

Sunbeam Microfinance Bank Limited

1, Ugbonhan Street, Efon-Alaaye, Ekiti State

Annual Reports and Financial Statements
For the year ended 31st December, 2022



Balogun Temitope & Co.
(Chartered Accountants)

Financial Statements
For the year ended 31st December, 2022

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CORPORATE INFORMATION

Company Registration Number RC 204792
Date of Registration 26th of May, 1992
Registered Office 1, Ugbonhan Street,
Efon-Alaaye,
Ekiti State.
Tax File Number TIN 00105731-0001

	<u>Directors:</u>	<u>Date of Appointment</u>
Board Chairman	Engr. Olabode Stephen Adetunji	3rd October, 2014
Managing Director	Pastor Joshua Sunday Tunde Oluwaranti	17th Nov, 2021
	Mr. Dele Afolabi	3rd October, 2014
	Chief Babatunde Joel Kolawole, FCA	29th January, 2019

Company Secretary L.O. Ogundele Esquire

Auditors Balogun Temitope & Co.,
(Chartered Accountants)
5, Ayomide Street, Graceland,
Moniya, Ibadan,
Oyo State.

Correspondent Banks FBN Limited - Erekesan Mkt, Efon-Alaaye, Ekiti State.
Polaris Bank Nig. Ltd. - Okesa Street, Ilesa, Osun State.
UBA Plc. - Secretariat Road, Ado-Ekiti, Ekiti State.
Wema Bank Plc. - Aramoko Branch, Ekiti State.
FCMB Plc. - Secretariat Road, Ado-Ekiti, Ekiti State.
Fidelity Bank Plc. - Ejigbo Street, Ado-Ekiti, Ekiti State.
Heritage Bank Plc. - Ekiti State University, Ado Ekiti.
Access Bank Plc. - Secretariat Road, Ado-Ekiti.
Keystone Bank Plc. - Secretariat Road, Ado-Ekiti.
Union Bank Plc. - Mkt. Square Ilawe Branch, Ekiti State.
Zenith Bank Plc. - Secretariat Road, Ado-Ekiti.

Accounting Reference Date 31st December.

Financial Statements For 2022

Corporate Governance Report

Introduction

The Bank's framework is designed to conform with corporate ethics and in strict compliance to defined regulations.

Sunbeam (MFB) is committed to implementing initiatives that would improve corporate principles for the benefit of all stakeholders. It is committed to providing simple and efficient financial services to the economically- active poor in order to grow their businesses, thereby alleviating poverty and creating wealth. In this regard, the Board of Sunbeam MFB has the primary responsibility for ensuring adherence to laid down rules and regulations, which will guarantee best grassroots' banking practice. The Board is responsible for establishing strategic objectives, policies and procedures that will direct the activities of the Bank and the means to attaining them, as well as the mechanism for monitoring management performance.

History of the Bank

Sunbeam Microfinance Bank evolved from Efon-Alaaye Community Bank. Efon-Alaaye Community Bank was commissioned on the 26th of May, 1992 with paid up capital of ₦400,000 (Four Hundred Thousand Naira) out of ₦1,000,000 (One Million Naira) authorized. Presently, the paid-up capital stands at ₦56,404,682 (approved by the CBN) out of N100,000,000 (One Hundred Million Naira) authorised. The shareholders fund has gone up to ₦242,274,320. The Bank's total assets amount to ₦804.2 million. The bank is located in Efon-Alaaye, a moderately populated town area in Ekiti State.

Justification for Conversion to MFB

The Bank already has a history of providing financial services to the low and medium scale income earners. Such services have been provided to peasant farmers, market traders and small-scale petroleum dealers. With these services already on ground, the metamorphosis of Efon-Alaaye Community Bank to Sunbeam Microfinance Bank will further enhance the bank's ability to develop more products to meet the needs of the target groups and clientele which hitherto remain unserved.

