

CORPORATE GOVERNANCE

INTRODUCTION

Wema Bank Plc remains committed to the highest standards of Corporate Governance and strives to foster an environment which facilitates the implementation of good Corporate Governance principles and practices.

In formulating our governance framework, we have taken into account the extant codes of Corporate Governance and the International Corporate Governance best practices. In the year under review, the Bank complied with the provisions of SEC and CBN Codes of Corporate Governance.

The Board of Directors ensures that the Bank adheres to the standards of Corporate Governance and believes that such standards are critical to facilitate efficient and effective management in order to deliver long term value for the stakeholders.

Being an institution which places great emphasis on the provision of excellent services to all its customers, the practice of effective and transparent corporate governance ensures that the Bank is managed in a responsible and value driven manner, aimed towards sustaining the confidence of shareholders, employees and stakeholders.

GOVERNANCE STRUCTURE

The Board

The Board is made up of a Non-Executive Chairman, Seven (7) Non-Executive Directors and five (5) Executive Directors including the Managing Director/Chief Executive Officer (MD/CEO). Two of the Non-Executive Directors are Independent Directors, appointed in compliance with the Central Bank of Nigeria (CBN) circular on appointment of Independent Directors by banks.

There were few changes to the Board composition in the year under review as an Executive Director-Mr. Nurudeen Fagbenro retired from Board with effect from June 2015 after 27 years of meritorious service to the Bank and Mr Babatunde Kasali, a Non-Executive Director, exited the Board with effect from 12th November 2015.

Responsibility

The roles of the Chairman and the Chief Executive are separate. The Chairman is solely responsible for the running of the Board whilst the Chief Executive with the assistance of the Executive Management team is responsible for the day to day management of the Bank's business, ensuring the implementation of the Board's decisions. The Executive Management team is composed of seasoned and experienced individuals, who execute powers delegated to them without undue interference and in accordance with agreed guidelines.

Roles 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.

Other functions of the Board include:

- To review and provide guidance for the bank's corporate and business strategy;
- To review management succession plan and determine their compensation;

- To ensure that the Bank's operations are ethical and comply 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.

Board Meetings

In Compliance with the CBN Code, the Board meets quarterly and additional meetings are convened as the need arises. In 2015, the Board met four times. The record of attendance is provided below:

Meetings held	1	2	3	4	Total
	FEB 26 2015	MAY 5 2015	SEP 2 2015	DEC 14 2015	
Name of Directors					
Mr. Adeyinka Asekun	•	•	•	•	4
Segun Oloketuyi	•	•	•	•	4
*Nurudeen Fagbenro	•	•	n/a	n/a	2
Ademola Adebise	•	•	•	•	4
Moruf Oseni	✕	•	•	•	3
Wole Akinleye	•	•	•	•	4
Folake Sanu	•	•	•	•	4
Mr. Adebode Adefioye	•	•	•	•	4
**Mr. Babatunde Kasali	•	•	•	n/a	3
Mr. Abubakar Lawal	•	•	•	•	4
Mr. Samuel Durojaye	•	•	•	•	4
Ms. Tina Vukor-Quarshie	•	•	•	•	4
Mrs. Omobosola Ojo	•	•	•	•	4
Mrs. Abolanle Matel-Okoh	•	•	•	•	4

*Nurudeen Fagbenro retired from the Board effective June 2015.

**Mr. Babatunde Kasali resigned from the Board effective 12th November 2015.

Board Committees

The Board carries out its oversight functions through its four (4) Standing Committees in addition to the Statutory Audit Committee of the Bank.

Through these Committees, the Board is able to effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Bank. 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 & Audit Committee
- Board Credit Committee
- Board Finance and General Purpose Committee
- Board Nomination & Governance Committee
- Statutory Audit Committee

The roles and responsibilities of these Committees are discussed below:

Board Risk & Audit Committee

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;
- Review the integrity of the Bank's Financial Reporting;
- Evaluate the independence and performance of the External Auditors annually;
- Review the Bank's internal and external Audit functions.

