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2010 Annual Report & Accounts

Wema Bank

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Our Vision

“To be the financial institution of choice in service delivery and superior returns”

Our Mission

“To give every customer a delightful and memorable service experience”

Our Core Values

Teamwork

The result of Teamwork in a Service Organization like ours, is a Satisfied Customer.

Innovation

Innovation is imperative to keeping and attracting new customers for today and tomorrow.

Mutual Respect

We at Wema Bank believe Mutual Respect is our guide to serving our customers both internal and external.

Professionalism

At Wema Bank, we breed Professionals to give a delightful and memorable service experience.

Performance Driven

Focusing on our service goal helps drives our performance to attain service delivery.

Notice of 2010 Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2010 Annual General Meeting of Wema Bank Plc will be held at Orchid Hotels & Events Centre, Plot 3, Dreamworld Africana Way, Onigbogbo Layout, Opposite Oluwanisola House, Ikota-Epe Expressway, Ikota-Lekki, Lagos on Friday, June 10, 2011 at 11:00am to transact the following businesses:

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the year ended December 31, 2010 together with the reports of the Directors, Auditors and Audit Committee thereon;
2. To elect/re-elect Directors;
3. To approve the Remuneration of Directors;
4. To appoint Akintola Williams Deloitte as the External Auditor of the Bank in place of KPMG Professional Services, who would be retiring as the Bank's Auditors;
5. To authorize the Directors to fix the remuneration of the Auditors;
6. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following as Special Resolution:

7. Amendment of Article 64 of the Articles of Association by the inclusion of sub-article (c) thus:

"That a notice, document or any other information may be served on, delivered to or made available by the Bank to any member or stakeholder by sending same in an electronic format or by electronic means to the address specified by such member who elect to receive such notice, document by such medium or by making it available on the Bank's website".

NOTE: PROXY

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company.

A proxy form is supplied with the Notice and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrars not less than 48 hours before the time fixed for the Annual General Meeting.

CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of Members and Transfer Books will be closed between May 26 and June 2, 2011 both dates inclusive for the purpose of preparing an up-to-date Register.

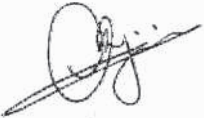
AUDIT COMMITTEE

All nominations of members for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting.

UNCLAIMED SHARE CERTIFICATES AND DIVIDEND WARRANTS

The Bank is holding some share certificates and dividend warrants which were returned from the Post Office as unclaimed.

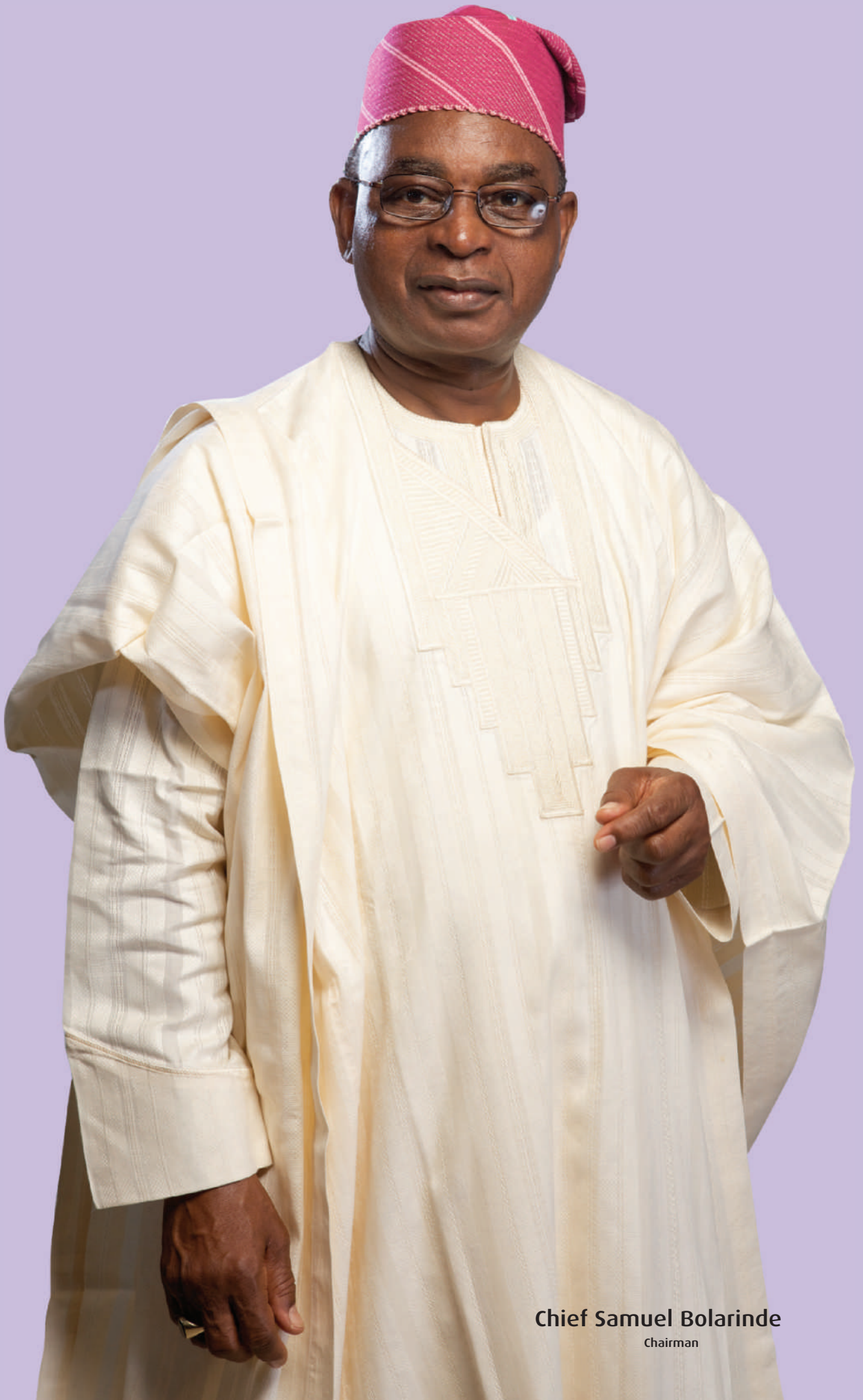
Shareholders who have not received their certificates or dividend warrants are advised to contact the Registrar, Wema Registrars Limited, Plot 30, Oba-Akran Avenue, Ikeja, Lagos.



Wole Ajimisinmi
Company Secretary
54, Marina,
Lagos.



Dated the 18th day of May, 2011



Chief Samuel Bolarinde
Chairman

Chairman's Statement

"The Group Gross Earning grew by 14.7% increasing to N21.79 billion in the reporting period from N18.99 billion of the 9-month period to December 2009, Group's Profit After Tax also grew from loss position of N7.53 billion to N17.46 billion translating to growth of 331.7% within the same period. It is expected that this will be the last year in which these accounts will be consolidated as the Bank moves to divest its interest in seven non-core subsidiaries and absorb the two subsidiaries whose operations are complementary to its business; namely Wema Securities & Finance Plc and Wema Homes (Savings & Loans) Limited."

Distinguished Shareholders, Ladies and Gentlemen, I welcome you all to our bank's 2010 Annual General Meeting. It is also my honour and privilege to present to you the Annual Report and Financial Statement for the year ended December 31, 2010.

As is the norm, I will also like to present a review of the socio-economic environment in which the bank operated during this period. As a prelude to other interesting developments within the bank during the period under review, please permit me to announce upfront that your bank has been fully recapitalized. It is a great relief to the board and management that we have been able to resolve the critical challenge of under-capitalization which has threatened the going concern status of the bank since the outcome of the forensic examination of the bank's loan book carried out during the joint examination by the Central Bank of Nigeria and the Nigeria Deposit Insurance Corporation in September 2009.

Global Economy

The Global economy continued its gradual recovery from the worst recession we have seen since 1946. While unemployment remained a worry in most economies, the IMF estimates that the Gross World Output grew by 5% in 2010. This growth was driven largely on the strength of rebounding exports, with developing countries contributing significantly.

Developed countries continued to lag behind global growth estimates, held back by uncertainties in mortgage and financial markets. As expected most countries chose to pursue expansionary monetary and fiscal policies to counteract the sustained contraction witnessed during the preceding recession. Consequently, most countries ran budget deficits as a result of the fiscal stimulus packages put in place in the 2009/2010 period. Clearly the elephant in the room remains the growing threat of inflation and how best to combat it by raising interest rates without stifling growth.

The prospect for growth in the coming years is expected to slow down as depleted inventories are rebuilt and optimal capacity is once again approached. The IMF's 2011 Growth estimates in emerging and developed economies hover around 6.5% and 2.5% respectively compared to the growth of 7% and 3% achieved last year.

Nigerian Economy

The Nigerian economy grew in 2010 according to statistics made available by the National Bureau of Statistics (NBS) showing that the nation's Gross Domestic Product (GDP) in the

third quarter grew by 7.9% as against a growth of 7.3% in 2009. While the increase in output has been attributed to the relative peace in the Niger-Delta region of the country with a subsequent increase in oil production accompanied by a corresponding increase in exports, the fact that the nation was blessed with adequate rains within the period could also account for some of the increased productivity as agricultural production soared. A further breakdown of the nation's output reveals that the non-oil sectors contributed about 85% while the oil sector contributed only 15% to overall output. The sectors with the highest growth rates include Telecommunications 35%; Solid Minerals 12.5%; Hotel and Restaurant 11.9%; Wholesale and Retail 11.8% and Real Estate which grew by 11.2%.

Both the International Monetary Fund and the World Bank have predicted that with continued increase in growth in the non-oil sector, particularly Agriculture, a GDP growth rate of between 7.1% and 7.5% is achievable.

The velocity of trading activities increased as credit slowly seeped back into the economy with banks resuming lending following the conclusion of the Central Bank's banking sector reforms. The Central Bank must also be credited for implementing initiatives aimed at injecting money into the real sector to jumpstart its development. One such initiative was the CBN/Bank of Industry Small and Medium Scale Industries Guarantee Scheme.

It has become obvious that for the government to spur improved productivity in the nation's output, it needs to focus on sectors with immense growth prospects like telecommunications, agriculture, and power. Power remains the missing key for unlocking the nation's industrial and entrepreneurial capacity.

With the rebound in oil prices, the nation's coffers largely fed by oil revenues are expected to swell. The expectation is that Nigeria's external reserves should receive a boost in the year 2011. This will be a welcomed reversal from the continuous depletion of the reserves in 2010 when the external reserves position as at December 31, 2010 stood at US\$32.35bn, decreasing by 23.72%, when compared with the December 2009 figure of \$42.41bn.

Two factors largely contributed to the depletion of the reserves. On the one hand, the government continued to spend as a means of propping the economy (injecting over six hundred billion naira into the banking sector in the 2009/2010 period to rescue ailing banks), on the other hand, the Central Bank sought to achieve naira exchange rate

Chairman's Statement cont'd

stability, supporting the naira with the reserves. As a counterweight to the accumulation of foreign reserves, the current administration sought and obtained the approval of the Council of States to establish a Sovereign Wealth Fund (SWF).

According to the Debt Management Office, Nigeria's total public debt stood at US\$34.6 billion as at 31 December 2010. External debt was US\$4.8 billion (provisional), while Nigeria's domestic debt was N4.5 trillion (provisional) or US\$29.8 billion. Additionally, in December 2010 the Government entered into a US\$899.5 million credit agreement with the Export-Import Bank of China for the purpose of funding certain infrastructure projects. Draw-downs under this facility will be tied to project completion milestones and as at 31 December 2010 no amount had been drawn.

During the period under review, the money market experienced increased liquidity as a result of several factors, chief amongst which were the various injections of liquidity to troubled banks, distribution of the monthly statutory allocation to the states as well as distribution of the proceeds of the excess crude oil account. The liquidity in the system was further exacerbated by the reluctance of banks to lend to small and medium scale enterprises. As a result of the increased systemic liquidity, rates in the inter-bank market dropped significantly resulting in a corresponding reduction in deposit rates across board. The clearest sign of this aversion to risk taking was the upsurge in investment in government securities leading to their oversubscription. Consequently, the prices of government securities rose and their yields correspondingly dropped. It was a tough time for the banking industry and consumers alike.

To stem this tide, the CBN increased Monetary Policy Rate (MPR) and the resumed mopping up funds through its Open Market Operations (OMO) to tighten the market. As a result, deposit rates inched up; prices for government securities moderated and yield on fixed income securities once again increased.

The Banking industry

The global financial crisis of 2009, which triggered a steep decline in the Nigerian equities market, resulted in the assumption of significant provisions by a number of Nigerian banks, and subsequently led to a special examination of all Nigerian banks by the CBN. Following the special examination, the CBN mandated Wema Bank, amongst others, to address observed irregularities and resolve their capital adequacy issues. As part of the mechanisms for resolution, the CBN with the support of the Federal Ministry of Finance proposed the creation of the Asset Management Company of Nigeria (AMCON). The specific mandate of AMCON is to "purchase a significant portion of the non-performing assets in the Nigerian banking sector and assist in recapitalizing undercapitalized banks to help restore the health of the banking sector". As at December 2010, AMCON had issued approximately N1 trillion in Zero coupon bonds in exchange for the non-performing assets of a number of banks.

Fellow Shareholders, I am happy to announce that largely as a result of the sale of hitherto provisioned assets to AMCON, in

combination with capital raising efforts that yielded the sum of N7.5 billion in fresh capital and recovery of some of the delinquent loans in the loan portfolio, your bank was able to scale the hurdle of recapitalization.

As part of the banking sector reforms, the Central Bank also reviewed its policy with regards to the Universal Banking Model. All banks were mandated to turn in their Universal Banking Licenses in exchange for licenses that will reflect the new regime whereby a bank may only engage in one facet of banking, Commercial, Investment (merchant), or Specialized. In addition banks were allowed to define their geographical spread either as Regional, National or International. Wema Bank has chosen to play to its strengths and has applied for a Commercial Banking License with Regional Scope under the new banking regime. The Bank's application is receiving due consideration and we are confident that it will be approved.

Business Review

The bank's performance in the period under review was driven largely by loan recovery. While we have witnessed a significant boost to our bottom-line, it must be pointed out that a significant portion of this profit is accounted for by write-backs to the profit and loss account from recovered loans. Having said this, I do not want to take anything away from our hardworking Management and Staff who made this possible. Indeed our operational efficiency has been improving and the business should achieve operational profitability within the first half of 2011.

The Bank's gross earnings for the 12-month period of 2010 was N19.93 billion compared to a gross earnings of N16.27 billion for the 9-month period to December 2009. The profit after tax rose to N16.24 billion driven largely by write-backs to the profit and loss account. The corresponding figure for the 9-month period to December 2009 was a loss of N2.09 billion.

The Group Gross Earning grew by 14.7% increasing to N21.79 billion in the reporting period from N18.99 billion of the 9-month period to December 2009, Group's Profit After Tax also grew from loss position of N7.53 billion to N17.46 billion translating to growth of 331.7% within the same period. It is expected that this will be the last year in which these accounts will be consolidated as the Bank moves to divest its interest in seven non-core subsidiaries and absorb the two subsidiaries whose operations are complementary to its business; namely Wema Securities & Finance Plc and Wema Homes (Savings & Loans) Limited.

There was a minor change in the board composition during the period. Mr. Festus Ajani, a non-executive director, who served over a period of seven years from his membership of the board of the acquired National Bank, resigned from the board in December 12, 2010. We are deeply appreciative of the meritorious services given to the bank by Mr. Ajani, particularly when he had to steer the troubled ship of the bank as the Acting Chairman in the period the bank was enmeshed in management and financial crisis. Please join me to wish him well in his other endeavours. During the year two new non-executive directors; namely Dr. Ayo Akinyelure and Prof. Taiwo Osipitan (SAN) joined the board to strengthen its oversight responsibilities with their individual impeccable

Chairman's Statement cont'd

professional knowledge and experience in the corporate world. This meeting will also like to formally welcome the new directors to Wema Bank family.

Outlook for 2011

With the global recovery on course, and the banking reforms in full steam, we expect a better business horizon with a number of opportunities for an agile and nimble bank such as ours to take. While the upcoming elections for public offices might engender some apprehension, we are hopeful that the elections will be conducted without and chaos or economic dislocation.

Regardless of the political party that shall assume leadership in government following the 2011 polls, we believe the current reforms by the Central Bank in the banking sector, as well as that of the Federal Government in the power sector shall be sustained. These reforms which are critical to economic advancement in the country shall bring with them a veritable bouquet of opportunities which your bank is suitably positioned to benefit from. Our growth will be disciplined and governed by a firm adherence to the tenets of risk management, good corporate governance and exemplary

corporate social responsibility.

In closing, let me extend a warm welcome to our new shareholders who took advantage of the special placing of our shares in September 2010 to buy into the bank. This class of shareholders saw enough value in our shares to purchase them at a significant premium relative to the market price at the time of issue and it is our belief that their faith in the bank shall be rewarded appropriately. To my fellow shareholders who have stood by the bank in its most trying period, I convey the Board's appreciation to you all and restate our commitment to continue to work towards building a bank that will be the pride of all stakeholders. To the Management and Staff, I say thank you, for you are the bedrock on which this institution stands.

God bless you and God bless Wema Bank Plc



Chief Samuel Ulianyi Bolarinde
Chairman



Segun Oloketuyi
MD/CEO

Chief Executive Officer's Report

“The bank has reviewed all existing business processes with a view to increasing efficiency, improving automation, and consequently providing our customers with more convenient and speedy service. We believe that with increased understanding of roles and responsibilities, our staff will be better empowered to deliver service that will meet and exceed the expectations of our customers. These improvements will eventually dovetail into reduced operational costs and ultimately profits.”

This is the fourth Financial Report we are presenting to you, our esteemed shareholders, in a space of two years, since the current management took over the mantle of leadership in Wema Bank.

I recall the gloom that pervaded the air when we held the combined Annual General Meeting (AGM) to present the reports for the years ended March 31, 2008 and March 31, 2009. The financial reports were anything but salutary. Shareholders' funds were totally eroded and in fact in a huge negative of N44.62 billion as at March 31, 2009. Liquidity was not any better at a ratio of 28.82% negative.

I am happy to report to you that we had passed the dark days and your bank is back on its feet to take its rightful position in the banking space in Nigeria. We owe a world of gratitude to the Central Bank of Nigeria and the other financial regulators (NDIC, SEC, NSE) for providing the enabling environment that made it possible for us to recapitalize the bank. We particularly salute the bold courage of the CBN in such landmark initiatives as the formation of the Asset Management Corporation of Nigeria (AMCON) which has become a veritable vehicle for banks to recapitalize their operations, the refinancing scheme provided by the CBN using the platform of the Bank of Industry and the on-going reform programmes aimed at generally strengthening the entire banking sector.

Your bank is fully recapitalized with shareholders' funds of N14.837 billion and capital adequacy ratio of 12.44%, which are respectively above the regulatory minimum of N10 billion (for a commercial banking licence with regional scope) and 10%.

We are not unmindful of the expectations of our shareholders now that the bank is back on its feet. We are committed to our corporate vision, that is, “to be the financial institution of choice in service delivery and superior returns”. With your continued support, custom and encouragement, we are confident that your bank will start to pay dividends once again from the next AGM.

I am also pleased to report that our transformation programmes embarked upon since the advent of the current management is progressing very well and with good results to show for it. Major areas of focus include:

Service Delivery

The bank has continued to emphasize a culture that is largely

driven by a service-oriented workforce, Information Technology, and efficient business processes. The bank has invested in continuous training programmes to encourage staff to imbibe the basic skills required for quality service delivery. As part of our service improvement initiatives, we also plan a state-of-the-art customer contact centre as a platform that will enable us quickly resolve customer complaints, receive feedback, and provide 24/7 support, as the bank aspires to become a major player in the emerging e-business terrain.

The bank has reviewed all existing business processes with a view to increasing efficiency, improving automation, and consequently providing our customers with more convenient and speedy service. We believe that with increased understanding of roles and responsibilities, our staff will be better empowered to deliver service that will meet and exceed the expectations of our customers. These improvements will eventually dovetail into reduced operational costs and ultimately profits.

Human Resources

The Bank has continued to lay emphasis on developing its manpower by leveraging on trainings to improve the skills set of its employees. The Bank has invested in training solutions that ensure that all staff participate and are graded in various training courses. We are especially proud of our in-house web-based learning solutions which place before our employees, a body of knowledge which they can draw on conveniently from time to time.

Talent and performance management is at the heart of our human resources management policies. The bank continues to attract and seeks to retain some of the best hands in the industry while emphasizing a culture of performance and meritocracy.

The Bank prides itself on being a performance-driven organization and as such has developed innovative ways of ensuring that the performances of staff are measured and rewarded accordingly in order to grow the organization. This also means that the institution is in a state of dynamic change as our staff are constantly being appraised to ensure their skills set enables them deliver efficient and timely service to our customers.

Chief Executive Officer's Report cont'd

Information Technology

To further position the Bank to meet its challenges, the Bank is investing substantially in Information Technology as a tool for delivering superior returns to the Bank's stakeholders. One of the ways the Bank plans to achieve this is the migration to a new Core Banking Application Finacle 10. The acquisition of this robust banking application represents the bank's quest to drive growth and manage cost, while creating a platform for high performance.

The Bank has revamped its corporate website as a means of positioning itself to capture the opportunities the web presents in marketing, customer acquisition, business development, and provision of convenient solutions to customers. By leveraging on our recent investments in customer-centric technology we plan to better connect with our customer base. Other initiatives on the technology side include the recent launch of the bank's Facebook® page, a site that in its first 90 days had over 1000 active followers. These initiatives have been undertaken as a means of improving its technological offerings while connecting with an emerging customer demographic.

Retail Banking Focus

Playing to our strength as one of the most recognizable names in Nigeria's banking history with a rich customer base, the bank has committed substantial resources to the retail banking segment. The bank continues to support this untapped and neglected segment both as a business strategy and our contribution to national economic development.

The Bank has also revamped its card services and virtual banking capabilities to help in solidifying the channels of transacting business with it there by helping it to further grow its retail portfolio.

Risk Management

The implementation of our Enterprise Risk Management framework is on-going to ensure that all aspects of risk which the Bank is exposed to are adequately identified, measured and mitigated. Our non-performing loan (NPL) ratio is currently high relative to the acceptable ratio of 5% as prescribed by the CBN. We are confident that a significant improvement will be recorded in the NPL ratio in 2011 financial year going by the cleaning process that we have embarked upon.

Outlook for 2011


Based on the Bank's current focus the future has never been clearer. The Bank will continue to push its service culture along with the Business Process Re-engineering to more branches this year and hopefully we will be completing the transformation project bank-wide within the next twelve months.

We will continue to pursue growth in our retail business by pushing innovative products and also leveraging on alternative channels to grow customer base and volumes,

while also ensuring that the quality of the Bank's loan book stays in top quality.

As we continue our journey in the New Wema Project, we are confident that the improvement we have recorded in our financial performance will be sustained in the years to come. We have you, our esteemed shareholders, to thank for your confidence in and support to the efforts of the current management. We believe that with your continued support and advice we will build a bank that will be the reference for good corporate governance practice, superior financial performance and quality service delivery in the very near future.

We welcome you to a new beginning, we welcome you to a better future, and we welcome you to the New Wema Bank.




Segun Oloketuyi
Managing Director/Chief Executive Officer

There must be a bank that will always
make me feel welcome.



Everyone would love a bank where they are welcomed with courtesy, treated importantly and promptly attended to; a bank that leaves a satisfactory smile on every customer's face. Is there such a bank? Yes there is.

That bank is Wema Bank

We make big things happen. 





Wema Bank



Director
Ade Adefioye

Director
Nurudeen Fagbenro

Director
Chief Ope Bademosi

CHAIRMAN
Chief Samuel Bolarinde

BOARD OF DIRECTORS



Director
Ademola Adebise

Director
Dr. Ayo Akinyelure

Director
Pro. Taiwo Osipitan, SAN

MD/CEO
Segun Oloketuyi

Board of Directors and Management Team

Board

Chief Samuel Bolarinde	- Chairman
Mr. Segun Oloketuyi	- Managing Director/Chief Executive Officer
Mr. Adebode Adefioye	- Director
Dr. Ayo Akinyelure	- Director (Appointed July 26, 2010)
Mr. Festus Ajani	- Director (Resigned December 12, 2010)
Chief Opeyemi Bademosi	- Director
Prof. Taiwo Osipitan, SAN	- Director (Appointed September 20, 2010)
Mr. Ademola Adebise	- Executive Director
Mr. Nurudeen Fagbenro	- Executive Director

Board Secretary

Wole Ajimisinmi	- Company secretary/Legal Adviser
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Executive Management

Segun Oloketuyi	- Managing Director/Chief Executive Officer
Nurudeen Fagbenro	- Executive Director
Ademola Adebise	- Executive Director

General Managers

Kayode Fasola	- Regional Executive, South West Business Group
Tope Adebayo	- Chief Inspector
Olayinka Oni	- Divisional Head, Information Technology & Operations

Deputy General Managers

Musa Ahmed	- Regional Executive, FCT & North Business
Akinlolu Ayileka	- Divisional Head, Retail Banking Group
Wole Akinleye	- Regional Executive, Lagos Business Group

Assistant General Managers

Fola Ajanlekoko	- Head, General Services
Bukola Dada	- General Manager, Wema Homes (Savings & Loans) Limited
Lanre Ajayi	- Head, Subsidiaries Coordination
Dele Olaolu	- Head, Remedial Asset Group
Paul Otoprise	- Regional Executive, South South/South East Business Group
Henry Alakhume	- Head, Corporate Banking Group
Kayode Bakare	- Treasurer
Olufunke Okoli	- Head, Corporate Transformation and Change Management
Adegboyega Adebukunola	- Zonal Manager, Ikeja

Corporate Governance Report

Introduction

Wema Bank Plc (“the Bank”) recognizes and remained committed to good corporate governance practices as a system for managing and supervising its organization, its commercial principles and guidelines as well as all internal and external regulatory and monitoring mechanisms.

The practice of effective and transparent corporate governance ensures that the Bank is managed in a responsible and value driven manner, towards sustaining the confidence of shareholders, employees, stakeholders and the public while also providing excellent service to our various customers.

The Bank has placed serious emphasis in complying with the Code of Corporate Governance issued by the Securities and Exchange Commission (“the SEC Code”) the Code of Corporate Governance for Banks in Nigeria Post Consolidation issued by the Central Bank of Nigeria (“the CBN Codes”). In line with the said codes and the Bank’s unrelenting commitment to good corporate governance practice, the Board of Directors of the Bank commissioned an independent consultant to carry out an evaluation of its Board and the Bank’s compliance with the codes for the financial year ended 31 December 2010. The Board appraisal review is now to be conducted periodically in line with the Bank’s decision for skills and capacity development for the Directors.

Obviously, the management team since constituted in June 2009 has taken significant steps towards recapitalizing, stabilizing and repositioning the Bank and at the same time ensured strict compliance with corporate governance practices.

Governance Structure

The Board

The responsibility for the governance of the Bank lies with the Board of Directors which is responsible to the shareholders. The Board of directors consist of 8 (Eight) members; 5 non-Executive Directors, 3 Executive Directors inclusive of the Group Managing Director/Chief Executive Officer (GMD/CEO). One of the non Executive Directors chairs the Board. There were changes to the Board composition in the year under review as one director resigned and two new directors joined the Board.

The role of the Chairman and the Chief Executive are separate and no one individual combines the two positions. The Board has concluded plans to fully comply with the requirement of the Code in the appointment of independent director based on the criteria laid down by the CBN and a director representing the minority interest.

The Board has delegated the day to day management of the Bank to the Group Managing Director/Chief Executive Officer who is assisted by the Executive Management Team. The executive Management led by the Group Managing Director executes the powers delegated to them without undue interference and in accordance with agreed guidelines and are accountable to the Board for the development and implementation of strategies and policies.

The Board composition is presented as follows:

S/N	Name of Director	Director Status	Position	Date of Appointment to Board	Interest Represented
1	Chief Samuel Olaniyi Bolarinde	Non-Executive	Chairman	June 2009	SW 8 Investment Limited
2	Segun Olaniyi Oloketuyi	Executive	Managing Director /CEO	June 2009	Management
3	Nurudeen Adeyemo Fagbenro	Executive	Enterprise Risk Management	Aug. 2006	Management
4	Ademola Abimbola Adebise	Executive	Corporate and Investment Banking	June 2009	Management
5	Chief Opeyemi Olubusola Badamosi	Non-Executive		June 2009	SW 8 Investment Ltd.
6	Adebode Obafemi Adefioye	Non-Executive		June 2009	SW 8 Investment Ltd.
7	Dr.Patrick Ayo Akinyelure	Non-Executive		July 2010	Odu’a Group
8	Professor Taiwo Adetayo Osipitan, SAN	Non-Executive		Sept . 2010	Odu’a Group

Corporate Governance Report cont'd

Role of the Board

The primary purpose of the Board is to provide strategic direction for the Bank in order to deliver long term value to shareholders through its general supervision of the Bank's business. The Board makes decision on all matters of importance to the bank and ensures there exist an effective risk management policy.

Other functions of the Board include:

- To review management succession plan and determine their compensation
- To ensure that the Bank operates ethically and complies with applicable laws and regulations.
- To approve capital projects and investments
- To consider and approve the annual budget of the Bank, monitor its performance and ensure that the Bank remains a going concern.
- To ensure that adequate system of internal control, financial reporting and compliance are in place.
- To ensure that an effective risk management process exists and is sustained.
- To constitute Board Committees and determine their terms of reference and procedures; including reviewing and approving the reports of these Committees.

The Board meets quarterly and additional meetings are convened as the need arises. In furtherance of the above roles, the Board met five (5) times during the period under review.

Board Committees

In the discharge of its roles and responsibilities, the Board is assisted by five (5) Standing Committees. These committees have their clearly defined terms of reference setting out their roles, responsibilities, functions and reporting procedures to the Board.

The Board Committees in operation during the period under review are:

- Board Risk Management Committee
- Board Credit Committee
- Board Audit Committee
- Board General Purpose Committee
- Board Nomination & Governance Committee

The roles and responsibilities of these committees are discussed below:

Board Risk Management Committee

The Bank has identified risk management as an area to be significantly strengthened at every point in time, hence, the Bank has a risk management framework covering risk governance, policies for the key risk areas of credit, market and operational risks, and other pervasive risks as may be posed by the events in the industry from time to time. The Board has also established risk management policies, procedures and systems that address risk identification, measurement, management, control and reporting.