Executive Summary

Sunbeam Microfinance Bank Limited was born out of the conversion of Community Banks to Micro-finance Banks. The Bank has been in operation for the past thirty-one years with its registered office at No 1, Ugbonhan Street, Efon-Alaaye. This will remain the registered office of Sunbeam Micro-finance Bank. The Bank is poised to serve Efon-Alaaye Local Government Area which has over one hundred and fifty thousand rural dwellers in the extreme western part of Ekiti State who are predominantly farmers, petty traders, artisans and civil servants.

The Bank already has a history of providing financial services to the active poor, low and medium scale income earners. Such services have been provided to peasant farmers, market traders and small-scale petroleum dealers.

With these services already on ground, the metamorphosis of Efon-Alaaye Community Bank to Sunbeam Microfinance Bank enhanced the bank's ability to develop more products to meet the needs of the target groups which would otherwise remain unserved.

The Bank is governed by five (5) directors and managed by a team of professionals headed by the Managing Director who are working with skilled personnel.

The Bank has a vision of becoming a State Microfinance Bank by the year 2024 known for its professionalism, integrity, loyalty, excellent service and team work to offer efficient micro finance services and innovative products to the economically active poor satisfactorily thereby enhancing our financial sustainability.

The Bank is set to operate as a State Microfinance Bank for the next Two years within the State. A new branch will be opened in the next two (2) years to be located in Ado Ekiti the State Capital after meeting all regulatory requirements.

As the Bank currently operates as a Unit Microfinance Bank with the Head Office at No I, Ugbonhan Street, Efon-Alaaye, Ekiti State, Nigeria with the present total equity of ₦242.3 million it will grow equity to more than ₦250 million within the two years projections. The equity is expected to fund the Head Office and a new branch at Ado Ekiti. The Bank shall cover villages and towns within the following Local Governments; Efon-Alaaye, Irepodun/Ifelodun, Ekiti West, Ekiti South West and Ijero through group formation and extension of micro loans to our target clients.

Regardless of any constraint or weakness, the Bank will make use of all available opportunities and strengths to consolidate its performance while "working to turn weaknesses into strengths"..

Having identified various risks peculiar to Microfinance Banking in Nigeria, the Bank has strategies or means of mitigating the risks by employing risk management tools and same shall be wholly adhered to with favourable three-year financial projections, the bank is poised to achieve its vision and goals to provide simple and efficient financial services to the economically active poor, in order to grow their businesses thus alleviating poverty, creating wealth and adding value to her investors.

As management is in charge of the day-to-day running of the Bank, the Board monitors compliance with regulations by means of the quarterly presentations made by the management at Board meetings. This includes Credit Risk policies, business prospects and branch expansion plans etc. The following committees have been established by the Board to aid its oversight functions:

- A. Board Governance and Nomination Committee
- B. Board Risk Management Committee
- C. Board Credit & Marketing Committee
- D. Board Establishment Committee
- E. Board Audit Committee

The Committees' roles and functions are determined by the Board and are reviewed periodically so as to evaluate their performance(s) and relevance. On behalf of the Board, I (The Chairman) pledge to ensure continued adherence to global best practices on corporate governance and will always ensure that corporate governance principles are given top priority in the Bank's operations.

Reporting Standards and Disclosure

Sunbeam Microfinance Bank is committed to improving on the quality of disclosure in its operations and in the published annual reports and accounts. It has complied with the CBN directives that Microfinance banks should adopt the International Financial Reporting Standards. This will no doubt boost investors' values and encourage business relationships across the state.

Regulations

Sunbeam MFB operates in a highly regulated environment that requires strict adherence to laid down rules and regulations. The Board ensures compliance with these relevant regulations in its oversight functions. In particular, it monitors compliance with the Guidelines for microfinance banks in Nigeria and the policy regulatory and supervisory framework, which both enhance the provision of diversified microfinance services on a long-term sustainable basis for the poor and low- income groups. Development in 2011 which resulted in the revocation of licenses of about 224 microfinance banks and liquidation of 103 microfinance banks make it imperative to give priority to the interest of all stakeholders. The reasons identified by the CBN for recorded failures by the microfinance banks were:

- Weak capitalization;
- Poor corporate governance
- Insider abuses;
- Incompetence;
- Ineffective oversight of the Board and
- Poor risk management/ weak internal controls.

