Wema Bank Plc

Annual Report

31 December 2024

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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 78 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 Exchange Limited (NGX) formerly 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 endures and uplifts human dignity and collective welfare.
- Success to us implies succeeding along with all our stakeholders, all moving forward and creating value.

Our Corporate Philosophy Vision

To be the 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

Tax Identification Number

00797080-0001

Corporate Governance

Wema Bank Plc ("the Bank") remains committed to institutionalizing corporate governance principles as it continues to ensure total compliance with the regulatory standards of Corporate Governance to wit: the Companies and Allied Matters Act (CAMA), 2020, Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Commercial, Merchant, Non-Interest Bank and Payment Service Banks in Nigeria of 2023, Nigerian Code of Corporate Governance (NCCG) of 2018 issued by the Financial Reporting Council (FRC) of Nigeria, the listing rules of the Nigerian Exchange Group alongside the internal governance framework for the Bank which includes the Board of Directors' Governance Charter and the various Board Committees' Charters.

The Board of Directors of the Bank hereby presents this report as a means to update all stakeholders on the Bank's fulfillment of its fiduciary responsibilities concerning corporate governance and regulatory compliance during the period under review. As the apex governing body of the Bank, the Board collectively considers all major decisions. These decisions include the approval of quarterly, half-year, and full-year financial statements (whether audited or unaudited), significant changes in accounting policies and practices, substantial modifications to the corporate and capital structures, and the formulation of policies across all business areas, among other critical matters.

In its role of providing strategic direction, the Board held its annual retreat on December 13, 2023, where it finalized the strategy for the 2024 financial year after thorough discussions between the Board and the Bank's Management. Furthermore, the Managing Director/CEO delivered quarterly updates to the Board on the progress of the Bank's corporate strategy, enabling the Board to assess Management's performance and identify key risks impacting the Bank's operations.

The Board maintains a balanced composition of expertise, skills, and experience, which contributes to its effectiveness alongside the Executive Management team. The members of the Board of Directors are highly experienced professionals from diverse sectors, including Banking, Supply chain management, Law, Accounting/Finance, Psychology and Cybersecurity. The Board consists of five (5) Executive Directors, three (3) Independent Directors, and five (5) Non-Executive Directors, which fosters effective decision-making.

Our corporate governance processes are deeply rooted in the Bank's core values, which are designed to inspire excellence among our employees. These values are clearly outlined in the "Purple Book" and are anchored on five key pillars: Think Progressive, Think Partnership, Think Play, Think Passion, and Think Plenty. Together, these pillars define the essence of who we are as a Bank. This culture is further supported by the Bank's Code of Conduct, as well as its policies and procedures.

At Wema Bank, we hold our shareholders in high esteem and ensure that their interests and investments are protected in alignment with processes stipulated in the CBN's Corporate Governance Guidelines for Commercial, Merchant, Non-Interest Bank and Payment Service Banks in Nigeria of 2023. Additionally, an annual evaluation of our Board operations and effectiveness is carried out by an Independent Governance Consultant appointed by the Board to confirm the transparency, effectiveness, and competence of the Board. The report of the evaluation for the 2024 financial year is reproduced in this Annual Report.

The Bank will continue to emphasize its adherence to relevant governance rules for financial institutions in Nigeria while striving to meet global best practices in delivering financial services.

Governance Structure

The Board

The Board of Directors is responsible for defining the Bank's overall strategy and ensuring the availability of the necessary financial and human resources to achieve its objectives. Additionally, the Board oversees the performance of the executive management team and ensures the integrity of the Bank's financial reporting and operations.

First Name	Last Name	Role	Date of First Appointment	Age as at 31st December, 2024
Oluwayemisi	Olorunshola	Chairman	January 24, 2022	59 Years
Moruf	Oseni	Managing Director /CEO	July 11, 2012	49 Years
Oluwole	Ajimisinmi	Deputy Managing Director	July 1, 2020	56 Years
Ayotunde	Mabawonku	Executive Director	April 1, 2023	47 Years
Segun	Opeke	Executive Director	February 1, 2024	57 years
Olukayode	Bakare	Executive Director	December 1, 2024	54 years
Abolanle	Matel-Okoh	Non- Executive Director	January 23, 2015	55 Years
Ibiye	Ekong	Independent Non-Executive Director	September 7, 2020	64 Years
Olusegun	Adesegun	Non- Executive Director	July 19, 2021	69 Years
Adeyemi	Adefarakan	Non- Executive Director	July 19, 2021	47 Years
Bolarin	Okunowo	Independent Non-Executive Director	January 24, 2022	44 Years
Yewande	Zaccheaus	Non- Executive Director	October 13, 2023	63 Years
Yusuf	Kazaure	Non-Executive Director	February 1, 2024	67 Years

Changes on the Board

During the 2024 Financial Year, the following changes were made to the board.

<u>Appointments</u>

Name of Directors	Role	Effective Date
Yusuf Kazaure	Non-Executive Director	February 1, 2024
Segun Opeke	Executive Director	February 1, 2024
Olukayode Bakare	Executive Director	December 1, 2024
Oluwole Ajimisinmi	Deputy Managing Director	December 1, 2024

<u>Retirements</u>

Name of Directors	Role	Effective Date
Wole Akinleye	Deputy Managing Director	November 30, 2024

Size and Composition of the Board

Our Board has a proper mix of executive, non-executive and independent non-executive directors who ensure that corporate governance standards are maintained in the Bank. The size of the Board of the Bank is dependent on the apex Bank regulatory directive which limits board size to a minimum of seven (7) directors and a maximum of fifteen (15). Furthermore, diversity considerations in terms of expertise, ethnicity and gender are important factors that guide the Board on its size and composition. The Board remains committed to expanding its size where business complexities and exigencies demands same.

Currently, the Board is comprised of thirteen (13) Directors as stated below:

Executive Directors	5
Non-Executive Directors	5
Independent Directors	3

The Bank's Board also complies with the CBN's Sustainable Banking Principles (Women's Economic Empowerment) which recommends that a minimum of 40% female representation on the Board of the Bank. Currently the Bank has five (5) female directors on its Board.

Selection of Directors and Succession Planning

It is noteworthy that the Bank has a robust succession planning procedure elucidated in the Board approved "Board Selection Criteria and Succession Policy" which details the commitment of the Bank to build a diverse and talented Board while taking immediate steps to address imminent gap(s) on the Board of the Bank. Additionally, the policy outlines the process to be followed in selecting members to the Board and ensures that board members possess the required skills, experience and background necessary for effective board performance. The Board implements this policy primarily through the Board Remuneration, Nomination and Governance Committee.

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

In selecting suitable candidates, the Committee evaluates individuals based on their qualifications, using objective criteria that align with the Board's skill requirements, while also considering the value of diversity. The Committee then recommends the nominated directors to the Board, followed by submission to the shareholders for election at the Annual General Meeting.

Role of the Board

The primary role of the Board is to provide strategic direction, oversee the Bank's financial performance to ensure that it meets established financial goals for the Bank to deliver long term value to shareholders and monitor all forms of risk accrued to the Bank's business. The Board carries out these functions through five (5) standing committees namely- the Board Credit Committee, Board Finance & General-Purpose Committee, Board Risk Management Committee, Board Audit Committee and the Board Remuneration, Nomination and Governance Committee.

Other functions of the Board include:

- 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 constitute Board Committees and determine their terms of reference and procedures, including reviewing and approving the reports of these Committees.
- To review and provide guidance for the Bank's corporate and business strategy.
- To ensure an effective risk management process exists and is sustained.

Access to Independent Professional Advice

The Board has the power to obtain advice and assistance from independent professional advisers or experts (at the expense of the Bank) as may be deemed necessary to aid its effectiveness. During the financial year under review, the Board relied on the expert advice of some selected consultants to design the Bank's Africa market expansion strategy, capital raise program, cybersecurity management framework and an efficient internal audit and control management framework.

The Board remains open to collaborating with consultants and professionals in its role of providing strategic leadership to the Bank.

Role of Chairman and the Managing Director/Chief Executive Officer

The roles of Chairman and Managing Director/CEO are distinctly separated and are not held by the same person, in accordance with the CBN Code of Corporate Governance. The Chairman is responsible for overseeing the operations of the Board and works closely with the Company Secretary, who also serves as the Board's Secretary. Meanwhile, the Managing Director/CEO, in collaboration with the Executive Management team, is responsible for the daily operations of the Bank and ensuring the execution of the Board's decisions. The Managing Director exercises the powers delegated to him in line with guidelines approved by the Board and the relevant policies set by the Central Bank of Nigeria (CBN).

Tenure of Directors

In line with the Bank's commitment to upholding best practices in Corporate Governance, Non-Executive Directors are appointed for a maximum of three terms, each lasting four (4) years.

Thus, the maximum tenure for a Non-Executive Director is capped at twelve (12) years, subject to a retirement age of 70 years, in compliance with statutory provisions. The maximum tenure for Independent Directors is eight (8) years, while Executive Directors can serve for up to ten (10) years, subject to a retirement age of 60 years. The Managing Director/CEO's tenure is limited to ten (10) years from the date of assumption of office.

The tenure of Directors is reviewed at least every six months to support the Bank's succession planning and ensure continuous Board membership.

Board Evaluation

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance, an Independent Governance Consultant was engaged to conduct a Board Evaluation for the financial year ending 31st December 2024. The evaluation focused on benchmarking the Bank's governance structures and practices against the CBN Guidelines, SEC Code, Nigerian Code of Corporate Governance, and global best practices. The independent assessment of the Board was carried out across the following areas:

A. Peer Assessment: Directors assessed the performance of their colleagues, identifying strengths and areas for improvement. This was conducted through anonymous surveys, interviews, and questionnaires.

B. External Evaluation: the Independent Governance Consultant provided an objective evaluation of the Board's performance. This evaluation focused on four key pillars of Board responsibility that underpin effective corporate governance:

- **Board Leadership and Strategy:** Evaluates the Board's ability to manage its activities and oversee the planning and execution of the Bank's strategy.
- **Accountability and Audit:** Assesses the Board's role in delegating authority to Management and monitoring their activities.
- **Monitoring and Evaluation:** Measures the Board's ability to define and monitor performance frameworks for the Board, its committees, and individual directors against established goals.

C. Committee Evaluation: The performance of function-specific committees was also evaluated by Independent Governance Consultant to assess their effectiveness and provide recommendations for improvement. During the 2024 financial year, all Board Committees achieved ratings above 80%, indicating excellent performance.

The Independent Governance Consultant concluded that the Board's compliance with corporate governance practices was robust, aligning well with the standards outlined in the Nigerian Code of Corporate Governance (2018), CBN Code of Corporate Governance for Commercial, Merchant, Non-Interest Banks and Payment Service Banks (2023), SEC Code of Corporate Governance, and global best practices.

Induction and Continuous Training

Wema Bank invests heavily in the continuous development of its Board members. The Board induction program is an essential starting point for new board members to understand the Bank and its governance framework while continuous training, on the other hand, ensures that Board members remain well-informed and capable of guiding the Bank through changing environments, evolving regulations, and complex strategic decisions. Both play a key role in fostering strong, effective governance.

BOARD INDUCTION	BOARD CONTINUOUS TRAINING	BOARD INDUCTION
Purpose	Introduce new board members to the Bank and its corporate governance practices	Ensure ongoing development of the Bank's directors and to keep Board members up-to-date on governance, industry trends, and leadership.
Timing	Conducted when a new Board member joins the Board	Continuous throughout the tenure of each Board member's tenure.
Duration	Short-term (typically a few days or weeks)	Long-term and ongoing, with regular sessions
Focus	Familiarization with the company, governance, and legal obligations	Deepening knowledge in governance, strategic issues, and market trends.

In 2024, all the newly appointed Directors were inducted into the Board of the Bank with specialized trainings on contemporary corporate governance practices in compliance with Sec 9.1 of the CBN Code of Corporate Governance Guidelines.

Similarly, the Bank has institutionalized regular trainings (both local and foreign) of Board members on emerging issues pertaining to their oversight functions to update their skills and knowledge on new developments in the industry in line with Section 9.2 of the Central Bank of Nigeria Code of Corporate Governance.

Continuous training was done in tandem with the 2024 Board approved Training Calendar, and we are glad to report that the approved training plan for 2024 was implemented in its totality. Board training was calibrated into function-specific, regulatory and general training courses according to identified training needs from the Board evaluation exercise and on request from the Board members.

The details of the regulatory trainings attended by the Directors in the year are as stated below:

- New CBN Administrative Sanctions and Effective Board Supervision of AML/CFT/CPF Compliance facilitated by Pattison Consulting
- Strengthening Financial System Stability Through Banking Recapitalization: Imperatives for Regulation, Risk & Compliance and Technology facilitated by CBN through the Financial Institution Training Centre (FITC)
- Emerging Issues in Information Technology and Payment Systems, Cybersecurity and Its Impact on Banking facilitated by Agusto Consulting
- Corporate Sustainability training facilitated by H.Micheal and Co.

The Company Secretary

The Company Secretary plays a pivotal role in ensuring effective corporate governance and organizational efficiency. Functionally, the Company Secretary reports to the Chairman of the Board, while operationally he reports to the Managing Director/CEO. The Company Secretary received full support from the Board to perform his duties efficiently in the course of the 2024 financial year.

Key responsibilities of the Company Secretary include implementing the Bank's Corporate Governance Codes, ensuring adherence to the Board's Charters and the Memorandum and Articles of Association, assisting the Chairman and Managing Director/CEO in developing the annual Board Plan, organizing Board meetings, and ensuring that the minutes of Board meetings accurately reflect discussions and decisions.

The Company Secretary also facilitates the smooth flow of information between the Board, its Committees, Executive Management, and other stakeholders. In addition, the Company Secretary manages the induction of new directors, oversees their professional development, and coordinates shareholders' meetings in compliance with legal requirements.

Furthermore, the Company Secretary liaises with regulatory authorities to ensure compliance with corporate governance standards. The appointment and removal of the Company Secretary are subject to Board approval.

Board Meetings

In compliance with the CBN Code of Corporate Governance, the Board meets at least quarterly to review the performance of the Bank and Management and to perform its oversight functions. Additional meetings are convened as the need arises. The 2024 Annual Calendar of the Board and Committee meetings was approved during the last quarter of the preceding year- December 14, 2023.

In the year ended December 31, 2024, the Board held Six (6) meetings. Details of attendance are provided below:

✓ *present*   O *absent*   * *Not Applicable*

Meetings Held	1	2	3	4	5	6
Name of Directors	29-Feb-24	7-Mar-24	23-Apr-24	14-May-24	19-Aug-24	11-Dec-24
Dr. (Mrs.) Oluwayemisi Olorunshola	✓	✓	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓	✓	✓
Adeyemi Adefarakan	✓	✓	✓	✓	✓	✓
Yewande Zaccheaus	✓	✓	✓	✓	✓	✓
Yusuf Kazaure	✓	✓	✓	✓	✓	✓
Bolarin Okunowo	✓	✓	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓	✓	✓
Moruf Oseni	✓	✓	✓	✓	✓	✓
Wole Akinleye*	✓	✓	✓	✓	✓	*
Tunde Mabawonku	✓	✓	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓	✓	✓
Segun Opeke	✓	✓	✓	✓	✓	✓
Olukayode Bakare**	*	*	*	*	*	✓

**Wole Akinleye retired from the Board effective November 30th, 2024.*
*** Olukayode Bakare joined the Board effective December 1st, 2024.*

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:

- Board Risk Management Committee
- Board Credit Committee
- Board Finance and General-Purpose Committee
- Board Remuneration, Nomination & Governance Committee
- Board Audit Committee
- Statutory 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 if 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. Adeyemi Adefarakan - **Chairman**
2. Ibiye Ekong - Member
3. Abolanle Matel Okoh - Member
4. Yewande Zaccheaus - Member
5. Moruf Oseni - Member
6. Wole Akinleye - Member
8. Oluwole Ajimisinmi -Member
9. Tunde Mabawonku -Member
8. Segun Opeke -Member

The Committee held four (4) meetings during the year ended 31 December 2024. The attendance details of the Committee's meetings are as follows:

✓ *present* O *absent* * *Not Applicable*

Meetings held	1	2	3	4
Names of Directors	7-Feb-24	29-Apr-24	31-Jul-24	4-Nov-24
Adeyemi Adefarakan	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	✓
Yewande Zaccheaus	✓	✓	✓	✓
Moruf Oseni	✓	✓	✓	✓
Wole Akinleye	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓
Tunde Mabawonku	✓	✓	✓	✓
Segun Opeke***	*	✓	✓	✓

**** Segun Opeke joined the Board effective February 2nd, 2024 and became a member of the Committee on February 29th, 2024.*

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.	Abolanle Matel-Okoh	-	Member
3.	Adeyemi Adefarakan	-	Member
4.	Olusegun Adesegun	-	Member
5.	Bolarin Okunowo	-	Member
6.	Yewande Zaccheaus	-	Member
7.	Moruf Oseni	-	Member
8.	Wole Akinleye	-	Member
9.	Oluwole Ajimisinmi	-	Member
10.	Segun Opeke	-	Member
11.	Tunde Mabawonku	-	Member
12.	Olukayode Bakare	-	Member

The Committee held Seven (7) meetings during the year ended 31st December 2024. The attendance details of the Committee meetings are as follows:

✓ *present* O *absent* * *Not Applicable*

Meetings held	1	2	3	4	5	6	7
Names of Directors	1-Feb-24	13-Feb-24	16-Apr-24	15-Jul-24	24-Sep-24	28-Oct-24	6-Dec-24
Ibiye Ekong	✓	✓	✓	✓	✓	✓	✓
Yewande Zaccheaus	✓	✓	✓	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓	✓	✓	✓
Abolanle Matel-Okoh	O	✓	✓	✓	✓	O	✓
Adeyemi Adefarakan	✓	✓	✓	✓	O	✓	✓
Bolarin Okunowo	O	✓	✓	O	✓	✓	✓
Moruf Oseni	✓	✓	✓	✓	✓	✓	✓
Wole Akinleye*	✓	✓	✓	✓	✓	O	*
Oluwole Ajimisinmi	✓	✓	✓	✓	✓	✓	✓
Tunde Mabawonku	✓	✓	✓	✓	✓	✓	✓
Segun Opeke***	*	*	✓	✓	✓	✓	✓
Olukayode Bakare**	*	*	*	*	*	*	✓

**Wole Akinleye retired from the Board effective November 30th, 2024.*
**** Segun Opeke joined the Committee on February 29th, 2024.*
*** Olukayode Bakare joined the Committee in December upon his appointment to the Board of the Bank*

Board Remuneration, Nomination and Governance Committee

The Committee's major task is to ensure that the Bank complies with best practice and regulatory codes of 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 continuous 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 comprised of the following members during the year under review:

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

The Committee held four (4) meetings during the year ended 31st December 2024. The attendance details of the Committee's meetings are as follows:

✓ *present* O *absent* * *Not Applicable*

Meetings held	1	2	3	4
Names of Directors	**30-Jan-24**	**18-Apr-24**	**19-Jul-24**	**16-Oct-24**
Bolarin Okunowo	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓
Adeyemi Adefarakan	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓
Yusuf Kazaure**	*	✓	✓	✓

**** Yusuf Kazaure joined the Committee in February upon his appointment to the Board of the Bank

Board Finance and General-Purpose Committee

This Committee is responsible for defining the strategic business focus and plans of the Bank. It also ensures effective implementation of Board approved strategy and budget.

Other functions of this Committee include:

1. Monitor the performance of the Bank against budget.
2. Defining capital and operating expenditure limits and approve all capital expenditure on behalf of the Board.
3. Review the Bank's investment portfolio and investment strategy annually.
4. Oversee Supporting Management business development efforts.

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

1	Abolanle Matel-Okoh	-	Chairman
2.	Adeyemi Adefarakan	-	Member
3.	Olusegun Adesegun	-	Member
4.	Yusuf Kazaure	-	Member
5.	Moruf Oseni	-	Member
7.	Oluwole Ajimisinmi	-	Member
8.	Tunde Mabawonku	-	Member

The Committee held four (4) meetings during the year ended 31st December 2024. The attendance details of the Committee meetings are as follows:

✓ present *O absent* ** Not Applicable*

Meetings held	1	2	3	4
Names of Directors	9-Feb-24	25-Apr-24	23-Jul-24	6-Nov-24
Abolanle Matel-Okoh	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓
Adeyemi Adefarakan	✓	✓	✓	✓
Moruf Oseni	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓
Tunde Mabawonku	✓	✓	✓	✓
Yusuf Kazaure****	*	✓	✓	✓

**** *Yusuf Kazaure joined the Committee in February upon his appointment to the Board of the Bank*

Board Audit Committee

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

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 comprised the following members during the period under review:

1. Bolarin Okunowo - Chairman
2. Ibiye Ekong - Member
3. Yewande Zaccheaus - Member
4. Olusegun Adesegun - Member
5. Yusuf Kazaure - Member

The Board Audit Committee held Seven (7) meetings during the 2024 financial year. Details of the members' attendance are as follows:

✓ present *O absent* ** Not Applicable*

Meetings held	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Names of Directors	5-Feb-24	5-Mar-24	2-May-24	24-May-24	1-Aug-24	18-Oct-24	12-Nov-24
Bolarin Okunowo	✓	✓	✓	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	O	✓	✓	✓
Yewande Zaccheaus	✓	✓	✓	✓	✓	✓	✓
Yusuf Kazaure****	*	✓	✓	✓	✓	✓	✓

****Yusuf Kazaure joined the Board effective February 2nd, 2024 and became a member of the Committee on February 29th, 2024.

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 Director and three (3) Shareholders of the Bank appointed at 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
Joe Ogbonna Anosike	Chairman	Shareholders' Representative
Esther Osijo	Member	Shareholders' Representative
Prof.Samuel Awobode	Member	Shareholders' Representative
Bolarin Okunowo	Member	Independent Non-Executive Director
Olusegun Adesegun*****	Member	Non- Executive Director
Yewande Zaccheaus******	Member	Non-Executive Director

The Statutory Audit Committee held five (5) meetings during the 2024 financial year. Details of members' attendance are as follows:

✓ present *O absent* ** Not Applicable*

Meetings held	1	2	3	4	5
Names of Members	12-Feb-24	5-Mar-24	26-Apr-24	29-Jul-24	22-Oct-24
Joe Anosike	✓	✓	✓	✓	✓
Esther Osijo	✓	✓	✓	✓	✓
Prof. Samuel Awobode	✓	✓	✓	✓	✓
Bolarin Okunowo	✓	✓	O	✓	✓
Olusegun Adesegun*****	✓	✓	✓	*	*
Yewande Zaccheaus******	*	*	*	✓	✓

***** Olusegun Adesegun ceased to be a member of the Committee from May, 2024.
****** Yewande Zaccheaus joined the Committee in May, 2024.

Regulatory Meetings

The Regulatory meetings are mandatory according to the Nigerian Code of Corporate Governance (NCCG), 2018 which is monitored by the Financial Reporting Council of Nigeria and the CBN Code of Corporate Governance for Commercial, Merchant and Non-Interest Banks which was released in July 2023.

The regulatory meetings serve as additional mediums for the promotion of effective corporate governance practices, enhancing the Board's efficiency and effectiveness in carrying out its oversight responsibilities.

In compliance with the regulatory directives, the Bank held the following regulatory meetings during the financial year ended December 31, 2024. The details of the meetings are below.

Meeting of All Independent Non-Executive Directors

Independent Non-Executive Directors are key players towards entrenching the good governance and transparency of Banks, hence, the regulatory recommendation that all Board of Commercial Banks in Nigeria must have at least three (3) Independent Non-executive Directors (INEDs) on their respective boards. The role of INEDs are to provide an objective and impartial perspective, particularly on issues relating to risk management, corporate strategy, executive compensation, and other decisions that may have a substantial impact on the Bank's stakeholders. Their contribution helps balance the interests of shareholders, management, customers, and other stakeholders.

This meeting of the Independent Non-Executive Directors (INEDs) is a regulatory meeting as directed by our apex regulator, CBN through Sec. 3.5.7 of the CBN Code of Corporate Governance issued in July 2023. The purport of this meeting is to create a platform for all Independent Non-Executive Directors to discuss their observations, learning points and concerns on matters relating to the Board and Management of the Bank as an additional layer of ensuring that the corporate governance structure of the Bank is strengthened.

The Bank held this meeting on November 6, 2024, with the following INEDs in attendance.

Names	6 Nov, 2024
Dr. (Mrs.) Oluwayemisi Olorunshola	✓
Ibiye Ekong	✓
Bolarin Okunowo	✓

Meeting Between the Chairman and Non-Executives of the Bank

The Non-Executive Directors' (NEDs) meeting with the Chairman of the Board provides NEDs the platform to bring their independent observations and concerns to the Board's decision-making without any form of interference from the Executive Directors.

This meeting also enhances the Board's ability to hold the Executive Management to account and provides a forum for the Chairman of the Board to receive feedback from Non-Executive Directors as well as encouraging open dialogue and collaboration between the Chairman and NEDs, on the performance of each NED on the Board alongside the overall effectiveness of the Board in its strategic oversight functions and operations.

It is also important to note that this meeting is statutory in nature as directed by Sec. 3.1.2 of the CBN Code of Corporate Governance and was held on March 5, 2024, during the financial year. The attendance for this meeting is provided below.

✓ present *O absent* ** Not Applicable*

Names	*5-Mar-24*
Dr. (Mrs.) Oluwayemisi Olorunshola	✓
Abolanle Matel-Okoh	✓
Yusuf Kazaure	✓
Ibiye Ekong	✓
Bolarin Okunowo	✓
Adeyemi Adefarakan	✓
Olusegun Adesegun	✓
Yewande Zaccheaus	✓

Board Audit Committee Meeting with External Auditors and the Chief Audit Executive (CAE)

The Board Audit Committee meeting with external auditors is a critical component of corporate governance, playing an essential role in ensuring the transparency, accuracy, and integrity of financial reporting. It assists the Audit Committee members to balance the findings of the external auditors with management's perspectives by facilitating open dialogue between the auditors and the Committee.

The said meeting was held pursuant to Principle 11.4.8 of the Nigerian Code of Corporate Governance (NCCG), 2018 without the presence of the Bank's senior management team, thus providing the external auditors with an opportunity to speak freely and openly about their findings and to provide an independent assessment without external pressures.

The meeting provides a platform for an independent interaction between the Bank's external auditors-KPMG Professional Services, the Bank's Chief Audit Executive and the members of the Board Audit Committee. The meeting was held on November 12, 2024.

*✓ present O absent * Not Applicable*

NAME OF DIRECTORS	*12 Nov-24*
Bolarin Okunowo	✓
Ibiye Ekong	✓
Olusegun Adesegun	✓
Yewande Zaccheaus	✓
Yusuf Kazaure	✓

Management Committees

The Committees are comprised of 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
- Capital Raise 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 by the Managing Director/CEO. 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 tasked with ensuring the Bank's full compliance with the Credit Policy Manual 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 meets monthly depending on the number of credit applications to be appraised and considered. The Committee comprises of the Managing Director/Chief Executive Officer, all other Executive Directors, the Company Secretary/General Counsel, the Chief Risk Officer 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/CEO, all other Executive Directors, Head of Enterprise Risk Management, Head of Remedial Assets Management and other relevant Senior Management Staff of the Bank. The Secretary to the Committee is the Head of 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 Finance Officer, the Chief Risk Officer and other relevant Senior Management Staff.

Management Risk Committee

In alignment with international standards and the Code of Corporate Governance, the Committee was formed amongst other things to:

- 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

The significance of Information Technology (IT) has grown exponentially in supporting, sustaining, and fostering the business growth of the Bank. Consequently, it is imperative for Management to place heightened focus on 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.
- 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.
- 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.

The Committee comprises of Managing Director/CEO, the Executive Director in charge of Retail & Digital Business, the Chief Information Officer, the Chief Compliance Officer, the Chief Digital Officer, and some other senior management staff. The Committee meets quarterly and at any other time as may be required.

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 quarterly basis and at such times as the chairperson of the Committee shall decide in order to fulfil its duties. The Committee is chaired by the Deputy Managing Director and other members include 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 set up to steer, advise, and 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, Company Secretary/General Counsel and 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 of misconduct by employees

- 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.

Capital Raise Committee

The Committee is tasked with the sole responsibility of spearheading the capital raise objectives of the Bank in accordance with business needs and regulatory directives.

Monitoring Compliance with Corporate Governance

The Chief Compliance Officer of the Bank monitors compliance with money laundering requirements and the implementation of the CBN Code of Corporate Governance.
The Bank transmits returns on all whistle-blowing reports and corporate governance breaches to the Central Bank of Nigeria 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 Whistleblowing. The Chief Audit Executive also presents a report on Whistleblowing to the Board Audit Committee on a regular basis.

Code of Professional Conduct for Employees and Directors

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

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 Exchange Limited, 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 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 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. In addition, there is shareholder complaints' register which is usually filed with the Nigerian Exchange quarterly.

Insider Trading Policy

The Bank has a Securities 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.*

Remuneration and Clawback Policy

The Board has a well-defined Policy for determining the remuneration of Directors in line with regulatory standards. Furthermore, the Board has an approved Clawback Policy to recover excess or undeserved award from Executive Management, in compliance with Principle 16.9 of the NCCG.

During the financial year under review, we are glad to report that there was no clawback incident during the year.

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 as well as update on sanctioned individuals and entities 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 monitoring and testing, customer risk assessment through KYC review, reporting and escalation, training 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/CPF 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/CPF 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 the regulatory requirements, Wema Bank shall undertake a risk assessment on PEPs and classify them based on the level of risk posed by the customer. Senior Management approval (General Manager and above) 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 subject to 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/CPF & 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/CPF 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:

Whistle blower hotline:012779454, 012779455, 012779403
Phone Numbers: +2348022245818; +2348022230169; +2348025015605 & +2348033448971
Email: whistle-blowing@wemabank.com
The bank's website: www.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/CPF & Compliance to Internal Policies.

The Internal Auditors provide unbiased recommendations on the strength and weakness of the AML/CFT/CPF 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

In 2024, Wema Bank made bold steps to further position itself as a top-tier service brand by delivering bespoke, technology-driven customer experiences across all service channels. Guided by our vision to exceed customer expectations by consistently creating a minimum of 4-star rated experiences for our customers across all channels, we integrated advanced technologies such as artificial intelligence and Robotic Process Automation (RPA) to optimize responsiveness and recovery when service interruptions occur.

Our customer experience initiatives were strategically aligned with the Central Bank of Nigeria's Consumer Protection Framework, ensuring that every interaction adheres to regulatory standards while prioritizing innovation and customer satisfaction.

Transformational Achievements in 2024

This year, Wema Bank's journey toward service excellence was marked by groundbreaking milestones. We achieved remarkable advancements in complaints management through innovative solutions and optimized processes.

We migrated our contact center infrastructure to Cloud, which enabled us to implement several AI-based capabilities as we leverage technology to improve speed & efficiency while interacting with customers and solving their problems. The number of dropped calls at the contact center was 6.7% at the end of 2024 which is more than a 100% improvement in 2023 – customers were able to reach us within 20 seconds of dialing our numbers.

Our BOTs were smoothly integrated with internal robotic processes to maximize the level of acceptance of our chatbots by customers (increased by 41% in 2024 compared to 2023) while the average response time by the BOTs was reduced to about 2 minutes. In all, across the Bank, complaint resolution within SLA improved to 88% which reduced customer/regulatory escalations by 38% as of December 31, 2024.

	Number of Compliants(N Million)		Total Amount Claimed (N Million)		Amount Refunded (N Million)	
Description	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Pending Complaints B/F	9,974	13,642	10,843	10,273	N/A	N/A
Received Complaints	783,461	617,941	17,964	11,828	17,515	11,258
Resolved Complaints	780,063	621,609	28,358	11,258	17,515	11,258
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	11,372	9,974	449	10,843	N/A	N/A

*The **table** above shows the total number of complaints and claims received at the end of the Financial Year 2024 compared to 2023.*

The improvement is not limited to the Contact Centre and complaints, we also improve the level of responsiveness through our centralized functions mainly in the Head Office leveraging technology, streamlined processes, and automation. The SLA compliance rate (the number of tasks/requests completed within SLA) for the support functions increased from 66.47% at the end of 2023 to 78.43% in December 2024.

