

WEMA BANK PLC

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2021

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Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31st December, 2021

Statement of Profit or loss and other Comprehensive Income

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
Gross Earnings	91,301,682	81,382,795	89,724,252	79,876,995
Interest income	72,565,473	64,552,522	70,988,043	63,046,722
Interest expense	(34,628,561)	(33,702,510)	(33,157,958)	(32,189,452)
Net interest income	37,936,912	30,850,012	37,830,085	30,857,270
Net impairment loss on financial assets	(1,300,374)	(5,635,165)	(1,300,374)	(5,635,165)
Net interest income after impairment charge for credit losses	36,636,537	25,214,847	36,529,710	25,222,105
Net gain on FVTPL investment securities	557,330	326,274	557,330	326,274
Net fee and commission income	13,375,236	8,422,108	13,375,236	8,422,108
Net trading income	1,558,603	3,940,031	1,558,603	3,940,031
Other income	3,245,040	4,141,860	3,245,040	4,141,860
	18,736,209	16,830,273	18,736,209	16,830,273
Operating income	55,372,746	42,045,120	55,265,919	42,052,378
Personnel expenses	(16,660,934)	(14,082,228)	(16,660,934)	(14,082,228)
Depreciation and amortization	(3,399,317)	(3,136,273)	(3,399,317)	(3,136,273)
Other operating expenses	(24,022,361)	(18,894,932)	(24,012,361)	(18,887,354)
Profit before tax	11,290,133	5,931,687	11,193,306	5,946,523
Income tax expense	(2,422,902)	(1,354,306)	(2,422,902)	(1,354,306)
Profit for the year	8,867,231	4,577,381	8,770,404	4,592,217
<u>Other comprehensive income, net of income tax Items that will not be subsequently reclassified to profit or loss</u>				
Net change in fair value of investments FVTOCI	-	544,616	-	544,616
	-	544,616	-	544,616
<u>Items that will be subsequently reclassified to profit or loss</u>				
Net change in fair value of investments FVOCI	-	104,576	-	104,576
Income tax relating to items that may be reclassified subsequently to profit or Loss	-	-	-	-
Other comprehensive income for the year	-	649,192	-	649,192
Total comprehensive income for the year	8,867,231	5,226,573	8,770,404	5,241,409
Profit attributable to:				
Equity holders of the Bank	8,867,231	4,577,381	8,770,404	4,592,217
Total comprehensive income for the year	8,867,231	5,226,573	8,770,404	5,241,409
Earnings per share-basic	23.0	11.9	22.7	11.9

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 31st December, 2021

Statement of financial Position

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<i>In thousands of Nigerian Naira</i>				
Cash and cash equivalents	108,225,545	97,524,936	108,213,553	97,527,858
Restricted Deposit with CBN	313,847,420	246,974,959	313,847,420	246,974,959
Pledged assets	83,723,120	27,454,662	83,723,120	27,454,662
Investment securities:				
Fair value through other comprehensive income	1,844,591	56,580,275	1,845,591	56,581,275
Fair Value through profit or loss	38,693,696	78,225,951	38,693,696	78,225,951
Held at amortised cost	129,844,144	48,992,774	118,917,156	38,052,786
Loans and advances to customers	418,170,830	360,076,079	418,170,830	360,076,079
Investment properties	0	38,388	0	38,388
Right of Use	826,499	621,528	826,499	621,528
Property and equipment	22,418,542	21,517,323	22,418,542	21,517,323
Intangible assets	2,170,640	1,391,549	2,170,640	1,391,549
Other assets	21,307,402	21,883,615	21,307,402	21,883,615
Deferred tax assets	17,324,305	18,236,111	17,324,305	18,236,111
	1,158,396,734	979,518,151	1,147,458,755	968,582,084
Deposits from banks	40,700,000	-	40,700,000	-
Deposits from customers	927,111,843	804,873,392	927,111,843	804,873,392
Lease Liabilities	26,879	22,875	26,879	22,875
Current tax liabilities	1,511,694	394,511	1,511,694	394,511
Other liabilities	50,261,792	41,562,147	50,196,898	41,522,098
Other borrowed funds	72,322,363	73,523,471	61,331,182	62,416,375
	1,091,934,571	920,376,396	1,080,878,496	909,229,251
EQUITY				
Share capital	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	8,698,230	8,698,230	8,698,230	8,698,230
Regulatory risk reserve	5,536,119	5,536,119	5,536,119	5,536,119
Retained earnings	14,194,445	7,103,647	14,312,542	7,314,727
Other reserves	18,746,135	18,516,524	18,746,135	18,516,524
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	66,462,162	59,141,754	66,580,259	59,352,833
TOTAL LIABILITIES AND EQUITY	1,158,396,733	979,518,150	1,147,458,755	968,582,084
CONTINGENTS	118,273,425	78,692,203	118,273,425	78,692,203

The financial statements were authorized for issue by the directors on the 28th January, 2022



Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973



Ademola Adebise
Managing Director
FRC/2013/ICAN/00000002115



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

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 31st December, 2021

Statements of changes in equity

Group

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Credit risk reserve	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2021									
Balance at 1 January 2021	19,287,233	8,698,230	781,612	5,536,119	14,974,982	673,148	2,086,782	7,103,647	59,141,753
Opening Adjustment								(3,844)	(3,844)
Dividend Payout								(1,542,978)	(1,542,978)
SMEIS Charge						229,611		(229,611)	-
Profit or loss	-	-	-	-	-	-		8,867,231	8,867,231
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	-	-	-
	19,287,233	8,698,230	781,612	5,536,119	14,974,982	902,759	2,086,782	14,194,445	66,462,162
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve	-	-							-
Credit risk reserve									-
Transfer to Statutory reserve	-	-							-
Total contribution and distributions to owners	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2021	19,287,233	8,698,230	781,612	5,536,119	14,974,982	902,759	2,086,782	14,194,445	66,462,162
2020									
Balance at 1 January 2020	19,287,233	8,698,230	781,612	7,577,698	13,597,317	526,908	1,437,590	3,254,018	55,160,607
Opening Adjustment									-
Dividend Payout								(1,542,979)	(1,542,979)
SMEIS Charge						146,240		151,313	297,553
Profit or loss	-	-	-	-	-	-		4,577,381	4,577,381
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	649,192	-	649,192
	19,287,233	8,698,230	781,612	7,577,698	13,597,317	673,148	2,086,782	6,439,733	59,141,754
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve	-	-		(2,041,579)				2,041,579	-
Credit risk reserve									-
Transfer to Statutory reserve	-	-			1,377,665			(1,377,665)	-
Total contribution and distributions to owners	-	-	-	(2,041,579)	1,377,665	-	-	663,914	-
Balance at 31st December 2020	19,287,233	8,698,230	781,612	5,536,119	14,974,982	673,148	2,086,782	8,481,312	59,141,754