Lessons learnt from the incidence revealed that microfinance banks should be expected to comply with the prescribed governance principles and the Board has a greater duty to ensure that the requisite structures are put in place for the successful operation of a microfinance bank and to safeguard stakeholders' interest. Some of the structures are:

- Institution of a strong Risk Management culture;
- Rigorous training and retraining of staff to bridge knowledge gaps;
- Implementation of effective cost-saving measures at all levels;
- Strong internal control systems and
- Effective monitoring of loan portfolio.

The Board and management are strongly committed to complying with prescribed rules and regulations as things are less likely to go wrong if regulations are properly followed.

Engr. Olabode Stephen Adetunji
Chairman

Leadership

The Board comprises of five Members who are knowledgeable and experienced individuals from diverse backgrounds. They have brought on board vast experience, which has impacted positively on the Banks operations via meaningful contributions to deliberations. This has in turn enhanced the Bank's profitability and also put it in good stead to operate effectively in a rather competitive and harsh environment. During the year, there was a change in the leadership position of the Board. The Board is currently headed by Engineer Olabode Stephen Adetunji.

How our Board Meeting works

At meetings, Board members thoroughly scrutinize proposals presented by the management to ensure that their ultimate decision or approval will augur well for the smooth operations of the Bank, its corporate image and the interest of its Customers and Stakeholders and that such approvals and proposals are in line with defined regulations.

The Board meets quarterly to enable Board members to contribute meaningfully to deliberations; meeting packs are prepared and sent a week ahead of the schedule date. The memoranda are taken as read at the meeting since they have been dispatched ahead of time. Members are invited by the Chairman through the Secretary/Legal Adviser to air their views or comments as he goes through the agenda listing the issues to be deliberated upon. Where there are dissenting opinions, the Board weighs all the overall arguments or comments made by members and their impact or significance to the Bank's operations, client base and regulations before it takes a final decision.

The Board therefore has the following responsibilities:

- To approve an annual financial budget for the Bank;
- To approve set targets against which the performance of the Bank will be measured;
- To map out strategies for the Bank that will distinguish it from its peers amidst tight competition;
- To ensure compliance with laid down regulations and
- To ensure a risk management structure and internal audit functions exist.

The management of this Bank will usually focus on refining the Bank's processes, especially in terms of risk assets management by training members of staff for improvement on the quality of loans being booked.

Also, efforts are being geared towards compliance with Know Your Customer (KYC), general training of staff to bridge identified gaps and the effective utilization of Internal Control/ Audit Unit so as to address some identified operational lapses.

The Bank's governance framework is fashioned in a way to ensure strict compliance with defined regulations, i.e. transparency in its operations. The frequency of meeting is in line with statutory regulations and the functionality of the sub- committees constituted is to aid the Board in the discharge of its duties. The Board and Board Committee meetings are held quarterly and as the need arises respectively. The Chairman is not a member of any Board Committee. Each Board presents a formal report on their Committee deliberations at Board Meetings.

The Executive Management and other management Committee meets regularly. The Bank is conscious of the regulatory reporting requirements and routinely discloses any material information to all stakeholders. The Bank diligently sends its monthly returns to the Central Bank of Nigeria as and when due. The following committees exist:

A. Risk Management Committee

Mr. Dele Afolabi	-	Chairman
Chief Babatunde Joel Kolawole	-	Member
Pastor J.S.T Oluwaranti	-	Member
Mr. Olalekan Moses Esan	-	Secretary

B. Board Governance and Nomination Committee

Chief Babatunde Joel Kolawole	-	Chairman
Pastor J.S.T Oluwaranti	-	Member
Mr. Dele Afolabi	-	Member
Mrs. T. F. Adedapo	-	Secretary