The Board is commitment to achieving best practice risk management and full compliance with the laws and regulatory requirements. The Bank's Chief Risk Officer is an Executive Director who presents regular briefings to the Board Committee at its meeting and the Bank has an Inspection department manned by a General Manager who also performs a Compliance Function which provides adequate assurance in protecting the integrity of the operations of the Bank

The Bank is set to fully implement the risk management framework giving due considerations to the changes in the Bank, governance, skill and capacity development as well as the new directives of the CBN regarding implementation of Basel II and III.

The Committee's major responsibilities are to set policies on the Bank's risk profile and limits, determine the adequacy and completeness of the Bank's risk detection and measurement systems, assess the adequacy of the mitigants to the risks, review and approve the contingency plan for specific risks and ensure that all units in the Bank are fully aware of the risks involved in their function. The Committee further reviews the Bank's central liability report and summary of challenged loans with the concurrent power of recommending adequacy of the provisions for loan losses and possible charge offs.

The Bank's credit value chain was re-engineered to ensure good quality loans and effective collateral management. NPLs were sold to AMCON, cleaning the balance sheet. The Bank has also submitted its risk management framework to the CBN since 2007 in compliance with the Risk Based Supervision requirements of the regulator.

Corporate Governance Report cont'd

The Committee meets quarterly, and additional meetings are convened as required. The committee met three (3) times during the 2010 financial year. The Committee is made up of the following members:

Chief Opeyemi Olusola Bademosi	Non-Executive Director	Chairman
Festus O. Ajani*	Non-Executive Director	Member
Segun Olaniyi Oloketuyi	Group Managing Director	Member
Nurudeen Adeyemo Fagbenro	Executive Director	Member

* Resigned from the Board on December 12, 2010

Board Credit Committee

This Committee is responsible for the consideration of loan applications above the limits delegated to the Management Credit Committee or Group Managing Director as may be defined by the Board from time to time.

The credit risk process has been re-engineered by the Bank in terms of credit appraisal, sanctioning, collateral management and remedial management. The Bank has developed policies covering the key risk areas of credit risk.

The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets. All credits that qualify as "Large Exposures" as defined by the Board from time to time are considered and approved by the Board Credit Committee at special meetings convened for that purpose.

The Board Credit Committee is further responsible for approving write offs in excess of Management limits and within the limits as set by the Board, approving credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority

The Board Credit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met five (5) times during the 2010 financial year. The Committee is made up of the following members:

Festus O. Ajani*	Non-Executive Director	Chairman
Ademola Abimbola Adebise	Executive Director	Member
Chief Opeyemi Olusola Bademosi	Non-Executive Director	Member
Segun Olaniyi Oloketuyi	Group Managing Director	Member
Adebode Obafemi Adefioye	Non-Executive Director	Member
Nurudeen Adeyemo Fagbenro	Executive Director	Member

* Resigned from the Board on December 12, 2010

Audit Committee of the Bank

This was established in compliance with the Companies and Allied Matters Act of Nigeria (CAMA). The Committee consists of three shareholder representatives appointed at Annual General Meetings and three Non Executive Directors. All the members of the committee are independent of the Bank's Management. The Committee meets quarterly, with its proceedings regulated by the Audit Charter. The Chief Inspector of the Bank serves as the secretary to the Committee, while one of the Shareholders serve 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 in regards to the appointment, removal and remuneration of the external auditor of the Bank and authorizing the internal auditor to carry out investigations into any activities of the Bank which may be of interest or concern to the Committee.

The Committee also reviews 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 may seek additional information and explanations from the external auditors. The internal and External Auditors have unrestricted access to the Committee and this ensures that their independence is not impaired in any way.

The Board Audit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met five (5) times during the 2010 financial year. The Committee is made up of the following members:

Corporate Governance Report cont'd

Mathew Akinlade	Shareholder	Chairman
Prince Adekunle Olodun	Shareholder	Member
Joe Anosike	Shareholder	Member
Dr. Chief Adewunmi Abitoye*	Shareholder	Member
Overseer Rufus Oguntoye**	Shareholder	Member
Festus Ajani***	Non-Executive Director	Member
Chief Opeyemi Olusola Bademosi	Non-Executive Director	Member
Adebode Obafemi Adefioye	Non-Executive Director	Member
Dr. Patrick Ayo Akinyelure	Non-Executive Director	Member

*Ceased to be a member of the Committee with effect from February 5, 2010

**Ceased to be a member of the Committee with effect from February 5, 2010

***Ceased to be a member of the Committee with effect from December 12, 2010

General Purpose Committee

This Committee handles all staff matters and is responsible for the oversight of strategic people issues, employee retention, equality and diversity as well as other significant employee relations matters and administrative issues.

Other functions of this Committee include:

- ? To define the strategic business focus and plans of the Bank
- ? To support Management business development efforts
- ? To define capital expenditure limits and approve all capital expenditure on behalf of the Board.

The Board General Purpose Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met three (3) times during the 2010 financial year. The Committee is made up of the following members:

Adebode Obafemi Adefioye	Non-Executive Director	Chairman
Segun Olaniyi Oloketuyi	Group Managing Director	Member
Ademola Abimbola Adebise	Executive Director	Member
Chief Opeyemi Olusola Bademosi	Non-Executive Director	Member
Dr. Patrick Ayo Akinyelure	Non-Executive Director	Member

Nomination and Governance Committee

This Committee is a new initiative of the Board in furtherance of its desire to comply with best practice in corporate governance. The Committee was established in December 2010 and did not meet in the 2010 financial year.

The responsibilities of the committee include overseeing the nomination, remuneration, performance management and succession planning processes of the Board.

Membership of the Committee are as follows:

Dr. Patrick Ayo Akinyelure	Non Executive Director	Chairman
Adebode Obafemi Adefioye	Non Executive Director	Member
Professor Taiwo Adetayo Osipitan, SAN	Non Executive Director	Member

Attendance of Board and Committee Meetings

The Table overleaf shows the frequency of meetings of the Board of Directors and Board committees, as well as Members attendance for the financial year ended December 31, 2010:

Corporate Governance Report cont'd

Directors	Board	Board Credit Committee	Board Audit Committee	Risk Management Committee	Nomination And Governance Committee	General Purpose Committee
Frequency of Meetings	5	5	5	3		3
Chief Samuel Olaniyi Bolarinde	5	N/A	N/A			N/A
Segun Olaniyi Oloketuyi	5	5	N/A	2		3
Nurudeen Adeyemo Fagbenro	4	4	N/A	2		N/A
Ademola Abimbola Adebise	5	5	N/A	N/A		2
Chief Opeyemi Olubusola Bademosi	5	5	5	N/A		3
Adebode Obafemi Adefioye	5	5	5	3		3
Dr Patrick Ayo Akinyelure*	2	N/A	1	N/A		N/A
Professor Taiwo Adetayo Osipitan, SAN**	1	N/A	N/A	N/A		N/A
Festus o Ajani***	4	5	3	3		N/A

*Joined July 26, 2010

**Joined September 20, 2010

***Resigned December 12, 2010

N/A means not applicable

Tenure of Directors

In pursuance of the Bank's drive to continually imbibe best Corporate Governance practices, the Board of Directors at its meeting held on the 24th of March 2005 resolved to adopt a maximum tenure of two (2) terms of four (4) years each subject to statutory provisions, directives and attainment of 70 years of age limit whichever is earlier

Board Appraisal

An effective Board of Directors is a critical factor in ensuring a well governed, well directed and successful Bank. A periodic Evaluation of the effectiveness and performance of the Board of Directors, its committees, is consistent with good Corporate Governance.

In furtherance of best corporate Governance practices the Board commissioned Akintola Williams Deloitte to carry out a Board Evaluation for the Financial Year ended 31 December 2010. The Evaluation was based primarily on benchmarking the performance of the Board of Directors with the requirements of the CBN Code using seven key corporate governance considerations:

1. Board Structure and Composition
2. Strategy and Business
3. Board Operations and Effectiveness
4. Measuring and Monitoring Performance
5. Risk Management and Compliance
6. Corporate Citizenship (social, ethics, environment)
7. Transparency & Disclosure

The Independent Consultant adjudged the performance of the Board and stated that the Board has complied significantly with the requirements of the CBN Code of Corporate Governance and satisfactorily fulfilled its roles and responsibilities and effectively provided strategic ethical leadership to the Bank. Most of the required corporate Governance structures, processes and standards have been established and embedded in the operation of the Board.

Areas of improvements identified for the Board include: Directors skill and Capacity development, Performance management, risk management procedures for the management and resolution of conflicts, risk management and development of Board Charters.

Corporate Governance Report cont'd

The Company Secretary

The Company Secretary is responsible for assisting the Board and management in the implementation of the Code of Corporate Governance of the Bank, coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors; assisting the Chairman and Managing Director to formulate an annual Board Plan and with administration of other strategic issues at Board level; organizing Board meetings and ensuring that the meetings of the Board clearly and properly capture the Board's discussions and decisions.

The Company Secretary also liaise with Regulatory Authority to ensure adequate compliance with the Code of Best Corporate Governance Practices.

Induction and Continuous Training

The Bank is committed to skills and capacity development for the Directors and has identified by all Directors as an area that needs significant improvements and investment.

In 2010 the Directors attended a few programmes locally and abroad. However, the Bank does not currently have a structured induction programme for newly appointed Directors or a structured programme of development. Specific areas of skill that has been identified include: risk management, corporate governance, understanding banking business, credit analysis, board dynamics and communication as well as conflict resolution.

Management Committees

The Committees are comprised of Senior Management Staff of the Bank. These Committees are risk driven as they are entirely set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank.

These Committees also ensure that risk limits as contained in the Board and Regulatory Policies are complied with at all times. In addition, they provide inputs for the respective Board Committees of the Bank and ensure that recommendations of the Board Committees are effectively and efficiently implemented.

They frequently meet as the risk issues occur to immediately take action and decisions within confines of their limits.

The following are the standing Management Committees in the Bank:

- ? Management Credit Committee
- ? Watchlist Committee
- ? Assets and Liability Committee
- ? Management Audit Committee
- ? IT Steering Committee
- ? Exco

Management Credit Committee

This Committee is entirely responsible for ensuring that the Bank is in total compliance with the Credit Policy Manual as approved by the Board of Directors.

- ? It provides inputs for the Board Credit Committee
- ? Reviews and approves credit facilities to individual obligors not exceeding an aggregate sum as determined by the Board of the Bank from time to time.
- ? Responsible for reviewing and approving all credits that are above the approval limit of the Group Managing Director/CEO as determined by the Board of Directors.
- ? Reviews the entire credit portfolio of the Bank and conducts periodic checks of the quality of risk assets in the Bank.
- ? Ensures adequate monitoring of credits is carried out.

The Committee meets monthly depending on the number of credit applications to be appraised and considered. The Secretary to the Committee is Head of Credit Risk Department of the Bank.

Corporate Governance Report cont'd

Watchlist Committee

It is the responsibility of this Committee to assess the risk asset portfolio of the Bank.

- ? It highlights the status of the Bank's assets in line with the Internal and External Regulatory Framework.
- ? Takes actions appropriately in respect of delinquent assets.
- ? Ensures that adequate provisions are taken in line with the regulatory guidelines.

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

Assets and Liability Committee

This is a Committee that shoulders responsibility for the Management of a variety of risks arising from the Bank's business which includes;

- ? 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 Group Managing Director/CEO, Executive Directors, Treasurer, Chief Financial Officer and Risk Officers together with relevant Senior Management Staff.

Management Audit Committee

In line with global best practice and the Code of Corporate Governance, the Committee was constituted to amongst other things:

- ? Carefully and painstakingly plan, review and give necessary recommendation as it relates to Internal Control and Auditing processes and practices in the bank.

Membership of the Committee includes Executive Director, Enterprise Risk Management, Chief Inspector, Business Area, Risk Management, Internal Control, Representatives of Operations, IT and Legal.

IT Steering Committee

In many organizations, Information Technology has become crucial in the support, the sustainability and the growth of the business. This pervasive use of Technology has created a critical dependency on IT that calls for a specific focus on IT Governance.

This Committee's responsibilities are as follows:

- ? Oversees the development and maintenance of the IT strategic plan,
- ? Approve vendors used by the organization and monitors their financial condition
- ? Approve and monitor major projects, IT budgets, priorities, standards, procedures, and overall IT performance.
- ? Coordinates priorities between the IT department and use departments.
- ? Review the adequacy and allocation of IT resources in terms of funding, personnel, equipment, and service levels.
- ? Provide use and business perspective to IT investments, priorities and utilization
- ? Monitor the implementation of the various initiatives and ensure that deliverables and expected outcomes/business value are realized.
- ? Ensure increased utilization of technology and that the Bank gets adequate returns on all IT investments.
- ? Make recommendations and/or decisions in the best interests of the Bank, following review by IT department, on such items as desktops, equipment and service standards, and networking requirements, including benchmarks.
- ? Evaluate progress toward the established goals and present a report to Exco as at when necessary.
- ? Act in a supervisory capacity, in implementing the Bank's IT strategy.

Corporate Governance Report cont'd

EXCO

- ? Review the Strategic Operations of the Bank.
 - (i) Review Audit & Inspection Reports
 - (ii) Review of BCO's functions in branches
 - (iii) Review Adequacy and Sufficiency of Branch tools
 - (iv) Review manning level in branches and Head office departments
- ? Consideration and Approval of Proposed New Branches
- ? Review the Asset and Liability Profile of the Bank
- ? Consideration and Approval of Credit Facilities
- ? Consideration and Approval of Capital and Recurrent Expenses
- ? Review the activities of the Subsidiaries and Associated Companies
- ? Monitor and give strategic direction on regulatory issues.
- ? Meet fortnightly to effect the above.
- ? Composition is the GMD/CEO, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time.

Monitoring Compliance with Corporate Governance

The Chief Compliance Officer of the Bank monitors compliance with money laundering requirements and the implementation of the CBN Code of Corporate Governance.

The Chief Compliance Officer alongside with Chief Executive Officer of the Bank certify each bi-yearly to the Central Bank of Nigeria that they are not aware of any other violation of the Corporate Governance Code, other than as reported during the course of the year.

The Bank forwards monthly returns to the Central Bank of Nigeria on all whistle-blowing reports and Corporate Governance breaches.

Whistle blowing procedures

In compliance with the CBN mandate on whistle blowing and in line with the Bank's commitment to instill the best corporate governance practices, it has established a whistle blowing procedure that guarantees anonymity.

The Bank has a dedicated e-mail address for whistle blowing procedures. The e-mail address is whistleblowing.com.

Within the Bank, there is a direct link on the Bank's intranet for dissemination of information, to enable members of staff report all identified breaches of the Bank's Code of Corporate Governance.

Code of Professional Conduct for Employees

The Bank has an internal code of professional conduct (Human Capital Manual) which all staff are expected to subscribe to upon assumption of duties and reaffirm their commitment to the Bank's Code on yearly basis.

Shareholders

The Annual General Meeting of the Bank is the highest decision making body. The General Meetings of the Bank are conducted in a transparent and fair manner.

Shareholders are opportune to express their opinions on the Bank's financials and other issues affecting the Bank. The attendees of the meetings are Regulators such as Central Bank of Nigeria, Securities & Exchange Commission, The Nigerian Stock Exchange, Corporate Affairs Commission and representatives of Shareholders' Association.

The Board places considerable importance on effective communication with shareholders on developments in the Bank. The Bank has recently established an Investors Relations Unit to promote and deepen shareholders' access to information and enhance effective communication with shareholders.

Protection of Shareholders' Rights

The Board ensures the protection of the Statutory and General Rights of Shareholders at all times, particularly voting right at General Meetings of the Bank. All are treated equally, regardless of volume of shareholding or social status.

Directors' Report

For the year ended December 31, 2010

The directors present their annual report on the affairs of Wema Bank Plc (the "Bank"), and its subsidiaries (the "Group"), together with the Group and Bank audited financial statements and auditors' report for the financial year ended 31 December 2010.

Legal Form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act of Nigeria as a private limited liability company on 2 May 1945 and was converted to a public company in April 1987. The Bank's shares, which are currently quoted on the Nigerian Stock Exchange, were first listed in February 1991. The Bank was issued a universal banking license by the Central Bank of Nigeria on January 2001. Arising from the consolidation in the banking industry, Wema Bank Plc acquired National Bank of Nigeria Plc in December 2005.

Principal Activity

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and money market activities.

The Bank has five direct subsidiaries namely Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes (Savings & Loans) Limited and Wema Securities and Finance Plc. The Bank also has two indirect subsidiaries; Great Nigeria Insurance and Independent Securities Limited and one associated company; Associated Discount House. The financial results of these subsidiaries and the associated company have been consolidated in these financial statements.

Operating Results

Highlights of the Group's operating results for the year under review are as follows:

Group	Group	Group	Bank	Bank
	Dec 2010	Dec 2009	Dec 2010	Dec 2009
	12 months	9 months	12 months	12 months
	N'000	N'000	N'000	N'000
Gross earnings	21,796,628	18,994,974	19,929,693	16,272,245
Profit/(loss) before taxation	13,141,764	(8,868,199)	12,964,108	(3,309,254)
Taxation	4,313,891	1,337,901	3,274,425	1,214,562
Profit/(Loss) after taxation	17,455,655	(7,530,298)	16,238,533	(2,094,692)
Non controlling interests	(247,480)	766,864	-	-
Profit/(bss) attributable to equity holders	17,208,175	(6,763,434)	16,238,533	(2,094,692)
Appropriation:				
Transfer to statutory reserve	4,871,560	-	4,871,560	-
Transfer to statutory contingency reserve	31,679	43,796	-	-
Transfer to general reserve	12,304,936	(6,807,230)	11,366,973	(2,094,692)
	17,208,175	(6,763,434)	16,238,533	(2,094,692)
Gain/(Loss) per share	163k	(66)k	154k	21k
Total nonperforming loans to gross loans	56%	74%	59%	74%

Directors' Report

For the year ended December 31, 2010 cont'd

Directors Shareholding

The following directors of the Bank held office during the year and had direct interests in the issued share capital of the Bank as recorded in the register of directors shareholding as noted below:

Director	Position	Date of appointment	Direct Shareholding	
			Number of Ordinary Shares held December 2010	Number of Ordinary Shares held December 2009
1 Chief Samuel Bolarinde	Chairman	-	13,977	-
2 Segun Oloketuyi	GMD/CEO	-	-	-
3 Adebode Adefioye	Director	-	6,988	-
4 Chief Opeyemi Bademosi	Director	-	-	-
5 Ademola Adebise	Executive Director	-	10,265	-
6 Nurudeen Fagbenro	Executive Director	-	2,999,954	2,999,955
7 Festus Ajani	Director	Resigned December 12, 2010	-	2,350,500
8 Dr. Patrick Akinyelure	Director	Appointed July 26, 2010	37,331	-
9 Prof. Taiwo Osipitan	Director	Appointed September 20, 2010	483,444	-

Retirement of Directors

In accordance with the provisions of Section 249(2) of the Companies and Allied Matters Act, Dr. Ayo Akinyelure and Professor Taiwo Osipitan, SAN were appointed to the Board during the year. Both directors hereby retire from office and being eligible have presented themselves for re-election at this General Meeting.

In accordance with Article 102 of the Bank's MEMART and section 259(1) of Companies and Allied Matters Act, one third of the directors of the Bank shall retire from office. The directors to retire shall be those who have been longest in office since their last election. In accordance with the provisions of Section 259(2) of Companies and Allied Matters Act, Prince Adebode Adefioye hereby retires from office by rotation and being eligible hereby offers himself for re-election.

Directors' Interests in Contracts

None of the directors has notified the Bank for the purpose of Section 277 of the Companies and Allied Matters Act of Nigeria of any interest in contracts deliberated upon during the year under consideration.

Property and Equipment

Information relating to changes in property and equipment is given in Note 24 to the financial statements. In the directors' opinion, the net realisable value of the Group's properties is not less than the carrying value in the financial statements.

Directors' Report

For the year ended December 31, 2010 cont'd

Shareholding Analysis

The shareholding pattern of the Bank as at December 31, 2010 is as stated below:

Share range	No of Shareholders	Percentage of Shareholders (%)	No. of shares held	Percentage holdings
1-9,999	206,601	81.34%	510,803,107	3.98%
10,000 – 50,000	36,428	14.34%	709,313,938	5.53%
50,001 – 100,000	5,330	2.10%	375,538,249	2.93%
100,001 – 500,001	4,647	1.83%	888,896,496	6.93%
500,001 – 1,000,000	460	0.18%	325,395,847	2.54%
1,000,001 – 5,000,000	439	0.17%	880,011,428	6.86%
5,000,001 – 10,000,000	42	0.02%	296,262,675	2.31%
10,000,001 – 50,000,000	43	0.02%	963,727,383	7.52%
50,000,001 – 100,000,000	6	0.00%	410,331,228	3.20%
100,000,001 – 500,000,000	9	0.00%	1,177,055,000	9.18%
500,000,001 – 1,000,000,000	2	0.00%	1,038,103,276	8.10%
1,000,000,001 – 5,000,000,000	2	0.00%	5,245,811,252	40.91%
Foreign Share holders	-	-	-	-
Total	254,010	100.00%	12,821,249,880	100.00%

The shareholding pattern of the Bank as at December 31, 2009 is as stated below:

Share range	No of Shareholders	Percentage of Shareholders (%)	No. of shares held	Percentage holdings
1-9,999	207,374	81.07%	521,393,606	5.05%
10,000 – 50,000	37,166	14.53%	732,865,960	7.10%
50,001 – 100,000	5,488	2.15%	393,540,016	3.81%
100,001 – 500,001	4,795	1.87%	924,425,941	8.96%
500,001 – 1,000,000	467	0.18%	335,424,268	3.25%
1,000,001 – 5,000,000	429	0.17%	857,439,281	8.31%
5,000,001 – 10,000,000	37	0.01%	258,526,597	2.50%
10,000,001 – 50,000,000	40	0.02%	926,180,403	8.97%
50,000,001 – 100,000,000	2	0.00%	144,438,021	1.40%
100,000,001 – 500,000,000	4	0.00%	917,606,546	8.89%
500,000,001 – 1,000,000,000	3	0.00%	2,038,103,276	19.75%
1,000,000,001 – 5,000,000,000	1	0.00%	2,270,687,037	22.00%
Foreign Share holders	-	-	-	-
Total	255,806	100.00%	10,320,630,952	100.00%

Substantial interest in Shares

According to the register of members as at December 31, 2010, no shareholder held more than 5% of the issued share capital of the Bank, except the following:

Shareholder	December 2010		December 2009	
	No. of shares held	Percentage of shareholding	No. of shares held	Percentage of shareholding
SW8 Investment Company Limited	4,027,976,800	31.4%	4,027,976,800	39%
Odu'a Investment Company Limited	1,217,834,452	9.5%	1,032,063,095	10%

Directors' Report

For the year ended December 31, 2010 cont'd

Donations and Charitable Gifts

The Bank made contributions to charitable and non-political organizations amounting to N774,000 (December 2009:N18,611,500) during the year, as listed below

	N
1 Donation to 192 Battalion of Nigerian Army Owode -Yewa	379,000
2 Lagos Banker's Clearing house	150,000
3 Donation to Federal University of Technology Ado -Ekiti	145,000
4 Armed Forces Remembrance Day Appeal Fund -Benue State	<u>100,000</u>
Total	<u>774,000</u>

Post balance sheet events

There were no post balance sheet events which could have a material effect on the state of affairs of the Group as at December 31, 2010 or the financial performance for the year ended on that date that have not been adequately provided for or disclosed.

Human Resources

(i) Employment of disabled persons

The Group continues to maintain a policy of giving fair consideration to application for employment made by disabled persons with due regard to their abilities and aptitudes. The Group's policies prohibit discrimination against disabled persons in the recruitment, training and career development of employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Group continues and appropriate training arranged to ensure that they fit into the Group's working environment.

(ii) Health, Safety and Welfare at Work

The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. In addition, medical facilities are provided for staff and their immediate families at the Group's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

The Bank operates both Group Personal Accident and Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2004.

Employee involvement and training

The Group ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Group's policy of continuous development, the Group draws up annual training programmes. The programmes include on the job training, classroom sessions and web-based training programmes which are available to all staff.

Compliance plan with Central Bank of Nigeria's regulation on the scope of banking activities

Section 6(1) of the Central Bank of Nigeria regulation on the scope of banking activities and ancillary matters requires every bank currently operating under a universal banking licence to submit to the Central Bank of Nigeria for approval a compliance plan duly approved by the Bank's Board of Directors. The regulation requires banks to divest from all non-banking businesses and apply for a new type of banking licence based on the decision of the Bank's Board of Directors.

The Bank's compliance plan duly approved by the Board of Directors on January 31, 2011 is as follows:
Proposed type of banking licence.

The Bank reviewed the options provided by the new licencing regime instituted by the Central Bank of Nigeria and resolved that the Bank would apply for a Commercial Banking licence with Regional authorization.

Divestment from Non-banking Subsidiaries

The Bank has seven non-banking subsidiaries in Nigeria which are: Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes Savings and Loans Limited, Wema Securities and Finance Plc, Great Nigeria Insurance and Independent Securities Limited. Three options are being considered and include: sale to third parties, acquisition by the Bank

Directors' Report

For the year ended December 31, 2010 cont'd

through a scheme of arrangement and management buyout by current management of the subsidiaries.

Wema Assets Management Limited, a wholly owned subsidiary of Wema Bank Plc, trades in the Nigerian Capital Market. The Company was incorporated on 24 February, 2000 and currently has a paid up share capital of N 300 million. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.

Wema Registrars Limited, a wholly owned subsidiary of Wema Bank Plc, acts as an investment manager, financial adviser and as a dealer in quoted and other securities. The Company commenced operations in 2003 and currently has a paid up share capital of N50 million. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.

Wema Insurance Brokers Limited a wholly owned subsidiary of Wema Bank Plc, is into the provision of insurance brokerage services. The Company commenced operations in 2004 and currently has a paid up share capital of N5 million. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.

Wema Homes(Savings & Loans)Limited, a wholly owned subsidiary of Wema Bank Plc, was incorporated in 2004 and licensed by CBN in February 2005 to carry on mortgage banking business. It has a paid up share capital of N1.6 billion as at date.

The Board of Directors resolved that the Bank will integrate the operations of Wema Homes (Savings & Loans)Limited into its own operations and the assets and liabilities of the company will be transferred to the Bank.

Wema Securities and Finance Plc, a partly owned subsidiary of Wema Bank Plc, is into the provision of financial services. The Company was incorporated in 1998 and currently has a paid up share capital N650 million.

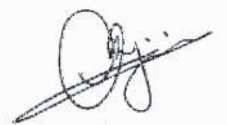
The Board of Directors resolved that the Bank will integrate the operations of Wema Securities and Finance Plc into its own operations and the assets and liabilities of the company will be transferred to the Bank.

Great Nigeria Insurance , an indirectly owned subsidiary of Wema Bank Plc, is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers. The Company was incorporated in 1960 and currently has a paid up share capital N750 million. The Board of Directors has resolved to sell their interest in the Company to an acceptable core investor.

Independent Securities Limited, a partly owned subsidiary of Wema Bank Plc, is principally engaged in the business of stock broking and operates as a broker and dealer in shares, stocks, debentures and other securities for the account of companies listed in the Nigerian Stock Exchange . The Company commenced operation in 1995 and currently has a paid up share capital of N220 million. The Board of Directors has resolved to sell their interest in the Company to an acceptable core investor.

Auditors

The Auditors, Messrs KPMG Professional Services, have indicated that they will not be seeking reappointment as auditors in line with paragraph 8.2.3 of the CBN Code of Corporate Governance.



BY ORDER OF THE BOARD

Wole Ajimisinmi
Company Secretary,
Wema Bank Plc,
Wema Towers
54 Marina,
Lagos.



April 15, 2011

Statement of Significant Accounting Policies cont'd

i. Short term investments

Short-term investments are investments held temporarily in place of cash and which can be converted into cash when current financing needs make such conversion desirable. In addition, such investment is to be held for not more than one year.

Investments held-for-trading are those investments that the Group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit taking.

Investments held-for-trading and other marketable securities are stated at net realisable value. The gain/loss on revaluation is credited/charged to profit and loss account during the year.

Treasury bills are presented net of unearned discount. Unearned discount is deferred and amortised as earned. Investments in treasury bills held for trading are carried at net realizable value. Gains or losses resulting from market valuation are recognised in the profit and loss account.

ii. Long term investments

Long-term investments are investments held over a long period of time to earn income or appreciate in value. Long-term investments may include debt and equity securities.

Long term investments in marketable securities are stated at the lower of cost and net realizable value.

Interest earned whilst holding investment securities is reported as interest income.

Any discount or premium arising on acquisition of bonds is included in the original cost of the investment and is amortised over the period of purchase to maturity.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

iii. Investments in subsidiaries

Investments in subsidiaries are carried in the Bank's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognized as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or Credited to the profit and loss account.

iv. Investments in associates

Investments in associates are carried in the Bank's balance sheet at cost less impairment.

On disposal of an investment in associates, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

(e) Loans and advances

Loans and advances are stated net of provision for bad and doubtful loans. Classification and provisioning is made in accordance With the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria for account that are not performing in accordance with the terms of the related facilities as follows:

Non-specialized loans

<u>Interest and / or principal outstanding for over</u>	<u>Classification</u>	<u>Provision</u>
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
Over 360 days	Lost	100%

Specialized loans

Specialized loans comprise project finance and margin finance and are classified in accordance with the criteria specified in the Prudential Guidelines for Deposit Money Banks in Nigeria. The classifications and provisioning for specialized loans take into consideration the cash flows and gestation periods of the different loan types. Specialized loans as defined by the Prudential Guidelines for Deposit Money Banks in Nigeria include:

- i. Project Finance
- ii. Margin Loan

Statement of Significant Accounting Policies

A summary of the principal accounting policies, applied consistently throughout the current year and preceding years, is set out below;

(a) Basis of preparation

These financial statements are the consolidated financial statements of Wema Bank Plc and its subsidiaries (hereinafter collectively referred to as "the Group"). The consolidated financial statements are prepared under the historical cost convention, modified by the periodic revaluation of fixed assets to approximate market value, and comply with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board (NASB).

(b) Basis of consolidation

(i) Subsidiaries

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have been consolidated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for minority interest. Inter-company transactions, balances and unrealized gains on Transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

The consolidated financial statements combine the financial statements of Wema Bank Plc ("the Bank") and its subsidiaries ("the Group") wherein there is majority shareholding and/or control of the Board of Directors and management. The consolidated subsidiaries are Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes Limited, Wema Securities and Finance Plc, Great Nigeria Insurance and Independent Securities Limited.

(ii) Associates

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are recognised at cost less impairment in the Bank's separate financial statements.

