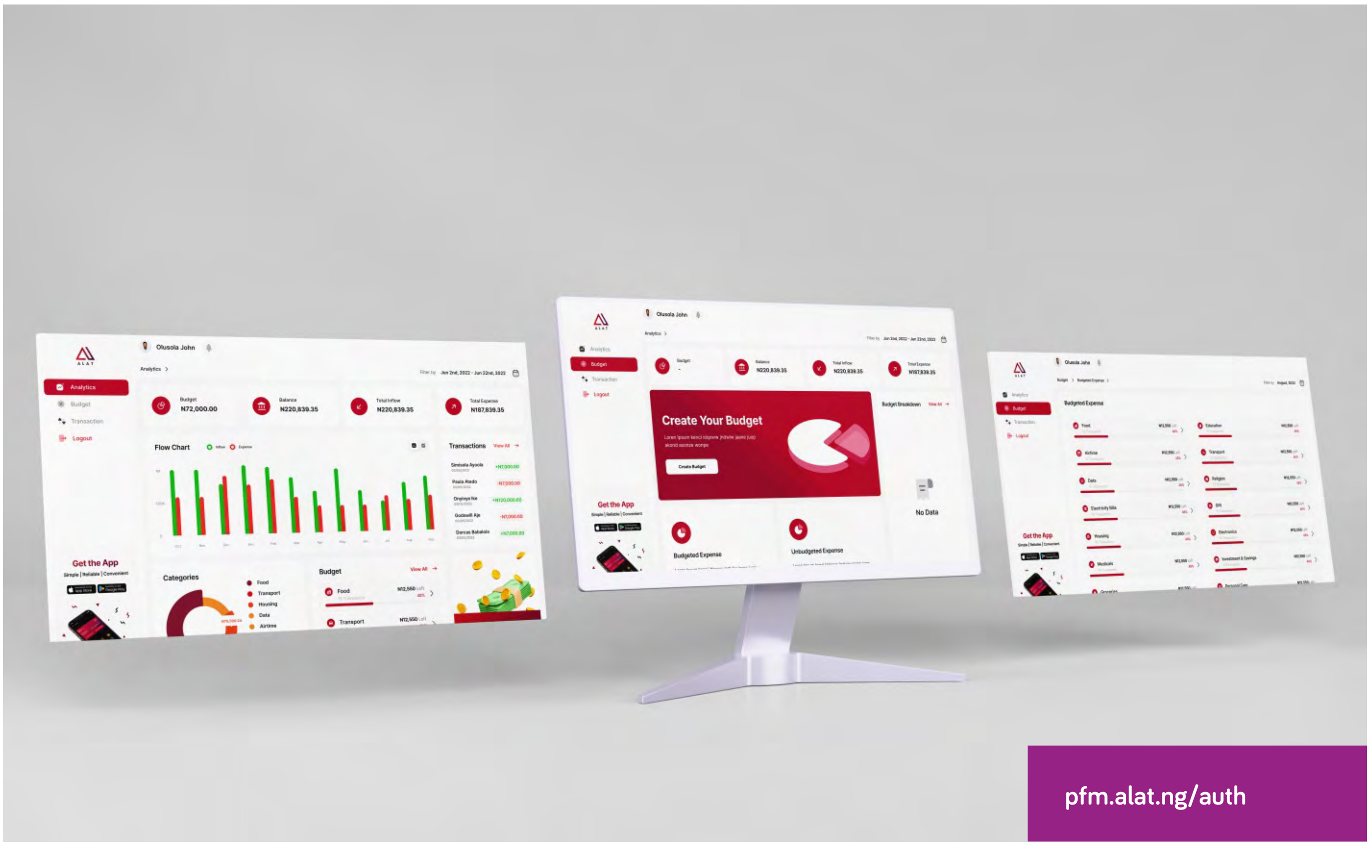


Personal Finance Management Suite

In a sane society, every Nigerian youth should be able to gain an understanding of their financial situation to make the most of their resources in their day-to-day life and in planning for the future. A lot of people don't understand what they need to know about money management and still have their finances as a significant worry for them. In 2022, around 75% of Nigerian youths are currently employed but 60.8% of these youths do not consistently keep track of their finances while 77% of them do not have any financial management tool.

In the light of the problems that we identified, the Innovation Team has responded to these problems by creating a database solution for people to accurately track their spending, maintain financial health and access adequate data periodically. This was layered into streams;

- The Financial Management module that helps users track spending, access adequate data, organize their bank accounts and provide financial standing statements.
- The Financial Budgeting module that helps users budget their income for spending, savings, investment, bills, education, etc and getting reports on how they follow through with it.



pfm.alat.ng/auth

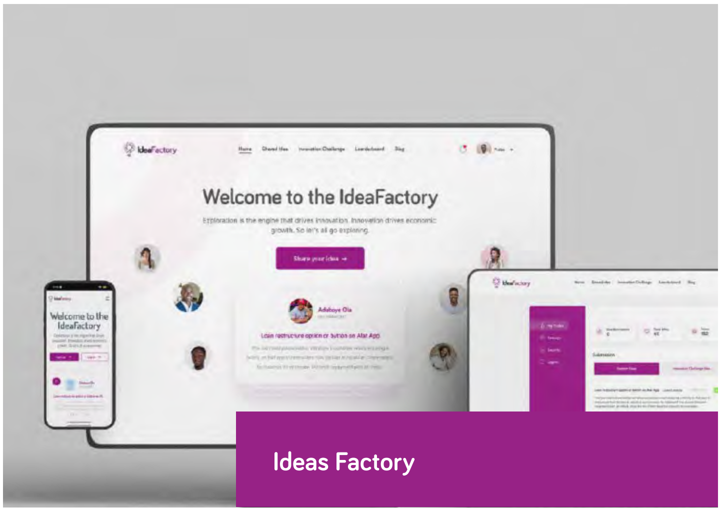
ALAT for Business - Business Finance Management Solution

The Business Finance Management (BFM) solution is an analytics tool targeted towards helping businesses track their cash flow in real-time, manage their balance sheet, help with planning/budgeting, and determine how healthy the business's financials are.

Historically, revenue forecasting is a manual process done by a data analytic team that studies past performance to help determine future revenue projections. This is quite tedious, and results in high-level projections that are infrequently updated making accuracy a major issue.

The AI-led financial forecast function will help in cash-flow projections based on spending patterns and give financial ideas/tips for a healthier business.


ALAT for Business
- Business Finance Management Solution



Ideas Factory

WEMA BANK
With you. All the way.

Ideas Factory

Ideas Factory is an idea-collections and management portal set up to stimulate internal idea generation within the bank and collaboratively solve specific internally identified problems through the Innovation Challenge.

Milestones

- Over 300 hundred ideas curated on the Portal
- 3 Innovation Challenges hosted on the Portal.
- 2,000 Plus Staff on the Solution

Royal Kiddies Innovation Challenge

The Wema Bank Kiddies Innovation Challenge offers kids the opportunity to create a pool of unorthodox ideas for some of our nation's biggest problems. By participating in this challenge, kids get to design, build, and present the most innovative solutions to a specific thematic area, and proceed to pitch a final concept/prototype or presentation to the stakeholders.

We had over 150 entries out of which 100 entries were shortlisted and asked to submit a short video, audio, or graphical illustration of their ideas. A total of 26 entries were submitted, these ideas were then screened by our partner "The Bulb" and 14 Kids were shortlisted for the next phase of the competition.

The top 14 finalists were invited to attend a 1-day hybrid Master Class/Pitch event at "The Bulb Africa" where they were exposed to training in design thinking, innovation, problem mapping etc.

A total of 14 Kids along with their parents/family were in attendance, 7 physical and 7 Virtual participants. Their participation in the innovation masterclass was graded to select the top 5 finalists.

Digital Account Reactivation Portal

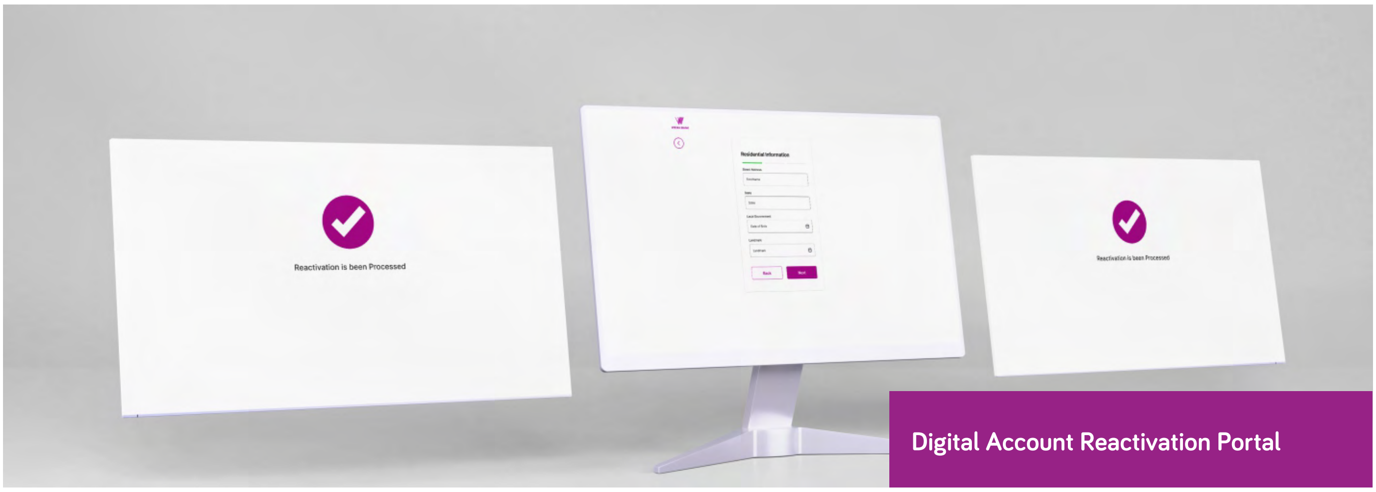
Wema Bank approximately has 3.945million customers and 36% of these customers' accounts are dormant/inactive. More so, being a Bank with a limited number of branch locations, some customers may encounter a tough time operating their accounts thereby making them inactive or dormant.

With the current reactivation process the Bank has for its customers, which requires them to submit required documents physically; most customers may not be motivated to revive their relationship with the Bank.

The Account Reactivation Portal will enable customers to reactivate their inactive/dormant accounts online. With this proposed solution, customers can receive a mail with our reactivation link in their registered emails or access the link on the Bank's website and with the link, they are able to upload every required detail needed to reactivate their accounts online.

Objectives

- This is in tandem with the vision of the Bank "to be the dominant digital platform in Africa, delivering seamless financial services."
- Seamless reactivation process for traditional Wema customers, who are yet to download the ALAT app.
- This would improve the brand perception of the Bank as the foremost digital Bank.
- Customer re-acquisition
- Top of the mind awareness of the Bank's products to the customers: The Account Reactivation Portal would also put the Bank's products in the faces of customers. For example, the ALAT 5 for 5 promo would be advertised on the Portal. This would serve as a means to convince the traditional Wema customers of the need to download and transact on ALAT.
- It would reduce the cost of funds incurred by the Bank on these non-transacting accounts.
- It would increase the liability of the customer once the customer becomes a transacting customer.



Digital Account Reactivation Portal

Wema Sentimetrics

The Sentiment Analysis Application helps automate the process of identifying and classifying subjective information in text data. This app helps our Organization's stakeholders understand the emotions of our customers with the intent to improve customer service.

Carefully listening to the voice of the customer on Social Media using sentiment analysis allows companies to understand their audience, keep on top of what's being said about their brand – and their competitors – and discover new trends in the industry.

The Wema Sentimetrics has also saved the bank a sum of $38,000 in annual subscription to a foreign vendor that offers this service.

Digitized Staff Onboarding

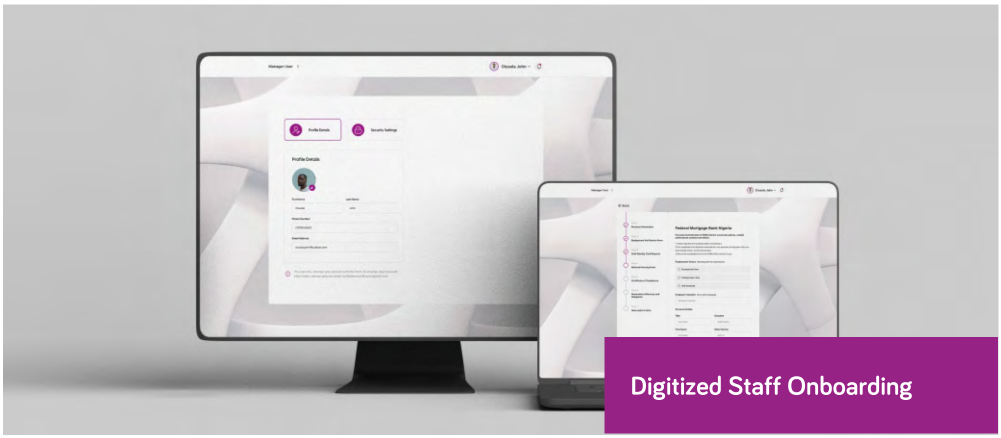
Onboarding is an essential part of any organization that must be managed carefully to help new hires adapt to the organizational culture, structures, vision, and mission. In today's candidate-driven market where competition for talents is increasing steadily, it is imperative that we go above and beyond to give new staff a great onboarding experience, otherwise, the chance of facing high turnover among new hires increases and the time, effort and energy spent behind recruitment plans goes in vain.

When it is done well, however, it lays a foundation for long-term success for the employee and improves productivity and builds loyalty and engagement. One phase of the onboarding process is the paperwork and documentation. Presently in the bank, this phase is manual, and it is quite tedious for the employees and the HR personnel responsible.

This new process will make it easier by digitizing the paperwork and documentation process and ensuring easier record keeping by providing an online onboarding platform for new staff members.

Objective
This Solution will;

- Ensure we have an effective onboarding process in place
- Ensure time efficiency
- Ensure that new employees adapt fast to the system.



Digitized Staff Onboarding

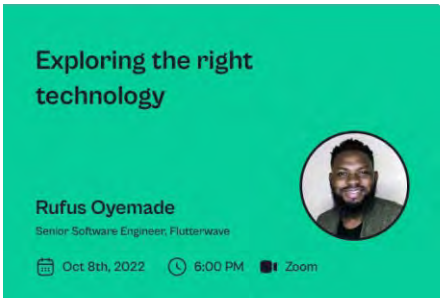
Hackaholics Masterclass

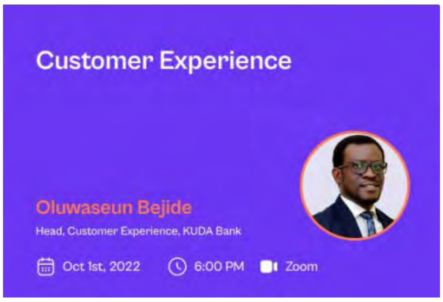
We launched the first ever Hackaholics MasterClass. This is one of the value offers provided to Hackaholics Flagship event attendees who join our Vibrant Startup Community.

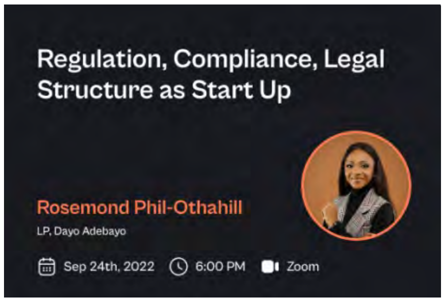
The MasterClass was birthed with the mission of providing resources and guidance to early and idea stage founders to build and scale their business. It ran for 6 weeks and had about 100 young and early stage entrepreneurs from various parts of Nigeria participate.

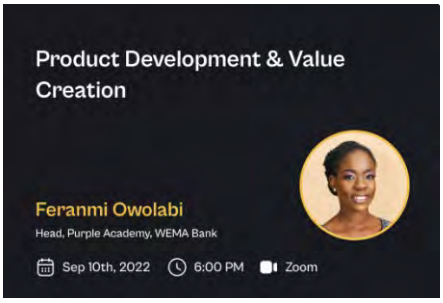
It featured 12 facilitators who are accomplished Startup founders and seasoned business operators who run business ventures with global footprints in the United Kingdom, United States, Canada and Nigeria.

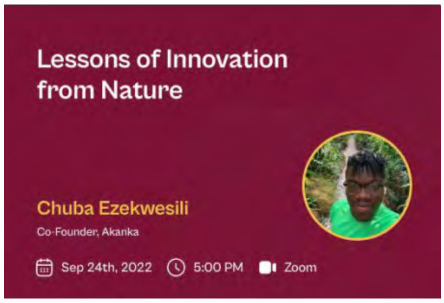
The goal for next year is to grow the Hackaolics community to become one of the largest, most engaged and vibrant communities with over 1000 idea / early stage innovators and entrepreneurs who will shape the future of Business and Technology.

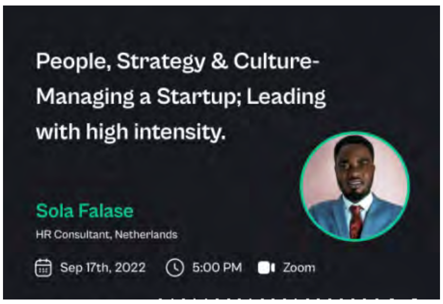


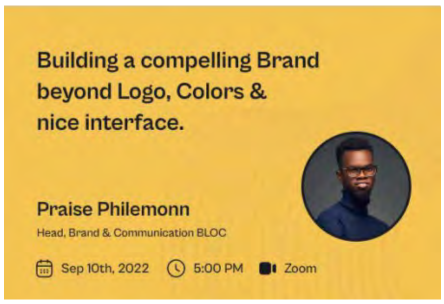












Wema Bank Compliance Risk Framework

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

The Compliance and Conduct Department is at the forefront of supporting the compliance goals of the bank by implementing programs that identify potential risks, deter misconduct, and potentially reduce penalties.

The continued changes in legislation aimed at combating Money Laundering, Terrorist Financing, and proliferations of equipment for mass destruction 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:

1. Our responsibilities as employees, our culture, systems, and processes.
2. Compliance with the letter and spirit of regulatory standards and ensuring that the standards are embedded in our processes.
3. Visibility and accountability of senior management in ensuring a strong compliance culture.
4. Engagement with regulatory bodies and industry fora to ensure the maintenance of high standards across the Bank.

The Compliance function reports to the Board Risk & Management Committee and Board Audit Committee through the Executive Compliance Officer (ECO) and the Chief Compliance Officer (CCO) respectively.

The Compliance Risk Framework utilizes a range of methods, including compliance audit, file reviews, customer surveys and operational risk assessments to measure the effectiveness of our compliance program. The Compliance and Conduct Department is supervised by the Chief Compliance Officer (CCO), who ensures the implementation of the Compliance Risk Management Framework. The team facilitates compliance planning and reporting, specialist advice to business and operational units of the bank as trusted Compliance Advisors. The Department operates a Cluster Compliance structure. Each Cluster/ Compliance Officer implements regulatory initiatives and ensures internal policies are adhered to at the Cluster level.

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 the AML/CFT programme and compliance to internal policies.

The Bank's Management sets 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 function based on the bank's established policies & procedures.

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

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 are promptly reported to Management and Board.

Cooperation with Regulators and Law Enforcement Agencies

Wema Bank will continually cooperate with the law enforcement agencies 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.

Compliance and Conduct Department serves as a liaison office between the bank and regulators and a point of contact for all employees on issues relating to money laundering, terrorist financing and proliferation of weapons for mass destruction.

Customer Due Diligence (CDD)

Wema Bank ensures that due diligence and proper KYC practices are carried out on prospective and existing customers. All parties to a business are properly identified before relationships are established. At Wema Bank PLC, the level of KYC carried out is determined by the level of risk associated with the customer. High risk customers are subjected to Enhanced Due Diligence (EDD).

Risk Recognition and Assessment

Wema Bank recognizes and assesses all risks (internal and external factors) that can adversely affect the achievement of the bank's goals and business objectives. The risk assessment by the bank focuses on the review of business strategies to maximize risk/reward trade-off within the different areas of the bank. This is based on compliance with regulatory requirements, social, ethical, and environmental risks that affect the banking industry.

Customer Identification Program (CIP)

A business relationship with Wema Bank will NOT be established until the identity of the potential customer is satisfactorily established. Where a customer declines to provide any account initiation information, the relationship will NOT be established.

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 and for a continuous relationship where an existing customer becomes a PEP. Due to the peculiarity of transactions of PEPs, such customers and their transactions are subjected to a continuous monitoring. This is to mitigate money laundering and terrorist financing risks as well as strict adherence to regulatory policies and FATF recommendations.

Preservation of Customers' Records

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

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

Considering the role of Employees, Management and Board of Directors in the fight against money laundering, terrorist financing and proliferation of weapons for mass destruction, formal AML/CFT and other Compliance related trainings are conducted for all members of staff, Senior Management and Board of Directors at least once a year.

Considering the role of Employees, Management and Board of Directors in the fight against money laundering, terrorist financing and proliferation of weapons for mass destruction, formal AML/CFT and other Compliance related trainings are conducted for all members of staff, Senior Management and Board of Directors at least once a year. Additional trainings and sensitizations are conducted through the bank's intranet, nuggets and knowledge sharing sessions (KSS). The knowledge base of all employees is periodically assessed and forms part of the employees' appraisal.

Whistle Blowing/Employees' Responsibilities

All employees are responsible for complying with the Bank's policy on whistle blowing. Employees having information on any prohibited, unlawful act or unethical activity affecting the Bank must promptly report via our robust whistle blowing system. This also enables our external stakeholders to report unethical activities. The whistle blowing reports are received by the Head, Investigation Team, Chief Audit Executive, Chief Human Resource Officer, and Chief Compliance Officer of the Bank. This enables the Bank to take measures to address such reports before they escalate into future liabilities, business threats and losses. The whistle blowing policy protects the whistle blower from any reprisal for reporting unlawful or unethical act. Employees have been trained via various platforms (such as e-learning, face-to-face etc.) on how to report contraventions without their identity being revealed. Details of the whistle-blowing channels are provided below:

Details of the whistle-blowing channels are provided below:
Phone Numbers: +2348022245818; +2348022230169; +2348025015605 & +2348033448971
Email: whistle-blowing@wemabank.com

Anti-Bribery and Corruption

Wema Bank Plc is strongly committed to high ethical standards and integrity. We continue to create awareness amongst our staff on the importance of ethical conduct. The Bank maintains a corporate culture that rewards honest practices and discourages unethical activities.
The Bank has an approved Anti-Bribery and Corruption policy, indicating rules that must be adhered to by employees and stakeholders.

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

The Internal Auditors provide unbiased recommendations on the strength and weakness of the AML/CFT and Internal Compliance programme of the bank. They examine the records and transactions of the bank and evaluate its accounting and disclosure policies as well as methods of financial estimation made by the Bank. The Internal Audit function reviews the effectiveness of the AML/CFT/CPF programme of the bank bi-annually.

Customer Complaints Management and Feedback

Introduction

Wema Bank had an incredible opportunity to enhance customers' experience by revamping key processes and birthing new digital options, thus further empowering our customers to effectively manage their accounts/transactions as well as provide real-time feedback on the level of service rendered. This state-of-the-art digitization has aided in streamlining, identifying, and eradicating the bottlenecks which had hitherto this point affected the quality of service rendered to our customers.

The adoption of hybrid remote work in the aftermath of COVID-19 led to unprecedented dynamism in the Bank's approach to service delivery and feedback solicitation.

The post – COVID 19 era has revolutionized the world of Banking, be it in service offerings, products, processes, and technology but we have remained nimble and dexterous, thus guaranteeing our continued and strategic relevance in the industry.

The contributions of our staff in achieving our Financial Goals whilst also attaining the joint First position in the recently published KPMG Banking Survey ranking for 2022 cannot be over emphasized. This achievement is also an attestation of the giant stride that we have made in the last 5 years as an organization.

Our electronic channels (ALAT and Card Products) witnessed a 131% and 98% increase respectively in the number of new customers onboarded on these channels within the year. While the growth in the level of adoption of our alternate/digital channels by customers have posed its own challenges, most notably the increase in the number of customer complaints received, the upgrade of the infrastructure/technology powering our contact center (Purple Connect) during the course of the year and the upscale in the skill set of our agents have ensured that customers' complaints are resolved promptly with very minimal disenfranchisement reported.

Service Improvement Strategies

In October 2022, we revamped the Bank's service standards (The Purple Book) in order to align our behaviors as employees with the current expectations of customers post covid. We have also since rolled out the pilot phase of the Bank's service improvement initiative called "Project 5 Star".

Our efforts are geared towards entrenching service facilitating behaviors as a core of our culture in the Bank whilst also demonstrating clear commitment to best-in-class experience for our customers. We are focused on the key levers for performance as highlighted during numerous engagements and focus group discussions with our customers - Customer Handling Skills, Service Time, Accuracy and Ambience.

This effort played a significant part changing the perception of our customers positively which reflected on our rating as a Bank in the KMPG Rating for 2022 as earlier stated.

Complaints Handling

In FY2022, our determination and focus on improving our complaint management process led to the total overhaul/revamping our complaint management framework. We invested in one of the world's best incident management platforms – Fresh Desk. The implementation of Fresh Desk has been completed and the platform put to use for most of 2022. This platform has enabled us to achieve the desired 360-degree view of complaints across channels and significantly improve First Time Resolution (FTR) of complaints.

Customer complaints are accorded all necessary attention regardless of the profile or status of the customer in full compliance with the extant Consumer Protection Laws by the Central Bank of Nigeria.

In addition, the Bank has an active Service Excellence Committee which is the highest level of authority at the forefront of driving service performance in the Bank. This committee moderates over service infractions and seeks out systemic improvement opportunities from service failure cases which could have widespread positive impact on service delivery and overall customer experience.

It is important to note that the Bank received zero (0) sanction on complaints escalated to the CBN; rather, the bank continued to actively participate in and support the CBN's drive to sustain Consumer confidence in the Banking Industry by timely submitting required data on the Consumer Complaint Management System (CCMS).

Soliciting Customer Feedback

We take pride in being a "relationship-oriented" Bank and we believe that for a relationship to get better and stronger, feedback must be as real time as possible. We have an improved and automated mechanism that solicits feedback from customers across all digital and physical touch points/channels in the Bank.

As a bank, we know that referral is one of the best indicators of satisfaction and for this reason, we religiously track our Net Promoter Score (NPS). In 2022, we recorded a 91% increase in our NPS score which is again, further validation of our success story as the No. 1 Bank on the KPMG Ranking for the year.

Our Resolution Structure

The following is the process flow for resolving customer complaints:

1. Complaints are received through all available engagement channels (Telephone, Electronic Mail, SMS, WhatsApp, Live Chats, Letters/Visits to the Branches/Head Office, and social media) and acknowledged within 24 hours.
2. The complaint is resolved immediately or escalated to the appropriate unit for resolution; an update is provided within 48 - 72 hours of receipt, and the customer is provided with regular feedback on the status of the complaints subsequently.
3. The complaint is closed upon satisfactorily resolving the issue raised and feedback is given to the customer.
4. Periodic reports on all customer complaints and feedback received in the Bank are compiled, categorized based on type/frequency, analyzed to determine the root cause(s), and distributed to our management team and other relevant departments to mitigate recurrences.
5. In 2022, we received 425,860 (including the 21,681 pending complaints from the previous year) operational complaints, which are everyday customer feedback on concerns they observed while using our service channels or during general interactions with the Bank. In 2022, the Bank had 197,030 unique complainants with an average of 2 complaints per customer. As of 31 December 2022, we only have 13,642 pending/unresolved complaints.

Table 1 shows the total number of complaints and claims received at the end of the Financial Year 2022 compared to those received in 2021.

Description	Number of Complaints		Total Amount Claimed (N'Million)		Amount Refunded (N'Million)	
	2022	2021	2022	2021	2022	2021
Pending Complaints B/F	21,681	3,256	10,824	8,147	N/A	N/A
Received Complaints	404,179	216,772	924	4,747	622	1,247
Resolved Complaints	412,218	198,347	1,475	2,070	622	1,247
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 C/F	13,642	21,681	10,273	10,824	N/A	N/A

Our Interaction Channels

We appreciate the comments and feedback from our customers, and to provide a smooth complaint process of engaging the Bank, the following channels and touchpoints are available to promote our customers' connection 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
Ombudsman 01-2779960 - cpu@wemabank.com	**Social Media** Facebook.com/wemabankplc | Youtube.com/wemabank Instagram.com/wemabank | Twitter.com/google+.com

WEMA BANK
With you. All the way.

ALAT
by WEMA

GET ON ALAT,
BANK YOUR WAY

PERSONAL SAVINGS | GROUP SAVINGS | VIRTUAL DOLLAR CARD
LOANS ON GOALS | DISCOUNTS | REFFERALS

Are you an ALAT user? Download the app to join the ALATrybe

Available on the App Store | Get it on Google play | Dial *945*1#

Don't forget, payments are easier with *945#

0-7000-PURPLE, 0904 441 1010
purpleconnect@wemabank.com

Get social with us at:
@wemabank | @alat_ng alat.ng

wemabank.com | alat.ng

REPORTS 02

Notice of the 2022 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of Wema Bank Plc will be held electronically on Wednesday, 31st of May 2023 at 11:00am via this link: https://wemabank.com/AGM/ to transact the following business:

Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the year ended December 31, 2022, together with the report of the Directors, Auditors and the Statutory Audit Committee thereon.

2. To declare a dividend.

3. To elect/approve the appointment of a director;
- Mr. Tunde Mabawonku - Executive Director

4. To re-elect the following Directors retiring by rotation:
- Mr. Abubakar Lawal - Non-Executive Director
- Mr. Adeyemi Adefarakan - Non-Executive Director
- Prince Olusegun Adesegun - Non-Executive Director

5. To disclose the renumeration of Managers of the Company.

6. To authorize the Directors to fix the renumeration of the Auditors.

7. To elect members of the Statutory Audit Committee

Special Business by Ordinary Resolutions

8. To approve the renumeration of Directors

Dated this 27th day of April 2023.
By Order of the Board

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

Notes

a. Virtual Meeting Link

Further to the signing into Law of the Business Facilitation (Miscellaneous Provision) Act, which allows companies to hold meetings electronically, this AGM would be held virtually.

The virtual meeting link for AGM is https://wemabank.com/AGM/. This will be sent to all shareholders electronically and will also be available on the Bank's website. Accreditation of shareholders for the AGM shall begin from May 25, 2023 till the commencement of the meeting.

b. Proxy

A member is entitled to attend and vote at the Annual General Meeting is therefore entitled to appoint a proxy to attend and vote in his/her stead.

A blank proxy form is attached to the Annual Report and available on the Bank's website at www.wemabank.com and the

Registrars website at www.gtlregistrars.com. 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 48hours prior to the time fixed for the Annual General Meeting.

c. Dividend Payment and Closure of Register

If the dividend recommended by Directors is approved by members at the Annual General Meeting, the dividend will be payable less withholding tax on May 31, 2023 to Shareholders who are listed on the Company's Register of Members at the close of business on May 9, 2023. Shareholders who have completed the e-dividend mandate forms will receive a direct credit of the dividend into their bank accounts.

Notice is therefore given that the Register of Members and Transfer Books will be closed from Wednesday May 10, 2023 to Tuesday May 16, 2023.

d. Statutory Audit Committee

In accordance with the Section 404(6) of the Companies and Allied Matters Act 2020, any shareholder may nominate another shareholder for appointment to the Audit Committee. All nomination of members for election to the Audit Committee should reach the Company Secretary at least 21days before the Annual General Meeting via companysecretariat@wemabnk.com.

