

WEMA BANK PLC

**Unaudited IFRS Results
for the period ended 30 September 2018**

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Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended September 30, 2018

Statement of Profit or loss and other Comprehensive Income

<i>In thousands of Nigerian Naira</i>	Group				Bank			
	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17
Interest income	13,492,502	12,108,388	38,888,279	37,473,740	13,491,859	11,921,905	38,887,636	37,287,257
Interest expense	(6,755,352)	(8,357,181)	(23,061,482)	(25,242,536)	(6,755,352)	(8,170,137)	(23,061,482)	(25,055,492)
Net interest income	6,737,150	3,751,207	15,826,797	12,231,204	6,736,507	3,751,768	15,826,154	12,231,765
Net impairment loss on financial assets	(132,879)	(167,196)	(477,044)	(255,613)	(132,879)	(167,196)	(477,044)	(255,613)
Net interest income after impairment charge for credit losses	6,604,271	3,584,011	15,349,753	11,975,591	6,603,628	3,584,572	15,349,110	11,976,152
Net gain on HFT investment securities	(60,882)	-	57,897		(60,882)		57,897	
Net fee and commission income	1,799,284	1,660,869	4,803,066	5,551,298	1,799,284	1,660,869	4,803,066	5,551,298
Net trading income	1,595,534	1,075,806	4,894,309	1,602,870	1,595,534	1,075,806	4,894,309	1,602,870
Other income	126,433	348,700	343,279	937,955	126,433	348,700	343,279	937,955
	3,460,370	3,085,375	10,098,552	8,092,123	3,460,370	3,085,375	10,098,552	8,092,123
Operating income	10,064,641	6,669,386	25,448,305	20,067,714	10,063,998	6,669,947	25,447,662	20,068,275
Personnel expenses	(3,559,804)	(2,713,878)	(8,563,750)	(7,844,309)	(3,559,804)	(2,713,878)	(8,563,750)	(7,844,309)
Depreciation and amortization	(656,250)	(630,678)	(1,950,450)	(1,779,301)	(656,250)	(630,678)	(1,950,450)	(1,779,301)
Other operating expenses	(4,606,853)	(2,958,517)	(11,877,460)	(8,644,711)	(4,606,853)	(2,958,517)	(11,877,460)	(8,644,711)
Profit before tax	1,241,734	366,313	3,056,645	1,799,393	1,241,091	366,874	3,056,002	1,799,954
Income tax expense	(167,634)	(55,031)	(412,560)	(269,993)	(167,634)	(55,031)	(412,560)	(269,993)
Profit for the year	1,074,100	311,282	2,644,084	1,529,400	1,073,457	311,843	2,643,441	1,529,961
Other comprehensive income, net of income tax items that will not be subsequently reclassified to profit or loss								
Re-measurement of defined benefit obligation	-	-	-		-	-	-	
Income tax relating to items that will not be reclassified subsequently to profit or Loss	-	-	-		-	-	-	
	-	-	-		-	-	-	
Items that will be subsequently reclassified to profit or loss								
Fair value gain/(loss) on available-for-sale investments	-	-	-		-	-	-	
Net change in fair value of investments FVOCI	9,028	-	21,129		9,028	-	21,129	
Income tax relating to items that may be reclassified subsequently to profit or Loss	(1,115)	-	(2,609)		(1,115)	-	(2,609)	
	-	-	-		-	-	-	
Other comprehensive income for the year	7,913	-	18,520		7,913	-	18,520	
Total comprehensive income for the year	1,082,013	311,282	2,662,604	1,529,400	1,081,370	311,843	2,661,961	1,529,961
Profit attributable to:								
Equity holders of the Bank	1,074,100	311,282	2,644,084	1,529,400	1,073,457	311,843	2,643,441	1,529,961
Total comprehensive income for the year	1,082,013	311,282	2,662,604	1,529,400	1,081,370	311,843	2,661,961	1,529,961
Earnings per share-basic	11.2	3.2	9.2	5.3	11.2	3.2	9.2	5.3

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended September 30, 2018

Statement of financial Position

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
<i>In thousands of Nigerian Naira</i>						
Cash and cash equivalents	43,498,932	21,600,700	22,427,586	43,525,101	21,600,700	22,425,891
Restricted Deposit with CBN	54,650,952	30,410,662	26,495,664	54,650,952	30,410,662	26,495,664
Pledged assets	14,068,429	44,943,210	25,420,137	14,068,429	44,943,210	25,420,137
Investment securities:						
Fair value through other comprehensive income	1,132,811		0	1,133,811		0
Held for trading	12,206,969	4,333,365	10,003,842	12,206,969	4,333,365	10,003,842
Available for sale	0	5,842,210	9,565,557	0	5,843,210	9,566,557
Held at amortised cost	52,845,578		0	50,023,925		0
Held to maturity	0	28,982,936	24,897,782	0	26,074,490	22,077,200
Loans and advances to customers	244,790,349	210,866,043	215,840,031	244,790,349	210,866,043	215,840,031
Investment properties	41,473	247,086	45,671	41,473	247,086	45,671
Property and equipment	17,743,057	17,152,070	17,078,789	17,743,057	17,152,070	17,078,789
Intangible assets	701,445	850,436	759,092	701,445	850,436	759,092
Other assets	17,821,609	7,061,183	14,349,673	17,877,665	7,061,183	14,405,728
Deferred tax assets	21,269,702	22,169,702	21,269,702	21,269,702	22,169,702	21,269,702
	480,771,306	394,459,603	388,153,526	478,032,878	391,552,157	385,388,304
Deposits from banks	12,500,000	43,779,052	26,575,260	12,500,000	43,779,052	26,575,260
Deposits from customers	362,278,044	250,923,376	254,460,881	362,304,213	250,949,540	254,487,050
Current tax liabilities	436,443	276,156	359,878	436,443	276,156	359,878
Other liabilities	19,841,930	25,410,071	17,682,745	19,832,837	25,354,241	17,646,215
Other borrowed funds	33,732,775	24,070,813	39,459,512	30,901,024	21,161,254	36,627,761
Obligations under finance lease	-	-	-	-	-	-
	428,789,192	344,459,469	338,538,276	425,974,517	341,520,243	335,696,164
EQUITY						
Share capital	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233	19,287,233
Share premium	8,698,230	48,870,107	8,698,230	8,698,230	48,870,107	8,698,230
Regulatory risk reserve	4,740,195	7,217,592	5,846,943	4,740,195	7,217,592	5,846,943
Retained earnings	7,544,661	(36,444,365)	4,089,570	7,620,909	(36,412,585)	4,166,460
Other reserves	11,711,794	11,069,568	11,693,274	11,711,794	11,069,568	11,693,274
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	51,982,113	50,000,135	49,615,250	52,058,360	50,031,914	49,692,140
TOTAL LIABILITIES AND EQUITY	480,771,306	394,459,603	388,153,526	478,032,878	391,552,157	385,388,304

