

**Wema Bank Plc**  
**Annual Report**  
31 December 2025

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# About Wema Bank

Regarded as Nigeria's most resilient bank and the longest surviving indigenous Financial Institution in Nigeria, Wema Bank Plc ("the Bank") has over the years, diligently offered a range of value-adding banking and financial advisory services to the Nigerian public for 80 years. Incorporated in 1945 as a Private Limited Liability Company under the old name of Agbonmagbe Bank Limited, it commenced banking operations in Nigeria in the same year. Wema Bank subsequently transformed into a Public Limited Liability Company (PLC) in April 1987 and was listed on the floor of the Nigerian Exchange Limited (NGX) formerly Nigerian Stock Exchange (NSE) in January 1990.

On February 5, 2001, Wema Bank Plc was granted a universal banking license by the Central Bank of Nigeria (CBN), thus allowing the Bank to provide the Nigerian public with a diverse portfolio of financial and business advisory services. In 2009, the Bank underwent a strategic repositioning exercise which culminated in a decision to operate as a commercial bank with regional authorization. Upon a successful turnaround, the Bank applied to the Central Bank of Nigeria (CBN) for and was granted a national banking license in 2015. Wema Bank offers retail banking, SME banking, corporate banking, treasury, trade services and financial advisory to its ever-expanding clientele. Operating a network of over 150 business offices backed by a robust ICT platform across Nigeria, we are committed to long-term sustainability in our business whilst maintaining the highest standards of social responsibility, corporate governance, and diversity in our operations.

## Our Brand

The Wema Bank brand reinforces our unique proposition to empower lives through innovation. This is a single concept which drives the understanding of the new direction of the Wema Bank Brand. This personifies the behavior and product we create.

To drive this proposition, we develop an intimate relationship with our customers, putting us in a position to recognize their requirements and priorities. Our approach is hinged on partnership, progress, service, innovation, and efficiency. We seek to understand our customers' businesses and objectives, such that we can anticipate and meet their needs as they fulfill their financial goals and aspirations.

- We are believers in people and societal values.
- We believe in the common good and sustainable success.
- We measure success not only by what is gained, but by the reciprocal value added to lives and businesses.
- We strive to create values that endures and uplifts human dignity and collective welfare.
- Success to us implies succeeding along with all our stakeholders, all moving forward and creating value.

## Our Corporate Philosophy Vision

To be the dominant digital platform in Africa delivering seamless financial services.

## Mission

Empowering lives through innovation.

**Values**

Think Passion  
Think Partnership  
Think Progressive  
Think Plenty  
Think Play

**Tax Identification Number**

00797080-0001

# Corporate Governance

The Board of Wema Bank Plc (‘the Bank’) is pleased to present the Corporate Governance Report for the 2025 Financial Year. The report provides insight into the operations of our governance framework and the Board’s key activities during the reporting period. The Bank continues to demonstrate a strong commitment to embedding sound corporate governance practices across its operations and ensuring full compliance with applicable regulatory requirements with robust enterprise-risk management at the core of its operations.

Our corporate governance framework is anchored on key pillars of diversity, accountability, responsibility, transparency, independence, fairness and discipline while ensuring strict compliance to relevant statutory as well as the Bank’s internal governance frameworks such as the Board Governance Charter and the Charters of the various Board Committees. The Bank also ensures that its policies and structures are regularly reviewed to reflect changes in the operating environment, regulations, and global best practices.

During the period under review, the Bank carried out several robust internal assessments of its level of compliance with the regulatory Codes/ Rules and periodic compliance reports were submitted to the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Nigerian Exchange (NGX), Financial Reporting Council of Nigeria (FRCN) and Nigeria Deposit Insurance Corporation (NDIC). We are happy to report that the Bank achieved a satisfactory rating across all metrics of measurement such as Board operations and Management effectiveness, Respect for the Rights of Stakeholders, Disclosure Requirements, Risk Management, Organizational Structure, Quality of Board Membership, Board Performance Appraisal, Ethics and Professionalism.

The Bank is led by a stable, experienced, and proficient Board of Directors ably led by the Board Chairman. The Board is composed of five (5) Executive Directors, three (3) Independent Directors, and four (4) Non-Executive Directors, a mix that promotes robust debate and sound decision-making. In fulfilling its responsibility for strategic oversight, the Board convened its annual retreat on December 11, 2024, during which the strategic plan for the 2025 financial year was concluded following extensive engagement with Management. In addition, the Managing Director/Chief Executive Officer provided the Board with quarterly reports on the implementation of the Bank’s corporate strategy, enabling the Board to effectively evaluate Management’s performance and monitor key risks affecting the Bank’s operations.

As the highest governing authority of the Bank, the Board collectively deliberates on and approves all material matters as recommended by Management, including quarterly, half-year and annual financial statements (audited and unaudited), changes to accounting policies and practices, significant adjustments to the Bank’s corporate and capital structures, and the approval of policies guiding the Bank’s business activities.

The Board of Directors presents this report to provide stakeholders with an update on the Bank’s discharge of its fiduciary duties and its level of compliance with corporate governance and regulatory obligations during the period under review while reiterating its commitment towards upholding all applicable corporate governance requirements for financial institutions in Nigeria while continuously aligning its practices with globally accepted standards in the delivery of financial services.

## Governance Structure

### The Board

The Board of Directors is charged with establishing the Bank's strategic direction and ensuring the provision of sufficient financial and human resources to deliver on its mandate. In addition, the Board monitors the performance of executive management and upholds the accuracy and reliability of the Bank's financial reporting and operations.

First Name	Last Name	Role	Date of First Appointment	Age as at 31 <sup>st</sup> December, 2025
Oluwayemisi*	Olorunshola	Chairman	January 24, 2022	60 Years
Moruf	Oseni	Managing Director /CEO	July 11, 2012	50 Years
Oluwole	Ajimisinmi	Deputy Managing Director	July 1, 2020	57 Years
Ayotunde	Mabawonku	Executive Director	April 1, 2023	48 Years
Segun	Opeke	Executive Director	February 1, 2024	58 years
Olukayode	Bakare	Executive Director	December 1, 2024	55 years
Abolanle	Matel-Okoh	Non- Executive Director	January 23, 2015	56 Years
Ibiye	Ekong	Independent Non-Executive Director	September 7, 2020	65 Years
Adeyemi	Adefarakan	Non- Executive Director	July 19, 2021	48 Years
Bolarin	Okunowo	Independent Non-Executive Director	January 24, 2022	45 Years
Yewande	Zaccheaus	Non- Executive Director	October 13, 2023	64 Years
Yusuf	Kazaure	Non-Executive Director	February 1, 2024	61 Years

\*The Chairman is also an Independent Non-Executive Director

### Changes on the Board

During the 2025 Financial Year, the following changes was made to the board.

#### Retirements

Name of Directors	Role	Effective Date
Olusegun Adesegun	Non-Executive Director	November 24, 2025

### Size and Composition of the Board

The Board of the Bank comprises an appropriate balance of executive, non-executive, and independent non-executive directors, all of whom contribute to upholding strong corporate governance within the Bank. The number of directors is guided by regulatory requirements issued by the Central Bank of Nigeria (CBN), which mandate a minimum of seven (7) and a maximum of fifteen (15) Board members. In addition, the Board's size and makeup are influenced by key diversity considerations, including professional expertise, ethnicity, and gender. The Board remains committed to increasing its size whenever the complexity or demands of the business make such expansion necessary.

The Board is comprised of twelve (12) Directors as stated below:

Executive Directors	5
Non-Executive Directors	4
Independent Directors	3

The Bank's Board adheres to the CBN Sustainable Banking Principles on Women's Economic Empowerment, which recommend that at least 40% of Board members be female. At present, the Bank meets this expectation with five (5) women serving on its Board.

### **Selection of Directors and Succession Planning**

It is important to note that the Bank maintains a strong succession planning framework, as outlined in its Board-approved *Board Selection Criteria and Succession Policy*. This policy underscores the Bank's dedication to cultivating a diverse and highly capable Board, while also ensuring timely action to fill any emerging vacancies. It further sets out the procedures for appointing Board members and guarantees that selected directors possess the expertise, experience, and competencies required for the Board to function effectively. Oversight and implementation of this Policy rest primarily with the Board Remuneration, Nomination, and Governance Committee.

This Committee is responsible for overseeing the entire Board selection and appointment process, including identifying and recommending qualified candidates for the Board's approval.

In assessing potential nominees, the Committee evaluates candidates based on their credentials and objective criteria aligned with the Board's competency needs, while also emphasizing the importance of diversity. Once suitable candidates are identified, the Committee presents them to the Board, after which their nominations are forwarded to shareholders for election at the Annual General Meeting.

## **Role of the Board**

The Board's core responsibility is to set the strategic direction of the Bank, monitor its financial performance to ensure that established financial objectives are achieved and long-term value is created for shareholders, and oversee the various risks associated with the Bank's operations. These responsibilities are executed through five (5) standing committees: the Board Credit Committee, the Board Finance & General-Purpose Committee, the Board Risk Management Committee, the Board Audit Committee, and the Board Remuneration, Nomination, and Governance Committee.

### **Other functions of the Board include:**

- To evaluate Management's succession planning framework and determine executive remuneration.
- To promote ethical conduct across the Bank's operations and ensure compliance with all applicable laws, regulations, and regulatory standards.
- To review and approve major capital expenditures and investment proposals.
- To approve the Bank's annual budget, monitor its execution, and satisfy itself that the Bank continues to operate as a going concern.
- To ensure the establishment and effectiveness of robust internal control systems, financial reporting processes, and compliance frameworks.

- To constitute Board Committees, define their terms of reference, operating procedures, and consider reports submitted by such Committees.
- To review, guide, and approve the Bank's corporate and business strategies.
- To ensure that a comprehensive and sustainable risk management framework is in place and functions effectively.

### **Access to Independent Professional Advice**

The Board is empowered to seek advice and support from independent professional advisers or experts at the Bank's expense whenever such input is considered necessary to enhance its effectiveness. In the financial year under review, the Board engaged selected consultants for expert advice on the new tax regime, capital-raising program, staff compensation review, cybersecurity management framework, and the development of a robust internal audit and control framework.

The Board remains committed to working with external consultants and professionals as part of its ongoing effort to provide strong strategic leadership to the Bank.

### **Role of Chairman and the Managing Director/Chief Executive Officer**

In line with the CBN Code of Corporate Governance, the roles of the Chairman and the Managing Director/CEO are clearly separated and are not performed by the same individual. The Chairman oversees the activities of the Board and works closely with the Company Secretary, who also acts as Secretary to the Board. The Managing Director/CEO, together with the Executive Management team, is responsible for the Bank's day-to-day operations and for implementing the decisions of the Board. The Managing Director/CEO exercises authority delegated by the Board in line with guidelines approved by the Board and the relevant policies set by the CBN.

### **Tenure of Directors**

In alignment with the Bank's adherence to exemplary Corporate Governance standards, Non-Executive Directors are appointed for a maximum of three terms, each with a duration of four (4) years.

Accordingly, the total permissible tenure for a Non-Executive Director is limited to twelve (12) years, subject to the statutory retirement age of 70. Independent Directors are permitted to serve for a maximum of eight (8) years, while Executive Directors may hold office for up to ten (10) years, provided they do not exceed the retirement age of 60. The tenure of the Managing Director/CEO is similarly restricted to a maximum of ten (10) years from the date of assumption of office.

To facilitate robust succession planning and ensure sustained Board effectiveness, the tenure status of all Directors is reviewed at intervals of not more than six months.

### **Board Evaluation**

In accordance with the CBN Code of Corporate Governance, the Bank engaged an Independent Governance Consultant to conduct a comprehensive Board Evaluation for the financial year ending 31 December 2025. The assessment benchmarked the Bank's governance structures and practices against the CBN Guidelines, the SEC Code, the Nigerian Code of Corporate Governance, and internationally recognized best practices. The independent evaluation of the Board encompassed the following dimensions:

**A. Peer Assessment:** Directors undertook an evaluation of their colleagues to identify individual strengths and areas requiring improvement. This assessment was facilitated through confidential surveys, structured interviews, and detailed questionnaires.

**B. External Evaluation:** The Independent Governance Consultant provided an impartial appraisal of the Board's performance, anchored on the fundamental pillars of effective corporate governance:

- **Board Leadership and Strategy:** Assesses the Board's effectiveness in managing its activities and in supervising the formulation and execution of the Bank's strategic direction.
- **Accountability and Audit:** Reviews the Board's mechanisms for delegating authority to Management and monitoring the execution of such delegated responsibilities.
- **Monitoring and Evaluation:** Examines the Board's capacity to establish, track, and review performance frameworks for the Board, its committees, and individual directors against predetermined objectives.

**C. Committee Evaluation:** The Independent Governance Consultant also evaluated the performance of the Board's Committees to determine their effectiveness and to propose areas for enhancement. For the 2025 financial year, all Board Committees achieved an overall rating of excellent performance.

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

### Induction and Continuous Training

The Bank demonstrates a steadfast commitment to professional development of its Board members. The Board induction program serves as a foundational initiative, equipping newly appointed Directors with a comprehensive understanding of the Bank's operations and governance framework. Furthermore, the Bank's continuous training programme ensures that all Board members remain thoroughly informed and adept at navigating dynamic business environments, regulatory changes, and complex strategic challenges. Collectively, these initiatives are integral to the cultivation and maintenance of robust and effective corporate governance within the Bank.

In 2025, the Board members had regular trainings (both local and foreign) on emerging issues pertaining to their oversight functions to update their skills and knowledge on new developments in the industry in line with Section 9.2 of the Central Bank of Nigeria Code of Corporate Governance.

Continuous training was conducted in line with the 2025 Board-approved Training Calendar, and the approved training plan for the year was fully implemented. Board training was calibrated into function-specific, regulatory and general training courses according to identified training needs from the Board evaluation exercise and on request from the Board members.

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

- AML/CFT Training on Ethics and Governance: Addressing Ethical Challenges, Governance Frameworks, and the Role of Compliance in Promoting Corporate Integrity and Accountability facilitated by Pattison Consulting.
- Post Recapitalization Imperatives: Banking Resilience, AI, Embedded Finance, UX, Risk & Regulation facilitated by CBN through the Financial Institution Training Centre (FITC).

- Corporate Sustainability training facilitated by Financial Reporting Council of Nigeria.

### **The Company Secretary**

The Company Secretary occupies a critical position in upholding robust corporate governance practices and enhancing the overall efficiency of the organization. Formally, the Company Secretary is accountable to the Chairman of the Board on functional matters and reports to the Managing Director/CEO on day-to-day operational matters. Throughout the 2025 financial year, the Board extended unwavering support to the Company Secretary, thereby enabling the effective and diligent execution of his duties.

The responsibilities of the Company Secretary are both extensive and essential. He is responsible for implementing the Bank's Corporate Governance Codes and ensuring strict compliance with the Board's Charters as well as the provisions of the Memorandum and Articles of Association. Furthermore, he provides support to the Chairman and the Managing Director/CEO in formulating the annual Board Plan, convening Board meetings, and ensuring that the minutes of such meetings accurately capture deliberations and resolutions.

A fundamental aspect of his mandate is to ensure the seamless flow of information among the Board, its Committees, Executive Management, and other stakeholders. In addition, the Company Secretary oversees the induction of newly appointed directors, manages their continuous professional development, and coordinates shareholders' meetings in accordance with statutory and regulatory requirements. His responsibilities also encompass liaising with regulatory authorities to ensure full compliance with applicable corporate governance standards.

In recognition of the strategic importance of this role, it is noteworthy that the appointment or removal of the Company Secretary is subject to the formal approval of the Board.

### **Board Meetings**

In compliance with the CBN Code of Corporate Governance, the Board meets at least quarterly to review the performance of the Bank and Management and to perform its oversight functions. Additional meetings are convened as the need arises. The 2025 Annual Calendar of the Board and Committee meetings was approved during the last quarter of the preceding year- December 11, 2024.

In the year ended December 31, 2025, the Board held Five (5) meetings. Details of attendance are provided below:

✓ present      O absent      \* Not Applicable

Meetings Held	1	2	3	4	5
Name of Directors	27-Feb-25	10-Mar-25	13-May-25	14-Aug-25	15-Dec-25
Dr. (Mrs.) Oluwayemisi Olorunshola	✓	✓	✓	✓	✓
Abolanle Matel-Okoh	O	✓	✓	✓	✓
Olusegun Adesegun*	✓	✓	✓	✓	*
Adeyemi Adefarakan	✓	✓	✓	✓	✓
Yewande Zaccheaus	✓	✓	✓	✓	✓
Yusuf Kazaure	✓	✓	✓	✓	✓
Bolarin Okunowo	✓	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓	✓
Moruf Oseni	✓	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓	✓
Tunde Mabawonku	✓	✓	✓	✓	✓
Segun Opeke	✓	✓	✓	✓	✓
Olukayode Bakare	✓	✓	✓	✓	✓

\* Olusegun Adesegun retired from the Board effective November 24<sup>th</sup>, 2025.

## Board Committees

The Board carries out its oversight functions through its five (5) Committees, as well as the Statutory Audit Committee. Each of these Committees has a Charter that clearly defines its roles, responsibilities, functions, composition, structure, frequency of meetings and reporting procedures to the Board.

Through these Committees, the Board effectively deals with complex and specialized issues and fully utilizes its expertise to formulate strategies for the Bank. The Board Committees in operation during the year under review were:

- Board Risk Management Committee
- Board Credit Committee
- Board Finance and General-Purpose Committee
- Board Remuneration, Nomination & Governance Committee
- Board Audit Committee
- Statutory Audit Committee

The Committees meet at least once in each quarter. However, additional meetings may be convened as required. The roles and responsibilities of these Committees are detailed below.

### Board Risk Management Committee

The Committee's major responsibilities are to:

1. Review and assess the integrity and adequacy of the overall risk management structure of the Bank.

2. Oversee the establishment of a formal Risk Management Framework for the Bank and monitor Management's implementation and integration of the framework into the day-to-day operations of the Bank.
3. Establish a robust contingency plan and continuity of business imperatives with in-built capabilities for disruption minimization if mission critical threats crystallize.
4. Ensure the Bank has a comprehensive compliance framework for regulations and guidelines on money laundering and financial crimes.
5. Ensure the establishment of an Information Technology (IT) Data Governance Framework for the Bank and monitor Management's implementation of the Framework.
6. Review significant pronouncements and changes to key regulatory requirements relating to the risk management area to the extent that they apply to the Bank.
7. Report to the Board on material matters arising at the Risk Management Committee meetings following each meeting of the Committee and notify the Audit Committee of relevant issues worth considering.
8. Monitor changes anticipated for the economic and business environment, including consideration of emerging trends and other factors considered relevant to the Bank's risk profile and risk appetite.
9. Ensure appropriate independence and authority of the risk management function.
10. Monitor the Bank's capital adequacy levels and capital management process, ensuring compliance with global best-practice standards, such as recommended by the Central Bank of Nigeria (CBN) and Basel II/III.
11. Advise the Board on risk management procedures and controls for new products, markets, and services.
12. Defines and reviews the Bank's risk appetite for sustainability related risks and opportunities, ensuring that management's approach aligns with stakeholder's expectation and support of Bank's financial resilience.

The Committee comprised the following members during the year under review:

- |     |                     |                   |
|-----|---------------------|-------------------|
| 1.  | Adeyemi Adefarakan  | - <b>Chairman</b> |
| 2.  | Ibiye Ekong         | - Member          |
| 3.  | Abolanle Matel Okoh | - Member          |
| 4.  | Yewande Zaccheaus   | - Member          |
| 5.  | Yusuf Kazaure       | - Member          |
| 6.  | Moruf Oseni         | - Member          |
| 7.  | Oluwole Ajimisinmi  | - Member          |
| 8.  | Tunde Mabawonku     | - Member          |
| 9.  | Segun Opeke         | - Member          |
| 10. | Olukayode Bakare    | - Member          |

The Committee held four (4) meetings during the year ended 31 December 2025. The attendance details of the Committee's meetings are as follows:

✓ present      O absent      \* Not Applicable

Meetings held	1	2	3	4
Names of Directors	5-Feb-25	25-Apr-25	30-Jul-25	30-Oct-25
Adeyemi Adefarakan	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	✓	✓	O
Yewande Zaccheaus	✓	✓	✓	✓
Yusuf Kazaure **	*	*	✓	✓
Moruf Oseni	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓
Tunde Mabawonku	✓	✓	✓	✓
Segun Opeke	✓	✓	✓	✓
Olukayode Bakare	✓	✓	✓	✓

\*\* Yusuf Kazaure became a member of the Committee on May 13th, 2025.

### Board Credit Committee

This Committee is made up of individuals who are knowledgeable in credit analysis.

The responsibilities of the Committee include:

1. Oversee the establishment of credit policies and guidelines, to be adopted by the Board, articulating the Bank's tolerances with respect to credit risk, and oversee management's administration of, and compliance with, these policies and guidelines.
2. Review and recommend for Board approval, on an annual basis, policies on credit philosophy, risk appetite, risk tolerance, credit rating methodology and other material credit risk policies for the Bank.
3. Approve credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority.
4. Review and approve loan applications above the limits delegated to the Management Credit Committee or Managing Director as may be defined by the Board from time to time.
5. Approve write-offs in excess of Management limits and within the Committee's limits as set by the Board.
6. Receive and review reports from senior management (and appropriate management committees and credit review) regarding compliance with applicable credit risk related policies, procedures, and tolerances.
7. Monitor the performance and quality of the Bank's credit portfolio through the review of selected measures of credit quality and trends.
8. Review and assess the adequacy of the allowance for credit losses.

The Committee comprised the following members during the year under review:

1. Ibiye Ekong - **Chairman**
2. Abolanle Matel-Okoh - Member
3. Adeyemi Adefarakan - Member
4. Olusegun Adesegun - Member
5. Bolarin Okunowo - Member
6. Yewande Zaccheaus - Member
7. Moruf Oseni - Member
8. Oluwole Ajimisinmi - Member
9. Tunde Mabawonku - Member
10. Segun Opeke - Member
11. Olukayode Bakare - Member

The Committee held Seven (7) meetings during the year ended 31st December 2025. The attendance details of the Committee meetings are as follows:

✓ present      O absent      \* Not Applicable

Meetings held	1	2	3	4	5	6	7
Names of Directors	30-Jan-25	28-Mar-25	10-Apr-25	27-Jun-25	11-Aug-25	15-Oct-25	10-Dec-25
Ibiye Ekong	✓	✓	✓	✓	✓	✓	✓
Abolanle Matel-Okoh	✓	O	✓	✓	O	O	✓
Olusegun Adesegun*	✓	✓	✓	✓	✓	✓	*
Adeyemi Adefarakan	✓	✓	✓	✓	O	✓	✓
Bolarin Okunowo	✓	O	✓	✓	✓	O	✓
Yewande Zaccheaus	✓	✓	✓	✓	✓	✓	✓
Moruf Oseni	✓	✓	✓	✓	✓	✓	✓
Oluwole Ajimisinmi	✓	✓	✓	✓	✓	✓	✓
Tunde Mabawonku	✓	✓	✓	✓	✓	✓	✓
Segun Opeke	✓	✓	✓	✓	✓	✓	✓
Olukayode Bakare	✓	✓	✓	✓	✓	✓	✓

\* Olusegun Adesegun retired from the Board effective November 24th, 2025.

### Board Remuneration, Nomination and Governance Committee

The Committee's major task is to ensure that the Bank complies with best practice and regulatory codes of Corporate Governance. The main responsibilities of the Committee include:

1. Overseeing the nomination, remuneration, performance management and succession planning processes of the Board.
2. Overseeing the induction of new Directors and continuous training programme for Directors.

3. Overseeing the annual performance appraisal of the Board, its Committees, the Chairman and individual directors by an independent professional.
4. The Committee shall periodically review the Charter, composition, and performance of each Committee of the Board and make recommendations to the Board for the creation of additional committees or the elimination of a committee of the Board.
5. Developing and adopting a Code of Business Conduct and Ethics for employees, directors, and officers of the Bank.
6. Monitoring compliance with and periodically reviewing corporate governance guidelines.
7. Defines and oversee the effectiveness of the Bank's sustainable strategy, policies and practices, ensuring alignment with the Bank's overall sustainability agenda and broader business strategy.

The Committee comprised of the following members during the year under review:

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

The Committee held five (5) meetings during the year ended 31st December 2025. The attendance details of the Committee's meetings are as follows:

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

Meetings held	1	2	3	4	5
Names of Directors	28-Jan-25	12-Feb-25	15-Apr-25	16-Jul-25	20-Oct-25
<b>Bolarin Okunowo</b>	✓	✓	✓	✓	✓
<b>Abolanle Matel-Okoh</b>	✓	✓	✓	✓	O
<b>Ibiye Ekong</b>	✓	✓	✓	✓	✓
<b>Olusegun Adesegun</b>	✓	✓	✓	✓	✓
<b>Adeyemi Adefarakan</b>	✓	✓	✓	✓	✓
<b>Yusuf Kazaure</b>	✓	✓	✓	✓	✓

### Board Finance and General-Purpose Committee

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

Other functions of this Committee include:

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

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

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

The Committee held four (4) meetings during the year ended 31st December 2025. The attendance details of the Committee meetings are as follows:

✓ *present*      0 *absent*      \* *Not Applicable*

Meetings held	1	2	3	4
Names of Directors	7-Feb-25	28-Apr-25	28-Jul-25	27-Oct-25
<b>Olusegun Adesegun</b>	✓	✓	✓	✓
<b>Abolanle Matel-Okoh</b>	✓	0	✓	0
<b>Adeyemi Adefarakan</b>	✓	✓	✓	✓
<b>Yusuf Kazaure</b>	✓	✓	✓	✓
<b>Moruf Oseni</b>	✓	✓	✓	✓
<b>Oluwole Ajimisinmi</b>	✓	✓	✓	✓
<b>Tunde Mabawonku</b>	✓	✓	✓	✓

### Board Audit Committee

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

1. Overseeing the integrity of financial reporting.
2. Overseeing the adequacy of the control environment.
3. Overseeing the internal and external audit function.
4. Ascertaining the independence of external auditors.
5. Ensuring compliance with established policy through periodic review of reports provided by Management, internal and external auditors, and the supervisory authorities.
6. Overseeing the identification and monitoring of significant fraud risks across the Bank and ensuring that adequate prevention, detection, and reporting mechanisms are in place.

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

1.	Bolarin Okunowo	-	<b>Chairman</b>
2.	Ibiye Ekong	-	Member
3.	Olusegun Adesegun	-	Member
4.	Yewande Zaccheus	-	Member
5.	Yusuf Kazaure	-	Member

The Board Audit Committee held Six (6) meetings during the 2025 financial year. Details of the members' attendance are as follows:

✓ present      0 absent      \* Not Applicable

Meetings held	1	2	3	4	5	6
Names of Directors	3-Feb-25	5-Mar-25	23-Apr-25	22-July-25	23-Oct-25	14-Nov-25
Bolarin Okunowo	✓	✓	✓	✓	✓	✓
Ibiye Ekong	✓	✓	✓	✓	✓	✓
Olusegun Adesegun	✓	✓	✓	✓	✓	0
Yewande Zaccheaus	✓	✓	✓	✓	✓	✓
Yusuf Kazaure	✓	✓	✓	✓	✓	✓

### Statutory Audit Committee

This Committee was established in compliance with Section 404(3) of the Companies and Allied Matters Act, CAP C20 LFN 2020 (CAMA). The Committee is made up of two (2) Non-Executive Director and three (3) Shareholders of the Bank appointed at Bank's Annual General Meeting. The Bank's Company Secretary/General Counsel serves as the secretary to the Committee, while one of the Shareholders serves as the Chairman of the Committee.

The Committee is responsible for:

- Ascertaining whether the accounting and reporting policies of the Bank are in accordance with the legal requirements and agreed ethical practices.
- Reviewing the scope and planning of audit requirements.
- Reviewing the findings on management matters as reported by the external auditors and departmental responses thereon.
- Reviewing the effectiveness of the Bank's system of accounting and internal control.
- Making recommendations to the Board about the appointment, removal, and remuneration of the external auditor of the Bank.
- Authorizing the internal auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee.
- Reviewing the Bank's annual and interim financial statements, including reviewing the effectiveness of the Bank's disclosure, controls and systems of internal control, the integrity of the Bank's financial reporting and the independence and objectivity of the external auditors.

The Committee comprised the following financially literate members who are knowledgeable in internal control processes during the period under review:

Names	Role	Status
Joe Ogbonna Anosike	Chairman	Shareholders' Representative
Esther Osijo	Member	Shareholders' Representative
Prof.Samuel Awobode	Member	Shareholders' Representative
Bolarin Okunowo	Member	Independent Non-Executive Director
Yewande Zaccheaus	Member	Non-Executive Director

The Statutory Audit Committee held five (5) meetings during the 2025 financial year. Details of members' attendance are as follows:

✓ present      0 absent      \* Not Applicable

Meetings held	1	2	3	4	5
Names of Members	10-Feb-25	6-Mar-25	30-Apr-25	24-Jul-25	7-Nov-25
Joe Anosike	✓	✓	✓	✓	✓
Esther Osijo	✓	✓	✓	✓	✓
Prof. Samuel Awobode	✓	✓	✓	✓	✓
Bolarin Okunowo	✓	✓	✓	✓	✓
Yewande Zaccheaus	✓	✓	✓	✓	✓

### Regulatory Meetings

In accordance with the Nigerian Code of Corporate Governance (NCCG) 2018, issued by the Financial Reporting Council of Nigeria, and the Central Bank of Nigeria (CBN) Code of Corporate Governance for Commercial, Merchant and Non-Interest Banks (July 2023), regulatory meetings are mandatory and form an integral part of the Bank's corporate governance framework.

These meetings provide an additional platform for reinforcing sound governance practices and enhance the Board's effectiveness in the discharge of its oversight and supervisory responsibilities.

Accordingly, the Bank held the required regulatory meetings during the financial year ended December 31, 2025, in full compliance with the applicable regulatory directives. Details of the meetings are presented below.

### Meeting of All Independent Non-Executive Directors

Independent Non-Executive Directors (INEDs) play a critical role in strengthening corporate governance and promoting transparency within banks. Accordingly, regulatory guidelines require all commercial banks in Nigeria to maintain a minimum of three (3) Independent Non-Executive Directors on their boards. INEDs provide independent judgment and objective oversight, particularly in areas such as risk management, corporate strategy, executive remuneration, and other matters with significant implications for the Bank and its stakeholders. Their involvement supports a balanced consideration of the interests of shareholders, Management, customers, and other relevant stakeholders.

The meeting of the INEDs is a mandatory regulatory engagement, convened in compliance with Section 3.5.7 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Commercial, Merchant and Non-Interest Banks issued in July 2023. The purpose of this meeting is to provide a structured forum for INEDs to deliberate on observations, key insights, and concerns relating to the Board and Management, thereby serving as an additional mechanism for reinforcing and strengthening the Bank's corporate governance framework.

The Bank held this meeting on November 11, 2025, with the following INEDs in attendance.

Names	11 Nov, 2025
Dr. (Mrs.) Oluwayemisi Olorunshola	✓
Ibiye Ekong	✓
Bolarin Okunowo	✓

## Meeting Between the Chairman and Non-Executives of the Bank

The meeting between the Non-Executive Directors (NEDs) and the Chairman of the Board provides a structured forum for NEDs to present their independent views, observations, and concerns to inform Board deliberations, free from the influence of Executive Directors.

This engagement strengthens the Board's capacity to effectively hold Executive Management accountable and enables the Chairman to receive constructive feedback from the NEDs. It also promotes open dialogue and collaboration between the Chairman and the Non-Executive Directors, including discussions on the individual performance of NEDs and the overall effectiveness of the Board in the discharge of its strategic oversight and governance responsibilities.

In accordance with Section 3.1.2 of the Central Bank of Nigeria (CBN) Code of Corporate Governance, this meeting is statutory in nature. The meeting was duly held on March 25, 2025, during the financial year, and details of attendance are set out below.

✓ *present*      0 *absent*      \* *Not Applicable*

<i>Names</i>	<i>25-Mar-25</i>
Dr. (Mrs.) Oluwayemisi Olorunshola	✓
Abolanle Matel-Okoh	0
Yusuf Kazaure	✓
Ibiye Ekong	✓
Bolarin Okunowo	✓
Adeyemi Adefarakan	✓
Olusegun Adesegun	✓
Yewande Zaccheaus	✓

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

The meeting between the Board Audit Committee and the Bank's external auditors constitutes a key element of the Bank's corporate governance framework and is fundamental to safeguarding the transparency, accuracy, and integrity of the Bank's financial reporting processes. The engagement facilitates open and constructive dialogue between the Audit Committee and the external auditors, enabling the Committee to objectively evaluate audit findings alongside Management's representations.

In compliance with Principle 11.4.8 of the Nigerian Code of Corporate Governance (NCCG) 2018, the meeting was held without the presence of senior Management, thereby allowing the external auditors to communicate their observations, assessments, and concerns freely and independently.

The meeting provided an avenue for independent interaction among the Bank's external auditors, KPMG Professional Services, the Chief Audit Executive, and members of the Board Audit Committee. The meeting was held on November 14, 2025.

✓ present      0 absent      \* Not Applicable

NAME OF DIRECTORS	14 Nov-25
Bolarin Okunowo	✓
Ibiye Ekong	✓
Olusegun Adesegun	0
Yewande Zaccheaus	✓
Yusuf Kazaure	✓

## Management Committees

The Committees are constituted by Senior Management officers of the Bank and operate as risk-focused management structures. They are established to identify, assess, and evaluate risks arising from the Bank's day-to-day operations and to develop appropriate recommendations for mitigation and control.

These Committees ensure continuous compliance with risk limits and thresholds as stipulated in the Board-approved and regulatory policies. In addition, they support the governance framework by providing relevant inputs to the respective Board Committees and by ensuring the timely and effective implementation of directives and recommendations issued by the Board Committees.

The Committees meet regularly to deliberate and take decisions within their delegated authority limits in order to support the efficient management of the Bank's operations and risks.

The following are the standing Management Committees in the Bank:

- Executive Committee
- Management Credit Committee
- Watchlist Committee
- Assets and Liability Committee
- Management Risk Committee
- IT Steering Committee
- Service Excellence Committee
- Sustainability Committee
- Data Governance Committee
- Innovation Governance Committee
- Information Security Steering Committee
- Tenders Committee
- Disciplinary Committee
- Capital Raise Committee

## Executive Committee

The purpose of the Committee is to deliberate and take policy decisions on the effective and efficient management of the Bank.

The responsibilities of the Committee include:

1. Review the strategic operations of the Bank:
  - Review audit and inspection reports
  - Review adequacy and sufficiency of branch tools
  - Review manning level in branches and head office departments.
2. Consideration and approval of proposed new branches.
3. Review the asset and liability profile of the Bank.
4. Consider and approve capital and recurrent expenses.
5. Review the activities of subsidiaries and associated companies.
6. Monitor and give strategic direction on regulatory issues.

The Committee comprises of the Managing Director/Chief Executive Officer, all other Executive Directors, the Company Secretary/General Counsel and any other member as may be appointed from time to time by the Managing Director/CEO. The Committee meets monthly. However, additional meetings are convened as required. The Company Secretary serves as the Secretary to the Committee.

## Management Credit Committee

This committee is tasked with ensuring the Bank's full compliance with the Credit Policy Manual approved by the Board of Directors. Other functions include:

- Provide inputs for the Board Credit Committee.
- Review and approve credit facilities to individual obligors not exceeding an aggregate sum as determined by the Board from time to time.
- Review and approve all credits that are above the approval limit of the Managing Director/CEO, as determined by the Board of Directors.
- Review the entire credit portfolio of the Bank and conduct periodic checks of the quality of risk assets in the Bank.
- Ensure adequate monitoring of credits granted by the Bank.

The Committee meets monthly depending on the number of credit applications to be appraised and considered. The Committee comprises of the Managing Director/Chief Executive Officer, all other Executive Directors, the Company Secretary/General Counsel, the Chief Risk Officer and any other member as may be appointed from time to time. The Secretary to the Committee is the Head of Credit Risk Department of the Bank.

## Watchlist Committee

The purpose of this Committee is to assess the risk asset portfolio of the Bank. Other functions include:

- Highlighting the status of the Bank's assets in line with internal and external regulatory frameworks.

- Determines and approves actions to take in respect of delinquent assets.
- Ensures that adequate provisions are made in line with the regulatory guidelines.

Membership of the Committee includes, the Managing Director/CEO, all other Executive Directors, Head of Enterprise Risk Management, Head of Remedial Assets Management and other relevant Senior Management Staff of the Bank. The Secretary to the Committee is the Head of Credit Monitoring Unit.

### **Assets and Liabilities Committee**

This is the Committee that is responsible for the management of a variety of risks arising from the Bank's business which include:

- Market and liquidity risk management
- Loan to deposit ratio analysis
- Cost of funds analysis
- Establishing guidelines for pricing on deposit and credit facilities
- Exchange rate risks analysis
- Balance sheet structuring
- Regulatory considerations and monitoring of the status of implemented assets and liability strategies.

Membership of the Committee includes the Managing Director/CEO, all other Executive Directors, the Treasurer, the Chief Finance Officer, the Chief Risk Officer and other relevant Senior Management Staff.

### **Management Risk Committee**

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

- Review the effectiveness of the Bank's overall risk management strategy at the enterprise level.
- Identify and evaluate new strategic risks and agree on suitable mitigating factors.
- Review the enterprise risk scorecard and determine the risk to be reported to the Board on a quarterly basis.

Membership of the Committee includes the Managing Director/Chief Executive Officer, all other Executive Directors, the Chief Risk Officer, the Chief Audit Executive, Head of Internal Control, representatives of Operations, Information Technology and Legal departments.

### **IT Steering Committee**

The significance of Information Technology (IT) has grown exponentially in supporting, sustaining, and fostering the business growth of the Bank. Consequently, it is imperative for Management to place heightened focus on IT investments, IT risk management, and data governance. This Committee's responsibilities are as follows:

- Oversees the development and maintenance of the IT strategic plan.
- Approves vendors used by the Bank and monitor their financial condition.
- Approves and monitors major projects, IT budgets, priorities, standards, procedures, and overall IT performance.

- Coordinates priorities between the IT department and users' departments.
- Reviews the adequacy and allocation of IT resources in terms of funding, personnel, equipment, and service levels.
- Provides use and business perspective on IT investments, priorities and utilization.
- Monitors the implementation of the various initiatives and ensures that deliverables and expected outcomes/business value are realized.
- Ensures increased utilization of technology and adequate returns on all IT investments.
- Makes recommendations and/or decisions in the best interests of the Bank, following review by IT department on such items as procurement of desktops and equipment, service standards, and networking requirements, including benchmarks.
- Evaluates progress toward the established goals and present a report to the Executive Committee as and when necessary.
- Acts in a supervisory capacity, in implementing the Bank's IT strategy.

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

### **Service Excellence Committee**

The Committee was established to manage and enforce service excellence within the Bank. Other functions include:

- Creating and instilling a service excellence vision and an organizational climate conducive for promoting a culture of excellent service delivery.
- Reviewing of customer service failures and proffering remediation
- Facilitating and celebrating progress in service excellence goals.
- Ensuring employees are trained and imbibe the principles of excellent / exceptional service.

The Committee is chaired by the Deputy Managing Director and other members include the Chief Compliance Officer, the Chief Human Resource Officer, the Company Secretary/General Counsel and the Chief Experience Officer. The secretary of the Committee is the Head, Customer Experience Management. The Committee meets on a monthly basis and at any other time as may be required.

### **Sustainability Committee**

This committee oversees and guides the adoption and implementation of the Corporate Sustainability strategy of the Bank in alignment with the Nigerian Sustainability Banking Principles (NSBP), UNEP-FI Principles for Responsible Banking and Sustainable Development Goals.

The Committee's responsibilities include:

- Development and review of the corporate sustainability strategy of the Bank
- Reviewing and making recommendations to Management on reporting to shareholders and other communities regarding corporate responsibility activities
- Reviewing and making recommendations to the Board with respect to any shareholder proposal that relates to the matters overseen by the Committee.

The Committee meets on a quarterly basis and at such times as the chairperson of the Committee shall decide in order to fulfil its duties. The Committee is chaired by the Deputy Managing Director and other members include an Executive Director, the Chief Compliance Officer, the Chief Risk Officer, the Chief Human Resource Officer and other senior management staff as may be appointed from time to time.

### **Data Governance Committee**

The Committee was established to develop comprehensive policies, oversee documentation by which internal business units collect, steward, disseminate, and integrate data on behalf of the Bank. The Committee also performs the following functions:

- Develop, implement, maintain, and assist in enforcing bank-wide data management policies, standards, guidelines, and operating procedures related to enterprise data.
- Advise on bank-wide data management practices for decision making including data warehousing, business intelligence and master data management.
- Assist in enhancing enterprise data with consistent definitions and classifications according to data management standards and guidelines.
- Minimize data redundancy or errors by ensuring improved data quality and adherence to standards.
- Ensure data is scalable, reportable, and secure.
- Coordinate compliance requirements related to laws and regulations that have information management implications and impart a duty upon the institution.

Membership of this Committee includes two Executive Directors, the Chief Compliance Officer, the Chief Human Resource Officer, the Chief Digital Officer, Chief Information Officer and some other senior management staff. The Committee meets quarterly and at any other time as may be required.

### **Innovation Governance Committee**

The Committee is set up to steer, advise, and govern all innovation activities within the Bank in line with the bank's corporate strategy and intent, and most importantly help achieve sustainable innovation.

The Committee's responsibilities include:

- Driving the change process that will move the bank towards a culture that represents, supports and sustains innovation; constantly monitoring it to make sure that it stays on track.
- Overseeing, reviewing and approving policies, budgets, projects, strategies, divestment, acquisition, mergers and required investments for the innovation team.
- Overseeing development and implementation of the Innovation team's strategy and its alignment with the bank's overall strategy and objectives.
- Providing guidance on technology and innovation related issues of importance to the bank as the Board may from time-to-time request.

Membership of the Committee includes two Executive Directors, Heads of various departments and other senior management staff as may be appointed from time to time. The Committee meets quarterly and at any other time as may be required.

### **Information Security Steering Committee**

The Committee assists the Board in fulfilling part of its corporate governance obligations to the shareholders and the investment community. The Committee's responsibilities include:

- Ensuring that the requisite information security management standard (ISO 27001) and IT service Management Standard (ISO 20000), internal audits are conducted in accordance with the audit plan and ensure that the issues raised during the audit are all closed promptly.
- Ensuring that the Bank's security policies and processes align with the business objectives.
- Evaluating, approving and sponsoring institution-wide security investment

The Committee comprises of an Executive Director, Company Secretary/General Counsel and some senior management staff as may be appointed from time to time. The Committee meets quarterly and at any other time as may be required.

### **Tenders Committee**

The purpose of the committee is to ensure that the most favorable terms for acquisition of goods, work, services required are obtained for the Bank's main activities ("purchases") on the principles of competitiveness, transparency and team decision making and in line with "Best practices".

The functions of the Committee include but not limited to:

- Call for tenders
- Receive and open tenders
- Overseeing of the evaluation of all tenders
- Approval of all tender recommendations and awards
- Approval of requests for pre-qualification or other methods of procurement
- Provision of guidelines for procurement on behalf of the Bank's EXCO

Membership of the Committee includes the Treasurer, the Company Secretary/General Counsel, the Chief Compliance Officer, the Chief Information Officer and other senior management staff as may be appointed from time to time. The secretary of the Committee is the Head, Property Management Department. The Committee meets quarterly and at any other time as may be required.

### **Disciplinary Committee**

The Committee was established to examine alleged breaches of rules and regulations within the Bank, adjudicate over such breaches and recommend appropriate sanctions to the Executive Committee. Other functions of the Committee include:

- Ensuring compliance with the code of conduct and other policies of the Bank
- Direct investigation into allegations of misconduct by employees
- Recommendation of appropriate sanctions on erring staff to the Executive Committee

The Committee comprises of an Executive Director, the Chief Human Resource Officer, the Chief Audit Executive, the Company Secretary/General Counsel and other senior management staff as may be appointed from time to time. The Committee meets monthly and at any other time as may be required.

### **Capital Raise Committee**

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

### Monitoring Compliance with Corporate Governance

The Bank's Chief Compliance Officer is responsible for overseeing compliance with anti-money laundering requirements and ensuring the effective implementation of CBN Code of Corporate Governance.

In line with regulatory expectations, the Bank submits monthly returns to the Central Bank of Nigeria on all whistle-blowing reports and identified corporate governance breaches.

### Whistle-Blowing Procedures

Oversight of the Bank's whistleblowing framework is vested in the Chief Audit Executive, who receives whistleblowing reports from Deloitte, the independent firm engaged by the Bank to manage the monitoring and collation of whistleblowing matters. The Chief Audit Executive submits periodic reports on whistleblowing activities to the Board Audit Committee.

### Code of Professional Conduct for Employees and Directors

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

### Shareholders

The Annual General Meeting (AGM) of the Bank serves as the highest decision-making authority. The General meetings are convened and conducted in strict compliance with statutory requirements, ensuring transparency, fairness, and inclusivity.

Shareholders are provided with the opportunity to review and provide input on the Bank's financial statements and other matters relating to its operations. The meetings are also attended by regulators, including the Central Bank of Nigeria, the Securities and Exchange Commission, the Nigerian Exchange Limited, and the Corporate Affairs Commission, as well as professional advisors and representatives of shareholders' associations.

The Board places strong emphasis on maintaining effective communication with shareholders regarding developments within the Bank. To facilitate this, the Bank operates an Investor Relations Unit that handles shareholder and investor inquiries, enhancing access to information and promoting transparent and timely engagement with all stakeholders.

### Protection of Shareholders' Rights

The Board is committed to safeguarding the statutory and general rights of all shareholders, with particular emphasis on their voting rights at the Bank's General Meetings. All shareholders are treated equitably, irrespective of the size of their shareholding or social standing.

### Shareholder's Complaint Management Policy

The Bank has established a Shareholder Complaint Management Policy to ensure the prompt and effective resolution of all shareholder complaints. This Policy is accessible on the Bank's website. Additionally, a shareholder complaints register is maintained and submitted to the Nigerian Exchange on a quarterly basis.

### Insider Trading Policy

The Bank maintains a Securities Trading Policy that prohibits Directors, insiders, and their related parties from trading the Bank's securities while in possession of confidential, price-sensitive information, particularly during the designated closed periods.

Note: *In the year under review, there was no record of infraction of this Policy.*

### **Remuneration and Clawback Policy**

The Board has established a clear policy for determining Directors' remuneration in accordance with regulatory requirements. In addition, an approved Clawback Policy is in place to recover any excess or undeserved awards from Executive Management, in line with Principle 16.9 of the Nigerian Code of Corporate Governance (NCCG).

During the financial year under review, no clawback incidents were recorded.

# SUSTAINABILITY REPORT

## Strengthening Foundations for Sustainable Value Creation

### Overview

As Wema Bank continued its sustainability journey in 2025, our focus shifted toward strengthening the foundations required to deliver sustainable value over the long term. Building on decades of impact, innovation, and responsible banking celebrated during the Bank's 80th anniversary in 2025 under the theme "Inspiring a Legacy of Impact" and marked by the implementation of numerous sustainable impact initiatives across key social, economic, and environmental pillars the year represented an important transition from commitment to consolidation. Sustainability became more firmly anchored within the Bank's governance, risk management, and strategic decision-making processes. Reflecting this progression, the theme of the 2025 Sustainability Report, **"Foundations for Sustainable Value Creation,"** underscores our resolve to embed sustainability as a core driver of resilience and long-term business performance.

Over the years, Wema Bank has demonstrated a consistent commitment to advancing inclusive growth, supporting small and medium-sized enterprises, expanding financial inclusion through digital innovation, and promoting positive environmental and social outcomes. In 2025, these efforts were reinforced by deliberate actions to strengthen the structures, policies, and systems that underpin sustainable banking. This approach recognizes that enduring impact is enabled not only by initiatives, but by strong institutional foundations that support accountability, transparency, and effective risk management.

The global sustainability landscape continues to evolve rapidly, shaped by rising climate-related risks, heightened regulatory expectations, and increasing demand from stakeholders and investors for credible, comparable, and decision-useful non-financial information. Against this backdrop, 2025 represented a significant milestone for Wema Bank with adoption of IFRS S1 and IFRS S2, marking our formal alignment with globally recognized sustainability and climate-related disclosure standards.

These standards provide a structured framework for identifying, assessing, and disclosing sustainability-related and climate-related risks and opportunities that may reasonably affect the Bank's financial position, performance, and cash flows. Our adoption reflects a commitment to enhanced transparency and to strengthening the quality, consistency, and robustness of our sustainability disclosures in line with global best practices.

Throughout the year, Wema Bank focused on deepening the integration of sustainability and climate considerations into its governance frameworks, enterprise risk management processes, and strategic planning. We improved oversight of sustainability-related matters at Board and Management levels, strengthened internal controls and reporting processes, and advanced the identification and management of material environmental, social, and governance risks across our operations and portfolio. These actions support the Bank's ability to anticipate emerging risks, respond proactively to change, and build resilience in an increasingly complex operating environment.

In parallel, the Bank continued to advance responsible and inclusive banking through products, partnerships, and initiatives designed to deliver positive socio-economic outcomes. In 2025, we sustained our focus on expanding access to finance, supporting entrepreneurship and economic empowerment, promoting socioeconomic inclusion, and contributing to environmental stewardship through targeted sustainability and corporate investment programmes. These initiatives align with national development priorities and the global Sustainable Development Goals, while reinforcing our purpose of empowering lives.

This report highlights the progress made during the year, outlining how sustainability considerations are being embedded into the Bank's strategy, risk management, and operations, while also presenting key achievements, challenges, and areas of focus for continuous improvement. It provides stakeholders with insight into how Wema Bank is strengthening its foundations to create long-term value for shareholders, customers, employees, communities, and

the wider economy.

In addition, this report reinforces our commitment to continuously enhancing these foundations—deepening our resilience, supporting Nigeria’s sustainable development ambitions, and fostering a responsible banking system that balances financial performance with positive environmental and social impact. Guided by transparency, accountability, and long-term thinking, we are positioning the Bank to deliver sustainable value in a rapidly changing world.

### **Our Alignment with Global Sustainability Standards**

In recognition of its role in advancing sustainable development, Wema Bank aligns its operations and initiatives with internationally recognised standards and best practices for responsible and impactful banking. The Bank places strong emphasis on collaboration, leveraging strategic partnerships and targeted initiatives to drive meaningful outcomes that support a more sustainable, inclusive, and equitable future.

This commitment is reflected in the Bank’s alignment with key global and national frameworks, including the United Nations Sustainable Development Goals (SDGs), the Nigerian Sustainable Banking Principles (NSBP), the UN Environment Programme Finance Initiative Principles for Responsible Banking (UNEP-FI PRB), and the United Nations Women’s Empowerment Principles (UN-WEP). These frameworks provide a structured foundation for integrating environmental, social, and governance considerations into the Bank’s strategy, operations, and stakeholder engagements.

Through this integrated approach, Wema Bank ensures that its activities contribute effectively to environmental sustainability, promote social equity and inclusion, and reinforce strong governance practices, while delivering positive and measurable societal impact aligned with national priorities and global development objectives.

### **Sustainable Development Goals (SDGs) Advocacy**

Wema Bank is committed to supporting the global vision articulated by the United Nations Sustainable Development Goals (SDGs) a world that addresses multi-dimensional poverty, environmental degradation, and socio-economic inequality. To translate this commitment into action, the Bank has prioritised 11 SDGs that align closely with its business model and areas where it can deliver measurable impact and meaningful advocacy.

The Bank actively engages with a wide range of stakeholders, recognising that collaboration and shared responsibility are essential to accelerating progress on sustainable development. Through strategic partnerships, targeted initiatives, and purposeful advocacy, Wema Bank contributes to building a more inclusive, resilient, and equitable future, consistent with the ambition of ensuring that no one is left behind.

## Our Priority SDGs

Goal	2025 Impact	CSI Pillar
<b>1 No Poverty</b>	<b>13,492+ beneficiaries</b> impacted through grants, seed funding and access to financial services through financial inclusion initiatives	
<b>2 Zero Hunger</b>	Over <b>1148 beneficiaries</b> provided with food items and relief materials through Declutter & Donate & Orphanage outreach initiatives	
<b>3 Good Health &amp; Well-Being</b>	Over <b>215 mosquito nets &amp; 800 sanitary pads</b> for beneficiaries across Mushin and Yaba. Over <b>445 women</b> provided with free breast scans in Lagos	
<b>4 Quality Education</b>	Over <b>33,877 beneficiaries</b> impacted through educational impact initiatives such as mentorship sessions on leadership & responsible citizenship, vision board creation, cybersecurity awareness, health education etc.	
<b>5 Gender Equality</b>	<b>N62bn uncollateralised loans</b> disbursed to female MSMEs with over <b>1500 WMSMEs</b> provided with access to market via Trade Fairs across Nigeria, Dubai, Ghana & London Over <b>60,000 female</b> participants in capacity development training for growth	
<b>7 Affordable and Clean Energy</b>	Provision of up to <b>N3bn</b> Green Finance facilities for MSMEs at affordable rates	
<b>8 Decent Work &amp; Economic Growth</b>	<b>385,402 beneficiaries</b> impacted through capacity development sessions such as financial literacy outreaches, MSME clinics, NYSC Accelerator Program amongst others.	
<b>9 Industry, Innovation &amp; Infrastructure</b>	Enhanced innovation drive through Hackaholics 5.0 with over <b>700 tech and non-tech startups</b> equipped at incubation hubs for digital solutions. Over <b>N120m</b> provided in cash prizes awarded to the Top 10 startups for optimal impact	
<b>13 Climate Action</b>	<b>36</b> Solar-Powered Branches reduced carbon emissions by <b>998 metric tonnes</b> (40,000 trees equivalent saved) Over <b>52,000 beneficiaries</b> across <b>Lagos, Ogun, Oyo, Abia &amp; Nassarawa</b> with over <b>4500kg waste and recyclables</b> recovered through environmental advocacy and recycling initiatives.	
<b>16 Peace, Justice &amp; Strong Institutions</b>	Promotion of inclusive development through the launch of the Bank's official <b>Diversity, Equity &amp; Inclusion (D.E.I.) Charter</b> with deliberate targets to enhance inclusion, equity and a stronger institution across well-defined metrics and targets for impact	
<b>17 Partnerships for the Goals</b>	Partnerships with regional and global institutions including European Investment Bank, United Nations Environment & Financial Initiative (UNEP FI), UN Women, for sustainable finance and MSME development amongst others	

### Corporate Social Investment Pillars Key:



### United Nations Environment Programme – Finance Initiative Principles for Responsible Banking (UNEP-FI PRB) – Our Commitment and Achievements

As a founding signatory to the Principles for Responsible Banking (PRBs), we have consistently demonstrated our strong commitment by exceeding targets across our distinct areas of materiality - Financial Inclusion and Women's Economic Empowerment. This commitment is further evidenced in our accompanying PRB report.