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

1.	Ms. Tina Vukor-Quarshie	-	Chairman
2.	Mr. Abubakar Lawal	-	Member
3.	Mr. Samuel Durojaye	-	Member
4.	Mrs. Omobosola Ojo	-	Member
5.	Mrs Abolanle Matel-Okoh	-	Member
6.	Mr. Adebode Adefioye	-	Member
7.	Segun Oloketuyi	-	Member
8.	Moruf Oseni	-	Member
9.	Folake Sanu	-	Member

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
Name of Directors	FEB 11 2015	JUN 5 2015	SEP 9 2015	DEC 1 2015	
Ms. Tina Vukor-Quarshie	•	•	•	•	4
Mr. Abubakar Lawal	•	•	•	•	4
*Mrs. Omobosola Ojo	•	n/a	n/a	n/a	1
Mr. Samuel Durojaye	•	•	•	•	4
**Mr. Adebode Adefioye	n/a	•	✘	•	2
***Mrs. Abolanle Matel-Okoh	n/a	•	•	•	3
Segun Oloketuyi	✘	•	•	•	3
****Nurudeen Fagbenro	•	n/a	n/a	n/a	1
*****Folake Sanu	n/a	•	•	•	3
Moruf Oseni	•	•	•	•	4

*Mrs. Omobosola Ojo ceased to be a member of the Committee effective 26th February 2015

**Mr. Adebode Adefioye became a member of the Committee effective 26th February 2015

***Mrs Abolanle Matel-Okoh became a member of the Committee effective 26th February 2015

****Nurudeen Fagbenro retired from the Board effective June 2015

*****Folake Sanu became a member of the Committee effective 26th February 2015

Board Credit Committee

This Committee is made up of individuals who are knowledgeable in credit analysis. The Committee discharges the following responsibilities:

- Consideration of loan applications above the limits delegated to the Management Credit Committee or Managing Director as may be defined by the Board from time to time;
- Ensure that the Bank's internal control procedures in the area of risk assets remain vibrant to safeguard the quality of the Bank's risk assets;
- Consider and approve credits that qualify as "Large Exposures" as defined by the Board from time to time ;
- Approve write offs in excess of Management limits and within the limits as set by the Board;
- Approves credit guidelines for strategic plans and approving the Bank's credit policy, which includes defining levels and limits of lending authority.

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

1. Mr. Adebode Adefioye - Chairman
2. Ms. Tina Vukor-Quarshie - Member
3. Mr. Samuel Durojaye - Member
4. Mr. Abubakar Lawal - Member
5. Mrs. Omobosola Ojo - Member
6. Mr. Babatunde Kasali - Member
7. Segun Oloketuyi - Member
8. Ademola Adebise - Member
9. Moruf Oseni - Member
10. Wole Akinleye - Member
11. Folake Sanu - Member

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 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	5	Total
Name of Directors	FEB 12 2015	APR 23 2015	JUN 4 2015	SEP 17 2015	DEC 2 2015	
Mr. Adebode Adefioye	•	•	•	•	•	5
Ms. Tina Vukor-Quarshie	•	•	•	•	•	5
Mr. Abubakar Lawal	•	•	•	•	•	5
Mr. Samuel Durojaye	•	•	•	•	•	5
*Mrs. Omobosola Ojo	n/a	•	•	•	•	4
**Mr. Babatunde Kasali	n/a	•	•	•	n/a	3
Segun Oloketuyi	✘	•	•	•	•	4
Ademola Adebise	•	•	•	•	•	5
Moruf Oseni	•	•	•	•	•	5
Wole Akinleye	•	•	•	•	•	5
Folake Sanu	•	•	•	•	•	5

*Mrs. Omobosola Ojo became a member of the Committee effective 26th February 2015.

**Mr Babatunde Kasali became a member of the Committee effective 26th February 2015 and exited the Board effective 12th November 2015.

Board Nomination and Governance Committee

This Committee was an initiative of the Board in furtherance of its desire to comply with best practice in Corporate Governance. The responsibilities of the committee include:

- Overseeing the nomination, remuneration, performance management and succession planning processes of the Board;
- Monitoring compliance with and periodically reviewing Corporate Governance Guidelines;
- Facilitating the process of engaging all directors to determine their specific needs and align their needs with their roles and responsibilities.