The Group's share of the associates' post acquisition profits or losses is recognised in the profit and loss accounts. Its share of post acquisition reserves is recognised in reserves. The cumulative post acquisition investments are adjusted against the carrying amount of the investments.

When the Group's share of losses equals or exceeds its interest in an associate including any other unsecured receivables, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. Distributions received from an associate are applied to reduce the carrying amount of the investment. Adjustments are also made to the carrying amount of the investment for changes in the Bank's proportionate interest in the associate arising from changes in equity that have not been recognized in the associate's profit and loss account. Such changes include those arising from the revaluation of properties, plant and equipment and from foreign exchange translation differences. The Bank's share of those reserves is recognised directly in the equity of the Bank.

(c) Goodwill on consolidation

Goodwill represents the excess of the purchase consideration over the fair value of the Group's share of the separable net assets of subsidiaries acquired, at the date of the acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might have been impaired. Impairment losses are recognised in the profit and loss account in the period in which they arise.

(d) Investment securities

The Group classifies its investments into the following categories: short-term investments, long-term investments and investments in subsidiaries. Investment securities (short-term and long-term investments) are initially recognized at cost and classified upon initial recognition. Debt and equity securities intended to be held for a period not exceeding one year or with Tenor to maturity not exceeding one year, and investments held for trading are classified as short-term investments.

Independent Auditor's Report

To the Members of Wema Bank Plc.

Report on the Financial Statements

We have audited the accompanying financial statements of Wema Bank Plc ("the Bank") and its subsidiary companies (together "the Group") which comprise the balance sheets as at 31 December, 2010, and the profit and loss accounts, statements of cash flows and value added statements for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summaries, as set out on pages 33-117

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

As indicated in Note 35(b)(ii) to the Financial Statements, during the year, the Bank received a forbearance of N36 billion representing liabilities in respect of the overdrawn balance on the current account with the Central Bank of Nigeria (CBN) that was included in the financial accommodation loan of N87 billion provided to the Bank by the Central Bank of Nigeria. The forbearance of N36 billion was credited directly to retained earnings rather than being recognised as extraordinary item in the profit and loss account as required by the Statement of Accounting Standard 6 On Extraordinary Items and Prior Year Adjustments. Had the forbearance been recorded in the profit and loss account, the profit before tax of the Bank and the Group would have increased by N36 billion the profit after tax would have increased by N25.2 billion, the income tax liabilities would have increased by N10.8 billion and the shareholders' funds would have reduced by N10.8 billion.

Qualified opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements give a true and fair view of the financial position of Wema Bank Plc ("the Bank") and its subsidiaries (together "the Group") as at 31 December, 2010, and of the Group's and the Bank's financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria, Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's balance sheet and profit and loss account are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

- i. The Bank paid a penalty in respect of the contravention of the provisions of section 3 (1) of the Money Laundering (Prohibition) Act. Details of the contravention are as disclosed in note 45 to the financial statements.
- ii. Related party transactions and balances are disclosed in note 41 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.



April 15, 2011
Lagos, Nigeria



Report of the Audit Committee

To the Members of Wema Bank Plc.

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Wema Bank Plc hereby report as follows:

- We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2010 were satisfactory and reinforce the Group's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N 14,345,041,000 (December 2009: N15,992,927,000) was outstanding as at 31 December 2010 of which N 11,846,671,000 (December 2009: N15,743,280,000) was non performing (See Note 41)
- We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.



Mr. Mathew Akinlade
Chairman, Audit Committee
April 15, 2011

Members of the Audit Committee are:

1	Mr Matthew Akinlade	-	Shareholder (Chairman)
2	Mr. Anosikeh Joe Ogbonna	-	Member
3	Prince Adekunle Olodun	-	Member
4	Dr Ayo Akinyelure	-	Member
5	Mr. Adebode Adefioye	-	Member
6	Chief Opeyemi Bademosi	-	Member

In attendance:

Mr. Tope Adebayo	-	Secretary
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Statement of Directors' responsibility in relation to the financial statements

For the year ended December 31, 2010

The directors accept responsibility for the preparation of the annual financial statements set out on pages 33 to 117 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.


The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Chief Samuel Bolarinde
Chairman
April 15, 2011



Segun Oloketuyi
Managing Director
April 15, 2011

Profile of the Bank

Previous Name

Agbonmagbe Bank (incorporated May 2, 1945)

Re-Incorporation

1969

Stock Exchange Listing

February 1991

Business

Universal Banking

Head Office

Wema Towers
54, Marina, Lagos
P.M.B 12862, Lagos
Tel: 01-2711697, 4613146 - 7
E-mail: info@wemabank.com
Website: www.wemabank.com
Swift Address: WEMANGLAXXX

Branches

154

Subsidiaries:

Wema Capital Limited
Wema Registrars Limited
Wema Insurance Brokers Limited
Wema Securities & Finance Plc
Wema Homes (Savings and Loans) Limited

Authorised Share Capital

The Authorised Share Capital of the Bank N10 Billion divided into 20 Billion Ordinary Share of 50k each.

The fully paid up share capital of the Bank is N6,410,624,940 divided into 12,821,249,880 ordinary shares of 50k each.

Shareholding structure

Nigerian 100%

Number of Employees

1,722 as at December 31, 2010

Board of Directors

Chief Samuel Bolarinde	- Chairman
Mr. Segun Oloketuyi	- Managing Director/Chief Executive Officer
Mr. Adebode Adefioye	- Director
Dr. Ayo Akinyelure	- Director (Appointed July 26, 2010)
Mr. Festus Ajani	- Director (Resigned December 12, 2010)
Chief Opeyemi Bademosi	- Director
Prof. Taiwo Osipitan, SAN	- Director (Appointed September 20, 2010)
Mr. Ademola Adebise	- Executive Director
Mr. Nurudeen Fagbenro	- Executive Director

Board Secretary

Wole Ajimisinmi

Financial Year End

31st December

Auditors

KPMG Professional Services (Chartered Accountants)

Media Enquiries contact


Corporate Communications Department
Tel: 01-2711695

Is there a bank that allows me to receive money with ease?



Yes. There is such a bank that helps bring loved ones closer to you through its different money transfer services. Whether it's local or international this is a bank that gets it done because it values everything that has to do with relationships and everything that has to do with you.

That bank is Wema Bank

We make big things happen. 



Wema Bank
together to greater heights

Statement of Significant Accounting Policies cont'd

Project financing

Classification	% of outstanding obligation to amount due	Days past due for aggregate instalments	% of Provision on total outstanding balance
Watch list	Between 60% and 75%	> 180 days	0%
Substandard	< 60%	180 days to 2 years	25%
Doubtful	< 60%	2 years to 3 years.	50%
Very Doubtful	< 60%	3 years to 4 years.	75%
Lost	< 60%	more than 4 years.	100%

Unrealized mark-up/interest in respect of non-performing loans and advances are reversed from revenue account and credited into interest in suspense account until they are realised in cash. Future interests charged on the accounts are credited to the same account until such facilities becomes performing.

Margin Financing:

All margin facilities are included in performing loans balances and are assessed for impairment by marking the underlying securities to market. The excess of loan amounts above the market value of the underlying securities is provisioned and charged to profit loss account to accommodate actual and expected losses on the facility amounts and is reported in specific provisions for margin loans.

Hair cut adjustments:

The Bank holds collateral against loans and advances to customers in the form of executed and registered mortgage interests over property, and other qualifying securities. No provision is recognised on loans and advances to customers to the extent of haircut adjustments determined based on the weighted value of qualified collateral held against loans and advances to customers classified as lost for a maximum period of one year as prescribed by the prudential guidelines. The weighted value of qualified collateral is adjusted to take account of any possible future fluctuations in the value of the collateral, occasioned by market movement.

The following hair cut adjustments are applicable on all loan types classified as lost:

Description of collateral	Haircut adjustments weightings
Cash	
Treasury Bills and government securities e.g. bonds	0%
Quoted equities and other traded securities	20%
Bank Guarantees and Receivables of blue chip companies	20%
Residential legal mortgage	50%
Commercial legal mortgage	50%

General provision:

The Bank did not make a general provision on loans and advances in current year. This is in line with the revised Prudential Guidelines and CBN circular BSD/DIR/GEN/CIR/04/013 dated 7 January 2011 and the Nigerian Accounting Standards Board (NASB) publication dated 21 March 2011 which stated that a 1% general provision on loans and advances is not required in the current year for Deposit Money Banks whose loan portfolios have been subjected to extensive review by the CBN and the Nigeria Deposit Insurance Corporation (NDIC) since the beginning of the current CBN reforms up till 31 December 2010.

Bad debts are written off against the related provision for bad and doubtful debts when it is determined that they are uncollectible. Bad debts in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be uncollectible. Subsequent recoveries on bad debts written off are credited to the profit and loss account.

Statement of Significant Accounting Policies cont'd

(f) Leases

The Group classifies a lease as a finance lease if the following conditions are met:

- (a) The lease is non-cancelable, and
- (b) any of the following is applicable
 - i. the lease term covers substantially (80% or more) the estimated useful life of the asset or,
 - ii. the net present value of the lease at its inception using the minimum lease payments and implicit interest rate is equal to or greater than the fair value of the leased asset or,
 - iii. the lease has a purchase option which is likely to be exercised.

A lease that does not qualify as a finance lease as specified above is classified as an operating lease. A Group company can be a lessor or a lessee in either a finance lease or an operating lease.

i. Where a Group Company is the lessor

When assets are held subject to a finance lease, the transactions are recognized in the books of the Group at the net investments in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is defined as the difference between the gross investment and the present value of the asset under the lease.

The discount is recognized as unearned in the books of the Group and amortized to income over the life of the lease on a basis that reflects a constant rate of return on the Group's net investment in the lease.

Finance leases are treated as risk assets and the net investment in the lease are subject to the provisioning policy listed in note (e) above.

When assets are held subject to an operating lease, the assets are recognized as property and equipment based on the nature of the asset and the Group's normal depreciation policy for that class of asset applies. Lease income is recognized on a straight line over the lease term.

All indirect costs associated with the operating lease are charged as incurred to the profit and loss account.

ii. Where a Group Company is the lessee

When the assets leased are subject to operating lease, the total payments made under operating leases are charged to profit and loss on a systematic basis in line with the time pattern of the Group's benefit.

When the assets are subject to a finance lease, the Group accounts for it by recording the lease as an acquisition of an asset and the incurrence of a liability.

At the beginning of the lease term, the Group records the initial asset and liability at amounts equal to the fair value of the leased asset less the present value of any un-guaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. The discount factor to apply in calculating the present value of the un-guaranteed residual value accruing to the lessor is the interest rate implicit in the lease.

Where the Group cannot determine the fair value of the leased asset at the inception of the lease or is unable to make a reasonable estimate of the residual value of the lease without which the interest rate implicit in the lease could not be computed, the initial asset and liability are recorded at amounts equal to the present value

The leased asset is depreciated or the rights under the leased asset are amortized in a manner consistent with the Group's own assets.

The minimum lease payment in respect of each accounting period is allocated between finance charge and the reduction of the outstanding lease liability. The finance charge is determined by applying the rate implicit in the lease to the outstanding liability at the beginning of the year.

(g) Property and equipment

All property and equipment are initially stated at cost. They are subsequently stated at historical cost or valuation less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Statement of Significant Accounting Policies cont'd

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. Depreciation is calculated on a straight line basis to write down the cost of property and equipment to their residual values over their estimated useful lives as follows:

Leasehold Properties	-	Over the lease period
Freehold properties	-	2%
Leasehold improvements	-	10%
Furniture and fittings	-	20%
Equipment and machinery	-	20%
Computer software and equipments	-	20%
Motor vehicles	-	25%

Capital work-in-progress which represents fixed assets under construction is 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.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit and loss account for the period.

(H) Investment property

An Investment Property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the enterprise. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Group. An occupation of more than 15% of the property is considered substantial.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Group's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account, is credited to profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

(i) Taxation

Income tax expenses / credits are recognised in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date.

Statement of Significant Accounting Policies cont'd

(j) Deferred Taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is fully provided for on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer possible that the related tax benefit will be realised.

(k) Income Recognition

- (i) Interest income is recognised on an accrual basis and credited to income only when it has been irrevocably earned. Interest overdue for more than 90 days is suspended and recognised on a cash basis only. Lease finance income is amortized over the lease period to achieve a constant rate of return on the outstanding net investment.
- (ii) Credit related fees are deferred and amortized over the life of the related facility where they constitute 10% or more of the projected average annual yield of the facility, otherwise such fees are credited to the profit and loss account at the time the credit is granted.
- (iii) Non-credit related fee income is recognised at the time the service or the related transactions are considered substantially completed.
- (iv) Investment income is recognized on an accrual basis and credited to the profit and loss account. Gains and losses on investment securities are recognised in the profit and loss account upon the sale of the securities.
- (v) Commissions and fees, where material are amortised over the life of the related service. Otherwise, commissions and fees charged to customers for services rendered are recognized at the time the services or transactions are completed.
- (vi) Dividend income is recognized when the right to receive payment is established.
- (vii) Income arising on investments held by the life business is recognized in the life fund whilst income derived from investments held by the general business is credited to the profit and loss account.

(l) Foreign Currency Items

- i. Reporting currency
The consolidated financial statements are presented in Nigerian Naira, which is the Group's reporting currency.
- ii. Transactions and balances

Transactions denominated in foreign currencies are translated into Naira at the rates of exchange ruling at the date of each transaction (or where appropriate the rate of the related forward contracts). Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

(m) Retirements benefits

Pension costs

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 7.5% and 17.5% of basic salary, housing, luncheon and transport allowance respectively to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

(N) Off Balance sheet transactions/contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Statement of Significant Accounting Policies cont'd

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are never recognised rather they are disclosed in the financial statements when they arise. Transactions to which there are no direct balance sheet risks to the Group are reported and accounted for as off balance sheet transactions and comprise:

Guarantees and performance bonds

The Bank provides financial guarantees and bonds to third parties on the request of customers in form of bid and performance bonds or advance payment guarantees. These agreements have fixed limits and generally do not extend beyond the period stated in each contract.

The amounts reflected in the financial statements for bonds and guarantees represent the maximum accounting loss that would be recognized at the balance sheet dates if counterparties failed completely to perform as contracted.

Letters of Credit

The Bank provides letters of credit to guarantee the performance of customers to third parties. Confirmed letters of credit for which the customer has not provided cash cover are reported off balance sheet.

(o) Cash and cash equivalents

Cash and cash equivalents comprises cash and balances with CBN, balances due from other banks and treasury bills.

(i) Cash and balance with CBN

Cash comprises cash on hand, demand deposits denominated in Naira and foreign currencies and cash balances with the Central Bank of Nigeria (CBN). Cash equivalents are short-term, highly liquid instruments which are:

- readily convertible into cash, whether in local or foreign currency; and
- so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

(ii) Due from other banks

Due from other banks represents cash held in other banks in Nigeria and banks outside Nigeria.

(p) Sale of loans or securities

A sale of loans or securities without recourse to the Group is accounted for as a disposal and the assets excluded from the balance sheet.

Profits or losses on sale of loans or securities without recourse to the Group are recognised by the Group when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse.

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding cost; and
- There must not be any repurchase obligations

A sale or transfer of loans or securities with recourse where there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains on the Group's balance sheet, with any related cash received recognised as a liability.

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can be reasonably estimated.

(q) Earnings Per Share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted number of ordinary shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

Statement of Significant Accounting Policies cont'd

(r) Provisions

A provision is recognised if, as a result of a past event, the Bank 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.

(s) Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments.

Segment information is presented in respect of the Group's business segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Group's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(t) Dividends

Dividends on ordinary shares are appropriated from retained earnings and recognised as a liability in the period in which they are declared. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

(u) Other Assets

Prepayments, receivables and other sundry debit balances are classified as other assets and are stated at cost net of allowances for amounts doubtful of recovery.

Allowances for doubtful accounts are made in line with the provisions of the CBN Prudential Guidelines for receivables whose collection has been identified by management as doubtful. When a receivable is deemed not collectible, it is written off against the related allowance and subsequent recoveries are credited to the profit and loss account.

(v) Ordinary Share Capital

Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(w) Deposit Administration

Receipts for deposit administration and other business of saving natures are recognized as liabilities. Interest accruing from investment of the savings is recognized in the profit and loss account in the period it is earned while interest paid and due to depositors is recognized as an expense.

(x) Outstanding Claims and Provisions

Full provision is made for the estimated cost of all claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time.

In non-life insurance business, a provision is also made for the cost of claims incurred but not reported (IBNR) as at the balance sheet date on the basis of 10% of claims notified but not settled in compliance with the provisions of section 20(1) (b) of the Insurance Act, 2003.

Similarly provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding at that date, including IBNR. Differences between provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the Revenue Account of the following year.

(Y) Underwriting Profits

The Group conducts life assurance and non life insurance business through its insurance subsidiary. The Group offers a full range of insurance underwriting services.

Statement of Significant Accounting Policies cont'd

i. Underwriting profits for non-life insurance business

The underwriting profits for non-life insurance business are determined on an annual basis whereby the incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follow:

- Premium written related to risks assumed during the year, and include estimates of premium due but not yet received, less an allowance for cancellation.
- Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated on the basis of time apportionment.
- Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR").
- Provisions for unexpired risks are the estimated amounts required over and above provisions for unearned premiums to meet future claims and related expenses on business in force at the end of the accounting period.
- Expenses are allocated to the relevant revenue accounts as incurred in the management of each class of business.

ii. Underwriting profits for life assurance business

The underwriting profits for life assurance business are determined on a fund. The incurred costs of claims, commissions and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- Premiums written relate to risks assumed during the year, and include estimates of premiums due but not yet received, less an allowance for estimated lapses.
- Claims arising on maturity are recognized when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.
- Expenses and commissions are allocated to the life fund as incurred in the management of the life business.
- The life assurance contracts (accounted for in life fund) are assessed every three years by qualified consulting actuaries in accordance with section 29 of the Insurance Act. Any resulting actuarial loss is made up by additional provisions charged to the Group's profit and loss account.

Actuarial surpluses are allocated between the shareholders and the policyholders. Any balance remaining is retained in the life fund and attributable to "with profit" policyholders as the date of actuarial valuation.

In accordance with section 22(1) of the Insurance Act 2003, an additional reserve (contingency reserves) of not less than 25% of the net written premium for every year between each valuation date, is maintained.

(z) Deferred Acquisition and Maintenance Costs

Prepaid expenses include deferred acquisition expenses and deferred maintenance expenses. These expenses are incurred as a result of direct business earned from brokers. The deferred portion is calculated based on the percentage of unearned premium to written premium.

(a) Borrowings

Borrowed funds are recorded initially at their issue proceeds and subsequently stated at cost less any repayments. Transaction costs where immaterial, are recognized immediately in the profit and loss account. Where transaction costs are material, they are capitalized and amortized over the life of the loan. Interest paid on borrowings is recognized in the profit and loss for the year.



We're getting closer and getting better

Whoever you are and wherever you are, there is a bank that puts you first in everything it does; one that understands the importance of helping you in all areas of life. That's the reason for all the changes you have been seeing in Wema Bank. We have come this close to know you better.

...that's Wema Bank

We make big things happen.



Wema Bank
together to greater heights

Financials


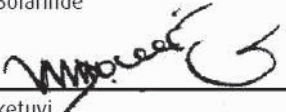


Consolidated Balance Sheets

As at December 31, 2010

	Notes	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
ASSETS					
Cash in hand and balances with CBN	11	6,567,639	6,354,206	6,026,043	5,851,836
Treasury bills	12	8,176,207	5,049,245	8,176,207	5,049,245
Due from financial institutions	13	50,239,452	60,292,150	48,544,435	58,729,492
Loans and advances to customers	14	42,793,251	30,001,550	38,637,809	28,636,557
On-lending facilities	15	6,718,813	-	6,718,813	-
Advances under finance lease	16	896,608	463,206	896,608	456,882
Insurance receivables	17	209,872	212,049	-	-
Investment securities	18	49,763,750	2,520,349	48,644,369	1,111,079
Investment in subsidiaries	19	-	-	1,984,193	2,894,479
Investment in associates	20	1,578,744	1,353,703	1,353,703	1,353,703
Deferred tax assets	33(b)	25,054,033	20,242,539	23,384,264	19,759,352
Other assets	23	6,767,437	5,964,253	6,163,901	5,725,233
Investment property	22	4,296,052	4,198,020	-	-
Property and equipment	24	13,922,543	14,284,971	12,614,282	13,217,865
Goodwill on consolidation	25	-	-	-	-
TOTAL ASSETS		216,984,401	150,936,241	203,144,627	142,785,723
LIABILITIES					
Customers' deposits	26	120,883,753	94,058,964	121,507,898	94,791,074
Due to other banks	27	2,588,220	467,797	2,588,220	467,797
On-lending liabilities	28	6,718,813	-	6,718,813	-
Claims payable	29	305,232	205,017	-	-
Liability on investment contracts	30	1,135,391	443,422	-	-
Liabilities on insurance contracts	31	1,328,593	985,051	-	-
Current income tax payable	10(b)	609,954	406,245	386,453	224,081
Other liabilities	32	12,861,712	11,195,634	6,875,670	4,968,942
Deferred tax liabilities	33(c)	279,262	277,620	-	-
Retirement benefit obligations	34	172,175	61,803	160,840	53,405
Borrowings	35	54,331,986	88,672,659	50,069,457	87,779,538
TOTAL LIABILITIES		201,215,091	196,774,212	188,307,351	188,284,837
NET ASSETS/(LIABILITIES)		15,769,310	(45,837,971)	14,837,276	(45,499,114)
CAPITAL AND RESERVES					
Share capital	36	6,410,623	5,160,315	6,410,623	5,160,315
Share premium	37	24,701,231	18,791,971	24,701,231	18,791,971
Revaluation reserve	38(a)&(b)	4,249,457	4,249,457	2,088,605	2,088,605
Retained earnings	38(a)&(b)	(28,646,302)	(77,438,607)	(27,359,643)	(75,664,905)
Other reserves	38(a)&(b)	9,653,463	4,245,536	8,996,460	4,124,900
EQUITY ATTRIBUTABLE TO EQUITY-HOLDERS OF THE BANK		16,368,472	(44,991,328)	14,837,276	(45,499,114)
Non-controlling interest	39	(599,162)	(846,643)	-	-
TOTAL EQUITY		15,769,310	(45,837,971)	14,837,276	(45,499,114)
Guarantees and other commitments on behalf of customers	40(b)	18,598,027	2,612,397	18,598,027	2,612,397

The accounting policies on pages 33 to 41 and financial statements and notes on pages 46 to 117 were approved by the Board of Directors on April 15, 2011 and signed on its behalf by:


 Chief Samuel Bolarinde)

 Mr. Segun Oloketuyi) Directors



Consolidated Profit and Loss Accounts

For the year ended December 31, 2010

	Notes	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
GROSS EARNINGS		21,796,628	18,994,974	19,929,693	16,272,245
Interest and similar income	3	14,085,939	12,945,257	13,570,104	11,563,403
Interest and similar expenses	4	(8,243,938)	(8,634,693)	(7,899,927)	(7,845,973)
Net interest margin		5,842,001	4,310,564	5,670,177	3,717,430
Fee and commission income	5	6,657,336	4,535,283	5,790,732	4,077,113
Net fee and commission income		6,657,336	4,535,283	5,790,732	4,077,113
Net foreign exchange income	6	372,268	437,045	368,158	433,524
Underwriting profit	7	447,434	288,153	-	-
Income from investments	8	233,651	789,236	200,699	198,205
Operating income		13,552,690	10,360,281	12,029,766	8,426,272
Operating expenses	9	(20,859,032)	(14,390,194)	(18,206,006)	(13,293,765)
Loan loss recoveries/(expenses)	14(m)	21,514,830	(4,292,504)	21,010,066	1,336,228
(Diminution)/ recoveries in other asset/ Investments	14(n)	(1,237,997)	(545,782)	(1,869,718)	222,011
Group's share of associate's profit	20	171,273	-	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		13,141,764	(8,868,199)	12,964,108	(3,309,254)
Taxation	10(a)	4,313,891	1,337,901	3,274,425	1,214,562
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		17,455,655	(7,530,298)	16,238,533	(2,094,692)
Non-controlling interest	39(a)	(247,480)	766,864	-	-
Profit/(loss) attributable to equity holders of the Bank		17,208,175	(6,763,434)	16,238,533	(2,094,692)
APPROPRIATIONS					
Transfer to statutory reserve	38(a)&(b)	4,871,560	-	4,871,560	-
Transfer to statutory contingency reserve	38(a)&(b)	31,679	43,796	-	-
Transfer to retained earnings	38(a)&(b)	12,304,936	(6,807,230)	11,366,973	(2,094,692)
		17,208,175	(6,763,434)	16,238,533	(2,094,692)
Gain/(loss) per share (kobo)	42	163	(66)	154	(21)

The accounting policies on pages 33 to 41 and notes on pages 46 to 117 form an integral part of these financial statements.



Statements of Cash Flows

For the year ended December 31, 2010

	Notes	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
OPERATING ACTIVITIES					
Net cash flow from operating activities	43	29,465,407	2,797,721	28,711,351	7,362,085
Income tax paid	10(b)	(292,251)	(63,872)	(188,113)	-
Value Added tax paid		(61,204)	-	(61,204)	-
Net cash flows from operating activities		<u>29,111,952</u>	<u>2,733,849</u>	<u>28,462,034</u>	<u>7,362,085</u>
INVESTING ACTIVITIES					
Additional investments in unquoted equities	18(h)	(47,715,203)	(207,611)	(47,632,212)	-
Dividend income received	8	18,418	201,790	2,370	181,752
Purchase of property and equipment	24(a)&(b)	(1,772,102)	(1,223,725)	(1,116,853)	(778,426)
Proceeds from disposal of property and equipment		151,231	75,694	120,231	18,290
Proceeds from disposal of long term investments		326,027	3,001,979	-	-
Purchase of investment property	22(a)	(206,155)	(38,878)	-	-
Proceeds from disposal of investment property		108,123	81,548	-	-
Purchase of shares in subsidiary		-	(18,715)	-	-
Net cash flows from investing activities		<u>(49,089,661)</u>	<u>1,872,082</u>	<u>(48,626,464)</u>	<u>(578,384)</u>
FINANCING ACTIVITIES					
Borrowings					
- Inflow from CBN financial accomodation loan		-	87,000,000	-	87,000,000
- Repayment on CBN financial accomodation loan		(771,791)	-	(771,791)	-
- Inflow from BOI refinancing scheme		6,718,813	-	6,718,813	-
- NHF loan repayment		(8,207)	-	-	-
- Repayment of bank overdraft		(6,929)	(42,391,539)	-	(42,337,212)
Proceeds from issue of shares		7,501,856	1,253,440	7,501,856	1,253,440
Share issue expenses		(342,287)	(29,210)	(342,287)	(29,210)
Net cash flows from financing activities		<u>13,091,455</u>	<u>45,832,691</u>	<u>13,106,591</u>	<u>45,887,018</u>
Net (decrease)/increase in cash and cash equivalents		<u>(6,886,254)</u>	<u>50,438,622</u>	<u>(7,057,839)</u>	<u>52,670,719</u>
Cash and cash equivalents, beginning of year		70,303,481	19,864,859	68,738,453	16,067,734
Cash and cash equivalents, end of year		63,417,227	70,303,481	61,680,614	68,738,453
Net (decrease)/increase in cash and cash equivalents	44	<u>(6,886,254)</u>	<u>50,438,622</u>	<u>(7,057,839)</u>	<u>52,670,719</u>

The accounting policies on pages 33 to 41 and notes on pages 46 to 117 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

1 General information

Wema Bank Plc ("the Bank") was incorporated in Nigeria on May 2, 1945 under the Companies & Allied Matters Act Of Nigeria (as amended) as a private limited liability company and was converted to a public company in April 1987. The Bank's shares, which are currently quoted on the Nigeria Stock Exchange, were first listed in February 1991. The Bank was issued a universal banking licence by the Central Bank of Nigeria in January 2001. Arising from the consolidation in the banking industry, Wema Bank Plc acquired National Bank of Nigeria Limited in December 2005.