**UNEP-FI Principles for Responsible Banking**

**United Nations Women Empowerment Principles (UN-WEP)**

Wema Bank places a strong emphasis on advancing diversity, equity, and inclusion across its workplace, marketplace, and the communities it serves. Our alignment with the United Nations Women’s Empowerment Principles (UN-WEP) underscores the Bank’s sustained commitment to promoting gender equality and advancing women’s economic empowerment.

During the reporting year, the Bank’s programmes and initiatives were aligned with all seven UN-WEP Principles, with particular focus on the use of gender-responsive procurement as a lever to achieve measurable and inclusive outcomes. These efforts reflect our broader commitment to embedding gender considerations into business practices and value-chain decisions in a manner that supports equitable growth and long-term societal impact.



**United Nations Women Empowerment Principles**

## Nigerian Sustainable Banking Principles (NSBPs)

The Nigerian Sustainable Banking Principles (NSBP) have provided a framework for Nigerian banks to enhance their environmental and social impact, with a particular focus on women economic empowerment and environmental action for over one decade. At Wema Bank, we remain committed to the implementation of all our sustainability initiatives, business operations, and activities towards the central objective. This commitment has not only driven positive social impact but also fostered collaboration within the Nigerian banking community towards a shared goal of sustainable development.



## Material Issues

Wema Bank conducts regular materiality assessments to ensure our sustainability priorities remain aligned with the expectations of our stakeholders and the evolving realities of our operating environment. As the banking sector continues to face dynamic environmental, social and governance (ESG) risks, this process enables us to identify the issues that are most relevant to our business resilience and long-term value creation.

By engaging customers, employees, regulators, investors, communities and partners, the assessment provides a structured way to understand which sustainability topics matter most and where our actions can generate the greatest impact. This inclusive approach strengthens trust, enhances transparency, and ensures that our strategy reflects the perspectives of those who rely on and are influenced by our services.

The outcome of the materiality assessment guides the Bank's sustainability agenda, informs risk management decisions, and shapes our reporting frameworks, including alignment with IFRS S1, IFRS S2 and the UNEP-FI Principles for Responsible Banking. Ultimately, it ensures that Wema Bank focuses resources on the areas of highest significance, reinforcing our commitment to responsible banking and sustainable development.

Building on these insights, the resulting Materiality Matrix provides a clear visual depiction of the ESG topics that are most significant to our stakeholders and most impactful to Wema Bank’s strategy and long-term performance.

1	Financial Inclusion & Access to Credit
2	Customer Experience & Service Quality
3	Regulatory Compliance
4	Transparency & Reporting
5	Corporate Governance & Ethics
6	Risk Management
7	Community Engagement
8	Customer Privacy and Data Security
9	Sustainable Finance
10	Environmental and Social Risk Management
11	Employee Health and Safety
12	Corporate Social Investment
13	Climate Change and Carbon Emissions
14	Fair Labour Practices & Human Rights
15	Training and Development
16	Stakeholder Engagement
17	Environmental Advocacy
18	Diversity & Inclusion
19	Performance & Talent Management
20	Waste Management & Resource Efficiency
21	Water Usage and Conservation
22	Sustainable Procurement
23	Energy Efficiency

**Materiality Matrix 2025**



## OUR IMPACT AREAS IN 2025



## Environmental Stewardship

Sustainability is a core value that guides our business decisions. We are dedicated to reducing our environmental footprint by implementing innovative solutions and initiatives. Our ongoing efforts focus on mitigating climate change, conserving resources, and promoting sustainable practices throughout our operations.

### Energy Efficiency

Our commitment to promoting cleaner energy solutions and reducing our carbon footprint remains central to achieving the Nigerian Energy Transition Plan and the global Net-Zero emissions target. This commitment continues to shape our energy efficiency initiatives.

The Bank's energy requirements are primarily supplied through the national electricity grid, supported by diesel-powered generators and solar installations, which serve as supplementary energy sources to ensure the continuity and reliability of business operations. In 2025, the Bank consumed 6,654,230 kWh of electricity which represents a 7.1% increase from 6,212,110 kWh in 2024. Diesel powered generators were used to supplement electricity supply gaps during power outage from the grid, consuming 2,326,109 liters of diesel in 2025, reflecting a 1.1% decrease from the previous year despite expansion in our branch network from 160 to 164.

The Head Office, being the largest resource consumer, saw a decline of 21% in diesel usage due to the comprehensive energy shutdown at 6pm and weekly elevator shutdown at lunch time. The number of solar-powered branches however remained at 36 in 2025, with solar energy contributing an average of 38% of the energy consumed by these branches.

The solar energy-powered branches have enabled us to displace our greenhouse gas emissions by 998 (tCO<sub>2</sub>e) in 2025. Furthermore, all ATMs nationwide operate on a hybrid power model, integrating solar, grid, and inverter systems to meet customer needs across all locations.

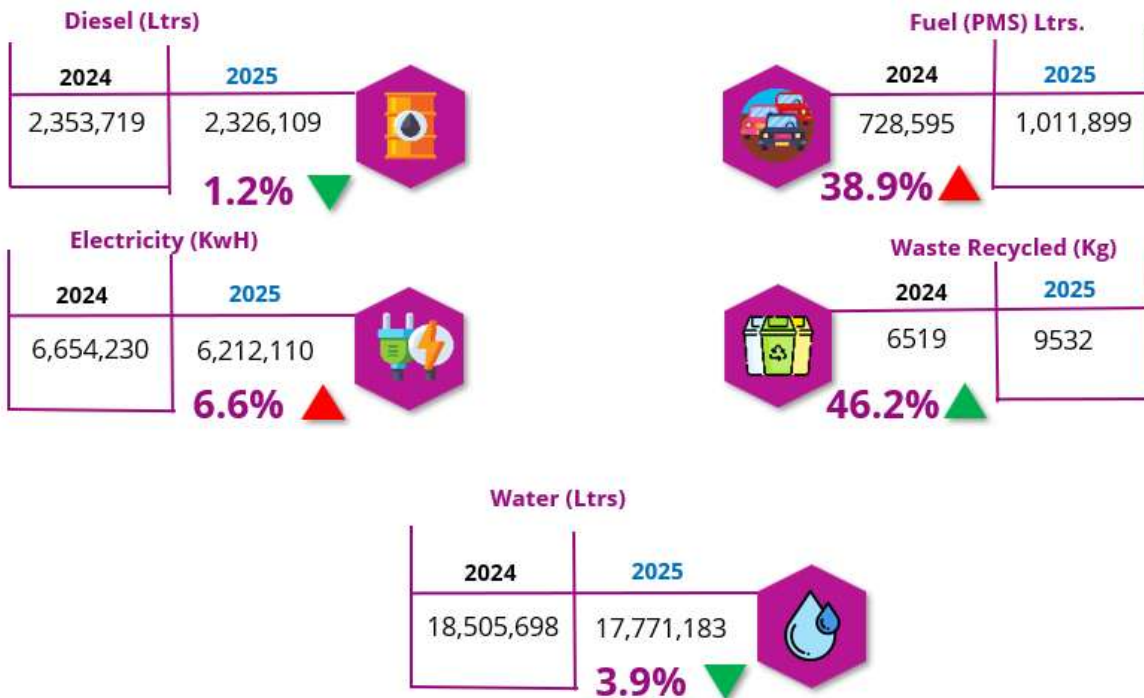
### Waste Management

We sustained our partnership with waste recycling companies and non-governmental organizations to minimize landfill contributions and promote sustainable waste management practices. While maintaining the same number of recycling branches as in previous year, we strengthened our environmental sustainability advocacy by increasing awareness among employees about the importance of adopting the 3Rs of recycling reduce, reuse, and recycle. In 2025, we evacuated 9,532 kg of recyclables across our branches, an improvement from 6,519 kg in 2024.

A portion of the proceeds generated from the processing of recyclable materials was channeled toward selected social impact initiatives. These included supporting access to education for children in underserved communities through RecyclesPay, facilitating healthcare coverage through SosoCare and promoting economic empowerment for women and youth via the Recycling Scheme for Women and Youth Empowerment (R.E.S.W.A.Y.E.) scheme. Beyond supporting social development, these initiatives contribute to the growth of the recycling value chain while reinforcing responsible waste management and recycling practices.

### Water Management

At Wema Bank, we prioritize access to clean water and water conservation as key components of our sustainability commitment. The installation of dual-flush toilet systems significantly lowered water usage, while our effluent water management system enabled the recycling of wastewater for secondary purposes. Additionally, we actively promoted water conservation awareness among our employees and customers, fostering a culture of responsible water use that supports long-term resource sustainability. Water usage reduced from 18.5 million litres in YE 2024 to 17.7 million litres in FY 2025.



### Resource Efficiency

#### Environmental Cleanup & Advocacy

Environmental sustainability is centered on the prudent and responsible management of natural resources to meet

present needs while safeguarding the ability of future generations to meet theirs. It underscores the importance of effective stewardship of finite resources to deliver enduring benefits for both society and the natural environment.

In 2025, the Bank actively promoted environmental sustainability through community and coastal cleanup initiatives aimed at mitigating the impact of environmental and marine pollution across the country. These efforts were further strengthened by advocacy and awareness campaigns, including the Plastic Free Future Drive in partnership with Clean Technology Hub, the commemoration of World Environment Day in Ibadan, and the observance of World Cleanup Day with impactful activities across Lagos, Ogun, Rivers and Nasarawa State.

These initiatives played a key role in promoting environmentally responsible behaviours and strengthening a culture of sustainability within our host communities.

## Socio-Economic Impact

### Community Support

Wema Bank is deeply committed to providing solutions for positive societal impact. We have continued the drive to bridge socio-economic inequality gaps through impactful initiatives aligned with our Corporate Social Investment (CSI) pillars namely – Economic Empowerment, Education, Environment, Finance and Health. In 2025, our community-targeted initiatives positively impacted over 100,559 beneficiaries through the following:

### Volunteering

iVolunteer @ Wema is our employee volunteering initiative that provides employees with opportunities to be active contributors to the Bank's Corporate Social Investment agenda. Since inception, over 106,723 volunteering hours have been logged by about 6000 employees with more than 450,000 beneficiaries impacted across Nigeria. In 2025, the iVolunteer momentum continued with employees logging 4,914 volunteering hours in community impact initiatives ranging from financial literacy programs, mentorship sessions to environmental cleanup programmes and donations for low-income communities. This further demonstrates our unwavering commitment to sustainable development and empowering our employees to be difference-makers across the diverse communities where we run our business operations. The following initiatives were successfully executed through iVolunteer in 2025:

### Valentine @ Wema

Wema Bank annually celebrates Valentine's Day with community-focused impact projects and initiatives in further contribution to socio-economic development for all stakeholders. The 2025 edition of the Valentine @ Wema initiative recorded about 580 beneficiaries at Lagos Maternity Hospital, Amu Building Market Mushin and Lomina Orphanage, Abuja through financial literacy session, donations and mentorship sessions respectively.

### Salary for Love

Since 2018, February has been designated as the Bank's "Month of Love," during which employees are encouraged to contribute the equivalent of one-day's salary toward initiatives that address pressing social challenges and community needs across the areas we serve. The 2025 campaign held particular significance as it formed a key component of our efforts to commemorate the Bank's 80th Anniversary and build a legacy of impact in the communities we serve.

The 2025 Salary for Love initiative centered exclusively on the theme of **Building a Legacy of Impact through Quality Education**, with the goal of addressing prevalent socio-economic inequalities and educational imbalance. The 2025 Salary for Love initiative was executed in alignment with the Bank's 80<sup>th</sup> anniversary commemoration towards driving an impactful legacy for the next generation.

Employees across the Bank donated their 1-day salary with a bankwide book donation drive, involving the donation of decently used educational resources – textbooks, dictionaries, novels etc. for young students. These donations were accompanied with specially branded exercise books distributed to over 21,000 students nationwide, further complementing the educational support provided to the beneficiary schools and enriching their libraries.

### **Financial Literacy Outreach**

The drive for financial inclusion is incomplete without adequate financial literacy and awareness. The financial inclusion drive was enhanced in 2025 with intensive financial literacy sessions and clinics for students and businesses for optimal impact. Employees across the Bank volunteered for financial literacy sessions in communities across Lagos, Calabar, Abuja, Akure, Ibadan, Ogun amongst other locations with over 13,492 beneficiaries. Participants and beneficiaries were equipped with essential knowledge and skills for effective money management, savings, and investing, empowering them towards financial independence.

### **Mentorship Sessions**

Wema Bank is committed to empowering and contributing to the development of the younger generation into responsible citizens and impact leaders across all spheres. We promote youth education and empowerment through mentorship sessions for students in different states across the country. The mentorship sessions include training on leadership, responsible citizenship, hygiene, financial literacy, cybersecurity, vision board creation amongst others. The mentorship sessions drive continued in 2025 with about 33,877 students across Nigeria impacted with valuable knowledge and skills. Through strengthened volunteer participation in mentorship and development sessions, Wema Bank is making a positive impact on the lives of; young people, fostering their growth, and empowering them to become responsible and successful individuals.

### **Pad-A-Girl Initiative**

Period poverty is a global issue affecting millions of women and girls impacting their health, education, and overall well-being. As reported by the United Nations Population Fund (UNFPA), period poverty negatively affects girl-child education as over 2 million girls miss school annual due to lack of access to menstrual hygiene products. Period poverty also disproportionately affects women in low-income communities, exacerbating existing inequalities. This further leads to health problems, reduced educational opportunities, and social stigma.

As our contribution to global efforts geared at curbing period poverty for women and girls, we continued the Pad-A-Girl initiative to provide free sanitary products for secondary school girls. In 2025, free sanitary pads were provided to 700 young girls at Herbert Macaulay Girls High School, Lagos and Fariah Foundation School, Bauchi, promoting menstrual hygiene and improving their overall health and well-being.

### **Declutter & Donate 8.0**

The eighth edition of the annual Declutter and Donate initiative brought hope to internally displaced residents of DCC IDP Camp in Maiduguri, Borno State who had been dislodged due to insecurity crisis. By collecting and donating new and gently used clothing, household items, toys, groceries, and other essential goods, from staff of Wema Bank, we aimed to alleviate the suffering caused by the unprecedented flooding incidents in the region in 2025.

Beyond material aid, the initiative provided food items to families and individuals across both communities, ensuring they had access to nutritious meals. In total, 158 households were impacted through this initiative.

## **Women Empowerment**

Wema Bank remains intentional in its commitment to advancing women's empowerment and promoting gender equity across the organisation and the broader business ecosystem. In 2025, the Bank sustained its focus on empowering women through a range of targeted initiatives spanning workplace engagement, community development, and

marketplace participation, aimed at supporting the holistic success of women in society.

These initiatives delivered far-reaching outcomes by expanding access to growth and leadership opportunities for women. Key platforms driving this progress included SARA by Wema, the Bank's dedicated female-focused proposition, and the Wema Women Network, its internal structure supporting the development, inclusion, and advancement of female employees. Collectively, these efforts reinforce the Bank's commitment to embedding gender considerations into its business strategy and creating inclusive pathways for women to thrive.

### SARA by Wema

Through SARA by Wema our female proposition, the Bank has empowered women to thrive in all endeavour through access to finance, financial coaching and mentorship sessions, trainings, skill acquisition and networking opportunities.

- **Access to Finance** – In 2025, Wema Bank provided over ₦62billion uncollateralized loans to women MSMEs across the nation through the SARA proposition. This is a direct solution provided by the Bank to the access to finance problem and lack of collateral for accessing loans highlighted as some of the major obstacles encountered by women businesses. In addition to providing finance facilities for women-led businesses, Wema Bank also created the SARA Health Plan to help women withstand the financial drain associated with health challenges and rising cost of healthcare facilities.
- **Access to Market:** Beyond providing access to finance, Wema Bank also provides female business owners with access to an expansive market base. Women entrepreneurs through the SARA proposition have benefitted from the diverse access to market programmes such as online and physical trade fairs in partnership with key industry stakeholders. Over 5,000 women-MSMEs were exposed to an expanded customer base in Lagos, Ibadan, Abuja, Port Harcourt, Benin, Kano, amongst others through the NBC Trade Fair. We also took it a step further by expanding the frontiers of women-MSMEs to promote intercontinental trade and bridge the gap between Nigerian women-led businesses and the global market through the SARA Fashion Souk to facilitate foreign exchange inflows and drive socio-economic transformation for Nigerian WMSMEs. Over 118 women-MSMEs benefitted from this initiative.
- **Capacity Development:** SARA by Wema also champions training programs and seminars as well as skill acquisition workshops to promote business growth and entrepreneurial success for women businesses. In 2025, training facilities and empowerment programs were provided for over 15,000 women in the Nigerian SME sector. Beneficiaries were trained in Business Planning, Financial Literacy, Digital Marketing, UI/UX amongst others. In partnership with the Federal Government of Nigeria, Wema Bank continued the Digital Skillnovation Program for MSMEs through which digital hubs in 15 states across the country as innovation centers equipped with advanced technology for optimal impact. Sessions under the Skillnovation Program have recorded over 900,000 young people with 40% female representation in Borno state so far since its inception in 2023.
- **SARA Health Plan:** Health issues form a major challenge to business growth and development with most women-MSMEs negatively affected. The incapacitation of female business proprietors due to health challenges often leads to a lull in business activity, subsequently affecting cash flow and revenue. To address this challenge, we continued our partnership with AIICO Multishield for the SARA Health Plan open to women for as low as ₦1600 monthly. Subscribers have access to healthcare services including antenatal, pediatrics, obstetrics and gynecology, amongst others. In addition, female business owners who have been hospitalized for a minimum of 3 days are provided with cash relief for business support up to 5 times yearly.

## Wema Women Network

The Wema Women Network was established in 2013 as our internal female network made up of all female staff across all cadres and locations. The Network offers an opportunity for women to be nurtured and inspired to be the best in their career and personal lives. The Network also supports female staff to realize their full potential and ultimately drive full representation across different levels in the Bank.

**Big Sister Initiative:** Female employees of the Bank were afforded mentorship opportunities through the internal Big Sister Program. The structure of the mentorship programme featured senior female officers who had been trained and certified being assigned younger female employees in a 3-month mentorship programme. Graduating mentees from the third cohort of the Big Sister project held a vision board creation session for female students as their impact project as part of the 2025 International Women's Day commemoration.

**Health & Fitness Challenge:** The annual summer fitness challenge drive of the Wema Women Network held in Lagos, Port Harcourt and other locations in 2025. Over a 4-week period, about 400 participants joined vibrant, goal-focused groups, each designed around specific body and wellness ambitions ranging from Healthy Lifestyle & Wellness, Body Shaping & Aesthetics, General Fitness & Stamina, Weight Loss & Management and Muscle Gain & Strength Training across various regions of the Bank.

## International Commemorations

Wema Bank aligns its sustainability strategy with the United Nations Sustainable Development Goals (SDGs), guided by a commitment to leaving no one behind. In 2025, the Bank marked selected United Nations commemorative days to reinforce shared global priorities across relevant SDGs, raise awareness among employees and the wider public on critical issues, and celebrate progress where achieved. These commemorations were delivered through impact-driven initiatives aligned with the Bank's sustainability focus.

### International Women's Day

Wema Bank's International Women's Day Conference has evolved into a landmark occasion within the Nigerian banking sector, setting a new standard for impactful industry gatherings. Anchored by the globally resonant theme "Accelerate Action," the 2025 Conference brought together a diverse and distinguished group of women leaders from across sectors who are at the forefront of driving gender inclusion and empowerment. Through powerful panel discussions and interactive sessions, these leaders shared actionable insights and innovative strategies aimed at fast-tracking tangible progress in women's representation, leadership, and economic participation.

The 2025 Wema Bank International Women's Day commemoration drive also featured an impact drive across segments with initiatives for female students across Lagos & Port Harcourt. The Big Sister mentees trained over 1307 female students in Vision Board Creation & Financial Literacy as part of the commemorative activities across Onike Girls Junior High School, Lagos and Government Girls Secondary School, Port Harcourt.

### World Malaria Day

According to the 2025 WHO World Malaria Report, malaria remains a significant challenge in Africa, with an estimated 282 million cases and 610,000 deaths globally in 2024. The WHO African Region continues to bear a disproportionately high burden, accounting for approximately 95% of cases and deaths.

Wema Bank commemorates World Malaria Day annually in contribution to global efforts in curbing malaria incidents.

In 2025, Volunteers from the Bank visited Sura Primary Health Care Center, Lagos to commemorate the World Malaria Day. The Bank provided insecticides and treated mosquito nets for the 215 beneficiaries. The patients and beneficiaries were also enlightened on the importance of good personal and environmental hygiene for malaria prevention and appropriate treatment measures.

### **International Day of Education**

The International Day of Education is a United Nations commemorative event in celebration of the role of education for peace and development. The seventh edition of International Day of Education was commemorated under the theme **Preserving Human Agency in a World of Automation**. In alignment with the Bank's commitment to the Sustainable Development Goals and one of our core corporate social investment pillars – Education, the event was commemorated with mentorship sessions for students at Obele Community Senior High School, Lagos and Methodist Comprehensive High School, Ogun State respectively. The students were trained in utilizing digital innovation and technological advancement for the greater societal good. About 800 pupils from both schools were impacted.

### **World Environment Day**

In commemorating the 2025 World Environment Day, community cleanup exercises were conducted as part of the Bank's environmental cleanup & advocacy drive. Over 3708.73kg waste was evacuated in Bodija Market, Ibadan, Oyo State and University of Abuja with over 30,000 beneficiaries impacted in collaboration with Orange Strategy & Clean Technology Hub respectively. The beneficiaries were trained in the importance of proper waste management and promoting clean environments for healthier communities and growth.

### **International Literacy Day**

Wema Bank commemorated International Literacy Day by hosting a special mentorship session at Mainland Senior High School, Lagos. Volunteers from the Bank trained 300 students on the theme "Promoting Literacy in a Digital Era," to foster collaboration and further emphasize the importance of literacy and the power of language to bridge cultural divides. Students were encouraged to embrace their advantage as digital natives and use it as a tool for understanding and cooperation. By promoting literacy through digital innovation, we hope to develop relevant solutions for societal impact.

### **World Clean-Up Day**

World Cleanup Day is an annual global event aimed at combating the waste management crisis affecting communities and coastlines across the world. In commemoration of World Cleanup Day 2025, volunteers engaged in environmental cleanup and advocacy in Lagos, Abuja, Ibadan, Ogun, Abia, Port Harcourt & Nassarawa over with 3,836.5 kg of waste evacuated. The volunteers' efforts towards a cleaner environment directly impacted approximately 60,000 individuals in the communities.

By aligning Sustainable Development Goals 6, 13, 14, and 15, Wema Bank contributed to the preservation of our planet and the well-being of its inhabitants. These activities not only clean up our environment but also raise awareness about the importance of sustainable waste management and environmental conservation.

### **World Teachers Day**

Education is pivotal to the achievement of the global agenda as entrenched in the Sustainable Development Goal 4 – Quality Education. Teachers and educators are the primary drivers tasked with the responsibility of ensuring inclusive and equitable access to quality education as well as promoting lifelong learning for all. In light of this, Wema Bank launched the Teacher of the Year back in 2023 to celebrate teachers and put the spotlight on their immense contributions to the development and training of the next generation.

The 2025 World Teachers Day commemoration featured a month-long digital campaign tagged **Teachers with a Legacy of Impact** with students across Nigeria encouraged to nominate their inspiring teachers through video submissions. The Top 10 Teachers who scaled through the nomination stage participated in a strict interview and verification processes by an independent panel of judges. The Top 3 winners received cash prizes of ₦2m, ₦1.5m and ₦1m respectively with consolation cash prizes given to the 4<sup>th</sup> & 5<sup>th</sup> place winners in recognition of their efforts in making positive impact on the lives of their students.

### **International Day of the Girl Child**

The 2025 edition of the annual International Day of the Girl Child was commemorated across the world with the theme The Girl I Am, The Change I Lead. Wema Bank joined the global community in the 2025 commemoration with the core objective of equipping girls around the world with the requisite skills and opportunities for leadership, societal advancement, and growth. Volunteers from the Bank, trained the students at Herbert Macaulay Girls High School, Lagos and Fariah Foundation School, Bauchi on goal setting, leadership and responsible citizenship.

### **Breast Cancer Awareness Month**

October was designated as Breast Cancer Awareness Month to spread awareness and demystify the phenomenon of breast cancer for early detection and treatment. Women are encouraged to undergo annual checks and embrace life-prolonging habits. In commemoration of Breast Cancer Awareness Month 2025, the Bank hosted a webinar with expert oncologists providing insights into the menace of breast cancer and how it can be managed. Free breast screening services were provided for 445 female customers and staff within Lagos for optimal impact in ensuring the theme – early detection saves lives – is accomplished.

### **International Men's Day**

In commemoration of International Men's Day, the Wema Men Network hosted a Connect Session for men across the Bank; an intentional gathering designed to pause the noise of everyday life and offer a moment of clarity, alignment, and honest reflection. It was a space where men could connect not just as colleagues, but as individuals navigating responsibility, ambition, identity, and the quiet expectations of leadership. The Network also launched the Wema Men's Mentorship Framework as part of the Bank's commitment to promoting Diversity, Equity and Inclusion in the workplace.

### **Partnerships**

Wema Bank's impact strategy places strong emphasis on leveraging partnerships to drive effective planning, implementation, and execution of its empowerment initiatives, while advancing global development priorities and the Bank's corporate objectives. During the reporting period, the Bank strengthened its impact by forging new alliances and sustaining existing collaborations with partners across Nigeria and internationally. Highlights of these partnerships are outlined below.

### **Focus Teens Foundation**

Our impact-oriented Corporate Social Investment approach also focuses on the prioritization of youth education and empowerment for their enhanced development. We believe empowered young minds are the cornerstone of a thriving community and economy. To this end, we continued our partnership with Focus Teens Foundation in 2025, for the 8<sup>th</sup> edition of the Career Summer Camp for Teenagers in Lagos. About 5000 participants were trained on career opportunities, financial literacy and leadership skills through this partnership.

### **SheCan Nigeria**

We partnered with SheCan Nigeria to host their 6th annual conference as well as empower women with various vocational skills. The Divisional Head, Retail & SME of the Bank facilitated a session at the conference in furtherance of our vision of driving digital solutions for societal impact. Financial literacy, capacity building and skill acquisition sessions were organized to empower women and youths in Lagos State. Over 10,000 women benefited from this partnership.

## Supporting Economic Prosperity

### Financial Inclusion

At Wema Bank, we believe that financial inclusion is fundamental to poverty eradication and overall economic prosperity. Financial inclusion is one of the key socio-economic strategies that will drive development and growth in Nigeria.

The Bank has continued to drive ALAT, our flagship digital platform for seamless account opening and usage for the diverse population. We improved the functionality of our electronic channels and ensured that we met and exceeded our customer's banking expectations. Other channels such as the USSD platform (\*945#) were used to reach the unbanked and underbanked segments. The number of unbanked individuals who received financial services through Wema Bank for the first time in 2025 was 1,522,410. In addition, we increased the number of branches that can be easily accessed by physically challenged persons from 55 in 2024 to 71 in 2025.

To further deepen financial inclusion, we organized Financial Literacy sessions across the country, especially among the youth population, over 13,492 people benefited from these sessions. We collaborated with our agents to reach out to customers in remote parts of the country through BankPass, a platform for opening Tier 1&2 accounts for the unbanked and underbanked and BVN enrolment. Our agency banking network increased to 84,121 agents as of December 2025, compared to 75,251 agents in 2024.

In addition, we contributed to various Central Bank of Nigeria (CBN)-led initiatives towards the continued effort to closing the financial exclusion gaps. 1,992 students across 22 states participated at 22 locations in the Financial Literacy Week Initiative in collaboration with Central bank of Nigeria while 2000 students participated during the World Savings Day programme.

## Governance

At Wema Bank, we recognise that strong corporate governance is fundamental to the long-term sustainability, resilience, and credibility of the institution. Our governance framework is embedded across the Bank's culture, values, and operational processes, providing a clear structure for oversight, accountability, and ethical conduct. Guided by the principles of fairness, transparency, responsibility, and accountability, the framework informs how decisions are made, risks are managed, and value is created for stakeholders.

In 2025, the Bank remained focused on strengthening and evolving its governance systems to meet the expectations of a dynamic regulatory, economic, and sustainability landscape. These efforts were reinforced by sustained investment in people, processes, and performance, alongside strengthened oversight mechanisms and closer alignment between governance practices, strategic objectives, and sustainability priorities. This integrated approach supports effective decision-making, reinforces trust, and enables responsible management of both financial and non-financial matters.

Through a commitment to high standards of governance and transparent reporting, Wema Bank seeks to create sustainable value for shareholders and other stakeholders, while contributing positively to the broader society in which it operates. The governance structures outlined in this report reflect our ongoing efforts to embed accountability, support long-term resilience, and uphold the principles of responsible banking.

### **Sustainability Governance at Wema Bank**

Wema Bank has continued to strengthen its sustainability governance framework, reflecting the Bank's commitment to promoting economic growth in a manner that is environmentally and socially responsible. Sustainability oversight is embedded at the highest level of governance, with the Board of Directors providing ultimate accountability for the Bank's sustainability-related risks and opportunities, corporate social investment priorities, sustainability strategy, and stakeholder engagement. This governance structure ensures that sustainability considerations are integrated into strategic decision-making and aligned with the Bank's long-term business objectives.

The Board Remuneration, Nomination and Governance Committee plays a central role in advancing the Bank's sustainability agenda. The Committee is responsible for providing strategic direction on sustainability matters, overseeing the development of sustainability policies and priorities, and ensuring alignment with the Bank's broader corporate strategy and governance framework. Through this oversight, the Board continues to reinforce accountability and consistency in the Bank's approach to sustainability.

At the management level, sustainability governance has been further strengthened through the Sustainability Committee, which provides executive oversight for the implementation of the Bank's Corporate Sustainability Strategy. The Committee ensures alignment with key frameworks, including the Nigerian Sustainable Banking Principles (NSBPs), the UNEP-FI Principles for Responsible Banking (PRB), and the Sustainable Development Goals (SDGs). Meeting on a quarterly basis, the Committee reviews performance, monitors progress against sustainability objectives, and drives continuous improvement in the Bank's policies, practices, and ESG performance.

To enhance the management of sustainability-related risks and opportunities, including climate-related risks, the Board Risk Management Committee provides strategic oversight and direction, ensuring that these considerations are appropriately reflected within the Bank's overall risk appetite and strategy. Complementing this role, the Management Risk Committee oversees the day-to-day coordination of environmental, social, governance, and climate-related risk management through established frameworks for risk identification, assessment, monitoring, and mitigation. This dual-level oversight reinforces the integration of sustainability risks into enterprise risk management.

The Corporate Sustainability and Responsibility Department continues to play a pivotal role in operationalising the Bank's sustainability commitments. The Department drives the integration of sustainable practices across operations and long-term planning, including initiatives aimed at reducing resource consumption, minimising waste, promoting responsible procurement, applying sustainability performance indicators, and recognising initiatives that contribute to positive environmental and social outcomes.

Collaboration across the Bank remains critical to advancing sustainability objectives. During the reporting period, the Corporate Sustainability and Responsibility Department worked closely with key functions including Branch Service Coordination, Human Capital Management, Enterprise Risk Management, General Administrative Services, and the Retail Banking Division. These cross-functional partnerships have strengthened internal alignment, supported effective

implementation of sustainability initiatives, and reinforced the Bank's ability to deliver positive societal impact.

Through the continued enhancement of governance structures, clearer accountability, and stronger integration across Board, management, and operational levels, Wema Bank has made meaningful progress in embedding sustainability into its governance architecture. This strengthened framework positions the Bank to effectively manage sustainability-related risks and opportunities, enhance resilience, and create long-term value for stakeholders.

### **Transparency and Accountability**

In line with the Central Bank of Nigeria's Corporate Governance Code, the Board of Directors has ultimate responsibility for providing effective oversight and ensuring that Wema Bank is managed in a safe, sound, and responsible manner. This responsibility encompasses oversight of the Bank's strategy, risk management, and ethical conduct, and reflects a clear understanding that accountability extends beyond shareholders to include a broad range of stakeholders, including employees, customers, regulators, and the communities in which the Bank operates.

The Board, supported by Management, ensures transparency and accountability through the regular communication of both financial and non-financial performance to stakeholders, primarily through the publication of comprehensive annual reports. These disclosures are subject to appropriate internal reviews and external assurance processes to ensure the information presented is accurate, balanced, and focused on matters that are material to stakeholders' decision-making.

At the organisational level, business integrity remains a foundational pillar of Wema Bank's corporate governance framework. Ethical conduct is embedded across the Bank's operations and culture, guiding day-to-day activities and decision-making. This commitment to integrity supports trust, reinforces credibility, and underpins the Bank's long-term sustainability and resilience.

As stakeholder expectations and regulatory requirements continue to evolve, Wema Bank remains committed to its clearly defined purpose of empowering lives through innovation, while strengthening transparency in non-financial reporting through alignment with globally recognised reporting standards. This approach ensures that stakeholders are provided with consistent, decision-useful information and reinforces the Bank's commitment to responsible banking and sustainable value creation.

### **Incorporation of Environmental, Social and Governance Factors in Credit Analysis**

As a commercial bank, Wema Bank plays a catalytic role in supporting economic activity and sustainable development. Our lending and investment decisions have implications not only for businesses, but also for communities, livelihoods, and the environment. We therefore remain mindful of both the positive and adverse externalities associated with our financing activities and are committed to promoting sustainable development while minimizing potential environmental and social impacts arising from our lending practices.

In line with the Nigerian Sustainable Banking Principles, the Bank maintains a robust Credit Policy supported by a comprehensive Environmental and Social Risk Management (ESRM) framework. This framework provides the basis for identifying, assessing, and managing environmental, social, and climate-related risks across our lending activities and informs transactional structuring, financing conditions, and ongoing monitoring.

During the reporting year, Wema Bank further strengthened its risk management approach through the launch of an Enhanced Due Diligence (ESDD) platform for screening credit transactions. The ESDD platform enhances the systematic integration of ESG and climate-related considerations into credit appraisal processes, enabling early identification and

assessment of inherent environmental and social risks at transaction level. This strengthens risk classification, supports informed credit decision-making, and facilitates the application of appropriate mitigation measures in line with the Bank's risk appetite.

The Bank continues to operate sector exclusion criteria for activities that do not comply with applicable national and international regulations or that fall outside the Bank's environmental and social risk tolerance. For eligible sectors, environmental and social screenings are conducted to identify inherent risks associated with individual transactions, which are subsequently categorised as low, medium, or high risk. Based on this risk classification, targeted mitigation actions and contractual requirements are defined to reduce the likelihood and severity of potential adverse impacts. Recognising that customers are at varying stages of their sustainability journey, Wema Bank complements transaction-level assessments with on-the-ground environmental and social site visits where required. These site visits support the identification of operational risks, assessment of management practices, and engagement with customers to strengthen alignment with relevant industry standards, regulatory requirements, and the Bank's environmental and social expectations.

In 2025, the Bank screened **4,872** transactions valued at **#1.43 trillion** for environmental, social, and governance risks. During the same period, the share of the Bank's impact finance portfolio increased to **22%**, reflecting continued alignment of financing activities with positive environmental and social outcomes.

To further strengthen the effectiveness of our environmental and social risk management system, targeted training programmes were delivered to relationship managers during the reporting period, focusing on E&S requirements for lending and the practical application of the Enhanced Due Diligence (ESDD) platform. The ESDD platform enables systematic identification and assessment of environmental, social, and climate-related risks at transaction level, strengthening the integration of ESG and climate considerations into credit appraisal and approval processes. Environmental and social risk assessments remain fully integrated into the credit evaluation process and form part of the overall risk analysis conducted by the Credit Risk Management function.

Wema Bank remains committed to the continuous enhancement of its environmental and social risk management practices in line with evolving global best practices, regulatory developments, and the requirements of development finance institutions. As a responsible financial institution, we will continue to promote sustainable finance that supports inclusive, balanced, and resilient economic growth while safeguarding environmental and social value.

### **Vendors' Environmental and Social Responsibility Forum**

At Wema Bank, we are committed to embedding environmental and social sustainability across our operations and value chain. We recognise that our procurement decisions have wider implications beyond the Bank, influencing economic outcomes, environmental performance, and social well-being. Accordingly, our Sustainable Procurement Policy reflects our commitment to conducting business with partners who demonstrate responsible environmental and social practices and who align with the Bank's sustainability values.

During the reporting year, the fourth edition of the Annual Vendor Forum served as a key engagement platform for strengthening relationships with our vendors and promoting collaborative approaches to sustainability. The forum provided an avenue to communicate evolving environmental and social expectations, increase awareness of applicable requirements, and encourage the adoption of more sustainable operational practices across our supply chain. About 40 vendors participated in the session and were engaged in a range of environmental and social considerations, including how their activities may contribute to, or be affected by, sustainability-related risks and impacts.

In line with the Bank's commitment to stakeholder-inclusive engagement, the forum also enabled structured feedback from vendors, offering valuable insights to inform continuous improvement in our procurement processes and supplier management practices. This two-way engagement supports our broader approach to stakeholder capitalism and reinforces our objective of building a responsible, resilient, and sustainable value chain.

## Managing Climate-Related Risks and Opportunities

### **IFRS S2 – Strategy**

Global climate-related events during the year—including extreme weather incidents in different regions and the continued severity of flooding in Nigeria—reinforced the growing materiality of climate change for businesses and financial institutions. These developments highlight the potential for climate-related risks to affect economic activity, infrastructure, livelihoods, and market stability. According to the Intergovernmental Panel on Climate Change (IPCC), physical climate-related risks may be event-driven (acute) or the result of longer-term shifts in climate patterns (chronic), with impacts potentially arising over the short, medium, or long term. Acute risks include flooding, extreme rainfall, heat stress, and storms, while transition risks associated with the global shift to a low-carbon economy may arise from policy, legal, market, reputational, or technological changes.

Within this context, climate-related risks and opportunities were considered in the Bank's strategic planning and value-creation approach. Climate considerations increasingly influence how the Bank assesses sectoral exposures, customer risk profiles, and opportunities to support climate-aligned activities, including renewable energy adoption and other environmentally responsible solutions relevant to Nigeria's development priorities.

**IFRS S2 – Risk Management:** As a commercial bank, Wema Bank continues to adopt structured and innovative approaches to implementing its Climate Risk Policy and managing exposure to climate-related risks across its operations and portfolio. In 2025, a key enhancement to the Bank's risk management framework was the launch of an Enhanced Due Diligence (ESDD) platform for screening credit transactions.

The ESDD platform enables systematic identification and assessment of environmental, social, and climate-related risks at transaction level, strengthening the integration of ESG and climate considerations into credit appraisal and approval processes. This enhancement supports early identification of potential climate-related risk exposures, improves risk classification, and enables the application of appropriate risk mitigation measures in line with the Bank's risk appetite and internal policies.

In addition, portfolio-level assessments were conducted to deepen understanding of customer distribution across sectors and their exposure to climate-related physical and transition risks, ensuring climate risk considerations remain embedded within broader enterprise risk management processes.

**IFRS S2 – Metrics and Targets:** During the reporting year, Wema Bank continued to track and monitor climate-related performance indicators relevant to its operations and financing activities. Sustained efforts during the year resulted in further reductions in the Bank's operational greenhouse gas emissions, alongside continued growth in the impact finance portfolio and expansion of climate-aligned financing solutions.

The Bank also leveraged climate-related opportunities to support renewable energy adoption and other impact-oriented sectors, while engaging customers and partners on collaborative actions aimed at emissions reduction and resilience. Climate-related metrics and performance indicators continue to inform internal monitoring, risk assessment, and management reporting, supporting consistency and transparency in climate-related disclosures under IFRS S2.

**IFRS S2 – Governance:** Oversight of climate-related risks and opportunities remains embedded within the Bank's existing governance and risk oversight structures. Climate risk matters are escalated through established risk

management and internal control mechanisms, enabling senior management and relevant governance committees to monitor emerging climate-related developments and their potential implications for the Bank's strategy and risk profile.

During the year, the Bank continued to monitor regulatory and supervisory developments related to climate change and sustainability, including Nigeria's evolving climate policy landscape and progress toward the operationalisation of the carbon market. Insights from regulatory developments, global climate forums, and internal risk assessments inform governance discussions and decision-making related to climate risk management and resilience.

**IFRS S2 – Resilience and Preparedness:** Through the continued enhancement of governance arrangements, risk management processes, performance monitoring, and data capabilities including the adoption of the ESDD platform Wema Bank strengthened its ability to manage climate-related risks and position its portfolio for increased resilience to climate shocks and transition dynamics. These actions support informed decision-making, reinforce responsible banking practices, and contribute to the Bank's objective of creating sustainable value while operating in an evolving climate risk.

### **Global Climate Engagement: COP 30**

Climate change continued to dominate the global sustainability agenda in 2025, reinforcing the need for collective action across governments, financial institutions, and the private sector. In this context, the 30th Conference of the Parties (COP30) to the United Nations Framework Convention on Climate Change was held in Belém, Brazil, bringing global attention to issues of climate resilience, nature, and inclusive transition pathways for emerging and developing economies.

Wema Bank participated in COP30 as part of its ongoing commitment to advancing sustainable finance and strengthening climate resilience. The Bank's engagement at the conference focused on key discussions relating to climate finance mobilisation, adaptation and resilience, transition pathways, and the role of financial institutions in supporting climate-aligned and inclusive economic growth. These discussions provided valuable insights into evolving global climate priorities and their implications for the financial sector, particularly in developing markets.

In furtherance of the Bank's aspiration to be a leader in sustainable financing, strengthen climate resilience, and improve access to sustainable funding, the Bank's delegation engaged with development finance institutions, multilateral organisations, and strategic sustainability partners. These engagements explored potential collaborations aimed at unlocking climate-related funding, blended finance solutions, and technical assistance to enhance Wema Bank's value proposition for customers, especially those operating in climate-sensitive and impact-oriented sectors.

Consistent with the Bank's practice, key learnings and insights from COP30 were shared across relevant business, risk, and sustainability functions to support the adoption of best practices. These internal knowledge-sharing sessions contributed to strengthening institutional understanding of emerging climate policies, financing mechanisms, and disclosure expectations, and informed ongoing efforts to embed climate considerations into governance, enterprise risk management, and operational decision-making, including initiatives aimed at reducing the Bank's carbon footprint. Looking ahead, Wema Bank is focused on translating insights gained from COP30 into concrete post-COP actions. These include deepening engagement with identified development finance and multilateral partners, progressing discussions on climate-aligned and impact-focused financing opportunities, and further strengthening internal climate risk assessment and management capabilities. The Bank will also continue to refine its approach to climate-related data, metrics, and disclosures in line with IFRS S2 requirements, supporting informed decision-making and long-term resilience.

## Whistleblowing

At Wema Bank, our corporate philosophy is firmly anchored in strong ethical standards and sound corporate governance practices. We are committed to fostering an open and transparent environment in which employees, customers, and other stakeholders are encouraged to report breaches of corporate policies, fraud, malpractice, unethical behaviour, or any activity that may undermine public trust in the Bank.

In 2025, the Bank significantly strengthened its whistleblowing framework to enhance independence, confidentiality, and effectiveness. As part of this improvement, the management of the whistleblowing platform was transitioned to Deloitte, a globally recognised audit and professional services firm. This enhancement reinforces the credibility of the reporting process and provides stakeholders with greater assurance that concerns are handled objectively, confidentially, and free from undue influence.

The Whistleblowing Policy, which is publicly available on the Bank's website, clearly outlines the procedures for reporting suspected misconduct and affirms Wema Bank's commitment to protecting whistleblowers from retaliation. Whistleblowers are safeguarded against adverse actions, including disengagement, demotion, suspension, harassment, or any form of discrimination for raising genuine concerns. These protections apply not only to employees but also extend to customers, vendors, and other relevant stakeholders.

All reports received through the whistleblowing channels are subjected to appropriate review and investigation. The Chief Audit Executive retains oversight responsibility to ensure that reported matters are thoroughly investigated and that appropriate remedial or disciplinary actions are taken in line with the Bank's policies and applicable laws. Where necessary, disciplinary measures may include sanctions up to dismissal and referral to relevant authorities for further action.

During the reporting period, Wema Bank also intensified awareness and sensitisation efforts to promote understanding of the whistleblowing framework. Employees received regular communications and participated in knowledge-sharing sessions aimed at reinforcing awareness of reporting channels, protection mechanisms, and the importance of ethical conduct. These efforts continue to support a strong culture of integrity, accountability, and zero tolerance for misconduct across the Bank.

## Reporting

Communicating sustainability performance is a key concern for various stakeholders. Organizations are now evaluated not only on their financial performance but also on their non-financial performance.

As a responsible organization, we continue to meet our mandatory requirements under the Nigerian Sustainable Banking Principles and report promptly to the Central Bank of Nigeria. As a member of the UNEP-FI Principles for Responsible Banking (PRB) and UNWEPs, we also report on our progress in adhering to the principles of these voluntary coalitions, aligning with best practices in the industry. In the past six years, we have consistently published an annual standalone sustainability report for our stakeholders, following the Global Reporting Initiative (GRI) Standards. These reports are assured by KPMG to meet stakeholders' need for transparent and accurate information.

In response to the adoption of the International Sustainability Standards Board (ISSB) sustainability reporting standards, Wema Bank has received approval from the Federal Reporting Council of Nigeria to adopt these standards and will publish a standalone sustainability report aligned with IFRS S1 & S2.

## Positioning for Resilience

As we reflect on the progress achieved in 2025, Wema Bank remains resolute in its commitment to strengthening the foundations required to deliver sustainable value in an increasingly complex and evolving operating environment. The year's achievements, particularly in enhancing governance, integrating sustainability and climate considerations into strategy and risk management, and improving the quality of our sustainability disclosures have positioned the Bank to better anticipate, manage, and respond to emerging risks and opportunities. These efforts underscore our determination to align long-term business performance with responsible and resilient banking practices.

Looking ahead, we will continue to deepen our focus on resilience by strengthening internal capabilities, embedding sustainability and climate considerations more consistently across our operations, and refining our approach to managing sustainability-related and climate-related risks. Guided by the principles of transparency and accountability, we aim to build on adoption of IFRS S1 and IFRS S2 by enhancing data quality, strengthening internal controls, and improving decision-useful disclosures that support informed stakeholder engagement and long-term value creation. Beyond risk management and disclosure, Wema Bank remains committed to advancing inclusive growth and positive socio-economic outcomes through responsible banking. We will continue to support financial inclusion, entrepreneurship, and economic empowerment, while strengthening partnerships that enable sustainable development across communities we serve. At the same time, environmental stewardship and social inclusion—including youth empowerment and women's economic participation—will remain integral to our sustainability priorities as we contribute to Nigeria's development and transition ambitions.

As we position the Bank for the future, we are confident that the deliberate actions taken in 2025 have strengthened our resilience and reinforced our role as a responsible financial institution. With strong governance, sound risk management, and a clear long-term outlook, Wema Bank remains committed to creating sustainable value for its stakeholders while contributing positively to society and the environment. We thank our customers, employees, partners, and stakeholders for their continued support as we advance together on this journey toward a more resilient and sustainable future.

### **Reporting the UNEP-FI Principle for Responsible Banking**

The following report is in alignment of the reporting requirements for Signatories of the Principles for Responsible Banking. Within this report, there are six areas to show that Wema Bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. We have highlighted them below.

1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

	<p><b>Principle 1: Alignment</b></p> <p><b>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</b></p>
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services</p>	<p>Wema Bank is Nigeria's oldest indigenous bank, with 81 years of delivering seamless and innovative financial services to customers. The Bank operates a comprehensive retail banking model, offering services in retail, SME banking, corporate banking, treasury, trade services and financial advisory to our diverse clientele.</p> <p>In line with our aspiration to become Nigeria's leading digital banking platform and our mission to empower lives through innovation. We have developed a range of innovative solutions, including Coophub, ALATPay, Alat Xplore, and others, to drive financial inclusion and empower individuals and businesses. These solutions have improved access for the banked, underbanked, and unbanked individuals.</p> <p>Our customer segments include high-net-worth individuals, middle-income professionals, low-income earners, NMSMEs, MSMEs, and SMEs. The Bank also provides credit facilities to various sectors, including Manufacturing, Construction, Agribusiness, and others. With about 160 branches in 24 states across Nigeria, we are dedicated to aligning our business strategy with the broader societal goals of financial inclusion and sustainable development.</p> <p>Leveraging our strength in technology and diverse array of skills and expertise within the business and operating environment, we have consistently met the needs of customers within the geographical and demographic distribution in the country.</p>
<p>1.2 Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>At Wema Bank Plc, we are dedicated to aligning our business strategy with the needs of individuals and the broader goals of society. This commitment is reflected in our adherence to the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p><b>Sustainable Development Goals (SDGs), Nigerian Sustainable Banking Principles (NSBPs) &amp; United Nations Women's Empowerment Principles (UN-WEPs)</b></p> <p>We recognize the importance of the 17 SDGs, which address global challenges such as poverty, inequality, climate change, environmental degradation, peace, and justice. To further align our strategy with the Sustainable Development Goals (SDGs), we have identified SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, and 17 as areas where we are well-positioned to make a positive impact through our financing activities. (A detailed report on impact can be found in the 2025 sustainability report) Our strategy focuses on:</p> <ul style="list-style-type: none"> <li>• <b>Deepening Financial Inclusion:</b> We have improved access to financial services through the ALAT platform while alleviating poverty and meeting the financial inclusion target as stated in the Nigerian Sustainable Banking</li> </ul>

	<p>Principles 5 (NSBP 5). In 2025, the bank launched ALAT Xplore for the teen population in Nigeria to deepen financial inclusion and engender financial literacy among young people.</p> <p>The Bank also created the microloan scheme to provide access to funds for people at the bottom of the pyramid We believe that financial inclusion remains one of the key socio-economic strategies that will alleviate poverty and drive development and growth in Nigeria. We have agents across the country providing financial services to the unbanked and underbanked people in remote areas of the country. This is also in alignment with SDGs 1, 2, 8 &amp; 10 and NSBP 5.</p> <ul style="list-style-type: none"> <li> <p><b>Advancing Women Empowerment:</b> Advancing gender equality and improving access to the necessities of life for women is critical for economic growth. Our female proposition, <i>Sara by Wema</i>, continues to bridge the gender financing gap in the business world and gives women access to mentorship, funding, capacity building and advisory services to start or scale their businesses. Our internal network, called “Wema Women Network,” continues to nurture and inspire women to achieve success and fulfilment in their career and personal lives. This is also one of the key principles under the Nigerian Sustainable Banking Principles 5 and SDG 5 &amp; 10.</p> <p>Our commitment to the United Nations Women Empowerment Principles (UN-WEP) has also enabled us to continue to drive women empowerment at the highest levels.</p> </li> <li> <p><b>Promoting Sustainable Economic Growth:</b> We aim to support economic activities that generate employment, foster innovation, and ensure inclusive growth. This includes financing small and medium-sized enterprises (SMEs), supporting entrepreneurship, and investing in sectors that drive sustainable development.</p> </li> </ul> <p><b>Paris Climate Agreement</b></p> <p>In line with the Paris Agreement, we are committed to mitigating climate change by:</p> <ul style="list-style-type: none"> <li> <p><b>Reducing Our Carbon Footprint:</b> We have implemented measures to reduce greenhouse gas emissions from our operations. This includes adopting energy-efficient practices, reducing waste, and promoting sustainable resource use.</p> </li> <li> <p><b>Supporting Climate Resilience Projects:</b> We are committed to financing projects that enhance the resilience of communities to climate impacts. This includes investments in climate-smart agriculture, sustainable water management, and disaster risk reduction initiatives.</p> </li> <li> <p><b>Climate Risk Integration:</b> We have incorporated climate risk assessments into our business activities and decision-making processes. By understanding and managing our climate-related risks, we aim to ensure the long-term sustainability of our business and the communities we serve.</p> </li> </ul>
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	<p><b>National Frameworks</b></p> <p>We align our business operations and activities with Nigeria’s national development plans and regional sustainability strategies, including:</p> <ul style="list-style-type: none"> <li>• <b>Nigeria’s Economic Recovery and Growth Plan (ERGP):</b> We support initiatives that drive economic diversification, improve infrastructure, and enhance human capital development. Our goal is to contribute to Nigeria’s sustainable economic growth and development.</li> <li>• <b>Nigeria Energy Transition Plan (ETP):</b> Wema Bank is significantly contributing to the advancement of the Nigeria’s Energy Transition Plan, a strategic blueprint aimed at achieving net-zero emissions by 2060 while fostering economic growth and reducing poverty. This includes providing essential financial support and innovative solutions, financing renewable energy projects and sourcing investments specifically for sustainable initiatives.</li> </ul> <p>We also support small and medium enterprises (SMEs) in the renewable energy sector with tailored financial products and services. An example is the green energy facility for households and SMEs to reduce reliance on fossil fuels to power their businesses. We are also promoting energy efficiency by funding projects that reduce energy consumption and emissions across various industries.</p> <p>The Bank has also established robust labour management policies that align with the International Labour Organization (ILO) requirements, best practices from the United Nations Global Compact, and national labour laws. These policies demonstrate our commitment to upholding sound labour practices and promoting human rights.</p> <p>By embedding these principles into our business strategy, Wema Bank Plc aims to contribute meaningfully to a sustainable future, ensuring that our growth benefits both our stakeholders and the environment. We are committed to continuous improvement and transparency in our sustainability efforts, regularly reporting on our progress and engaging with our community to drive positive change.</p>
 <p>Impact &amp; target setting</p>	<p><b>Principle 2: Impact and Target Setting</b></p> <p><b>We will continuously increase our positive impacts while reducing the negative impacts by managing the risks to people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</b></p>
<p><b>2.1. Impact Analysis</b></p> <p>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:</p>	<p>To identify the areas in which we have the most significant positive and negative (potential) impacts, Wema Bank conducted an impact analysis using the <b>UNEP FI Portfolio Impact Analysis Tool</b>, consistent with PRB requirements. The scope of the analysis covered the major segments of our loan portfolio—<b>retail, corporate, and commercial lending</b>—within the <b>Nigerian operating context</b>, reflecting the country’s key sustainable development challenges and our alignment with the Nigerian Sustainable Banking Principles.</p>

a) **Scope:** What is the scope of your bank's impact analysis?