Continuous Feedback Integration

Customer feedback remained integral to our growth strategy in 2024, and we actively sought insights through:

- Regular customer surveys and focus groups.
- One-on-one business review meetings with key stakeholders.
- Direct engagement via "Talk to Us" telephones in our branches.

Over 13,000 customers completed various surveys deployed by the Bank while over 56,000 customers used the 'Talk to Us' phone in the branches. 158,670 customers reached out to us through the contact center for various reasons not limited to complaints in 2024.

These insights extracted from our engagements with customers directly influenced product enhancements and process optimizations, ensuring that customer voices remained central to decision-making in Wema Bank.

Looking Ahead

As we close this year, Wema Bank is proud of its achievements in Customer Experience and Service delivery, and we hope to continue to redefine customer experience through engagement, innovation, personalization, and empathy by blending technology with a customer-first philosophy.

In 2025, our focus remains steadfast intelligent data-driven engagements, operational efficiency, and 5-Star rated experiences for our customers. With each interaction, we aim to build enduring trust and loyalty, ensuring that Wema Bank continues to lead as a beacon of exceptional Customer Experience.

Our goal is to become the No.1 Service Brand in Nigeria within the next 3 years.

Telephone:	**0-7000 PURPLE, 08039003700, 01-2777700**
Email:	purpleconnect@wemabank.com
SMS & WhatsApp:	07051112111
Live Chat:	www.wemabank.com
Letters	Customer Protection Unit Wema Bank Plc Wema Towers 54 Marina, Lagos
Ombudsman:	01-2779960, cpu@wemabank.com
Fraud Desk	01-2779836; Frauddesk@wemabank.com
Social Media	facebook.com/wemabankplc Instagram.com/wemabank Twitter.com/Wemabank

Conclusion:

The improvements made in complaint management in the Bank in 2023 reflect our unwavering dedication to customer-centricity. In all, our customers are happier, and the Bank's Net Promoter Score (NPS) is soaring to all-time high levels.

Chairman's Statement

Introduction

Distinguished Shareholders, Ladies and Gentlemen. It is with great pleasure that I welcome you all to our Annual General Meeting for the year ended December 31, 2024.
It is indeed an honor to address you today as the Chairman of the Board of Directors of Wema Bank.

The Bank will be 80 years old on the 2nd of May, 2025. This anniversary will be a time to reflect on our heritage and impact on staff, customers and the country over the last 8 decades. The gathering offers us an opportunity not only to reflect on the achievements of the past year but also the fact that we are the oldest surviving indigenous bank in the country which is a clear testament to the resilience and exceptional performance of our bank in the face of challenging market conditions.

Despite the global economic landscape being marked by significant challenges, including inflation, geopolitical tensions, supply chain disruptions, and conflicts, Wema Bank demonstrated strength and adaptability. The Nigerian economy also faced its own set of difficulties, including currency fluctuations, high inflation, and talent migration, which impacted businesses and individuals alike.

However, Wema Bank achieved strong growth throughout this period. By focusing on execution excellence and adapting to the evolving landscape, we emerged even stronger. It is encouraging to see the bank's continued progress across various areas.

Our innovative digital platform, ALAT, remains a key differentiator, maintaining its market leadership in the digital space with impressive performance. This achievement underscores our commitment to leveraging technology to drive growth, improve customer experience and enhance operational efficiency.

Operating Environment

The year 2024 remains marked by significant geopolitical challenges, with tensions such as the ongoing conflict in Eastern Europe and Middle East causing disruptions to supply chains and elevating energy costs. These challenges have created an unpredictable environment for global trade and investment, complicating long-term business planning.

In response to growing concerns about sustainability and climate change, businesses are increasingly adopting environmentally friendly practices and channeling resources into renewable energy. While this shift toward greener economies introduces risks to economic stability, it also fosters innovation and unlocks new growth opportunities.

Governments around the world are enacting stricter regulations related to data privacy, cybersecurity, and environmental standards. To avoid penalties and safeguard their reputations, companies must remain vigilant and proactive in meeting these regulatory requirements. Meanwhile, rapid technological advancements—such as artificial intelligence, automation, and digital transformation—are reshaping industries. Firms are investing in technology to enhance efficiency and competitiveness, although this transformation brings both opportunities and challenges as businesses strive to stay relevant in a dynamic environment.

The labor market is also evolving, with remote work, the gig economy, and demand for new skills reshaping workforce strategies. Organizations are focusing on attracting and retaining talent while addressing the increasing need for digital proficiency through training and development programs.

Globally, the economy is projected to grow modestly by around 2.4% in 2025. However, inflation continues to pose a significant challenge, driven by elevated food and energy prices. Central banks have responded with aggressive interest rate hikes to manage inflation, but these measures have also resulted in capital outflows from emerging markets.

Rising Geopolitical Tensions: Conflicts in Eastern Europe, particularly the Russia-Ukraine war, and unrest in the Middle East continue to generate uncertainty in global markets. These tensions disrupt vital supply chains, elevate energy prices, and dampen investor confidence, creating challenges for businesses and economies worldwide.

China's Economic Slowdown: China's economic growth in 2024 was forecasted to be the weakest since 1990, excluding the COVID-19 period. Sluggish domestic demand, declining exports, and structural challenges are contributing to this slowdown, with potential ripple effects on global trade, supply chains, and investment flows.

Financial Stress: High levels of public and private debt, coupled with financial instability, are raising alarm in several regions. Concerns about potential banking crises and heightened market volatility have created an environment of caution among investors and policymakers.

Trade Fragmentation: Rising protectionism and trade barriers, especially between major economies like the US and China, are disrupting established trade flows. These divisions weaken global economic cooperation, hinder innovation, and impose additional costs on businesses operating across borders.

Climate Change: The effects of climate change, such as extreme weather events, are causing disruptions in agriculture, infrastructure, and energy sectors. Simultaneously, the transition to greener economies poses adjustment challenges but also presents opportunities for innovation and sustainable growth.

Domestic Economy

The Nigerian economy displayed resilience and growth in 2024, overcoming significant challenges such as high inflation, exchange rate volatility, and the removal of subsidies. Despite these hurdles, the economy has shown notable strength and adaptability.

In the third quarter of 2024, GDP expanded by 3.46%, building on the 3.19% growth recorded in the second quarter and outpacing the 2.54% growth observed during the same period in 2023. These figures underscore the economy's ability to adapt and thrive amidst adversity.

The banking sector operated within a particularly challenging environment, navigating inflationary pressures that reached 34.6% in November 2024. To stabilize the economy, the Central Bank of Nigeria (CBN) implemented measures such as raising the Monetary Policy Rate (MPR) to 27.5% and increasing the Cash Reserve Ratio. While these actions were necessary to address inflation, they also led to tighter liquidity conditions in the interbank market.

Moreover, the banking industry faced substantial regulatory and market reforms, including adjustments in monetary policy, foreign exchange management, and capitalization requirements:

- Banking Sector Recapitalization: Banks were required to meet higher capital thresholds within two years, a move designed to enhance the sector's stability and resilience.
- Monetary Policy Adjustments: The CBN increased the MPR from 18.75% in January to 27.5% by November, aiming to control inflation, albeit at the cost of higher borrowing expenses for businesses and individuals.
- Foreign Exchange Reforms: Measures such as limiting banks' foreign currency holdings, introducing the Electronic Foreign Exchange Matching System (EFEMS) to improve transparency, and easing regulations for International Money Transfer Operators (IMTOs) were implemented to stabilize the

foreign exchange market and boost remittances.

- Liquidity Management: To address excess liquidity and curb inflationary pressures, the CBN raised the Cash Reserve Ratio and conducted proactive open market operations.

Despite a complex macroeconomic landscape, the banking sector has remained adaptive, demonstrating resilience in the face of economic uncertainties and ongoing reforms.

Financial Scorecard

The Bank continued to record improved performance, as Gross Earnings grew by 91.51% from N225.75 billion in FY 2023 to N432.34 billion in FY 2024. Profit before Tax (PBT) increased by 135.16% to N102.51 billion from N43.59 billion in FY 2023, and Profit After Tax (PAT) increased by 140.13% to N86.29 billion from N35.93 billion reported in FY 2023. The Bank grew its Total Deposits by 35.65% as of FY 2024 to N2,523.82 billion from N 1,860.57 billion reported in FY 2023.

Total Assets as of FY 2024 stood at N3,585.05billion, representing a 60.04% increase over the N2,240.06billion recorded in the corresponding year of 2023 and placing the Bank squarely above the N1 trillion mark—a milestone we surpassed in Q3 2021. Additionally, loans to customers rose by 49.94% to close FY 2024 at N1,201.21 billion from the 801.10 billion recorded in 2023.

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 91.51% year on year and earnings per share at 402.6kobo. The Bank's NPL closed at 3.86%, a reduction from FY 2023 position.

Our Strategic Focus

The bank closed out on its DD3 strategy last year and has launched a new Strategy to help propel the bank's cooperate ambition. The TTT strategy is a growth strategy structured to drive the attainment of the bank's enterprise aspirations. aimed at making sure the bank is a tier 1 bank in 3 years and a systemically important bank (SIB) in 5 years. As we start the second year of this journey, we reaffirm our commitment to making this dream a reality.

To meet the new CBN capital requirements, the bank will be raising N200bn in new capital as approved by the shareholders at the last Annual General meeting. This will be broken down into N150bn Rights Issue and N50bn in Special Placement.

Additionally, we remain committed to maintaining leadership in the digital banking space and enhancing our corporate and commercial presence on a global scale.

In summary, the bank remains committed to strengthening its position in the industry by:

1. Achieving full compliance with the new CBN capital requirements ahead of the April 2026 deadline.
2. Strengthening key financial performance indicators as we transition into a Systemically Important Bank (SIB).
3. Driving innovation and expanding our leadership in the digital banking space to deliver seamless customer experiences.
4. Enhancing operational efficiency and governance frameworks to sustain long-term growth and stability.
5. Expanding our corporate and commercial banking capabilities to better serve our clients locally and globally.

Our Achievements

Our performance over the past year highlights our resilience and adaptability as an organization. Despite operating in a highly constrained regulatory and economic environment, we achieved remarkable year-on-year growth across key performance metrics.

In alignment with our strategic goals, we successfully raised ₦40 billion, reflecting strong investor confidence in our institution and positioning us to meet the new CBN capital requirements. Furthermore, Wema Bank was certified as the No. 1 Great Place to Work in Nigeria, underscoring our unwavering commitment to staff welfare and fostering a progressive organizational culture.

ALAT, our flagship digital platform, continues to serve as a key growth driver and a hallmark of our innovation mindset. With the introduction of innovative features, including the ALAT Explore platform, we are poised for even greater growth and heightened performance in the coming year.

Additionally, we celebrated the successful graduation of participants from our Skillnovation Program, a partnership with the Federal Government of Nigeria aimed at equipping young talents with the technology skills and knowledge necessary to excel in today's dynamic business environment.

As a customer-centric organization, we remain committed to delivering exceptional service and innovative solutions. By prioritizing our customers' needs and leveraging digital advancements, we are well-positioned to achieve sustained growth and industry leadership in the year ahead.

Capital Raise Update

The Board of Directors of Wema Bank has initiated its approved Capital Management plan after the new directive by CBN and sequel to the approval of the shareholder at the AGM held in 2024. The plan includes the following:

1. To raise the sum of N150,000,000,000.00(One Hundred and Fifty Billion naira) through a Rights Issuance Program to meet the new CBN capital requirement.

2. To strengthen our capital position, by raising N50,000,000,000.00 (Fifty Billion Naira) through a Special Placement Program.

The capital raise through a Rights Issuance will commence in the first quarter of 2025 to raise an additional N200bn in fresh capital.

2025 Outlook

As we step into 2025, the Bank remains steadfast in its commitment to driving growth and achieving its strategic objectives. While the global economic outlook remains uncertain, the projected GDP growth rates of 4.2% for Sub-Saharan Africa and 3.2% for Nigeria in 2025 present opportunities for expansion and increased economic activity.

Nevertheless, we recognize the potential downside risks associated with these projections. Critical factors that could influence our progress include:

- Global Oil Market Volatility: Fluctuations in global oil prices that could impact Nigeria's fiscal revenues and overall economic performance.
- Insecurity: Ongoing security challenges in various regions, which may disrupt economic activities and hinder growth.
- High Inflation Rates: Persistent inflationary pressures that continue to erode consumer purchasing

power and increase operating costs for businesses.
- Workforce Dynamics: The ongoing brain drain and evolving global attitudes toward work, which may intensify workforce shortages and require adaptive workforce strategies.

Despite these challenges, the Bank remains resolute in its pursuit of innovative solutions to deliver exceptional customer experiences, drive superior returns, and empower our customers and communities. By leveraging cutting-edge products and services, we are well-positioned to navigate the evolving economic landscape and seize opportunities for sustainable growth in 2025.

On behalf of the Board of Directors, I extend our heartfelt gratitude for your unwavering support and loyalty.

Dr. (Mrs) Oluwayemisi Olorunshola
Chairman Board of Directors
FRC/2023/PRO/DIR/003/492710
10 March 2025

Managing Director/ CEO'S Statement

Dear Shareholders,

It is my honor to welcome you to our Annual General Meeting for the financial year ended December 31, 2024. Today, we are not only reflecting on a year of achievements but also celebrating Wema Bank's unwavering resilience, strategic innovation, and operational excellence in the face of challenges. Despite global inflationary pressures, geopolitical uncertainties, and supply chain disruptions, your bank has demonstrated remarkable adaptability, strength, and vision.

Guided by our commitment to excellence, we navigated the dynamic landscape of our industry with agility and foresight. A cornerstone of this success is our digital banking platform, ALAT, which continues to lead the way in creativity and innovation, solidifying its position as a market leader.

Our Strategic Focus

The Bank is in the second year of executing our enterprise strategy called Top Tier in Three (TTT). This roadmap aims to position Wema Bank among Nigeria's top-tier banks within three years. Entering the second year of this strategy, we remain resolute in our commitment to achieving these milestones.

In response to the new Central Bank of Nigeria's capital requirements for commercial banks, we are implementing our capital management plan to ensure that we meet the regulator's expectation by the end of FY 2025. We intend to open our program in Q2, 2025 and wrap up before yearend.

Our core focus will continue to be on delivering our banking mandate to the highest standard possible while delighting our customers with high quality service. Our digital play will also be sustained with the introduction of new products and services. We will also continue to expand our offerings in the corporate and commercial space.

Key areas of focus over the next 12 months will include:

- Achieving full compliance with the new CBN capital requirements ahead of the April 2026 deadline.
- Strengthening of key financial performance indicators as part of our growth ambitions.
- Utilization of the latest innovation in the digital banking space to enhance our leadership while delivering seamless customer experiences.
- Enhancing operational efficiency and governance frameworks to ensure sustainable growth.
- Expanding our corporate and commercial banking capabilities to serve clients locally and globally.

Our Achievements

This past year has underscored our resilience as we achieved notable growth across key performance metrics despite a constrained regulatory and economic environment. Some of the highlights include:

Capital Raise Success

We successfully raised ₦40 billion, reinforcing investor confidence and positioning us to meet the CBN capital requirements.

Recognition as No. 1 Great Place to Work

Wema Bank was certified as the best workplace in Nigeria, recognized for Innovation, Learning and Development, and as the best employer for Millennials. The launch of our Purple Crèche Initiative further demonstrated our commitment to fostering a family-friendly work environment.

Digital Innovation through ALAT

Our flagship platform, ALAT, continues to drive growth and innovation. With the introduction of new features such as ALAT Explore and ALAT Pay, we are poised for even greater success in the coming year.

Youth Empowerment through Skillnovation

We celebrated the graduation of participants from the Skillnovation Program, a joint initiative with the Federal Government of Nigeria aimed at equipping Nigeria's youth with the skills necessary to thrive in a digital economy.

Looking Ahead

As we step into 2025, we remain focused on delivering superior returns to our shareholders and exceptional service to our customers. We are energized by the opportunities that lie ahead and confident in our ability to meet and exceed expectations.

Your unwavering support continues to be the cornerstone of our success, and we are grateful to have you on this journey with us.
Thank you for your trust, confidence, and partnership as we chart the course for another year of growth and success.

Sincerely,

Moruf Oseni
Managing Director/CEO
FRC/2013/NIM/00000002114
10 March 2025

Directors' Report

The Directors are pleased to present their annual report, which outlines the operations of Wema Bank Plc and its Special Purpose Vehicle (SPV) (collectively referred to as "the Group"). This report includes the audited consolidated and separate financial statements, along with the independent auditor's report, for the financial year ended 31 December 2024.

a. Legal Form

The Bank was incorporated in Nigeria on May 2, 1945, as a private limited liability company under the Companies Act of 1922. It transitioned to a public company in April 1987. The Bank's shares, which are currently listed on the Nigerian Stock Exchange, were first quoted in February 1991. In January 2001, the Bank was granted a universal banking license by the Central Bank of Nigeria. As part of the banking sector consolidation, Wema Bank Plc acquired National Bank of Nigeria Plc. in December 2005. Today, the Bank operates as a commercial institution with national banking authorization under the Central Bank of Nigeria's updated licensing framework.

b. Principal Activity

The Bank's core activity is the provision of banking and financial services to both corporate and individual customers. These services include the issuance of loans and advances, corporate finance, and a wide range of other banking solutions.

The Bank also has a wholly owned subsidiary, Wema Bank Funding SPV Plc., established specifically to issue bonds for financing the Bank's working capital, improving liquidity, and strengthening its capital base.

Key highlights of the Bank's operating performance for the period under review are as follows:

In thousands of Nigerian Naira	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
Gross earnings	**433,434,006**	**226,914,538**	**432,337,943**	**225,746,689**
Profit on ordinary activities before taxation	102,517,170	43,663,929	102,508,749	43,591,327
Taxation	(16,237,349)	(7,674,962)	(16,222,574)	(7,658,955)
Profit on ordinary activities after taxation	86,279,821	35,988,967	86,286,175	35,932,372
Profit attributable to equity holders	86,279,821	35,988,967	86,286,175	35,932,372
Appropriation:				
Transfer to statutory reserve	12,942,926	5,389,856	12,942,926	5,389,856
Transfer from regulatory risk reserve	(3,124,336)	1,045,040	(3,124,336)	1,045,040
Transfer to retained earnings	76,461,231	29,554,071	76,467,584	29,497,476
Basic earnings per share	483.1	279.9	483.2	279.5

c. Proposed Dividend

The Board of Directors recommends the payment of a dividend from the current year's earnings, reflecting the Bank's strong performance, subject to approval at the Annual General Meeting. The dividend will be paid from the audited earnings for 2024, in accordance with regulatory guidelines, rather than from accumulated reserves. This payment aligns with the Bank's dividend policy and is intended to provide valuable support to our shareholders.

In accordance with the powers granted by Section 426 of the Companies and Allied Matters Act, 2020, the Directors propose a dividend of 100 kobo per share to be paid from the retained earnings as of December

31, 2024, in full compliance 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 Directors seek to pay dividend based on the justifications below:

- The Bank has largely complied with all the requirements outlined in the CBN circular on dividend payouts and is not in violation of any regulations.
- The proposed dividend payment will not adversely affect any of the Bank's key financial ratios.
- The dividend proposal has been thoroughly evaluated and ratified by the Board of Directors, following a comprehensive risk assessment and consideration of the current economic conditions.

Fraud and Forgeries

Item	Count
No. Of Cases	987
Amount Involved (N)	255,923,420.83
Actual loss (N)	29,448,647.30
Amount Involved ($)	200.00
Actual loss ($)	-

FRAUD TYPE/CHANNEL	AMOUNT INVOLVED (₦'000)	AMOUNT LOST BY THE BANK (₦'000)	AMOUNT INVOLVED ($)	AMOUNT LOST BY THE BANK ($)	PERCENTAGE OF LOSS TO AMOUNT INVOLVED	PERPETRATORS	
						INTERNAL %	EXTERNAL %
INTERNET FRAUD	61,366	8,462	-	-	13.79	0%	100%
MOBILE BANKING	22,711	5,696	-	-	25.08	0%	100%
POS	61,457	-	-	-	-	0%	100%
ATM	1,739	-	-	-	-	0%	100%
WEB	68,351	3,548	-	-	5.19	0%	100%
OPERATIONS & OTHERS	40,299	11,743	200		29.14	87%	13%
TOTAL	**255,923**	**29,449**	**200**	**-**	**11.51**	**14%**	**86%**

Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2024 is as stated below:

Share Range	Number Of Shareholders	Shareholders %	Number Of Holdings	Shareholding %
1-1,000	144,157	58.52	63,768,634	0.30
1,001-5,000	75,730	30.74	159,919,632	0.75
5,001-10,000	11,460	4.65	80,735,627	0.38
10,001-50,000	11,612	4.71	243,541,624	1.14
50,001-100,000	1,650	0.67	113,659,424	0.53
100,001-500,000	1,303	0.53	266,938,747	1.25
500,001-1,000,000	221	0.09	155,379,220	0.73
1,000,001-5,000,000	140	0.06	283,599,913	1.32
5,000,001-10,000,000	18	0.01	137,364,004	0.64
10,000,001- 500,000,000	29	0.01	3,273,336,020	15.27
500,000,001-1,000,000,000	6	0.00	4,430,649,749	20.67
1,000,000,000 and Above	5	0.00	12,221,285,531	57.03
TOTAL:-	**246,331**	**100.00**	**21,430,178,125**	**100.00**

The shareholding pattern of the Bank as at 31 December 2023 is as stated below:

Share Range	Number Of Shareholders	Shareholders %	Number Of Holdings	Shareholding %
1-1,000	143,131	58.57	63,556,063	0.49
1,001-5,000	75,608	30.94	159,532,968	1.42
5,001-10,000	11,337	4.64	79,693,668	0.62
10,001-50,000	11,336	4.64	237,161,344	1.84
50,001-100,000	1,529	0.63	104,697,367	0.81
100,001-500,000	1,091	0.45	227,721,143	1.77
500,001-1,000,000	181	0.07	127,322,852	0.99
1,000,001-5,000,000	114	0.05	245,733,115	1.91
5,000,001-10,000,000	10	0.00	77,477,913	0.60
10,000,001- 500,000,000	28	0.01	1,968,378,982	15.31
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:-	244,373	100.00	12,858,155,360	100.00

Shareholding Structure / Free Float Status as at 31st December 2024

Shareholding Structure / Free float Status		
Shareholders	**No of Ordinary Shares**	**% Holdings**
Strategic Shareholding	11,192,633,105	52.23
Directors Direct Shareholding	979,199,688	4.56
Government Shareholding	1,834,403,127	8.56
Free Float	7,423,942,205	34.65
Total	**21,430,178,125**	**100.00**

Strategic Shareholding

Name	Holding	
SW8 Invest Coy	3,659,582,311	17.08
Petrotrab Limited	1,475,960,576	6.89
Neemtree Limited	6,057,090,218	28.26
	11,192,633,105	**52.23**

Directors Shareholding	Holding	Holding %
Tunde Mabawonku	1,805,166	0.01%
Oluwole Albert Ajimisinmi	2,788,858	0.01%
Moruf Abiola Oseni	-	0.00%
Abolanle Matel-Okoh	972,669,052	4.54%
Olukayode Moriwiyu Bakare	933,434	0.00%
Ibiye Asime Ekong	-	0.00%
Olusegun Oluremi Adesegun	-	0.00%
Adeyemi Obalolu Adefarakan	-	0.00%
Oluwayemisi Christianah Olorunshola	3,178	0.00%
Yewande Zaccheaus	-	0.00%
Bolarin Folashade Okunowo	-	0.00%
Segun Opeke		0.00%
Yusuf Kazaure	1,000,000	0.00%
	979,199,688	**4.57%**

Government Shareholding

Oyo State	107,328,000	0.00
Ogun State	370,372,221	1.73
Osun State	370,938,888	1.73
Fountain	324,227,015	1.51
Odua Invest Coy	661,537,003	3.09
	1,834,403,127	**8.56**

Declaration:

Wema Bank Plc. with a free float of 34.65% as at 31st December, 2024 is compliant with the Nigerian Stock Exchange's free float requirements for companies listed on the Main Board.

Substantial Interests in Shares

According to the Register of Members, as at 31 December 2024, 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	6,057,090,218	28.26	Abolanle Matel-Okoh & Yewande Zaccheaus
2.	SW8 INVESTMENT LTD	3,659,582,311	17.08	Adeyemi Adefarakan
3.	PETROTRAB LIMITED	1,475,960,576	6.89	-
4.	ODU'A INVESTMENT COY.	1,834,403,127	8.56	Olusegun Adesegun

According to the Register of Members as at 31 December 2023, 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	3,632,682,768	28.25	Abolanle Matel-Okoh & Yewande Zaccheaus
2.	SW8 INVESTMENT LTD	1,915,272,289	14.90	Adeyemi Adefarakan
3.	PETROTRAB LIMITED	1,098,626,666	8.54	-
4.	ODU'A INVESTMENT COY.	1,035,953,710	8.06	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:

DIRECTORS	Direct Holdings in 2024	Indirect Holdings in 2024	Direct Holdings in 2023	Indirect Holdings in 2023
Oluwole Ajimisinmi	2,788,858	-	2,056,998	-
Moruf Oseni	-	-	-	-
Abolanle Matel-Okoh	972,669,052	6,057,090,218	583,333,333	3,632,682,768
Oluwole Akinleye**	336,283	-	336,283	-
Ibiye Ekong	-	-	-	-
Olusegun Adesegun	-	1,834,403,127	-	1,035,953,710
Adeyemi Adefarakan	-	3,659,582,311	-	1,915, 272,289
Oluwayemisi Olorunshola	3,178	-	-	-
Bolarin Okunowo	-	-	-	-
Yewande Zaccheaus	-	6,057,090,218	-	3,632,682,768
Tunde Mabawonku	1,805,166	-	868,333	-
Segun Opeke*	-	-	-	-
Yusuf Kazaure*	1,000,000	-	1,000,000	-
Olukayode Moriwiyu Bakare*	933,434	-	-	-

**Segun Opeke joined the Board February 2024*
**Yusuf Kazaure joined the Board February 2024*

*** Oluwole Akinleye retired the Board November 2024*
**Olukayode Bakare joined the December 2024*

- 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
- Yewande Zaccheaus has indirect holdings with Neemtree Limited

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 consolidated and separate financial statements. In the Directors' opinion, the net realizable value of the Group's properties is not less than the carrying value in the consolidated and separate financial statements.

Donations

The Bank made contributions to charitable and non-political organizations amounting to N1,274m during the year (N395.13m 31 December 2023) as listed below:

DONATION AND CHARITABLE GIFTS 2024	N
NAIJA BRAND CHICK TRADE FAIR	489,000,000
PRESIDENCY MSME AWARDS	58,039,250
LAGOS STATE SECURITY TRSUT FUND	47,500,000
NIGERIA PHILANTHROPY OFFICE	42,500,000
FINANCE LITERACY	35,886,583
FINTECH EXHIBITION SPONSORSHIP	24,434,950
AROUND NIGERIA IN 30 DAYS TOURISM	20,000,000
EKITI STATE INNOVATION SUMMIT	20,000,000
AFRICA SUSTAINABLE TRADE WEEK EXPO	19,032,784
IBADAN - OYO STATE BOMB BLAST INC SUPPORT	15,000,000
SUPPORT TO MINISTRY OF YOUTH	14,124,000
ST. MARY HOSPITAL	10,000,000
SHORE PROTECTION AT PORTHARCOURT GOLD CLUB	10,000,000
ECOWAS FEBWE FAIR	10,000,000
IKEJA GOLF CLUB	9,245,000
JOINT STUDY TOUR IRO DIGITIS	7,500,000
THE NIGERIA-AMERICA CREATIVE INDUSTRY	7,500,000
IKOYI PASSPORT OFFICE	6,723,250
ANNUAL BANKERS COMMITTE RETREAT SUPPORT	5,292,743
AFRICA GAMING EXPO	10,000,000
LAGOS COUNTRY CLUB	5,000,000
NIGERIA CLIMATE CHANGE FORUM	5,000,000
TOTAL SCHOOL SUPPORT SEMINAR/EXHIBITION	5,000,000
LIONS INTERNATIONAL DISTRICT GOVERNORS PRESE	5,000,000
INTERNATIONAL COACHING EXPO	5,000,000
CIBN 2024 INVESTITURE FELLOWSHIP	5,000,000
AKARIGBO GOLF TOURNAMENT	5,000,000
ENUGU STATE ANNUAL UNITY CHISTMAS	5,000,000
LAGOS BUSINESS SCHOOL REUNION	4,000,000
THE FASU GAMES IN UNILAG	3,805,500
LEAVE NO ONE BEHND INITIATIVE	3,500,000
6TH NIGERIAN NATIONAL COOPERATIVES AWARD	3,000,000
DECLUTTER AND DONATE 7.0 -FOOD ITEMS FOR FLOOR VICTIMS	2,585,000
ADEOLA AZEEZ COMMUNITY CARE FOUNDATION	2,500,000
AACCF-AGRITECH WOMEN EMPOWERMENT PROGRAMME	2,500,000
NATIONAL DIASPORA DAY	2,500,000
SUPPORT FOR WEB&APP DEVELOPMENT TRAINING PROGRAM	2,500,000
SMILE 2024 INTERNATIONAL YOUTH LEADERSHIP	2,500,000
MOWA PARTNERSHIP-RENOVATION OF KANO SKILL ACQUISITION CENTRE	2,490,000
AFRICAN DIASPORA NETWORK	2,000,000
ASSOCIATION OF NIGERIAN BARBERS	2,000,000
OTHERS	336,172,645
TOTAL DONATIONS	**1,273,831,705**

Donation And Charitable Gift 2023	N
Oyo State Business Summit Support	30,000,000.00
Endownment Prize And Start-up Grant For Hackaholics 4.0 Participants	26,000,000.00
Support To Bankers Committee Iro 2023 Budget	21,647,357.20
Donation To Widows And Orphans Hope Project	10,000,000.00
Chartered Institute Of Bankers (cibn) 60th Anniversary Support	8,000,000.00
Support For Chartered Risk Management Institute (crmi) Of Nig 22nd Annual Int'l Conference	5,000,000.00
Donation To Lebanese Ladies Society's 2023 Fund-raising	5,000,000.00
Support For Nigerian Medical Association Lagos Agm 2023	3,850,000.00
Support For 2023 Psrg-richardson Health, Safety, Security And Environment (hsse) Forum	3,000,000.00
Donation Of Laptops & Docking Stations To Diamed Center Limited	8,420,000.00
Support For Westernpost's Capacity Building Workshop	5,000,000.00
Support For Sporting Lagos Fc 22/23 Season	5,000,000.00
Support For Stem Girls Project Calabar	2,500,000.00
Support To Mobihealthcare For Free Breast Screening For Customers In Lagos & Ph	2,000,000.00
UNFCCC Cop28 Partnership With Natural Eco Capital Ltd	2,000,000.00
Support For AS+A Communications Pr/csr Forum Exhibition	1,000,000.00
Support Of Yellow Cowries Financial Literacy Competition	250,000.00
Others	256,461,191.38
Total Donations	**395,128,548.58**

Shareholder’s Bulletin

Share Capital History Issued & Paid -up

Year	Authorised		Issued Share Capital (Increase)	Description	Total Issued Share Capital	
	No. of Shares	Amount N	No. of Shares		No. of Shares	Amount N
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
2024			8,572,022,765	Right Issue: 2 for 3	21,430,178,125	10,715,089,063

Remuneration Policy

Mandate & Terms of Reference

The Remuneration Policy has been developed by the Remuneration, Nomination & Governance Committee of the Board of Directors ("the Board") of the Bank. The Committee operates in accordance with various Corporate Governance Codes to ensure compliance and best practices.