Kindly note that the provisions of the Section 404(5) of the Companies and Allied Matters Act 2020, Codes of Corporate Governance issued by Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN) require all members of the Committee to have basic financial literacy and be knowledgeable in internal control processes. Consequently, all nominations should be accompanied by a copy of the nominee's detailed resume disclosing requisite qualifications.

e. Appointment of Directors

Tunde Mabawonku was appointed as an Executive Director of the Company on December 13, 2022, subject to CBN approval. His appointment which was effective April 1, 2023 has been approved by the Central Bank of Nigeria and will be presented to the shareholders for the approval of his appointment at this Annual General Meeting.

f. 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 Reports and Accounts. Please send questions and comments to the Company Secretariat Department, Wema Bank Plc., 54 Marina Lagos not later than 11th day of May 2023.

g. Unclaimed Dividend

A list of unclaimed dividends will be circulated with the Annual Report and Financial Statements. Members concerned are advised to contact the Registrars (Greenwich Registrars & Data Solutions Limited) at 274, Murtala Mohammed Way, Yaba Lagos State.

h. E-Dividend

Pursuant to the Dividend of the Securities and Exchange Commission, notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of e-dividend. A detachable application form for e-dividend to enable shareholders furnish particulars of their accounts to the Registrar as soon as possible is attached to the Annual Reports for convenience. The form can also be downloaded from the company's website at www.wemabank.com or from Greenwich Registrars & Data Solutions website at www.gtlregistrars.com.

i. Biographical Details of Directors for Re-election/Election

Mr. Abubakar Lawal, Mr. Adeyemi Adefarakan and Prince. Olusegun Adesegun will be retiring by rotation at this meeting in line with Section 285 of CAMA. The retiring Directors, being eligible for re-election are offering themselves for re-election as Directors at this Annual General Meeting. The profiles of the directors standing for re-election are available in this Annual Report and on the Company's website.

j. Live Streaming of AGM

The Annual General Meeting will be streamed live online. This will enable shareholders and other stakeholder who could not join the meeting electronically to follow the proceedings. The link to the live stream will be made available by the Registrar and on the Company's website at www.wemabank.com.

k. **Electronic copy of Annual Report**
The 2022 Annual Report and Accounts of the Company shall be made available on the Company's website at www.wemabank.com.

Explanatory Notes On The Proposed Resolutions For 2022 Annual General Meeting

Notes below explains the resolutions to be proposed in the upcoming AGM
Resolution 1 to 7 are ordinary resolutions which require a simple majority votes of members in favour of the resolution for it to be passed. Please note that only members who exercise their voting rights would be considered in determining the number of votes for and against a resolution.

Annual Reports and Accounts
Section 388(1) Companies and Allied Matters Act, 2020 require the directors of the company to lay before the company in general meeting for each financial year, copies of the financial statements of the company made up to date not exceeding nine months prior to the date of the meeting. This will enable shareholders access the financial standing of the company and also ask questions.

Resolution 1:

Dividend Declaration
Section 426(1) of the Companies and Allied Matters Acts, provides that a company in general meeting may declare dividend upon recommendation by directors. The recommendation that dividend should be paid is subject to the approval of general meeting, who also reserve the right to reduce the dividend but cannot increase the dividend payable. If the 30 kobo dividend recommended is approved, the dividend, net of withholding tax will be payable on May 31, 2023 to those shareholders registered on the company's Register of Shareholders as at May 9, 2023.

Resolution 2:

Ratification of Directors Appointment
Section 274(2) of Companies and Allied Matters Acts, provides that where a casual vacancy is filled by the Directors, the person may be approved by the general meeting at the annual general meeting and if not so approved, he shall immediately cease to be a director. The below named person was appointed as director and now presented to the general meeting who has the right to ratify his appointment or otherwise refuse ratification.

a. Mr. Tunde Mabawonku – Executive Director

Mr. Tunde Mabawonku was appointed as Executive Director between the last Annual General Meeting and this year's Annual General Meeting in line with the provisions of Section 274 (2) of CAMA, the Director will be presented for approval at the general meeting.

Resolution 3:

Re-election of Directors
Section 285(1) Companies and Allied Matters Act, 2020 provides that one-third of directors of the company shall retire from office at the annual general meeting. Subsection (2) provides that the directors to retire are those who have been longest in office since the last election. In relation to the above cited section, 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, Mr. Abubakar Lawal, Mr. Adeyemi Adefarakan and Prince. Olusegun Adesegun 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:

Disclosure of Remuneration of Managers

In line with the provision of Section 257 of the Companies and Allied Matters Act 2020, the company shall at the general meeting disclose the remuneration of its managers to the shareholders.

Resolution 5:

Approval of Auditors Remuneration

In line with the provisions of Section 238 Companies and Allied Matters Act, 2020 one of the businesses to be transacted at the annual general meeting is fixing the remuneration of the statutory auditors. At this meeting, the shareholders shall be required to authorize the Directors to fix the remuneration of the Auditors for the financial year ending December 31 2023.

Resolution 6:

Election to the Statutory Audit Committee

Section 404(6) Companies and Allied Matters Act provides that any member may nominate another member of the company to the audit committee by giving written notice of such nomination to the secretary of the company at least 21days before the annual general meeting and any nomination not received prior to the meeting as stipulated is invalid. The general meeting then appoints qualified nominees to be members of the committee during the general meeting.

Resolution 7:

Approval of Director's Remuneration

Section 293(1) Companies and Allied Matters Act provides that the remuneration of the directors is determined by the company in general meeting and such remuneration is deemed to accrue day-to-day. Shareholders will therefore be required to approve an annual fee of N62,000,000 (Sixty Two Million Naira) only for the Non-Executive Directors for 2022 financial year. The proposed remuneration is maintained at the 2020 threshold.

ALAT by WEMA

Chairman's Statement

Babatunde Kasali
Chairman Board of Directors

WEMA BANK
With you. All the way.

Welcome to the 2022 Annual General Meeting of Wema Bank, Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen.

It is my privilege to address you as the Chairman of the Board of Directors. I am pleased to have the opportunity to report on the remarkable progress that we have achieved in the past year as well as review the operating environment we faced last year and expatiate on how we ensured growth throughout the period and our projections and expectations for 2023.

Babatunde Kasali
Chairman Board of Directors

Chairman's Statement

Distinguished Shareholders, Ladies and Gentlemen, I welcome you to our Annual General Meeting for the year ended December 31, 2022.

It is my privilege to address you as the Chairman of the Board of Directors. I am pleased to have the opportunity to report on the remarkable progress that we have achieved in the past year as well as review the operating environment we faced last year and expatiate on how we ensured growth throughout the period. Finally to lay out our projections and expectations for 2023.

The global and domestic economy is undergoing a turbulent period with the twin issues of the covid pandemic and the Ukraine/Russian crisis disrupting global supply chains and energy markets with the attendant impact on inflation. Nigeria was not spared from the effects of the global rise in prices. Inflationary pressures persisted all through the year, climbing to a high of 21.34% in December 2022.

In spite of these turbulence and socio -political headwinds, I am happy to announce that the Bank achieved its strategic goals for the year, while making substantial strides toward the realization of its objective of digital dominance. It is encouraging to see that the Bank continues to make important strides in a number of areas while taking actions to make sure that the good work done in the past years is built upon in the near future. Our innovative digital platform ALAT continues to put up strong numbers as it upholds its position as a leader in the digital sphere.

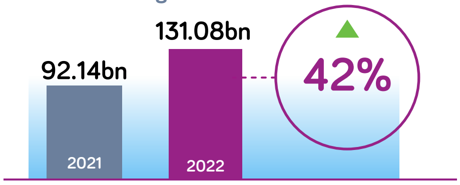
Operating Environment

The year witnessed a downturn in economic activity, with global inflation higher than it had been in previous years. The Russia – Ukraine war impacted most nations with high energy prices and a follow-on rise in food prices.

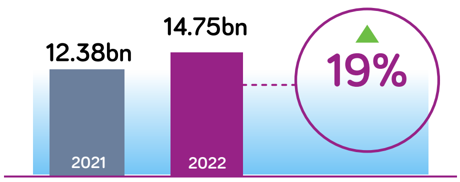
The global economy is expected to grow by 1.7 percent in 2023 and 2.7 percent in 2024. Some oil-producing nations are benefitting from high energy price while oil importing countries struggle. The European Union and the United Kingdom are expected to fall into a mild recession in 2023 while China and the US, the economic powerhouses, will escape falling into one. Nigeria is projected to see moderate growth.

Russia & Ukraine war: The Russia/Ukraine war which started in February 2022 will continue into the new year with new offenses expected during the spring. The attendant impact on food and energy value chains will also be sustained throughout the year. A resolution seems far away.

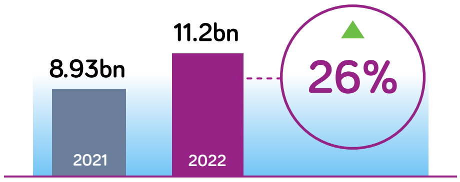
Gross Earnings



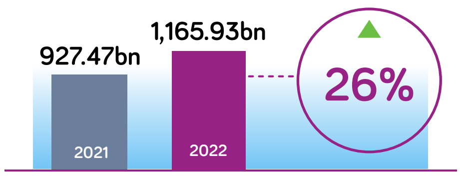
Profit Before Tax



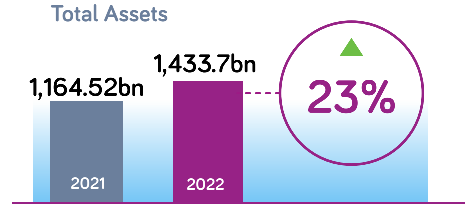
Profit After Tax



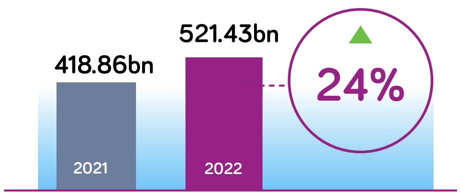
Total Deposit



Total Assets



Loan To Customers



US-China relations: The rivalry between China and the United States continued to play out in the geo-political space. The expectation is that the two rivals will continue to contest supremacy in various sectors of the global economy.

Climate Change: Climate change continued to harm global economic growth as some nations across the world in 2022 experienced disasters. Examples of this are the Pakistan flood that affected more than half of the country's population and the severe heatwaves that swept across different continents of the world.

Covid -19 Pandemic: The virus continued to mutate during the year with attendant disruption though the world has obviously decided to live with the different variants. China finally accepted the inevitable and abandoned its zero covid policy.

Domestic Economy

The year 2022 started out with the economy expanding by 3.11 percent in the first quarter, with the Information and Communication sector, Mining and Quarrying sector and the Financial and Insurance sector driving the growth. The second quarter saw the economy expanding further off the back of improved performance of the non-oil sector which contributed 92.58 percent to the country's GDP. Economy's growth however slowed to 2.25 percent in the third quarter of 2022 due to the adverse effects of the recession and the tough economic conditions that had hampered productive activities in the country.

The impact of the conflict between Ukraine and Russia disrupted energy prices and also impacted the prices of food imports including grains. These occurrences had significant negative impacts on the Nigerian economy. Compounding these aforementioned issues were the floods which eroded agricultural productivity.

Significant developments in the banking industry occurred in 2022, including the issuance of commercial banking licenses to Premium Trust Bank, Sofri Bank and others. Furthermore, two telcos (MTN and Airtel) have received approval for Payment Services Banking licenses, which will increase competition in the banking space. As fintech and other allied firms focus on providing services to their customers throughout the financial ecosystem, all banks are learning to live with the increasing pace of competition.

Financial Scorecard

The Bank continued to record improved performance, as Gross Earnings grew by 42% from N92.14 billion in 2021 to N131.08 billion in 2022. Profit before Tax (PBT) increased by 19% to N14.75 billion from N12.38 billion in FY 2021, and Profit After Tax (PAT) increased by 26% to N11.2 billion from N8.93 billion reported in FY 2021. The Bank grew its Total Deposits by 26% as of FY 2022 to N1,165.93billion from N927.47billion reported in FY 2021.

Total Assets as of December 2022 stood at N1,433.7 billion, representing a 23% increase over the N1,164.52 billion recorded in the corresponding year of 2021 and placing the bank squarely above the N1 trillion mark—a milestone we surpassed in Q3 2021. Additionally, loans to customers rose by 24% to close the year 2022 at N521.43 billion from the N418.86bn billion recorded in 2021.

Impressively, the Wema and ALAT brands continue to win public acceptance and market relevance, the Bank continues to record growth in its retail deposit drive. It also has been a good year with our earnings growing by 42% year on year and earnings per share at 87.2kobo. The Bank's NPL closed at 6.08%, given the economic and environmental challenges faced in the year 2022.

Our Strategic Focus

Wema Bank has always worked to put its customers first and meet their needs every step of the way, whether through their local bank branch or through ALAT, the digital banking platform. We will continue to work towards our goal of becoming Nigeria's dominant digital banking platform, an objective which requires an unwavering focus on our digital business, a key lever for customer acquisition, retention, and engagement. This will go hand in hand with our ongoing efforts to strengthen our corporate and commercial play. In addition, we will continue our aggressive strategy to improve our commercial lending business alongside trade and other revenue lines, as well as work to drive growth through digital capabilities in the long term.

As previously explained, we will continue to pursue both organic and inorganic growth opportunities, building on our gains in market share and deposit base. We also plan to complete the capital raise that we started in 2021 by the second quarter of the new year.

In summary, we will continue to seek to improve our position in the industry by:

1. Implementing a digital first banking strategy designed to strengthen our push towards becoming a leading digital banking player in Nigeria.
2. Improving key financial indicators as we seek to transition into a Systemically Important Bank.
3. Improving our Profit After Tax to strengthen our returns to our shareholders.
4. Improving our customer experience capabilities to improve our customers financial service options and satisfaction levels.
5. Shoring our capital base up with additional N40 billion so as to be better capitalized and well positioned ahead of a potential capital increase by the CBN.

Our Achievements

Our performance in the past year speaks to the spirit of resilience that runs through the Bank. We recorded impressive year-on-year growth across key metrics in the midst of a highly constrained regulatory and economic environment.

In line with our changing aspirations and self-assessment, we realigned our vision and mission statements and core values in 2022. We have focused on delivering on the values of this new vision and aspiration to better reflect the new realities of the Wema brand and this has significantly reflected in the Bank's general output. We also ensured that the Bank remains top-of-mind in the market as a purveyor of financial services.

ALAT continues to be a key growth driver and success story for the Bank, recording a year-on-year increase of over 853,092 in the number of actively transacting customers on the platform. With the rollout of new and innovative features on ALAT, and our ALAT For Business platform, we are sure of increased growth and heightened performance on both platforms in the coming year.

As a customer-first organization, we will continue to work towards delivering excellent customer service as we go into the new year. This will consolidate on the wins we have attained in the space by crossing into the top 5 banks in customer service in 2020, ranking as 3rd (SME) in 2021 and 1st in Retail Banking.

Overall Best Mobile App
Nigerian Fintech Awards 2022

Highest Dividend Yield
The Pearl Awards 2022

Omni-chanel Automation Master
Martech Excellence Award Africa **2022**

Most Outstanding Digital Bank Brand of The Year
Brandcom Awards 2022

Best Overall Investor Relations
Nigerian Investor Value Award

No. 1 Customer Experience Retail Banking
KPMG, 2022 CX Rating

Capital Raise Update

At the Annual General Meeting of the Bank in May 2021, the Board and Management of the Bank brought a request to the shareholders to raise additional capital of N40 billion. There were two specific requests:

1. A request for Share Reconstruction to reconstruct our share base to enable the Bank to achieve an optimal share outstanding

base that favorably compares with its listed banking peers as well as achieves cost efficiency from a transaction execution standpoint.

2. A request to raise additional capital for the bank through a rights issue to existing shareholders.

Sequel to the approval, the regulatory authorities (Central Bank of Nigeria and Securities Exchange Commission) were engaged, and approval was obtained to reconstruct the shares and raise N40billion additional capital.

1. The Bank received approval from its Primary regulators – the Securities Exchange Commission, Central Bank of Nigeria, and Financial Reporting Council and has concluded the Capital reconstruction exercise. The new shares have since been listed on the NGX.
2. The Bank is presently working on concluding the capital raise exercise with an expectation that this would be done within the first two quarters of 2023.

2023 Outlook

In the coming year, the Bank will continue to push for growth and the achievement of its strategic objectives. GDP growth rates of 3.8% (Sub-Saharan Africa) and 3.2% (Nigeria) projected for the year indicate steady, if modest, growth that will increase business opportunities and open up new markets. This outlook, however, is uncertain, as the associated risks are skewed to the downside, with achievement dependent on a number of factors.

Certain factors that may because of their anticipated impact on the global and domestic economic landscapes influence the Bank's progress, include:

- The Russia – Ukraine war which continues to have a direct impact on nations across the world especially commodities producing countries.

- Increased insecurity in large areas of the country as the country votes in a new elected administration and continued problems in various geographical areas.

- Oil production and or price drops, which would have a negative impact on fiscal revenues and economic output.

- Workforce shortfall caused by the increased exodus of the professional class from the country and the impact of remote work and changing global attitudes toward work.

We will continue to pursue all avenues to deliver on our promise of seamless customer service and superior returns, while also empowering customers and non-customers through the provision of innovative products and services.

On behalf of the Board of Directors, I thank you for the continued support and loyalty.

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

Board and Management

Board and Management

L-R: Abubakar Lawal (Non-Exec), Wole Akinleye (ED), Moruf Oseni (DMD), Chukwuemeka Obiagwu (ED), Olusegun Adesegun(Non-Exec) and Mrs Bolarin Okunowo (Independent Non-Exec)

L-R: Ibiye Asime Ekong (Independent Non-Exec), Abolanle Matel-Okoh (Non-Exec), Oluwole Ajimisinmi (ED), Prince Adeyemi Adefarakan (Non-Exec) and Dr. (Mrs) Oluwayemisi Olorunshola (Independent Non-Exec)

Profile of Directors

Babatunde Kasali
Chairman

Babatunde Kasali is a Fellow of the Institute of Chartered Accountants of Nigeria and graduated from Manchester Metropolitan University, United Kingdom with a BSc. (Hons) Economics.

He has over 4 decades of professional experience in accounting, banking and finance, and risk management. He began his career in 1977 with Ernst & Young, United Kingdom. His work experience also includes various senior positions at United Bank for Africa Plc.

He is currently a Non-Executive Director of UAC of Nigeria Plc. He was appointed Chairman of the Board in March 2017.

Ademola Adebise
Managing Director/CEO

Ademola Adebise 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. He obtained 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 and Computer Professionals (Registration Council of Nigeria). He is an Honorary Member of the Chartered Institute of Bankers of Nigeria (HCIB) and a member of the Institute of Directors.

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

Prior to his appointment as Managing Director in October 2018, he was the Deputy Managing Director of Wema Bank.

Profile of Directors

Moruf Oseni
Deputy Managing Director

Moruf Oseni was appointed the Deputy Managing Director of Wema Bank Plc. in October 2018. Prior to his appointment, he was an Executive Director responsible for the bank's Consumer & SME business, E-business & Payments and the award-winning ALAT digital bank.

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).

Wole Akinleye
Executive Director

With 3 decades of cognate Banking experience, Wole Akinleye oversees Corporate Banking and South Business Directorate for Wema Bank Plc.

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

Wole Akinleye served as Group Head, Business Development for StanbicIBTC Bank Plc prior to joining Wema Bank Plc in 2009. 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 is an alumnus of Harvard Business School, Boston Massachusetts, USA. He 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.

Wole Akinleye has attended several Senior Leadership Programmes around the world.

Profile of Directors

Oluwole Ajimisinmi
Executive Director

Oluwole Ajimisinmi joined Wema Bank in June 2009 as the Company Secretary/Legal Adviser of the bank. Prior to his appointment as an Executive Director in July 2020, he was a Regional Executive in charge of the bank's Retail, Commercial and Public Sector business in the Lagos Business Directorate of the Bank, a portfolio which he still manages.

Wole is an experienced banking professional with over 25 years' experience in legal, banking, financial risks mitigation, Commercial lending, transaction structuring, mergers & acquisitions, cross border business advisory and classified asset recovery across different business jurisdictions. Having started his career as a solicitor for law firms, he began his journey in banking with Prudent Bank. He led the Legal Team that worked on the successful consolidation of five banks, which included Prudent Bank Plc, EIB International Bank Plc, Cooperative Bank plc, Bond Bank plc and Reliance Bank Limited to form Skye Bank Plc.

He went on to serve as Head, Legal Services Department for Skye Bank, overseeing legal services for the 207 branches of the bank and later joined Wema Bank as the Corporate Secretary and Legal Adviser of the bank where he oversaw the responsibility of proffering opinions on all legal related issues, including but not limited to securitization of credits, deal structuring etc., and later as Divisional Head of Corporate Services supervising over 6 Departments: Legal Services, Investor Relations, General Admin Services, Board Secretariat, Brand & Marketing Communications and Property Management. Wole currently has responsibilities for business development & supervises Lagos Business Directorate comprising 54 branches and 5 regional offices.

Chukwuemeka Obiagwu
Executive Director

Chukwuemeka Obiagwu is a multi-disciplinary professional with a background in accounting, insurance, corporate finance, stockbroking and public finance. He has over three decades' experience in banking, financial services and public service.

Early in his career at Fidelity Bank Plc, Obiagwu successfully repositioned and grew a subsidiary which he eventually led as the Group Managing Director and Chief Executive. He was also a Non-executive Director of Fidelity Pension Managers, where he also served as Chairperson of the Board, Audit Committee.

In January 2016, he joined the Federal Inland Revenue Service (FIRS) as a Director after 20 years of service at Fidelity Bank. At FIRS, Obiagwu handled enforcement. He also served as a member of the Technical Committee of the Board and Chairperson of the Budget Committee of FIRS, among other roles.

An alumnus of the Lagos Business School (SMP 16), Obiagwu got an Executive Certificate in Economic Development at Harvard Kennedy School of Government Boston, Massachusetts USA. He has attended various Executive Business Education courses in reputable institutions including INSEAD Business School, Fontainebleau, France and Kellogg School of Management, among others.

Obiagwu is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN); fellow, Chartered Institute of Stockbrokers; Honorary Senior Member, Chartered Institute of Bankers of Nigeria; Fellow, Chartered Institute of Taxation; and Associate, Chartered Insurance Institute (London).

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 in Midas Finance Limited, Ibadan as Investment Officer (1990 – 1993). He joined the services of City Code Trust Limited, Lagos as a Manager in 1993 before he joined 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), the Associate Certified Pension Practitioner and Associate National Institute of Marketing of Nigeria. His career in the Capital Market spans a period of 15 years. He is a highly experienced stock-broker.

Abubakar is a former Council Member of the Nigerian Stock Exchange and Member, Chartered Institute of StockBrokers. He also serves as the Managing Director/CEO of GTI Capital Ltd, a leading international investment firm. Mr. Lawal joined the Board of Wema Bank in September 2011.

He loves reading and golfing and is a member of the Ikoyi Club and Ikeja Golf Club. Abubakar is happily married with children.

Abolanle Matel-Okoh
Non-Executive Director

An attorney with over 20 years of experience in Nigeria and the United States of America, Mrs. Matel-Okoh is a member of the Nigerian Bar and the New York State Bar.

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

She is well trained in the effectiveness of corporate boards, risk management and advanced strategy for Directors. She is the CEO of Havilah Ventures and is on the board of a number of non-profit organizations.

She joined the board in January 2015.

Profile of Directors

Ibiye Asime Ekong
Independent Non-Executive Director

Ibiye is a finance professional with over 28 years' experience in Accounting and Banking and Finance with a passionate bias for Retail Banking. She started her professional working career as Management Trainee and later Assistant Treasurer at John Holt Plc where she was charged with funds management and foreign exchange bidding management. She later joined banking at Chartered Bank Plc's Correspondent Banking Unit, and was at one time, the Treasurer of the bank managing the bank's assets and liabilities.

She was part of the pioneer team that transformed the operations of Prudent Merchant Bank to commercial banking, contributing to the growth and development of Prudent Bank in various senior management capacities, to wit: Senior Manager (Treasury), Assistant General Manager (Treasury), Deputy General Manager (Corporate Banking Group). From 2006, as part of the consolidated Skye Bank Team, she was General Manager (Business Development) and Head of Enterprise Risk Management before becoming an Executive Director in charge of the South-South, Edo, Delta and South-East Regions of the bank, as well as Head of the retail banking team.

She retired from Skye Bank Plc as an Executive Director.

Ibiye is a Fellow and former Council Member of the Chartered Institute of Bankers of Nigeria (CIBN) and currently serves on the Finance and General Purposes Committee of the Governing Council of the CIBN. She is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and member of the Institute of Directors (IoD) and the Risk Management Association of Nigeria.

She served as a member of the Audit Committee of Nigerian Interbank Settlement System (NIBSS) and member of the Audit Committee of the Chartered Institute of Bankers of Nigeria (CIBN) and member of several other committees of the CIBN.

Mrs Ekong was appointed to the Board as an Independent Director in September 2020.

Prince Olusegun Adesegun
Non-executive Director

Prince Olusegun is a Psychologist with a Masters' Degree in Industrial Psychology from the University of Ibadan.

He started his career at Pyramid Products Limited as a Manager in Training and rose to become the General Manager of the then Eastern Zone in 1988. Upon retirement, he engaged in private business and has over time garnered experience in marketing administration, management, and supply chain logistics solutions. He eventually became the CEO of Pecol Ventures Limited – a cash crop export and paper products company which he helped to grow from a small producer to a large, world-class Agric-Export firm.

Between 2011 - 2015, Prince Olusegun served as the Deputy Governor of Ogun State. He is currently a Career Counsellor and Consultant for high-quality investment decisions.

He joined the board in July 2021.

Profile of Directors

ADEYEMI ADEFARAKAN
Non-Executive Director

In a career that spans 20 years, Adeyemi Adefarakan has valuable experience in global investment banking, portfolio risk, asset, and financial management exposure.

He graduated with a BSc (Hons) in Economics & Accountancy from the prestigious City University, London, and holds a master's degree in International Securities, Investment & Banking from the acclaimed ICMA Center at the University of Reading, U.K. He is also an alumnus of the Emerging CFO: Strategic Financial Leadership Programme at Stanford Graduate School of Business, USA, and currently pursuing a Global CEO Africa Programme in the triumvirate of business schools comprising Lagos Business School, Strathmore Business School (Nairobi, Kenya) and Yale School of Management (Connecticut, USA).

Adeyemi forged his career on the trading floors of some of London's financial powerhouses including State Street Global Markets, DRW Investments, JP Morgan Chase, Deutsche Bank and HSBC Global Asset Management. In his years in London, he traded both vanilla and complex instruments and risk-managed multi-billion-dollar multi-asset portfolios.

He currently serves as the Group Chief Financial Officer and an Executive Director on the board of CBSL (Continental Broadcasting Service Limited) alongside other board positions where he creates and extracts shareholder value through active board engagement.

He joined the board in July 2021.

DR. (MRS) OLUWAYEMISI OLORUNSHOLA
Independent Non-Executive Director

Dr. (Mrs) Oluwayemisi Olorunshola is an experienced Supply Chain professional and a business associate with over 15 years experience in a multinational organisation and over 10 years as a business manager, She possesses a B.Sc. Education degree in Education & Economics from the prestigious Obafemi Awolowo University, Ile Ife, a Master of Business Administration degree from University of Liverpool, UK, and a Doctorate degree in Business Administration from Walden University, USA.

She Is a well trained professional in various aspects of business management and her work experience spans every aspect of the supply chain including Business & Production Planning procurement, Distribution, Import & Export, and Logistics Services, She is a lover of education. Her widely read publication on small business sustainability strategies was published in the journal of Functional Education FEAcademia), Proguest.com, and Academia,edu, has been referenced by many scholars.

Dr. Olorunshola is a fellow of the International Institute for African Scholars and a chartered member of the Nigerian Chartered Institute of Personnel Management. An ardent believer in community development and in pursuant of this interest, she is a volunteer in many civic activities where she has contributed greatly to the development of her community and other areas of influence.

She joined the board in January 2022.

Profile of Directors

MRS BOLARIN OKUNOWO
Independent Non-Executive Director

Mrs Bolarin Okunowo is a seasoned business leader and finance specialist with over 17+ years of experience in a range of roles spanning investment banking and financial services, manufacturing, oil and gas, real estate, and hospitality, She is the Managing Director/Chief Executive Officer of Chemical and Allied Products Plc (CAP Pic), a subsidiary of UAC of Nigeria Pic UACN"), and the manufacturers of leading paint brands Dulux, Sandtex and Caplux In Nigeria. Prior to her executive appointment at CAP Pic, Bolarin served as the immediate past Managing Director/CEO of Portland Paints and Products Nigeria Pic ("Portland Paints"), a subsidiary of UACN, At Portland Paints, she led a turnaround of the business and the implementation of the successful merger with CAP Plc In July 2021.

Prior to joining the UACN Group, she was the Head, Energy & Infrastructure Finance at Stanbic IBTC Capital ("Stanbic") with responsibility for the oil and gas, power, and infrastructure debt finance portfolio, Prior to Stanbic, Bolarin worked with ARM Investments Managers and PricewaterhouseCoopers. Bolarin is a qualified Chartered Accountant; she holds a bachelors degree in Commerce from the University of Birmingham UK and a masters degree In Information Systems from the prestigious London School of Economics.

Bolarin has served in various capacities on the boards of various publicly listed companies. She is currently à Non-Executive Director of Livestock Feeds Plc and chairs the Board Risk Management Committee.

She joined the board in January 2022.

Executive Management

Ademola Adebise
Managing Director/CEO

Moruf Oseni
Deputy Managing Director

Wole Akinleye
Executive Director

Wole Ajimisinmi
Executive Director

Chukwuemeka Obiagwu
Executive Director

General Managers

Tunde Mabawonku
Chief Financial Officer

Olukayode Bakare
Treasurer

Oluwatoyin Karieren
Chief Compliance Officer

Rotimi Badiru
Lagos Island

Sylvanus Eneche
Chief Risk Officer

Olaitan Sunday
Regional Executive,
South-West

Deputy General Managers

Dotun Ifebogun
Head, Retail Bank

Ololade Ogungbenro
Head Human Capital Management

Emmanuel Edah
Head, Corporate Banking

Olusegun Adeniyi
Chief Digital Officer

Adeoluwa Akomolafe
Chief Information Security Officer

Deputy General Managers

Adekunle Onitiri
Chief Audit Executive

Tajudeen Bakare
Head Of Operations

Olalekan Somorin
Regional Manager, Apapa

Assistant General Managers

Kemi Adeniji
Head Internal Control

Uduak Afangide
Regional Manager, South-South & South-East Region

Johnson Lebile
Company Secretary and Legal Adviser

Gbenga Olorun-Rinu
Group Head Manufacturing & Large Corporate

Bamidele Adefemi
Zonal Manager, Business Development, Abeokuta

Adeola Ajai
Head Global Trade & Correspondent Banking

Folashade Oladapo-Lawal
Regional Manager, Port Harcourt

Uchenna Obazeh
Head, Credit Risk Management

Queen Dillion
Regional Manager, Abuja 2

Chioma Onuaguluchi
Regional Manager, Abuja 1

Damilola Edewusi
Zonal Manager, Ekiti

Adenike Daramola
Zonal Manager, Ibadan 2

Directors' Report

The directors present their annual report on the affairs of Wema Bank Plc (the "Bank"), the audited consolidated and separate financial statements and the independent auditor's report for the financial year ended 31 December 2022.

Legal Form

The Bank was incorporated in Nigeria under the 1922 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 Exchange (NGX) Limited, were first listed in February 1991. The Bank was issued a universal banking license by the Central Bank of Nigeria in January 2001. Arising from the consolidation in the banking industry, Wema Bank Plc. acquired National Bank of Nigeria Plc. in December 2005. Currently, the Bank is a commercial bank with national banking authorization to operate in Nigeria, under the new Central Bank of Nigeria licensing regime.

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.
The Bank has a wholly owned subsidiary, Wema Bank Funding SPV Plc. which was established for the purpose of issuing bonds to fund the Bank's working capital, enhance liquidity and capital base.

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

	Group	Group	Bank	Bank
In thousands of Nigerian Naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Gross earnings	**132,301,314**	**93,632,481**	**131,083,309**	**92,137,078**
Profit on ordinary activities before taxation	14,883,961	12,377,495	14,746,008	12,384,142
Taxation	(3,531,981)	(3,450,939)	(3,531,981)	(3,450,939)
Profit on ordinary activities after taxation	11,351,980	8,926,555	11,214,027	8,933,202
Profit attributable to equity holders	11,351,980	8,926,555	11,214,027	8,933,202
Appropriation:				
Transfer to statutory reserve	1,682,104	2,679,961	1,682,104	2,679,961
Transfer to/(from) regulatory risk reserve	5,711,554	5,692,843	5,711,554	553,752
Transfer to general reserve	3,958,322	5,692,843	3,820,369	5,699,491
Basic earnings per share	88.3	69.4	87.2	69.5

Proposed Dividend

The Board of Directors recommends the payment of Dividend from the present year earnings based on the Bank's improved performance, subject to approval at the Annual General Meeting. The payment will be made from the audited earnings of 2022 and not from the accumulated reserves in line with the regulatory policy. The payment of dividend is in line with the bank's dividend policy and will go a long way to provide support to our shareholders.