C. Board Establishment Committee

L. O. Ogundele Esquire	-	Chairman
Mr. Dele Afolabi	-	Member
Pastor J.S.T Oluwaranti	-	Member
Pastor J. Bayo Abereifa	-	Secretary

D. Credit Committee

Chief Babatunde Joel Kolawole	-	Chairman
Mr. Dele Afolabi	-	Member
Pastor J. S. T. Oluwaranti	-	Member
Mr. Olusegun S. Adebayo	-	Secretary

E. Audit Committee

Mr. Ojo Gabriel Oyeyemi	-	Chairman
Chief Babatunde Joel Kolawole	-	Member
Hon. Ojo Adekanbi Adebayo	-	Member
Mr. Funmi Ilori	-	Secretary

Management Team

• Managing Director	-	Pst. J.S.T Oluwaranti
• Head of Operations	-	Mrs. T.F Adedapo
• Head of Credit/Marketing	-	Mr. Olusegun S. Adebayo
• Head of Risk Mgt. & Compliance	-	Mr. Olalekan Moses Esan
• Internal Auditor	-	Pst. J. Bayo Abereifa

Strategy

In the discharge of its oversight functions, the Board ensures that management runs the Bank in the most efficient manner that would safeguard the interest of all stakeholders. In between scheduled meetings, management is sometimes requested to provide details of crucial issues via email for the attention of Board members and appropriate measures.

Industry practice is often relied upon or used as a benchmark before a proposal is approved. Most importantly, there is a cordial relationship between board members that enhances teamwork.

Report of the Directors

For the year ended 31st December, 2022

In compliance with the above, the Directors have pleasure in presenting their report on the affairs of Sunbeam Microfinance Bank Limited, together with audited financial statements for the year ended 31st December, 2022.

Principal Activities

Sunbeam MFB's principal activity is to carry on business as a microfinance bank, providing financial services to micro, small and medium-scale enterprises and other people on low incomes in Nigeria in the form of working capital and loans. Sunbeam MFB is eligible to accept deposits from individuals, groups and organizations and also raise finance in accordance with the CBN regulations and guidelines on microfinance banks.

Beneficial Ownership

The Bank is owned by Nigerian citizens.

Legal form

Sunbeam Microfinance Bank evolved from Efon Alaaye Community Bank. Efon Alaaye Community Bank was commissioned on the 26th May, 1992 with a paid up capital of 400,000 (Four Hundred Thousand Naira) out of ₦1,000,000 (One Million Naira) authorized.

Directors who served during the year

The names of the present directors are stated on page 3.

Directors' responsibilities

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Sections 24 and 28 of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 as amended and the CBN Regulatory and Supervisory Framework for microfinance banks, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of Sunbeam MFB and the profit or loss for the financial year.

These responsibilities include ensuring that:

- (a) Adequate internal control procedures are instituted to safeguard assets, prevent and detect fraud and other irregularities;
- (b) Proper accounting records are maintained;
- (c) Applicable accounting records are followed;
- (d) Suitable accounting policies are used and consistently applied;
- (e) The financial statements are prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business.

**Report of the Directors
For the year ended 31st December, 2022
(Continued)**

RESULTS AT A GLANCE

Major Profit and Loss Account Items:

	2022	2021	% Change
	₦	₦	
Gross Earnings	141,565,613	123,258,403	15
Interest Expense	(16,816,040)	(15,933,730)	6
Operating Expenses	(69,383,327)	(64,824,210)	7
Profit Before Taxation	46,413,760	39,690,734	17
Profit After Taxation	45,600,037	38,872,671	17

Major Statement of Financial Position Items:

Loans and Advances	108,579,770	78,140,589	39
Deposits	500,720,341	490,329,896	2
Share Capital	56,404,682	43,156,682	31
Shareholders' Fund	242,274,320	183,312,168	32
Total Assets	804,223,957	744,745,529	8