Objectives

This Policy outlines the criteria and procedures for determining the remuneration levels of the Bank’s Directors, as well as the frequency of its review. It also defines the process for assessing Directors' compensation and rewards based on both 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 will be determined based on each director's role, taking into account factors such as their responsibilities, skills, experience, job complexity, performance, and the specific needs of the Bank at the relevant time.

Performance-Based Remuneration

The Remuneration, 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 determined by the Board, based on recommendations from Executive Management, and is subject to approval by Shareholders at the General Meeting. However, the fees, allowances, or other incentives linked to corporate performance paid to Non-Executive Directors are structured to ensure they do not compromise their independence.

The components of Non-Executive Directors' fees include: an Annual Fee, Sitting Allowance, and Reimbursable Expenses incurred in the performance of their duties for the Bank. Directors' annual fees are paid in arrears. For 2023, the annual fee was N20,000,000.00 (Twenty Million Naira only) for the Chairman and N18,000,000.00 (Eighteen Million Naira only) for other Non-Executive Directors, gross per annum. The proposed annual fee for 2024, which remains at the 2023 level, will be presented for approval at the 2024 Annual General Meeting.

The sitting allowance for each meeting attended is N500,000.00 (Five Hundred Thousand Naira only) for each of the Non-Executive Directors and N600,000.00 (Six Hundred Thousand Naira only) for the Chairman.

Human Capital Management

As Nigeria's leading innovative financial institution, Wema Bank is steadfast in its commitment to fostering an empowering and supportive work environment for all employees. The bank continuously enhances its core Human Resources (HR) functions—spanning talent acquisition, learning and development, compensation, benefits, and performance management. These initiatives transform HR processes into strategic opportunities that drive engagement, productivity, and holistic employee support. Our goal is clear: to cultivate a workforce that thrives personally and professionally while delivering optimal business outcomes.

The Human Capital Management (HCM) Department is instrumental in executing these strategic HR functions. This report highlights the key initiatives spearheaded by the HCM Department in 2024, all designed to strengthen, develop, and empower our workforce. These efforts reinforce Wema Bank's commitment to employee success, ensuring alignment with organizational goals and solidifying our position as a leader in employee experience and development.

LEARNING AND DEVELOPMENT

a. **Management Development Programs**
The Purple Academy has continuously delivered innovative, impactful learning initiatives that directly support the bank's strategic goals. In 2024, we introduced the Individual Development Plan (IDP) and Performance Tracker, tools that align learning directly with strategy, competencies, and measurable performance outcomes. These tools have driven significant performance improvements across business units. We also launched targeted Performance Improvement Programs, enabling employees to achieve better results.

b. **New Hire Onboarding and Integration**
We enhanced our onboarding process to ensure new hires are aligned with the bank's values and objectives from day one. The approval of the Diversity, Equity, and Inclusion (DEI) Charter institutionalized inclusivity as a core principle of our culture. The Workforce Assimilation Program (WAP) seamlessly integrated new employees into our organization, while expanded mentoring programs provided the support needed for their professional growth and cultural alignment.

c. **Banker's-in-Training Program: Shaping the Future Workforce**
The Bankers-in-Training (BIT) program under the Foundation School has been further enhanced with immersive boot camps and On-the-Job (OJT) training, establishing a strong pipeline of early-career professionals. BIT Alumni Programs were introduced, ensuring continuous engagement through mentorship and development opportunities.

d. **Banking School and Strategic Partnerships**
We strengthened the connection between training and performance outcomes by integrating the Performance Tracker into our Banking School. The Operations Culture Drive was implemented to align operational practices with our strategic and cultural goals. We also partnered with the Customer Experience Team to host the Customer Experience Conference, which reinforced our commitment to delivering exceptional customer service. Furthermore, we continued supporting the Associate Chartered Institute of Bankers (ACIB) and Management Development Programs (MDP), with candidates set to complete their ACIB qualifications by year-end.

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TALENT NURTURING

a. Succession Planning and Talent Mapping
We have identified critical roles within the bank and mapped potential successors in both the short and long term. Additionally, an external talent mapping process has been completed, pinpointing potential industry leaders who can fill role gaps and ensure business continuity.

b. Bench Strength and 2IC Plans
We have ensured that 86% of line managers across the bank have suitable backups in place, ensuring staffing stability and a seamless transition when required.

c. Leadership Development
Our Management Development Program (MDP) and personalized Coaching Program have significantly prepared high-potential employees for leadership roles, ensuring that leadership behaviors align with the bank's vision

d. ALAT Summer Internship
The ALAT Summer Internship 2.0 program offered undergraduates valuable work experience and mentorship, providing them with insights into the bank's culture and preparing them for future roles. We are focused on building a strong talent community, particularly for tech and marketing roles.

EMPLOYEE ENGAGEMENT

a. Wemalympics 2024 – Family Fun Day
Wemalympics 2024 exemplified teamwork, camaraderie, and the vibrant spirit of our employees. The event not only fostered collaboration and strengthened bonds but also promoted employee well-being, showcasing our core values of partnership and play.

b. Nigeria Bankers' Games
We triumphed at the Nigeria Bankers' Games 2024 as the overall winner of the games, securing 18 medals (10 gold, 6 silver, 2 bronze). This achievement reinforced Wema Bank's reputation as a dominant force in the banking sector.

c. International Women's Day & International Men's Day
We celebrated International Women's Day and International Men's Day by organizing impactful webinars, workshops, and outreach events, empowering both women and men in the workplace.

d. Employee Appreciation Day
Our Employee Appreciation Day recognized and honored the dedication of our employees, celebrating their contributions and reinforcing our commitment to valuing their hard work.

EMPLOYEE HEALTH AND WELLNESS

a. Annual Medical Check-Up Drive
We prioritized employee wellness by ensuring that 82% of employees participated in our annual medical check-up drive, reflecting our commitment to a healthy, safe work environment.

b. On-Site Clinic
Wema Bank launched an on-site clinic at the Head Office, providing immediate healthcare services including general consultations, first aid, and health screenings.

c. Health Awareness Initiatives
We supported global health awareness campaigns by observing World Hepatitis Day, World Breast Cancer Awareness Month, and International Mental Health Awareness Week. We provided free testing, screenings, and expert-led webinars to promote employee well-being.

d. Back-To-Work Mom Initiative
This program supports mothers rejoining the workforce after maternity leave, ensuring a smooth transition with necessary resources and recognition of their contributions both at home and in the workplace.

BRAND REPRESENTATION AND RECOGNITION

a. Great Place to Work Awards 2024
Wema Bank was ranked as the No. 1 Best Workplace in Nigeria by the prestigious Great Place to Work rankings in 2024. Additionally, we earned recognition as Best in Promoting Culture of Innovation by All and Best in Delivery of Learning and Development Practice further solidifying our position as a leader in employee experience.

CONCLUSION

In 2024, Wema Bank executed transformative initiatives within Human Capital Management, achieving significant progress in employee development, engagement, and organizational growth. These accomplishments reinforce our commitment to a high-performing workforce and establish us as an industry leader.
Looking forward, we are fully focused on delivering even greater impact. We will continue equipping our employees with the necessary resources, tools, and opportunities to excel, ensuring both personal and professional growth. Our unwavering commitment to empowering our workforce is the foundation for sustained excellence, innovation, and alignment with the bank's long-term goals.

Employee Gender Analysis

The number and percentage of women in the bank during the 2024 financial year vis-a-vis the total workforce is as follows:

	M	F	TOTAL	M	F
Employee - Bank	**1292**	**1050**	**2342**	**55%**	**45%**
Board & Top Management					
Assistant General Manager	13	5	**18**	**72%**	**28%**
Deputy General Manager	7	2	**9**	**78%**	**22%**
General Manager	3	1	**4**	**75%**	**25%**
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	3	5*	**8**	**38%**	**63%**
TOTAL	31	13	**44**	**70%**	**30%**

* *The number is inclusive of the Chairman*

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:

Greenwich 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

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

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 2779786

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 Professional 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.

By Order of The Board

Johnson Lebile
FRC/2018/NBA/00000019017
Company Secretary Wema Towers
54 Marina Lagos
10 March 2025

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:That we have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the cooperation and support of Management and Staff in the conduct of these responsibilities. Therefore, we are of the opinion that

- The accounting and reporting policies of the Group are in alignment with legal requirements and agreed ethical practices.
- that the scope and planning of both the external and internal audits for the year ended 31 December 2024 were satisfactory and reinforce the Group's internal control systems.
- We have deliberated with the External Auditors of the Bank, who have confirmed that necessary co-operation was received from Management in the course of their audit, and we are satisfied with Management’s response to the External Auditor’s recommendations on accounting and internal control matters.
- 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 consolidated and separate financial statements of Banks”. We hereby confirm that an aggregate loan amount of N0.097billion (31 December 2023: N0.66billion) was outstanding as at 31 December 2024 of which Nil(31 December 2023: Nil) was non-performing.

Anosikeh Joe Ogbonna
FRC/ 2014/PRO/DIR/003/00000008836
Chairman, Audit Committee
10 March 2025

Members of the Audit Committee are:

Mr. Anosikeh Joe Ogbonna	Shareholder (Chairman)
Mrs. Esther Osijo	Member
Mrs. Bolarin Okunowo	Member
Prof. Samuel Awobode	Member
Mrs. Yewande Zaccheaus	Member

In attendance:

Johnson Lebile	Company Secretary/General Counsel

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 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 2024, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 (Amendment) Act 2023.

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 Accounting Standards 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.

Dr. (Mrs) Oluwayemisi Olorunshola
Chairman
FRC/2023/PRO/DIR/003/492710
10 March 2025

Moruf Oseni
Managing Director/CEO
FRC/2013/NIM/00000002114
10 March 2025

Statement of Corporate Responsibility
for the Financial Statements for the year ended 31 December 2024

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 controlsare 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 2024** were approved by the directors on **10 March 2024**.

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Bunmi Oladosu
Chief Financial Officer
FRC/2013/ICAN/00000002098
10 March 2025

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Moruf Oseni
Managing Director/CEO
FRC/2013/NIM/00000002114
10 March 2025

Certification Pursuant to Section 60 of the Investment and Securities Act, 2007

I, Moruf Oseni, certify that:

a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of December 31, 2024 of Wema Bank Plc ("the Bank") (and its subsidiary (together "the Group");

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Bank as of, and for, the periods presented in this report;

d) The Group's other certifying officer and I:

1) are responsible for establishing and maintaining internal controls;

2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;

4) have evaluated the effectiveness of the Group's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Group's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and the audit committee :

1) All significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Group's ability to record, process, summarize and report financial information; and

2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal control system.

f) The Group's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.

Moruf Oseni
Managing Director/CEO
FRC/2013/NIM/00000002114
10 March 2025

Certification Pursuant to Section 60 of the Investment and Securities Act, 2007

I, Bunmi Oladosu, certify that:

a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of December 31, 2024 of Wema Bank Plc ("the Bank") and its subsidiary (together "the Group");

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The Group's other certifying officer and I:

1) are responsible for establishing and maintaining internal controls;

2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;

4) have evaluated the effectiveness of the Group's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Group's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and the audit committee :

1) All significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Group's ability to record, process, summarize and report financial information; and

2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the the Group's internal control system.

f) The Group's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.

Bunmi Oladosu
Chief Financial Officer
FRC/2013/ICAN/00000002098
10 March 2025

Management Report on the Effectiveness of Internal Control over Financial Reporting as of December 31, 2024

The management of Wema Bank Plc is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Investment and Securities Act 2007 and the Financial Reporting Council (Amendment) Act, 2023.

The management of Wema Bank Plc assessed the effectiveness of our internal control over financial reporting as of December 31, 2024 using the criteria set forth in Internal Control—2013 Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007.

As of December 31, 2024, the management Wema Bank Plc did not identify any material weakness in its assessment of internal control over financial reporting.

As a result, management has concluded that, as of December 31, 2024, the Group's internal control over financial reporting was effective.

The Bank's independent auditor, KPMG Professional Services, who audited the consolidated and separate financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Group's internal control over financial reporting as of December 31, 2024 based on the limited assurance engagement performed by them. KPMG Professional Services' limited assurance report is also included in this Annual Report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Group's internal control over financial reporting.

Bunmi Oladosu
Chief Financial Officer
FRC/2013/ICAN/00000002098
10 March 2025

Moruf Oseni
Managing Director/CEO
FRC/2013/NIM/00000002114
10 March 2025

CORPORATE SERVICES LIMITED

10th March 2025

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 2024

DCSL Corporate Services Limited (DCSL) was engaged by Wema Bank Plc ("Wema Bank", "the Bank") to conduct a performance evaluation of the Board of Directors and a Corporate Governance Audit for the year ended 31st December 2024. This assessment was carried out in accordance with the provisions of the Central Bank of Nigeria Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria 2023 (CBN Guidelines), Nigerian Code of Corporate Governance 2018 (NCCG), the Securities and Exchange Commission Corporate Governance Guidelines 2020 (SCGG), the Companies and Allied Matters Act 2020 (CAMA), as well as global best practices.

The evaluation involved a review of the Bank's corporate and statutory documents, Minutes of Board and Committee meetings, policies, and other relevant materials provided to us. Additionally, we administered questionnaires to Directors to assess compliance with corporate governance principles and evaluate Board performance. The Bank's corporate governance structure, policies, and processes were benchmarked against the above-mentioned regulations and best practices, focusing on the following seven (7) corporate governance themes:

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

Our review indicates that the Board continues to uphold strong corporate governance practices, demonstrating adherence to the principles enshrined in the CBN Guidelines, NCCG, the SCGG and globally recognized best practices.

We have highlighted the few areas for improvement and provided recommendations for implementation. Details of our key findings and recommendations are contained in our detailed Reports.

Yours faithfully,
For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director - FRC/2013/NBA/00000002716

Directors: Abel O. Ajayi (Chairman) ~ Bisi Adeyemi (Managing Director) ~ Adeniyi Obe ~ Dr Anino Emuwa ~ Lekan Belo ~ Anne Agbo (Executive Director)

DCSL Head Office
235 Ikorodu Road, Ilupeju
P. O. Box 965, Marina, Lagos
Tel: +234 (1) 271 7816-7/(0)809 038 1864

Abuja Office
Suite A05, The Statement Hotels
Plot 1002, 1st Avenue, Off Shehu Shagari Way
Central Business District, Abuja, Nigeria

RC NO: 352393
info@dcsl.com.ng
www.dcsl.com.ng

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

Independent Auditor's Limited Assurance Report

To the Shareholders of Wema Bank Plc

Report on Limited Assurance Engagement Performed on Management's Assessment of Internal Control Over Financial Reporting

Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of Wema Bank Plc ("the Bank") and its subsidiary (together "the Group") as of 31 December 2024 is effective in accordance with the criteria established by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's internal control over financial reporting as of 31 December 2024 is not effective, in all material respects, in accordance with the criteria established in the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants *(including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Other matter

We have audited the consolidated and separate financial statements of Wema Bank Plc in accordance with the International Standards on Auditing, and our report dated *28 March 2025* expressed an unmodified opinion of those consolidated and separate financial statements.

Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

The Board of Directors of Wema Bank Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting. Our responsibility is to express a conclusion on the Group's internal control over financial reporting based on our assurance engagement.

Our responsibilities

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Group's internal control over financial reporting based on our assurance engagement.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control Over Financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
28 March 2025
Lagos, Nigeria

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

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 2024;
- 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 material 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 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, 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 consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

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

The key audit matter

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; and
- the incorporation of forward-looking information related to the expected outlook on the country's gross domestic product, inflation rate and price of crude oil used in determining the expected credit losses in the loans and advances portfolio.

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, makes the ECL on loans and advances to customers a matter of significance to the audit.

How the matter was addressed in our audit

Our audit procedures in this area includes, among others:

- 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 impairment 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;
- Assessed 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 Notes 3J(ii), disclosure on judgments and estimates (Notes 2d) 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 the About Wema Bank, Corporate Governance, Sustainability Report, Innovation Report, Wema Bank Compliance Risk Framework, Chairman's Statement, Directors' Report, Customer Complaints Management and Feeback, Report of the Audit Committee, Statement of Directors' Responsibilities for the preparation and approval of the Consolidated and Separate Financial Statements for the year ended 31 December 2024, Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements, Management's Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024, Certification Pursuant to Section 60 of the Investments and Securities Act, 2007, Report of the External Consultant on the Performance Evaluation of the Board of Directors and Corporate Governance Audit of Wema Bank Plc for the year ended 31 December 2024 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 and will 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 idenftified 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 misstatement 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 Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria (Amendment)

Act, 2023, 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 the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group 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 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.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 the 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 the 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 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 a penalty of N2 million in respect of contravention of CBN net open position limit during the year ended 31 December 2024 as 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.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Group's internal control over financial reporting as of December 31, 2024. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 28 March 2025. This report is included in the annual report.

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
28 March 2025
Lagos, Nigeria

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

		Group		Bank	
In thousands of Nigerian Naira	**Notes**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Interest income	7	354,633,103	185,643,309	353,537,040	184,475,460
Interest expense		(177,569,260)	(93,922,252)	(176,496,617)	(92,852,911)
Net interest income	7	**177,063,843**	**91,721,057**	**177,040,423**	**91,622,549**
Net impairment loss on financial assets	11	(21,649,883)	(10,563,367)	(21,649,883)	(10,563,367)
Net interest income after impairment charge for credit losses		**155,413,960**	**81,157,690**	**155,390,540**	**81,059,182**
Net gain on FVTPL investment securities		2,497,076	229	2,497,076	229
Net fee and commission income	8	55,576,183	24,961,757	55,576,183	24,961,757
Net trading income	9	3,440,533	822,485	3,440,533	822,485
Other income	10	17,287,111	15,486,758	17,287,111	15,486,758
		78,800,903	41,271,229	78,800,903	41,271,229
Operating income		**234,214,863**	**122,428,919**	**234,191,443**	**122,330,411**
Personnel expenses	12	(45,475,369)	(26,755,149)	(45,475,369)	(26,755,149)
Depreciation and amortization	13b	(8,740,108)	(6,122,218)	(8,740,108)	(6,122,218)
Other operating expenses	13a	(77,482,216)	(45,887,623)	(77,467,218)	(45,861,717)
Profit before minimum taxation		**102,517,170**	**43,663,929**	**102,508,748**	**43,591,327**
Minimum Tax	24	-	(1,142,960)	-	(1,127,681)
Profit before taxation		**102,517,170**	**42,520,969**	**102,508,748**	**42,463,646**
Income tax expense	24	(16,237,349)	(6,532,002)	(16,222,574)	(6,531,274)
Profit for the year		**86,279,821**	**35,988,967**	**86,286,174**	**35,932,372**
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		1,477,902	3,674,204	1,477,902	3,674,204
		1,477,902	3,674,204	1,477,902	3,674,204
Items that will be subsequently reclassified to profit or Loss					
Net change in fair value of debt investments FVOCI		-	(1,424)	-	(1,424)
Accumulated fair value gain/(loss) on debt instrument disposed (net of tax) during the year		-	(48,532)	-	(48,532)
Other comprehensive income for the year		1,477,902	3,624,248	1,477,902	3,624,248
Total comprehensive income for the year		**87,757,723**	**39,613,215**	**87,764,076**	**39,556,620**
Profit attributable to:					
Equity holders of the Bank		86,279,821	35,988,967	86,286,174	35,932,372
Total comprehensive income for the year		87,757,723	39,613,215	87,764,076	39,556,620
Earnings per share-basic/diluted (kobo)	14	483.1	279.9	483.2	279.5

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 year ended 31 December, 2024

Statement of financial Position as at:

		Group		**Bank**	
In thousands of Nigerian Naira	**Notes**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Cash and cash equivalents	15	278,924,625	220,233,575	278,919,920	220,206,835
Restricted Deposit with CBN	15b	838,595,007	503,320,833	838,595,007	503,320,833
Pledged assets	16	307,235,855	35,216,689	307,235,855	35,216,689
Investment securities:					
Fair value through other comprehensive income	17a	14,756,031	13,354,669	14,756,031	13,354,669
Fair Value through profit or loss	17b	45,455,938	4,669	45,455,938	4,669
Held at amortised cost	17c	840,020,678	614,892,883	831,849,884	606,743,512
Wema funding SPV Plc	17d	-	-	1,000	1,000
Loans and advances to customers	18	1,201,209,319	801,103,117	1,201,209,319	801,103,117
Property and equipment	19	48,322,246	35,762,897	48,322,246	35,762,897
Intangible assets	20	4,098,343	2,988,602	4,098,343	2,988,602
Deferred tax assets	21	472,076	7,105,000	472,076	7,105,000
Other assets	22	12,967,801	13,001,896	12,967,801	13,001,896
Right of Use Assets	27	1,170,067	1,254,787	1,170,067	1,254,787
Total Assets		**3,593,227,986**	**2,248,239,617**	**3,585,053,487**	**2,240,064,506**
Deposits from banks	23	258,500,000	20,863,530	258,500,000	20,863,530
Deposits from customers	23	2,523,815,263	1,860,573,537	2,523,815,263	1,860,573,537
Current tax liabilities	24	9,604,424	1,796,732	9,589,649	1,780,725
Other liabilities	25a	431,868,351	142,585,099	431,853,354	142,575,102
Provisions	25b	3,150,527	2,609,348	3,150,527	2,609,348
Other borrowed funds	26	109,868,074	80,466,750	101,693,813	72,294,463
Lease Liabilities	27	-	45,952	-	45,952
Total Liabilities		3,336,806,639	2,108,940,948	3,328,602,606	2,100,742,657
Equity					
Share capital	28	10,715,089	6,429,078	10,715,089	6,429,078
Share premium	28	56,430,821	8,698,230	56,430,821	8,698,230
Regulatory risk reserve	28	10,503,742	13,628,078	10,503,742	13,628,078
Retained earnings	28	103,251,267	36,585,528	103,280,800	36,608,707
Additional Tier 1 capital	28	21,000,000	21,000,000	21,000,000	21,000,000
Other reserves	28	54,520,428	52,957,755	54,520,429	52,957,756
Equity attributable to equity holders of the bank		**256,421,347**	**139,298,669**	**256,450,881**	**139,321,849**
Total liabilities and equity		**3,593,227,986**	**2,248,239,617**	**3,585,053,487**	**2,240,064,506**

The consolidated and separate financial statements were authorized for issue by the directors on 10th of March 2025 and signed on its behalf by:

Dr. (Mrs) Oluwayemisi Olorunshola
Chairman
FRC/2023/PRO/DIR/003/492710
March 10, 2025

Moruf Oseni
Managing Director/CEO
FRC/2013/NIM/00000002114
March 10, 2025

Bunmi Oladosu
Chief Financial Officer
FRC/2013/ICAN/00000002098
March 10, 2025

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

Consolidated Statement of Changes in Equity

Group

In thousands of Nigerian naira (000s)

2024	Share Capital	Share Reserve	Share premium	At-1 Tier 1 Capital	Credit Risk Reserve	Regulatory risk reserve	Statutory reserve	SMEIS reserve	Fair value reserves	Retained earnings	Total equity
Balance at 1 January 2024	**6,429,078**	**12,858,155**	**8,698,230**	**21,000,000**	-	**13,628,078**	**24,726,903**	**1,910,120**	**13,462,577**	**36,585,528**	**139,298,669**
Profit or loss	-	-	-	-	-	-	-	-	-	86,279,821	**86,279,821**
Other comprehensive income											
Debt instruments at FVOCI - reclassified to profit or loss											
Net change in fair value financial instrument FVTOCI	-	-	-			-	-	-	1,477,902	-	1,477,902
Transfer within equity:											
Transfer to share premium	-	**(12,858,155)**	**12,858,155**	-	-	-	-	-	-	-	**-**
Regulatory risk reserve	-	-	-	-	-	(3,124,336)		-	-	3,124,336	
Transfer to statutory reserve	-	-	-	-	-	-	12,942,926	-	-	(12,942,926)	**-**
	6,429,078	-	21,556,385	21,000,000	**-**	**10,503,742**	**37,669,829**	**1,910,120**	**14,940,479**	**113,046,759**	**227,056,392**
Transactions with owners, recorded directly in equity											
Dividend Payout										(6,429,078)	**(6,429,078)**
AT1 capital Charge	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	(3,366,414)	**(3,366,414)**
Right Issue	4,286,011		34,874,436								**39,160,447**
	4,286,011		34,874,436							(9,795,492)	**29,364,955**
Balance as at 31 December 2024	**10,715,089**		**56,430,821**	**21,000,000**	**-**	**10,503,742**	**37,669,829**	**1,910,120**	**14,940,479**	**103,251,267**	**256,421,347**
2023											
Balance at 1 January 2023	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**
Profit or loss	-	-	-			-	-	-	-	35,988,967	**35,988,967**
Other comprehensive income											
Debt instrument at FVTOCI - Reclassified to profit or loss									(48,532)		(48,532)
Net changes in Fair value financial instrument FVTOCI	-	-	-		-	-	-	-	3,672,780	-	**3,672,780**
Transfer within equity											
SMEIS Charge			-	-	-	-	-	560,701		(560,701)	
Regulatory risk reserve	-	-	-	-	-	1,045,040	-	-	-	(1,045,040)	-
Credit risk reserve	-	-	-		(781,612)	781,612	-	-	-	-	
Transfer to statutory reserves							5,389,856			(5,389,856)	-
	6,429,078	**12,858,155**	**8,698,230**		**-**	**13,628,078**	**24,726,903**	**1,910,120**	**13,462,577**	**40,442,975**	**122,156,117**
Transactions with owners, recorded directly in equity				-							
Dividend Payout				-						(3,857,447)	**(3,857,447)**
Additional Tier 1 Capital Issued				21,000,000						-	**21,000,000**
				-							
Balance at 31 December 2023	**6,429,078**	**12,858,155**	**8,698,230**	**21,000,000**	**-**	**13,628,078**	**24,726,903**	**1,910,120**	**13,462,577**	**36,585,528**	**139,298,669**

Separate statement of changes in equity

Bank

In thousands of Nigerian naira (000s)

2024	**Share Capital**	**Share Reserve**	**Share premium**	**At-1 Tier 1 Capital**	**Credit Risk Reserve**	**Regulatory risk reserve**	**Statutory reserve**	**SMEIS reserve**	**Fair value reserves**	**Retained earnings**	**Total equity**
Balance at 1 January 2024	6,429,078	12,858,155	8,698,230	21,000,000	-	13,628,078	24,726,903	1,910,121	13,462,577	36,608,707	**139,321,849**
Profit or loss	-	-	-	-	-	-	-	-	-	86,286,174	**86,286,174**
Other comprehensive income											
Debt instrument at FVTOCI - Reclassified to profit or loss											**-**
Net changes in Fair value financial instrument FVTOCI	-	-	-			-	-	-	1,477,902	-	**1,477,902**
Transfer within equity:											
Transfer to share premium		(12,858,155)	12,858,155	-	-	-	-	-	-	-	**-**
Regulatory risk reserve	-	-	-	-	-	(3,124,336)	-	-	-	3,124,336	**-**
Transfer to statutory reserve	-	-	-	-	-	-	12,942,926	-	-	(12,942,926)	**-**
	6,429,078	**-**	**21,556,385**	**21,000,000**	**-**	**10,503,742**	**37,669,829**	**1,910,121**	**14,940,479**	**113,076,291**	**227,085,925**
Transactions with owners, recorded directly in equity											
Dividend Payout	-	-	-	-	-	-	-	-	-	(6,429,078)	**(6,429,078)**
AT1 capital Charge	-	-	-	-	-	-	-	-	-	(3,366,414)	**(3,366,414)**
Right Issue	4,286,011	-	34,874,436	-	-	-	-	-	-	-	**39,160,447**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,795,492)**	**29,364,955**
Balance as at 31 December 2024	**10,715,089**	**-**	**56,430,821**	**21,000,000**	**-**	**10,503,742**	**37,669,829**	**1,910,121**	**14,940,479**	**103,280,800**	**256,450,880**
2023											
Balance at 1 January 2023	6,429,078	12,858,155	8,698,230	-	781,612	11,801,426	19,337,047	1,349,419	9,838,329	11,529,379	**82,622,676**
Profit or loss	-	-	-			-	-	-	-	35,932,372	**35,932,372**
Other comprehensive income											
Debt instrument at FVTOCI - Reclassified to profit or loss									(48,532)		(48,532)
Net changes in Fair value financial instrument FVTOCI				-	-	-		-	3,672,780	-	3,672,780
Transfer within equity											
SMEIS Charge			-	-	-	-	-	560,701		(560,701)	
Regulatory risk reserve	-	-	-	-	-	1,045,040	-	-	-	(1,045,040)	-
Credit risk reserve	-	-	-		(781,612)	781,612	-	-	-	-	
Transfer to statutory reserves							5,389,856			(5,389,856)	-
	6,429,078	**12,858,155**	**8,698,230**		**-**	**13,628,078**	**24,726,903**	**1,910,121**	**13,462,577**	**40,466,154**	**122,179,296**
Transactions with owners, recorded directly in equity				-							
Dividend Payout	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	(3,857,447)	**(3,857,447)**
Additional Tier 1 Capital Issued	**-**	**-**	**-**	21,000,000	**-**	**-**	**-**	**-**	**-**	-	**21,000,000**
Balance at 31 December 2023	**6,429,078**	**12,858,155**	**8,698,230**	**21,000,000**	**-**	**13,628,078**	**24,726,903**	**1,910,121**	**13,462,577**	**36,608,707**	**139,321,849**

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

Consolidated and Separate Statements of Cash Flows

		Group		Bank	
In thousands of Nigerian Naira	**Notes**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Cash flows from operating activities					
Profit for the year		86,279,821	35,988,967	86,286,174	35,932,372
Adjustments for:					
Taxation expense					
Minimum Tax		-	1,142,960	-	1,127,681
Income tax expense		16,237,349	6,532,002	16,222,574	6,531,274
Depreciation and amortization	13b	8,740,108	6,122,218	8,740,108	6,122,218
Adjustment for transfer out of PPE now expensed		109,227	-	109,227	-
Gain on disposal of property and equipment	32(xi)	(471,682)	(330,906)	(471,682)	(330,906)
Net interest income	32(xii)	(177,063,843)	(91,721,057)	(177,040,423)	(91,622,549)
Dividend received from equity investment	10	(245,681)	(210,262)	(245,681)	(210,262)
Impairment loss on financial assets	11	21,649,883	10,563,367	21,649,883	10,563,367
Operating cashflow before movement in working capital		(44,764,818)	(31,912,711)	(44,749,819)	(31,886,805)
Change in pledged assets	32(i)	(272,019,167)	(4,600,371)	(272,019,167)	(4,600,371)
Change in loans and advances to customers	32(ii)	(421,756,085)	(290,235,788)	(421,756,085)	(290,235,788)
Change in other assets	32(iii)	34,095	(1,675,039)	34,095	(1,675,039)
Change in deposits from banks	32(iv)	237,636,470	1,710,030	237,636,470	1,710,030
Change in restricted deposit with CBN	32(v)	(335,274,174)	(151,193,653)	(335,274,174)	(151,193,653)
Change in deposits from customers	32(vi)	663,241,726	694,639,518	663,241,727	694,639,518
Change in other liabilities	32(vi)	289,778,478	41,523,350	289,773,479	41,585,092
Cashflow generated by operations		116,876,526	258,255,336	116,886,526	258,342,985
Income tax paid	24.2	(1,796,732)	(1,061,974)	(1,780,725)	(1,061,974)
Interest received	32(xii)	354,633,103	185,643,309	353,537,040	184,475,460
Interest paid	32(vii)	(158,020,919)	(85,774,101)	(158,020,919)	(85,774,101)
Net cash from operating activities		**311,691,978**	**357,062,570**	**310,621,922**	**355,982,370**
Cash flows from investing activities					
Disposal/Acquisition of investment securities-At Amor	32(viii)	(225,127,795)	(293,969,948)	(225,106,372)	(293,950,949)
Disposal/Acquisition of investment securities-FVTOCI	32(ix)	76,541	1,325,810	76,541	1,325,810
Change in FVTPL investments	32(x)	(45,451,269)	20,929,072	(45,451,269)	20,929,072
Dividend received from equity investment	10	245,681	210,262	245,681	210,262
Acquisition of property and equipment	19	(20,294,311)	(15,632,126)	(20,294,311)	(15,632,126)
Proceeds from the sale of property and equipment	32(xi)	941,511	887,125	941,511	887,125
Right of Use	27	(319,369)	(529,965)	(319,369)	(529,965)
Acquisition of intangible assets	20	(2,289,853)	(1,215,910)	(2,289,853)	(1,215,910)
Net cash used in investing activities		**(292,218,865)**	**(287,995,679)**	**(292,197,442)**	**(287,976,680)**
Cash flows from financing activities					
Proceed from borrowings	26b	68,741,938	50,420,032	68,741,938	50,420,032
Repayment of borrowings	26b	(39,340,616)	(4,542,615)	(39,342,590)	(4,545,548)
AT-1 Capital Charge	27b.	(3,366,414)	-	(3,366,414)	-
Additional T-1 Capital		-	21,000,000	-	21,000,000
Right Issues		39,160,447	-	39,160,447	-
Interest paid on borrowings	32(vii)	(19,548,341)	(8,148,151)	(18,475,698)	(7,078,810)
Dividend paid to shareholders		(6,429,078)	(3,857,447)	(6,429,078)	(3,857,447)
Net cash from financing activities		**39,217,937**	**54,871,820**	**40,288,606**	**55,938,228**
Net increase in cash and cash equivalents		58,691,050	123,938,713	58,713,085	123,943,917
Cash and cash equivalents at beginning of period		217,832,580	94,385,525	217,805,840	94,353,581
Effect of exchange rate changes on cash balances		2,400,995	1,909,337	2,400,995	1,909,337
Cash and cash equivalents at end of year	15	**278,924,625**	**220,233,575**	**278,919,920**	**220,206,835**

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

Notes to the consolidated and separate financial statements

1. General information

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 2024 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 consolidated and separate 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 Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023, 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.
- 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 and separate financial statements in conformity with IFRS Accounting 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

Notes to the consolidated and separate financial statements

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. Total comprehensive income of the subsidiary 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.