Pursuant to the provisions of Section 426 of the Companies and Allied Matters Act, 2020, the Directors shall propose a dividend of 30 kobo per share to be paid from the retained earnings account as at December 31, 2022 in line with all regulatory requirements.

Compliance with the CBN Circular on Dividend Payment

The proposed dividend payment is in line with the requirements of the CBN circular on Internal Capital generation and dividend payout ratio. The Central Bank circular dated 8 October 2014 requires the following conditions to be met before dividend payment can be made.

S/N	Condition	Wema Position
1	The DMB must meet minimum capital adequacy ratio	The Banks Audited Capital Adequacy ratio is 12.74%
2	Where CRR is above average and NPL between 5% & 10%, payout must not be more than 30%	The Banks CRR is Moderate
3	Where CRR is above average and NPL between 5% & 10%, payout must not be more than 30%	The Banks NPL is 6.08%
4	There shall be no regulatory restriction on dividend payouts for DMB that meet minimum capital adequacy ratio, has a CRR of "low" to "moderate" and NPL ratio of not more than 5%. However, it is expected that the Board of such institutions will recommend payouts based on effective risk assessment and economic realities	The Proposed dividend payout is 33% of PAT and the Bank has set aside additional reserves to ensure that Capital adequacy is significantly above regulatory threshold of 10%
5	No Dividend should be paid from reserves	Dividend not being paid from reserves
6	Banks shall submit board approved dividend payout policy to CBN	Dividend payout policy has been sent to the CBN

The Directors seek to pay dividend based on the justifications below:

- The Bank has largely met all the requirements of the CBN circular on dividend payout and is not in contravention.
- The payment of dividend will not impact negatively on any of the Bank's ratios
- The payment of dividend as proposed has been ratified by the Board of Directors of the Bank based on effective risk assessment and economic realities

Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2022 is as stated below:

Share Range	Number of Shareholders	Shareholders %	Number of Holdings	Shareholding %
1-1,000	142,907	58.63	63,505,287	0.49
1,001 -5,000	75,651	31.04	159,558,344	1.24
5,001 -10,000	11,274	4.63	79,083,879	0.62
10,001 -50,000	11,226	4.61	233,554,162	1.82
50,001 -100,000	1,444	0.59	97,135,913	0.76
100,001 -500,000	971	0.40	196,716,690	1.53
500,001 -1,000,000	150	0.06	104,328,030	0.81
1,000,001-5,000,000	81	0.03	173,968,659	1.35
5,000,001 -10,000,000	10	0.00	79,399,833	0.62
10,000,001 - 500,000,000	28	0.01	2,104,024,618	16.36
500,000,001-1,000,000,000	5	0.00	2,953,956,924	22.97
1,000,000,000 and Above	3	0.00	6,612,923,021	51.43
TOTAL: -	243,750	100.00	12,858,155,360	100.00

The shareholding pattern of the Bank as at 31 December 2021 is as stated below:

Share Range	Number Of Shareholders	Shareholders %	Number Of Holdings	Shareholding %
1-1,000	31,597	12.93	15,669,335	0.04
1,001-5,000	145,684	59.61	302,688,673	0.79
5,001-10,000	28,291	11.58	196,603,523	0.51
10,001-50,000	29,952	12.32	600,188,515	1.57
50,001-100,000	4,399	1.80	315,247,623	0.82
100,001-500,000	3,671	1.50	697,431,166	1.89
500,001-1,000,000	368	0.15	271,873,148	0.77
1,000,001-5,000,000	347	0.14	670,057,198	1.92
5,000,001-10,000,000	35	0.01	250,006,950	0.68
10,000,001-500,000,000	42	0.02	4,006,191,785	6.88
500,000,001-1,000,000,000	4	0.00	2,547,875,8325	9.72
1,000,000,000 andAbove	8	0.00	28,700,639, 840	74.40
TOTAL	**244,796**	**100.00**	**38,574,466,081**	**100.00**

Shareholding Structure / Free float Status as at 31 December 2022

Shareholders	*No of Ordinary Shares*	*% Holdings*
Strategic Shareholding	6,633,784,944	51.59
Directors Direct Shareholding	586,142,201	4.56
Government Shareholding	1,032,502,060	8.03
Free Float	4,605,726,155	35.82
Total	12,858,155,360	100.00

Substantial Interests in Shares

According to the Register of Members, as at 31 December 2022, the following shareholders held more than 5% of the issued share capital of the Bank:

S/N	*Name*	*Holding*	*% Holding*	*Representative On The Board*
1.	NEEMTREE LIMITED	3,619,885,989	28.15	Babatunde Kasali & Abolanle Matel-Okoh
2.	SW8 INVESTMENT LTD	1,915,272,289	14.90	Adeyemi Adefarakan
3.	PETROTRAB LIMITED	1,098,626,666	8.54	None
4.	ODU'A INVESTMENT COY.	1,020,214,376	7.93	Olusegun Adesegun

According to the Register of Members as at 31 December 2021, the following shareholders held more than 5% of the issued share capital of the Bank:

S/N	*Name*	*Holding*	*% Holding*	*Representative On The Board*
1.	NEEMTREE LIMITED	10,835,509,443	28.09	Babatunde Kasali & Abolanle Matel-Okoh
2.	SW8 INVESTMENT LTD	5,745,816,867	14.90	Adeyemi Adefarakan
3.	PETROTRAB LIMITED	3,295,880,000	8.54	None
4.	ODU'A INVESTMENT COY.	3,060,643,134	7.93	Olusegun Adesegun

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 Bank.

Directors' Shareholding

The following directors of the Bank held office during the year and had direct and or indirect interests in the issued share capital of the Bank as recorded in the Register of Directors Shareholding as noted below:

S/N	Director's Name	Direct Holdings in 2022	Indirect Holdings in 2022	Direct Holdings in 2021	Indirect Holdings in 2021
1	Babatunde Kasali	-	3,619,885,989	-	10,835,509,443
2	Ademola Adebise	3,421	701,747	10,265	2,243,208
3	Emeka Obiagwu	77,083	-	231,250	-
4	Oluwole Ajimisinmi	2,056,998	-	6,170,996	-
5	Moruf Oseni	-	-	-	-
6	Abubakar Lawal	333,333	142,639,047	1,000,000	427,917,143
7	Abolanle Matel-Okoh	583,333,333	3,619,885,989	1,750,000,000	10,835,506,943
8	Oluwole Akinleye	336,283	-	1,641,800	-
9	Ibiye Ekong	-	-	-	-
10	Olusegun Adesegun	-	396,922,202		3,060,643,134
11	Adeyemi Adefarakan	-	1,915,272,289		5,745,816,867
12	Yemisi Olorunshola*	-	-	N/A	N/A
13	Bolarin Okunowo*	-	-	N/A	N/A

* Joined the Board in January 2022

- Babatunde Kasali has indirect holding with Neemtree Limited
- Ademola Adebise has indirect holdings with AIICO Insurance
- Abubakar Lawal has indirect holdings with L.A. Proshares Limited and GTI Asset Management Ltd
- Abolanle Matel-Okoh has indirect holdings with Neemtree Limited
- Olusegun Adesegun has indirect holdings with Odua Group
- Adeyemi Adefarakan has indirect holdings with SW8 Investment Ltd

Directors' Interests in Contracts

For the purpose of Section 303 of the Companies and Allied Matters Act, CAP C20 LFN 2020, none of the Directors had direct or indirect interest in any contract with the Bank in the year under review.

Property and Equipment

Information relating to changes in property and equipment is given in Note 19 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.

Donations

The Bank made contributions to charitable and non-political organizations amounting to N147.33m during the year (N703.85m 31 December 2021) as listed below:

Donation And Charitable Gift	₦
CIBN Annual Dinner	25,300,000
Towards Financial Literacy	10,000,000
SHECAN Conference 4.0	10,000,000
NUGA Games	5,000,000
UNFCCC COP27	5,000,000
Ikoyi Passport Office	4,000,000
Raise Foundation VVF Repair Surgery	3,450,000
National Risk Management Conference	3,000,000
Tech Workshop	3,000,000
52nd Annual Accountants' Conference	2,750,000
FINTECH Summit	2,500,000
2022 AGRA Innovate West Africa	2,300,000
NBCC Presidential Dinner	2,000,000
The Nigeria FINTECH Week	2,000,000
RIMAN 21ST Conference	2,000,000
Bankers Connect	1,500,000
2022 Calabar Funfest Music Festival	1,000,000
Lagos Art & Technology Conference	1,000,000
2022 WISCAR Annual Conference	1,000,000
FOCAD Career Summer Camp 2022	1,000,000
Women In Marketing Communication Conference	1,000,000
NIMN Marketing Conference 2022	1,000,000
Other Donation	57,530,000
Total Donation	**147,330,000**

Several other humanitarian services were rendered during the year under review, for example, One Day Salary for Love Campaign donated by members of staff, which amounted to N5,343,617 was donated to schools and communities.

Shareholders' Bulletin

Share Capital History

Issued & Paid-up

Year	Authorised		Issued Share Capital (Increase)	Description	Total Issued Share Capital	
	No. of Shares	Amount N'000	No. of Shares		No. of Shares	Amount N'000
1945	20,000	10,000	20,000	Initial Capital	20,000	10,000
1970	1,000,000	1,000,000	980,000	Private Issue	1,000,000	500,000
1974	8,000,000	4,000,000	4,600,000	Private Issue	5,600,000	2,800,000
1981	8,000,000	8,000,000	4,000,000	Private Issuee	9,600,000	4,800,000
1987	25,000,000	25,000,000	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	100,000,000	50,000,000	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	160,000,000	80,000,000	20,000,000	Bonus: 1 for 4	100,000,000	50,000,000
1992	300,000,000	150,000,000	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	600,000,000	300,000,000	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	1,200,000,000	600,000,000	639,067,520	Bonus: 8 for 5	1,038,484,720	519,242,360
2000	2,000,000,000	1,000,000,000	311,545,416	Right Issue for Cash: 1 for 2	1,350,030,136	675,015,068
2002	2,500,000,000	1,250,000,000	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	2,500,000,000	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	360,759,773	721,519,546	National Bank for Conversion	10,320,630,952	5,160,315,476
2010	2,500,618,927	833,539,642	2,500,618,927	Special Placing	12,821,249,879	6,410,624,940
2012	-913,907,131.00	-456,953,565.50	-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
2014	60,000,000,000	30,000,000,000	-		38,574,466,081	19,287,233,041
2021	60,000,000,000	30,000,000,000	-25,716,310,721	Share Reconstruction: 1 for 3	12,858,155,360	6,429,077,680
2022	40,000,000,000	20,000,000,000	-		12,858,155,360	6,429,077,680

Reconstruction of the Bank's Share Capital

In the year 2021, the Bank began a right sizing of the Bank's paid up share capital, which was concluded in 2022. The Bank's share capital of N19,287,233,041 (Nineteen Billion, Two Hundred and Eighty-Seven Million, Two Hundred and Thirty-Three Thousand, Forty-One Naira only) comprising of 38,574,466,082 (Thirty-Eight Billion, Five Hundred and Seventy-Four Million, Four Hundred and Sixty-Six Thousand, Eighty-Two) ordinary shares of a nominal value on N0.50 each was reconstructed at 33% of the existing figure by way of a Scheme of Share Reconstruction.

The resultant number of shares was 12,858,155,360 (Twelve Billion, eight Hundred and Fifty-Eight Million, One Hundred and Fifty-Five Thousand, Three Hundred and Sixty) ordinary shares of N0.50 each.

Effectively, the Bank's Paid -Up Capital was reconstructed such that the sum of N6,429,077,680 (Six Billion, Four Hundred and Twenty-Nine Million, Seventy-Seven Thousand, Six Hundred and Eighty Naira Only) will be the Bank's Paid Up share Capital and 12,858,155,360 (Twelve Billion, Eight Hundred and Fifty-Eight Million, One Hundred and Fifty-Five Thousand, Three Hundred and Sixty) ordinary shares of N0.50k each was retained as the issued ordinary shares attributable to Existing Shareholders of the Bank.

WEMA BANK
With you. All the way.

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
17	31/12/2018	3K	13/05/2019	N1,157,233,982.43
18	31/12/2019	4K	18/05/2020	N1,542,978,643.24
19	31/12/2020	4K	26/05/2021	N1,542,978,643.24
20	31/12/2021	8K	17/05/2022	N3,085,957,286.40

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 were authorised for issue by the Management of the Bank.

Remuneration Policy

Mandate & Terms of Reference
The Remuneration Policy is a product of the Nomination & Governance Committee of the Board of Directors ("the Board") of the Bank. The Committee is set out in compliance with various Corporate Governance Codes.

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' compensation and reward for corporate and individual performance.

Purpose
Amongst others, this policy attempts to:

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

Executive Directors' Remuneration Components

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.

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.

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.

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

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 is fixed by the Board on the recommendation of Executive Management and approved by Shareholders in a General Meeting. However, the fees and allowances paid to Non-Executive Directors shall not be at a level that can compromise their independence.

The components Non-Executive Directors' fees include: Annual Fee, Sitting Allowance and Reimbursable Expenses properly incurred in the performance of their duties to the Bank.

Directors' annual fees are paid in arrears. The Directors' annual fee for 2021 was N9,500,000.00 (Nine million five hundred thousand naira only) for the Chairman and N7,500,000.00 (Seven million, five hundred thousand naira only) for other Non-Executive Directors, gross per annum. The annual fee for 2022 which is maintained at year 2020 threshold shall be presented for approval at the 2022 Annual General Meeting.

The sitting allowance for each meeting attended is N250,000.00 for members and N300,000.00 for Chairmen of Board Committees.

Human Capital Management

People are the bridge between an organization's strategy and its success. This statement is a resounding fact at Wema because People and Culture are at the Heart of our organizational journey and strategy. In 2022, we took giant strides in ensuring that the people and culture agenda not only supports the broad corporate goals but, more importantly, prioritizes employees' experience, yielding tangible benefits for the organization.

Employee Experience, Compensations, and Reward Policies

Critical to our EVP is the tangible recognition of the invaluable contribution of employees to sustained business growth. We are also committed to initiatives that incentivize and drive optimum employee performance and productivity. Below are a few initiatives we implemented in 2022 to achieve these goals:

Compensation Review: This year, we reviewed our compensation package through a thorough industry survey and analysis. This review puts us at the 75th percentile of pay in the industry. Furthermore, we introduced a guaranteed pay-for-performance element to incentivize and reward performance in real-time. This review was pivotal, especially considering macroeconomic issues. In 2022, we also promoted 1049 employees, with a healthy mix of FTEs to NFTEs.

Employee Recognition: KUDOS was revamped to birth KUDOS 2.0, which celebrated exceptional performance directly linked to the furtherance of our DD3 pillars. In 2022, we celebrated 24 employees with monetary and performance-based rewards. Compared to 2021 last year, we have seen an average 300% increase in employee participation. We also drove participation across the different business units and have seen a healthy balance of KUDOS champions across different regions and departments.

Culture

The culture of an organization defines the path of success in its strategy. The bank has undertaken various initiatives to strengthen its culture. This includes the review of the Bank's staff value proposition. To ensure that employees understood the values, its impact on achieving our strategic intent and encourage behaviors that deepen these values, a robust campaign was developed. This started with an official launch by management team, appointment, and training of champions as ambassadors and creation of a culture guide. The Bank also incorporated the values into the staff appraisal system as a way of reinforcing the right behavior.

Talent acquisition

Our Talent Acquisition strategy is focused on attracting a diverse array of top talents while retaining our best hands. This year, we experienced an extension of the “great resignation” phenomenon, which began in 2021 and saw massive talent flight within and outside the country. These realities made us more agile in our talent attraction and mapping strategies.

We implemented three (3) Banker-In-Training (BIT) programs to cushion the effect of attrition, especially in the tech, product design, and management spaces. Our BIT programs this year focused on Data Analytics, Information Security, Sales, Product Management, Software Development, UX Design, and Banking Operations.

We have developed and maintained strategic partnerships with vendors and outsourcing companies to source quality tech talents such as Decagon, Delon, Nexford, Cybersafe, and many others.

Health and Wellness

To demonstrate our commitment to the holistic well-being of our employees, we focused on a good number of Employee Assistance Programs (EAPs) deployed to ensure that work-life balance and optimal mental health were not just pipe dreams but the living realities of our employees.

Internal Capacity Building, Training Development

Our Purple Academy operates as a corporate learning institute that caters to employee development, team upskilling, and the learning and development goals of the bank. Our 2022 outlook was that of a digitized, collaborative, and skill-based learning drive toward actualizing our DD3 goals. In 2022, we achieved the following:

CIBN Recertification for our Corporate University – The Purple Academy: This feat was vital to the overall learning and development strategy for developing bankers, not just for now but also for the future. This certification ensures that the Purple Academy operates at the highest levels of the industry standard.

Strategic Partnerships and License Acquisition: We have partnered with reputable training and developmental institutions such as Nexford University, Harvard University, and Delon, as well as acquired licenses from Coursera and Pluralsight. These partnerships contribute tangibly to developing and delivering a robust curriculum to develop our employees.

Launch of our Leadership School: The leadership school, which is the most critical pillar of the Purple Academy, now offers a series of interventions identified for the different levels of leaders based on their areas of expertise and identified learning needs as determined by talent conversations, performance results and our business scorecard. We have multiple partners such as Phillips Consulting, YF Talents, Workforce Group, etc.

Development of Core Function Schools: We have launched functional schools to upskill and reskill our employees across various competency areas. These include our Data and Analytics School, SME School, Information Security School, etc.

Code of Conduct and Business Ethics

Employees and Directors are bound by the CBN Code of Conduct and the Bank's Code of Business Conduct and Ethics.

Employee Gender Analysis

The number and percentage of women in the bank during the 2022 financial year vis-a-vis the total workforce is as follows:

	M	F	TOTAL	M	F
Employee -Bank	819	596	1415	58%	42%
Board & Top Management					
Assistant General Manager	8	4	12	67%	33%
Deputy General Manager	7	1	8	88%	12%
General Manager	5	1	6	86%	14%
Executive Director	3	0	3	100%	0%
Deputy Managing Director	1	0	1	100%	0%
Managing Director	1	0	1	100%	0%
Non-Executive Director	4	4	8	50%	50%
TOTAL	29	10	39	75%	25%

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, in addition to the Bank's fully equipped state-of-the-art Contact Centre – Purple Connect, a Consumer Protection Unit was also created at the Head Office to resolve service issues as raised, without further delay. The available feedback channels in the Bank are listed below:

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

Shareholder Complaint Management Channels

Shareholders can make complaints or enquiries and access relevant information about their shareholding through various channels made available by the Bank. However, shareholders shall in the first instance contact the Bank's Registrars. The Registrars manage all the registered information relating to all shareholdings e.g. shareholders name, address, shareholding units, dividend payment instruction, etc. The various available channels and relevant contact details are:

I. **Company Registrars:** Shareholders who wish to make complaints or enquiries about their shareholding may contact the bank's Registrars. Please find below the Registrars contact:

Greenwich Registrars and Data Solutions Ltd
274, Murtala Mohammed Way, Alagomeji, Yaba Lagos.
Telephone: +234 1 2793160-2; 8131925-2
Email Address: Info@gtlregistrars.com
Website: www.gtlregistrars.com

ii **Company Secretary:** If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints, the shareholder can contact the office of the Company Secretary via the contact details below:

Company Secretary
Wema Towers
54, Marina Lagos.
Email: CompanySecretariat@Wemabank.com
Telephone: +234 1 2778959

iii **Investor Relations Desk:** Shareholders can also contact the Investors Relations unit of the Bank via the contact details below:

Investor Relations Department,
Wema Towers,
54, Marina Lagos.
Email: Investor.relations@wemabank.com
Telephone: +234 1 2779839

Shareholders and Investors may access the investor relations portal on the Bank's website for more details on the Bank's Shareholder and Stakeholder Management Policy, Communication Policy and Engagement Policy.

Auditors
KPMG Advisory Services have indicated their willingness to continue to serve as auditors in accordance with Section 401 (1) of the Companies and Allied Matters Act, 2020. Accordingly, a resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

Johnson Lebile
FRC/2018/NBA/00000019017
Company Secretary
Wema Towers,
54 Marina, Lagos
20 March, 2023

Report of the Audit Committee

To the Members of Wema Bank Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Wema Bank Plc hereby report as follows:

We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the cooperation of Management and Staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the 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 2022 were satisfactory and reinforce the Group's internal control systems.

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 N1.13billion (31 December 2021: N1.52billion) was outstanding as at 31 December 2022 of which Nil (31 December 2021: Nil) was non- performing.

We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with 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
02 March 2022

Members of the Audit Committee are:

Prince Adekunle Olodun	-	Shareholder (Chairman)
Mr. Anosikeh Joe Ogbonna	-	Member
Mrs. Esther Osijo	-	Member
Mrs. Bolarin Okunowo	-	Member
Mr. Abubakar Lawal	-	Member

In attendance:

Mr. Johnson Lebile	-	Secretary

WEMA BANK
With you. All the way.

Statement of Directors' Responsibilities

For the preparation and approval of the Consolidated and Separate Financial Statements

The Directors of WEMA Bank Plc accept responsibility for the preparation of the [consolidated and separate] financial statements that give a true and fair view of the financial position of the group's and the bank's as at 31 DECEMBER 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020 and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the 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 particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern

The Directors have made an assessment of the Group's and the Bank's ability to continue as a going concern and have no reason to believe the group and the bank will not remain a going concern in the year ahead.

Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973

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

WEMA BANK
With you. All the way.

Statement of Corporate Responsibility

for the Financial Statements for the year ended 31 December 2022

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the:

(I) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the bank as of and for, the periods covered by the audited financial statements;

We state that management and directors:

(I) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Bank and its subsidiary is made known to the officer by other officers of the Group's and the Bank's, particularly during the period in which the audited financial statement report is being prepared,

(ii) has evaluated the effectiveness of the group's and the bank's internal controls within 90 days prior to the date of its audited financial statements, and

(iii) certifies that the Group's and the Bank's internal controls are effective as of that date;

We have disclosed;

(I) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group and the Bank's ability to record, process, summarise and report financial data, and has identified for the Group's/Bank's auditors any material weaknesses in internal controls,

(ii) and whether or not, there is any fraud that involves management or other employees who have a significant role in the Group's and Bank 's internal control and

(iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group and Bank for the year ended 31 DECEMBER 2022 were approved by the directors on 09 March 2023.

Ademola Adebise	**Tunde Mabawonku**
Managing Director/CEO	**Chief Financial Officer**
FRC/2013/ICAN/00000002115	FRC/2013/ICAN/00000002097

ALAT by WEMA

DCSL Corporate Services Limited
235 Ikorodu Road
Ilupeju, Lagos

P.O.BOX 96, Marina
Lagos, Nigeria
Tel: +234 9 1271 7817

Abuja Ofice:
Statement Hotel, Plot 1002
1st Avenue, Off Shehu Shagari
Way, Abuja

Tel: +234 9461 4902
RC No. 32393

5th March 2023

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE AUDIT OF WEMA BANK PLC. FOR THE YEAR ENDED 31st DECEMBER 2022

The Board of Wema Bank PLC ('Wema bank", "the Bank") engaged DCSL Corporate Services Limned ("DCSL") to carry out a performance evaluation of the Board of Directors and a Corporate Governance Compliance Audit for the year-ended 31st December 2022, in line with the provisions of the Nigerian Code of Corporate Governance 2018 ("NCCG"), the CBN Code of Corporate Governance for Banks & Finance Houses 2014 ("CBN Code"), the Securities and Exchange Commission Corporate Governance Guidelines 2020 ("SCGG"), Securities and Exchange Commission Regulations, the Nigerian Stock Exchange Rules and Regulations, and the Companies and Allied Matters Acts 2020 (CAMA).

To ascertain the extent of compliance with relevant corporate governance principles and appraise the performance of the Board, we benchmarked the Bank's corporate governance structures, policies, and processes against the above-mentioned Co des as well as glob al best practices and considered the following seven key corporate governance themes:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure.

In conducting the appraisal, we reviewed the Bank's corporate and statutory documents, Minutes of Board and Committee meetings, policies, processes, and ancillary documents made available to us. We also administered questionnaires and interacted with some members of the Board. Our review confirms that WEMA Bank has substantially complied with the provisions of the SEC, NCCG and CBN Codes, and that the activities of the Board and the Bank significantly align with relevant legislation, regulations and corporate governance best practices. The Directors' Peer Assessment and Chairman's Leadership Assessment indicate that individual Directors discharged, satisfactorily, their governance responsibilities, performed creditably against the set objectives and continue to demonstrate strong commitment to enhancing the Bank's growth.

Details of our key findings and recommendations are contained in our detailed Reports.

Yours faithfully,
For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Directors: Abel Ajayi (Chairman) Obi Ogbechi Adeniyi Obe Dr Anino Emuwa Adebisi Adeyemi (Managing Director)

DCSL Corporate Services Limited

KPMG

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 consolidated and separate financial statements of Wema Bank Plc ("the Bank") and its subsidiary (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiary as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

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 and Bank in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected Credit Loss (ECL) on Loans and Advances to Customers

The Group uses an Expected Credit Loss (ECL) model to determine the impairment allowance for its loans and advances to customers. The ECL methodology incorporates information about past events, current conditions, forecasts of future economic conditions in determining impairment allowances.

The Group's ECL model includes certain judgments and assumptions such as the possibility of a loan becoming past due and subsequently defaulting; the rate of recovery on the loans that are past due and in default; and the market values and estimated time and cost to sell the collaterals; as well as the incorporation of forward-looking information.

ECL on loans and advances to customers that have shown a significant increase in credit risk is based on the Group's estimate of losses expected to result from default events over the life of the loans. ECL on other loans that have not shown a significant increase in credit risk is recognized based on an estimate of the losses expected to result from default events within 12 months after the reporting year. This estimate is also an output of models, with the key assumptions being the possibility of a loan becoming past due and subsequently defaulting (which is reflected in the classification of loans into stages) and the rate of recovery on the loans that are past due and in default.

The judgment involved in classifying loans and advances to customers into stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, application of industry knowledge and prevailing economic conditions in arriving at the level of impairment required, the inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of ECL required, make the ECL on loans and advances to customers a matter of significance to the audit.

How the matter was addressed in our audit

Our procedures included the following with respect to the ECL on loans and advances to customers as at 31 December 2022:

- We evaluated the design and implementation of the key controls over the ECL determination process. The key controls evaluated includes management review of significant increase in credit risk and the resultant classification of loans into the various stages and management review of the accuracy of the relevant data used in the calculation of parameters included in the ECL model like the probability of default and loss given default.
- For a selected sample of loans and advances to customers, we assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant classification of loans into the various stages by reviewing the loan staging done by the Group. For loans and advances to customers which have shown a significant increase in credit risk, we evaluated the level of past due obligations using qualitative factors such as available information about the obligor's business or project being financed and quantitative indicators such as number of days past due to determine the impairment based on the losses expected over the life of the facilities.

With the assistance of our Financial Risk Management specialists, we:

assessed the appropriateness of the Group's ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;

- challenged the appropriateness of the modelling approach and the historical movement in the balances of facilities between default and non-default categories by reviewing the underlying data used in determining the Probability of Default (PD) in the ECL calculations;
- evaluated the appropriateness of the data used in determining the Exposure at Default, including the contractual cash flow, outstanding loan balance, loan contractual repayment pattern and loan tenor;
- tested the accuracy of the calculation of the Loss Given Default (LGD) used by the Group;
- reviewed the valuation of the collaterals used in the ECL model;
- challenged the appropriateness of management's forward-looking assumptions using publicly available information from external sources;
- determined the staging of facilities through the consideration of days past due as well as other qualitative characteristics that signified an increase in the credit risk of a loan customer.
- tested the accuracy of the Group's ECL provision by re-performing the calculations of the ECL for loans and advances to customers. For loans and advances to customers which have shown a significant increase in credit risk, the recalculation was based on the amount which the Group may not recover throughout the life of the loans while for loans and advances to customers that have not shown significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year after the reporting year.

The Group and Bank's accounting policy on impairment allowance for loans and advances to customers, disclosure on judgments and estimates and relevant financial risk disclosures are shown in the notes to the consolidated and separate financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises About Wema Bank, Corporate Governanace, Sustainability Report, Wema Bank Compliance Risk Framework, Customer Complaints Management and Feeback, Chairman's Statement, Directors' Report, Report of the Audit Committee, Statement of Directors' Responsibilities in Relation to the Consolidated and

Separate Financial Statements, Statement of Corporate Responsibility for the Financial Statements, Report of the External Consultant on the Appraisal of the Board and Other National Disclosures which we obtained prior to the date of the auditor's report, but does not include the consolidated and separate financial statements and our auditor's report thereon. Other information also include Profile of Directors and Shareholders Bulletin, together "Outstanding Reports", which are expected to be made available to us after that date.

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 identified above 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.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, 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.

When we read the Outstanding Reports, if we conclude that there is a material misstatatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars; and for such internal control as the directors determine is necessary to enable the preparation of 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 and 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 Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Bank'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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related 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

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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 the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee 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 Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period 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 public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income[1] are in agreement with the books of account and returns.