Wema Bank Plc

**Consolidated and Separate Financial Statements
For the period ended 31st December, 2021**

Statements of changes in equity

Bank

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Credit risk reserve	Regulatory risk reserve	Statutory reserve	AGSMEIS reserve	Fair value reserves	Retained earnings	Total equity
2021									
Balance at 1 January 2021	19,287,233	8,698,230	781,612	5,536,119	14,974,982	673,148	2,086,782	7,314,727	59,352,833
Dividend Payout								(1,542,978)	(1,542,978)
SMEIS Charge						229,611		(229,611)	-
Profit or loss	-	-	-	-	-	-		8,770,404	8,770,404
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	19,287,233	8,698,230	781,612	5,536,119	14,974,982	902,759	2,086,782	14,312,542	66,580,259
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve								-	-
Credit risk reserve			-					-	-
transfer to statutory reserves								-	-
Total contribution and distributions to owners	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2021	19,287,233	8,698,230	781,612	5,536,119	14,974,982	902,759	2,086,782	14,312,542	66,580,259
2020									
Balance at 1 January 2020	19,287,233	8,698,230	781,612	7,577,698	13,597,317	526,908	1,437,590	3,450,262	55,356,851
Dividend Payout								(1,542,979)	(1,542,979)
SMEIS Charge						146,240		151,313	297,553
Profit or loss	-	-	-	-	-	-		4,592,217	4,592,217
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	649,192	-	649,192
Total comprehensive income for the period	19,287,233	8,698,230	781,612	7,577,698	13,597,317	673,148	2,086,782	6,650,813	59,352,833
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve				(2,041,579)				2,041,579	-
Credit risk reserve			-					-	-
transfer to statutory reserves					1,377,665			(1,377,665)	-
Total contribution and distributions to owners	-	-	-	(2,041,579)	1,377,665	-	-	663,914	-
Balance at 31st December 2020	19,287,233	8,698,230	781,612	5,536,119	14,974,982	673,148	2,086,782	7,314,727	59,352,833

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 31st December, 2021
Consolidated and Separate Statement of Cashflow

<i>In thousands of Nigerian Naira</i>	Notes	Group		Bank	
		31-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2020
Cash flows from operating activities					
Profit for the year		8,867,231	4,577,381	8,770,404	4,592,217
Adjustments for:					
Taxation expense	26	2,422,902	1,354,306	2,422,902	1,354,306
Depreciation and amortization		3,399,317	3,136,273	3,399,317	3,136,273
Adjustment for transfer out of PPE now expensed		1	(33)	1	(33)
Opening balance adjusted directly in retained earnings		(3,844)	-	-	-
(Gain)/Loss on disposal of property and equipment	10	(167,030)	(1,266,904)	(167,030)	(1,266,904)
Net interest income		(37,936,912)	(30,850,012)	(37,830,085)	(30,857,270)
Dividend received from equity investment		(168,873)	(67,315)	(168,873)	(67,315)
Impairment loss on financial assets		1,300,374	5,635,165	1,300,374	5,635,165
Operating cashflow before movement in working capital		(22,286,833)	(17,481,139)	(22,272,989)	(17,473,561)
Change in pledged assets		(56,268,458)	(529,135)	(56,268,458)	(529,135)
Change in loans and advances to customers		(59,395,125)	(76,471,374)	(59,395,125)	(76,471,374)
Change in other assets		576,213	(17,003,826)	576,213	(17,003,826)
Change in deposits from banks	24	40,700,000	(3,638,400)	40,700,000	(3,638,400)
Change in finance lease obligation		-	-	-	-
Change in restricted deposit with CBN		(66,872,461)	(109,582,258)	(66,872,461)	(109,582,258)
Change in deposits from customers		122,238,451	227,589,923	122,238,451	227,589,923
Change in other liabilities		8,703,649	11,473,355	8,678,804	11,475,779
Cashflow generated by operations		(32,604,563)	14,357,146	(32,615,564)	14,367,148
Income tax paid	26	(393,914)	(905,364)	(393,914)	(905,364)
Interest received		72,565,473	64,552,522	70,988,043	63,046,722
Interest paid		(29,652,031)	(29,704,156)	(29,652,031)	(29,704,157)
Net cash from operating activities		9,914,965	48,300,147	8,326,534	46,804,348
Cash flows from investing activities					
Disposal/Acquisition of investment securities-At Amortised Cost		(80,851,369)	(5,849,850)	(80,864,370)	(5,817,826)
Disposal/Acquisition of investment securities-FVTOCI		54,735,684	(54,137,540)	54,735,684	(54,137,540)
Change in FVTPL investments		39,532,256	26,938,332	39,532,256	26,938,332
Dividend received from equity investment		168,873	67,315	168,873	67,315
Acquisition of property and equipment	20	(3,783,055)	(3,707,336)	(3,783,055)	(3,707,336)
Proceeds from the sale of property and equipment		337,983	1,475,658	337,983	1,475,658
Right of Use		(461,950)	(337,292)	(461,950)	(337,292)
Acquisition of intangible assets		(1,172,161)	(708,158)	(1,172,161)	(708,158)
Net cash(used in)/generated by investing activities		8,506,261	(36,258,871)	8,493,261	(36,226,847)
Cash flows from financing activities					
Proceed from borrowings		3,217,478	26,765,784	3,217,478	26,726,669
Repayment of borrowings		(4,418,585)	(2,012,620)	(4,302,671)	(2,012,620)
Transfer To/From Reserves		-	297,553	-	297,553
Interest paid on borrowings	7	(4,976,530)	(3,998,354)	(3,505,927)	(2,485,295)
Dividend paid to shareholders		(1,542,978)	(1,542,979)	(1,542,978)	(1,542,979)
Net cash from financing activities		(7,720,615)	19,509,385	(6,134,098)	20,983,328
Net increase in cash and cash equivalents		10,700,610	31,550,662	10,685,696	31,560,830
Cash and cash equivalents at beginning of period		97,524,935	65,974,273	97,527,858	65,967,028
Cash and cash equivalents at end of period	15	108,225,545	97,524,935	108,213,554	97,527,858