In the separate financial statements, investment in Wema Funding SPV is carried at cost less any accumulated impairment losses.

(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 Accounting standards when 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 Accounting Standards. However, the IFRS 9 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 Accounting Standards 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 Accounting Standards impairments; IFRS Accounting Standards 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 9 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 Accounting Standards and CBN Prudential Guidelines provision is shown in the statement below:

Notes to the consolidated and separate financial statements

Statement of Prudential Adjustments

	Group		Bank	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Prudential Provisions:				
Loans and advances	52,047,094	41,473,950	52,047,094	41,473,950
Other financial assets	8,049,453	2,798,534	8,049,453	2,798,534
	60,096,547	**44,272,484**	**60,096,547**	**44,272,484**
Impairment assessment under IFRS:				
Loans and advances				
12-months ECL credit	4,677,465	2,708,704	4,677,465	2,708,704
Life-time ECL Not impaired	3,803,056	392,875	3,803,056	392,875
Life-time ECL credit impaired	27,333,412	21,401,871	27,333,412	21,401,871
	35,813,933	**24,503,450**	**35,813,933**	**24,503,450**
Investment securities				
12-months ECL	7,467,216	3,156,168	7,467,216	3,156,168
	7,467,216	**3,156,168**	**7,467,216**	**3,156,168**
Off balance sheet exposures				
12-months ECL	2,018,874	1,918,802	2,018,874	1,918,802
	2,018,874	**1,918,802**	**2,018,874**	**1,918,802**
Other financial assets				
Other assets	3,019,577	263,008	3,019,577	263,008
Cash and cash equivalent	141,552	112,432	141,552	112,432
Other non-financial assets	1,131,653	690,546	1,131,653	690,546
	4,292,782	**1,065,986**	**4,292,782**	**1,065,986**
Total IFRS Impairment	**49,592,805**	**30,644,406**	**49,592,805**	**30,644,406**
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	**10,503,742**	**13,628,078**	**10,503,742**	**13,628,078**

Notes to the consolidated and separate financial statements

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

The Group has not applied the following new and revised IFRS Accounting Standards and amendments that have been issued but are not yet effective: which are not expected to have a significant effect on the Group.

a. Amendments to IAS 21 – Lack of Exchangeability effective Jan 1, 2025.
b. Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments effective Jan 1, 2026.
c. IFRS 18 Presentation and Disclosure in Financial Statements effective Jan 1, 2027.

3. Material Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements:

a). Basis of consolidation

i). Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercises control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Subsidiaries are measured at cost less impairment in the separate financial statement.

ii). 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,

Notes to the consolidated and separate financial statements

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 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 transactions

The financial statements are presented in Nigerian Naira, which is the Bank's functional 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.

i. 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 amortization using the

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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.

ii. 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.

iii. 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. 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 unrealized fair value changes, dividend and foreign exchange differences.

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f). Dividend Income

Dividend income is recognized 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 amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss;
- Other exchange differences are recognized 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 recognized in profit or loss
- for equity instruments measured at FVTOCI, exchange differences are recognized 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.

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 recognizes 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.

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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.

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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.

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 operating expenses” in the statement of profit or loss.

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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I.) Taxation

This 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

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.

In 2024, the Finance Act 2023, was amended to impose a tax on realised profit from all foreign exchange transactions of banks within the 2023 to 2025 financial years, the tax rate is 70%.
The 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 0.025% of PBT

(II) Minimum 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.

(III) 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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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 recognized 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 utilized.

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 realized.

j. Financial assets and liabilities

I. Recognition

The Bank on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. For nonrevolving facilities, origination date is the date the facility is disbursed, origination date for revolving facilities is the date the line is availed, while origination date for credit card is the date the credit limit is availed on the card. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

II. Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include both debt and equity instruments.

Financial assets are classified into one of the following measurement categories:
• Amortised cost
• Fair Value through Other Comprehensive Income (FVOCI)
• Fair Value through Profit or Loss (FVTPL) for trading related assets

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Bank assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Bank takes into consideration the following factors:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those

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assets or realizing cash flows through the sale of the assets how the performance of assets in a portfolio is evaluated and reported to Group heads and other key decision makers within the Bank's business lines;

- The risks that affect the performance of assets held within a business model and how those risks are managed;

- How compensation is determined for the Bank's business lines' management that manages the assets; and

- The frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition.

The business model assessment falls under three categories:

- Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
- Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Bank may decide to sell financial instruments held under the BM1 category with the objective of collecting contractual cash flows without necessarily changing its business model if one or more of in the following conditions are met:

- When the Bank sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Bank considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the financial year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.
- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
    - Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
    - Selling the financial asset to manage credit concentration risk (infrequent).
    - Selling the financial assets as a result of changes in tax laws (infrequent).
    - Other situations also depends upon the facts and circumstances which need to be judged by the management.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). Principal is defined as the fair value of the instrument at initial recognition.

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Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a 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. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank's claim to cash flows from specified assets (e.g. non recourse asset arrangements); and
- Features that modify consideration of the time value of money.

(a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortisation is included in Interest income in the Consolidated and Separate Income Statement. Impairment on financial assets measured at amortised cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortised cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

Cash and cash equivalents

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

(b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Other Income in the Consolidated and Separate Income Statement. Foreign exchange gains and losses that relate to the amortised cost of the debt instrument are recognized in the Consolidated and Separate Income Statement. Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to Interest income in the Consolidated and Separate of Income Statement using the effective interest rate method. Impairment on financial assets measured at FVOCI is calculated using the expected credit loss approach.

(c) Financial assets measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed

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on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated and Separate Statement of Financial Position, with transaction costs recognized immediately in the Consolidated and Separate Income Statements as part of Other Income. Realized and unrealized gains and losses are recognized as part of Other Income in the Consolidated and Separate Income Statements.

(d) Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, any contract that evidences a residual interest in the issuer's net assets. Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Other Income in the Consolidated and Separate Income Statement. The Bank can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Consolidated and Separate Income Statement. Dividends received are recorded in other income in the Consolidated and Separate Income Statement. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Consolidated and Separate Income Statement on sale of the security. Transaction cost on disposal of equity instruments is recognised as an expense in the income statement.

Financial liabilities are classified into one of the following measurement categories:
• Amortised cost
• Fair Value through Profit or Loss (FVTPL)

(e) Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments held at fair value through profit or loss'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'. Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Other Income in the Consolidated and Separate Statement of Income, except for changes in fair value arising from changes in the Bank's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Bank's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Consolidated and Separate Income Statement upon derecognition/extinguishment of the liabilities.

(f) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the Effective Interest Rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

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iii. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. A change in the Bank's business model will occur only when the Bank either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the Bank with different business models.

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Bank decides to shut down the retail business segment on 31 January 2024, the reclassification date will be 1 April, 2025 (i.e. the first day of the entity's next reporting period), the Bank shall not engage in activities consistent with its former business model after 31 January, 2024. Gains, losses or interest previously recognized are not restated when reclassification occurs.

iv. Modification of financial assets and liabilities

(a) Financial assets

The Bank sometimes modifies the contractual cashflows of loans to customers. Where the terms of a financial asset are modified via amendments to the loan agreements, the Bank evaluates whether the cash flows of the modified asset are substantially different from the original cashflows. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost of the original financial asset and the present value of the estimated future cashflows of the new asset is debited or credited to the customer's account. Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan include but not limited to:

- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower.
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term.
- Conversion of a loan from one currency to another currency.
- Extension of maturity dates will lead to modification and derecognition of existing loan and recognition of a new loan.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank shall recalculate

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the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. For example, contractual cashflows of loan to customers may also be modified due to blanket payment holidays imposed by law and regulations and effective automatically without amendments being made to the loan agreements. In this scenario, the bank revises the expected gross carrying amount by discounting the rescheduled payments at original effective interest rate and the resulting loss is recognised immediately in Other income in Profit or loss as a cumulative catch-up adjustment.

Fees that are considered in determining the fair value of modified financial asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset and form part of the effective interest on the modified financial asset while other fees are included in profit or loss as part of the gain or loss on derecognition.

Impairment assessment is performed on modified financial assets before modification.

(b) **Financial Liabilities**
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. The Bank derecognises 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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

De-recognition of financial instruments

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.
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 or loss.

(v) **Impairment of Financial Assets**
In line with IFRS 9, the Bank assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:
- Amortised cost financial assets;
- Debt securities classified as at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

Equity instruments and financial assets measured at FVPL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Bank's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an

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unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Bank adopts a three-stage approach for impairment assesment based on changes in credit quality since initial recognition.

• Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

• Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

• Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.
The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio. Details of these statistical parameters/inputs are as follows:

• PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

➢ 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The Bank obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.

➢ Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9. The Bank obtains 3 years forecast for the relevant macroeconomic variables and adopts exponentiation method to compute
cumulative PD for future time periods for each obligor.

• EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

• LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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To estimate expected credit loss for off balance sheet exposures, credit conversion factor (CCF) is usually computed. CCF is a modelled assumption which represents the proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. It is a factor that converts an off balance sheet exposure to its credit exposure equivalent. In modelling CCF, the Bank considers its account monitoring and payment processing policies including its ability to prevent further drawings during periods of increased credit risk. CCF is applied on the off balance sheet exposures to determine the EAD and the ECL impairment model for financial assets is applied on the EAD to determine the ECL on the off balance sheet exposures.

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.
The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires that:

• The Bank uses internal subject matter experts from Risk, Treasury and Business
Divisions to consider a range of relevant forward looking data, including macroeconomic forecasts and assumptions, for the determination of unbiased general economic adjustments in order to support the calculation of ECLs.

• Macro-economic variables taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, inflation, crude-oil prices and exchange rate, and requires an evaluation of both the current and forecast direction of the macro-economic cycle.

• Macro-economic variables considered have strong statistical relationships with the risk parameters (LGD, EAD, CCF and PD) used in the estimation of the ECLs, and are capable of predicting future conditions that are not captured within the base ECL calculations.

• Forward looking adjustments for both general macro-economic adjustments and more targeted at portfolio / industry levels. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Macroeconomic factors

The Bank relies on a broad range of forward looking information as economic inputs, such as:

GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

The macroeconomic variables and economic forecasts as well as other key inputs are reviewed and approved by management before incorporated in the ECL model. Any subsequent changes to the forward looking information are also approved before such are inputted in the ECL model.

The macro economic variables are obtained for 3 years in the future and are reassessed every 6 months to ensure that

Notes to the consolidated and separate financial statements

they reflect prevalent circumstances and are up to date.

Where there is a non-linear relationships, one forward-looking scenario is never sufficient as it may result in the estimation of a worst-case scenario or a best-case scenario. The Bank's ECL methodology considers weighted average of multiple economic scenarios for the risk parameters (basically the forecast macroeconomic variables) in arriving at impairment figure for a particular reporting period. The model is structured in a manner that the final outcome, which is a probability cannot be negative.

SICR is assessed once there is an objective indicator of a deterioration in credit risk of customer. In addition, the Bank as part of its routine credit processes perform an assessment on a quarterly basis to identify instances of SICR.

Multiple forward-looking scenarios

The Bank determines allowance for credit losses using three probability-weighted forwardlooking scenarios. The Bank considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Bank prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

The Bank estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn is used in the estimation of the multiple scenario ECLs.

The ' normal case' represents the most likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region. The Bank adopts a multi factor approach in assessing changes in credit risk.

This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Bank's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau, etc.
A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

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Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'creditimpaired' 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 lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
• 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.
• The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
• Others include death, insolvency, breach of covenants, etc.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired. In addition, loans that are more than 90 days past due are considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

• The market's assessment of creditworthiness as reflected in the bond yields.
• The rating agencies' assessments of creditworthiness.
• The country's ability to access the capital markets for new debt issuance.
• The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
• The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

• Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.
• Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
• Loan commitments and financial guarantee contracts: generally, as a provision;
• Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

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(vi) Write-off

The Bank writes off an impaired financial asset (and the related impairment allowance), either partially or in full, where there is no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

• continued contact with the customer is impossible;
• recovery cost is expected to be higher than the outstanding debt;
• The bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialed by the approving authority.

A write-off constitute a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

(vii) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a nonderivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument. Where a hybrid contains a host that is a financial asset in the scope of IFRS 9, the entire hybrid contract, including the embedded features, is measured at FVTPL.

(viii) Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank’s trading activity.

(k) Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as amortised cost, fair value through profit or loss or fair value through other comprehensive income. See description in accounting policy Note J (ii) above.

Notes to the consolidated and separate financial statements

(l) Derivatives held for risk management purposes

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 recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.
Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

(m) Repossessed Collateral

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within ‘Other assets’.

(n) Investment in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any) in the separate financial statement of the Bank.

A subsidiary is not consolidated but classified as ‘held for sale’ if it is available for immediate sale in its present condition and its sale is highly probable. A sale is ‘highly probable’ where: there is evidence of management commitment; there is an active programme to locate a buyer and complete the plan; the asset is actively marketed for sale at a reasonable price compared to its fair value; the sale is expected to be completed within 12 months of the date of classification; and actions required to complete the plan indicate that it is unlikely that there will be significant changes to the plan or that it will be withdrawn.

o). Property and equipment

i. Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where the 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

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property and equipment are recognised in profit or loss as incurred.

iii Depreciation

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

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

- Buildings 50 years
- Furniture and office equipment 5 years
- Computer equipment 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 values are reviewed at each reporting date and adjusted if appropriate.

iv. De-recognition

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

p). Intangible assets

Software

Software acquired by the 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

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

Softwares are derecognised: (a) on disposal; or (b) when no future economic benefits are expected from its use or disposal.

q) 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.

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

r) Deposits and subordinated liabilities

Deposits and subordinated liabilities are the Group's sources of debt funding. When the Group 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 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 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.

s) 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 Group from a contract

Notes to the consolidated and separate financial statements

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 Group recognises any impairment loss on the assets associated with that contract.

t) 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.

u) 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.

ii Termination benefits

Termination benefits are recognised as an expense when the Group 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 Group 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.

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(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 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.

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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.

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.

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(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:

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In thousands of Naira

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
31-Dec-24				
Treasury Bills	45,455,938	-	-	45,455,938
Investment Securities (Bonds)	-		-	-
Equity Securities	-	14,756,031	-	14,756,031
Pledged Assets	-	-	-	-
	45,455,938	**14,756,031**	**-**	**60,211,969**

Bank				
31-Dec-24				
Treasury Bills	45,455,938	-	-	45,455,938
Investment Securities (Bonds)	-			-
Equity Securities	-	14,756,031	-	14,756,031
Pledged Assets	-	-	-	-
	45,455,938	**14,756,031**	**-**	**60,211,969**

Group				
31-Dec-23				
Treasury Bills	4,669	-	-	4,669
Investment Securities (Bonds)	76,541		-	76,541
Equity Securities	-	13,278,129	-	13,278,129
Pledged Assets	-	-	-	-
	81,210	**13,278,129**	**-**	**13,359,339**

Bank				
31-Dec-23				
Treasury Bills	4,669	-	-	4,669
Investment Securities (Bonds)	76,541			76,541
Equity Securities	-	13,278,129	-	13,278,129
Pledged Assets	-	-	-	-
	81,210	**13,278,129**	**-**	**13,359,339**

Notes to the consolidated and separate 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 Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure.

Geographical segments

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

31-Dec-24					
Group					
In thousands of Nigerian Naira					
Derived from external	**South- West**	**South- South**	**Abuja**	**Lagos**	**Total**
Customers' contribution	89,537,395	33,324,247	47,755,291	262,817,073	**433,434,006**
Interest and similar expenses	(31,970,166)	(9,187,699)	(22,839,002)	(113,572,393)	**(177,569,260)**
Operating income	28,402,294	19,117,581	11,643,672	175,051,316	**234,214,863**
Operating expenses	(46,955,545)	(14,644,719)	(13,106,011)	(57,020,969)	**(131,697,693)**
Profit on ordinary activities before taxation	15,262,435	8,164,332	7,391,453	71,698,950	**102,517,170**
Income tax expense	(2,415,514)	(1,292,131)	(1,169,811)	(11,359,894)	**(16,237,349)**
Profit on ordinary activities after taxation	12,847,866	6,872,708	6,222,101	60,337,146	**86,279,821**
Assets and liabilities:					
Total assets	774,324,023	266,735,805	312,352,081	2,239,816,077	**3,593,227,986**
Total liabilities	753,339,626	240,379,816	287,624,409	2,055,462,788	**3,336,806,639**
Net Asset	**20,984,398**	**26,355,988**	**24,727,672**	**184,353,289**	**256,421,347**

Notes to the consolidated and separate financial statements

31-Dec-23					
Group					
In thousands of Nigerian Naira					
Derived from external	**South- West**	**South- South**	**Abuja**	**Lagos**	**Total**
customers	40,811,655	18,661,006	15,811,266	151,630,612	226,914,538
Interest and similar expenses	(12,038,382)	(3,670,765)	(5,932,022)	(82,844,451)	(104,485,619)
Operating income	28,773,272	14,990,242	9,879,244	68,7686,161	122,428,919
Operating expenses	(14,585,402)	(4,333,111)	(3,559,762)	(56,286,715)	(78,764,990)
Profit on ordinary activities before taxation	14,187,871	10,657,130	6,319,482	12,499,446	43,663,929
Income tax expense	(3,459,312)	(1,353,362)	(1,129,062)	(1,733,225)	(7,674,962)
Profit on ordinary activities after taxation	10,728,558	9,303,768	5,190,420	10,766,221	35,988,967
Assets and liabilities:					
Total assets	206,730,198	74,223,878	93,535,423	1,873,750,119	2,248,239,617
Total liabilities	**(401,404,033)**	**(108,235,321)**	**(224,819,037)**	**(1,374,482,556)**	**(2,108,940,948)**
Net Asset	(194,673,835)	(34,011,443)	(131,283,615)	499,267,563	139,298,669

In thousands of Nigerian Naira	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
7 Interest income				
Cash and cash equivalents	7,101,880	5,960,806	7,101,880	5,960,806
Loans and advances to banks and customers	233,853,561	122,183,794	233,853,561	122,183,794
Investments securities	113,677,662	57,498,709	112,581,599	56,330,860
Total interest income	**354,633,103**	**185,643,309**	**353,537,040**	**184,475,460**

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

Interest expense				
Deposits from banks	54,605,947	6,557,002	54,605,947	6,557,002
Deposits from customers	103,414,972	80,883,746	103,414,972	80,594,943
Other borrowed funds	19,548,341	8,148,151	18,475,698	5,700,966
Total interest expense	**177,569,260**	**93,922,252**	**176,496,617**	**92,852,911**
Net interest income	**177,063,843**	**91,721,057**	**177,040,423**	**91,622,549**

Notes to the consolidated and separate financial statements

8	Fees and commission income	Group		Bank	
		31-dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
	Credit related fees	2,047,067	1,229,214	2,047,067	1,229,214
	Account maintenance fees	7,364,299	3,953,307	7,364,299	3,953,307
	Management fees	8,023,680	4,829,150	8,023,680	4,829,150
	Fees on electronic products	14,072,949	7,346,492	14,072,949	7,346,492
	Fees on financial guarantees	2,596,629	1,373,183	2,596,629	1,373,183
	FX transactions	15,039,792	4,146,145	15,039,792	4,146,145
	Other fees and charges	6,431,767	2,084,267	6,431,767	2,084,267
	Total fee and commission income	**55,576,183**	**24,961,758**	**55,576,183**	**24,961,758**

Credit related fees and commissions are fees charged to customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost. These fees are accounted for in accordance with the Group's revenue accounting policy. The representation of all fees and commission recognised in the year and prior year at a point in time and over a period of time is as shown below.

	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Point in time	55,170,840	24,891,905	55,170,840	24,891,905
Over time	405,343	69,852	405,343	69,852
	55,576,183	**24,961,757**	**55,576,183**	**24,961,757**

9	Net trading income				
	Fixed income securities	29,960	1,158,543	29,960	1,158,543
	Treasury bills	1,775,979	(1,150,616)	1,775,979	(1,150,616)
	Foreign exchange trading (note 9.1)	1,634,594	814,558	1,634,594	814,558
		3,440,533	**822,485**	**3,440,533**	**822,485**

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.

Notes to the consolidated and separate financial statements

		Group		Bank	
10	**Other income**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
	Dividends on equities at FVOCI	245,681	210,262	245,681	210,262
	Gains on disposal of property and equipment	471,682	330,906	471,682	330,906
	Rental income	60,481	57,108	60,481	57,108
	Income on contingents	-	14,540	-	14,540
	Income on deposit accounts	85,882	98,668	85,882	98,668
	Digital Income	881,496	745,829	881,496	745,829
	FX Revaluation	14,655,074	13,603,283	14,655,074	13,603,283
	Swift transactions	379,067	212,435	379,067	212,435
	Service charge	75,084	15,998	75,084	15,998
	Others	432,665	197,729	432,665	197,729
		17,287,111	**15,486,758**	**17,287,111**	**15,486,758**

Notes to the consolidated and separate financial statements

Impairment loss on financial instruments

		Group		Bank	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
11	**Impairment loss on financial/non-financial instruments**				
	Impairment charge on financial instruments				
	Total impairment charge on loans and advances (note 18)	17,989,339	7,531,486	17,989,339	7,531,486
	Bonds/Treasury bills (note 17)	4,311,048	1,771,593	4,311,048	1,771,593
	Cash and cash equivalent (note 15)	29,120	68,678	29,120	68,678
	Other assets (note 22)	2,756,569	83,002	2,756,569	83,002
	Impairment charge on non-financial instruments				
	Off balance sheet (note 29)	100,072	1,204,926	100,072	1,204,926
	Recoveries on loans (note 18a)	(3,536,267)	(96,318)	(3,536,267)	(96,318)
	Total impairment charge on financial/non-financial instruments	**21,649,883**	**10,563,367**	**21,649,883**	**10,563,367**

12	**Personnel expenses**				
	Wages and salaries	33,841,703	19,069,375	33,841,703	19,069,375
	Pension Contribution	2,608,910	1,277,208	2,608,910	1,277,208
	Outsourced staff cost	9,024,756	6,408,566	9,024,756	6,408,566
		45,475,369	**26,755,149**	**45,475,369**	**26,755,149**

Notes to the consolidated and separate financial statements

Personnel expenses

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

	Group		Bank	
	31-Dec-24 Number	31-Dec-23 Number	31-Dec-24 Number	31-Dec-23 Number
Executive Directors	5	4	5	4
Management	32	31	32	31
Non-management	2,305	1,691	2,305	1,691
	2,342	**1,726**	**2,342**	**1,726**

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

	31-Dec-24 Number	31-Dec-23 Number	31-Dec-24 Number	31-Dec-23 Number
N2,370,001 - N2,380,000	-	-	-	-
N2,720,001 - N2,730,000	-	3	-	3
N3,060,001 – N7,570,000	1	4	1	4
N7,570,001 – N9,570,000	-	1	-	1
N9,570,001- N12,570,000	2	-	2	-
N12,570,001- N18,570,000	5	-	5	-
N18,570,001– N20,570,000	1	-	1	-

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-24 Number	31-Dec-23 Number	31-Dec-24 Number	31-Dec-23 Number
N1,490,001 - N2,500,000	385	487	385	487
N2,510,001 - N3,540,000	332	286	332	286
N3,540,001 - N3,990,000	353	187	353	187
N3,990,001 - N4,500,000	284	253	284	253
N4,710,001 - N5,390,000	263	158	263	158
N5,390,001 - N5,900,000	205	127	205	127
N5,990,001 - N6,600,000	98	76	98	76
N6,900,001 - N7,710,000	76	19	76	19
Above N7,710,000	346	133	346	133

Notes to the consolidated and separate financial statements

12 Personnel expenses (cont'd)

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

In thousands of Nigerian Naira	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
Executive compensation/fees	419,813	281,820	419,813	281,820
Other emoluments	308,375	170,255	308,375	170,255
	728,189	**452,075**	**728,189**	**452,075**
The directors' remuneration shown above includes:				
Chairman	12,662	9,500	12,662	9,500
Highest paid director	106,881	79,517	106,881	79,517

13a Other operating expenses

In thousands of Nigerian Naira	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
Advertising and marketing	6,843,499	4,313,293	6,843,499	4,313,293
AMCON Levy (i)	12,787,387	7,986,255	12,787,387	7,986,255
Auditors remuneration	205,000	160,000	190,000	150,000
Business Expenses	953,369	531,719	953,369	531,719
Cash movement expenses	840,681	699,198	840,681	699,198
Diesel Expenses	3,043,321	1,860,222	3,043,321	1,860,222
Directors Expenses	65,700	50,000	65,700	50,000
Directors fees	135,983	67,868	135,983	67,868
Donations	1,273,832	395,129	1,273,832	395,129
Electricity	1,744,764	872,441	1,744,764	872,441
General administrative expenses	4,957,359	6,488,618	4,957,359	6,472,712
Legal expenses	1,062,898	383,007	1,062,898	383,007
Insurance	695,069	529,059	695,069	529,059
NDIC Premium	9,157,814	5,145,831	9,157,814	5,145,831
Other premises and equipment costs	443,177	296,120	443,177	296,120
Printing and stationery	719,980	510,706	719,980	510,706
Other Professional fees (iii)	1,460,990	1,469,705	1,460,990	1,469,705
Digital Bank Professional fees (ii)	321,393	172,560	321,393	172,560
Repairs and maintenance	5,341,802	3,408,100	5,341,802	3,408,100
Security expenses	557,541	486,222	557,541	486,222
Service charge	16,461,041	6,608,165	16,461,041	6,608,165
SMS Expenses & Others	226,216	51,017	226,216	51,017
Statutory expenses	329,333	222,506	329,333	222,506
Technology and alternative channels	5,553,916	1,422,082	5,553,916	1,422,082
Transport & Communications	2,300,153	1,757,800	2,300,153	1,757,800
	77,482,216	**45,887,623**	**77,467,218**	**45,861,717**

13a Other operating expenses (cont'd)

AMCON contributory cost 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.

i. This represents expenses incurred by the Group on electronic and digital platforms.

Notes to the consolidated and separate financial statements

ii. Included in other professional fees for the year ended 31 December 2024 is ₦68.29m fees relating to non-audit services provided by KPMG 2023: ₦78.44m
The details of fees earned during the year are as follows:

Non- audit services	Fees (₦'000)
RISK MANAGEMENT REVIEW	5,000
AGREED UPON PROCEDURES ON CBN CORPORATE GOVERNANCE REVIEW	5,000
TAX SERVICES	5,231
WEMA BANK ESG/SUSTAINABILITY ASSURANCE REVIEW	5,000
ADVISORY SURVEY	8,063
WEMA FEE FOR LIMITED ASSURANCE ON ICFR	40,000
	68,294

The details of fees earned during the year 2023 are as follows:

Non- audit services	Fees (₦'000)
Remuneration Benchmarking Survey	18,060
Sustainability Assurance	5,000
Agreed upon Procedures on CBN Code of Corporate Governance	5,000
Risk Management Review	5,000
Tax Services	15,384
Limited Assurance on Internal Control over Financial Reporting	30,000
Total	**78,444**

		Group		Bank	
	In thousands of Nigerian Naira	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
13b	**Depreciation and amortization**				
	Property, plants and equipment	7,265,133	4,762,674	7,265,133	4,762,674
	Right of use of assets	294,863	272,643	294,863	272,643
	Intangible assets	1,180,112	1,086,901	1,180,112	1,086,901
		8,740,108	**6,122,218**	**8,740,108**	**6,122,218**

14 Earnings per share

Basic and diluted earnings per share

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

The calculation of basic earnings per share as at 31st December 2024 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

Group **Bank**

Notes to the consolidated and separate financial statements

In thousands

	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Pre-share reconstruction				
Weighted average number of ordinary shares - of 50k each (2023 - 50k)	17,858,502	12,858,155	17,858,502	12,858,155
Profit attributable to ordinary shareholders -basic				
Profit for the year attributable to equity holders of the Bank '000	86,279,821	35,988,967	86,286,174	35,932,372
Earnings per share -basic/diluted (Kobo)	483.1	279.9	483.2	279.5

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

		Group		Bank	
15	**Cash and cash equivalents**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
	In thousands of Nigerian Naira				
	Cash and balances with banks	168,224,454	99,378,007	168,219,749	99,351,267
	Unrestricted balances with central bank	3,279,715	5,031,642	3,279,715	5,031,642
	Money market placements	107,562,008	115,936,358	107,562,008	115,936,358
	ECL Allowance	(141,552)	(112,432)	(141,552)	(112,432)
		278,924,625	**220,233,575**	**278,919,920**	**220,206,835**
	Classified as:				
	Current	278,924,625	220,233,575	278,919,920	220,206,835
	Non-current	-	-	-	-
		278,924,625	**220,233,575**	**278,919,920**	**220,206,835**
	Movement in ECL allowance				
	Opening balance	112,432	43,754	112,432	43,754
	Charge for the year (note 11)	29,120	68,678	29,120	68,678
	Closing balance	141,552	112,432	141,552	112,432

15b Restricted Deposit with CBN

Mandatory reserve deposit is reported net of N27.67 billion (December 31, 2023: N34.87 billion) which relates to

Notes to the consolidated and separate financial statements

Differentiated Cash Reserve Requirement (DCRR) Scheme. Under the DCRR scheme, Deposit Money Banks (DMBs) interested in providing credit financing to Greenfield (New) and Brownfield (expansion) projects in the Real Sector (Agriculture and Manufacturing) may request for the release of funds from their CRR to finance the projects.

