

WEMA BANK PLC

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

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Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020

Statement of Profit or loss and other Comprehensive Income

<i>In thousands of Nigerian Naira</i>	Notes	Group		Bank	
		3 Months 31-Mar-20	3 Months 31-Mar-19	3 Months 31-Mar-20	3 Months 31-Mar-19
Gross Earnings		20,776,201	19,854,089	20,575,885	19,200,371
Interest income	7	16,892,566	16,078,182	16,692,250	15,424,464
Interest expense		(10,177,628)	(10,484,241)	(9,978,926)	(9,774,573)
Net interest income	7	6,714,938	5,593,941	6,713,324	5,649,891
Net impairment loss on financial assets	11	(566,352)	(354,397)	(566,352)	(354,397)
Net interest income after impairment charge for credit losses		6,148,586	5,239,544	6,146,972	5,295,494
Net gain on FVTPL investment securities		234,124	78,251	234,124	78,251
Net fee and commission income	8	1,594,420	1,698,265	1,594,420	1,698,265
Net trading income	9	1,915,191	1,852,816	1,915,191	1,852,816
Other income	10	139,900	146,575	139,900	146,575
		3,883,635	3,775,907	3,883,635	3,775,907
Operating income		10,032,221	9,015,451	10,030,607	9,071,401
Personnel expenses	12	(3,674,486)	(3,267,468)	(3,674,486)	(3,267,468)
Depreciation and amortization	13b	(940,752)	(677,882)	(940,752)	(677,882)
Other operating expenses	13a	(4,287,029)	(3,738,759)	(4,284,608)	(3,738,759)
Profit before tax		1,129,954	1,331,343	1,130,761	1,387,293
Income tax expense	26	(152,653)	(187,284)	(152,653)	(187,284)
Profit for the year		977,302	1,144,059	978,109	1,200,008
<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		(5,086)	-	(5,086)	-
Items that will be subsequently reclassified to profit or loss					
Net change in fair value of investments FVOCI		-	36,023	-	36,023
Income tax relating to items that may be reclassified subsequently to profit or Loss		-	(4,449)	-	(4,449)
Other comprehensive income for the year		(5,086)	31,574	(5,086)	31,574
Total comprehensive income for the year		972,216	1,175,633	973,023	1,231,582
Profit attributable to:					
Equity holders of the Bank		977,302	1,144,059	978,109	1,200,008
Total comprehensive income for the year		972,216	1,175,633	973,023	1,231,582
Earnings per share-basic	14	10.0	12.0	10.0	12.4

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020

Statement of financial Position

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Cash and cash equivalents	69,898,141	65,974,273	69,890,896	65,967,028
Restricted Deposit with CBN	186,764,600	137,392,701	186,764,600	137,392,701
Pledged assets	85,586,746	26,925,527	85,586,746	26,925,527
Investment securities:				
Fair value through other comprehensive	1,294,889	1,793,543	1,295,889	1,794,543
Fair Value through profit or loss	66,390,447	105,164,284	66,390,447	105,164,284
Held at amortised cost	22,380,412	43,142,925	11,472,448	32,234,960
Loans and advances to customers	313,799,203	289,239,870	313,799,203	289,239,870
Investment properties	39,096	39,330	39,096	39,330
Right of Use	578,028	509,963	578,028	509,963
Property and equipment	20,844,671	20,637,634	20,844,671	20,637,634
Intangible assets	842,621	974,069	842,621	974,069
Other assets	6,889,245	4,879,789	6,889,245	4,879,789
Deferred tax assets	19,195,906	19,195,906	19,195,906	19,195,906
	794,504,005	715,869,814	783,589,796	704,955,604
Deposits from banks	51,810,000	3,638,400	51,810,000	3,638,400
Deposits from customers	596,441,104	577,283,469	596,441,104	577,283,469
Lease Liabilities	74,617	72,584	74,617	72,584
Current tax liabilities	1,058,017	905,364	1,058,017	905,364
Other liabilities	41,956,376	30,039,084	41,913,096	29,996,610
Other borrowed funds	47,031,069	48,770,306	35,963,089	37,702,326
	738,371,183	660,709,207	727,259,922	649,598,753
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	7,577,698	7,577,698	7,577,698	7,577,698
Retained earnings	3,937,888	3,254,018	4,134,939	3,450,262
Other reserves	16,631,774	16,343,427	16,631,774	16,343,427
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	56,132,823	55,160,607	56,329,873	55,356,851
TOTAL LIABILITIES AND EQUITY	794,504,005	715,869,813	783,589,796	704,955,604

The financial statements were authorized for issue by the directors on the May 12, 2020



Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973



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



Ademola Adebise
Managing Director
FRC/2013/ICAN/00000002115

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020

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
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									-
SMEIS Charge									-
Profit or loss	-	-	-	-	-	-		977,302	977,302
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	(5,086)	-	(5,086)
	19,287,233	8,698,230	781,612	7,577,698	13,597,317	526,908	1,432,504	4,231,320	56,132,823
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve	-	-		(0)	-	-	-	0	-
Credit risk reserve			-					-	
Transfer to Statutory reserve	-	-		-	293,433	-	-	(293,433)	-
Total contribution and distributions to owners	-	-	-	(0)	293,433	-	-	(293,432)	-
Balance at 31 March 2020	19,287,233	8,698,230	781,612	7,577,698	13,890,750	526,908	1,432,504	3,937,888	56,132,823
2019									
Balance at 1 January 2019	19,287,233	8,698,230	-	3,384,894	12,034,093	526,908	965,169	5,992,622	50,889,149
Profit or loss	-	-		-	-	-		1,144,059	1,144,059
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve (FVTOCI) financial assets	-	-		-	-	-	31,574	-	31,574
	19,287,233	8,698,230	-	3,384,894	12,034,093	526,908	996,743	7,136,681	52,064,782
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners:									
Regulatory risk reserve	-	-		-	-	-	-	-	-
Transfer to Statutory reserve	-	-		-	360,002	-	-	(360,002)	-
Total contribution and distributions to owners	-	-	-	-	360,002	-	-	(360,003)	-
Balance at 31 March 2019	19,287,233	8,698,230	-	3,384,894	12,394,095	526,908	996,743	6,776,678	52,064,782

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020

Statements of changes in equity

Bank

In thousands of Nigerian naira (000s)

2020	Share Capital	Share premium	Credit risk reserve	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
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	-	-	-	-	-	-	-	-	-
SMEIS Charge	-	-	-	-	-	-	-	-	-
Profit or loss	-	-	-	-	-	-	-	978,109	978,109
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments	-	-	-	-	-	-	(5,086)	-	-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	-	-	(5,086)
Total comprehensive income for the period	19,287,233	8,698,230	781,612	7,577,698	13,597,317	526,908	1,432,504	4,428,371	56,329,873
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve	-	-	-	(0)	-	-	-	0	-
Credit risk reserve	-	-	-	-	-	-	-	-	-
transfer to statutory reserves	-	-	-	-	293,433	-	-	(293,433)	-
Total contribution and distributions to owners	-	-	-	(0)	293,433	-	-	(293,432)	-
Balance at 31 March 2020	19,287,233	8,698,230	781,612	7,577,698	13,890,750	526,908	1,432,504	4,134,939	56,329,873
2019									
Balance at 1 January 2019	19,287,233	8,698,230	-	3,384,894	12,034,093	526,908	965,169	6,102,353	50,998,880
Profit or loss	-	-	-	-	-	-	-	1,200,008	1,200,008
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments	-	-	-	-	-	-	31,574	-	-
Fair value reserve (FVTOCI) financial assets	-	-	-	-	-	-	-	-	31,574
Total comprehensive income for the period	19,287,233	8,698,230	-	3,384,894	12,034,093	526,908	996,743	7,302,361	52,230,462
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners:									
Regulatory risk reserve	-	-	-	-	-	-	-	-	-
Transfer to Statutory reserve	-	-	-	-	360,002	-	-	(360,002)	-
Total contribution and distributions to owners	-	-	-	-	360,002	-	-	(360,002)	-
Balance at 31 March 2019	19,287,233	8,698,230	-	3,384,894	12,394,095	526,908	996,743	6,942,358	52,230,462

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020 Statement of Cash Flow

<i>In thousands of Nigerian Naira</i>	Notes	Group		Bank	
		31-Mar 2020	31-Mar 2019	31-Mar 2020	31-Mar 2019
Cash flows from operating activities					
Profit for the year		977,302	1,144,059	978,109	1,200,008
Adjustments for:					
Taxation expense	26	152,653	187,284	152,653	187,284
Depreciation and amortization		940,752	677,882	940,752	677,882
Adjustment for transfer out of PPE now expensed		-	-	-	-
Opening balance adjusted directly in retained earnings		0	-	-	-
(Gain)/Loss on disposal of property and equipment	10	36,733	(12,118)	36,733	(12,118)
Net interest income		(6,714,938)	(5,593,941)	(6,713,324)	(5,649,891)
Dividend received from equity investment		(3,900)	-	(3,900)	-
Impairment loss on financial assets		5,365,942	354,397	5,365,942	354,397
<hr/>					
Operating cashflow before movement in working capital		754,544	(3,242,436)	756,964	(3,242,437)
Change in pledged assets		(58,661,219)	(18,616,470)	(58,661,219)	(18,616,470)
Change in loans and advances to customers		(29,925,275)	(14,434,781)	(29,925,275)	(14,434,781)
Change in other assets		(2,009,456)	(7,839,945)	(2,009,456)	(7,839,945)
Change in deposits from banks	24	48,171,600	67,706,800	48,171,600	67,706,800
Change in restricted deposit with CBN		(49,371,899)	(10,038,667)	(49,371,899)	(10,038,667)
Change in deposits from customers		19,157,635	14,122,639	19,157,635	14,122,639
Change in other liabilities		11,789,529	8,070,603	11,788,723	8,014,656
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Cashflow generated by operations		(60,094,541)	35,727,742	(60,092,927)	35,671,795
Income tax paid	26	-	-	-	-
Interest received		16,892,566	16,078,182	16,692,250	15,424,464
Interest paid		(9,485,442)	(9,369,754)	(9,485,443)	(9,347,187)
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Net cash from operating activities		(52,687,417)	42,436,170	(52,886,120)	41,749,072
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Cash flows from investing activities					
Disposal/Acquisition of investment securities-At Amortised Cost		20,762,513	13,245,609	20,762,513	13,245,604
Disposal/Acquisition of investment securities-FVTOCI		493,568	(24,057,817)	493,568	(24,057,817)
Change in FVTPL investments		38,773,837	(29,045,172)	38,773,837	(29,045,172)
Dividend received from equity investment		3,900	-	3,900	-
Acquisition of property and equipment	20	(935,251)	(1,122,060)	(935,251)	(1,122,060)
Proceeds from the sale of property and equipment		36,231	48,994	36,231	48,994
Right of Use		(68,065)	-	(68,065)	-
Acquisition of intangible assets		(24,024)	(10,500)	(24,024)	(10,500)
<hr/>					
Net cash(used in)/generated by investing activities		59,042,708	(40,940,948)	59,042,708	(40,940,954)
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Cash flows from financing activities					
Proceed from borrowings		-	5,000,000	-	5,000,000
Repayment of borrowings		(1,739,237)	(1,199,841)	(1,739,237)	(1,199,841)
Transfer from Retained Earnings		-	-	-	-
Interest paid on borrowings	7	(692,186)	(1,114,487)	(493,483)	(427,386)
Dividend paid to shareholders		-	-	-	-
<hr/>					
Net cash from financing activities		(2,431,423)	2,685,671	(2,232,720)	3,372,773
<hr/>					
Net increase in cash and cash equivalents		3,923,868	4,180,894	3,923,868	4,180,891
Cash and cash equivalents at beginning of period		65,974,273	42,122,799	65,967,028	42,122,799
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Cash and cash equivalents at end of period	15	69,898,141	46,303,693	69,890,896	46,303,690