The financial statements were authorized for issue by the directors on October 18, 2018

Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973

Segun Oloketuyi
Managing Director
FRC/2013/ICAN/00000002099

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

Wema Bank Plc

Consolidated and Separate Financial Statements
For the period ended September 30, 2018

Statements of changes in equity

Group

In thousands of Nigerian naira (000s)

	Share Capital	Share premium	Regulatory risk	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
2018								
Balance at 1 January 2018	19,287,233	8,698,230	5,846,943	11,026,315	526,908	140,051	4,089,570	49,615,250
Capital Reduction	-	-	-	-	-	-	-	-
Total comprehensive income:								
Profit or loss	-	-	-	-	-	-	2,644,084	2,644,084
Other comprehensive income								
Re-measurement of defined benefit obligation	-	-	-	-	-	-	-	-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments	-	-	-	-	-	-	-	-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	18,520	-	18,520
	19,287,233	8,698,230	5,846,943	11,026,315	526,908	158,571	6,733,654	52,277,854
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners	-	-	(1,106,748)	-	-	-	811,007	(295,741)
Regulatory risk reserve	-	-	-	-	-	-	-	-
Transfer to Statutory reserve	-	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	(1,106,748)	-	-	-	811,007	(295,741)
Balance at 30 September 2018	19,287,233	8,698,230	4,740,195	11,026,315	526,908	158,571	7,544,661	51,982,113
2017								
Balance at 1 January 2017	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(39,158,766)	48,470,734
Capital Reduction								
Total comprehensive income:								
Profit or loss	-	-	-	-	-	-	1,529,400	1,529,400
Other comprehensive income								
Re-measurement of defined benefit obligation	-	-	-	-	-	-	-	-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments	-	-	-	-	-	-	-	-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	-	-
	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(37,629,366)	50,000,135
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners	-	-	(1,185,000)	-	-	-	1,185,000	-
Regulatory risk reserve	-	-	-	-	-	-	-	-
Transfer to Statutory reserve	-	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	(1,185,000)	-	-	-	1,185,000	-
Balance at 30 September 2017	19,287,233	48,870,107	7,217,592	10,335,968	526,908	206,692	(36,444,366)	50,000,135

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended September 30, 2018

Statements of changes in equity

Bank

In thousands of Nigerian naira (000s)

2018	Share Capital	Share premium	Regulatory risk reserve	Statutory reserve	SMEIES reserve	Fair value reserves	Retained earnings	Total equity
Balance at 1 January 2018	19,287,233	8,698,230	5,846,943	11,026,315	526,908	140,051	4,166,460	50,031,914
Capital Reduction								-
Total comprehensive income:								-
Profit or loss	-	-	-	-	-	-	2,643,441	2,643,441
Other comprehensive income								
Re-measurement of defined benefit obligation							-	-
Capital Reduction								-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments								-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	18,520	-	18,520
Total comprehensive income for the period	19,287,233	8,698,230	5,846,943	11,026,315	526,908	158,571	6,809,902	52,354,101
Transactions with owners, recorded directly in equity								-
Contributions by and distributions to owners								-
Regulatory risk reserve transfer to statutory reserves			(1,106,748)				811,007	(295,741)
Total contribution and distributions to owners	-	-	(1,106,748)	-	-	-	811,007	-
Balance at 30 September 2018	19,287,233	8,698,230	4,740,195	11,026,315	526,908	158,571	7,620,909	52,058,360
2017								
Balance at 1 January 2017	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(39,127,546)	48,501,954
Capital Reduction								-
Total comprehensive income:								-
Profit or loss	-	-	-	-	-	-	1,529,961	1,529,961
Other comprehensive income								
Re-measurement of defined benefit obligation								-
Capital Reduction								-
Cumulative gain/loss reclassified from reserve on disposal of AFS investments								-
Fair value reserve (available-for-sale) financial assets	-	-	-	-	-	-	-	-
Total comprehensive income for the period	19,287,233	48,870,107	8,402,592	10,335,968	526,908	206,692	(37,597,585)	50,031,914
Transactions with owners, recorded directly in equity								-
Contributions by and distributions to owners								-
Regulatory risk reserve transfer to statutory reserves			(1,185,000)				1,185,000	-
Total contribution and distributions to owners	-	-	-	-	-	-	-	-
Balance at 30 September 2017	19,287,233	48,870,107	7,217,592	10,335,968	526,908	206,692	(36,412,585)	50,031,914

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended September 30, 2018 Statement of Prudential Adjustments

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
Impairment - IFRS						
Loans and Advances:						
- Collective	956,807	827,468	1,998,519	956,807	827,468	1,998,519
- Specific	5,544,446	2,136,061	2,237,482	5,544,446	2,136,061	2,237,482
	6,501,252	2,963,529	4,236,001	6,501,252	2,963,529	4,236,001
Other Financial Assets:						
- Long Term investments	-	-	339,583	-	-	339,583
- Other Assets	3,961,418	3,629,795	3,621,834	3,961,418	3,629,795	3,621,834
	3,961,418	3,629,795	3,961,417	3,961,418	3,629,795	3,961,417
Total	10,462,670	6,593,324	8,197,418	10,462,670	6,593,324	8,197,418
Impairment - Prudential Guidelines						
Loans and Advances:						
- General	2,698,580	2,574,620	2,371,170	2,698,580	2,574,620	2,371,170
- Specific	8,203,285	7,606,501	7,711,774	8,203,285	7,606,501	7,711,774
	10,901,865	10,181,121	10,082,944	10,901,865	10,181,121	10,082,944
Other Financial Assets:						
- Long Term investments	339,583	-	339,583	339,583	-	339,583
- Other assets	3,961,418	3,629,795	3,621,834	3,961,418	3,629,795	3,621,834
	4,301,001	3,629,795	3,961,417	4,301,001	3,629,795	3,961,417
Total	15,202,866	13,810,916	14,044,361	15,202,866	13,810,916	14,044,361
Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve	4,740,195	7,217,592	5,846,943	4,740,195	7,217,592	5,846,943

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended September 30, 2018 Statement of Cash Flow

