

WEMA BANK PLC

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

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Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 30th September, 2020

Statement of Profit or loss and other Comprehensive Income

<i>In thousands of Nigerian Naira</i>		Group				Bank			
		3 Months 30-Sep-20	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19	3 Months 30-Sep-20	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19
	Notes	19,674,132	57,825,190	64,827,122	94,890,127	19,674,132	57,624,874	64,152,405	93,389,811
Gross Earnings									
Interest income	7	16,540,359	46,395,559	49,038,405	70,682,043	16,540,359	46,195,243	48,363,688	69,181,727
Interest expense		(8,240,402)	(26,296,799)	(31,843,392)	(44,696,360)	(8,240,402)	(26,098,097)	(31,141,938)	(43,197,658)
Net interest income	7	8,299,957	20,098,760	17,195,013	25,985,683	8,299,957	20,097,146	17,221,750	25,984,069
Net impairment loss on financial assets	11	(1,100,160)	(1,866,497)	(1,624,325)	(6,130,600)	(1,100,160)	(1,866,497)	(1,624,325)	(6,130,600)
Net interest income after impairment charge for credit losses		7,199,797	18,232,263	15,570,688	19,855,083	7,199,797	18,230,649	15,597,425	19,853,469
Net gain on FVTPL investment securities		44,979	336,920	128,005	234,124	44,979	336,920	128,005	234,124
Net fee and commission income	8	2,022,294	5,162,782	6,154,186	7,998,793	2,022,294	5,162,782	6,154,186	7,998,793
Net trading income	9	305,331	4,861,112	8,937,320	14,789,480	305,331	4,861,112	8,937,320	14,789,480
Other income	10	761,169	1,068,817	569,206	1,185,687	761,169	1,068,817	569,206	1,185,687
		3,133,773	11,429,631	15,788,717	24,208,084	3,133,773	11,429,631	15,788,717	24,208,084
Operating income		10,333,570	29,661,894	31,359,405	44,063,167	10,333,570	29,660,280	31,386,142	44,061,553
Personnel expenses	12	(3,525,671)	(10,572,981)	(10,613,719)	(14,870,989)	(3,525,671)	(10,572,981)	(10,613,719)	(14,870,989)
Depreciation and amortization	13b	(455,091)	(2,348,849)	(2,200,752)	(3,316,846)	(455,091)	(2,348,849)	(2,200,752)	(3,316,846)
Other operating expenses	13a	(5,023,186)	(13,682,636)	(13,813,746)	(19,115,311)	(5,023,186)	(13,680,215)	(13,813,746)	(19,102,890)
Profit before tax		1,329,622	3,057,428	4,731,188	6,760,021	1,329,622	3,058,235	4,757,925	6,770,828
Income tax expense	26	(179,499)	(412,862)	(642,320)	(1,560,080)	(179,499)	(412,862)	(642,320)	(1,560,080)
Profit for the year		1,150,123	2,644,567	4,088,869	5,199,940	1,150,123	2,645,374	4,115,606	5,210,748
<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		-	-	-	404,901	-	-	-	404,901
		-	-	-	404,901	-	-	-	404,901
Items that will be subsequently reclassified to profit or loss									
Net change in fair value of investments FVOCI		-	-	61,201	67,520	-	-	61,201	67,520
Income tax relating to items that may be reclassified subsequently to profit or Loss		-	-	(8,262)	-	-	-	(8,262)	-
Other comprehensive income for the year		-	-	52,939	472,421	-	-	52,939	472,421
Total comprehensive income for the year		1,150,123	2,644,567	4,141,808	5,672,361	1,150,123	2,645,374	4,168,545	5,683,169
Profit attributable to:									
Equity holders of the Bank		1,150,123	2,644,567	4,088,869	5,199,940	1,150,123	2,645,374	4,115,606	5,210,748
Total comprehensive income for the year		1,150,123	2,644,567	4,141,808	5,672,361	1,150,123	2,645,374	4,168,545	5,683,169
Earnings per share-basic	14	12.0	9.2	14.1	13.5	12.0	9.2	14.3	13.5