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020 Statement of Prudential Adjustments

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Prudential Provisions:				
Loans and advances	20,708,225	21,345,910	20,708,225	20,502,558
Other financial assets	2,313,255	1,314,335	2,313,255	2,157,688
	23,021,480	22,660,245	23,021,480	22,660,246
Impairment assessment under IFRS:				
Loans and advances				
Specific allowance for impairment	-	-	-	-
Collective allowance for impairment	-	-	-	-
12-months ECL credit	7,287,706	7,104,750	7,287,706	7,104,750
Life-time ECL Not impaired	430,964	377,572	430,964	377,572
Life-time ECL credit impaired	4,710,285	4,646,110	4,710,285	4,646,110
	12,428,955	12,128,432	12,428,955	12,128,432
Investment securities				
12-months ECL	1,364,704	1,324,037	1,364,704	1,324,037
	1,364,704	1,324,037	1,364,704	1,324,037
Off balance sheet exposures				
12-months ECL	788,426	768,381	788,426	768,381
	788,426	768,381	788,426	768,381
Other financial assets				
specific allowance for impairment on other assets	-	-	-	-
12 months ECL Lifetime ECL	861,697	861,697	861,697	861,697
Other non-financial assets	-	-	-	-
	861,697	861,697	861,697	861,697
Total IFRS Impairment	15,443,782	15,082,548	15,443,782	15,082,548
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	7,577,698	7,577,698	7,577,698.126	7,577,698.405

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020

Notes to the Financial Statements

In thousands of Nigerian Naira

	Group		Bank	
	3 Months 31-Mar-20	3 Months 31-Mar-19	3 Months 31-Mar-20	3 Months 31-Mar-19
7 Interest income				
Cash and cash equivalents	460,437	399,055	460,437	399,055
Loans and advances to banks and customers	14,049,179	13,586,272	14,049,179	13,586,272
Investments securities	2,382,950	2,092,855	2,182,634	1,439,137
Total interest income	16,892,566	16,078,182	16,692,250	15,424,464
Interest expense				
Deposits from banks	343,519	1,734,487	343,519	1,734,487
Interest expense on lease liabilities	10,810	0	10,810	0
Deposits from customers	9,131,114	7,750,955	9,131,114	7,612,700
Other borrowed funds	692,186	998,799	493,483	427,386
Total interest expense	10,177,628	10,484,241	9,978,926	9,774,573
8 Fees and commission income				
Credit related fees	91,030	142,611	91,030	142,611
Account maintenance fees	268,544	269,944	268,544	269,944
Management fees	246,766	140,519	246,766	140,519
Fees on electronic products	708,179	785,316	708,179	785,316
Fees on financial guarantees	57,138	63,547	57,138	63,547
Other fees and charges	222,763	296,328	222,763	296,328
Total fee and commission income	1,594,420	1,698,265	1,594,420	1,698,265
9 Net trading income				
Fixed income securities	92,275	2,639	92,275	2,639
Treasury bills	1,736,315	1,834,650	1,736,315	1,834,650
Foreign exchange trading (note 9.1)	86,601	15,527	86,601	15,527
Total net trading income	1,915,191	1,852,816	1,915,191	1,852,816
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				
9.1	financial assets carried at fair value through profit or loss			
10 Other income				
Dividends on available-for-sale equity securities	3,900	-	3,900	-
Gains on disposal of property and equipment	1,049	12,118	1,049	12,118
Rental income	11,030	8,421	11,030	8,421
Insurance claim received	2,356	-	2,356	-
Income on contingents	12,001	6,470	12,001	6,470
Income on deposit accounts	34,096	14,208	34,096	14,208
Fund transfer	1,009	1,862	1,009	1,862
Swift transactions	15,622	20,540	15,622	20,540
Service charge	22,097	29,634	22,097	29,634
Advisory fees	12,091	15,001	12,091	15,001
Others	24,649	38,321	24,649	38,321
Total other income	139,900	146,575	139,900	146,575