	Group 30-Sep 2018	Group 30-Sep 2017	Group 31-Dec 2017	Bank 30-Sep 2018	Bank 30-Sep 2017	Bank 31-Dec 2017
<i>In thousands of Nigerian Naira</i>						
Cash flows from operating activities						
Profit for the year	2,644,084	1,529,400	2,255,488	2,643,441	1,529,961	2,301,158
Adjustments for:						
Taxation expense	415,170	269,993	753,715	415,170	269,993	753,715
Depreciation and amortization	1,950,450	1,780,231	2,318,008	1,950,450	1,780,231	2,318,008
Adjustment for transfer out of PPE now expensed	(23)	-	-	(23)	-	-
IFRS 9 impact adjusted directly in retained earnings	(295,741)	-	-	(295,741)	-	-
(Gain)/Loss on disposal of property and equipment	(2,388)	(58,666)	(59,059)	(2,388)	(58,666)	(59,059)
Benefit in Kind						
Specific provision on cash						
Net interest income	(15,826,797)	(12,231,204)	(19,766,951)	(15,826,154)	(12,231,765)	(19,774,759)
Dividend received from equity investment	(38,333)	(162,876)	(162,876)	(38,333)	(162,876)	(162,876)
Impairment loss on financial assets	498,148	267,995	2,196,373	498,148	267,995	2,196,373
	(10,655,430)	(8,605,127)	(12,465,302)	(10,655,430)	(8,605,127)	(12,427,440)
Change in pledged assets	11,351,708	(28,523,485)	(9,000,412)	11,351,708	(28,523,485)	(9,000,412)
Change in loans and advances to customers	(29,448,465)	15,874,512	9,227,334	(29,448,465)	15,874,512	9,227,334
Change in other assets	(3,471,936)	(3,853,391)	(11,122,931)	(3,471,937)	(3,853,391)	(11,178,986)
Change in deposits from banks	(14,075,260)	6,345,146	(10,858,646)	(14,075,260)	6,345,146	(10,858,646)
Change in finance lease obligation	-	-	-	-	-	-
Change in restricted deposit with CBN	(28,155,288)	17,751,020	21,666,018	(28,155,288)	17,751,020	21,666,018
Change in deposits from customers	107,817,163	(32,379,228)	(28,841,723)	107,817,163	(32,378,674)	(28,841,165)
Change in other liabilities	2,183,797	3,137,983	(4,189,040)	2,211,234	3,150,414	(4,157,309)
	35,546,289	(30,252,571)	(45,584,702)	35,573,725	(30,239,586)	(45,570,606)
Income tax paid	(338,604)	(343,082)	(343,082)	(338,604)	(343,082)	(343,082)
Interest received	38,888,279	37,473,740	53,073,120	38,887,636	37,287,257	52,662,658
Vat paid	(24,612)	(121,600)	(511,903)	(24,612)	(121,600)	(511,903)
Interest paid	(20,566,859)	(25,242,536)	(32,188,031)	(20,566,859)	(25,055,492)	(32,188,031)
Net cash from operating activities	53,504,492	(18,486,048)	(25,554,598)	53,531,285	(18,472,502)	(25,950,964)
Cash flows from investing activities						
Net disposal of investment securities-HTM	(27,947,796)	29,696,728	33,518,731	(27,946,725)	29,796,864	33,531,005
Acquisition of investment securities-AFS	8,451,266	(2,684,002)	(6,473,990)	8,451,266	(2,684,002)	(6,473,990)
Change in trading assets	(2,203,127)	(4,095,329)	(9,765,806)	(2,203,127)	(4,095,329)	(9,765,806)
Dividend received from equity investment	38,333	162,876	162,876	38,333	162,876	162,876
Acquisition of property and equipment	(2,326,153)	(2,151,814)	(3,029,376)	(2,326,153)	(2,151,814)	(3,029,376)
Proceeds from the sale of property and equipment	12,532	132,385	81,548	12,532	132,385	81,548
Proceeds from the sale of investment property	-	108,871	161,500	-	108,871	161,500
Acquisition of intangible assets	(236,842)	(684,321)	(535,214)	(236,842)	(684,321)	(535,214)
Net cash generated by / (used in) investing activities	(24,211,787)	20,485,394	14,120,269	(24,210,716)	20,585,529	14,132,543
Cash flows from financing activities						
Proceed from borrowings	10,359,977	(8,022,591)	15,867,870	10,359,977	(8,121,035)	15,867,870
Repayment of borrowings	(16,086,714)	-	(8,504,673)	(16,086,714)	-	(8,525,309)
Interest paid on borrowings	(2,494,623)	-	(1,125,227)	(2,494,623)	-	(706,957)
Net cash from financing activities	(8,221,360)	(8,022,591)	6,237,970	(8,221,360)	(8,121,035)	6,635,604
Net increase in cash and cash equivalents	21,071,345	(6,023,245)	(5,196,359)	21,099,209	(6,008,008)	(5,182,817)
Cash and cash equivalents at beginning of period	22,427,586	27,623,944	27,623,945	22,425,891	27,608,708	27,608,708
Cash and cash equivalents at end of period	43,498,931	21,600,700	22,427,586	43,525,100	21,600,700	22,425,891

Wema Bank Plc

Consolidated and Separate Financial Statements For the period ended September 30, 2018

Notes to the Financial Statements

In thousands of Nigerian Naira

	Group				Bank			
	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17
7 Interest income								
Cash and cash equivalents	428,942	63,690	796,638	140,521	428,299	63,690	795,995	140,521
Loans and advances to banks and customers	11,914,662	10,345,637	34,733,391	31,792,799	11,914,662	10,345,637	34,733,391	31,792,799
Investments securities	1,148,898	1,699,061	3,358,250	5,540,420	1,148,898	1,512,578	3,358,250	5,353,937
Total interest income	13,492,502	12,108,388	38,888,279	37,473,740	13,491,859	11,921,905	38,887,636	37,287,257
Interest expense								
Deposits from banks	79,879	1,526,770	314,813	5,455,685	79,879	1,526,770	314,813	5,455,685
Deposits from customers	6,309,742	5,984,355	20,252,046	18,931,681	6,309,742	5,984,355	20,252,046	18,931,681
Other borrowed funds	365,731	846,056	2,494,623	855,170	365,731	659,012	2,494,623	668,126
Total interest expense	6,755,352	8,357,181	23,061,482	25,242,536	6,755,352	8,170,137	23,061,482	25,055,492
8 Fees and commission income								
Retail banking customer fees & commissions	1,142,976	1,074,444	3,219,355	2,585,871	1,142,976	1,074,444	3,219,355	2,585,871
Corporate banking customer fees & commissions	546,914	328,239	1,200,230	878,549	546,914	328,239	1,200,230	878,549
Other fees and charges	109,394	258,186	383,481	2,086,878	109,394	258,186	383,481	2,086,878
Total fee and commission income	1,799,284	1,660,869	4,803,066	5,551,298	5,642,142	1,660,869	4,803,066	5,551,298
9 Net trading income								
Fixed income securities	2,968	0	16,946	-	2,968	0	16,946	-
Treasury bills	974,758	852,955	3,906,779	1,224,338	974,758	852,955	3,906,779	1,224,338
Foreign exchange trading (note 9.1)	617,808	222,851	970,584	378,532	617,808	222,851	970,584	378,532
Other gains	-	-	-	-	-	-	-	-
Total net trading income	1,595,534	1,075,806	4,894,309	1,602,870	1,595,534	1,075,806	4,894,309	1,602,870
9.1 Foreign exchange trading income is principally								
10 Other income								
Dividends on available-for-sale equity securities	38,333	27,660	38,333	162,876	38,333	27,660	38,333	162,876
Gains on disposal of property and equipment	6	56,071	2,388	58,666	6	56,071	2,388	58,666
Rental income	11,060	8,189	32,613	21,021	11,060	8,189	32,613	21,021
Insurance claim received	-	-	-	-	-	-	-	-
Income on contingents	-	48,214	29,512	60,954	-	48,214	29,512	60,954
Income on deposit accounts	14,277	12,062	35,290	48,328	14,277	12,062	35,290	48,328
Fund transfer	1,701	3,823	7,564	7,260	1,701	3,823	7,564	7,260
FX Revaluation	-	-	-	-	-	-	-	0
Swift transactions	17,906	22,451	52,523	6,941	17,906	22,451	52,523	6,941
Others	43,150	170,229	145,056	571,910	43,150	170,229	145,056	571,910
Total other income	126,433	348,700	343,279	937,955	126,433	348,700	343,279	937,955