Wema Bank Plc

**Consolidated and Separate Financial Statements
For the period ended 31st December, 2021
Statement of Prudential Adjustments**

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Prudential Provisions:				
Loans and advances	22,468,425	21,345,910	22,468,425	21,921,475
Other financial assets	3,118,151	1,314,335	3,118,151	2,313,255
	25,586,576	22,660,245	25,586,576	24,234,730
Impairment assessment under IFRS:				
Loans and advances				
12-months ECL credit	11,148,381	7,104,750	11,148,381	8,768,264
Life-time ECL Not impaired	264,983	377,572	264,983	783,944
Life-time ECL credit impaired	6,477,187	4,646,110	6,477,187	5,411,370
	17,890,551	12,128,432	17,890,551	14,963,578
Investment securities				
12-months ECL	1,200,025	1,324,037	1,200,025	1,282,095
	1,200,025	1,324,037	1,200,025	1,282,095
Off balance sheet exposures				
12-months ECL	1,631,573	768,381	1,631,573	1,401,431
	1,631,573	768,381	1,631,573	1,401,431
Other financial assets				
specific allowance for impairment on other assets	-	-	-	-
12 months ECL Lifetime ECL	861,697	861,697	1,116,780	1,051,506
Other non-financial assets	-	-	-	-
	861,697	861,697	1,116,780	1,051,506
Total IFRS Impairment	21,583,846	15,082,548	21,838,930	18,698,611
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	4,002,730	7,577,698	3,747,646	5,536,119

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 31st December, 2021

Notes to the Financial Statements

	Group		Bank	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
<i>In thousands of Nigerian Naira</i>				
7 Interest income				
Cash and cash equivalents	2,870,287	3,405,659	2,870,287	3,405,659
Loans and advances to banks and customers	61,423,554	53,695,287	61,423,554	53,695,287
Investments securities	8,271,632	7,451,576	6,694,202	5,945,776
Total interest income	72,565,473	64,552,522	70,988,043	63,046,722

Included in interest income on loans and advances is modification loss of N600million for group and bank. It represents the changes in gross carrying amount of the financial asset from immediately before to immediately after modification. The modifications were not as a result of credit deterioration.

Interest expense

Deposits from banks	2,684,888	430,498	2,684,888	430,498
Interest expense on lease liabilities	-	-	-	0
Deposits from customers	26,967,144	29,273,659	26,967,144	29,273,659
Other borrowed funds	4,976,530	3,998,354	3,505,927	2,485,295
Total interest expense	34,628,561	33,702,510	33,157,958	32,189,451

8 Fees and commission income

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Credit related fees	1,000,152	652,371	1,000,152	652,371
Account maintenance fees	2,101,761	1,246,621	2,101,761	1,246,621
Management fees	4,248,214	1,534,077	4,248,214	1,534,077
Fees on electronic products	2,635,079	2,606,787	2,635,079	2,606,787
Fees on financial guarantees	567,040	856,272	567,040	856,272
Other fees and charges	2,822,990	1,525,980	2,822,990	1,525,980
Total fee and commission income	13,375,236	8,422,108	13,375,236	8,422,108

9 Net trading income

Fixed income securities	9,461	25,879	9,461	25,879
Treasury bills	1,271,937	3,601,634	1,271,937	3,601,634
Foreign exchange trading (note 9.1)	277,205	312,518	277,205	312,518
Total	1,558,603	3,940,031	1,558,603	3,940,031

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

9.1 assets carried at fair value through profit or loss

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
10 Other income				
Dividends on available-for-sale equity securities	168,873	67,315	168,873	67,315
Gains on disposal of property and equipment	167,030	1,266,904	167,030	1,266,904
Rental income	40,019	48,643	40,019	48,643
Insurance claim received	50,000	63,262	50,000	63,262
Income on contingents	30,686	68,600	30,686	68,600
Income on deposit accounts	83,911	170,703	83,911	170,703
Digital Income	332,764	145,963	332,764	145,963
FX Revaluation	1,879,619	1,772,202	1,879,619	1,772,202
Swift transactions	93,101	157,913	93,101	157,913
Service charge	59,893	37,209	59,893	37,209
Advisory fees	27,527	82,071	27,527	82,071
Other recoveries	-	130,000	-	130,000
Others	311,615	277,038	311,615	131,075
Total	3,245,040	4,287,823	3,245,040	4,141,860

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 31st December, 2021

Notes to the Financial Statements

	Group		Bank	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
11 Impairment loss on financial/non-financial instruments				
Impairment loss/(write back) on financial and non-financial instruments				
Impairment charge on financial instruments				
Total impairment charge on loans and advances	1,042,911	4,711,535	1,042,911	4,711,535
Investment securities/Treasury bills	45,915	213,799	45,915	213,799
Cash and cash equivalent	22,289	20,901	22,289	20,901
Other non financial assets	-	189,809		189,809
Impairment charge on non-financial instruments				
Off balance sheet	230,142	633,050	230,142	633,050
Recoveries on loans	(40,882)	(133,929)	(40,882)	(133,929)
Total impairment charge on financial instruments	1,300,374	5,635,165	1,300,374	5,635,165

12 Personnel expenses

Wages and salaries	12,250,907	11,629,614	12,250,907	11,629,614
Pension Contribution	1,022,583	588,349	1,022,583	588,349
Contributions/Reversals to defined contribution plans	-	(360,000)		(360,000)
Other staff costs	3,387,444	2,224,265	3,387,444	2,224,265
	16,660,934	14,082,228	16,660,934	14,082,228