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-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
	In thousands of Nigerian Naira				
	Treasury bills (note 16.1)	190,846,328	1,387,006	190,846,328	1,387,006
	Bonds (16.2)	116,389,527	33,829,683	116,389,527	33,829,683
		307,235,855	**35,216,689**	**307,235,855**	**35,216,689**

The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed in Note 26 and other clearing activities with the clearing bank. The pledges have been made in the normal course of business. In the event of default, the pledgee has the right to realize the pledged assets

		Group		Bank	
	In thousands of Nigerian Naira	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
17	**Investment securities**	**900,232,647**	**628,252,221**	**892,061,853**	**620,102,850**
	Current	155,568,401	107,468,384	155,568,401	107,468,384
	Non-current	744,664,246	520,783,837	736,493,453	512,634,466
17a	**Investment securities measured at FVTOCI**				
	FGN Bonds	-	76,541	-	76,541
	Equity (see note (i) below)	14,756,031	13,278,128	14,756,031	13,278,128
		14,756,031	**13,354,669**	**14,756,031**	**13,354,669**
17b	**Investment securities measured at FVTPL**				
	Treasury Bills	45,455,938	4,669	45,455,938	4,669
		45,455,938	**4,669**	**45,455,938**	**4,669**
17c	**Investment securities measured at amortised cost**				
	Treasury Bills	110,112,462	107,463,715	110,112,462	107,463,715
	FGN Bonds	731,217,857	501,807,928	723,047,063	493,658,557
	Other Bonds (see (ii) below)	6,157,575	8,777,408	6,157,575	8,777,408

Notes to the consolidated and separate financial statements

ECL Allowance - Investments at Amortised Cost	(7,467,216)	(3,156,168)	(7,467,216)	(3,156,168)
	840,020,678	**614,892,883**	**831,849,884**	**606,743,512**
Movement in ECL allowance				
Opening balance	3,156,168	1,384,575	3,156,168	1,384,575
Charge for the year	4,311,048	1,771,593	4,311,048	1,771,593
Closing balance	7,467,216	3,156,168	7,467,216	3,156,168

(i)	**Equity**				
	Quoted Investments:	-	-	-	-
	Unquoted Investments:				
	Unified Payment Services Limited	65,767	65,767	65,767	65,767
	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)	14,627,781	13,149,879	14,627,781	13,149,879
		14,756,031	13,278,128	14,756,031	13,278,128
		14,756,031	**13,278,128**	**14,756,031**	**13,278,128**

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

	Group		Bank	
In thousands of Nigerian Naira	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Unified Payment Services Limited	1,858,017	2,022,494	1,858,017	2,022,494
FMDQ	2,940,661	2,046,707	2,940,661	2,046,707
Nigeria Inter-Bank Settlement System	9,957,353	9,208,928	9,957,353	9,208,928
Closing balance	**14,756,031**	**13,278,129**	**14,756,031**	**13,278,129**

(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:

Notes to the consolidated and separate financial statements

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 that 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:

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 13.20% 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	An adjustment was made; we applied for minority discounts of 15.7% .

Determine the indicative valuation ranges

In order to derive the applicable market multiple for the Company, we computed the harmonic mean, the mean and

Notes to the consolidated and separate financial statements

the median of the multiples from the guideline public companies.

Movement in fair value gain				
Opening balance	13,149,879	9,475,675	13,149,879	9,475,675
Fair value gain for the year	1,477,902	3,674,204	1,477,902	3,674,204
Closing balance	14,627,781	13,149,879	14,627,781	13,149,879

ii 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	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
I. 7YR: DANA Group Bond Series 1				
Opening balance	929,145	929,145	929,145	929,145
Principal repayment during the year	(37,453)	(37,453)	(37,453)	(37,453)
Closing balance	891,692	891,692	891,692	891,692
STATE BONDS				
I. EKITI State Govt Bond Tranche 11				
Opening balance	574,502	718,120	574,502	718,120
Principal repayment during the year	(143,475)	(143,618)	(143,475)	(143,618)
Closing balance	431,027	574,502	431,027	574,502
II. OGUN State Govt Bond				
Opening balance	5,016,339	5,000,000	5,016,339	5,000,000
Principal repayment during the year	(976,390)	16,339	(976,390)	16,339
Closing balance	4,039,948	5,016,339	4,039,948	5,016,339
III. ONDO State Govt Bond				
Opening balance	2,294,875	3,068,431	2,294,875	3,068,431
Principal repayment during the year	(608,275)	(773,556)	(608,275)	(773,556)
Closing balance	1,686,600	2,294,875	1,686,600	2,294,875
Total Other Bonds	**7,049,267**	**8,777,408**	**7,049,267**	**8,777,408**
ECL	**(891,692)**	(891,692)	**(891,692)**	(891,692)
	6,157,575	**7,885,716**	**6,157,575**	**7,885,716**

(d) Investment in SPV

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

Notes to the consolidated and separate financial statements

money raised or borrowed in securities or any other investments as the company may deem fit.

Notes to the consolidated and separate financial statements

18 Loans and advances to customers at amortised cost

	Group		Bank	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
In thousands of Nigeria Naira				
Overdrafts	103,038,947	65,396,844	103,038,947	65,396,844
Term Loans	1,125,693,131	751,193,407	1,125,693,131	751,193,407
Advances under finance lease	8,291,174	9,016,316	8,291,174	9,016,316
Gross loans and receivables	**1,237,023,252**	**825,606,567**	**1,237,023,252**	**825,606,567**
Less ECL allowances				
Stage 1	(4,677,465)	(2,708,704)	(4,677,465)	(2,708,704)
Stage 2	(3,803,056)	(392,875)	(3,803,056)	(392,875)
Stage 3	(27,333,412)	(21,401,871)	(27,333,412)	(21,401,871)
	(35,813,933)	**(24,503,450)**	**(35,813,933)**	**(24,503,450)**
Net loans and advances to customers	**1,201,209,319**	**801,103,117**	**1,201,209,319**	**801,103,117**

31-Dec-24	**Term loan**	**Overdrafts**	**Finance lease**	**Total**
Gross loans	1,125,693,131	103,038,947	8,291,174	1,237,023,252
Stage 1	(3,134,482)	(1,214,982)	(328,001)	(4,677,465)
Stage 2	(3,785,316)	(17,740)	-	(224,256)
Stage 3	(17,257,526)	(10,003,004)	(72,882)	(30,912,212)
	1,101,515,807	91,803,221	7,890,291	1,201,209,319

31-Dec-23	**Term loan**	**Overdrafts**	**Finance lease**	**Total**
Gross loans	751,193,407	65,396,844	9,016,316	825,606,567
Stage 1	(1,376,888)	(1,129,900)	(201,916)	(2,708,704)
Stage 2	(381,602)	(9,198)	(2,075)	(392,875)
Stage 3	(13,397,782)	(7,958,063)	(46,026)	(21,401,871)
	736,037,135	**56,299,683**	**8,766,300**	**801,103,117**

Notes to the consolidated and separate financial statements

18a Movement in ECL allowance

In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 1st January 2024	**9,097,160**	**15,156,273**	**250,017**	**24,503,450**
Stage 1	1,129,900	1,376,888	201,916	2,708,704
Stage 2	9,198	381,602	2,075	392,875
Stage 3	7,958,063	13,397,782	46,026	21,401,871
Interest on impaired facilities	328,704	2,579,186	-	2,907,890
ECL allowance during the year	7,462,939	10,275,534	250,866	17,989,339
Written off in the year as uncollectible	(4,022,711)	(2,027,768)	-	(6,050,479)
Amounts recovered during the year	(1,630,366)	(1,805,901)	(100,000)	(3,536,267)
Balance as at 31 December 2024	**11,235,726**	**24,177,324**	**400,883**	**35,813,933**
Stage 1	1,214,982	3,134,482	328,001	4,677,465
Stage 2	17,740	3,785,316	-	3,803,056
Stage 3	10,003,004	17,257,526	72,882	27,333,412

Notes to the consolidated and separate 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	1,780,967	19,431,358	13,526,276	7,609,834	20,105,637	3,375,541	65,829,613
Additions	661,205	2,832,434	4,134,299	5,361,728	8,102,927	(798,283)	20,294,311
Disposals	(144)	(12,960)	(210,255)	(724,603)	(350,353)	-	(1,298,315)
Balance as at 31 December 2024	**2,442,028**	**22,250,832**	**17,450,320**	**12,246,959**	**27,858,211**	**2,577,259**	**84,825,609**
Accumulated depreciation and impairment							
Balance at 1 January 2024	-	6,145,124	9,260,392	2,791,037	11,870,162	-	30,066,716
Charge for the year	-	391,940	1,626,875	1,955,941	3,290,377	-	7,265,133
Disposals	-	(4,564)	(146,940)	(333,733)	(343,249)	-	(828,486)
Balance as at 31 December 2024	**-**	**6,532,501**	**10,740,327**	**4,413,245**	**14,817,290**	**-**	**36,503,363**
Carrying amounts							
Balance at 1 January 2024	**1,780,967**	**13,286,233**	**4,265,884**	**4,818,796**	**8,235,477**	**3,375,541**	**35,762,897**
Balance as at 31 December 2024	**2,442,028**	**15,718,331**	**6,709,993**	**7,833,714**	**13,040,922**	**2,577,258**	**48,322,246**

a. The authorised and contracted capital commitments as at the reporting date was nil (31 December 2023 nil).

b. There were no capitalised borrowing costs related to the acquisition of Property and equipment during the year (31 December 2023: nil) .

c. All Property and equipment are non-current.

Notes to the consolidated and separate 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 2023	**1,590,773**	**18,579,635**	**11,509,776**	**3,905,355**	**13,693,612**	**2,157,864**	**51,437,015**
Additions	194,750	1,098,845	2,033,133	4,662,757	6,424,964	1,217,677	**15,632,126**
Disposals	(4,556)	(247,122)	(16,633)	(958,278)	(12,939)	-	**(1,239,528)**
Balance as at 31 December 2023	**1,780,967**	**19,431,358**	**13,526,276**	**7,609,834**	**20,105,637**	**3,375,541**	**65,829,613**
Accumulated depreciation and impairment							
Balance at 1 January 2023	-	5,818,792	7,959,302	2,516,226	9,693,028	-	**25,987,348**
Charge for the year	-	376,394	1,308,517	892,596	2,185,167	-	**4,762,674**
Disposals	-	(50,061)	(7,427)	(617,784)	(8,034)	-	**(683,306)**
Balance as at 31 December 2023	**-**	**6,145,125**	**9,260,392**	**2,791,038**	**11,870,161**	**-**	**30,066,716**
Carrying amounts							
Balance at 1 January 2023	**1,590,773**	**12,760,844**	**3,550,474**	**1,389,128**	**4,000,584**	**2,157,864**	**25,449,667**
Balance as at 31 December 2023	**1,780,967**	**13,286,233**	**4,265,884**	**4,818,796**	**8,235,476**	**3,375,541**	**35,762,897**

a. The authorized and contracted capital commitments as at the balance sheet was nil (31 December 2022 nil).

b. There were no capitalized borrowing costs related to the acquisition of intangible assets during the year (31 December 2022: nil).

c. All property and equipment are non-current

Notes to the consolidated and separate financial statements

- There were no impairment losses on any class of property and equipment during the year (December 31, 2023: Nil)
- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2023: 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 2023: Nil)
- There were no capital commitments as at year end. (31 December 2023: Nil)

		Group		Bank	
In thousands of Nigerian Naira		**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
20	**Intangible assets**				
	Cost				
	Cost 1 January	9,390,017	8,174,107	9,390,017	8,174,107
	Additions	2,289,853	1,215,910	2,289,853	1,215,910
	Disposal	-	-	-	-
	Closing Balance	**11,679,870**	**9,390,017**	**11,679,870**	**9,390,017**
	Amortization and impairment losses				
	Cost 1 January	6,401,415	5,314,514	6,401,415	5,314,514
	Amortization for the year	1,180,112	1,086,901	1,180,112	1,086,901
	Disposal	-	-	-	-
	Closing Balance	**7,581,527**	**6,401,415**	**7,581,527**	**6,401,415**
	Carrying amounts	**4,098,343**	**2,988,602**	**4,098,343**	**2,988,602**

- The intangible assets have got finite lives and are amortized over the higher of 5 years or the contractual licensing period. No impairment losses were recognized against intangible assets. .
- The authorized and contracted capital commitments as at the reporting date was nil (31 December 2023 nil).
- There were no capitalized borrowing costs related to the acquisition of Property and equipment during the year (31 December 2023: nil).
- All Intangible assets are non-current

Notes to the consolidated and separate financial statements

21 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to Reversal)/origination of temporary differences:

	Group		Bank	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
In thousands of Nigerian Naira				
At 1 January	7,105,000	12,983,230	7,105,000	12,983,230
Reversal	(6,632,926)	(5,878,230)	(6,632,926)	(5,878,230)
Closing balance	**472,076**	**7,105,000**	**472,076**	**7,105,000**

	Group and Bank	
	31-Dec-24	31-Dec-23
In thousands of naira		
Property and equipment	(8,231,513)	(5,691,423)
Lease liabilities	-	14,705
Impairment	3,350,062	1,837,279
Provisions	945,158	834,991
unrealised exchange gains	(4,898,091)	(4,353,051)
unutilised capital allowance	9,306,460	14,462,499
Deferred tax asset as at 31 December 2024/2023	**472,076**	**7,105,000**

Deferred taxes are calculated on temporary differences under the liability method using a statutory tax rate

Movements in temporary differences 1 January 2024 to 31 December 2024:

In thousands of Naira	1-Jan-24	Recognized in profit or loss	31-Dec-24
Property and equipment	(5,691,423)	(2,540,090)	(8,231,513)
Lease liabilities	14,705	(14,705)	-
Impairment	1,837,279	1,512,783	3,350,062
Provisions	834,991	110,167	945,158
unrealised exchange gains	(4,353,051)	(545,041)	(4,898,091)
unutilised capital allowance	14,462,499	(5,156,039)	9,306,460
Deferred tax asset as at 31 December	**7,105,000**	**(6,632,925)**	**472,076**

Notes to the consolidated and separate financial statements

Movements in temporary differences 1 January 2023 to 31 December 2023:

In thousands of Naira	1-Jan-23	Recognized in profit or loss	31-Dec-23
Property and equipment	(5,461,642)	(229,781)	(5,691,423)
Lease liabilities	(155,734)	170,439	14,705
Impairment	2,689,846	(852,567)	1,837,279
Provisions	876,601	(41,610)	834,991
unrealised exchange gains	(477,597)	(3,875,454)	(4,353,051)
carry forward loss	2,493,899	(2,493,899)	-
unutilised capital allowance	13,017,858	1,444,641	14,462,499
Deferred tax asset as at 31 December	**12,983,230**	**(5,878,230)**	**7,105,000**

	In thousands of Nigerian Naira	Group		Bank	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
22	**Other assets**				
	Financial Assets				
	Accounts receivables	2,742,529	5,351,545	2,742,529	5,351,545
	Collaterized Placement	53,354	53,213	53,354	53,213
	Clearing Balance	346,968	368,234	346,968	368,234
	Fraud & Burglary	261,037	256,387	261,037	256,387
	AGSMEIS Investment with CBN	1,910,121	1,910,121	1,910,121	1,910,121
	Receivable on E-business Channels	3,632,888	712,357	3,632,888	712,357
	FBN Settlement	5,374	-	5,374	-
	Non-Financial Assets				
	Prepayments	1,636,952	889,926	1,636,952	889,926
	Stock	4,780,380	3,252,127	4,780,380	3,252,127
	Others	617,775	470,995	617,775	470,995
		15,987,378	13,264,904	15,987,378	13,264,904
	Specific impairment on other assets	(3,019,577)	(263,008)	(3,019,577)	(263,008)
		12,967,801	**13,001,896**	**12,967,801**	**13,001,896**
	At 1 January	263,008	897,836	263,008	897,836
	Allowance made during the year	2,756,569	83,002	2,756,569	83,002
	Write off made during the year	-	(717,830)	-	(717,830)
	Closing balance	**3,019,577**	**230,308**	**3,019,577**	**263,308**
	Classified as:				
	Current	15,672,988	12,955,305	10,892,608	9,703,178
	Non-current	314,391	309,599	5,094,771	3,561,726
		15,987,378	**13,264,904**	**15,987,378**	**13,264,904**

Notes to the consolidated and separate financial statements

23 Deposits from banks	Group		Bank	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
In thousands of Nigeria Naira				
Money market deposits	**258,500,000**	**20,863,530**	**258,500,000**	**20,863,530**
Deposits from customers				
Retail customers:				
Term deposits	318,165,040	195,965,985	318,165,040	195,965,985
Current deposits	42,881,476	39,517,572	42,881,476	39,517,572
Savings	425,702,984	269,215,862	425,702,984	269,215,862
Corporate customers:				
Term deposits	214,111,111	228,729,190	214,111,111	228,729,190
Current deposits	858,548,276	867,565,417	858,548,276	867,565,417
Others	664,406,376	259,579,511	664,406,376	259,579,511
	2,523,815,263	**1,860,573,537**	**2,523,815,263**	**1,860,573,537**

23b The maturity profile of customers' deposit is as follows:

Under 3 months	430,819,270	589,184,375	430,819,270	589,184,375
3 - 6months	417,876,717	62,420,615	417,876,717	62,420,615
6 - 12months	179,612,760	101,843,962	179,612,760	101,843,962
Over 12months	1,495,506,516	1,107,124,585	1,495,506,516	1,107,124,585
	2,523,815,263	**1,860,573,537**	**2,523,815,263**	**1,860,573,537**

Notes to the consolidated and separate financial statements

	In thousands of Nigerian Naira	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
24	**Taxation**				
	Minimum Tax	-	1,142,960	-	1,127,681
24.1	**Income tax expense**				
	CIT	4,412,328	-	4,397,626	-
	Education Tax	1,298,880	105,396	1,298,880	105,396
	NITDA Levy	1,015,011	437,098	1,014,938	436,373
	Nigerian Police Trust Fund	5,126	2,185	5,125	2,182
	Windfall levy	2,616,808		2,616,808	
	NASENI	256,272	109,093	256,272	109,093
	Current Income Tax expense	9,604,424	653,772	9,589,649	653,044
	Origination and reversal of temporary differences	6,632,925	5,878,230	6,632,925	5,878,230
		16,237,349	6,532,002	16,222,574	6,531,274

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

Effective Tax Reconciliation

	%	Group 31-Dec-24	%	31-Dec-23	%	Bank 31-Dec-24	%	31-Dec-23
Profit before tax from continuing operations		102,517,170		43,663,929		102,508,748		43,591,327
Income tax using the tax rate	30%	30,782,172	30%	13,093,405	30%	30,752,621	30%	13,077,398
Non-deductible expenses	1%	552,726	12%	5,427,600	1%	552,726	12%	5,427,600
Tax exempt income	-24%	(24,367,941)	-29%	(12,626,768)	-24%	(24,672,422)	-29%	(12,626,768)
Company Income Tax	4%	4,397,626	0%	-	4%	4,397,626	0%	-
Information technology tax	1%	1,014,938	1%	436,373	1%	1,014,938	1%	436,373
Education tax levy	1%	1,298,880	0%	105,396	1%	1,298,880	0%	105,396
NASENI levy	0%	256,272	0%	109,093	0%	256,272	0%	109,093
Nigerian Police Fund levy	0%	5,125	0%	2,182	0%	5,125	0%	2,182
Windfall Tax	3%	2,616,808	0%	-	3%	2,616,808	0%	-
Tax expense	**16%**	**16,556,606**	**15%**	**6,532,002**	**16%**	**16,222,574**	**15%**	**6,531,274**

Notes to the consolidated and separate financial statements

		Group		Bank	
	In thousands of Nigerian Naira	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
24.2	**Current tax liabilities**				
	At 1 January	1,796,732	1,061,974	1,780,725	1,061,974
	Payment during the year	(1,796,732)	(1,061,974)	(1,780,725)	(1,061,974)
	Charge for the year	9,604,424	1,796,732	9,589,649	1,780,725
	Closing balance	**9,604,424**	**1,796,732**	**9,589,649**	**1,780,725**

The charge for taxation is based on the provision of the Company Income Tax Act Cap C21 LFN 2020, as amended under the Finance Act 2023. Education Tax is based on 3% of the assessable profit for the year in accordance with the Education Tax Act CAP E4 LFN 2004. NITDA levy is based on 1% of profit before tax in accordance with NITDA levy Act 2007

25	**Other liabilities and Provisions**				
	In thousands of Nigerian Naira				
	Other liabilities	431,868,351	142,585,099	431,853,354	142,575,102
	Provisions	3,150,527	2,609,348	3,150,527	2,609,348
		435,018,878	**145,194,447**	**435,003,881**	**145,184,450**

		Group		Bank	
	In thousands of Nigerian Naira	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
25.a	***Other Liabilities***				
	Account Payables	5,333,593	4,534,596	5,333,593	4,534,596
	Other current liabilities (i)	252,136,737	1,709,237	252,121,740	1,699,237
	Insurance Claim	67,531	46,222	67,531	46,222
	Swift Payables	863,122	27,794	863,122	27,794
	Western Union	3,204	3,198	3,204	3,201
	Salary Suspense	10,299	25,874	10,299	25,874
	Other payable	3,848,241	1,614,849	3,848,241	1,614,849
	Electronic products payable	2,148,430	941,117	2,148,430	941,117
	Certified cheques	2,301,687	2,049,956	2,301,687	2,049,956
	Customer deposits for letters of credit	67,752,609	37,553,635	67,752,609	37,553,635
	Discounting Line	14,750,289	48,549,270	14,750,289	48,549,270
	Collections and settlement (ii)	45,919,482	27,720,126	45,919,482	27,720,126
	Remittances	36,733,127	17,809,223	36,733,127	17,809,223
		431,868,351	**142,585,099**	**431,853,354**	**142,575,102**
	Classified as				
	Current	359,647,526	58,070,079	359,632,530	58,060,082
	Non current	72,220,824	84,515,020	72,220,824	84,515,020

Notes to the consolidated and separate financial statements

431,868,351	**142,585,099**	**431,853,354**	**142,575,102**

25.1 i Other current liabilities consist of special project fund, cash surplus, other staff deductions and payables that are held for subsequent payments.

25.1 ii Collections and settlements are balances held in trust on behalf of customers for various transactions. These include transfers, escrows, collection for remittances, etc.

25.b Provisions

	Group		Bank	
In thousands of Nigerian Naira	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Provision for litigation and claims	1,131,653	690,546	1,131,653	690,546
Impairment on contingents	2,018,874	1,918,802	2,018,874	1,918,802
	3,150,527	**2,609,348**	**3,150,527**	**2,609,348**
Classified as				
Current	2,018,874	1,918,802	2,018,874	1,918,802
Non current	1,131,653	690,546	1,131,653	690,546
	3,150,527	**2,609,348**	**3,150,527**	**2,609,348**
Movement in Provisions				
Opening balance	2,609,348	1,254,489	2,609,348	1,254,489
Additions – Litigation and claims	100,072	149,933	100,072	149,933
Additions – Impairment on contingents	441,107	1,204,926	441,107	1,204,926
Closing balance	**3,150,527**	**2,609,348**	**3,150,527**	**2,609,348**

Provision for litigations: This is provision for litigations and claims against the Bank as at 31 December 2024. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsels, are of the opinion that this provision is adequate for liability that have crystalized from these claims. There is no expected reimbursement in respect of this provision.

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
26 Other borrowed funds				
Due to BOI (see (i) below)	773,754	1,592,459	773,754	1,592,459
CBN Agric. loan (see ii below)	532,358	1,068,305	532,358	1,068,305
CBN MSMEDF (see iv below)	272,421	343,849	272,421	343,849
Wema SPV (see v below)	18,323,308	18,318,382	10,149,047	10,146,095
Anchor Borrowers fund (see iii below)	-	416,667	-	416,667
Other Borrowings (see ix below)	1,371,229	1,432,763	1,371,229	1,432,763
Shelter Afrique (see vi below)	3,983,143	4,665,137	3,983,143	4,665,137
AFDB (see vii below)	-	1,360,665	-	1,360,665
EBID (See x below)	77,450,000	45,355,500	77,450,000	45,355,500
DBN (see viii below)	7,161,861	5,913,023	7,161,861	5,913,023
	109,868,074	**80,466,750**	**101,693,813**	**72,294,463**

Notes to the consolidated and separate financial statements

Notes to the consolidated and separate 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 N2,634,492,000 and have a maximum tenor of 15 years.

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

(ii) Amount represents 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 December 2024: N18.323 billion (2023: N18.318 billion) 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) This amount represents the bank's foreign facility from Shelter Afrique, this was granted to the Bank for a period of 4 years. It is repayable bi-annually with interest rate of L+6.5% (Libor plus 5.03%)

(vii) 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%)

(viii) 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.

(ix) Other borrowings include National housing fund and Nigerian Mortgage refinance company

(x) This amount represents the bank's foreign facility from EBID, this was granted to the Bank for a period of 3.5 years. It is repayable bi-annually with interest rate of 6months SOFR plus margin at 5.25%.

Notes to the consolidated and separate financial statements

	In thousands of Nigerian Naira	Group		Bank	
26b		**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
	At 1 January	80,466,750	69,455,532	72,294,463	61,286,178
	Additions	68,741,938	50,420,032	68,741,938	50,420,032
	Reclassification	-	(34,866,199)	-	(34,866,199)
	Payments made	(39,340,616)	(4,542,615)	(39,342,590)	(4,545,548)
	Closing balance	**109,868,072**	**80,466,750**	**101,693,811**	**72,292,463**

The other borrowed funds are non current except for WEMA SPV which matures in 2025.

27. Right of use of asset

The Bank leases several assets which includes buildings for commercial and residential purposes. The average lease term is 5years.

	In thousands of Nigerian Naira	**31-Dec-24**	**31-Dec-23**
	COST	**N**	**N**
27a.	Balance at 1 January	2,505,171	1,975,207
	Additions	319,369	529,965
	Expired contracts	(740,795)	-
	Closing Balance	2,083,745	2,505,171
	DEPRECIATION CHARGE		
	Balance at 1 January	1,250,384	977,741
	Charge for the period	333,559	272,643
	Expired contracts	(670,265)	-
	Closing Balance	913,678	1,250,384
	CARRYING AMOUNT		
	Opening balance	**1,254,787**	**997,465**
	Closing Balance	**1,170,067**	**1,254,787**

27b.	**LEASE LIABILITY**	**31-Dec-24**	**31-Dec-23**
		N	**N**
	Balance at 1 January	45,952	31,583
	Finance charge for the year	(45,952)	14,369
	Closing Balance	-	45,952

Notes to the consolidated and separate financial statements

In thousands of Nigerian Naira	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
28 Share capital and Reserves				
Issued and fully paid - 21,430,178,125 Ordinary shares (2023- 12,858,155,360) shares of 50k each (2022 - 50k)	**10,715,089**	**6,429,077**	**10,715,089**	**6,429,077**

	Group 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-24	Bank 31-Dec-23
Share Premium				
At 1 January	56,430,821	8,698,230	56,430,821	8,698,230
Closing balance	**56,430,821**	**8,698,230**	**56,430,821**	**8,698,230**

Share premium is the excess paid by shareholders over the nominal value for their shares

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.

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

Notes to the consolidated and separate financial statements

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-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
At 1 January	36,585,528	11,449,605	36,608,707	11,529,379
Profit or loss	86,279,821	35,988,967	86,286,175	35,932,372
AT1 capital Charge	(3,366,414)	-	(3,366,414)	-
Transfer to Regulatory risk reserve	3,124,336	(1,045,040)	3,124,336	(1,045,040)
Transfer to Statutory Reserve	(12,942,926)	(5,389,856)	(12,942,926)	(5,389,856)
Dividend Paid to Shareholders	(6,429,078)	(3,857,447)	(6,429,078)	(3,857,447)
Regulatory charge to SMEIS	-	(560,701)	-	(560,701)
Closing balance	103,251,267	36,585,528	103,280,800	36,608,707

Regulatory risk reserve

The regulatory risk reserve warehouses the excess of the impairment on loans and advances computed under the Central Bank of Nigeria prudential guidelines compared with the incurred loss model used in calculating the impairment under IFRS Accounting Standards.

(i) Other Reserves

	Group		Bank	
In thousands of Nigeria Naira	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Share Reserve	-	12,858,155	-	12,858,155
Statutory Reserve	37,669,829	24,726,903	37,669,829	24,726,903
AGSMEIS Reserve	1,910,120	1,910,121	1,910,121	1,910,121
Fair Value Reserves	14,940,479	13,462,577	14,940,479	13,462,577
	54,520,428	**52,957,756**	**54,520,429**	**52,957,756**

29. Contingencies

(a) Litigation and claims

The Bank is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Bank, either individually or in the

Notes to the consolidated and separate financial statements

aggregate. N1.013 billion provision has been made as at 31st December 2024. The total amount claimed against the Bank is estimated at N9.622 billion (Dec 2023: N9.47 Billion) with a counter claim in the sum of N16.98 billion from the Bank (Dec 2023: N16.37bn).

(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.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Bank in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period or have no specific maturity but are cancellable by the lender subject to notice requirements.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk:

	Group		**Bank**	
	Group	**Group**	**Bank**	**Bank**
In thousands of Nigerian naira	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Contingent liabilities:				
Guarantees and indemnities	273,184,509	195,893,115	273,184,509	195,893,115
Bonds	51,190,952	35,765,028	51,190,952	35,765,028
Clean-line facilities & irrevocable letters of credit	64,666,017	87,673,470	64,666,017	87,673,470
ECL	(2,018,874)	(1,918,802)	(2,018,874)	(1,918,802)
Closing balance	**387,022,603**	**317,412,811**	**387,022,603**	**317,412,811**

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 2024
In thousands of Nigerian naira	Total

Notes to the consolidated and separate financial statements

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Off Balance sheet exposures				
Balance at 1 January 2024	**1,918,802**	-	-	**1,918,802**
Net re-measurement of loss allowance (see note 11)	100,072	-	-	100,072
Closing Balance	**2,018,874**	**-**	**-**	**2,018,874**
Gross Amount	**389,041,477**	-	-	**389,041,477**

	Group and Bank - December 2023			
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 2023	**713,876**	-	-	**713,876**
Net re-measurement of loss allowance (see note 11)	1,204,926	-	-	1,204,926
Closing Balance	**1,918,802**	**-**	**-**	**1,918,802**
Gross Amount	**319,331,613**	-	-	**319,331,613**

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-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Short term benefits	675,485	489,845	675,485	489,845
Post employment benefits	1,018,260	806,863	1,018,260	806,863
Fees and sitting allowances	135,081	97,950	135,081	97,950
	1,828,826	**1,394,658**	**1,828,826**	**1,394,658**

Key management personnel and their immediate relatives transacted with the Bank during the year as follows:

Notes to the consolidated and separate financial statements

Loans and advances:

	Group		Bank	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
At 1 January	664,222	1,131,972	664,222	1,131,972
Granted during the year	-	125,841	-	125,841
Repayments during the year	(573,516)	(593,591)	(573,516)	(593,591)
At 31 December	90,706	664,222	90,706	664,222
Interest earned	2,037	67,757	2,037	67,757
Deposit liabilities				
Deposit	**125,345**	**1,879,690**	**125,345**	**1,879,690**

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 is NIL (2023 - ₦97,510,621.39) have been recorded against balances outstanding during the period with key management personnel and their immediate relatives at the year end.