Wema Bank Plc

**Consolidated and Separate Financial Statements
For the period ended 30th September, 2020**

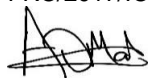
Statement of financial Position

	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
<i>In thousands of Nigerian Naira</i>				
Cash and cash equivalents	76,280,466	65,974,273	76,273,221	65,967,028
Restricted Deposit with CBN	288,729,539	137,392,701	288,729,539	137,392,701
Pledged assets	14,569,493	26,925,527	14,569,493	26,925,527
Investment securities:				
Fair value through other comprehensive income	1,299,975	1,793,543	1,300,975	1,794,543
Fair Value through profit or loss	18,858,163	105,164,284	18,858,163	105,164,284
Held at amortised cost	47,056,107	43,142,925	36,148,142	32,234,960
Loans and advances to customers	359,795,473	289,239,870	359,795,473	289,239,870
Investment properties	38,625	39,330	38,625	39,330
Right of Use	671,321	509,963	671,321	509,963
Property and equipment	21,958,067	20,637,634	21,958,067	20,637,634
Intangible assets	1,061,589	974,069	1,061,589	974,069
Other assets	14,084,435	4,879,789	14,084,435	4,879,789
Deferred tax assets	19,195,906	19,195,906	19,195,906	19,195,906
	863,599,160	715,869,814	852,684,950	704,955,604
Deposits from banks	0	3,638,400	0	3,638,400
Deposits from customers	701,842,476	577,283,469	701,842,476	577,283,469
Lease Liabilities	22,249	72,584	22,249	72,584
Current tax liabilities	768,796	905,364	768,796	905,364
Other liabilities	43,966,345	30,039,084	43,923,064	29,996,610
Other borrowed funds	60,997,637	48,770,306	49,929,656	37,702,326
	807,597,502	660,709,207	796,486,241	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	3,301,457	3,254,018	3,498,508	3,450,262
Other reserves	17,137,039	16,343,427	17,137,039	16,343,427
	56,001,657	55,160,607	56,198,708	55,356,851
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK				
TOTAL LIABILITIES AND EQUITY	863,599,159	715,869,813	852,684,950	704,955,604

The financial statements were authorized for issue by the directors on the 28th October, 2020



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 30th September, 2020

Statements of changes in equity

Group	Share Capital	Share premium	Credit risk reserve	Regulatory risk reserve	Statutory reserve	SMEIS 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								(1,542,979)	(1,542,979)
SMEIS Charge								(260,537)	(260,537)
Profit or loss	-	-	-	-	-	-	-	2,644,567	2,644,567
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	7,577,698	13,597,317	526,908	1,437,590	4,095,069	56,001,657
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	-	-			793,612	-	-	(793,612)	-
Total contribution and distributions to owners	-	-	-	(0)	793,612	-	-	(793,612)	-
Balance at 30th September 2020	19,287,233	8,698,230	781,612	7,577,698	14,390,929	526,908	1,437,590	3,301,457	56,001,657
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
Dividend Payout								(1,157,235)	(1,157,235)
SMEIS Charge								(167,850)	(167,850)
Profit or loss	-	-						4,088,869	4,088,869
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve FVTOCI financial assets	-	-					52,939	-	52,939
	19,287,233	8,698,230		3,384,894	12,034,093	526,908	1,018,108	8,756,406	53,705,872
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve	-	-		(555,207)	-	-	-	555,207	-
Transfer to Statutory reserve	-	-			1,234,682	-	-	(1,234,682)	-
Total contribution and distributions to owners	-	-		(555,207)	1,234,682	-	-	(679,475)	-
Balance at 30 September 2019	19,287,233	8,698,230		2,829,686	13,268,775	526,908	1,018,108	8,076,931	53,705,872

Wema Bank Plc

**Consolidated and Separate Financial Statements
For the period ended 30 September, 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								(1,542,979)	(1,542,979)
SMEIS Charge								(260,537)	(260,537)
Profit or loss	-	-	-	-	-	-	-	2,645,374	2,645,374
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	7,577,698	13,597,317	526,908	1,437,590	4,292,120	56,198,708
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					793,612			(793,612)	-
Total contribution and distributions to owners	-	-	-	(0)	793,612	-	-	(793,612)	-
Balance at 30 September 2020	19,287,233	8,698,230	781,612	7,577,698	14,390,929	526,908	1,437,590	3,498,508	56,198,708
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
Dividend Payout								(1,157,235)	(1,157,235)
SMEIS Charge								(167,850)	(167,850)
Profit or loss	-	-	-	-	-	-	-	4,115,606	4,115,606
Other comprehensive income									
Cumulative gain/loss reclassified from reserve on disposal of FVTOCI investments									-
Fair value reserve FVTOCI financial assets	-	-	-	-	-	-	52,939	-	52,939
Total comprehensive income for the period	19,287,233	8,698,230		3,384,894	12,034,093	526,908	1,018,108	8,892,874	53,842,340
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Regulatory risk reserve				(555,207)				555,207	-
transfer to statutory reserves					1,234,682			(1,234,682)	-
Total contribution and distributions to owners	-	-	-	(555,207)	1,234,682	-	-	(679,474)	-
Balance at 30 September 2019	19,287,233	8,698,230		2,829,687	13,268,775	526,908	1,018,108	8,213,400	53,842,340

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 30 September, 2020
Statement of Cash Flow