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020

Notes to the Financial Statements

	Group		Bank	
	3 Months 31-Mar-20	3 Months 31-Mar-19	3 Months 31-Mar-20	3 Months 31-Mar-19
11 Impairment loss of financial assets				
Impairment loss/(write back) on financial and non-financial instruments				
Impairment charge on financial instruments				
Total impairment charge on loans and advances	508,095	307,231	508,095	307,231
Investment securities/Treasury bills	25,440	-	25,440	36,005
Other financial assets	15,227	-	15,227	-
Impairment charge on non-financial instruments				
Off balance sheet	20,045	12,076	20,045	12,076
Recoveries on loans	(2,455)	(915)	(2,455)	(915)
Total impairment charge on financial instruments	566,352	318,392	566,352	354,397

12 Personnel expenses

Wages and salaries	2,820,675	2,392,747	2,820,675	2,392,747
Gratuity Expenses	204,554	322,388	204,554	322,388
Other staff costs	649,257	552,333	649,257	552,333
	3,674,486	3,267,468	3,674,486	3,267,468

	Group		Bank	
	3 Months 31-Mar-20	3 Months 31-Mar-19	3 Months 31-Mar-20	3 Months 31-Mar-19

In thousands of Nigerian Naira

13a Other operating expenses

Advertising and marketing	329,430	211,461	329,430	211,461
AMCON Levy	670,000	600,000	670,000	600,000
Auditors remuneration	60,000	45,000	60,000	45,000
Business Expenses	73,342	77,456	73,342	77,456
Cash movement expenses	137,611	139,554	137,611	139,554
Diesel Expenses	128,541	146,851	128,541	146,851
Directors Expenses	5,600	7,200	5,600	7,200
Directors fees	928	-	928	-
Donations	27,465	9,374	27,465	9,374
Electricity	109,319	70,954	109,319	70,954
General administrative expenses	305,431	216,713	303,010	216,713
Legal expenses	82,678	33,334	82,678	33,334
Insurance	63,576	70,521	63,576	70,521
NDIC Premium	250,000	342,969	250,000	342,969
Other premises and equipment costs	101,137	139,202	101,137	139,202
PAYE/Withholding expenses	77,223	-	77,223	-
Printing and stationery	92,411	100,662	92,411	100,662
Other Professional fees	245,861	227,286	245,861	227,286
Digital Bank Professional fees	108,560	-	108,560	-
Repairs and maintenance	481,680	346,783	481,680	346,783
Security expenses	105,927	118,614	105,927	118,614
Service charge	81,719	102,367	81,719	102,367
SMS Expenses & Others	20,920	-	20,920	-
Statutory expenses	28,220	-	28,220	-
Technology and alternative channels	554,020	598,787	554,020	598,787
Transport & Communications	145,430	133,670	145,430	133,670
	4,287,029	3,738,758	4,284,608	3,738,758

13b Depreciation and amortization

Property, plants and equipment	727,713	555,355	727,713	555,355
Right of use of assets	57,333	-	57,333	-
Investment property	234	232	234	232
Intangible assets	155,472	122,295	155,472	122,295
	940,752	677,882	940,752	677,882

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended 31 March, 2020

Notes to the Financial Statements

14 Earnings per share

Basic and diluted earnings per share

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

The calculation of basic earnings per share as at 31st March 2020 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding :

<i>In thousands</i>	Group		Bank	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
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	977,302	1,144,059	978,109	1,200,008
Earnings per share -basic (Kobo)	10.0	12.0	10.0	12.4

15 Cash and cash equivalents

In thousands of Nigerian Naira

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Cash and balances with banks	27,792,743	20,634,380	27,785,498	20,627,135
Unrestricted balances with central bank	16,436,900	14,703,557	16,436,900	14,703,557
Money market placements	25,683,725	30,681,544	25,683,725	30,681,544
ECL Allowance	(15,227)	(45,208)	(15,227)	(45,208)
	69,898,141	65,974,273	69,890,896	65,967,028

15b Restricted Deposit with CBN

Mandatory reserve deposit is reported net of Nil billion (December 31, 2019: N4.014 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	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
16 Pledged assets - Held at amortised cost				
<i>In thousands of Nigerian Naira</i>				
Treasury bills (note 16.1)	65,958,377	7,818,251	65,958,377	7,818,251
Bonds (16.2)	19,628,369	19,107,276	19,628,369	19,107,276
	85,586,746	26,925,527	85,586,746	26,925,527

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 N1.92 billion (2019: N2 billion) as disclosed in note 30.

In thousands of Nigerian Naira	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
17 Investment securities	90,065,748	150,100,752	79,158,784	139,193,787
Current	67,018,513	128,934,300	67,018,513	128,934,300
Non-current	23,047,236	21,166,452	12,140,271	10,259,487
17a Investment securities measured at FVTOCI				
Treasury bills	-	493,568	-	493,568
Equity (see note (i) below)	1,294,889	1,299,975	1,295,889	1,300,975
	1,294,889	1,793,543	1,295,889	1,794,543
17b Investment securities measured at FVTPL				
Treasury Bills (see (ii) below)	66,390,447	105,164,284	66,390,447	105,164,284
17c Investment securities measured at amortised cost				
Treasury Bills	628,066	23,276,448	628,066	23,276,448
FGN Bonds	19,402,375	19,442,617	8,494,410	8,534,652
Other Bonds (see (iii) below)	3,646,811	1,702,690	3,646,811	1,702,690
Impairment on bond	(1,273,609)	(1,271,400)	(1,273,609)	(1,271,400)
ECL Allowance	(23,231)	(7,430)	(23,231)	(7,430)
	22,380,412	43,142,925	11,472,448	32,234,960
(i) Equity				
Quoted Investments:	-	-	-	-
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)	1,224,933	1,230,019	1,224,933	1,230,019
	1,294,889	1,299,975	1,295,889	1,300,975
	1,294,889	1,299,975	1,295,889	1,300,975

(ii) This represents Nigerian Treasury Bills with maturity of less than 360 days; a face value of N144,109,878,000 stated at Fair value through profit or loss.