Notes to the consolidated and separate financial statements

Related party transactions

Transactions with other related parties 31-Dec-24	Relationship	Loans N'Million	Deposit N'Million	Interest Received N'Million	Interest Paid N'Million
Diamed Centre Limited	Related Company to a Management staff	90.71	125.3	2.04	-

Transactions with other related parties 31-Dec-23	Relationship	Loans N'Million	Deposit N'Million	Interest Received N'Million	Interest Paid N'Million
Diamed Centre Limited	Related Company to a Director	48.69	6.61	6.56	-
Solomon Kesinton Agro Allied Ltd	Related Company to a Director	222.26	2.67	34.13	-
Kesington Adebukunola Adebutu	Related Company to a Director	-	114.56	-	1.39
WemaBod Limited	Related Company to a Director	-	657.35	-	6.63

SIGNIFICANT SHAREHOLDERS AND THEIR RELATED INTEREST AS AT 31 DEC,2024

SN	ACCOUNT NAME	RELATIONSHIP	DIRECTOR'S NAME	FACILITY TYPE	BALANCE	LOAN STATUS
1	DIAMED CENTRE LIMITED	SERVING DIRECTOR	KESSINGTON ADEBUTU	TERM LOAN	90,706,100.98	PERFORMING

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, 2023 totaled N0.90 billion.

Notes to the consolidated and separate financial statements

31. Contraventions

The Bank paid penalties to the tune of N2,000,000 during the year:

In thousands of Nigeria Naira	
Nature of contravention	**Penalties**
Net open position breach	2,000
Total penalties	**2,000**

32. Dividend per share

	Group		Bank	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Proposed Dividend per share (₦)	1.00	0.50	1.00	0.50
Dividend proposed (₦'000)	21,430,178	6,429,078	21,430,178	6,429,078
Number of shares in issue and ranking for dividend (₦'000)	21,430,178	12,858,155	21,430,178	12,858,155
Dividend paid per share (₦)	0.50	0.30	0.50	0.30
Dividend paid during the year (₦'000)	6,429,078	3,857,447	6,429,078	3,857,447

** Proposed dividend per share of 100kobo per share is based on the number of shares existing as at 31 December 2024. 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 100 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, 2024 and December 31, 2023 respectively.

Dividends are paid to shareholders net of withholding tax at the rate of 10% in compliance with extant tax laws.

Notes to the consolidated and separate 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-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
33(i)	Pledged assets				
	As at January 1	35,216,689	30,616,318	35,216,689	30,616,318
	Closing Balance	(307,235,856)	(35,216,689)	(307,235,856)	(35,216,689)
	Cash flow movement	(272,019,167)	(4,600,371)	(272,019,167)	(4,600,371)
33(ii)	Loans and advances to customers				
	Changes in Loans and Advances	(400,106,202)	(279,672,421)	(400,106,202)	(279,672,421)
	ECL allowance	(21,649,883)	(10,563,367)	(21,649,883)	(10,563,367)
	Cash flow movement	(421,756,085)	(290,235,788)	(421,756,085)	(290,235,788)
33(iii)	Other assets				
	As at January 1	13,001,896	11,326,857	13,001,896	11,326,857
	Closing Balance	(12,967,801)	(13,001,896)	(12,967,801)	(13,001,896)
	Cash flow movement	**34,095**	**(1,675,039)**	**34,095**	**(1,675,039)**
33(iv)	Deposit from banks				
	As at January 1	20,863,530	19,153,500	20,863,530	19,153,500
	Closing Balance	258,500,000	20,863,530	258,500,000	20,863,530
	Cash flow movement	**237,636,470**	**1,710,030**	**237,636,470**	**1,710,030**
33(v)	Restricted deposit with CBN				
	As at January 1	503,320,833	386,993,380	503,320,833	386,993,380
	Reclassifaction to CRR		(34,866,1999)	-	(34,866,1999)
	Closing Balance	(838,595,007)	(503,320,833)	(838,595,007)	(503,320,833)
	Cash flow movement	**(335,274,174)**	**(151,193,652)**	**(335,274,174)**	**(151,193,652)**
33(vi)	Deposits from customers				
	As at January 1	1,860,573,537	1,165,934,019	1,860,573,537	1,165,934,019
	Closing Balance	2,523,815,263	1,860,573,537	2,523,815,263	1,860,573,537
	Cash flow movement	**663,241,726**	**694,639,518**	**663,241,726**	**694,639,518**

Notes to the consolidated and separate financial statements

33(vi)	Other Liabilities				
	As at January 1	145,243,399	103,717,049	145,230,402	103,645,310
	Closing Balance	435,018,878	145,240,399	435,003,881	145,230,401
	Cash flow movement	**289,775,479**	**41,523,350**	**289,773,479**	**41,585,092**
33(vii)	Interest Paid				
	Interest expense on deposits	(158,020,919)	(85,774,101)	(158,020,919)	(85,774,101)
	Interest paid on borrowings	(19,548,341)	(8,148,151)	(18,475,698)	(7,078,810)
	Total Interest	**(177,569,260)**	**(93,922,252)**	**(176,496,617)**	**(92,852,911)**
33(viii)	Investment securities-At Amortised Cost				
	As at January 1	614,892,883	320,922,935	606,743,512	312,792,563
	Closing Balance	(840,020,678)	(614,892,883)	(831,849,884)	(606,743,512)
	Cash flow movement	**(225,127,795)**	**(293,969,948)**	**(225,106,372)**	**(293,950,949)**
33(ix)	Investment securities-FVTOCI				
	Fair value reserve FVTOCI financial assets	1,477,902	3,624,248	1,477,902	3,624,248
	Movement in Fair value through OCI	(1,401,361)	(2,298,438)	(1,401,361)	(2,298,439)
		76,541	**1,325,810**	**76,541**	**1,325,809**
33(x)	Fair Value through profit or loss				
	As at January 1	4,669	20,933,741	4,669	20,933,741
	Closing Balance	(45,455,938)	(4,669)	(45,455,938)	(4,669)
	Cash flow movement	**(45,451,269)**	**20,929,072**	**(45,451,269)**	**20,929,072**
33(xi)	Movement in Cost	1,298,315	1,240,478	1,298,315	1,240,478
	Accumulated Depreciation (Note 13b)	(828,487)	(684,257)	(828,487)	(684,257)
	Net Book Value	469,828	556,221	469,828	556,221
	Sales on proceed	941,511	887,125	941,511	887,125
	Gains on disposal of property and equipment	471,683	330,904	471,683	330,906
33(xii)	Net Interest Income				
	Total interest income	354,633,103	185,643,309	353,537,040	184,475,460
	Total interest expense	177,569,260	93,922,252	176,496,617	92,852,911
		177,063,843	91,721,057	177,040,423	91,622,549

Risk Overview

Introduction

Wema Bank has continued to remain resolute in its dedication to engendering a robust risk culture, embodying a paradigm that encompasses an enduring legacy of shared values, attitudes and beliefs. This collective ethos plays a pivotal role in enhancing risk awareness and shaping our behaviors. It influences our risk-taking temperament and informs our risk management philosophy, resulting in a cohesive and proactive stance towards managing risks. By proactively addressing risks, the Group is able to protect and maximize value for all its stakeholders: owners, customers, employees, regulators and society at large.

Risk Management Philosophy

Our Risk Management philosophy is predicated on achieving an optimal equilibrium between risk and return, with the overarching objective of mitigating potential downsides while maximizing upside opportunities. This strategic approach is designed to enhance shareholder value, instill confidence among our capital providers and clients, and foster the agility and resilience essential for guaranteeing the long-term sustainability of our business operations. The following key risk principles underpin our risk management philosophy and govern our decision-making processes

- The Group will adopt a unified and holistic enterprise-wide strategy for risk management, which will systematically identify, evaluate, and manage risks across all dimensions of its operations. This approach will ensure that the Group only undertakes risks that are consistent with its established risk appetite, thereby balancing strategic objectives with prudent risk management practices.
- The Group's Risk Management Framework will establish policies and maintain a robust risk governance structure that ensures accountability at all levels, providing a seamless cascading of policy decisions throughout the organization, reaching every level and operational unit, thereby guaranteeing that strategic directives are effectively implemented and adhered to across the entire enterprise.
- Risk management will be thoroughly integrated into the Group's overall strategy, becoming an integral component of all business decision-making. By doing so, risk management will be a key enabler in achieving the Group's strategic goals, ensuring that risk considerations are consistently aligned with business objectives and outcomes.
- We will maintain a zero-tolerance policy towards any form of inappropriate market conduct, actions, or omissions that could intentionally harm our stakeholders, compromise our integrity, or tarnish our reputation. Our commitment to upholding the highest standards of ethical behavior ensures that we consistently act with integrity and transparency, safeguarding the trust and confidence of our stakeholders.
- We will maintain a robust capital position, grounded in adherence to global best practices and rigorous compliance with all relevant regulatory requirements. This commitment ensures that our financial

foundation remains strong and resilient, aligning with the highest standards of governance and regulatory oversight.

Risk Appetite

The Board of Directors retains ultimate responsibility for the definition and oversight of the Group's risk appetite, which is formally articulated and reviewed annually via our Enterprise Risk Appetite Framework. This framework establishes the types and aggregate levels of risk that Wema Bank is prepared to accept in pursuit of its strategic goals and objectives.

The Group's risk appetite is expressed through a combination of qualitative and quantitative parameters. It is operationalized via clearly defined, measurable metrics: including triggers, limits, and threshold, which are explicitly outlined within the framework. These metrics ensure that the Bank's risk-taking activities remain aligned with its strategic vision while maintaining robust governance and control mechanisms.

The Risk Appetite framework does not seek to prevent risk taking, but rather to ensure that the risk the Bank chooses to undertake in pursuit of its defined objectives: aligns to the chosen strategy; is understood at appropriate levels of the organization and is adequately rewarded. The Risk appetite is integrated into business planning, capital allocation, performance management and Board reporting processes.

The bank shall control enterprise risks at all times and shall not make significant trade-offs for the sake of profitability. All asset creation, liability assumption, and operational activities shall be guided at all times by existing risk limits and policies that have been spelt out in the Risk Appetite Framework.

Enterprise Risk Management

The business activities undertaken by Wema Bank inherently involve exposure to various risks. The Bank generates value through the creation of risk assets while mitigating potential losses through the effective management of these risks. As such, risk management is a fundamental driver of, and integral to, all the Bank's operations and decision-making processes.

The Group employs a unified and comprehensive approach to Risk Management by consolidating all risk elements under a cohesive set of oversight functions. This integrated methodology ensures that risks are addressed exhaustively through the Enterprise Risk Management Framework, fostering a holistic perspective that aligns risk management with strategic objectives.

Enterprise Risk Management (ERM) at Wema Bank is a strategically integrated process, directed by the Board of Directors, executive management, and key personnel. It is embedded within the Bank's strategy-setting and operational activities to identify potential events that could impact the organization. The ERM framework ensures that risks are managed within the Bank's defined risk appetite, providing a structured approach to achieving its strategic objectives with reasonable assurance.

This framework encompasses a comprehensive set of methodologies and processes designed to manage risks and capitalize on opportunities aligned with the Bank's goals. It involves systematically identifying events or circumstances relevant to the Bank's objectives: both risks and opportunities, assessing their likelihood and potential impact, formulating appropriate response strategies, and monitoring progress. Through this proactive approach to risk and opportunity management, Wema Bank safeguards and enhances value for its stakeholders, including shareholders, employees, customers, regulators, and society at large.

Wema Bank's Enterprise Risk Management (ERM) framework is seamlessly integrated with its Governance and Compliance frameworks. This alignment ensures that risks are comprehensively identified, understood, managed, and communicated across the organization. The primary objective of the ERM function is to systematically identify, measure, evaluate, monitor, report, and control all material risks in a timely manner while assessing the adequacy of capital and liquidity in relation to the Bank's risk profile and prevailing market or macroeconomic conditions.

The Board of Directors defines the Bank's risk appetite, which is established with careful consideration of the Bank's strategic objectives and the level of risk it is prepared to assume in pursuit of these goals. The Board recognizes the interconnected nature of various risks and ensures that policies and processes are aligned with the Bank's overarching risk management strategy and established tolerance levels.

Employees are empowered to actively monitor, assess, report, and manage risks within their respective operational areas. Comprehensive risk registers are maintained, and an annual Risk and Control Self-Assessment (RCSA) exercise is conducted across all business units and processes. A culture of accountability and integrity is deeply embedded within the organization, further supported by anonymous whistleblowing channels for reporting misconduct. Regular training reinforces this risk-aware culture and promotes adherence to expected standards.

Risks are systematically identified and documented through the Bank's risk mapping process, which outlines its risk profile across key categories within individual business units. These risks are regularly assessed using tools such as the Risk Appetite Framework, stress testing mechanisms, and emerging risk evaluations. Credit, Operational, and Market risks are measured and monitored under Basel II Pillar 1 guidelines, while other Pillar 2 risks are addressed through the Internal Capital Adequacy Assessment Process (ICAAP).

This robust approach ensures that Wema Bank maintains resilience while safeguarding its stakeholders' interests.

RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

Wema Bank employs an automated approach to managing, communicating, and implementing enterprise risk management policies and procedures across the Bank. This integrated and dynamic platform facilitates the documentation and analysis of risks, the development of mitigation plans, the definition of controls, and the management of continuous risk assessments. It provides clear visibility into key risk indicators, assessment results, and compliance initiatives. We firmly believe that understanding and managing our risks, while continuously enhancing our controls, are essential to achieving our strategic objectives.

The Group's Risk Management Framework is structured around a distinct organizational architecture and established policies and procedures, designed to facilitate the systematic identification, analysis, management, and monitoring of diverse risks inherent in our business operations. This framework ensures that risk limits and controls are aligned with strategic objectives, thereby optimizing risk exposure while supporting business growth.

Our operational processes involve a comprehensive approach to risk management, encompassing the identification, measurement, evaluation, acceptance, and mitigation of individual risks or risk combinations. The Board, informed by the strategic guidance of various Board and Management Risk Committees, fosters a robust risk governance culture that influences the Bank's risk posture and decision-making processes.

We recognize that effective risk management is contingent upon the actionable insights derived from timely and relevant information, which inform strategic actions. Our annual risk cycle is designed to provide management with pertinent and timely data, enabling the observation and evaluation of trends, and facilitating informed decision-making that supports the Bank's strategic objectives.
The governance structure underpinning our risk cycle is meticulously designed to ensure the delivery of accurate and timely information to the appropriate stakeholders, enabling informed decision-making at all levels. Wema Bank adopts a comprehensive and integrated approach to assessing and managing all significant risks, maintaining vigilance over both known and emerging risks to safeguard the organization against potential external shocks. Our Board Risk Committees play a pivotal role in overseeing risk management practices, ensuring that our risk appetite, culture, and profile are meticulously aligned with our strategic vision of delivering long-term, sustainable growth.

The Board defines the Group’s risk appetite in alignment with Wema Bank’s strategic objectives. This process carefully considers the risks the organization is prepared to undertake in pursuit of its goals while recognizing the interconnected nature of various risks and their potential to amplify one another. Our policies and processes are seamlessly aligned with our risk management strategy and established risk appetite, ensuring a cohesive framework that supports prudent decision-making and reinforces our commitment to resilience and sustainability.

Our risk governance framework incorporates the Three Lines of Defense model, which establishes a clear delineation of responsibilities across three distinct lines, each playing a pivotal role in risk management and compliance assurance. This structured approach ensures a cohesive and effective risk management system, fostering a robust governance environment that aligns with the organization's strategic objectives.

Our employees are empowered to proactively monitor, assess, report, and manage risks within their respective operational domains. Comprehensive risk registers are maintained, and a periodic review of all business units and processes is conducted through the Risk and Control Self-Assessment (RCSA) exercise. A culture of personal accountability and integrity is fostered throughout the organization, with employees encouraged to report any observed wrongdoing anonymously via dedicated whistleblowing channels. Regular training sessions across all aspects of our risk culture serve to reinforce expected behaviors and promote a risk-aware environment. These frontline employees/ operations essentially constitute the first line of defense.

Risks are systematically identified and documented through the Bank’s risk mapping process, which delineates the Group’s risk profile in relation to key risk categories across its component business units. Identified risks are regularly assessed through the Group’s risk appetite framework, stress testing protocols, and emerging risk evaluations. Utilizing the Basel II Pillar 1 framework, our Credit, Operational, and Market risks are consistently measured and monitored. Other Pillar 2 risks are assessed and provided for through our Internal Capital Adequacy Assessment Process (ICAAP). This second line of defense involves our dedicated risk management and compliance functions. These teams support frontline operations by establishing, monitoring, and ensuring the effectiveness of risk management practices and compliance controls. They report directly to senior management and play a critical role in maintaining regulatory compliance and managing risk exposure.

The management of risk is a dynamic process that necessitates regular evaluations of the effectiveness of each enterprise risk management component. Consequently, the Group’s ERM Framework is subject to ongoing

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review to ensure effective and cutting-edge risk management practices. This review process is conducted through continuous self-assessment and monitoring by the risk management and compliance functions in collaboration with Internal Audit, as well as independent evaluations by external auditors, examiners, and consultants. This represents the third line of defense, which seeks to provide an independent and objective assurance on the effectiveness of risk management, governance and adequacy of internal controls.

STRESS TESTING

Over the years we have consistently enhanced our ERM Framework, to strategically target and manage risk. 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
- Attempt to optimize the risk-adjusted return on investments.
- Carry out Enterprise-wide scenario and stress testing.

We employ comprehensive and rigorous scenario-based stress testing to evaluate the potential impact of key and emerging risks on the Group's liquidity, capital adequacy, and strategic objectives. Our analysis encompasses a diverse range of scenarios, including adverse macroeconomic, geopolitical, climate-related, and operational risk events, as well as tailored events specific to Wema Bank.

In addition to regulatory-mandated stress testing, our regular internal stress testing assessments provide Management with critical insights into the implications of severely adverse conditions. These evaluations enable us to assess the resilience of the Group's financial stability against external shocks and ensure robust preparedness for maintaining long-term sustainability

BOARD AND MANAGEMENT COMMITTEES

The Board of Directors has overall responsibility for Group's Risk Management framework, and it exercises its statutory and regulatory oversight via its related committees and sub-committees. These committees include:

- Board Risk Management Committee (BRMC)
- Board Credit Committee (BCC)
- Board Audit Committee (BAU)
- Management Credit Committee (MCC)
- Management Risk Committee (MRC)
- Watchlist Committee
- Asset and Liability Committee (ALCO)
- Sustainability Committee
- Information Security Steering Committee

Credit Risk Management

Overview

In 2024, the global economy was characterized by persistent inflation, monetary tightening, and subdued growth prospects amid ongoing geopolitical uncertainties and energy market volatility. Against this backdrop, the credit environment remains challenging. Many advanced economies were still battling persistent inflation, prompting central banks to maintain or even tighten monetary policies to stabilize prices. Economic growth showed a deceleration in several developed markets, while emerging economies experienced varied recovery rates amid lingering uncertainties. Geopolitical tensions and trade disruptions continued to create an uncertain environment for global trade, affecting investor sentiment and market stability. While traditional sectors struggled under supply chain disruptions and rising costs, technology, green energy, and certain services displayed resilience and potential for rebound. Fluctuations in energy prices added to economic uncertainty, impacting both production costs and consumer spending patterns worldwide. Overall, the global economic landscape in 2024 was characterized by cautious recovery amid headwinds from inflation, geopolitical risks, and ongoing supply chain challenges.

The continued repercussions of the COVID-19 pandemic have underscored the necessity of robust credit risk management during periods of economic instability.

In Nigeria, key economic indicators such as GDP growth, inflation, and employment significantly influence borrowers' repayment capacity, necessitating vigilant and adaptive risk management practices by banks. In response, Wema Bank has proactively enhanced its customer outreach, risk assessment, and data management strategies to navigate these headwinds.

Initiatives include the identification of key loan attributes, rigorous evaluation of existing data integrity, segmentation of borrowers by shared characteristics, and establishing processes for determining eligibility for intervention funds. Additionally, the bank has diversified its loan portfolios across various industries to mitigate concentration risk and conducted regular stress testing to assess portfolio resilience under adverse economic conditions. These measures help ensure compliance with both local and international regulatory standards while minimizing credit losses in a volatile global environment.

Credit risk refers to the possibility that a borrower may not fulfill their financial commitments, such as repaying a loan or adhering to contractual terms. This inherent risk is central to the lending process, as it stems from uncertainties regarding a borrower's capacity or willingness to repay debts promptly. It applies to all types of borrowers—whether individuals, corporations, governments, or other entities.

Managing credit risk involves a systematic approach by financial institutions—like banks—to evaluate, monitor, and mitigate the risks associated with lending. The main goal is to reduce the chances of borrower default and to limit the financial losses that occur when loans are not repaid.

At our bank, credit risk is overseen by dedicated Credit Committees that manage the entire risk management process. The bank has set clear objectives for maintaining a high-quality and diversified credit portfolio, along with stringent criteria for selecting borrowers and counterparties. Our policies also define exposure limits based on individual or connected borrowers, various sectors, industries, and geographic regions.

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.
- Robust Credit Monitoring and Early Warning Systems to track the performance of loans in real-time, establish early warning systems to identify potential signs of credit deterioration and ultimately, act promptly upon early warnings to mitigate potential losses.
- Collaboration and Compliance with Regulation to stay informed about regulatory changes and ensure compliance with relevant laws and guidelines.

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.

Notes to the consolidated and separate financial statements

To achieve these objectives, the Bank does the following:

- Identify target markets
- Determine its risk appetite and appropriate returns
- Structure and develop products that will meet clients' requirements but with minimal risk to the bank
- Manage the risk asset portfolio effectively and efficiently.

In Wema Bank, credit risk management is guided by the following;

Trust and integrity
Individuals and companies place their funds with us trusting our integrity in managing these funds. This integrity flows through everything the Bank does. Any break in the chain of "continuous integrity, no matter how small and no matter where; will eventually lead to the decline of the Bank – if it is not checked." The Bank will not take any action that may compromise its integrity.

It is easy to forget the importance of integrity. In credit functions, you are far removed from the depositors who have entrusted their money to you. As the funds you lend come from so many sources, you often feel no specific responsibility. As Bankers, we make conscious efforts to continuously strengthen our integrity. The name: Wema Bank is a constant reminder of this need.

Two examples of the application of the integrity principle are, avoiding conflicts of interest (for instance loans to the Bank's auditors) and complying with Government regulations.

Understanding risk
The Bank's main activity is to manage risk. Risk, simply defined, is the variability of possible outcomes. 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.

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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.

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.

Below is the table of the geographical concentration risk:

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Group & Bank 2024 REGION	Amortised Cost N'000	Concentration	Impairment Allowance N'000	Net Loans N'000	NPL
LAGOS	955,758,310	77.26%	28,706,414	927,051,896	45,319,118
SOUTH WEST	134,380,838	10.86%	3,697,012	130,683,826	4,420,097
SOUTH SOUTH	95,513,599	7.72%	1,375,685	94,137,914	2,301,883
NORTH	42,283,477	3.42%	920,095	41,363,382	995,890
SOUTH EAST	9,087,028	0.73%	1,114,727	7,972,301	336,105
Grand Total	1,237,023,252	100%	35,813,933	1,201,209,319	53,373,092

Group & Bank 2023 REGION	Amortised Cost N'000	Concentration	Impairment Allowance N'000	Net Loans N'000	NPL
LAGOS	624,164,696	76%	19,756,215	604,408,482	31,650,031
SOUTH WEST	113,096,466	14%	1,828,747	111,267,718	2,965,726
SOUTH SOUTH	54,264,701	7%	1,400,780	52,863,921	891,207
NORTH	32,032,948	4%	1,510,167	30,522,780	109,909
SOUTH EAST	2,047,756	0%	7,541	2,040,216	247
Grand Total	825,606,567	100%	24,503,450	801103,117	35,617,120

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.

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Gross Loans and Advances To Customers And The Non-Performing Loan Portion Per Industry Sector As At December 31, 2024

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	4,077,356	89,121	0	3,988,235	4,077,356	89,121	0	3,988,235
AGRICULTURE, FORESTRY AND FISHING	56,646,040	210,505	3149119.81	56,435,534	56,646,040	210,505	3149119.81	56,435,534
ARTS, ENTERTAINMENT AND RECREATION	2,856,317	78,914	630,801	2,777,402	2,856,317	78,914	630,801	2,777,402
CAPITAL MARKET	104,251	0	0	104,251	104,251	0	0	104,251
CONSTRUCTION	55,476,463	2,823,208	19,718	52,653,256	55,476,463	2,823,208	19,718	52,653,256
EDUCATION	6,346,064	169,033	16,243	6,177,031	6,346,064	169,033	16,243	6,177,031
FINANCE AND INSURANCE	35,912,942	647,594	531,622	35,265,348	35,912,942	647,594	531,622	35,265,348
GENERAL	155,932,169	7,699,403	7,381,565	148,232,767	155,932,169	7,699,403	7,381,565	148,232,767
GENERAL COMMERCE	234,140,095	12,660,269	12,714,081	221,479,825	234,140,095	12,660,269	12,714,081	221,479,825
GOVERNMENT	14,004,832	79,139	33,367	13,925,692	14,004,832	79,139	33,367	13,925,692
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	6,023,048	26,974	584.448667	5,996,075	6,023,048	26,974	584.448667	5,996,075
INFORMATION AND COMMUNICATION	6,246,712	73,583	25.97159693	6,173,129	6,246,712	73,583	25.97159693	6,173,129
MANUFACTURING	210,970,639	2,059,452	6,253,075	208,911,187	210,970,639	2,059,452	6,253,075	208,911,187
OIL AND GAS	243,015,408	4,667,330	10,441,673	238,348,079	243,015,408	4,667,330	10,441,673	238,348,079
POWER AND ENERGY	4,788,289	126,560	310,360	4,661,729	4,788,289	126,560	310,360	4,661,729
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	41,570,333	546,687	1,904	41,023,647	41,570,333	546,687	1,904	41,023,647
REAL ESTATE ACTIVITIES	30,248,553	276,158	579,381	29,972,395	30,248,553	276,158	579,381	29,972,395
TRANSPORTATION AND STORAGE	125,214,860	2,995,301	4,369,456	122,219,559	125,214,860	2,995,301	4,369,456	122,219,559
WATER SUPPLY; SEWAGE, WASTE MGT AND REMEDIAL	3,448,881	584,702	1,397,841	2,864,179	3,448,881	584,702	1,397,841	2,864,179
Grand Total	**1,237,023,252**	**35,813,933**	**47,830,817**	**1,201,209,319**	**1,237,023,252**	**35,813,933**	**47,830,817**	**1,201,209,319**

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Gross Loans and Advances To Customers And The Non-Performing Loan Portion Per Industry Sector As At December 31, 2023

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	3,415,738	23,531	0	3,392,207	3,415,738	23,531	0	3,392,207
AGRICULTURE, FORESTRY AND FISHING	38,941,181	227,377	111	38,713,804	38,941,181	227,377	111	38,713,804
ARTS, ENTERTAINMENT AND RECREATION	1,345,547	4,345	908,091	1,341,202	1,345,547	4,345	908,091	1,341,202
CAPITAL MARKET	67,366	6	0	67,359	67,366	6	0	67,359
CONSTRUCTION	30,900,904	64,288	15,253	30,836,616	30,900,904	64,288	15,253	30,836,616
EDUCATION	5,931,497	67,770	10,742	5,863,728	5,931,497	67,770	10,742	5,863,728
FINANCE AND INSURANCE	31,757,277	130,344	381,754	31,626,933	31,757,277	130,344	381,754	31,626,933
GENERAL	111,868,986	7,034,996	8,554,172	105,200,312	111,868,986	7,034,996	8,554,172	105,200,312
GENERAL COMMERCE	135,452,129	7,406,051	8,049,900	128,046,078	135,452,129	7,406,051	8,049,900	128,046,078
GOVERNMENT	23,759,700	14,259	32,130	23,745,442	23,759,700	14,259	32,130	23,745,442
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	6,930,874	58,277	369	6,872,597	6,930,874	58,277	369	6,872,597
INFORMATION AND COMMUNICATION	4,422,367	23,005	5	4,399,362	4,422,367	23,005	5	4,399,362
MANUFACTURING	147,553,622	1,245,370	3,210,333	146,308,253	147,553,622	1,245,370	3,210,333	146,308,253
OIL AND GAS	159,123,732	2,751,835	5,867,509	156,371,897	159,123,732	2,751,835	5,867,509	156,371,897
POWER AND ENERGY	20,242,949	43,166	402,336	20,199,784	20,242,949	43,166	402,336	20,199,784
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	14,533,801	571,797	1,580	13,962,004	14,533,801	571,797	1,580	13,962,004
REAL ESTATE ACTIVITIES	30,547,355	424,543	7,359	30,122,812	30,547,355	424,543	7,359	30,122,812
TRANSPORTATION AND STORAGE	55,501,886	3,717,552	4,888,548	51,784,334	55,501,886	3,717,552	4,888,548	51,784,334
WATER SUPPLY; SEWAGE, WASTE MGT AND REMEDIAL	3,309,655	694,938	3,286,929	2,614,717	3,309,655	694,938	3,286,929	2,614,717
Grand Total	**825,606,567**	**24,503,450**	**35,617,120**	**801,103,117**	**825,606,567**	**24,503,450**	**35,617,120**	**801,103,117**

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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 Team 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).
5. Providing criteria for taking action on loans (for instance all loans of risk rating CCC will be mentioned at MCC to ensure they do not deteriorate further).

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RISK CLASSIFICATION	RISK GRADE	RISK WEIGHT
Extremely Low Risk	AAA	9.0 – 10.0
Very Low Risk	AA	8.0 – 8.9
Low Risk	A	7.0 – 7.9
Above Average Risk	BBB	6.0 – 6.9
Average Risk	BB	5.5 – 5.9
Below Average Risk	B	5.0 – 5.4
High Risk/ Watchlist	CCC	4.5 – 4.9
Very High Risk/ Substandard	CC	4.0 – 4.4
Extremely High Risk/Doubtful	C	3.5 – 3.9
Bad and Lost	D	Below 3.5

Credit risk rating models in Wema Bank

The following are the credit risk rating models deployed by the Bank. Obligor Risk Rating Models have been developed for:

1. Retail exposures
2. Commercial exposures
3. Corporate exposures

Facility Risk Rating Models have been developed for:

1. Probability of Default
2. Loss Given Default
3. Exposure at Default

Credit approval and lending authorities

The key objective of Wema Bank lending is to make profits. In making a credit decision a Relationship Manager must have sufficient information to evaluate a potential borrower's character, collateral, capital and capacity. They must also understand the external conditions, which will affect the borrower's ability to meet their financial obligations. To ensure that decisions to lend are made at levels that reflect the size and complexity of the loans, different loan amounts fall under special approval authorities. The proper lending authority must approve all facilities, loans and commitments to all clients.

The lending authority in the Bank shall flow through the management hierarchy with the final authority residing in the Board of Directors.

The Bank maintains internal credit approval limits for various levels of authority in the credit process. The current position as approved by the Board and Management is as shown in the table below:

Authority level	Approval limit
Board	Above N15 billion
Board Credit Committee	N15 billion
Management Credit Committee	N5 billion
Managing Director	N1.1 billion
Other Approving Authorities	As approved & delegated by the Managing Director

Notes to the consolidated and separate financial statements

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 collagenized 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 minimize 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, except for asset- backed securities and similar instruments, which are secured by portfolios of financial instruments.