In thousands of Nigerian Naira	Notes	Group		Bank	
		30-Sep 2020	31-Dec 2019	30-Sep 2020	31-Dec 2019
Cash flows from operating activities					
Profit for the year		2,644,567	5,199,940	2,645,374	5,210,748
Adjustments for:					
Taxation expense	26	412,862	1,560,080	412,862	1,560,080
Depreciation and amortization		2,348,849	3,316,846	2,348,849	3,316,846
Adjustment for transfer out of PPE now expensed		(343)	24,413	(343)	24,413
Opening balance adjusted directly in retained earnings		-	(75,706)	-	-
(Gain)/Loss on disposal of property and equipment	10	(127,596)	(133,842)	(127,596)	(133,842)
Net interest income		(20,098,760)	(25,985,683)	(20,097,146)	(25,984,069)
Dividend received from equity investment		(67,315)	(85,247)	(67,315)	(85,247)
Impairment loss on financial assets		1,866,497	5,365,942	1,866,497	5,365,942
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Operating cashflow before movement in working capital		(13,021,240)	(10,813,255)	(13,018,819)	(10,725,129)
Change in pledged assets		12,356,034	(6,342,094)	12,356,034	(6,342,094)
Change in loans and advances to customers		(72,422,100)	(42,416,199)	(72,422,100)	(42,416,199)
Change in other assets		(9,204,646)	(419,883)	(9,204,646)	(419,883)
Change in deposits from banks	24	(3,638,400)	3,638,400	(3,638,400)	3,638,400
Change in finance lease obligation		-	-	-	-
Change in restricted deposit with CBN		(151,336,838)	(79,338,497)	(151,336,838)	(79,338,497)
Change in deposits from customers		124,559,007	208,083,701	124,559,007	207,969,305
Change in other liabilities		13,876,926	7,274,064	13,876,119	7,296,598
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Cashflow generated by operations		(98,831,257)	79,666,237	(98,829,643)	79,662,502
Income tax paid	26	(549,430)	(73,484)	(549,430)	(73,484)
Interest received		46,395,559	70,682,043	46,195,243	69,181,727
Interest paid		(24,528,421)	(41,389,921)	(24,528,422)	(41,389,922)
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Net cash from operating activities		(77,513,549)	108,884,875	(77,712,252)	107,380,822
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Cash flows from investing activities					
Disposal/Acquisition of investment securities-At Amortised Cost		(3,913,182)	15,886,256	(3,913,182)	15,904,646
Disposal/Acquisition of investment securities-FVTOCI		493,568	(441,048)	493,568	(441,048)
Change in FVTPL investments		86,306,121	(93,455,754)	86,306,121	(93,455,754)
Dividend received from equity investment		67,315	85,247	67,315	85,247
Acquisition of property and equipment	20	(3,327,797)	(4,753,596)	(3,327,797)	(4,753,596)
Proceeds from the sale of property and equipment		195,772	271,854	195,772	271,854
Right of Use		(334,950)	(719,649)	(334,950)	(719,649)
Acquisition of intangible assets		(322,541)	(596,662)	(322,541)	(596,662)
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Net cash(used in)/generated by investing activities		79,164,305	(83,723,352)	79,164,305	(83,704,962)
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Cash flows from financing activities					
Proceed from borrowings		15,307,078	14,036,739	15,307,078	14,036,739
Repayment of borrowings		(3,079,747)	(10,715,151)	(3,079,747)	(10,735,437)
Transfer from Retained Earnings		(260,537)	(167,963)	(260,537)	(167,963)
Interest paid on borrowings	7	(1,768,378)	(3,306,439)	(1,569,675)	(1,807,736)
Dividend paid to shareholders		(1,542,979)	(1,157,235)	(1,542,979)	(1,157,235)
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Net cash from financing activities		8,655,437	(1,310,049)	8,854,140	168,368
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Net increase in cash and cash equivalents		10,306,193	23,851,474	10,306,193	23,844,229
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	76,280,466	65,974,273	76,273,221	65,967,028

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 30 September, 2020
Statement of Prudential Adjustments

	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
Prudential Provisions:				
Loans and advances	21,697,303	21,345,910	21,697,303	20,502,558
Other financial assets	2,313,255	1,314,335	2,313,255	2,157,688
	24,010,558	22,660,245	24,010,558	22,660,246
Impairment assessment under IFRS:				
Loans and advances				
12-months ECL credit	8,586,817	7,104,750	8,586,817	7,104,750
Life-time ECL Not impaired	523,633	377,572	523,633	377,572
Life-time ECL credit impaired	4,307,583	4,646,110	4,307,583	4,646,110
	13,418,033	12,128,432	13,418,033	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	16,432,860	15,082,548	16,432,860	15,082,548
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	7,577,699	7,577,698	7,577,698	7,577,698