The Bank has five (5) direct and two (2) indirect subsidiaries as shown below:

	Country of Incorporation	Percentage holding <u>2010</u>	Percentage holding <u>2009</u>	Nature of holding
Wema Asset Management Limited	Nigeria	100%	100%	Direct
Wema Registrars Limited	Nigeria	100%	100%	Direct
Wema Insurance Brokers Limited	Nigeria	100%	100%	Direct
Wema Homes Limited	Nigeria	100%	100%	Direct
Wema Securities and Finance Plc	Nigeria	80.06%	80.06%	Direct
Great Nigeria Insurance Company Plc	Nigeria	75%	75%	Indirect
Independent Securities Limited	Nigeria	73.25%	73.25%	Indirect

2 Segment analysis

(a) By business segment

The Group's business is organized along three (3) main business segments

- (i) Banking - includes acting as financial intermediaries
- (ii) Asset management - includes portfolio management and advisory services
- (iii) Non-banking financial services - includes the provision of finance house services.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

2 (b) Business segments:

	Banking		Asset Management		Non banking financial services		Non - allocated segments		Group Total	
	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000	Dec. 2010 N'000	Dec. 2009 N'000
Gross earnings:										
Derived from external customers	19,929,693	16,270,086	629,751	1,751,407	301,144	95,593	936,040	877,888	21,796,628	18,994,974
Derived from other business segments	-	2,159	25,491	1,911,799	49,725	-	221,067	197,301	296,283	2,111,259
Charged to other segments	-	-	-	-	-	-	-	-	(296,283)	(2,111,259)
Total Revenue	19,929,693	16,272,245	655,242	3,663,206	350,869	95,593	1,157,107	1,075,189	21,796,628	18,994,974
Interest expenses	(7,899,927)	(7,845,973)	(14,779)	(357,236)	(326,165)	(405,290)	(3,067)	(26,194)	(8,243,938)	(8,634,693)
	12,029,766	8,426,272		3,305,970		(309,697)		1,048,995	13,552,690	10,360,281
Expense:										
Depreciation	(1,592,034)	(1,256,976)	(246,542)	(10,878)	(11,468)	(15,470)	(126,733)	(98,667)	(1,976,777)	(1,381,991)
Profit before tax	12,964,108	(3,309,254)	538,635	1,145,114	(169,247)	(4,221,808)	(191,732)	(2,482,250)	13,141,764	(8,868,199)
Taxation									4,313,891	1,337,901
Profit after tax									17,455,655	(7,530,298)
Assets and Liabilities:										
Tangible segment assets	203,144,627	142,785,723	8,475,546	11,274,279	1,105,588	1,401,099	9,479,377	10,151,122	222,205,138	165,612,223
Charged to other segments	-	-	-	-	-	-	-	-	(5,220,737)	(14,675,982)
Total assets	203,144,627	142,785,723	8,475,546	11,274,279	1,105,588	1,401,099	9,479,377	10,151,122	216,984,401	150,936,241
Segment liabilities	188,307,351	188,284,837	9,676,933	14,200,496	8,090,532	8,250,734	4,306,661	4,053,307	210,381,477	214,789,374
Charged to other segments	-	-	-	-	-	-	-	-	(9,166,386)	(18,015,162)
Total liabilities	188,307,351	188,284,837	9,676,933	14,200,496	8,090,532	8,250,734	4,306,661	4,053,307	201,215,091	196,774,212
Net assets/(liabilities)	14,837,276	(45,499,114)	(1,201,387)	(2,926,217)	(6,984,944)	(6,849,635)	5,172,716	6,097,815	15,769,310	(45,837,971)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

3 Interest and similar income

Interest and similar income was derived as follows:

(a) Source

	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
Placements	2,738,289	2,417,342	2,700,925	1,533,356
Treasury bills and investment securities	1,958,043	77,616	1,958,043	77,616
Loans and advances	9,352,192	10,331,236	8,873,721	9,840,544
Advances under finance lease	37,415	119,063	37,415	111,887
	<u>14,085,939</u>	<u>12,945,257</u>	<u>13,570,104</u>	<u>11,563,403</u>

(b) Geographical location

	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
Interest income earned in Nigeria	14,085,939	12,945,257	13,570,104	11,563,403
Interest income earned outside Nigeria	-	-	-	-
	<u>14,085,939</u>	<u>12,945,257</u>	<u>13,570,104</u>	<u>11,563,403</u>

4 Interest and similar expenses

Interest and similar expenses comprise:

(a) Source:

	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
Borrowed funds	4,703,149	3,895,895	4,550,947	3,877,234
Time deposits	3,155,741	4,499,952	2,967,497	3,733,901
Savings accounts	385,048	238,846	381,483	234,838
	<u>8,243,938</u>	<u>8,634,693</u>	<u>7,899,927</u>	<u>7,845,973</u>

(b) Geographical location:

	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
Paid in Nigeria	8,243,938	8,634,693	7,899,927	7,845,973
Paid outside Nigeria	-	-	-	-
	<u>8,243,938</u>	<u>8,634,693</u>	<u>7,899,927</u>	<u>7,845,973</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

5 Fee and commission income

Fee and commission income comprises:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
Credit related fees	3,230,799	1,899,197	3,222,626	1,893,515
Commission on turnover	1,192,235	944,855	1,191,034	942,837
Other fees and commissions	1,479,883	1,337,600	1,334,439	1,235,825
Other income	754,419	353,631	42,633	4,936
	<u>6,657,336</u>	<u>4,535,283</u>	<u>5,790,732</u>	<u>4,077,113</u>

6 Net foreign exchange income

Net foreign exchange income comprises:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
Foreign currency trading	282,002	291,621	282,002	291,621
Exchange gain	90,266	145,424	86,156	141,903
	<u>372,268</u>	<u>437,045</u>	<u>368,158</u>	<u>433,524</u>

7 Underwriting profit

Underwriting profit comprises:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
General insurance	447,434	281,905	-	-
Shareholders portion of life assurance	-	6,248	-	-
Underwriting profit	<u>447,434</u>	<u>288,153</u>	<u>-</u>	<u>-</u>

8 Income from investments

Income from investments comprises:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
Dividend income	18,418	201,790	2,370	181,752
Rental income	9,433	30,930	8,879	16,453
Profit on sale of securities	205,800	556,516	189,450	-
	<u>233,651</u>	<u>789,236</u>	<u>200,699</u>	<u>198,205</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

9 Operating expenses

(a) Analysis of operating expenses:

	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
Staff salaries and allowances	9,652,166	8,128,708	8,879,546	7,518,273
Auditor's remuneration	100,000	96,800	75,000	75,000
Depreciation (see note 24(a) & (b))	1,976,777	1,381,991	1,592,034	1,256,976
Goodwill impairment (see note 25(b))	-	37,171	-	-
Loss on disposal of property and equipment	6,522	47,448	8,172	65,366
Administrative and general expenses	3,443,516	1,220,154	2,218,011	783,384
Repairs and maintenance	2,455,048	1,416,743	2,442,027	1,391,613
Loss on disposal of securities	153,481	-	-	-
Insurance	903,689	593,373	901,765	754,363
Professional fees	335,387	248,802	304,013	230,376
Director's emoluments	35,089	19,370	35,089	19,370
Rents and rates	933,676	441,784	900,681	415,917
Travelling	145,430	141,337	133,094	120,811
Business development expenses	450,371	462,317	449,242	462,317
Printing and stationary	267,880	200,496	267,332	199,999
Reversal of depreciation on investment property (see note 24(a)(ii))	-	(46,300)	-	-
	<u>20,859,032</u>	<u>14,390,194</u>	<u>18,206,006</u>	<u>13,293,765</u>

(b) Staff and executive directors' costs

(i) Employee costs, including executive directors, during the year is shown below:

	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
Wages and salaries	7,566,173	6,546,181	6,834,394	5,999,080
Pension cost : -				
Defined contribution plans	599,842	593,157	593,273	549,457
	8,166,015	7,139,338	7,427,667	6,548,537
Other retirement benefit costs	1,486,151	989,370	1,451,879	969,736
	<u>9,652,166</u>	<u>8,128,708</u>	<u>8,879,546</u>	<u>7,518,273</u>

(ii) The average number of persons employed by the Group during the year was as follows:

	Group Dec. 2010 Number	Group Dec. 2009 Number	Bank Dec. 2010 Number	Bank Dec. 2009 Number
Management	74	90	64	68
Non-management	1,758	1,932	1,661	1,771
	<u>1,832</u>	<u>2,022</u>	<u>1,725</u>	<u>1,839</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(c) (iii) The emoluments of all other directors fell within the following ranges:

	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
N2,370,001 - N2,380,000	-	-
N2,720,001 - N2,730,000	4	4
N3,060,001 - N3,070,000	-	-
N7,360,001 - N7,370,000	2	1
	<u>6</u>	<u>5</u>

10 Taxation

(a) Tax charge
The tax charge for the year comprises:

	Group Dec. 2010 12 months N'000	Group Dec. 2009 9 months N'000	Bank Dec. 2010 12 months N'000	Bank Dec. 2009 9 months N'000
Company income tax	184,553	35,302	97,266	33,041
Education tax	253,221	-	253,221	-
Prior year under-provision	58,188	16,975	-	-
	<u>495,962</u>	<u>52,277</u>	<u>350,487</u>	<u>33,041</u>
Deferred tax credit (see note 33(b))	(4,811,495)	(1,399,316)	(3,624,912)	(1,247,603)
Deferred tax charge (see note 33(c))	1,642	9,138	-	-
	<u>(4,313,891)</u>	<u>(1,337,901)</u>	<u>(3,274,425)</u>	<u>(1,214,562)</u>

(b) (i) Current income tax payable
The movement on the current income tax payable account during the year was as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Balance, beginning of year	406,244	417,840	224,080	191,040
Charge for the year (see note 10(a))	495,961	52,277	350,486	33,041
Payments during the year	(292,251)	(63,872)	(188,113)	-
	<u>609,954</u>	<u>406,245</u>	<u>386,453</u>	<u>224,081</u>

(ii) The current tax charge for the Bank has been computed based on the minimum tax requirements as there was no taxable profit in the year (December 2009: nil).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(b) (iii)

Employees other than directors, earning more than ₦60,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months Number	9 months Number	12 months Number	9 months Number
₦ 250,001 - ₦ 260,000	327	387	325	339
₦ 300,001 - ₦ 310,000	212	239	212	210
₦ 440,001 - ₦ 450,000	243	279	231	256
₦ 500,001 - ₦ 560,000	178	211	158	164
₦ 790,001 - ₦ 800,000	15	13	-	-
₦ 910,001 - ₦ 920,000	368	427	365	418
₦1,490,001 - ₦1,500,000	216	185	178	181
₦1,510,001 - ₦1,520,000	15	12	12	6
₦1,740,001 - ₦1,750,000	186	194	184	193
₦1,990,001 - ₦2,000,000	26	34	25	32
₦2,210,001 - ₦2,220,000	4	-	-	-
₦2,390,001 - ₦2,400,000	12	15	12	15
₦2,590,001 - ₦2,600,000	13	11	9	10
₦3,100,001 - ₦3,110,000	17	15	14	15
	<u>1,832</u>	<u>2,022</u>	<u>1,725</u>	<u>1,839</u>

(c) **Directors' remuneration:**

(c) (i) Directors' remuneration (excluding pension contributions and certain benefits) was provided as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months ₦'000	9 months ₦'000	12 months ₦'000	9 months ₦'000
Fees as directors	14,690	8,070	14,690	8,070
Other emoluments	20,399	11,300	20,399	11,300
Executive compensation	35,089	19,370	35,089	19,370
	75,095	54,577	63,283	47,462
	<u>110,184</u>	<u>73,947</u>	<u>98,372</u>	<u>66,832</u>

(c) (ii) The directors' remuneration shown above includes:

	Bank Dec. 2010	Bank Dec. 2009
	12 months ₦'000	9 months ₦'000
Chairman	<u>6,266</u>	<u>4,700</u>
Highest paid director	<u>8,538</u>	<u>6,404</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

11 Cash in hand and balances with CBN (Central Bank of Nigeria)

(a) Cash in hand and balances with CBN comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
Cash in hand	2,840,027	2,745,644	2,798,431	2,743,274
Operating account held with the Central Bank of Nigeria (CBN)	2,161,541	1,016,442	2,161,541	1,016,442
Placement with CBN	-	1,200,000	-	1,200,000
	<u>5,001,568</u>	<u>4,962,086</u>	<u>4,959,972</u>	<u>4,959,716</u>
Mandatory reserve deposits with CBN				
- Cash reserve	1,066,071	892,120	1,066,071	892,120
- Statutory deposits (See (c) below)	500,000	500,000	-	-
	<u>6,567,639</u>	<u>6,354,206</u>	<u>6,026,043</u>	<u>5,851,836</u>

(b) Mandatory reserve deposits are not available for use in the Group's day-to-day operations.

(c) This represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of the Insurance Act 2003.

12 Treasury bills

These comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
Treasury bills (see (a) below)	8,176,207	5,049,245	8,176,207	5,049,245
	<u>8,176,207</u>	<u>5,049,245</u>	<u>8,176,207</u>	<u>5,049,245</u>

(a) Included in treasury bills are bills amounting to N2,151,589,000 (December 31, 2009: ₦2,151,589,000) which have been pledged as collateral by the Bank.

13 Due from financial institutions

(a) Due from financial institutions comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
Balances held with other local banks and discount houses				
- Current accounts	171,863	158,955	-	-
- Placements (see note (b) below)	47,233,980	58,032,715	45,710,826	56,629,012
Balances and cash balances outside Nigeria				
- Balances held with other banks outside Nigeria (see note (c) below)	2,833,609	2,100,480	2,833,609	2,100,480
	<u>50,239,452</u>	<u>60,292,150</u>	<u>48,544,435</u>	<u>58,729,492</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

- (b) Included in placements are N13,800,000,000 (December 2009: N42,000,000,000) placed with local banks. All placements with local banks in Nigeria are backed by CBN guarantees valid until 30 September 2011.
- (c) Included in balances held with other banks outside Nigeria is the Naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to N908,047,000 (31 December 2009: N368,010,000) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see note 32).

14 Loans and advances to customers:

- (a) Loans and advances to customers comprise:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Overdrafts	35,195,954	24,375,533	35,920,891	33,275,380
Term loans	31,123,627	46,622,455	27,164,611	36,938,836
Others	8,038,555	24,268,925	7,482,169	23,905,685
	<u>74,358,136</u>	<u>95,266,913</u>	<u>70,567,671</u>	<u>94,119,901</u>
Less: allowances for bad and doubtful loans				
- specific allowance (see note (i) below)	(17,515,983)	(51,113,293)	(19,241,488)	(52,250,768)
- general allowance (see note (j)(i) below)	(13,484)	(4,436)	-	-
- Interest in suspense (see note (l) below)	(14,035,418)	(14,147,634)	(12,688,374)	(13,232,576)
	<u>(31,564,885)</u>	<u>(65,265,363)</u>	<u>(31,929,862)</u>	<u>(65,483,344)</u>
	<u>42,793,251</u>	<u>30,001,550</u>	<u>38,637,809</u>	<u>28,636,557</u>

- (b) The loans and advances are analysed as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Specialised loans (see (c) below)	4,921,969	1,994,676	4,921,969	1,994,676
Non-specialised loans	69,436,167	93,272,237	65,645,702	92,125,225
	<u>74,358,136</u>	<u>95,266,913</u>	<u>70,567,671</u>	<u>94,119,901</u>
Provisions				
Specialised:				
Specific allowance	(705,648)	(893,966)	(705,648)	(893,966)
Interest in suspense	(310,649)	(402,865)	(310,649)	(402,865)
	<u>(1,016,297)</u>	<u>(1,296,831)</u>	<u>(1,016,297)</u>	<u>(1,296,831)</u>
Non-specialised:				
Specific allowance	(16,810,335)	(50,219,327)	(18,535,840)	(51,356,802)
Interest in suspense	(13,724,769)	(13,744,769)	(12,377,725)	(12,829,711)
General allowance	(13,484)	(4,436)	-	-
	<u>(30,548,588)</u>	<u>(63,968,532)</u>	<u>(30,913,565)</u>	<u>(64,186,513)</u>
	<u>(31,564,885)</u>	<u>(65,265,363)</u>	<u>(31,929,862)</u>	<u>(65,483,344)</u>
	<u>42,793,251</u>	<u>30,001,550</u>	<u>38,637,809</u>	<u>28,636,557</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(c) Gross amount of specialised loans comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Project finance	4,813,334	1,883,093	4,813,334	1,883,093
Margin loans	4,813,334 108,634	1,883,093 111,583	4,813,334 108,634	1,883,093 111,583
	<u>4,921,968</u>	<u>1,994,676</u>	<u>4,921,968</u>	<u>1,994,676</u>

(d) Classification of gross amount of other specialised loans and advances as at December 31, 2010 is as follows:

	Project finance	Margin loans	Total
	N'000	N'000	N'000
Performing	3,848,179	35,778	3,883,957
Other classification			
Substandard	-	-	-
Doubtful	38,257	5,175	43,432
Very doubtful	-	-	-
Lost	926,898	67,681	994,579
	<u>965,155</u>	<u>72,856</u>	<u>1,038,011</u>
	<u>4,813,334</u>	<u>108,634</u>	<u>4,921,968</u>
Percentage to total loans	<u>20.05%</u>	<u>67.07%</u>	<u>21.09%</u>

(e) Gross amount and allowances for specialised loans are as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Project finance				
Gross amount	4,813,334	1,883,093	4,813,334	1,883,093
Allowance	(946,027)	(1,377,514)	(946,027)	(1,377,514)
	<u>3,867,307</u>	<u>505,579</u>	<u>3,867,307</u>	<u>505,579</u>
Margin loans				
Gross amount	108,634	111,583	108,634	111,583
Allowance	(70,269)	(65,803)	(70,269)	(65,803)
	<u>38,365</u>	<u>45,780</u>	<u>38,365</u>	<u>45,780</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(f) Loans and advances by security comprise:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Secured against real estate	12,808,017	38,023,442	11,499,780	36,223,133
Secured by shares of quoted companies	1,562,228	5,764,150	1,353,053	3,727,164
Otherwise secured	37,285,830	40,599,449	38,789,449	43,417,741
Unsecured	22,702,061	10,879,872	18,925,389	10,751,863
	<u>74,358,136</u>	<u>95,266,913</u>	<u>70,567,671</u>	<u>94,119,901</u>

(g) The gross value of loans and advances by maturity is as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Under 1 month	40,493,688	45,773,494	39,055,734	53,066,373
1 - 3 months	5,428,027	1,741,984	5,423,793	1,417,888
3 - 6 months	5,707,019	3,206,221	1,996,287	3,127,230
6 - 12 months	7,533,527	1,378,496	7,504,128	1,440,898
Over 12 months	15,195,875	43,166,718	16,587,729	35,067,512
	<u>74,358,136</u>	<u>95,266,913</u>	<u>70,567,671</u>	<u>94,119,901</u>

(h) The gross value of loans and advances by performance is as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Performing	34,272,081	24,656,258	30,221,456	24,212,613
Watchlist	2,919,210	-	2,919,210	-
	<u>37,191,291</u>	<u>24,656,258</u>	<u>33,140,666</u>	<u>24,212,613</u>
Non-performing:				
- Sub-standard	370,373	4,423,007	364,658	3,826,049
- Doubtful	9,326,292	1,974,119	10,779,584	1,743,759
- Lost	27,470,180	64,213,529	26,282,763	64,337,480
	<u>37,166,845</u>	<u>70,610,655</u>	<u>37,427,005</u>	<u>69,907,288</u>
	<u>74,358,136</u>	<u>95,266,913</u>	<u>70,567,671</u>	<u>94,119,901</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

- (i) The movements on specific loan loss allowance during the year was as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	51,113,293	58,670,565	52,250,768	87,783,513
Allowances made during the year	4,384,276	16,375,414	4,101,934	22,032,699
Allowances no longer required	(25,535,008)	(10,614,785)	(24,736,122)	(21,982,917)
Allowances written-off during the year	(12,446,578)	(13,317,901)	(12,375,092)	(35,582,527)
Balance, end of year	<u>17,515,983</u>	<u>51,113,293</u>	<u>19,241,488</u>	<u>52,250,768</u>

- (j) (i) The movement in general loan loss allowance during the year is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	4,436	574,977	-	468,810
(Writeback)/allowance made during the year	9,048	(570,541)	-	(468,810)
Balance, end of year	<u>13,484</u>	<u>4,436</u>	<u>-</u>	<u>-</u>

- (k) (i) In the current year, the Bank did not make a 1% general provision on performing loans and advances based on the CBN circular BSD/DIR/GEN/CIR/04/013 to all banks in respect of 1% general provisioning on performing risk assets dated January 7, 2011 and a publication by the Nigerian Accounting Standards Board (NASB) dated March 21, 2011 (2009: Nil). The CBN circular waived the requirement of the 1% general provision for all deposit money banks while the NASB publication stated that the level of provisioning over the period from 2008 to 2010 was considered adequate for individual Deposit Money Banks (DMBs) that have subjected their loan portfolios to extensive review by the CBN and the Nigerian Deposit Insurance Corporation (NDIC) since the beginning of the current CBN reforms. The NASB publication excludes these DMBs from making the general loan loss provision in the financial statements for the year ended December 31, 2010 only.

The directors are of the opinion that the Bank qualifies for the exclusion as provided by the NASB publication and have also complied with the CBN circular BSD/DIR/GEN/CIR/04/013 dated January 7, 2011. Accordingly, the Bank has not made the 1% general provision on performing loans and advances for the year ended December 31, 2010

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(l) The movement on interest-in-suspense during the year were as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	14,147,634	22,426,216	13,232,576	21,649,867
Interest suspended during the year	3,401,696	6,095,074	2,969,710	6,319,944
Interest recovered	(2,753,694)	(6,185,897)	(2,753,694)	(6,549,476)
Interest written off	(760,218)	(8,187,759)	(760,218)	(8,187,759)
Balance, end of year	<u>14,035,418</u>	<u>14,147,634</u>	<u>12,688,374</u>	<u>13,232,576</u>

(m) Loan loss expense/ (recoveries) comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
(i) Loans and advances				
- General allowance (See (j)(i) above)	9,048	(570,541)	-	(468,810)
- Specific allowance (See (i) above)	4,384,276	16,375,414	4,101,934	22,032,699
- Allowance no longer required (See (i) above)	(25,535,008)	(10,614,785)	(24,736,121)	(21,982,917)
	<u>(21,141,684)</u>	<u>5,190,088</u>	<u>(20,634,187)</u>	<u>(419,028)</u>
(ii) Advances under finance lease				
- General allowance (See Note 16(b)(ii))	(11)	(8,814)	-	(8,031)
- Specific allowance (See Note 16(b)(i))	2,745	20,399	-	-
- Allowance no longer required (See Note 16(b)(i))	(375,879)	(909,169)	(375,879)	(909,169)
	<u>(373,145)</u>	<u>(897,584)</u>	<u>(375,879)</u>	<u>(917,200)</u>
	<u>(21,514,830)</u>	<u>4,292,504</u>	<u>(21,010,066)</u>	<u>(1,336,228)</u>

(n) Diminution/(recoveries) in other assets and investments value

This comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
Allowance made on unlisted investment securities - long term (see note 18(f)(ii))	103,922	269,430	98,922	-
Allowance made on listed investment securities - long term (see note 18(f)(i))	21,510	6,811	-	-
Allowance made on listed investment securities - short term (see note 18(g))	63,359	800,233	-	-
Allowance for impairment on investments in subsidiaries (see note 19(b))	-	-	910,286	-

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Specific allowance on other assets (see note 23(b))	1,246,938	1,233,307	1,227,914	712,849
Allowance no longer required on other assets (see note 22(b))	(405,714)	(1,016,498)	(367,404)	(934,860)
Write-off of other assets	-	11,541	-	-
Allowance no longer required on listed investment securities - short term (see note 18(g))	(277,836)	(783,210)	-	-
Allowance no longer required on unlisted investment securities - long term (see note 18(f)(i))	-	(22,242)	-	-
	752,179	499,372	1,869,718	(222,011)
Allowance on insurance receivables (see note 17(b))	485,818	46,410	-	-
	<u>1,237,997</u>	<u>545,782</u>	<u>1,869,718</u>	<u>(222,011)</u>

15 On-lending facilities

- (a) This represents disbursement to customers in respect of on-lending facilities received from Bank of Industry (see note 28).

Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
N'000	N'000	N'000	N'000
6,718,813	-	6,718,813	-

- (c) The maturity profile of on-lending facilities stated above is as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Over 12 months	6,718,813	-	6,718,813	-

16 Advances under finance lease

- (a) Advances under finance lease comprise:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Gross investment in finance lease	1,704,058	1,508,123	1,239,493	1,039,968
Less: Un-earned income	(211,197)	(75,519)	(211,197)	(75,519)
Net investment in finance lease	1,492,861	1,432,604	1,028,296	964,449
Allowance for losses:				
Specific (see note (b)(i) below)	(596,253)	(969,387)	(131,688)	(507,567)
General (see note (b)(ii) below)	-	(11)	-	-
Balance, end of year	<u>896,608</u>	<u>463,206</u>	<u>896,608</u>	<u>456,882</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(b) (i) The movement on specific allowances for bad and doubtful advances under finance lease was as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	969,387	2,384,928	507,567	1,943,506
Charge for the year (See note 14(m)(ii))	2,745	20,399	-	-
Allowance no longer required (See note 14(m)(ii))	(375,879)	(909,169)	(375,879)	(909,169)
Allowance written off	-	(526,771)	-	(526,770)
Balance, end of year	<u>596,253</u>	<u>969,387</u>	<u>131,688</u>	<u>507,567</u>

(b) (ii) The movement on general allowances for bad and doubtful advances under finance lease was as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	11	8,825	-	8,031
Writeback made during the year (See note 14(m)(ii))	(11)	(8,814)	-	(8,031)
Balance, end of year	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>

(c) The maturity profile of the net investment in advances under finance lease is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Under 1 month	567,660	663,128	103,095	194,973
1 - 3 months	1,579	53,297	1,579	53,297
3 - 6 months	3,401	6,175	3,401	6,175
6 - 12 months	83,223	79,381	83,223	79,381
Over 12 months	836,998	630,623	836,998	630,623
	<u>1,492,861</u>	<u>1,432,604</u>	<u>1,028,296</u>	<u>964,449</u>

(d) The performance analysis of net investment in advance under finance lease is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Performing	896,057	456,427	894,914	455,284
Non performing				
- Substandard	1,732	-	1,732	-
- Doubtful	10,659	13,586	271	3,198
- Lost	584,413	962,591	131,379	505,967
	<u>1,492,861</u>	<u>1,432,604</u>	<u>1,028,296</u>	<u>964,449</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

17 Insurance receivables

(a) Insurance receivables comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Due from insurance companies	1,089,802	103,207	-	-
Due from agents and brokers	-	526,332	-	-
Due from reinsurers	-	3,468	-	-
	1,089,802	633,007	-	-
Allowance for doubtful receivables (see (b) below)	(879,930)	(420,958)	-	-
	209,872	212,049	-	-

(b) Movement in allowance for doubtful insurance receivables is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of the year	420,958	374,548	-	-
Additions during the year (See note 14(p))	485,818	46,410	-	-
Allowances written-off during the year	(26,846)	-	-	-
Balance, end of the year	879,930	420,958	-	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

18 Investment securities

Investment securities comprise:

(a) Investment securities - long term

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
(a) (i) Unlisted debt securities - at cost				
Federal Govt. Bonds (see (c) below)	45,617,089	-	45,617,089	-
Corporate bonds	2,015,123		2,015,123	
(a) (ii) Listed equity securities - at cost	1,036,549	1,568,561	153,000	153,000
(a) (iii) Unlisted equity securities - at cost				
- Frontage Communications Limited	1,705,030	1,705,030	1,705,030	1,705,030
- Associated Discount House Limited	-	-	-	-
- Knight Rook (Grant Properties)	906,695	906,695	906,695	906,695
- AICO pension managers limited	80,000	80,000	-	-
- Central Securities System Nigeria Limited	87,800	87,800	87,800	87,800
- ATM Consortium Limited	73,389	73,389	73,389	73,389
- Virgin Nigeria Limited	-	70,000	-	-
- Nigeria Inter-bank Settlement System	47,482	47,482	47,482	47,482
- Ibadan Clay and Bricks Limited	40,000	40,000	-	-
- E-Government	37,500	37,500	37,500	37,500
- Capital Bancorpt Limited	22,480	22,480	-	-
- Continental Reinsurance Plc	200,000	200,000	-	-
- Sterling Assurance Nigeria Ltd	36,220	36,220	-	-
- Valucard Nigeria Plc	14,821	14,821	14,821	14,821
- Nigeria Industrial Development Bank	128	128	128	128
- Others	164,462	81,471	-	-
- Small and medium industries investments (see note (c) below)	486,463	486,463	486,463	486,463
	52,571,231	5,458,040	51,144,520	3,512,308
Less: Provision for diminution in values (see note (f) below)	(3,268,922)	(3,419,475)	(2,500,151)	(2,401,229)
	49,302,309	2,038,565	48,644,369	1,111,079

(b) (i) Investment securities- short term

Listed equity securities				
- Proprietary investments (Costs)	2,481,242	2,718,536	-	-
Less: Provision for diminution in value (see note (g) below)	(2,019,801)	(2,236,752)	-	-
	461,441	481,784	-	-
	49,763,750	2,520,349	48,644,369	1,111,079

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

- (c) (i) The analysis of FGN Bonds - held to maturity is as follows

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
(7.00%) 6th FGN Bond Series 4(2019)	308,177	-	308,177	-
(9.35%) 4th FGN Bond Series 9(2017)	115,019	-	115,019	-
(15.00%) 5th FGN Bond Series 5(2028)	252,697	-	252,697	-
(12.49%) 6th FGN Bond Series 3(2029)	6,576,899	-	6,576,899	-
(8.50%) 6th FGN Bond Series 5 (2029)	21,552,266	-	21,552,266	-
(10.00%) 7th FGN Bond Series 3 (2030)	966,469	-	966,469	-
(10.50%) 5th FGN Bond Series 3(2011)	108,230	-	108,230	-
(9.92%) 6th FGN Bond Series 1 (2012)	108,937	-	108,937	-
(10.50%) 6th FGN Bond Series 2(2012)	107,120	-	107,120	-
(4.00%) 7th FGN Bond Series 2 (2015)	169,325	-	169,325	-
(9.45%) 5th FGN Bond Series 1 (2013)	109,996	-	109,996	-
(9.25%) 4th FGN Bond Series 11 (2014)	54,139	-	54,139	-
AMCON Consideration Bond (see note 17 (c) (iv))	15,187,815	-	15,187,815	-
	<u>45,617,089</u>	<u>-</u>	<u>45,617,089</u>	<u>-</u>

- (ii) The market value of long term Federal Government Bonds is N 40,513,137,182 (December 2009: Nil).
- (iii) Included in long term Federal Government Bonds is an amount of N6,787,110,000 (December 2009: Nil) pledged as collateral by the Bank for various transactions.
- (iv) The analysis of AMCON Consideration bonds is provided below:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Gross value of investment	20,425,924	-	20,425,924	-
Unearned income	(5,238,109)	-	(5,238,109)	-
Balance, end of year	<u>15,187,815</u>	<u>-</u>	<u>15,187,815</u>	<u>-</u>

AMCON Bond represents Initial Consideration Bonds Issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The Initial Consideration Bonds are three year zero coupon with a yield to maturity of 10.125%. The Initial Consideration Bonds were issued in exchange for non-performing loans taken over from the Bank.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(d) (i) Equities in small and medium scale enterprises comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Kotco Power Industries Limited	139,965	139,965	139,965	139,965
Eagle Packaging Printing	100,000	100,000	100,000	100,000
Oil Palm Industry Limited	37,893	37,893	37,893	37,893
United Information Technology	56,000	56,000	56,000	56,000
Ecco Solution Limited	28,619	28,619	28,619	28,619
Tokson Industry Limited	40,000	40,000	40,000	40,000
Tiffany Stoneworks	30,000	30,000	30,000	30,000
Meroxe Paints Industry Limited	28,066	28,066	28,066	28,066
Chrisalis Limited	-	-	-	-
Double Crown Limited	13,000	13,000	13,000	13,000
Interswitch Limited	10,420	10,420	10,420	10,420
Associated Equity Funds	2,500	2,500	2,500	2,500
	<u>486,463</u>	<u>486,463</u>	<u>486,463</u>	<u>486,463</u>

(e) (ii) The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) in line with the Policy Guidelines for 2001 Fiscal year (Monetary Policy Circular No. 35). Included in unlisted long term investments are the Bank's investment under the Small and Medium Industries Equity Investment Scheme (SMEEIS). A total of N486,463,000 (31 December 2009: N486,463,000) has been so far invested under the scheme. Due to the effective percentage holding of the Bank in these companies, some of them qualify as associates. However, they are not accounted as associated entities as the investments are held for sale and the value of the Bank's residual interest in the individual investee companies is not material.