Per Share Data:

Based on 56,404,682 (2021: 43,156,682) ordinary shares of ₦1 each

Earnings	0.81	0.90
Net Assets	4.30	4.25
Total Assets	14.26	17.26
Number of Branches	1	1
Number of Employees	14	15

Results of Operations

	₦
Profit for the year	46,413,760
Income Tax Expenses	(813,724)

Profit After Tax	45,600,037
Other Comprehensive Income	114,115

Total Comprehensive Income	45,714,152
	=====

Appropriation:

Transfer to Statutory Reserve	11,428,538
Transfer to Revenue Reserve	34,285,614

	45,714,152
	=====

Directors and their interests

The Directors who served during the year were as follows:

Engr. Olabode Stephen Adetunji	- Chairman
Pastor J.S.T Oluwaranti	- Managing Director
Mr. Dele Afolabi	- Member
Chief Babatunde Joel Kolawole	- Member

Shareholding

The Directors' of Sunbeam MFB who held office as at 31 December 2022, have no interest other than as shown in the shares of the bank below:

<u>Directors</u>	<u>No. of Shares</u>	<u>% Holdings</u>
Pastor J.S.T Oluwaranti	505,219	0.89%
Engr. Olabode Stephen Adetunji	1,000,000	1.77%
Mr. Dele Afolabi	6,000,000	10.64%
Chief Babatunde Joel Kolawole	5,000,000	8.86%

Significant Shareholdings

According to the Register of Members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31st December, 2022.

	No of Shares	% Holdings
Chief Joseph Folorunso Alake	5,150,313	9.13%
Mr. Dele Afolabi	6,000,000	10.64%
Chief Babatunde Joel Kolawole	5,000,000	8.86%

Analysis of Shareholding

The analysis of the distribution of the shares of the Company is as follows:

Share Range	No. of Shares	% of Holdings
001-1000	150,550	0.27%
1,001-10000	1,306,607	2.32%
10,001-50000	2,714,446	4.81%
50,001-100000	1,471,674	2.61%
100,001-500000	4,061,902	7.20%
500,001-1000000	5,830,494	10.34%
1,000,001 & Above	40,839,008	72.40%
Total	----- 56,404,682 =====	----- 100% =====

Cash Dividend

	2022	2021
Proposed Dividend	₦5,640,468	₦4,315,668
Number of Shares in Issue and Ranking for Dividend	56,404,682	43,156,682
Proposed Dividend Per Share	----- 10k =====	----- 10k =====

The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Company and Allied Matters Act of Nigeria, Cap C20 LFN 2004 as amended, proposed a dividend of 10k per ordinary share on the issued capital of 56,404,682 ordinary share of ₦1 each for the financial year ended 31 December 2022. This is subject to approval by shareholders at the next Annual General Meeting.

If the proposed dividend is approved by the shareholders, the Bank will be liable to pay additional corporate tax since tax liability calculated at 30% of the dividend approved is higher than the tax charge on profit reported in the statement of comprehensive income for the year ended 31 December 2022.

The number of shares in issue and ranking for dividend represents the outstanding numbers of shares as at 31 December 2022. Payment of dividends to shareholders is subject to withholding tax in the hand of recipients.

Significant Changes in Property, Plant and Equipment

Information relating to changes in property, plant and equipment is given in Note 10 to the financial statements.

Employment and Employees

Employment of Disabled Persons

Sunbeam MFB operates a non-discriminatory policy in the consideration of applications for employment including those received from disabled persons. Sunbeam MFB's policy is to recruit the most well qualified candidates for appropriate job levels irrespective of an applicant's disability status. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with Sunbeam MFB continues and that appropriate training is arranged. It is the policy of Sunbeam MFB that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. However, as at 31st December, 2022 no disabled person was in the employment of the bank.

Health, Safety at Work and Welfare of Employees.