Please describe which parts of the bank's core business areas products/services across the main geographies that the bank operates in (as described under have been considered in the impact analysis.

Please also describe which areas have not yet been included, and why.

b) **Portfolio Composition:** Has your bank considered the composition of its portfolio (in %) in the analysis?

c) Please provide proportional composition of your portfolio globally and per geographical scope i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios.

d) **Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

e) **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts.

a) The assessment considered the sectoral composition of these portfolios, enabling us to evaluate impact areas where the bank is most exposed and where we can drive meaningful positive outcomes, such as financial inclusion, women's empowerment, and climate action—identified as the bank's priority impact areas in previous UNEP FI reviews.

b) At this stage, the **public sector portfolio** was not included in the analysis. This exclusion is due to the ongoing internal work required to standardize data availability and impact assessment methodologies for this segment. We plan to incorporate the public sector portfolio in subsequent reporting cycles to achieve full coverage, in line with UNEP FI's recommendation to progressively expand the scope of impact analysis.

Portfolio composition remains a central input into our impact assessment and broader risk management framework. Understanding the distribution of exposures across sectors and customer groups enables us to evaluate both the scale and materiality of our impacts meaningfully, consistent with UNEP FI's guidance on integrating portfolio driven insights into impact prioritization.

Corporate Banking	Commercial Banking	Retail Loans	Public Sector
24.8%	67.2%	6.4%	1.6%

Industry Classification	% of loan portfolio
Primary Industry (E.g., Agriculture, Forestry, Mining, etc.)	22.46%
Secondary Industry (E.g., Manufacturing, Construction, Food Processing, transportation, etc.)	27.21%
Tertiary Industry (E.g., Finance & Insurance, Human Health & Social Activities, etc.)	50.33%

Sector	Percentage of Loan Portfolio
OIL AND GAS	18.75%
GENERAL COMMERCE	16.38%
MANUFACTURING	14.30%
AGRICULTURE	12.52%
GENERAL - HOSPITALITY/RELIGIOUS BODIES	11.29%
TRANSPORTATION AND STORAGE	8.49%
CONSTRUCTION	4.28%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	3.84%
POWER AND ENERGY	3.12%
REAL ESTATE	2.20%
GOVERNMENT	1.64%
FINANCE AND INSURANCE	1.30%

INFORMATION AND COMMUNICATION	0.44%
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	0.40%
EDUCATION	0.48%
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0.33%
WATER SUPPLY, SEWAGE, WASTE MANAGEMENT & REMEDIATION ACTIVITIES	0.18%
ARTS ENTERTAINMENT AND RECREATIONS	0.06%
CAPITAL MARKET	0.01%
<b>Grand Total</b>	<b>100%</b>

**c) Context: Sustainable Development Challenges and How They Informed the Impact Analysis**

Nigeria’s development landscape is characterised by several systemic challenges—including persistent poverty, high income inequality, climate vulnerability, environmental degradation, gender disparities, infrastructure deficits, and limited access to formal financial services. These national priorities closely align with the impact areas identified in our analysis and reflect the broader sustainable development issues recognised by UNEPFI as material for banks operating in emerging markets

To ensure that our impact analysis reflects these contextual realities, we incorporated insights from a **multistakeholder materiality assessment**, engaging employees, investors, regulators, local communities, NGO partners, and customer groups. This process enabled us to understand stakeholder expectations and validate the areas where our activities have the most potential to influence development outcomes.

Guided by these insights, our lending and investment decisions prioritise sectors that contribute directly to addressing local development gaps—such as financial inclusion, MSME growth, women’s economic empowerment, job creation, and climate resilient economic activities. This approach reflects UNEPFI’s recommendation that banks integrate country level challenges and stakeholder inputs when determining impact priorities.

**d) Performance Measurement: Identifying Sectors, Industries and Customer Types With the Strongest Impacts**

In line with UNEPFI’s expectations, Wema Bank conducted a structured impact assessment to identify the sectors, industries, and customer segments within our portfolio that generate the most significant positive or negative impacts. This analysis informed the prioritisation of our core impact areas—Financial

	<p>Inclusion, Women’s Empowerment, and Climate Action—as confirmed in UNEPFI’s review.</p> <p><b>Sectors and Industries</b></p> <p>Our portfolio assessment examined exposure to key economic sectors—including Oil &amp; Gas, Manufacturing, Agriculture, and Retail—considering both their contribution to national GDP and their associated environmental and social risks. The analysis identified the following priority impact areas:</p> <ul style="list-style-type: none"> <li>• <b>Financial Inclusion:</b> Positive impacts from expanding access to financial services for underserved groups, while recognising implementation risks related to affordability, accessibility, and digital awareness.</li> <li>• <b>Women Empowerment:</b> Strong positive impacts from financing women entrepreneurs and supporting female led MSMEs, with material benefits for economic participation and gender equality.</li> <li>• <b>Climate Action:</b> Positive contributions from financing renewable energy, clean technologies, and sustainable agriculture; negative exposures associated with carbon intensive industries requiring transition support and stronger E&amp;S due diligence.</li> </ul> <p>These impact areas align with UNEPFI’s determination of Wema Bank’s most material themes and reflect the bank’s exposure to high impact sectors</p> <p><b>Types of Customers</b></p> <p>Our assessment of customer segments further identified where our activities create the most significant impacts:</p> <ul style="list-style-type: none"> <li>• <b>Micro, Small, and Medium Enterprises (MSMEs):</b> High potential for job creation and inclusive economic growth, especially for women owned businesses and sustainability focused enterprises.</li> <li>• <b>Corporate Clients:</b> Significant influence on environmental outcomes through their operational footprints, sustainability practices, and transition readiness—particularly in Oil &amp; Gas, Manufacturing, and Construction.</li> <li>• <b>Retail Customers:</b> Strong positive social impacts from expanding access to credit, savings, microloans, and financial literacy, especially for women, youth, and low-income households.</li> </ul>
<p><b>2.2. Target Setting</b>                  Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for</p>	<p>In line with the 3 areas identified in 2.1 above, we set targets in 3 key areas; <b>Women Empowerment, Financial Inclusion &amp; Health and Climate Action.</b></p> <p><b>Women Empowerment</b></p> <p>According to research by <u>AFAWA (Affirmative Finance Action for Women in Africa)</u>, the funding gap for female entrepreneurs in sub-Saharan Africa is \$42Billion. The same research indicates that approximately 70% of women in Africa are financially excluded, facing significant barriers to credit and financial services. These gaps hinder women’s ability to take a greater lead in growing the economy and improving their roles as agents of social change. Women empowerment is therefore one of the strategic focus of the Bank targeted at promoting inclusion, diversity, equity and growth. Women empowerment to</p>

each target separately:

(a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

(b) Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

(c) SMART targets (incl. key performance indicators (KPIs)[1]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

(d) Action plan: Which actions including milestones have you defined to meet the set targets? Please describe.

us means that the inclusion of women in decision making process, creation of platforms for them to succeed and thrive as well improving their knowledge and access to health, education, skill acquisition and finance. In 2019, Wema Bank launched a female proposition known as "Sara by Wema" aimed at improving women's access to both financial and non-financial resources, which will help them succeed regardless of their age, tribe, profession, or location.

In addition, the government and the financial regulators have prioritized women's economic empowerment as a catalyst for socio-economic growth and development. Principle 4 of the Nigerian Sustainable Banking Principles (NSBP) <https://www.cbn.gov.ng/out/2012/ccd/circular-nsbp.pdf> is focused on women economic empowerment and a number of initiatives have been launched by the government and private sector to accelerate economic prosperity for the female gender. Some of the initiatives include, advocacy, discounted lending rate, skill acquisition, mentorship, networking etc. All financial institutions in Nigeria are signatories to the Nigerian Sustainable Banking Principles with reporting done bi-annually. As a responsible organization, we are also in alignment with the United Nation's Women Empowerment Principles (UN-WEP).

Since the launch of Sara by Wema, we have onboarded over **3,928,056** women on the platform, starting from a base of about 300,000 in 2019 and recorded an accelerated growth during the COVID years in 2020 and 2021. Having surpassed the initial 4-year target set on including more women on our platform, the next step is to improve the financial health of these women by ensuring that they are actively transacting, with add-on services such as; **Access to relevant products** (insurance, micro loans), **Access to sound financial advice** (advisory services, financial coaching and portfolio/investment management.) and **Access to skills & capacity building and entrepreneurial training**. These will help unlock new business opportunities that will increase job creation, life expectancy and economic prosperity. In addition, improved financial health will reduce business vulnerabilities and increase resilience during economic downturn.

KPIs to monitor progress on the targets set include;

- Number of female customers onboarded
- Number of transactions performed in a quarter
- Number of women onboarded on the health insurance scheme.
- Number of women able to access microloans.
- Number of women on investment schemes
- Number of women with access to skills & capacity building and entrepreneurial training.
- Number of female customers transacting at least 3 times in a month.

### Financial Inclusion and Health

Nigeria remains one of the emerging economies with huge growth potentials in global demand for resources and young vibrant population. The Federal Government of Nigeria has been making concerted efforts to actualize this growth potentials in various ways through investments, policy reforms and economic diversification. One of the investments is the implementation of the

[national financial inclusion strategy](#) that is targeted at lifting poverty and to drive inclusive growth. No doubt, the country has been rife with widespread poverty and hunger, with over half of the 200 million population living below the United Nations poverty line.

Our goal is to continuously develop accessible and affordable financial products and services to individuals, communities and businesses, that traditionally have had limited or no access to the formal financial sector. Although, we have created the [ALAT banking platform](#) to make account opening and usage easy for everyone, we will continue to segment the addressable market due to the large size of the unbanked and underbanked population. The various segments will include;

- Youth & Young Adults,
- Middle- & Low-Income Earners,
- MSMEs (Micro, Small and Medium Enterprises) and
- Farmers.

We will make banking accessible using mobile technology to reach everyone in the urban and rural areas of the country. There will be frequent financial literacy programmes across our business locations and on online media. The successful implementation of our financial inclusion programme would enable consumers to take advantage of global financial dynamics, enhance efficiency in managing personal finances, promote entrepreneurship, banking culture and ultimately ensure financial stability. Progress will be measured by the number of active users performing at least 3 transactions in a month and using one of other service beyond payments. For instance, savings, loans, health insurance, investments, advisory services etc. In addition, we expect to witness positive future economic and social well-being of Nigerians by reducing poverty, improving income and facilitating development.

KPIs to monitor progress made on targets set include;

- Number of new-to-bank customers onboarded every quarter.
- Number of new-to-bank customers with access to various insurance schemes.
- Number of new-to-bank customers able to access microloans.
- Number of new-to-bank customers on investment schemes
- Number of new-to-bank customers with access to skills & capacity building and entrepreneurial training.
- Number of new-to-bank customers transacting at least 3 times in a month.

### **Climate Action**

In line with our commitment to reduce our emissions and negative environmental impact, we have developed the Climate Risk Policy to guide our business decisions which have the potential to influence the communities and environment we operate. We believe that while lending to and investing in specific sectors and activities, the Bank needs to consider not only the conventional financial risk but also the environmental and social impact.

We are aligned with the Paris Climate Agreement, [Nigerian Climate Change Act 2021](#) and the [Nigeria Energy Transition Plan \(2022\)](#). We acknowledge that climate change poses a significant danger to the environment, the economy,

society, our clients, and their communities most especially, sectors such as agriculture and food security, water resources, energy, health, human settlement, transportation and communication (radio masts and towers).

We are dedicated to supporting this transformation and will work to include climate mitigation and adaptation into our operations and collaborate with our clients’ communities to develop climate resilience strategies. We will continue to provide the right support to our customers to support the move from high-to low-carbon assets in line with our commitments, while intentionally reducing negative footprint by ensuring the efficiency of our internal resources. We plan to reduce our oil & gas portfolio size of N10bn by 15% over a period of 5 years while we continue to invest in the renewable segments by building the portfolio from ~~N43bn~~ to ~~N100bn~~ over the next 5 years.

KPIs to measure progress include;

Financed Emissions	Internal Emissions
<ul style="list-style-type: none"> <li>• Number of impact sector transactions booked quarterly.</li> <li>• Percentage of impact transactions on the loan portfolio recorded monthly.</li> </ul>	<ul style="list-style-type: none"> <li>• Measurement of energy usage reduction recorded monthly</li> <li>• Carbon emissions from internal activities measured monthly.</li> </ul>

**2.3. Plans for Target Implementation and Monitoring**

Show that your bank has implemented the actions it had previously defined to meet the set target.

To deliver on our financial inclusion, women’s empowerment, and climate action targets, Wema Bank implemented a series of structured actions across the reporting period. These actions were designed to translate our commitments into measurable progress and are aligned with UNEP FI’s expectation that banks demonstrate clear implementation pathways for achieving set targets.

**Financial Inclusion**

- We advanced the financial inclusion target through a multi-channel approach focused on expanding access, enhancing affordability, and strengthening customer capabilities. Key actions implemented include:
- **Scaling digital inclusion via ALAT**, which continued to improve access to financial services, reduce barriers to entry, and support NSBP 5 on financial inclusion.
- **Strengthening agency banking networks**, resulting in the onboarding of **1,259,290 new to bank customers**, with most banking transactions—including debit card requests—completed digitally, thereby lowering both operational emissions and customer access costs.
- **Expanding microloan access for underserved customers**, including those without smartphones. In 2025, **₦5.87 billion** was disbursed to **185,886 low-income individuals**, supporting poverty alleviation and inclusive economic participation.
- **Expanding our nationwide agent footprint**, reaching **84,121 active agents** who provide financial services in remote and underserved communities, directly supporting SDGs 1, 2, 8 and 10.

- **Delivering capacity building programmes** for youth and women, strengthening financial literacy and vocational skills.
- **Simplifying regulatory documentation requirements** for individuals in disadvantaged areas to reduce onboarding friction.
- **Providing customer solutions in local languages** and operating a multilingual contact centre to ensure full accessibility.

**Women Empowerment**

- **Strengthening the SARA by Wema proposition**, which continued to close gender financing gaps by providing women led businesses with access to mentorship, capacity development, advisory support, and finance.
- **Increasing financial literacy outreach** targeted at women entrepreneurs and SARA customers, ensuring broader awareness of funding and business support opportunities.
- **Disbursing ₦62 billion to more than 170,000 women and women owned businesses** the majority uncollateralised addressing structural constraints related to collateral requirements.
- **Facilitating market access for over 1,500 women owned MSMEs** through local and international trade fairs (Nigeria, Ghana, Dubai, and London).
- **Strengthening the Wema Women Network**, which continues to expand mentorship, career growth opportunities, and leadership development for female staff, supporting NSBP 5, SDG 5 and SDG 10.
- **Deepening capacity-building programmes**, benefiting over **60,000 women** through initiatives such as the Transforming Nigerian Youth programme (in partnership with EDC and MasterCard Foundation).
- **Applying simplified documentation requirements** to ensure inclusiveness for women in disadvantaged segments.

**Climate Action**

**Internal Emissions**

To meet our operational sustainability targets, we delivered several energy efficiency initiatives anchored on UNEPFI’s expectations for banks to address both operational and financed emissions.

Implemented actions include:

- Conducting the 2025 annual energy audit to identify emission reduction opportunities across branches and head office.
- Implementing the weekly elevator shutdown policy (one hour every Thursday), reducing energy use while encouraging employee wellness. Support measures were maintained for staff with special needs.
- Rolling out the daily 6:00 p.m. energy shutdown policy, preventing unnecessary generator use and reinforcing work-life balance.
- Achieving an emissions reduction of **1,003 tCO<sub>2</sub>e**, driven largely by branch level solar adoption and operational efficiency measures.

- Expanding solar powered branches, which accounted for 48% of total energy consumption in those locations.

**Financed Emissions and Climate-Aligned Financing**

In line with UN recommended climate action pathways, our financed-emissions actions focused on embedding climate risk into lending decisions and expanding climate-positive financing opportunities:

- **Launching a bank-wide campaign on sustainable finance**, strengthening staff awareness and client engagement across business units.
- **Developing a sector-specific Environmental & Social Due Diligence (ESDD) platform** covering five high impact sectors—Manufacturing, Oil & Gas, Power, Construction, and Agriculture—enabling granular climate risk insights and improved decision-making.
- **Enhancement of climate aligned products**, including the Green Energy Facility, Sustainable Agriculture lending, and Clean Energy Distribution financing, thereby increasing the share of impact sectors in the loan portfolio.

**Monitoring and Reporting**

- Regular reporting to the Sustainability Governance Committee, Management Risk Committee and the Board Remuneration, Nominations and Governance Committee on progress made in respect of the set targets.
- Transparent reporting to stakeholders on progress and milestones achieved in target areas. The progress made is actively measured monthly through the growth or decline in established KPIs across the various segments and demography.


**2.4. Progress on Implementing Targets:**

For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.


As a responsible institution, we remain committed not only to meeting our existing targets but also to setting progressively ambitious ones. In line with the targets outlined above, we recorded consistent year-on-year progress driven by collaborative implementation efforts, evidenced by surpassing the targets for the reporting period. The actions undertaken to achieve these targets are detailed in Section 2.3, and the results achieved are presented below.

**Target & Achievement**

Women Empowerment				
	Total Number of Female Customers in Bank		Number of Women whose Financial Health Improved	
	Target	Achieved	Target (25%)	Achieved
Year 1 (2024)	1,170,000	2,046,484	292,500	744,515
Year 2 (2025)	1,521,000	3,928,056	380,250	403,049

	Financial Inclusion & Health				
	Total Number of New-to-Bank Customers Onboarded		Number of Women whose Financial Health Improved		
	<b>Target</b>	<b>Achieved</b>	<b>Target (25%)</b>	<b>Achieved</b>	
Year 1 (2024)	550,000	1,076,957	137,500	256,029	
Year 2 (2025)	605,000	1,259,290	151,250	191,577	
Climate Action (target amended from increase in volume to increase in % of the loan portfolio)					
	Internal Emissions		Financed Emissions (Increase in impact sector of the loan portfolio)		
	<b>Target (tCO<sub>2</sub>e)</b>	<b>Achieved</b>	<b>Target (% of Total Loan Portfolio)</b>	<b>Achieved</b>	
Year 1 (2024)	≤ 8,567.5	7,582.2	≥7%	13%	
Year 2 (2025)	≤ 7,203.09	6,234	18%	22%	
 <p>Clients &amp; customers</p>	<p><b>Principle 3: Clients and Customers</b></p> <p><b>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</b></p>				
<p>3.1 Provide an overview of the policies and practices your bank has in place or is planning to put in place to promote responsibly its relationships with its customers. This should include high-level information on any programmes and actions implemented (or planned), their scale and, where possible, the results thereof.</p>	<p>Wema Bank promotes responsible customer relationships through a combination of policies, structured engagement practices, sustainable product offerings, and client support programmes anchored in our Corporate Sustainability &amp; Responsibility (CSR) and Environmental and Social Risk Management (ESRM) frameworks. These practices enable us to responsibly support our customers while advancing financial inclusion, environmental stewardship, and social well being, in line with UNEP FI expectations for Principle 3.</p> <p><b>1. Customer-Centric Digital Solutions and Access-Focused Programmes</b></p> <p>In support of inclusive economic participation, we deploy a suite of digital and in-branch initiatives aimed at expanding access to financial services. Programmes such as account activation drives, market storms, and the 5-for-5 promo promote active account usage and deepen inclusion. Our ALAT digital platform—now serving over 3.5 million users—provides seamless access to financial services and has significantly improved reach among underserved customers. We further expand access through last-mile microloan products and bespoke partnerships such as the Wema-SCIDaR Health Financing Facility, which strengthens primary healthcare financing for community pharmacists and Patent and Proprietary Medicine Vendors (PPMVs). The SCIDaR Health</p>				

	<p>Financing Facility has now been automated for easy access and quick resolution.</p> <p><b>2) Financial Literacy and Capability-Building Programmes</b></p> <p>In a bid to enhance customer financial resilience, we implement extensive financial literacy workshops, vocational skills sessions, mentorship for young people, and training for MSMEs. These programmes help customers make informed financial decisions, supporting SDGs 5, 8, and 10, and align with the Nigerian Sustainable Banking Principles on financial inclusion. The initiatives contribute to improved financial capability and livelihood stability across customer segments.</p> <p><b>3. Sustainable and Impact-Aligned Product Offerings</b></p> <p>To support customers' transition toward more sustainable business models, we offer a growing suite of impact financing products, including renewable energy loans, clean energy distribution financing, gender-finance instruments, and sustainable agriculture financing. We strengthened engagement with Development Finance Institutions in 2025 to secure ESG-linked concessional facilities that improve affordability for customers in impact sectors. These actions reflect UNEP-FI's expectation that banks combine sustainable products with advisory support to help clients adopt responsible practices.</p> <p><b>4. Customer Feedback and Responsiveness Mechanisms</b></p> <p>We maintain structured feedback channels including customer satisfaction surveys, multi-channel customer care platforms, and periodic stakeholder consultations—to gather insights into customer needs and evolving priorities. These mechanisms inform product refinement, service improvements, and responsiveness strategies, supporting our commitment to transparent and responsible customer relationships consistent with Principle 3 expectations.</p> <p><b>5. Environmental &amp; Social Site Visits and Responsible Client Engagement</b></p> <p>In line with our ESRM policy, we conduct environmental and social site visits and due-diligence assessments for borrowers, particularly in high-impact sectors. These visits assess clients' E&amp;S management practices, evaluate risk mitigation efforts, and offer tailored feedback. This approach reflects UNEP-FI's recommendation for banks to move beyond E&amp;S screening toward a more proactive, transition-support model—helping clients improve sustainability performance and adopt responsible operational practices.</p>
<p><b>3.2 Business opportunities:</b> Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period.</p>	<p><b>1. Expanding Financial Inclusion Through Microlending and Digital Access</b></p> <p>Our microloan programmes delivered via USSD and other low-cost digital channels present a significant opportunity to reach underserved populations. These services expand access to affordable credit for low-income customers and nano-businesses, driving more equitable economic participation and reducing systemic inequalities. This aligns with UNEP-FI's recommendation for</p>

	<p>banks to strengthen opportunities that promote healthy and inclusive economies.</p> <p><b>2. Scaling Impact Financing Across Climate and Sustainable Sectors</b></p> <p>We continued to expand impact-oriented lending, particularly in green and climate-aligned sectors such as renewable energy, energy-efficient infrastructure, and sustainable agriculture. This reflects UNEP-FI’s expectation that banks leverage sustainable finance offerings to support client transition and accelerate shifts toward lower-carbon business models. These products create opportunities for portfolio growth while contributing to positive environmental outcomes and reducing financed emissions over time.</p> <p><b>3. Strategic Alignment With the Sustainable Development Goals (SDGs)</b></p> <p>By aligning lending and investment decisions with priority SDGs, we identify new opportunities that simultaneously strengthen business growth and societal impact. This SDG-linked approach enables us to prioritize sectors and customer groups with the highest potential for positive outcomes—particularly those tied to inclusion, gender equality, climate action, and sustainable economic development—consistent with UNEP-FI’s impact-driven strategy expectations.</p> <p><b>4. Strengthening ESG Integration Through Enhanced E&amp;S Risk Management</b></p> <p>Our enhanced Environmental and Social Risk Management (ESRM) framework allows us to better identify, manage, and mitigate potential negative impacts across high-risk sectors. Strengthened E&amp;S due diligence—supported by site visits and environmental assessments creates new opportunities to support clients in improving their sustainability performance. This is aligned with our vision of proactive transition-support engagement</p> <p><b>5. Stakeholder-Driven Opportunity Identification and Co-Creation</b></p> <p>Ongoing engagement with customers, communities, regulators, and development partners enables us to anticipate emerging needs and identify new areas for impact-aligned product development. This collaborative approach aligns with our intention to leverage stakeholder insights and partnerships to create high-impact opportunities and better align client solutions with societal goals.</p>
	<p><b>Principle 4: Stakeholders</b></p> <p><b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</b></p>
<p>Does your bank have a process to identify and regularly consult, engage, collaborate, and partner with stakeholders?</p>	<p>Stakeholders remain integral to Wema Bank’s sustainability agenda. We identify and engage a defined set of key stakeholder groups including investors/shareholders, employees, customers, suppliers and vendors, local communities, partners (such as NGOs and social enterprises), government, government and regulatory agencies, and the media—as part of our commitment to responsible stakeholder engagement under Principle 4. Engagement with these groups provides essential insights that inform our</p>

	<p>materiality assessment and supports the continuous refinement of our sustainability priorities, as we believe that stakeholder input must directly shape strategic decisions.</p> <p>Our engagement approach combines structured formal interactions and ongoing informal touchpoints tailored to each stakeholder group’s needs. These sessions help us identify priority issues, understand emerging risks and expectations, and strengthen accountability through transparent feedback integration. Consistent with UNEP-FI recommendations, our stakeholder relationships extend beyond consultation to active, high-impact partnerships that support broader societal outcomes.</p> <p>We maintain established grievance and feedback mechanisms including customer complaint channels and a whistleblowing system accessible to all stakeholders and continually enhance these systems in alignment with UNEP-FI’s expectation for clearer reporting on how feedback informs strategic actions.</p> <p>Further details on our stakeholder mapping, engagement activities, materiality assessment process, and resulting materiality matrix are fully disclosed in our standalone IFRS S1 &amp; S2 Sustainability Report, consistent with the transparency and accountability requirements of the Principles.</p>
 <p><b>Governance &amp; culture</b></p>	<p><b>Principle 5: Governance &amp; Culture</b></p> <p><b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</b></p>
<p><b>5.1 Governance structure for implementation of the Principles</b> Does your bank have a governance system in place that incorporates the PRBs? Does your bank have a process to identify and regularly consult, engage, collaborate, and partner with stakeholders?</p>	<p>Wema Bank maintains a structured sustainability governance framework that ensures effective implementation of the Principles for Responsible Banking (PRBs) and integration of material ESG considerations into strategy, risk management and business operations. Oversight is anchored at Board level, with the Board of Directors providing strategic direction and ensuring sustainability priorities such as climate action, financial inclusion and gender equality are embedded within the Bank’s long-term objectives, remuneration philosophy and risk appetite. The Board Remuneration, Nominations &amp; Governance (RNG) Committee has delegated responsibility for supervising the Bank’s sustainability agenda and monitoring alignment with the SDGs, the Paris Agreement, the Nigerian Sustainable Banking Principles and the UNEP-FI Principles for Responsible Banking</p> <p>At Executive Management level, the Sustainability Governance Committee provides technical oversight of ESG policies, portfolio-level impact management and responsible banking implementation. The SAC validates sustainability policies, oversees integration of ESG and climate-related risks into credit and operational processes, and ensures alignment with UNEP-FI recommendations, including strengthening sector-specific expectations for high-impact industries and enhancing client-transition engagement.</p> <p>The Corporate Sustainability &amp; Responsibility Department drives execution of the sustainability agenda, supporting impact analysis, sustainability reporting (GRI, IFRS S1, PRB), Environmental &amp; Social Risk Management (ESRM), and the</p>

	<p>Environmental &amp; Social Due Diligence (ESDD) platform. The Department advises Executive Management and the Board on emerging standards and regulatory expectations, ensuring the Bank’s practices remain aligned with international best practice.</p> <p>Sustainability is reinforced through capacity building across the organisation. All staff receive periodic training, with advanced role-specific modules for client-facing and risk functions, reflecting UNEP-FI’s recommendation to broaden internal capability and strengthen alignment with responsible banking principles. Sustainability Champions further support enterprise-wide adoption by integrating ESG considerations into day-to-day operations.</p> <p>Performance monitoring occurs through structured reporting cycles. The Sustainability Governance Committee, chaired by the Executive Director responsible for Sustainability, meets quarterly to review progress, while the Sustainability team submits quarterly updates to the Board Remuneration, Nominations and Governance Committee. This governance cadence ensures continuous oversight, timely escalation of key sustainability matters and alignment of implementation activities with the Bank’s strategic objectives.</p>
<p><b>5.2 Promoting a culture of responsible banking:</b> Describe the initiatives and measures by your Bank for fostering a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability training for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	<p>At Wema Bank, cultivating a strong culture of responsible banking is central to our sustainability strategy. We conduct periodic skills-gap and capability assessments to identify training needs across the workforce, ensuring that our employees possess the competencies required to implement the Principles for Responsible Banking (PRBs) effectively. Insights from these assessments inform Bank-wide capacity-building initiatives that strengthen technical proficiency in ESG, climate-related risks, financial inclusion, gender-lens financing and ethical banking practices.</p> <ol style="list-style-type: none"> <li>1. <b>Capacity Building:</b> The Bank delivers structured professional development programmes—including workshops, seminars, and induction training—to build foundational and advanced knowledge of sustainability practices. Weekly internal communications (“Tuesday Facts”) complement these efforts by enhancing staff awareness of global and local sustainability trends.</li> <li>2. <b>E-Learning Platforms:</b> Through the WINGS e-learning platform, employees have access to curated modules on responsible banking, environmental and social risk management, ethical conduct and sustainable finance. This enables continuous learning at scale and supports UNEP-FI’s recommendation for broader foundational sustainability training.</li> <li>3. <b>Specialised Sustainability Training:</b> Role-specific training is provided to client-facing and risk functions—such as Relationship and Business Managers to enhance their capacity to identify green opportunities, evaluate ESG risks throughout the transaction lifecycle and support clients’ transition efforts. These programmes align with UNEP-FI’s call for advanced training for high-impact roles.</li> <li>4. <b>Recognition Mechanisms:</b> Employees who demonstrate leadership in advancing the sustainability agenda are recognised through performance-management and incentive systems, reinforcing alignment</li> </ol>

	<p>with responsible banking expectations and promoting behavioural adoption across the institution.</p> <p>5. <b>Leadership Communication:</b> Senior leadership consistently reinforces the Bank’s sustainability priorities through town halls, internal circulars and strategic communications, ensuring alignment across the organisation and embedding responsible banking principles into the Bank’s culture.</p> <p>6. <b>Employee Engagement:</b> Engagement initiatives—including sustainability-themed challenges and volunteering activities via the iVolunteer platform strengthen employee ownership of sustainability objectives and promote Bank-wide participation in social and environmental initiatives.</p> <p>Through these measures, Wema Bank ensures that all employees are adequately equipped to contribute to responsible banking outcomes and support the Bank’s progress toward the PRBs</p>
<p><b>5.3 Policies and due diligence processes:</b> Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe:</p>	<p>Wema Bank has robust comprehensive policies and due diligence processes in place that address and manage environmental and social risks within its portfolio effectively. These include;</p> <p><b>Environmental and Social Risk Policies</b> Wema Bank has developed specific policies that focus on identifying, assessing, and mitigating environmental and social risks. These policies are integrated into the bank's overall risk management framework and are aligned with international standards and best practices.</p> <p><b>Due Diligence Processes</b> The bank employs robust due diligence processes to ensure that environmental and social risks are thoroughly evaluated throughout the transaction lifecycle. This includes:</p> <ul style="list-style-type: none"> <li>• <b>Risk Assessment:</b> Conducting detailed assessments of potential environmental and social impacts for all new projects and investments.</li> <li>• <b>Screening and Monitoring:</b> Implementing screening procedures to identify high-risk activities and continuous monitoring to ensure compliance with environmental and social standards.</li> <li>• <b>Stakeholder Engagement:</b> Engaging with stakeholders, including clients and local communities, to understand and address their concerns related to environmental and social issues.</li> <li>• <b>Training and Capacity Building:</b> Providing training for staff to enhance their understanding and management of environmental and social risks.</li> </ul> <p>The Bank continuously reviews and updates its policies and processes to ensure they remain effective in addressing emerging environmental and social challenges.</p> <p>By integrating these policies and due diligence processes, we aim to minimize environmental footprint and contribute positively to the communities it serves.</p>

 <p>Transparency &amp; accountability</p>	<p><b>Principle 6: Transparency &amp; Accountability</b></p> <p><b>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</b></p>
<p>6.1. What are the next steps your bank will undertake in the next 12-month reporting period (particularly on impact analysis, target setting, and governance structure for implementing the PRB)?</p> <p>Please describe briefly.</p>	<p>Wema Bank has continued to strengthen the implementation of the Principles for Responsible Banking (PRBs) by embedding responsible banking practices across our business model, governance structures, client engagement processes, and impact management approach. Since becoming a signatory in 2019, we have progressively deepened the integration of sustainability considerations into strategy, risk frameworks, product design and portfolio management. We have consistently reported our progress through annual PRB disclosures and our standalone Sustainability Report, which has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and supported by independent limited assurance from KPMG since 2022—demonstrating our commitment to transparency, accountability and data quality.</p> <p>In 2025, we received approval from Financial Reporting Council of Nigeria to commence reporting in alignment with IFRS S1 and S2 standards. We believe this will enhance the clarity, comparability and decision-usefulness of our sustainability disclosures. This strengthened alignment positions the Bank to meet emerging regulatory requirements and stakeholder expectations for decision-useful sustainability information. We also continued to leverage our network of Sustainability Champions across business units to monitor progress, embed responsible banking practices at the operational level, and identify new opportunities for improving outcomes in our areas of material impact—namely Climate Action, Financial Health &amp; Inclusion, and Women's Economic Empowerment.</p> <p>We will prioritise a more comprehensive and forward-looking implementation agenda over the next 12 months, focused on strengthening impact measurement, target setting and governance:</p> <p><b>1. Impact Analysis</b></p> <ul style="list-style-type: none"> <li>• <b>Comprehensive Portfolio Assessment:</b> We will conduct a more holistic impact analysis that expands coverage to all remaining business portfolios, including the public sector, to achieve a full view of our environmental, social, economic and human-rights impacts. This includes integrating findings from our stakeholder-driven materiality assessment with our portfolio-level analysis to ensure that our most significant impacts are clearly prioritised and actioned.</li> <li>• <b>Stakeholder Engagement:</b> Building on our existing approach, we will deepen engagements with customers, regulators, communities and other key stakeholders to validate impact priorities and inform our understanding of contextual risks, opportunities and expectations. These insights will shape refined impact priorities for the next reporting cycle.</li> </ul>

## 2. Target Setting

- **SMART, Impact-Driven Targets:** Leveraging UNEP-FI's targeting setting frameworks, we will strengthen the precision and ambition of our targets—ensuring all future targets are SMART, supported by clear baselines, time-bound, and directly linked to our most significant impact areas. This includes transitioning from proxy indicators toward more rigorous measures (e.g., financed-emissions baselines using GHG Protocol for climate; outcome-based indicators for financial health; gender-lens indicators for women's empowerment).
- **Transparent Public Disclosure:** To enhance accountability, we will publish these strengthened targets—including those on climate transition, financial inclusion, women's economic empowerment and sustainable development—and disclose progress annually. This will help us to elevate ambition and refine methodologies to reflect global best practice.

## 3. Governance Structure

- **Strengthened Oversight & Integration:** We will continue to reinforce our governance framework to ensure sustainability and PRB commitments remain embedded at the highest levels of decision-making. The Board Remuneration, Nominations & Governance Committee and the Sustainability Governance Committee will continue to oversee progress, with enhanced integration of sustainability drivers—such as climate, inclusion and gender—into the Bank's risk appetite, policy frameworks and strategic planning.
- **Enhanced Monitoring & Reporting:** Progress will continue to be monitored through structured reporting channels: quarterly updates to the Board and Sustainability Governance Committee, semi-annual reports to the Central Bank of Nigeria, and annual disclosures to UNEP-FI. These processes will be strengthened to ensure more comprehensive tracking of impact metrics, target performance and portfolio-level transition signals.
- **Capacity Building:** In line with UNEP-FI's recommendation to broaden sustainability capability across the Bank, we will expand foundational sustainability training to all employees, introduce advanced role-specific training for client-facing and risk teams, and continue upskilling senior leadership. This ensures that responsible banking practices are consistently applied across all business functions.

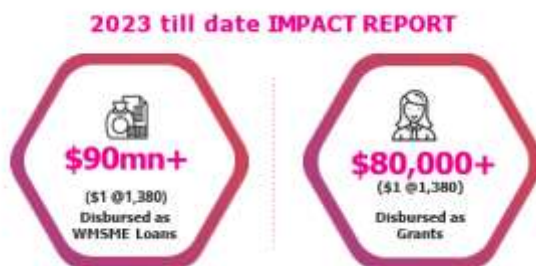
# SME REPORT



Wema Bank continues to drive meaningful impact through the SARA proposition for women and women-led businesses across Nigeria by expanding access to finance, markets, capacity building, and health support. Since the launch of our initiatives in 2023, SARA by Wema has facilitated market access opportunities for over **4,000 Women-Owned Micro, Small and Medium Enterprises (WMSMEs)** through targeted programs such as trade fairs designed to improve visibility and drive business growth.

Financial inclusion remains a central pillar of the SARA proposition, promoting access to financial services for women across Nigerian communities. In 2025, **461,210 individuals were financially included**, supported by extensive outreach efforts that have engaged **over 10 million participants** across various initiatives. In addition, **113,000 women entrepreneurs have been trained** through the SARA Accelerator Programs, equipping them with the knowledge, skills, and networks required to scale and sustain their businesses.

Access to finance remains a critical enabler for business growth. Through the SARA proposition, the Bank has disbursed over **\$90 million dollars in loans to WMSMEs**, alongside **\$80,000 dollars in grant funding** to support promising women-led enterprises since 2023. In line with efforts to strengthen payment infrastructure and improve business operations, **110,000 POS terminals and decals were issued**, with **70% allocated to women-owned businesses** in 2025.



The impact and effectiveness of the SARA proposition have also been recognized through several industry awards, including **Best Financier for Women (GSMEFF)**, **SME Financier of the Year (GSMEFF)**, and **Best SME Bank Nigeria (The Digital Banker)**, underscoring the Bank's continued leadership in advancing women's economic empowerment and MSME development.

In 2025, Wema Bank advanced an integrated MSME development strategy aligned with global ESG principles and the Sustainable Development Goals, combining financial inclusion, enterprise capacity building, and market access to deliver scalable economic impact.

The Bank supported MSMEs across urban and rural communities through national and sub-national partnerships, including the MOWA-SARA Accelerator and SMEDAN-Wema Capacity Building Programme, with a deliberate focus on women-led and youth-led enterprises. Over N248 billion in SME loans were deployed to stimulate productive economic activity, while tailored digital and credit solutions strengthened value-chain participation and business resilience.

Market access interventions connected more than 3,500 MSMEs to over 150,000 buyers across Nigeria, Ghana, and the United Kingdom, generating over US\$9 million in trade inflows, creating jobs, and expanding formal financial participation. Complementary health, digital, and skills interventions reinforced the Bank's holistic approach to inclusion.

Collectively, these efforts directly support SDGs 5 (Gender Equality), 8 (Decent Work and Economic Growth), 9 (Industry and Innovation), 10 (Reduced Inequalities), and 12 (Responsible Consumption and Production), while reinforcing Wema Bank's role as a financial institution embedding development impact into core business operations.

### 1. Capacity Building Programs:

What we started the year with was an incredible statement of intent.

We began 2025 by launching MOWA-SARA Accelerator Program, a landmark partnership with the Federal Ministry of Women Affairs, not in a boardroom, not in Lagos, but on the ground in Kano State, where inclusion matters most. The programme was designed as more than an intervention; it was a deliberate commitment to reach 500,000 rural women with vocational skills, digital literacy, and seed capital, meeting them where they live and work, and walking with them on their journey to economic independence.

The first cohort in Kano set the tone for the year. About 5,000 women were trained in food processing and foundational digital skills and deliberately organized into groups to promote peer-driven growth, savings discipline, and long-term sustainability. Beyond immediate livelihood support, 100 women were awarded presidential scholarships for a one-year advanced digital skills programme, opening pathways to income opportunities far beyond the programme's initial scope. To date, Wema Bank has sustained a strong focus on building women's capacity through targeted initiatives such as technology, management and vocational trainings, business clinics etc, reaching 60,852 women and youth across multiple regions and equipping them with practical skills to scale in today's modern economy.

Building on this foundation, our focus expanded to capacity building at scale.

In May 2025, we launched the SMEDAN-Wema Capacity Building Programme, designed to combine enterprise education with formal financial access on a national scale. The response was overwhelming. To date, over 80,000 MSMEs have registered, with 45,000 financially included, making this one of our largest SME inclusion programme. The programme reinforced both our ambition and our execution capability, delivering scale without compromising intent. This commitment was further solidified through the disbursement of over N40 million in grants in the last 3 years

specifically targeted at women-led SMEs and youth, providing the critical capital needed to transform these trainings into tangible enterprise.

Momentum continued at the sub-national level. On 1 October 2025, we commenced a state partnership with the Katsina State Government. Within weeks, over 35,000 MSMEs registered, and 15,000+ were financially included, demonstrating our ability to deploy repeatable, scalable inclusion frameworks while remaining responsive to local realities.

## 2. Accelerator Programs

Beyond our large-scale national and state programmes, we also deepened inclusion through specialised accelerators and empowerment initiatives targeted at women and young entrepreneurs in the creative and technology sectors. The Creative Class, a 12-week creative business accelerator proudly supported by Wema Bank and SARA, equipped emerging and early-stage entrepreneurs in Africa's fashion ecosystem with business modelling, mentoring, pitch readiness, and masterclasses delivered by faculty from Nigeria, the UK, Kenya, and the US. Four outstanding participants Enya Takon, DIMEJILORI, Lafyaa Labs, and Renikeji, received grants ranging from N250,000 to N750,000 to scale their ventures. In a similar effort to broaden women's participation in the digital economy, the Transitioning to Tech for Women programme continued into 2025, selecting 20 alumni to pitch their ventures, with nine women entrepreneurs each receiving N1,000,000 in grant funding.

We further expanded the reach of our empowerment efforts through the SheCan Do More Conference, sponsored by SARA by Wema and attended by over 8,000 women across Nigeria. Featuring keynote contributions from leading voices, including Ayodele Olojede, Omoli Oboli, Dr. Stella Okoli, Grace Ofure, and others, the programme inspired and equipped women across sectors such as tech, aviation, engineering, and agriculture. Out of 86 entries for the SARA/SheCan business pitch, 10 entrepreneurs were shortlisted, and three female-led businesses emerged winners, receiving N2 million in grant funding to scale their ideas. These initiatives reinforced our commitment to building capability, unlocking opportunity, and ensuring women and youth have the tools, networks, and confidence to thrive in high-growth sectors.

However, 2025 was not only about reach, it was also about depth, sustainability, and market leadership.

## 3. Access to finance

Alongside our impact and capacity-building efforts, we executed a focused value-chain growth strategy that delivered strong commercial outcomes. Through targeted engagement across distributors and retailers, we grew Wema Bank's market share in the cement value chain from 2.8% in 2024 to 10% in 2025. This expansion reflected a deliberate shift toward ecosystem-led banking, financing businesses not in isolation, but as interconnected participants within functional supply chains.

Supporting this growth was a strong emphasis on product innovation. During the year, we developed and deployed tailored credit and digital solutions to address working capital gaps, improve transaction efficiency, and strengthen visibility across supply-chain ecosystems. We also deployed best-in-class SME toolkit solutions that improve operational efficiency, reduce turnaround time, and simplify key business tasks such as cash management, bulk transfers, and bookkeeping allowing business owners to focus on higher-value activities that drive growth. These solutions drove measurable adoption and reinforced Wema Bank's positioning as a bank that understands how MSMEs actually operate.

Underpinning all our impact and capacity-building was a strong commitment to providing capital at scale. In 2025, we disbursed N248bn in loans to MSMEs across various sectors of the economy. These facilities supported working capital needs, asset acquisition, trade financing, and value chain participation, enabling businesses to stabilise operations, expand capacity, and respond effectively to market demand. Importantly, lending was delivered alongside advisory

support, digital tools, and ecosystem linkages, ensuring that capital translated into productivity, resilience, and sustainable growth rather than short-term liquidity. This approach reinforced Wema Bank's position as a partner in enterprise development, not just a provider of credit.

Access to finance was never treated as an end in itself. We recognised early that capital must be matched with opportunity for businesses to grow sustainably. As a result, we deliberately moved beyond a linear approach, advancing market access alongside capacity building so MSMEs could learn, trade, and grow simultaneously. This ensured that businesses were not only trained and financially included, but actively connected to demand, buyers, and structured commercial ecosystems that support long-term growth.

### **Market Access**

In 2025, we deepened our partnerships with private-sector conveners and ecosystem players to deliver structured access-to-market platforms, connecting over 150,000 buyers to more than 3,500 women-led and MSMEs across major cities in Nigeria, Ghana, Dubai and the United Kingdom. Through these interventions, participating businesses collectively achieved over US\$9 million in sales, demonstrating the tangible commercial value of intentional market access programmes. Thanks to the momentum and value generated through our market access programs, we have seen a significant increase in demand for our SME toolkit solutions, particularly with the POS devices experiencing an 83% growth in requests and deployment between 2022 and 2025.

Complementing these physical platforms, we leveraged our "SARA Saturday" episodes to amplify this impact. These series have become a vital showcase for women entrepreneurs, with many testifying to the significant boost in business visibility and brand recognition they gained through the spotlight provided by the SARA Saturdays series.

For many MSMEs, these platforms represented a critical transition, from informal sales to structured trade, exposing them to the quality standards, pricing frameworks, volume expectations, and compliance requirements needed to scale sustainably.

Beyond trade outcomes, the market access programmes were deliberately designed to deliver community-level and social impact. In alignment with our gender and inclusion priorities, we provided over 1,500 SARA Health Plans and facilitated free health screenings for more than 800 individuals, delivered in partnership with Mobi Health. To date, health screenings conducted across the fairs exceed 3,500 individuals, reinforcing our holistic approach to empowerment.

From a financial inclusion perspective, these programmes also served as onboarding and engagement channels. Over 461k individuals were introduced to formal financial services. To sustain engagement beyond the events, we deployed a monitoring dashboard to enhance transaction visibility, customer engagement, and post-event follow-through. All market access interventions were underpinned by structured capacity building, ensuring MSMEs were not only visible but truly market ready. Alongside large-scale partnerships, we delivered a calendar of business webinars and clinics focused on goal setting, operational diagnostics, tax compliance, and digital adoption, including the practical integration of AI into business and lifestyle.

Throughout the year, our voice remained consistent. From February to December 2025, we delivered 11 editions of the SME Newsletter, reaching an average of 110,000 recipients monthly. The content focused on business management, tax reforms, governance, and building legacy businesses, reinforcing Wema Bank's role as a trusted partner in enterprise growth.

In parallel, commemoration programmes were used deliberately as impact platforms rather than symbolic events. Through participation in nationally and globally recognised observances focused on women, MSMEs, and entrepreneurship, we amplified conversations around inclusion, resilience, and enterprise development. These

platforms spotlighted women and youth-led businesses, deepened engagement with ecosystem partners and policymakers, and translated advocacy into tangible outcomes.

Taken together, 2025 tells a clear story.

A story of scale with purpose.

Of impact that leads to capacity.

Of capacity that unlocks markets.

And of a bank that understands sustainable MSME growth requires more than capital, it requires presence, knowledge, and trust.

This is the SME at Wema Bank.

And this is inclusive growth in action.

# Compliance Risk Framework

At Wema Bank, the **Compliance and Conduct Department** plays a pivotal role in achieving the Bank's compliance objectives by implementing programs that identify potential risks, deter misconduct, and minimize exposure to regulatory penalties.

The dynamic regulatory landscape driven by global and local efforts to combat **Money Laundering, Terrorist Financing, and the proliferation of weapons of mass destruction**, alongside updates on sanctioned individuals and entities underscores the need for structured and formal monitoring of compliance with legal, regulatory, and supervisory requirements.

Significantly, **Nigeria's removal from the FATF grey list** marks a major milestone for the country and its financial institutions. This achievement reflects strengthened AML/CFT/CPF frameworks and offers tangible benefits, including:

- **Enhanced international reputation**, improving investor confidence and cross-border business opportunities.
- **Reduced compliance friction** in global transactions, lowering correspondent banking risks.
- **Greater trust from regulators and partners**, positioning Nigerian banks as credible players in the global financial system.

Wema Bank remains committed to sustaining this progress by embedding robust compliance practices that align with evolving regulations and global standards.

## Our Compliance Risk Framework is anchored on the following core principles and practices:

1. **Employee Responsibility and Culture:** Every employee is accountable for upholding compliance standards, supported by robust systems and processes that reinforce a culture of integrity.
2. **Regulatory Adherence:** Full compliance with both the letter and spirit of regulatory requirements, ensuring these standards are embedded across all operational processes.
3. **Leadership Accountability:** Senior management maintains visibility and accountability in fostering and sustaining a strong compliance culture throughout the Bank.
4. **Regulatory Engagement:** Active collaboration with regulatory authorities and participation in industry forums to uphold and advance high compliance standards across the organization.

The Compliance function reports are provided monthly to the management through the Management Risk Committee (MRC) and Quarterly to the Board of Directors through the Board Risk Management Committee (BRMC) by the Chief Compliance Officer (CCO), ensuring independent oversight and alignment with governance expectations.

**The Compliance Risk Management Framework** employs a comprehensive set of methodologies to assess the effectiveness of the Bank's compliance program. These include compliance monitoring and testing, customer risk assessments through KYC reviews, structured reporting and escalation processes, targeted training initiatives, and operational risk evaluations.

The **Compliance and Conduct Department**, under the supervision of the **Chief Compliance Officer (CCO)**, is responsible for implementing the Compliance Risk Management Framework. The Department provides compliance planning and reporting, as well as specialist advisory support to business and operational units, acting as trusted advisor.

To ensure effective oversight, the Department operates a Cluster Compliance structure, whereby each Cluster Compliance Officer is tasked with implementing regulatory initiatives and ensuring adherence to internal policies within their respective clusters.

## Key components of the Compliance framework:

### Board and Management Responsibilities

The overall responsibility of establishing broad business strategy, significant policies and understanding significant risks of the bank rests with the Board of Directors. In Wema Bank, through the establishment of Board Risk & Management Committee (BRMC), the Board of Directors oversees the effectiveness and sets the risk acceptance criteria of the AML/CFT/CPF programme and compliance to internal policies.

The Bank's Management sets a strong compliance culture within the bank, with governance & guidance from the Board of Directors. The Executive Committee (EXCO) puts in place approved policies and procedures to identify, measure, monitor and control risks. The Bank has a Compliance structure, which assigns clear responsibility, authority, and reporting relationships among members of staff. The Management, through its monthly Management Risk Committee (MRC) monitors the adequacy and effectiveness of the Compliance function based on the bank's established policies & procedures.

The Chief Compliance Officer and Chief Financial Officer regularly attests to returns to the Security and Exchange Commission (SEC), Central Bank of Nigeria (CBN), other regulatory bodies and the public.

### Reports to Senior Management and the Board of Directors

Compliance issues and risks identified in the financial environment are discussed at the Board and Management Risk Committee meetings as detailed below:

- Management Risk Committee – Monthly
- Board Risk & Management Committee – Quarterly
- Statutory Audit Committee – Quarterly
- Board Audit Committee – Quarterly

Critical emerging issues requiring immediate attention are promptly reported to Management and Board.

### Cooperation with Regulators and Law Enforcement Agencies

Wema Bank will continually cooperate with the law enforcement agencies within the limits of the rule governing confidentiality. The Bank shall comply promptly with all requests made pursuant to the provisions of relevant AML/CFT/CPF laws and regulations.

Compliance and Conduct Department serves as a liaison office between the bank and regulators and a point of contact for all employees on issues relating to money laundering, terrorist financing and proliferation of weapons for mass destruction.

### Customer Due Diligence (CDD)

Wema Bank ensures that due diligence and proper KYC practices are carried out on prospective and existing customers. All parties to a business are properly identified before relationships are established. At Wema Bank PLC, the level of KYC carried out is determined by the level of risk associated with the customer. High risk customers are subjected to Enhanced Due Diligence (EDD).

### Risk Recognition and Assessment

Wema Bank recognizes and assesses all risks (internal and external factors) that can adversely affect the achievement of the bank's goals and business objectives. The risk assessment by the bank focuses on the review of business strategies to maximize risk/reward trade-off within the different areas of the bank. This is based on compliance with regulatory requirements, social, ethical, and environmental risks that affect the banking industry.

**Customer Identification Program (CIP)**

A business relationship with Wema Bank will NOT be established until the identity of the potential customer is satisfactorily established. Where a customer declines to provide any account initiation information, the relationship will NOT be established.

**Politically Exposed Persons (PEPs)**

In accordance with regulatory requirements, Wema Bank conducts risk assessments on Politically Exposed Persons (PEPs) and classifies them based on the level of risk they pose. Prior approval from Senior Management (General Manager or above) is mandatory before opening such accounts and for maintaining relationships where an existing customer becomes a PEP. Given the unique nature of PEP transactions, these customers and their activities are subject to continuous monitoring. This approach ensures effective mitigation of money laundering and terrorist financing risks and upholds strict compliance with regulatory policies and FATF recommendations.