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	Group				Bank			
	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17
11 Impairment loss of financial assets								
<i>In thousands of Nigerian Naira</i>								
Impairment losses on loans and advances								
- specific impairment			-	-			-	-
- collective impairment	136,986	169,743	498,148	267,995	136,986	169,743	498,148	267,995
- Recoveries on loans	(4,107)	(2,547)	(21,104)	(12,382)	(4,107)	(2,547)	(21,104)	(12,382)
- Write offs	-	-	-	-	-	-	-	-
Impairment loss on bonds	-	-	-	-	-	-	-	-
Impairment loss on other assets	-	-	-	-	-	-	-	-
	132,879	167,196	477,044	255,613	132,879	167,196	477,044	255,613
12 Personnel expenses								
Wages and salaries	2,675,519	2,264,467	6,257,954	5,885,151	2,675,519	2,264,467	6,257,954	5,885,151
Contributions to defined contribution plans	322,241	342,790	716,247	897,879	322,241	342,790	716,247	897,879
Gratuity Expenses (note 12.1)	-	-	-	-	-	-	-	-
Other staff costs (note 12.2)	562,044	106,621	1,589,549	1,061,279	562,044	106,621	1,589,549	1,061,279
	3,559,804	2,713,878	8,563,750	7,844,309	3,559,804	2,713,878	8,563,750	7,844,309

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	Group				Bank			
	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17
<i>In thousands of Nigerian Naira</i>								
13a Other operating expenses								
Advertising and marketing	230179	379,493	786,627	691,173	230,179	379,493	786,627	691,173
AMCON Levy	1031295	209,556	1,619,011	795,926	1,031,295	209,556	1,619,011	795,926
Auditors remuneration	45000	58,968	137,742	66,400	45,000	58,968	137,742	66,400
Business Expenses	79633	63,559	210,599	190,460	79,633	63,559	210,599	190,460
Cash movement expenses	126234	78,166	340,084	292,803	126,234	78,166	340,084	292,803
Diesel Expenses	131138	92,568	402,394	417,449	131,138	92,568	402,394	417,449
Directors Expenses	7700	22,400	23,350	22,400	7,700	22,400	23,350	22,400
Directors fees	61286	-	85,161	33,238	61,286	-	85,161	33,238
Donations	13953	30,672	57,373	42,755	13,953	30,672	57,373	42,755
Electricity	56646	56,860	180,947	146,627	56,646	56,860	180,947	146,627
General administrative expenses	544998.18	201,571	1,008,084	703,255	544,998	201,571	1,008,084	703,255
Insurance	69432	73,382	189,392	194,465	69,432	73,382	189,392	194,465
NDIC Premium	337436	115,376	843,941	696,350	337,436	115,376	843,941	696,350
Other premises and equipment costs	130634	119,592	359,104	331,846	130,634	119,592	359,104	331,846
PAYE/Withholding expenses	0	-	0	-	0	-	0	0
Printing and stationery	74098	94,670	303,415	324,751	74,098	94,670	303,415	324,751
Professional fees	0	-	1,109,154	195,129	0	-	1,109,154	195,129
Repairs and maintenance	312987	513,950	1,092,655	1,312,061	312,987	513,950	1,092,655	1,312,061
Security expenses	119486	38,033	365,775	349,029	119,486	38,033	365,775	349,029
Service charge	516411	308,932	924,998	601,004	516,411	308,932	924,998	601,004
SMS Expenses & Others	17204.36	11,254	17,204	11,254	17,204	11,254	17,204	11,254
Statutory expenses	26653.46	10,024	26,653	10,024	26,653	10,024	26,653	10,024
Technology and alternative channels	558895	374,485	1,400,485	928,685	558,895	374,485	1,400,485	928,685
Transport & Communications	115554	105,006	393,311	287,627	115,554	105,006	393,311	287,627
Wema Homes & Wema Asset cessation taxes	-	-	-	-	-	-	-	-
	4,606,853	2,958,517	11,877,460	8,644,711	4,606,853	2,958,517	11,877,460	8,644,711
13b Depreciation and amortization								
Property, plants and equipment	552,689	440,505	1,651,741	1,539,557	552,689	440,505	1,651,741	1,539,557
Investment property	1,415	3,058	4,198	5,841	1,415	3,058	4,198	5,841
Intangible assets	102,146	41,538	294,511	233,903	102,146	41,538	294,511	233,903
	656,250	485,101	1,950,450	1,779,301	656,250	485,101	1,950,450	1,779,301

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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 30 June 2018 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding :

<i>In thousands</i>	Group				Bank			
	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17	3 Months 30-Sep-18	3 Months 30-Sep-17	9 Months 30-Sep-18	9 Months 30-Sep-17
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	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)

	1,074,100	311,282	2,644,084	1,529,400	1,073,457	311,843	2,643,441	1,529,961
	11.2	3.2	9.2	5.3	11.2	3.2	9.2	5.3

15 Cash and cash equivalents

In thousands of Nigerian Naira

Cash and balances with banks

Unrestricted balances with central bank

Money market placements

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
Cash and balances with banks	15,414,527	16,956,494	13,268,262	15,440,696	16,956,494	13,266,567
Unrestricted balances with central bank	5,266,905	4,644,206	7,928,915	5,266,905	4,644,206	7,928,915
Money market placements	22,817,500	-	1,230,409	22,817,500	-	1,230,409
	43,498,932	21,600,700	22,427,586	43,525,101	21,600,700	22,425,891

15b Restricted Deposit with CBN

This represents mandatory cash deposit held with Central Bank of Nigeria as a regulatory Cash Reserve Requirements (CRR). The CRR rate was increased from 20% to 22.5% for both private and public sector funds in the year 2016 and the rate has been maintained till the date. The balance as at end of September 2018 was N54,650,952,000 (N2017 - N26,495,664,000).