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank paid penalty in respect of contravention during the year ended 31 December 2022. Details of the penalty paid are disclosed in note 31 to the consolidated and separate financial statements.
ii. Related party transactions and balances are disclosed in note 30 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
18 April 2023.
Lagos, Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0077151

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FINANCIAL 03

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the period ended 31 December, 2022

		Group		Bank	
In thousands of Nigerian Naira	Notes	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Interest income	7	108,036,632	74,798,291	106,066,894	73,302,888
Interest expense		(53,806,696)	(34,921,553)	(51,991,333)	(33,428,346)
Net interest income	7	**54,229,936**	**39,876,738**	**54,075,561**	**39,874,542**
Net impairment loss on financial assets	11	(4,808,387)	(2,104,393)	(4,808,387)	(2,104,393)
Net interest income after impairment charge for credit losses		**49,421,549**	**37,772,345**	**49,267,174**	**37,770,149**
Net gain on FVTPL investment securities		1,531,277	557,330	1,531,277	557,330
Net fee and commission income	8	16,586,216	13,424,103	16,586,216	13,424,103
Net trading income	9	4,001,989	1,556,099	4,001,989	1,556,099
Other income	10	2,896,933	3,296,658	2,896,933	3,296,658
		25,016,415	18,834,190	25,016,415	18,834,190
Operating income		**74,437,964**	**56,606,535**	**74,283,589**	**56,604,339**
Personnel expenses	12	(21,332,578)	(16,677,420)	(21,332,578)	(16,677,420)
Depreciation and amortization	13b	(4,545,925)	(3,399,318)	(4,545,925)	(3,399,318)
Other operating expenses	13a	(33,675,500)	(24,152,302)	(33,659,078)	(24,143,460)
Profit before tax		**14,883,961**	**12,377,495**	**14,746,008**	**12,384,142**
Minimum tax	24	(633,493)	(405,135)	(633,493)	(405,135)
Income tax expense	24	(2,898,488)	(3,045,805)	(2,898,488)	(3,045,805)
Profit for the year		**11,351,980**	**8,926,555**	**11,214,027**	**8,933,202**
Other comprehensive income, net of income tax					
Items that will not be subsequently reclassified to profit or loss					
Net change in fair value of equity investments FVTOCI		4,079,753	3,621,287	4,079,753	3,621,287
		4,079,753	3,621,287	4,079,753	3,621,287
Items that may be reclassified subsequently to profit or Loss					
Net change in fair value of debt investments FVOCI		50,507	-	50,507	-
		-	-	-	-
Other comprehensive income for the year		4,130,260	3,621,287	4,130,260	3,621,287
Total comprehensive income for the year		**15,482,240**	**12,547,842**	**15,344,287**	**12,554,489**
Profit attributable to:					
Equity holders of the Bank		11,351,980	8,926,555	11,214,027	8,933,202
Total comprehensive income for the year		**15,482,240**	**12,547,842**	**15,344,287**	**12,554,489**
Earnings per share-basic/diluted (kobo)	14	88.3	69.4	87.2	69.5

The accompanying notes are an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position

Wema Bank Plc

Consolidated and Separate Financial Statements

For the period ended 31 December, 2022

Statement of financial Position as at:

		Group		Bank	
In thousands of Nigerian Naira	**Notes**	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
Cash and cash equivalents	15	96,294,862	109,726,640	96,262,918	109,714,649
Restricted Deposit with CBN	15b	386,993,380	313,847,420	386,993,380	313,847,420
Pledged assets	16	30,616,318	83,723,119	30,616,318	83,723,119
Investment securities:					
Fair value through other comprehensive income	17a	11,056,230	5,455,873	11,056,230	5,455,873
Fair Value through profit or loss	17b	20,933,741	38,693,696	20,933,741	38,693,696
Held at amortised cost	17c	320,922,935	129,931,950	312,792,563	118,970,682
Wema funding SPV	17d	-	-	1,000	1,000
Loans and advances to customers	18	521,430,696	418,864,303	521,430,696	418,864,303
Right of Use	27	997,465	851,249	997,465	851,249
Property and equipment	19	25,449,667	22,418,542	25,449,667	22,418,542
Intangible assets	20	2,859,593	2,170,640	2,859,593	2,170,640
Other assets	22	11,326,857	34,305,993	11,326,855	34,305,993
Deferred tax assets	21	12,983,230	15,500,694	12,983,230	15,500,694
Total Assets		**1,441,864,974**	**1,175,490,124**	**1,433,703,656**	**1,164,517,865**
Deposits from banks	23	19,153,500	40,700,000	19,153,500	40,700,000
Deposits from customers	23	1,165,934,019	927,471,175	1,165,934,019	927,471,175
Lease Liabilities	27	31,583	26,879	31,583	26,879
Current tax liabilities	24	1,061,974	716,120	1,061,974	716,120
Other liabilities	25	103,685,466	63,697,672	103,613,727	63,637,777
Other borrowed funds	26	69,455,531	72,731,661	61,286,178	61,601,569
Total Liabilities		**1,359,322,073**	**1,105,343,507**	**1,351,080,980**	**1,094,153,520**
Equity					
Share capital	28	6,429,078	19,287,233	6,429,078	19,287,233
Share premium	28	8,698,230	8,698,230	8,698,230	8,698,230
Regulatory risk reserve		11,801,425	6,089,871	11,801,425	6,089,871
Retained earnings	28	11,449,605	11,023,900	11,529,379	11,241,627
Other reserves	28	44,164,563	25,047,383	44,164,564	25,047,383
Equity attributable to equity holders of the bank		**82,542,901**	**70,146,617**	**82,622,676**	**70,364,344**
Total liabilities and equity		**1,441,864,974**	**1,175,490,124**	**1,433,703,656**	**1,164,517,865**

The financial statements were authorized for issue by the directors on the 9th of March 2023 and signed on its behalf by:

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

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Consolidated Statement of Changes in Equity

Group
In thousands of Nigerian naira (000s)

	Share Capital	Share reserve	Share premium	Credit risk reserve	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2022										
Balance at 1 January 2022	19,287,233	-	8,698,230	781,612	6,089,871	17,654,943	902,759	5,708,069	11,023,900	**70,146,617**
SMEIS Charge	-	-	-	-	-		446,660		(446,660)	**-**
Profit or loss	-	-	-	-	-	-	-		11,351,980	**11,351,980**
Other comprehensive income										
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments										
Fair value reserve FVTOCI financial assets	-		-	-	-	-	-	4,130,260	-	**4,130,260**
Transfers within equity:										
Regulatory risk reserve	-	-	-	-	5,711,555	-	-	-	(5,711,555)	-
Transfer to Share reserve (see note 28)	(12,858,155)	12,858,155								
Credit risk reserve			-	-	-	-	-	-	-	-
Transfer to Statutory reserve	-	-	-	-	-	1,682,104	-	-	(1,682,104)	-
	6,429,078	**12,858,155**	**8,698,230**	**781,612**	**11,801,426**	**19,337,047**	**1,349,419**	**9,838,329**	**14,535,562**	**85,628,858**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividend Payout	-	-	-	-	-	-	-	-	(3,085,957)	**(3,085,957)**
	-	-	-	-	-	-	-	-	(3,085,957)	**(3,085,957)**
Balance as at 31 December 2022	**6,429,078**	**12,858,155**	**8,698,230**	**781,612**	**11,801,426**	**19,337,047**	**1,349,419**	**9,838,329**	**11,449,604**	**82,542,901**
2021										
Balance at 1 January 2021	19,287,233	-	8,698,230	781,612	5,536,119	14,974,982	673,148	2,086,782	7,103,647	**59,141,753**
SMEIS Charge							229,611		(229,611)	**-**
Profit or loss	-	-	-	-	-	-	-		8,926,555	**8,926,555**
Other comprehensive income										
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments	-	-	-	-	-	-	-	-	-	**-**
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	-	3,621,287	-	**3,621,287**
Transfers within equity:										
Regulatory risk reserve	-	-	-	-	553,752	-	-	-	(553,752)	-
Credit risk reserve	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory reserve	-	-	-	-	-	2,679,961	-	-	(2,679,961)	-
	19,287,233		**8,698,230**	**781,612**	**6,089,871**	**17,654,943**	**902,759**	**5,708,069**	**12,566,878**	**71,689,595**
Contributions by and distributions to owners										
Dividend Payout	-	-	-	-	-	-	-	-	(1,542,978)	**(1,542,978)**
	-	-	-	-	-	-	-	-	(1,542,978)	**(1,542,978)**
Balance as at 31 December 2021	**19,287,233**	**-**	**8,698,230**	**781,612**	**6,089,871**	**17,654,943**	**902,759**	**5,708,069**	**11,023,900**	**70,146,617**

The accompanying notes are an integral part of these consolidated and separate financial statements

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Separate statement of changes in equity

Bank
In thousands of Nigerian naira (000s)

2022	Share Capital	Share reserve	Share premium	Credit risk reserve	Regulatory risk reserve	Statutory reserve	AGSMEIS reserve	Fair value reserves	Retained earnings	Total equity
Balance at 1 January 2022	19,287,233	-	8,698,230	781,612	6,089,871	17,654,943	902,759	5,708,069	11,241,627	**70,364,344**
SMEIS Charge	-	-	-	-	-	-	446,660	-	(446,660)	-
Profit or loss	-	-	-	-	-	-	-	-	11,214,027	**11,214,027**
Other comprehensive income										
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments										-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	-	4,130,260	-	**4,130,260**
Transfers within equity:										
Regulatory risk reserve	-	-	-	-	5,711,555	-	-	-	(5,711,555)	-
Transfer to Share reserve (see note 28)	(12,858,155)	12,858,155	-	-	-	-	-	-	-	-
Credit risk reserve										
Transfer to Statutory reserve	-	-	-	-	-	1,682,104	-	-	(1,682,104)	-
	6,429,078	**12,858,155**	**8,698,230**	**781,612**	**11,801,426**	**19,337,047**	**1,349,419**	**9,838,329**	**14,615,335**	**85,708,632**
										-
Transactions with owners, recorded directly in equity										-
Contributions by and distributions to owners										-
Dividend Payout	-	-	-	-	-	-	-	-	(3,085,957)	**(3,085,957)**
	-	-	-	-	-	-	-	-	(3,085,957)	**(3,085,957)**
Balance as at 31 December 2022	**6,429,078**	**12,858,155**	**8,698,230**	**781,612**	**11,801,426**	**19,337,047**	**1,349,419**	**9,838,329**	**11,529,378**	**82,622,674**
2021										
Balance at 1 January 2021	19,287,23 3	-	8,698,230	781,612	5,536,119	14,974,982	673,148	2,086,782	7,314,727	**59,352,833**
SMEIS Charge	-	-	-	-	-	-	229,611	-	(229,611)	-
Profit or loss	-	-	-	-	-	-	-	-	8,933,202	**8,933,202**
Other comprehensive income										
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments										-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	-	3,621,287	-	**3,621,287**
Transfers within equity:										
Regulatory risk reserve	-	-	-	-	553,752	-	-	-	(553,752)	-
Credit risk reserve	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory reserve	-	-	-	-	-	2,679,961	-	-	(2,679,961)	-
Total comprehensive income for the period	**19,287,233**	**-**	**8,698,230**	**781,612**	**6,089,871**	**17,654,943**	**902,759**	**5,708,069**	**12,784,605**	**71,907,322**
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
Dividend Payout	-	-	-	-	-	-	-	-	(1,542,978)	**(1,542,978)**
	-	-	-	-	-	-	-	-	(1,542,978)	**(1,542,978)**
Balance as at 31 December 2021	**19,287,233**	**-**	**8,698,230**	**781,612**	**6,089,871**	**17,654,943**	**902,759**	**5,708,069**	**11,241,627**	**70,364,344**

The accompanying notes are an integral part of these consolidated and separate financial statements

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Consolidated and Separate Statements of Cash Flows

For the year ended :		Group		Bank	
		31-Dec	31-Dec	31-Dec	31-Dec
In thousands of Nigerian Naira	**Notes**	**2022**	**2021**	**2022**	**2021**
Cash flows from operating activities					
Profit for the year		11,351,980	8,926,555	11,214,027	8,933,202
Adjustments for:					
Taxation expense	24	3,531,980	3,450,940	3,531,980	3,450,940
Depreciation and amortization	13b	4,545,925	3,399,318	4,545,925	3,399,318
Adjustment for transfer out of PPE now expensed		22,539	-	22,539	-
Right of Use - Payment		-	-	-	-
(Gain)/Loss on disposal of property and equipment	33(xii)	5,290	(167,030)	5,290	(167,030)
Specific provision on cash	15				
Net interest income	33(xiii)	(54,229,936)	(39,876,738)	(54,075,561)	(39,874,542)
Dividend received from equity investment	10	(200,634)	(168,873)	(200,634)	(168,873)
Impairment loss on financial assets	11	4,808,387	2,104,393	4,808,387	2,104,393
Operating cashflow before movement in working capital		(30,164,468)	(22,331,436)	(30,148,045)	(22,322,593)
Change in pledged assets	33(i)	53,106,801	(56,268,457)	53,106,801	(56,268,457)
Change in loans and advances to customers	33(ii)	(107,374,780)	(60,892,616)	(107,374,780)	(60,892,616)
Change in other assets	33(iii)	22,979,138	(12,422,378)	22,979,138	(12,422,378)
Change in deposits from banks	33(iv)	(21,546,500)	40,700,000	(21,546,500)	40,700,000
Change in restricted deposit with CBN	33(v)	(73,145,960)	(66,872,461)	(73,145,960)	(66,872,461)
Change in deposits from customers	33(vi)	238,462,844	122,597,783	238,462,844	122,597,783
Change in other liabilities	33(vii)	39,992,499	22,139,528	39,980,654	22,119,685
Cashflow generated by operations		122,309,574	(33,350,036)	122,314,152	(33,361,037)
Income tax paid	24.2	(668,665)	(393,914)	(668,665)	(393,914)
Interest received	33(xiii)	107,284,899	74,798,291	106,066,894	73,302,888
Interest paid	33(viii)	(48,387,612)	(29,696,049)	(48,387,612)	(29,696,049)
Net cash from operating activities		**180,538,197**	**11,358,293**	**179,324,770**	**9,851,888**
Cash flows from investing activities					
Disposal/Acquisition of investment securities-At Amortised Cost	33(ix)	(190,990,982)	(80,929,175)	(193,821,876)	(80,907,896)
Disposal/Acquisition of investment securities-FVTOCI	33(x)	(1,470,097)	54,735,684	(1,470,097)	54,735,684
Change in FVTPL investments	33(xi)	17,759,955	39,532,256	17,759,955	39,532,256
Dividend received from equity investment	10	200,634	168,873	200,634	168,873
Acquisition of property and equipment	19	(6,616,377)	(3,783,054)	(6,616,377)	(3,783,054)
Proceeds from the sale of property and equipment	33(xii)	113,554	337,983	113,554	337,983
Right of Use	27	(431,565)	(486,700)	(431,565)	(486,700)
Acquisition of intangible assets	20	(1,505,658)	(1,172,161)	(1,505,658)	(1,172,161)
Net cash(used in)/generated by investing activities		**(182,940,538)**	**8,403,706**	**(185,771,432)**	**8,424,986**
Cash flows from financing activities					
Proceed from borrowings	26b	14,784,139	3,261,495	14,784,139	3,261,495
Repayment of borrowings	26b	(18,387,137)	(4,207,506)	(15,426,398)	(4,230,502)
Effect of changes in exchange rate	26b	326,867	154,201	326,867	154,201
Interest paid on borrowings	33(viii)	(4,667,351)	(5,225,504)	(3,603,721)	(3,732,297)
Dividend paid to shareholders		(3,085,957)	(1,542,978)	(3,085,957)	(1,542,978)
Net cash from financing activities		**(11,029,438)**	**(7,560,292)**	**(7,005,070)**	**(6,090,081)**
Net increase in cash and cash equivalents		(13,431,779)	12,201,707	(13,451,732)	12,186,793
Cash and cash equivalents at beginning of period		109,641,357	97,687,796	109,629,366	97,690,719
Effect of exchange rate changes on cash balances		85,284	(162,861)	85,284	(162,861)
Cash and cash equivalents at end of year	15	**96,294,862**	**109,726,641**	**96,262,981**	**109,714,650**

The accompanying notes are an integral part of these consolidated and separate financial statements

WEMA BANK
With you. All the way.

Notes to the financial statements

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 Funding SPV Plc.
The consolidated and separate financial statements as at and for the year ended 31 December 2022 comprise the Bank and its subsidiary (together "the Group").

1.1 Going Concern

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

Based on the current capitalization position of the Bank, the Directors expect 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 are prepared in accordance with IFRS Standards issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act (BOFIA), 2020, and relevant Central Bank of Nigeria (CBN) Circulars and Guidelines.

(b) Functional and presentation currency
These financial statements are presented in Nigerian Naira, which is the Bank's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Basis of measurement
The financial statements have been prepared under the historical cost convention except for the following:

- Assets and liabilities measured at amortised cost.
- Derivative financial instruments which are measured at fair value; and
- Non-derivative financial instruments, carried at fair value through profit or loss, or fair value through OCI are measured at fair value.

(d) Use of Estimates and Judgements
The preparation of consolidated financial statements in conformity with IFRS Standards 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.

(e) Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Bank and its subsidiary (Wema Funding SPV Plc). The subsidiary is controlled by the Bank. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Total comprehensive income of subsidiaries is attributed to the owners of the Bank. When necessary, adjustments are made to the financial statements of the 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 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.

Notes to the financial statements

(f) Determination of regulatory risk reserves

Provisions under Prudential Guidelines are determined using the time-based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the requirements of the International Financial Reporting Standards. As a result of the differences in the methodology/provision regime, there may be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans and other financial assets as prescribed in the relevant IFRS standards when IFRS is adopted. However, Banks would be required to comply with the following:

Provisions for loans and other financial assets recognised in the income statement should be determined based on the requirements of IFRS. However, the IFRS impairments should be compared with provisions determined under Prudential Guidelines and the expected impact/changes in general reserves should be treated as follows:

- If Prudential provisions are greater than IFRS impairments, the resultant excess provision should be transferred from the retained earnings account to a "regulatory risk reserve".
- If Prudential provisions are less than IFRS impairments; IFRS determined impairments are charged to the income statement. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained earnings account.

The Bank has complied with the requirements of the Prudential Guidelines.

The Revised Central Bank of Nigeria (CBN) Prudential Guidelines require that if the IFRS based impairment is lower than the CBN Prudential Guidelines provisions, the extent of the difference should be recognised as regulatory risk reserve in the statement of changes in equity.

The reconciliation of the impairment based on relevant IFRS standards and CBN Prudential Guidelines provision is shown in the statement below:

Notes to the financial statements

Statement of Prudential Adjustments

	Group		Bank	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Prudential Provisions:				
Loans and advances	30,463,477	22,398,425	30,463,477	22,398,425
Other financial assets	2,859,919	4,013,151	2,859,919	4,013,151
	33,323,396	**26,411,576**	**33,323,396**	**26,411,576**
Impairment assessment under IFRS:				
Loans and advances				
12-months ECL credit	5,224,145	5,366,908	5,224,145	5,366,908
Life-time ECL Not impaired	116,721	94,781	116,721	94,781
Life-time ECL credit impaired	12,600,451	11,225,979	12,600,451	11,225,979
	17,941,317	**16,687,668**	**17,941,317**	**16,687,668**
Investment securities				
12-months ECL	1,384,575	1,004,178	1,384,575	1,004,178
	1,384,575	**1,004,178**	**1,384,575**	**1,004,178**
Off balance sheet exposures				
12-months ECL	713,876	1,336,032	713,876	1,336,032
	713,876	**1,336,032**	**713,876**	**1,336,032**
Other financial assets				
12 months ECL Lifetime ECL	897,836	724,798	897,836	724,798
Cash and cash equivalent	43,754	74,529	43,754	74,529
Other non-financial assets	540,613	494,500	540,613	494,500
	1,482,203	**1,293,827**	**1,482,203**	**1,293,827**
Total IFRS Impairment	**21,521,971**	**20,321,705**	**21,521,971**	**20,321,705**
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	**11,801,425**	**6,089,871**	**11,801,425**	**6,089,871**

Notes to the financial statements

2.1 New and amended IFRS Standards that are effective for the current year

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated and separate financial statements. The Group has adopted the following new standard and amendment including any consequential amendments to other standards with initial date of application of 1 January 2022.

A. Amendments to IFRS 3 – References to Conceptual Framework

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendment resolves the potential conflict of definition of assets and liabilities in the 1989 and the 2018 conceptual frameworks. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

It also added to IFRS 3 a requirement that, for obligations within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 respectively, to determine whether at the acquisition date a present obligation exists as a result of past events.
Finally, the amendment added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are applied prospectively to all references to conceptual framework.

There are other amendments which are effective from 1 January 2022, however, they will not significantly impact the Group.

2.2 New and revised IFRS Standards in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- IFRS 17 Insurance Contracts
- Amendments to IAS 8 - Definition of Accounting Estimate
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

(a) Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

(b) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 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 uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual

Notes to the financial statements

reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. This amendment is not expected to have a significant impact on the Group's consolidated and separate financial statements.

(c) Definition of Accounting Estimate - Amendments to IAS 8

The amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendment is not expected to have a significant impact on the Group's consolidated and separate financial statements.

(d) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice statement 2 Making Materiality Judgements is to help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Notes to the financial statements

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:
"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but may be applied earlier. The amendment is not expected to have a significant impact on the Group's consolidated and separate financial statements.

(e) Amendments To IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendment introduces an exception to the initial recognition exemption in IAS 12. It requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The amendments typically apply to taxable and deductible temporary differences associated with right-of-use assets, lease liabilities, decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented, with any cummulative effect recognised as an adjustment to retained earnings or other components of equity at that date For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. However, earlier application of the amendments is permitted.

The Group accounts for deferred tax on leases in an approach that results to a similar outcome to the amendments. Except that the deferred tax asset or liability is recognised on a net basis. Under the amendments, the Group will recognise a separate deferred tax asset and a deffered tax liability. As at 31 December 2022, the taxable temporary difference in relation to the right of use asset and the deductible temporary difference in relation to the lease liability is nil, resulting in a net deferred tax asset of nil. Under the amendments, the Group will recognise a separate deferred tax liability and a deferred asset for these two transactions. There will be no impact on retained earnings on adoption of the amendments.

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 Combination under common controls are accounted for in the consolidated accounts prospectively from the date the Bank obtains ownership interests. Assets and liabilities are recognized upon reconsolidation at their carrying amount in the consolidated financial statement of the Group. Any difference between the fair values of consideration paid and the amounts at which the assets and liabilities are recorded is recognized directly in equity reserve.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, "Business Combinations", a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants.

A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business. For acquisitions meeting the definition of business, the acquisition method is used. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill arising

Notes to the financial statements

from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicated the need for an impairment. If the cost of acquisition is less than the fair value of the Group's share of the net assets acquired, the difference is recognized directly in the consolidated income statement.

For acquisitions not meeting the definition of business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IFRS 9, "Financial instruments"; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

b). Foreign currency

The financial statements are presented in Nigerian Naira, which is the Group's functional and reporting currency. Transactions in foreign currencies are translated at the foreign exchange rates effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are adjusted to the functional currency at the spot exchange rates effective at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in the foreign currency translated at the exchange rate effective on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate effective at the date that the fair value is determined. Foreign exchange differences arising on translation are recognised in profit or loss.

c). Interest Income and Expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit- impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the consolidated and separate statement of profit or loss includes only interest on financial assets and financial liabilities measured at amortised cost and FVTOCI.

Notes to the financial statements

Interest expense presented in the consolidated and separate statement of profit or loss and other comprehensive income includes only interest on financial liabilities measured at amortised cost.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income (see Note 3e).

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 expenses relate 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.

g). Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

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.

h). Lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group/Bank applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (where the Group is a lessee in the lease contract).

At inception or on reassessment of a contract that contains a lease component, the Group/Bank allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single component.

Notes to the financial statements

The Group as the Lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right- of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever.

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Bank applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in Note 29.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss (see note 13).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient.

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The Group as the Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

l.) 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
In accordance with the Companies Income Tax Act, Cap C21, LFN 2004, the Bank and its subsidiary are assessed for tax under the minimum tax regulation when their total profits from all sources have produced tax or tax payable which is less than the minimum tax specified by the law. When assessed for minimum tax, the rates applicable for calculating the minimum tax is the higher 0.5% of Turnover (Less Franked Investment Income) or excess dividend basis where dividend paid during the year is higher than taxable profit.

The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date in the countries where the Bank and its subsidiaries as well as associates operate and generate taxable income. Current tax also includes any tax arising from dividend. Current income tax is recognised as an expense for the period and adjustments to past periods except to the extent that current tax related to items that are charged or credited in OCI or directly to equity.

Additional taxes that arise from the distribution of dividends by the Bank are recognised at the same time as the liability to pay the related dividend is recognized. These amounts are recognised in profit or loss because they relate to income arising from transactions that were originally recognised in profit or loss.

Finance Act 2021
In accordance with Finance Act 2021 applicable rate for Minimum Tax for 2022 Year of Assessment is 0.5%.
The Act also increased Tertiary Education Tax from 2% to 2.5%.
Police Trust Fund is provided for at the rate of 0.005% of Net Profit and Provision is also made for National Agency Science and Engineering Infrastructure Levy (NASENI) of 0.25% of PBT

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(ii.) Deferred tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

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

Temporary differences in relation to a right-of -use asset and a lease liability for a specific lease regarded as a net package (the lease) for the purpose of recognizing deferred tax.

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.

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.

J.) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group 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.

i.) 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

- 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.

- 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

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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 Group 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. Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'investment income' line item in profit or loss.

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

Amortised cost and 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.

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

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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. 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.

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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. 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.

ii.) Impairment of financial assets

The Group 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 Group 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 Group 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.

- **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group 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 Group's historical experience, expert credit assessment and forward-looking information.

The Group 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.

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- 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. For example, this could be the case when there is little or no updated information that is routinely obtained and monitored on an individual instrument until a customer breaches the contractual terms – e.g. for many retail loans. In these cases, an assessment of whether there has been a significant increase in credit risk on an individual basis would not faithfully represent changes in credit risk since initial recognition, and so if more forward-looking information is available on a collective basis, an entity makes the assessment on a collective basis.

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;

♦ Default

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

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group 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 Group.
- 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).

In assessing whether a borrower is in default, the Group will consider indicators that are:

- Qualitative: e.g. Breach of covenants that are deemed as default events;
- Quantitative: e.g. 90 days overdue status and non-payment of another obligation of the same issuer to the group; and
- Based on internally and external objective evidence of impairment.

♦ Credit-impaired financial assets

At each reporting date, the Group 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 Group on terms that the Group 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

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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 Group 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.

♦ **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 Group 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.

♦ **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 Group'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 Group in accordance with the contract and all the cash flows that the Group 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 Group 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 Group 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 Group 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 Group 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 investment revaluation 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 Group changes its business model for managing financial assets.

Financial liabilities

Financial liabilities are not reclassified.

iii. Modifications of financial assets and financial liabilities

a. Financial assets

If the terms of a financial asset are modified, the Group 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

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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 Group 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 Group derecognized 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).

iv. Offsetting 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.

v. Derecognition

- **Financial assets**

The Group 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.

From 1 January 2018 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group 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 Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group 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 Group continue 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 Group 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

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value as appropriate.

- **Financial liabilities**

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

vi. Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group 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.

vii. 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.

viii. 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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group 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 Group 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 Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

ix. Restructured financial assets

Financial instruments are restructured when the contractual terms are renegotiated or modified or when an existing financial instrument is replaced with a new one due to financial difficulties of the borrower. Restructured loans represent loans whose repayment periods have been extended due to changes in the business dynamics of the borrowers. For such loans, the borrowers are expected to pay the principal amounts in full within extended repayment period and all interest, including interest for the original and extended terms.

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If the terms of a financial asset is restructured due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows;
If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset is included in calculating the cash shortfalls from the existing asset.
If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

x. 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) to 180 days probationary period to move a loan from Lifetime ECL credit-impaired (stage 3) to 12 months ECL (stage 1).

xi. Financial liabilities

The Group 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 Group's sources of debt funding. When the Group 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 Group's financial statements. The Group 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 Group designates liabilities at FVTPL.

K.) 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 Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

L). 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 Group 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 Group 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

Notes to the financial statements

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	5 years
• Motor vehicles	5 years
• Right of use of assets	Lower of lease term or the useful life for the specified class of item
• Work in progress	Not depreciated

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

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.

M). Intangible assets

Software

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

Expenditure on internally developed software is recognised as an asset when the Group 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 5 years or the contractual licensing period.

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

N). Impairment of non-financial assets

The carrying amounts of the Group'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.

Notes to the financial statements

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.

O). Deposits and subordinated liabilities

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

Deposits and subordinated liabilities are initially measured at fair value plus transaction costs and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

P). Provisions

A provision is recognised if, as a result of a past event, the Group 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 Group 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.

Q). Financial guarantees

Financial guarantees are contracts that require the Group 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.

R). 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.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. 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 Group operates a funded, defined contribution pension scheme for employees in Nigeria. Obligations in respect of the Group's contributions to the scheme are recognised as an expense in the profit and loss account on an annual basis. The employee and the Group contribute 8% and 12.5% 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.

Notes to the financial statements

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 Group 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.

S). Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognised rather they are disclosed in the financial statements when an inflow of economic benefit is probable.

T). 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.

(iii). Share premium

Premiums from the issue of shares are reported in share premium.

(iv). Statutory reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

(v). AGSMIEIS reserve

The SMIEIS 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 investments 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, The Banker's Committee at its 331st meeting held on the 9th February, 2017, approved the Agric-Business/Small and Medium Enterprises Scheme (AGSMEIS) to support the Federal Government's effort in promoting Agricultural Business/Small and Medium Enterprises (SMEs) as a vehicle for sustainable economic development and employment generation.

All Deposit Money Banks (DMBs) pursuant thereof, are hereby required to set aside and remit to the designated account domiciled in Central Bank of Nigeria (CBN), 5% of annual Profit After Tax (PAT) for equity investment in permissible activities as stipulated in the scheme guidelines.

(vi). Regulatory risk reserve

The Nigerian banking regulator requires the Bank to create a reserve for the difference between impairment provision determined in line with the principles of IFRS and impairment provision determined in line with the prudential guidelines issued by

Notes to the financial statements

the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

(vii). Retained earnings
Retained earnings comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

(viii). Fair value reserve
Comprises fair value movements on equity instruments carried at FVOCI.

(ix). Credit risk reserve
Comprises of special reserve for certain credits outside impairment.

U). Earnings per share
The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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.

V). Segment reporting
An operating segment is a component of the Group 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 Group'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.

W). 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.

4. Key sources of estimation uncertainty

Allowances for credit losses
Assets accounted for at amortized cost are evaluated for impairment on the basis described in accounting policy j (viii).

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.

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.

Notes to the financial statements

5. Critical accounting judgements made in applying accounting policies include:

Valuation of financial instruments

The Group 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.