(f) Movement in allowance for impairment of investment securities - long term is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
(f) (i) Listed equity securities :				
Balance, beginning of year	817,687	240,033	109,600	109,600
Allowance made during the year (see note 14(n))	21,510	6,811	-	-
Allowance no longer required (see note 14(n))	-	(22,242)	-	-
Allowance written off	(270,547)	-	-	-
Reclassified from short term investment securities (see (g) below)	-	593,085	-	-
Balance, end of year	<u>568,650</u>	<u>817,687</u>	<u>109,600</u>	<u>109,600</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(f) (ii) Unlisted equity securities:				
Balance, beginning of year	2,601,788	2,349,558	2,291,629	2,308,829
Write-off made on equities in small and medium scale enterprises during the year	(5,438)	(17,200)	-	(17,200)
Allowance made on other unlisted equities during the year (see note 14(n))	103,922	269,430	98,922	-
Balance, end of year	<u>2,700,272</u>	<u>2,601,788</u>	<u>2,390,551</u>	<u>2,291,629</u>
	<u>3,268,922</u>	<u>3,419,475</u>	<u>2,500,151</u>	<u>2,401,229</u>

(g) Movement in allowance for impairment of listed investment securities - short term is as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Balance, beginning of year	2,236,752	25,077,440	-	-
Allowance made during the year (see note 14(n))	63,359	800,233	-	-
Allowance no longer required (see note 14(n))	(277,836)	(783,210)	-	-
Reclassified to listed investments securities - long term (see (f)(i) above)	-	(593,085)	-	-
Allowance written off	(2,474)	(22,264,626)	-	-
Balance, end of year	<u>2,019,801</u>	<u>2,236,752</u>	<u>-</u>	<u>-</u>

(h) (i) The movement in investment securities-long term is as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Balance, beginning of the year	2,038,565	4,793,361	1,111,079	1,111,079
Additions	47,715,203	207,611	47,632,212	-
Reclassification from investment securities - short term	-	886,657	-	-
Reclassification to investment in associates	-	-	-	-
Disposals	(602,012)	(3,019,179)	-	(17,200)
Additional Provision/Reversal	150,553	(829,885)	(98,922)	17,200
Balance, end of year	<u>49,302,309</u>	<u>2,038,565</u>	<u>48,644,369</u>	<u>1,111,079</u>

(ii) The investments reclassified from short term to long term are transferred at historical cost less allowance for impairment in their value.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

19 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Wema Asset management Limited (See (d) below)	-	-	300,000	300,000
Wema Registrars Limited (See (e) below)	-	-	50,000	50,000
Wema Insurance Brokers Limited (See (f) below)	-	-	5,000	5,000
Wema Homes Limited (See (g) below)	-	-	1,629,193	1,629,193
Wema Securities and Finance Plc (See (h) below)	-	-	910,286	910,286
	-	-	2,894,479	2,894,479
Less: Provision for diminution in values (see (b) below)	-	-	(910,286)	
	-	-	1,984,193	2,894,479

(b) Movement in allowance for impairment on investments in subsidiaries - is as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Balance, beginning of year	-	-	-	-
Allowance made during the year (see note 14(n))	-	-	910,286	-
Balance, end of year	-	-	910,286	-

(c) Principal subsidiary undertakings:

	Country of Incorporation	Company Name	Nature of Business	Percentage of equity capital held	year end
1.	Nigeria	Wema Asset management Limited	Asset management	100%	31/12/2010
2.	Nigeria	Wema Registrars Limited	Securities registration	100%	31/12/2010
3.	Nigeria	Wema Insurance Brokers Limited	Insurance brokerage	100%	31/12/2010
4.	Nigeria	Wema Homes Limited	Mortgage Services	100%	31/12/2010
5.	Nigeria	Wema Securities and Finance Plc	Finance house services	80.06%	31/12/2010

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

- (d) This represents the cost of the Bank's 100% equity holding in Wema Asset Management Ltd. The company was incorporated in February 2000 and commenced operations in 2002.
- (e) This represents the cost of the Bank's 100% equity holding in Wema Registrars Ltd. The company was incorporated in 2002 and commenced operations in February 2003.
- (f) This represents the cost of the Bank's 100% equity holding in Wema Insurance Brokers Ltd. The company was incorporated in May 2002 and commenced operations in April 2004.
- (g) This represents the cost of the Bank's 100% equity holding in Wema Homes Ltd. The company was incorporated in February, 2004 and commenced operations in April 2005.
- (h) This represents the cost of the Bank's 80.06% equity holding in Wema Securities and Finance Plc. The company was incorporated in April 1988 and commenced operations in April 1992.
- (i) The condensed financial statements of the consolidated subsidiaries are included in Note 21.
- (j) Provision for diminution in the value of investments in subsidiaries companies was determined based on directors valuation.

20 Investment in associate

- (a) Investment in associates comprises:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	1,353,703	1,353,703	1,353,703	1,353,703
Reclassification from investment securities-long term	-	-	-	-
Share of prior year revenue reserve in associate (see note 38 (d))	(450,919)	-	-	-
Share of prior year statutory reserve in associate (see note 38 (d))	504,688	-	-	-
	<u>1,407,472</u>	<u>1,353,703</u>	<u>1,353,703</u>	<u>1,353,703</u>
Share of result for the year	171,273	-	-	-
Balance, end of year	<u><u>1,578,745</u></u>	<u><u>1,353,703</u></u>	<u><u>1,353,703</u></u>	<u><u>1,353,703</u></u>

This represents the Bank's investment in 116,000,000 (December 2010: 116,000,000) ordinary shares of N1 each in Associated Discount House incorporated in Nigeria, representing 33% (December 2009: 33%) equity interest in the company.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

21 Condensed results of consolidated entities
(a) Condensed results of the consolidated entities as at December 31, 2010, are as follows:

Subsidiary companies/parent company	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed profit and loss								
Operating income	13,552,690	(65,008)	12,029,766	77,284	1,384,658	(92,580)	51,640	166,930
Operating expenses	(20,859,032)	(702,109)	(18,206,006)	(79,802)	(1,080,432)	(510,980)	(75,566)	(204,137)
Loan loss recoveries/ (expense)	21,514,830	-	21,010,066	-	443,026	295,175	-	(233,437)
Diminution/(Recoveries) on other assets and investment values	(1,237,997)	910,286	(1,869,718)	-	(466,118)	188,863	(1,310)	-
Group's share of associate's profit	171,273	-	-	-	-	-	-	-
Profit/(Loss) before tax	13,141,764	143,169	12,964,108	(2,518)	281,134	(119,522)	(25,236)	(270,644)
Taxation	4,313,891	(156)	3,274,425	(1,134)	1,057,050	(15,786)	(508)	-
Profit/(Loss) after tax	17,455,655	143,013	16,238,533	(3,652)	1,338,184	(135,308)	(25,744)	(270,644)

December 2010

Condensed financial position	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets								
Cash and balances with Central Bank of Nigeria	6,567,639	-	6,026,043	92	501,029	39,836	15	624
Treasury bills	8,176,207	-	8,176,207	-	-	-	-	-
Due from financial institutions	50,239,452	(887,385)	48,544,435	349,138	1,188,324	28	832,682	212,230
Loans and advances to customers	42,793,251	2,554,457	38,637,809	-	1,007,022	4,994	-	588,969
On-lending facilities	6,718,813	-	6,718,813	-	-	-	-	-
Advances under finance lease	896,608	-	896,608	-	-	-	-	-
Insurance receivables	209,872	-	-	-	209,872	-	-	-
Investment securities	49,763,750	-	48,644,369	8,602	545,906	564,873	-	-
Investment in subsidiaries	-	(1,984,193)	1,984,193	-	-	-	-	-
Investment in associates	1,578,744	225,041	1,353,703	-	-	-	-	-
Deferred tax assets	25,054,033	-	23,384,264	-	1,521,152	148,617	-	-
Other assets	6,767,437	31,233	6,163,901	1,440	151,106	314,025	36,155	69,577
Investment property	4,296,052	-	-	-	3,620,339	-	-	675,713
Property and equipment	13,922,543	-	12,614,282	11,169	1,146,592	33,214	30,186	87,100
Goodwill on consolidation	-	-	-	-	-	-	-	-
Total assets	216,984,401	(60,847)	203,144,627	370,441	9,891,342	1,105,587	899,038	1,634,213

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For the year ended December 31, 2010

December 2010

	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financed by:								
Customers' deposits	120,883,753	(887,384)	121,507,898	-	-	-	-	263,239
Due to other banks	2,588,220	-	2,588,220	-	-	-	-	-
On-lending facilities	6,718,813	-	6,718,813	-	-	-	-	-
Claims payable	305,232	-	-	-	305,232	-	-	-
Liability on investment contracts	1,135,391	-	-	-	1,135,391	-	-	-
Liabilities on insurance contracts	1,328,593	-	-	-	1,328,593	-	-	-
Current income tax payable	609,954	-	386,453	1,983	189,203	20,525	3,488	8,302
Other liabilities	12,861,712	(122,540)	6,875,670	240,503	861,195	4,089,932	791,878	125,074
Deferred tax liabilities	279,262	268,482	-	1,488	-	-	9,292	-
Retirement benefit obligations	172,175	-	160,840	-	-	-	-	11,335
Borrowings	54,331,986	(8,424,937)	50,069,457	-	8,428,408	3,980,073	-	278,985
Equity and reserve	15,769,310	9,105,532	14,837,276	126,467	(2,356,680)	(6,984,943)	94,380	947,278
	216,984,401	(60,847)	203,144,627	370,441	9,891,342	1,105,587	899,038	1,634,213

December 2010
Subsidiary companies/parent company

	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed cash flow								
Net cash flow from operating activities	29,111,952	5,674,251	28,462,034	250,152	(5,321,724)	(25,606)	3,723	69,122
Net cash flow from investing activities	(49,089,661)	(1,432,381)	(48,626,464)	(3,833)	1,031,049	177,271	(54,058)	(181,245)
Net cash flow from financing activities	13,091,455	595,599	13,106,591	(6,834)	(359,359)	(292,948)	48,406	-
Increase in cash and cash equivalents	(6,886,254)	4,837,469	(7,057,839)	239,485	(4,650,034)	(141,283)	(1,929)	(112,123)
Cash balance, beginning of year	70,303,481	(6,224,863)	68,738,854	109,745	6,339,387	181,147	834,626	324,977
Cash balance, end of year	63,417,227	(1,387,385)	61,680,614	349,230	1,689,353	39,864	832,697	212,854

Notes to the Consolidated Financial Statements

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21 Condensed results of consolidated entities
(b) Condensed results of the consolidated entities as at 31 December 2009, are as follows:

Subsidiary companies/parent company	Elimination Entries		Wema Bank Plc		Wema Insurance		Wema Asset Management		Wema Securities		Wema Registrars		Wema Homes	
	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes						
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Condensed profit and loss														
Operating income	10,360,281	(1,816,199)	8,426,272	106,689	3,888,661	(570,068)	110,833	214,093						
Operating expenses	(14,390,194)	2,311,588	(13,293,765)	(48,060)	(2,473,056)	(488,245)	(234,654)	(164,002)						
Loan loss (expense)/ recoveries	(4,292,504)	(5,465,263)	1,336,228	-	196,083	(79,987)	-	(279,565)						
Recoveries/(diminution) on other assets and investment values	(545,782)	-	222,011	-	(771,862)	(18,173)	22,242							
(Loss)/profit before tax	(8,868,199)	(4,969,874)	(3,309,254)	58,629	839,826	(1,156,473)	(101,579)	(229,474)						
Taxation	1,337,901	-	1,214,562	(13,483)	3,342	142,967	(9,487)	-						
(Loss)/profit after tax	(7,530,298)	(4,969,874)	(2,094,692)	45,146	843,168	(1,013,506)	(111,066)	(229,474)						

December 2009

Condensed financial position Assets	Elimination Entries		Wema Bank Plc		Wema Insurance		Wema Asset Management		Wema Securities		Wema Registrars		Wema Homes	
	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes						
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and balances with Central Bank of Nigeria	6,354,206	-	5,851,836	59	500,515	228	2	1,566						
Treasury bills	5,049,245	-	5,049,245	-	-	-	-	-						
Due from financial institutions	60,292,150	(6,224,854)	58,729,492	109,686	6,338,872	180,919	834,624	323,411						
Loans and advances to customers	30,001,550	79,919	28,636,557	-	59,410	327,522	-	898,142						
On-lending facilities	463,206	-	456,882	-	-	6,324	-	-						
Advances under finance lease	212,049	-	-	-	212,049	-	-	-						
Insurance receivables	2,520,349	-	1,111,079	6,255	712,450	690,565	-	-						
Investment securities	-	(2,894,479)	2,894,479	-	-	-	-	-						
Investment in subsidiaries	20,242,539	-	19,759,352	-	330,620	152,567	-	-						
Investment in associates	1,353,703	-	1,353,703	-	-	-	-	-						
Deferred tax assets	5,964,253	(476,687)	5,725,233	246,816	306,969	9,800	77,775	74,347						
Other assets	4,198,020	-	-	-	3,695,339	-	-	502,681						
Investment property	14,284,971	-	13,217,865	10,173	884,558	33,174	38,209	100,992						
Property and equipment	-	-	-	-	-	-	-	-						
Goodwill on consolidation	-	-	-	-	-	-	-	-						
Total assets	150,936,241	(9,516,101)	142,785,723	372,989	13,040,782	1,401,099	950,610	1,901,139						

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For the year ended December 31, 2010

December 2009

	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financed by:								
Customers' deposits	94,058,964	(1,049,837)	94,791,074	-	-	-	-	317,727
Due to other banks	467,797	-	467,797	-	-	-	-	-
Claims payable	205,017	-	-	-	205,017	-	-	-
Liability on investment contracts	443,422	(5,108,135)	-	-	5,551,557	-	-	-
Liabilities on insurance contracts	985,051	-	-	-	985,051	-	-	-
Current income tax payable	406,245	-	224,081	15,112	143,700	11,015	4,191	8,146
Other liabilities	11,195,634	(748,145)	4,968,942	227,404	1,424,637	4,443,688	817,511	61,597
Deferred tax liabilities	277,620	-	-	354	268,482	-	8,784	-
Retirement benefit obligations	61,803	-	53,405	-	-	-	-	8,398
Other borrowings	88,672,659	(11,109,044)	87,779,538	-	7,918,942	3,796,031	-	287,192
Equity and reserve	(45,837,971)	8,499,060	(45,499,114)	130,119	(3,456,604)	(6,849,635)	120,124	1,218,079
	150,936,241	(9,516,101)	142,785,723	372,989	13,040,782	1,401,099	950,610	1,901,139

December 2009

	Group balance	Elimination Entries	Wema Bank Plc	Wema Insurance	Wema Asset Management	Wema Securities	Wema Registrars	Wema Homes
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Subsidiary companies/parent company								
Condensed cash flow								
Net cash flow from operating activities	2,733,849	(37,023,463)	7,362,085	(162,598)	5,968,419	26,540,020	43,862	5,524
Net cash flow from investing activities	1,872,082	2,655,257	(578,384)	(8,022)	(183,769)	57,240	(108,536)	38,296
Net cash flow from financing activities	45,832,691	29,502,405	45,887,018	-	(3,096,681)	(26,460,051)	-	-
Increase in cash and cash equivalents	50,438,622	(4,865,801)	52,670,719	(170,620)	2,687,969	137,209	(64,674)	43,820
Cash balance, beginning of period	19,864,859	(1,359,053)	16,067,734	280,365	3,651,418	43,938	899,300	281,157
Cash balance, end of period	70,303,481	(6,224,854)	68,738,453	109,745	6,339,387	181,147	834,626	324,977

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

22 Investment property

(a) (i) Movement in investment property is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	4,198,020	3,032,351	-	-
Additions	206,155	38,878	-	-
Revaluation gain (see 38(a)(i))	-	320,739	-	-
Transfer from property and equipment (see note 24 (a)(i))	-	887,600	-	-
Disposals	(108,123)	(81,548)	-	-
Balance, end of year	<u>4,296,052</u>	<u>4,198,020</u>	<u>-</u>	<u>-</u>

(a) (ii) Investment property represents land and buildings held by the Group for investment purposes. They are not occupied substantially by the Group and are not subject to periodic charges for depreciation.

The properties are independently valued at least once every three years on the basis of open market value. This valuation is carried out by a professional qualified firm of valuers.

The Group's investment property were professionally valued in January 2009 by Diya Fatimilehin & Co and Ubosi Eleh & Co. The revaluation surplus has been recognised in the revaluation reserve.

23 Other assets

(a) Other assets comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Prepayments	760,648	682,891	684,800	633,423
Interest receivable	326,914	79,323	7,450	6,384
Stock	227,970	389,696	227,470	385,808
Other accounts receivable(see (a)(i) below)	11,441,150	10,289,257	10,110,361	8,720,985
	<u>12,756,682</u>	<u>11,441,167</u>	<u>11,030,081</u>	<u>9,746,600</u>
Allowances on other assets (see (b) below)	<u>(5,989,245)</u>	<u>(5,476,914)</u>	<u>(4,866,180)</u>	<u>(4,021,367)</u>
	<u>6,767,437</u>	<u>5,964,253</u>	<u>6,163,901</u>	<u>5,725,233</u>

(a) (i) Included in other account receivable is a receivable of N 4.5 billion representing the balance receivable from the proceeds of the disposal of the Bank's shares previously warehoused by the Bank.

(b) The movement on allowance on other assets during the year was as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	5,476,914	5,371,108	4,021,367	4,243,378
Allowance made during the year (see note 14(n))	1,246,938	1,233,307	1,227,914	712,849
Allowance no longer required (see note 14(n))	(405,714)	(1,016,498)	(367,404)	(934,860)
Allowance written-off	(328,893)	(111,003)	(15,697)	-
Balance, end of year	<u>5,989,245</u>	<u>5,476,914</u>	<u>4,866,180</u>	<u>4,021,367</u>



Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

24 Property and equipment

(a) Group

The movement in these accounts during the year was as follows:

	Freehold properties	Leasehold properties	Furniture & fittings	Equipment & machinery	Computer software & equipment	Motor vehicle	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
(i) Cost/valuation								
Balance, beginning of the year	10,125,661	3,423,454	1,221,308	3,760,669	4,072,862	2,511,684	51,986	25,167,624
Additions	291,244	352,377	66,216	261,735	279,320	408,593	112,617	1,772,102
Disposals	-	-	(36,296)	(79,139)	(9,240)	(485,350)	-	(610,025)
Balance, end of the year	10,416,905	3,775,831	1,251,228	3,943,265	4,342,942	2,434,927	164,603	26,329,701
(ii) Accumulated depreciation								
Balance, beginning of the year	1,088,060	1,382,795	724,875	2,354,244	3,419,533	1,913,146	-	10,882,653
Charge for the year	207,347	241,060	170,912	549,639	478,228	329,591	-	1,976,777
Disposals	(6,355)	20,128	(31,815)	(57,387)	(420)	(376,423)	-	(452,272)
Balance, end of the year	1,289,052	1,643,983	863,972	2,846,496	3,897,341	1,866,314	-	12,407,158
(iii) Net Book Value								
End of year	9,127,853	2,131,848	387,256	1,096,769	445,601	568,613	164,603	13,922,543
Beginning of the year	9,037,601	2,040,659	496,433	1,406,425	653,329	598,538	51,986	14,284,971

(iv) No leased assets are included in the above property and equipment.

(v) The authorised and contracted capital commitments as at the balance sheet date was nil (31 December 2009: nil)

(vi) The Bank's freehold and leasehold properties were revalued as at December 2006 by Messers Jide Taiwo & Co. on the basis of depreciated replacement cost. In line with CBN guideline on treatment of revaluation surplus, 45% of the revaluation gain of N6.63 billion amounting to N2.98 billion has been taken to revaluation reserves. All subsequent additions are stated at cost.

(vii) The freehold and leasehold properties of Great Nigeria Insurance Company Plc, an indirect subsidiary of the Bank, were revalued as at January 2009 by Messers Jide Taiwo & Co., Ubosi Eleh & Co and Diya Fatimilehin & Co.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

24 (b) **Bank:**

The movement on these accounts during the year was as follows:

(i) **Cost/valuation**

	Freehold properties	Leasehold properties	Furniture & fittings	Equipment & machinery	Computer software & equipment	Motor vehicle	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	10,037,661	2,995,036	1,062,162	3,112,130	3,912,506	1,991,760	51,986	23,163,241
Additions	209,337	258,782	54,774	139,200	274,293	67,850	112,617	1,116,853
Disposals	-	-	(5,177)	(57,047)	(8,932)	(447,441)	-	(518,597)
Balance, end of the year	10,246,998	3,253,818	1,111,759	3,194,283	4,177,867	1,612,169	164,603	23,761,497

(ii) **Accumulated depreciation**

Balance, beginning of the year	1,076,247	1,340,634	583,782	2,135,268	3,307,489	1,501,955	-	9,945,375
Charge for the year	203,100	221,931	163,373	314,731	455,855	233,044	-	1,592,034
Disposals	-	-	-	(42,845)	(21)	(347,328)	-	(390,194)
Balance, end of the year	1,279,347	1,562,565	747,155	2,407,154	3,763,323	1,387,671		11,147,215
Net Book Value								
End of year	8,967,651	1,691,253	364,604	787,129	414,544	224,498	164,603	12,614,282
Beginning of the year	8,961,414	1,654,402	478,380	976,862	605,017	489,805	51,986	13,217,866

(iii) No leased assets are included in the above fixed assets account

(iv) The authorised and contracted capital commitments as at the balance sheet date was nil (December 31, 2009: nil)

(v) The Bank's freehold and leasehold properties were revalued as at December 2006 by Messers. Jide Taiwo & Co. on the basis of depreciated replacement cost. In line with CBN guideline on treatment of revaluation surplus, 45% of the revaluation gain of N6.63 billion amounting to N2.98billion has been taken to revaluation reserves. All subsequent additions are stated at cost.

Notes to the Consolidated Financial Statements

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25 Goodwill

(a) Goodwill comprises:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	3,729,094	3,691,923	3,037,229	3,037,229
Addition during the year	-	37,171	-	-
Balance, end of year	3,729,094	3,729,094	3,037,229	3,037,229
Impairment charge	(3,729,094)	(3,729,094)	(3,037,229)	(3,037,229)
Carrying value	-	-	-	-

26 Customers' deposits

(a) Customers' deposits comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Demand				
- Current	65,640,547	32,838,818	65,615,358	33,260,008
- Domiciliary	1,302,762	1,405,330	1,302,762	1,405,330
Time	28,868,388	39,851,100	29,666,987	40,357,069
Savings	25,072,056	19,963,716	24,922,791	19,768,667
	120,883,753	94,058,964	121,507,898	94,791,074

(b) The maturity profile of customers' deposits is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Under 1 month	91,811,787	57,938,433	91,756,746	68,456,251
1 - 3 months	1,322,510	25,997,871	1,267,108	20,189,275
3 - 6 months	1,174,019	7,563,259	1,133,544	6,145,548
6 - 12 months	270,660	2,004,266	250,422	-
Over 12 months	26,304,777	555,135	27,100,078	-
	120,883,753	94,058,964	121,507,898	94,791,074

27 Due to other banks

Due to other banks comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Items in the course of collection	2,588,220	467,797	2,588,220	467,797
	2,588,220	467,797	2,588,220	467,797

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

28 On-lending facilities

- (a) On-lending facilities represent obligations to Bank of Industries in respect of the Bank's role as an intermediary (see Note 15) in respect of facilities disbursed to customers.

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Due to Bank of Industry (see note (b))	6,718,813	-	6,718,813	-

- (b) The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Nigerian Government Securities worth N 6,787,110,000 and have a maximum tenor of 15 years.

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

- (c) The maturity profile of amounts due to Bank of Industries stated above for on-lending is as follows:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Over 12 months	6,718,813	-	6,718,813	-

29 Claims payable

Outstanding claims on insurance contracts comprise:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
General insurance policies	237,854	125,827	-	-
Life assurance policies	67,378	79,190	-	-
	305,232	205,017	-	-

30 Liability on investment contracts

- (a) Liability on investment contracts comprises:

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Deposit administration funds (see note(b) below)	310,132	416,027	-	-
Other managed funds (see note(c) below)	825,259	27,395	-	-
	1,135,391	443,422	-	-

Notes to the Consolidated Financial Statements

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(b) (i) Movement in deposit administration funds:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	416,027	578,155	-	-
Deposits received	-	3,821	-	-
Withdrawals	(127,031)	(200,415)	-	-
Guaranteed interest	21,136	34,466	-	-
Balance, end of the year	310,132	416,027	-	-

(b) (ii) Deposit administration funds arose from investment contracts of the insurance subsidiary of the Group. Holders of such contracts are guaranteed their funds plus a guaranteed interest for the tenor of the contract. These contracts have additional life benefits scheme.

(c) (i) Movement in other managed funds:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of the year	27,395	27,160	-	-
Additions	1,164,854	16,733	-	-
Withdrawals	(366,990)	(18,535)	-	-
Investment returns	-	2,037	-	-
Balance, end of the year	825,259	27,395	-	-

(c) (ii) Other managed funds represent monies administered by the Group under trust contract. Investors in the trust product are guaranteed their principal as well as agreed interest.

31 Liabilities on insurance contracts

(a) Liabilities on insurance contracts comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Life Fund (see (b)(i) below)	987,400	720,741	-	-
Provision for unexpired risks (see (c) below)	341,193	264,310	-	-
	1,328,593	985,051	-	-

(b) The movement in life fund is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of the year	720,741	575,611	-	-
Increase in life funds	266,659	145,130	-	-
Balance, end of the year	987,400	720,741	-	-

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(c) The movement in provision for unexpired risk is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of the year	264,310	201,729	-	-
Increase in unexpired risks premium	76,883	62,581	-	-
Balance, end of the year	<u>341,193</u>	<u>264,310</u>	<u>-</u>	<u>-</u>

32 Other liabilities

Other liabilities comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Customers' deposits for letter of credit (see note 13(c))	908,046	368,010	908,046	368,010
Interest payable	29,204	57,883	-	-
Certified cheques	1,252,754	1,817,822	1,249,135	1,816,783
Unearned income	97,847	100,551	41,474	39,427
Other credit balances	6,068,408	3,905,366	4,207,088	2,744,722
Short term payable	77,952	231,478	-	-
Customers funds	3,957,574	4,714,524	-	-
Deposit for foreign currency	469,927	-	469,928	-
	<u>12,861,712</u>	<u>11,195,634</u>	<u>6,875,671</u>	<u>4,968,942</u>

33 Deferred taxation

(a) Deferred taxation comprises:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Deferred tax assets (see note (b) below)	25,054,034	20,242,539	23,384,264	19,759,352
Deferred tax liabilities (see note (c) below)	(279,262)	(277,620)	-	-
	<u>24,774,772</u>	<u>19,964,919</u>	<u>23,384,264</u>	<u>19,759,352</u>

(b) Deferred tax assets

The movement on this account during the year was as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	20,242,539	18,843,223	19,759,352	18,511,749
Credit for the year (See note 10(a))	4,811,495	1,399,316	3,624,912	1,247,603
Balance, end of year	<u>25,054,034</u>	<u>20,242,539</u>	<u>23,384,264</u>	<u>19,759,352</u>

Notes to the Consolidated Financial Statements

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(c) Deferred tax liabilities

The movement on the deferred tax account during the year was as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of the year	277,620	-	-	-
Credit for the year (see note (10)(a))	1,642	9,138	-	-
Arising from revaluation of fixed assets and investment property	-	268,482	-	-
Balance, end of year	279,262	277,620	-	-

- (d) The directors have estimated income and cashflow projections based on assumptions that represent the directors' best estimates of economic conditions in the short and medium term. Arising from these projections, the directors expect that it is probable that future taxable profits will be available against which the accumulated tax losses may be utilised and, accordingly, have retained the deferred tax asset stated above

34 Retirement benefit obligations

- (a) Retirement benefit obligations comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Defined contribution schemes (See note (b) below)	172,175	61,803	160,840	53,405
	172,175	61,803	160,840	53,405

- (b) Defined contribution schemes

The movement in defined contribution liability is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Balance, beginning of year	61,803	51,870	53,405	48,154
Charge for the year	599,842	593,157	593,273	549,457
Contribution remitted	(489,470)	(583,224)	(485,838)	(544,206)
Balance, end of year	172,175	61,803	160,840	53,405

The Group and its employees make a contribution of 7.5% and 17.5% of basic salary, housing luncheon and transport allowance respectively to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

35 Borrowings

- (a) Borrowings comprise:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
CBN financial accommodation loan (See (b) below)	50,069,457	87,779,538	50,069,457	87,779,538
Bank overdraft (see (c) below)	599,000	605,929	-	-
National Housing Fund	278,985	287,192	-	-
Other borrowings (see (d) below)	3,384,544	-	-	-
	54,331,986	88,672,659	50,069,457	87,779,538

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

- (b) This represents a subordinated convertible Loan, plus accrued interest, granted to the Bank by the Central Bank of Nigeria (CBN) in October 2009 for a period of 7 years. The principal amount is repayable as a bullet payment at maturity while interest is payable monthly at MPR (Monetary Policy Rate) minus 3% per annum (2009: plus 5%). The loan is convertible to either preference shares or ordinary shares of the Bank at the option of the CBN and becomes exercisable from 61 months after the draw-down date.

- (i) The analysis of the CBN financial accommodation loan is as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
Principal amount	87,000,000	87,000,000	87,000,000	87,000,000
Forebearance in the year (see note(ii) below)	(36,938,289)	-	(36,938,289)	
Accrued interest	50,061,711 7,746	87,000,000 779,538	50,061,711 7,746	87,000,000 779,538
Balance, end of year	<u>50,069,457</u>	<u>87,779,538</u>	<u>50,069,457</u>	<u>87,779,538</u>

- (ii) In its letter dated December 21 2010, the Central Bank of Nigeria (CBN) approved the Bank's request for a waiver of its indebtedness to the CBN in the sum of N36,938,289,192. The waiver represents a 100% forbearance on the Bank's overdrawn position with the CBN as at October 2010 which was included as part of the financial accommodation loan. This forbearance forms part of the package of incentives provided by the CBN to support the Bank towards a prompt turnaround of its adverse financial position.

The directors are of the opinion that the purpose of the forbearance is to shore up the Bank's capital and accordingly, the Bank has recognised the amount in retained earnings.

- (c) This represents a N500 million facility plus accrued interest at interest rates of 15% to 18% with an outstanding tenor of 42 months as at year end.
- (d) This represents loans previously advanced to subsidiaries in the Wema Group by the Bank which were sold to the Assets Management Company of Nigeria (AMCON) by the Bank. The obligation to pay AMCON remains within the Group at the balance sheet date.