Sunbeam MFB maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

Staff Training and Development

Sunbeam MFB's policy with regard to employee involvement and training is to encourage participation of employees in arriving at decisions in respect of matters affecting their well-being.

Towards this end, Sunbeam MFB provides opportunities where employees deliberate on issue affecting Sunbeam MFB and employee interests, with a view to making inputs to decisions thereon. Sunbeam MFB places a high premium on the development of its manpower. Consequently, Sunbeam MFB sponsored its employees for various training courses in the year under review.

Events After the Reporting Date

There were no significant events occurring after the reporting date which has not been provided for in these accounts.

Auditors

The auditors, Messrs Balogun Temitope & Co, Chartered Accountants, have indicated their willingness to continue in office, pursuant to section 401 of the Companies and Allied Matters Act (CAMA 2020) of Nigeria. A motion shall be tabled at the Annual General Meeting to authorise the Directors to fix their remuneration.

By order of the Board

L. O. Ogundele *Esquire*

Company Secretary.

Ekiti, Nigeria.

March 16, 2023.

Statement of Directors' Responsibilities

In accordance with the provisions of section 377 of the Companies and Allied Matters Act 2020 and Financial Reporting Council Act No 6 2011, the Directors are responsible for the preparation of annual financial statements which gives a true and fair view of the financial position of the Bank at the end of each financial year and the operating result for the year ended. The responsibilities include ensuring that the Bank:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank, and comply with the requirements of the Companies and Allied Matters Act 2020 and Financial Reporting Council Act No 6 2011.
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities and;
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with:

- relevant International Financial Reporting Standards issued by the International Accounting Standards Board (IASB)
- the Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria
- relevant circulars issued by the Central Bank of Nigeria
- the requirements of the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2020 as amended
- the requirements of the Companies and Allied Matters Act, 2020 as amended and
- Financial Reporting Council of Nigeria Act, No. 6, 2011

The directors are of the opinion that the financial statements present fairly, in all material respects, the financial position and the financial performance of the Bank as of and for the year ended 31 December 2022. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Going Concern

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

The financial statements of the Bank for the year ended 31 December 2022 were approved by Board of Directors on 16th March, 2023.

Signed on behalf of the Board by:

Pastor J.S.T Oluwaranti
FRC/2016/CIBN/00000015404
Managing Director

Chief Babatunde Joel Kolawole
FRC/2013/ICAN/0000000736
Director

Report of the Audit Committee

To the Members of
Sunbeam Microfinance Bank Limited

We have examined the auditor's report for the year ended 31 December, 2022 in accordance with the provision of section 401(7) of the Companies and Allied Matters Act, 2020. We have obtained all information and explanations we required.

In our opinion, the auditor's report is consistent with our review of the scope and planning of the audit and management letter and response thereon; and we are satisfied that the company's accounting and reporting policies are in accordance with section 401(7) of the Act.

Members of the Audit Committee

Mr. Ojo Gabriel Oyeyemi, FCA	- Chairman
Chief Babatunde Joel Kolawole, FCA	- Member
Hon. Ojo Adekanbi Adebayo	- Member
Mr. Funmilola Jacob Ilori, ACA	- Secretary

Mr. Ojo Gabriel Oyeyemi, FCA
Chairman, Audit Committee



BALOGUN TEMITOPE & CO.

(Chartered Accountants)

5, Ayomide Street, Graceland, Moniya, Ibadan, Oyo State, Tel:0803-498-7777, 09052716979
Email: baloguntemitope.co@gmail.com, balogun_abubakar@yahoo.com