**Preservation of Customers' Records**

In compliance with applicable laws and regulations, Wema Bank retains all customer documents and transaction records for the duration of the business relationship and for a minimum of five (5) years after the severance of business relationship with the Bank.

**Compliance Training (AML/CFT/CPF & Compliance to Internal Policies)**

In recognition of the critical roles played by employees, senior management, and the Board of Directors in combating money laundering, terrorist financing, and the proliferation of weapons of mass destruction, the Bank conducts formal AML/CFT/CPF and other compliance-related training sessions for all staff, senior management, and Board members at least once annually. In addition, supplementary training and awareness initiatives are delivered through the Bank's intranet, informational nuggets, and Knowledge Sharing Sessions (KSS). The proficiency of employees in these areas is periodically assessed, and the results form an integral component of their performance appraisal.

**Whistle Blowing/Employees' Responsibilities**

All employees are responsible for complying with the Bank's policy on whistle blowing. Employees having information on any prohibited, unlawful act or unethical activity affecting the Bank must promptly report via our robust whistle-blowing system. This also enables our external stakeholders to report unethical activities.

To assure all Wema Bank stakeholders of the confidentiality and anonymity of reported concerns, Wema Bank maintains an outsourced whistleblowing service managed by an independent party (Deloitte). This platform provided for raising concerns is branded Tip-offs Anonymous (TOA).

The whistle blowing reports are received by the Head, Investigation Team, Chief Audit Executive, Chief Human Resource Officer, and Chief Compliance Officer of the Bank through the independent party (Deloitte). This enables the Bank to take measures to address such reports before they escalate into future liabilities, business threats and losses. The whistle blowing policy protects the whistle blower from any reprisal for reporting unlawful or unethical acts. Employees have been trained via various platforms (such as e-learning, face-to-face etc.) on how to report contraventions without their identity being revealed.

Whistleblowing reports can be made using any of the following Deloitte TOA reporting channels.

Toll free hotline: 0800TIPOFFS (0800 847 6337)

Web Portal: <https://tip-offs.deloitte.com.ng/>

E-mail: [tip-offs@deloitte.com.ng](mailto:tip-offs@deloitte.com.ng)

**Anti-Bribery and Corruption**

Wema Bank Plc remains firmly committed to the highest standards of ethics, integrity, and professional conduct. In line with our zero-tolerance stance on bribery and corruption, the Bank continues to strengthen staff awareness, promote responsible decision-making, and reinforce a culture that rewards transparency while discouraging improper practices. The Bank maintains an approved Anti-Bribery and Corruption Policy which sets out clear obligations for employees, directors, and third parties, and is supported by ongoing training, declaration requirements to ensure adherence to applicable laws, regulations, and internal standards.

**Role of Internal Auditors in Evaluating AML/CFT/CPF & Compliance to Internal Policies.**

The Internal Audit function provides independent and objective recommendations regarding the strengths and weaknesses of the Bank's AML/CFT/CPF and overall internal compliance programs. It conducts thorough examinations of the Bank's records and transactions, assessing the adequacy of accounting and disclosure policies as well as the methodologies applied in financial estimations. In addition, the Internal Audit function performs a bi-annual review to evaluate the effectiveness of the Bank's AML/CFT/CPF framework.

# Customer Complaints Management and Feedback

## Overview

In 2025, Wema Bank Plc consolidated its complaint management framework as a core element of enterprise risk management, customer protection, and brand trust. The year marked a deliberate shift from volume-driven resolution reporting to outcome-based service assurance, with a stronger emphasis on root-cause elimination, regulatory alignment, and maintaining customer confidence.

During the reported period, the Bank transitioned to an AI-driven contact centre to handle complaints for non-voice channels, implementing practical use cases that deliver an excellent experience and exceed customers' expectations. Notably, this shift from voice to non-voice channels in 2025 is an indication of customer trust and confidence in terms of speedy response and first contact resolution (FCR) of complaints.

At the end of 2025, the SLA compliance for the Head Office SBUs stood at 83.55%. This is a significant improvement YOY when compared to the compliance ratio of 77.70% for the 2024 FY. These statistics not only imply that complaints escalated to the 2nd level support teams are receiving quicker resolution, but the speedy completion of tasks on 1st time basis by strategic business units is also reducing the number of non-transaction-related complaints generated by the Bank.

The full implementation of our Fraud Management tool in 2025 was achieved. This helped to substantially curb fraudulent transactions and reduce loss of customer funds. The go-live of this tool further boosted customer trust, with associated complaints resolved within 26 minutes.

The Contact Centre handled **818,312** complaints coming into the bank. The overall resolution of these complaints was **99.05%**, while the resolution within SLA was **90.03%**. This indicates a strong intent in not only resolving customer complaints but also within the defined SLAs.

As we go into 2026, we have set in motion plans to expand our AI use cases, to ensure robustness and accommodate more complaint categories. This would further improve the experience of customers, especially those who have experienced service failures in the past.

The recently released 2025 KPMG Banking Industry Customer Experience (BICX) ranking revealed an exponential leap from our erstwhile 7<sup>th</sup> position to 2<sup>nd</sup> position in the Retail Segment, and a marginal dip from 2<sup>nd</sup> position to 3<sup>rd</sup> position in the SME Segment of the survey. While these reflect a respectable performance, our goal is to become the No.1 Service Brand in Nigeria within the next 3 years.

### Complaints Intake and Resolution Profile

All complaint handling activities were executed in strict compliance with the Central Bank of Nigeria (CBN) Consumer Protection Framework, with enhanced governance structures to ensure fairness, transparency, timeliness, and traceability across the complaint lifecycle.

Description	Number of Complaints		Total Amount Claimed		Amount Refunded	
	2025	2024	2025	2024	2025	2024
Pending Complaints B/F	11,372	9,974	449	10,843	N/A	N/A
Received Complaints	1,187,878	783,461	2,127,108	17,964	2,126,988	17,515
Resolved Complaints	1,191,354	780,063	2,126,988	28,358	2,126,988	17,515
Unresolved Complaints escalated to CBN for Intervention	N/A	N/A	N/A	N/A	N/A	N/A
Unresolved Complaints pending with the bank C/F	7,896	11,372	569	449	N/A	N/A

The **table** above shows the total number of complaints and claims received at the end of the Financial Year 2025 compared to 2024.

During the year under review, the Bank resolved **over 99% of all complaints handled**, including backlog items brought forward from prior periods. The closing pending position declined by **44%**, reflecting improved case velocity, tighter escalation controls, and enhanced inter-departmental accountability.

The increase in complaints received was driven primarily by improved reporting visibility across digital channels, greater customer confidence in escalation mechanisms, and expanded engagement touchpoints rather than service deterioration.

### Service Quality and Regulatory Assurance

Complaint handling performance improved materially across key service quality indicators:

- **Resolution Within SLA** increased to **91%**, reflecting strengthened internal controls and clearer ownership across resolution stages.
- **Regulatory Escalations** reduced by **45.6%**, indicating more effective first-level resolution and early intervention mechanisms.
- **Customer Satisfaction (CSAT)** rose to **81%**, underscoring improved empathy, communication clarity, and resolution effectiveness.

These outcomes demonstrate a maturing complaint management environment focused on prevention, early detection, and sustainable service recovery rather than reactive firefighting.

## Operational Control and Digital Enablement

In 2025, Wema Bank deepened the operational resilience of its customer engagement infrastructure to support scale, reliability, and consistency:

- Migration of core customer interaction platforms to a cloud-based environment improved system availability and reduced service disruption risks.
- Deployment of intelligent automation and AI-enabled chat interfaces accelerated first-contact resolution for low-complexity complaints.
- Advanced ticket routing and workflow automation reduced manual handling and improved turnaround times across telephone, email, and social media channels.

Operational performance indicators recorded during the year include:

- Average call wait-time of **36 seconds**
- Call abandonment rate maintained at **9.1%**
- Average email response time of **under 3 hours**
- Social media response time consistently maintained below **45 minutes**

## Governance, Oversight, and Root-Cause Management

Beyond resolution metrics, the Bank strengthened governance structures around complaint analysis and systemic risk reduction:

- Centralized complaint analytics enabled trend identification and escalation of recurring issues for corrective action.
- Periodic management reviews ensured that complaint insights informed process redesign, product enhancements, and staff training priorities.
- Enhanced audit trails and documentation standards improved transparency and regulatory defensibility.

These measures reduced repeat complaints and strengthened confidence among regulators and customers alike.

## Financial and Strategic Impact

The improvements recorded in complaint management delivered tangible business value:

- Cost efficiency gains were achieved through automation and reduced rework.
- Customer retention improved, preserving deposit value and long-term relationship equity.
- Brand trust strengthened, supporting organic customer acquisition and engagement growth.

Complaint management continued to function not merely as a service obligation but as a strategic lever supporting profitability, risk mitigation, and sustainable growth.

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

## Outlook

Building on the progress achieved in 2025, Wema Bank remains focused on further embedding preventive service controls, expanding intelligent self-service capabilities, and deepening data-driven decision-making in complaint management. These initiatives are expected to further reduce complaint volumes, improve service consistency, and reinforce the Bank's position as a trusted, customer-centric financial institution.

# Chairman's Statement

## Introduction

### For the Year Ended December 31, 2025

Distinguished Shareholders, Ladies and Gentlemen,

It is my pleasure to welcome you to Wema Bank Plc's Annual General Meeting and to present the Chairman's Statement for the year ended December 31, 2025. On behalf of the Board of Directors, I thank you for your continued trust, loyalty, and unwavering support of our Bank.

The year 2025 was particularly significant for Wema Bank, as we marked our 80th anniversary on May 2, 2025. This milestone provided an opportunity not only to celebrate eight decades of resilience and service but also to reaffirm our commitment to building a future-ready institution that continues to deliver value to shareholders, customers, employees, and the Nigerian economy.

As Nigeria's oldest surviving indigenous bank, our longevity remains a powerful testament to the strength of our governance, strategy, and people.

## Global and Operating Environment

The global economy in 2025 continued to face heightened uncertainty, shaped by persistent geopolitical tensions, inflationary pressures, and ongoing structural adjustments in major economies. Conflicts in Eastern Europe and the Middle East sustained volatility in energy and commodity markets, while trade fragmentation and protectionist tendencies continued to weigh on global commerce and capital flows.

Although inflation moderated in some advanced economies, global monetary conditions remained relatively tight, with elevated interest rates constraining liquidity and investment appetite, particularly in emerging and frontier markets. At the same time, rapid advancements in digital technology, artificial intelligence, and automation continued to reshape business models and redefine competitive advantage across industries, including financial services.

Sustainability considerations also remained central to global policy and corporate strategy. Climate-related risks, regulatory expectations, and the transition to greener economies increasingly influenced capital allocation decisions, presenting both challenges and opportunities for forward-looking institutions.

## Nigerian Economy and Banking Sector Review

The Nigerian economy recorded modest growth in 2025, supported by continued policy reforms, gradual improvement in foreign exchange market dynamics, and increased investor confidence. Provisional data indicate that real GDP growth remained above 3% during the year, broadly consistent with the momentum recorded in the preceding year, reflecting resilience across key sectors of the economy.

Inflationary pressures, which remained elevated for much of the year, peaked earlier in 2025 before showing signs of moderation toward the latter part of the year, driven by the cumulative impact of tight monetary policy, foreign exchange reforms, and improved supply-side conditions. This moderation provided some relief to households and businesses, although price levels remained a key macroeconomic challenge.

In response to easing inflationary trends and improving macroeconomic signals, the Central Bank of Nigeria (CBN) cautiously adjusted its monetary policy stance once toward the end of the year, marking an important signal of stabilization after an extended period of tightening. Nevertheless, overall financial conditions

remained relatively tight, with funding costs and liquidity management continuing to shape banking sector operations.

A defining feature of the year was the continued implementation of the CBN's banking sector recapitalization programme, aimed at strengthening the resilience, scale, and capacity of the financial system. This reform reinforced the need for robust capital buffers, sound governance, and sustainable business models across the industry.

### Financial Scorecard

The Bank recorded a strong improvement in performance, with Gross Earnings growing by 52.79% from ₦432.34 billion in FY 2024 to ₦660.59 billion in FY 2025. Profit Before Tax (PBT) rose by 116.42% to ₦221.85 billion from ₦102.51 billion in FY 2024, while Profit After Tax (PAT) increased by 125.36% to ₦194.46 billion from ₦86.29 billion recorded in the prior year.

Total Deposits expanded by 30.34% to ₦3,289.53 billion as of FY 2025, up from ₦2,523.82 billion in FY 2024, reflecting sustained growth in the Bank's retail deposit drive. Total Assets stood at ₦5,072.30 billion as of FY 2025, representing a 41.48% increase over the previous year. Loans to customers also grew significantly by 44.68%, closing the year at ₦1,737.93 billion compared to ₦1,201.21 billion in FY 2024.

The Wema and ALAT brands continue to enjoy strong public acceptance and increasing market relevance, supporting the Bank's earnings growth of 52.79% year-on-year. Earnings per share closed at 712.80 kobo, while asset quality improved, with the Non-Performing Loan (NPL) ratio declining to 4.90% from its FY 2024 level.

### Our Strategic Focus

The Bank continues to execute its Top Tier in Three (TTT) strategy, a clearly defined growth plan designed to propel Wema Bank into its next phase of institutional development. 2026 marks the third year of execution of this strategy.

The strategy is firmly aligned with the Bank's long-term aspiration to achieve its scale ambitions and become a Systemically Important Bank. Execution remains anchored on disciplined growth, strong governance, and sustainable value creation for shareholders.

In addition, the Bank remains firmly committed to maintaining leadership in digital banking, while deliberately expanding its corporate and commercial banking franchises to enhance relevance across key sectors of the economy and selected international corridors.

In summary, the Bank's strategic focus remains centred on the following priorities:

1. Sustaining strong capital adequacy following the successful completion of the recapitalization programme.
2. Strengthening core financial performance metrics as the Bank progresses toward Systemically Important Bank (SIB) status.
3. Driving innovation and deepening leadership in digital banking, delivering seamless and secure customer experiences.
4. Enhancing operational efficiency, governance, and risk management frameworks to support long-term stability.
5. Scaling corporate and commercial banking capabilities to better serve clients locally and globally.

## Our Achievements

The Bank's performance in 2025 reflects resilience, disciplined execution, and the tangible progress of our growth agenda despite a challenging macroeconomic and regulatory environment.

Key achievements for the year include:

1. **Successful Capital Raise:** The Bank completed its ₦200 billion capital raise, comprising a ₦150 billion Rights Issue and a ₦50 billion Private Placement, significantly strengthening our capital base and positioning the Bank to meet regulatory requirements well ahead of schedule.
2. **Shareholder Value Creation:** Wema Bank delivered strong equity market performance, emerging as one of the best-performing stocks on the Nigerian Exchange in 2025, demonstrating market confidence in our strategy and execution.
3. **Digital Innovation and Leadership:** Our digital platforms continued to drive growth and enhance customer experience:
  - The development and deployment of the ALAT Xplore app (An app for teenagers).
  - ALAT Pay strengthened our payments capabilities, enabling faster, more convenient, and secure transactions.
  - ALAT 2.0, the upgraded version of our flagship digital platform, was successfully launched, offering enhanced functionality, scalability, and user experience.
4. **Industry Recognition:** Wema Bank was named Commercial Bank of the Year at the 2025 Nairametrics Capital Market Choice (NCCM) Awards, recognizing our strong financial performance, consistent returns to shareholders, and sustained value creation.
5. **Customer-Centric Growth:** Across retail, SME, and corporate banking, the Bank delivered innovative solutions and seamless service experiences, reinforcing our position as a customer-first, digital-first bank.

These achievements demonstrate Wema Bank's resilience, operational excellence, and market leadership, providing a solid foundation for sustained growth and value creation in the years ahead.

## Capital Raise Update

I am pleased to inform shareholders that Wema Bank successfully completed its ₦200 billion capital raise during the year, in full alignment with the CBN's recapitalization directive and shareholder approvals:

This comprised:

- ₦150 billion Rights Issue, and
- ₦50 billion Private Placement.

The successful completion of this capital raise reflects strong investor confidence in the Bank's strategy, governance, and long-term growth prospects. The strengthened capital base positions Wema Bank to meet regulatory requirements comfortably, support business expansion, and enhance shareholder value.

## 2026 Outlook

As we enter 2026, Wema Bank remains well-positioned to navigate an evolving economic, regulatory, and technological landscape, leveraging the momentum achieved in 2025 and the strengthened foundation provided by the successful completion of our ₦200 billion capital raise.

The Nigerian economy is projected to grow moderately, with GDP expected to expand around 3.5% - 4.5%, reflecting continued resilience amid global uncertainties. Inflationary pressures, which moderated toward the end of 2025, are expected to remain under control, creating a more predictable operating environment for businesses and consumers. Key risks to monitor include:

- Oil price volatility, which may impact fiscal revenues and foreign exchange stability
- Insecurity and regional disruptions, potentially affecting business activity and investment
- Geopolitical uncertainties, including trade and capital flow dynamics that could influence investment and borrowing conditions
- Evolving workforce dynamics, requiring continued focus on attracting, developing, and retaining talent in a competitive environment

Against this backdrop, Wema Bank is focused on delivering sustainable growth, enhanced shareholder value, and superior customer experiences. Key priorities for 2026 include:

1. **Strengthening Core Financial Performance:** Building on strong 2025 results, the Bank will continue to enhance balance sheet resilience and asset quality, underpinned by disciplined risk management.
2. **Expanding Digital Leadership:** With the successful launch of ALAT 2.0, and continued growth of ALAT Xplore and ALAT Pay, the Bank will accelerate digital adoption, deepen ecosystem engagement, and drive innovation across retail, SME, and corporate segments.
3. **Operational Efficiency and Governance:** The Bank will continue to invest in technology-driven efficiencies, process optimization, and strengthened governance frameworks to support sustainable and scalable growth.
4. **Corporate and Commercial Banking Expansion:** Wema Bank will strategically grow its corporate and commercial banking presence, targeting sectors and geographies that enhance trade, investment, and economic development.
5. **Talent and Culture:** The Bank will continue to nurture a high-performance culture, focusing on developing and retaining top talent to support digital transformation and strategic objectives.

In summary, 2026 presents significant opportunities for Wema Bank to consolidate market leadership, deepen customer relationships, and deliver sustained value to shareholders, while navigating a dynamic operating environment with resilience, discipline, and innovation.



Dr. (Mrs) Oluwayemisi Olorunshola  
Chairman, Board of Directors  
FRC/2023/PRO/DIR/003/492710  
10 March 2026

# Managing Director/ CEO'S Statement

Dear Shareholders,

It is my privilege to welcome you to our 2025 Annual General Meeting and to present Wema Bank's performance for the financial year ended December 31, 2025. The year under review was one of significant transformations for our Bank, marked by disciplined execution, strengthened resilience, and accelerated progress across our strategic priorities.

Despite persistent macroeconomic pressures and evolving regulatory dynamics, Wema Bank delivered a year of strong momentum, sustained innovation, and strategic clarity. These achievements underscore the depth of our capabilities and our people's commitment.

Our digital banking franchise, ALAT, remained a central driver of growth, reinforcing its leadership position by delivering new, customer-centric features and deepening engagement across retail and SME segments.

## Strategic Direction

The year 2025 represented the second year of our "Top Tier in Three (TTT)" transformation strategy, and I am pleased to report that the Bank delivered notable progress across all priority areas. We advanced our digital play, deepened our corporate and commercial banking footprint, and enhanced operational efficiency and governance structures.

A major milestone in 2025 was the successful completion of our recapitalization efforts. In line with the Central Bank of Nigeria's revised capital framework, Wema Bank fully raised the required capital ahead of the 2026 deadline. This achievement reinforces the confidence of our shareholders and partners and strengthens our balance sheet to support future growth.

As we look ahead to 2026, our strategic priorities include:

- Leveraging our stronger capital position to scale growth across corporate, commercial, retail, SME, and digital segments.
- Strengthening financial performance across all areas as part of our long-term growth ambition.
- Sustaining digital innovation and driving further adoption of ALAT's emerging solutions.
- Enhancing operational efficiency and deepening governance structures.
- Expanding our regional and sectoral reach to better serve businesses and communities.

## 2025 Achievements

Despite a demanding operating environment, your Bank recorded significant milestones during the year:

- **Full Compliance with CBN Recapitalization Requirements** - Wema Bank successfully completed all capital-raising initiatives in 2025, ensuring full compliance well ahead of the 2026 deadline. This positions the Bank for accelerated growth and deeper market penetration.
- **Digital Innovation Through ALAT** - ALAT remains at the forefront of our digital strategy. New enhancements such as ALAT xplora and ALAT Pay drove stronger customer activity, improved engagement, and reinforced our leadership in Nigeria's digital banking landscape. A revolutionary ALAT 2.0 app will also be launched in 2026.
- **Recognition as Commercial Bank of the Year** - Wema Bank won the Commercial Bank of the Year award at the Nairametrics Capital Market Choice (NCCM) Awards 2025. The award recognized the bank's strong financial performance, consistent returns to shareholders, and value creation.

- **Best Performing Banking Stock 2025** - Wema Bank delivered strong equity market performance, emerging as one of the best-performing stocks on the Nigerian Exchange in 2025, demonstrating market confidence in our strategy and execution.

### Looking Ahead to 2026

As we enter 2026, Wema Bank stands stronger, better capitalized, and strategically positioned for sustainable growth. With our recapitalization behind us and our transformation agenda in full motion, we are poised to unlock new opportunities and deliver superior value to all stakeholders.

Our commitment remains unwavering:

- To deliver strong returns to shareholders
- To offer exceptional experiences to customers
- To uphold the highest standards of governance
- To drive innovation that shapes the future of financial services
- To create a positive impact in the communities we serve

We deeply appreciate your continued trust and support, which remains central to our success.

Together, we look forward to a new year of progress, innovation, and shared value.

Sincerely,



Moruf Oseni

**Managing Director/CEO**

FRC/2013/NIM/00000002114

10 March 2026

## Directors' Report

The Board of Directors of Wema Bank Plc. ("the Bank") is pleased to present the annual report, offering a comprehensive overview of the activities undertaken by the Bank and its Special Purpose Vehicle (SPV), collectively referred to as "the Group." This report incorporates the audited consolidated and separate financial statements, alongside the independent auditor's report, for the financial year ended 31 December 2025.

### a. Legal Form

Wema Bank Plc was duly incorporated in Nigeria on May 2, 1945, as a private limited liability company pursuant to the Companies Act of 1922. In April 1987, the Bank transitioned to a public limited company, and its shares were subsequently listed on the Nigerian Exchange Group Plc (formerly known as the Nigerian Stock Exchange) in February 1991. The Bank was granted a universal banking license by the Central Bank of Nigeria in January 2001. During the industry-wide consolidation exercise, the Bank successfully completed the acquisition of National Bank of Nigeria Plc. in December 2005. Presently, the Bank operates as a commercial bank with national authorization under the revised licensing and recapitalization framework established by the Central Bank of Nigeria.

### b. Principal Activity

The principal activity of Wema Bank Plc. is the provision of comprehensive banking and financial services to both individual and corporate clients. The Bank's offerings include lending operations, corporate finance solutions, and an extensive array of additional financial products and services.

Furthermore, the Bank maintains full ownership and control of its subsidiary, Wema Bank Funding SPV Plc., which was established expressly for the issuance of bonds. This strategic initiative is designed to support the Bank's working capital requirements, enhance liquidity, and strengthen its capital structure.

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

In thousands of Nigerian Naira	Group 31-Dec-25	Group 31-Dec-24	Bank 31-Dec-25	Bank 31-Dec-24
<b>Gross earnings</b>	<b>661,389,800</b>	<b>433,434,006</b>	<b>660,587,467</b>	<b>432,337,943</b>
Profit on ordinary activities before taxation	221,887,136	102,517,170	221,853,572	102,508,748
Taxation	(27,410,643)	(16,237,349)	(27,395,868)	(16,222,574)
Profit on ordinary activities after taxation	194,476,493	86,279,821	194,457,704	86,286,175
Profit attributable to equity holders	194,476,493	86,279,821	194,457,704	86,286,175
<b>Appropriation:</b>				
Transfer to statutory reserve	29,168,656	12,942,926	29,168,656	12,942,926
Transfer to/from regulatory risk reserve	26,697,195	(3,124,336)	26,697,195	(3,124,336)
Transfer to retained earnings	138,610,642	76,461,231	138,591,853	76,467,584
Regulatory Charge to SMEIS	1,796,618	-	1,796,618	-
Basic earnings per share	712.87	483.1	712.80	483.2

### c. Proposed Dividend

The Board of Directors proposes the declaration of a dividend derived from the Bank's earnings for the current financial year, underscoring the Bank's robust operating results. This recommendation is subject to ratification at the Annual General Meeting. In accordance with applicable regulatory guidelines, the dividend shall be distributed exclusively from the audited profits for the year ended 31 December 2025, and not from accumulated reserves. This approach is consistent with the Bank's established dividend policy and is designed to deliver continued value to shareholders.

Pursuant to the authority vested by Section 426 of the Companies and Allied Matters Act, 2020, the Directors recommend a dividend of 125 kobo per share, payable from retained earnings as at 31 December 2025, in full compliance with all regulatory requirements.

### Compliance with the CBN Circular on Dividend Payment

The proposed dividend payment complies with the requirements set forth in the CBN Circular on Internal Capital Generation and Dividend Payout Ratios.

The Directors hereby seek to pay dividend based on the following justifications:

- The Bank has substantially complied with all provisions of the CBN Circular on dividend payments and is not in breach of any regulatory requirements.
- The proposed dividend distribution will not have an adverse impact on any of the Bank's key financial ratios.
- The dividend proposal has undergone a thorough review and has been duly approved by the Board of Directors, following a comprehensive risk assessment and careful consideration of prevailing economic conditions.

### Fraud and Forgeries

Item	Count
No. Of Cases	1,489
Amount Involved (N)	7,187,455,858.34
Actual loss (N)	847,599,251.74
Amount Involved (\$)	6,850.00
Actual loss (\$)	2,550.00

FRAUD TYPE/CHANNEL	AMOUNT INVOLVED (N'000)	AMOUNT LOST BY THE BANK (N'000)	AMOUNT INVOLVED (\$)	AMOUNT LOST BY THE BANK (\$)	PERCENTAGE OF LOSS TO AMOUNT INVOLVED	PERPETRATORS	
						INTERNAL %	EXTERNAL %
INTERNET FRAUD	84,189,416.44	10,892,451.32	-	-	13%	0%	100%
MOBILE BANKING	20,318,504.54	750,328.11	-	-	4%	0%	100%
POS	69,491,981.95	929,200.00	-	-	1%	0%	100%
ATM	475,182.76	-	-	-	0%	0%	100%
WEB	84,090,752.65	17,894,037.70	-	-	21%	0%	100%
OPERATIONS & OTHERS	6,928,890,020.00	817,133,234.61	6,850.00	2,550.00	12%	87%	13%
<b>TOTAL</b>	<b>7,187,455,858.34</b>	<b>847,599,251.74</b>	<b>6,850.00</b>	<b>2,550.00</b>	<b>12%</b>	<b>14%</b>	<b>86%</b>

## Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2025 is as stated below:

Share Range	Number Of Shareholders	Shareholders %	Number Of Holdings	Shareholding %
1-1,000	150459	58.40	65,729,156	0.16
1,001-5,000	77944	30.25	165,970,419	0.41
5,001-10,000	12277	4.77	87,046,509	0.22
10,001-50,000	12760	4.95	271,835,935	0.68
50,001-100,000	1990	0.77	139,189,579	0.35
100,001-500,000	1601	0.62	333,796,450	0.83
500,001-1,000,000	288	0.11	201,308,782	0.50
1,000,001-5,000,000	220	0.09	487,080,919	1.21
5,000,001-10,000,000	30	0.01	220,200,741	0.55
10,000,001- 500,000,000	49	0.02	4,895,992,661	12.20
500,000,001-1,000,000,000	5	0.00	2,879,273,277	7.18
1,000,000,000 and Above	10	0.00	30,371,452,986	75.70
<b>TOTAL:-</b>	<b>257,633</b>	<b>100.00</b>	<b>40,118,877,414</b>	<b>100.00</b>

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

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

## Shareholding Structure / Free Float Status as at 31<sup>st</sup> December 2025

Shareholding Structure / Free float Status		
Shareholders	No of Ordinary Shares	% Holdings
Strategic Shareholding	22,651,066,717	56.46
Directors Direct Shareholding	11,885,095	0.03
Government Shareholding	2,497,595,839	6.23
Free Float	14,958,329,763	37.28
<b>Total</b>	<b>40,118,877,414</b>	<b>100.00</b>

Strategic Shareholding		
Name	Holding	Holding %
NEEMTREE LIMITED	11,872,844,847	29.59
SW8 INVESTMENT LTD	10,778,221,870	26.87
ODUA GROUP	2,497,595,839	6.23
<b>Total</b>	<b>25,160,547,651</b>	<b>62.69</b>

Directors Shareholding	Holding	Holding %
Oluwole Albert Ajimisinmi	4,648,096	0.012
Bakare Olukayode Moriwiyu	1,555,723	0.004
Tunde Mabawonku	4,014,610	0.010
Yusuf Kazaure	1,666,666	0.004
Olorunshola Oluwayemisi Christianah	-	0.00%
Moruf Abiola Oseni	-	0.00%
Abolanle Matel-Okoh	-	0.00%
Ibiye Asime Ekong	-	0.00%
Adefarakan Adeyemi Obalolu	-	0.00%
Okunowo Zubiedat Bolarin Folashade	-	0.00%
Segun Opeke	-	0.00%
Yewande Zaccheaus	-	0.00%
<b>Total</b>	<b>11,885,095</b>	<b>0.03</b>

Government Shareholding		
Name	Holding	Holding %
OYO STATE	206,228,000	0.51
OGUN STATE	617,287,035	1.54
OSUN STATE	347,935,627	0.87
FOUNTAIN	540,378,357	1.35
ODUA INVEST COY	785,766,820	1.96
<b>Total</b>	<b>2,497,595,839</b>	<b>6.23</b>

#### Declaration:

Wema Bank Plc. with a free float of 37.28% as at 31st December, 2025 is compliant with the Nigerian Exchange Limited's free float requirements for companies listed on the Main Board.

#### Substantial Interests in Shares

According to the Register of Members, as at 31 December 2025, the following shareholders held more than 5% of the issued share capital of the Bank:

S/N	NAME	HOLDING	% HOLDING	Representative on the Board
1.	NEEMTREE LIMITED	11,872,844,847	29.59	Abolanle Matel-Okoh & Yewande Zaccheaus
2.	SW8 INVESTMENT LTD	10,778,221,870	26.87	Adeyemi Adefarakan
3.	ODU'A INVESTMENT COY.	2,497,595,839	6.23	NIL

According to the Register of Members as at 31 December 2024, the following shareholders held more than 5% of the issued share capital of the Bank:

S/N	NAME	HOLDING	% HOLDING	Representative on the Board
1.	NEEMTREE LIMITED	6,057,090,218	28.25	Abolanle Matel-Okoh & Yewande Zaccheaus
2.	SW8 INVESTMENT LTD	3,659,582,311	14.90	Adeyemi Adefarakan
3.	PETROTRAB LIMITED	1,475,960,576	8.54	-
4.	ODU'A INVESTMENT COY.	1,834,403,127	8.56	Olusegun Adesegun

Aside from the above-named substantial shareholders, no other person(s) holds more than 5% of the issued and fully paid-up shares of the Bank.

### Directors' Shareholding

The following Directors of the Bank held office during the year and had direct and or indirect interests in the issued share capital of the Bank as recorded in the Register of Directors Shareholding as noted below:

DIRECTORS	Direct Holdings in 2025	Indirect Holdings in 2025	Direct Holdings in 2024	Indirect Holdings in 2024
Oluwole Ajimisinmi	4,648,096	-	2,788,858	-
Abolanle Matel-Okoh	-	11,872,844,847	972,669,052	6,057,090,218
Olusegun Adesegun*	-	2,497,595,839	-	1,834,403,127
Adeyemi Adefarakan	-	10,778,221,870	-	3,659,582,311
Yewande Zaccheaus	-	11,872,844,847	-	6,057,090,218
Tunde Mabawonku	4,014,610	-	1,805,166	-
Yusuf Kazaure	1,666,666	-	1,000,000	-
Olukayode Bakare	1,555,723	-	933,434	-
Moruf Oseni	-	-	-	-
Ibiye Ekong	-	-	-	-
Oluwayemisi Olorunshola	-	-	-	-
Bolarin Okunowo	-	-	-	-
Segun Opeke	-	-	-	-

\* Olusegun Adesegun retired from the Board in November 2025

- Abolanle Matel-Okoh has indirect holdings with Neemtree Limited
- Olusegun Adesegun has indirect holdings with Odua Group
- Adeyemi Adefarakan has indirect holdings with SW8 Investment Ltd
- Yewande Zaccheaus has indirect holdings with Neemtree Limited

### Directors' Interests in Contracts

For the purpose of Section 303 of the Companies and Allied Matters Act, CAP C20 LFN 2020, Mrs. Yewande Zaccheaus, a Non-Executive Director, had an indirect interest in a contract with the Bank during the year under review by virtue of her position as Chairman of Eventful Limited.

### Property and Equipment

Information relating to changes in property and equipment is given in Note 19 to the consolidated and separate financial statements. In the Directors' opinion, the net realizable value of the Group's properties is not less than the carrying value in the consolidated and separate financial statements.

## Donations

The Bank made contributions to charitable and non-political organizations amounting to **N243m** during the year as listed below:

DONATION 2025	
Beneficiary/Project	Amount
SUPPORT FOR REPATRATION OF NIG VICTIMS FROM GHANA	30,000,000
SUPPORT FOR INTL ROAD CRASH VICTIMS AFRICA CONFERENCE	25,000,000
SUPPPORT FOR LAGOS STATE SECURITY TRUST FUND	25,000,000
SUPPORT FOR THE 60TH ANNUAL BANKERS DINNER	24,422,183
SUPPORT FOR AKWA IBOM STATE SECURITY TRUSTFUND	20,000,000
SUPPORT FOR RESOURCE CENTER FOR THE BLIND	20,000,000
SUPPORT FOR KADUNA FINANCE SUMMIT 2025	15,000,000
SUPPORT FOR INTERNATIONAL BOYCHILD SUMMIT	15,000,000
SUPPORT TOWARDS WOMEN DEVELOPMENT	60,000,000
SUPPORT TOWARDS EDUCATION	5,000,000
SUPPORT TOWARDS CYBERSECURITY	4,000,000
<b>TOTAL DONATION</b>	<b>243,422,183</b>

# Shareholder's Bulletin

## Share Capital History

## Issued & Paid -up

Year	Authorised		Issued Share Capital (Increase)		Description	Total Issued Share Capital	
	No. of Shares	Amount N	No. of Shares	Amount N		No. of Shares	Amount N
1945	20,000	10,000	20,000		Initial Capital	20,000	10,000
1970	1,000,000	1,000,000	980,000		Private Issue	1,000,000	500,000
1974	8,000,000	4,000,000	4,600,000		Private Issue	5,600,000	2,800,000
1981	8,000,000	8,000,000	4,000,000		Private Issue	9,600,000	4,800,000
1987	25,000,000	25,000,000	14,400,000		Private Issue for cash	24,000,000	12,000,000
1988	-	-	8,000,000		Private Issue for cash	32,000,000	16,000,000
1989	-	-	8,000,000		Private Issue for cash	40,000,000	20,000,000
1990	100,000,000	50,000,000	16,000,000		Bonus: 2 for 5	56,000,000	28,000,000
1990	-	-	24,000,000		Public Issue for Cash	80,000,000	40,000,000
1991	160,000,000	80,000,000	20,000,000		Bonus: 1 for 4	100,000,000	50,000,000
1992	300,000,000	150,000,000	20,000,000		Bonus: 1 for 5	120,000,000	60,000,000
1993	-	-	80,000,000		Public Issue for Cash	200,000,000	100,000,000
1993	-	-	30,000,000		Bonus: 1 for 4	230,000,000	115,000,000
1995	600,000,000	300,000,000	46,000,000		Bonus: 1 for 5	276,000,000	138,000,000
1996	-	-	55,200,000		Bonus: 1 for 5	331,200,000	165,600,000
1997			68,217,200		Public Issue for Cash	399,417,200	199,708,600
1997	1,200,000,000	600,000,000	639,067,520		Bonus: 8 for 5	1,038,484,720	519,242,360
2000	2,000,000,000	1,000,000,000	311,545,416		Right Issue for Cash: 1 for 2	1,350,030,136	675,015,068
2002	2,500,000,000	1,250,000,000	207,696,944		Right Issue for Cash: 1 for 2	1,557,727,080	778,863,540
2003			778,863,540		Right Issue for Cash: 1 for 2	2,336,590,620	1,168,295,310
2003			778,863,540		Bonus: 1 for 3	3,115,454,160	1,557,727,080
2004			1,038,494,720		Bonus: 1 for 3	4,153,948,880	2,076,974,440
2004	5,000,000,000	2,500,000,000	5,000,000,000		Public Issue for Cash	9,153,948,880	4,576,974,440
2005			445,162,526		Bonus: 1 for 20	9,599,111,406	4,799,555,703
2005	721,519,546	360,759,773	721,519,546		National Bank for Conversion	10,320,630,952	5,160,315,476
2010	2,500,618,927	833,539,642	2,500,618,927		Special Placing	12,821,249,879	6,410,624,940
2012	913,907,131.00	-456,953,565.50	-913,907,131		Share Reduction	11,907,342,748	5,953,671,374
2013	40,000,000,000	20,000,000,000	26,667,123,333		Special Placing	38,574,466,081	19,287,233,041
2014	60,000,000,000	30,000,000,000	-			38,574,466,081	19,287,233,041
2021	60,000,000,000	30,000,000,000	-25,716,310,721		Share Reconstruction: 1 for 3	12,858,155,360	6,429,077,680
2022	40,000,000,000	20,000,000,000	-			12,858,155,360	6,429,077,680
2024			8,572,022,765		Right Issue: 2 for 3	21,430,178,125	10,715,089,063
2025	25,000,000,000	200,000,000,000 in two tranches- N150bn and N50bn	18,688,699,289		Rights Issue and Private Place Placement	40,118,877,414	20,059,438,707

## Remuneration Policy

### Mandate & Terms of Reference

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

### Objectives

This Policy outlines the criteria and procedures for determining the remuneration levels of the Bank's Directors, as well as the frequency of its review. It also defines the process for assessing Directors' compensation and rewards based on both corporate and individual performance.

### Purpose

Amongst others, this policy attempts to:

- i. Ensure remuneration is provided in a form that will attract, retain and motivate qualified industry professionals as Directors of a reputable bank.
- ii. Balance and align the remuneration of the Directors with the short-term and long-term elements of their tasks.
- iii. Align the interests of the Executive and Non-Executive Directors with the interests of the Shareholders and other stakeholders of the Bank; and
- iv. Ensure that remuneration reflects performance.

### Executive Directors' Remuneration Components

#### Fixed Remuneration

The fixed remuneration will be determined based on each director's role, taking into account factors such as their responsibilities, skills, experience, job complexity, performance, and the specific needs of the Bank at the relevant time.

#### Performance-Based Remuneration

The Remuneration, Nomination & Governance Committee shall determine a maximum percentage of performance-based remuneration relative to the fixed remuneration in line with the KPIs as defined by Executive Contract of the Executives.

#### Pension Schemes

Executive Directors are covered by defined pension contribution plans and the Bank remits both its percentage of the pension contributions and that of the Executive Director to the nominated Pension Managers every month.

#### Severance Pay

Executive Directors are entitled to Severance Pay as determined in their contracts of employment.

#### Other Benefits

Other benefits which may include medical insurance etc. are awarded on the basis of individual employment contracts and industry practice.

### Non-Executive Directors Remuneration Components

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

The components of Non-Executive Directors' fees include: an Annual Fee, Sitting Allowance, and Reimbursable Expenses incurred in the performance of their duties for the Bank. Directors' annual fees are paid in arrears. For 2024, the annual fee was N20,000,000.00 (Twenty Million Naira only) for the Chairman and N18,000,000.00 (Eighteen Million Naira only) for other Non-Executive Directors, gross per annum. The proposed annual fee for 2025, which remains at the 2024 level, will be presented for approval at the 2025 Annual General Meeting.

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

# Human Capital Management

As Nigeria's premier innovative financial institution, King Bank remains committed to cultivating a high-performance culture rooted in empowerment and professional excellence. By evolving our core Human Capital Management (HCM) functions, including talent acquisition, strategic learning, and performance optimization—we continue to transform traditional HR processes into a competitive advantage. Our overarching objective is to harmonize employee well-being with robust business performance, ensuring a workforce that is both personally fulfilled and professionally agile.

## Strategic Objectives & Performance Pillars

In 2025, the HCM Department focused on three primary pillars to drive long-term institutional value:

- **Strategic Talent Optimization:** Enhancing our recruitment and development frameworks to secure and nurture top-tier financial expertise.
- **Performance & Reward Alignment:** Refining compensation and benefits structures to drive productivity and ensure market competitiveness.
- **Holistic Employee Experience:** Implementing initiatives that foster engagement and support, positioning King Bank as an employer of choice.

## 2025 Retrospective

The following report details the key initiatives spearheaded by the HCM Department throughout the 2025 fiscal year. These interventions were designed to bridge the gap between human potential and organizational goals, reinforcing our leadership position within the Nigerian financial sector. Through these efforts, Wema Bank has solidified its commitment to an industry-leading employee experience, ensuring we remain resilient and future-ready.

## LEARNING & DEVELOPMENT (L&D): Strategic Capability Building

In 2025, Purple Academy transitioned from a training provider to a **strategic performance lever**, ensuring that our human capital investment directly correlates with business outcomes.

- Performance Engineering & Skill Alignment:** We institutionalized Individual Development Plans (IDPs) and a centralized Performance Tracker. This data-driven approach allowed **for targeted Performance Improvement Programs (PIPs)**, ensuring that L&D interventions address specific competency gaps.
- Leadership & Coaching Ecosystem:** We moved beyond classroom learning to a **1:1 Coaching Framework**. This initiative has institutionalized accountability among senior management, transforming leaders into "talent enablers" and ensuring a 70% increase in the immediate application of new skills.
- Strategic Talent Pipeline:** The Foundation School (Bankers-in-Training) was recalibrated to include specialized tracks for **Sales and Technology**, directly supporting the Bank's digital transformation and revenue targets.
- Governance & Global Benchmark:** The Academy's oversight by a Governing Council ensures strict alignment with corporate strategy. Our Gold recognition at the Global Corporate University Awards and ITF validation serve as external benchmarks for the quality and regulatory compliance of our learning frameworks.

## **TALENT NURTURING & SUCCESSION MANAGEMENT**

To mitigate "Key Man Risk" and ensure business continuity amidst a highly mobile talent market, the Bank intensified its talent mapping protocols.

- a. **Bench Strength Resilience:** Despite the 2025 "war for talent," we achieved a 75% backup ratio for line manager roles. This ensures operational stability and seamless leadership transitions.
- b. **Strategic Alignment with Retail Goals:** HCM actively partnered with the Retail Business team to align human capital with the ₦300bn PBT target and the acquisition of 7.5 million active accounts.
- c. **Future-Proofing through Internships:** The ALAT Summer Internship 3.0 focused on Tech and Marketing, creating an early-career pipeline of digital natives who are already culturally aligned with Wema Bank's innovative ethos.

## **EMPLOYEE ENGAGEMENT & CORPORATE CULTURE**

Engagement initiatives in 2025 were designed to enhance **Employee Value Proposition (EVP)** and promote institutional pride, which are critical for retention.

- a. **Cultural Cohesion & Diversity:** The launch of six Employee Resource Groups (ERGs) and the institutionalization of the DEI Charter have moved the Bank toward a more inclusive, high-belonging culture, which correlates with higher innovation rates.
- b. **Values-Driven Engagement:** The 10th anniversary of Wemalympics and our 4th consecutive win at the Nigeria Bankers' Games have become powerful tools for internal cohesion and external brand prestige, positioning Wema Bank as the "Employer of Choice" in the sector.

## **EMPLOYEE HEALTH, WELLNESS, AND RISK MITIGATION**

Our wellness strategy shifted toward **preventative care and operational efficiency**, recognizing that employee health is a direct driver of productivity.

- a. **Medical Readiness & Preventive Care:** Achieved a **95% participation rate** in annual medical screenings. This high engagement allows for early detection of health risks, potentially reducing long-term healthcare costs and absenteeism.
- b. **Innovative Policy Communication (Wema -Wood):** By digitizing HR policies into audio-visual content, we observed a **70% decline in policy-related escalations** regarding account monitoring, significantly reducing the administrative burden on HR and Compliance.
- c. **Ethics & Integrity Sensitization:** The Correctional Centre Visit Initiative served as a high-impact deterrent and a practical reinforcement of our Code of Conduct, strengthening our "zero-tolerance" culture regarding fraud and unethical behaviour.
- d. **Life-Stage Support:** The "Golden Age Era" initiative for staff aged 50+ and the "Elderly Healthcare" HMO benefit address the "sandwich generation" stress, ensuring our most experienced talent remains focused and emotionally connected to the Bank.

## CONCLUSION & 2026 OUTLOOK

The Human Capital Management function in 2025 successfully bridged the gap between people development and PBT delivery. We have moved beyond traditional HR metrics toward Strategic Human Capital Analytics, where every initiative—from coaching to medical drives—is assessed by its impact on the Bank’s resilience and bottom line.

In 2026, our focus will remain on scaling digital competencies and deepening our succession bench to ensure Wema Bank remains agile in an evolving financial landscape.

### Employee Gender Analysis

The number and percentage of women in the bank during the 2025 financial year vis-a-vis the total workforce is as follows:

	M	F	TOTAL	M	F
<b>Employee - Bank</b>	<b>1372</b>	<b>1132</b>	<b>2504</b>	<b>55%</b>	<b>45%</b>
<b>Board &amp; Top Management</b>					
Assistant General Manager	12	4	<b>16</b>	<b>75%</b>	<b>25%</b>
Deputy General Manager	5	1	<b>6</b>	<b>83%</b>	<b>17%</b>
General Manager	3	2	<b>5</b>	<b>60%</b>	<b>40%</b>
Executive Director	3	0	<b>3</b>	<b>100%</b>	<b>0%</b>
Deputy Managing Director	1	0	<b>1</b>	<b>100%</b>	<b>0%</b>
Managing Director	1	0	<b>1</b>	<b>100%</b>	<b>0%</b>
Non-Executive Director	2	5	<b>7</b>	<b>29%</b>	<b>71%</b>
TOTAL	27	12	<b>39</b>	<b>69%</b>	<b>31%</b>

## Customer Complaints Management and Feedback

The Bank recognizes the importance of customer patronage to the growth of its business and thus considers customer complaints and feedback as valuable information to improve its service delivery.

Wema Bank has continued to improve on its feedback channels to ensure timely and satisfactory resolution of complaints. In view of this, in addition to the Bank’s fully equipped state-of-the-art Contact Centre – Purple Connect, a Consumer Protection Unit was also created at the Head Office to resolve service issues as raised, without further delay. The available feedback channels in the Bank are listed below:

**Hotlines:** 08039003700, 01-2777700

**Email:** [purpleconnect@wemabank.com](mailto:purpleconnect@wemabank.com) SMS/WhatsApp: 07051112111

**Live Chat:** [www.wemabank.com](http://www.wemabank.com)

**Letters:** Consumer Protection Unit, Customer Experience Management Department, 54 Marina, Lagos.

## Overview of the bank's Business divisions

### Corporate Banking

#### Overview

The Corporate Banking Division serves as a strategic partner to large corporates, multinationals, and public sector institutions, delivering bespoke financial solutions that support growth, operational efficiency, and long-term sustainability. The Division plays a pivotal role in financing critical sectors of the economy, structuring complex transactions, and providing integrated banking services aligned with clients' evolving business models. Through disciplined risk management and deep sector expertise, Corporate Banking continues to strengthen client relationships while driving sustainable asset growth and value creation for stakeholders.

#### Sectors We Play In

- Agriculture
- Construction
- General Commerce
- Oil & Gas and Energy
- Telecommunications
- Manufacturing
- Specialized Business (Mining, Renewable Energy, Aviation)
- Others

#### Our Core Offerings

- Structured lending solutions
- Trade finance facilities and working capital and
- Cash management and liquidity solutions
- Project and infrastructure financing
- Corporate advisory and treasury solutions

#### Target Market

Large local corporates, multinational companies, top-tier conglomerates, and government-related entities operating across strategic sectors of the economy.

#### Competitive Advantage

- Deep sectoral expertise and strong relationship management capabilities.
- Robust balance sheet capacity to support large-ticket transactions
- Integrated solutions leveraging treasury and global market capabilities
- Strong risk management framework and disciplined credit culture

## Commercial Banking

### Overview

The Commercial Banking Division delivers tailored banking solutions to mid-sized corporates, growth-oriented enterprises, and public sector clients. The Division supports business expansion, operational efficiency, and long-term sustainability through responsive, relationship-driven banking services, leveraging regional expertise to serve clients across Nigeria.

### Core Offerings

- Working capital financing for business growth.
- Trade and supply chain finance to facilitate domestic and international transactions.
- Cash management solutions for operational efficiency and liquidity optimization.
- SME-focused credit products designed to support business scaling and innovation.
- Sector-specific financing solutions, including public sector engagements.

### Target Market

- Mid-sized corporates across general commerce, manufacturing, trading, hospitality, ICT and Telecoms, services, agriculture and other areas.
- Established SMEs seeking growth financing and advisory support.
- Fast-growing enterprises leveraging scalable financing solutions.
- Public sector entities requiring structured finance and operational support.

### Coverage

The Division operates through a regional structure to provide localized expertise and client-centric service:

- South-West including Lagos
- North Central including Abuja
- North-East
- South-East
- South -South

### Competitive Advantage

- Strong local market presence with sector-specific expertise.
- Agile credit delivery through a relationship-driven service model.
- Scalable financing solutions aligned with business growth cycles.
- Data-driven risk assessment and portfolio monitoring for prudent lending.
- Integrated public sector capability supporting government and institutional clients.
- Regional structure enabling localized decision-making and faster client responsiveness.

## Retail & Digital Banking

### Overview

The Retail & Digital Banking Division is committed to driving financial inclusion and delivering accessible, technology-enabled financial services to individuals, small businesses, and retail entrepreneurs. The Division leverages digital innovation, data-driven insights, and an extensive distribution network to enhance customer experience and broaden market reach across Nigeria.

### Core Offerings

- Savings and current accounts for everyday banking needs.
- Consumer lending and personal loans to support individual financial goals.
- Asset finance products
- Cards and digital payment solutions enabling seamless transactions.
- Agency and digital banking services to reach underserved communities and micro-enterprises.
- HNI Banking

### Target Market

- Mass market customers seeking accessible banking solutions.
- Emerging affluent individuals requiring personalized financial products.
- Salary earners and payroll clients looking for convenient and integrated banking services.
- Micro and small businesses needing operational and transactional support.
- Retail entrepreneurs benefiting from scalable digital and agency banking offerings.

### Competitive Advantage

- Strong digital banking platform with omni-channel delivery (mobile, web, USSD, agency).
- Extensive branch and agency network for nationwide reach.
- Data analytics-driven customer engagement enabling personalized products and services.
- Competitive pricing and innovative retail products that differentiate the customer experience.
- Financial inclusion focus reaching underserved segments while driving transaction growth.
- Strong technology & AI driven platform with voice banking

## ALAT 2025 Figures

Over the past eight years, **ALAT has redefined what digital banking means in Nigeria**. We began with a simple but ambitious question: *How can banking be made seamless, empowering, and truly accessible for every Nigerian?* What started as a bold digital experiment has evolved into a full-scale financial platform that is transforming how individuals and businesses save, borrow, transact, and grow.

Today, as **Nigeria's foremost fully digital bank**, ALAT stands at the forefront of financial innovation. Our journey has been one of deliberate evolutions driven by technology, deep customer insight, and an unwavering commitment to financial inclusion.

We started by simplifying everyday banking. Today, we **power millions of financial journeys across Nigeria**, delivering scale, reliability, and trust across our digital ecosystem. In FY 2025 alone, Wema Bank's digital channels supported **3.75 million actively transacting customers**, processing over **708 million digital transactions** with a total value exceeding **₦31.9 trillion (USD \$22.1 billion)**. These figures reflect not just adoption, but sustained, everyday reliance on digital banking.

ALAT remains a core driver of this momentum. With **1.9 million active users**, the platform processed **over 162 million transactions** in FY 2025, representing **₦11.4 trillion (USD \$7.87 billion)** in transaction value. Alongside ALAT, our broader digital ecosystem, including ALAT for Business (AFB) and USSD continues to scale inclusion across retail, SME, and informal segments. AFB alone recorded **₦17.1 trillion (USD \$11.76 billion)** in transaction value, underscoring our growing relevance to Nigeria's business economy.

Access to credit remains central to our impact. In 2025, **over ₦46 billion loans** were disbursed via ALAT and USSD, across more than **560,000 loan transactions**. These funds directly enabled individuals and small businesses to unlock opportunity, expand operations, and navigate economic realities with confidence. At this scale, digital credit delivery reflects more than growth it reflects trust.

Beyond transactions and lending, ALAT continues to support disciplined financial behaviour. In FY 2025, customers created over **224,000 savings goals**, mobilizing more than **₦203 billion (USD \$140 million)** toward personal and business aspirations. This reinforces our belief that digital banking must do more than move money, it must help customers build resilience and plan.

Behind every milestone is resilience. The moments of pressure, rapid scaling, product refinement, and ecosystem expansion have shaped ALAT far more than headlines ever could. From pioneering fully digital account opening to expanding instant lending, payments, and savings solutions, ALAT has transitioned from a bold idea into a trusted household financial companion.

Yet, for all we have accomplished in eight years, **we approach our next chapter with clarity and urgency**. Millions of Nigerians remain underserved, and the informal economy continues to represent one of the largest opportunities for inclusive growth on the continent.

Our mission to make banking simple, accessible, and empowering is not a marketing phrase. It is an **operational mandate**. It shapes our product innovation, informs our risk models, guides our capital allocation, and defines our customer experience strategy.