Notes to the consolidated and separate financial statements

Details of collateral pledged by customers against carrying amount of loans and advances as at 31 December 2024 are as follows:

In thousands of Naira	Group		Bank	
	Total exposure	*Value of collateral*	*Total exposure*	*Value of collateral*
Secured against property/real estate	250,502,372	265,138,926	250,502,372	265,138,926
Secured by equities	205,873,875	200,458,929	205,873,875	200,458,929
Secured by debenture on stock and companies' assets	687,713,982	617,807,841	687,713,982	617,807,841
Cash collateral, lien over fixed and floating assets	92,933,023	49,699,691	92,933,023	49,699,691
Total Gross amount	**1,237,023,252**	**1,133,105,387**	**1,237,023,252**	**1,133,105,387**
Impairment allowance	35,813,933		35,813,933	
Net carrying amount	**1,201,209,319**	**1,133,105,387**	**1,201,209,319**	**1,133,105,387**

Details of collateral pledged by customers against carrying amount of loans and advances as at 31 December 2023 are as follows:

In thousands of Naira	Group		Bank	
	Total exposure	*Value of collateral*	*Total exposure*	*Value of collateral*
Secured against property/real estate	197,666,051	246,890,845	197,666,051	246,890,845
Secured by equities	142,875,041	120,687,589	142,875,041	120,687,589
Secured by debenture on stock and companies' assets	416,640,429	377,305,224	416,640,429	377,305,224
Cash collateral, lien over fixed and floating assets	68,425,046	60,514,021	68,425,046	60,514,021
Total Gross amount	**825,606,567**	**805,397,680**	**825,606,567**	**805,397,680**
Impairment allowance	24,503,450		24,503,450	
Net carrying amount	**801,103,117**	**805,397,680**	**801,103,117**	**805,397,680**

Notes to the consolidated and separate financial statements

Group and Bank

31 December, 2024	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	206,685,818	31,304,090	21,569,688	5,579,330	265,138,926
Equities	166,466,542	28,953,998	3,584,378	1,454,011	200,458,929
Debenture on stock and companies' assets	564,724,027	24,371,683	26,730,529	1,981,602	617,807,841
Cash	35,512,148	14,046,672	84,339	56,531	49,699,691
Grand total: Fair value of collateral	973,388,536	98,676,444	51,968,934	9,071,473	1,133,105,387
Grand total: Gross loans	1,077,632,739	103,038,947	48,060,392	8,291,174	1,237,023,252
Grand total: Impairment	23,098,650	11,235,726	1,078,675	400,882	35,813,933
Grand total: Net amount	1,054,534,089	91,803,221	46,981,717	7,890,291	1,201,209,319
Grand total: Amount of undercollaterization	104,244,203	4,294,742	(3,874,670)	(746,411)	103,917,865

Stage 1

31 December, 2024	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	168,348,964	23,444,311	16,068,525	5,545,578	213,407,378
Equities	163,427,461	25,554,054	3,553,899	1,453,729	193,989,143
Debenture on stock and companies' assets	520,617,682	19,193,663	25,397,494	1,981,602	567,190,440
Cash	35,136,940	14,046,024	82,428	56,531	49,321,924
Fair value of collateral	887,531,048	82,238,051	45,102,346	9,037,440	1,023,908,884
Gross loans	993,952,572	84,805,945	42,564,871	8,230,250	1,129,553,638
Impairment	2,937,271	1,214,982	197,211	328,001	4,677,465
Net amount	991,015,301	83,590,963	42,367,660	7,902,249	1,124,876,172
Amount of undercollaterization	106,421,524	2,567,894	(2,537,475)	(807,190)	105,644,753

Notes to the consolidated and separate financial statements

Stage 2

31 December, 2024	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	4,694,621	783,013	930,500	-	6,408,134
Equities	59	592	-	-	652
Debenture on stock and companies' assets	31,926,382	4,361,597	-	-	36,287,979
Cash	870	-	-	-	870
Fair value of collateral	36,621,932	5,145,202	930,500	-	42,697,634
Gross loans	36,898,220	4,884,548	694,073	-	42,476,841
Impairment	3,610,342	17,740	174,975	-	3,803,056
Net amount	33,287,878	4,866,808	519,099	-	38,673785
Amount of undercollaterization	276,288	(260,654)	(236,427)	-	(220,793)

Stage 3

31 December, 2024	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	33,642,233	7,076,766	4,570,663	33,752	45,323,414
Equities	3,039,022	3,399,352	30,479	282	6,469,135
Debenture on stock and companies' assets	12,179,964	816,424	784,467	0	13,780,855
Cash	374,338	648	1,911	0	376,898
Fair value of collateral	49,235,557	11,293,190	5,387,520	34,034	65,950,301
Gross loans	46,781,947	13,280,692	4,835,320	94,813	64,992,773
Impairment	16,551,037	10,003,004	706,489	72,882	27,333,412
Net amount	30,230,910	3,277,689	4,128,831	21,931	37,659,361
Amount of undercollaterization	(2,453,610)	1,987,502	(552,200)	60,779	(957,528)

Notes to the consolidated and separate financial statements

GROUP and BANK

31 December, 2023	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	188,975,485	28,900,593	22,144,089	6,870,677	246,890,845
Equities	107,769,782	9,992,506	2,110,639	814,662	120,687,589
Debenture on stock and companies' assets	326,378,366	18,643,565	30,004,049	2,279,245	377,305,224
Cash	55,263,050	4,680,101	442,835	128,035	60,514,021
Grand total: Fair value of collateral	678,386,683	62,216,765	54,701,612	10,092,619	805,397,680
Grand total: Gross loans	701,396,471	65,356,138	49,837,641	9,016,316	825,606,567
Grand total: Impairment	19,683,217	3,767,433	974,806	77,994	24,503,450
Grand total: Net amount	681,713,254	61,588,706	48,862,835	8,938,322	801,103,117
Grand total: Amount of under/over collaterization	23,009,788	3,139,373	(4,863,972)	(1,076,303)	20,208,887

Stage 1

31 December, 2023	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	157,960,995	17,852,463	20,297,092	6,800,715	202,911,265
Equities	104,432,497	6,838,062	2,076,894	814,476	114,161,930
Debenture on stock and companies' assets	289,971,755	16,978,838	28,789,572	2,279,245	338,019,409
Cash	53,400,251	4,250,686	439,374	128,035	58,218,347
Fair value of collateral	605,765,497	45,920,050	51,602,933	10,022,471	713,310,951
Gross loans	613,284,074	49,639,587	47,354,627	8,952,168	719,230,455
Impairment	2,229,299	178,671	259,592	41,142	2,708,704
Net amount	611,054,775	49,460,917	47,095,035	8,911,026	716,888,074
Amount of undercollaterization	7,518,576	3,719,537	(4,248,306)	(1,070,303)	5,919,504

Notes to the consolidated and separate financial statements

Stage 2

31 December, 2023	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	7,882,999	6,787,955	48,203	-	14,719,156
Equities	1,218,368	1,489,257	-	-	2,707,624
Debenture on stock and companies' assets	23,678,963	1,437,485	1,214,477	-	26,330,925
Cash	73,625	426,816	-	-	500,441
Fair value of collateral	32,853,954	10,141,512	1,262,680	-	44,258,147
Gross loans	52,567,026	10,102,202	1,246,612	-	63,915,841
Impairment	347,672	41,304	3,899	-	392,875.50
Net amount	52,219,354	10,060,898	1,242,714	-	63,522,966
Amount of undercollaterization	19,713,072	(39,310)	(16,068)	-	19,657,695

Stage 3

31 December, 2023	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	23,131,492	4,260,175	1,798,794	69,963	29,260,424
Equities	2,118,917	1,665,187	33,745	186	3,818,036
Debenture on stock and companies' assets	12,727,648	227,242	784,467	-	13,739,357
Cash	1,789,173	2,599	3,460	-	1,795,233
Fair value of collateral	39,767,231	6,155,203	2,620,466	70,149	48,613,049
Gross loans	35,545,371	5,614,349	1,236,401	64,149	42,460,270
Impairment	17,106,246	3,547,458	711,315	36,852	21,401,871
Net amount	18,439,125	2,066,891	525,086	27,297	21,058,399
Amount of undercollaterization	(4,221,860)	(540,854)	(1,384,065)	(6,000)	(6,152,779)

Notes to the consolidated and separate financial statements

Master Netting Arrangements
In accordance with our policy and practice, the Bank utilizes netting and set-off arrangements to address discrepancies arising from outstanding balances with defaulting counterparties.

Credit-related commitments
The Bank consistently implements strong asset and liability management practices to guarantee that both its cash flows and contingent obligations are met on time. It also takes appropriate measures to efficiently manage and optimize gaps resulting from undrawn commitments.

Credit concentration
The Bank keeps a close watch on credit risk concentrations by analyzing exposures within specific industries, geographic areas, or among a limited number of large borrowers.

Credit Definitions
Impaired loans and investment securities
Impaired loans and securities are those for which the Bank anticipates it will likely not recover the full principal and interest as per the agreed terms. These are specifically classified as impaired and are assigned grades CC, C, and D under the Bank's internal credit risk grading system.

Allowances for impairment
The Bank sets aside an allowance for impairment losses based on its estimation of losses incurred within its loan portfolio. This allowance consists of two primary components: a specific loss reserve for individually significant exposures, and a collective loan loss allowance for groups of similar assets that have experienced losses which haven't been individually identified.

Write-off policy
The Bank removes a loan or security balance—and any related impairment allowances—from its books when the Management Credit Committee concludes that the exposure is uncollectible. This decision is based on factors such as significant deteriorations in the borrower or issuer’s financial position, which render them unable to meet their obligations, or when collateral proceeds are insufficient to cover the full exposure. For smaller, standardized loans, charge-off decisions typically rely on the product’s specific past due status.

All loans and advances are categorized as :

	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)

Market Risk Management

Overview

Market risk entails the risk that earnings or capital will be negatively impacted as a result of changes in market conditions such as interest and foreign exchange rates, among others, originating from both trading and investment operations.

The Group has implemented effective market risk management processes to identify, measure, monitor, regulate, and report exposures to these major market risks as needed, to improve returns thereby safeguarding shareholder value.

The primary objective of sound market risk practices in the Group is to ensure that market risk exposures are within the acceptable risk appetite approved by the Board.

The Board determines the Group's level of market risk appetite and delegates authority in a logical and hierarchical manner based on levels and responsibilities.

A dedicated market risk team oversees implementing and enforcing the market risk policy framework, as well as managing market risk daily within the Group. This unit operates independently of the trading and business units.

Market risk limits are established within the context of the Board's approved risk appetite, and they are routinely reviewed and reported to Management and the Board on an ongoing basis. Market risk limitations/metrics include notional/position limits, marking-to-market, stress testing, value-at-risk, liquidity gap analysis, repricing gap analysis, and factor sensitivities, among others. The Group maintains a realistic perspective of its daily trading exposures by using fair value accounting on its trading portfolio.

The CBN's current 65% loan-to-deposit ratio policy, which is intended to imitate the domestic economy's recovery and the cash reserve ratio of 32.5% has continued to mount pressure on the Bank's liquidity and funding capacity.

To increase the Group's ability to meet financing obligations while simultaneously building adequate liquidity buffers, the following strategies are being implemented, among others, to guide the bank during regular and stress business situations:

- Wema Bank holds a strong FCY credit position in the interbank market. In the worst-case scenario, this interbank placement portfolio might be used to conduct foreign exchange swaps with the CBN and other counterparties.
- The Bank can use its Eurobond investment to meet short-term FCY obligations through collaborative borrowing.
- The Bank is currently increasing its LCY funding through capital raising initiatives.
- The Bank will use its trade lines with foreign banks/correspondent banks as needed.
- The lending strategy prioritizes short-term, self-liquidating, and capital-light transactions to enhance liquidity and capital.
- The issuance of Special Bills for Cash Reserve (CRR) tied to the CBN's Loan to Deposit ratio policy will greatly increase LCY liquidity for banks.
- Strong emphasis on loan recoveries and collections to enhance liquidity management.
- Strategic focus on accumulating low-cost funds and increasing liquid asset portfolios.

Notes to the consolidated and separate financial statements

Market risk refers to the possibility of losses in the on-balance and off-balance positions as a result of market price fluctuations. For Wema Bank, this entails changes in interest rates and foreign currency rates.

Exposure to market risk

Exposure to market risk is separated into two portfolios:

i. Trading portfolios
ii. Non – trading portfolios

Trading portfolios comprise positions resulting from market making. The models/tools used to quantify, and control traded market risk (interest rate and foreign exchange risk) include daily position valuation, limit monitoring, sensitivity analysis, value-at-risk, and stress testing analyses, among others.

Non-trading portfolios consist mostly of positions resulting from the interest rate management of our retail and commercial banking assets and liabilities, as well as non-traded financial instruments. The key objective of market risk management for non-trading portfolios is to maximize net interest income.

Wema Bank is exposed to market risk due to positions established in its trading and banking books. When appropriate, we apply the same risk management strategies and measurement tools to trading and non-trading portfolios.

One of the key goals of market risk management, as part of our independent risk function, is to ensure that our business units' risk exposures are within the allowed limits and aligned with the established plan. To achieve this goal, market risk management collaborates closely with risk takers ("the business units") as well as other control and support groups.

Market risk governance

Market risk management governance is intended and implemented to encourage oversight of all market risks, effective decision-making, and prompt escalation to senior management and the board.

Market risk management creates and implements a framework for systematically identifying, assessing, monitoring, and reporting on market risk vulnerabilities. Market risk managers identify market risks by doing active portfolio research and engaging with business sectors.

Wema Bank manages and controls market risk through Board-approved policies and limitations (BRMC). These rules and restrictions ensure that risks faced across business activities and on an aggregate basis are within the Bank's risk appetite, while also taking regulatory restraints into account.

The restrictions are recommended by the Head of Market Risk Management via the Chief Risk Officer (CRO) and approved by the appropriate management committees, followed by the Board (BRMC).

The risk reporting system include presenting reports to the Asset and Liability Committee (ALCO), Management Risk Committee (MRC), and Board Risk Management Committee (BRMC). The management committees receive market risk reports and suggestions on a regular basis, and relevant reports are given to the Board Risk Management Committee (BRMC) quarterly.

Exposures to market risks are addressed using a variety of metrics/models, including repricing gap, ratios, value at risk, earning at risk (EaR), economic value of equity (EVE), sensitivity and scenario analysis, among others. In addition, the Bank performs stress tests on a regular basis to assess its sensitivity to extremely severe but probable shocks.

In accordance with the CBN circular on the Basel II/III capital framework, the bank uses the standardized approach for market risk regulatory capital requirements.

Market Risk Measures

Monitoring and Limiting Market Risk Exposures
Our goal is to accurately quantify all forms of market risks using a complete set of risk measures that match economic and legal needs. The quantification of market risks is based on both internally generated key risk metrics/tools and regulatory-defined market risk methodologies.

Limits settings
Specific limitations and triggers (regulatory and internal) have been established across the major market risk categories to prevent excessive market risk exposure. Market risk management ensures that the Bank regularly adheres to these limits and triggers. The following limits amongst others currently exist:

- Open position limits
- Interbank placement limits (DPLs):
- Management action triggers (MATs)
- Stop Loss limit.
- Dealer limits
- Value-at-Risk limits

Mark-to-Market (MTM)
The mark-to-market technique calculates unrealized profit or loss by revaluing open traded positions at current market values. When there are no market prices available for a certain contract period, mark-to-model is used to calculate the applicable market pricing. The Bank's policy is to revalue all exposures in its traded market risk portfolio daily. Generally, marking to market occurs independently of the trading unit.

Sensitivity analysis
Sensitivity analysis assesses the impact of market factor movements on specific instruments or portfolios, such as interest rates and foreign exchange rates, as well as the effect of a one basis point shift in yield. We employ sensitivity metrics to track market risk positions within each risk class. Sensitivity limits are established for portfolios, products, and risk categories, with market depth being a key determinant in setting an acceptable risk threshold.

Value at Risk
Value at risk ('VaR') is a technique for calculating the maximum potential loss on risk positions due to changes in market rates and prices over a set time horizon and at a particular level of confidence. VaR is used to control market risk and is calculated for all trading situations. Where VaR is not calculated explicitly, we employ alternate tools, as described 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 utilized 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 indicates that an increase in observed market volatility will lead to an increase in VaR without any changes in the underlying positions.

VaR Model Limitations

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations. For example:
- Using historical data as a proxy for estimating future events may not cover all potential events, especially extreme ones.
- Using a holding period assumes that all positions can be liquidated, or risks offset during that period, which may not fully reflect market risk during times of severe illiquidity.
- Using a 99% confidence level does not guarantee accuracy and;
- The VaR is determined based on outstanding exposures at the end of the business day and may not account for intra-day changes.

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 cases, losses can be far higher than those indicated by VaR models. Scenarios are created to capture the most relevant future occurrences or market movements for risk variables. The Bank's risk appetite for possible stress losses is defined and monitored. Reverse stress tests are conducted under the assumption that there is a fixed loss. The stress testing process determines which scenarios cause this loss. The reverse stress test is intended to better comprehend circumstances that may have contagion and systemic repercussions outside of normal corporate contexts. Stressed VaR and stress testing, together with reverse stress testing and gap risk management, give management with insights into the 'tail risk' beyond VaR, for which Wema Bank has a limited appetite.

Back-testing

We routinely validate the correctness of our VaR models by back testing them against both actual and hypothetical profit and loss figures and the related VaR statistics. Non-modeled factors like fees, commissions, and intra-day transaction income are excluded from the hypothetical profit and loss statement. 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 refers to the existing or potential risk to earnings and capital posed by adverse changes in foreign exchange rates.

Structural foreign exchange exposures refer to net investments in currencies other than the Naira. Exchange changes in structural exposures are reflected in 'Other comprehensive income'. In our consolidated financial accounts, we use the naira as the presentation currency. As a result, exchange rates between the Naira and all other currencies used in our daily operations have an impact on our consolidated balance sheet. 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 Asset and Liability Committee monitors the foreign exchange position daily and meets bi-monthly to discuss it.

Interest rate risk in the banking book

The interest rate in the banking book (IRRBB) is a significant component of the Bank's market risk exposures. This is the risk that changes in prevailing interest rates will have a negative impact on the market value of assets versus liabilities and/or income versus expenses. The Bank's trade and banking books contain interest-sensitive assets and liabilities, which subject it to interest rate risk.

Wema Bank identified four major sources of IRRBB:

1. Repricing risk is the risk of negative effects resulting from disparities in the timing of the impact of interest rate changes on the value of assets and liabilities.
2. Yield curve risk is the risk of negative repercussions caused by a change in the shape of the yield curve.
3. Basis risk is the risk of adverse outcomes caused by changes in the difference between two or more rates for different instruments of the same maturity.
4. Option risk is the risk that changes in market interest rates result in 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:

1. Economic Value of Equity
2. Re-pricing gap analysis
3. Net Interest Income Sensitivity; and

Economic value of equity (EVE)

The economic value of equity ('EVE value') is the present value of future banking book cash flows that could be allocated to equity providers in a managed run-off scenario. This equals the current book value of equity plus the present value of future net interest income in a managed run-off scenario. Deducting the book value of equity from the computed EVE value yields the present value of net interest income under any interest rate scenario, including managed run-off. An EVE sensitivity is the extent to which the EVE value will fluctuate due to a pre-specified shift in interest rates, while all other economic factors are held constant.

The EVE sensitivity is the sum of the sensitivity of discounted net interest income and the sensitivity of the net present value of any transactions utilized to hedge equity-based interest income. 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 discounted net interest income is sensitive to a pre-specified change in interest rates under a managed run-off scenario.

When determining the sensitivity of the economic value of stock to interest rate fluctuations, the timing of principle cash flows can change 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'):

When EVE exceeds the current balance sheet carrying value of equity in any scenario, the banking book income

Notes to the consolidated and separate financial statements

stream is positive (i.e. profit) and hence capital accretive, requiring no economic capital for IRRBB.

Where the EVE of any scenario is less than the current balance sheet carrying value of equity, the banking book income stream is negative (i.e., a loss), and hence capital deductive under that scenario, with economic capital for IRRBB held against this loss

Re-pricing gap analysis

This enables the Bank to maintain a positive or negative gap depending on the forecast of interest rate trend. The amount of the gap is then modified to either hedge net interest income against changing interest rates or anticipate increased net interest income in accordance with market expectations.

Net interest income sensitivity

A key component of our non-traded interest rate risk management is monitoring the sensitivity of predicted net interest income to different interest rate scenarios (simulation modeling), while keeping all other economic variables constant. Projected net interest income sensitivity figures reflect the impact of pro forma movements in projected yield curves based on a static balance sheet size and structure assumption, except for cases where the size of the balances or repricing is deemed interest rate sensitive (non-interest-bearing current account migration and fixed rate loan early repayment). Wema Bank actively strives to modify the interest rate risk profile to maximize net income.

In thousands of Nigerian Naira

Sensitivity of projected net interest income	**200bps parallel increase**	**200bps parallel decrease**
2024		
Period ending 31 December	3,540,531	(3,540,531)
2023		
Period ending 31 December	1,667,362	(1,667,362)

Notes to the consolidated and separate financial statements

Exposure to Fixed and variable interest rate risk

31 December 2024
GROUP

In thousands of Nigerian Naira	Carrying amount	Fixed	Floating	Non-interest bearing
Cash and cash equivalents	278,924,625	107,420,456	-	171,504,169
Restricted Deposit with CBN	838,595,007	-	-	838,595,007
Pledged assets	307,235,855	307,235,855	-	-
Non-pledged trading assets	45,455,938	45,455,938	-	-
Derivative financial instruments	-	-	-	-
Loans and advances to customers	1,201,209,319	981,430,497	219,778,822	-
Investment securities	854,776,709	840,020,678	-	14,756,031
Other financial assets	12,967,801	-	-	12,967,801
	3,539,165,254	**2,281,563,425**	**219,778,822**	**1,037,823,007**
Derivative financial instruments	-	-	-	-
Deposits from banks	258,500,000	258,500,000	-	-
Deposits from customers	2,523,815,263	871,096,575	86,882,560	1,565,836,128
Other borrowed funds	109,868,074	28,434,932	81,433,143	-
Other financial liabilities	431,883,126	-	-	431,883,126
	3,324,066,463	**1,158,031,507**	**168,315,702**	**1,997,719,254**

31 December 2023
GROUP

In thousands of Nigerian Naira	Carrying amount	Fixed	Floating	Non-interest bearing
Cash and cash equivalents	220,233,575	115,823,926	-	104,409,649
Restricted Deposit with CBN	503,320,833	-	-	503,320,833
Pledged assets	35,216,689	35,216,689	-	-
Non-pledged trading assets	4,669	4,669	-	
Derivative financial instruments	-	-	-	-
Loans and advances to customers	801,103,117	618,038,513	183,064,604	-
Investment securities	628,247,552	614,969,424	-	13,278,128
Other financial assets	13,001,896	-	-	13,001,896

Notes to the consolidated and separate financial statements

	2,201,128,331	**1,384,053,221**	**183,064,604**	**634,010,506**
Derivative financial instruments	-	-	-	-
Deposits from banks	20,863,530	20,863,530	-	-
Deposits from customers	1,860,573,537	654,946,347	38,964,690	1,166,662,500
Other borrowed funds	80,466,750	33,750,585	46,716,165	-
Other financial liabilities	142,585,099	-	-	142,585,099
	2,104,488,916	**709,560,462**	**85,680,855**	**1,309,247,599**

31 December 2024

BANK

In thousands of Nigerian Naira	Carrying amount	Fixed	Floating	Non-interest bearing
Cash and cash equivalents	278,919,920	107,420,456	-	171,499,464
Restricted Deposit with CBN	838,595,007	-	-	838,595,007
Pledged assets	307,235,855	307,235,855	-	-
Non-pledged trading assets	45,455,938	45,455,938	-	-
Derivative financial instruments	-	-	-	-
Loans and advances to customers	1,201,209,319	981,430,497	219,778,822	-
Investment securities	846,605,915	831,849,884	-	14,756,030
Other financial assets	12,967,801	-	-	12,967,801
	3,530,989,755	**2,273,392,631**	**219,778,822**	**1,037,818,302**
Derivative financial instruments	-	-	-	-
Deposits from banks	258,500,000	258,500,000	-	-
Deposits from customers	2,523,815,263	871,096,575	86,882,560	1,565,836,128
Other borrowed funds	101,693,813	20,260,670	81,433,143	-
Other financial liabilities	431,853,354	-	-	431,853,354
	3,315,862,430	**1,149,857,245**	**168,315,702**	**1,997,689,482**

31 December 2023

BANK

In thousands of Nigerian Naira	Carrying amount	Fixed	Floating	Non-interest bearing
Cash and cash equivalents				
Restricted Deposit with CBN	220,206,835	115,823,926	-	104,382,909
Pledged assets	503,320,833	-	-	503,320,833
Non-pledged trading assets	35,216,689	35,216,689	-	-
Derivative financial instruments	4,669	4,669	-	-
Loans and advances to customers	-	-	-	-
Investment securities	801,103,117	618,038,513	183,064,604	-
Other financial assets	620,099,181	620,099,181	-	

Notes to the consolidated and separate financial statements

	2,192,953,220	**1,389,182,978**	**183,064,604**	**620,705,638**
Derivative financial instruments	-	-	-	-
Deposits from banks	20,863,530	20,863,530	-	-
Deposits from customers	1,860,573,537	654,946,347	38,964,690	1,166,662,500
Other borrowed funds	72,294,463	25,578,298	46,716,165	-
Other financial liabilities	142,575,102	-	-	142,575,102
	2,096,306,632	**701,388,175**	**85,680,855**	**1,309,237,602**

Notes to the consolidated and separate financial statements

Fair Value sensitivity

The table below shows the impact of changes in yields on the value of bonds and treasury bills. Increase in yield would lead to decline in the market value of Bonds and Treasury bills. This analysis was carried to show the impact of 50bps, 100bps and 300bps increase in market yield on the Bank's earning in both the fair value through profit & loss and fair value through other comprehensive income portfolio.

Price sensitivity analysis on fixed income securities

31 December 2024

In Thousand Naira	Carrying Value	Impact of 50bps increase in yield	Impact of 100bps increase in yield	Impact of 300bps increase in yield
Impact on statement of Profit & Loss				
Fair Value through Profit & Loss: Bonds	-	-	-	-
Fair Value through Profit & Loss: Treasury bills	45,455,938	(137,919)	(274,964)	(814,577)
Total	**45,455,938**	**(137,919)**	**(274,964)**	**(814,577)**
Impact on Other Comprehensive Income				
Fair Value through Other Comprehensive Income: Bonds	-	-	-	-
Fair Value through Other Comprehensive Income: Treasury bills	-	-	-	-
Total	**45,455,938**	**(137,919)**	**(274,964)**	**(814,577)**

Price sensitivity analysis on fixed income securities

31 December 2023

In Thousand Naira	Carrying Value	Impact of 50bps increase in yield	Impact of 100bps increase in yield	Impact of 300bps increase in yield
Impact on statement of Profit & Loss				
Fair Value through Profit & Loss: Bonds	-	-	-	-
Fair Value through Profit & Loss: Treasury bills	4,669	(17.03)	(33.10)	(96.30)
Total		**(17.03)**	**(33.10)**	**(96.30)**

Notes to the consolidated and separate financial statements

Impact on Other Comprehensive Income				
Fair Value through Other Comprehensive Income: Bonds	76,540.59	(80.45)	(160.74)	(480.29)
Fair Value through Other Comprehensive Income: Treasury bills	-	-	-	-
Total		**(80.45)**	**(160.74)**	**(480.29)**
Total		**(97.48)**	**(193.85)**	**(576.59)**

Liquidity Risk Management

Overview

Liquidity risk is the risk that the Group will be unable to meet payment obligations as at when they fall due or without incurring a higher-than-normal cost in the process. The Group's liquidity risk management framework aims to ensure that the Group can always meet its payment obligations while also managing liquidity and funding risks within its risk appetite. The approach considers all important and major causes of liquidity risk, whether they are on- or off-balance sheet.

Liquidity risk management framework

Liquidity risk management governance is intended and implemented to encourage oversight of all liquidity concerns, effective decision-making, and prompt escalation to Senior Management and the Board.

The Group has an internal liquidity and financing risk management structure in place to ensure that it can survive severe liquidity pressures. It is designed to adapt to changing business models, markets, and regulations. The Asset and Liability Management Committee (ALCO) manages liquidity and funding in accordance with Bank policies and worldwide best practices.

The Board establishes the Bank's liquidity and funding risk strategy, as well as its risk appetite, based on recommendations from the Chief Risk Officer (CRO) through the Asset and Liability Management Committee (ALCO). At least once a year, the Board authorizes the Group 's Liquidity Policy and Contingency financing Plan, which includes establishing liquidity risk tolerance thresholds that the Group uses to measure and control liquidity risks, as well as our long-term financing strategy.

Treasury is responsible for managing the Bank's overall liquidity and funding position, while Market Risk serves as an independent control function, reviewing the liquidity risk framework, proposing the risk appetite through the Chief Risk Officer (CRO), and validating liquidity risk models used to measure and manage the Group's liquidity risk profile.

In addition, specialized business targets are set to guarantee that the Bank achieves its total liquidity and funding requirements.

Notes to the consolidated and separate financial statements

Periodic Liquidity Scorecards are used to educate appropriate Management Committees and the Board of Directors on performance versus risk appetite indicators. As part of the annual strategic planning process, we forecast the development of key liquidity and funding metrics based on the underlying business strategies to ensure that the plan meets our risk appetite.

The Group has created a liquidity management strategy based on a statistical model with conservative assumptions about cash inflows and liability. Liquidity positions are assessed by calculating the Group's net liquidity gap and comparing selected ratios to targets outlined in the liquidity risk management manual. In addition, liquidity stress tests are run under extreme withdrawal scenarios. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

Quantifications

The Group has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches:

1. Funding and Liquidity plan;
2. Gap Analysis; and
3. Ratio Analysis.

The Funding and Liquidity Plan describes the Group's funding sources and applications. The funding liquidity risk limit is determined by computing liquidity ratios and monitoring the cumulative gap between our assets and liabilities. The liquidity gap for any tenor bucket shows the market placement or borrowing required to replace an asset or assets that are approaching maturity. The Group checks the 30-day and one-year cumulative gaps as +/- 20% and 30% of the entire on/off balance sheet size.

The Gap Analysis monitors all contractual cashflows over a 12-month period using predefined maturity buckets. The Group has implemented a set of permitted limitations to limit its exposure to wholesale counterparties, who are historically regarded to be the most vulnerable to market volatility.

Liquidity Coverage Ratio (LCR)

The LCR strengthens the Group's short-term resilience to potential liquidity shocks by guaranteeing that we have enough high-quality liquid assets (HQLAs) to withstand a 30-day acute stress scenario. The LCR standard is intended to ensure that the Group maintains an adequate amount of unencumbered HQLAs that may be converted into cash to meet its liquidity needs over a 30-day time horizon under a significantly severe liquidity stress scenario stipulated by the Central Bank of Nigeria.

We carefully manage the Group's liquidity and funding to support our business strategy and always meet regulatory obligations, even while under stress. To accomplish this, we track our position using a broader range of metrics, including the Liquidity Coverage Ratio ('LCR'). As of December 31, 2023, the Bank's LCR was 135.49%, compared to the regulatory threshold of 100%, and we had high-quality liquid assets totaling N602.92billion. The table below provides a comparative analysis of the Bank's LCR at the conclusion of the fiscal year:

Liquidity Coverage Ratio (LCR)

	31 December 2024	**31 December 2023**
Total high-quality liquid assets (N'billion)	380.21	602.92
Total net cash outflow (N'billion)	281.43	445.00
LCR Ratio (%)	**135.10%**	**135.49%**

Notes to the consolidated and separate financial statements

Limit Management and Monitoring

The monitoring procedure focuses on funding portfolios, the forward balance sheet, and general indicators, comparing pertinent information and data to previously specified boundaries. The Bank's Treasury is responsible for ensuring enough liquidity by maintaining an optimal level of liquid assets and available funding for short-term liabilities. Increased withdrawals of short-term money are monitored by measuring the Bank's deposit base. Liquidity risk is disclosed to the Board of Directors quarterly.

Contingency Funding Plan

The Group has a contingency funding plan which incorporates early warning signals to monitor market conditions. The contingency funding plan covers the following considerations:

- Available sources of secondary funding to supplement cash flow shortages.
- The lead times to obtain such funding.
- The roles and responsibilities of those involved in the contingency plans, and
- The communication and escalation plan when there are signs of deteriorating liquidity conditions.