13a Other operating expenses

	Group		Bank	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
<i>In thousands of Nigerian Naira</i>				
Advertising and marketing	1,235,198	1,652,720	1,235,198	1,652,720
AMCON Levy (i)	5,291,832	3,999,690	5,291,832	3,999,690
Auditors remuneration	170,000	150,000	160,000	140,000
Business Expenses	161,855	163,141	161,855	163,141
Cash movement expenses	435,891	515,382	435,891	515,382
Diesel Expenses	649,722	430,057	649,722	430,057
Directors Expenses	32,200	27,300	32,200	27,300
Directors fees	76,946	37,162	76,946	37,162
Donations	723,782	228,977	723,782	228,977
Electricity	496,462	465,484	496,462	465,484
General administrative expenses	1,189,115	893,645	1,189,115	896,067
Legal expenses	210,406	313,939	210,406	313,939
Insurance	328,767	316,431	328,767	316,431
NDIC Premium	3,749,476	2,400,075	3,749,476	2,400,075
Other premises and equipment costs	366,141	474,856	366,141	474,856
Printing and stationery	349,316	414,028	349,316	414,028
Other Professional fees	1,314,028	841,005	1,314,028	841,005
Digital Bank Professional fees (ii)	162,640	190,856	162,640	190,856
Repairs and maintenance	2,481,811	1,933,390	2,481,811	1,933,390
Security expenses	483,396	437,702	483,396	437,702
Service charge	1,930,543	933,525	1,930,543	933,525
SMS Expenses & Others	34,052	53,729	34,052	53,729
Statutory expenses	155,551	77,872	155,551	77,872
Technology and alternative channels	1,430,459	1,468,995	1,430,459	1,468,995
Transport & Communications	562,773	474,971	562,773	474,971
	24,022,361	18,894,932	24,012,361	18,887,354

i 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.

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

	Group		Bank	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
<i>In thousands of Nigerian Naira</i>				
13b Depreciation and amortization				
Property, plants and equipment	2,748,330	2,618,927	2,748,330	2,618,927
Right of use of assets	256,980	225,727	256,980	225,727
Investment property	939	942	939	942
Intangible assets	393,069	290,678	393,069	290,678
	3,399,317	3,136,273	3,399,317	3,136,273

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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 2021 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding :

<i>In thousands</i>	Group		Bank	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
Weighted average number of ordinary shares - basic;'000	38,574,466	38,574,466	38,574,466	38,574,466
Profit attributable to ordinary shareholders -basic				
Profit for the year attributable to equity holders of the Bank '000	8,867,231	4,577,381	8,770,404	4,592,217
Earnings per share -basic (Kobo)	23.0	11.9	22.7	11.9

15 Cash and cash equivalents

In thousands of Nigerian Naira

	Group		Bank	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
Cash and balances with banks	59,002,801	25,829,497	58,990,809	25,832,418
Unrestricted balances with central bank	14,416,477	42,842,345	14,416,477	42,842,345
Money market placements	34,855,322	28,873,996	34,855,322	28,873,996
ECL Allowance	(49,055)	(20,901)	(49,055)	(20,901)
	108,225,545	97,524,936	108,213,553	97,527,858

15b Restricted Deposit with CBN

Mandatory reserve deposit is reported net of N12.82 billion (December 31, 2020: N13.07 billion) which relates to 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	
	12 Months 31-Dec-21	12 Months 31-Dec-20	12 Months 31-Dec-21	12 Months 31-Dec-20
16 Pledged assets - Held at amortised cost				
<i>In thousands of Nigerian Naira</i>				
Treasury bills (note 16.1)	57,476,435	4,473,801	57,476,435	4,473,801
Bonds (16.2)	26,246,684	22,980,861	26,246,684	22,980,861
	83,723,120	27,454,662	83,723,120	27,454,662

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

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16.2 The Bonds are pledged as collateral for interbank takings and intervention credit granted to the Bank by the Bank of Industry for the purpose of refinancing existing loans to Small and Medium Scale Enterprises Scheme under secured borrowing with related liability of N3. 58billion (2020: N3.52 billion) as disclosed in note 28.

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
17 Investment securities	170,382,431	183,799,001	159,456,443	172,860,013
Current	152,416,181	161,572,989	152,416,181	161,572,989
Non-current	17,966,250	22,226,012	7,040,262	11,287,024
17a Investment securities measured at FVTOCI				
Treasury bills	0	54,735,684	0	54,735,684
Equity (see note (i) below)	1,844,591	1,844,591	1,845,591	1,845,591
	1,844,591	56,580,275	1,845,591	56,581,275
17b Investment securities measured at FVTPL				
Treasury Bills	38,693,696	78,225,951	38,693,696	78,225,951
17c Investment securities measured at amortised cost				
Treasury Bills	113,722,485	28,611,354	113,722,485	28,611,354
FGN Bonds	11,858,303	15,377,283	931,316	4,437,295
Other Bonds (see (ii) below)	5,400,435	6,265,331	5,400,435	6,265,331
ECL Allowance on bond	(1,060,256)	(1,214,751)	(1,060,256)	(1,214,751)
ECL Allowance on Treasury Bills	(76,824)	(46,442)	(76,824)	(46,442)
	129,844,144	48,992,774	118,917,156	38,052,786
(i) Equity				
Quoted Investments:	#VALUE!	-	#VALUE!	-
Unquoted Investments:				
Unified Payment Services Limited	7,474	7,474	7,474	7,474
FMDQ	15,000	15,000	15,000	15,000
Nigeria Inter-Bank Settlement System	47,482	47,482	47,482	47,482
WEMA Funding SPV Plc (a)	-	-	1,000	1,000
Fair value gain on (FVTOCI) financial assets (b)	1,774,635	1,774,635	1,774,635	1,774,635
	1,844,591	1,844,591	1,845,591	1,845,591
	#VALUE!	1,844,591	1,845,591	1,845,591