(i). Valuation of financial 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:

Notes to the financial statements

In thousands of Naira

Group		Level 1	Level 2	Level 3	Total
	31-Dec-22				
Treasury Bills		20,933,741	-	-	20,933,741
Investment Securities (Bonds)		1,452,306		-	1,452,306
Equity Securities		-	9,603,924	-	9,603,924
Pledged Assets		-	-	-	-
		22,386,047	**9,603,924**	**-**	**31,989,971**

Bank		Level 1	Level 2	Level 3	Total
	31-Dec-22				
Treasury Bills		20,933,741	-	-	20,933,741
Investment Securities (Bonds)		1,452,306			1,452,306
Equity Securities		-	9,603,924	-	9,603,924
Pledged Assets		-	-	-	-
		22,386,047	**9,603,924**	**-**	**31,989,971**

Group		Level 1	Level 2	Level 3	Total
	31-Dec-21				
Treasury Bills		38,693,696	-	-	38,693,696
Investment Securities (Bonds)		-			-
Equity Securities		-	5,455,873	-	5,455,873
Pledged Assets		-	-	-	-
		38,693,696	**5,455,873**	**-**	**44,149,569**

Bank		Level 1	Level 2	Level 3	Total
	31-Dec-21				
Treasury Bills		38,693,696	-	-	38,693,696
Investment Securities (Bonds)		-	-	-	-
Equity Securities		-	5,455,873	-	5,455,873
Pledged Assets		-	-	-	-
		38,693,696	**5,455,873**	**-**	**44,149,569**

Notes to the financial statements

6. 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:

31-Dec-22					
Group					
Derived from external	**South - West**	**South - South**	**Abuja**	**Lagos**	**Total**
Gross revenue from customers	28,535,782	10,027,664	5,682,578	88,055,290	132,301,314
Interest and similar expenses	(8,692,326)	(2,699,328)	(1,284,223)	(40,379,086)	(53,054,963)
Operating income	19,843,456	7,328,337	4,398,355	42,867,816	74,437,964
Operating expenses	(16,002,551)	(4,496,588)	(3,624,911)	(35,429,953)	(59,554,002)
Profit on ordinary activities before taxation	3,840,906	2,831,749	773,444	7,437,863	14,883,962
Income tax expense	(817,681)	(354,741)	(197,006)	(2,162,555)	(3,531,982)
Profit on ordinary activities after taxation	3,023,225	2,477,008	576,439	5,275,309	11,351,980
Assets and liabilities:					
Total assets	269,730,403	87,910,625	65,191,761	1,019,032,185	1,441,864,974
Total liabilities	(254,737,630)	(78,025,364)	(60,441,483)	(966,117,597)	(1,359,322,074)
Net Asset	14,992,774	9,885,261	4,750,278	52,914,588	82,542,901

31-Dec-21					
Group					
Derived from external	**South - West**	**South - South**	**Abuja**	**Lagos**	**Total**
Gross revenue from customers	20,392,066	7,165,908	4,060,847	62,013,660	93,632,481
Interest and similar expenses	(6,066,192)	(1,883,804)	(896,232)	(26,075,325)	(34,921,553)
Operating income	14,325,874	5,282,104	3,164,615	33,833,944	56,606,535
Operating expenses	(11,206,632)	(3,148,973)	(2,538,532)	(27,334,902)	(44,229,040)
Profit on ordinary activities before taxation	3,119,242	2,133,131	626,081	6,499,041	12,377,495
Income tax expense	(798,919)	(346,602)	(192,485)	(2,112,934)	(3,450,940)
Profit on ordinary activities after taxation	2,320,323	1,786,529	433,596	4,386,107	8,926,555
Assets and liabilities:					
Total assets	217,571,267	70,910,902	52,585,299	834,422,656	1,175,490,124
Total liabilities	(204,890,773)	(62,757,423)	(48,614,342)	(789,080,969)	(1,105,343,507)
Net Asset	12,680,494	8,153,479	3,970,957	45,341,689	70,146,619

Notes to the financial statements

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
7 Interest income				
Cash and cash equivalents	1,363,120	2,870,287	1,363,120	2,870,287
Loans and advances to banks and customers	85,067,059	63,825,273	85,067,059	63,825,273
Investments securities	20,854,720	8,102,731	19,636,715	6,607,328
Total interest income	**107,284,899**	**74,798,291**	**106,066,894**	**73,302,888**
Interest expense				
Deposits from banks	2,822,605	2,728,905	2,822,605	2,728,905
Deposits from customers	45,565,007	26,967,144	45,565,007	26,967,144
Other borrowed funds	4,667,351	5,225,504	3,603,721	3,732,297
Total interest expense	**53,054,963**	**34,921,553**	**51,991,333**	**33,428,346**
Net interest income	**54,229,936**	**39,876,738**	**54,075,561**	**39,874,542**

8 Fees and commission income

	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Credit related fees	947,318	1,000,152	947,318	1,000,152
Account maintenance fees	2,754,764	2,101,761	2,754,764	2,101,761
Management fees	2,982,745	4,240,802	2,982,745	4,240,802
Fees on electronic products	6,134,644	3,450,149	6,134,644	2,635,079
Fees on financial guarantees	540,845	567,040	540,845	567,040
FX transactions	1,896,165	885,854	1,896,165	885,854
Other fees and charges	1,329,735	2,879,269	1,329,735	2,879,269
Total fee and commission income	**16,586,216**	**13,424,103**	**16,586,216**	**13,424,103**

9 Net trading income

Fixed income securities	293,285	9,461	293,285	9,461
Treasury bills	3,466,568	1,269,433	3,466,568	1,269,433
Foreign exchange trading (note 9.1)	242,136	277,205	242,136	277,205
	4,001,989	**1,556,099**	**4,001,989**	**1,556,099**

All interest income and interest expense are calculated using effective interest rate method

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	
10 Other income	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Dividends on equities at FVOCI	200,634	168,873	200,634	168,873
Gains on disposal of property and equipment	(5,290)	167,030	(5,290)	167,030
Rental income	55,770	40,019	55,770	40,019
Income on contingents	38,398	30,686	38,398	30,686
Income on deposit accounts	77,561	83,911	77,561	83,911
Digital Income	702,356	332,764	702,356	332,764
FX Revaluation	1,591,990	2,022,150	1,591,990	2,022,150
Swift transactions	103,914	93,101	103,914	93,101
Service charge	35,981	59,893	35,981	59,893
Advisory fees	27,815	27,527	27,815	27,527
Others	67,805	220,704	67,805	220,704
	2,896,933	**3,296,658**	**2,896,933**	**3,296,658**

Notes to the financial statements

Impairment loss on financial/non-financial instruments

		Group		Bank	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
11	**Impairment loss on financial/non-financial instruments**				
	Impairment loss/(write back) on financial and non-financial instruments				
	Impairment charge on financial instruments				
	Total impairment charge on loans and advances (note 18a)	5,538,987	2,133,490	5,538,987	2,133,490
	Bonds/Treasury bills (note 17c)	380,398	(86,988)	380,398	(86,988)
	Cash and cash equivalent (note 15)	(30,776)	47,764	(30,776)	47,764
	Other assets (note 22)	173,038	8,152	173,038	8,152
	Impairment charge on nonfinancial instruments				
	Off balance sheet (note 29)	(622,156)	(65,399)	(622,156)	(65,399)
	Litigation Claims (note 25)	46,113	108,256	46113	108,256
	Recoveries on loans (note 18a)	(677,217)	(40,882)	(677,217)	(40,882)
	Total impairment charge on financial / non-financial instruments	**4,808,387**	**2,104,393**	**4,808,387**	**2,104,393**
12	**Personnel expenses**				
	Wages and salaries	14,707,007	12,267,392	14,707,007	11,836,286
	Pension Contribution	1,797,752	1,022,584	1,797,752	1,022,584
	Outsourced staff cost	4,827,819	3,387,444	4,827,819	3,818,550
		21,332,578	**16,677,420**	**21,332,578**	**16,677,420**

Personnel expenses

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

	Group		Bank	
	31-Dec-22 Number	**31-Dec-21 Number**	**31-Dec-22 Number**	**31-Dec-21 Number**
Executive Directors	5	4	5	4
Management	34	22	34	22
Non-management	1,376	1,117	1,376	1,117
	1,415	**1,143**	**1,415**	**1,143**

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

	31-Dec-22 Number	**31-Dec-21 Number**	**31-Dec-22 Number**	**31-Dec-21 Number**
N2,370,001 - N2,380,000	-	-	-	-
N2,720,001 - N2,730,000	3	1	3	1
N3,060,001 – N7,570,000	4	6	4	6
N7,570,001 – N9,570,000	1	1	1	1

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Notes to the financial statements

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:

	31 -Dec -22 Number	31 -Dec -21 Number	31 -Dec -22 Number	31 -Dec -21 Number
N500,000 - N1,000,000	-	-	-	-
N1,490,001 - N2,500,000	578	15	578	15
N2,510,001 - N3,020,000	197	229	197	229
N3,240,001 - N3,750,000	208	172	208	172
N3,990,001 - N4,500,000	153	254	153	254
N4,710,001 - N5,220,000	42	10	42	10
N5,390,001 - N5,900,000	54	188	54	188
N5,990,001 - N6,600,000	66	132	66	132
N6,900,001 - N7,710,000	42	18	42	18
Above N7,710,000	75	125	75	125

12 Personnel expenses (cont'd)

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

	Group		Bank	
In thousands of Nigerian Naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Executive compensation/fees	294,632	297,839	294,632	297,839
Other emoluments	183,068	178,446	183,068	178,446
	477,700	**476,285**	**477,700**	**476,285**
The directors' remuneration shown above includes:				
Chairman	9,500	8,366	9,500	8,366
Highest paid director	79,517	70,050	79,517	70,050

13a Other operating expenses

	Group		Bank	
In thousands of Nigerian Naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Advertising and marketing	3,276,807	1,258,042	3,276,807	1,258,042
AMCON Levy (i)	6,470,894	5,291,832	6,470,894	5,291,832
Auditors remuneration	127,000	103,000	120,000	98,000
Business Expenses	319,576	161,855	319,576	161,855
Cash movement expenses	590,390	435,891	590,390	435,891
Diesel Expenses	1,513,161	649,722	1,513,161	649,722
Directors Expenses	52,350	32,200	52,350	32,200
Directors fees	55,724	76,946	55,724	76,946
Donations	147,334	723,782	147,334	723,782
Electricity	641,978	496,462	641,978	496,462
General administrative expenses	3,596,385	1,192,958	3,586,963	1,189,114
Legal expenses	433,389	318,663	433,389	318,663
Insurance	414,218	328,767	414,218	328,767
NDIC Premium	4,234,637	3,749,476	4,234,637	3,749,476
Other premises and equipment costs	365,633	366,141	365,633	366,141
Printing and stationery	651,722	349,316	651,722	349,316
Other Professional fees (iii)	1,173,897	1,376,028	1,173,897	1,376,028
Digital Bank Professional fees (ii)	195,056	162,640	195,056	162,640
Repairs and maintenance	2,960,852	2,481,811	2,960,852	2,481,811
Security expenses	659,041	483,396	659,041	483,396
Service charge	3,373,775	1,930,543	3,373,775	1,930,543
SMS Expenses & Others	34,291	34,047	34,291	34,049
Statutory expenses	159,989	155,551	159,989	155,551
Technology and alternative channels	1,448,711	1,430,459	1,448,711	1,430,459
Transport & Communications	778,689	562,773	778,689	562,773
	33,675,500	**24,152,302**	**33,659,078**	**24,143,460**

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Notes to the financial statements

13a Other operating expenses (cont'd)

i AMCON levy relates to contribution towards the fund set up by the Central Bank of Nigeria for the bailout of the banking sector. The cost is charged at 0.5% of the preceding year's total assets and contingent exposures.

ii. This represents expenses incurred by the bank on electronic and digital platforms

iii. Included in other professional fees for the year ended 31 December 2022 is N34.85m fees relating to non-audit services provided by KPMG 2021: N27.30m

The details of fees earned during the year are as follows:

Non-audit services	Fees paid (₦'000)
Audit of Insurable deposits	2,050.00
Agreed upon procedure	2,562.50
Tax advisory services	10,762.50
Sustainability assurance services	3,075.00
Training services	14,862.50
Remuneration survey	1,537.50
Total	**34,850.00**

	Group		Bank	
In thousands of Nigerian Naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
13b Depreciation and amortization				
Property and equipment	3,443,900	2,748,330	3,443,900	2,748,330
Right of use of assets	285,349	256,980	285,349	256,980
Investment property	-	939	-	939
Intangible assets	816,676	393,069	816,676	393,069
	4,545,925	**3,399,318**	**4,545,925**	**3,399,318**

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Notes to the financial statements

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.

During the year, the Bank completed the reconstruction of its share capital which resulted in shareholders relinquishing 67% of the issued and paid share capital (See note 28). In line with the requirements of IAS 33, the calculation of basic and diluted earnings per share for both years presented in these financial statements have been adjusted respectively.

In thousands	Group		Bank	
Pre-share reconstruction	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
Weighted average number of ordinary shares - of 50k each (2022 - 50k)	12,858,155	38,574,466	12,858,155	38,574,466
Adjusted share capital under IAS 33	12,858,155	12,858,155	12,858,155	12,858,155
Profit attributable to ordinary shareholdersbasic				
Profit for the year attributable to equity holders of the Bank '000	11,351,980	8,926,555	11,214,027	8,933,202
Earnings per share -basic/diluted (Kobo)	88.3	69.4	87.2	69.5

The Bank does not have any potentially dilutive shares. Consequently, basic and diluted earnings per share are the same.

Notes to the financial statements

15 Cash and cash equivalents

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-22	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
Cash and balances with banks	70,558,692	58,699,020	70,526,748	58,687,029
Unrestricted balances with central bank	16,353,402	16,246,827	16,353,402	16,246,827
Money market placements	9,426,521	34,855,322	9,426,521	34,855,322
ECL Allowance	(43,754)	(74,529)	(43,754)	(74,529)
	96,294,862	**109,726,640**	**96,262,918**	**109,714,649**
Classified as:				
Current	79,941,459	93,479,813	79,909,515	93,467,822
Non-current	16,353,402	16,246,827	16,353,402	16,246,827
	96,294,862	**109,726,640**	**96,262,918**	**109,714,649**
Movement in ECL allowance				
Opening balance	74,529	20,901	74,529	20,901
Charge/Write back for the year (note 11)	(30,776)	53,628	(30,776)	53,628
Closing balance	**43,753**	**74,529**	**43,753**	**74,529**

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Notes to the financial statements

15b Restricted Deposit with CBN

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

	Group		Bank	
16 Pledged assets - Held at amortised cost	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
In thousands of Nigerian Naira				
Treasury bills (note 16.1)	-	57,476,435	-	57,476,435
Bonds (16.2)	30,616,318	26,246,684	30,616,318	26,246,684
	30,616,318	**83,723,119**	**30,616,318**	**83,723,119**

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 intervention credit granted to the Bank by the Bank of Industry and Development Bank of Nigeria for the purpose of refinancing existing loans to Small and Medium Scale Enterprises Scheme under secured borrowing with related liability of N7.44 billion (2021: N13.05 billion) as disclosed in note 26.

		Group		Bank	
	In thousands of Nigerian Naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
17	**Investment securities**	**352,912,906**	**174,081,524**	**344,782,534**	**163,121,256**
	Current	161,429,844	152,326,804	161,429,844	152,326,804
	Non-current	191,483,062	21,754,721	183,352,690	10,794,452
17a	**Investment securities measured at FVTOCI**				
	FGN Bonds	1,452,306	-	1,452,306	-
	Equity (see note (i) below)	9,603,924	5,455,873	9,603,924	5,455,873
		11,056,230	**5,455,873**	**11,056,230**	**5,455,873**
17b	**Investment securities measured at FVTPL**				
	Treasury Bills	**20,933,741**	**38,693,696**	**20,933,741**	**38,693,696**
17c	**Investment securities measured at amortised cost**				
	Treasury Bills	140,496,103	113,633,108	140,496,103	113,633,108
	FGN Bonds	172,133,164	11,892,584	164,002,792	931,316
	Other Bonds (see (ii) below)	9,678,243	5,400,435	9,678,243	5,400,435
	ECL Allowance - Investments at Amortised Cost	(1,384,575)	(1,004,177)	(1,384.,575)	(1,004,177)
		320,922,935	**129,921,950**	**312 792,563**	**118,960,682**
	Movement in ECL allowance				
	Opening balance	1,004,177	1,091,165	1,004,177	1,091,165
	Charge/write back for the year	380,398	(86,988)	380,398	(86,988)
	Closing balance	**1,384,575**	**1,004,177**	**1,384,575**	**1,004,177**
(i)	**Equity**				
	Quoted Investments:	-	-	-	-
	Unquoted Investments:				
	Unified Payment Services Limited	65,767	7,474	65,767	7,474
	FMDQ	15,000	15,000	15,000	15,000
	Nigeria Inter-Bank Settlement System	47,482	47,482	47,482	47,482
	Fair value gain on (FVTOCI) financial assets (b)	9,475,675	5,385,917	9,475,675	5,385,917
		9,603,924	5,455,873	9,603,924	5,455,873
		9,603,924	**5,455,873**	**9,603,924**	**5,455,873**

Notes to the financial statements

(a) The breakdown of fair value gain on FVTOCI financial assets is as follows:

	Group		Bank	
In thousands of Nigerian Naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Unified Payment Services Limited	1,475,738	582,360	1,475,738	582,360
FMDQ	1,599,982	1,104,302	1,599,982	1,104,302
Nigeria Inter-Bank Settlement System	6,528,204	3,709,260	6,528,204	3,709,260
FV gain on (FVTOCI) financial assets- See 17(c)(i) above	**9,603,924**	**5,395,922**	**9,603,924**	**5,395,922**

(b) Description of Valuation Methodology and inputs

Market Approach

We adopted the market multiples (guideline public companies and transaction) valuation approach in estimating the fair value of Wema's investment in the three entities. This methodology expounds that similar assets should sell for the same value or similar prices.
According to the standard, the fair value measurement of unquoted equity instruments under the market multiples approach consists of the following steps:

i **Identifying guideline public companies and transactions**.
The bank obtained a list of guideline public companies using the S&P Capital IQ platform.

Entities	Approach
Financial Market Dealers Quote	We have selected a universe of guideline public companies operate in emerging markets within the Financial Exchange and Data Industry using the S&P Capital IQ platform.
Nigerian Inter-bank Settlement System	We have selected a universe of guideline public companies that operate in emerging markets within the payment processing services industry using the S&P Capital IQ platform.
Unified Payment Services	We have selected a universe of guideline public companies that operate in emerging markets within the data and outsourced services industry using the S&P Capital IQ platform.

ii. Selecting the performance measure that is most relevant to assessing the value of the investee (i.e. the performance measure that market participants will typically use to price the investee). This would typically be by reference to trading multiples, for example, earnings, book value of equity or revenue. For the purpose of this engagement, we have adopted the price to book value (P/B) for FMDQ, while we adopted the enterprise value to earnings before income, tax, depreciation and amortisation (EV/EBITDA) for NIBSS and UPS, as this reflects the nature of these entities' businesses and operations.

iii. Applying the appropriate valuation multiple to the relevant performance measure of the investee to obtain an indicative fair value of the investee's equity value as at the valuation date.

iv. Making appropriate adjustments to ensure comparability between the unquoted equity instruments held by the Company and the equity instruments of the guideline public companies.

v. Making appropriate adjustments to the equity values obtained from the guideline public companies methodology to reflect the marketability of each company's shares and the ownership in the companies (majority or minority stake).

In determining the equity values of FMDQ, NIBSS and UPS, we considered the following:

Notes to the financial statements

ADJUSTMENTS	
Marketability discount	We made adjustments to the guideline comparable companies and transactions to account for the lack of marketability of the firm's share. The discount of 21.07% applied is the average of 10% - 30%, sourced from the result of an industry survey of discounts and premiums typically applied to valuations in West Africa.
Minority discount	We made no adjustment for minority discounts in the guideline companies' methodology as the multiples are on a minority basis already.

Determine the indicative valuation ranges
In order to derive the applicable market multiple for the Company, we computed the harmonic mean, the mean and the median of the multiples from the guideline public companies.

Movement in fair value gain

Opening balance	5,395,922	1,774,635	5,395,922	1,774,635
Fair value gain for the year	4,079,753	3,621,287	4,079,753	3,621,287
Closing balance	**9,475,675**	**5,395,922**	**9,475,675**	**5,395,922**

17c Investment securities measured at amortised cost

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

	Group		Bank	
CORPORATE	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
I. 7YR: DANA Group Bond Series 1				
Opening balance	929,145	1,155,737	929,145	1,155,737
Movement in the year	(37,453)	(226,592)	(37,453)	(226,592)
Closing balance	891,692	929,145	891,692	929,145
STATE BONDS				
I. EKITI State Govt Bond Tranche 11				
Opening balance	861,740	1,005,360	861,740	1,005,360
Movement in the year	(143,620)	(143,620)	(143,620)	(143,620)
Closing balance	718,120	861,740	718,120	861,740
II. OGUN State Govt Bond				
Opening balance	-	-	-	-
Movement in the year	5,000,000	-	5,000,000	-
Closing balance	5,000,000	-	5,000,000	-
III. ONDO State Govt Bond				
Opening balance	3,609,550	4,104,234	3,609,550	4,104,234
Movement in the year	(541,119)	(494,684)	(541,119)	(494,684)
Closing balance	3,068,431	3,609,550	3,068,431	3,609,550
Total Other Bonds	9,678,243	5,400,435	9,678,243	5,400,435
ECL	(891,692)	(951,241)	(891,692)	(951,241)
	8,786,551	**4,449,194**	**8,786,551**	**4,449,194**

(d) 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.

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Notes to the financial statements

18 Loans and advances to customers at amortised cost

	Group		Bank	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
In thousands of Nigeria Naira				
Overdrafts	64,166,319	37,665,992	64,166,319	37,665,992
Term Loans	466,942,231	391,517,198	466,942,231	391,517,198
Advances under finance lease	8,263,463	6,368,781	8,263,463	6,368,781
Gross loans and receivables	**539,372,013**	**435,551,971**	**539,372,013**	**435,551,971**
Less ECL allowances				
Stage 1	(5,224,145)	(5,366,908)	(5,224,145)	(5,366,908)
Stage 2	(116,720)	(94,781)	(116,721)	(94,781)
Stage 3	(12,600,451)	(11,225,979)	(12,600,451)	(11,225,979)
	(17,941,317)	**(16,687,668)**	**(17,941,317)**	**(16,687,668)**
Net loans and advances to customers	**521,430,696**	**418,864,303**	**521,430,696**	**418,864,303**

31-Dec-22	**Term loan**	**Overdrafts**	**Finance lease**	**Total**
Gross loans	466,942,230	64,166,319	8,263,463	539,372,013
Stage 1	(4,070,492)	(1,018,668)	(134,985)	(5,224,145)
Stage 2	(111,128)	(5,593)	-	(116,721)
Stage 3	(10,479,653)	(2,086,633)	(34,165)	(12,600,451)
	452,280,957	**61,055,425**	**8,094,313**	**521,430,696**

31-Dec-21	**Term loan**	**Overdrafts**	**Finance lease**	**Total**
Gross loans	391,517,198	37,665,992	6,368,781	435,551,971
Stage 1	(3,569,740)	(1,550,904)	(246,264)	(5,366,908)
Stage 2	(61,825)	(32,956)	-	(94,781)
Stage 3	(7,937,608)	(3,233,274)	(55,097)	(11,225,979)
	379,948,025	**32,848,859**	**6,067,420**	**418,864,303**

Notes to the financial statements

In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 31 December 2021	**4,817,134**	**11,569,173**	**301,361**	**16,687,668**
Stage 1	1,550,904	3,569,740	246,264	5,366,908
Stage 2	32,956	61,825	-	94,781
Stage 3	3,233,274	7,937,608	55,097	11,225,979
Intrest on impaired facilities	352,101	66,884	-	418,985
ECL allowance during the year	1,068,119	4,574,084	(103,217)	5,538,987
Written off in the year as uncollectible	(3,126,461)	(871,651)	(28,994)	(4,027,106)
Amounts recovered during the year	-	(677,217)	-	(677,217)
Balance as at 31 December 2022	**3,110,893**	**14,661,273**	**169,150**	**17,941,317**
Stage 1	1,018,668	4,070,492	134,985	5,224,145
Stage 2	5,593	111,128	-	116,721
Stage 3	2,086,633	10,479,653	34,165	12,600,451

Notes to the financial statements

19 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 2022	1,590,773	16,995,356	10,443,090	3,516,783	12,031,649	1,211,505	45,789,155
Additions	-	1,584,279	1,622,536	668,914	1,794,289	946,360	6,616,377
Disposals	-	-	(555,850)	(280,342)	(132,326)	-	(968,518)
Balance as at 31 December 2022	**1,590,773**	**18,579,635**	**11,509,776**	**3,905,355**	**13,693,612**	**2,157,864**	**51,437,015**
Accumulated depreciation and impairment							
Balance at 1 January 2022	-	5,469,592	7,307,005	2,161,991	8,432,025	-	23,370,613
Charge for the year	-	349,235	1,164,425	541,315	1,388,925	-	3,443,900
Adjustment	-	(36)	(386)	-	(403)	-	(826)
Disposals	-	-	(511,742)	(187,080)	(127,518)	-	(826,340)
Balance as at 31 December 2022	**-**	**5,818,791**	**7,959,302**	**2,516,226**	**9,693,028**	**-**	**25,987,348**
Carrying amounts							
Balance at 1 January 2022	**1,590,773**	**11,525,764**	**3,136,085**	**1,354,791**	**3,599,624**	**1,211,505**	**22,418,542**
Balance as at 31 December 2022	**1,590,773**	**12,760,844**	**3,550,474**	**1,389,128**	**4,000,584**	**2,157,864**	**25,449,667**

a. The authorised and contracted capital commitments as at the reporting date was nil (31 December 2021 nil).
b. There were no capitalized borrowing costs related to the acquisition of intangible assets during the year (31 December 2021: nil) .
c. All property and equipment are non-current.

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Notes to the financial statements

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 2021	1,590,773	16,758,481	9,142,777	3,422,270	11,369,720	190,660	42,474,680
Additions	-	287,300	1,379,163	422,512	673,234	1,020,845	3,783,054
Adjustments	-	-	-	-	-	-	-
Disposals	-	(50,425)	(78,850)	(327,999)	(11,305)	-	(468,580)
Balance as at 31 December 2021	**1,590,773**	**16,995,356**	**10,443,090**	**3,516,783**	**12,031,649**	**1,211,505**	**45,789,155**
Accumulated depreciation and impairment							
Balance at 1 January 2021	-	5,179,558	6,417,656	1,892,322	7,467,821	-	20,957,357
Charge for the year	-	329,837	965,695	478,470	974,327	-	2,748,330
Disposals	-	(39,803)	(76,346)	(208,801)	(10,124)	-	(335,074)
Adjustments	-	-	-	-	-	-	
Balance as at 31 December 2021	**-**	**5,469,592**	**7,307,005**	**2,161,991**	**8,432,024**	**-**	**23,370,613**
Carrying amounts							
Balance at 1 January 2021	**1,590,773**	**11,578,923**	**2,725,120**	**1,529,948**	**3,901,898**	**190,660**	**21,517,323**
Balance as at 31 December 2021	**1,590,773**	**11,525,764**	**3,136,085**	**1,354,791**	**3,599,624**	**1,211,505**	**22,418,542**

a. The authorised and contracted capital commitments as at the reporting date was nil (31 December 2020 nil).
b. There were no capitalized borrowing costs related to the acquisition of intangible assets during the year (31 December 2020: nil).
c. All property and equipment are non-current.

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Notes to the financial statements

- There were no impairment losses on any class of property and equipment during the year (December 31, 2021: Nil)
- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2021: Nil).
- All property and equipment are non-current. None of the Group's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.
- There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2021: Nil)
- There were no capital commitments as at year end. (31 December 2021: Nil)

		Group		Bank	
	In thousands of Nigerian Naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
20	Intangible assets				
	Cost				
	Cost 1 January, 2022	6,674,382	5,502,221	6,674,382	5,502,221
	Additions	1,505,658	1,172,161	1,505,658	1,172,161
	Write off	(5,933)	-	(5,933)	-
	Balance as at 31 December 2022	**8,174,107**	**6,674,382**	**8,174,107**	**6,674,382**
	Amortization and impairment losses				
	Cost 1 January, 2021	4,503,741	4,110,672	4,503,741	4,110,672
	Amortization for the year	816,676	393,069	816,676	393,069
	Write off	(5,903)	-	(5,903)	-
	Balance as at 31 December 2022	**5,314,514**	**4,503,741**	**5,314,514**	**4,503,741**
	Carrying amounts	**2,859,593**	**2,170,640**	**2,859,593**	**2,170,640**

- The intangible assets have got finite lives and are amortised over the higher of 5 years or the contractual licensing period. No impairment losses were recognised against intangible assets. .
- The authorised and contracted capital commitments as at the reporting date was nil (31 December 2021 nil).
- There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2021: nil).

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Notes to the financial statements

21 Deferred tax assets

Recognised deferred tax assets
Deferred tax assets are attributable to Reversal)/origination of temporary differences:

	Group and Bank	
Deferred tax asset	**31-Dec-22**	**31-Dec-21**
In thousands of naira		
Property and equipment	(5,461,642)	(4,498,357)
Lease liabilities	(155,734)	(109,743)
Impairment	2,689,846	2,361,188
Provisions	876,601	606,669
unrealised gains	(477,597)	(606,645)
carry forward loss	2,493,899	6,456,952
unutilised capital allowance	13,017,858	11,290,630
Deferred tax asset as at year end	**12,983,230**	**15,500,694**

Deferred taxes are calculated on temporary differences under the liability method using a statutory tax

Movements in temporary differences 1 January 2022 to 31 December 2022:

In thousands of Naira	**1-Jan-22**	**Recognized in profit or loss**	**31-Dec-22**
Property and equipment	(4,498,357)	(963,285)	(5,461,642)
Lease liabilities	(109,743)	(45,991)	(155,734)
Impairment	2,361,188	328,658	2,689,846
Provisions	606,669	269,932	876,601
unrealised gains	(606,645)	129,048	(477,597)
carry forward loss	6,456,952	(3,963,053)	2,493,899
unutilised capital allowance	11,290,630	1,727,228	13,017,858
Deferred tax asset as at 31 December 2021	**15,500,694**	**(2,517,464)**	**12,983,230**

There is an unrecognized Deferred Tax Asset of N12.98 billion relating to unutilized/carried forward tax losses during the year ended 31 December 2022 (2021: N15.5 billion)

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Notes to the financial statements

In thousands of Nigerian Naira	Group 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-22	Bank 31-Dec-21
22 Other assets				
Financial Assets				
Accounts receivables	658,000	13,367,358	658,000	13,367,358
Other Settlements	6,047,964	7,050,536	6,047,964	7,050,536
Stock	-	-	-	-
Collaterised Placement	52,917	52,917	52,917	52,917
Clearing Balance	245,690	195,335	245,690	195,335
Fraud & Burglary	880,154	670,731	880,154	670,731
CBN Special Reserve (see 22.1 below)	-	10,677,214	-	10,677,214
AGSMEIS Investment with CBN	1,349,419	902,759	1,349,419	902,759
Receivable on E-business Channels	758,449	691,482	758,449	691,482
FBN Settlement	-	-	-	-
Non-Financial Assets				
Prepayments	864,907	927,929	864,907	927,929
Stock	1,350,116	478,767	1,350,116	478,767
Other Settlements	-	-	-	-
Others	17,074	15,763	17,074	15,763
	12,224,691	**35,030,791**	**12,224,691**	**35,030,791**
Specific impairment on other assets	**(897,836)**	**(724,798)**	**(897,836)**	**(724,798)**
	11,326,855	**34,305,993**	**11,326,855**	**34,305,993**
Movement in ECL allowance				
At 1 January	724,798	665,262	724,798	665,262
Allowance/write off made during the year	173,038	59,536	173,038	59,536
Transfer from investment	-	-	-	-
Closing balance	**897,836**	**724,798**	**897,836**	**724,798**
Classified as:				
Current	11,291,619	23,151,162	9,941,503	23,151,162
Non-current	933,071	11,879,629	2,283,188	11,879,629
	12,224,691	**35,030,791**	**12,224,691**	**35,030,791**

22.1 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 Osun bailout fund, which has subsequently reversed to CRR.