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

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
Treasury bills (note 16.1)	4,328,730	27,461,423	9,055,123	4,328,730	27,461,423	9,055,123
Bonds (16.2)	9,739,699	17,481,787	16,365,014	9,739,699	17,481,787	16,365,014
	14,068,429	44,943,210	25,420,137	14,068,429	44,943,210	25,420,137

16.1 The treasury bills are pledged for clearing activities with First 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 N2.998billion (2017: N3.63billion) as disclosed in note 30.

In thousands of Nigerian Naira	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
17 Investment securities	66,185,358	39,158,511	44,467,181	63,364,705	36,251,065	41,647,599
Current	41,606,230	20,519,356	25,983,803	41,606,230	20,519,356	25,983,803
Non-current	24,579,128	18,639,155	18,483,378	21,758,475	15,731,709	15,663,796
17a FVTOCI/AFS investment securities comprise:						
Treasury bills	989,927	5,701,865	9,425,212	989,927	5,701,865	9,425,212
Equity (see note (i) below)	142,884	140,345	140,345	143,884	141,345	141,345
	1,132,811	5,842,210	9,565,557	1,133,811	5,843,210	9,566,557
17b Held for trading investment securities comprise:						
Treasury Bills (see (ii) below)	12,206,969	4,333,365	10,003,842	12,206,969	4,333,365	10,003,842
17c Held at amortised cost/HTM investment securities comprise:						
Treasury Bills	28,409,334	10,484,126	6,554,749	28,409,334	10,484,126	6,554,749
FGN Bonds	21,820,966	14,464,567	14,903,704	18,999,313	11,556,121	12,083,122
Other Bonds (see (iii) below)	2,615,278	4,034,243	3,439,329	2,615,278	4,034,243	3,439,329
	52,845,578	28,982,936	24,897,782	50,023,925	26,074,490	22,077,200
(i) Equity						
Quoted Investments:	-	-	0	-	0	0
Unquoted Investments:						
Unified Payment Services Limited	7,474	7,474	4,935	7,474	7,474	4,935
Nigeria Automated Clearing System	18,000	18,000	18,000	18,000	18,000	18,000
Central Securities System Nigeria Limited	87,928	87,928	87,928	87,928	87,928	87,928
Nigeria Inter-Bank Settlement System	29,482	29,482	29,482	29,482	29,482	29,482
WEMA Funding SPV Plc (a)	-	-	-	1,000	1,000	1,000
	142,884	142,884	140,345	143,884	143,884	141,345
	142,884	142,884	140,345	143,884	143,884	141,345

(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.

(ii) This represents Nigerian Treasury Bills with maturity of less than 360 days; a face value of N48,799,218,000 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:

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		2018	2017
		N	N
CORPORATE			
1	7YR: DANA Group Bond Series 1	1,607,247	1,492,036
STATE BONDS			
2	EKITI State Govt Bond	213,654	421,707
3	EKITI State Govt Bond Tranche 11	452,369	631,739
5	ONDO State Govt Bond	329,829	893,847
		<u>995,853</u>	<u>1,947,293</u>
		<u>2,603,100</u>	<u>3,439,329</u>

18 Loans and advances to customers at amortised cost

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
<i>In thousands of Nigeria Naira</i>						
Overdrafts	28,952,665	15,359,623	19,125,728	28,952,665	15,359,623	19,125,728
Term Loans	220,904,312	193,079,937	199,722,372	220,904,312	193,079,937	199,722,372
Advances under finance lease	1,434,624	5,390,012	1,227,933	1,434,624	5,390,012	1,227,933
	<u>251,291,601</u>	<u>213,829,572</u>	<u>220,076,033</u>	<u>251,291,601</u>	<u>213,829,572</u>	<u>220,076,033</u>
Gross loans and receivables						
Less Allowances for Impairment						
Specific Allowances for impairment	(5,544,446)	(2,136,061)	(2,237,482)	(5,544,446)	(2,136,061)	(2,237,482)
Collective allowances for impairment	(956,807)	(827,468)	(1,998,519)	(956,807)	(827,468)	(1,998,519)
	<u>(6,501,252)</u>	<u>(2,963,529)</u>	<u>(4,236,001)</u>	<u>(6,501,252)</u>	<u>(2,963,529)</u>	<u>(4,236,001)</u>
Net loans and advances to customers	244,790,349	210,866,043	215,840,031	244,790,349	210,866,043	215,840,031
Overdrafts						
Gross Overdrafts	28,952,665	15,359,623	19,125,728	28,952,665	15,359,623	19,125,728
Less Allowances for Impairment						
Specific Allowances for impairment	(1,516,451)	(470,709)	(523,261)	(1,516,451)	(470,709)	(523,261)
Collective allowances for impairment	(219,454)	(216,759)	(267,019)	(219,454)	(216,759)	(267,019)
	<u>(1,735,904)</u>	<u>(687,468)</u>	<u>(790,279)</u>	<u>(1,735,904)</u>	<u>(687,468)</u>	<u>(790,279)</u>
Net Overdrafts	27,216,761	14,672,155	18,335,448	27,216,761	14,672,155	18,335,448
Term Loans						
Gross Term Loans	220,904,312	193,079,937	199,722,372	220,904,312	193,079,937	199,722,372
Less Allowances for Impairment						
Specific Allowances for impairment	(3,909,210)	(1,638,223)	(1,689,620)	(3,909,210)	(1,638,223)	(1,689,620)
Collective allowances for impairment	(715,205)	(598,053)	(1,721,173)	(715,205)	(598,053)	(1,721,173)
	<u>(4,624,415)</u>	<u>(2,236,276)</u>	<u>(3,410,793)</u>	<u>(4,624,415)</u>	<u>(2,236,276)</u>	<u>(3,410,793)</u>
Net Term Loans	216,279,897	190,843,661	196,311,579	216,279,897	190,843,661	196,311,579

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Advance Under Finance Lease
In thousands of Nigerian Naira

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
Gross Advance	1,434,624	5,390,012	1,227,933	1,434,624	5,390,012	1,227,933
Less Allowances for Impairment						
Specific Allowances for impairment	(118,785)	(27,129)	(24,601)	(118,785)	(27,129)	(24,601)
Collective Allowances for impairment	(22,149)	(12,656)	(10,328)	(22,149)	(12,656)	(10,328)
	(140,934)	(39,785)	(34,929)	(140,934)	(39,785)	(34,929)
Net advances	1,293,690	5,350,227	1,193,004	1,293,690	5,350,227	1,193,004
Total Loans and Advances						
Current	128,634,873	116,623,237	117,419,124	128,634,873	116,623,237	117,419,124
Non-current	122,656,728	97,206,335	102,656,908	122,656,728	97,206,335	102,656,908
	251,291,601	213,829,572	220,076,032	251,291,601	213,829,572	220,076,032

Contingent Liabilities & Commitments:

Financial guarantee	54,427,127	26,256,316	33,441,018	54,427,127	26,256,316	33,441,018
Other contingent	15,209,191	14,202,337	14,859,486	15,209,191	14,202,337	14,859,486
	69,636,318	40,458,653	48,300,504	69,636,318	40,458,653	48,300,504

IFRS 9 as at September 30, 2018

	Stage 1	Stage 2	Stage 3	Total
Gross Loans	136,608,478	106,643,141	8,039,979	251,291,599
Impairment	956,807	981,860	4,562,585	6,501,252
Net Loans	135,651,671	105,661,281	3,477,394	244,790,346

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19 Investment properties	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
<i>In thousands of Nigeria Naira</i>						
Carrying amount at the beginning of year	45,671	361,798	361,798	45,671	361,798	361,798
Cost	280,633	404,058	404,058	280,633	404,058	404,058
Accumulated Depreciation	(234,962)	(42,260)	(42,260)	(234,962)	(42,260)	(42,260)
Additions						
Disposals	-	(108,871)	(108,871)	-	(108,871)	(108,871)
Cost	-	(123,425)	(123,425)	-	(123,425)	(123,425)
Depreciation	-	14,554	14,554	-	14,554	14,554
Capital Reduction	-	-	(200,000)	-	-	(200,000)
Depreciation charge for the year	(4,198)	(5,841)	(7,256)	(4,198)	(5,841)	(7,256)
Carrying amount at the end of the year	41,473	247,086	45,671	41,473	247,086	45,671
Cost	280,633	280,633	280,633	280,633	280,633	280,633
Accumulated depreciation	(239,160)	(33,547)	(234,962)	(239,160)	(33,547)	(234,962)

- (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 30 September 2018 would have been N103,305,825.08 (31 December 2017: N104,457,596.43). The valuations were provided by Messrs Diya Fatimilehin & Co. chartered surveyors and valuers (FRC/2013/NIESV/00000000754).
- (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; the active programme to locate a buyer and complete the plan has not been 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 2018	1,225,581	14,697,341	6,090,524	1,952,289	6,378,768	1,372,248	31,716,751
Additions	40,330	868,656	687,147	278,352	511,205	(59,536)	2,326,153
Reclassification from WIP		-	-	-	-		-
Adjustments							-
Transfer to software (note 21)							-
Transfer to prepaid expenses							-
Disposals			(200,601)	(102,217)	(2,764)		(305,581)
Balance at 30 Sep 2018	1,265,911	15,565,997	6,577,070	2,128,424	6,887,210	1,312,712	33,737,323
Accumulated depreciation and impairment							
Balance at 1 January 2018	-	4,362,690	4,299,245	1,485,545	4,490,482	-	14,637,962
Charge for the year	-	222,124	491,668	184,906	753,043	-	1,651,741
Adjustments							
Disposals	-		(195,727)	(97,522)	(2,188)	-	(295,437)
Transfer to Capital Reduction (note 30.1)	-						-
Balance at 30 Sep 2018	-	4,584,814	4,595,186	1,572,929	5,241,337	-	15,994,265
Carrying amounts							
Balance at 1 January 2018	1,225,581	10,334,651	1,791,279	466,744	1,888,286	1,372,248	17,078,789
Balance at 30 Sep 2018	1,265,911	10,981,183	1,981,884	555,495	1,645,872	1,312,712	17,743,057

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 2017	1,188,034	14,265,937	5,448,061	1,904,305	5,677,335	587,160	29,070,832
Additions	37,547	260,181	525,086	42,323	632,189	1,532,050	3,029,376
Reclassification from WIP	-	203,322	127,094	169,544	71,897	(571,857)	-
Transfer to software (note 21)	-	-	-	-	-	(164,115)	(164,115)
Transfer to prepaid expenses	-	-	-	-	-	(10,990)	(10,990)
Disposals	-	(32,099)	(9,717)	(163,883)	(2,653)	-	(208,352)
Balance at 31 December 2017	1,225,581	14,697,341	6,090,524	1,952,289	6,378,768	1,372,248	31,716,751
Accumulated depreciation and impairment							
Balance at 1 January 2018	-	3,892,888	3,678,839	1,362,131	3,522,509	-	12,456,367
Charge for the year	-	276,575	554,838	239,927	969,881	-	2,041,221
Disposals	-	(6,773)	(8,040)	(116,513)	(1,908)	-	(133,234)
Transfer to Capital Reduction (note 30.1)	-	200,000	73,608	-	-	-	273,608
Balance at 31 December 2017	-	4,362,690	4,299,245	1,485,545	4,490,482	-	14,637,962
Carrying amounts							
Balance at 1 January 2017	1,188,034	10,373,049	1,769,222	542,174	2,154,826	587,160	16,614,465
Balance at 31 December 2017	1,225,581	10,334,651	1,791,279	466,744	1,888,286	1,372,248	17,078,789

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	<i>In thousands of Nigerian Naira</i>					
	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
23 Other assets						
Accounts receivables	3,191,908	3,320,273	3,272,912	3,247,964	3,320,273	3,328,967
Prepayments	3,717,438	4,566,143	1,511,795	3,717,438	4,566,143	1,511,795
Stock	486,297	445,854	359,926	486,297	445,854	359,926
Collateralised Placement	52,917	52,917	52,917	52,917	52,917	52,917
Clearing Balance	185,667	387,028	589,423	185,667	387,028	589,423
Fraud & Burglary	528,547	531,457	548,683	528,547	531,457	548,683
CBN Special Reserve (see 23.1 below)	10,677,214	-	10,677,214	10,677,214	-	10,677,214
AGSMEIS Investment with CBN	115,058	-	-	115,058	-	-
Card Receivables	2,681,560	1,055,850	907,605	2,681,560	1,055,850	907,605
Others	146,421	331,456	51,032	146,421	331,456	51,032
	<u>21,783,027</u>	<u>10,690,978</u>	<u>17,971,507</u>	<u>21,839,083</u>	<u>10,690,978</u>	<u>18,027,562</u>
Specific impairment on other assets	(3,961,418)	(3,629,795)	(3,621,834)	(3,961,418)	(3,629,795)	(3,621,834)
	<u>17,821,609</u>	<u>7,061,183</u>	<u>14,349,673</u>	<u>17,877,665</u>	<u>7,061,183</u>	<u>14,405,728</u>
At 1 January 2018	3,621,834	3,694,646	3,694,646	3,621,834	3,694,646	3,694,646
Allowance made during the year	-	-	(7,961)	-	-	(7,961)
Transfer from investment	339,584	(64,851)	(64,851)	339,584	(64,851)	(64,851)
At 30 Sep 2018	<u>3,961,418</u>	<u>3,629,795</u>	<u>3,621,834</u>	<u>3,961,418</u>	<u>3,629,795</u>	<u>3,621,834</u>

23.1 CBN Special Reserve

The balance represents amount debited to the bank's current account with CBN as eligibility contribution to the Special Intervention Reserve for the Real Sector Support Facility (RSSF). The RSSF will be used to support start-ups and expansion financing needs of priority sectors of the economy to expand the industrial base and consequently diversify the economy. Draw down will be subject to banks contribution to the Special Intervention Reserve (SIR) with the CBN. 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 1% interest rate.