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

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

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
CORPORATE				
I. 7YR: DANA Group Bond Series 1				
Opening balance	1,155,737	1,271,400	1,155,737	1,271,400
Movement in the year	-226,592	-115,663	-226,592	-115,663
Closing balance	929,145	1,155,737	929,145	1,155,737
STATE BONDS				
I. EKITI State Govt Bond Tranche 11				
Opening balance	1,005,360	198,649	1,005,360	198,649
Movement in the year	-143,621	806,711	-143,621	806,711
Closing balance	861,740	1,005,360	861,740	1,005,360
III. ONDO State Govt Bond				
Opening balance	4,104,234	232,641	4,104,234	232,641
Movement in the year	-494,683	3,871,593	-494,683	3,871,593
Closing balance	3,609,550	4,104,234	3,609,550	4,104,234
Total Other Bonds	5,400,435	6,265,331	5,400,435	6,265,331
ECL	-951,241	-1,177,833	-951,241	-1,177,833
	4,449,194	5,087,498	4,449,194	5,087,498

18 **Loans and advances to customers at amortised cost**

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<i>In thousands of Nigeria Naira</i>				
Overdrafts	37,665,993	33,802,861	37,665,993	33,802,861
Term Loans	392,026,608	335,699,322	392,026,608	335,699,322
Advances under finance lease	6,368,781	5,537,475	6,368,781	5,537,475
Gross loans and receivables	436,061,382	375,039,658	436,061,382	375,039,658
Less ECL allowances				
12-months ECL credit	(11,148,381)	(8,768,264)	(11,148,381)	(8,768,264)
Life-time ECL Not impaired	(264,983)	(783,944)	(264,983)	(783,944)
Life-time ECL credit impaired	(6,477,187)	(5,411,370)	(6,477,187)	(5,411,370)
	(17,890,551)	(14,963,578)	(17,890,551)	(14,963,578)
Net loans and advances to customers	418,170,830	360,076,079	418,170,830	360,076,079

31st December 2021

	Term loan	Overdrafts	Finance lease	Total
Gross loans	392,026,608	37,665,993	6,368,781	436,061,382
12 months ECL loans and advances	(9,351,213)	(1,550,904)	(246,264)	(11,148,381)
Lifetime ECL not credit-impaired loans and advances	(232,027)	(32,956)	-	(264,983)
Lifetime ECL credit-impaired loans and advances	(3,188,817)	(3,233,274)	(55,097)	(6,477,187)
	379,254,552	32,848,859	6,067,420	418,170,830

31st December 2020

	Term loan	Overdrafts	Finance lease	Total
Gross loans	335,699,322	33,802,861	5,537,475	375,039,658
12 months ECL loans and advances	(7,594,678)	(979,427)	(194,160)	(8,768,264)
Lifetime ECL not credit-impaired loans and advances	(737,487)	(45,308)	(1,150)	(783,944)
Lifetime ECL credit-impaired loans and advances	(4,252,713)	(1,010,770)	(147,887)	(5,411,370)
	323,114,444	31,767,357	5,194,278	360,076,079

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In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 1 January 2021	2,035,504	12,584,878	343,196	14,963,578
12-months ECL credit	979,427	7,594,678	194,160	8,768,264
Life-time ECL Not impaired	45,308	737,487	1,150	783,944
Life-time ECL credit impaired	1,010,770	4,252,713	147,887	5,411,370
Amortised Cost Interest	4,200,216	-	37,457	4,237,673
ECL allowance during the year	297,278	730,952	14,681	1,042,911
Written off in the year as uncollectible	(1,715,864)	(502,890)	(93,974)	(2,312,728)
Amounts recovered during the year	-	(40,882)	-	(40,882)
Balance as at 31st December 2021	4,817,134	12,772,057	301,360	17,890,551
12-months ECL credit	1,550,904	9,351,213	246,264	11,148,381
Life-time ECL Not impaired	32,956	232,027	-	264,983
Life-time ECL credit impaired	3,233,274	3,188,817	55,097	6,477,187

Contingent Liabilities & Commitments:

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Guarantees and Indemnities	79,270,996	63,007,244	79,270,996	63,007,244
Bonds	8,846,615	3,146,415	8,846,615	3,146,415
Clean-Line Facilities& Irrevocable LCs	31,787,388	13,939,976	31,787,388	13,939,976
ECL	(1,631,573)	(1,401,431)	(1,631,573)	(1,401,431)
	118,273,425	78,692,203	118,273,425	78,692,203

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19 Investment properties

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20

In thousands of Nigeria Naira

Cost

Balance at 1 January 2021	47,079	47,079	47,079	47,079
Additions	-	-	-	-
Write -off	-	-	-	-
Disposals	(47,079)	-	(47,079)	-
Balance as at 31st December 2021	0	47,079	0	47,079

Accumulated depreciation and impairment

Balance at 1 January 2021	8,691	7,749	8,691	7,749
<i>Charge for the year</i>	939	942	939	942
Write -off	-	-	-	-
Disposals	(9,630)	-	(9,630)	-
Balance as at 31st December 2021	-	8,691	-	8,691

Cost	0	47,079	0	47,079
Accumulated depreciation	-	8,691	-	8,691
Net Book Value	0	38,388	0	38,388

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20 Property and equipment

Group / Bank

In thousands of Nigerian Naira (000s)

	Land	Buildings	Furniture & Office Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
Cost							
Balance at 1 January 2021	1,590,773	16,758,481	9,142,777	3,422,270	11,369,720	190,660	42,474,680
Additions		287,300	1,379,163	422,512	673,235	1,020,845	3,783,055
Adjustments	-	-	-	10,049	-	-	10,049
Disposals		(50,425)	(78,850)	(338,048)	(11,305)		(478,628)
Balance as at 31st December 2021	1,590,773	16,995,356	10,443,090	3,516,783	12,031,649	1,211,505	45,789,155
Accumulated depreciation and impairment							
Balance at 1 January 2021	-	5,179,558	6,417,656	1,892,322	7,467,821	-	20,957,358
Charge for the year	-	329,837	965,695	478,470	974,327	-	2,748,330
Disposals	-	(39,803)	(76,346)	(218,851)	(10,124)	-	(345,124)
Adjustments		-	-	10,049.97	0.16	-	10,050
Balance as at 31st December 2021	-	5,469,592	7,307,005	2,161,991	8,432,025	-	23,370,613
Carrying amounts							
Balance at 1 January 2021	1,590,773	11,578,923	2,725,120	1,529,948	3,901,898	190,660	21,517,323
Balance as at 31st December 2021	1,590,773	11,525,764	3,136,085	1,354,791	3,599,625	1,211,505	22,418,542