The Group continuously evaluates its liquidity position and funding plans, understanding that unexpected and/or unforeseen occurrences, whether company-specific or systemic, could result in a short or long-term liquidity crisis. It evaluates its contingency funding plan considering changing market conditions and stress test results.

To monitor liquidity and funding, the Bank's Treasury collaborates with Market Risk to create a liquidity spreadsheet that forecasts fund sources and uses. The spreadsheet considers the impact of both moderate risk and adverse crisis events. The worksheet is an essential part of the contingency funding plan. Although it is unlikely that a big financing crisis will emerge, we believe it is critical to assess the risk and develop contingency plans if one does.

Maturity Risk Profile

The table below displays the undiscounted cash flows from the Group’s and the Bank's financial liabilities based on their earliest contractual maturity. The gross nominal inflow/(outflow) shown in the table represents the contractual, undiscounted cash flow from the financial liability or promise.

Notes to the consolidated and separate financial statements

Residual Contractual Maturities of Financial Assets and Liabilities

GROUP							
31 December 2024	**Carrying Amount**	**Gross Nominal Inflow/ (Outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
In thousands of Nigerian Naira							
Non-derivative assets							
Cash and cash equivalents	278,924,625	279,088,735	279,088,735	-	-	-	-
Restricted Deposit with CBN	838,595,007	838,595,007	-	-	-	-	838,595,007
Pledged assets	307,235,855	560,963,206	19,054,835	82,909,291	139,439,551	76,937,008	242,622,521
Non-pledged trading assets	45,455,938	45,455,938	45,455,938	-	-	-	-
Loans and Advances to customer	1,201,209,319	1,526,125,019	546,479,990	276,606,507	163,706,065	443,560,002	95,772,455
Investment securities	854,776,709	1,624,325,295	25,566,164	124,900,992	49,304,776	499,861,841	924,691,523
	3,526,197,453	**4,874,553,202**	**915,645,662**	**484,416,791**	**352,450,392**	**1,020,358,851**	**2,101,681,505**
Non-derivative liabilities							
Deposits from banks	258,500,000	258,934,849	258,934,849	-	-	-	-
Deposits from customers	2,523,815,263	2,525,743,196	2,376,140,739	44,790,183	31,628,142	678,973	72,505,160
Other borrowed funds	109,868,074	121,990,822	14,938,241	964,341	18,021,367	86,773,297	1,293,577
	2,892,183,337	**2,906,668,868**	**2,650,013,829**	**45,754,524**	**49,649,509**	**87,452,269**	**73,798,736**
Gap (Asset - Liability)			**(1,734,368,166)**	**438,662,266**	**302,800,883**	**932,906,582**	**2,027,882,769**
Cumulative Liquidity Gap			**(1,734,368,166)**	**(1,295,705,900)**	**(992,905,017)**	**(59,998,435)**	**1,967,884,334**

Liquidity Gap describe a discrepancy or mismatch in the supply or demand for cash inflows and outflows. The ALM Team use maturity gap analysis to compare cash inflows and outflows daily and over a series of time-bands. The liquidity gap reports are prepared using the projection worksheets created for different scenarios and stress levels. For each scenario, the assumptions used were approved by the ALCO. For liquidity in the normal or ordinary course of business, the minimum levels of projected liquidity shall be maintained. For liquidity in all other scenarios and stress levels, the ALCO establishes minimum guidance levels.

Notes to the consolidated and separate financial statements

Residual Contractual Maturities of Financial Assets and Liabilities(cont'd)

BANK

31 December 2024	**Carrying Amount**	**Gross Nominal Inflow/(Outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
In thousands of Nigerian Naira							
Cash and cash equivalents	278,919,920	279,084,030	279,084,030	-	-	-	-
Restricted Deposit with CBN	838,595,007	838,595,007	-	-	-	-	838,595,007
Pledged assets	307,235,855	560,963,206	19,054,835	82,909,291	139,439,551	76,937,008	242,622,521
Non-pledged trading assets	45,455,938	45,455,938	45,455,938	-	-	-	-
Loans and Advances to customer	1,201,209,319	1,526,125,019	546,479,990	276,606,507	163,706,065	443,560,002	95,772,455
Investment securities	846,605,915	1,616,154,501	25,566,164	124,900,992	41,133,982	499,861,841	924,691,523
	3,518,021,954	**4,866,377,702**	**915,640,957**	**484,416,791**	**344,279,598**	**1,020,358,851**	**2,101,681,505**
Non-derivative liabilities							
Deposits from banks	258,500,000	258,934,849	258,934,849	-	-	-	-
Deposits from customers	2,523,815,263	2,525,743,196	2,376,140,739	44,790,183	31,628,142	678,973	72,505,160
Other borrowed funds	101,693,813	121,990,822	14,938,241	964,341	18,021,367	86,773,297	1,293,577
	2,884,009,076	**2,906,668,868**	**2,650,013,829**	**45,754,524**	**49,649,509**	**87,452,269**	**73,798,736**
Gap (Asset - Liability)			**(1,734,372,872)**	**438,662,266**	**294,630,089**	**932,906,582**	**2,027,882,769**
Cumulative Liquidity Gap			**(1,734,372,872)**	**(1,295,710,606)**	**(1,001,080,517)**	**(68,173,935)**	**1,959,708,834**

Notes to the consolidated and separate financial statements

Residual Contractual Maturities of Financial Assets and Liabilities

GROUP							
31 December 2023	**Carrying Amount**	**Gross Nominal Inflow/ (Outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
In thousands of Nigerian Naira							
Non-derivative assets							
Cash and cash equivalents	220,233,575	220,637,068	220,637,068	-	-	-	-
Restricted Deposit with CBN	503,320,833	503,320,833	-	-	-	-	503,320,833
Pledged assets	35,216,689	52,736,783	719,795	786,398	1,506,193	12,277,776	37,446,621
Non-pledged trading assets	4,669	4,669	4,669	-	-	-	-
Loans and Advances to customer	801,103,117	966,019,125	323,103,293	148,239,588	139,672,263	236,667,109	118,336,872
Investment securities	628,247,552	1,268,503,629	24,432,100	17,729,174	32,084,046	283,916,310	910,341,999
	2,188,126,435	**3,011,222,107**	**568,896,924**	**166,755,160**	**173,262,502**	**532,861,195**	**1,569,446,325**
Non-derivative liabilities							
Deposits from banks	20,863,530	20,968,150	20,968,150	-	-	-	-
Deposits from customers	1,860,573,537	1,886,592,551	1,770,610,091	51,659,236	28,991,548	35,331,676	-
Other borrowed funds	80,466,750	92,041,882	3,351,959	968,525	11,027,412	75,220,385	1,473,601
	1,961,903,817	**1,999,602,583**	**1,794,930,200**	**52,627,761**	**40,018,960**	**110,552,061**	**1,473,601**
Gap (Asset - Liability)			**(1,226,033,275)**	**114,127,399**	**133,243,542**	**422,309,134**	**1,567,972,724**
Cumulative Liquidity Gap			**(1,226,033,275)**	**(1,111,905,876)**	**(978,662,334)**	**(556,353,200)**	**1,011,619,524**

Notes to the consolidated and separate financial statements

Residual Contractual Maturities of Financial Assets and Liabilities(cont'd)

BANK

31 December 2023	**Carrying Amount**	**Gross Nominal Inflow/(Outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
In thousands of Nigerian Naira							
Cash and cash equivalents	220,206,835	220,206,835	220,206,835	-	-	-	-
Restricted Deposit with CBN	503,320,833	503,320,833	-	-	-	-	503,320,833
Pledged assets	35,216,689	52,736,783	719,795	786,398	1,506,193	12,277,776	37,446,621
Non-pledged trading assets	4,669	4,669	4,669	-	-	-	-
Loans and Advances to customer	801,103,117	966,019,125	323,103,293	148,239,588	139,672,263	236,667,109	118,336,872
Investment securities	620,098,181	1,260,354,258	24,432,100	17,729,174	32,084,046	275,766,939	910,341,999
	2,179,950,324	3,002,642,503	568,466,692	166,755,160	173,262,502	524,711,824	1,569,446,325
Non-derivative liabilities							
Deposits from banks	20,863,530	20,968,150	20,968,150	-	-	-	-
Deposits from customers	1,860,573,537	1,886,592,551	1,770,610,091	51,659,236	28,991,548	35,331,676	-
Other borrowed funds	72,294,463	83,869,595	3,351,959	968,525	11,027,412	67,048,098	1,473,601
	1,953,731,530	**1,991,430,296**	**1,794,930,200**	**52,627,761**	**40,018,960**	**102,379,774**	**1,473,601**
Gap (Asset - Liability)			**(1,226,463,508)**	**114,127,399**	**133,243,542**	**422,332,050**	**1,567,972,724**
Cumulative Liquidity Gap			**(1,226,463,508)**	**(1,112,336,109)**	**(979,092,567)**	**(556,760,517)**	**1,011,212,207**

Notes to the consolidate and separate 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 2024**			**At 31st December 2023**		
	Carrying amount NGN	**Trading portfolios NGN**	**Non-trading portfolios NGN**	**Carrying amount NGN**	**Trading portfolios NGN**	**Non-trading portfolios NGN**
Assets subject to market risk						
Cash and cash equivalents	278,924,625	-	278,924,625	220,233,575	-	220,233,575
Cash and bank balances with Central Bank	838,595,007	-	838,595,007	503,320,833	-	503,320,833
Pledged assets	307,235,855	-	307,235,855	4,669	4,669	-
Non-pledged trading asset	45,455,938	45,455,938	-	35,216,689	-	35,216,689
Loans and advances to customers	1,201,209,319	-	1,201,209,319	801,103,117	-	801,103,117
Investment securities	854,776,709	-	854,776,709	628,247,552	-	628,247,552
Other financial assets	12,967,801	-	12,967,801	13,001,896	-	13,001,896
	3,539,165,254	**45,455,938**	**3,493,709,316**	**2,201,128,331**	**4,669**	**2,201,123,662**
Liabilities subject to market risk						
Deposits from banks	258,500,000	-	258,500,000	20,863,530	-	20,863,530
Deposits from customers	2,523,815,263	-	2,523,815,263	1,860,573,537	-	1,860,573,537
Other borrowed funds	109,868,074	-	109,868,074	80,466,750	-	80,466,750
Other Financial liabilities	431,883,126	-	431,883,126	142,585,099	-	142,585,099
	3,324,066,463	**-**	**3,324,066,463**	**2,104,488,916**	**-**	**2,104,488,916**

Notes to the consolidate and separate 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 2024			At 31st December 2023		
	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	278,919,920	-	278,919,920	220,206,835	-	220,206,835
Cash and bank balances with Central Bank	838,595,007	-	838,595,007	503,320,833	-	503,320,833
Pledged assets	307,235,855	-	307,235,855	4,669	4,669	-
Non-pledged trading asset	45,455,938	45,455,938	-	35,216,689	-	35,216,689
Loans and advances to customers	1,201,209,319	-	1,201,209,319	801,103,117	-	801,103,117
Investment securities	846,606,915	-	846,606,915	620,099,181	-	620,099,181
Other financial assets	12,967,801	-	12,967,801	13,001,896	-	13,001,896
	3,530,990,755	45,455,938	**3,489,099,506**	**2,192,953,220**	**4,669**	**2,192,948,551**
Liabilities subject to market risk						
Deposits from banks	258,500,000	-	258,500,000	20,863,530	-	20,863,530
Deposits from customers	2,523,815,263	-	2,523,815,263	1,860,573,537	-	1,860,573,537
Other borrowed funds	101,693,813	-	101,693,813	72,294,463	-	72,294,463
Other financial liabilities	431,853,354	-	431,853,354	142,575,102	-	142,575,102
	3,315,862,430	**-**	**3,315,862,430**	**2,096,306,632**	**-**	**2,096,306,632**

Notes to the consolidate and separate financial statements

Foreign currency concentrations risk as at 31 December 2024

Group

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
31 December 2024						
Cash and cash equivalents	216,289,698	6,582,703	13,546,664	38,242,425	4,263,135	278,924,625
Restricted Deposit with CBN	-	-	-	838,595,007	-	838,595,007
Pledged assets	14,297,969	-	-	292,937,887	-	307,235,855
Non-pledged trading assets	-	-	-	45,455,938	-	45,455,938
Loans and advances to customers	204,247,622	4,162,515	597,532	989,558,008	2,643,643	1,201,209,319
Investment securities	380,555,561	-	-	474,221,148	-	854,776,709
Other assets	1,561,696	48,103	-	11,358,002	-	12,967,801
Total financial assets	**816,952,546**	**10,793,321**	**14,144,196**	**2,690,368,413**	**6,906,779**	**3,539,165,254**
Deposits from banks	-	-	-	258,500,000	-	258,500,000
Deposit from customers	626,054,844	9,017,288	14,009,328	1,874,714,345	19,458	2,523,815,263
Other borrowed funds	81,433,143	-	-	28,434,932	-	109,868,074
Other liabilities	109,527,409	3,349,511	231,026	311,887,858	6,887,321	431,883,126
Total financial liabilities	**817,015,396**	**12,366,800**	**14,240,354**	**2,473,537,134**	**6,906,779**	**3,324,066,463**

Notes to the consolidate and separate financial statements

31 December 2023						
Cash and cash equivalents	192,758,261	8,729,290	6,333,485	8,006,001	4,406,538	220,233,575
Restricted Deposit with CBN	-	-	-	503,320,833		503,320,833
Pledged assets	14,297,969	-	-	20,918,720	-	35,216,689
Non-pledged trading assets	-	-	-	4,669	-	4,669
Loans and advances to customers	178,355,383	4,422,799	7,325	618,265,261	52,349	801,103,117
Investment securities	103,593,658	-	-	524,653,894	-	628,247,552
Other assets	3,913,815	1,088,572	3,171	7,859,908	136,430	13,001,896
Total financial assets	**492,919,086**	**14,240,661**	**6,343,981**	**1,683,029,286**	**4,595,317**	**2,201,128,331**
Deposits from banks	20,863,530	-	-	-	-	20,863,530
Deposit from customers	252,315,761	6,657,544	5,311,259	1,596,274,254	14,719	1,860,573,537
Other borrowed funds	51,381,302	-	-	29,085,448	-	80,466,750
Other liabilities	98,671,550	7,801,970	886	31,628,971	4,481,723	142,585,099
Total financial liabilities	**423,232,143**	**14,459,514**	**5,312,145**	**1,656,988,673**	**4,496,442**	**2,104,488,916**

Notes to the consolidate and separate financial statements

Bank

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Naira	Others	Total
31 December 2024						
Cash and cash equivalents	216,289,698	6,582,703	13,546,664	38,237,720	4,263,135	278,929,701
Restricted Deposit with CBN	-	-	-	838,595,007	-	838,595,007
Pledged assets	14,297,969	-	-	292,937,887	-	307,235,856
Non-pledged trading assets	-	-	-	45,455,938	-	45,455,938
Loans and advances to customers	204,247,622	4,162,515	597,532	989,558,008	2,643,643	1,201,209,319
Investment securities	380,555,561	-	-	466,050,354	-	850,160,823
Other assets	1,561,696	48,103	-	11,358,002	-	12,967,801
Total financial assets	**816,952,546**	**10,793,321**	**14,144,196**	**2,682,192,915**	**6,906,779**	**3,534,554,444**
Deposits from banks	-	-	-	258,500,000	-	258,500,000
Deposit from customers	626,054,844	9,017,288	14,009,328	1,874,714,345	19,458	2,523,815,263
Other borrowed funds	81,433,143	-	-	20,260,670	-	101,693,813
Other liabilities	109,527,409	3,349,511	231,026	311,858,086	6,887,321	431,853,354
Total financial liabilities	**817,015,396**	**12,366,800**	**14,240,354**	**2,465,333,101**	**6,906,779**	**3,315,862,430**

Notes to the consolidate and separate financial statements

31 December 2023						
Cash and cash equivalents	192,758,261	8,729,290	6,333,485	7,979,261	4,406,538	220,206,835
Restricted Deposit with CBN	-	-	-	503,320,833	-	503,320,833
Pledged assets	14,297,969	-	-	20,918,720	-	35,216,689
Non-pledged trading assets	-	-	-	4,669	-	4,669
Loans and advances to customers	178,355,383	4,422,799	7,325	618,265,261	52,349	801,103,117
Investment securities	103,593,658	-	-	516,504,523	-	620,098,181
Other assets	3,913,815	1,088,572	3,171	7,859,908	136,430	13,001,896
Total financial assets	492,919,086	14,240,661	6,343,981	1,674,853,175	4,595,317	2,192,952,220
Deposits from banks	20,863,530	-	-	-	-	20,863,530
Deposit from customers	252,315,761	6,657,544	5,311,259	1,596,274,254	14,719	1,860,573,537
Other borrowed funds	51,381,302	-	-	20,913,161	-	72,294,463
Other liabilities	98,671,550	7,801,970	886	31,618,973	4,481,723	142,575,102
Total financial liabilities	423,232,143	14,459,514	5,312,145	1,648,806,389	4,496,442	2,096,306,632

Notes to the consolidate and separate financial statements

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 table below shows the impact of currency volatility on the earnings of the Bank. Holding a long position in foreign currency will result in revaluation gain if the local currency depreciates while holding a short position in foreign currency will result in revaluation loss if the local currency depreciates.

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Others
31 December 2024				
Impact of 10% depreciation of the Naira	(6,285)	(157,348)	(9,616)	-
Impact of 20% depreciation of the Naira	(12,570)	(314,696)	(19,232)	-
Impact of 50% depreciation of the Naira	(31,425)	(786,739)	(48,079)	-

	US Dollar	Euro	Pound	Others
31 December 2024				
Impact of 10% appreciation of the Naira	6,285	157,348	9,616	-
Impact of 20% appreciation of the Naira	12,570	314,696	19,232	-
Impact of 50% appreciation of the Naira	31,425	786,739	48,079	-

Notes to the consolidate and separate financial statements

In thousands of Nigerian Naira	US Dollar	Euro	Pound	Others
31 December 2023				
Impact of 10% depreciation of the Naira	8,540,499	(21,885)	103,361	9,888
Impact of 20% depreciation of the Naira	17,080,997	(43,771)	206,721	2,064,159
Impact of 50% depreciation of the Naira	42,702,494	(109,426)	516,804	5,160,399

	US Dollar	Euro	Pound	Others
31 December 2023				
Impact of 10% appreciation of the Naira	(8,540,499)	21,885	(103,361)	(9,888)
Impact of 20% appreciation of the Naira	(17,080,997)	43,771	(206,721)	(2,064,159)
Impact of 50% appreciation of the Naira	(42,702,494)	109,426	(516,804)	(5,160,399)

The Group has prudently adopted the ruling NAFEM rate for the translation of financial assets and liabilities denominated in foreign currencies for the period ended December 2024.

Operational Risk Management

Operational risk management is crucial for ensuring the stability and resilience of Wema Bank's operations. It involves identifying, analysing, managing, and monitoring risks arising from internal processes, people, systems, and external events. These risks can lead to potential losses, harm, or negative impacts on the bank's objectives.

Wema Bank integrates operational risk management within its enterprise risk management division. This comprehensive approach ensures vigilance regarding both known and emerging risks, helping to maintain stability and resilience in the bank's operations.

Sources of Operational Risk

- **Internal Processes**: Risks from process complexity, inadequate documentation, and process flaws.
- **People**: Risks associated with staff failures, such as lack of experience, insufficient resources, and lack of integrity.
- **Systems**: Risks from IT failures, security breaches, and system suitability.
- **External Events**: Risks from natural disasters, terrorism, and other external forces.

Operational Risk Management Framework

The framework ensures proactive identification, assessment, measurement, mitigation, monitoring, and reporting of principal risks. Key components include:

- **Governance Structures**: Clear reporting lines and accountabilities.
- **Risk Management Tools**: Utilization of business process mapping, scenario analysis, risk & control self-assessment (RCSA), key risk indicators (KRIs), and key performance indicators (KPIs).
- **Risk Profile and Tolerances**: Defined thresholds for inherent and residual risks.
- **Risk Reporting**: Regular reporting to senior management for effective decision-making.
- **Independent Review**: Regular assessments and policy revisions based on changes in the risk profile.

Policies and Procedures

Operational risk management policies and procedures align with the bank's overall business strategy and support continuous improvement. They cover the review and approval of new products, activities, processes, and systems, considering inherent risks, necessary controls, and resource availability.

Notes to the consolidate and separate financial statements

Business Continuity Management

Wema Bank's Business Continuity Management System (BCMS) adheres to ISO 22301:2019 standards and regulatory requirements, ensuring protection against business interruptions. The BCMS is designed to protect the bank's people, operations, customers, other interested parties, and reputation. The bank consistently maintains and enhances its BCMS to meet these standards, ensuring full compliance with the CBN IT standard blueprint. External auditors annually review the management system to ensure the Bank's control effectiveness against the risk of interruption to its business activities.

Third-Party Risk Management

Wema Bank's Third-Party Risk Management framework is designed to effectively manage the risks associated with engaging third-party vendors and service providers. This framework ensures that all third-party relationships are aligned with the bank's strategic objectives and regulatory requirements. The Bank aims to mitigate the risks associated with third-party relationships and ensure that these partnerships contribute positively to the bank's overall objectives. This includes thorough due diligence, continuous monitoring, and regular assessments of third-party performance and compliance.

Consumer Protection Risk Management

To safeguard the interests of its customers while ensuring compliance with regulatory requirements, the consumer protection risk management framework has been incorporated into the overall enterprise risk management framework. Wema Bank strives to safeguard its customers' interests, improve their banking experience, and uphold a solid reputation for integrity and reliability. This involves implementing robust policies and procedures to address customer complaints, ensuring transparency in product offerings, and maintaining high standards of customer service.

Strategic and Reputational Risk Management

Strategic risk management involves aligning the bank's goals with its corporate mission and values, ensuring resource allocation and prioritization, and establishing mechanisms for performance evaluation and feedback. The strategic risk management process includes:

- **Formulating Strategic Goals and Objectives**: Aligning with the Bank's corporate mission and values, these goals and objectives are translated into a well-structured strategic plan to deliver and measure desired outcomes.
- **Resource Allocation and Prioritization**: Ensuring that personnel, technology, funding, and capital resources are allocated and prioritized in a manner compatible with implementation strategies.

Notes to the consolidate and separate financial statements

- **Communication and Implementation**: Effectively communicating, implementing, and modifying strategies as needed.
- **Performance Evaluation and Feedback**: Establishing mechanisms for evaluating performance and providing feedback.
- **Strategic Risk Management Framework**: Designing a framework tailored to the Bank's risk profile and sophistication level to ensure that strategic risks are consistently and comprehensively identified, assessed, monitored, controlled, and reported.

Reputational risk refers to the potential for negative publicity about an institution's business practices or its key officers, whether true or not, to cause a decline in the customer base, costly litigation, or revenue reductions. This risk can arise from an institution's failure to effectively manage other types of risks. Wema Bank recognizes that managing reputational risk starts with understanding that reputation is a matter of perception. Management acknowledges that the Bank's overall reputation is shaped by its standing among various stakeholders (investors, customers, suppliers, employees, regulators, politicians, non-governmental organizations, and the communities in which it operates) across specific categories (product quality, corporate governance, employee relations, customer service, intellectual capital, financial performance, and handling of environmental and social issues). A strong positive reputation among stakeholders in multiple categories will result in a strong positive reputation for Wema Bank. The Bank has established processes to properly articulate, analyse, and manage reputational risk factors in response to challenges.

Notes to the consolidate and separate financial statements

Exposure to liquidity risk (MARKET RISK)
The key measure used by the Group 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 Group 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-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
At the end of the year	33.37%	35.17%	33.37%	35.17%
Average for the year	30.47%	32.38%	30.47%	32.38%
Maximum for the year	39.26%	37.01%	39.26%	37.01%
Minimum for the year	26.20%	28.46%	26.20%	28.46%

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.

Notes to the consolidate and separate financial statements

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.

In thousands of Nigeria naira	**31-Dec 2024**	**31-Dec 2023**
Tier 1 capital		
Ordinary share capital	10,715,089	6,429,078
Share premium	56,430,821	8,698,230
Statutory reserves	37,669,829	24,726,903
SMEIES	1,910,121	1,910,121
Other reserves	124,280,800	70,466,862
Total qualifying Tier 1 capital	231,006,660	112,231,193
Deferred tax assets	472,076	7,105,000
Intangible assets	4,098,343	2,988,602
Investment in capital of financial subsidiaries	0.00	-
	4,570,418	10,093,602
Adjusted Total qualifying Tier 1 capital	226,436,242	102,137,591
Tier 2 capital		
Other comprehensive income (OCI)	14,940,479	13,462,577
Sub-ordinated debts	2,029,810	4,058,438
Total qualifying Tier 2capital	16,970,289	17,521,015
Net Tier 2 Capital	16,970,289	17,521,015
Total regulatory capital	243,406,530	119,658,606
Risk -weighted assets		
Credit risk	1,067,563,532	613,683,646
Market risk	14,129,125	23,065,793
Operational risk	155,564,886	109,272,232
Total risk-weighted assets	1,237,257,543	746,021,671
Risk-weighted Capital Adequacy Ratio (CAR)	19.67%	16.04%
Total tier 1 capital expressed as a percentage of risk-weighted assets	18.30%	13.69%

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

Notes to the consolidate and separate financial statements

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	**2024**	**%**	**2023**	**%**	**2024**	**%**	**2023**	**%**
Gross Income	433,434,006		226,914,538		432,337,943		225,746,689	
Interest Paid	(177,569,260)		(93,922,252)		(176,496,617)		(92,852,911)	
	255,864,746		132,992,286		255,841,326		132,893,778	
Impairment charge on financial assets	(21,649,882)		(10,563,367)		(21,649,882)		(10,563,367)	
Bought-in materials and services	(77,496,991)		(45,887,623)		(77,467,218)		(45,861,717)	
Value added	**156,717,874**	**100**	**76,541,296**	**100**	**156,724,226**	**100**	**76,468,694**	**100**
Distribution								
Employees								
Salaries and Benefits	45,475,369	29	26,755,149	35	45,475,369	29	26,755,149	35
Government								
Income tax	9,602,306	6	1,796,732	2	9,589,649	6	1,780,725	2
Deferred Tax	6,632,925	3	5,878,230	8	6,632,925	3	5,878,230	8
Retained in the Bank								
Assets replacement (Depreciation & Amortisation)	8,740,108	6	6,122,218	8	8,740,108	6	6,122,218	8
Profit transferred to reserve	86,265,047	57	35,988,967	47	86,286,175	57	35,932,372	47
	156,717,874	**100**	**76,541,296**	**100**	**156,724,226**	**100**	**76,468,694**	**100**

Other National Disclosures

Financial Summary

In thousands of Nigerian Naira	Group 31-Dec-24	Bank 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-23	Group 31-Dec-22	Bank 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-20
Assets:										
Cash and cash equivalents	278,924,625	278,919,920	220,233,575	220,206,835	96,294,862	96,262,918	109,726,640	109,714,649	97,524,936	97,527,858
Restricted Deposit with CBN	838,595,007	838,595,007	503,320,833	503,320,833	386,993,380	386,993,380	313,847,420	313,847,420	246,974,959	246,974,959
Pledged assets	307,235,855	307,235,855	35,216,689	35,216,689	30,616,318	30,616,318	83,723,119	83,723,119	27,454,662	27,454,662
Investment securities	900,232,647	892,061,853	628,252,221	620,102,850	352,912,906	344,782,534	174,081,524	163,120,256	183,799,001	172,860,013
Wema funding SPV Plc	-	1000	-	1000	-	1,000	-	-	-	-
Loans and advances to customers	1,201,209,319	1,201,209,319	801,103,117	801,103,117	521,430,696	521,430,696	418,864,303	418,864,303	360,076,079	360,076,079
Investment property	-	-	-	-	-	-	-	-	38,388	38,388
Right of use Assets	1,170,067	1,170,067	1,254,787	1,254,787	997,465	997,465	851,249	851,249	621,528	621,528
Property Plant and equipment	48,322,246	48,322,246	35,762,898	35,762,898	25,449,667	25,449,667	22,418,542	22,418,542	21,517,323	21,517,323
Intangible assets	4,098,343	4,098,343	2,988,602	2,988,602	2,859,593	2,859,593	2,170,640	2,170,640	1,391,549	1,391,549
Other assets	12,967,801	12,967,801	13,001,896	13,001,896	11,326,857	11,326,857	34,305,993	34,305,993	21,883,615	21,883,615
Deferred tax assets	472,076	472,076	7,105,000	7,105,000	12,983,230	12,983,230	15,500,694	15,500,694	18,236,111	18,236,111
	3,593,227,986	**3,585,052,487**	**2,248,239,617**	**2,240,064,506**	**1,441,864,974**	**1,433,703,658**	**1,175,490,124**	**1,164,516,865**	**979,518,151**	**968,582,084**
Finance by:										
Share capital	10,715,089	10,715,089	6,429,078	6,429,078	6,429,078	6,429,078	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	56,430,821	56,430,821	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230
Additional Tier 1 capital	21,000,000	21,000,000	21,000,000	21,000,000	-	-	-	-	-	-
Retained earnings	103,251,267	103,280,800	36,585,528	36,608,707	11,449,605	11,529,379	11,023,900	11,241,627	7,103,647	7,314,727
Other reserve	65,024,170	65,024,171	66,585,833	66,585,834	55,965,988	55,965,990	31,137,254	31,137,254	24,052,644	24,052,644
Deposits from banks	258,500,000	258,500,000	20,863,530	20,863,530	19,153,500	19,153,500	40,700,000	40,700,000	-	0
Deposits from customers	2,523,815,263	2,523,815,263	1,860,573,537	1,860,573,537	1,165,934,019	1,165,934,019	927,471,175	927,471,175	804,873,392	804,873,392
Lease liabilities	-	-	45,951	45,951	31,583	31,583	26,879	26,879	22,875	22,875
Current tax liabilities	9,604,424	9,589,649	1,796,732	1,780,725	1,061,974	1,061,975	716,120	716,120	394,511	394,511
Other liabilities	431,868,351	431,853,354	142,585,099	142,575,102	102,430,977	102,359,237	63,697,672	63,637,777	41,562,147	41,522,098
Provision	3,150,527	3,150,527	2,609,348	2,609,348	1,254,489	1,254,489	-	-	-	-
Other borrowed funds	109,868,074	101,693,813	80,466,750	72,294,463	69,455,532	61,286,178	72,731,661	61,601,570	73,523,472	62,416,375
	3,593,227,986	**3,585,053,487**	**2,248,239,617**	**2,240,064,506**	**1,441,864,974**	**1,433,703,658**	**1,175,490,124**	**1,164,517,865**	**979,518,151**	**968,582,084**
Guarantees and other commitments	**387,022,603**	**387,022,603**	**317,412,811**	**317,412,811**	**152,455,290**	**152,455,290**	**118,568,967**	**118,568,967**	**78,692,203**	**78,692,203**

	Group 31-Dec-23	Bank 31-Dec-23	Group 31-Dec-23	Bank 31-Dec-23	Group 31-Dec-22	Bank 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-20
Gross earnings	433,434,006	432,337,943	226,914,538	226,914,538	131,083,307	131,083,309	93,632,481	92,137,078	81,382,795	79,876,995
Profit/(loss) before taxation	102,517,170	102,508,748	43,663,929	43,663,929	14,883,961	14,746,008	12,377,495	12,384,142	5,931,687	5,946,523
Income tax	(16,237,349)	(16,222,574)	(7,674,962)	(7,674,962)	(3,531,981)	(3,531,981)	(3,450,940)	(3,450,940)	(1,354,306)	(1,354,306)
Profit/(loss) after taxation	**86,279,821**	**86,286,174**	**35,988,967**	**35,988,967**	**11,351,980**	**11,214,027**	**8,926,555**	**8,933,202**	**4,577,381**	**4,592,217**