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Notes to the financial statements

23 Deposits from banks

	Group		Bank	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
In thousands of Nigeria Naira				
Money market deposits	**19,153,500**	**40,700,000**	**19,153,500**	**40,700,000**
Deposits from customers				
Retail customers:				
Term deposits	131,427,858	112,531,039	131,427,858	112,531,039
Current deposits	28,217,726	27,929,504	28,217,726	27,929,504
Savings	188,368,590	152,328,228	188,368,590	152,328,228
Corporate customers:				
Term deposits	407,977,519	343,571,256	407,977,519	343,571,256
Current deposits	313,636,405	214,609,899	313,636,405	214,609,899
Others	96,305,921	76,501,249	96,305,921	76,501,249
	1,165,934,019	**927,471,175**	**1,165,934,019**	**927,471,175**

23b The maturity profile of customers' deposit is as follows:

Under 3 months	808,304,418	642,985,826	808,304,418	642,985,826
3 - 6months	234,531,772	186,564,123	234,531,772	186,564,123
6 - 12months	81,566,492	64,884,092	81,566,492	64,884,092
Over 12months	41,531,337	33,037,134	41,531,337	33,037,134
	1,165,934,019	**927,471,175**	**1,165,934,019**	**927,471,175**

At 31 December 2022 N41.53billion (31 December 2021: N33.04billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

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Notes to the financial statements

In thousands of Nigerian naira	Group 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-22	Bank 31-Dec-21
24. Taxation				
24.1 Taxation expense				
Minimum tax	633,493	405,135	633,493	405,135
Company income tax				
Education Tax	201,095	140,378	201,095	140,378
NITDA Levy	143,080	122,237	143,080	122,237
Nigerian Police Trust Fund	722	586	722	586
Capital Gains Tax	-	16,227	-	16,227
NASENI	36,128	30,960	36,128	30,960
Current Income Tax expense	381,025	310,388	381,025	310,388
Deferred tax expenses	2,517,462	2,735,417	2,517,462	2,735,417
	3,531,980	**3,450,940**	**3,531,980**	**3,450,940**

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

Effective Tax Reconciliation

	Group %	Group 31-Dec-22	Group %	Group 31-Dec-21	Bank %	Bank 31-Dec-22	Bank %	Bank 31-Dec-21
Profit before tax from continuing operations		14,883,961		12,384,141		14,746,008		12,384,141
Adjustment for NITDA Levy		(143,080)		(122,237)		(143,080)		(122,237)
Profit after adjustment for NITDA Levy		14,740,881		12,261,904		14,602,928		12,261,904
Income tax using the tax rate	33%	4,650,102	30%	3,678,090	33%	4,745,952	30%	3,678,090
Non-deductible expenses	3%	495,049	3%	379,167	2%	244,318	3%	379,167
Tax exempt income	-29%	(4,175,976)	-23%	(3,861,537)	-23%	(3,388,489)	-23%	(3,861,537)
Unrecognised deferred tax asset	11%	1,548,287	21%	2,539,697	6%	915,683	21%	2,539,697
Minimum tax adjustment	4%	633,493	0%	-	4%	633,493	0%	-
Excess dividend tax	0%	-	3%	405,135	0%	-	3%	405,135
Tertiary education tax	1%	201,095	1%	140,378	1%	201,095	1%	140,378
NITDA levy	1%	143,080	1%	122,237	1%	143,080	1%	122,237
Police Trust Fund	0%	722	0%	586	0%	723	0%	586
Capital gains tax	0%	-	0%	16,227	0%	-	0%	16,227
NASENI	0%	36,128	0%	30,960	0%	36,128	0%	30,960
Tax expense	**25%**	**3,531,980**	**28%**	**3,450,940**	**25%**	**3,531,980**	**28%**	**3,450,940**

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Notes to the financial statements

	Group		Bank	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
24.2 Current tax liabilities				
At 1 January	716,120	394,511	716,120	394,511
Payment during the year	(668,665)	(393,914)	(668,665)	(393,914)
Charge for the year	1,014,519	715,523	1,014,519	715,523
Closing balance	**1,061,974**	**716,120**	**1,061,974**	**716,120**

The charge for taxation is based on the provision of the Company Income Tax Act Cap C21 LFN 2020, as amended under the Finance Acts. Education Tax is based on 2.5% of the assessable profit for the year in accordance with the Education Tax Act CAP E4 LFN 2004 as amended. NITDA levy is based on 1% of profit before tax in accordance with NITDA levy Act 2007

25 Other liabilities

	Group		Bank	
In thousands of Nigerian Naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Financial Liabilities				
Creditors and accruals				
Account Payables	552,346	267,202	552,346	267,202
Provision for Litigation claims (i)	540,613	494,500	540,613	494,500
Impairment on contingents (29c)	713,876	1,336,032	713,876	1,336,032
Other current liabilities	2,397,954	158,413	2,326,214	98,519
Insurance Claim	230,796	99,399	230,796	99,399
Swift Payables	407,301	218,537	407,301	218,537
Western Union	2,696	2,997	2,696	2,997
Salary Suspense	3,753	17,369	3,753	17,369
Other payable	1,062,660	1,088,125	1,062,660	1,088,125
Electronic products payable	639,666	655,457	639,666	655,457
Certified cheques	1,994,983	1,214,283	1,994,983	1,214,283
Customer deposits for letters of credit	47,255,454	20,241,971	47,255,454	20,241,971
Discounting Line	23,778,762	25,837,365	23,778,762	25,837,365
Other Settlements	1,370,790	1,936,151	1,370,790	1,936,151
Remittances	22,733,816	10,129,871	22,733,816	10,129,871
	103,685,466	**63,697,672**	**103,613,277**	**63,637,777**

(i) Movement in litigation claims provision

Opening balance	494,500	386,244	494,500	386,244
Additions	46,113	108,256	46,113	108,256
Closing balance	**540,613**	**494,500**	**540,613**	**494,500**

Notes to the financial statements

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
26 Other borrowed funds				
Due to BOI (see (i) below)	2,409,029	3,626,451	2,409,029	3,626,451
Osun Bailout Fund (see v below)	8,294,136	8,756,239	8,294,136	8,756,239
CBN Agric. loan (see ii below)	1,681,165	2,609,968	1,681,165	2,609,968
CBN MSMEDF (see iv below)	462,855	506,525	462,855	506,525
Wema SPV (see iv below)	18,262,737	24,758,018	10,093,383	13,627,926
Anchor Borrowers fund (see iii below)	1,968,061	3,137,555	1,968,061	3,137,555
Other Borrowings (see xi below)	1,508,524	59,301	1,508,524	59,301
Shelter Afrique (see vi below)	3,825,450	4,560,483	3,825,450	4,560,483
AFDB (see vii below)	1,867,185	3,156,092	1,867,185	3,156,092
DBN (see x below)	3,699,155	9,418,708	3,699,155	9,418,708
RSSF (see ix below)	25,477,234	12,142,321	25,477,236	12,142,321
	69,455,531	**72,731,661**	**61,286,178**	**61,601,569**

Notes to the financial statements

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 N3,938,416,000.00 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 intervention funds for the production of agro-commodities for offtake market from Central Bank of Nigeria. The fund is at the rate of 9% and for a maximum of 18 months. There is a moratorium of 12 months and 6 months for cassava and cocoa respectively. In response to COVID-19, CBN moderated the rate to 5%, however, the rate has been restored to 9% effective September 2022.

iii. Anchor Borrowers' fund is an initiative of the Central Bank of Nigeria broadly aimed to create economic linkages between small holder farmers and reputable anchor companies involved in the production and processing of key agricultural commodities with a view to increase agricultural output, reduce food import bills and create jobs. The tenor of the facility depends on the gestation period of the targeted commodity but not exceeding 2 years. The facility is disbursed at an all-inclusive interest rate of 9%.

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. In response to COVID-19, CBN moderated the rate to 5%, however, the rate has been restored to 9% effective September 2022.

v. The Wema SPV of 2022: N18,262,737,000 (2021: N24,758,018,000) represents amortized cost of the fixed rate unsecured bond issued by Wema Funding SPV Plc. The outstanding bond of N17,675,000,000 (principal) was issued on 12 October 2018 for a period of 7 years at 16.5% per annum with interest payable semi-annually and principal payable at maturity in October 2025 respectively.

vi. 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. In response to COVID-19, CBN moderated the rate to 5%, however, the rate has been restored to 9% effective September 2022.

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. The amount of N25,477,234,000 (December 2021: N12,142,321,000) represents the outstanding balance on the Real Sector Support Facility (RSSF). The Facility is given by the Central Bank of Nigeria to support large enterprises for startups and expansion financing needs. The real sector activities targeted by the facility are manufacturing, agricultural value chain and selected service sub-sectors. The Facility is administered at an all-in Interest rate/charge of 9% per annum payable on quarterly basis.

x. Due to DBN intervention fund is a scheme in which the Development Bank of Nigeria (DBN) availed the Company a facility to meet the financing need of entrepreneurs in the Micro, Small and Medium Enterprises sector. The facility attracts an interest rate of 9.75 per annum for 1 year tenor.

xi. Other borrowings include National housing fund and Nigerian Mortgage refinance company.

Notes to the financial statements

26b Movement in Other Borrowed Funds	Group 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-22	Bank 31-Dec-21
At 1 January	72,731,661	73,523,471	61,601,569	62,416,375
Additions	14,784,139	3,261,495	14,784,139	3,261,495
Effect of exchange rate changes [loss/(profit)]	326,868	154,201	326,868	154,201
Payments made	(18,387,137)	(4,207,506)	(15,426,398)	(4,230,502)
Closing balance	**69,455,532**	**72,731,661**	**61,286,178**	**61,601,569**

*The other borrowed funds are non-current

27. Right of use

The Bank leases several assets which includes buildings for commercial and residential purposes. The average lease term is 5years.

		31-Dec-22	31-Dec-21
27a.	COST	N	N
	Balance at 1 January	1,543,641	1,056,941
	Additions	431,565	486,700
	Terminated contracts		
	Balance as at 31 December 2022	**1,975,207**	**1,543,641**
	DEPRECIATION CHARGE		
	Balance at 1 January	692,393	435,413
	Charge for the period	285,349	256,980
	Balance as at 31 December 2022	**977,741**	**692,393**
	CARRYING AMOUNT		
	As at 31 December, 2021	851,249	621,528
	Balance as at 31 December 2022	**997,465**	**851,249**

The Bank leases several assets, which includes buildings for commercial and residential purposes. The average lease term is 5years.

27b.	LEASE LIABILITY	31-Dec-22	31-Dec-21
		N	N
	Balance at 1 January	26,879	22,875
	Addition during the year	-	-
	Finance charge for the year	4,704	4,004
	Payment during the year		
	Balance as at 31 December 2022	**31,583**	**26,879**

Notes to the financial statements

In thousands of Nigerian Naira	Group 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-22	Bank 31-Dec-21
28 Share capital and Reserves				
(a) The share capital comprises:				
(I) Issued and fully paid - 12,858,155,360 Ordinary shares (38,574,466,000) shares of 50k each (2021 - 50k)	**6,429,078**	**19,287,233**	**6,429,078**	**19,287,233**

Declaration:
Wema Bank Plc with a free float of 35.82% as at 31 Dec 2022, is complaint with The Nigerian Exchange's free float requirements for companies listed on the Main Board.

Reconstruction of the Bank's Share Capital:
In 2021, the Bank commenced a right sizing of the Bank's paid up share capital. The Bank's issued and fully paid share capital of N19,287,233,041 (Nineteen Billion, Two Hundred and Eighty-Seven Million, Two Hundred and

Thirty-Three Thousand, Forty-One Naira only) comprising of 38,574,466,082 (Thirty-Eight Billion, Five Hundred and Seventy-Four Million, Four Hundred and Sixty-Six Thousand, Eighty-Two) ordinary shares of a nominal value on N0.50 each was to be reconstructed at 33% of the current figure by way of a Scheme.
The resultant number of shares will be 12,858,155,360 (Twelve Billion, eight Hundred and Fifty-Eight Million, One Hundred and Fifty-Five Thousand, Three Hundred and Sixty) ordinary shares of N0.50 each.

Effectively, this means that the Bank's Paid -Up Capital will be reconstructed such that the sum of N6,429,077,680 (Six Billion, Four Hundred and Twenty-Nine Million, Seventy-Seven Thousand, Six Hundred and Eighty Naira Only) will be the Bank's Paid Up share Capital and 12,858,155,360 (Twelve Billion, Eight Hundred and Fifty-Eight Million, One Hundred and Fifty-Five Thousand, Three Hundred and Sixty) ordinary shares of N0.50k each will be retained as the issued ordinary shares attributable to Existing Shareholders of the Bank. The Reconstruction of the Bank's share capital was completed during the year.

The relinquished share capital of 25,716,310,722 ordinary shares of N0.50 each amounting to N12,858,155,360 was reclassified from Share Capital to share reserve in the Statement of Changes in equity.

	Group		Bank	
Share Premium	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
At 1 January	8,698,230	8,698,230	8,698,230	8,698,230
Closing balance	**8,698,230**	**8,698,230**	**8,698,230**	**8,698,230**

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.

Fair value reserve
The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired.

Notes to the financial statements

SMEIES Reserve

This reserve represents the aggregate amount of appropriations from profit after tax to finance equity investments in compliance with the directives issued by the Central Bank of Nigeria (CBN) through its circulars dated July 11, 2006 (amended) and April 7, 2017 respectively. The SMIEIS reserve was maintained in compliance with the Central Bank of Nigeria's requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline issued in July 2006, the contributions were 10% of profit after tax and were expected to continue after the first 5 years after which banks' contributions were to reduce to 5% of profit after tax. In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agriculture/Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation. The small and medium scale industries equity investment scheme reserves are non-distributable.

Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

	Group		Bank	
In thousands of Nigeria Naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
At 1 January	11,023,901	7,103,647	11,241,627	7,314,727
Profit or loss	11,351,980	8,926,555	11,214,027	8,933,202
Transfer from Regulatory risk reserve	(5,711,555)	(553,752)	(5,711,555)	(553,752)
Transfer to Statutory Reserve	(1,682,104)	(2,679,961)	(1,682,104)	(2,679,961)
Dividend Paid to Shareholders	(3,085,957)	(1,542,978)	(3,085,957)	(1,542,978)
Regulatory charge to SMEIS	(446,660)	(229,611)	(446,660)	(229,611)
Closing balance	**11,449,605**	**11,023,900**	**11,529,379**	**11,241,627**

Notes to the financial statements

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.

Credit Risk Reserve

The credit risk reserve warehouses a special reserve in respect of Pan Ocean credit in line with Central Bank of Nigeria requirement on the facility in addition to the prudential provisions.

(i) Other Reserves

	Group		Bank	
In thousands of Nigeria Naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
Credit Risk Reserve	781,612	781,612	781,612	781,612
Share Reserve	12,858,155	-	12,858,155	-
Statutory Reserve	19,337,047	17,654,943	19,337,047	17,654,943
AGSMEIS Reserve	1,349,419	902,759	1,349,419	902,759
Fair Value Reserves	9,838,329	5,708,069	9,838,329	5,708,069
	44,164,563	**25,047,383**	**44,164,563**	**25,047,383**

29. Contingencies

(a) Litigation and claims

There are litigation claims against the Bank as at 31 December 2022 amounting to N8,331,169,415.00 (31 December 2021: N8,001,705,835.00 These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements.

b) 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.

(c) 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:

Notes to the financial statements

	Group		Bank	
In thousands of Nigerian naira	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Contingent liabilities:				
Guarantees and indemnities	101,334,445	79,270,996	101,334,445	79,270,996
Bonds	12,298,209	8,846,615	12,298,209	8,846,615
Clean-line facilities & irrevocable letters of credit	39,536,512	31,787,388	39,536,512	31,787,388
ECL	(713,876)	(1,336,032)	(713,876)	(1,336,032)
Closing balance	**152,455,290**	**118,568,967**	**152,455,290**	**118,568,967**

The following tables show reconciliations from the opening to the closing balance of the loss allowance on off balance sheet exposures.

	GROUP AND BANK - December 2022			
In thousands of Nigerian naira	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Off Balance sheet exposures				
Balance at 1 January 2022	1,336,032	-	-	1,336,032
Net re-measurement of loan loss allowance (see note 11)	(622,156)	-	-	(622,156)
Closing Balance	**713,876**	**-**	**-**	**713,876**
Gross Amount	**153,169,166**	**-**	**-**	**153,169,166**

	GROUP AND BANK - December 2021			
In thousands of Nigerian naira	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Off Balance sheet exposures				
Balance at 1 January 2021	1,401,431	-	-	1,401,431
Net re-measurement of loan loss allowance (see note 11)	(65,399)	-	-	(65,399)
Closing Balance	**1,336,032**	**-**	**-**	**1,336,032**
Gross Amount	**119,904,998**	**-**	**-**	**119,904,998**

Notes to the financial statements

30. 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 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 compensation

	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Short term benefits	477,700	476,284	477,700	476,284
Post employment benefits	-	218,400	-	218,400
Fees and sitting allowances	97,950	76,946	97,950	76,946
	575,650	**771,630**	**575,650**	**771,630**

Key management personnel and their immediate relatives transacted with the Bank during the year as follows:

Loans and advances:

	Group		Bank	
	31-Dec-22	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
At 1 January	1,336,128	2,821,578	1,336,128	2,821,578
Granted during the year	248,252	482,508	248,252	482,508
Repayments during the year	(1,515,550)	(1,967,958)	(1,515,550)	(1,967,958)
At 31 December	**1,131,972**	**1,336,128**	**1,131,972**	**1,336,128**
Interest earned	122,590	231,122	122,590	231,122
Deposit Liabilities				
Deposit	**237,341**	**372,233**	**237,341**	**372,233**

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. ECL of ₦8,292,191.67 (2021 - ₦30,010,836.65) have been recorded against balances outstanding during the period with key management personnel and their immediate relatives at the year end.

Notes to the financial statements

Related party transactions

Transactions with other related parties		Loans	Deposit	Interest Receive	Interest Paid
31-Dec-22	**Relationship**	**N'Million**	**N'Million**	**N'Million**	**N'Million**
Diamed Centre Limited	Related Company to a Mgt. Staff	72.90	6.02	28.34	-
Solomon Kesinton Agro Allied Ltd	Related Company to a Mgt. Staff	162.50	0.82	0.06	-
WemaBod Limited	Related Company to a Mgt. Staff	78.40	12.00	8.27	-

Transactions with other related parties		Loans	Deposit	Interest Receive	Interest Paid
31-Dec-21	**Relationship**	**N'Million**	**N'Million**	**N'Million**	**N'Million**
Diamed Centre Limited	Related Company to a Mgt. Staff	96.00	12.00	32.00	-
Solomon Kesinton Agro Allied Ltd	Related Company to a Mgt. Staff	118.00	-	12.00	-
WemaBod Limited	Related Company to a Mgt. Staff	375.00	19.00	37.00	-

Notes to the financial statements

SIGNIFICANT SHAREHOLDERS AND THEIR RELATED INTERESTS AS AT 31 DEC, 2022

SN	ACCOUNT NAME	RELATIONSHIP	DIRECTOR'S NAME	FACILITY TYPE	BALANCE	LOAN STATUS
1	ADEBISE ABIMBOLA ADEMOLA	SERVINGDIRECTOR	ADEMOLA ABIMBOLA ADEBISE	TERM LOAN	1,019.45	PERFORMING
2	ADEMOLA ABIMBOLA ADEBISE	SERVING DIRECTOR	ADEMOLA ABIMBOLA ADEBISE	TERM LOAN	207,384,428.82	PERFORMING
3	CHUKWUEMEKA OBIAGWU	SERVING DIRECTOR	CHUKWUEMEKA OBIAGWU	TERM LOAN	184,437,245.22	PERFORMING
4	DIAMED CENTRE LIMITED	SERVING DIRECTOR	KESSINGTON ADEBUTU	TERM LOAN	72,929,299.95	PERFORMING
5	MORUF ABIOLA OSENI	SERVINGDIRECTOR	MORUF OSENI	TERM LOAN	152,073,928.39	PERFORMING
6	OLADIPUPO OLATUNDE ADEBUTU	RELATEDOBLIGORTOASIGNIFICANTSHAREHOLDER	KESSINGTON ADEBUTU	TERM LOAN	34,282,062.55	PERFORMING
7	OLADIPUPO OLATUNDE ADEBUTU	RELATEDOBLIGORTOASIGNIFICANTSHAREHOLDER	KESSINGTON ADEBUTU	OVERDRAFT	34,908.60	PERFORMING
8	OLUWOLE ALBERT AJIMISINMI	SERVINGDIRECTOR	OLUWOLE AJIMISINMI	TERM LOAN	81,426,376.88	PERFORMING
9	OLUWOLE STEPHEN AKINLEYE	SERVINGDIRECTOR	OLUWOLE AKINLEYE	TERM LOAN	155,580,715.44	PERFORMING
10	SAMUEL OLADIPUPO DUROJAYE	SERVINGDIRECTOR	SAMUEL DUROJAIYE	OVERDRAFT	2,528,389.48	PERFORMING
11	SAMUEL OLADIPUPO DUROJAYE	SERVINGDIRECTOR	SAMUEL DUROJAIYE	OVERDRAFT	407,844.40	PERFORMING
12	SOLOMON KESINTON AGRO ALLIED LTD	RELATEDOBLIGORTOASIGNIFICANTSHAREHOLDER	KESSINGTON ADEBUTU	TERM LOAN	162,510,310.09	PERFORMING
13	WEMABOD LIMITED	RELATEDCOYTOASIGNIFICANTSHAREHOLDER	ODUA GROUP	TERM LOAN	78,375,044.89	PERFORMING
	TOTAL				**1,131,971,574.16**	

Loans granted to related parties are secured over real estate and other assets of the respective borrowers and all loans are performing.
No lifetime impairment has been recognized in respect of loans granted to related parties and the carrying amount of the insider related loans as at December 31, 2022 totaled N1.13 billion.

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31. Contraventions

The bank contravened the following legislations during the year and paid penalties to the tune of N2,000,000:

In thousands of Nigeria Naira	
Nature of contravention	**Penalties**
Penalty for consumer protection	2,000
Total penalties	**2,000**

32. Dividend per share

	Group		Bank	
	31-Dec-22	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
Proposed Dividend per share (₦)	0.30	0.08*	0.30	0.08*
Dividend proposed (₦'000)	3,857,447	3,085,957	3,857,447	3,085,957
Number of shares in issue and ranking for dividend (₦'000)	12,858,155	38,574,466	12,858,155	38,574,466
Dividend paid per share (₦)	0.08	0.04	0.08	0.04
Dividend paid during the year (₦'000)	3,085,957	1,542,978	3,085,957	1,542,978

The Bank conducted a share reconstruction exercise in 2022. The implication of this exercise was that the number of shares have reduced from 38,574,466,082 units as at 31 December 2021 to 12,858,155,360 units as at December 2022. We are proposing a dividend of N3,857,446,608 for FY 2022. The proposed dividend per share of 30 kobo per share is based on the number of shares existing as at 31 December 2022. The Bank has obtained all regulatory approvals relating to the dividend payout.

The Dividend declared is subject to shareholders' ratification at the next Annual General Meeting of the Bank

Pursuant to the powers conferred on them by Section 426 of the Companies and Allied Matters Act, 2020, the Directors shall propose a dividend of 30 kobo per share in compliance with all regulatory requirements.

This is subject to approval by shareholders at the next Annual General Meeting.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at December 31, 2022 and December 31, 2021 respectively.

Dividends are paid to shareholders net of withholding tax at the rate of 10% in compliance with extant tax laws.

Notes to the financial statements

33. Reconciliation of changes in working capital

Reconciliation of the movement in assets and liabilities for the purpose of the statement of cashflows is as follows:

	In thousands of Nigerian Naira		Group		Bank
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
33(I)	Pledged assets				
	As at January 1	83,723,119	27,454,662	83,723,119	27,454,662
	Closing Balance	(30,616,318)	(83,723,119)	(30,616,318)	(83,723,119)
	Cash flow movement	**53,106,801**	**(56,268,457)**	**53,106,801**	**(56,268,457)**
33(ii)	Loans and advances to customers				
	Changes in Loans and Advances	(102,566,393)	(58,788,224)	(102,566,393)	(58,788,224)
	ECL allowance	(4,808,387)	(2,104,393)	(4,808,387)	(2,104,393)
	Cash flow movement	**(107,374,780)**	**(60,892,616)**	**(107,374,780)**	**(60,892,616)**
33(iii)	Other assets				
	As at January 1	34,305,993	21,883,615	34,305,993	21,883,615
	Closing Balance	(11,326,855)	(34,305,993)	(11,326,855)	(34,305,993)
	Cash flow movement	**22,979,138**	**(12,422,378)**	**22,979,138**	**(12,422,378)**
33(iv)	Deposit from banks				
	As at January 1	40,700,000	-	40,700,000	-
	Closing Balance	19,153,500	40,700,000	19,153,500	40,700,000
	Cash flow movement	**(21,546,500)**	**40,700,000**	**(21,546,500)**	**40,700,000**
33(v)	Restricted deposit with CBN				
	As at January 1	313,847,420	246,974,959	313,847,420	246,974,959
	Closing Balance	(386,993,380)	(313,847,420)	(386,993,380)	(313,847,420)
	Cash flow movement	**(73,145,960)**	**(66,872,461)**	**(73,145,960)**	**(66,872,461)**
33(vi)	Deposits from customers				
	As at January 1	927,471,175	804,873,392	927,471,175	804,873,392
	Closing Balance	1,165,934,019	927,471,175	1,165,934,019	927,471,175
	Cash flow movement	**238,462,844**	**122,597,783**	**238,462,844**	**122,597,783**
33(vii)	Other Liabilities				
	As at January 1	63,724,551	41,585,023	63,664,657	41,544,973
	Closing Balance	103,717,049	63,724,551	103,645,310	63,664,657
	Cash flow movement	**39,992,498**	**22,139,528**	**39,980,653**	**22,119,684**

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33(viii)	Interest Paid				
	Interest expense on deposits	(48,387,612)	(29,696,048)	(48,387,612)	(29,696,048)
	Interest paid on borrowings	(4,667,351)	(5,225,504)	(3,603,721)	(3,732,297)
	Total Interest	**(53,054,963)**	**(34,921,552)**	**(51,991,333)**	**(33,428,345)**
33(ix)	Investment securities-At Amortised Cost				
	As at January 1	129,931,955	48,992,774	118,970,687	38,052,786
	Closing Balance	(320,922,935)	(129,931,955)	(312,792,563)	(118,970,687)
	Cash flow movement	**(190,990,980)**	**(80,939,181)**	**(193,821,876)**	**(80,917,901)**
33(x)	Investment securities-FVTOCI				
	Fair value reserve FVTOCI financial assets	4,130,260	3,621,287	4,130,260	3,621,287
	Movement in Fair value through OCI	(5,600,357)	51,124,402	(5,600,357)	51,124,402
		(1,470,097)	**54,745,689**	**(1,470,097)**	**54,745,689**
33(xi)	Fair Value through profit or loss				
	As at January 1	38,693,696	78,225,951	38,693,696	78,225,951
	Closing Balance	(20,933,741)	(38,693,696)	(20,933,741)	(38,693,696)
	Cash flow movement	**17,759,955**	**39,532,256**	**17,759,955**	**39,532,256**
33(xii)	Movement in Cost	974,450	515,659	974,450	515,658.56
	Accumulated Depreciation (Note 13b)	(832,243)	(344,704)	(832,243)	(344,704)
	Net Book Value	142,207	170,954	142,207	170,954
	Sales on proceed	136,918	337,983	136,918	337,983
	Gains on disposal of property and equipment	**(5,290)**	**167,030**	**(5,290)**	**167,030**
33(xiii)	Net Interest Income				
	Total interest income	107,284,899	74,798,291	106,066,894	73,302,888
	Total interest expense	53,054,963	34,921,553	51,991,333	33,428,345
		54,229,936	**39,876,738**	**54,075,561**	**39,874,542**

34 Events after reporting period

There are no other events after the reporting date which could have a material effect on the financial statements of the Group and the Bank as at 31 December 2022 which have not been adequately adjusted for or disclosed.

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Risk Overview

Enterprise Risk Management

Enterprise Risk Management in Wema Bank is a process, effected by the Board of Directors, Management and other personnel, applied in strategy setting and across the Bank, designed to identify potential events that may affect the Bank, and manage risk to be within the Bank's risk appetite, to provide reasonable assurance regarding the achievement of the Bank's objectives.

It 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.

Introduction

The business activities that Wema Bank engages in are, by their very nature, risky. The bank profits from the creation of risk assets and mitigates losses by the effective management of the risks it assumes. Consequently, risk management drives and encompasses all our activities and decisions.

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 the Bank's 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. Our 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 Risk Management Framework is set up on a distinct organizational structure and established policies to guide in the process of identifying, analyzing, managing, and monitoring the various risks inherent in the business as well as setting appropriate risk limits and controls to align the risks with the strategic objectives.

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. Wema remains 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

Notes to the financial statements

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.

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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 analyzing 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 is 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.

Over the years we have continuously improved our ERM Framework, to focus on where we take risks. This helps us to:

- Understand the nature of the risks we are taking and the range of possible outcomes under various scenarios
- Understand the capital required to assume these risks
- Understand the range of returns that we can earn on the capital allocated to these risks; and
- Attempt to optimize the risk-adjusted return on investments
- Our objective of balancing risk returns, 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

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- Operational 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
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);

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Credit Risk Management

Overview

The global economic impact of COVID-19 has created significant disruption to borrowers and their capacity to support debt obligations. This disruption coupled with legislative stimulus and regulatory guidance focused on borrower relief is challenging the operating models and risk management frameworks for both consumer and commercial lenders. COVID-19 is forcing lenders to rapidly stand-up new processes to manage increased customer communication and large federally supported loan programs through the Central Bank while also needing to respond to rapidly emerging credit risks.

In response to this, Wema Bank has taken proactive steps in terms of customer outreach, risk assessment, and data management to mitigate the operational challenges resulting from the current global situation, manage customer needs, maintain strong customer relationships, minimize credit losses, and comply with accounting and regulatory requirements.

The Bank carried out some modification programs such as identified key loan attributes, evaluated integrity of existing data, group borrowers by common characteristics and similar needs and established a process for borrowers to determine eligibility for intervention funds.

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. Credit risk arises anytime funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements through contingent liabilities.

Credit risk is governed by the Credit Committees which oversees the overall Credit Risk Management process. The Bank has established objectives for overall quality and diversification of its credit portfolio and criteria for the selection of obligors and counterparties. The Bank's policies establish exposure limits by single or connected borrowers, sectors, industry and geographic region.

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.

In line with best practice, the Bank implements an integrated and quantitative credit risk process aimed at reducing loan losses and ensuring that capital reserves appropriately reflect the risk profile. The process incorporates the following:

- Better model management that spans the entire modeling life cycle.
- Real-time scoring and limits monitoring.
- Robust stress-testing capabilities.
- Data visualization capabilities and business intelligence tools that get important information into the hands of those who need it, when they need it.

The credit risk management functions of the Bank involve credit analysis, credit administration and loan review to ensure that the quality of the aggregate risk asset portfolio is not compromised from disbursement to full payback.

The credit risk management function 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 to 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.

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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. It is also the potential for uncontrolled loss of something of value. 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

For us in Wema Bank, 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.

Notes to the financial statements

Credit risk policy

The Bank's Credit Policy is the set of principles on the basis of which it determines who it will lend money to or give credit.

Target market & client focus

Establishing a target market and focusing on clients, forms the basis of a strong business and credit relationship. At Wema Bank, we do not intend to meet all the finance needs of all customers. We 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 is the key aim of every Account Officer at Wema Bank. 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

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.

REGION	Amortised Cost N'000	Concentration	Impairment Allowance N'000	Net Loans N'000	NPL
LAGOS	424,693,647	0.79	13,026,282	411,667,365	24,519,128
SOUTH WEST	70,650,765	0.13	3,566,010	67,084,754	4,319,203
SOUTH SOUTH	23,143,415	0.04	740,006	22,403,409	981,464
NORTH	19,927,053	0.04	577,114	19,349,93	624,400
SOUTH EAST	957,133	0.00	31,905	925,228	19,284
Grand Total	539,372,013	1.00	17,941,317	521,197,356	30,463,477

Basel II recognizes that credit risk concentrations are the single most important cause of major problems in Banks globally. Credit concentration risk is defined in the Basel II Accord as "any single exposure or group of exposures with the potential to produce losses large enough (relative to a bank's capital, total assets, or overall risk level) to threaten a bank's health or ability to maintain its core operations."

Regular monitoring and review of the credits within the various portfolios are undertaken with the objective of identifying changes to credit quality, credit concentration and where appropriate, taking corrective action. Swift identification of problematic credits and potential incidents of concentration is a key objective for the Bank.

Notes to the financial statements

Gross Loans and Advances To Customers And The Non-Performing Loan Portion Per Industry Sector As At December 31, 2022

In millions of Naira	Group Loans and advances to customers				Bank Loans and advances to customers			
SECTORS	Gross Loans	Impairment Allowance	NPL	Carrying Amount	Gross Loans	Impairment Allowance	NPL	Carrying Amount
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	801,878	3,696	17,267	798,182	801,878	3,696	17,267	798,182
AGRICULTURE, FORESTRY AND FISHING	32,378,454	284,237	1,516,896	32,094,217	32,378,454	284,237	1,516,896	32,094,217
ARTS, ENTERTAINMENT AND RECREATION	1,051,232	2,275	93,695	1,048,957	1,051,232	2,275	93,695	1,048,957
CAPITAL MARKET	100,813	-	2,016	100,813	100,813	-	2,016	100,813
CONSTRUCTION	34,004,354	103,458	1,310,487	33,900,897	34,004,354	103,458	1,310,487	33,900,897
EDUCATION	5,081,969	216,266	404,433	4,865,703	5,081,969	216,266	404,433	4,865,703
FINANCE AND INSURANCE	26,891,295	40,047	1,046,766	26,851,248	26,891,295	40,047	1,046,766	26,851,248
GENERAL	86,045,112	6,820,915	8,469,182	79,224,198	86,045,112	6,820,915	8,469,182	79,224,198
GENERAL COMMERCE	101,652,196	5,362,162	6,593,735	96,056,694	101,652,196	5,362,162	6,593,735	96,056,694
GOVERNMENT	21,310,839	11,065	467,219	21,299,774	21,310,839	11,065	467,219	21,299,774
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	5,812,047	30,316	116,355	5,781,731	5,812,048	30,316	116,355	5,781,731
INFORMATION AND COMMUNICATION	3,824,505	33,464	111,138	3,791,041	3,824,505	33,464	111,138	3,791,041
MANUFACTURING	76,572,505	177,841	2,329,481	76,394,664	76,572,505	177,841	2,329,481	76,394,664
OIL AND GAS	75,574,148	471,263	2,514,117	75,102,884	75,574,148	471,263	2,514,117	75,102,884
POWER AND ENERGY	4,810,151	3,288	144,773	4,806,864	4,810,151	3,288	144,773	4,806,864
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	16,029,101	2,365,210	425,247	13,663,891	16,029,101	2,365,210	425,247	13,663,891
REAL ESTATE ACTIVITIES	20,362,246	26,833	543,525	20,335,413	20,362,246	26,833	543,525	20,335,413
TRANSPORTATION AND STORAGE	24,186,763	1,982,252	3,801,889	22,204,510	24,186,763	1,982,252	3,801,889	22,204,510
WATER SUPPLY; SEWAGE, WASTE MGT AND REMEDIAL	2,882,404	6,728	555,255	2,875,676	2,882,404	6,728	555,255	2,875,676
Grand Total	539,372,013	17,941,317	30,463,477	521,197,356	539,372,013	17,941,317	30,463,477	521,197,356

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Notes to the financial statements

Credit Concentration Risk (cont'd)

Gross Loans and Advances To Customers And The Non-Performing Loan Portion Per Industry Sector As At December 31, 2021

In millions of Naira	Group				Bank			
	Loans and advances to customers				Loans and advances to customers			
SECTORS	Gross Loans	Impairment Allowance	NPL	Carrying Amount	Gross Loans	Impairment Allowance	NPL	Carrying Amount
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	924,880	10,889	17,815	913,991	924,880	10,889	17,815	913,991
AGRICULTURE, FORESTRY AND FISHING	20,659,284	297,045	192,920	20,362,239	20,659,284	297,045	192,920	20,362,239
ARTS, ENTERTAINMENT AND RECREATION	1,460,881	1,464	-	1,459,417	1,460,881	1,464	-	1,459,417
CAPITAL MARKET	89,258	160	-	89,099	89,258	160	-	89,099
CONSTRUCTION	41,810,267	127,469	779,044	41,682,798	41,810,267	127,469	779,044	41,682,798
EDUCATION	5,706,614	90,915	287,714	5,615,698	5,706,614	90,915	287,714	5,615,698
FINANCE AND INSURANCE	10,705,814	312,008	427,397	10,393,807	10,705,814	312,008	427,397	10,393,807
GENERAL	75,135,823	4,023,777	6,909,630	71,112,046	75,135,823	4,023,777	6,909,630	71,112,046
GENERAL COMMERCE	79,620,874	7,958,221	7,206,395	71,662,653	79,620,874	7,958,221	7,206,395	71,662,653
GOVERNMENT	26,484,944	356,838	40,740	26,128,106	26,484,944	356,838	40,740	26,128,106
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	5,577,661	9,952	-	5,567,709	5,577,661	9,952	-	5,567,709
INFORMATION AND COMMUNICATION	2,342,702	4,555	27,163	2,338,147	2,342,702	4,555	27,163	2,338,147
MANUFACTURING	46,735,310	53,588	1,516,019	46,681,722	46,735,310	53,588	1,516,019	46,681,722
OIL AND GAS	56,120,220	297,412	191,839	55,822,808	56,120,220	297,412	191,839	55,822,808
POWER AND ENERGY	6,697,800	123,624	-	6,574,177	6,697,800	123,624	-	6,574,177
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	13,018,312	488,683	426,546	12,529,629	13,018,312	488,683	426,546	12,529,629
REAL ESTATE ACTIVITIES	14,662,855	14,666	67,879	14,648,189	14,662,855	14,666	67,879	14,648,189
TRANSPORTATION AND STORAGE	27,045,116	2,515,532	3,172,220	24,529,584	27,045,116	2,515,532	3,172,220	24,529,584
WATER SUPPLY; SEWAGE, WASTE MGT AND REMEDIAL	753,355	872	15	752,483	753,355	872	15	752,483
Grand Total	**435,551,971**	**16,687,668**	**21,263,336**	**418,864,303**	**435,551,971**	**16,687,668**	**21,263,336**	**418,864,303**

Notes to the financial statements

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.