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended 30 September, 2020

Notes to the Financial Statements

In thousands of Nigerian Naira

	Group				Bank			
	3 Months 30-Sep-20	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19	3 Months 30-Sep-20	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19
7 Interest income								
Cash and cash equivalents	1,244,355	2,542,414	1,259,026	1,638,912	1,244,355	2,542,414	1,259,026	1,638,912
Loans and advances to banks and customers	13,560,989	39,215,647	42,966,095	61,844,058	13,560,989	39,215,647	42,966,095	61,844,058
Investments securities	1,735,015	4,637,498	4,813,284	7,199,073	1,735,015	4,437,182	4,138,567	5,698,757
Total interest income	16,540,359	46,395,559	49,038,405	70,682,043	16,540,359	46,195,243	48,363,688	69,181,727
Interest expense								
Deposits from banks	8,433	380,312	4,266,727	5,027,316	8,433	380,312	4,266,727	5,027,316
Interest expense on lease liabilities	0	10,810		10,810	0	10,810	0	10,810
Deposits from customers	7,561,013	24,137,300	24,041,676	36,351,796	7,561,013	24,137,300	25,508,321	36,351,796
Other borrowed funds	670,956	1,768,378	3,534,990	3,306,439	670,956	1,569,675	1,366,890	1,807,736
Total interest expense	8,240,401	26,296,799	31,843,393	44,696,360	8,240,402	26,098,097	31,141,938	43,197,658
8 Fees and commission income								
Credit related fees	230,244	466,948	662,583	876,039	230,244	466,948	662,583	876,039
Account maintenance fees	352,229	840,393	802,380	1,078,759	352,229	840,393	802,380	1,078,759
Management fees	277,048	821,148	769,255	835,777	277,048	821,148	769,255	835,777
Fees on electronic products	884,052	2,020,022	2,785,597	3,758,718	884,052	2,020,022	2,785,597	3,758,718
Fees on financial guarantees	112,828	226,229	337,535	408,151	112,828	226,229	337,535	408,151
Other fees and charges	165,893	788,042	796,836	1,041,349	165,893	788,042	796,836	1,041,349
Total fee and commission income	2,022,294	5,162,782	6,154,186	7,998,793	2,022,294	5,162,782	6,154,186	7,998,793
9 Net trading income								
Fixed income securities	8,202	21,977	9,700	16,241	8,202	21,977	9,700	16,241
Treasury bills	236,606	4,697,241	8,778,647	14,521,181	236,606	4,697,241	8,778,647	14,521,181
Foreign exchange trading (note 9.1)	60,523	141,894	148,973	252,058	60,523	141,894	148,973	252,058
	305,331	4,861,112	8,937,320	14,789,480	305,331	4,861,112	8,937,320	14,789,480

Foreign exchange trading income is principally made up of trading income on foreign currencies, as well as gains and losses from

9.1 revaluation of trading position. The amount reported above are totally from financial assets carried at fair value through profit or loss

	Group				Bank			
	3 Months 30-Sep-20	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19	3 Months 30-Sep-20	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19
10 Other income								
Dividends on available-for-sale equity securities	63,415	67,315	51,111	85,247	63,415	67,315	51,111	85,247
Gains on disposal of property and equipment	109,245	127,596	125,724	171,624	109,245	127,596	125,724	171,624
Rental income	20,148	40,938	32,317	42,028	20,148	40,938	32,317	42,028
Insurance claim received	4,750	16,985	12,509	6,287	4,750	16,985	12,509	6,287
Income on contingents	3,400	18,600	28,670	32,623	3,400	18,600	28,670	32,623
Income on deposit accounts	11,043	56,383	19,278	138,193	11,043	56,383	19,278	138,193
Fund transfer	2,220	4,320	3,262	3,259	2,220	4,320	3,262	3,259
FX Revaluation	479,509	479,509	-	460,312	479,509	479,509	-	460,312
Swift transactions	14,444	39,437	66,067	82,231	14,444	39,437	66,067	82,231
Service charge	9,200	37,209	59,084	15,119	9,200	37,209	59,084	15,119
Advisory fees	15,069	32,071	20,971	67,941	15,069	32,071	20,971	67,941
Others	28,726	148,454	150,213	80,824	28,726	148,454	150,213	80,824
	761,169	1,068,817	569,206	1,185,687	761,169	1,068,817	569,206	1,185,687

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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 30th September 2020 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding :

<i>In thousands</i>	Group			Bank		
	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19
Weighted average number of ordinary shares - basic; '000	38,574,466	38,574,466	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

Earnings per share -basic (Kobo)