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

(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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		2020	2018
		N	N
CORPORATE			
1	7YR: DANA Group Bond Series 1	1,227,766	1,271,400
STATE BONDS			
2	EKITI State Govt Bond Tranche 11	207,913	198,649
3	ONDO State Govt Bond	2,211,132	232,641
		<u>2,419,045</u>	<u>431,290</u>
		3,646,811	1,702,690
	ECL	<u>-1,273,609</u>	<u>-1,271,400</u>
		2,373,202	431,290

18 Loans and advances to customers at amortised cost

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
<i>In thousands of Nigeria Naira</i>				
Overdrafts	27,171,784	27,436,741	27,171,784	27,436,741
Term Loans	294,789,311	269,662,529	294,789,311	269,662,529
Advances under finance lease	4,267,062	4,269,031	4,267,062	4,269,031
Gross loans and receivables	326,228,158	301,368,302	326,228,158	301,368,302
Less ECL allowances				
12-months ECL credit	(7,287,706)	(7,104,750)	(7,287,706)	(7,104,750)
Life-time ECL Not impaired	(430,964)	(377,572)	(430,964)	(377,572)
Life-time ECL credit impaired	(4,710,285)	(4,646,109)	(4,710,285)	(4,646,109)
	<u>(12,428,955)</u>	<u>(12,128,432)</u>	<u>(12,428,955)</u>	<u>(12,128,432)</u>
Net loans and advances to customers	313,799,203	289,239,870	313,799,203	289,239,870

31 March, 2020

	Term loan	Overdrafts	Finance lease	Total
Gross loans	294,789,311	27,171,784	4,267,062	326,228,158
12 months ECL loans and advances	(6,316,182)	(864,354)	(107,170)	(7,287,706)
Lifetime ECL not credit-impaired loans and advance	(395,076)	(25,816)	(10,072)	(430,964)
Lifetime ECL credit-impaired loans and advances	(4,005,203)	(649,179)	(55,903)	(4,710,285)
	<u>284,072,850</u>	<u>25,632,435</u>	<u>4,093,917</u>	<u>313,799,203</u>

31 December, 2019

	Term loan	Overdrafts	Finance lease	Total
Gross loans	269,662,529	27,436,741	4,269,031	301,368,302
12 months ECL loans and advances	(6,216,053)	(786,322)	(102,375)	(7,104,750)
Lifetime ECL not credit-impaired loans and advance	(355,760)	(21,812)	-	(377,572)
Lifetime ECL credit-impaired loans and advances	(4,005,203)	(596,778)	(44,129)	(4,646,110)
	<u>259,085,512</u>	<u>26,031,829</u>	<u>4,122,527</u>	<u>289,239,870</u>

Wema Bank Plc

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In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 1 January 2019	1,404,912	10,577,016	146,504	12,128,432
12-months ECL credit	786,322	6,216,053	102,375	7,104,750
Life-time ECL Not impaired	21,812	355,760	-	377,572
Life-time ECL credit impaired	596,778	4,005,203	44,129	4,646,110
Reclass from Regulatory Risk Reserve	-	-	-	-
ECL allowance during the year	180,226	301,228	26,641	508,095
Written off in the year as uncollectible	(45,789)	(159,328)	-	(205,117)
Amounts recovered during the year	-	(2,455)	-	(2,455)
Balance as at 31st December 2019	1,539,349	10,716,461	173,145	12,428,954
12-months ECL credit	864,354	6,316,182	107,170	7,287,706
Life-time ECL Not impaired	25,816	395,076	10,072	430,964
Life-time ECL credit impaired	649,179	4,005,203	55,903	4,710,285

Contingent Liabilities & Commitments:

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Guarantees and Indemnities	71,370,760	67,644,200	71,370,760	67,644,200
Bonds	3,334,589	3,937,590	3,334,589	3,937,590
Clean-Line Facilities& Irrevocable LCs	24,306,734	13,076,960	24,306,734	13,076,960
ECL during the year	(788,426)	(768,381)	(788,426)	(768,381)
	98,223,657	83,890,369	98,223,657	83,890,369

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19 Investment properties

In thousands of Nigeria Naira

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Cost				
Balance at 1 January 2019	47,079	47,079	47,079	47,079
Additions	-	-	-	-
Write -off	-	-	-	-
Disposals	-	-	-	-
Balance at 31st Dec 2019	47,079	47,079	47,079	47,079
Accumulated depreciation and impairment				
Balance at 1 January 2019	7,749	6,807	7,749	6,807
Charge for the year	234	942	234	942
Write -off	-	-	-	-
Disposals	-	-	-	-
Balance at 31st Dec 2019	7,983	7,749	7,983	7,749
Cost	47,079	47,079	47,079	47,079
Accumulated depreciation	7,983	7,749	7,983	7,749
	39,096	39,330	39,096	39,330