36 Share capital

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
(a) Authorised: 20,000,000,000 Ordinary shares of 50 kobo each (31 Decemeber 2009: 20,000,000,000 of 50k each)	10,000,000	10,000,000	10,000,000	10,000,000
(b) Issued and fully-paid: 12,821,249,880 Ordinary shares of 50 kobo each (December 31 2009: 10,320,630,952 Ordinary shares of 50k each)	6,410,623	5,160,315	6,410,623	5,160,315

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

- (c) (i) The movement in the issued and fully paid share capital account during the year was as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year	5,160,315	5,034,971	5,160,315	5,034,971
Issued during the year (See note (c)(ii) below)	1,250,308	125,344	1,250,308	125,344
Balance, end of year	<u>6,410,623</u>	<u>5,160,315</u>	<u>6,410,623</u>	<u>5,160,315</u>

- (c) (ii) During the year, the Bank issued 2,500,618,928 ordinary shares of 50k each at N3 per share in a special private placement. The proceeds of the issue were accounted for as follows:

	₦'000
Proceeds	7,501,855
Transfer to share capital (see (c)(i) above)	(1,250,308)
Transfer to share premium (see note 37)	(6,251,547)
	<u>-</u>

37 Share premium

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of year	18,791,971	17,693,085	18,791,971	17,693,085
Issued during the year (See note 36(c)(ii))	6,251,547	1,128,096	6,251,547	1,128,096
Share issue expenses	(342,287)	(29,210)	(342,287)	(29,210)
Balance, end of year	<u>24,701,231</u>	<u>18,791,971</u>	<u>24,701,231</u>	<u>18,791,971</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

38 Reserves

(a) (i) Group

	Syndicated			Fixed assets and investment			Total Reserves
	Statutory reserve	Contingency reserve	SMEEIS loan redemption reserve	Capital reserve	Other reserves	property revaluation reserve	
	₦'000	₦'000	₦'000	₦'000	N'000	₦'000	₦'000
Balance, beginning of the year	2,805,614	113,015	526,907	300,000	4,245,536	4,249,457	(77,438,607)
Transferred from profit and loss account	4,871,560	31,679	-	-	4,903,239	-	12,304,935
Share of prior year revenue reserve in associate (see note 20)	-	-	-	-	-	-	(450,919)
Share of prior year statutory reserve in associate (see note 20)	504,688	-	-	-	504,688	-	-
Forebearance on CBN loan (see note 35(b)(i))	-	-	-	-	-	-	36,938,289
Balance, end of the year	8,181,862	144,694	526,907	300,000	9,653,463	4,249,457	(28,646,302)
							(14,743,382)

(ii) As required by insurance regulations, a contingency reserve is maintained for both the non life insurance and life insurance contracts underwritten by the Group. The contingency reserve for the Group, is the post acquisition portion of the Group's holding in the contingency reserve of the subsidiary company as at year end.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

38 Reserves

(b) (i) Bank

	Statutory reserve N'000	SMEIS reserve N'000	Syndicated loan redemption reserve N'000	Capital reserve N'000	Total Other reserves N'000	Fixed assets revaluation reserve N'000	General reserve N'000	Total Reserves N'000
Balance, beginning of the year	2,797,992	526,908	500,000	300,000	4,124,900	2,088,605	(75,664,905)	(69,451,400)
Transferred from profit and loss account	4,871,560	-	-	-	4,871,560	-	11,366,973	16,238,533
Forebearance on CBN loan (see 35b(ii))	-	-	-	-	-	-	36,938,289	36,938,289
Balance, end of the year	7,669,552	526,908	500,000	300,000	8,996,460	2,088,605	(27,359,643)	(16,274,578)

(ii) 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 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital statutory reserves as at year end.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

39 Non-controlling interest

(a) (i) The movement in the non-controlling interest account during the year is shown below:

	Group Dec. 2010	Group Dec. 2009
	N'000	N'000
Balance, beginning of the year	(846,643)	(254,849)
Transfer from profit and loss account	247,480	(766,864)
Reduction of non-controlling interest	-	18,456
Share of revaluation reserve transferred from the Group	-	156,614
Balance, end of year	<u>(599,162)</u>	<u>(846,643)</u>

40 Contingent liabilities, guarantees and other commitments on behalf of customers

(a) Litigations and claims

There are litigation claims against the Bank as at December 31, 2010 amounting to N30,228,097,664 (December 31, 2009: N956,700,815). These litigations arose in the normal course of business and are being contested by the Bank. The Directors, having sought advice of professional counsel, are of the opinion that no significant additional liability will crystallise from these claims; other than as recognised in these financial statements.

(b) Guarantees and other commitments on behalf of customers

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The amounts of the off-balance sheet financial instruments are used to meet the credit and other financial requirements of customers. The contractual instruments are:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Guarantees and indemnities	7,029,619	1,661,684	7,029,619	1,661,684
Bonds	1,397,212	404,542	1,397,212	404,542
Clean-line facilities & irrevocable Letters of credit	10,171,196	546,171	10,171,196	546,171
	<u>18,598,027</u>	<u>2,612,397</u>	<u>18,598,027</u>	<u>2,612,397</u>

(ii) Included in these guarantees and other commitments on behalf of customers are cash collateralised contingent liabilities of N942,335,862 (December 2009: N106,362,106).



Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

41. Related Party transactions

- (a) A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, placements and off balance sheet transactions. The volumes of related-party transactions, outstanding balances at the year-end was as follows:
- (b) Risk assets outstanding as at December 31, 2010
The Bank granted various credit facilities to companies whose directors are also directors of Wema Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of N14,345,041,000 (December 31, 2009: N15,992,927,000) was outstanding on these facilities at the end of the year of which N11,846,671,000 (December 31, 2009: N15,743,280,000) was non performing.

Name of company /individual	Relationship	Facility type	N'000	Status	Nature of Security
Wema Assets Mgt Ltd	Subsidiary Of Wema Bank Plc	TERM_LOAN	7,700,000	Doubtful	Negative Pledge
Wemasec & Finance Ltd. Loan Acct.	Subsidiary Of Wema Bank Plc	TERM_LOAN	2,667,477	Lost	Negative Pledge
Wema Assets Mgt Ltd	Subsidiary Of Wema Bank Plc	ODF	724,937	Lost	Negative Pledge
Simi Nigeria Limited	Coy Of Chairman Odu'A Group	ODF	342,561	Lost	Legal Mortgage On Landed Property
Cornerpiece Property Ltd	Coy Of A Director Of Defunct National Bank	TLF	125,401	Lost	Guarantee
Integrated Agric Serv.	Coy Of A Director Of Defunct National Bank	ODF	122,071	Lost	Unsecured
Newtel Limited	Coy Of A Director Of Defunct National Bank	ODF	48,063	Lost	Unsecured
Simi Nig Ltd	Coy Of Chairman Odu'A Group	CFF/PFF	31,398	Lost	Lm On Lp
Newtel Limited	Coy Of A Director Of Defunct National Bank	TLF	21,799	Lost	LM ON LP
Simi Nig Ltd Project Fin Fac	Coy Of Chairman Odu'A Group	CFF/ PFF	17,469	Lost	Domiciliation Of Payment
John Jadek Ltd	Dir./Guaranteed By Sen.Meroyi	LPO	12,642	Lost	P.G Of Sen.Meroyi
Olario Services Ltd	Guarantee by an Ex-Director	ODF	10,859	Lost	Dom Of Paymt
Integrated Agric Serv	Coy Of A Director Of Defunct National Bank	TLF	8,879	Lost	Lien On Shares
Mury-Murrison Int'L	Guarantee by an Ex-Director	ODF	8,802	Lost	Em On Lp
Prince A.K.Gbadegesin	A Former Director	TLF	1,454	Lost	Lien On Shares
Lafia Hotel	Subsidiary Of Odua Inv. Co.	ODF	1,060	Lost	Corporate Guarantee
Oasis Plastics	Ex-Director/Principal Shareholder	ODF	796	Lost	Debenture
Prince A.K.Gbadegesin	A Former Director	TLF	631	Lost	Lien On Shares
Wemasec & Finance Ltd.	Subsidiary Of Wema Bank Plc	ODF	365	Lost	Negative Pledge
Simi Nigeria Limited	Coy Of Chairman Odu'A Group	ODF	7	Lost	Domiciliation Of Payment
Total			<u>11,846,671</u>		

- (c) Deposits outstanding as at December 31 2010.

(i) Director/insiders related deposit liabilities as at year end amounted to N25,426,000 (December 31, 2009: N 16,439,000).

(ii) Subsidiaries' deposit account balances with the Bank as at year end amounted to N958,835,000 (December 31, 2009: N1,049,837,000)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

42 Earnings/(loss) per share

Earnings/(loss) per share has been computed based on profit after taxation and the weighted average number of ordinary shares of 10,529,016,000 (December 31, 2009: 10,195,287,000) in issue during the year.

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
Profit/(loss) attributable to equity holders	17,208,175	(6,763,434)	16,238,533	(2,094,692)
Number of ordinary shares in issue as at year end	12,821,247	10,320,631	12,821,247	10,320,631
Weighted average number of ordinary shares	10,529,016	10,195,287	10,529,016	10,195,287
Basic earnings per share -k	163	(66)	154	(21)

43 Net cash flow from operating activities

Reconciliation of profit/(loss) before tax to cash generated from operating activities:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	12 months N'000	9 months N'000	12 months N'000	9 months N'000
Profit/(loss) after tax	17,455,655	(7,530,298)	16,238,533	(2,094,692)
Add back: taxation credit	(4,313,891)	(1,337,901)	(3,274,425)	(1,214,562)
	13,141,764	(8,868,199)	12,964,108	(3,309,254)
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
(Recovery)/allowance for bad and doubtful loans Allowance/(recovery) for investments and other assets	(21,141,684)	5,190,088	(20,634,186)	(419,028)
Allowance on insurance receivables	752,179	499,372	1,869,718	(222,011)
Increase in provision on unexpired risks	485,818	46,410	-	-
Increase in life funds	76,883	62,581	-	-
Reversal of depreciation on investment property	266,659	145,130	-	-
Recovery on finance lease	-	(46,300)	-	-
Depreciation of property and equipment	(373,145)	(897,584)	(375,879)	(917,200)
Share of associate's loss	1,976,777	1,381,991	1,592,034	1,256,976
Loss on disposal of property and equipment	(171,273)	-	-	-
Impairment of goodwill	6,522	47,448	8,172	65,366
Dividend income from equity investments	-	37,171	-	-
	(18,418)	(201,790)	(2,370)	(181,752)
Net cash flow from operating activities before changes in operating assets	(4,997,918)	(2,603,682)	(4,578,403)	(3,726,903)



Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

(Increase)/decrease in operating assets:

Cash reserve balances	(173,951)	812,621	(173,951)	812,621
Loans and advances	8,349,983	10,975,317	10,632,935	21,472,122
Advances under finance leases	(60,257)	1,347,651	(63,847)	1,282,771
On-lending facilities	(6,718,813)	-	(6,718,813)	-
Insurance receivables	(483,641)	(172,894)	-	-
Investment securities -short term	234,820	7,757,322	-	-
Interest receivable and prepayments	(325,348)	3,496,734	(52,443)	3,217,407
Other assets receivable	(1,319,060)	(721,655)	(1,246,735)	(3,674,676)
	(496,367)	23,495,096	2,377,146	23,110,245
Increase/(decrease) in operating liabilities:				
Customers' deposits	26,824,789	(14,766,049)	26,716,824	(14,116,609)
Due to other banks	2,120,424	467,797	2,120,424	467,797
Customers' deposit for foreign currency denominated obligations	540,036	(412,746)	540,036	(412,746)
Investment contract liabilities	691,969	(161,893)	-	-
Insurance contract liabilities	-	-	-	-
Interest payable and unearned income	(31,383)	(296,046)	2,047	(55,545)
Other liabilities	1,328,999	(3,001,707)	1,533,279	2,095,846
Outstanding claims	100,215	76,951	-	-
Borrowings	3,384,544	-	-	-
	34,959,593	(18,093,693)	30,912,610	(12,021,257)
Net cash flow from operating activities	29,465,408	2,797,721	28,711,352	7,362,085

44 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash, treasury bills and other eligible bills, operating account with other banks, amounts due from other banks and short-term government securities.

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	₦'000	₦'000	₦'000	₦'000
Cash in hand and balances with CBN (less restricted balances) (see note 11(a))	5,001,568	4,962,086	4,959,972	4,959,716
Treasury bills (see note 12)	8,176,207	5,049,245	8,176,207	5,049,245
Due from financial institutions (see note 13)	50,239,452	60,292,150	48,544,435	58,729,492
	63,417,227	70,303,481	61,680,614	68,738,453

45 Compliance with Banking Regulation

During the year, the Bank contravened the following section of the provision of the Money Laundering (Prohibition) Act and was penalised .

Section	Nature	No of times	Penalty
3 (1) of Money Laundering (Prohib.) Act	Non verification of customers' identity & add.	1	₦'000 2,000

The penalty was paid during the year

46 Events after balance sheet date

There were no post balance sheet events which could have a material effect on the financial position of the Group as at December 31 2010 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

47 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in line with the current year format

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

48 Compliance Plan with Central Bank of Nigeria's Regulation on the Scope of Banking Activities

Section 6(1) of the Central Bank of Nigeria Regulation on the Scope of Banking activities and ancillary matters issued on September 7, 2010 requires every bank currently operating under a universal banking licence to submit to the Central Bank of Nigeria for approval a compliance plan duly approved by the Bank's Board of Directors. The regulation requires banks to divest from all non-banking businesses and apply for a new type of banking licence based on the decision of the Bank's Board of Directors.

The Bank's compliance plan duly approved by the Board of Directors on 31 January 2011 is as follows

(i) Proposed type of banking licence

The Bank reviewed the options provided by the new licensing regime instituted by the Central Bank of Nigeria and resolved that the Bank would apply for a Regional Commercial Banking licence. By this, the Bank shall maintain a minimum paid up share capital of N10,000,000,000 (ten billion naira) as required by the new CBN Regulation No 01, 2010 on the Scope, Conditions and Minimum Standards for Commercial Banks.

(ii) Divestment from non-banking subsidiaries

The Bank has seven non-banking subsidiaries in Nigeria which are: Wema Assets Management Limited, Wema Registrars Limited, Wema Insurance Brokers Limited, Wema Homes Savings and Loans Limited, Wema Securities and Finance Plc, Great Nigeria Insurance and Independent Securities Limited. There are three options available to the divestment process. They are: sale to third parties, acquisition by the Bank through a scheme of arrangement and management buyout by current management of the subsidiaries

Wema Assets Management Limited, a wholly owned subsidiary of Wema Bank Plc, trades in the Nigerian Capital Market. The Company was incorporated on February 24, 2000 and currently has an authorized share capital of N8 billion. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.

Wema Registrars Limited, a wholly owned subsidiary of Wema Bank Plc, acts as an investment manager, financial adviser and as a dealer in quoted and other securities. The Company commenced operations in 2003 and currently has an authorized share capital of N50 million. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.

Wema Insurance Brokers Limited, a wholly owned subsidiary of Wema Bank Plc, is into the provision of insurance brokerage services. The Company commenced operations in 2004 and currently has an authorized share capital of N5 million. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.

Wema Homes Savings & Loans Limited, a wholly owned subsidiary of Wema Bank Plc, was incorporated in 2004 and licensed by CBN in February 2005 to carry on mortgage banking business. It has an authorized share capital of N3 billion as at date.

The Board of Directors resolved that the Bank will integrate the operations of Wema Homes and Mortgages Limited into its own operations and the assets and liabilities of the company will be transferred to the Bank

Wema Securities and Finance Plc, a partly owned subsidiary of Wema Bank Plc, is into the provision of financial services. The Company was incorporated in 1998 and currently has an authorized share capital N3.5 billion.

The Board of Directors resolved that the Bank will integrate the operations of Wema Securities and Finance Plc into its own operations and the assets and liabilities of the company will be transferred to the Bank.

Great Nigeria Insurance, a partly owned subsidiary of Wema Bank Plc, is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers. The Company was incorporated in 1960 and currently has an authorized share capital of N5.5 billion. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.



Notes to the Consolidated Financial Statements

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Independent Securities Limited, a partly owned subsidiary of Wema Bank Plc, is principally engaged in the business of stock broking and operates as a broker and dealer in shares, stocks, debentures and other securities of companies listed on the Nigerian Stock Exchange. The Company commenced operation in 1995 and currently has an authorized share capital of N250 million. The Board of Directors has resolved to sell the Company as a going concern to an acceptable core investor.

(iii) The total assets, net assets and gross earnings of the subsidiaries to be disposed are presented below:

	Total	Wema Assets Management Limited	Wema Registrars Limited	Wema Insurance brokers Limited	Great Nigeria Insurance Plc	Independent Securities Limited
	N'000	N'000	N'000	N'000	N'000	N'000
Total assets	16,703,452	8,475,546	899,037	370,446	6,575,680	382,743
Net assets/(liabilities)	2,636,061	(1,201,387)	94,379	126,466	3,732,474	(115,871)
Gross earnings	2,669,585	655,242	33,147	84,119	1,177,333	719,744

Financial Risk Management

For the year ended December 31, 2010

(a) Principal credit policies

Wema Bank's principal credit policies are as set out in the Credit Policy Manual. Credit Risk Management Framework and Credit Process Workflow serve as major policy instruments that guide our credit risk management practices and procedures. The principal thrust of the credit policies include:

- (i) Engaging in best practice credit risk management activities at all times;
- (ii) Structuring and developing credit products that meet customers' requirements at minimal risk to the Bank;
- (iii) Defining and adhering to the Bank's target markets, risk appetite and risk acceptance criteria to guide lending decisions;
- (iv) Generating earnings which are commensurate with the Bank's risk exposure and meet its target return on assets;
- (v) Ensuring compliance with regulatory, legal and statutory measures in the course of lending activities;
- (vi) Identifying potential problematic risk assets and keeping non performing assets and charge offs to the barest minimum;
- (vii) Managing risk asset portfolio effectively and efficiently;
- (vii) Building capacity and improving skill levels to support the Bank's credit management functions' and
- (vii) Complying with regulatory credit risk management requirements.

(b) Risk rating methodology

- (i) Our internal risk rating and credit scoring methodologies are designed to facilitate effective assessment of risks involved in lending to various categories of customers including; consumer, retail, commercial, corporate and public sector.
- (ii) The objectives of the internal ratings methodology in Wema Bank include:
 - To enable the Bank evaluate and predict the likelihood that an obligor will default; and
 - Evaluate the impact of such default on the Bank.
- (iii) The internal rating methodology is integrated into the Bank's overall portfolio risk management providing the basis for credit risk measurement, monitoring and reporting thereby supporting Management's and Board's decision making.
- (iv) Wema Bank's rating methodology incorporates:
 - (a) Obligor risk rating: risk that a borrower will not be able to meet required obligations as and when due.
 - (b) Facility risk rating: risk of loss in the event that a borrower defaults on a specific transaction. The risk of loss is usually linked to the availability (recourse), reliability and coverage of pledged collateral.
 - (c) The Bank maintains obligor/counter party risk rating systems for the different market segments based on the unique characteristics of each of the following market categorization:
 - Corporate customers;
 - Commercial customers;
 - Public sector customers;
 - Retail customers;
 - Consumer customers; and
 - Financial institutions Customers
- (v) Separate rating systems have been established for retail and corporate portfolios i.e;
 - Risk rating systems - for corporate, commercial, sovereign and financial institutions exposures; and
 - Risk scoring systems - for retail and consumer exposures

Financial Risk Management

For the year ended December 31, 2010

(c) Enterprise risk management report

In the course of the financial year ended December 31, 2010, the bank reviewed its Enterprise Risk Management structure and decided to scrap the Zonal Credit Risk Management Units and strengthened the Central Credit Risk Structure so as to upgrade the quality of our risk assets and enhance turnaround time.

Our Enterprise Risk Management Directorate continues to supervise five (5) functional groups namely:

- Credit Risk Management
- Operational Risk and Internal Control
- Market and Liquidity Risk Management
- Remedial Asset Management
- Loan Review and Monitoring

The Bank's corporate vision, mission and objectives remain the fulcrum around which the risk management strategies revolve, these include:

- Definition of strategic objectives;
- Proactive portfolio planning;
- Proactive control over money and capital market activities;
- Proactive account planning;
- Conduct of consistent portfolio review;
- Regular conduct of macro economic review;
- Institution of robust IT - driven operational process; and
- Definition of risk and return preferences.

The various risk management related committees and sub committees of the Board and Management improved substantially in the discharge of their statutory and oversight functions. The committees include:

- the Board Risk Management Committee (BRMC);
- the Management Risk Committee (MRC);
- the Board Credit Committee (BCC);
- the Management Credit Committee (MCC);
- the Asset and Liability Committee (ALCO);
- the Executive Committee (EXCO);

(d) Credit risk

Wema Bank defines credit risk as the probability that an obligor or counter party will fail to meet its obligations in accordance with agreed terms.

Credit Risk Management is a key component of the Bank's Enterprise Risk Management structure. The functions are performed by the Credit Risk Management Group, a unit of the Enterprise Risk Management Directorate.

As presently constituted for operational convenience, holistic scope, adequacy and effectiveness of its preventive and controls functions, the Credit Risk Management is subdivided into four (4) departments namely:

- Credit Analysis/Credit Quality Assurance Department – with direct reporting relationship to Head (Credit Risk Management);
- Credit Administration Department - with direct reporting relationship to Head (Credit Risk Management);
- Loan Review Monitoring Department – with direct reporting responsibility to ED (ERM); and
- Remedial Asset Management - with direct reporting responsibility to ED (ERM).

Financial Risk Management

For the year ended December 31, 2010

Credit risk measurement

Measurement of credit risk is a vital aspect of the Bank's credit risk management functions. The Bank adopts qualitative and quantitative techniques to measure the risk inherent in its credit portfolio.

(i) Loans and advances

For measuring credit risk of loan, advances and investments, the Bank makes use of its risk rating criteria which are clearly and precisely defined based on: objectively measurable factors e.g. cash flow capacity, capital adequacy, profitability, liquidity, gearing, return on asset, return on equity, credit history, current exposure and past account performance. Some non-numerate criteria are also applied such as character, quality of Board and Management, type of facility, type/location/value of security/type of customer/sectoral classification etc.

Internal rating Scale

The internal rating methodology incorporates ten (10) rating grades. This is to ensure that risk levels are adequately differentiated. Four (4) grades are classified as investment grades (i.e. AAA – BBB), three (3) as speculative grade (i.e. BB – CCC) and three (3) as Default grade (i.e. CC – D) as shown in the table below:

Grade	Description of Grade	Remark
AAA	Extremely Low Risk	Investment/Lending Grade
AA	Very Low Risk	
A	Good. Low Risk	
BBB	Below Average Risk	
BB	Average Risk.	Speculative Grade
B	Above Average Risk.	
CCC	High Risk.	
CC	Very High Risk/Substandard	Default Grade
C	Extremely High Risk/Doubtful	
D	Bad and Lost	

(ii) Debt Securities and Other Bills

External rating metrics are used to measure market and liquidity risk exposures to debt securities and other bills.

Risk limit control and mitigation policies

Credit risk limits signify the maximum level of credit risk the Bank is willing to accept in pursuit of its earning objectives. Levels of credit risk undertaken by the Bank are controlled by setting approved credit limits for all loans, advances, investments and off balance sheet engagements.

The Bank also adheres to the regulatory single obligor limit as stipulated by the Central Bank of Nigeria. Credit Risk limits are also set on the basis of geographical, industry and product segments.

Financial Risk Management

For the year ended December 31, 2010

The Bank also sets 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 N1.5 billion
Board Credit Committee	N1.5 billion
Management Credit Committee	N500 million
Managing Director	N150 million
Executive Director	N20 million
Regional Executives	N5 million

Collateral

As part of the Bank's credit policy, security is taken on 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% (FSV) coverage ratio for non-cash collateral and 110% cover for cash collateralised loans.

Furthermore, in order to ensure credibility and integrity of security valuation, the Bank has limited acceptable security valuation to two (2) prominent accredited estate valuers in Nigeria.

The major types of collateral acceptable for loan and advances include:

- Mortgage Debenture/ Legal Mortgage over landed properties
- Debenture over specific assets
- Charges over marketable instruments, securities and accounts receivables

Netting/set off arrangements

As a matter of policy and practice, the bank takes advantage of netting/set off arrangements to settle gaps emanating from outstanding balances in favour and/or against defaulting counter parties.

Credit related commitments

The Bank consistently deploys robust asset and liability management strategies to ensure its cash and contingent commitments are easily honoured as and when due. Adequate steps are also taken to effectively optimize gaps deriving from undrawn commitments.

Financial Risk Management

For the year ended December 31, 2010

Risk Assets (Loans and Advances, Advances under Finance Leases, off-balance sheet direct credit substitutes etc)

Loans and advances are summarised as follows:

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Performing	34,272,081	24,656,258	30,221,456	24,212,613
Watchlist	2,919,210	-	2,919,210	-
	<u>37,191,291</u>	<u>24,656,258</u>	<u>33,140,666</u>	<u>24,212,613</u>
Non-Performing				
Substandard	370,373	4,423,007	364,658	3,826,049
Doubtful	9,326,292	1,974,119	10,779,584	1,743,759
Lost	27,470,180	64,213,529	26,282,763	64,337,480
	<u>37,166,845</u>	<u>70,610,655</u>	<u>37,427,005</u>	<u>69,907,288</u>
TOTAL	<u><u>74,358,136</u></u>	<u><u>95,266,913</u></u>	<u><u>70,567,671</u></u>	<u><u>94,119,901</u></u>

(e) Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

Group

	Corporate Dec. 2010	Retail Dec. 2010	Commercial Dec. 2010	Total Dec. 2010
	N'000	N'000	N'000	N'000
As at 31 December 2010				
Not yet due	22,938,755	395,900	9,523,147	32,857,801
Past due 0 to 30 days	878,079	4,490	141,033	1,023,602
Past due up to 30 - 60 days	-	336,719	36,119	372,839
Past due up to 60 - 90 days	-	57	17,782	17,839
	<u>23,816,834</u>	<u>737,166</u>	<u>9,718,081</u>	<u>34,272,081</u>

Group

	Corporate Dec. 2009	Retail Dec. 2009	Commercial Dec. 2009	Total Dec. 2009
	N'000	N'000	N'000	N'000
As at 31 December 2009				
Not yet due	12,318,335	2,367,425	6,197,108	20,882,868
Past due 0 - 30 days	218,971	53,683	-	272,654
Past due up to 30 - 60 days	404,239	28,245	50,938	483,423
Past due up to 60 - 90 days	2,545,561	471,752	-	3,017,313
	<u>15,487,106</u>	<u>2,921,105</u>	<u>6,248,046</u>	<u>24,656,258</u>

Financial Risk Management

For the year ended December 31, 2010

Bank

As at December 31, 2010	Corporate Dec. 2010 N'000	Retail Dec. 2010 N'000	Commercial Dec. 2010 N'000	Total Dec. 2010 N'000
Not yet due	19,235,782	388,098	9,523,147	29,147,026
Past due 0 to 30 days	878,079	671	141,033	1,019,783
Past due up to 30 - 60 days	-	689	36,119	36,808
Past due up to 60 - 90 days	-	57	17,782	17,839
	<u>20,113,861</u>	<u>389,515</u>	<u>9,718,081</u>	<u>30,221,456</u>

Bank

As at December 31, 2009	Corporate Dec. 2009 N'000	Retail Dec. 2009 N'000	Commercial Dec. 2009 N'000	Total Dec. 2009 N'000
Not yet due	14,842,037	2,528,644	6,246,811	23,617,492
Past due 0 - 30 days	210,401	-	-	210,401
Past due up to 30 - 60 days	384,720	-	-	384,720
Past due up to 60 - 90 days	-	-	-	-
	<u>15,437,158</u>	<u>2,528,644</u>	<u>6,246,811</u>	<u>24,212,613</u>

Non-performing loans by industry

	Group Dec. 2010 N'000	Group Dec. 2009 N'000	Bank Dec. 2010 N'000	Bank Dec. 2009 N'000
Agriculture	702,613	632,220	695,830	632,220
General commerce	14,397,039	28,082,811	11,361,810	28,075,791
Consumer Credit	-	9,902,758	-	2,331,996
Manufacturing	613,239	2,458,379	613,239	2,330,583
Mining, Oil and Gas	4,188,899	5,476,861	4,188,899	5,476,861
Real Estate and Construction	4,015,075	9,379,460	3,286,132	8,870,245
Credit and Financial Institutions	4,332,303	3,471,126	11,823,438	12,462,035
Transportation and Communication	1,503,347	5,716,638	1,503,346	5,716,638
Education	-	71,225	-	71,225
Government	187,956	1,264,673	187,956	1,264,673
Others	7,226,374	4,154,504	3,766,355	2,675,021
TOTAL	<u>37,166,845</u>	<u>70,610,655</u>	<u>37,427,005</u>	<u>69,907,288</u>

Financial Risk Management

For the year ended December 31, 2010

Non-performing advances by industry

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Agriculture	110	-	110	-
General Commerce	49,483	70,026	49,483	70,026
Consumer Credit	-	467,919	-	907
Manufacturing	44,837	67,924	44,837	67,924
Mining, Oil and Gas	5,857	-	5,857	-
Real Estate and Construction	23,347	35,072	23,347	35,072
Credit and Financial Institutions	463,422	2,823	-	2,823
Transportation and Communication	-	328,975	-	328,975
Education	-	3,198	-	3,198
Government	-	-	-	-
Others	9,749	240	9,749	240
TOTAL	596,805	976,177	133,383	509,165

Non-performing loans by geography

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Abuja & North Central	4,307,279	11,937,294	2,123,104	2,730,425
North East	249,406	246,328	249,406	246,328
North West	501,760	221,736	501,760	221,736
South East	112,614	3,517,555	112,614	3,517,555
South South	4,182,334	8,826,674	3,421,836	4,651,708
South West	35,513,452	45,861,068	31,018,284	58,539,536
TOTAL	44,866,845	70,610,655	37,427,005	69,907,288

Non-performing advances by geography

	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
	N'000	N'000	N'000	N'000
Abuja & North Central	-	-	-	-
North East	-	-	-	-
North West	122	-	122	-
South East	-	-	-	-
South South	120	245,325	120	2,141
South West	596,563	730,852	133,141	507,024
TOTAL	596,805	976,177	133,383	509,165

Financial Risk Management

For the year ended December 31, 2010

(f) Concentration of risks of financial assets with credit risk exposure

(i) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of December 31, 2010. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