Profit for the year attributable to equity holders of the Bank '000	2,644,567	4,088,869	5,199,940	2,645,374	4,115,606	5,210,748
Earnings per share -basic (Kobo)	9.2	14.1	13.5	9.2	14.3	13.5

15 Cash and cash equivalents

In thousands of Nigerian Naira

	Group			Bank		
	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19
Cash and balances with banks	22,254,564	18,030,946	20,634,380	22,247,319	18,030,946	20,627,135
Unrestricted balances with central bank	20,937,696	8,097,601	14,703,557	20,937,696	8,097,601	14,703,557
Money market placements	33,103,145	36,411,850	30,681,544	33,103,145	36,411,850	30,681,544
ECL Allowance	(14,939)	(44,356)	(45,208)	(14,939)	(44,356)	(45,208)
	76,280,466	62,496,041	65,974,273	76,273,221	62,496,041	65,967,028

16 Pledged assets - Held at amortised cost

In thousands of Nigerian Naira

	Group			Bank		
	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19	9 Months 30-Sep-20	9 Months 30-Sep-19	12 Months 31-Dec-19
Treasury bills (note 16.1)	9,532,244	27,212,556	7,818,251	9,532,244	27,212,556	7,818,251
Bonds (16.2)	5,037,249	17,254,791	19,107,276	5,037,249	17,254,791	19,107,276
	14,569,493	44,467,348	26,925,527	14,569,493	44,467,348	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 N3.74 billion (2019: N2 billion) as disclosed in note 28.

In thousands of Nigerian Naira	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
17 Investment securities	67,214,245	150,100,752	56,307,280	139,193,787
Current	27,794,360	128,934,300	27,794,360	128,934,300
Non-current	39,419,885	21,166,452	28,512,920	10,259,487
17a Investment securities measured at FVTOCI				
Treasury bills	-	493,568	-	493,568
Equity (see note (i) below)	1,299,975	1,299,975	1,300,975	1,300,975
	1,299,975	1,793,543	1,300,975	1,794,543
17b Investment securities measured at FVTPL				
Treasury Bills (see (ii) below)	18,858,163	105,164,284	18,858,163	105,164,284
17c Investment securities measured at amortised cost				
Treasury Bills	8,936,197	23,276,448	8,936,197	23,276,448
FGN Bonds	33,887,926	19,442,617	22,979,962	8,534,652
Other Bonds (see (iii) below)	5,563,711	1,702,690	5,563,711	1,702,690
Impairment on bond	(1,293,496)	(1,271,400)	(1,293,496)	(1,271,400)
ECL Allowance	(38,231)	(7,430)	(38,231)	(7,430)
	47,056,107	43,142,925	36,148,142	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)	1,230,019	1,230,019	1,230,019	1,230,019
	1,299,975	1,299,975	1,300,975	1,300,975
	1,299,975	1,299,975	1,300,975	1,300,975

(ii) This represents Nigerian Treasury Bills with maturity of less than 360 days; a face value of N23,739,625,000 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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	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
CORPORATE				
I. 7YR: DANA Group Bond Series 1	1,271,400	1,271,400	1,271,400	1,271,400
STATE BONDS				
II. EKITI State Govt Bond Tranche 11	106,439	198,649	106,439	198,649
III. ONDO State Govt Bond	4,185,872	232,641	4,185,872	232,641
	<u>4,292,311</u>	<u>431,290</u>	<u>4,292,311</u>	<u>431,290</u>
	5,563,711	1,702,690	5,563,711	1,702,690
ECL	(1,293,496)	(1,271,400)	(1,293,496)	(1,271,400)
	<u>4,270,215</u>	<u>431,290</u>	<u>4,270,215</u>	<u>431,290</u>

18 Loans and advances to customers at amortised cost

	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
<i>In thousands of Nigeria Naira</i>				
Overdrafts	33,149,838	27,436,741	33,149,838	27,436,741
Term Loans	335,616,853	269,662,529	335,616,853	269,662,529
Advances under finance lease	4,446,814	4,269,031	4,446,814	4,269,031
	<u>373,213,506</u>	<u>301,368,302</u>	<u>373,213,506</u>	<u>301,368,302</u>
Gross loans and receivables				
Less ECL allowances				
12-months ECL credit	(8,586,817)	(7,104,750)	(8,586,817)	(7,104,750)
Life-time ECL Not impaired	(523,633)	(377,572)	(523,633)	(377,572)
Life-time ECL credit impaired	(4,307,583)	(4,646,109)	(4,307,583)	(4,646,110)
	<u>(13,418,033)</u>	<u>(12,128,432)</u>	<u>(13,418,033)</u>	<u>(12,128,432)</u>
Net loans and advances to customers	<u>359,795,473</u>	<u>289,239,870</u>	<u>359,795,473</u>	<u>289,239,870</u>