The Committee is composed entirely of Non-Executive Directors as follows:

1. Mrs. Omobosola Ojo - Chairman
2. Mr. Babatunde Kasali - Member
3. Mr. Adebode Adefioye - Member
4. Mr. Samuel Durojaye - Member
5. Ms. Tina Vukor-Quarshie - Member
6. Mrs. Abolanle Matel-Okoh - Member

The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
	FEB 19 2015	JUN 6 2015	SEP 10 2015	DEC 4 2015	
Name of Directors					
Mrs. Omobosola Ojo	•	•	•	•	4
*Mr. Babatunde Kasali	n/a	•	•	n/a	2
Mr. Adebode Adefioye	•	•	•	•	4
Mr. Samuel Durojaiye	•	•	•	•	4
Ms. Tina Vukor-Quarshie	•	•	•	•	4
**Mrs. Abolanle Matel-Okoh	n/a	•	•	•	3

*Mr Babatunde Kasali became a member of the Committee effective 26th February 2015 and exited the Board effective 12th November 2015.
 **Mrs Abolanle Matel Okoh became a member of the Committee effective 26th February 2015.

Board Finance and 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 Committee comprised the following members during the period under review:

1. Mr. Abubakar Lawal - Chairman
2. Mrs. Omobosola Ojo - Member
3. Mr. Babatunde Kasali - Member
4. Mrs. Abolanle Matel-Okoh - Member
5. Segun Oloketuyi - Member
6. Ademola Adebise - Member
7. Wole Akinleye - Member

The Board Finance and General Purpose Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
	FEB 18 2015	JUN 16 2015	SEP 8 2015	DEC 3 2015	
Name of Directors					
Mr. Abubakar Lawal	•	•	•	•	4
Mrs. Omobosola Ojo	•	•	•	•	4
*Mr. Babatunde Kasali	n/a	•	•	n/a	2
**Mrs. Abolanle Matel-Okoh	n/a	•	•	•	3
Segun Oloketuyi	•	•	•	•	4
Ademola Adebise	•	•	•	•	4
***Wole Akinleye	n/a	•	•	•	3

*Mr Babatunde Kasali became a member of the Committee effective 26th February 2015 and exited the Board effective 12th November 2015

**Mrs Abolanle Matel Okoh became a member of the Committee effective 26th February 2015

***Wole Akinleye became a member of the Committee effective 26th February 2015

Statutory Audit Committee of the Bank

This Committee was established in compliance with section 359(3) of the Companies and Allied Matters Act of Nigeria (CAMA). The Committee is made up of three (3) Non-Executive Directors and three (3) Shareholders of the Bank appointed at Annual General Meetings. The Bank's Company Secretary/Legal Adviser serves as the Secretary to the Committee, while one of the Shareholders serves as the Chairman of the Committee.

The Committee is responsible for:

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

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

- | | | |
|--|---|--------|
| 1. Prince Adekunle Olodun (Shareholder's Representative) | - | Member |
| 2. Mr. Joe Anosike Ogbonna (Shareholder's Representative) | - | Member |
| 3. Mr. Kashimawo Akanji Taiwo (Shareholder's Representative) | - | Member |
| 3. Mr. Abubakar Lawal | - | Member |
| 4. Mr. Adebode Adefioye | - | Member |
| 5. Mr. Samuel Durojaye | - | Member |

The Statutory Audit Committee meets at least once in each quarter. However, additional meetings are convened as required. The Committee met four (4) times during the 2015 financial year.

Committee meeting attendance

Meetings held	1	2	3	4	Total
Name of Members	FEB 20 2015	JUN 10 2015	SEP 11 2015	NOV 4 2015	
Prince Adekunle Olodun	•	•	•	•	4
Mr. Joe Anosike Ogbonna	•	•	•	•	4
*Mr. Kashimawo Akanji Taiwo	n/a	•	•	•	3
Mr. Abubakar Lawal	•	•	•	•	4
Mr. Adebode Adefioye	✘	•	•	•	3
Mr. Samuel Durojaye	•	•	•	•	4

*Mr. Kashimawo Akanji Taiwo became a member of the Committee effective 6 May, 2015.

Tenure of Directors

In pursuance of the Bank's drive to continually imbibe best Corporate Governance practices, Directors are appointed for a maximum period of three terms of four (4) years each. Thus, the maximum tenure of a director is twelve (12) years and subject to retirement age of seventy (70) years, statutory provisions and directives.