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 2020	1,304,111	16,703,050	7,912,588	3,094,358	9,613,583	645,026	39,272,716
Additions	287,051	5,475	1,214,180	307,816	1,706,512	186,303	3,707,336
Reclassification from WIP	-	366,157	44,497	168,900	61,114	(640,668)	-
Disposals	(389)	(316,201)	(28,487)	(148,804)	(11,490)		(505,372)
Balance as at 31st December 2020	1,590,773	16,758,481	9,142,777	3,422,270	11,369,720	190,660	42,474,680
Accumulated depreciation and impairment							
Balance at 1 January 2020	-	4,970,345	5,520,259	1,579,984	6,564,492	-	18,635,081
Charge for the year	-	329,385	924,807	453,091	911,644	-	2,618,927
Disposals	-	(120,171)	(27,410)	(140,753)	(8,315)	-	(296,650)
Balance as at 31st December 2020	-	5,179,558	6,417,656	1,892,322	7,467,821	-	20,957,358
Carrying amounts							
Balance at 1 January 2020	1,304,111	11,732,705	2,392,329	1,514,374	3,049,090	645,026	20,637,634
Balance as at 31st December 2020	1,590,773	11,578,923	2,725,120	1,529,948	3,901,898	190,660	21,517,323

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<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
21 Intangible assets				
Cost				
Cost 1 January, 2021	5,502,221	4,794,063	5,502,221	4,794,063
Additions	1,172,161	708,158	1,172,161	708,158
Transfer from property and equipment (note 20)	-	-	-	-
Transfer to computer equipment	-	-	-	-
Balance as at 31st December 2021	6,674,382	5,502,221	6,674,382	5,502,221
Amortization and impairment losses				
Cost 1 January, 2021	4,110,672	3,819,994	4,110,672	3,819,994
Amortization for the year	393,069	290,678	393,069	290,678
Adjustment	-	-	-	-
Balance as at 31st December 2021	4,503,741	4,110,672	4,503,741	4,110,672
Carrying amounts	2,170,640	1,391,549	2,170,640	1,391,549

- The intangible assets have got finite lives and are amortised over the higher of 5 years or the contractual licensing period. No impairment losses were recognised against intangible assets.
- The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2021 nil)
- There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2021: nil)

22 Deferred tax assets and liabilities

- Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January 2021	18,236,111	19,195,906	18,236,111	19,195,906
Write down	(911,806)	(959,795)	(911,806)	(959,795)
Closing balance	17,324,305	18,236,111	17,324,305	18,236,111

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In thousands of Nigerian Naira

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
23 Other assets				
Accounts receivables	12,116,610	7,487,207	12,116,610	7,487,207
Prepayments	524,641	837,197	524,641	837,197
Stock	478,767	352,347	478,767	352,347
Collateralised Placement	52,917	52,917	52,917	52,917
Clearing Balance	195,335	332,239	195,335	332,239
Fraud & Burglary	670,731	643,277	670,731	643,277
CBN Special Reserve (see 23.1 below)	10,677,214	10,677,214	10,677,214	10,677,214
AGSMEIS Investment with CBN	902,759	673,148	902,759	673,148
Receivable on E-business Channels	(3,610,689)	1,446,033	(3,610,689)	1,446,033
Others	15,763	47,298	15,763	47,298
	<u>22,024,048</u>	<u>22,548,877</u>	<u>22,024,048</u>	<u>22,548,877</u>
Specific impairment on other assets	(716,646)	(665,262)	(716,646)	(665,262)
	<u>21,307,402</u>	<u>21,883,615</u>	<u>21,307,402</u>	<u>21,883,615</u>
At 1 January 2021	665,262	1,433,642	665,262	1,433,642
Allowance/write off made during the year	51,384	(768,380)	51,384	(768,380)
Closing balance	<u>716,646</u>	<u>665,262</u>	<u>716,646</u>	<u>665,262</u>

23.1 CBN Special Reserve

The balance represents amount debited to the bank's current account with CBN as eligibility contribution to the Special Intervention Reserve for the Real Sector Support Facility (RSSF). The RSSF will be used to support start-ups and expansion financing needs of priority sectors of the economy to expand the industrial base and consequently diversify the economy. Draw down will be subject to banks contribution to the Special Intervention Reserve (SIR) with the CBN.

24 Deposits from banks

In thousands of Nigeria Naira

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Money market deposits	<u>40,700,000</u>	-	<u>40,700,000</u>	-
Deposits from customers				
Retail customers:				
Term deposits	112,531,039	89,281,376	112,531,039	89,281,376
Current deposits	27,929,504	29,286,032	27,929,504	29,286,032
Savings	152,328,228	120,103,127	152,328,228	120,103,127
Corporate customers:				
Term deposits	343,571,256	340,530,243	343,571,256	340,530,243
Current deposits	214,609,899	183,028,084	214,609,899	183,028,084
Others	76,141,919	42,644,530	76,141,919	42,644,530
	<u>927,111,843</u>	<u>804,873,392</u>	<u>927,111,843</u>	<u>804,873,392</u>

25b The maturity profile of customers' deposit is as follows:

Under 3 months	642,985,826	558,209,008	642,985,826	558,209,008
3 - 6months	186,564,123	161,965,894	186,564,123	161,965,894
6 - 12months	64,524,761	56,017,258	64,524,761	56,017,258
Over 12months	33,037,134	28,681,232	33,037,134	28,681,232
	<u>927,111,843</u>	<u>804,873,392</u>	<u>927,111,843</u>	<u>804,873,392</u>

At 31st December 2021 N33.04billion (31 December 2020: N28.68billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