30th September 2020

	Term loan	Overdrafts	Finance lease	Total
Gross loans	335,616,853	33,149,838	4,446,814	373,213,506
12 months ECL loans and advances	(7,789,878)	(647,859)	(149,080)	(8,586,817)
Lifetime ECL not credit-impaired loans and advances	(509,272)	(14,361)	-	(523,633)
Lifetime ECL credit-impaired loans and advances	(3,267,152)	(935,073)	(105,358)	(4,307,583)
	<u>324,050,550</u>	<u>31,552,546</u>	<u>4,192,377</u>	<u>359,795,473</u>

31st 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 advances	(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>

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In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
Balance as at 30 September 2020	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	259,381	1,533,061	129,803	1,887,646
Written off in the year as uncollectible	(67,000)	(427,313)	(21,870)	(516,184)
Amounts recovered during the year	-	(116,460)	-	(116,460)
Balance as at 31 December 2020	1,597,292	11,566,303	254,437	13,383,434
12-months ECL credit	647,859	7,789,878	149,080	8,586,817
Life-time ECL Not impaired	14,361	509,272	-	523,633
Life-time ECL credit impaired	935,073	3,267,152	105,358	4,307,583

Contingent Liabilities & Commitments:

	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
Guarantees and Indemnities	61,756,070	67,644,200	61,756,070	67,644,200
Bonds	3,151,572	3,937,590	3,151,572	3,937,590
Clean-Line Facilities& Irrevocable LCs	27,052,278	13,076,960	27,052,278	13,076,960
ECL during the year	(788,426)	(768,381)	(788,426)	(768,381)
	91,171,493	83,890,369	91,171,493	83,890,369

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19 Investment properties

	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
<i>In thousands of Nigeria Naira</i>				
Cost				
Balance at 1 January 2019	47,079	47,079	47,079	47,079
Additions	-	-	-	-
Write -off	-	-	-	-
Disposals	-	-	-	-
Balance at 30th September 2020	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	705	942	705	942
Write -off	-	-	-	-
Disposals	-	-	-	-
Balance at 30th September 2020	8,454	7,749	8,454	7,749
Cost	47,079	47,079	47,079	47,079
Accumulated depreciation	8,454	7,749	8,454	7,749
	38,625	39,330	38,625	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 30th September 2020 would have been N145,500,000.00 (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	287,051	225,638	917,064	382,033	1,562,249	(46,239)	3,327,797
Adjustments	(0)	(0)	256	1	(1)	-	256
Disposals	(389)	(64,581)	(18,580)	(124,176)	(719)	-	(208,445)
Balance at 30 September 2020	1,590,773	16,864,107	8,811,327	3,352,217	11,175,112	598,787	42,392,324
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	-	246,249	686,517	337,090	669,675	-	1,939,531
Disposals	-	(2,807)	(18,486)	(118,283)	(692)	-	(140,268)
Adjustments	-	(59)	(1)	1	(28)	-	(87)
Balance at 30 September 2020	-	5,213,728	6,188,289	1,798,792	7,233,447	-	20,434,256
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 30 September 2020	1,590,773	11,650,379	2,623,039	1,553,424	3,941,665	598,787	21,958,067

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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	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-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	322,541	596,662	322,541	596,662
Transfer to computer equipment	-	-	-	-
Balance as at 30 September 2020	5,116,604	4,794,063	5,116,604	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	235,021	525,571	235,021	525,571
Adjustment	-	24,413	-	24,413
Balance as at 30 September 2020	4,055,015	3,819,994	4,055,015	3,819,994
Carrying amounts	1,061,589	974,069	1,061,589	974,069

- a. 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.
- 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:

In thousands of Nigerian Naira

	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
At 1 January 2020	19,195,906	20,206,217	19,195,906	20,206,217
Write down	-	(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	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
<i>In thousands of Nigerian Naira</i>				
23 Other assets				
Accounts receivables	7,840,493	488,523	7,840,493	488,523
Prepayments	3,844,641	885,274	3,844,641	885,274
Stock	620,570	715,567	620,570	715,567
Collateralised Placement	52,917	52,917	52,917	52,917
Clearing Balance	326,422	261,567	326,422	261,567
Fraud & Burglary	610,170	593,987	610,170	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
Receivable on E-business Channels	599,978	2,141,123	599,978	2,141,123
FBN Settlement	5,375	371,065	5,375	371,065
Others	18,859	11,136	18,859	11,136
	<u>14,711,697</u>	<u>6,313,431</u>	<u>14,711,697</u>	<u>6,313,431</u>
Specific impairment on other assets	<u>(627,262)</u>	<u>(1,433,642)</u>	<u>(627,262)</u>	<u>(1,433,642)</u>
	14,084,435	4,879,789	14,084,435	4,879,789
At 1 January 2020	1,433,642	3,840,077	1,433,642	3,840,077
Allowance made during the year	(806,380)	(2,406,435)	(806,380)	(2,406,435)
Transfer from investment	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	627,262	1,433,642	627,262	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	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
<i>In thousands of Nigeria Naira</i>				
24 Deposits from banks				
Money market deposits	-	3,638,400	-	3,638,400
25 Deposits from customers				
25a Retail customers:				
Term deposits	97,308,304	70,805,999	97,308,304	70,805,999
Current deposits	21,309,803	19,443,240	21,309,803	19,443,240
Savings	108,147,469	75,740,488	108,147,469	75,740,488
Corporate customers:				
Term deposits	276,764,531	281,349,601	276,764,531	281,349,601
Current deposits	164,388,963	112,148,279	164,388,963	112,148,279
Others	33,923,406	17,795,862	33,923,406	17,795,862
	<u>701,842,476</u>	<u>577,283,469</u>	<u>701,842,476</u>	<u>577,283,469</u>
25b The maturity profile of customers' deposit is as follows:				
Under 3 months	488,154,304	339,734,521	488,154,304	339,734,521
3 - 6months	140,489,042	125,234,648	140,489,042	125,234,648
6 - 12months	48,411,897	34,980,628	48,411,897	34,980,628
Over 12months	24,787,233	77,333,672	24,787,233	77,333,672
	<u>701,842,476</u>	<u>577,283,469</u>	<u>701,842,476</u>	<u>577,283,469</u>

At 30 September 2020 N24.78billion (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	
		30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	In thousands of Nigerian Naira				
26	Taxation				
26.1	Income tax expense				
	Company income tax	412,862	466,523	412,862	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	412,862	549,770	412,862	549,770
	Deferred tax expenses	-	1,010,311	-	1,010,311
		412,862	1,560,080	412,862	1,560,080
26.2	Current tax liabilities				
	At 1 January	905,364	429,079	905,364	429,079
	Payment during the year	(549,430)	(73,484)	(549,430)	(73,484)
	Charge for the year	412,862	549,770	412,862	549,770
	Closing balance	768,796	905,364	768,796	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 2007

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27 Other liabilities

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
Financial Liabilities				
Creditors and accruals	1,113,461	171,852	1,113,461	171,852
Staff Deductions	371,303	546,027	371,303	546,027
Provision for Others	146,949	436,388	146,949	436,388
Other current liabilities	177,971	213,669	134,691	171,196
Insurance Claim	116,778	89,668	116,778	89,668
Swift Payables	109,089	96,547	109,089	96,547
Western Union	86,978	16,154	86,978	16,154
Salary Suspense	79,666	197,123	79,666	197,123
Accounts payable	714,570	640,355	714,570	640,355
Electronic products payable	492,818	407,972	492,818	407,972
Certified cheques	2,111,490	1,302,551	2,111,490	1,302,551
Customer deposits for letters of credit	14,237,060	9,084,928	14,237,060	9,084,928
Discounting Line	18,324,276	13,087,390	18,324,276	13,087,390
FBN Settlement	-	-	-	-
Other Settlements	2,719,196	241,855	2,719,196	241,855
Remittances	1,232,151	845,001	1,232,151	845,001
	42,033,756	27,377,480	41,990,476	27,335,007
Non-Financial Liabilities				
Litigation claims provision (i)	328,571	328,571	328,571	328,571
Other payables	1,604,017	2,333,033	1,604,017	2,333,033
	43,966,345	30,039,084	43,923,064	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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	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
<i>In thousands of Nigerian Naira</i>				
28 Other borrowed funds				
Due to BOI (see (i) below)	3,743,123	2,001,782	3,743,123	2,001,782
CBN Agric. loan (see iii below)	1,517,075	1,945,234	1,517,075	1,945,234
CBN MSMEDF (see iv below)	535,584	572,189	535,584	572,189
Wema SPV (see v below)	24,116,749	24,705,937	13,048,769	13,637,957
Anchor Borrowers fund (see ii below)	1,637,555	-	1,637,555	-
National Housing Fund	73,173	83,551	73,173	83,551
Shelter Afrique (see vii below)	1,285,033	2,025,056	1,285,033	2,025,056
AFDB	4,054,633	4,920,885	4,054,633	4,920,885
AGSMEIS/RSSF/DBN	24,034,711	12,515,672	24,034,711	12,515,672
	60,997,637	48,770,306	49,929,656	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%.