As we step into the next phase of growth, we do so with strengthened conviction, deeper digital capabilities, and a platform engineered to unlock Nigeria's entrepreneurial potential at scale. The infrastructure we have built over the past eight years provides a resilient foundation for the **next era of digital banking leadership**.

# Our Year in Numbers



**3million+**  
ATC



**122,735**  
Active Customers  
on AFB



**1,900,000**  
Total Active on  
ALAT



**224,057**  
Wealth Created Count  
(Goals)



**203Billion**  
Wealth Generated  
(Goals)

## Wema Bank Digital Year in Review - FY 2025



**Over 46Billion Loan  
Disbursed on ALAT & USSD**



## Shareholder Complaint Management Channels

Shareholders can make complaints or enquiries and access relevant information about their shareholding through various channels made available by the bank. However, shareholders shall in the first instance contact the Bank's Registrars. The Registrars manage all the registered information relating to all shareholdings e.g. shareholders name, address, shareholding units, dividend payment instruction, etc. The various available channels and relevant contact details are:

**Greenwich Registrars:** Shareholders who wish to make complaints or enquiries about their shareholding may contact the bank's Registrars. Please find below the Registrars contact:

Greenwich Registrars and Data Solutions Ltd 274, Murtala Mohammed Way, Alagomeji, Yaba Lagos.

Telephone: +234 1 2793160-2; 8131925-2

Email Address: [Info@gtlregistrars.com](mailto:Info@gtlregistrars.com) Website: [www.gtlregistrars.com](http://www.gtlregistrars.com)

**Company Secretary:** If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints, the shareholder can contact the office of the Company Secretary via the contact details below:

Company Secretary Wema Towers

54, Marina Lagos.

Email: [CompanySecretariat@Wemabank.com](mailto:CompanySecretariat@Wemabank.com)

Telephone: +234 1 2778959

**Investor Relations Desk:** Shareholders can also contact the Investors Relations unit of the bank via the contact details below:

Investor Relations Department,

Wema Towers,

54, Marina Lagos.

Email: [investor.relations@wemabank.com](mailto:investor.relations@wemabank.com) Telephone: +234 1 2779786

Shareholders and Investors may access the investor relations portal on the bank's website for more details on the bank's Shareholder and Stakeholder Management Policy, Communication Policy and Engagement Policy.

### Auditors

KPMG Professional Services have indicated their willingness to continue to serve as auditors in accordance with Section 401 (1) of the Companies and Allied Matters Act, 2020. Accordingly, a resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

### By Order of The Board



**Johnson Lebile**

FRC/2018/NBA/00000019017

Company Secretary Wema Towers

54 Marina Lagos

10 March 2026

## Report of the Audit Committee to the Members of Wema Bank Plc.

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Wema Bank Plc hereby submit the following report:

We have duly carried out our statutory responsibilities under Section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the full cooperation of the Management and Staff in the execution of these duties.

We are of the opinion that the Group's accounting and reporting policies are in compliance with legal requirements and ethical standards. Additionally, the scope and planning of both the external and internal audits for the year ended 31 December 2025 were satisfactory, strengthening the Group's internal control framework.

We are also satisfied that the Bank has adhered to the provisions of the Central Bank of Nigeria Circular BSD/1/2004, dated 18 February 2004, regarding the "Disclosure of Insider Related Credits in the Financial Statements of Banks." We confirm that an outstanding amount of N0.105billion (31 December 2024: N0.097billion) was outstanding as at 31 December 2025 of which Nil (31 December 2024: Nil) was non-performing.

We have reviewed the findings of the external auditors, who have confirmed they received the necessary cooperation from management during their statutory audit. We are satisfied with management's responses to the audit findings and with the overall effectiveness of the Group's accounting and internal control systems.



Mr. Joe Ogbonna Anosikeh  
FRC/2014/PRO/DIR/003/00000008836  
Chairman, Audit Committee  
06 March 2026

### Members of the Audit Committee are:

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

### In attendance:

Johnson Lebile	Company Secretary/General Counsel
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# Statement of Directors' Responsibilities

## For the preparation and approval of the Consolidated and Separate Financial Statements

The Directors of Wema Bank Plc accept responsibility for the preparation of the consolidated separate financial statements that give a true and fair view of the financial position of the Group's and the Bank's as at 31 December 2025, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act 2020, Banks and Other Financial Institutions Act 2020 and the Financial Reporting Council of Nigeria Act, 2011(as amended).

In preparing the financial statements, the Directors are responsible for:

Properly selecting and applying accounting policies;

Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

Providing additional disclosures when compliance with the specific requirements in IFRSs Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

### Going Concern

The Directors have made an assessment of the Group's and the Bank's ability to continue as a going concern and have no reason to believe the Group and the Bank will not remain a going concern in the year ahead.



**Dr. (Mrs) Oluwayemisi Olorunshola**

**Chairman**

FRC/2023/PRO/DIR/003/492710

10 March 2026



**Moruf Oseni**

**Managing Director/CEO**

FRC/2013/NIM/00000002114

10 March 2026

## Statement of Corporate Responsibility for the Financial Statements for the year ended 31 December 2025

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the:

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the bank as of and for, the periods covered by the audited financial statements;

We state that management and directors:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Bank and its subsidiary is made known to the officer by other officers of the Group's and the Bank's, particularly during the period in which the audited financial statement report is being prepared,
- (ii) has evaluated the effectiveness of the Group's and the Bank's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certifies that the Group's and the Bank's internal controls are effective as of that date;

We have disclosed;

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group and the Bank's ability to record, process, summarise and report financial data, and has identified for the Bank's auditors any material weaknesses in internal controls,
- (ii) and whether or not, there is any fraud that involves management or other employees who have a significant role in the Group's and Bank's internal control and
- (iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group and Bank for the year ended **31 DECEMBER 2025** were approved by the directors on **10 March 2026**.



**Bunmi Oladosu**

**Chief Financial Officer**

FRC/2013/ICAN/00000002098

10 March 2026



**Moruf Oseni**

**Managing Director/CEO**

FRC/2013/NIM/00000002114

10 March 2026

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

I, Moruf Oseni, certify that:

- a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of December 31, 2025 of Wema Bank Plc ("the Bank")
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Bank as of, and for, the periods presented in this report;
- d) The Bank's other certifying officer and I:
  - 1) are responsible for establishing and maintaining internal controls;
  - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
  - 4) have evaluated the effectiveness of the Bank's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and the audit committee :
  - 1) All significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Bank's ability to record, process, summarize and report financial information; and
  - 2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control system.
- f) The Bank's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.



**Moruf Oseni**

**Managing Director/CEO**

FRC/2013/NIM/00000002114

10 March 2026

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

I, Bunmi Oladosu, certify that:

- a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of December 31, 2025 of Wema Bank Plc ("the Bank").
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d) The Bank's other certifying officer and I:
  - 1) are responsible for establishing and maintaining internal controls;
  - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
  - 4) have evaluated the effectiveness of the Bank's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and the audit committee :
  - 1) All significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Bank's ability to record, process, summarize and report financial information; and
  - 2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control system.
- f) The Bank's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.



**Bunmi Oladosu**

**Chief Financial Officer**

FRC/2013/ICAN/00000002098

10 March 2026

## Management Report on the Effectiveness of Internal Control over Financial Reporting as of December 31, 2025

The management of Wema Bank Plc is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Investment and Securities Act 2007 and the Financial Reporting Council of Nigeria Act, 2011( As Amended).

The management of Wema Bank Plc assessed the effectiveness of our internal control over financial reporting as of December 31, 2025 using the criteria set forth in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“the COSO Framework”) and in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007.

As of December 31, 2025, the management Wema Bank Plc did not identify any material weakness in its assessment of internal control over financial reporting.

As a result, management has concluded that, as of December 31, 2025, the Bank’s internal control over financial reporting was effective.

The Bank’s independent auditor, KPMG Professional Services, who audited the consolidated and separate financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Bank’s internal control over financial reporting as of December 31,2025 based on the limited assurance engagement performed by them. KPMG Professional Services’ limited assurance report is also included in this Annual Report.

### Changes in Internal Control Over Financial Reporting

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



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**Bunmi Oladosu**

**Chief Financial Officer**

FRC/2013/ICAN/00000002098

10 March 2026



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**Moruf Oseni**

**Managing Director/CEO**

FRC/2013/NIM/00000002114

10 March 2026



CORPORATE SERVICES LIMITED

25<sup>th</sup> February 2026

**REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE AUDIT OF WEMA BANK PLC FOR THE YEAR-ENDED 31<sup>ST</sup> DECEMBER 2025**

DCSL Corporate Services Limited (DCSL) was engaged by Wema Bank Plc (“the Company”) to conduct a performance evaluation of the Board of Directors and a Corporate Governance Compliance Audit for the year ended 31<sup>st</sup> December 2025. This assessment was carried out in accordance with the provisions of the **Central Bank of Nigeria Code of Corporate Governance Guidelines for Commercial, Merchant and Non-Interest and Payment Services Banks in Nigeria (2023)**, **Nigerian Code of Corporate Governance 2018 (NCCG)**, **the Companies and Allied Matters Act 2020 (CAMA)**, **the Securities and Exchange Commission Corporate Governance Guidelines 2020 (“SCGG”)**, **Securities and Exchange Commission Regulations** as well as global best practices.

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

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

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

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

Yours faithfully,

**For: DCSL Corporate Services Ltd**

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

Directors: Adeniyi Obe (Chairman) – Bisi Adeyemi (Managing Director) – Lekan Belo – Olusegun Akanji – Sadiq Mohammed – Dr Anino Emuwa

DCSL Head Office  
19, CIPM Avenue, Agidingbi,  
Alausa, Ikeja, Lagos  
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Crescent, Wuse 2, Abuja, Nigeria

RC NO: 352393

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

## Independent Auditor's Limited Assurance Report

To the Shareholders of Wema Bank Plc

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

#### Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of Wema Bank Plc ("the Bank") as of 31 December 2025 is effective in accordance with the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Securities and Exchange Commission Guidance on Implementation of Internal Control over Financial Reporting.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that Wema Bank Plc's internal control over financial reporting as of 31 December 2025 is not effective, in all material respects, in accordance with the criteria established in the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Internal Control over Financial Reporting.

#### Basis for conclusion

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

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

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

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

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#### **Other matter**

We have audited the consolidated and separate financial statements of Wema Bank Plc in accordance with the International Standards on Auditing, and our report dated 2 April 2026 expressed an unmodified opinion of those consolidated and separate financial statements.

Our conclusion is not modified in respect of this matter.

#### **Responsibilities for Internal Control over Financial reporting**

The Board of Directors of Wema Bank Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on the Effectiveness of Internal Control over Financial Reporting as of December 31, 2025. Our responsibility is to express a conclusion on the Bank's internal control over financial reporting based on our assurance engagement.

#### **Our responsibilities**

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

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

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

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

#### **Definition and Limitations of Internal Control Over Financial reporting**

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

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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

A handwritten signature in black ink, appearing to read 'fawotoye'.

Oluwafemi O. Awotoye, FCA  
FRC/2013/PRO/ICAN/004/00000001182  
For: KPMG Professional Services  
Chartered Accountants  
2 April 2026  
Lagos, Nigeria





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## Independent Auditor's Report

### *To the Shareholders of Wema Bank Plc*

### Report on the audit of the consolidated and separate financial statements

#### *Opinion*

We have audited the consolidated and separate financial statements of Wema Bank Plc (the Bank) and its subsidiary (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2025;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity; and
- the consolidated and separate statements of cash flows for the year then ended, and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiary as at 31 December 2025, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011 (as amended), the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Nigeria. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

The Group and Bank’s accounting policy in note 3J(v)- impairment of financial assets, note 2d- use of estimates and judgement, and relevant financial risk disclosures are shown in the notes to the consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group uses an Expected Credit Loss (ECL) model to determine the impairment allowance for its loans and advances to customers. The ECL methodology incorporates information about past events, current conditions, forecasts of future economic conditions in determining impairment allowances.</p> <p>The Group’s ECL model includes certain judgments and assumptions such as:</p> <ul style="list-style-type: none"> <li>• the possibility of a loan becoming past due and subsequently defaulting; the rate of recovery on the loans that are past due and in default; and the market values and estimated time and cost to sell the collaterals; and</li> <li>• the incorporation of forward-looking information related to the expected outlook on the country’s gross domestic product, inflation rate and price of crude oil used in determining the expected credit losses in the loans and advances portfolio.</li> </ul> <p>ECL on loans and advances to customers that have shown a significant increase in credit risk is based on the Group’s estimate of losses expected to result from default events over the life of the loans. ECL on other loans that have not shown a significant increase in credit risk is recognized based on an estimate of the losses expected to result from default events within 12 months after the reporting year. This estimate is also an output of models, with the key assumptions being the possibility of a loan becoming past due and subsequently defaulting (which is reflected in the classification of loans into stages) and the rate of recovery on the loans that are past due and in default. The judgment involved in classifying loans and advances to customers into stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, application of industry knowledge and prevailing economic conditions in arriving at the level of impairment required, the inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of ECL required,</p>	<p>Our audit procedures in this area includes, among others:</p> <ul style="list-style-type: none"> <li>• We evaluated the design and implementation of the key controls over the ECL determination process. The key controls evaluated includes management review of significant increase in credit risk and the resultant classification of loans into the various stages and management review of the accuracy of the relevant data used in the calculation of parameters included in the impairment model like the probability of default and loss given default.</li> <li>• For a selected sample of loans and advances to customers, we assessed the appropriateness of the Group’s determination of significant increase in credit risk and the resultant classification of loans into the various stages by reviewing the loan staging done by the Group. For loans and advances to customers which have shown a significant increase in credit risk, we evaluated the level of past due obligations using qualitative factors such as available information about the obligor’s business or project being financed and quantitative indicators such as number of days past due to determine the impairment based on the losses expected over the life of the facilities.</li> <li>• With the assistance of our Financial Risk Management specialists, we: <ul style="list-style-type: none"> <li>- Assessed the appropriateness of the Group’s ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions;</li> <li>- Challenged the appropriateness of the modelling approach and the historical movement in the balances of facilities between default and non-default categories by reviewing the underlying data used in determining the Probability of Default (PD) in the ECL calculations;</li> </ul> </li> </ul>



Key audit matter	How the matter was addressed in our audit
<p>makes the ECL on loans and advances to customers a matter of significance to the audit.</p>	<ul style="list-style-type: none"> <li>- Evaluated the appropriateness of the data used in determining the Exposure at Default, including the contractual cash flow, outstanding loan balance, loan contractual repayment pattern and loan tenor;</li> <li>- Tested the accuracy of the calculation of the Loss Given Default (LGD) used by the Group;</li> <li>- Assessed the valuation of the collaterals used in the ECL model;</li> <li>- Challenged the appropriateness of management's forward-looking assumptions using publicly available information from external sources;</li> <li>- Determined the staging of facilities through the consideration of days past due as well as other qualitative characteristics that signified an increase in the credit risk of a loan customer.</li> <li>- Tested the accuracy of the Group's ECL provision by re-performing the calculations of the ECL for loans and advances to customers. For loans and advances to customers which have shown a significant increase in credit risk, the recalculation was based on the amount which the Group may not recover throughout the life of the loans while for loans and advances to customers that have not shown significant increase in credit risk, the recalculation was based on the losses expected to result from default events within a year after the reporting year.</li> </ul>

#### **Other information**

The Directors are responsible for the other information. The other information comprises the About Wema Bank, Corporate Governance, Sustainability Report, SME Report, Wema Bank Compliance Risk Framework, Chairman's Statement, Directors' Report, Customer Complaints Management and Feedback, Report of the Audit Committee, Managing Director/CEO statement, Statement of Directors' Responsibilities, Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements, Certification of Internal Control Over Financial Reporting by the MD/CEO, Certification of Internal Control Over Financial Reporting by the CFO, Management's Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2025, Report of the External Consultant on the Performance Evaluation of the Board of Directors and Corporate Governance Audit of Wema Bank Plc for the year ended 31 December 2025 and Other National Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### ***Responsibilities of the Directors for the consolidated and separate financial statements***

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011 (as amended), the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Bank or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's responsibilities for the audit of the consolidated and separate financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
- iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

- i. The Bank paid a penalty of N32 million in respect of contravention of Section 2.4.6 of the CBN Risk-Based Cybersecurity Framework and Guidelines during the year ended 31 December 2025 as disclosed in note 31 to the consolidated and separate financial statements.
- ii. Related party transactions and balances are disclosed in note 30 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

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

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Bank's internal control over financial reporting as of 31 December 2025. The work performed was done in accordance with ISAE 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 2 April 2026. That report is included in the annual report.

Signed:

Oluwafemi Awotoye  
 FRC/2013/PRO/ICAN/004/00000001182  
 For: KPMG Professional Services  
 Chartered Accountants  
 2 April 2026  
 Lagos, Nigeria.



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

For the year ended:

*In thousands of Nigerian Naira*

	Notes	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Interest income	7	576,071,251	354,633,103	575,268,918	353,537,040
Interest expense		(215,090,522)	(177,569,260)	(214,258,470)	(176,496,617)
<b>Net interest income</b>	7	<b>360,980,729</b>	<b>177,063,843</b>	<b>361,010,448</b>	<b>177,040,423</b>
Net impairment loss on financial assets	11	(25,685,010)	(21,649,883)	(25,685,010)	(21,649,883)
<b>Net interest income after impairment charge for credit losses</b>		<b>335,295,719</b>	<b>155,413,960</b>	<b>335,325,438</b>	<b>155,390,540</b>
Net gain on FVTPL investment securities		993,244	2,497,076	993,244	2,497,076
Net fee and commission income	8	75,545,990	55,576,183	75,545,990	55,576,183
Net trading income	9	8,386,750	3,440,533	8,386,750	3,440,533
Other income	10	392,565	17,287,111	392,565	17,287,111
		85,318,549	78,800,903	85,318,549	78,800,903
<b>Operating income</b>		<b>420,614,268</b>	<b>234,214,863</b>	<b>420,643,987</b>	<b>234,191,443</b>
Personnel expenses	12	(70,184,778)	(45,475,369)	(70,184,778)	(45,475,369)
Depreciation and amortization	13b	(12,479,855)	(8,740,108)	(12,479,855)	(8,740,108)
Other operating expenses	13a	(116,062,499)	(77,482,216)	(116,125,782)	(77,467,218)
Profit before taxation		<b>221,887,136</b>	<b>102,517,170</b>	<b>221,853,572</b>	<b>102,508,748</b>
Income tax expense	24	(27,410,643)	(16,237,349)	(27,395,868)	(16,222,574)
<b>Profit for the year</b>		<b>194,476,493</b>	<b>86,279,821</b>	<b>194,457,704</b>	<b>86,286,174</b>
<b>Other comprehensive income, net of income tax</b>					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Net change in fair value of equity investments FVTOCI		1,059,095	1,477,902	1,059,095	1,477,902
<b>Other comprehensive income for the year</b>		<b>1,059,095</b>	<b>1,477,902</b>	<b>1,059,095</b>	<b>1,477,902</b>
<b>Total comprehensive income for the year</b>		<b>195,535,588</b>	<b>87,757,723</b>	<b>195,516,799</b>	<b>87,764,076</b>
<b>Profit attributable to:</b>					
Equity holders of the Bank		194,476,493	86,279,821	194,457,704	86,286,174
Total comprehensive income for the year		195,535,588	87,757,723	195,516,799	87,764,076
<b>Earnings per share-basic/diluted (kobo)</b>	14	<b>712.87</b>	<b>483.1</b>	<b>712.80</b>	<b>483.2</b>

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

## Consolidated and Separate Statements of Financial Position

As at 31 December, 2025:

*In thousands of Nigerian Naira*

	Notes	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Cash and cash equivalents	15	940,821,739	278,924,625	940,806,710	278,919,920
Restricted Deposit with CBN	15b	919,820,096	838,595,007	919,820,095	838,595,007
Pledged assets	16	20,018,671	307,235,855	20,018,671	307,235,855
Investment securities:					
Fair value through other comprehensive income	17a	15,815,126	14,756,031	15,815,126	14,756,031
Fair Value through profit or loss	17b	196,598,757	45,455,938	196,598,757	45,455,938
Held at amortised cost	17c	1,122,978,680	840,020,678	1,122,978,680	831,849,884
Wema funding SPV Plc	17d	-	-	1,000	1,000
Loans and advances to customers	18	1,737,932,376	1,201,209,319	1,737,932,376	1,201,209,319
Property and equipment	19	79,683,157	48,322,246	79,683,157	48,322,246
Intangible assets	20	3,561,689	4,098,343	3,561,689	4,098,343
Deferred tax assets	21	10,449,319	472,076	10,449,319	472,076
Other assets	22	23,413,367	12,967,801	23,413,367	12,967,801
Right of Use Assets	27	1,217,463	1,170,067	1,217,463	1,170,067
<b>Total Assets</b>		<b>5,072,310,440</b>	<b>3,593,227,986</b>	<b>5,072,296,410</b>	<b>3,585,053,487</b>
Deposits from banks	23	-	258,500,000	-	258,500,000
Deposits from customers	23	3,289,532,364	2,523,815,263	3,289,532,364	2,523,815,263
Current tax liabilities	24	37,387,886	9,604,424	37,373,111	9,589,649
Other liabilities	25a	1,007,767,720	431,868,351	1,007,757,722	431,853,354
Provisions	25b	3,532,476	3,150,527	3,532,476	3,150,527
Other borrowed funds	26	113,626,673	109,868,074	113,626,673	101,693,813
<b>Total Liabilities</b>		<b>4,451,847,119</b>	<b>3,336,806,639</b>	<b>4,451,822,346</b>	<b>3,328,602,606</b>
Equity					
Share capital	28	20,059,438	10,715,089	20,059,438	10,715,089
Share premium	28	240,601,448	56,430,821	240,601,448	56,430,821
Regulatory risk reserve	28	37,200,937	10,503,742	37,200,937	10,503,742
Retained earnings	28	215,056,700	103,251,267	215,067,443	103,280,800
Additional Tier 1 capital	28	21,000,000	21,000,000	21,000,000	21,000,000
Other reserves	28	86,544,798	54,520,428	86,544,798	54,520,429
<b>Equity attributable to equity holders of the bank</b>		<b>620,463,321</b>	<b>256,421,347</b>	<b>620,474,064</b>	<b>256,450,881</b>
<b>Total liabilities and equity</b>		<b>5,072,310,440</b>	<b>3,593,227,986</b>	<b>5,072,296,410</b>	<b>3,585,053,487</b>

The consolidated and separate financial statements were authorized for issue by the directors on 10th of March 2026 and signed on its behalf by:

Dr. (Mrs) Oluwayemisi Olorunshola  
**Chairman**  
 FRC/2023/PRO/DIR/003/492710  
 March 10 2026

Moruf Oseni  
**Managing Director/CEO**  
 FRC/2013/NIM/00000002114  
 March 10 2026

Bunmi Oladosu  
**Chief Financial Officer**  
 FRC/2013/ICAN/00000002098  
 March 10 2026

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

# Consolidated Statement of Changes in Equity

## Group

In thousands of Nigerian naira (000s)

2025	Share Capital	Share Reserve	Share premium	At-1 Tier 1 Capital	Credit Risk Reserve	Regulatory risk reserve	Statutory reserve	SMEIS reserve	Fair value reserves	Retained earnings	Total equity
<b>Balance at 1 January 2025</b>	<b>10,715,089</b>	-	<b>56,430,821</b>	<b>21,000,000</b>	-	<b>10,503,742</b>	<b>37,669,829</b>	<b>1,910,120</b>	<b>14,940,479</b>	<b>103,251,267</b>	<b>256,421,347</b>
Profit or loss	-	-	-	-	-	-	-	-	-	194,476,493	<b>194,476,493</b>
<b>Other comprehensive income</b>											
Net change in fair value financial instrument FVTOCI	-	-	-	-	-	-	-	-	1,059,095	-	<b>1,059,095</b>
	-	-	-	-	-	-	-	-	1,059,095	-	<b>1,059,095</b>
<b>Transfer within equity:</b>											
SMEIS Charge	-	-	-	-	-	-	-	1,796,618	-	(1,796,618)	-
Regulatory risk reserve	-	-	-	-	-	26,697,195	-	-	-	(26,697,195)	-
Transfer to statutory reserve	-	-	-	-	-	-	29,168,656	-	-	(29,168,656)	-
	-	-	-	-	-	26,697,195	29,168,656	1,796,618	-	(57,662,469)	-
	<b>10,715,089</b>	-	<b>56,430,821</b>	<b>21,000,000</b>	-	<b>37,200,937</b>	<b>66,838,485</b>	<b>3,706,738</b>	<b>15,999,574</b>	<b>240,065,291</b>	<b>451,956,935</b>
<b>Transactions with owners, recorded directly in equity</b>											
Dividend Payout	-	-	-	-	-	-	-	-	-	(21,430,178)	<b>(21,430,178)</b>
AT1 capital Charge	-	-	-	-	-	-	-	-	-	(3,578,413)	<b>(3,578,413)</b>
Right Issue	7,071,622	-	137,428,354	-	-	-	-	-	-	-	<b>144,499,976</b>
Special placement	2,272,727	-	46,742,273	-	-	-	-	-	-	-	<b>49,015,000</b>
	9,344,349	-	184,170,627	-	-	-	-	-	-	(25,008,591)	<b>168,506,385</b>
<b>Balance as at 31 December 2025</b>	<b>20,059,438</b>	-	<b>240,601,448</b>	<b>21,000,000</b>	-	<b>37,200,937</b>	<b>66,838,485</b>	<b>3,706,738</b>	<b>15,999,574</b>	<b>215,056,700</b>	<b>620,463,321</b>
<b>2024</b>											
<b>Balance at 1 January 2024</b>	<b>6,429,078</b>	<b>12,858,155</b>	<b>8,698,230</b>	<b>21,000,000</b>	-	<b>13,628,078</b>	<b>24,726,903</b>	<b>1,910,120</b>	<b>13,462,577</b>	<b>36,585,528</b>	<b>139,298,669</b>
Profit or loss	-	-	-	-	-	-	-	-	-	86,279,821	<b>86,279,821</b>
<b>Other comprehensive income</b>											
Debt instrument at FVTOCI - Reclassified to profit or loss	-	-	-	-	-	-	-	-	1,477,902	-	<b>1,477,902</b>
Net changes in Fair value financial instrument FVTOCI	-	-	-	-	-	-	-	-	1,477,902	-	<b>1,477,902</b>
<b>Transfer within equity</b>											
Transfer to share premium	-	(12,858,155)	12,858,155	-	-	-	-	-	-	-	-
Regulatory risk reserve	-	-	-	-	-	(3,124,336)	-	-	-	3,124,336	-
Transfer to statutory reserves	-	-	-	-	-	-	12,942,926	-	-	(12,942,926)	-
	-	(12,858,155)	12,858,155	-	-	(3,124,336)	12,942,926	-	-	(9,818,590)	-
	<b>6,429,078</b>	-	<b>21,556,385</b>	<b>21,000,000</b>	-	<b>10,503,742</b>	<b>37,669,829</b>	<b>1,910,120</b>	<b>14,940,479</b>	<b>113,046,759</b>	<b>227,056,392</b>
<b>Transactions with owners, recorded directly in equity</b>											
Dividend Payout	-	-	-	-	-	-	-	-	-	(6,429,078)	(6,429,078)
AT1 capital Charge	-	-	-	-	-	-	-	-	-	(3,366,414)	(3,366,414)
Right Issue	4,286,011	-	34,874,436	-	-	-	-	-	-	-	39,160,447
	4,286,011	-	34,874,436	-	-	-	-	-	-	(9,795,492)	29,364,955
<b>Balance at 31 December 2024</b>	<b>10,715,089</b>	-	<b>56,430,821</b>	<b>21,000,000</b>	-	<b>10,503,742</b>	<b>37,669,829</b>	<b>1,910,120</b>	<b>14,940,479</b>	<b>103,251,267</b>	<b>256,421,347</b>

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

# Separate statement of changes in equity

## Bank

In thousands of Nigerian naira (000s)

	Share Capital	Share Reserve	Share premium	At-1 Tier 1 Capital	Credit Risk Reserve	Regulatory risk reserve	Statutory reserve	SMEIS reserve	Fair value reserves	Retained earnings	Total equity
<b>2025</b>											
<b>Balance at 1 January 2025</b>	10,715,089	-	56,430,821	21,000,000	-	10,503,742	37,669,829	1,910,121	14,940,479	103,280,800	<b>256,450,881</b>
Profit or loss	-	-	-	-	-	-	-	-	-	194,457,704	<b>194,457,704</b>
<b>Other comprehensive income</b>											
Net changes in Fair value financial instrument FVTOCI	-	-	-	-	-	-	-	-	1,059,095	-	<b>1,059,095</b>
	-	-	-	-	-	-	-	-	1,059,095	-	1,059,095
<b>Transfer within equity:</b>											
SMEIS Charge	-	-	-	-	-	-	-	1,796,618	-	(1,796,618)	-
Regulatory risk reserve	-	-	-	-	-	26,697,195	-	-	-	(26,697,195)	-
Transfer to statutory reserve	-	-	-	-	-	-	29,168,656	-	-	(29,168,656)	-
	-	-	-	-	-	26,697,195	29,168,656	1,796,618	-	(57,662,469)	-
	<b>10,715,089</b>	-	<b>56,430,821</b>	<b>21,000,000</b>	-	<b>37,200,937</b>	<b>66,838,485</b>	<b>3,706,739</b>	<b>15,999,574</b>	<b>240,076,035</b>	<b>451,967,680</b>
<b>Transactions with owners, recorded directly in equity</b>											
Dividend Payout	-	-	-	-	-	-	-	-	-	(21,430,178)	<b>(21,430,178)</b>
AT1 capital Charge	-	-	-	-	-	-	-	-	-	(3,578,413)	<b>(3,578,413)</b>
Right Issue	7,071,622	-	137,428,354	-	-	-	-	-	-	-	<b>144,499,976</b>
Special placement	2,272,727	-	46,742,273	-	-	-	-	-	-	-	<b>49,015,000</b>
	<b>9,344,349</b>	-	<b>184,170,627</b>	-	-	-	-	-	-	<b>(25,008,591)</b>	<b>168,506,385</b>
<b>Balance as at 31 December 2025</b>	<b>20,059,438</b>	-	<b>240,601,448</b>	<b>21,000,000</b>	-	<b>37,200,937</b>	<b>66,838,485</b>	<b>3,706,739</b>	<b>15,999,574</b>	<b>215,067,443</b>	<b>620,474,064</b>
<b>2024</b>											
<b>Balance at 1 January 2024</b>	6,429,078	12,858,155	8,698,230	21,000,000	-	13,628,078	24,726,903	1,910,121	13,462,577	36,608,707	<b>139,321,849</b>
Profit or loss	-	-	-	-	-	-	-	-	-	86,286,174	<b>86,286,174</b>
<b>Other comprehensive income</b>											
Net changes in Fair value financial instrument FVTOCI	-	-	-	-	-	-	-	-	1,477,902	-	1,477,902
	-	-	-	-	-	-	-	-	1,477,902	-	<b>1,477,902</b>
<b>Transfer within equity</b>											
Transfer to share premium		(12,858,155)	12,858,155	-	-	-	-	-	-	-	-
Regulatory risk reserve	-	-	-	-	-	(3,124,336)	-	-	-	(3,124,336)	-
Transfer to statutory reserves	-	-	-	-	-	-	12,942,926	-	-	(12,942,926)	-
		(12,858,155)	12,858,155	-	-	(3,124,336)	12,942,926	-	-	(9,818,590)	-
	<b>6,429,078</b>	-	<b>21,556,385</b>	<b>21,000,000</b>	-	<b>10,503,742</b>	<b>37,669,829</b>	<b>1,910,121</b>	<b>14,940,479</b>	<b>113,076,291</b>	<b>227,085,925</b>
<b>Transactions with owners, recorded directly in equity</b>											
Dividend Payout	-	-	-	-	-	-	-	-	-	(6,429,078)	<b>(6,429,078)</b>
AT1 capital Charge	-	-	-	-	-	-	-	-	-	(3,366,414)	<b>(3,366,414)</b>
Right Issue	4,286,011	-	34,874,436	-	-	-	-	-	-	-	<b>39,160,447</b>
	<b>4,286,011</b>	-	<b>34,874,436</b>	-	-	-	-	-	-	<b>(9,795,492)</b>	<b>29,364,955</b>
<b>Balance at 31 December 2024</b>	<b>10,715,089</b>	-	<b>56,430,821</b>	<b>21,000,000</b>	-	<b>10,503,742</b>	<b>37,669,829</b>	<b>1,910,121</b>	<b>14,940,479</b>	<b>103,280,800</b>	<b>256,450,881</b>

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

## Consolidated and Separate Statements of Cash Flows

<i>In thousands of Nigerian Naira</i>	Notes	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Cash flows from operating activities					
Profit for the year		194,476,493	86,279,821	194,457,704	86,286,174
<b>Adjustments for:</b>					
Income tax expense		27,410,643	16,237,349	27,395,868	16,222,574
Depreciation and amortization	13b	12,479,855	8,740,108	12,479,855	8,740,108
Adjustment for transfer out of PPE now expensed		29,221	109,227	29,221	109,227
Gain on disposal of property and equipment	32(xii)	(46,049)	(471,682)	(46,049)	(471,682)
Net interest income	32(xiii)	(360,980,729)	(177,063,843)	(361,010,448)	(177,040,423)
Dividend received from equity investment	10	(215,581)	(245,681)	(215,581)	(245,681)
Impairment loss on financial assets	11	25,685,010	21,649,883	25,685,010	21,649,883
Operating cashflow before movement in working capital		(101,161,137)	(44,764,818)	(101,224,421)	(44,749,819)
Change in pledged assets	32(i)	287,217,184	(272,019,167)	287,217,184	(272,019,167)
Change in loans and advances to customers	32(ii)	(562,408,066)	(421,756,085)	(562,408,066)	(421,756,085)
Change in other assets	32(iii)	(10,445,566)	34,095	(10,445,566)	34,095
Change in deposits from banks	32(iv)	(258,500,000)	237,636,470	(258,500,000)	237,636,470
Non-pledged trading assets	32(xi)	(151,142,818)	(45,451,269)	(151,142,818)	(45,451,269)
Change in restricted deposit with CBN	32(v)	(81,225,089)	(335,274,174)	(81,225,088)	(335,274,174)
Change in deposits from customers	32(vi)	765,717,101	663,241,726	765,717,101	663,241,727
Change in other liabilities	32(vii)	576,281,318	289,778,478	576,286,316	289,773,479
Cashflow generated by operations		464,332,927	116,876,526	464,274,642	116,886,526
Income tax paid	24.2	(9,604,424)	(1,796,732)	(9,589,649)	(1,780,725)
Interest received	32(xiii)	576,071,251	354,633,103	575,268,918	353,537,040
Interest paid	32(viii)	(196,508,004)	(158,020,919)	(196,508,004)	(158,020,919)
<b>Net cash from operating activities</b>		<b>834,291,750</b>	<b>311,691,978</b>	<b>833,445,908</b>	<b>310,621,922</b>
Cash flows from investing activities					
Acquisition of investment securities-At Amortised Cost	32(ix)	(282,958,002)	(225,127,795)	(291,128,796)	(225,106,372)
Disposal of investment securities-FVTOCI	32(x)	(0)	76,541	(0)	76,541
Dividend received from equity investment	10	215,581	245,681	215,581	245,681
Acquisition of property and equipment	19	(42,112,769)	(20,294,311)	(42,112,769)	(20,294,311)
Proceeds from the sale of property and equipment	32(xii)	307,322	941,511	307,322	941,511
Prepaid right of Use Asset	27	(456,342)	(319,369)	(456,342)	(319,369)
Acquisition of intangible assets	20	(1,072,892)	(2,289,853)	(1,072,892)	(2,289,853)
<b>Net cash used in investing activities</b>		<b>(326,077,103)</b>	<b>(246,767,596)</b>	<b>(334,247,897)</b>	<b>(246,746,173)</b>
Cash flows from financing activities					
Proceed from borrowings	26b	43,550,000	68,741,938	43,550,000	68,741,938
Repayment of borrowings	26b	(39,791,399)	(39,340,616)	(31,617,138)	(39,342,590)
AT-1 Coupon Payment		(3,578,413)	(3,366,414)	(3,578,413)	(3,366,414)
Proceeds from private placements		49,015,000	-	49,015,000	-
Proceeds from right Issues		144,499,976	39,160,447	144,499,976	39,160,447
Interest paid on borrowings	32(viii) <sup>▼</sup>	(18,582,518)	(19,548,341)	(17,750,466)	(18,475,698)
Dividend paid to shareholders		(21,430,178)	(6,429,078)	(21,430,178)	(6,429,078)
<b>Net cash from financing activities</b>		<b>153,682,468</b>	<b>39,217,937</b>	<b>162,688,781</b>	<b>40,288,606</b>
Net increase in cash and cash equivalents		661,897,115	58,691,050	661,886,791	58,713,085
Cash and cash equivalents at beginning of period		281,067,528	217,832,580	281,062,823	217,805,840
Effect of exchange rate changes on cash balances		(2,142,904)	2,400,995	(2,142,904)	2,400,995
<b>Cash and cash equivalents at end of year</b>	15	<b>940,821,739</b>	<b>278,924,625</b>	<b>940,806,710</b>	<b>278,919,920</b>

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

## 1. General information

Wema Bank Plc (the "Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is 54 Marina, Lagos, Nigeria. The Bank is primarily involved in investment, corporate, commercial and retail banking. The Bank has a wholly owned subsidiary which is WEMA Funding SPV Plc. The consolidated and separate financial statements as at and for the year ended 31 December 2025 comprise the Bank and its subsidiary (together "the Group").

### 1.1 Going Concern

The Bank received its national banking license from Central Bank of Nigeria in November 2015 and now operates as a National Bank as against its previous status as a regional bank.

Based on the current capitalization position of the Bank, the Directors expect the Bank to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business.

Accordingly, the consolidated and separate financial statements are prepared on a going concern basis.

## 2. Basis of Preparation

### *(a) Statement of compliance*

The consolidated and separate statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act 2011 (as amended), the Banks and other Financial Institutions Act (BOFIA), 2020, and relevant Central Bank of Nigeria (CBN) Circulars and Guidelines.

### *(b) Functional and presentation currency*

These consolidated and separate statements are presented in Nigerian Naira, which is the Bank's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

### *(c) Basis of measurement*

The financial statements have been prepared under the historical cost convention except for the following:

- Non-derivative financial instruments, carried at fair value through profit or loss, or fair value through OCI are measured at fair value.

### *(d) Use of Estimates and Judgements*

The preparation of consolidated and separate financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are

based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**(e) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiary (Wema Funding SPV Plc). The subsidiary is controlled by the Bank. Total comprehensive income of the subsidiary is attributed to the owners of the Bank. When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with those used by the Group.

The wholly owned subsidiary was incorporated in Nigeria on the 30th of June ,2016 (Registration Number 1345745) as a public limited company under the name of Wema Funding SPV Plc. The special purpose vehicle carries on business at Wema Towers, 54 Marina, Lagos. It has no subsidiary or affiliate. It was established as a special purpose vehicle for the purpose of issuing bonds to fund working capital, enhance liquidity and enhance its capital base of the Bank. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

**(f) Determination of regulatory risk reserves**

Provisions under Prudential Guidelines are determined using the time-based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the requirements of the International Financial Reporting Standards. As a result of the differences in the methodology/provision regime, there may be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans and other financial assets as prescribed in the relevant IFRS Accounting standards when adopted. However, Banks would be required to comply with the following:

Provisions for loans and other financial assets recognised in the income statement should be determined based on the requirements of IFRS Accounting Standards. However, the IFRS 9 impairments should be compared with provisions determined under Prudential Guidelines and the expected impact/changes in general reserves should be treated as follows:

- If Prudential provisions are greater than IFRS Accounting Standards impairments, the resultant excess provision should be transferred from the retained earnings account to a "regulatory risk reserve".
- If Prudential provisions are less than IFRS Accounting Standards impairments; IFRS Accounting Standards determined impairments are charged to the income statement. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained earnings account.

The Bank has complied with the requirements of the Prudential Guidelines.

The Revised Central Bank of Nigeria (CBN) Prudential Guidelines require that if the IFRS 9 based impairment is lower than the CBN Prudential Guidelines provisions, the extent of the difference should be recognised as regulatory risk reserve in the statement of changes in equity. The reconciliation of the impairment based on relevant IFRS Accounting Standards and CBN Prudential Guidelines provision is shown in the statement below:

## Statement of Prudential Adjustments

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<b>Prudential Provisions:</b>				
Loans and advances	95,588,419	52,047,094	95,588,419	52,047,094
Other financial assets	15,458,699	8,049,453	15,458,699	8,049,453
	<b>111,047,118</b>	<b>60,096,547</b>	<b>111,047,118</b>	<b>60,096,547</b>
<b>Impairment assessment under IFRS:</b>				
<b>Loans and advances</b>				
12-months ECL credit	22,149,482	4,677,465	22,149,482	4,677,465
Life-time ECL Not impaired	1,254,267	3,803,056	1,254,267	3,803,056
Life-time ECL credit impaired	34,983,732	27,333,412	34,983,732	27,333,412
	<b>58,387,481</b>	<b>35,813,933</b>	<b>58,387,481</b>	<b>35,813,933</b>
<b>Investment securities</b>				
12-months ECL	11,042,326	7,467,216	11,042,326	7,467,216
	<b>11,042,326</b>	<b>7,467,216</b>	<b>11,042,326</b>	<b>7,467,216</b>
<b>Off balance sheet exposures</b>				
12-months ECL	1,499,336	2,018,874	1,499,336	2,018,874
	<b>1,499,336</b>	<b>2,018,874</b>	<b>1,499,336</b>	<b>2,018,874</b>
<b>Other financial assets</b>				
Writeback of specific impairment on other asset	-	-	-	-
Other assets	722,769	3,019,577	722,769	3,019,577
Cash and cash equivalent	161,129	141,552	161,129	141,552
Other non-financial assets	2,033,140	1,131,653	2,033,140	1,131,653
	<b>2,917,038</b>	<b>4,292,782</b>	<b>2,917,038</b>	<b>4,292,782</b>
<b>Total IFRS Impairment</b>	<b>73,846,180</b>	<b>49,592,805</b>	<b>73,846,180</b>	<b>49,592,805</b>
<b>Excess of Prudential impairment over IFRS impairment transferred to regulatory reserve</b>	<b>37,200,938</b>	<b>10,503,742</b>	<b>37,200,938</b>	<b>10,503,742</b>

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

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

- a. Classification and measurement of financial instruments – Amendments to IFRS 9 financial instruments and IFRS 7 financial instrument: Disclosure effective Jan 1, 2026.
- b. Annual improvements to IFRS accounting standards – Amendments to:
  - IFRS 1 first time adoption of international financial reporting standards;
  - IFRS 7 financial instruments: Disclosures and its accompanying guidance on implementing IFRS 7;
  - IFRS 9 Financial instruments;
  - IFRS 10 Consolidated financial statements; and
  - IAS 7 Statement of cashflows

### All effective in 2026

- c. Contracts referencing nature-dependent electricity - amendments to IFRS 9 and IFRS 7 effective Jan 1, 2026
- d. IFRS 19 subsidiaries without public accountability: Disclosures effective Jan 1, 2027.
- e. IFRS for SMES third edition effective Jan 1, 2027.
- f. IAS 21 The effects of changes in foreign exchange rates effective Jan 1, 2027.
- g. Sale or contribution of assets between an investor and its associate or joint venture – Amendment to IFRS 10 consolidated financial statements and IAS 28 Investments in associates and joint ventures effective date to be determined.

## 2.2 New and revised IFRS Standards in issue and effective

- a. Lack of exchangeability – Amendment to IAS 21 The effects of changes in foreign exchange rates effective Jan 1, 2025.

## 3. Material Accounting Policies

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

### a). Basis of consolidation

#### i). Subsidiaries

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

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

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

#### ii). Business combination

Business Combination under common controls are accounted for in the consolidated accounts prospectively from the date the Bank obtains ownership interests. Assets and liabilities are recognized upon reconsolidation at their carrying amount in the consolidated financial statement of the Group. Any difference between the fair values of

consideration paid and the amounts at which the assets and liabilities are recorded is recognized directly in equity reserve.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, “Business Combinations”, a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants.

A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business. For acquisitions meeting the definition of business, the acquisition method is used. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the Group’s share of the identifiable net assets acquired is recorded as goodwill. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicated the need for impairment. If the cost of acquisition is less than the fair value of the Group’s share of the net assets acquired, the difference is recognized directly in the consolidated income statement.

For acquisitions not meeting the definition of business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IFRS 9, “Financial instruments”; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

### **b). Foreign currency transactions**

The financial statements are presented in Nigerian Naira, which is the Bank’s functional currency. Transactions in foreign currencies are translated at the foreign exchange rates effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are adjusted to the functional currency at the spot exchange rates effective at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in the foreign currency translated at the exchange rate effective on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate effective at the date that the fair value is determined. Foreign exchange differences arising on translation are recognised in profit or loss.

### **c). Revenue recognition**

Revenue is recognised when the Group transfers control of goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled, in accordance with IFRS 15 – Revenue from Contracts with Customers.

Revenue comprises interest income and non-interest income such as fees, commissions and other operating income.

### **d). Interest Income and Expense**

Interest income and expense are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the

financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

#### *i. Amortised cost and gross carrying amount*

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

#### *ii. Calculation of interest income and expense*

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

#### *iii. Presentation*

Interest income calculated using the effective interest method presented in the consolidated and separate statement of profit or loss includes only interest on financial assets and financial liabilities measured at amortised cost and FVTOCI.

Interest expense presented in the consolidated and separate statement of profit or loss and other comprehensive income includes only interest on financial liabilities measured at amortised cost.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income (see Note 3e).

### e). Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

### f). Net trading income

Net trading income comprises gains, less losses related to trading assets and liabilities and includes all realised and unrealized fair value changes, dividend and foreign exchange differences.

### g). Dividend Income

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends on trading equities are reflected as a component of net trading income or other operating income based on the underlying classification of the equity investment.

### h). Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically:

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss;
- Other exchange differences are recognized in other comprehensive income in the fair valuation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the fair value reserve.

### i). Lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or

modified on or after 1 January 2019 (where the Group is a lessee in the lease contract).

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single component.

### *The Group as the Lessee*

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever.

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at

or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and account for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other operating expenses” in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

## **j.) Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group has determined that the minimum effective tax rate which it is required to pay under Nigeria Tax Act (NTA) is an income tax in the scope of IAS 12.

### **i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Under NTA 2025, large companies are required to pay a minimum effective tax rate (ETR) of 15% on net income (excluding franked investment income and unrealised gains/losses). A top up tax is payable if the company’s actual tax payable (including all applicable income taxes) results in an effective tax rate lower than 15% of net income.

### **ii. Minimum tax**

In accordance with the Companies Income Tax Act, Cap C21, LFN 2004, the Bank and its subsidiary are assessed for tax under the minimum tax regulation when their total profits from all sources have produced tax or tax payable which is less than the minimum tax specified by the law. When assessed for minimum tax, the rates applicable for calculating the minimum tax is the higher 0.5% of Turnover (Less Franked Investment Income) or excess dividend basis where dividend paid during the year is higher than taxable profit.

### **iii. Deferred tax**

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease regarded as a net package (the lease) for the purpose of recognizing deferred tax.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## **k) . Financial assets and liabilities**

### **I. Recognition**

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

### **II. Classification and Measurement**

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

Financial assets are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL) for trading related assets

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

### **Business Model Assessment**

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets how the performance of assets in a portfolio is evaluated and reported to Group heads and other key decision makers within the Group's business lines;
- The risks that affect the performance of assets held within a business model and how those risks are managed;
- How compensation is determined for the Bank's business lines' management that manages the assets; and
- The frequency and volume of sales in prior periods and expectations about future sales activity.

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

The business model assessment falls under three categories:

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

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

- When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Bank considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the financial year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

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

### **Cash flow characteristics assessment**

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

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

### **(a) Financial assets measured at amortised cost**

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

### **Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks, balances held with other banks, Money market placements and highly liquid financial assets with original maturities of less than three

months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statements of financial position.

**(b) Financial assets measured at FVOCI**

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

**(c) Financial assets measured at FVTPL**

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

**(d) Equity Instruments**

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

Financial liabilities are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

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

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments held at fair value through

profit or loss'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'. Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Other Income in the profit or loss, except for changes in fair value arising from changes in the Bank's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Bank's own credit risk, which are recognized in OCI, are not subsequently reclassified to the profit or loss upon derecognition/extinguishment of the liabilities.

#### **(f) Financial Liabilities at amortised cost**

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

#### **Reclassifications**

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

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

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

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

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model, the Bank shall not engage in activities consistent with its former business model after 31 January 2024. Gains, losses or interest previously recognized are not restated when reclassification occurs.

#### **Modification of financial assets and liabilities**

##### **(a) Financial assets**

The Group sometimes modifies the contractual cashflows of loans to customers. Where the terms of a financial asset are modified via amendments to the loan agreements, the Group evaluates whether the cash flows of the modified asset are substantially different from the original cashflows. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost of the original financial asset and the present value of the estimated future cashflows of the new asset is debited or credited to the

customer's account. Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan include but not limited to:

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

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. For example, contractual cashflows of loan to customers may also be modified due to blanket payment holidays imposed by law and regulations and effective automatically without amendments being made to the loan agreements. In this scenario, the bank revises the expected gross carrying amount by discounting the rescheduled payments at original effective interest rate and the resulting loss is recognised immediately in Other income in Profit or loss as a cumulative catch-up adjustment.

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

Impairment assessment is performed on modified financial assets before modification.

#### **(b) Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### **De-recognition of financial instruments**

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

**(c) Impairment of Financial Assets**

In line with IFRS 9, the Group assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortised cost financial assets;
- Debt securities classified as at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

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

**Expected Credit Loss Impairment Model**

In line with IFRS 9, the Group calculates credit impairment using a forward-looking expected credit loss model (ECL). The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects:

- A probability-weighted, unbiased estimate derived from assessing various potential scenarios.
- Time value of money; and
- Practical, reliable data accessible without excessive effort or expense as of the reporting date, covering historical events, present circumstances, and projections of future economic trends

The Bank's approach to ECL measurement is summarized below:

**Portfolio Segmentation**

To ensure ECL estimates are granular, adequate, and sufficient, the Group groups its credit exposures into segments based on count and similarities in risk characteristics in line with IFRS 9.

The portfolio is categorized by economic sectors—specifically Energy, Services, Trading, Retail, and Manufacturing—after considering variables such as product and customer type, credit ratings, and collateral. By treating these homogenous segments as distinct data pools, the Group can model Probability of Default and Loss Given Default based on each segment's unique historical performance. This granular approach ensures the resulting ECL is a precise reflection of segment-specific risks rather than a generic portfolio average.

The segmentation is reviewed periodically to ensure that assets within each group remain homogenous in terms of risk behaviour.

Table below shows the breakdown of Gross Loans by these segments.

***In thousands of Nigerian Naira***

<b>Gross Loan by Segments</b>	<b>31-Dec-25</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Energy	362,217,458	2,387,028	27,319,040	391,923,526
Manufacturing	574,662,926	4,827,484	17,776,390	597,266,800
Retail	66,326,071		3,556,774	69,882,845
Services	276,340,937	19,260,716	11,850,561	307,452,214
Trading	395,903,395	6,334,172	27,556,905	429,794,472
<b>Total</b>	<b>1,675,450,787</b>	<b>32,809,400</b>	<b>88,059,670</b>	<b>1,796,319,857</b>

***In thousands of Nigerian Naira***

<b>Gross Loan by Segments</b>	<b>31-Dec-24</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Energy	221,773,905	12,234,038	13,598,716	247,606,659
Manufacturing	330,130,104	11,586,871	11,427,681	353,144,656
Retail	53,340,741	4,389	3,126,487	56,471,617
Services	224,723,877	11,812,676	9,005,854	245,542,407
Trading	299,585,011	6,838,868	27,834,034	334,257,913
<b>Total</b>	<b>1,129,553,638</b>	<b>42,476,841</b>	<b>64,992,773</b>	<b>1,237,023,252</b>

**Significant Increase in Credit Risk (SICR)**

At each reporting date, the Group conducts continuous assessment of all its financial assets subject to Expected Credit Loss (ECL) to determine whether a financial asset or portfolio should be classified under 12-month ECL or lifetime ECL. The overall objective is to identify whether a significant increase in credit risk has occurred for an asset by comparing the remaining lifetime PD as at the reporting date, with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the asset.

The assessment of Significant Increase in Credit Risk (SICR) is forward-looking and multi-factored comprising quantitative, qualitative and backstop indicators. Borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors are considered. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depend on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

Quantitatively, the Group considers deterioration in the credit rating of obligor/counterparty based on the Group's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring, exposure classification by licensed credit bureau, etc.

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

### Staging Criteria and Evaluation

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition. Stage allocation depends on whether there has been a significant increase in credit risk (SICR) since initial recognition. At initial recognition, all financial assets that are not credit-impaired are classified as Stage 1, carrying an allowance equal to 12-month expected credit losses. Subsequent to initial recognition, an asset may move to Stage 2 or Stage 3 depending on changes in its credit risk.

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is assigned as Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses. Probability of Default is not estimated for these assets.

The guiding principle for ECL modelling is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (i.e. lifetime expected credit loss), unless there has been no significant increase in credit risk since origination.

### Measurement of Expected Credit Losses

The measurement of Expected Credit Loss (ECL) is determined on either a 12-month or lifetime basis. The ECL is a probability-weighted estimate of three fundamental parameters: the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD, EAD, and LGD inputs used to estimate expected credit losses are modelled based on historical default and recovery data, adjusted to reflect the current performance of the obligors, and incorporate forward-looking information by integrating macroeconomic variables that correlate with credit risk, typically weighted across multiple economic scenarios. Details of these ECL sub-components are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. This PD quantifies the likelihood that a counterparty will fail to meet its contractual obligations, as aligned with the Groups' "Definition of Default and Credit-Impaired." Depending on the assessment of credit risk, this parameter is measured either over a 12-month horizon (12M PD) for Stage 1 assets or over the remaining contractual term (Lifetime PD) for Stage 2 and 3 assets.
  - 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The Group obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.
  - Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9. The Group obtains 3 years forecast for the relevant macroeconomic variables and adopts exponentiation method to compute cumulative PD for future time periods for each obligor.