Board Evaluation

In compliance with the requirements of the Central Bank of Nigeria (CBN) Code of Corporate Governance, KPMG Advisory Services was engaged to carry out a Board Evaluation for the Financial Year ended 31st December 2015. The Evaluation was based primarily on benchmarking the performance of the Board of Directors with the requirements of the CBN Code using five key corporate governance considerations:

1. Board Operations: the Board's ability to manage its own activities
2. Strategy: the Board's role in the strategy process
3. Corporate Culture: the Board's role in overseeing the achievement of ethical behaviour in the organization

4. Monitoring and Evaluation: the Board's role in monitoring management and evaluating its performance against defined goals.
5. Stewardship: the Board's responsibility towards shareholders and other stakeholders and accountability for their interests.

The Independent Advisory firm adjudged the performance of the Board and stated that the Board's compliance culture to Corporate Governance is positive and largely consistent with the standards contained in the CBN and SEC Code of Corporate Governance.

Induction and Continuous Training

The Bank is committed to skills and capacity development for the Directors. The Board has established a formal orientation and training programme for new directors to enable the directors' familiarise themselves with the Bank's operations, environment, senior management etc. This is done through induction courses organized by the Company Secretary.

Also, the Bank has institutionalized regular training of Board Members and Senior Management on issues pertaining to their oversight functions and their fiduciary duties and responsibilities.

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 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 liaises with regulatory authorities to ensure adequate compliance with the Code of best Corporate Governance Practices.

Management Committees

The Committees comprises of Senior Management of the Bank. These Committees are risk-driven as they are 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:

- Executive Committee
- Management Credit Committee
- Watchlist Committee
- Assets and Liability Committee
- Management Risk Committee
- IT Steering Committee

Executive Committee

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

The responsibilities of the Committee include:

Review the Strategic Operations of the Bank:

- i. Review Audit & Inspection Reports

- ii. Review of Branch Operation Coordination'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.

The Committee comprises of the MD/CEO, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time. The Committee meets fortnightly to effect the above.

Management Credit Committee

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

- 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;
- Reviews and approves all credits that are above the approval limit of the 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 the Head, Credit Risk Department of the Bank.

The Committee comprises of the MD/CEO, all Executive Directors, the Company Secretary/Legal Adviser and any other member as may be appointed from time to time. The Committee meets fortnightly to effect the above.

Watchlist Committee

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

- Highlighting the status of the Bank's assets in line with the Internal and External Regulatory Framework;
- Taking appropriate actions in respect of delinquent assets;
- Ensuring that adequate provisions are taken in line with the regulatory guidelines.

Membership of the Committee includes the Managing Director, Executive Directors, Chief Risk Officer, Head of Remedial Assets Management and other relevant Senior Management staff of the Bank. The Secretary to the Committee is Head of the 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 Managing Director/CEO, Executive Directors, Treasurer, Chief Financial Officer and Chief Risk Officer together with relevant Senior Management Staff.

Management Risk & Audit Committee

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

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

The Managing Director chairs this Committee and members include Executive Directors, Chief Risk Officer, Chief Inspector, Chief Information Security Officer, Head of Internal Control, Chief Compliance Office, representatives of Operations, IT and Legal.

IT Steering Committee

In many organizations, Information Technology has become crucial in the support, sustainability and growth of the business. The 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 Executive Committee as at when necessary;
- Act in a supervisory capacity, in implementing the Bank's IT strategy.

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 Bank forwards returns on a monthly basis 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 and the whistle-blowing policy is permanently available on the Bank's intranet.

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 and Directors

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

Shareholders

The Annual General Meeting of the Bank is the highest decision making body. The General Meetings are duly convened and held in line with existing statutory provisions in a transparent and fair manner.

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

The Board places considerable importance on effective communication with shareholders on developments in the Bank. In this regard, the Bank has established an Investors Relations Unit which deals directly with enquiries from shareholders and investors 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.

Shareholder's Complaint Management Policy

The Bank has developed a Complaint Management policy for shareholders to foster an efficient and timely resolution of Shareholder's complaint.

The Policy can be accessed through the Bank's website.

Insider Trading

The Bank has an insider trading policy which prohibits Directors, insiders and their related persons in possession of confidential price sensitive information from dealing with the securities of the Bank during the close period.

In the year under review, there was no infraction of this policy.