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
24 Deposits from banks						
<i>In thousands of Nigeria Naira</i>						
Money market deposits (Items in course of collection)	<u>12,500,000</u>	<u>43,779,052</u>	<u>26,575,260</u>	<u>12,500,000</u>	<u>43,779,052</u>	<u>26,575,260</u>
25 Deposits from customers						
25a Retail customers:						
Term deposits	59,619,386	39,849,147	31,146,060	59,619,386	39,849,147	31,146,060
Current deposits	14,755,555	13,421,617	12,468,199	14,755,555	13,421,617	12,468,199
Savings	55,884,856	46,716,465	49,830,433	55,884,856	46,716,465	49,830,433
Corporate customers:						
Term deposits	145,265,247	86,672,114	90,579,009	145,265,247	86,672,114	90,579,009
Current deposits	73,780,490	55,538,929	62,530,153	73,806,659	55,565,093	62,556,322
Others	12,972,510	8,725,105	7,907,027	12,972,510	8,725,105	7,907,027
	<u>362,278,044</u>	<u>250,923,377</u>	<u>254,460,881</u>	<u>362,304,213</u>	<u>250,949,541</u>	<u>254,487,050</u>
25b The maturity profile of customers' deposit is as follows:						
Under 3 months	183,837,506	170,690,866	143,770,947	183,863,675	170,690,866	143,797,116
3 - 6months	41,623,941	16,399,786	17,116,515	41,623,941	16,399,786	17,116,515
6 - 12months	34,283,437	11,000,288	19,540,395	34,283,437	11,000,288	19,540,395
Over 12months	95,110,698	52,832,437	74,033,024	95,110,698	52,858,601	74,033,024
	<u>354,855,582</u>	<u>250,923,376</u>	<u>254,460,881</u>	<u>354,881,751</u>	<u>250,949,540</u>	<u>254,487,050</u>

At 30 Sept 2018 N95.11billion (31 December 2017: N74.03billion) of deposits from customers are expected to be settled more than 12 months after the reporting date.

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	Group 30 Sep 2018	Group 30 Sep 2017	Group 31 Dec 2017	Bank 30 Sep 2018	Bank 30 Sep 2017	Bank 31 Dec 2017
26 In thousands of Nigerian Naira Taxation						
26.1 Income tax expense						
Company income tax	415,170	-	328,348	415,170	269,993	328,348
Education Tax	-	-	-	-	-	-
NITDA Levy	-	-	31,530	-	-	31,530
Capital Gains Tax	-	-	-	-	-	-
(Over) / Under provision	-	-	(6,163)	-	-	(6,163)
Current Income Tax expense	415,170	-	353,715	415,170	269,993	353,715
Deferred tax expenses	-	-	400,000	-	-	400,000
	415,170	-	753,715	415,170	246,560	753,715

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

	Group 30 Sep 2018	Group 30 Sep 2017	Group 31 December 2017	Bank 30 Sep 2018	Bank 30 Sep 2017	Bank 31 December 2017
Profit before tax from continuing operations	3,056,645	1,799,954	3,009,203	3,056,002	1,799,954	3,054,873
Income tax expense calculated at 30% (2017:30%)	916,801	539,986	916,462	916,801	539,986	916,462
Effect of income that is exempt from taxation	(501,631)	(269,993)	(522,625)	(501,631)	(269,993)	(522,625)
Effect of expenses that are not deductible in determining taxable profit	-	-	-	-	-	-
Education tax at 2% of assessable profit	-	-	-	-	-	-
Effect of concessions and other allowances)	-	-	-	-	-	-
Minimum tax adjustment	-	-	328,348	-	-	328,348
Information technology tax levy adjustment	-	-	31,530	-	-	31,530
	415,169	269,993	753,715	415,169	269,993	753,715
26.2 Current tax liabilities						
At 1 January	359,878	349,245	349,245	359,878	349,245	349,245
Payment during the year	(338,604)	(343,082)	(343,082)	(338,604)	(343,082)	(343,082)
Charge for the year	415,170	269,993	353,715	415,170	-	353,715
At 30 Sep	436,443	276,156	359,878	436,443	276,156	359,878

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

In thousands of Nigerian Naira

Financial Liabilities

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
Creditors and accruals	1,793,440	3,139,506	151,385	1,793,440	3,139,506	151,385
Other current liabilities	374,243	467,170	436,086	365,150	411,340	399,556
Accounts payable	540,400	853,247	665,111	540,400	853,247	665,111
Certified cheques	1,179,562	699,254	1,516,148	1,179,562	699,254	1,516,148
Customer deposits for letters of credit	3,445,093	10,005,759	5,484,782	3,445,093	10,005,759	5,484,782
Discounting Line	11,129,665	7,862,075	7,691,621	11,129,665	7,862,075	7,691,621
Pension Contribution (see note (ii) below)	-	-	10,838	0	-	10,838
FBN Settlement	-	-	15,308	0	-	15,308
Other Settlements	515,058	1,825,355	593,187	515,058	1,825,355	593,187
Remittances	452,134	557,705	580,174	452,134	557,705	580,174
	19,429,595	25,410,071	17,144,640	19,420,502	25,354,241	17,108,110

Non-Financial Liabilities

Litigation claims provision (i)	76,435	-	76,435	76,435	-	76,435
Other payables	335,900	-	461,670	335,900	-	461,670
	19,841,930	25,410,071	17,682,745	19,832,837	25,354,241	17,646,215

(i) Movement in litigation claims provision

Opening balance	76,435	-	101,848	76,435	-	101,848
Additions	-	-	-	-	-	-
Payment	-	-	(4,918)	-	-	(4,918)
Provision no longer required	-	-	(20,495)	-	-	(20,495)
	76,435	-	76,435	76,435	-	76,435

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<i>In thousands of Nigerian Naira</i>		Group	Group	Group	Bank	Bank	Bank
		30-Sep-18	30-Sep-17	31-Dec-17	30-Sep-18	30-Sep-17	31-Dec-17
28	Other borrowed funds						
	Due to CBN	-	-	-	0	-	-
	Due to BOI (see (i) below)	2,998,490	3,891,055	3,672,566	2,998,490	3,891,055	3,672,566
	Osun Bailout Fund (see ii below)	9,398,991	9,603,742	9,549,597	9,398,991	9,603,742	9,549,597
	CBN Agric. loan (see iii below)	894,967	994,492	992,906	894,967	994,492	992,906
	CBN MSMEDF (see iv below)	656,118	114,356	108,005	656,118	114,356	108,005
	Wema SPV (see v below)	6,515,861	-	6,328,205	3,684,110	3,395,550	3,496,454
	Debt Securities (see vi below)	-	-	15,557,870	0	-	15,557,870
	National Housing Fund	93,669	104,559	104,047	93,669	104,559	104,047
	Shelter Afrique (see vii below)	2,382,722	3,057,500	3,146,316	2,382,722	3,057,500	3,146,316
	AFDB	4,595,250	6,305,109	-	4,595,250	-	-
	ICD	6,196,707	-	-	6,196,707	-	-
		33,732,775	24,070,813	39,459,512	30,901,024	21,161,254	36,627,761

(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.