- **EAD** – The exposure at default is an estimate of the total amount the Group expects to be owed at the time of a future default. This calculation incorporates expected changes in the exposure after the reporting date, including the amortization of principal and the accrual of interest. For revolving credit facilities and undrawn commitments, the EAD includes the current drawn balance plus a forecast of future drawdowns on committed facilities expected to occur prior to default, reflecting both contractual obligations and anticipated borrower behaviour.
- **LGD** – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

#### **Incorporation of Forward-looking information**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information require that: The Group conducts comprehensive historical analyses to identify the primary macroeconomic variables that influence credit risk and expected credit losses across its various portfolios.

- Macro-economic variables taken into consideration include, but are not limited to, unemployment rate, prime lending rates, gross domestic product growth rate, inflation, crude-oil prices and exchange rate, and requires an evaluation of both the current and forecast direction of the macro-economic cycle.
- Macro-economic variables considered to have strong statistical relationships between these economic indicators and the risk parameters (PD, EAD, and LGD) are quantified through statistical regression analysis. This methodology enables the Bank to evaluate the historical sensitivity of default rates and loss components to shifts in the economic environment, ensuring the models are grounded in empirical evidence.

#### **Estimation of multiple forward-looking scenarios**

Rather than relying on qualitative judgment, the Bank determines allowance for credit losses using probability-weighted forward-looking scenarios.

The probability weights are derived by analysing the historical distribution of key macroeconomic drivers. By mapping the current economic trajectory against historical volatility, the Bank calculates the mathematical likelihood of each scenario.

Scenario probabilities are statistically derived from the historical distribution of macroeconomic volatility. This empirical approach ensures that the weightings assigned to the 'Upturn' and 'Downturn' scenarios are representative of observed economic frequency, providing an unbiased basis for the probability-weighted Expected Credit Loss calculation.

The current scenario weighting reflects a balanced risk outlook, with probability assignments distributed near-symmetrically to account for neutral macro-indicators. This weighting captures the plausible, non-linear impacts of both moderate economic improvement and potential deterioration. These allocations are subject to formal quarterly governance reviews; should the risk landscape shift specifically regarding emerging downside pressures, scenario weights will be recalibrated to ensure the ECL remains forward-looking and representative of the prevailing credit environment.

As of December 31, 2025, the statistically derived weights and their associated macro-economic inputs are as follows:

Scenario	Weight
Upturn	38.46%
Base	29.49%
Downturn	32.05%

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

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

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

ECONOMIC VARIABLES ASSUMPTION		
	2026	2027
<b>GDP</b>		
Base Case	2.40%	2.60%
Best Case	2.90%	2.60%
Worst Case	2.30%	2.60%
<b>Inflation</b>		
Base Case	24.25%	14.30%
Best Case	15.90%	14.30%
Worst Case	37.00%	14.30%
<b>Prime Lending rate</b>		
Base Case	22.75%	22.75%
Best Case	15.40%	15.40%
Worst Case	30.10%	30.10%
<b>Crude Oil price</b>		
Base Case	58.215	65.000
Best Case	65.000	65.000
Worst Case	51.430	65.000

### Governance and Validation of the ECL Model

The Group has a strong governance framework in place to oversee the Expected Credit Loss (ECL) implementation and this includes:

- Internal Governance:** The ECL methodology, assumptions, and output are subject to multi-level review and Approval. The Risk Analytics team is responsible for developing and maintaining the models (including periodic recalibration and updates to scenarios) while the Finance department ensures that the estimated impairment is accurately incorporated in the financial statements. The Chief Finance Officer approves changes made to the methodology, and key

assumptions thus ensuring that the Bank's model performance remains robust and dynamic.

- **Independent Validation:** As an additional safeguard, the Bank's Expected Credit Loss (ECL) framework is subject to periodic independent validation by external consultants. This review encompasses an assessment of the model's conceptual design, the appropriateness of key macroeconomic assumptions, and the technical integrity of the underlying methodology.
- **Continuous Monitoring and Controls:** The Bank regularly conducts back testing of its ECL model process, monitoring how actual credit loss experience deviates from the model's predictions.

The ECL estimation is subject to internal controls and audits. Both internal audit and external auditors review the ECL process as part of their annual audit procedures. The external auditors assess whether the ECL result is reasonable by challenging the assumptions and comparing them to industry practice.

The Board, through the Board Risk Management Committee, exercises oversight of the impairment framework, approves significant methodologies and judgments, and receives periodic reporting on portfolio risk and ECL movements. This layered governance structure ensures integrity, transparency, and robustness of the Bank's impairment estimation process.

By maintaining rigorous governance and validation practices, the Group ensures that its ECL measurement not only complies with the IFRS 9 Standard but also aligns with regulatory expectations and industry leading practices. The governance framework underpins the reliability of the Expected Credit Loss estimate.

### Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Others include death, insolvency, breach of covenants, etc.

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

**(vi) Write-off**

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

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

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

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

**(vii) Offsetting financial instruments**

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

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

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

**(viii) Investment securities**

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

**(l) Repossessed Collateral**

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

**(m) Investment in subsidiaries**

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

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

**n). Property and equipment***i. Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where the Group has an obligation to remove the asset or restore the site and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

#### ii Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

#### iii Depreciation

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

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

- Buildings 50 years
- Furniture and office equipment 5 years
- Computer equipment 5 years
- Motor vehicles 5 years
- Right of use of assets Lower of lease term or the useful life for the specified class of item
- Work in progress Not depreciated

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### iv. De-recognition

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

### o). Intangible assets

#### Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software

include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is shorter of 5 years or the contractual licensing period. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

### **p) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

### **q) Deposits and subordinated liabilities**

Deposits and subordinated liabilities are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit and the underlying asset continues to be recognised in the Group's financial statements. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and subordinated liabilities are initially measured at fair value plus transaction costs and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

### **r) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **i Restructuring**

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

### **ii Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

## **s) Financial guarantees**

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

## **t) Employee benefits**

### **i Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as personnel expenses in profit or loss when they are due in respect of service rendered before the end of the reporting period.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the reporting period in which the employees render service are discounted to their present value at the reporting date.

The Group operates a funded, defined contribution pension scheme for employees in Nigeria. Obligations in respect of the Group's contributions to the scheme are recognised as an expense in the profit and loss account on an annual basis. The employee and the Bank contribute 8% and 12.5% of basic salary, housing, luncheon and transport allowance respectively to each employee's retirement savings account maintained with their nominated Pension Fund Administrators in accordance with the Pension Reform Act 2014.

### **ii Termination benefits**

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### *iii Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(vi) Regulatory risk reserve**

The Nigerian banking regulator requires the Bank to create a reserve for the difference between impairment provision determined in line with the principles of IFRS and impairment provision determined in line with the prudential guidelines issued by the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

### **(vii) Retained earnings**

Retained earnings comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

### **(viii) Fair value reserve**

Comprises fair value movements on equity instruments carried at FVOCI.

### **(ix) Credit risk reserve**

Comprises of special reserve for certain credits outside impairment.

## **u) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## **v) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available.

## 4. Key sources of estimation uncertainty

### Allowances for credit losses

Assets accounted for at amortized cost are evaluated for impairment on the basis described in accounting policy j (viii).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merit and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way interest losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are made.

### Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy j (viii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

## 5. Critical accounting judgements made in applying accounting policies include:

### Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs (i.e., derived from prices). This category includes instruments valued using either quoted market prices inactive markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**Business model assessment:**

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Significant increase of credit risk**

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

**Establishing groups of assets with similar credit risk characteristics**

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets.

**Models and assumptions used**

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

*In thousands of Naira*

<b>Group</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>31-Dec-25</b>				
Treasury Bills		194,534,557	-	-	194,534,557
Investment Securities (Bonds)		2,064,200		-	2,064,200
Equity Securities		-	15,815,126	-	15,815,126
		<b>196,598,757</b>	<b>15,815,126</b>	<b>-</b>	<b>212,413,883</b>

<b>Bank</b>					
	<b>31-Dec-25</b>				
Treasury Bills		194,534,557	-	-	194,534,557
Investment Securities (Bonds)		2,064,200		-	2,064,200
Equity Securities		-	15,815,126	-	15,815,126
		<b>196,598,757</b>	<b>15,815,126</b>	<b>-</b>	<b>212,413,883</b>

<b>Group</b>					
	<b>31-Dec-24</b>				
Treasury Bills		45,455,938	-	-	45,455,938
Investment Securities (Bonds)		-	-	-	-
Equity Securities		-	14,756,031	-	14,756,031
		<b>45,455,938</b>	<b>14,756,031</b>	<b>-</b>	<b>60,211,969</b>

<b>Bank</b>					
	<b>31-Dec-24</b>				
Treasury Bills		45,455,938	-	-	45,455,938
Investment Securities (Bonds)		-	-	-	-
Equity Securities		-	14,756,031	-	14,756,031
		<b>45,455,938</b>	<b>14,756,031</b>	<b>-</b>	<b>60,211,969</b>

## 6. Operating segments

The Bank, which has a national authorization, has four reportable geographical segments, which are the Bank's strategic zones. The strategic zones offer different products and services and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic zones, the Bank's management reviews internal management reports monthly.

Segment information is presented in respect of the Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure.

### Geographical segments

The Group operates in key geographical regions: North Central, North-East, South-West, South-South and South-East:

31-Dec-25					
Group					
<i>In thousands of Nigerian Naira</i>					
	<b>South- West</b>	<b>South- South</b>	<b>Abuja</b>	<b>Lagos</b>	<b>Total</b>
Derived from external					
Gross Revenue customers	146,287,361	56,416,154	108,034,599	350,651,686	<b>661,389,800</b>
Interest and similar expenses	(43,334,256)	(14,746,715)	(45,181,877)	(111,827,673)	<b>(215,090,522)</b>
Operating income	97,800,093	37,398,149	57,354,353	228,061,673	<b>420,614,268</b>
Operating expenses	(65,133,029)	(22,581,623)	(22,186,672)	(88,825,808)	<b>(198,727,132)</b>
Profit on ordinary activities before taxation	<b>32,667,064</b>	<b>14,816,526</b>	<b>35,167,681</b>	<b>139,235,865</b>	<b>221,887,136</b>
Income tax expense	(6,212,556)	(2,626,545)	(3,088,031)	(15,483,511)	<b>(27,410,643)</b>
Profit on ordinary activities after taxation	<b>26,454,508</b>	<b>12,189,981</b>	<b>32,079,650</b>	<b>123,752,354</b>	<b>194,476,493</b>
Assets and liabilities:				-	
<b>Total assets</b>	860,418,032	534,876,021	995,675,736	2,681,340,652	<b>5,072,310,440</b>
<b>Total liabilities</b>	1,028,684,808	361,583,551	758,837,745	2,302,741,015	<b>4,451,847,119</b>
<b>Net Asset</b>	(168,266,776)	173,292,469	236,837,991	378,599,637	<b>620,463,321</b>

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

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<b>7 Interest income</b>				
Cash and cash equivalents	23,353,195	7,101,880	23,353,195	7,101,880
Loans and advances to banks and customers	348,234,809	233,853,561	348,234,809	233,853,561
Investments securities	204,483,247	113,677,662	203,680,914	112,581,599
<b>Total interest income</b>	<b>576,071,251</b>	<b>354,633,103</b>	<b>575,268,918</b>	<b>353,537,040</b>

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

#### Interest expense

Deposits from banks	27,679,376	54,605,947	27,679,376	54,605,947
Deposits from customers	168,828,628	103,414,972	168,828,628	103,414,972
Other borrowed funds	18,582,518	19,548,341	17,750,466	18,475,698

#### Total interest expense

<b>Total interest expense</b>	<b>215,090,522</b>	<b>177,569,260</b>	<b>214,258,470</b>	<b>176,496,617</b>
<b>Net interest income</b>	<b>360,980,729</b>	<b>177,063,843</b>	<b>361,010,448</b>	<b>177,040,423</b>

8	Fees and commission income	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	Credit related fees	3,622,110	2,047,067	3,622,110	2,047,067
	Account maintenance fees	10,469,946	7,364,299	10,469,946	7,364,299
	Management fees	12,659,287	8,023,680	12,659,287	8,023,680
	Fees on electronic products	28,855,226	14,072,949	28,855,226	14,072,949
	Fees on financial guarantees	3,858,511	2,596,629	3,858,511	2,596,629
	FX transactions	9,161,955	15,039,792	9,161,955	15,039,792
	Other fees and charges	6,918,955	6,431,767	6,918,955	6,431,767
	<b>Total fee and commission income</b>	<b>75,545,990</b>	<b>55,576,183</b>	<b>75,545,990</b>	<b>55,576,183</b>

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

	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Point in time	75,006,645	55,170,840	75,006,645	55,170,840
Over time	539,345	405,343	539,345	405,343
	<b>75,545,990</b>	<b>55,576,183</b>	<b>75,545,990</b>	<b>55,576,183</b>

## 9 Net trading income

Fixed income securities	782,027	29,960	782,027	29,960
Treasury bills	4,211,955	1,775,979	4,211,955	1,775,979
Foreign exchange trading (note 9.1)	3,392,768	1,634,594	3,392,768	1,634,594
	<b>8,386,750</b>	<b>3,440,533</b>	<b>8,386,750</b>	<b>3,440,533</b>

9.1 Foreign exchange trading income is principally made up of trading income on foreign currencies, as well as gains and losses from revaluation of trading position. The amount reported above are totally from financial assets carried at fair value through profit or loss.

10 Other income	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Dividends on equities at FVOCI	215,581	245,681	215,581	245,681
Gains on disposal of property and equipment	46,049	471,682	46,049	471,682
Rental income	82,142	60,481	82,142	60,481
Income on deposit accounts	172,505	85,882	172,505	85,882
Digital Income	1,282,167	881,496	1,282,167	881,496
FX Revaluation	(11,934,304)	14,655,074	(11,934,304)	14,655,074
Swift transactions	1,399,212	379,067	1,399,212	379,067
Service charge	87,008	75,084	87,008	75,084
Others*	9,042,205	432,665	9,042,205	432,665
	<b>392,565</b>	<b>17,287,111</b>	<b>392,565</b>	<b>17,287,111</b>

\*This comprises the accrued interest earned on the proceeds from the capital raised during the year

### Impairment charge/(reversal) on financial instruments

11	Impairment charge /(reversal) on financial/non-financial instruments	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	<b>Impairment charge/(reversal) on financial instruments</b>				
	Loans and advances (note 18)	30,234,916	17,989,339	30,234,916	17,989,339
	Bonds/treasury bills (note 17)	3,575,110	4,311,048	3,575,110	4,311,048
	Cash and cash equivalent (note 15)	19,577	29,120	19,577	29,120
	Other assets (note 22)	(2,296,808)	2,756,569	(2,296,808)	2,756,569
	<b>Impairment charge/(reversal) on non-financial instruments</b>				
	Off balance sheet (note 29)	(519,538)	100,072	(519,538)	100,072
	Recoveries on loans (note 18a)	(5,328,247)	(3,536,267)	(5,328,247)	(3,536,267)
	<b>Total impairment charge on financial/non-financial instruments</b>	<b>25,685,010</b>	<b>21,649,883</b>	<b>25,685,010</b>	<b>21,649,883</b>

### 12 Personnel expenses

Wages and salaries	53,860,199	33,841,703	53,860,199	33,841,703
Pension contribution	2,834,301	2,608,910	2,834,301	2,608,910
Outsourced staff cost	13,490,278	9,024,756	13,490,278	9,024,756
	<b>70,184,778</b>	<b>45,475,369</b>	<b>70,184,778</b>	<b>45,475,369</b>

## Personnel expenses

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

	Group		Bank	
	31-Dec-25 Number	31-Dec-24 Number	31-Dec-25 Number	31-Dec-24 Number
Executive Directors	5	5	5	5
Management	28	32	28	32
Non-management	2,471	2,305	2,471	2,305
	<b>2,504</b>	<b>2,342</b>	<b>2,504</b>	<b>2,342</b>

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

	31-Dec-25 Number	31-Dec-24 Number	31-Dec-25 Number	31-Dec-24 Number
N2,370,001 - N2,380,000	-	-	-	-
N2,720,001 - N2,730,000	-	-	-	-
N3,060,001 - N7,570,000	-	1	-	1
N7,570,001 - N9,570,000	-	-	-	-
N9,570,001 - N12,570,000	-	2	-	2
N12,570,001 - N18,570,000	7	5	7	5
N18,570,001 - N20,570,000	1	1	1	1
	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>

Employees other than Directors, earning more than N200,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	31-Dec-25 Number	31-Dec-24 Number	31-Dec-25 Number	31-Dec-24 Number
N1,490,001 - N2,500,000	196	385	196	385
N2,510,001 - N3,540,000	91	332	91	332
N3,540,001 - N3,990,000	103	353	103	353
N3,990,001 - N4,500,000	475	284	475	284
N4,710,001 - N5,390,000	551	263	551	263
N5,390,001 - N5,900,000	139	205	139	205
N5,990,001 - N6,600,000	138	98	138	98
N6,900,001 - N7,710,000	88	76	88	76
Above N7,710,000	723	346	723	346
	<b>2504</b>	<b>2342</b>	<b>2504</b>	<b>2342</b>

## 12 Personnel expenses (cont'd)

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

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Executive compensation/fees	574,488	419,813	574,488	419,813
Other emoluments	341,046	308,375	341,046	308,375
	<b>915,534</b>	<b>728,189</b>	<b>915,534</b>	<b>728,189</b>

The directors' remuneration shown above includes:

Chairman	20,000	12,662	20,000	12,662
Highest paid director	160,323	106,881	160,323	106,881

### 13a Other operating expenses

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Advertising and marketing	6,700,382	6,843,499	6,700,382	6,843,499
AMCON levy (i)	19,860,380	12,787,387	19,860,380	12,787,387
Auditors remuneration	240,000	205,000	230,000	190,000
Business expenses	1,221,424	953,369	1,221,424	953,369
Cash movement expenses	1,249,211	840,681	1,249,211	840,681
Diesel expenses	2,758,581	3,043,321	2,758,581	3,043,321
Directors expenses	78,850	65,700	78,850	65,700
Directors fees	144,500	135,983	144,500	135,983
Donations and sponsorships	1,017,251	1,273,832	1,017,251	1,273,832
Electricity	2,435,785	1,744,764	2,435,785	1,744,764
General administrative expenses	5,597,835	4,957,359	5,671,118	4,957,359
Legal expenses	1,286,112	1,062,898	1,286,112	1,062,898
Insurance	752,268	695,069	752,268	695,069
NDIC premium	9,825,271	9,157,814	9,825,271	9,157,814
Other premises and equipment costs	523,538	443,177	523,538	443,177
Printing and stationery	1,000,924	719,980	1,000,924	719,980
Other professional fees (iii)	2,164,051	1,460,990	2,164,051	1,460,990
Digital bank professional fees (ii)	491,856	321,393	491,856	321,393
Repairs and maintenance	6,831,171	5,341,802	6,831,171	5,341,802
Security expenses	732,140	557,541	732,140	557,541
Service charge	28,096,441	16,461,041	28,096,441	16,461,041
SMS expenses & others	386,283	226,216	386,283	226,216
Statutory expenses	514,436	329,333	514,436	329,333
Technology and alternative channels	19,042,906	5,553,916	19,042,906	5,553,916
Transport & communications	3,110,903	2,300,153	3,110,903	2,300,153
	<b>116,062,499</b>	<b>77,482,216</b>	<b>116,125,782</b>	<b>77,467,218</b>

### 13a Other operating expenses (cont'd)

- AMCON contributory cost relates to contribution towards the fund set up by the Central Bank of Nigeria for the bailout of the banking sector. The cost is charged at 0.5% of the preceding year's total assets and contingent exposures.
- This represents expenses incurred by the Group on electronic and digital platforms.
- Included in other professional fees for the year ended 31 December 2025 is ₦80.79m fees relating to non-audit services provided by KPMG 2024: ₦68.29m

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

<b>2025 Non-audit services</b>	<b>Fees (N'000)</b>
RISK MANAGEMENT REVIEW	5,000
AGREED UPON PROCEDURES ON CBN CORPORATE GOVERNANCE REVIEW	5,000
TAX SERVICES	18,662
ESG/SUSTAINABILITY ASSURANCE	5,000
ADVISORY SURVEY	7,125
LIMITED ASSURANCE ON ICFR	40,000
	<b>80,787</b>

<b>2024 Non-audit services</b>	<b>Fees (N'000)</b>
RISK MANAGEMENT REVIEW	5,000
AGREED UPON PROCEDURES ON CBN CORPORATE GOVERNANCE REVIEW	5,000
TAX SERVICES	5,231
WEMA BANK ESG/SUSTAINABILITY ASSURANCE REVIEW	5,000
ADVISORY SURVEY	8,063
WEMA FEE FOR LIMITED ASSURANCE ON ICFR	40,000
	<b>68,294</b>

<i>In thousands of Nigerian Naira</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>

### 13b Depreciation and amortization

Property, plants and equipment	10,490,587	7,265,133	10,490,587	7,265,133
Right of use of assets	379,722	294,863	379,722	294,863
Intangible assets	1,609,546	1,180,112	1,609,546	1,180,112
	<b>12,479,855</b>	<b>8,740,108</b>	<b>12,479,855</b>	<b>8,740,108</b>

## 14 Earnings per share

### Basic and diluted earnings per share

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

The calculation of basic earnings per share as at 31st December 2025 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

<i>In thousands</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
<b>Earnings per share</b>				
Weighted average number of ordinary shares - of 50k each (2024 - 50k)	27,280,957	17,858,502	27,280,957	17,858,502
<b>Profit attributable to ordinary shareholders -basic</b>				
Profit for the year attributable to equity holders of the Bank '000	194,476,493	86,279,821	194,457,704	86,286,174
Earnings per share -basic/diluted (Kobo)	712.87	483.1	712.80	483.2

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

15	Cash and cash equivalents <i>In thousands of Nigerian Naira</i>	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	Cash and balances with banks	171,893,127	168,224,454	171,878,098	168,219,749
	Unrestricted balances with central bank	1,900,977	3,279,715	1,900,977	3,279,715
	Money market placements	767,188,765	107,562,008	767,188,765	107,562,008
	ECL Allowance	(161,129)	(141,552)	(161,129)	(141,552)
		<b>940,821,739</b>	<b>278,924,625</b>	<b>940,806,710</b>	<b>278,919,920</b>
	<b>Classified as:</b>				
	Current	940,821,739	278,924,625	940,806,710	278,919,920
	Non-current	-	-	-	-
		<b>940,821,739</b>	<b>278,924,625</b>	<b>940,806,710</b>	<b>278,919,920</b>
	<b>Movement in ECL allowance</b>				
	Opening balance	141,552	112,432	141,552	112,432
	Charge for the year (note 11)	19,577	29,120	19,577	29,120
	Closing balance	161,129	141,552	161,129	141,552

### 15b Restricted Deposit with CBN

Mandatory reserve deposit is reported net of N19.67 billion (December 31, 2024: N27.67 billion) which relates to Differentiated Cash Reserve Requirement (DCRR) Scheme. Under the DCRR scheme, Deposit Money Banks (DMBs) interested in providing credit financing to Greenfield (New) and Brownfield (expansion) projects in the Real Sector (Agriculture and Manufacturing) may request for the release of funds from their CRR to finance the projects.

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

16	Pledged assets - Held at amortised cost <i>In thousands of Nigerian Naira</i>	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	Treasury bills	1,520,833	190,846,328	1,520,833	190,846,328
	Bonds	18,497,838	116,389,527	18,497,838	116,389,527
		<b>20,018,671</b>	<b>307,235,855</b>	<b>20,018,671</b>	<b>307,235,855</b>

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

In thousands of Nigerian Naira	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<b>17 Investment securities</b>	<b>1,335,392,563</b>	<b>900,232,647</b>	<b>1,335,392,563</b>	<b>892,061,853</b>
Current	424,312,035	155,568,401	424,312,035	155,568,401
Non-current	909,016,328	744,664,246	909,016,328	736,493,453
<b>17a Investment securities measured at FVTOCI</b>				
Equity (see note (i) below)	15,815,126	14,756,031	15,815,126	14,756,031
	<b>15,815,126</b>	<b>14,756,031</b>	<b>15,815,126</b>	<b>14,756,031</b>
<b>17b Investment securities measured at FVTPL</b>				
FGN Bonds	2,064,200	-	2,064,200	-
Treasury Bills	194,534,557	45,455,938	194,534,557	45,455,938
	<b>196,598,757</b>	<b>45,455,938</b>	<b>196,598,757</b>	<b>45,455,938</b>
<b>17c Investment securities measured at amortised cost</b>				
Treasury Bills	229,777,478	110,112,462	229,777,478	110,112,462
FGN Bonds	896,012,837	731,217,857	896,012,837	723,047,063
Other Bonds (see (ii) below)	8,230,691	6,157,575	8,230,691	6,157,575
ECL Allowance - Investments at Amortised Cost	(11,042,326)	(7,467,216)	(11,042,326)	(7,467,216)
	<b>1,122,978,680</b>	<b>840,020,678</b>	<b>1,122,978,680</b>	<b>831,849,884</b>
<b>Movement in ECL allowance</b>				
Opening balance	7,467,216	3,156,168	7,467,216	3,156,168
Charge for the year (note 11)	3,575,110	4,311,048	3,575,110	4,311,048
Closing balance	<b>11,042,326</b>	<b>7,467,216</b>	<b>11,042,326</b>	<b>7,467,216</b>
<b>(i) Equity</b>				
<b>Quoted Investments:</b>	-	-	-	-
<b>Unquoted Investments:</b>				
Unified Payment Services Limited	65,767	65,767	65,767	65,767
FMDQ	15,000	15,000	15,000	15,000
Nigeria Inter-Bank Settlement System	47,482	47,482	47,482	47,482
Fair value gain on (FVTOCI) financial assets (b)	15,686,877	14,627,781	15,686,877	14,627,781
	<b>15,815,126</b>	<b>14,756,031</b>	<b>15,815,126</b>	<b>14,756,031</b>

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

<i>In thousands of Nigerian Naira</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
Unified Payment Services Limited	2,104,078	1,858,017	2,104,078	1,858,017
FMDQ	4,946,737	2,940,661	4,946,737	2,940,661
Nigeria Inter-Bank Settlement System	8,764,311	9,957,353	8,764,311	9,957,353
Closing balance	<b>15,815,126</b>	<b>14,756,031</b>	<b>15,815,126</b>	<b>14,756,031</b>

## (b) Description of Valuation Methodology and inputs

### Market Approach

We adopted the market multiples (guideline public companies and transaction) valuation approach in estimating the fair value of Wema's investment in the three entities. This methodology expounds that similar assets should sell for the same value or similar prices.

According to the standard, the fair value measurement of unquoted equity instruments under the market multiples approach consists of the following steps:

#### i. Identifying guideline public companies and transactions.

The bank obtained a list of guideline public companies using the S&P Capital IQ platform

<b>Entities</b>	<b>Approach</b>
Financial Market Dealers Quote	We have selected a universe of guideline public companies that operate in emerging markets within the Financial Exchange and Data Industry using the S&P Capital IQ platform
Nigerian Inter-bank Settlement System	We have selected a universe of guideline public companies that operate in emerging markets within the payment processing services industry using the S&P Capital IQ platform
Unified Payment Services	We have selected a universe of guideline public companies that operate in emerging markets within the data and outsourced services industry using the S&P Capital IQ platform

- ii. Selecting the performance measure that is most relevant to assessing the value of the investee (i.e. the performance measure that market participants will typically use to price the investee). This would typically be by reference to trading multiples, for example, earnings, book value of equity or revenue. For the purpose of this engagement, we have adopted the price to book value (P/B) for FMDQ, while we adopted the enterprise value to earnings before income, tax, depreciation and amortisation (EV/EBITDA) for NIBSS and UPS, as this reflects the nature of these entities' businesses and operations.
- iii. Applying the appropriate valuation multiple to the relevant performance measure of the investee to obtain an indicative fair value of the investee's equity value as at the valuation date.
- iv. Making appropriate adjustments to ensure comparability between the unquoted equity instruments held by the Company and the equity instruments of the guideline public companies.

- v. Making appropriate adjustments to the equity values obtained from the guideline public companies methodology to reflect the marketability of each company's shares and the ownership in the companies (majority or minority stake).

In determining the equity values of FMDQ, NIBSS and UPS, we considered the following:

ADJUSTMENTS	
Marketability discount	We made adjustments to the guideline comparable companies and transactions to account for the lack of marketability of the firm's share. The discount of 13.20% applied is the average of 10% - 30%, sourced from the result of an industry survey of discounts and premiums typically applied to valuations in West Africa.
Minority discount	An adjustment was made; we applied for minority discounts of 15.7% .

### Determine the indicative valuation ranges

In order to derive the applicable market multiple for the Company, we computed the harmonic mean, the mean and the median of the multiples from the guideline public companies.

#### Movement in fair value gain

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Opening balance	14,627,781	13,149,879	14,627,781	13,149,879
Fair value gain for the year	1,059,096	1,477,902	1,059,096	1,477,902
Closing balance	15,686,877	14,627,781	15,686,877	14,627,781

## ii Investment securities measured at amortised cost

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

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
I. 7YR: DANA Group Bond Series 1				
Opening balance	891,692	929,145	891,692	929,145
Principal repayment during the year	-	(37,453)	-	(37,453)
Closing balance	891,692	891,692	891,692	891,692
<b>STATE BONDS</b>				
I. EKITI State Govt Bond Tranche 11				
Opening balance	431,027	574,502	431,027	574,502
Principal repayment during the year	(72,166)	(143,475)	(72,166)	(143,475)
Closing balance	358,861	431,027	358,861	431,027
II. OGUN State Govt Bond				
Opening balance	4,039,948	5,016,339	4,039,948	5,016,339
Principal repayment during the year	(1,143,359)	(976,390)	(1,143,359)	(976,390)
Closing balance	2,896,589	4,039,948	2,896,589	4,039,948

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## III. LAGOS State Govt Bond

Opening balance	-	-	-	-
Principal purchased during the year	-	-	3,757,500	-
Closing balance	3,757,500	-	3,757,500	-

## IV. ONDO State Govt Bond

Opening balance	1,686,600	2,294,875	1,686,600	2,294,875
Principal repayment during the year	(468,859)	(608,275)	(468,859)	(608,275)
Closing balance	1,217,741	1,686,600	1,217,741	1,686,600
Total Other Bonds	9,122,383	7,049,267	9,122,383	7,049,267
ECL	(891,692)	(891,692)	(891,692)	(891,692)
	<b>8,230,691</b>	<b>6,157,575</b>	<b>8,230,691</b>	<b>6,157,575</b>

## (d) Investment in SPV

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

## Notes to the consolidated and separate financial statements

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

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<i>In thousands of Nigeria Naira</i>				
Overdrafts	187,912,155	103,038,947	187,912,155	103,038,947
Term Loans	1,587,751,862	1,125,693,131	1,587,751,862	1,125,693,131
Advances under finance lease	20,655,840	8,291,174	20,655,840	8,291,174
Gross loans and receivables	<b>1,796,319,857</b>	<b>1,237,023,252</b>	<b>1,796,319,857</b>	<b>1,237,023,252</b>
Less ECL allowances				
Stage 1	(22,261,436)	(4,677,465)	(22,261,436)	(4,677,465)
Stage 2	(946,350)	(3,803,056)	(946,350)	(3,803,056)
Stage 3	(35,179,695)	(27,333,412)	(35,179,695)	(27,333,412)
	<b>(58,387,481)</b>	<b>(35,813,933)</b>	<b>(58,387,481)</b>	<b>(35,813,933)</b>
Net loans and advances to customers	<b>1,737,932,376</b>	<b>1,201,209,319</b>	<b>1,737,932,376</b>	<b>1,201,209,319</b>
<b>31-Dec-25</b>	<b>Term loan</b>	<b>Overdrafts</b>	<b>Finance lease</b>	<b>Total</b>
Gross loans	1,587,751,862	187,912,155	20,655,840	1,796,319,857
Stage 1	(18,242,220)	(3,612,777)	(406,439)	(22,261,436)
Stage 2	(946,350)	-	-	(946,350)
Stage 3	(30,850,596)	(4,271,859)	(57,240)	(35,179,695)
	<b>1,537,712,696</b>	<b>180,027,519</b>	<b>20,192,161</b>	<b>1,737,932,376</b>

## Notes to the consolidated and separate financial statements

<b>31-Dec-24</b>	<b>Term loan</b>	<b>Overdrafts</b>	<b>Finance lease</b>	<b>Total</b>
Gross loans	1,125,693,131	103,038,947	8,291,174	1,237,023,252
Stage 1	(3,134,482)	(1,214,982)	(328,001)	(4,677,465)
Stage 2	(3,785,316)	(17,740)	-	(3,803,056)
Stage 3	(17,257,526)	(10,003,004)	(72,882)	(27,333,412)
	<b>1,101,515,807</b>	<b>91,803,221</b>	<b>7,890,291</b>	<b>1,201,209,319</b>

### Gross Loans and advances by Staging

	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
Stage 1	1,675,450,787	1,129,553,638	1,675,450,787	1,129,553,638
Stage 2	32,809,400	42,476,841	32,809,400	42,476,841
Stage 3	88,059,670	64,992,773	88,059,670	64,992,773
	<b>1,796,319,857</b>	<b>1,237,023,252</b>	<b>1,796,319,857</b>	<b>1,237,023,252</b>

## Notes to the consolidated and separate financial statements

### 19 Property and equipment

#### Group / Bank

*In thousands of Nigerian Naira (000s)*

	Land	Buildings	Furniture & Office Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
Cost	2,442,029	22,250,832	17,450,320	12,246,959	27,858,211	2,577,258	<b>84,825,608</b>
Additions	565,320	3,371,323	6,560,151	5,052,350	24,332,350	2,231,275	<b>42,112,769</b>
Disposals	-	(6,840)	(93,304)	(531,912)	(63,374)	-	<b>(695,431)</b>
<b>Balance as at 31 December 2025</b>	<b>3,007,348</b>	<b>25,615,315</b>	<b>23,917,167</b>	<b>16,767,397</b>	<b>52,127,187</b>	<b>4,808,533</b>	<b>126,242,946</b>
Accumulated depreciation and impairment							
Balance at 1 January 2024	-	6,532,501	10,740,327	4,413,245	14,817,290	-	<b>36,503,363</b>
Charge for the year	-	455,184	2,461,902	2,695,014	4,878,486	-	<b>10,490,586</b>
Disposals	-	(2,652)	(66,349)	(311,822)	(53,337)	-	<b>(434,160)</b>
<b>Balance as at 31 December 2025</b>	<b>-</b>	<b>6,985,033</b>	<b>13,135,880</b>	<b>6,796,437</b>	<b>19,642,439</b>	<b>-</b>	<b>46,559,789</b>
Carrying amounts							
Balance at 1 January 2024	<b>2,442,028</b>	<b>15,718,331</b>	<b>6,709,993</b>	<b>7,833,714</b>	<b>13,040,921</b>	<b>2,577,259</b>	<b>48,322,246</b>
<b>Balance as at 31 December 2025</b>	<b>3,007,348</b>	<b>18,630,282</b>	<b>10,781,287</b>	<b>9,970,959</b>	<b>32,484,748</b>	<b>4,808,533</b>	<b>79,683,157</b>

a. All Property and equipment are non-current.

## Notes to the consolidated and separate financial statements

### 19 Property and equipment

#### Group & Bank

*In thousands of Nigerian Naira (000s)*

	Land	Buildings	Furniture & Office Equipment	Motor vehicles	Computer Equipment	Work in Progress	Total
<b>Cost</b>							
Balance at 1 January 2024	1,780,967	19,431,358	13,526,276	7,609,834	20,105,637	3,375,541	65,829,613
Additions	661,205	2,832,434	4,134,299	5,361,728	8,102,927	(798,283)	20,294,311
Disposals	(144)	(12,960)	(210,255)	(724,603)	(350,353)	-	(1,298,315)
<b>Balance as at 31 December 2024</b>	<b>2,442,028</b>	<b>22,250,832</b>	<b>17,450,320</b>	<b>12,246,959</b>	<b>27,858,211</b>	<b>2,577,259</b>	<b>84,825,609</b>
<b>Accumulated depreciation and impairment</b>							
Balance at 1 January 2024	-	6,145,124	9,260,392	2,791,037	11,870,162	-	30,066,716
Charge for the year	-	391,940	1,626,875	1,955,941	3,290,377	-	7,265,133
Disposals	-	(4,564)	(146,940)	(333,733)	(343,249)	-	(828,486)
<b>Balance as at 31 December 2024</b>	<b>-</b>	<b>6,532,501</b>	<b>10,740,327</b>	<b>4,413,245</b>	<b>14,817,290</b>	<b>-</b>	<b>36,503,363</b>
<b>Carrying amounts</b>							
Balance at 1 January 2024	1,780,967	13,286,233	4,265,884	4,818,796	8,235,477	3,375,541	35,762,897
<b>Balance as at 31 December 2024</b>	<b>2,442,028</b>	<b>15,718,331</b>	<b>6,709,993</b>	<b>7,833,714</b>	<b>13,040,922</b>	<b>2,577,258</b>	<b>79,683,157</b>

a) All Property and equipment are non-current.

- There were no impairment losses on any class of property and equipment during the year (December 31, 2024: Nil)
- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2024: Nil).
- All property and equipment are non-current. None of the Group's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.
- There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2024: Nil)
- There were no capital commitments as at year end. (31 December 2024: Nil)

## Notes to the consolidated and separate financial statements

<i>In thousands of Nigerian Naira</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
<b>20 Intangible assets</b>				
<b>Cost</b>				
Cost 1 January	11,679,870	9,390,017	11,679,870	9,390,017
Additions	1,072,892	2,289,853	1,072,892	2,289,853
<b>Closing Balance</b>	<b>12,752,762</b>	<b>11,679,870</b>	<b>12,752,762</b>	<b>11,679,870</b>
<b>Amortization and impairment losses</b>				
Cost 1 January	7,581,527	6,401,415	7,581,527	6,401,415
Amortization for the year	1,609,546	1,180,112	1,609,546	1,180,112
<b>Closing Balance</b>	<b>9,191,073</b>	<b>7,581,527</b>	<b>9,191,073</b>	<b>7,581,527</b>
<b>Carrying amounts</b>	<b>3,561,689</b>	<b>4,098,343</b>	<b>3,561,689</b>	<b>4,098,343</b>

- The intangible assets have got finite lives and are amortized over the higher of 5 years or the contractual licensing period. No impairment losses were recognized against intangible assets.
- The authorized and contracted capital commitments as at the reporting date was nil (31 December 2024 nil).
- There were no capitalized borrowing costs related to the acquisition of Property and equipment during the year (31 December 2024: nil).
- All Intangible assets are non-current

# Notes to the consolidated and separate financial statements

## 21 Deferred tax assets

### Recognised deferred tax assets

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

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
In thousands of Nigerian Naira				
At 1 January	472,076	7,105,000	472,076	7,105,000
Reversal	9,977,243	(6,632,926)	9,977,243	(6,632,926)
<b>Closing balance</b>	<b>10,449,319</b>	<b>472,076</b>	<b>10,449,319</b>	<b>472,076</b>

### *In thousands of naira*

	Group and Bank	
	31-Dec-25	31-Dec-24
Property and equipment	(15,016,261)	(8,231,513)
Lease liabilities	-	-
Impairment	10,706,255	3,350,062
Provisions	1,457,118	945,158
unrealised exchange gains	3,995,747	(4,898,091)
unutilised capital allowance	9,306,460	9,306,460
<b>Deferred tax asset as at 31 December 2025/2024</b>	<b>10,449,319</b>	<b>472,076</b>

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

### Movements in temporary difference 1 January 2025 to 31 December 2025:

<i>In thousands of Naira</i>	1-Jan-25	Recognized in profit or loss	31-Dec-25
Property and equipment	(8,231,513)	(6,784,748)	(15,016,261)
Lease liabilities	-	-	-
Impairment	3,350,062	7,356,193	10,706,255
Provisions	945,158	511,960	1,457,118
unrealised exchange gains	(4,898,091)	8,893,838	3,995,747
unutilised capital allowance	9,306,460	-	9,306,460
<b>Deferred tax asset as at 31 December</b>	<b>472,076</b>	<b>9,977,244</b>	<b>10,449,319</b>

# Notes to the consolidated and separate financial statements

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

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

<i>In thousands of Nigerian Naira</i>		<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>	
<b>22 Other assets</b>					
<b>Financial Assets</b>					
Accounts receivables	28,579	2,742,529	28,579	2,742,529	
Collateralized Placement	3,724,739	53,354	3,724,739	53,354	
Clearing Balance	317,173	346,968	317,173	346,968	
Fraud & Burglary	294,491	261,037	294,491	261,037	
AGSMEIS Investment with CBN	3,706,739	1,910,121	3,706,739	1,910,121	
Receivable on E-business Channels	305,376	3,632,888	305,376	3,632,888	
FBN Settlement	-	5,374	-	5,374	
<b>Non-Financial Assets</b>					
Prepayments	8,914,525	1,636,952	8,914,525	1,636,952	
Stock	6,134,738	4,780,380	6,134,738	4,780,380	
Others	709,776	617,775	709,776	617,775	
	24,136,136	15,987,378	24,136,136	15,987,378	
Specific impairment on other assets	(722,769)	(3,019,577)	(722,769)	(3,019,577)	
	<b>23,413,367</b>	<b>12,967,801</b>	<b>23,413,367</b>	<b>12,967,801</b>	
At 1 January	3,019,577	263,008	3,019,577	263,008	
(Allowance) /Reversal made during the year	(2,296,808)	2,756,569	(2,296,808)	2,756,569	
<b>Closing balance</b>	<b>722,769</b>	<b>3,019,577</b>	<b>722,769</b>	<b>3,019,577</b>	
<b>Classified as:</b>					
Current	13,982,168	15,672,988	13,982,168	15,672,988	
Non-current	10,153,967	314,390	10,153,967	314,390	
	<b>24,136,136</b>	<b>15,987,378</b>	<b>24,136,136</b>	<b>15,987,378</b>	

## Notes to the consolidated and separate financial statements

23 Deposits from banks	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<i>In thousands of Nigeria Naira</i>				
Money market deposits	-	258,500,000	-	258,500,000
<b>Deposits from customers</b>				
<b>Retail customers:</b>				
Term deposits	354,631,065	318,165,040	354,631,065	318,165,040
Current deposits	55,390,446	42,881,476	55,390,446	42,881,476
Savings	512,375,532	425,702,984	512,375,532	425,702,984
<b>Corporate customers:</b>				
Term deposits	227,349,862	214,111,111	227,349,862	214,111,111
Current deposits	1,031,287,606	858,548,276	1,031,287,606	858,548,276
Others	1,108,497,853	664,406,376	1,108,497,853	664,406,376
	<b>3,289,532,364</b>	<b>2,523,815,263</b>	<b>3,289,532,364</b>	<b>2,523,815,263</b>
23b The maturity profile of customers' deposits is as follows:				
Under 3 months	527,793,677	430,819,270	527,793,677	430,819,270
3 - 6months	561,057,497	417,876,717	561,057,497	417,876,717
6 - 12months	428,623,732	179,612,760	428,623,732	179,612,760
Over 12months	1,772,057,458	1,495,506,516	1,772,057,458	1,495,506,516
	<b>3,289,532,364</b>	<b>2,523,815,263</b>	<b>3,289,532,364</b>	<b>2,523,815,263</b>

# Notes to the consolidated and separate financial statements

24	Taxation	Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	In thousands of Nigerian Naira				
<b>24.1</b>	<b>Income tax expense</b>				
	CIT	31,115,832	4,412,328	31,101,057	4,397,626
	Development Levy	6,272,054	-	6,272,054	-
	Education Tax	-	1,298,880	-	1,298,880
	NITDA Levy	-	1,015,011	-	1,014,938
	Nigerian Police Trust Fund	-	5,126	-	5,125
	Windfall levy	-	2,616,808	-	2,616,808
	NASENI	-	256,272	-	256,272
	Current Income Tax expense	37,387,886	9,604,424	37,373,111	9,589,649
	Deferred tax expenses	(9,977,243)	6,632,925	(9,977,243)	6,632,925
		<b>27,410,643</b>	<b>16,237,349</b>	<b>27,395,868</b>	<b>16,222,574</b>

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

## Effective Tax Reconciliation

	%	Group		%	Bank		%	31-Dec-24
		31-Dec-25	31-Dec-24		31-Dec-25	31-Dec-24		
Profit before tax from continuing operations		221,887,136	102,517,170		221,853,572			102,508,748
Income tax using the tax rate	30%	66,566,140	30,755,151	30%	66,556,071	30%		30,752,621
Non-deductible expenses	0%	307,581	552,726	0%	307,581	1%		552,726
Tax exempt income	-21%	(45,735,132)	(20,262,551)	-21%	(45,739,838)	-20%		(20,274,796)
Development levy	3%	6,272,054	-	3%	6,272,054	-		-
Education tax levy	-	-	1,298,880	-	-	1%		1,298,880
Information technology tax	-	-	1,014,938	-	-	1%		1,014,938
NASENI levy	-	-	256,272	-	-	0%		256,272
Nigerian Police Fund levy	-	-	5,125	-	-	0%		5,125
Windfall Tax	-	-	2,616,808	-	-	3%		2,616,808
Tax expense	<b>12%</b>	<b>27,410,643</b>	<b>16,237,349</b>	<b>12%</b>	<b>27,395,868</b>	<b>16%</b>		<b>16,222,574</b>

Current income tax liabilities are due within 12 months from the period end date.

## Notes to the consolidated and separate financial statements

		Group		Bank	
<i>In thousands of Nigerian Naira</i>		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
24.2	<b>Current tax liabilities</b>				
	At 1 January	9,604,424	1,796,732	9,589,649	1,780,725
	Payment during the year	(9,604,424)	(1,796,732)	(9,589,649)	(1,780,725)
	Charge for the year	37,387,886	9,604,424	37,373,111	9,589,649
	<b>Closing balance</b>	<b>37,387,886</b>	<b>9,604,424</b>	<b>37,373,111</b>	<b>9,589,649</b>
25	<b>Other liabilities and Provisions</b>	Group		Bank	
	<i>In thousands of Nigerian Naira</i>	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
	Other liabilities	1,007,767,720	431,868,351	1,007,757,722	431,853,354
	Provisions	3,532,476	3,150,527	3,532,476	3,150,527
		<b>1,011,300,196</b>	<b>435,018,878</b>	<b>1,011,290,198</b>	<b>435,003,881</b>
		Group		Bank	
<i>In thousands of Nigerian Naira</i>		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
25.a	<b>Other Liabilities</b>				
	Account Payables	16,303,270	5,333,593	16,303,270	5,333,593
	Other current liabilities (i)	635,457,355	252,136,737	635,447,357	252,121,740
	Insurance claim	81,779	67,531	81,779	67,531
	Swift payables	525,815	863,122	525,815	863,122
	Western union	3,204	3,204	3,204	3,204
	Salary suspense	2,147	10,299	2,147	10,299
	Other payable	4,481,511	3,848,241	4,481,511	3,848,241
	Electronic products payable	2,449,550	2,148,430	2,449,550	2,148,430
	Certified cheques	2,489,829	2,301,687	2,489,829	2,301,687
	Customer deposits for letters of credit	42,663,632	67,752,609	42,663,632	67,752,609
	Discounting line	39,205,832	14,750,289	39,205,832	14,750,289
	Collections and settlement (ii)	178,208,063	45,919,482	178,208,063	45,919,482
	Remittances	86,995,733	36,733,127	86,995,733	36,733,127
		<b>1,007,767,720</b>	<b>431,868,351</b>	<b>1,007,757,722</b>	<b>431,853,354</b>
	<b>Classified as</b>				
	Current	766,997,436	359,647,527	766,987,438	359,632,530
	Non-current	240,770,284	72,220,824	240,770,284	72,220,824
		<b>1,007,767,720</b>	<b>431,868,351</b>	<b>1,007,757,722</b>	<b>431,853,354</b>

## Notes to the consolidated and separate financial statements

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

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

### 25.b Provisions

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Provision for litigation and claims	2,033,140	1,131,653	2,033,140	1,131,653
Impairment on contingents	1,499,336	2,018,874	1,499,336	2,018,874
	<b>3,532,476</b>	<b>3,150,527</b>	<b>3,532,476</b>	<b>3,150,527</b>
<b>Classified as</b>				
Current	1,499,336	2,018,874	1,499,336	2,018,874
Non-current	2,033,140	1,131,653	2,033,140	1,131,653
	<b>3,532,476</b>	<b>3,150,527</b>	<b>3,532,476</b>	<b>3,150,527</b>
<b>Movement in Provisions</b>				
Opening balance	3,150,527	2,609,348	3,150,527	2,609,348
Additions – Litigation and claims	901,487	100,072	901,487	100,072
(Reversal)/Additions – Impairment on contingents	(519,538)	441,107	(519,538)	441,107
Closing balance	<b>3,532,476</b>	<b>3,150,527</b>	<b>3,532,476</b>	<b>3,150,527</b>

Provision for litigations: This is provision for litigations and claims against the Bank as at 31 December 2025. These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsels, are of the opinion that this provision is adequate for liability that has crystalized from these claims. There is no expected reimbursement in respect of this provision.

<i>In thousands of Nigerian Naira</i>	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<b>26 Other borrowed funds</b>				
Due to BOI (see (i) below)	-	773,754	-	773,754
CBN CACS (see (ii) below)	-	532,358	-	532,358
CBN MSMEDF (see (iii) below)	200,992	272,421	200,992	272,421
Wema SPV (see (iv) below)	-	18,323,308	-	10,149,047
Other Borrowings (see (vii) below)	1,304,244	1,371,229	1,304,244	1,371,229
Shelter Afrique (see (v) below)	-	3,983,143	-	3,983,143
EBID (See (viii) below)	71,996,500	77,450,000	71,996,500	77,450,000
DBN (see (vi) below)	40,124,937	7,161,861	40,124,937	7,161,861
	<b>113,626,673</b>	<b>109,868,074</b>	<b>113,626,673</b>	<b>101,693,813</b>

## Notes to the consolidated and separate financial statements

- (i) The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. This has been fully settled upon maturity.

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. This has been fully settled upon maturity.

- (ii) Amount represents intervention funds for the production of agro commodities for offtake market from Central Bank of Nigeria. The fund is at the rate of 9% and for a maximum of 18 months. There is a moratorium of 12 months and 6 months for cassava and cocoa respectively. In response to COVID-19, CBN moderated the rate to 5%, however, the rate has been restored to 9% effective September 2022. This has been fully settled upon maturity.
- (iii) This represents CBN intervention funds to some bank's customers in Small & Medium Scale sector. The fund is administered at a maximum interest rate of 9% per annum and maximum tenor of 5 years. In response to COVID-19, CBN moderated the rate to 5%, however, the rate has been restored to 9% effective September 2022. There was a settlement during the year.
- (iv) The Wema SPV of December 2025: Nil (2024: N18.318 billion) represents amortized cost of the fixed rate unsecured bond issued by Wema Funding SPV Plc. This has been fully settled as at October 12 2025 upon maturity.
- (v) This amount represents the Bank's foreign facility from Shelter Afrique, this was granted to the Bank for a period of 4 years. It is repayable bi-annually with interest rate of L+6.5% (Libor plus 5.03%). This has been fully settled upon maturity.
- (vi) Due to DBN intervention fund is a scheme in which the Development Bank of Nigeria (DBN) availed the Company a facility to meet the financing need of entrepreneurs in the Micro, Small and Medium Enterprises sector. The facility attracts an interest rate of 9.75 per annum for 1 year tenor. There was additional borrowings during the year.
- (vii) Other borrowings include National housing fund and Nigerian Mortgage refinance company
- (viii) This amount represents the bank's foreign facility from EBID, this was granted to the Bank for a period of 3.5 years. It is repayable bi-annually with interest rate of 6months SOFR plus margin at 5.25 There was a settlement during the year.

<i>In thousands of Nigerian Naira</i>		Group		Bank	
		31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
26b	<b>Other borrowed funds</b>				
	At 1 January	109,868,074	80,466,750	101,693,813	72,294,463
	Additions	43,550,000	68,741,938	43,550,000	68,741,938
	Payments made	(39,791,401)	(39,340,614)	(31,617,140)	(39,342,588)
	<b>Closing balance</b>	<b>113,626,673</b>	<b>109,868,074</b>	<b>113,626,673</b>	<b>101,693,813</b>

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

## Notes to the consolidated and separate financial statements

### 27. Right of use of asset

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

<b>Group/Bank</b>			
<i>In thousands of Nigerian Naira</i>		<b>31-Dec-25</b>	<b>31-Dec-24</b>
	<b>COST</b>	<b>N</b>	<b>N</b>
27a.	Balance at 1 January	2,083,746	2,505,171
	Additions	456,342	319,369
	Expired contracts	(492,402)	(740,795)
	<b>Closing Balance</b>	<u>2,047,686</u>	<u>2,083,746</u>
	<b>DEPRECIATION CHARGE</b>		
	Balance at 1 January	913,679	1,250,384
	Charge for the period	379,722	333,559
	Expired contracts	(463,178)	(670,265)
	<b>Closing Balance</b>	<u>830,223</u>	<u>913,679</u>
	<b>CARRYING AMOUNT</b>		
	<b>Opening balance</b>	<u><u>1,170,067</u></u>	<u><u>1,254,787</u></u>
	<b>Closing Balance</b>	<u><u>1,217,463</u></u>	<u><u>1,170,067</u></u>
27b.	<b>LEASE LIABILITY*</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
		<b>N</b>	<b>N</b>
	Balance at 1 January	-	45,952
	Finance charge for the year	-	(45,952)
	<b>Closing Balance</b>	<u>-</u>	<u>-</u>

\*Payments are made upfront; hence the "NIL" lease liability and finance charge.