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 A to BBB).
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).

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

Notes to the financial statements

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 N3.5 billion
Board Credit Committee	N3.5 billion
Management Credit Committee	N1 billion
Managing Director	N360 million
Other Approving Authorities	As approved & delegated by the Managing Director

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 three (3) 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
v. Insurance bonds and counter indemnity from insurance companies

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.

Notes to the financial statements

Details of collateral pledged by customers against carrying amount of loans and advances as at 31 December 2022 are as follows:

Details of collateral pledged by customers against carrying amount of loans and advances as at 31 December 2022 are as follows:

In thousands of Naira	Group		Bank	
	Total exposure	**Value of collateral**	**Total exposure**	**Value of collateral**
Secured against property/real estate	153,669,137	188,783,504	153,669,137	188,783,504
Secured by equities	95,966,507	76,244,728	95,966,507	76,244,728
Secured by debenture on stock and companies' assets	239,981,525	224,231,438	239,981,525	224,231,438
Cash collateral, lien over fixed and floating assets	49,751,821	45,664,571	49,751,821	45,664,571
Unsecured	3,023	1,086	3,023	1,086
Total Gross amount	**539,372,013**	**534,925,327**	**539,372,013**	**534,925,327**
Impairment allowance	17,941,317		17,941,317	
Net carrying amount	**521,430,696**	**534,925,327**	**521,430,696**	**534,925,327**

Notes to the financial statements

Group

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	141,452,776	26,108,955	15,785,184	5,436,589	188,783,504
Equities	59,333,787	13,228,552	2,511,232	1,171,157	76,244,728
Debenture on stock and companies' assets	193,377,866	9,223,782	19,563,807	2,065,983	224,231,438
Cash	36,701,005	8,093,425	553,709	316,432	45,664,571
Grand total: Fair value of collateral	430,865,434	56,654,714	38,413,932	8,990,161	534,924,241
Grand total: Gross loans	424,884,804	64,203,444	42,020,247	8,263,518	539,372,013
Grand total: Impairment	12,969,296	3,111,707	1,691,163	169,151	17,941 ,317
Grand total: Net amount	411,915,508	61,091,737	40,329,084	8,094,367	521,430,696
Grand total: Amount of under/over collaterization	**(5,980,631)**	**7,548,730**	**3,606,315**	**(726,643)**	**4,447,772**

Stage 1

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	127,488,255	24,669,760	15,272,160	5,417,748	172,847,923
Equities	56,810,560	12,137,097	820,041	1,166,024	70,933,721
Debenture on stock and companies' assets	153,097,634	8,422,982	18,759,435	2,065,983	182,346,034
Cash	35,679,567	8,079,464	551,674	310,212	44,620,917
Grand total: Fair value of collateral	373,076,015	53,309,303	35,403,311	8,959,967	470,748,596
Grand total: Gross loans	363,736,496	60,066,028	38,923,931	8,210,908	470,937,363
Grand total: Impairment	3,678,111	1,018,668	392,381	134,985	5,224,145
Grand total: Net amount	360,058,385	59,047,360	38,531,550	8,075,922	465,713,218
Grand total: Amount of under/over collaterization	**(9,339,519)**	**6,756,725**	**3,520,621**	**(749,059)**	**188,768**

Notes to the financial statements

Stage 2

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	2,536,726	194,512	-	-	2,731,239
Equities	895	103,164	-	-	104,059
Debenture on stock and companies' assets	22,898,803	1,652	-	-	22,900,455
Cash	-	11,150	-	35	11,185
Fair value of collateral	25,436,425	310,478	-	35	25,746,938
Gross loans	28,673,320	373,910	-	35	29,047,265
Impairment	111,128	5,593	-	-	116,721
Net amount	28,562,193	368,316	-	35	28,930,544
Amount of undercollaterization	3,236,896	63,432	-	-	3,300,328

Stage 3

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	11,427,795	1,244,683	513,024	18,840	13,204,342
Equities	2,522,332	988,292	1,691,191	5,133	5,206,948
Debenture on stock and companies' assets	17,381,429	799,148	804,372	-	18,984,949
Cash	1,021,438	2,811	2,035	6,184	1,032,468
Fair value of collateral	32,352,994	3,034,933	3,010,622	30,158	38,428,707
Gross loans	32,474,987	3,763,507	3,096,315	52,575	39,387,384
Impairment	9,180,871	2,086,633	1,298,782	34,165	12,600,451
Net amount	23,294,116	1,676,874	1,797,534	18,409	26,786,933
Amount of undercollaterization	121,993	728,573	85,694	22,416	958,677

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Notes to the financial statements

Bank

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	141,452,776	26,108,955	15,785,184	5,436,589	188,783,504
Equities	59,333,787	13,228,552	2,511,232	1,171,157	76,244,728
Debenture on stock and companies' assets	193,377,866	9,223,782	19,563,807	2,065,983	224,231,438
Cash	36,701,005	8,093,425	553,709	316,432	45,664,571
Grand total: Fair value of collateral	430,865,434	56,654,714	38,413,932	8,990,161	534,924,241
Grand total: Gross loans	424,884,804	64,203,444	42,020,247	8,263,518	539,372,013
Grand total: Impairment	12,969,296	3,111,707	1,691,163	169,151	17,941 ,317
Grand total: Net amount	411,915,508	61,091,737	40,329,084	8,094,367	521,430,696
Grand total: Amount of under/over collaterization	**(5,980,631)**	**7,548,730**	**3,606,315**	**(726,643)**	**4,447,772**

Stage 1

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	127,488,255	24,669,760	15,272,160	5,417,748	172,847,923
Equities	56,810,560	12,137,097	820,041	1,166,024	70,933,721
Debenture on stock and companies' assets	153,097,634	8,422,982	18,759,435	2,065,983	182,346,034
Cash	35,679,567	8,079,464	551,674	310,212	44,620,917
Grand total: Fair value of collateral	373,076,015	53,309,303	35,403,311	8,959,967	470,748,596
Grand total: Gross loans	363,736,496	60,066,028	38,923,931	8,210,908	470,937,363
Grand total: Impairment	3,678,111	1,018,668	392,381	134,985	5,224,145
Grand total: Net amount	360,058,385	59,047,360	38,531,550	8,075,922	465,713,218
Grand total: Amount of under/over collaterization	**(9,339,519)**	**6,756,725**	**3,520,621**	**(749,059)**	**188,768**

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Notes to the financial statements

Stage 2

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	2,536,726	194,512	-	-	2,731,239
Equities	895	103,164	-	-	104,059
Debenture on stock and companies' assets	22,898,803	1,652	-	-	22,900,455
Cash	-	11,150	-	35	11,185
Fair value of collateral	25,436,425	310,478	-	35	25,746,938
Gross loans	28,673,320	373,910	-	35	29,047,265
Impairment	111,128	5,593	-	-	116,721
Net amount	28,562,193	368,316	-	35	28,930,544
Amount of undercollaterization	3,236,896	63,432	-	-	3,300,328

Stage 3

31 December, 2022	Term loan	Overdraft	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	11,427,795	1,244,683	513,024	18,840	13,204,342
Equities	2,522,332	988,292	1,691,191	5,133	5,206,948
Debenture on stock and companies' assets	17,381,429	799,148	804,372	-	18,984,949
Cash	1,021,438	2,811	2,035	6,184	1,032,468
Fair value of collateral	32,352,994	3,034,933	3,010,622	30,158	38,428,707
Gross loans	32,474,987	3,763,507	3,096,315	52,575	39,387,384
Impairment	9,180,871	2,086,633	1,298,782	34,165	12,600,451
Net amount	23,294,116	1,676,874	1,797,534	18,409	26,786,933
Amount of undercollaterization	121,993	728,573	85,694	22,416	958,677

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Notes to the financial statements

Group

31 December, 2021	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	107,057,436	21,502,243	15,220,750	3,844,285	147,624,714
Equities	56,896,097	6,703,927	2,774,892	1,109,269	67,484,186
Debenture on stock and companies' assets	161,972,114	3,838,227	14,694,856	463,687	180,968,884
Cash	20,360,659	1,784,077	426,572	669,705	23,241,013
Grand total: Fair value of collateral	346,286,306	33,828,473	33,117,071	6,086,946	419,318,796
Grand total: Gross loans	359,210,810	36,500,522	33,464,517	6,376,122	435,551,971
Grand total: Impairment	10,962,879	5,032,171	542,582	150,036	16,687,668
Grand total: Net amount	348,247,931	31,468,351	32,921,935	6,226,085	418,864,303
Grand total: Amount of under-collaterization	**12,924,503**	**2,672,049**	**347,446**	**289,176**	**16,233,174**

31 December, 2021	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	97,899,876	16,877,069	14,989,619	3,829,454	133,596,020
Equities	55,212,623	4,479,426	2,774,423	1,088,514	63,554,985
Debenture on stock and companies' assets	145,030,021	3,838,227	13,908,594	463,687	163,240,529
Cash	19,111,433	1,777,072	424,356	608,266	21,921,128
Fair value of collateral	317,253,954	26,971,794	32,096,993	5,989,921	382,312,662
Gross loans	326,779,134	29,398,348	32,443,801	6,234,258	394,855,540
Impairment	5,053,222	135,210	113,309	91,032	5,392,772
Net amount	321,725,911	29,263,138	32,330,492	6,143,226	389,462,767
Amount of under-collaterization	9,525,180	2,426,554	346,808	244,336	12,542,878

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Notes to the financial statements

Stage 2

31 December, 2021	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	4,186,194	107,533	195,010	-	4,488,736
Equities	201,925	385,131	-	-	587,057
Debenture on stock and companies' assets	13,877,055	-	-	-	13,877,055
Cash	208,720	-	-	-	208,720
Fair value of collateral	18,473,894	492,664	195,010	-	19,161,568
Gross loans	20,754,129	492,664	195,607	-	21,442,400
Impairment	84,464	10,134	66	-	94,665
Net amount	20,669,665	482,530	195,541	-	21,347,736
Amount of under-collaterization	2,280,235	-	597	-	2,280,832

Stage 3

31 December, 2021	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	4,971,366	4,517,641	35,524	14,830	9,539,361
Equities	1,481,549	1,839,370	469	20,755	3,342,144
Debenture on stock and companies' assets	3,065,038	-	784,467	-	3,849,505
Cash	1,040,505	7,005	2,216	61,439	1,111,165
Fair value of collateral	10,558,459	6,364,015	822,676	97,025	17,842,175
Gross loans	11,677,547	6,609,510	825,109	141,864	19,254,031
Impairment	5,825,192	4,886,826	429,207	59,005	11,200,231
Net amount	5,852,355	1,722,684	395,902	82,860	8,053,800
Amount of under-collaterization	1,119,088	245,495	2,434	44,839	1,411,856

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Bank

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Stage 2

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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 honored as and when due. Adequate steps are also taken to effectively optimize gaps deriving from undrawn commitments.

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:

Credit Definitions

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.

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.

Write-off policy
The Bank writes off a loan / security balance (and any related allowances for impairment losses) when the Bank's Management Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balances standardised loans, charge off decisions are generally based on a product specific past due status.

All loans and advances are categorised as either:

	Stage 1	Stage 2	Stage 3
Trigger	Initial Recognition	Significant increase in credit risk	Credit-impaired
ECL	12-month ECL	Lifetime ECL	Lifetime ECL
Effective Interest Rate (EIR)	EIR on gross carrying amount (without ECL)	EIR on gross carrying amount (without ECL)	EIR on amortised cost (with ECL)

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Market Risk Management

Overview
Market risk is the risk that earnings or capital could be adversely impaired due to changes in market factors such as interest and foreign exchange rates amongst others, arising from both the trading and investment activities.

The Bank has put in place sound market risk management processes to identify, measure, monitor, control and report exposures to these material market risks as appropriate, while optimizing returns and preserving shareholders' value.

The main objective of sound market risk practices in the Bank is to ensure that market risk exposures are within acceptable risk appetite as approved by the Board.

The Board dictates the level of market risk appetite of the Bank and delegates its authority downward in a logical manner and in accordance with a hierarchy of authority levels and mandates.

A dedicated market risk team is responsible for implementing and enforcing the market risk policy framework and assumes day-to-day responsibility for market risk management in the Bank. This unit is independent of the trading and business units.

Market risk limits are set within the context of Board-approved risk appetite and these limits are consistently monitored and reported to Management and Board on a regular basis. Market risk limits/metrics include notional/position limits, marking-to-market, stress testing, value-at-risk, liquidity gap analysis, repricing gap analysis and factors sensitivities amongst others. The Bank maintains a realistic view of its daily trading exposures through fair value accounting of its trading portfolio.

The subsisting 65 percent loan to deposit ratio policy of the CBN, in its bid to simulate the recovery of the domestic economy, has constrained the Bank's ability to effectively manage its liquidity position and funding capabilities.

To improve the Bank's ability to meet funding obligations and also, build adequate liquidity buffers, the following strategies are being implemented amongst other to guide the bank during normal and abnormal business situations:

- Wema Bank has a robust FCY credit position in the interbank market. This interbank placement portfolio could be used for FX swap with the CBN and other counterparties under a worst-case situation.
- The Bank could leverage on its huge investment in Eurobond to meet short term FCY obligations through collaterized borrowing.
- The Bank is presently boosting its LCY funding base via capital raising initiatives.
- The Bank will leverage on its trade lines with foreign banks/correspondent banks when needed.
- Lending focus on short-term, self-liquidating, and capital-light transactions to support liquidity and capital.
- The issuance of Special Bills in respect of Cash Reserve (CRR) related to Loan to Deposit ratio policy of the CBN to the Bank will significantly improve LCY liquidity.
- Continue to monitor the foreign exchange market, while maintaining a long foreign currency balance sheet position, considering the negative outlook on the Naira exchange rate.
- Aggressive focus on loan recoveries and collections to support and improve liquidity management.
- Focus on strategic build-up of cheap funds and deliberate efforts to build liquid asset portfolio.

Market risk is the risk of losses in on- and off-balance positions arising from movements in market prices. For Wema Bank, this means changes in interest rates and foreign exchange rates in particular.

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.

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One of the primary objectives of market risk management, as part of our independent risk function, is to ensure that our business units' risk exposures are within the approved appetites commensurate with 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 conducts 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 advanced 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.

The Group trading VaR for the year is shown in the table below:								
Historical VaR (99%, oneday) by risk type	**Average**		**Minimum**		**Maximum**		**Period end**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
In thousands of Nigerian Naira	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**
Foreign exchange	1,935	206	736	20	3,387	405	3,387	310
Interest rate	113,796	127,992	49,474	92,579	163,775	204,521	126,740	92,579
Total VaR exposure	**115,731**	**128,198**	**50,209**	**92,599**	**167,162**	**204,926**	**130,128**	**92,889**

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 back testing them against both actual and hypothetical profit and loss against the corresponding VaR numbers. Hypothetical profit and loss excludes non-modelled items such as fees, commissions and revenues of

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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

Foreign exchange risk is the current or prospective risk to earnings and capital that arises from adverse movements in foreign exchange rates.

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

The foreign exchange position is monitored daily and discussed by the Asset and Liability Committee on a bi-monthly basis. Limits are agreed by the ALCO.

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 (IRRBB), this is the risk that changes in prevailing interest rates will adversely affect the market value of assets versus that of liabilities and/or income versus expenses. The Bank is exposed to interest rate risk through the interest sensitive assets and liabilities in its trading and banking books.

Wema Bank identifies the following four main sources of IRRBB:

- Repricing risk, the risk of adverse consequences due to differences in timing of the impact of interest rate changes on the value of assets and liabilities.
- Yield curve risk, the risk of adverse consequences which result from a change in the shape of the yield curve.
- Basis risk, the risk of adverse consequences which result from changes in the difference between two or more rates for different instruments with the same maturity.
- Option risk, the risk that changes in market interest rates prompt changes in the value or maturity of instruments

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**	**200bps parallel decrease**
2022		
Period ending 31 December	(7,954,223)	7,954,223
2022		
Period ending 31 December	(7,927,185)	7,927,185

Managing Interest Rate Benchmark Reform and Associated Risk

Overview:
On March 5, 2021, the UK's Financial Conduct Authority (FCA) formally announced the discontinuation of the London Interbank Offered Rate (LIBOR).

The timeline for the discontinuance of the LIBOR settings was as follows:

LIBOR Currency	LIBOR Settings	Last Date	Proposed Replacement	Administered By
USD	1-week, 2-month	December 31, 2021	Secured overnight funding rate (SOFR)	Federal Reserve Bank of New York
USD	All other settings (i.e., Overnight/ Spot Next, 1-month, 3-month, 6-month, and 12-month)	June 30, 2023	Secured overnight funding rate (SOFR)	Federal Reserve Bank of New York
GBP	All settings	December 31, 2021	Sterling overnight index average (SONIA)	Bank of England
EUR	All settings	December 31, 2021	Euro short-term rate (ESTR)	The European Central Bank
CHF	All settings	December 31, 2021	Swiss average rate overnight (SARON)	Swiss Infrastructure and Exchange (SIX)
JPY	All settings	December 31, 2021	Tokyo overnight average rate (TONAR)	Bank of Japan

Based on our experience in transitioning contracts referencing IBORS that ceased from the end of 2021, and an assessment of the risks that relate to the transition of US Dollar LIBOR contracts, we do not believe that our risk position has significantly changed during the financial year.

Increased market and industry use of alternative rates, including the Secured Overnight Funding Rate (SOFR), have further reduced potential risks related to the transition away from US Dollar LIBOR. We will continue to monitor these risks through the development of our product capabilities and the transition of legacy contracts where applicable, with a focus on fair client outcomes.

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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.

In addition, dedicated business targets are allocated to ensure the Bank meets its overall liquidity and funding appetite.

The relevant management committees and Board are 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 complies with our risk appetite.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions on 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 placement or borrowings from the market required to replace maturing asset or assets. The Bank monitors the 30-day and 1-year cumulative gaps as a +/- 20% and 30% respectively of the total on/off balance sheet size.

The Gap Analysis tracks all contractual cashflows 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 is historically known to be the most susceptible to market stress.

Notes to the financial statements

Liquidity Coverage Ratio (LCR)
The LCR promotes short-term resilience of the Bank to potential liquidity disruptions by ensuring that we have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. The LCR standard aims to ensure that the bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by the Central Bank of Nigeria.

We actively manage the Bank's liquidity and funding to support our business strategy and meet regulatory requirements at all times, including under stress. To do this, we monitor our position using a wider set of measures, including the Liquidity Coverage Ratio ('LCR').

Liquidity Coverage Ratio (LCR)

	31 December 2022	31 December 2021
Total high-quality liquid assets (N'Bn)	380.21	185.49
Total net cash outflow (N'Bn)	281.43	64.53
LCR Ratio (%)	135.10%	287.43%

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 an 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 plans 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.

Maturity Risk Profile
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 financial liability or commitment.

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Notes to the financial statements

Residual Contractual Maturities of Financial Assets and Liabilities

Group **31 December 2022** In thousands of Nigerian Naira	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	96,294,862	96,294,862	96,294,862	-	-	-	-
Pledged assets	30,616,318	30,616,318	-	-	-	1,600,000	29,016,318
Non-pledged trading assets	20,933,741	20,933,741	3,550,989	1,153,779	16,228,973	-	-
Loans and advances to customers	521,430,696	521,430,696	205,318,368	91,915,663	47,405,889	134,497,389	42,293,387
Investment securities	333,431,471	333,431,471	47,340,700	34,330,410	60,003,799	28,614,863	163,141,700
	1,002,707,088	**1,002,707,088**	**352,504,919**	**127,399,852**	**123,638,660**	**164,712,252**	**234,451,405**
Non-derivative liabilities							
Deposits from banks	19,153,500	19,153,500	19,153,500	-	-	-	-
Deposits from customers	1,165,934,019	1,165,934,019	1,052,042,528	70,492,412	43,399,079	-	-
Other borrowed funds	69,455,532	69,455,532	17,335,467	6,362,199	126,022	30,556,640	15,075,204
Interest bearing financial liability	71,034,215	71,034,215	17,290,541	6,362,199	47,381,475	-	-
	1,325,577,265	**1,325,577,265**	**1,105,822,036**	**83,216,810**	**90,906,575**	**30,556,640**	**15,075,204**
Gap (asset - liabilities)	**(322,870,178)**	**(322,870,178)**	**(753,317,117)**	**44,183,042**	**32,732,085**	**134,155,611**	**219,376,202**
Cumulative liquidity gap			**(753,317,117)**	**(709,134,076)**	**(676,401,991)**	**(542,246,379)**	**(322,870,178)**

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Notes to the financial statements

Residual Contractual Maturities of Financial Assets and Liabilities (cont'd)

Bank

31 December 2022 In thousands of Nigerian Naira	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	96,262,918	96,262,918	96,262,918	-	-	-	-
Pledged assets	30,616,318	30,616,318	-	-	-	1,600,000	29,016,318
Non-pledged trading assets	20,933,741	20,933,741	3,550,989	1,153,779	16,228,973	-	-
Loans and advances to customers	521,430,696	521,430,696	205,318,368	91,915,663	47,405,889	134,497,389	42,293,387
Investment securities	325,301,099	325,301,099	47,340,700	34,330,410	60,003,799	28,614,863	155,011,328
	994,544,772	**994,544,772**	**352,472,975**	**127,399,852**	**123,638,660**	**164,712,252**	**226,321,033**
Non-derivative liabilities							
Deposits from banks	19,153,500	19,153,500.00	19,153,500	-	-	-	-
Deposits from customers	1,165,934,019	1,165,934,019	1,052,042,528	70,492,412	43,399,079	-	-
Other borrowed funds	61,286,178	61,286,178	17,335,467	6,362,199	126,022	22,387,287	15,075,204
Interest bearing financial liability	71,034,215	71,034,215	17,290,541	6,362,199	47,381,475	-	-
	1,317,407,912	**1,317,407,912**	**1,105,822,036**	**83,216,810**	**90,906,575**	**22,387,287**	**15,075,204**
Gap (asset - liabilities)	**(322,863,140)**	**(322,863,140)**	**(753,349,061)**	**44,183,042**	**32,732,085**	**142,324,965**	**211,245,830**
Cumulative liquidity gap			**(753,349,061)**	**(709,166,020)**	**(676,433,935)**	**(534,108,970)**	**(322,863,140)**

Notes to the financial statements

Residual Contractual Maturities of Financial Assets and Liabilities

Group

31 December 2021 **In thousands of Nigerian Naira**	**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	109,517,797	109,801,169	109,801,169	-	-	-	-
Pledged assets	83,723,120	83,723,119	18,936,000	21,840,000	16,700,435	-	26,246,684
Non-pledged trading assets	38,693,696	45,163,751	18,872,351	5,480,000	20,811,400	-	-
Loans and advances to customers	418,864,303	435,551,971	165,725,962	55,562,987	69,425,585	107,816,192	37,021,244
Investment securities	135,397,037	130,926,127	3,797,878	27,111,894	57,531,496	2,599,718	39,885,141
	786,195,952	**805,166,138**	**317,133,361**	**109,994,881**	**164,468,916**	**110,415,910**	**103,153,069**
Non-derivative liabilities							
Deposits from banks	40,700,000	40,700,000	40,700,000	-	-	-	-
Deposits from customers	927,471,174	927,471,175	837,525,884	71,854,601	14,228,696	-	3,861,992
Other borrowed funds	72,731,660	72,731,661	18,795,518	7,299,758	2,357,828	38,634,989	5,643,567
Interest bearing financial liability	45,870,493	46,079,336	16,586,946	7,299,758	22,192,632	-	-
	1,086,773,327	**1,086,982,171**	**913,608,348**	**86,454,116**	**38,779,157**	**38,634,989**	**9,505,559**
Gap (asset - liabilities)	**(300,577,375)**	**(281,816,034)**	**(596,474,988)**	**23,540,765**	**125,689,759**	**71,780,920**	**93,647,510**
Cumulative liquidity gap			**(596,474,988)**	**(572,934,223)**	**(447,244,463)**	**(375,463,543)**	**(281,816,033)**

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Notes to the financial statements

Residual contractual maturities of financial assets and liabilities

Bank 31 December 2021 In thousands of NigerianNaira	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	109,505,806	109,789,178	109,789,178	-	-	-	-
Pledged assets	83,723,120	83,723,119	18,936,000	21,840,000	16,700,435	-	26,246,684
Non-pledged trading assets	38,693,696	45,164,751	18,873,351	5,480,000	20,811,400	-	-
Loans and advances to customers	418,864,303	435,551,971	165,725,962	55,562,987	69,425,585	107,816,192	37,021,244
Investment securities	124,436,768	119,964,859	3,796,878	27,111,894	57,531,496	2,599,718	28,924,873
	775,223,692	**794,193,878**	**317,121,369**	**109,994,881**	**164,468,916**	**110,415,910**	**92,192,801**
Non-derivative liabilities							
Deposits from banks	40,700,000	40,700,000	40,700,000	-	-	-	-
Deposits from customers	927,471,174	927,471,174	837,525,884	71,854,601	14,228,696	-	3,861,992
Other borrowed funds	61,601,568	61,601,569	18,795,518	7,299,758	2,357,828	27,504,897	5,643,567
Interest bearing financial liability	45,870,493	46,079,336	16,586,946	7,299,758	22,192,632	-	-
	1,075,6432,35	**1,075,852,079**	**913,608,348**	**86,454,116**	**38,779,157**	**27,504,897**	**9,505,559**
Gap (asset - liabilities)	**(300,419,543)**	**(281,658,201)**	**(596,486,979)**	**23,540,765**	**125,689,759**	**82,911,012**	**82,687,242**
Cumulative liquidity gap			**(596,486,979)**	**(572,946,214)**	**(447,256,455)**	**(364,345,442)**	**(281,658,200)**

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Notes to the financial statements

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 31st December 2022			At 31st December 2021		
	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	70,514,939	-	70,514,939	58,415,648	-	58,415,648
Cash and bank balances with Central Bank	403,346,782	-	403,346,782	330,094,246	-	330,094,246
Treasury Bills	140,496,103	-	140,496,103	113,642,317	-	113,642,317
Trading assets	20,933,741	20,933,741	-	38,693,696	38,693,696	-
Assets pledged as collateral	30,616,318	-	30,616,318	83,723,120	-	83,723,120
Due from other banks	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Loans and advances to banks	9,426,521	-	9,426,521	34,855,322	-	34,855,322
Loans and advances to customers	521,430,696	-	521,430,696	418,864,303	-	418,864,303
Investment securities	191,483,233	-	191,483,233	21,754,720	-	21,754,720
Other financial assets	1,402,336	-	1,402,336	11,632,890	-	11,632,890
	1,389,650,669	**20,933,741**	**1,368,716,928**	**1,111,676,262**	**38,693,696**	**1,072,982,566**
Liabilities subject to market risk						
Trading liabilities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Deposits from banks	19,153,500	-	19,153,500	40,700,000	-	40,700,000
Deposits from customers	1,165,934,019	-	1,165,934,019	927,471,174	-	927,471,174
Debt securities issued	69,455,532	-	69,455,532	72,731,660	-	72,731,660
Other financial liabilities	71,065,798	-	71,065,798	45,897,372	-	45,897,372
Subordinated liabilities	-	-	-	-	-	-
	1,325,608,849	**-**	**1,325,608,849**	**1,086,800,206**	**-**	**1,086,800,206**

Notes to the financial statements

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 2022			At 31st December 2021		
	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	70,482,995	-	70,482,995	58,403,657	-	58,403,657
Cash and bank balances with Central Bank	403,346,782	-	403,346,782	330,094,246	-	330,094,246
Treasury Bills	140,496,103	-	140,496,103	113,642,317	-	113,642,317
Trading assets	20,933,741	20,933,741	-	38,693,696	38,693,696	-
Assets pledged as collateral	30,616,318	-	30,616,318	83,723,120	-	83,723,120
Due from other banks	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Loans and advances to banks	9,426,521	-	9,426,521	34,855,322	-	34,855,322
Loans and advances to customers	521,430,696	-	521,430,696	418,864,303	-	418,864,303
Investment securities	183,352,861	-	183,352,861	10,794,452	-	10,794,452
Other financial assets	1,403,336	-	1,403,336	11,632,890	-	11,632,890
	1,381,489,353	**20,933,741**	**1,360,555,612**	**1,100,704,002**	**38,693,696**	**1,062,010,306**
Liabilities subject to market risk						
Trading liabilities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Deposits from banks	19,153,500	-	19,153,500	40,700,000	-	40,700,000
Deposits from customers	1,165,934,019	-	1,165,934,019	927,471,174	-	927,471,174
Debt securities issued	61,286,178	-	61,286,178	61,601,568	-	61,601,568
Other financial liabilities	71,065,798	-	71,065,798	45,897,372	-	45,897,372
Subordinated liabilities	-	-	-	-	-	-
	1,317,439,495	**-**	**1,317,439,495**	**1,075,670,114**	**-**	**1,075,670,114**

Notes to the financial statements

Foreign currency concentrations risk as at 31 December 2022

Group

In thousands of Nigerian Naira	**US Dollar**	**Euro**	**Pound**	**Naira**	**Others**	**Total**
31 December 2022						
Cash and cash equivalents	33,925,538	4,985,533	3,779,724	52,381,343	1,222,723	96,294,862
Pledged assets	9,955,478	-	-	20,660,840	-	30,616,318
Non-pledged trading assets	-	-	-	20,933,741	-	20,933,741
Loans and advances to customers	62,695,409	4,664,118	3,477	454,067,691	-	521,430,696
Investment securities	39,395,987	-	-	292,583,179	-	331,979,165
Other assets	-	-	-	1,402,336	-	1,402,336
Total financial assets	**145,972,412**	**9,649,651**	**3,783,201**	**842,029,130**	**1,222,723**	**1,002,657,118**
Deposits from banks	4,153,500	-	-	15,000,000	-	19,153,500
Deposit from customers	89,810,444	2,827,574	3,268,094	1,070,019,395	8,511	1,165,934,019
Other borrowed funds	27,157,417		-	42,298,114	-	69,455,532
Other liabilities	18,967,403	4,705,214	17	46,235,768	1,157,396	71,065,798
Total financial liabilities	**140,088,764**	**7,532,788**	**3,268,111**	**1,173,553,278**	**1,165,907**	**1,325,608,849**

Notes to the financial statements

Bank

In thousands of Nigerian Naira

	US Dollar	Euro	Pound	Naira	Others	Total
31 December 2022						
Cash and cash equivalents	33,925,538	4,985,533	3,779,724	52,349,400	1,222,723	96,262,918
Pledged assets	9,955,478	-	-	20,660,840	-	30,616,318
Non-pledged trading assets	-	-	-	20,933,741	-	20,933,741
Loans and advances to customers	62,695,409	4,664,118	3,477	454,067,691	-	521,430,696
Investment securities	39,395,987	-	-	284,452,806	-	323,848,793
Other assets	-	-	-	1,402,336	-	1,402,336
Total financial assets	**145,972,412**	**9,649,651**	**3,783,201**	**833,866,814**	**1,222,723**	**994,494,802**
Deposits from banks	4,153,500	-	-	15,000,000	-	19,153,500
Deposit from customers	89,810,444	2,827,574	3,268,094	1,070,019,395	8,511	1,165,934,019
Other borrowed funds	27,157,417	-	-	34,128,761	-	61,286,178
Other liabilities	18,967,403	4,705,214	17	46,235,768	1,157,396	71,065,798
Total financial liabilities	**140,088,764**	**7,532,788**	**3,268,111**	**1,165,383,924**	**1,165,907**	**1,317,439,495**

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.