- (i) Investment properties represent land and buildings that are not substantially occupied by the bank but held for investment purposes. Investment properties are carried at cost less accumulated depreciation and impairment losses in accordance with the cost model. Investment properties are depreciated over a useful life of 50 years with a nil residual value. Had investment property been carried at fair value, the fair value as at 31 March 2020 would have been N115,563,000.00 (31 December 2019: N115,563,000.00). The valuations was provided by Messrs Diya Fatimilehin & Co. (FRC/2013/NIESV/00000000754) and Jide taiwo & co. (FRC/2012/000000000254) surveyors and valuers.
- (ii) On 19 December, 2013 the Central Bank of Nigeria issued a circular that all deposit money banks should dispose off all the investment properties in their books on or before 30 June, 2014. The directors are aware of this directive and all necessary efforts is being made to ensure compliance. Although the directors are committed to a plan to sell the asset as directed by the Central bank of Nigeria; however, the asset requires some process to be in place before disposal and this we have initiated. Hence, the sale is not expected to qualify for recognition as a completed sale within one year from the date of classification.

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

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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 2020	1,304,111	16,703,050	7,912,588	3,094,358	9,613,583	645,026	39,272,715
Additions	122,000	73,347	326,682	203,900	282,813	(73,490)	935,251
Reclassification from WIP	-	-	-	-	-	-	-
Transfer to software (note 21)	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Disposals	-	-	(12,513)	(10,127)	-	-	(22,640)
Balance at 31 Mar 2020	1,426,111	16,776,397	8,226,757	3,288,131	9,896,395	571,536	40,185,326
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	-	81,694	229,954	111,173	304,892	-	727,713
Disposals	-	-	-	(11,982)	(10,157)	-	(22,138)
Adjustments	-	-	-	-	-	-	-
Balance at 31 Mar 2020	-	5,052,039	5,750,213	1,679,176	6,859,228	-	19,340,655
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 at 31 Mar 2020	1,426,111	11,724,358	2,476,543	1,608,955	3,037,168	571,536	20,844,671

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 2019	1,295,911	15,822,468	6,779,414	2,314,087	7,042,609	1,811,324	35,065,813
Additions	80,750	906,697	1,162,382	1,171,364	2,598,701	(1,166,298)	4,753,596
Adjustments	-	-	-	-	-	-	-
Transfer to software (note 21)	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Disposals	(72,550)	(26,115)	(29,209)	(391,093)	(27,727)	-	(546,694)
Balance at 31 Dec 2019	1,304,111	16,703,050	7,912,588	3,094,358	9,613,583	645,026	39,272,715
Accumulated depreciation and impairment							
Balance at 1 January 2019	-	4,662,373	4,733,308	1,600,677	5,466,760	-	16,463,117
Charge for the year	-	320,447	814,972	320,616	1,124,612	-	2,580,647
Adjustments	-	-	-	-	-	-	-
Disposals	-	(12,475)	(28,020)	(341,308)	(26,880)	-	(408,684)
Adjustments	-	-	-	-	-	-	-
Balance at 31 Dec 2019	-	4,970,345	5,520,259	1,579,984	6,564,492	-	18,635,081
Carrying amounts							
Balance at 1 January 2019	1,295,911	11,160,095	2,046,107	713,410	1,575,850	1,811,324	18,602,696
Balance at 31 Dec 2019	1,304,111	11,732,705	2,392,329	1,514,374	3,049,090	645,026	20,637,634

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<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
21 Intangible assets				
Cost				
Cost 1 January, 2020	4,794,063	4,197,401	4,794,063	4,197,401
Additions	24,024	596,662	24,024	596,662
Transfer from property and equipment (note 20)	-	-	-	-
Transfer to computer equipment	-	-	-	-
Balance at 31 Mar 2020	4,818,087	4,794,063	4,818,087	4,794,063
Amortization and impairment losses				
Cost 1 January, 2020	3,819,994	3,270,010	3,819,994	3,270,010
Amortization for the year	155,472	525,571	155,472	525,571
Adjustment	-	24,413	-	24,413
Balance at 31 Mar 2020	3,975,466	3,819,994	3,975,466	3,819,994
Carrying amounts	842,621	974,069	842,621	974,069

- (a) The intangible assets have got finite lives and are amortised over the higher of 3 years or the contractual licensing period. No impairment losses were recognised against intangible assets.
- (b) The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2019 nil)
- (c) There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2019: nil)

22 Deferred tax assets and liabilities

- (a) 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-Mar-20	31-Dec-18	31-Mar-20	31-Dec-18
At 1 January 2020	20,206,217	20,206,217	20,206,217	20,206,217
Write down	(1,010,311)	(1,010,311)	(1,010,311)	(1,010,311)
Closing balance	19,195,906	19,195,906	19,195,906	19,195,906