<i>In thousands of Nigerian Naira</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
<b>28 Share capital and Reserves</b>				
Issued and fully paid -				
40,118,877,414 Ordinary shares (2024- 21,430,178,125)				
shares of 50k each (2024 - 50k)	<u><u>20,059,439</u></u>	<u><u>10,715,089</u></u>	<u><u>20,059,439</u></u>	<u><u>10,715,089</u></u>

The Bank completed its ₦200 billion capital raise, comprising a ₦150 billion Rights Issue and a ₦50 billion Private Placement

## Notes to the consolidated and separate financial statements

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<b>Share Premium</b>				
At 1 January	56,430,821	56,430,821	56,430,821	56,430,821
Right issue	137,428,354	-	137,428,354	-
Special placement	46,742,273	-	46,742,273	-
<b>Closing balance</b>	<b>240,601,448</b>	<b>56,430,821</b>	<b>240,601,448</b>	<b>56,430,821</b>

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

### Statutory reserves

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

### Fair value reserve

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

### SMEIES Reserve

This reserve represents the aggregate amount of appropriations from profit after tax to finance equity investments in compliance with the directives issued by the Central Bank of Nigeria (CBN) through its circulars dated July 11, 2006 (amended) and April 7, 2017 respectively. The SMIEIS reserve was maintained in compliance with the Central Bank of Nigeria's requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline issued in July 2006, the contributions were 10% of profit after tax and were expected to continue after the first 5 years after which banks' contributions were to reduce to 5% of profit after tax. In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agriculture/Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation. The small and medium-scale industries equity investment scheme reserves are non-distributable.

## Notes to the consolidated and separate financial statements

### 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>	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
At 1 January	103,251,267	36,585,528	103,280,800	36,608,707
Profit or loss	194,476,493	86,279,821	194,457,704	86,286,175
AT1 capital Charge	(3,578,413)	(3,366,414)	(3,578,413)	(3,366,414)
Transfer to/(from) Regulatory risk reserve	(26,697,195)	3,124,336	(26,697,195)	3,124,336
Transfer to Statutory Reserve	(29,168,656)	(12,942,926)	(29,168,656)	(12,942,926)
Dividend Paid to Shareholders	(21,430,178)	(6,429,078)	(21,430,178)	(6,429,078)
Regulatory charge to SMEIS	(1,796,618)	-	(1,796,618)	-
<b>Closing balance</b>	<b>215,056,700</b>	<b>103,251,267</b>	<b>215,067,443</b>	<b>103,280,800</b>

### Regulatory risk reserve

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

### Additional Tier 1 Capital

The Bank issued a N21,000,000 Perpetual Fixed Rate Resettable Non-callable bonds. The instrument imposed no contractual obligation on the Bank to repay coupon or to redeem the principal as those are at the sole discretion of the Bank. The instrument has accordingly been recognised as an equity instrument in these consolidated and separate financial statements.

#### (i) Other Reserves

<i>In thousands of Nigeria Naira</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
Statutory Reserve	66,838,485	37,669,829	66,838,485	37,669,829
AGSMEIS Reserve	3,706,739	1,910,120	3,706,739	1,910,121
Fair Value Reserves	15,999,574	14,940,479	15,999,574	14,940,479
	<b>86,544,798</b>	<b>54,520,428</b>	<b>86,544,798</b>	<b>54,520,429</b>

# Notes to the consolidated and separate financial statements

## 29. Contingencies

### (a) Litigation and claims

The Bank is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Bank, either individually or in the aggregate. N2.033 Billion provision has been made as at 31st December 2025. The total amount claimed against the Bank is estimated at N10.90 billion (Dec 2024: N9.622 Billion) with a counter claim in the sum of N11.80 billion from the Bank (Dec 2024: N16.98bn).

### (b) Contingent liabilities and commitments

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

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

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

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

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

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

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

	Group		Bank	
	Group 31-Dec-25	Group 31-Dec-24	Bank 31-Dec-25	Bank 31-Dec-24
In thousands of Nigerian naira				
Contingent liabilities:				
Guarantees and indemnities	463,492,531	273,184,509	463,492,531	273,184,509
Bonds	93,578,605	51,190,952	93,578,605	51,190,952
Clean-line facilities & irrevocable letters of credit	108,170,924	64,666,017	108,170,924	64,666,017
ECL	(1,499,336)	(2,018,874)	(1,499,336)	(2,018,874)
<b>Closing balance</b>	<b>663,742,724</b>	<b>387,022,603</b>	<b>663,742,724</b>	<b>387,022,603</b>

## Notes to the consolidated and separate financial statements

The following tables show reconciliations from the opening to the closing balance of the loss allowance on off balance sheet exposures.

<b>Group and Bank - December 2025</b>				
In thousands of Nigerian naira	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Off Balance sheet exposures				
Balance at 1 January 2025	<b>2,018,874</b>	-	-	<b>2,018,874</b>
Net re-measurement of loss allowance (see note 11)	(519,538)	-	-	(519,538)
<b>Closing Balance</b>	<b>1,499,336</b>	-	-	<b>1,499,336</b>
<b>Gross Amount</b>	<b>665,242,060</b>	-	-	<b>665,242,060</b>

<b>Group and Bank - December 2024</b>				
In thousands of Nigerian naira	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Off Balance sheet exposures				
Balance at 1 January 2024	<b>1,918,802</b>	-	-	<b>1,918,802</b>
Net re-measurement of loss allowance (see note 11)	100,072	-	-	100,072
<b>Closing Balance</b>	<b>2,018,874</b>	-	-	<b>2,018,874</b>
<b>Gross Amount</b>	<b>389,041,477</b>	-	-	<b>389,041,477</b>

### 30. Related party transactions

#### Transactions with key management personnel

The Bank's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. The key management personnel have been identified as the executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Wema Bank Plc.

#### Key management compensation

	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
Short term benefits	677,650	675,485	677,650	675,485
Post employment benefits	-	1,018,260	-	1,018,260
Fees and sitting allowances	144,500	135,081	144,500	135,081
	<b>901,000</b>	<b>1,828,826</b>	<b>901,000</b>	<b>1,828,826</b>

## Notes to the consolidated and separate financial statements

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

Loans and advances:

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
At 1 January	90,706	664,222	90,706	664,222
Granted during the year	20,200	-	20,200	-
Repayments during the year	(5,067)	(573,516)	(5,067)	(573,516)
At 31 December	105,839	90,706	105,839	90,706
Interest earned	2,183	2,037	2,183	2,037
Deposit liabilities				
Deposit	<b>406,170</b>	<b>125,345</b>	<b>406,170</b>	<b>125,345</b>

Interest rates charged on balances outstanding are rates that would be charged in an arm's length transaction. The secured loans granted are secured over real estate, equities and other assets of the respective borrowers. ECL is NIL (2024 - NIL) have been recorded against balances outstanding during the period with key management personnel and their immediate relatives at the year end.

## Notes to the consolidated and separate financial statements

### Related party transactions

Transactions with other related parties 31-Dec-25	Relationship	Loans N'Million	Deposit N'Million	Interest Received N'Million	Interest Paid N'Million
Diamed Centre Limited	Related Company to a Management staff	105.84	406.2	2.18	-

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

### SIGNIFICANT SHAREHOLDERS AND THEIR RELATED INTEREST AS AT 31 DEC,2025

SN	ACCOUNT NAME	RELATIONSHIP	DIRECTOR'S NAME	FACILITY TYPE	BALANCE	LOAN STATUS
1	DIAMED CENTRE LIMITED	SERVING DIRECTOR	KESSINGTON ADEBUTU	TERM LOAN	105,838,731.94	PERFORMING

Loans granted to related parties are secured over real estate and other assets of the respective borrowers and all loans are performing.

No lifetime impairment has been recognized in respect of loans granted to related parties and the carrying amount of the insider related loans as at December 31, 2025 totalled N1.05 billion.

# Notes to the consolidated and separate financial statements

## 31. Contraventions

The Bank paid penalties to the tune of N32,000,000 during the year:

In thousands of Nigeria Naira	
Nature of contravention	Penalties
CBN Risk Based Cybersecurity Framework and Guidelines	32,000
<b>Total penalties</b>	<b>32,000</b>

### 31.1. Dividend per share

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
Proposed Dividend per share (₦)	1.25	1.00	1.25	1.00
Dividend proposed (₦'000)	50,148,597	21,430,178	50,148,597	21,430,178
Number of shares in issue and ranking for dividend (₦'000)	40,118,877	21,430,178	40,118,877	21,430,178
Dividend paid per share (₦)	1.00	0.50	1.00	0.50
Dividend paid during the year (₦'000)	21,430,178	6,429,078	21,430,178	6,429,078

\* Proposed dividend per share of 125kobo per share is based on the number of shares existing as at 31 December 2025. The Dividend declared is subject to shareholders' ratification at the next Annual General Meeting of the Bank.

Pursuant to the powers conferred on them by Section 426 of the Companies and Allied Matters Act, 2020, the Directors shall propose a dividend of 125 kobo per share in compliance with all regulatory requirements.

This is subject to approval by shareholders at the next Annual General Meeting.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at December 31, 2025 and December 31, 2024 respectively.

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

## Notes to the consolidated and separate financial statements

### 32. Reconciliation of changes in working capital

Reconciliation of the movement in assets and liabilities for the purpose of the statement of cashflows is as follows:

*In thousands of Nigerian Naira*

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
<b>32(i) Pledged assets</b>				
As at January 1	307,235,855	35,216,689	307,235,855	35,216,689
Closing Balance	(20,018,671)	(307,235,856)	(20,018,671)	(307,235,856)
<b>Cash flow movement</b>	<b>287,217,184</b>	<b>(272,019,167)</b>	<b>287,217,184</b>	<b>(272,019,167)</b>
<b>32(ii) Loans and advances to customers</b>				
Changes in Loans and Advances	(536,723,056)	(400,106,202)	(536,723,056)	(400,106,202)
ECL allowance	(25,685,010)	(21,649,883)	(25,685,010)	(21,649,883)
<b>Cash flow movement</b>	<b>(562,408,066)</b>	<b>(421,756,085)</b>	<b>(562,408,066)</b>	<b>(421,756,085)</b>
<b>32(iii) Other Asset</b>				
As at January 1	12,967,801	13,001,896	12,967,801	13,001,896
Closing Balance	(23,413,367)	(12,967,801)	(23,413,367)	(12,967,801)
<b>Cash flow movement</b>	<b>(10,445,566)</b>	<b>34,095</b>	<b>(10,445,566)</b>	<b>34,095</b>
<b>32(iv) Deposit from banks</b>				
As at January 1	258,500,000	20,863,530	258,500,000	20,863,530
Closing Balance	-	258,500,000	-	258,500,000
<b>Cash flow movement</b>	<b>(258,500,000)</b>	<b>237,636,470</b>	<b>(258,500,000)</b>	<b>237,636,470</b>
<b>32(v) Restricted deposit with CBN</b>				
As at January 1	838,595,007	503,320,833	838,595,007	503,320,833
Closing Balance	(919,820,095)	(838,595,007)	(919,820,095)	(838,595,007)
<b>Cash flow movement</b>	<b>(81,225,088)</b>	<b>(335,274,174)</b>	<b>(81,225,088)</b>	<b>(335,274,174)</b>
<b>32(vi) Deposits from customers</b>				
As at January 1	2,523,815,263	1,860,573,537	2,523,815,263	1,860,573,537
Closing Balance	3,289,532,364	1,860,573,537	3,289,532,364	1,860,573,537
<b>Cash flow movement</b>	<b>765,717,101</b>	<b>694,639,518</b>	<b>765,717,101</b>	<b>694,639,518</b>
<b>32(v) Other Liabilities</b>				
As at January 1	435,018,878	145,243,399	435,003,881	145,230,402
Closing Balance	1,011,300,195	435,018,878	1,011,290,197	435,003,881
<b>Cash flow movement</b>	<b>576,281,317</b>	<b>289,775,479</b>	<b>576,286,316</b>	<b>289,773,479</b>
<b>32(viii) Interest Paid</b>				
Interest expense on deposits	(196,508,004)	(158,020,919)	(196,508,004)	(158,020,919)
Interest paid on borrowings	(18,582,518)	(19,548,341)	(17,750,466)	(18,475,698)
<b>Total Interest</b>	<b>(215,090,522)</b>	<b>(177,569,260)</b>	<b>(214,258,470)</b>	<b>(176,496,617)</b>
<b>32(ix) Investment securities-At Amortised Cost</b>				
As at January 1	840,020,678	614,892,883	831,849,884	606,743,512
Closing Balance	(1,122,978,680)	(840,020,678)	(1,122,978,680)	(831,849,884)
<b>Cash flow movement</b>	<b>(283,958,002)</b>	<b>(225,127,795)</b>	<b>(291,128,796)</b>	<b>(225,106,372)</b>

## Notes to the consolidated and separate financial statements

32(x)	<b>Investment securities-FVTOCI</b>				
	Fair value reserve FVTOCI financial assets	1,059,095	1,477,902	1,059,095	1,477,902
	Movement in Fair value through OCI	(1,059,095)	(1,401,361)	(1,059,095)	(1,401,361)
	<b>Cash flow movement</b>	-	<b>76,541</b>	-	<b>76,541</b>
32(xi)	<b>Fair Value through profit or loss</b>				
	As at January 1	45,455,938	4,669	45,455,938	4,669
	Closing Balance	(196,598,757)	(45,455,938)	(196,598,757)	(45,455,938)
	<b>Cash flow movement</b>	<b>(151,142,818)</b>	<b>(45,451,269)</b>	<b>(151,142,818)</b>	<b>(45,451,269)</b>
32(xii)	<b>Movement in Cost</b>	695,431	1,298,315	695,431	1,298,315
	Accumulated Depreciation (Note 13b)	(434,160)	(828,487)	(434,160)	(828,487)
	Net Book Value	261,271	469,828	261,271	469,828
	Sales on proceed	307,322	941,511	307,322	941,511
	Gains on disposal of property and equipment	<b>46,050</b>	<b>471,683</b>	<b>46,050</b>	<b>471,683</b>
32(xiii)	<b>Net Interest Income</b>				
	Total interest income	576,071,251	354,633,103	575,268,918	353,537,040
	Total interest expense	215,090,522	177,569,260	214,258,470	176,496,617
		<b>360,980,730</b>	<b>177,063,843</b>	<b>361,010,448</b>	<b>177,040,423</b>

# Notes to the consolidated and separate financial statements

## Risk Overview

### Introduction

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

### Global and Nigeria Macroeconomic Indicators in 2025

The global economy in 2025 remained in a late-cycle environment: growth moderated, disinflation continued unevenly, and financial conditions stayed sensitive to policy announcements. The IMF in its October 2025 Global Economic report, projected global growth at 3.2% in 2025 with a further easing to 3.1% in 2026 reflecting subdued momentum in advanced economies and resilient emerging markets.

#### Global headwinds included:

- Economic growth across major global markets has slowed, with demand varying significantly among key trading partners.
- Continued disinflation but with persistent country-specific stickiness in food, energy, and services prices.
- High global uncertainty due to trade restrictions and geopolitical divisions continues to disrupt commodity supply chains, shipping routes, and increase market risk perceptions, leading to higher costs and volatility.
- Oil prices experienced pressure in 2025 amid supply growth and expectations of a looser balance into 2026.

### Nigeria's Macroeconomic Conditions in 2025

The economic conditions were characterized by moderate economic growth, elevated but easing inflation, and ongoing policy reforms. Economic activities were largely surrounded by the non-oil sector, particularly Services, while oil production showed gradual improvement. Inflation stayed high due to food supply pressures, FX pass-through, and structural constraints, but the pace of increase moderated during the year, reflecting the impact of tight monetary policy and supply-side adjustments.

Monetary and exchange rate reforms continued to shape the operating environment. The CBN maintained a restrictive monetary stance to support price stability, while foreign exchange market reforms improved transparency and market discipline. External buffers strengthened modestly, supported by higher inflows and improved market confidence, although exposure to oil price volatility and global financial conditions remained a key macro risk.

### Implications for Nigeria's Financial Institutions in 2025

For financial institutions, the 2025 macro environment presented a mixed risk–return profile. Elevated interest rates supported asset yields and treasury income, but higher funding costs and competitive pressures weighed on margins. Liquidity management and balance sheet optimization remained critical, as institutions navigated volatile market conditions and deposit repricing dynamics.

# Notes to the consolidated and separate financial statements

Asset quality remained under close watch, as high inflation and cost-of-living pressures continued to affect household and SME cash flows. Credit risk outcomes were highly sensitive to inflation trends, FX stability, and sector-specific exposures, reinforcing the importance of robust risk management, early warning systems, and forward-looking impairment assessments under IFRS 9.

## Macroeconomic Outlook for 2026

The macroeconomic outlook for 2026 is cautiously optimistic, anchored on expectations of continued policy reform, moderating inflation, and improved macro stability. Economic growth is expected to remain positive, supported by non-oil sector expansion and infrastructure investment, while inflation is projected to ease further, subject to food supply conditions and exchange rate stability.

However, the outlook remains risk-sensitive, particularly to global oil price dynamics, external financing conditions, and domestic structural challenges. For the financial sector, 2026 is likely to require continued prudence in credit allocation, capital planning, and risk governance, alongside selective growth opportunities in sectors benefiting from macro stabilization and reform-driven confidence.

In response to the macroeconomic challenges of 2025, Wema Bank strengthened its balance sheet resilience through prudent liquidity and capital management, disciplined risk-based lending, and enhanced asset-liability management. Credit risk frameworks were reinforced with tighter underwriting standards, proactive portfolio monitoring, and forward-looking impairment assessments to preserve asset quality. As macroeconomic conditions are expected to stabilize in 2026, the Bank is well positioned to selectively grow its loan portfolio in resilient sectors, support customers' funding needs, and improve sustainability of earnings. These efforts are complemented by continued investments in governance, digital capabilities, and operational efficiency, ensuring that the Bank remains resilient while capturing opportunities from improving market confidence and economic recovery.

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

## Risk Management Philosophy

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

- The Group adopts a unified and holistic enterprise-wide strategy for risk management, which systematically identifies, evaluates, and manages risks across all dimensions of its operations. This approach ensures that the Group only undertakes risks that align with its established risk appetite, thereby balancing strategic objectives with prudent risk management practices.
- The Group's Risk Management Framework establishes policies and maintains a robust risk governance structure that ensures accountability at all levels. It provides a seamless cascading of policy decisions

# Notes to the consolidated and separate financial statements

throughout the organization, reaching every level and operational unit, and guarantees that strategic directives remain effectively implemented and adhered to across the entire enterprise.

- Risk management integrates thoroughly into the Group's overall strategy, serving as an integral component of all business decision-making. By doing so, risk management acts as a key enabler in achieving the Group's strategic goals, ensuring that risk considerations consistently align with business objectives and outcomes.
- We maintain a zero-tolerance policy towards any form of inappropriate market conduct, actions, or omissions that could intentionally harm our stakeholders, compromise our integrity, or tarnish our reputation. Our commitment to upholding the highest standards of ethical behaviour ensures that we consistently act with integrity and transparency, safeguarding the trust and confidence of our stakeholders.
- We maintain a robust capital position, grounded in adherence to global best practices and rigorous compliance with all relevant regulatory requirements. This commitment ensures that our financial foundation remains strong and resilient, aligning with the highest standards of governance and regulatory oversight.

## Risk Appetite

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

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

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

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

## Enterprise Risk Management

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

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

# Notes to the consolidated and separate financial statements

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

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

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

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

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

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

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

## **RISK MANAGEMENT FRAMEWORK AND GOVERNANCE**

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

## Notes to the consolidated and separate financial statements

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

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

We recognize that effective risk management is contingent upon the actionable insights derived from timely and relevant information, which inform strategic actions. Our annual risk cycle is designed to provide management with pertinent and timely data, enabling the observation and evaluation of trends, and facilitating informed decision-making that supports the Bank's strategic objectives.

The governance structure underpinning our risk cycle is meticulously designed to ensure the delivery of accurate and timely information to the appropriate stakeholders, enabling informed decision-making at all levels. Wema Bank adopts a comprehensive and integrated approach to assessing and managing all significant risks, maintaining vigilance over both known and emerging risks to safeguard the organization against potential external shocks. Our Board Risk Committees play a pivotal role in overseeing risk management practices, ensuring that our risk appetite, culture, and profile are meticulously aligned with our strategic vision of delivering long-term, sustainable growth.

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

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

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

Risks are systematically identified and documented through the Bank's risk mapping process, which delineates the Group's risk profile in relation to key risk categories across its component business units. Identified risks are regularly assessed through the Group's risk appetite framework, stress testing protocols, and emerging risk evaluations. Utilizing the Basel II Pillar 1 framework, our Credit, Operational, and Market risks are consistently

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measured and monitored. Other Pillar 2 risks are assessed and provided for through our Internal Capital Adequacy Assessment Process (ICAAP). This second line of defense involves our dedicated risk management and compliance functions. These teams support frontline operations by establishing, monitoring, and ensuring the effectiveness of risk management practices and compliance controls. They report directly to senior management and play a critical role in maintaining regulatory compliance and managing risk exposure.

The management of risk is a dynamic process that necessitates regular evaluations of the effectiveness of each enterprise risk management component. Consequently, the Group's ERM Framework is subject to ongoing review to ensure effective and cutting-edge risk management practices. This review process is conducted through continuous self-assessment and monitoring by the risk management and compliance functions in collaboration with Internal Audit, as well as independent evaluations by external auditors, examiners, and consultants. This represents the third line of defense, which seeks to provide an independent and objective assurance on the effectiveness of risk management, governance and adequacy of internal controls.

## STRESS TESTING

Over the years we have consistently enhanced our ERM Framework, to strategically target and manage risk. This helps us to

- Understand the nature of the risks we are taking and the range of possible outcomes under various scenarios
- Understand the capital required to assume these risks.
- Understand the range of returns that we can earn on the capital allocated to these risks
- Attempt to optimize the risk-adjusted return on investments.
- Carry out Enterprise-wide scenario and stress testing.

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

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

## BOARD AND MANAGEMENT COMMITTEES

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

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

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## Credit Risk Management

### Overview

In 2025, the global economy was characterized by persistent inflation, monetary tightening, and subdued growth prospects amid ongoing geopolitical uncertainties and energy market volatility. Against this backdrop, the credit environment remains challenging. Many advanced economies were still battling persistent inflation, prompting central banks to maintain or even tighten monetary policies to stabilize prices. Economic growth showed a deceleration in several developed markets, while emerging economies experienced varied recovery rates amid lingering uncertainties. Geopolitical tensions and trade disruptions continued to create an uncertain environment for global trade, affecting investor sentiment and market stability. While traditional sectors struggled under supply chain disruptions and rising costs, technology, green energy, and certain services displayed resilience and potential for rebound. Fluctuations in energy prices added to economic uncertainty, impacting both production costs and consumer spending patterns worldwide. Overall, the global economic landscape in 2025 was characterized by cautious recovery amid headwinds from inflation, geopolitical risks, and ongoing supply chain challenges.

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

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

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

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

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

The credit risk management of the Bank is mainly concerned with generation of profits, which are commensurate with the risks being undertaken to meet the Bank's target returns on assets and investment. In line with best practice, the Bank implements an integrated and quantitative credit risk process aimed at reducing loan losses and ensuring that capital reserves appropriately reflect the risk profile. The process incorporates the following:

## Notes to the consolidated and separate financial statements

- Better model management that spans the entire modeling life cycle.
- Real-time scoring and limits monitoring.
- Robust stress-testing capabilities.
- Data visualization capabilities and business intelligence tools that get important information into the hands of those who need it, when they need it.
- Robust Credit Monitoring and Early Warning Systems to track the performance of loans in real-time, establish early warning systems to identify potential signs of credit deterioration and ultimately, act promptly upon early warnings to mitigate potential losses.
- Collaboration and Compliance with Regulation to stay informed about regulatory changes and ensure compliance with relevant laws and guidelines.

The credit risk management functions of the Bank involve credit analysis, credit administration and loan review to ensure that the quality of the aggregate risk asset portfolio is not compromised from disbursement to full payback.

The credit risk management function helps to guide lending officers in balancing the quality and quantity of the loan portfolio of the bank to achieve earnings objectives while also meeting appropriate credit needs, maintaining proper credit standards, holding risk to reasonable limits, minimizing losses, evaluating new business opportunities, adjusting to changes in the regulatory environment and providing adequate liquidity.

The Bank's credit risk management objective is to enable us to have a high quality and well diversified risk asset portfolio, which will:

Generate profits which are commensurate with the risks and meet the bank's target Return on Assets; Enable the Bank to identify potential problem risk assets thus keeping non-performing assets and charge-offs to the barest possible;

Adhere (as much as practicable) to directives concerning exposure to industries/sectors identified to be strategic.

To achieve these objectives, the Bank does the following:

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

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

### **Trust and integrity**

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

It is easy to forget the importance of integrity. In credit functions, you are far removed from the depositors who have entrusted their money to you. As the funds you lend come from so many sources, you often feel no

# Notes to the consolidated and separate financial statements

specific responsibility. As Bankers, we make conscious efforts to continuously strengthen our integrity. The name: Wema Bank is a constant reminder of this need.

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

## Understanding risk

The Bank's main activity is to manage risk. Risk, simply defined, is the variability of possible outcomes. It is also the potential for uncontrolled loss of something of value. For every transaction, you must learn to identify and optimize returns from all risks undertaken. Risk in this sense is an opportunity once fully understood.

One method is to think through the transaction step by step. At each point ask what could go wrong and how can I:

- Alert myself to the event.
- Identify inherent risks and minimize unwanted risks/outcomes.
- Optimize returns from risks undertaken.

It is this principle that guides us to always have at least two separate ways out of a loan.

## Matching risk and return

For every risk the Bank takes we must have a matching return for taking that risk. All too often we take the interest and fees we charge as fixed and simply apply our efforts to structuring a credit. In many instances the return on the credit is far too low for the risk of lending. For instance, a 10% profit margin on a loan is a small compensation for losing the whole loan. It would take the profit of 10 good loans just to break even. In this situation, our success rate must be over 90% of all loans.

However, in special cases we might decide to have an exposure to a company at a low return with the expectation of getting other business accounts which will improve our profitability from the relationship.

Delinquent loans are costly to manage. From experience a bad loan takes more than ten times as much management effort as a good loan. For every bad loan, the opportunity cost in lost income from other activities is very high. Bad loans are a major drag on a Bank's efficiency.

## Independent verification

For us in Wema Bank, a guiding principle of credit is that all information should be independently verified. This may involve an external expert or a skilled member of staff. Independently verified information helps to reduce risk considerably.

An important aspect of independent verification is the separation of controls. For instance, the person who prepares a credit should not be the one who approves it.

## Complying with government regulations

A key principle of credit policy is that the bank will always comply with all government regulations. This principle is based on several factors. The Bank operates under a license. The terms of the license call for compliance with government regulations. By not complying, we not only breach our contract with the authorities, we also risk losing our license or incurring penalties.

Also, if we assume that government regulations are in the best interest of the country, then we work against this interest when we break them. If we break regulations and this information reaches the market, then our

# Notes to the consolidated and separate financial statements

reputation will be diminished. The fall in reputation could result in lost business and reduced profit. Considering all the negative results of breaking regulations, we are much better off complying with them.

## Credit risk policy

The Bank's Credit Policy is the set of principles on the basis of which it determines who it will lend money to or give credit.

## Target market & client focus

Establishing a target market and focusing on clients, forms the basis of a strong business and credit relationship. At Wema Bank, we do not intend to meet all the finance needs of all customers. We thus focus our efforts on target markets, specifically chosen by us after detailed studies.

The target markets are the industries a credit team concentrates its marketing efforts on. Client focus identifies the specific customers within that target market for whom we wish to be the primary Bank. Lending to these customers will be dependent on their meeting our Risk Acceptance Criteria (RAC).

Building a profitable, high quality credit portfolio is the key aim of every Account Officer at Wema Bank. A good Account Officer is not one that aims at winning and retaining any client at all costs but the one that learns to say "no" not just to low quality credit proposals but also to those credit requests that do not fit into our corporate strategy.

## Credit concentration risk

Credit concentration risk refers to any single exposure or group of exposures with the potential to result in large losses which may impair the Bank's earnings or capital because of significant credit risk events affecting the single obligor or group of obligors with similar business or risk profile.

Below is the table of the geographical concentration risk:

Group & Bank 2025 REGION	Amortised Cost N'000	Concentration	Impairment Allowance N'000	Net Loans N'000	NPL N'000
LAGOS	1,446,945,402	81%	48,997,137	1,397,948,266	78,884,497
SOUTH WEST	183,593,921	10%	6,300,489	177,293,432	7,873,535
SOUTH SOUTH	97,144,212	5%	1,590,811	95,553,401	466,189
NORTH	55,307,091	3%	1,192,414	54,114,677	538,325
SOUTH EAST	13,329,231	1%	306,630	13,022,600	297,124
<b>Grand Total</b>	<b>1,796,319,857</b>	<b>100%</b>	<b>58,387,481</b>	<b>1,737,932,376</b>	<b>88,059,670</b>

Group & Bank 2024 REGION	Amortised Cost N'000	Concentration	Impairment Allowance N'000	Net Loans N'000	NPL* N'000
LAGOS	955,758,310	77.26%	28,706,410	927,051,900	51,140,414
SOUTH WEST	134,380,840	10.86%	3,697,010	130,683,830	6,194,473
SOUTH SOUTH	95,513,600	7.72%	1,375,690	94,137,910	1,244,103
NORTH	42,283,480	3.42%	920,100	41,363,380	5,344,474
SOUTH EAST	9,087,030	0.73%	1,114,730	7,972,300	1,069,309
<b>Grand Total</b>	<b>1,237,023,260</b>	<b>100%</b>	<b>35,813,940</b>	<b>1,201,209,320</b>	<b>64,992,773</b>

\*Restated figures to align with IFRS 9 Staging

Basel II recognizes that credit risk concentrations are the single most important cause of major problems in banks globally. Credit concentration risk is defined in the Basel II Accord as "any single exposure or group of exposures with the potential to produce losses large enough (relative to a bank's capital, total assets, or overall

## Notes to the consolidated and separate financial statements

risk level) to threaten a bank's health or ability to maintain its core operations."

Regular monitoring and review of the credits within the various portfolios are undertaken with the objective of identifying changes to credit quality, credit concentration and where appropriate, taking corrective action. Swift identification of problematic credits and potential incidents of concentration is a key objective for the Bank.

## Notes to the consolidated and separate financial statements

### Gross Loans and Advances to Customers and The Non-Performing Loan Portion Per Industry Sector As At December 31, 2025

In thousands of Naira	Group				Bank			
	Loans and advances to customers				Loans and advances to customers			
SECTORS	Gross Loans	Impairment Allowance	NPL	Carrying Amount	Gross Loans	Impairment Allowance	NPL	Carrying Amount
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	7,269,490	91,003	-	7,178,47	7,269,490	91,003	-	7,178,487
AGRICULTURE, FORESTRY AND FISHING	224,846,500	1,265,058	1,835,659	223,581,442	224,846,500	1,265,058	1,835,659	223,581,442
ARTS, ENTERTAINMENT AND RECREATION	997,980	11,082	460,769	986,897	997,980	11,082	460,769	986,897
CAPITAL MARKET	103,710	-	-	103,705	103,710	-	-	103,705
CONSTRUCTION	76,902,700	3,102,180	4,911,666	73,800,523	76,902,700	3,102,180	4,911,666	73,800,523
EDUCATION	8,593,220	218,235	20,378	8,374,989	8,593,220	218,235	20,378	8,374,989
FINANCE AND INSURANCE	23,295,730	657,135	561,356	22,638,592	23,295,730	657,135	561,356	22,638,592
GENERAL	198,269,750	6,381,327	8,849,513	191,888,423	198,269,750	6,381,327	8,849,513	191,888,423
GENERAL COMMERCE	298,651,820	12,962,682	21,632,143	285,689,143	298,651,820	12,962,682	21,632,143	285,689,143
GOVERNMENT	29,507,790	788,533	35,267	28,719,254	29,507,790	788,533	35,267	28,719,254
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	5,944,660	105,008	963	5,839,649	5,944,660	105,008	963	5,839,649
INFORMATION AND COMMUNICATION	7,933,950	108,519	-	7,825,432	7,933,950	108,519	-	7,825,432
MANUFACTURING	256,876,850	4,297,233	8,685,968	252,579,621	256,876,850	4,297,233	8,685,968	252,579,621
OIL AND GAS	336,771,710	11,924,753	24,421,760	324,846,956	336,771,710	11,924,753	24,421,760	324,846,956
POWER AND ENERGY	56,045,310	2,901,671	2,897,280	53,143,637	56,045,310	2,901,671	2,897,280	53,143,637
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	68,973,190	1,692,717	256,712	67,280,473	68,973,190	1,692,717	256,712	67,280,473
REAL ESTATE ACTIVITIES	39,534,260	1,296,124	2,343,096	38,238,139	39,534,260	1,296,124	2,343,096	38,238,139
TRANSPORTATION AND STORAGE	152,500,820	9,631,756	9,497,158	142,869,059	152,500,820	9,631,756	9,497,158	142,869,059
WATER SUPPLY: SEWAGE, WASTE MGT AND REMEDIAL	3,300,420	952,465	1,649,982	2,347,955	3,300,420	952,465	1,649,982	2,347,955
<b>Grand Total</b>	<b>1,796,319,857</b>	<b>58,387,481</b>	<b>88,059,670</b>	<b>1,737,932,376</b>	<b>1,796,319,857</b>	<b>58,387,481</b>	<b>88,059,670</b>	<b>1,737,932,376</b>

## Notes to the consolidated and separate financial statements

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

In thousands of Naira

SECTORS	Group Loans and advances to customers				Bank Loans and advances to customers			
	Gross Loans	Impairment Allowance	NPL*	Carrying Amount	Gross Loans	Impairment Allowance	NPL*	Carrying Amount
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	4,077,360	89,120	9,467	3,988,240	4,077,360	89,120	9,467	3,988,240
AGRICULTURE, FORESTRY AND FISHING	56,646,040	210,510	1,392,947	56,435,530	56,646,040	210,510	1,392,947	56,435,530
ARTS, ENTERTAINMENT AND RECREATION	2,856,320	78,910	631,341	2,777,400	2,856,320	78,910	631,341	2,777,400
CAPITAL MARKET	104,250	-	-	104,250	104,250	-	-	104,250
CONSTRUCTION	55,476,460	2,823,210	1,102,581	52,653,260	55,476,460	2,823,210	1,102,581	52,653,260
EDUCATION	6,346,060	169,030	208,431	6,177,030	6,346,060	169,030	208,431	6,177,030
FINANCE AND INSURANCE	35,912,940	647,590	1,172,999	35,265,350	35,912,940	647,590	1,172,999	35,265,350
GENERAL	155,932,170	7,699,400	10,742,063	148,232,770	155,932,170	7,699,400	10,742,063	148,232,770
GENERAL COMMERCE	234,140,100	12,660,270	20,222,708	221,479,830	234,140,100	12,660,270	20,222,708	221,479,830
GOVERNMENT	14,004,830	79,140	33,396	13,925,690	14,004,830	79,140	33,396	13,925,690
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	6,023,050	26,970	585	5,996,080	6,023,050	26,970	585	5,996,080
INFORMATION AND COMMUNICATION	6,246,710	73,580	26	6,173,130	6,246,710	73,580	26	6,173,130
MANUFACTURING	210,970,640	2,059,450	7,596,712	208,911,190	210,970,640	2,059,450	7,596,712	208,911,190
OIL AND GAS	243,015,410	4,667,330	11,521,482	238,348,080	243,015,410	4,667,330	11,521,482	238,348,080
POWER AND ENERGY	4,788,290	126,560	2,077,748	4,661,730	4,788,290	126,560	2,077,748	4,661,730
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	41,570,330	546,690	655,488	41,023,650	41,570,330	546,690	655,488	41,023,650
REAL ESTATE ACTIVITIES	30,248,550	276,160	1,334,095	29,972,400	30,248,550	276,160	1,334,095	29,972,400
TRANSPORTATION AND STORAGE	125,214,860	2,995,300	4,891,664	122,219,560	125,214,860	2,995,300	4,891,664	122,219,560
WATER SUPPLY; SEWAGE, WASTE MGT AND REMEDIAL	3,448,880	584,700	1,399,038	2,864,180	3,448,880	584,700	1,399,038	2,864,180
<b>Grand Total</b>	<b>1,237,023,250</b>	<b>35,813,920</b>	<b>64,992,773</b>	<b>1,201,209,350</b>	<b>1,237,023,250</b>	<b>35,813,920</b>	<b>64,992,773</b>	<b>1,201,209,350</b>

\*Restated figures to align with IFRS 9 Staging

## Notes to the consolidated and separate financial statements

### 18a Transfer of Gross loans between Stages

#### An analysis of changes in the gross carrying amount across stages

##### *In thousands of Nigerian Naira*

	31-Dec-25				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 1 January 2025	1,129,553,638	42,476,841	64,992,773	-	1,237,023,252
New assets originated or purchased	560,618,419	-	-	-	560,618,419
Assets derecognised or repaid (excluding write offs)	(111,761,590)	(2,717,186)	(2,221,156)	-	(116,699,932)
Transfers to Stage 1	21,077,500	(18,347,367)	(2,730,133)	-	-
Transfers to Stage 2	(6,545,388)	15,737,516	(9,192,128)	-	-
Transfers to Stage 3	(10,209,299)	(3,390,123)	13,599,422	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	106,768,202	(288,632)	26,272,592	-	132,752,162
Amounts written off	-	-	(2,333,121)	-	(2,333,121)
Foreign exchange adjustments	(14,050,695)	(661,649)	(328,579)	-	(15,040,923)
<b>At 31 December 2025</b>	<b>1,675,450,787</b>	<b>32,809,400</b>	<b>88,059,670</b>	<b>-</b>	<b>1,796,319,857</b>

#### An analysis of changes in the gross carrying amount across stages

##### *In thousands of Nigerian Naira*

	31-Dec-24				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 1 January 2024	719,596,777	63,915,841	42,460,270	-	825,972,889
New assets originated or purchased	211,044,149	-	-	-	211,044,149
Assets derecognised or repaid (excluding write offs)	(88,020,045)	(2,287,018)	(3,026,032)	-	(93,333,095)
Transfers to Stage 1	38,215,865	(24,990,646)	(13,225,219)	-	-
Transfers to Stage 2	(26,665,166)	39,867,398	(13,202,232)	-	-
Transfers to Stage 3	(3,654,844)	(196,830)	3,851,674	-	-
Changes to contractual cash flows due to modifications	178,903,572	(58,730,946)	50,081,963	-	170,254,589
Amounts written off	-	-	(6,050,479)	-	(6,050,479)
Foreign exchange adjustments	100,133,329	24,899,042	4,102,828	-	129,135,200
<b>At 31 December 2024</b>	<b>1,129,553,638</b>	<b>42,476,841</b>	<b>64,992,773</b>	<b>-</b>	<b>1,237,023,252</b>

## Notes to the consolidated and separate financial statements

### 18b Movement in ECL allowance

In thousands of Nigerian Naira	Overdraft	Term Loan	Advances under finance lease	Totals
	<b>11,235,726</b>	<b>24,177,324</b>	<b>400,883</b>	<b>35,813,933</b>
Stage 1	1,214,982	3,134,482	328,001	4,677,465
Stage 2	17,740	3,785,316	-	3,803,056
Stage 3	10,003,004	17,257,526	72,882	27,333,412
Interest on impaired facilities	-	-	-	-
ECL allowance during the year	2,628,240	27,504,203	102,653	30,234,916
Written off in the year as uncollectible	(1,900,339)	(392,925)	(39,857)	(2,333,121)
Amounts recovered during the year	(4,078,991)	(1,249,256)	-	(5,328,247)
<b>Balance as at 31 December 2025</b>	<b>7,884,636</b>	<b>50,039,166</b>	<b>463,679</b>	<b>58,387,481</b>
Stage 1	3,612,777	18,242,220	406,439	22,261,436
Stage 2	-	946,350	-	946,350
Stage 3	4,271,859	30,850,596	57,240	35,179,695

### 18c Reconciliation in ECL allowance

#### An analysis of changes in the ECL allowance across stages

##### In thousands of Nigerian Naira

	31-Dec-25				Total
	Stage 1	Stage 2	Stage 3	POCI	
Gross carrying amount as at 1 January 2025	4,677,465	3,803,056	27,333,412	-	35,813,933
New assets originated or purchased	37,539,114	-	-	-	37,539,114
Assets derecognised or repaid (excluding write offs)	(311,934)	(1,849,546)	(1,226,394)	-	(3,387,874)
Transfers to Stage 1	1,495,029	(414,594)	(1,080,435)	-	-
Transfers to Stage 2	(128,072)	301,274	(173,202)	-	-
Transfers to Stage 3	(229,624)	(58,715)	288,339	-	-
Changes to contractual cash flows due to modification	(16,253,646)	(572,137)	12,447,753	-	(4,378,030)
Amounts written off	-	-	(2,333,121)	-	(2,333,121)
Foreign exchange adjustments	(4,526,896)	(262,988)	(76,657)	-	(4,866,541)
<b>At 31 December 2025</b>	<b>22,261,436</b>	<b>946,350</b>	<b>35,179,695</b>	<b>-</b>	<b>58,387,481</b>

## Notes to the consolidated and separate financial statements

### An analysis of changes in the ECL allowance across stages

*In thousands of Nigerian Naira*

	31-Dec-24				Total
	Stage 1	Stage 2	Stage 3	POCI	
Expected Credit Loss Allowance as at 1 January 2024	2,708,704	392,876	21,401,871	-	24,503,450
New assets originated or purchased	1,224,199	-	-	-	1,224,199
Assets derecognised or repaid (excluding write offs)	(231,950)	(7,451)	(1,618,028)	-	(1,857,429)
Transfers to Stage 1	1,495,029	(414,595)	(1,080,435)	-	-
Transfers to Stage 2	(128,072)	301,274	(173,202)	-	-
Transfers to Stage 3	(229,624)	(58,715)	288,339	-	-
Changes to contractual cash flows due to modification	(679,782)	3,424,475	11,736,070	-	14,480,763
Amounts written off	-	-	(6,050,479)	-	(6,050,479)
Foreign exchange adjustments	518,960	165,192	2,829,277	-	3,513,429
<b>At 31 December 2024</b>	<b>4,677,465</b>	<b>3,803,056</b>	<b>27,333,412</b>	-	<b>35,813,933</b>

# Notes to the consolidated and separate financial statements

## Responsibilities of Business and Credit Risk Management

In Wema Bank, Business units and Credit Risk Management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR using approved methodologies as set out in the Bank's policy, however Credit Risk Management Team will validate such ratings.

Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current. In Wema Bank, Credit Risk Management has the final authority if there is a question about a specific rating.

### Credit process

Wema Bank's credit process starts with target market identification and portfolio planning. Credit requests are initiated by the Strategic Business Units, and the credit requests are subjected to review and approvals by applicable credit approving authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.

Monitoring of facilities is undertaken by both the Strategic Business Units and the Bank's Loan Review and Monitoring Department. The process is centralized.

### Credit risk rating policy

A risk rating is a grade given to a loan (or a group of loans), reflecting its quality. Risk ratings are usually in numbers. For instance, risk ratings range from AAA to D, where AAA represents a loan of highest quality and D represents a loan of lowest quality. Risk classifications are in form of interpretation such as Extremely Low Risk, Average Risk, High Risk, Substandard or Lost. In many cases both ways of assessing risks are used together.

### Risk rating methodology and process

The credit rating of the obligors plays a vital role in final credit decisions as well as in the terms offered for successful loan applications. Wema Bank employs a robust credit rating system in the determination of the Obligor and inherent risks and thus allows the bank to maintain its asset quality at a desired level.

As the Bank manages a large number of loans, by giving each one a grade or risks rating, a number of processes can be performed more effectively. These processes include:

1. Measuring the riskiness of the total portfolio of loans (for instance a weighted average).
2. Monitoring the trend in the quality of loans (for instance from January to December average risk rating fell 2 points from A to BBB).
3. Establishing guidelines for Risk Based Pricing (e.g. Rating A may be priced as prime while Rating C may be priced at prime + 3%).
4. Providing performance measures (for instance, recognition could be given to the team with the lowest average risk rating).
5. Providing criteria for taking action on loans (for instance all loans of risk rating CCC will be mentioned at MCC to ensure they do not deteriorate further).

# Notes to the consolidated and separate financial statements

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

## Credit risk rating models in Wema Bank

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

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

Facility Risk Rating Models have been developed for:

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

## Credit approval and lending authorities

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

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

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

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

## Notes to the consolidated and separate financial statements

Some other specific control and mitigation measures are outlined below:

### Collateral

In line with the Bank's credit policy, security is taken for all credits granted. In order to ensure adequacy of collateral in the event of default of principal loan and interest, the Bank's policy requires a minimum of 150% of the Forced Sale Value (FSV) of all non-cash collateral and 110% cover for cash collateralized loans.

Furthermore, in order to ensure credibility and integrity of security valuation, the Bank has limited acceptable security valuation to three (3) prominent accredited estate valuers in Nigeria.

The major types of collateral acceptable for loans and advances include:

- I. Mortgages over residential properties;
- II. Charges over business assets such as premises, inventory and accounts receivable;
- III. Charges over financial instruments such as debt securities and equities.
- IV. Cash
- V. Insurance Bonds and Counter Indemnity from insurance companies.

Longer-term finance and lending to corporate entities as well as individuals are generally secured. In addition, in order to minimize the credit loss, the Bank will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

## Notes to the consolidated and separate financial statements

Details of collateral pledged by customers against carrying amount of loans and advances as at 31 December 2025 are as follows:

In thousands of Naira	Group		Bank	
	<i>Total exposure</i>	<i>Value of collateral</i>	<i>Total exposure</i>	<i>Value of collateral</i>
Secured against property/real estate	561,017,679	578,550,423	561,017,679	578,550,423
Secured by equities	332,761,863	340,935,840	332,761,863	340,935,840
Secured by debenture on stock and companies' assets	783,328,532	953,378,729	783,328,532	953,378,729
Cash collateral, lien over fixed and floating assets	118,489,594	80,653,657	118,489,594	80,653,657
Domiciliation	722,189	1,155,502	722,189	1,155,502
<b>Total Gross amount</b>	<b>1,796,319,857</b>	<b>1,954,674,151</b>	<b>1,796,319,857</b>	<b>1,954,674,151</b>
Impairment allowance	58,387,481		58,387,481	
<b>Net carrying amount</b>	<b>1,737,932,376</b>	<b>1,954,674,151</b>	<b>1,737,932,376</b>	<b>1,954,674,151</b>

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

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

## Notes to the consolidated and separate financial statements

31 December, 2025	Term loan	Overdrafts	On lending	Finance lease	Total
Disclosure by Collateral					
Property/Real estate	500,720,461	50,934,484	16,816,276	10,079,202	578,550,423
Equities	285,713,226	49,264,833	3,772,623	2,185,158	340,935,840
Debenture on stock and companies' assets	821,422,972	60,885,225	57,823,442	13,247,090	953,378,729
Cash	53,157,970	27,118,756	2,071	374,860	80,653,657
Domiciliation	-	1,155,503	-	-	1,155,503
Grand total: Fair value of collateral	1,661,014,628	189,358,801	78,414,412	25,886,310	1,954,674,151
Grand total: Gross loans	1,535,235,221	187,912,155	52,516,640	20,655,841	1,796,319,857
Grand total: Impairment	48,448,232	7,849,765	1,638,757	450,727	58,387,481
Grand total: Net amount	1,486,786,989	180,062,390	50,877,883	20,205,114	1,737,932,376
Grand total: Amount of under/(over) collateralization	(125,779,406)	(1,446,646)	(25,897,772)	(5,230,470)	(158,354,294)

### Group and Bank

#### Stage 1

31 December, 2025	Term loan	Overdrafts	On lending	Finance lease	Total
Against 12 months ECL loans and advances					
Property/Real estate	443,657,483	45,596,582	16,527,641	9,579,042	515,360,748
Equities	282,995,496	48,616,593	3,742,981	2,185,116	337,540,186
Debenture on stock and companies' assets	756,504,397	58,025,659	44,795,728	13,247,090	872,572,874
Cash	45,920,260	26,536,576	-	374,860	72,831,696
Domiciliation	-	1,155,503	-	-	1,155,503
Fair value of collateral	1,529,077,635	179,930,912	65,066,352	25,386,108	1,799,461,007
Gross loans	1,435,236,621	175,114,694	44,811,859	20,287,614	1,675,450,787
Impairment	20,175,971	980,568	709,373	395,524	22,261,436
Net amount	1,415,060,650	174,134,125	44,102,486	19,892,090	1,653,189,351
Amount of under/(over) collateralization	(93,841,014)	(4,816,218)	(20,254,493)	(5,098,495)	(124,010,220)

## Notes to the consolidated and separate financial statements

### Stage 2

31 December, 2025	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	14,576,616	1,037,708	288,635	477,300	16,380,259
Equities	255,986	-	-	-	255,986
Debenture on stock and companies' assets	18,661,169	526,725	12,243,247	-	31,431,141
Cash	3,791,072	28,173	-	-	3,819,245
Domiciliation	-	-	-	-	-
Fair value of collateral	37,284,842	1,592,607	12,531,883	477,300	51,886,632
Gross loans	27,646,086	923,316	3,959,032	280,966	32,809,400
Impairment	886,231	960	55,434	3,725	946,350
Net amount	26,759,855	922,356	3,903,598	277,241	31,863,050
Amount of under/(over) collateralization	(9,638,757)	(669,291)	(8,572,851)	(196,333)	(19,077,232)

### Stage 3

31 December, 2025	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL credit-impaired loans and advances					
Property/Real estate	42,486,362	4,300,194	-	22,860	46,809,416
Equities	2,461,745	648,241	29,642	42	3,139,668
Debenture on stock and companies' assets	46,257,405	2,332,841	784,467	-	49,374,713
Cash	3,446,638	554,007	2,071	-	4,002,716
Domiciliation	-	-	-	-	-
Fair value of collateral	94,652,150	7,835,282	816,179	22,902	103,326,513
Gross loans	72,352,514	11,874,145	3,745,750	87,261	88,059,670
Impairment	27,386,031	6,868,236	873,950	51,478	35,179,695
Net amount	44,966,483	5,005,909	2,871,800	35,783	52,879,975
Amount of under/(over) collateralization	(22,299,636)	4,038,863	2,929,571	64,359	(15,266,843)

## Notes to the consolidated and separate financial statements

### GROUP and BANK

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

### Stage 1

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

## Notes to the consolidated and separate financial statements

### Stage 2

31 December, 2024	Term loan	Overdrafts	On lending	Finance lease	Total
Against lifetime ECL not credit-impaired loans and advances					
Property/Real estate	4,694,621	783,013	930,500	-	6,408,134
Equities	59	592	-	-	652
Debenture on stock and companies' assets	31,926,382	4,361,597	-	-	36,287,979
Cash	870	-	-	-	870
Fair value of collateral	36,621,932	5,145,202	930,500	-	42,697,634
<b>Gross loans</b>	<b>36,898,220</b>	<b>4,884,548</b>	<b>694,073</b>	<b>-</b>	<b>42,476,841</b>
<b>Impairment</b>	<b>3,610,342</b>	<b>17,740</b>	<b>174,975</b>	<b>-</b>	<b>3,803,056</b>
<b>Net amount</b>	<b>33,287,878</b>	<b>4,866,808</b>	<b>519,099</b>	<b>-</b>	<b>38,673,785</b>
<b>Amount of under/(over) collateralization</b>	<b>276,288</b>	<b>(260,654)</b>	<b>(236,427)</b>	<b>-</b>	<b>(220,793)</b>

### Stage 3

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

# Notes to the consolidated and separate financial statements

## Master Netting Arrangements

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

## Credit-related commitments

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

## Credit concentration

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

## Credit Definitions

### Impaired loans and investment securities

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

### Allowances for impairment

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

### Write-off policy

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

All loans and advances are categorized as :

	Stage 1	Stage 2	Stage 3
Trigger	Initial recognition	Significant increase in credit risk	Credit-impaired
ECL	12-month ECL	Lifetime ECL	Lifetime ECL
Effective interest rate (EIR)	EIR on gross carrying amount (without ECL)	EIR on gross carrying amount (without ECL)	EIR on amortised cost (with ECL)

# Notes to the consolidated and separate financial statements

## Market Risk Management

### Overview

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

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

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

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

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

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

The CBN's current cash reserve ratio of 50% has continued to mount pressure on the Bank's liquidity and funding capacity.

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

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

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

# Notes to the consolidated and separate financial statements

## Exposure to market risk

Exposure to market risk is separated into two portfolios:

- i. Trading portfolios
- ii. Non – trading portfolios

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

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

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

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

## Market risk governance

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

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

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

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

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

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

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

# Notes to the consolidated and separate financial statements

## Market Risk Measures

### Monitoring and Limiting Market Risk Exposures

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

### Limits settings

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

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

### Mark-to-Market (MTM)

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

### Sensitivity analysis

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

### Value at Risk

Value at risk ('VaR') is a technique for calculating the maximum potential loss on risk positions due to changes in market rates and prices over a set time horizon and at a particular level of confidence. VaR is used to control market risk and is calculated for all trading situations. Where VaR is not calculated explicitly, we employ alternate tools, as described in the 'Stress testing' section below.

Our models are predominantly based on historical and parametric simulations which incorporate the following features:

- Historical market rates and prices are calculated with reference to foreign exchange rates, interest rates, and the associated volatilities.
- Potential market movements utilized for VaR are calculated with reference to data from at least the past five years; and
- VaR measures are calculated to a 99% confidence level and use a one-day holding period.

The nature of the VaR models indicates that an increase in observed market volatility will lead to an increase in

# Notes to the consolidated and separate financial statements

VaR without any changes in the underlying positions.

## VaR Model Limitations

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations. For example:

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

Risk factors are reviewed on a regular basis and incorporated directly in the VaR models, where possible.