Notes to the financial statements

In thousands of Nigerian Naira	[USD] impact		[EUR] impact		[GBP] impact	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Profit or loss	58,836	130,689	21,169	(4,154)	5,151	(3432)
Other equity	(58,836)	(130,689)	(21,169)	4,154	(5,151)	3434

The Group has prudently adopted the ruling I&E rate for the translation of financial assets and liabilities denominated in foreign currencies for period ended December 31, 2022.

In view of the current global and domestic macro-economic trends/outlooks amidst the negative impact of both Russian-Ukraine war and Coronavirus restrictions in China on global trade, the likely convergence of rates in the short to medium term is not 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.

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Operational Risk Management

Introduction

Regardless of its size or the economic sector, every organisation faces internal and external factors and influences that make it uncertain whether and when the organisation's business objectives will be achieved. According to the International Organization for Standardization (ISO), this uncertainty's effect on an organisation's objectives is "risk".

Organisations carry out various activities in other to achieve various objectives. All these activities involve various risks and in diverse degrees. Risk management is inevitable in achieving organisational objectives. Risks are identified, analysed, and evaluated for modification through risk treatment to satisfy set risk criteria. At every stage in this process, there is communication and consultation with stakeholders and monitoring and reviewing the risks and controls that modify the risk to ensure that no additional risk treatment is required.

Wema Bank's Operational Risk Management

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, processes, systems and external events.

People risks are associated with failures/inadequacies of staff of the bank such as; lack of experience and knowledge, insufficient resources, inadequate supervision and lack of integrity. Process risks are risks associated with inadequate/process failures such as; process complexity, inadequate process documentation and process flaws. System risks are associated with system/IT failures such as security breaches, programming errors, application failures, and system suitability. External risks arise from events outside the bank's control such as natural disasters, terrorism and other man-made forces.

At Wema Bank we understand that there are inherent risks in all of the Bank's products, activities, processes and systems; and that sound operational risk management is a reflection of 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 also 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 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 how 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 considers: -
- Inherent risks in the new product, service, or activity;
- ·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;

Notes to the financial statements

- 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 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 an expert opinion of business line and risk managers to identify potential operational risk events and assess their potential outcomes.

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 profiles and are designed to monitor the development of significant risks. Key Risk Indicators are defined for the 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 a 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.

External Loss Data Collection and Analysis: External loss data helps the bank in benchmarking its risk management standards for peer review. This is done to introspect and consider that if an event can happen in another bank why wouldn't it happen in Wema Bank. Collection and analysis of external loss events enable the team to devise preventive and control measures against the loss event.

Business Continuity Management

Wema Bank has implemented the ISO 22301:2019 standard for Business Continuity Management to support the bank's strategic priorities/objectives and address the needs and expectations of interested parties. The standard provides a framework to plan, implement, operate, monitor, review, maintain and continually improve the bank's Business Continuity Management System (BCMS).
By integrating business continuity management into its overall Enterprise Risk Management Framework, the bank can ensure its preparedness for future challenges against several natural and human-made events which could have a big effect on the financial industry.

The bank's conformity to the standard is assessed annually by external auditors and there was no nonconformity raised against the bank during the last audit in December 2022.

Strategic Risk Management
Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. It could significantly impact on the achievement of the bank's vision and strategic objectives as documented in the strategic plan.

Strategic risk management is the process of identifying, assessing, measuring, monitoring and managing the risk in the bank's business strategy. Strategic risk management involves evaluating how a wide range of possible events and scenarios will affect the strategy and its execution and the ultimate impact on the bank's value.

Notes to the financial statements

Strategic Risk Management Policies and Procedures
To effectively manage strategic risk, the bank has established policies, procedures and limits which ensure that the responsiveness to the business environment is objectively evaluated. The business segments that the bank focuses on short term and long term

are clearly defined in the bank's business strategy document. There are clear guidelines on how the business strategy will be reviewed and the frequency of review. This is to ensure that critical aspects such as inherent strengths, identified weaknesses, external opportunities and threats are adequately considered. Limits are also set to define sectoral exposures, business growth and staff strength and branch expansion.

Strategic Risk Management Process
To adequately manage the strategic risks faced by Wema bank, the Board and senior management are involved in the strategic risk management process includes:

- Formulating strategic goals and objectives, consistent with the bank's corporate mission and values and translating the goals and objectives into a well-structured strategic plan for delivery and measurement of desired outcomes;
- Personnel, technology, funding and capital resources allocation, prioritisation compatible with implementation strategies;
- Communication, implementation and modification of strategies;
- Performance evaluation and feedback mechanism, and
- Design of a strategic risk management framework to the bank's risk profile and level of sophistication to ensure that strategic risk is consistently and comprehensively identified, assessed, monitored, controlled and reported.

Reputational Risk Management
Reputational risk is the potential that negative publicity regarding an institution's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. This risk may result from an institution's failure to effectively manage, any or all of the other risk types.

Wema bank recognises that managing reputational risk begins with acknowledging that reputation is a matter of perception. Management understands that the bank's overall reputation is a function of its reputation among its various stakeholders (investors, customers, suppliers, employees, regulators, politicians, non-governmental organisations, the communities in which the firm operates) in specific categories (product quality, corporate governance, employee relations, customer service, intellectual capital, financial performance, handling of environmental and social issues). A strong positive reputation among stakeholders across multiple categories will result in a strong positive reputation for Wema Bank.

Wema Bank has put processes in place to articulate, analyse and manage reputational risk factors properly, in response to reputational risk challenges.

The bank has recognised the following potential factors as having an impact on the bank's reputation:

- A highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely affect its reputation (e.g. corporate governance crises);
- Consolidation activities ignited by the Central Bank of Nigeria (CBN), resulting in a fusion of different cultures;
- Keen competition and largely homogeneous products and services lead customers not to perceive significant differences between financial service providers;
- The financing nature of products and services banks provide puts both the reputation of the bank and the customers at stake;
- Banks operate and compete in a global environment; risks emerge from a host of different sources and locations this makes it is difficult to keep up with potential risks and to know how best to respond if they occur, and
- Negative news.

Reputational Risk Management Philosophy
Reputational risk management involves anticipating, acknowledging and responding to changing values and behaviours on the part of a range of stakeholders. The following principles govern the Bank's Reputational Risk Management Philosophy:

The Board of Directors of Wema Bank has set the tone for reputational risk management by defining and demanding adherence to a code of conduct for the Board, officers and staff of the Bank. Reputational risk is both an individual and collective responsibility of the Board and all employees. To enhance its reputation in the market, the Bank ensures the following:

- Zero tolerance for non-compliance with laws and regulatory guidelines in all the Bank's locations
- Full compliance with the Bank's code of conduct and other internal policies
- Strict ethical behaviour by board members and executive management

Notes to the financial statements

- Transparency and probity in the management of resources
- Professionalism, ethics and corporate social responsibility
- Effective communication of the Bank's vision and strategy to all key stakeholders

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-22	31-Dec-21	31-Dec-22	31-Dec-21
At the end of the year	30.51%	29.80%	30.51%	29.80%
Average for the year	32.78%	28.77%	32.78%	28.77%
Maximum for the year	35.76%	30.43%	35.76%	30.43%
Minimum for the year	29.78%	27.27%	29.78%	27.27%

Capital Management

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, 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.

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.

Notes to the financial statements

In thousands of Nigeria naira	31-Dec 2022	31-Dec 2021
Tier 1 capital		
Ordinary share capital	6,429,078	19,287,233
Share premium	8,698,230	8,698,230
Statutory reserves	19,337,047	14,974,982
SMEIES	1,349,419	902,759
Other reserves	24,387,535	5,771,749
Total qualifying Tier 1 capital	**60,201,308**	**49,634,953**
Deferred tax assets	12,983,230	18,236,111
Intangible assets	2,859,593	1,391,549
Investment in capital of financial subsidiaries	0.00	0.00
	15,842,824	19,627,660
Adjusted Total qualifying Tier 1 capital	**44,358,485**	**30,007,294**
Tier 2 capital		
Other comprehensive income (OCI)	9,838,329	5,708,069
Sub-ordinated debts	10,093,383	13,627,926
Total qualifying Tier 2capital	**19,931,713**	**19,335,995**
Investment in capital and financial subsidiaries	0.00	0.00
Net Tier 2 Capital	14,786,162	10,002,431
Total regulatory capital	59,144,646	40,009,725
Risk-weighted assets		
Credit risk	349,170,467	255,317,710
Market risk	22,158,676	6,980,995
Operational risk	93,009,010	83,714,264
Total risk-weighted assets	**464,338,153**	**346,012,969**
Risk-weighted Capital Adequacy Ratio (CAR)	12.74%	11.71%
Total tier 1 capital expressed as a percentage of risk-weighted assets	9.55%	8.67%

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 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	2022	%	2021	%	2022	%	2021	%
Gross Income	132,301,314		93,632,481		131,083,309		92,137,078	
Interest paid	(53,054,963)		(34,921,553)		(51,991,333)		(33,428,346)	
	79,246,351		58,710,928		79,091,976		58,708,732	
Write back/(Impairment) charge on financial assets	(4,808,387)		(2,104,393)		(4,808,387)		(2,104,393)	
Bought-in materials and services	(33,675,500)		(24,152,302)		(33,659,078)		(24,143,460)	
Value added	**40,762,465**	**100**	**32,454,233**	**100**	**40,624,512**	**100**	**32,460,879**	**100**
Distribution								
Employees								
Salaries and benefits	21,332,578	52	16,677,420	51	21,332,578	53	16,677,420	51
Government								
Income tax	1,014,519	2	715,523	2	1,014,519	2	715,523	2
Retained in the Bank								
Deferred Tax	2,517,462	6	2,735,417	8	2,517,462	6	2,735,417	8
Assets replacement (depreciation & amortisation)	4,545,925	11	3,399,318	10	4,545,925	11	3,399,318	10
Profit transferred to reserve	11,351,980	28	8,926,555	28	11,214,027	28	8,933,202	28
	40,762,465	**100**	**32,454,232**	**100**	**40,624,511**	**100**	**32,460,879**	**100**

ALAT by WEMA

Financial Summary

In thousands of Nigerian Naira	Group 31-Dec-22	Bank 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-20	Group 31-Dec-19	Bank 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-18
Assets:										
Cash and cash equivalents	96,294,862	96,262,918	109,726,640	109,714,649	97,524,936	97,527,858	65,974,273	65,967,028	42,122,799	42,122,799
Restricted Deposit with CBN	386,993,380	386,993,380	313,847,420	313,847,420	246,974,959	246,974,959	137,392,701	137,392,701	58,054,204	58,054,204
Pledged assets	30,616,318	30,616,318	83,723,119	83,723,119	27,454,662	27,454,662	26,925,527	26,925,527	20,583,433	20,583,433
Investment securities	352,912,906	344,782,534	174,081,524	163,120,256	183,799,001	172,860,013	150,100,752	139,193,787	71,617,784	60,729,210
Loans and advances to customers	521,430,696	521,430,696	418,864,303	418,864,303	360,076,079	360,076,079	289,239,870	289,239,870	252,189,613	252,189,613
Investment property	-	-	-	-	38,388	38,388	39,330	39,330	40,273	40,273
Right of use	997,465	997,465	851,249	851,249	621,528	621,528	509,963	509,963	-	-
Property Plant and equipment	25,449,667	25,449,667	22,418,542	22,418,542	21,517,323	21,517,323	20,637,634	20,637,634	18,602,696	18,602,696
Intangible assets	2,859,593	2,859,593	2,170,640	2,170,640	1,391,549	1,391,549	974,069	974,069	927,391	927,391
Other assets	11,326,857	11,326,855	34,305,993	34,305,993	21,883,615	21,883,615	4,879,789	4,879,789	4,459,906	4,459,906
Deferred tax assets	12,983,230	12,983,230	15,500,694	15,500,694	18,236,111	18,236,111	19,195,906	19,195,906	20,206,217	20,206,217
	1,441,864,974	**1,433,702,656**	**1,175,490,124**	**1,164,516,865**	**979,518,151**	**968,582,084**	**715,869,814**	**704,955,604**	**488,804,317**	**477,915,742**
Finance by:										
Share capital	6,429,078	6,429,078	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	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230
Retained earnings	11,449,604	11,529,378	11,023,900	11,241,627	7,103,647	7,314,727	3,254,018	3,450,262	5,992,622	6,102,353
Other reserve	55,965,989	55,965,990	31,137,254	31,137,254	24,052,644	24,052,644	23,921,126	23,921,126	16,911,064	16,911,064
Deposits from banks	19,153,500	19,153,500	40,700,000	40,700,000	-	-	3,638,400	3,638,400	-	-
Deposits from customers	1,165,934,019	1,165,934,019	927,471,175	927,471,175	804,873,392	804,873,392	577,283,469	577,283,469	369,199,768	369,314,164
Lease liabilities	31,583	31,583	26,879	26,879	22,875	22,875	72,584	72,584	-	-
Current tax liabilities	1,061,974	1,061,974	716,120	716,120	394,511	394,511	905,364	905,364	429,079	429,079
Other liabilities	103,685,466	103,613,727	63,697,672	63,637,777	41,562,147	41,522,098	30,039,084	29,996,610	22,837,603	22,772,597
Other borrowed funds	69,455,532	61,286,178	72,731,661	61,601,569	73,523,471	62,416,375	48,770,306	37,702,326	45,448,718	34,401,024
	1,441,864,974	**1,433,702,656**	**1,175,490,124**	**1,164,517,864**	**979,518,150**	**968,582,084**	**715,869,813**	**704,955,604**	**488,804,317**	**477,915,742**
Guarantees and other commitments	**152,455,290**	**152,455,290**	**118,568,967**	**118,568,967**	**78,692,203**	**78,692,203**	**83,890,369**	**83,890,369**	**62,872,234**	**62,872,234**

	Group 31-Dec-22	Bank 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-20	Group 31-Dec-19	Bank 31-Dec-19	Group 31-Dec-18	Bank 31-Dec-18
Gross earnings	132,301,314	131,083,309	93,632,481	92,137,078	81,382,795	79,876,995	94,890,127	93,389,811	71,529,939	70,907,759
Profit/(loss) before taxation	14,883,961	14,746,008	12,377,495	12,384,142	5,931,687	5,946,523	6,760,021	6,770,828	4,797,709	4,830,549
Income tax	(3,531,981)	(3,531,981)	(3,450,940)	(3,450,940)	(1,354,306)	(1,354,306)	(1,560,080)	(1,560,080)	(1,471,290)	(1,471,290)
Profit/(loss) after taxation	**11,351,980**	**11,214,027**	**8,926,555**	**8,933,202**	**4,577,381**	**4,592,217**	**5,199,940**	**5,210,748**	**3,326,419**	**3,359,259**

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04

SHAREHOLDER KIT

Proxy Form

Annual General Meeting to be held electronically via this link: https://wemabank.com/AGM/ on Wednesday, 31st of May, 2023 at 11:00am

I/We* ____________________

being member/members of Wema Bank Plc hereby appoint** ____________________ or failing him/her the Chairman of the meeting

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Wednesday, 31 May, 2023 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 below. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To lay before the meeting the Audited Financial Statements for the year ended December 31, 2022, together with the report of the Directors, Auditors and the Statutory Audit Committee thereon.	☐	☐
2. To declare a dividend.	☐	☐
3. To elect / approve the appointment of a Director Mr. Tunde Mabawonku ☐	☐	☐
4. To re-elect the following Directors retiring by rotation: Mr. Abubakar Lawal ☐ Mr. Adeyemi Adefarakan ☐ Prince. Olusegun Adesegun ☐	☐	☐
5. To disclose the remuneration of Managers of the Company.	☐	☐
6. To authorize the Directors to fix the remuneration of the Auditors.	☐	☐
7. To elect members of the Statutory Audit Committee.	☐	☐

SPECIAL BUSINESS BY ORDINARY RESOLUTIONS	FOR	AGAINST
8. To approve the remuneration of Directors.	☐	☐

ADMISSION CARD

ANNUAL GENERAL MEETING to be held electronically via this link: https://wemabank.com/AGM/ on Wednesday, 31st of May, 2023 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 by his/her 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, 2004 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

WEMA BANK
With you. All the way.

PLEASE AFFIX
POSTAGE STAMP
HERE

THE REGISTRAR
GREENWICH REGISTRARS & DATA SOLUTIONS
274, MURTALA MUHAMMED WAY
YABA,LAGOS.

GREENWICH REGISTRARS & DATA SOLUTIONS

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

Abia

Aba Branch Branch
103, Azikwe Road Aba
012779795

Akwa Ibom

Eket Branch
78 Eket/Oron Road,
Eket
012779978

Uyo Branch
Plot 179 Aka Road.,
Uyo
012779986

Anambra

Onitsha Branch
No. 27, New Market Road,
Onitsha,
012779477

Bayelsa

Yenagoa Branch
Mbiama Road, Opp.
INEC Office
012779985

Bauchi

Bauchi Branch
Opposite State Library
012779850

Cross River

Calabar Branch
39/113, M/Mohammed
Highway (Former Cross
Line Park)
012779979

Delta

Asaba Branch
407, Nnebisi Road, Asaba
012779981

Warri Branch
33, Effuren/Sapele Road
Warri
012779982

Edo

Akpakpava
12, Akpakpava Street,
Benin
012779982

Mission Road Branch
39, Mission Road,
Benin
01277998

UNIBEN Branch
UNIBEN Campus, By Uniben
Main Gate.
0127799804

Ekiti

ABUAD Branch
Opposite Afe Babalola
Teaching Hospital,
Ado Ekiti
012777851

Aiyedun Branch
Omuo Road
Aiyedun
012779963

Aramoko Branch
Ilao,Quarters,
Aramoko Ekiti
012779965

Ikere Ekiti Branch
Oke Aodu Str
Beside Ikere Central Mosque
012779967

Iyin Ekiti Branch
No 46, Oba Owolabi Road, Iyin
Ekiti, Ekiti State
012777859

Okesha Branch
2, Adekunle Fajuyi Road,
Okesha, Ado-Ekiti
012777850

Orereowu Branch
2, Orereowu Street,
Old Garage Ado-Ekiti
012779961

Omuo Ekiti Branch
Kota, Omuooke Road
012779968

UNAD Branch
Ekiti State University,
Iworoko Road, Ado Ekiti
012779966

Enugu

Enugu Branch
73, Ogui Road,
Opposite ACB, Enugu
012779478

F.C.T

Aminu Kano Branch
No 81, Aminu Kano Way,
FCT Abuja
012778622

CBD Branch
464, Central Business Area,
Abuja.
012779908

Garki Branch
11, Dunukofia Street,
Arear 11, Garki Abuja
012779910

Lugbe Branch
House 166
1st Avenue Fha Lugbe, Abuja
012779909

National Assembly Branch
Nass Complex,Three Arm
Zone,Abuja.
012779911

Ralph Sodiende Branch
Oyo House,Ralph Shodeinde
Street, CBD,
Abuja.
012779912

Wuse Branch
36, Herbert Macaulay Way,
Wuse,Abuja
012779913

Branch Network

Kaduna

Kaduna Branch
No 23, Bida Road
Off Yakubu Gowon Way Beside NBTE Building
012778636

Kano

Kano Branch
Murtala Muhammed Way Beside Fedex
012779832

Kogi

Lokoja Branch
Ibb Way Lokoja,
Opposite Kogi State Radio
012778955

Lagos

Abule Egba Branch
15 Lagos/Abeokuta Express Way, Abule Egba
012779906

Adeniji Adele Branch
184, Adeniji Adele Road, Lagos-Island
012779868

Admiralty Branch
26, Obafemi Anibaba Street Off Admiralty Way.
Lekki Phase 1
012778956

Ado Badore Branch
Genesis College, Ado Badore Road Ajah
012779833

Agege Branch
185 Old Abeokuta Motor Rd, Agege
012779897

Ajah Branch
Km 23, Lagos Epe Express Road
012778605

Ajao Estate Branch
2 Rasmon Close
Off Osolo Way Ajao Estate
012779882

Alaba Branch
3a Ojo, Igbede Road, Alaba Int'l Market
012779876

Allen Branch
33 Allen Avenue Ikeja
012779902

Aspamda Branch
Blk 9, Zone D Aspamda Market. Int'l Trade Fair Complex
012779875

Awolowo Rd. Branch
82 Awolowo Rd, Ikoyi, Lagos
012779863

Badagry Branch
Joseph Dosu Rd, Badagry
012779881

Bariga Branch
60, Jagunmolu Street, Bariga
012779884

Bells Branch
Bells University Of Technology Ota
012779904

Broad Street Branch
41/45 Broad Street, Lagos Island
012779860

Commercial Rd Branch
2, Commercial Rd, Apapa
012779874

Dopemu Branch
60, Lagos/Abeokuta Express Road Dopemu
012779899

Ebute Metta Branch
52/54 Muritala Mohammed Way Ebute Meta
012779889

Egbeda Branch
117 Idimu Rd Egbeda. Orelope Bus Stop
012779900

Idowu Taylor Branch
8 Idowu Taylor Street, Victoria Island, Lagos
012779861

Ijede Branch
60, Ikorodu Road, Ijede
012779888

Ijora Branch
Ijora Fishries Terminal Behinde Nepa Workshop, Ijora
012779871

Ikeja Branch
24, Oba Akran Avenue Ikeja
012779907

Ilupeju Branch
48a, Town Planning Way Ilupeju,
012779789

Iponri Branch
Iponri Shopping Centre
012779873

Isolo Branch
24, Abimbola Street Isolo
012779895

Jibowu Branch
33, Ikorodu Road Jibowu
012779890

Kafi Branch
Omatsola Mall, 4, Kafi Street, Behind Shoprite, Ikeja
012779931

Lagos Airport Hotel Branch
111, Obafemi Awolowo Road Ikeja
012779905

Lagos Road (Ikorodu 2) Branch
Opposite Slot Store,
Haruna Bus Stop, Lagos Road, Ikorodu
012779450

Lapal Branch
241, Igbosere Rd, Lagos
012779867

LASU Branch
LASU Main Campus
012779879

Lawanson Branch
89 Itire Rd, Lawanson
012779885

Lekki Branch
2nd Roundabout Beside Texaco Filling Station, Lekki
012779866

Mamman Kontagora Branch
23 Broad Street,
012779864

Marina Branch
54, Marina
012779862

Maryland Branch
2, Mobolaji Bank Anthony Way, Maryland, Ikeja
012779892

WEMA BANK
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Branch Network

Mushin Branch
236, Agege Motor Road
012779887

Oba Akran Branch
Plt 30 Oba Akran Avenue, Ikeja
012779896

Ogba Branch
Plot 45 Omole Industrial Estate
012779898

Ojota Branch
Odua Intl Model Market, Ojota
012779893

Ojuelegba Branch
4, Ajoke Dosumu Street Ojuelegba, Barracks
012779448

Oke-Arin Branch
104 Alakoro, Oke-Arin
012779865

Okokomaiko Branch
29, Badagry Express Way, Okoko
012779877

Oniru Branch
Odyssey Place, Plot 4, T.F. Kuboye Road, Oniru, Lekki Lagos Island
012779841

Opebi Branch
65a, Opebi Ikeja
012779840

Oregun Branch
No. 41, Kudirat Abiola Way, Oregun, Lagos State
012779460

Orile Iganmu Branch
34, Opere Street, Off Lagos-Badagry Expressway
012779872

Oshodi Branch
455, Agege Moto Road, Oshodi
012779886

Otta Branch
Idiroko Rd Otta Opposite Slot/Mtn Building.
012779901

Sagamu Road (Ikorodu) Branch
23/24 Sagamu Road Ikorodu
012779883

Sangotedo Branch
Klm 48, Opposite Frsc Office On Lagos-Epe Expressway, After Lagos Business School, Olokonla, Sango-Tedo
012779799

Tinubu Branch
27 Nnamdi Azikiwe Street Lagos Island
012779869

UNILAG Branch
UNILAG Campus
012779891

Warehouse Rd Branch
32, Warehouse Road Apapa,Lagos
012779878

Nasarawa

Mararaba Branch
Abuja-Keffi Expressway, Kabayi Junction Mararaba, Nasarawa State
012779792

Niger

Minna Branch
No 35 Bosso Road Minna,Niger State
012779870

Ogun

Lafenwa Branch
Beside Oando Filling Station, Bridge Street, Danger Lane, Lafenwa, Abeokuta
012779946

Ago Iwoye Branch
Fibigbade Street, Ago Iwoye
012779955

Aiyetoro Branch
Ilaro Rd, Ayetoro
012779952

Idi Iroko Branch
Lagos Road Idiiroko
012779948

Ifo Branch
Abeokuta Motor Road Ifo, Ogun State
012779951

Ijebu Igbo Branch
Adeboye Rd, Ijebu Igbo
012779954

Owode Branch
Fashina Square, Idiroko Road, Owode-Yewa
012779947

OOU Branch
OOU Campus, Ago Iwoye
012779956

Sagamu Branch
Akarigbo Rd, Sabo
012779957

WAPCO Branch
Lafarge Cement Factory, Sagamu
012779958

Panseke Branch
GNI Building, Panseke Abeokuta
012779944

Ijebu Ode Branch
No: 201 Folagbade Street Ijebu Ode
012779953

Oke Ilewo Branch
IBB Boulevard Opp CB, Okeilewo, Abeokuta
012779949

Babcock Branch
Babcock University, Ilisan
012779959

Ilaro Branch
Leslie Street, Ilaro
012779943

Igboora Branch
Opposite Methodist Church, Sagaun-Un, Igboora
012779928

Iperu Branch
Kaaf Building, Old Ibadan Express Way, Iperu Remo
012779950

ALAT by WEMA

Branch Network

Ondo

Elizade Branch
Elizade University, ilara-mokan, Ondo Stae
012779940

FUTA Branch
Federal University of Technology Akure, Ondo State
012779972

Igbara Oke Branch
2, Obada Market Square, Obada
012779977

Irun Akoko Branch
Opposite Anglican Church, Ado Road, Irun Akoko.
012779830

Oba Adesida Branch
54a, Oba Adesida Road, Akure
012779969

Ondo Branch
4 Yaba Street Ondo
012779975

Ore Branch
1,Off Ondo Road, Opp, FRSC Office Behinde Sabo Market, Ore
012779973

Owo Branch
Idimisas Road, Opposite Olowo's Palace, Owo
012779976

Oyemekun Branch
34, Oyemekun Road, Akure
012779974

Osun

Ede Branch
No 1, Owode Market Ede
012779939

Igbona Branch
10b Awolowo Way Igbona Osogbo, Osun State
012779848

Ilesa Branch
Ereguru Palace Square, Imo Rondabout, Ilesha
012779941

Iragbiji Branch
Market Square, Palace Area Iragbiji
012779932

Iwo Branch
Kajola Area, Beside General Post Office, Old Ibadan Road, Iwo, Osun State
012779936

Modakeke Branch
Ondo Road Modakeke
012779930

OAU Branch
OAU Campus, Ile Ife
012779942

Station Road Branch
106 Station Rd Osogbo
012779935

Okuku
Offa-Osogbo Road Beside King Palace, Okuku
012779933

Oyo

Agodi Gate Branch
Opposite Agodi Police Station,Agodi Gate,Ibadan
012779914

Apata Ganga Branch
Abeokuta Road, Apata, Ibadan
012779915

Bodija Branch
Oba Akinbiyi Shopping Centre, Bodija, Ibadan
012779916

Cocoa Mall Branch
Beside Shoprite, Cocoa House Complex, Oba Adebimpe Rd.Dugbe. Ibadan
012779989

Dugbe Branch
Sijuwola House, Plot 5, Old Dugbe Layout, Ibadan
012779917

Igbeti Branch
Market Square, Igbeti
012779919

Igboho Branch
Behinde Oyo State General Hospitl, Oke Afin, Igboho. Ibadan
012779920

Igbo-Ora Branch
Opposite Methodist Church, Sagaun, Igbo Ora
012779928

Kishi Branch
Igbeti/Kishi Road, Ajegunle,Kishi
012779922

Mokola Branch
Mokola Roundabout Ibadan
012779923

New Gbagi Branch
New Gbagi Market New Ife Road, Ibadan.
012779918

Ogbomoso Branch
Ibadan-Ilorin Road, Apake, Ogbomosho
012779924

Olubadan Branch
New Ife Road, Opposite New Garage Ibadan
012779925

Polytechnic Branch
Near South Campus, The Polytechnic, Ibadan
012779926

Sango Branch
Elewure, Sango Ibadan
012779927

Secretariat Branch
Secretariat Roundabout, Ibadan
012779929

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Branch Network

Rivers

Aba Road Branch
76, Aba Road,
Port Harcourt
012778624

Olu Obasanjo Branch
66, Olu Obasanjo Rd,
BICS Mall
Port Harcourt
012779987

Trans Amadi Branch
Plot 32, Trans Amadi
Industrial Layout
Port Harcourt
012779988

Cash Centres

Abeere Cash Centre
Osun State Government
Secretariat, Abeere, Osogbo,
Osun State.
012779935

Ajeromi Cash Centre
1 Baale Street Ajegunle
Apapa Lagos State
012779475

**Oduduwa University
ATM Plus**
Oduduwa University,
Ipetumodu, Ile Ife, Osun
State.
012779942

Jebba ATM Plus
Life-Camp By Ts Junction
Before Jebba Bridge, Jebba,
Niger State
012779798

Iye Ekiti ATM Plus
Ilejemeje Local Government
Secretariat, Isan-Oye Road,
Iye Ekiti, Ekiti State
012777856

Oye Ekiti ATM Plus
Behind Faculty Of Law,
University Of Oye,
Ekiti State
012779794

OOU ATM Plus
Permanent Site Ago Iwoye,
Ogun State
012778681

Alaba Cash Centre
D452 Opposite Block 13,
Ojo Alaba Electrical Ikeja,
Lagos State
012779817

Ariaria Cash Centre
Inside Ariaria Market,
Abia State
012779795

Ifemoro Cash Centre
OAU, Cdl Campus, Osogbo
Road, Moro
Osun Stte
012779457

Bir Cash Centre
Board Of Internal Revenue,
Opposite Dome Intl
Conference, Igbatoro,Akure,
Ondo State
012779461

Guadong Cash Center
Ogun Guadong Free
Trade Zone
Igbesa, Ogun State
012279479

IHVN Cash Center
Plt 62 Umar Sheu
Avenue,Cadastral Zone
COO,Airport Road
Byepass,Idu Industrial
Layout Jabi, FCT, Abuja
012779880

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