- (ii) Amount represents intervention funds for the production of agro-commodities for offtake market from Central Bank of Nigeria. The fund is at the rate of 9% and for a maximum of 18 months. There is a moratorium of 12 months and 6 months for cassava and cocoa respectively.
- (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	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
At 1 January	48,770,306	45,448,718	37,702,326	34,401,024
Additions	15,307,078	14,036,739	15,307,078	14,036,739
Effect of exchange rate changes [loss/(profit)]	181,542	902,168	181,542	902,168
Payments made	(3,261,289)	(11,617,320)	(3,261,289)	(11,637,605)
Closing balance	60,997,637	48,770,306	49,929,657	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 30 September, 2020
COST	N
a. At 1 January 2020	719,649
Additions	334,950
Terminated contracts	
As at 30 September, 2020	<u>1,054,599</u>
DEPRECIATION CHARGE	
At 1 January 2020	209,686
Charge for the period	<u>173,592</u>
As at 30 September, 2020	<u>383,278</u>
CARRYING AMOUNT	
As at 31 December, 2019	<u>509,963</u>
As at 30 September, 2020	<u><u>671,321</u></u>

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 30 September, 2020
b. LEASE LIABILITY	N
At 1 January 2020	72,584
Addition during the year	2,541
Interest expense for the period	2,482
Payment during the year	<u>(55,358)</u>
As at 30 September, 2020	<u>22,249</u>

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<i>In thousands of Nigerian Naira</i>	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-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)	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	19,864,646,893	51.50		
Directors Direct Shareholding	2,371,442,938	6.15		
Government Shareholding	3,191,190,608	8.27		
Staff Schemes	-	0.00		
Free Float	13,147,185,642	34.08		
Total	38,574,466,081	100		
Strategic Shareholding				
Name	Holding			
SW8 Invest Coy	5,745,816,867			
Petrotrab Limited	3,295,880,000			
Neemtree Limited	10,822,950,026			
	19,864,646,893			
	Direct	Indirect	Total	
Directors Shareholding				
Mr. Babatunde Kasali	-	-	-	
Mr. Ademola Adebise	10,265	2,243,208	2,253,473	
Mr. Adebode Adefioye	6,988	0	6,988	
Mr. Samuel Durojaiye	-	-	-	
Mrs. Tina Vukor Quarshire	-	-	-	
Mrs. Omobosola Ojo	-	-	-	
Mr. Moruf Oseni	-	-	-	
Mr. Abubakar Lawal	1,000,000	616,528,000	617,528,000	
Mrs. Abolanle Matel-Okoh	1,750,000,000	-	1,750,000,000	
Mr. Akinleye Oluwole Stephen	1,641,800	0	1,641,800	
Mrs. Folake Sanu	12,677	0	12,677	
			2,371,442,938	
Government Shareholding				
Oyo State	414,000			
Ogun State	666,670,000			
Osun State	666,670,000			
Ekiti State	666,670,000			
Odua Invest Coy	1,190,766,608			
	3,191,190,608			
Declaration:				
Wema Bank Plc with a free float of 34.08% as at 30 September 2020, 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 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 mandatory.

The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Banker's Committee meeting and approved by CBN. In prior year, 10% of profit after taxation was transferred to SMEEIS reserves in accordance with Small and Medium Enterprise Equity Investment Scheme as revised in April 2005."

(f) Retained earnings

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

<i>In thousands of Nigeria Naira</i>	Group		Bank	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
At 1 January	3,254,018	5,992,622	3,450,263	6,102,353
Profit or loss	2,644,567	5,199,940	2,645,374	5,210,748
Opening balance adjustment	-	(75,706)	-	-
Transfer from Regulatory risk reserve	0	(4,192,804)	0	(4,192,804)
Transfer to Statutory Reserve	(793,612)	(1,563,224)	(793,612)	(1,563,224)
Dividend Paid to Shareholders	(1,542,979)	(1,157,235)	(1,542,979)	(1,157,235)
Transfer to Credit Risk Reserve	-	(781,612)	-	(781,612)
Regulatory charge to SMEIS	(260,537)	(167,963)	(260,537)	(167,963)
Closing balance	3,301,457	3,254,018	3,498,508	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 30th September 2020 amounting to N9,842,1019,600.00 (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 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.

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

In thousands of Nigerian naira	Group		Bank	
	Group 30-Sep-20	Group 31-Dec-19	Bank 30-Sep-20	Bank 31-Dec-19
Contingent liabilities:				
Guarantees and indemnities	61,756,070	67,644,200	61,756,070	67,644,200
Bonds	3,151,572	3,963,090	3,151,572	3,963,090
Clean-line facilities & irrevocable letters of credit	27,052,278	13,076,960	27,052,278	13,076,960
ECL during the year	(768,381)	(768,381)	(788,426)	(768,381)
Closing balance	91,191,538	83,915,869	91,171,493	83,915,869

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.