## Stress Testing

Stress testing is an important procedure that is integrated into our market risk management framework to evaluate the potential impact on portfolio values of more extreme, although plausible events or movements in a set of financial variables. In such cases, losses can be far higher than those indicated by VaR models. Scenarios are created to capture the most relevant future occurrences or market movements for risk variables. The Bank's risk appetite for possible stress losses is defined and monitored. Reverse stress tests are conducted under the assumption that there is a fixed loss. The stress testing process determines which scenarios cause this loss. The reverse stress test is intended to better comprehend circumstances that may have contagion and systemic repercussions outside of normal corporate contexts. Stressed VaR and stress testing, together with reverse stress testing and gap risk management, give management with insights into the 'tail risk' beyond VaR, for which Wema Bank has a limited appetite.

## Back-testing

We routinely validate the correctness of our VaR models by back testing them against both actual and hypothetical profit and loss figures and the related VaR statistics. Non-modelled factors like fees, commissions, and intra-day transaction income are excluded from the hypothetical profit and loss statement. We would expect, on average, to see two or three losses in excess of VaR at the 99% confidence level over a one-year period. The actual number of losses in excess of VaR over this period can therefore be used to gauge how well the models are performing.

## Structural foreign exchange exposures

Foreign exchange risk refers to the existing or potential risk to earnings and capital posed by adverse changes in foreign exchange rates.

Structural foreign exchange exposures refer to net investments in currencies other than the Naira. Exchange changes in structural exposures are reflected in 'Other comprehensive income'. In our consolidated financial accounts, we use the naira as the presentation currency. As a result, exchange rates between the Naira and all other currencies used in our daily operations have an impact on our consolidated balance sheet. Our structural foreign exchange exposures are managed with the primary objective of ensuring, where practical, that our capital ratios are largely protected from the effect of changes in exchange rates.

The Asset and Liability Committee monitor the foreign exchange position daily and meets bi-monthly to discuss it.

# Notes to the consolidated and separate financial statements

## Interest rate risk in the banking book

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

Wema Bank identified four major sources of IRRBB:

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

## Measurement of interest rate risk in the banking book

Interest rate risk in the banking book is measured and controlled using three metrics:

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

## Economic value of equity (EVE)

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

The EVE sensitivity is the sum of the sensitivity of discounted net interest income and the sensitivity of the net present value of any transactions utilized to hedge equity-based interest income. If the EVE sensitivity is adjusted to remove the sensitivity in net present value of any transactions used to hedge the interest income earned on equity, the resulting adjusted EVE sensitivity represents the extent to which discounted net interest income is sensitive to a pre-specified change in interest rates under a managed run-off scenario.

When determining the sensitivity of the economic value of stock to interest rate fluctuations, the timing of principle cash flows can change but the amount remains constant.

EVE can also be used for assessing the economic capital required to support interest rate risk in the banking book ('IRRBB'):

When EVE exceeds the current balance sheet carrying value of equity in any scenario, the banking book income stream is positive (i.e. profit) and hence capital accretive, requiring no economic capital for IRRBB.

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

# Notes to the consolidated and separate financial statements

## Re-pricing gap analysis

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

## Net interest income sensitivity

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

*In thousands of Nigerian Naira*

<b>Sensitivity of projected net interest income</b>	<b>200bps parallel increase</b>	<b>200bps parallel decrease</b>
<b>2025</b>		
Period ending 31 December	27,673,482	(27,673,482)
<b>2024</b>		
Period ending 31 December	3,540,531	(3,540,531)

## Exposure to Fixed and variable interest rate risk

**31 December 2025**

### GROUP

	<b>Carrying amount</b>	<b>Fixed</b>	<b>Floating</b>	<b>Non-interest bearing</b>
<i>In thousands of Nigerian Naira</i>				
Cash and cash equivalents	940,821,739	767,027,636	-	173,794,103
Restricted Deposit with CBN	919,820,096	-	-	919,820,096
Pledged assets	20,018,671	20,018,671	-	-
Non-pledged trading assets	196,598,757	196,598,757	-	-
Derivative financial instruments	-	-	-	-
Loans and advances to customers	1,737,932,376	1,684,112,982	53,819,394	-
Investment securities	1,138,793,806	1,122,978,680	-	15,815,126
Other financial assets	23,413,367	-	-	23,413,367
	<b>4,977,398,812</b>	<b>3,790,736,726</b>	<b>53,819,394</b>	<b>1,132,842,692</b>
Derivative financial instruments	-	-	-	-
Deposits from banks	-	-	-	-
Deposits from customers	3,289,532,364	1,094,356,459	-	2,195,175,905
Other borrowed funds	113,626,673	41,630,173	71,996,500	-
Other financial liabilities	1,007,767,720	-	-	1,007,767,720
	<b>4,410,926,757</b>	<b>1,135,986,631</b>	<b>71,996,500</b>	<b>3,202,943,625</b>

# Notes to the consolidated and separate financial statements

## 31 December 2024

### GROUP

	Carrying amount	Fixed	Floating	Non-interest bearing
<i>In thousands of Nigerian Naira</i>				
Cash and cash equivalents	278,924,625	107,420,456	-	171,504,169
Restricted Deposit with CBN	838,595,007	-	-	838,595,007
Pledged assets	307,235,855	307,235,855	-	-
Non-pledged trading assets	45,455,938	45,455,938	-	-
Derivative financial instruments	-	-	-	-
Loans and advances to customers	1,201,209,319	981,430,497	219,778,822	-
Investment securities	854,776,709	840,020,678	-	14,756,031
Other financial assets	12,967,801	-	-	12,967,801
	<b>3,539,165,254</b>	<b>2,281,563,425</b>	<b>219,778,822</b>	<b>1,037,823,007</b>
Derivative financial instruments	-	-	-	-
Deposits from banks	258,500,000	258,500,000	-	-
Deposits from customers	2,523,815,263	871,096,575	86,882,560	1,565,836,128
Other borrowed funds	109,868,074	28,434,932	81,433,143	-
Other financial liabilities	431,868,351	-	-	431,883,126
	<b>3,324,051,688</b>	<b>1,158,031,507</b>	<b>168,315,702</b>	<b>1,997,719,254</b>

## 31 December 2025

### BANK

	Carrying amount	Fixed	Floating	Non-interest bearing
<i>In thousands of Nigerian Naira</i>				
Cash and cash equivalents	940,806,710	767,027,636	-	173,779,074
Restricted Deposit with CBN	919,820,095	-	-	919,820,095
Pledged assets	20,018,671	20,018,671	-	-
Non-pledged trading assets	196,598,757	196,598,757	-	-
Derivative financial instruments	-	-	-	-
Loans and advances to customers	1,737,932,376	1,684,112,982	53,819,394	-
Investment securities	1,138,793,806	1,122,978,680	-	15,815,126
Other financial assets	23,413,367	-	-	23,413,367
	<b>4,977,383,782</b>	<b>3,790,736,726</b>	<b>53,819,394</b>	<b>1,132,827,662</b>
Derivative financial instruments	-	-	-	-
Deposits from banks	-	-	-	-
Deposits from customers	3,289,532,364	1,094,356,459	-	2,195,175,905
Other borrowed funds	113,626,673	41,630,173	71,996,500	-
Other financial liabilities	1,007,757,722	-	-	1,007,757,722
	<b>4,410,916,759</b>	<b>1,135,986,632</b>	<b>71,996,500</b>	<b>3,202,933,627</b>

# Notes to the consolidated and separate financial statements

## 31 December 2024

### BANK

	Carrying amount	Fixed	Floating	Non-interest bearing
<i>In thousands of Nigerian Naira</i>				
Cash and cash equivalents	278,919,920	107,420,456	-	171,499,464
Restricted Deposit with CBN	838,595,007	-	-	838,595,007
Pledged assets	307,235,855	307,235,855	-	-
Non-pledged trading assets	45,455,938	45,455,938	-	-
Derivative financial instruments	-	-	-	-
Loans and advances to customers	1,201,209,319	981,430,497	219,778,822	-
Investment securities	846,605,915	831,849,885	-	14,756,030
Other financial assets	12,967,801	-	-	12,967,801
	<b>3,530,989,755</b>	<b>2,273,392,631</b>	<b>219,778,822</b>	<b>1,037,818,302</b>
Derivative financial instruments	-	-	-	-
Deposits from banks	258,500,000	258,500,000	-	-
Deposits from customers	2,523,815,263	871,096,575	86,882,560	1,565,836,128
Other borrowed funds	101,693,813	20,260,670	81,433,143	-
Other financial liabilities	431,853,354	-	-	431,853,354
	<b>3,315,862,430</b>	<b>1,149,857,245</b>	<b>168,315,702</b>	<b>1,997,689,482</b>

# Notes to the consolidated and separate financial statements

## Fair Value sensitivity

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

### Price sensitivity analysis on fixed income securities

31 December 2025

	Carrying Value	Impact of 50bps increase in yield	Impact of 100bps increase in yield	Impact of 300bps increase in yield
<i>In Thousand Naira</i>				
Impact on statement of Profit & Loss				
Fair Value through Profit & Loss: Bonds	2,064,200	(23,874)	(61,496)	(202,398)
Fair Value through Profit & Loss: Treasury bills	194,534,557	(68,230)	(265,965)	(1,047,687)
<b>Total</b>	<b>196,598,757</b>	<b>(92,105)</b>	<b>(327,461)</b>	<b>(1,250,086)</b>
Impact on Other Comprehensive Income				
Fair Value through Other Comprehensive Income:				
Bonds	-	-	-	-
Fair Value through Other Comprehensive Income:				
Treasury bills	-	-	-	-
<b>Total</b>	<b>196,598,757</b>	<b>(92,105)</b>	<b>(327,461)</b>	<b>(1,250,086)</b>

### Price sensitivity analysis on fixed income securities

31 December 2024

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

# Notes to the consolidated and separate financial statements

## Liquidity Risk Management

### Overview

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

### Liquidity risk management framework

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

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

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

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

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

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

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

# Notes to the consolidated and separate financial statements

## Quantifications

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

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

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

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

### Liquidity Coverage Ratio (LCR)

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

We carefully manage the Group's liquidity and funding to support our business strategy and always meet regulatory obligations, even while under stress. To accomplish this, we track our position using a broader range of metrics, including the Liquidity Coverage Ratio ('LCR'). As of December 31, 2025, the Bank's LCR was 173.73%, compared to the regulatory threshold of 100%, and we had high-quality liquid assets totaling N1,360.86billion. The table below provides a comparative analysis of the Bank's LCR at the conclusion of the fiscal year:

### Liquidity Coverage Ratio (LCR)

	31 December 2025	31 December 2024
Total high-quality liquid assets (N'billion)	1,360.86	838.19
Total net cash outflow (N'billion)	783.31	459.18
<b>LCR Ratio (%)</b>	<b>173.73%</b>	<b>182.54%</b>

### Limit Management and Monitoring

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

# Notes to the consolidated and separate financial statements

## Contingency Funding Plan

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

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

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

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

## Maturity Risk Profile

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

## Notes to the consolidated and separate financial statements

### Residual Contractual Maturities of Financial Assets and Liabilities

GROUP							
31 December 2025	Carrying Amount	Gross Nominal Inflow/ (Outflow)	Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	More than 5 years
<i>In thousands of Nigerian Naira</i>							
<i>Non-derivative assets</i>							
Cash and cash equivalents	940,821,739	941,121,495	941,121,495	-	-	-	-
Restricted Deposit with CBN	919,820,096	919,820,096	-	-	-	-	919,820,096
Pledged assets	20,018,671	54,281,518	704,877	2,178,500	1,288,464	10,599,493	39,510,184
Non-pledged trading assets	196,598,757	196,598,757	196,598,757	-	-	-	-
Loans and Advances to customer	1,737,932,376	2,237,145,570	771,007,944	214,192,829	387,862,032	700,496,405	163,586,360
Investment securities	1,138,793,806	1,968,639,680	196,754,408	66,248,568	107,786,518	560,569,455	1,037,280,730
	<b>4,953,985,445</b>	<b>6,317,607,115</b>	<b>2,106,187,481</b>	<b>282,619,897</b>	<b>496,937,014</b>	<b>1,271,665,353</b>	<b>2,160,197,370</b>
<i>Non-derivative liabilities</i>							
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	3,289,532,364	3,331,587,251	3,155,400,963	48,945,758	18,800,079	2,883,510	105,556,941
Other borrowed funds	113,626,673	124,569,898	32,432,273	5,572,274	36,255,588	49,196,210	1,113,553
	<b>3,403,159,037</b>	<b>3,456,157,149</b>	<b>3,187,833,236</b>	<b>54,518,032</b>	<b>55,055,667</b>	<b>52,079,720</b>	<b>106,670,494</b>
<b>Gap (Asset - Liability)</b>			<b>(1,081,645,755)</b>	<b>228,101,865</b>	<b>441,881,347</b>	<b>1,219,585,633</b>	<b>2,053,526,876</b>
<b>Cumulative Liquidity Gap</b>			<b>(1,081,645,756)</b>	<b>(853,543,891)</b>	<b>(411,662,543)</b>	<b>807,923,090</b>	<b>2,861,449,966</b>

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

## Notes to the consolidated and separate financial statements

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

**BANK**
**31 December 2025**
*In thousands of Nigerian Naira*

	Carrying Amount	Gross Nominal Inflow/(Outflow)	Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	More than 5 years
Cash and cash equivalents	940,806,710	941,121,495	941,121,495	-	-	-	-
Restricted Deposit with CBN	919,820,095	919,820,095	-	-	-	-	919,820,095
Pledged assets	20,018,671	54,281,518	704,877	2,178,500	1,288,464	10,599,493	39,510,184
Non-pledged trading assets	196,598,757	196,598,757	196,598,757	-	-	-	-
Loans and Advances to customer	1,737,932,376	2,237,145,570	771,007,944	214,192,829	387,862,032	700,496,405	163,586,360
Investment securities	1,138,793,806	1,968,639,680	196,754,408	66,248,568	107,786,518	560,569,455	1,037,280,730
	<b>4,953,970,415</b>	<b>6,317,607,115</b>	<b>2,106,187,481</b>	<b>282,619,897</b>	<b>496,937,014</b>	<b>1,271,665,353</b>	<b>2,160,197,369</b>
<i>Non-derivative liabilities</i>							
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	3,289,532,364	3,331,587,251	3,155,400,963	48,945,758	18,800,079	2,883,510	105,556,941
Other borrowed funds	113,626,673	124,569,898	32,432,273	5,572,274	36,255,588	49,196,210	1,113,553
	<b>3,403,159,037</b>	<b>3,456,157,149</b>	<b>3,187,833,236</b>	<b>54,518,032</b>	<b>55,055,667</b>	<b>52,079,720</b>	<b>106,670,494</b>
<b>Gap (Asset - Liability)</b>			<b>(1,081,645,755)</b>	<b>228,101,865</b>	<b>441,881,347</b>	<b>1,219,585,633</b>	<b>2,053,526,875</b>
<b>Cumulative Liquidity Gap</b>			<b>(1,081,645,755)</b>	<b>(853,543,890)</b>	<b>(411,662,543)</b>	<b>807,923,090</b>	<b>2,861,449,965</b>

## Notes to the consolidated and separate financial statements

### Residual Contractual Maturities of Financial Assets and Liabilities

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

## Notes to the consolidated and separate financial statements

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

**BANK**

31 December 2024	Carrying Amount	Gross Nominal Inflow/(Outflow)	Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	More than 5 years
<i>In thousands of Nigerian Naira</i>							
Cash and cash equivalents	278,919,920	279,084,030	279,084,030	-	-	-	-
Restricted Deposit with CBN	838,595,007	838,595,007	-	-	-	-	838,595,007
Pledged assets	307,235,855	52,736,783	19,054,835	82,909,291	139,439,551	76,937,008	242,622,521
Non-pledged trading assets	45,455,938	45,455,938	45,455,938	-	-	-	-
Loans and Advances to customer	1,201,209,319	1,526,125,019	546,479,990	276,606,507	163,706,065	443,560,002	95,772,455
Investment securities	846,605,915	1,616,154,501	25,566,164	124,900,992	41,133,982	499,861,841	924,691,523
	<b>3,518,021,954</b>	<b>4,866,377,702</b>	<b>915,640,957</b>	<b>484,416,791</b>	<b>344,279,598</b>	<b>1,020,358,851</b>	<b>2,101,681,505</b>
<i>Non-derivative liabilities</i>							
Deposits from banks	258,500,000	258,934,849	258,934,849	-	-	-	-
Deposits from customers	2,523,815,263	2,525,743,196	2,376,140,739	44,790,183	31,628,142	678,973	72,505,160
Other borrowed funds	101,693,813	121,990,822	14,938,241	964,341	18,021,367	86,773,297	1,293,577
	<b>2,884,009,076</b>	<b>2,906,668,868</b>	<b>2,650,013,829</b>	<b>45,754,524</b>	<b>49,649,509</b>	<b>87,452,269</b>	<b>72,505,160</b>
<b>Gap (Asset - Liability)</b>			<b>(1,734,372,872)</b>	<b>438,662,266</b>	<b>294,630,089</b>	<b>932,906,582</b>	<b>2,027,882,769</b>
<b>Cumulative Liquidity Gap</b>			<b>(1,734,372,872)</b>	<b>(1,295,710,606)</b>	<b>(1,001,080,517)</b>	<b>(68,173,935)</b>	<b>1,959,708,834</b>

## Notes to the consolidated and separate financial statements

The following table sets out the allocation of the carrying value of assets and liabilities subject to market risk between trading and non-trading portfolios:

Group	At 31 <sup>st</sup> December 2025			At 31 <sup>st</sup> December 2024		
	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
	NGN	NGN	NGN	NGN	NGN	NGN
<b>Assets subject to market risk</b>						
Cash and cash equivalents	940,821,739	-	940,821,739	278,924,625	-	278,924,625
Restricted Deposit with CBN	919,820,096	-	919,820,096	838,595,007	-	838,595,007
Pledged assets	20,018,671	-	20,018,671	307,235,855	-	307,235,855
Non-pledged trading asset	196,598,757	196,598,757	-	45,455,938	45,455,938	-
Loans and advances to customers	1,737,932,376	-	1,737,932,376	1,201,209,319	-	1,201,209,319
Investment securities	1,138,793,806	-	1,138,793,806	854,776,709	-	854,776,709
Other financial assets	23,413,367	-	23,413,367	12,967,801	-	12,967,801
	<b>4,977,398,812</b>	<b>196,598,757</b>	<b>4,780,800,055</b>	<b>3,539,165,254</b>	<b>45,455,938</b>	<b>3,493,709,316</b>
<b>Liabilities subject to market risk</b>						
Deposits from banks	-	-	-	258,500,000	-	258,500,000
Deposits from customers	3,289,532,364	-	3,289,532,364	2,523,815,263	-	2,523,815,263
Other borrowed funds	113,626,673	-	113,626,673	109,868,074	-	109,868,074
Other Financial liabilities	1,007,767,720	-	1,007,767,720	431,868,351	-	431,868,351
	<b>4,410,926,757</b>	-	<b>4,410,926,757</b>	<b>3,324,051,668</b>	-	<b>3,324,051,668</b>

## Notes to the consolidated and separate financial statements

The following table sets out the allocation of the carrying value of assets and liabilities subject to market risk between trading and non-trading portfolios:

Bank	At 31 <sup>st</sup> December 2025			At 31 <sup>st</sup> December 2024		
	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
	NGN	NGN	NGN	NGN	NGN	NGN
<b>Assets subject to market risk</b>						
Cash and cash equivalents	940,806,710	-	940,806,710	278,919,920	-	278,919,920
Restricted Deposit with CBN	919,820,095	-	919,820,095	838,595,007	-	838,595,007
Pledged assets	20,018,671	-	20,018,671	307,235,855	-	307,235,855
Non-pledged trading asset	196,598,757	196,598,757	-	45,455,938	45,455,938	-
Loans and advances to customers	1,737,932,376	-	1,737,932,376	1,201,209,319	-	1,201,209,319
Investment securities	1,138,794,806	-	1,138,794,806	846,606,915	-	846,606,915
Other financial assets	23,413,367	-	23,413,367	12,967,801	-	12,967,801
	<b>4,977,384,782</b>	<b>196,598,757</b>	<b>4,780,786,025</b>	<b>3,530,990,755</b>	<b>45,455,938</b>	<b>3,485,534,817</b>
<b>Liabilities subject to market risk</b>						
Deposits from banks	-	-	-	258,500,000	-	258,500,000
Deposits from customers	3,289,532,364	-	3,289,532,364	2,523,815,263	-	2,523,815,263
Other borrowed funds	113,626,673	-	113,626,673	101,693,813	-	101,693,813
Other financial liabilities	1,007,757,722	-	1,007,757,722	431,853,354	-	431,853,354
	<b>4,410,916,759</b>	-	<b>4,410,916,759</b>	<b>3,315,862,430</b>	-	<b>3,315,862,430</b>

## Notes to the consolidated and separate financial statements

### Foreign currency concentrations risk as at 31 December 2025

Group	US Dollar	Euro	Pound	Naira	Others	Total
<i>In thousands of Nigerian Naira</i>						
<i>31 December 2025</i>						
Cash and cash equivalents	428,289,868	32,686,311	6,920,045	465,961,524	6,963,991	940,821,739
Restricted Deposit with CBN	-	-	-	919,820,096	-	919,820,096
Pledged assets	-	-	-	20,018,671	-	20,018,671
Non-pledged trading assets	-	-	-	196,598,757	-	196,598,757
Loans and advances to customers	371,030,121	3,814,453	963,805	1,362,123,997	-	1,737,932,376
Investment securities	459,066,517	-	-	679,727,289	-	1,138,793,806
Other assets	15,519,015	415,508	66,190	7,412,654	-	23,413,367
<b>Total financial assets</b>	<b>1,273,905,521</b>	<b>36,916,272</b>	<b>7,950,040</b>	<b>3,651,662,988</b>	<b>6,963,991</b>	<b>4,977,398,812</b>
Deposits from banks	-	-	-	-	-	-
Deposit from customers	1,045,462,499	32,823,510	7,593,011	2,203,635,141	18,203	3,289,532,364
Other borrowed funds	71,996,500	-	-	41,630,173	-	113,626,673
Other liabilities	162,319,603	6,732,959	357,029	831,412,341	6,945,788	1,007,767,720
<b>Total financial liabilities</b>	<b>1,279,778,602</b>	<b>39,556,469</b>	<b>7,950,040</b>	<b>3,076,677,655</b>	<b>6,963,991</b>	<b>4,410,926,757</b>

## Notes to the consolidated and separate financial statements

Group	US DOLLAR	Euro	Pound	Naira	Others	Total
<i>31 December 2024</i>						
Cash and cash equivalents	216,289,698	6,582,703	13,546,664	38,242,425	4,263,135	278,924,625
Restricted Deposit with CBN	-	-	-	838,595,007	-	838,595,007
Pledged assets	14,297,969	-	-	292,937,886	-	307,235,855
Non-pledged trading assets	-	-	-	45,455,938	-	45,455,938
Loans and advances to customers	204,247,622	4,162,515	597,532	989,558,007	2,643,642	1,201,209,319
Investment securities	380,555,561	-	-	474,221,148	-	854,776,709
Other assets	1,561,696	48,103	-	11,358,002	-	12,967,801
<b>Total financial assets</b>	<b>816,952,546</b>	<b>10,793,321</b>	<b>14,144,196</b>	<b>2,690,368,414</b>	<b>6,906,777</b>	<b>3,539,165,254</b>
Deposits from banks	-	-	-	258,500,000	-	258,500,000
Deposit from customers	626,054,844	9,017,288	14,009,328	1,874,714,345	19,458	2,523,815,263
Other borrowed funds	81,433,143	-	-	28,434,931	-	109,868,074
Other liabilities	109,527,409	3,349,511	231,026	311,873,084	6,887,321	431,868,351
<b>Total financial liabilities</b>	<b>817,015,396</b>	<b>12,366,799</b>	<b>14,240,354</b>	<b>2,215,022,360</b>	<b>6,906,779</b>	<b>3,324,051,668</b>

## Notes to the consolidated and separate financial statements

### Bank

	US Dollar	Euro	Pound	Naira	Others	Total
<i>In thousands of Nigerian Naira</i>						
<i>31 December 2025</i>						
Cash and cash equivalents	428,289,868	32,686,311	6,920,045	465,946,495	6,963,991	940,806,710
Restricted Deposit with CBN	-	-	-	919,820,095	-	919,820,095
Pledged assets	-	-	-	20,018,671	-	20,018,671
Non-pledged trading assets	-	-	-	196,598,757	-	196,598,757
Loans and advances to customers	371,030,121	3,814,453	963,805	1,362,123,998	-	1,737,932,376
Investment securities	459,066,517	-	-	679,728,289	-	1,138,794,806
Other assets	15,519,015	415,508	66,190	7,412,653	-	23,413,367
<b>Total financial assets</b>	<b>1,273,905,521</b>	<b>36,916,272</b>	<b>7,950,040</b>	<b>3,651,647,958</b>	<b>6,963,991</b>	<b>4,977,383,782</b>
Deposits from banks	-	-	-	-	-	-
Deposit from customers	1,045,462,499	32,823,510	7,593,011	2,203,635,141	18,203	3,289,532,364
Other borrowed funds	71,996,500	-	-	41,630,173	-	113,626,673
Other liabilities	162,319,603	6,732,959	357,029	831,402,343	6,945,788	1,007,757,722
<b>Total financial liabilities</b>	<b>1,279,778,602</b>	<b>39,556,469</b>	<b>7,950,040</b>	<b>3,076,667,657</b>	<b>6,963,991</b>	<b>4,410,916,759</b>

## Notes to the consolidated and separate financial statements

<b>Bank</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Pound</b>	<b>Naira</b>	<b>Others</b>	<b>Total</b>
<i>31 December 2024</i>						
Cash and cash equivalents	216,289,698	6,582,703	13,546,664	38,237,720	4,263,135	278,919,920
Restricted Deposit with CBN	-	-	-	838,595,007	-	838,595,007
Pledged assets	14,297,969	-	-	292,937,886	-	307,235,855
Non-pledged trading assets	-	-	-	45,455,938	-	45,455,938
Loans and advances to customers	204,247,622	4,162,515	597,532	989,558,007	2,643,643	1,201,209,319
Investment securities	380,555,561	-	-	466,050,354	-	846,605,915
Other assets	1,561,696	48,103	-	11,358,002	-	12,967,801
<b>Total financial assets</b>	<b>816,952,546</b>	<b>10,793,321</b>	<b>14,144,196</b>	<b>2,682,192,914</b>	<b>6,906,779</b>	<b>3,530,989,755</b>
Deposits from banks	-	-	-	258,500,000	-	258,500,000
Deposit from customers	626,054,844	9,017,288	14,009,328	1,874,714,345	19,458	2,523,815,263
Other borrowed funds	81,433,143	-	-	20,260,670	-	101,693,813
Other liabilities	109,527,409	3,349,511	231,026	311,858,087	6,887,321	431,853,354
<b>Total financial liabilities</b>	<b>817,015,396</b>	<b>12,366,799</b>	<b>14,240,354</b>	<b>2,465,333,102</b>	<b>6,906,779</b>	<b>3,315,862,430</b>

## Notes to the consolidated and separate financial statements

### Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of the United States of America (USD), the European Union (EUR) and the United Kingdom (GBP) respectively.

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

	US Dollar	Euro	Pound	Others
<i>In thousands of Nigerian Naira</i>				
<i>31 December 2025</i>				
Impact of 10% depreciation of the Naira	(587,308)	(264,020)	-	-
Impact of 20% depreciation of the Naira	(1,174,616)	(528,040)	-	-
Impact of 50% depreciation of the Naira	(2,936,540)	(1,320,099)	-	-
	US Dollar	Euro	Pound	Others
<i>31 December 2025</i>				
Impact of 10% appreciation of the Naira	587,308	264,020	-	-
Impact of 20% appreciation of the Naira	1,174,616	528,040	-	-
Impact of 50% appreciation of the Naira	2,936,540	1,320,099	-	-

## Notes to the consolidated and separate financial statements

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

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

## Notes to the consolidated and separate financial statements

### Interest Rate Risk in Banking book

Period	ΔEVE		ΔNII	
	T	T-1	T	T-1
Parallel up	(41.03)	(28.29)	27.67	18.30
Parallel down	55.17	41.39	(27.67)	(18.30)
Steeper	(20.11)	(19.62)		
Flattener	14.17	15.88		
Short rate up	(8.25)	(1.32)		
Short rate down	7.81	0.60		
<b>Maximum</b>	<b>(41.03)</b>	<b>(28.29)</b>	<b>(27.67)</b>	<b>(18.30)</b>
Period	T		T-1	
<b>Tier 1 Capital</b>	<b>545.77</b>		<b>398.92</b>	
<b>Max. (Δ EVE) as a % of Tier 1</b>	<b>-8%</b>	<b>-7%</b>		

*figures are reported in billions of Nigerian Naira*

# Notes to the consolidated and separate financial statements

## Operational Risk Management

Operational risk refers to the risk of loss or adverse impact resulting from inadequate or failed internal processes, people, systems, or from external events. Effectively managing this risk is crucial for Wema Bank's stability and resilience. Wema Bank embeds operational risk management into its broader Enterprise Risk Management (ERM) framework, ensuring that both existing and emerging operational risks are systematically identified, assessed, mitigated, and monitored across the organization. By 2025, the Bank continues to strengthen this integrated approach in line with evolving best practices and regulatory expectations, placing heightened emphasis on operational resilience, the ability to maintain critical operations in the face of disruptions. Accordingly, Wema Bank focuses not only on preventing operational incidents but also on robust contingency planning and rapid incident response to protect our customers and business if disruptions occur. Key industry concerns in 2025 such as cybersecurity threats, IT outages, and third-party service failures reinforce the importance of a strong operational risk program.

### Sources of Operational Risk

Wema Bank recognizes a broad range of sources of operational risk, in line with industry standards:

- **Internal Processes:** Risks arising from process breakdowns or inefficiencies, overly complex or poorly designed procedures, inadequate documentation, or other process flaws that could lead to errors.
- **People:** Risks associated with human factors such as employee errors, lack of training or experience, insufficient manpower, or even internal fraud and lack of integrity. Maintaining a strong risk culture and staff competence is critical to mitigate these risks
- **Systems:** Risks stemming from technology failures or shortcomings including IT system outages, hardware or software failures, cybersecurity breaches, data losses, or systems that are not fit for purpose. In today's environment, cyber threats and IT disruptions are a major focus within this category.
- **External Events:** Risks due to events outside the Bank's control, such as natural disasters, pandemics, terrorism, infrastructure failures, or other external shocks. These events can disrupt operations or damage assets, so the Bank's risk management includes scenario planning for such contingencies.

### Operational Risk Management Framework

Wema Bank employs a comprehensive Operational Risk Management Framework to proactively manage these risks. The framework covers the end-to-end process of identifying, measuring, controlling, and reporting operational risks across the Bank. It is built on clear governance and a suite of tools and processes that align with international best practices (Basel Committee guidelines and ISO 31000 principles) and regulatory requirements. Key components of the Bank's operational risk framework are summarized below:

Key Framework Component	Description
<b>Governance Structures</b>	Clear risk governance with defined roles, responsibilities, and reporting lines. The Board and senior management provide oversight through dedicated risk committees, ensuring accountability for managing operational risk at every level.
<b>Risk Management Tools</b>	Use of robust tools and techniques to identify and assess risks, such as business process mapping, Risk & Control Self-Assessments (RCSAs), scenario analysis, internal loss data collection, Key Risk Indicators (KRIs), and Key Performance Indicators (KPIs). These tools

## Notes to the consolidated and separate financial statements

	help quantify risk exposures and effectiveness of controls on an ongoing basis.
<b>Risk Profiling &amp; Tolerances</b>	Well-defined risk appetite and tolerance levels for operational risk. The framework establishes thresholds for inherent risk (before controls) and residual risk (after controls) that the Bank is willing to accept. This risk profile guides decision-making and ensures that any risk exceeding set limits triggers management action.
<b>Risk Reporting</b>	Regular reporting and escalation of operational risk issues and metrics to executive management and the Board. Comprehensive reports (covering incident losses, KRI trends, risk exposure levels) are reviewed in risk committees to support informed decision-making and prompt corrective actions where needed.
<b>Independent Review &amp; Improvement</b>	Independent evaluation of the operational risk framework and controls through internal audit and periodic reviews. The framework and policies are updated as necessary (for instance, in response to significant incidents, audit findings, or changes in the risk environment) to ensure continuous improvement and relevance.

Through this framework, Wema Bank seeks to maintain an acceptable operational risk profile. The structured approach ensures that operational risks are consistently identified, assessed, monitored, controlled, and reported in a manner proportionate to the Bank’s risk appetite and regulatory standards. The Bank’s approach remains dynamic, scenario analyses are regularly refreshed to account for emerging threats (such as new cyber-attack scenarios or supply-chain disruptions), and impact tolerances for critical services are reviewed in line with the operational resilience focus of regulators.

### Policies and Procedures

Wema Bank’s operational risk management policies and procedures are aligned with its overall business strategy and commitment to continuous improvement. The Bank maintains a comprehensive Operational Risk Management Policy that outlines the governance and processes for managing operational risk. Among other things, this policy covers the rigorous review and approval process for any new or changed products, services, processes, or systems. Before launch or implementation, all new initiatives undergo a risk assessment to identify inherent operational risks, required controls/mitigants, and to ensure adequate resources and technology are in place to manage the risk. This helps prevent introducing undue risk into the Bank’s operations. The policies also delineate roles (such as business unit risk champions and the Operational Risk Management department) for day-to-day risk oversight and loss incident reporting. All operational risk policies and procedures are periodically reviewed – at least annually or when significant changes occur – and updated to reflect regulatory changes, audit recommendations, and lessons learned from internal/external events. This disciplined approach to policy management ensures that Wema Bank’s operational risk practices remain current, effective, and in line with industry best practices.

### Business Continuity Management

In recognition that some operational disruptions will inevitably occur, Wema Bank places a strong emphasis on Business Continuity Management as a core part of operational resilience. The Bank’s Business Continuity Management System (BCMS) is maintained in adherence to ISO 22301:2019 international standards and relevant Central Bank of Nigeria (CBN) guidelines. The BCMS is an enterprise-wide program aimed at protecting the Bank’s people, operations, customers, and reputation in the event of business interruptions. It includes structured Business Continuity Plans and Disaster Recovery Plans for critical business functions and IT systems. Key

## Notes to the consolidated and separate financial statements

elements of Wema Bank's BCMS include regular Business Impact Analyses (to identify critical processes and recovery objectives), proactive risk mitigation strategies (to reduce the likelihood and impact of outages), and well-defined incident response and crisis management procedures. The Bank ensures full compliance with the CBN IT standard blueprint for continuity and resilience and engages external auditors to perform annual reviews of the BCMS. These independent reviews validate the effectiveness of the Bank's controls against interruption risks and drive improvements. Periodic drills and simulation exercises are conducted to evaluate the readiness of backup facilities, IT disaster recovery, and emergency response teams. Through ongoing maintenance and enhancement of the BCMS, Wema Bank can withstand disruptions and recover critical operations within acceptable timelines, thereby minimizing financial losses and customer impact in a worst-case scenario.

### Third-Party Risk Management

The Bank recognizes that outsourcing and vendor relationships can introduce significant operational risks. Wema Bank's Third-Party Risk Management (TPRM) framework ensures that risks associated with external vendors and service providers are rigorously managed and kept within acceptable bounds. All third-party engagements – from IT service providers and fintech partners to critical outsourcing vendors – undergo thorough due diligence before onboarding, covering areas such as the vendor's financial stability, information security controls, compliance record, and business continuity capabilities. The TPRM framework aligns third-party relationships with Wema's strategic objectives and regulatory requirements, meaning the Bank only enters or renews relationships that meet its risk standards. Key components include formal vendor risk assessments, contractual risk controls (service level agreements, audit rights, data protection clauses), and ongoing monitoring of vendor performance and compliance. Continuous monitoring involves reviewing service reports, tracking key risk indicators for vendor performance, and periodically re-assessing high-risk suppliers. The Bank also has exit strategies for critical vendors to mitigate concentration risk. In 2025, industry regulators are placing particular emphasis on third-party and supply-chain risks – for instance, the growing reliance on cloud service providers and fintech APIs has been identified as a potential systemic risk area. In step with these concerns, Wema Bank has strengthened oversight of material third parties, including conducting scenario analyses for vendor failures and ensuring that alternative arrangements or contingency plans are in place for all critical services. This proactive approach to third-party risk helps protect the Bank from service disruptions, compliance breaches, or reputational damage that could arise from a vendor's issues. Overall, Wema's TPRM framework ensures that outsourcing decisions do not compromise the Bank's operational resilience or risk profile, and that third parties are themselves held to the high standards expected by the Bank and its regulators.

### Consumer Protection Risk Management

Protecting customers and treating them fairly is a key aspect of Wema Bank's operational and enterprise risk management. The Bank has a dedicated Consumer Protection Risk Management sub-framework embedded within its ERM framework. This is designed to safeguard customers' interests, ensure compliance with consumer protection regulations, and maintain the Bank's reputation for integrity and reliability. Concretely, Wema Bank has implemented robust policies and procedures to prevent and address issues that could lead to customer harm or dissatisfaction. This includes clear disclosure of product terms and fees, obtaining proper customer consent, rigorous data privacy and security practices, and effective complaint management processes. Customer complaints and feedback are systematically tracked and analysed to identify any potential systemic issues or mis-selling risks. The Bank works to resolve complaints promptly and uses them as an opportunity to improve service processes. There are also controls to ensure marketing and sales practices are transparent and not misleading, in line with regulatory guidelines on fair customer treatment. Employee training programs reinforce

## Notes to the consolidated and separate financial statements

the importance of consumer protection, frontline and support staff are trained on conducting business ethically and on identifying vulnerable customers or possible misconduct. By actively managing consumer protection risk, Wema Bank not only complies with regulations but also fosters trust and long-term relationships with its clientele. This, in turn, reduces the likelihood of operational losses or legal/regulatory penalties arising from customer issues and helps preserve the Bank's reputation.

### Strategic and Reputational Risk Management

Operational risk management intersects with strategic and reputational considerations as well. Wema Bank addresses these areas to ensure a holistic risk management approach.

#### Strategic Risk Management

Strategic risk is the risk to earnings or capital arising from adverse business decisions or the improper implementation of decisions. Wema Bank manages strategic risk by ensuring that its strategic goals and initiatives are well-aligned with the Bank's mission, values, and long-term business plan. The process involves a careful planning cycle: formulating clear strategic objectives, translating them into actionable plans, and then allocating resources (capital, technology, and human resources) effectively to achieve those objectives. As part of managing strategic risk, the Bank maintains flexibility to adjust or reprioritize strategies in response to changes in the business environment (for example, shifts in market conditions or regulatory changes). There are established mechanisms for communication and implementation of strategy across the organization, so that all departments work cohesively towards the Bank's goals. Importantly, Wema Bank employs performance evaluation and feedback systems – key performance metrics and periodic reviews – to track the outcomes of strategic initiatives and identify any deviations or emerging risks. This allows management to take corrective actions timely. The Bank has also developed a Strategic Risk Management Framework tailored to its risk profile, which ensures that strategic risks are identified, assessed, monitored, and controlled in a consistent manner. Regular strategic risk assessments are conducted to evaluate potential risks to the strategy, such as risks in expanding into new markets, competitive risks, or macro-economic shifts. By embedding risk considerations into strategic planning, Wema Bank seeks to achieve its growth objectives while keeping risk within acceptable boundaries.

#### Reputational Risk Management

Reputational risk is the risk of negative public perception or publicity causing damage to the Bank's brand value, customer base, or financial standing. This risk often arises indirectly from other risk events (for instance, an operational failure, regulatory sanction, or unhappy customers can all trigger reputational impact). Wema Bank acknowledges that reputation is a function of stakeholder trust and perception. The Bank's reputation is influenced by its stakeholders – customers, investors, employees, regulators, community – across various dimensions, including product/service quality, corporate governance, how we treat employees, customer service quality, financial performance, and even our social and environmental responsibility. To manage reputational risk, Wema Bank takes a proactive approach: maintaining high standards in all the above areas to prevent reputation-damaging incidents and being prepared to respond effectively if an issue does occur. The Bank has put in place processes to identify and assess reputational risk events. For example, significant operational incidents or customer complaints are evaluated not just for their direct impact but also for potential reputational fallout. There is coordination between risk management, corporate communications, and compliance teams to address issues that could attract media or regulatory attention. In the event of a negative incident, the Bank's response includes transparent communication with stakeholders and prompt corrective action, reflecting our commitment to accountability. Furthermore, Wema Bank's management actively monitors public sentiment and media reports as part of risk monitoring. Periodic reports on reputational risk are provided to senior management and the Board, summarizing any developments that could affect the Bank's standing. By understanding that a strong positive reputation is built over time through consistent positive actions and engagement across all stakeholder groups, Wema Bank strives to continuously reinforce trust. Initiatives like customer experience enhancements, community involvement, and rigorous internal controls all serve to mitigate reputational risk. In summary, the Bank's efforts to properly articulate, analyze, and manage

## Notes to the consolidated and separate financial statements

reputational risk factors are embedded in daily operations and governance processes, ensuring that reputational risk is given the same level of attention as other key risks. This holistic focus helps safeguard Wema Bank's good name and franchise value in the long run.

By integrating operational risk management with strategic oversight and reputational awareness, Wema Bank's Enterprise Risk Management framework ensures that operational risk disclosures in the 2025 Annual Report reflect not only a solid control environment and compliance with applicable standards, but also the Bank's adaptability to new challenges. In 2025, the Bank's operational risk management practices have been refined to incorporate current best practices such as stronger operational resilience measures, enhanced cyber risk defenses, and closer third-party oversight – all aimed at maintaining the trust of our stakeholders and the continuity of our business in a rapidly evolving risk landscape. The emphasis remains on clarity, accountability, and continuous improvement in managing operational risk, thereby supporting Wema Bank's overall strategy, and safeguarding its reputation.

### Exposure to liquidity risk (MARKET RISK)

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. This measurement complies with the regulatory requirement guideline of the Central Bank of Nigeria.

The details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	Group		Bank	
	31-Dec-25	31-Dec-24	31-Dec-25	31-Dec-24
At the end of the year	64.08%	33.37%	64.08%	33.37%
Average for the year	44.97%	30.47%	44.97%	30.47%
Maximum for the year	64.08%	39.26%	64.08%	39.26%
Minimum for the year	34.54%	26.20%	34.54%	26.20%

## Capital Management

### Regulatory capital

The Bank's lead regulator, the Central Bank of Nigeria sets and monitors capital requirements for the Bank. The banking operations are directly supervised by the Central Bank of Nigeria.

The Bank, in 2008 took a proactive step of commencing the process of disencumbering the books of doubtful and classified assets so as to lay a solid foundation for a more virile and prosperous Bank.

In the aftermath of this our capital management objectives have been to:

Stop further erosion of shareholders' wealth;

- Take all necessary measures to bring the Bank's capital to the level set by the regulatory authorities; and
- Sustain the Bank's capability to continue as a going concern.

The Bank has instituted effective mechanisms for the daily monitoring of movement in our capital base and measurement of our capital adequacy ratio by deploying techniques stipulated by the Central Bank of Nigeria (CBN) banks' supervisory guidelines. Throughout the reporting year, the Bank complied strictly with the requirement of monthly rendition of report on same to the CBN. The Auditors are also required to comply with the Nigeria Deposit Insurance Corporation (NDIC) requirement of submitting an annual certificate that consist the computed capital adequacy ratio of the Bank.

## Notes to the consolidated and separate financial statements

To align with the CBN current reforms, we are taking a multiple approach to raising the Bank capital base to the required level through:

Increasing the Bank's revenue base while ensuring efficient management of operating expenses.  
Vigorously implementing debt recovery strategies.

Our Bank's regulatory capital, managed by the Financial Control and Treasury Units is divided into two tiers.

**Tier 1** capital, which includes share capital, share premium, other reserves and retained earnings.

**Tier 2** capital, which includes revaluation reserves and other borrowings.

The risk weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, capital market and other risks associated with each asset and counterparty, taking into consideration any eligible collateral guarantee. A similar treatment is accorded to off balance sheet transactions with adjustments in line with the contingent nature of the underlining potential losses.

### Capital Adequacy Ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained.

<i>In thousands of Nigeria naira</i>	<b>31-Dec 2025</b>	<b>31-Dec 2024</b>
<b>Tier 1 capital</b>		
Ordinary share capital	20,059,438	10,715,089
Share premium	240,601,448	56,430,821
Statutory reserves	66,838,485	37,669,829
SMEIES	3,706,739	1,910,121
Other reserves	225,017,360	124,280,800
<b>Total qualifying Tier 1 capital</b>	<b>556,223,470</b>	<b>231,006,660</b>
Deferred tax assets	10,449,319	472,076
Intangible assets	3,561,689	4,098,343
Investment in capital of financial subsidiaries	-	-
<b>Adjusted Total qualifying Tier 1 capital</b>	<b>542,212,462</b>	<b>226,436,242</b>
<b>Tier 2 capital</b>		
Other comprehensive income (OCI)	15,999,574	14,940,479
Sub-ordinated debts	-	2,029,810
<b>Total qualifying Tier 2 capital</b>	<b>15,999,574</b>	<b>16,970,289</b>
Net Tier 2 Capital	15,999,574	16,970,289
<b>Total regulatory capital</b>	<b>558,212,035</b>	<b>243,406,530</b>
<b>Risk -weighted assets</b>		
Credit risk	1,710,610,037	1,067,563,532
Market risk	10,223,409	14,129,125
Operational risk	269,149,934	155,564,886
<b>Total risk-weighted assets</b>	<b>1,989,983,379</b>	<b>1,237,257,543</b>
<b>Risk-weighted Capital Adequacy Ratio (CAR)</b>	<b>28.05%</b>	<b>19.67%</b>
Total tier 1 capital expressed as a percentage of risk-weighted assets	27.25%	18.30%

## Notes to the consolidated and separate financial statements

### Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon regulatory capital, but in some cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.,

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making.

Account also is taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the Bank's longer term strategic objective.

## Other National Disclosures

### Statement of Value Added

<i>In thousands of Nigerian Naira</i>	<b>Group</b>				<b>Bank</b>			
	<b>2025</b>	<b>%</b>	<b>2024</b>	<b>%</b>	<b>2025</b>	<b>%</b>	<b>2024</b>	<b>%</b>
Gross income	661,389,800		433,434,006		660,587,467		432,337,943	
Interest paid	(215,090,522)		(177,569,260)		(214,258,470)		(176,496,617)	
	446,299,278		255,864,746		446,328,997		255,841,326	
Impairment charge on financial assets	(25,685,010)		(21,649,882)		(25,685,010)		(21,649,882)	
Bought-in materials and services	(116,062,499)		(77,496,991)		(116,125,782)		(77,467,218)	
<b>Value added</b>	<b>304,551,771</b>	<b>100</b>	<b>156,717,874</b>	<b>100</b>	<b>304,518,206</b>	<b>100</b>	<b>156,724,226</b>	<b>100</b>
<b>Distribution</b>								
<b>Employees</b>								
Salaries and benefits	70,184,778	23	45,475,369	29	70,184,778	23	45,475,369	29
<b>Government</b>								
Income tax	37,387,886	12	9,602,306	6	37,373,111	12	9,589,649	6
Deferred tax	(9,977,243)	(3)	6,632,925	3	(9,977,243)	(3)	6,632,925	3
<b>Retained in the Bank</b>								
Assets replacement (Depreciation & Amortisation)	12,479,855	4	8,740,108	6	12,479,855	4	8,740,108	6
Profit transferred to reserve	194,476,494	64	86,265,047	57	194,457,704	64	86,286,175	57
	<b>304,551,770</b>	<b>100</b>	<b>156,717,874</b>	<b>100</b>	<b>304,518,205</b>	<b>100</b>	<b>156,724,226</b>	<b>100</b>

## Other National Disclosures

# Financial Summary

<i>In thousands of Nigerian Naira</i>	Group 31-Dec-25	Bank 31-Dec-25	Group 31-Dec-24	Bank 31-Dec-24	Group 31-Dec-23	Bank 31-Dec-23	Group 31-Dec-22	Bank 31-Dec-22	Group 31-Dec-21	Bank 31-Dec-21
<b>Assets:</b>										
Cash and cash equivalents	940,821,739	940,806,710	278,924,625	278,919,920	220,233,575	220,206,835	96,294,862	96,262,918	109,726,640	109,714,649
Restricted Deposit with CBN	919,820,096	919,820,095	838,595,007	838,595,007	503,320,833	503,320,833	386,993,380	386,993,380	313,847,420	313,847,420
Pledged assets	20,018,671	20,018,671	307,235,855	307,235,855	35,216,689	35,216,689	30,616,318	30,616,318	83,723,119	83,723,119
Investment securities	1,335,392,563	1,335,392,563	900,232,647	892,061,853	628,252,221	620,102,850	352,912,906	344,782,534	174,081,524	163,120,256
Wema funding SPV Plc	-	1000	-	1000	-	1000	-	1,000	-	-
Loans and advances to customers	1,737,932,376	1,737,932,376	1,201,209,319	1,201,209,319	801,103,117	801,103,117	521,430,696	521,430,696	418,864,303	418,864,303
Right of use Assets	1,217,463	1,217,463	1,170,067	1,170,067	1,254,787	1,254,787	997,465	997,465	851,249	851,249
Property Plant and equipment	79,683,157	79,683,157	48,322,246	48,322,246	35,762,898	35,762,898	25,449,667	25,449,667	22,418,542	22,418,542
Intangible assets	3,561,689	3,561,689	4,098,343	4,098,343	2,988,602	2,988,602	2,859,593	2,859,593	2,170,640	2,170,640
Other assets	23,413,367	23,413,367	12,967,801	12,967,801	13,001,896	13,001,896	11,326,857	11,326,857	34,305,993	34,305,993
Deferred tax assets	10,449,319	10,449,319	472,076	472,076	7,105,000	7,105,000	12,983,230	12,983,230	15,500,694	15,500,694
	<b>5,072,310,440</b>	<b>5,072,296,410</b>	<b>3,593,227,986</b>	<b>3,585,052,487</b>	<b>2,248,239,617</b>	<b>2,240,064,506</b>	<b>1,441,864,974</b>	<b>1,433,703,658</b>	<b>1,175,490,124</b>	<b>1,164,516,865</b>
<b>Finance by:</b>										
Share capital	20,059,438	20,059,438	10,715,089	10,715,089	6,429,078	6,429,078	6,429,078	6,429,078	19,287,233	19,287,233
Share premium	240,601,448	240,601,448	56,430,821	56,430,821	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230	8,698,230
Additional Tier 1 capital	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	-	-	-	-
Retained earnings	215,056,700	215,067,443	103,251,267	103,280,800	36,585,528	36,608,707	11,449,605	11,529,379	11,023,900	11,241,627
Other reserve	123,745,735	123,745,735	65,024,170	65,024,171	66,585,833	66,585,834	55,965,988	55,965,990	31,137,254	31,137,254
Deposits from banks	-	-	258,500,000	258,500,000	20,863,530	20,863,530	19,153,500	19,153,500	40,700,000	40,700,000
Deposits from customers	3,289,532,364	3,289,532,364	2,523,815,263	2,523,815,263	1,860,573,537	1,860,573,537	1,165,934,019	1,165,934,019	927,471,175	927,471,175
Lease liabilities	-	-	-	-	45,951	45,951	31,583	31,583	26,879	26,879
Current tax liabilities	37,387,886	37,373,111	9,604,424	9,589,649	1,796,732	1,780,725	1,061,974	1,061,975	716,120	716,120
Other liabilities	1,007,767,720	1,007,757,722	431,868,351	431,853,354	142,585,099	142,575,102	102,430,977	102,359,237	63,697,672	63,637,777
Provision	3,532,476	3,532,476	3,150,527	3,150,527	2,609,348	2,609,348	1,254,489	1,254,489	-	-
Other borrowed funds	113,626,673	113,626,673	109,868,074	101,693,813	80,466,750	72,294,463	69,455,532	61,286,178	72,731,661	61,601,570
	<b>5,072,310,440</b>	<b>5,072,296,410</b>	<b>3,593,227,986</b>	<b>3,585,053,487</b>	<b>2,248,239,617</b>	<b>2,240,064,506</b>	<b>1,441,864,974</b>	<b>1,433,703,658</b>	<b>1,175,490,124</b>	<b>1,164,517,865</b>
<b>Guarantees and other commitments</b>	<b>663,742,724</b>	<b>663,742,724</b>	<b>387,022,603</b>	<b>387,022,603</b>	<b>317,412,811</b>	<b>317,412,811</b>	<b>152,455,290</b>	<b>152,455,290</b>	<b>118,568,967</b>	<b>118,568,967</b>
	<b>Group 31-Dec-25</b>	<b>Bank 31-Dec-25</b>	<b>Group 31-Dec-24</b>	<b>Bank 31-Dec-24</b>	<b>Group 31-Dec-23</b>	<b>Bank 31-Dec-23</b>	<b>Group 31-Dec-22</b>	<b>Bank 31-Dec-22</b>	<b>Group 31-Dec-21</b>	<b>Bank 31-Dec-21</b>
Gross earnings	661,389,800	660,587,467	433,434,006	432,337,943	226,914,538	226,914,538	131,083,307	131,083,309	93,632,481	92,137,078
Profit before taxation	221,887,136	221,853,572	102,517,170	102,508,748	43,663,929	43,663,929	14,883,961	14,746,008	12,377,495	12,384,142
Income tax	(27,410,643)	(27,395,868)	(16,237,349)	(16,222,574)	(7,674,962)	(7,674,962)	(3,531,981)	(3,531,981)	(3,450,940)	(3,450,940)
Profit after taxation	<b>194,476,493</b>	<b>194,457,704</b>	<b>86,279,821</b>	<b>86,286,174</b>	<b>35,988,967</b>	<b>35,988,967</b>	<b>11,351,980</b>	<b>11,214,027</b>	<b>8,926,555</b>	<b>8,933,202</b>