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	Group		Bank	
	31-Mar-20	31-Dec-18	31-Mar-20	31-Dec-18
<i>In thousands of Nigerian Naira</i>				
23 Other assets				
Accounts receivables	406,633	488,523	406,633	488,523
Prepayments	2,306,081	885,274	2,306,081	885,274
Stock	469,479	715,567	469,479	715,567
Collaterised Placement	52,917	52,917	52,917	52,917
Clearing Balance	12,560	261,567	12,560	261,567
Fraud & Burglary	606,792	593,987	606,792	593,987
CBN Special Reserve (see 23.1 below)	677,214	677,214	677,214	677,214
AGSMEIS Investment with CBN	115,058	115,058	115,058	115,058
Card Receivables	3,661,504	2,141,123	3,661,504	2,141,123
FBN Settlement	-	371,065	0	371,065
Others	14,649	11,136	14,649	11,136
	8,322,887	6,313,431	8,322,887	6,313,431
Specific impairment on other assets	(1,433,642)	(1,433,642)	(1,433,642)	(1,433,642)
	6,889,245	4,879,789	6,889,245	4,879,789
At 1 January 2020	1,433,642	3,840,077	1,433,642	3,840,077
Allowance made during the year	-	(2,406,435)	-	(2,406,435)
Transfer from investment	-	-	-	-
Closing balance	1,433,642	1,433,642	1,433,642	1,433,642

23.1 CBN Special Reserve

The balance represents amount debited to the bank's current account with CBN as eligibility contribution to the Special Intervention Reserve for the Real Sector Support Facility (RSSF). The RSSF will be used to support start-ups and expansion financing needs of priority sectors of the economy to expand the industrial base and consequently diversify the economy. Draw down will be subject to banks contribution to the Special Intervention Reserve (SIR) with the CBN. The Facility shall be administered at an all-in interest rate/charge of 9 per cent per annum payable on quarterly basis. The CBN shall release the fund to DMBs at 2% interest rate.

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
<i>In thousands of Nigeria Naira</i>				
24 Deposits from banks				
Money market deposits (Items in course of collection)	51,810,000	3,638,400	51,810,000	3,638,400
25 Deposits from customers				
25a Retail customers:				
Term deposits	89,378,823	70,805,999	89,378,823	70,805,999
Current deposits	19,398,903	19,443,240	19,398,903	19,443,240
Savings	79,413,765	75,740,488	79,413,765	75,740,488
Corporate customers:				
Term deposits	283,113,640	281,349,601	283,113,640	281,349,601
Current deposits	106,678,950	112,148,279	106,678,950	112,148,279
Others	18,457,023	17,795,862	18,457,023	17,795,862
	596,441,104	577,283,469	596,441,104	577,283,469
25b The maturity profile of customers' deposit is as follows:				
Under 3 months	371,008,895	339,734,521	371,008,895	339,734,521
3 - 6months	119,390,664	125,234,648	119,390,664	125,234,648
6 - 12months	41,141,490	34,980,628	41,141,490	34,980,628
Over 12months	64,900,054	77,333,672	64,900,054	77,333,672
	596,441,104	577,283,469	596,441,104	577,283,469

At 31 March 2020 N64.90billion (31 December 2019: N77.33billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

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		Group		Bank	
		31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	In thousands of Nigerian Naira				
26	Taxation				
26.1	Income tax expense				
	Company income tax	152,653	466,523	152,653	466,523
	NITDA Levy	-	67,708	-	67,708
	Nigerian Police Trust Fund	-	339	-	339
	Capital Gains Tax	-	15,200	-	15,200
		-	-	-	-
	Current Income Tax expense	152,653	549,770	152,653	549,770
	Deferred tax expenses	-	1,010,311	-	1,010,311
		152,653	1,560,080	152,653	1,560,080
26.2	Current tax liabilities				
	At 1 January	905,364	429,079	905,364	429,079
	Payment during the year	-	(73,484)	-	(73,484)
	Charge for the year	152,653	549,770	152,653	549,770
	Closing balance	1,058,017	905,364	1,058,017	905,364

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

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27 Other liabilities

In thousands of Nigerian Naira

Financial Liabilities

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Creditors and accruals	127,355	171,852	127,355	171,852
Staff Deductions	698,509	546,027	698,509	546,027
Provision for Others	811,746	436,388	811,746	436,388
Other current liabilities	239,567	213,669	196,287	171,196
Insurance Claim	98,794	89,668	98,794	89,668
Swift Payables	104,801	96,547	104,801	96,547
Western Union	28,262	16,154	28,262	16,154
Salary Suspense	193,326	197,123	193,326	197,123
Accounts payable	770,524	640,355	770,524	640,355
Electronic products payable	400,491	407,972	400,491	407,972
Certified cheques	1,398,317	1,302,551	1,398,317	1,302,551
Customer deposits for letters of credit	18,412,068	9,084,928	18,412,068	9,084,928
Discounting Line	13,551,655	13,087,390	13,551,655	13,087,390
FBN Settlement	475,713	-	475,713	-
Other Settlements	792,065	241,855	792,065	241,855
Remittances	860,568	845,001	860,568	845,001
	38,963,761	27,377,480	38,920,481	27,335,007

Non-Financial Liabilities

Litigation claims provision (i)	328,571	328,571	328,571	328,571
Other payables	2,664,044	2,333,033	2,664,044	2,333,033

41,956,376 30,039,084 41,913,096 29,996,611

(i) Movement in litigation claims provision

Opening balance	328,571	196,435	328,571	196,435
Additions	-	132,135	-	132,135
Payment	-	-	-	-
	328,571	328,571	328,571	328,571

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In thousands of Nigerian Naira

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
28 Other borrowed funds				
Due to BOI (see (i) below)	1,920,128	2,001,782	1,920,128	2,001,782
CBN Agric. loan (see iii below)	1,535,529	1,945,234	1,535,529	1,945,234
CBN MSMEDF (see iv below)	572,189	572,189	572,189	572,189
Wema SPV (see v below)	24,705,940	24,705,937	13,637,960	13,637,957
National Housing Fund	80,092	83,551	80,092	83,551
Shelter Afrique (see vii below)	1,713,556	2,025,056	1,713,556	2,025,056
AFDB	4,626,600	4,920,885	4,626,600	4,920,885
AGSMEIS/RSSF/DBN	11,877,035	12,515,672	11,877,035	12,515,672
	47,031,069	48,770,306	35,963,089	34,401,024

- (i) The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facilities are secured by Nigerian Government Securities worth N8,934,491,000 and have a maximum tenor of 15 years.