(ii) Amount represents salary credit bail out facility from Central Bank of Nigeria. It has a moratorium of twenty years at bank's interest rate of 9%. The corresponding entry is in loans and advances and the bank is expected to provide Central Bank of Nigeria with periodic progress on the facility. The principal repayment is by bullet payment at the expiration of the moratorium granted.

(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.

(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.

(v) The Wema SPV of 2018: N6,515,861,000 (2017: N6,328,205,000) represents amortized cost of the fixed rate unsecured bond issued by Wema Funding SPV Plc. The outstanding bond of N6,295,000,000 (principal) was issued on 12 October 2016 for a period of 7 years at 18.5% per annum with interest payable semi-annually and principal payable at maturity in October 2023.

(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)

	Group	Group	Group	Bank	Bank	Bank
	30-Sep-18	30-Sep-17	31-Dec-17	30-Sep-18	30-Sep-17	31-Dec-17
At 1 January	39,459,511	32,093,404	32,093,404	36,627,761	29,282,289	29,282,289
Additions	10,359,977	-	15,867,870	10,359,977	-	15,867,870
Changes in accrued interest	0	0	(7,089)	0	0	(7,089)
Effect of exchange rate changes [loss/(profit)]	-	-	10,000	-	-	10,000
Payments made	(16,086,714)	(8,022,591)	(8,504,673)	(16,086,714)	(8,121,035)	(8,525,309)
At 30 September	33,732,775	24,070,813	39,459,512	30,901,024	21,161,254	36,627,761

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29 Obligations under finance leases

Leasing arrangements

The bank leased certain of its motor vehicles and equipment under finance leases. The average lease term is 4 years. The Bank has acquires automatic ownership on full settlement of all related lease as installments are completed at the end of the lease terms.

The Bank's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 15% to 24% per annum.

Finance lease liabilities

	Minimum lease payments			Present value of minimum lease payments		
	30-Sep-18	30-Sep-17	31-Dec-17	30-Sep-18	30-Sep-17	31-Dec-17
	N'000	N'000	N'000	N'000	N'000	N'000
Not later than one year	-	932	932	-	932	932
Later than one year and not later than five yea	-	-	-	-	-	-
Later than five years	-	-	-	-	-	-
	-	932	932	-	932	932
Future finance charges	-	(932)	(932)	-	(932)	(932)
Present value of minimum lease payments	-	-	-	-	-	-

In thousands of Nigerian Naira

30 Share capital and Reserves

(a) The share capital comprises:

	Group 30-Sep-18	Group 31-Dec-17	Bank 30-Sep-18	Bank 31-Dec-17
(i) Authorised - 40,000,000 Ordinary shares (2017 - 40,000,000,000) Ordinary shares of 50k each (2017 - 50k)	20,000,000	20,000,000	20,000,000	20,000,000
(ii) Issued and fully paid - 38,574,466,000 Ordinary shares (2017-38,574,466,000) shares of 50k each (2017 - 50k)	19,287,233	19,287,233	19,287,233	19,287,233

b Share Premium

At 1 January, 2018	8,698,230	48,870,107	48,870,107	8,698,230	48,870,107	48,870,107
Capital Reduction (Note 30i)	-	-	(40,171,877)	-	-	(40,171,877)
At 30 Sep, 2018	8,698,230	48,870,107	8,698,230	8,698,230	48,870,107	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 SMEIES 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 SMEIES (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 SMEIES 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 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
At 1 January	4,089,570	(39,158,766)	(39,158,766)	4,166,460	(39,127,546)	(39,127,546)
Profit or loss	2,644,084	1,529,400	2,255,488	2,643,441	1,529,961	2,301,158
Transfer to Regulatory risk reserve	811,007	1,185,000	2,555,649	811,007	1,185,000	2,555,649
Transfer to Statutory Reserve	-	-	(690,347)	-	-	(690,347)
Transfer to Capital Reduction	-	-	39,127,546	-	-	39,127,546
Re-measurement of defined benefit contribution	-	-	-	-	-	-
At 30 September 2018	<u>7,544,661</u>	<u>(36,444,365)</u>	<u>4,089,570</u>	<u>7,620,909</u>	<u>(36,412,585)</u>	<u>4,166,460</u>

(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.

30 (i) **Capital Reduction**

	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
At 1 January						
Transfer from PPE (note 20)	-	-	(273,608)	-	-	(273,608)
Transfer from Investment Properties (note 19)	-	-	(200,000)	-	-	(200,000)
Transfer from Intangible Assets (note 21)	-	-	(70,730)	-	-	(70,730)
Transfer from Retained Earnings (note 30f)	-	-	(39,127,546)	-	-	(39,127,546)
Transfer from Deferred tax assets (note 22)	-	-	(500,000)	-	-	(500,000)
Transfer to Share Premium (note 20b)	-	-	40,171,884	-	-	40,171,884
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In line with shareholders' approval of of 30th June 2016 to pursue a capital reduction scheme, the bank obtained approvals from all relevant regulatory agencies. Consequent to this, a special resolution of members was obtained at an extra-ordinary meeting held on October 10, 2017 and confirmation petition was filed with the Federal High Court for an order confirming the reduction. The order sanctioning the scheme and the reduction was filed with the Corporate Affairs Commission. This is in accordance with section 105 – 107 of the Companies and Allied Matters Act.

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31 Contingencies

(i) Litigation and claims

There are litigation claims against the Bank as at 30 Sep 2018 amounting to N11,201,234,102.00 (31 December 2017: N15,928,111,094.67). These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements.

(ii) Contingent liabilities and commitments

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

Nature of instruments

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

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

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

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

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

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

In thousands of Nigerian naira	Group 30-Sep-18	Group 30-Sep-17	Group 31-Dec-17	Bank 30-Sep-18	Bank 30-Sep-17	Bank 31-Dec-17
Contingent liabilities:						
Guarantees and indemnities	50,968,839	23,574,506	30,506,624	50,968,839	23,574,506	30,506,624
Bonds	3,458,288	2,681,810	2,934,394	3,458,288	2,681,810	2,934,394
Clean-line facilities & irrevocable letters of credit	15,209,191	14,202,337	14,859,486	15,209,191	14,202,337	14,859,486
	69,636,318	40,458,653	48,300,504	69,636,318	40,458,653	48,300,504