Group

	Due from financial institutions Dec. 2010	Loans Dec. 2010	Advances under finance lease Dec. 2010	Debt Instruments Dec. 2010	Total Dec. 2010
	N'000	N'000	N'000	N'000	N'000
As at December 31, 2010					
Abuja & North Central		12,559,671	149,880	30,429,274	43,138,824
North East		274,458	-	-	274,458
North West		533,945	121	-	534,066
South East		117,955	-	-	117,955
South South		4,597,945	56,291	-	4,654,236
South West	47,405,843	56,274,162	1,286,570	-	104,966,575
Outside Nigeria	2,833,609	-	-	-	2,833,609
	<u>50,239,452</u>	<u>74,358,136</u>	<u>1,492,862</u>	<u>30,429,274</u>	<u>156,519,723</u>

Group

	Due from financial institutions Dec. 2009	Loans Dec. 2009	Advances under finance lease Dec. 2009	Debt Instruments Dec. 2009	Total Dec. 2009
	N'000	N'000	N'000	N'000	N'000
As at December 31, 2009					
Abuja & North Central	-	10,260,667	-	-	10,260,667
North East	-	501,463	-	-	501,463
North West	-	307,306	-	-	307,306
South East	-	2,921,203	-	-	2,921,203
South South	-	1,690,421	465,102	-	2,155,523
South West	58,191,670	79,585,853	967,502	-	138,745,025
Outside Nigeria	2,100,480	-	-	-	2,100,480
	<u>60,292,150</u>	<u>95,266,913</u>	<u>1,432,604</u>	<u>-</u>	<u>156,991,667</u>

Bank

	Due from financial institutions Dec. 2010	Loans Dec. 2010	Advances under finance lease Dec. 2010	Debt Instruments Dec. 2010	Total Dec. 2010
	N'000	N'000	N'000	N'000	N'000
As at December 31, 2010					
Abuja & North Central	-	6,672,831	3,217	30,429,274	37,105,322
North East	-	274,458	-	-	274,458
North West	-	533,945	121	-	534,066
South East	-	117,955	-	-	117,955
South South	-	3,837,448	4,920	-	3,842,368
South West	45,710,826	59,131,034	1,020,039	-	105,861,899
Outside Nigeria	2,833,609	-	-	-	2,833,609
	<u>48,544,435</u>	<u>70,567,671</u>	<u>1,028,297</u>	<u>30,429,274</u>	<u>150,569,677</u>

Financial Risk Management

For the year ended December 31, 2010

Bank	Due from	Loans	Advances under	Debt	Total
	financial institutions		finance lease	Instruments	
	Dec. 2009	Dec. 2009	Dec. 2009	Dec. 2009	
As at December 31, 2009	N'000	N'000	N'000	N'000	N'000
Abuja & North Central	-	5,904,537	-	-	5,904,537
North East	-	501,463	-	-	501,463
North West	-	307,306	-	-	307,306
South East	-	2,921,202	-	-	2,921,202
South South	-	906,439	2,366	-	908,805
South West	56,629,012	83,578,953	962,083	-	141,170,048
Outside Nigeria	2,100,480	-	-	-	2,100,480
	<u>58,729,492</u>	<u>94,119,901</u>	<u>964,449</u>	<u>-</u>	<u>153,813,842</u>
Group					
As at December 31, 2010	Due from	Loans	Advances under	Debt	Total
	financial institutions		finance lease	Instruments	
	Dec. 2010	Dec. 2010	Dec. 2010	Dec. 2010	
	N'000	N'000	N'000	N'000	N'000
Agriculture	-	891,151	148,314	-	1,039,466
General Commerce	-	12,832,035	215,535	-	13,047,570
Consumer Credit	-	6,429,891	-	-	6,429,891
Manufacturing	-	6,067,329	205,237	-	6,272,565
Mining, Oil and Gas	-	8,153,864	11,270	-	8,165,135
Real Estate and Construction	-	8,834,480	113,410	-	8,947,890
Credit and Financial Institutions	50,239,452	15,951,450	1,810	-	66,192,712
Transportation and Communication	-	-	706,946	-	706,946
Education	-	-	-	-	-
Government	-	2,131,153	23,378	30,429,274	32,583,804
Others	-	13,066,783	66,962	-	13,133,745
	<u>50,239,452</u>	<u>74,358,136</u>	<u>1,492,862</u>	<u>30,429,274</u>	<u>156,519,724</u>
Group Industry Sectors					
As at December 31, 2009	Due from	Loans	Advances under	Debt	Total
	financial institutions		finance lease	Instruments	
	Dec. 2009	Dec. 2009	Dec. 2009	Dec. 2009	
	N'000	N'000	N'000	N'000	N'000
Agriculture	-	919,863	680	-	920,543
General Commerce	-	37,874,805	404,466	-	38,279,271
Consumer Credit	-	11,690,158	6,743	-	11,696,901
Manufacturing	-	9,776,945	404,193	-	10,181,138
Mining, Oil and Gas	-	6,615,816	15,318	-	6,631,134
Real Estate and Construction	-	5,244,939	35,072	-	5,280,011
Credit and Financial Institutions	60,292,150	4,976,073	2,823	-	65,271,046
Transportation and Communication	-	7,492,556	456,511	-	7,949,066
Education	-	1,287,044	4,150	-	1,291,194
Government	-	342,461	1,752	-	344,214
Others	-	9,046,253	100,897	-	9,147,150
	<u>60,292,150</u>	<u>95,266,913</u>	<u>1,432,604</u>	<u>-</u>	<u>156,991,668</u>



Financial Risk Management

For the year ended December 31, 2010

Bank

As at December 31, 2010	Due from	Loans	Advances under	Debt	Total
	financial institutions		finance lease	Instruments	
	Dec. 2010	Dec. 2010	Dec. 2010	Dec. 2010	Dec. 2010
	N'000	N'000	N'000	N'000	N'000
Agriculture		891,151	14,061	-	905,213
General Commerce		20,532,035	120,651	-	20,652,686
Consumer Credit		-	-	-	-
Manufacturing		6,067,329	59,872	-	6,127,200
Mining, Oil and Gas		8,153,864	11,270	-	8,165,135
Real Estate and Construction		7,007,215	23,347	-	7,030,562
Credit and Financial Institutions	48,544,435	12,764,855	1,810	-	61,311,100
Transportation and Communication		3,881,180	706,947	-	4,588,127
Education		-	-	-	-
Government		2,131,153	23,377	30,429,274	32,583,803
Others		9,138,889	66,962	-	9,205,852
	<u>48,544,435</u>	<u>70,567,671</u>	<u>1,028,297</u>	<u>30,429,274</u>	<u>150,569,677</u>

Bank

Industry Sectors

As at December 31, 2009	Due from	Loans	Advances under	Debt	Total
	financial institutions		finance lease	Instruments	
	Dec. 2009	Dec. 2009	Dec. 2009	Dec. 2009	Dec. 2009
	N'000	N'000	N'000	N'000	N'000
Agriculture		919,863	680	-	920,543
General Commerce		30,811,524	392,473	-	31,203,997
Consumer Credit		5,464,960	6,743	-	5,471,703
Manufacturing		9,776,945	404,193	-	10,181,138
Mining, Oil and Gas		6,615,816	15,318	-	6,631,134
Real Estate and Construction		3,418,610	35,072	-	3,453,682
Credit and Financial Institutions	58,729,492	3,153,784	2,823	-	61,886,098
Transportation and Communication		7,492,556	348	-	7,492,904
Education		1,287,044	4,150	-	1,291,194
Government		342,461	1,752	-	344,214
Others		24,836,337	100,897	-	24,937,234
	<u>58,729,492</u>	<u>94,119,901</u>	<u>964,449</u>	<u></u>	<u>153,813,842</u>

Financial Risk Management

For the year ended December 31, 2010

(ii) Analysis of Loans and Advances by Portfolio Distribution and Risk Rating

As at December 31	Group Dec. 2010	Group Dec. 2009	Bank Dec. 2010	Bank Dec. 2009
Risk rating	₦'000	₦'000	₦'000	₦'000
AAA - BBB	10,960,845	11,226,988	10,645,826	10,926,046
BB - CCC	6,553,359	10,481,886	6,187,094	10,057,326
CC - D	45,564,310	59,464,618	44,488,325	61,240,147
Unrated	11,279,622	14,093,421	9,246,426	11,896,382
Total	74,358,136	95,266,913	70,567,671	94,119,901

(g) Report on market and liquidity risk management

Market risk

In a bid to identify, analyse and gauge economic impact of risks (interest rate, foreign exchange etc), which can threaten the Bank's assets or earning capacity, We have established policies, processes, frameworks and procedures for gauging and managing Foreign Exchange Rate Risks, Interest Rate Risks and other Market Risk occurrences.

High priority is placed on efficiency and maximising opportunities as reflected in the Bank's Market Risk management vision; "To be the leading Bank with efficient Market and Liquidity Risk Management capabilities aligned to best practices and aimed at maximising opportunities for all stakeholders".

The Bank's Market Risk Management anticipates future market trends, thus we have designed and set up machineries to minimize losses on investments; guide against potential overall corporate loss that may arise from fluctuations in securities' position; guide our money market operations and combat any inevitable challenge that may arise.

Foreign Exchange Risk: This is the risk that may arise as a result of the exposure of the bank's earnings and capital to adverse movement in foreign exchange rates through its On- and Off-balance sheet positions denominated in foreign currencies. The sources of Foreign Exchange Risk to the bank include:

Net Open Positions : arises as a result of inequality of assets and liabilities in the same measure in a particular currency. Due to un-hedged positions, these are therefore prone to losses from unfavorable movements in Foreign Exchange rates.

Maturity Gaps : this emanates from unmatched forward maturities creating periods of uneven cash inflows and outflows.

Interest Rate Risk (IRR) is the exposure of a bank's financial condition to adverse movements in interest rates which are likely to affect the earnings and capital. The sources of Interest Rate Risk to the bank include:

Re-pricing Risk : timing differences in the maturity and re-pricing of assets, liabilities and off-balance sheet positions;

Yield Curve Risk : variations in the movement of interest rates across the maturity spectrum. It involves the relationship between interest rate payable on different maturities of the same instrument;

Basis Risk : imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar re-pricing characteristics; and

Options Risk : arises when there is a right or obligation to alter the level of timing of the cash-flows of an asset, liability or off-balance sheet instruments.

We have instituted effective measures to safeguard the Bank's assets and earnings against dwindling effect of the occurrence of any of these risks.

Financial Risk Management

For the year ended December 31, 2010

Liquidity risk

As life of every living soul is in the blood, so is liquidity to any business Concern. The inability of the Bank to meet its financial obligations whether in funding of increase in assets or meeting up commitments as they fall due constitutes liquidity risk.

In order to forestall this, the Bank has drawn up a framework that defines key components for the management of Liquidity Risks including Market Risk Strategy, Market Risk Management Policy and Processes. The framework also establishes the premise on which Liquidity Risk Management requirements is defined and communicates Liquidity Risk Management definitions, purposes, objectives, approaches, key decisions, etc, across the Bank.

Sources of Liquidity Risk to the bank;

Internal sources: Risk implication as a result of pursuance of profitability.

External sources: Risk as a result of macro economic environment.

Wema Bank's exposure to Liquidity Risk is quantified using the following methodologies:

- Cash flow projection approach
- Maturity Ladder
- Scenario Analysis
- Simple Stress Testing
- Ratio Analysis.

Operational risk management

Wema Bank's Operational Risk vision is **'to establish a world class Basel Capital Accord standard compliant capabilities and become an industry point of reference for Operational Risk Management.**

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal process, people, systems or external events. Sources of Operational Risk to the Bank include People Management, Incidence (fraud, errors), Operational Loss by control failure (I.T), Process design flaws,

- Business continuity management.
- Disaster recovery planning.
- Outsourcing.
- Information security.
- Key risk indicators.
- Compliance and legal risk management.
- Internal and external loss data capture.

The bank adopts two major approaches to Operational Risk identification; risk mapping approach and risk categorization. Capital allocation for Operational Risk is based on standardized approach. Machineries have also been set in place to ensure effective management of legal, strategic, compliance and reputational risk events.

Our Operational Risk strategic objectives and goals include:

- Compliance with regulatory requirements
- Aligning Operational Risk Management practices to the Basel Capital Accord standards.
- Establishment of operational Risk Management governance and organization
- Establishment of a technology driven Operational Risk Management practice.
- Improvement of overall skill levels to support the Bank's Operational Risk Management aspirations.

Financial Risk Management

For the year ended December 31, 2010

Strategy risk

Wema Bank recognizes that strong Strategic Risk Management is about maximizing our opportunities within the market and enhancing our competitive position. Strong Strategic Risk Management will also enable proactive management of earnings volatilities and enhance shareholder value. The Bank Therefore defines Strategic Risk Management as risk of incurring economic loss due to unfavorable impact of internal and external factors on the Bank's earnings and/or inability to achieve strategic objectives. The factors may include:

- Ineffective/inadequate corporate business strategy
- Improper implementation of business strategy
- Defective strategic management systems
- Competitive environment.
- Economic environment.
- Regulatory factors.
- Socio-Political factors.

The Bank's Corporate Planning in conjunction with Enterprise Risk Management Directorate undertakes the duty of identifying Strategic Risk Drivers (SRD) across the internal and the external environments.

The Bank's Strategic Risk Management is driven by the following approaches

1. Identifying material Strategic Risk Drivers (SRD)
2. Assessing likelihood of occurrence of each Strategic Risk Driver (SRD)
3. Deciding and implementing management action.

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency.

Group

December 31, 2010	Naira Dec N'000	Dollar Dec N'000	GBP Dec N'000	Euro Dec N'000	Others Dec N'000	Carrying amount Dec N'000
Assets:						
Cash and balances with Central Banks	6,153,681	184,586	164,519	64,853	-	6,567,639
Treasury bills	8,176,207	-	-	-	-	8,176,207
Due from other banks	47,397,158	2,139,527	303,678	399,089	-	50,239,452
Loans and advances to customers	42,793,251	-	-	-	-	42,793,251
On-lending facilities	6,718,813	-	-	-	-	6,718,813
Advances under finance lease	896,608	-	-	-	-	896,608
Insurance receivables	209,872	-	-	-	-	209,872
Investment securities	49,763,750	-	-	-	-	49,763,750
Investment in subsidiaries	-	-	-	-	-	-
Investment in associate	1,578,745	-	-	-	-	1,578,744
Goodwill	-	-	-	-	-	-
Deferred tax assets	25,054,033	-	-	-	-	25,054,033
Other assets	6,604,413	163,024	-	-	-	6,767,437
Investment property	4,296,052	-	-	-	-	4,296,052
Property and Equipment	13,922,543	-	-	-	-	13,922,543
	<u>213,565,126</u>	<u>2,487,137</u>	<u>468,197</u>	<u>463,942</u>	<u>-</u>	<u>216,984,401</u>



Financial Risk Management

For the year ended December 31, 2010

Liabilities:

Customer deposits	120,882,450	1,303	-	-	-	120,883,753
Due to other banks	2,588,220	-	-	-	-	2,588,220
On-lending facilities	6,718,813	-	-	-	-	6,718,813
Claims payable	305,232	-	-	-	-	305,232
Liability on investment contracts	1,135,391	-	-	-	-	1,135,391
Liabilities on insurance contracts	1,328,593	-	-	-	-	1,328,593
Other borrowings	54,331,986	-	-	-	-	54,331,986
Current income tax	609,954	-	-	-	-	609,954
Other liabilities	11,953,665	296,253	263,606	-	348,188	12,861,712
Deferred income tax liabilities	279,262	-	-	-	-	279,262
Retirement benefit obligations	172,175	-	-	-	-	172,175

Total liabilities	200,305,742	297,556	263,606	-	348,188	201,215,091
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Net on-balance sheet financial position	13,259,385	2,189,581	204,591	463,942	(348,188)	15,769,310
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Off balance sheet	2,018,133	16,579,894	-	-	-	18,598,027
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December 31, 2009

	Naira	Dollar	GBP	Euro	Others	Carrying Amount
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Total financial assets	148,229,460	1,830,562	288,626	305,259	282,334	150,936,241
Total financial liabilities	194,679,816	2,074,744	6,542	13,433	(322)	196,774,212
Net on-balance sheet financial position	(46,450,356)	(244,182)	282,084	291,826	282,656	(45,837,971)

Off balance sheet	-	-	-	-	-	-
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Bank

Concentrations of currency risk – on- and off-balance sheet financial instruments

December 31, 2010	Naira	Dollar	GBP	Euro	Others	Carrying Amount
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000

Assets:

Cash and balances with central banks	5,612,085	184,586	164,519	64,853	-	6,026,043
Treasury bills	8,176,207	-	-	-	-	8,176,207
Due from other banks	45,702,141	2,139,527	303,678	399,089	-	48,544,435
Loans and advances to customers	38,637,809	-	-	-	-	38,637,809
On-lending facilities	6,718,813	-	-	-	-	6,718,813
Advances under finance lease	896,608	-	-	-	-	896,608
Insurance receivables	-	-	-	-	-	-
Investment securities	48,644,369	-	-	-	-	48,644,369
Investment in subsidiaries	1,984,193	-	-	-	-	1,984,193
Investment in associate	1,353,703	-	-	-	-	1,353,703
Deferred tax asset	23,384,264	-	-	-	-	23,384,264
Goodwill	-	-	-	-	-	-
Other assets	6,000,877	163,024	-	-	-	6,163,901
Property and Equipment	12,614,282	-	-	-	-	12,614,282
Total financial assets	199,725,351	2,487,137	468,197	463,942	-	203,144,627

Financial Risk Management

For the year ended December 31, 2010

Liabilities:

Customer deposits	121,506,595	1,303				121,507,898
Due to other banks	2,588,220					2,588,220
On-lending facilities	6,718,813					6,718,813
Finance lease obligations	-					-
Current income tax	386,453					386,453
Other liabilities	5,967,623	296,253	263,606		348,188	6,875,670
Deferred tax liabilities	-					-
Debt securities in issue						-
Other borrowings	50,069,457					50,069,457
Retirement Benefit Obligations	160,840					160,840
Total liabilities	187,398,002	297,556	263,606	-	348,188	188,307,351
Net on-balance sheet financial position	12,327,349	2,189,581	204,591	463,942	(348,188)	14,837,277
Off balance sheet	2,012,733	16,579,894	-	-	-	18,592,627
31 December 2009	Naira N'000	Dollar N'000	GBP N'000	Euro N'000	Others N'000	Carrying amt N'000
Total financial assets	140,078,942	1,830,562	288,626	305,259	282,334	142,785,723
Total financial liabilities	186,190,119	2,074,744	6,542	13,433	-	188,284,837
Net on-balance sheet financial position	(46,111,177)	(244,182)	282,084	291,826	282,334	(45,499,114)
Off balance sheet	2,066,226	546,171	-	-	-	2,612,397

Financial Risk Management

For the year ended December 31, 2010

December 31, 2009	Naira N'000	Dollar N'000	GBP N'000	Euro N'000	Others N'000	Carrying amt N'000
Assets:						
Cash and balances with central banks	5,295,265	279,704	181,630	94,110	1,127	5,851,836
Treasury bills	5,049,245	-	-	-	-	5,049,245
Due from other banks	56,629,012	1,501,129	106,995	211,148	281,207	58,729,492
Loans and advances to customers	28,636,557	-	-	-	-	28,636,557
Advances under finance lease	456,882	-	-	-	-	456,882
Insurance receivables	-	-	-	-	-	-
Investment securities	1,111,079	-	-	-	-	1,111,079
Investment in subsidiaries	2,894,479	-	-	-	-	2,894,479
Investment in associates	1,353,703	-	-	-	-	1,353,703
Goodwill	-	-	-	-	-	-
Other assets	5,675,503	49,730	-	-	-	5,725,233
Property and Equipment	13,217,865	-	-	-	-	13,217,865
Deferred tax asset	19,759,352	-	-	-	-	19,759,352
Total financial assets	140,078,942	1,830,562	288,626	305,259	282,334	142,785,723
Liabilities:						
Customer deposits	93,385,744	1,405,330	-	-	-	94,791,074
Due to other banks	467,797	-	-	-	-	467,797
Finance lease obligations	-	-	-	-	-	-
Current income tax	224,081	-	-	-	-	224,081
Other liabilities	4,279,553	669,414	6,542	13,433	-	4,968,942
Deferred tax liabilities	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-
Other borrowings	87,779,538	-	-	-	-	87,779,538
Retirement Benefit Obligations	53,405	-	-	-	-	53,405
Total liabilities	186,190,119	2,074,744	6,542	13,433	-	188,284,837
Net on-balance sheet financial position (46,111,177)	(46,111,177)	(244,182)	282,084	291,826	282,334	(45,499,114)
Off balance sheet	2,066,226	546,171	-	-	-	2,612,397

Financial Risk Management

For the year ended December 31, 2010

Maturity Profile - On Balance Sheet

Group	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
December 31, 2010								
Maturity Profile - On Balance Sheet								
Assets:								
Cash and balances with Central Banks	6,067,639	-	-	-	-	500,000	6,567,639	6,567,639
Treasury bills	-	-	3,919,636	4,256,571	-	-	8,176,207	8,176,207
Due from other banks	45,206,503	3,642,841	467,614	922,494	-	-	50,239,452	50,239,452
Loans and advances to customers	40,493,689	5,428,027	5,707,019	7,533,527	7,212,972	7,982,902	74,358,136	42,793,251
On-lending facilities	-	-	-	-	-	6,718,813	6,718,813	6,718,813
Advances under finance lease	567,662	1,579	3,401	83,223	400,363	436,633	1,492,861	896,608
Insurance receivables	-	209,872	-	-	-	-	209,872	209,872
Investment securities	-	2,526,286	-	247,611	18,698,455	33,580,121	55,052,473	49,763,750
Investment in associates	-	-	-	-	-	1,578,745	1,578,745	1,578,745
Goodwill	-	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	25,054,033	-	25,054,033	25,054,033
Other assets	9,245,024	49,149	76,423	893,577	582,400	1,910,109	12,756,682	6,767,437
Investment property	-	-	-	-	675,714	3,620,338	4,296,052	4,296,052
Property and Equipment	-	-	-	-	12,774,687	13,555,014	26,329,701	13,922,543
Total assets	101,580,517	11,857,754	10,174,094	13,937,003	65,398,624	69,882,676	272,830,667	216,984,401
Liabilities								
Customer deposits	91,811,787	1,322,510	1,174,019	270,660	26,304,777	-	120,883,754	120,883,753
Due to other banks	2,588,220	-	-	-	-	-	2,588,220	2,588,220
On-lending facilities	-	-	-	-	-	6,718,813	6,718,813	6,718,813
Claims payable	-	-	218,023	87,209	-	-	305,232	305,232
Finance Lease obligations	-	-	-	-	-	-	-	-
Liability on investment contracts	-	-	1,135,391	-	-	-	1,135,391	1,135,391
Liabilities on insurance contracts	2,109	27,352	72,158	242,586	3,706	980,682	1,328,593	1,328,593
Other borrowings	1,661	-	-	2,667,477	-	51,662,848	54,331,986	54,331,986
Current income tax	1,983	141,256	80,262	386,453	-	-	609,954	609,954
Other liabilities	8,353,942	890,123	1,655,199	1,785,403	177,045	-	12,861,712	12,861,712
Deferred tax liabilities	-	-	-	-	279,262	-	279,262	279,262
Retirement benefit obligations	-	-	-	172,175	-	-	172,175	172,175
Total liabilities	102,759,702	2,381,241	4,335,052	5,611,963	26,764,790	59,362,343	201,215,092	201,215,091
Gap	1,179,185	(9,476,513)	(5,839,042)	(8,325,040)	(38,633,834)	(10,520,333)	(71,615,575)	(15,769,310)

Financial Risk Management

For the year ended December 31, 2010

Bank
Maturity Profile - On Balance Sheet
December 31, 2010

	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets:								
Cash and balances with central banks	6,026,043	-	-	-	-	-	6,026,043	6,026,043
Treasury bills	-	-	3,919,636	4,256,571	-	-	8,176,207	8,176,207
Due from other banks	45,710,825	2,833,610	-	-	-	-	48,544,435	48,544,435
Loans and advances to customers	39,055,734	5,423,793	1,996,287	7,504,128	7,970,647	8,617,082	70,567,671	38,637,809
On-lending facilities	-	-	-	-	-	6,718,813	6,718,813	6,718,813
Advances under finance lease	103,095	1,579	3,403	83,223	618,852	218,144	1,028,296	896,608
Insurance receivables	-	-	-	-	-	-	-	-
Investment securities	-	-	-	108,230	17,752,455	33,283,835	51,144,520	48,644,369
Investment associate	-	-	-	-	-	1,353,703	1,353,703	1,353,703
Goodwill	-	-	-	-	-	-	-	-
Deferred Tax asset	-	-	-	-	23,384,264	-	23,384,264	23,384,264
Other assets	9,243,078	39,659	7,734	56,579	533,596	1,149,435	11,030,081	6,163,901
Investment in subsidiaries	-	-	-	-	-	2,894,479	2,894,479	1,984,193
Property and equipment	-	-	-	-	10,761,213	13,000,284	23,761,497	12,614,282
Total assets	100,138,775	8,298,641	5,927,061	12,008,731	61,021,027	67,235,774	254,630,009	203,144,627
Liabilities:								
Customer deposits	91,756,746	1,267,108	1,133,544	250,422	27,100,078	-	121,507,898	121,507,898
Due to other banks	2,588,220	-	-	-	-	-	2,588,220	2,588,220
On lending facility	-	-	-	-	-	6,718,813	6,718,813	6,718,813
Claims payable	-	-	-	-	-	-	-	-
Finance lease obligations	-	-	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	50,069,457	50,069,457	50,069,457
Current income tax	-	-	-	386,453	-	-	386,453	386,453
Other liabilities	4,108,704	763,524	1,587,889	415,553	-	-	6,875,670	6,875,670
Deferred tax liabilities	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	160,840	-	-	160,840	160,840
Total liabilities	98,453,670	2,030,632	2,721,433	1,213,268	27,100,078	56,788,270	188,307,351	188,307,351
Gap	(1,685,105)	(6,268,009)	(3,205,628)	(10,795,463)	(33,920,949)	(10,447,504)	(66,322,657)	(14,837,276)

Financial Risk Management

For the year ended December 31, 2010

Group	Up to 1 month	1 - 3 months		3 - 6 months		6 - 12 months		1 - 5 years		Over 5 years		Total	Carrying value
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000		
December 31, 2009													
Maturity Profile - On Balance Sheet													
Assets:													
Cash and balances with Central Banks	5,854,206	-	-	-	-	-	-	-	-	-	500,000	6,354,206	6,354,206
Treasury bills	250,500	2,000	4,796,745	-	-	-	-	-	-	-	-	5,049,245	5,049,245
Due from other banks	42,699,517	16,734,817	-	857,816	-	-	-	-	-	-	-	60,292,150	60,292,150
Loans and advances to customers	53,471,915	1,486,798	3,216,870	1,629,037	17,040,152	18,422,140	855,746	1,432,604	212,049	8,176,576	2,520,349	95,266,913	30,001,550
Advances under finance lease	138,432	52,725	68,371	15,682	301,648	-	-	-	-	-	-	1,432,604	463,206
Insurance receivables	-	212,049	-	-	-	-	-	-	-	-	-	212,049	212,049
Investment securities	-	-	228,536	2,490,000	5,458,040	-	-	-	-	-	-	8,176,576	2,520,349
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	-	-	20,242,539	-	-	-	-	-	20,242,539	20,242,539
Other assets	9,558,243	877,074	438,713	65,195	308,666	193,275	5,964,253	11,441,167	4,198,020	4,198,020	14,284,971	25,167,623	5,964,253
Investment property	-	-	-	-	-	502,681	-	-	-	-	-	-	-
Property and Equipment	-	-	-	-	-	13,549,115	11,618,508	36,638,711	239,186,795	150,936,241	150,936,241	239,186,795	14,284,971
Total assets	111,972,813	19,365,464	8,749,236	5,057,730	555,135	2,004,266	555,135	2,004,266	555,135	2,004,266	555,135	94,058,964	94,058,964
Liabilities													
Customer deposits	57,938,433	25,997,871	7,563,259	2,004,266	555,135	2,004,266	555,135	2,004,266	555,135	2,004,266	555,135	94,058,964	94,058,964
Due to other banks	467,797	-	-	-	-	-	-	-	-	-	-	467,797	467,797
Claims payable	-	-	27,496	150,951	26,570	-	-	-	-	-	-	205,017	205,017
Liability on investment contracts	-	-	443,422	-	-	-	-	-	-	-	-	443,422	443,422
Liabilities on insurance contracts	14,280	-	595,878	149,310	225,584	-	-	-	-	-	-	985,051	985,051
Other borrowings	-	-	-	-	893,121	87,779,538	-	-	-	-	-	88,672,659	88,672,659
Current income tax	-	52,277	258,855	95,113	-	-	-	-	-	-	-	406,245	406,245
Other liabilities	6,991,198	565,352	2,120,406	880,725	625,954	12,000	-	-	-	-	-	11,195,634	11,195,634
Deferred income tax liabilities	-	-	-	277,620	-	-	-	-	-	-	-	277,620	277,620
Retirement benefit obligations	-	-	-	-	-	-	-	-	-	-	-	61,803	61,803
Total liabilities	65,411,708	26,615,500	11,009,315	3,619,787	2,326,364	87,791,538	196,774,212	196,774,212	196,774,212	196,774,212	196,774,212	196,774,212	196,774,212
Gap	(46,561,106)	7,250,036	2,260,080	(1,437,943)	(55,076,477)	51,152,827	(42,412,583)	(42,412,583)	(42,412,583)	(42,412,583)	(42,412,583)	45,837,971	45,837,971

Financial Risk Management

For the year ended December 31, 2010

Bank	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
December 31, 2009	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:								
Cash and balances with central banks	5,851,836	-	-	-	-	-	5,851,836	5,851,836
Treasury bills	250,500	2,000	4,796,745	-	-	-	5,049,245	5,049,245
Due from other banks	48,229,492	10,500,000	-	-	-	-	58,729,492	58,729,492
Loans and advances to customers	53,066,372	1,417,888	3,127,230	1,440,898	16,645,372	18,422,140	94,119,901	28,636,557
Advances under finance lease	197,048	52,725	68,371	15,682	301,648	328,975	964,449	456,882
Investment securities	-	-	-	-	3,512,308	-	3,512,308	1,111,079
Investment in subsidiaries	-	-	-	-	-	2,894,479	2,894,479	2,894,479
Investment in associates	-	-	-	-	-	1,353,703	1,353,703	1,353,703
Other assets	8,625,363	600,964	5,342	12,991	308,666	193,275	9,746,600	5,725,233
Property and equipment	-	-	-	-	10,130,543	13,032,697	23,163,240	13,217,865
Deferred Tax asset	-	-	-	-	19,759,352	-	19,759,352	19,759,352
Total assets	116,220,610	12,573,577	7,997,688	1,469,571	50,657,889	36,225,268	225,144,604	142,785,723
Liabilities:								
Customer deposits	68,367,762	20,187,325	6,145,548	88,489	1,950	-	94,791,074	94,791,074
Due to other banks	467,797	-	-	-	-	-	467,797	467,797
Finance lease obligations	-	-	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	87,779,538	87,779,538	87,779,538
Current income tax	-	-	191,040	33,041	-	-	224,081	224,081
Dividend payable	-	-	-	-	-	-	-	-
Other liabilities	3,442,878	534,647	721,926	269,490	-	-	4,968,942	4,968,942
Deferred tax liabilities	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	53,405	-	-	53,405	53,405
Total liabilities	72,278,437	20,721,972	7,058,514	444,425	1,950	87,779,538	188,284,837	188,284,837
Gap	43,942,173	(8,148,395)	939,174	1,025,146	50,655,939	(51,554,270)	36,859,767	(45,499,114)

Financial Risk Management

For the year ended December 31, 2010

Maturity profile - Off Balance Sheet

The age analysis of contingent liabilities is presented below:

Group

December 31, 2010

	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Guarantees and indemnities	127,465	188,938	49,119	6,603,863	60,234	-	7,029,619
Bonds	85,011	836,428	1,001	406,528	68,244	-	1,397,212
Letters of credit	532,787	1,567,574	8,070,835				10,171,196
	<u>745,263</u>	<u>2,592,940</u>	<u>8,120,955</u>	<u>7,010,391</u>	<u>128,478</u>	<u>-</u>	<u>18,598,027</u>

Group

December 31, 2009

	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Guarantees and indemnities	-	638,931	503,660	273,796	58,871	-	1,661,685
Bonds	8,855	5,813	19,880	301,750	68,244	-	404,542
Letters of credit	28,435	84,350	433,385	-	-	-	546,171
	<u>223,717</u>	<u>729,095</u>	<u>956,925</u>	<u>575,546</u>	<u>127,115</u>	<u>-</u>	<u>2,612,397</u>

Bank

December 31, 2010

	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Guarantees and indemnities	127,465	188,938	49,119	6,603,863	60,234	-	7,029,619
Bonds	85,011	836,428	1,001	406,528	68,244	-	1,397,212
Letters of credit	532,787	1,567,574	8,070,835	-			10,171,196
	<u>745,263</u>	<u>2,592,940</u>	<u>8,120,955</u>	<u>7,010,391</u>	<u>128,478</u>	<u>-</u>	<u>18,598,027</u>

Bank

December 31, 2009

	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 -12 months N'000	1 - 5 years N'000	Over 5 years N'000	Total N'000
Guarantees and indemnities	186,427	638,931	503,660	273,796	58,871	-	1,661,685
Bonds	8,855	5,813	19,880	301,750	68,244	-	404,542
Letters of credit	28,435	84,351	433,385	-	-	-	546,171
	<u>223,717</u>	<u>729,095</u>	<u>956,925</u>	<u>575,546</u>	<u>127,115</u>	<u>-</u>	<u>2,612,397</u>

Financial Risk Management

For the year ended December 31, 2010

Capital management

The Bank, in 2008 took a proactive step of commencing the process of disencumbering our 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 Group's capital to the level set by the regulatory authorities; and
- Sustain the Group'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, Bank complied strictly with the requirement of monthly rendition of report on same to the CBN.