A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. In response to COVID-19, CBN has moderated the rate to 5%.

- (iii) This represents CBN intervention funds to some of the Bank's customers in the agricultural sector. The fund is administered at a maximum interest rate of 9% per annum. The maximum tenor of the facility is 7 years. In response to COVID-19, CBN has moderated the rate to 5%.
- (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 has moderated the rate to 5%.
- (v) The Wema SPV of 2019: N24,636,113,000 (2018: N24,636,113,000) 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.
- (vii) This amount represents the bank's foreign facility from Shelter Afrique, this was granted to the Bank for a period of 7 years. It is repayable bi-annually with interest rate of L+6.5% (Libor plus 6.5%)
- (viii) This amount represents the bank's foreign facility from AFDB, this was granted to the Bank for a period of 7 years. It is repayable bi-annually with interest rate of L+5.2% (Libor plus 5.2%)
- (ix) This amount represents the bank's foreign facility from ICD, this was granted to the Bank for a period of 5 years, with 1 year moratorium. It is repayable at maturity with interest rate of 6.91% (mid swap 2.96% plus 395 bps per annum). This has been repaid accordingly.

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
At 1 January	48,770,306	45,448,718	37,702,326	34,401,024
Additions	-	14,036,739	-	14,036,739
Effect of exchange rate changes [loss/(profit)]	181,542	902,168	181,542	902,168
Payments made	(1,920,779)	(11,617,320)	(1,920,779)	(11,637,605)
Closing balance	47,031,069	48,770,306	35,963,089	37,702,326

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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.

	As at 31 Mar 2020
COST	N
a. At 1 January 2020	719,649
Additions	125,398
Terminated contracts	
As at 31 March, 2020	845,046
DEPRECIATION CHARGE	
At 1 January 2020	209,686
Charge for the period	57,333
As at 31 March, 2020	267,019
CARRYING AMOUNT	
As at 31 December, 2019	509,963
As at 31 March, 2020	578,028

Approximately one fifth of the leases for property, plant and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of N58.21million in 2020.

	As at 31 Mar 2020
b. LEASE LIABILITY	N
At 1 January 2020	72,584
Addition during the year	12,003
Interest expense for the period	1,023
Payment during the year	(10,993)
As at 31 March, 2020	74,617

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<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
30 Share capital and Reserves				
(a) The share capital comprises:				
(i) Authorised - 40,000,000 Ordinary shares (2019 - 40,000,000,000) Ordinary shares of 50k each (2019- 50k)	20,000,000	20,000,000	20,000,000	20,000,000
(ii) Issued and fully paid - 38,574,466,000 Ordinary shares (2019-38,574,466,000) shares of 50k each (2019 - 50k)	<u>19,287,233</u>	<u>19,287,233</u>	<u>19,287,233</u>	<u>19,287,233</u>
b Share Premium				
At 1 January	8,698,230	8,698,230	8,698,230	8,698,230
Capital Reduction (Note 30i)	-	-	-	-
Closing balance	<u>8,698,230</u>	<u>8,698,230</u>	<u>8,698,230</u>	<u>8,698,230</u>

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 available-for-sale investments until the investment is derecognised or impaired.

(e) SMEIES Reserve

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer

The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and approved by CBN. In prior year, 10% of profit after taxation was transferred to SMEEIS reserves in accordance with Small and Medium

(f) Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attribu

<i>In thousands of Nigeria Naira</i>	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
At 1 January	3,254,018	5,992,622	3,450,263	6,102,353
Profit or loss	977,302	5,199,940	978,109	5,210,748
Opening balance adjustment	-	(75,706)	-	-
Transfer from Regulatory risk reserve	0	(4,192,804)	0.28	(4,192,804)
Transfer to Statutory Reserve	(293,433)	(1,563,224)	(293,433)	(1,563,224)
Dividend Paid to Shareholders	(0)	(1,157,235)	-	(1,157,235)
Transfer to Credit Risk Reserve	-	(781,612)	-	(781,612)
Regulatory charge to SMEIS	-	(167,963)	-	(167,963)
Closing balance	3,937,887	3,254,018	4,134,939	3,450,263

(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 31 March 2020 amounting to N10,030,129,001.02 (31 December 2019: N10,670,204,446.32). 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.

(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

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.

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

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.

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-Mar-20	Group 31-Dec-19	Bank 31-Mar-20	Bank 31-Dec-19
In thousands of Nigerian naira				
Contingent liabilities:				
Guarantees and indemnities	71,370,760	67,644,200	71,370,760	67,644,200
Bonds	3,334,589	3,963,090	3,334,589	3,963,090
Clean-line facilities & irrevocable letters of credit	24,306,734	13,076,960	24,306,734	13,076,960
ECL during the year	768,381	768,381	-788,426	768,381
Closing balance	99,780,464	85,452,631	98,223,657	85,452,631

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.