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	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
In thousands of Nigerian Naira				
26 Taxation				
26.1 Income tax expense				
Company income tax	1,511,096	199,524	1,511,096	199,524
Education Tax	-	22,086	-	22,086
NITDA Levy	-	59,465	-	59,465
Nigerian Police Trust Fund	-	297	-	297
Capital Gains Tax	-	113,139	-	113,139
Current Income Tax expense	1,511,096	394,511	1,511,096	394,511
Deferred tax expenses	911,806	911,806	911,806	911,806
	2,422,902	1,306,317	2,422,902	1,306,317

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

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Profit before tax from continuing operations	11,290,133	6,223,306	11,193,306	6,238,142
Income tax expense calculated at 30% (2020:30%)	3,357,992	1,761,303	3,357,992	1,761,303
Effect of income that is exempt from taxation	(1,843,732)	(801,211)	(1,843,732)	(801,211)
Effect of expenses that are not deductible in det	911,806	-	911,806	
Capital gain tax	113,139	113,139		113,139
Education tax at 2% of assessable profit	-	22,086	-	22,086
Minimum tax adjustment	-	199,524	-	199,524
Information technology tax levy adjustment	-	59,465	-	59,465
	2,539,204	1,354,306	2,426,065	1,354,306

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
26.2 Current tax liabilities				
At 1 January	394,511	905,364	394,511	905,364
Payment during the year	(393,914)	(905,364)	(393,914)	(905,364)
Charge for the year	1,511,096	394,511	1,511,096	394,511
Closing balance	1,511,694	394,511	1,511,694	394,511

The charge for taxation is based on the provision of the Company Income Tax Act Cap C21 LFN 2004, as amended under the Finance Act 2020. Education Tax is based on 2% of the assessable profit for the year in accordance with the Education Tax Act CAP E4 LFN 2004. NITDA levy is based on 1% of profit before tax in accordance with NITDA levy Act 2007

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27 Other liabilities

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<i>Financial Liabilities</i>				
Creditors and accruals	1,659,646	1,401,437	1,659,646	1,401,437
Staff Deductions	36,142	58,202	36,142	58,202
Provision for Others	2,657	62,657	2,657	62,657
Other current liabilities	96,540	130,293	31,646	90,243
Insurance Claim	99,399	71,890	99,399	71,890
Swift Payables	218,537	79,046	218,537	79,046
Western Union	2,997	3,430	2,997	3,430
Salary Suspense	17,369	26,931	17,369	26,931
Accounts payable	1,088,125	442,950	1,088,125	442,950
Electronic products payable	655,457	287,192	655,457	287,192
Certified cheques	1,214,283	2,195,972	1,214,283	2,195,972
Customer deposits for letters of credit	20,175,658	13,167,868	20,175,658	13,167,868
Discounting Line	25,837,365	18,831,877	25,837,365	18,831,877
Other Settlements	(13,404,538)	1,872,742	(13,404,538)	1,872,742
Remittances	9,972,558	2,160,396	9,972,558	2,160,396
	47,672,196	40,792,883	47,607,301	40,752,833
<i>Non-Financial Liabilities</i>				
Litigation claims provision (i)	400,134	386,244	400,134	386,244
Other payables	2,189,462	383,021	2,189,462	383,021
	50,261,792	41,562,148	50,196,898	41,522,098

(i) Movement in litigation claims provision

Opening balance	386,244	328,571	386,244	328,571
Additions	13,890	189,809	13,890	189,809
Payment	-	(132,135)	-	(132,135)
	400,134	386,244	400,134	386,244

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	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<i>In thousands of Nigerian Naira</i>				
28 Other borrowed funds				
Due to BOI (see (i) below)	3,582,434	3,521,955	3,582,434	3,521,955
Osun Bailout Fund (see v below)	8,756,239	9,003,590	8,756,239	9,003,590
CBN Agric. loan (see ii below)	2,570,024	1,517,075	2,570,024	1,517,075
CBN MSMEDF (see iii below)	506,525	526,381	506,525	526,381
Wema SPV (see iv below)	24,619,108	24,749,414	13,627,926	13,642,318
Anchor Borrowers fund	3,137,555	3,137,555	3,137,555	3,137,555
National Housing Fund	59,301	73,137	59,301	73,137
Shelter Afrique (see vi below)	4,560,483	1,403,485	4,560,483	1,403,485
AFDB (see vii below)	3,100,350	4,404,490	3,100,350	4,404,490
DBN	9,288,024	12,115,397	9,288,024	12,115,397
AGSMEIS/RSSF	12,142,321	13,070,992	12,142,321	13,070,992
	72,322,363	73,523,471	61,331,182	62,416,375

- (i) The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facilities are secured by Nigerian Government Securities worth N8.285.910.675.95 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) This represents CBN intervention funds to some of the Bank's customers in the agricultural sector. The fund is administered at a maximum interest rate of 9% per annum. The maximum tenor of the facility is 7 years. In response to COVID-19, CBN has moderated the rate to 5%.
- (iii) 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 has moderated the rate to 5%.
- (iv) The Wema SPV of 2021: N24,620,107,537.49 (2020: N24,749,414,000) represents amortized cost of the fixed rate unsecured bond issued by Wema Funding SPV Plc. The outstanding bond of N6,295,000,000 and N17,675,000,000 (principal) were issued on 12 October 2016 and 2018 respectively for a period of 7 years at 18.5% and 16.5% per annum with interest payable semi-annually and principal payable at maturity in October 2023 and 2025 respectively.
- (v) Amount represents salary credit bail out facility from Central Bank of Nigeria. It has a moratorium of twenty years at bank's interest rate of 9%. The corresponding entry is in loans and advances and the bank is expected to provide Central Bank of Nigeria with periodic progress on the facility. The principal repayment is by bullet payment at the expiration of the moratorium granted. In response to COVID-19, CBN has moderated the rate to 5%.
- (vi) This amount represents the bank's foreign facility from Shelter Afrique, this was granted to the Bank for a period of 7 years. It is repayable bi-annually with interest rate of L+6.5% (Libor plus 6.5%)
- (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%)