To align with the CBN current reforms, we are taking a multiple approach to raising the Group capital base to the required level through:

- Increasing the Group's revenue base while ensuring efficient management of operating expenses.
- Vigorously implementing debt recovery strategies.
- We are also hopeful of meeting the June 2010 deadline for the injection of fresh capital.

Our group's regulatory capital as managed by the Financial Control and Treasury Units is divided into two tiers.

Tier 1 Capital: Share capital, share premium, other reserves and retained earnings.

Tier 2 Capital: Revaluation reserves, other borrowings and minority interest.

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.

The table below summarizes the composition of regulatory capital and the ratios of the Group's for the year ended 31st December 2010.

	Group Dec. 2010 ₦'000	Group Dec. 2009 ₦'000
Tier 1 capital		
Share capital	6,410,623	5,160,315
Share premium	24,701,231	18,791,971
Statutory reserves	8,181,862	2,805,614
Contingency reserve	144,694	113,015
SMIEIS reserve	526,907	526,907
Syndicated loan redemption reserve	500,000	500,000
Capital reserve	300,000	300,000
Retained earnings	(28,646,302)	(77,438,607)
	<u>12,119,015</u>	<u>(49,240,785)</u>
Less:		
Intangible asset - Deferred tax asset	(25,054,033)	(20,242,539)
Total qualifying Tier 1 capital	<u>(12,935,018)</u>	<u>(69,483,324)</u>

Financial Risk Management

For the year ended December 31, 2010

Tier 2 capital

Preference shares	-	-
Non controlling interest	(599,162)	(846,643)
CBN convertible loan	50,069,457	87,779,538
Fixed asset and investment property revaluation reserve	4,249,457	4,249,457
General provision	13,484	4,436
Total qualifying Tier 2 capital	53,733,236	91,186,788
Total regulatory capital	40,798,218	21,703,464
Risk-weighted assets:		
On-balance sheet	89,362,748	71,056,531
Off-balance sheet	3,719,605	522,479
Total risk-weighted assets	93,082,353	71,579,010
Risk weighted Capital Adequacy Ratio (CAR)	43.83%	30.32%

Where can I find a bank without walls?



Right in your courtyard, your home, your office, even on vacation. There's such a bank that makes banking much simple and accessible no matter where you live. One bank offers you that experience.

That bank is Wema Bank

We make big things happen. 



Wema Bank
together to greater heights

Value Added Statements

For the year ended December 31, 2010

Group:

	Dec. 2010 12 months		Dec. 2009 9 months	
	N'000	%	N'000	%
Gross earnings	21,796,628		18,994,974	
Interest expense:				
- Local	(8,243,938)		(8,634,693)	
- Foreign	-		-	
	13,552,690		10,360,281	
Loan loss expense/diminution in other risk assets	20,276,833		(4,838,286)	
	33,829,523		5,521,995	
Bought in materials and services				
- Local	(9,058,816)		(4,879,495)	
- Foreign	-		-	
Value added	24,770,707	100	642,500	100
Distribution				
Employees				
- Employees as wages, salaries and pensions	9,652,166	39	8,128,708	1,265
Government				
- Taxation	(4,313,891)	(17)	(1,337,901)	(208)
Retained in the Group				
- Depreciation - Property and equipment	1,976,777	8	1,381,991	215
- Profit/(Loss) for the year	17,455,655	70	(7,530,298)	(1,172)
	24,770,707	100	642,500	100

Value Added Statements

For the year ended December 31, 2010

Bank:

	Dec. 2010 12 months		Dec. 2009 9 months	
	N'000	%	N'000	%
Gross earnings	19,929,693		16,272,245	
Interest expense:				
- Local	7,899,927		(7,845,973)	
- Foreign	-		-	
	27,829,620		8,426,272	
Loan Loss expense/diminution on other risk assets	19,140,347		1,558,239	
	46,969,968		9,984,511	
Bought in materials and services				
- Local	(23,534,280)		(4,518,516)	
Value added	23,435,688	100	5,465,995	100
Distribution				
Employees				
- Employees as wages, salaries and pensions	8,879,546	38	7,518,273	137
Government				
- Taxation	(3,274,425)	(14)	(1,214,562)	(22)
Retained in business:				
Depreciation - Property and equipment	1,592,034	7	1,256,976	23
Profit/(loss) for the year	16,238,533	69	(2,094,692)	(38)
	23,435,688	100	5,465,995	100

Five Year Financial Summary

	Dec. 2010	Dec. 2009	Mar. 2009	Mar. 2008	Mar. 2007
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS:					
Cash and balances with CBN	6,567,639	6,354,206	5,810,659	7,079,164	5,922,222
Treasury bills	8,176,207	5,049,245	2,923,425	29,473,799	21,040,833
Due from financial institutions	50,239,452	60,292,150	13,335,516	8,655,067	37,579,555
Loans and advances to customers	42,793,251	30,001,550	46,166,955	48,799,222	65,940,926
On-lending facilities	6,718,813	-	-	-	-
Advances under finance lease	896,608	463,206	913,272	2,747,272	4,151,969
Insurance receivables	209,872	212,049	85,565	184,368	11,927
Investment securities	49,763,750	2,520,349	13,343,062	20,953,190	11,352,530
Investment in associate	1,578,744	1,353,703	1,353,703	1,353,703	1,353,703
Deferred tax assets	25,054,033	20,242,539	18,843,223	11,099,973	397,525
Other assets	6,767,437	5,964,253	8,967,682	6,865,558	16,606,928
Investment property	4,296,052	4,198,020	3,032,351	1,003,561	887,437
Property and equipment	13,922,543	14,284,971	14,833,479	17,990,158	15,342,363
Goodwill on consolidation	-	-	-	-	2,277,922
TOTAL ASSETS	216,984,401	150,936,241	129,608,892	156,205,035	182,865,840
FINANCED BY:					
Share capital	6,410,623	5,160,315	5,034,971	5,034,971	5,034,971
Share premium	24,701,231	18,791,971	17,693,085	17,693,085	17,693,085
Reserves	(14,743,382)	(68,943,614)	(62,650,023)	(42,840,331)	3,024,414
Non-controlling interest	(599,162)	(846,643)	(254,849)	175,701	674,176
Customers' deposits	120,883,753	94,058,964	108,825,013	132,959,116	123,841,680
Due to other banks	2,588,220	467,797	-	-	-
On-lending facilities	6,718,813	-	-	-	-
Claims payable	305,232	205,017	128,066	83,215	259,990
Liability on investment contracts	1,135,391	443,422	605,315	40,643	-
Liabilities on insurance contracts	1,328,593	985,051	777,340	282,642	315,645
Current income tax payable	609,954	406,245	417,840	395,690	485,440
Other liabilities	12,861,712	11,195,634	15,695,604	42,169,714	31,382,390
Deferred tax liabilities	279,262	277,620	-	172,161	154,049
Retirement benefit obligations	172,175	61,803	51,870	38,428	-
Other borrowings	54,331,986	88,672,659	43,284,660	-	-
	216,984,401	150,936,241	129,608,892	156,205,035	182,865,840
Guarantees and other commitments on behalf of customers	18,598,027	2,612,397	2,479,855	16,765,768	40,539,883
	Dec. 2010	Dec. 2009	Mar. 2009	Mar. 2008	Mar. 2007
	12 months	9 months	12 months	12 months	12 months
	₦'000	₦'000	₦'000	₦'000	₦'000
INCOME STATEMENT					
Gross earnings	21,796,628	18,994,974	21,796,628	25,978,276	29,379,570
Net operating income	13,552,690	10,360,281	4,397,565	15,778,030	21,611,095
Operating expenses	(20,859,032)	(14,390,194)	(16,495,325)	(19,653,833)	(13,108,611)
Recoveries/(Allowance) for loan loss & other risk assets	20,276,833	(4,838,286)	(16,208,452)	(52,923,736)	(8,146,404)
Group's share of associate's profit	171,273	-	-	-	-
Profit/(loss) before taxation	13,141,764	(8,868,199)	(28,306,212)	(56,799,539)	356,080
Taxation	4,313,891	1,337,901	7,850,756	10,494,937	947,277
Profit/(loss) after taxation	17,455,655	(7,530,298)	(20,455,456)	(46,304,602)	1,303,357
Non-controlling interest	(247,480)	766,864	1,393,413	498,475	(172,619)
Profit/(loss) attributable to equity holders	17,208,175	(6,763,434)	(19,062,043)	(45,806,127)	1,130,738
Earnings/(loss) per share	163k	(66)k	(189)k	(455)k	11k

Five Year Financial Summary

Bank

	Dec. 2010	Dec. 2009	Mar. 2009	Mar. 2008	Mar. 2007
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and balances with CBN	6,026,043	5,851,836	5,309,086	6,565,677	4,221,041
Treasury bills	8,176,207	5,049,245	2,923,425	29,472,855	21,039,259
Due from financial institutions	48,544,435	58,729,492	9,539,964	6,786,313	30,953,334
Loans and advances to customers	38,637,809	28,636,557	49,689,651	48,394,253	68,796,732
On-lending facilities	6,718,813	-	-	-	-
Advances under finance lease	896,608	456,882	822,453	1,969,755	3,406,304
Investment securities	48,644,369	1,111,079	2,464,782	2,914,474	8,329,105
Investments in subsidiaries	1,984,193	2,894,479	2,894,479	2,894,479	2,516,881
Investments in associates	1,353,703	1,353,703	-	-	-
Deferred tax assets	23,384,264	19,759,352	18,511,749	10,720,356	-
Other assets	6,163,901	5,725,233	5,045,953	4,777,741	11,824,727
Property and equipment	12,614,282	13,217,865	13,780,071	14,410,672	11,716,227
Goodwill	-	-	-	-	2,277,922
TOTAL ASSETS	203,144,627	142,785,723	110,981,613	128,906,575	165,081,532
FINANCED BY:					
Share capital	6,410,623	5,160,315	5,034,971	5,034,971	5,034,971
Share premium	24,701,231	18,791,971	17,693,085	17,693,085	17,693,085
Reserves	(16,274,578)	(69,451,400)	(67,356,708)	(55,342,708)	2,454,649
Deposit for shares	-	-	-	-	-
Customers' deposits	121,507,898	94,791,074	108,907,683	136,122,027	125,475,968
Due to other banks	2,588,220	467,797	-	-	-
On-lending facilities	6,718,813	-	-	-	-
Current income tax payable	386,453	224,081	191,040	168,113	291,683
Other liabilities	6,875,670	4,968,942	4,126,176	25,192,659	14,021,805
Dividend payable	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	109,371
Retirement benefit obligations	160,840	53,405	48,154	38,428	-
Other borrowings	50,069,457	87,779,538	42,337,212	-	-
	203,144,627	142,785,723	110,981,613	128,906,575	165,081,532
Guarantees and other commitments on behalf of customers	18,598,027	2,612,397	2,479,855	16,765,768	40,539,883
	18,598,027	2,612,397	2,479,855	16,765,768	40,539,883
INCOME STATEMENT					
	Dec. 2010	Dec. 2009	Mar. 2009	Mar. 2008	Mar. 2007
	12 months	9 months	12 months	12 months	12 months
	N'000	N'000	N'000	N'000	N'000
Gross earnings	19,929,693	16,272,245	12,938,450	21,633,431	26,430,982
Net operating income	12,029,766	8,426,272	2,596,252	13,255,840	19,855,739
Operating expenses	(18,206,006)	(13,293,765)	(14,477,190)	(16,794,212)	(11,014,350)
Allowance for loan loss & other risk assets	19,140,348	1,558,239	(7,555,936)	(64,943,792)	(6,962,691)
Profit/(loss) before taxation	12,964,108	(3,309,254)	(19,436,874)	(68,482,164)	1,878,698
Taxation	3,274,425	1,214,562	7,768,466	10,743,425	675,400
Profit/ (loss) after taxation	16,238,533	(2,094,692)	(11,668,408)	(57,738,739)	2,554,098
Earnings/(loss) per share	154k	(21)k	(116)k	(573)k	25k

Shareholders' Bulletin

2f). ISSUED AND PAID -UP

AUTHORISED NOMINAL VALUE			OTHER THAN BY BONUS		BONUS CURRENT ISSUE		TOTAL	
YEAR	NO OF SHARES	AMOUNT N'000	NO OF SHARES	AMOUNT N'000	NO OF SHARES	AMOUNT N'000	NO OF SHARES	AMOUNT N'000
1945	20,000	10,000	20,000	10,000	—	—	20,000	10,000
1970	1,000,000	1,000,000	980,000	490,000	—	—	1,000,000	500,000
1974	8,000,000	4,000,000	4,600,000	2,300,000	—	—	5,600,000	2,800,000
1981	8,000,000	8,000,000	4,000,000	2,000,000	—	—	9,600,000	4,800,000
1987	25,000,000	25,000,000	14,400,000	7,200,000	—	—	24,000,000	12,000,000
1988	—	—	8,000,000	4,000,000	—	—	32,000,000	16,000,000
1989	—	—	8,000,000	4,000,000	—	—	40,000,000	20,000,000
1990	100,000,000	50,000,000	—	—	16,000,000	8,000,000	56,000,000	28,000,000
1990	—	—	240,000,000	12,000,000	—	—	80,000,000	40,000,000
1991	160,000,000	80,000,000	—	—	20,000,000	10,000,000	100,000,000	50,000,000
1992	300,000,000	150,000,000	—	—	20,000,000	10,000,000	120,000,000	60,000,000
1993	—	—	80,000,000	40,000,000	—	—	200,000,000	100,000,000
1993	—	—	—	—	30,000,000	15,000,000	230,000,000	115,000,000
1995	600,000,000	300,000,000	—	—	46,000,000	23,000,000	276,000,000	138,000,000
1996	—	—	—	—	55,200,000	27,600,000	331,200,000	165,600,000
1997	—	—	68,217,200	34,108,600	—	—	399,417,200	199,708,600
1997	1,200,000,000	600,000,000	—	—	639,067,520	319,533,760	1,038,484,720	519,242,360
2000	2,000,000,000	1,000,000,000	311,545,416	155,772,708	—	—	1,350,030,136	675,015,068
2002	2,500,000,000	1,250,000,000	207,696,944	103,848,472	—	—	1,557,727,080	778,863,540
2003	—	—	778,863,540	389,431,770	—	—	2,336,590,620	1,168,295,310
2003	—	—	—	—	778,863,540	389,431,770	3,115,454,160	1,557,727,080
2004	—	—	—	—	1,038,484,720	519,242,360	4,153,948,880	2,076,974,440
2004	5,000,000,000	2,500,000,000	—	—	—	—	9,153,948,880	4,576,974,440
2005	—	—	—	—	445,162,526	222,581,263	9,599,111,406	4,799,555,703
2005	721,519,546	360,759,773	—	—	—	—	10,320,630,952	5,160,315,476
2010	2,500,618,927	833,539,642	—	—	—	—	12,821,249,879	6,410,624,939

SINCE BECOMING A PUBLIC COMPANY IN 1987 THE COMPANY HAS ISSUED SHARES AS SHOWN BELOW:

S/N	SHARES DATES	DESCRIPTION	NO OF ORD. SHARES INVOLVED
1	30/09/87	PRIVATE ISSUE FOR CASH	14,400,000
2	05/12/88	PRIVATE ISSUE FOR CASH	8,000,000
3	31/03/89	PRIVATE ISSUE FOR CASH	8,000,000
4	24/10/90	BONUS:2 FOR 5	16,000,000
5	16/11/90	PUBLIC ISSUE FOR CASH	24,000,000
6	18/10/91	BONUS:1 FOR 4	20,000,000
7	20/11/92	BONUS: 1 FOR 5	20,000,000
8	20/08/93	PUBLIC ISSUE FOR CASH	80,000,000
9	26/10/93	BONUS:1 FOR 4	30,000,000
10	16/11/95	BONUS: 1 FOR 5	46,000,000
11	31/12/96	BONUS: 1 FOR 5	55,200,000
12	28/02/97	PUBLIC ISSUE FOR CASH	68,217,200
13	31/03/97	BONUS: 8 FOR 5	639,067,520
14	31/03/00	RIGHTS ISSUE FOR CASH: 1 FOR 2	311,545,416
15	31/03/02	RIGHTS ISSUE FOR CASH:1 FOR 2	207,696,944
16	31/03/03	RIGHTS ISSUE FOR CASH:1 FOR 2	778,863,540
17	31/03/03	BONUS: 1 FOR 3	778,863,540
18	31/03/04	BONUS: 1 FOR 3	1,038,484,720
19	31/03/05	PUBLIC ISSUE FOR CASH	5,000,000,000
20	09/11/2005	BONUS: 1 FOR 20	445,162,526
21	30/08/2006	NATIONAL BANK CONVERSION (7:2)	721,519,546
22	14/12/2010	SPECIAL PLACING FOR CASH	2,500,618,927

Shareholders' Bulletin

WEMA BANK PLC SHAREHOLDING STRUCTURE AS AT 31/12/2010

Share Range	No of Shareholders	Percentage of Shareholders (%)	No. of Holdings	Percentage Holdings
1-9,999	206,601	81.34%	510,803,107	3.98%
10,000 – 50,000	36,428	14.34%	709,313,938	5.53%
50,001 – 100,000	5,330	2.10%	375,538,249	2.93%
100,001 – 500,001	4,647	1.83%	888,896,496	6.93%
500,001 – 1,000,000	460	0.18%	325,395,847	2.54%
1,000,001 – 5,000,000	439	0.17%	880,011,428	6.86%
5,000,001 – 10,000,000	42	0.02%	296,262,675	2.31%
10,000,001 – 50,000,000	43	0.02%	963,727,383	7.52%
50,000,001 – 100,000,000	6	0.00%	410,331,228	3.20%
100,000,001 - 500,000,000	9	0.00%	1,177,055,000	9.18%
500,000,001 – 1,000,000,000	2	0.00%	1,038,103,276	8.10%
1,000,000,001 – 5,000,000,000	2	0.00%	5,245,811,252	40.91%
Foreign Share holders	-	-	-	-
Total	254,010	100.00%	12,821,249,879	100.00%

Shareholder	No. of shares held	Percentage of shareholding
SW8 Investment Company Limited	4,027,976,800	31.4%
Odu'a Investment Company Limited	1,217,834,452	9.5%

Directors shareholding

The following directors of the Bank held office during the period and had direct interests in the issued share capital of the Bank as recorded in the register of directors shareholding as noted below:

Director	Direct Shareholding	
	Number of Ordinary Shares held	Number of Ordinary Shares held
	December 2010	December 2009
1 Chief Samuel Bolarinde	13,977	13, 977
2 Mr. Segun Oloketuyi	-	-
3 Mr. Adebode Adefioye	6,988	6,988
4 Chief Opeyemi Bademosi	-	-
5 Mr. Ademola Adebise	10,265	10,265
6 Mr. Nurudeen Fagbenro	9,478,955	9,478,955
7 Mr Festus Ajani	100,000	2,350,500
8 Dr. Patrick Akin yelure	37,331	37,331
9 Professor Taiwo Osipitan	483,444	-

Which bank can truly help me acquire today and pay tomorrow?



If you've ever asked this question, it's time you visited the bank that makes it possible; a bank that offers you the opportunity to own what you want and pay for it tomorrow. Yes, there is such a bank.

That bank is Wema Bank

We make big things happen.



Wema Bank
together to greater heights

List of Correspondence Banks

Standard Chartered Bank,
Institutional Banking,
1, Aldermanbury Square,
London, EC 2V 7SB

Lloyds Bank Plc.,
P.O Box 19
Two Brindly Place,
Birmingham,
B1 2AB,
London.
[Http://www.lloydsbank.co.uk](http://www.lloydsbank.co.uk)

Citibank N. A.
111, Wall Street,
19th Floor/Zone 1,
New York NY 100 43,
United State of America.
[Http://www.citibank.com](http://www.citibank.com)

HSBC Bank Plc.,
Johannesburg Branch
Corporation Investment Banking and Markets,
2, Exchange Square,
85, Mande Street, Sandown,
Sandown 2196.
[Http://www.hsbc.com](http://www.hsbc.com)

ANZ Banking Group Ltd.,
40, Bank Street,
Canary Wharf,
London E14 5EJ.
[Http://www.anz.com](http://www.anz.com)

BHF Bank,
60323 Frankfurt am Main,
Germany.
[Http://www.bhf-bank.com](http://www.bhf-bank.com)

Union Bank, uk Plc.,
14-18 Copthall Avenue,
London
EC2R 7BN
<http://www.unionbankuk.com>

Proxy Form

Annual General Meeting to be held at 11.00a.m on Friday, June 10, 2011 at Orchid Hotels & Event Centre, Plot 3, Dreamworld Africana Way Onigbogbo Layout, Opposite Oluwanisola House, Ikota-Epe Expressway, Ikota-Lekki, Lagos.

I/We*being a member/ members of WEMA BANK PLC hereby appoint**

.....at the Annual General Meeting of the Bank to be held on June 10, 2011 and

at any adjournment thereof. Dated this.....day of2011 Signature of Shareholder.....

Name of Shareholder.....

S/N	RESOLUTIONS	FOR	AGAINST
1.	To lay before the meeting the Audited Financial Statement for the year ended December 31, 2010 together with the reports of the Directors, Auditors and Audit Committee thereon;		
2	To elect/re -elect Directors		
3	To approve the Remuneration of Directors		
4	To appoint Akintola William's Deloitte as the External Auditor of the Bank in place of KPMG Professional Services, who would be retiring as the Bank's Auditors;		
5	To authorize the Directors to fix the remuneration of the Auditors.		
6	To elect members of the Audit Committee.		
7	To consider and if thought fit, pass the following as Special Resolution: Amendment of Article 64 of the Articles of Association by the inclusion of sub-article (c) thus: "That a notice, document or any other information may be served on, delivered to or made available by the Bank to any member or stakeholder by sending same in an electronic format or by electronic means to the address specified by such member who elect to receive such notice, document by such medium or by making it available on the Bank's website".		

Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

Admission Card

ANNUAL GENERAL MEETING to be held at 11.00a.m on June 10, 2011 at the Orchid Hotels & Events Centre, Plot 3, Dreamworld Africana Way Onigbogbo Layout, Opposite Oluwanisola House, Ikota-Epe Expressway, Ikota-Lekki, Lagos.

Name of shareholder (in **BLOCK LETTERS**).....

(Surname) (Other names)

Shareholder's Account No.Number of Shares.....

IMPORTANT

- (a) Before posting the proxy form, please tear off this part and retain it. A person attending the Annual General Meeting of the Company of his proxy should produce this card to secure admission to the meeting.
- (B) A member of the Company is entitled to attend and vote at the Annual General Meeting of the Company. He is also entitled to appoint a proxy to attend and vote instead of him, and in this case, the above card may be used to appoint a proxy.
- (c) Write your name in Block Letters on the proxy form where marked (*), and the name of your proxy where marked (***) and ensure the proxy form is dated and signed.
- (d) It is a requirement of the Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear a stamp duty.
- (e) The proxy form when completed must be deposited at the office of the Registrars, Wema Registrars Limited, Plot 30, Oba Akran Avenue, Ikeja, Lagos not less than 48hours before the time fixed for the meeting.
- (f) If proxy form is executed by a company, it should be sealed under its common seal or under the hand and seal of its Attorney.

Signature of the person attending.....

PLEASE AFFIX
POSTAGE STAMP
HERE

THE REGISTRAR
WEMA REGISTRARS LIMITED
PLOT 30, OBA AKRAN AVENUE,
IKEJA,
P.M.B 12964, MARINA
LAGOS



SHAREHOLDER'S DATA UPDATE FORM

In our quest to update shareholder's data on our client company's register of members, we require your GSM number for individuals, Land Line for Corporate Shareholders, your CSCS Account Number and Bank details to enable us effect payment of subsequent dividend and bonuses vide our online e-Bonus and e-Dividend Menus. This will enhance save and timely receipt of your entitlements as they fall due.

PLEASE COMPLETE IN BLOCK LETTERS

Date (DD/MM/YYYY)

SHAREHOLDER'S INFORMATION

Grid for date entry: DD / MM / YYYY

Surname / Company's Name

Grid for Surname / Company's Name

Other Names (for individual shareholder)

Grid for Other Names

Present Postal Address

Grid for Present Postal Address

City

State

Mobile (GSM) Phone Number

Grid for City

Grid for State

Grid for Mobile (GSM) Phone Number

e-Mail Address

Grid for e-Mail Address

e-BONUS INFORMATION

I/We hereby request that from now on, all my/our bonus shares due to me/us from our holding(s) in all the companies ticked below be transferred to CSCS electronically.

Clearing House Number (e.g. C123456789AG)

CSCS Account Number

Grid for Clearing House Number

Grid for CSCS Account Number

Name of Stockbroker

Grid for Name of Stockbroker

e-DIVIDEND INFORMATION

I/We hereby request that from now on, all my/our Dividend Warrants due to me/us from our holding(s) in all the companies ticked below be mandated to my/our Bank named below.

Bank Name

Grid for Bank Name

Branch Address

Grid for Branch Address

Bank Account Number

Bank Sort Code

Grid for Bank Account Number

Grid for Bank Sort Code

Tick the name of the Company(ies) in which you have shares.

- ABPLAST PRODUCTS PLC
- ETERNA PLC
- GREAT NIGERIA INSURANCE PLC
- IMPRESIT BAKOLORI PLC
- NIGERIAN WIRE & CABLE PLC
- OKITIPUPA OI PALM PLC
- UNIVERSITY PRESS PLC
- WEMA BANK PLC
- WEMA SECURITIES & FIN. PLC
- ANTONIO OIL PLC
- CROSS RIVERS STATE GOVT. BOND.
- IMPERIAL TELECOMS LTD.
- KOTCO ENERGY LTD.
- PROPERTYGATE DEV. & INV. PLC

REGISTRARS USE ONLY - Account Number

Grid for REGISTRARS USE ONLY - Account Number

SIGNATURE OR THUMBPRINT

SIGNATURE OR THUMBPRINT

COMPANY SEAL & INCORPORATION NUMBER (corporate Applicant)

Grid for COMPANY SEAL & INCORPORATION NUMBER

2 AUTHORISED SIGNATORIES AND STAMP OF BANKERS



Rc 445809

WEMA REGISTRARS LIMITED

E-SHARE NOTIFIER SUBSCRIPTION FORM

To:
The Managing Director/CEO,
Wema Registrars Ltd.
Plot 30, Oba Akran Avenue Ikeja,
P.M.B. 12964 Marina, Lagos
Tel: 0702838379, 7732181
E-mail:wemareg.enquiry@wemabank.com

Please fill in the form and return to the address above

Surname.....

Other Names

Address.....

.....

City.....State.....

Country

Postal Code.....

Mobile Phone

E-mail.....

Shareholder's Signature (Individual).....

Joint Shareholder's /Company Signature

(1).....

(2).....

(3).....

Company Seal.....

PLEASE TICK THE NAME OF COMPANY IN WHICH YOU HAVE SHARES	A/C NO
1. Abplast Products Plc	
2. Antonio Oil	
3. Cross Rivers State Govt.	
4. Eterna Plc	
5. Great Nig. Insurance Plc	
6. Imperial Telecomms Ltd.	
7. Impresit Bakolori Plc	
8. Kotco Energy Ltd	
9. Nigerian Wire & CablePlc	
10. Okitipupa Oil Palm Plc	
11. University Press Plc	
12. Wema Bank Plc	
13. Wema Securities & Finance Plc	