	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	73,523,471	48,770,306	62,416,375	37,702,326
Additions	3,217,478	26,765,784	3,217,478	26,726,669
Effect of exchange rate changes [loss/(profit)]	154,201	740,601	154,201	740,601
Payments made	(4,572,786)	(2,753,220)	(4,456,872)	(2,753,220)
Closing balance	72,322,363	73,523,471	61,331,182	62,416,375

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29 Right of use

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

	31st December 2021
COST	N
a. At 1 January 2021	1,056,941
Additions	461,950
Terminated contracts	
Balance as at 31st December 2021	<u>1,518,891</u>
DEPRECIATION CHARGE	
At 1 January 2021	435,413
Charge for the period	256,980
Balance as at 31st December 2021	<u>692,393</u>
CARRYING AMOUNT	
As at 31st December, 2020	<u>621,528</u>
Balance as at 31st December 2021	<u><u>826,499</u></u>

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

	31st December 2021
b. LEASE LIABILITY	N
At 1 January 2021	22,875
Addition during the year	-
Finance charge for the year	4,004
Payment during the year	
Balance as at 31st December 2021	<u>26,879</u>

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<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
30 Share capital and Reserves				
(a) The share capital comprises:				
(i) Authorised - 40,000,000 Ordinary shares (2020 - 40,000,000,000) Ordinary shares of 50k each (2020- 50k)	20,000,000	20,000,000	20,000,000	20,000,000
(ii) Issued and fully paid - 38,574,466,000 Ordinary shares (2020-38,574,466,000) shares of 50k each (2020 - 50k)	19,287,233	19,287,233	19,287,233	19,287,233
(iii) Shareholding Structure / Free float Status				
Shareholders	No of Ordinary Shares	% Holdings		
Strategic Shareholding	19,877,203,810	51.53		
Directors Direct Shareholding	2,189,214,662	5.68		
Government Shareholding	3,060,643,134	7.93		
Free Float	13,447,404,475	34.86		
Total	38,574,466,081	100		
Strategic Shareholding				
Name	Holding			
SW8 Invest Coy	5,745,816,867	14.90		
Petrotrab Limited	3,295,880,000	8.54		
Neemtree Limited	10,835,506,943	28.09		
	19,877,203,810	51.53		
	15,636,619,137	40.54		
Directors Shareholding				
Mr. Babatunde Kasali	-	0.00		
Mr. Ademola Adebise	2,253,473	0.01		
Mr. Chukwuemeka Obioha Obiagwu	231,250	0.00		
Mrs. Ekong Ibiye Asime	-	0.00		
Mr. Morufu Abiola Oseni	-	0.00		
Mr. Oluwole Albert Ajimisinmi	6,170,996	0.02		
Mr. Abubakar Lawal	428,917,143	1.11		
Mrs. Abolanle Matel-Okoh	1,750,000,000	4.54		
Mr. Akinleye Oluwole Stephen	1,641,800	0.00		
	2,189,214,662	5.68		
Government Shareholding				
Oyo State	414,000	0.00		
Ogun State	666,670,000	1.73		
Osun State	666,670,000	1.73		
Ekiti State	-	0.00		
FOUNTAIN	536,122,526	1.39		
Odua Invest Coy	1,190,766,608	3.09		
	3,060,643,134	7.93		
Declaration:				
Wema Bank Plc with a free float of 34.86% as at 31st Dec 2021, is compliant with The Nigerian Stock Exchange's free float requirements for companies listed on the Main Board.				
b) Share Premium				
At 1 January	8,698,230	8,698,230	8,698,230	8,698,230
Capital Reduction (Note 30i)	-	-	-	-
Closing balance	8,698,230	8,698,230	8,698,230	8,698,230

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

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(c) Statutory reserves

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

(d) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired.

(e) 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 SMEIES reserve was maintained in compliance with the Central Bank of Nigeria's requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline issued in July 2006, the contributions were 10% of profit after tax and were expected to continue after the first 5 years after which banks' contributions were to reduce to 5% of profit after tax. In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agriculture/Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation. The small and medium scale industries equity

(f) Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

<i>In thousands of Nigeria Naira</i>	Group		Bank	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
At 1 January	7,103,647	3,254,018	7,314,728	3,450,263
Profit or loss	8,867,231	4,577,381	8,770,404	4,592,217
Transfer from Regulatory risk reserve	-	2,041,579	-	2,041,579
Transfer to Statutory Reserve	1	(1,377,665)	-	(1,377,665)
Dividend Paid to Shareholders	(1,542,978)	(1,542,979)	(1,542,978)	(1,542,979)
Regulatory charge to SMEIS	(229,611)	151,313	(229,611)	151,313
Closing balance	14,194,445	7,103,647	14,312,543	7,314,728

(g) Regulatory risk reserve

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

(h) Credit Risk Reserve

The credit risk reserve warehouses the 15% of PAT in respect of Pan Ocean credit in line with Central Bank of Nigeria requirement on the facility in addition to the prudential provisions.

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31 Contingencies

(i) Litigation and claims

There are litigation claims against the Bank as at 31st Dec 2021 amounting to N7,192,315,919.00 (31 December 2020: N6,966,079,919.00) These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements

(ii) Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

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

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

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

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

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

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

	Group		Bank	
	Group 31-Dec-21	Group 31-Dec-20	Bank 31-Dec-21	Bank 31-Dec-20
In thousands of Nigerian naira				
Contingent liabilities:				
Guarantees and indemnities	79,270,996	63,007,244	79,270,996	63,007,244
Bonds	8,846,615	3,146,415	8,846,615	3,146,415
Clean-line facilities & irrevocable letters of credit	31,787,388	13,939,976	31,787,388	13,939,976
ECL	(1,631,573)	(1,401,431)	(1,631,573)	(1,401,431)
Closing balance	118,273,425	78,692,203	118,273,425	78,692,203

Disclosure

We confirm that in line with Rule 17.15 of the NSE Rulebook, 2015, Wema Bank Plc. has a Securities Trading Policy which guides its directors, employees and all individuals categorized as insiders in their dealings in the companies' shares. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement of the policy.