REPORT OF THE INDEPENDENT AUDITORS

To the members of

SUNBEAM MICROFINANCE BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sunbeam Microfinance Bank Limited, set out on pages 18 to 49 which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of equity, the statement of cash flows, the value added statement for the year then ended, the statement of significant accounting policies, notes to the financial statements and the five-year financial summary.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank as at 31 December 2022 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Acts, the Banks and Other Financial Institutions Act, the Financial Reporting Council of Nigeria Act and the Regulatory and Supervisory Framework for Microfinance Banks.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the requirements of the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the audit of Sunbeam Microfinance Bank Limited financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p>IFRS 9 – Impairment on expected credit losses</p> <p>IFRS 9 requires the bank to recognize impairment using the Expected Credit Loss (ECL) model. The ECL model is dependent on significant judgement and estimates by management in the measurement and determination of impairment on loans and advances and other financial instruments. Our focus on this area was premised on the significant judgement and subjectivity inherent or applied by management in the estimation of the level of impairment, and the size of this portfolio.</p> <p>The ECL model is forward looking which incorporates industry and prevailing economic events and requires an application of historical financial data of the bank. All of these are combined to develop and apply relevant models to the portfolio of the bank.</p> <p>Loans and advances make up 13.5% of the total assets of Sunbeam Microfinance Bank Limited with the total risk assets portfolio of ₦108.6 million after recognizing ECL of ₦18.6 million from gross loan and advances of ₦127 million.</p> <p>The basis of the provisions is summarized in the accounting policies in the financial statements.</p> <p>Sunbeam Microfinance Bank Limited's impairment model addresses the three stages of credit classifications.</p> <p>Because of the significance of these estimates, judgments and the size of loans and advances portfolio, economic conditions experienced in Nigeria during the year which affected the performance of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.</p>	<p>Our audit procedures to assess the loan loss impairment included the following:</p> <ol style="list-style-type: none"> 1. Updated our understanding of the controls put in place by the management to identify impaired loans and provisions against those assets and determined whether these controls have been appropriately designed and implemented. 2. We reviewed the appropriateness of the bank's determination of significant increase in credit risk and ensured compliance with IFRS 9 and Central Bank of Nigeria Regulation. 3. We challenged the key data input and assumptions for data input into the ECL model used by the bank. 4. On a sample basis, we reviewed loans for evidence of significant increase in credit risk with major focus on loans that were not reported as being impaired. 5. We subjected the data used in the models to test as well as assessing the model's methodology. <p>Based on our review, we found that the bank's impairment methodology, including the model, assumptions and key inputs used by management to estimate the amount of loan impairment losses were comparable with historical performance, and prevailing economic situations and that the estimated loan loss impairment determined was appropriate in the circumstances.</p>

Responsibility of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act, the Financial Reporting Council of Nigeria Act, Regulatory and Supervisory Framework for Microfinance Banks and for such internal control, as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibility of Auditors

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements, plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making the 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 company'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 obtained audit evidence, which to the best of our knowledge and belief is appropriate and sufficient for the purpose of our audit opinion. We conclude that the use of going concern assumption in the financial statements is appropriate and that no material uncertainties are identified.

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 statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

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

1. The Bank did not contravene any section of the Bank and Other Financial Institutions Act during the year ended 31 December, 2022. Hence, no penalty was paid by the Bank.
2. There were no related party transactions that required disclosures in compliance with the Central Bank of Nigeria Circular BSD/1/2004.

Balogun Abubakar Temitope FCA,
FRC/2013/ICAN/0000004111
For: *Balogun Temitope & Co.,*
(Chartered Accountants).

Ibadan, Nigeria
March 16, 2023.

**Statement of Financial Position
As At 31st December, 2022**

Assets	Note	31 December 2022 ₦	31 December 2021 ₦
Current Assets			
Cash and Cash Equivalents	5	645,439,587	611,726,154
Financial Asset at Amortised cost	6	0	10,000,000
Financial Asset through Profit or Loss	7	3,782,312	3,668,197
Loans and Advances	8	108,579,770	78,140,589
		-----	-----
		757,801,669	703,534,939
Non-current Assets			
Other Assets	9	24,606,448	26,935,381
Property Plant and Equipment	10	21,815,820	14,275,188
Intangible Assets	11	20	20
		-----	-----
Total Assets		804,223,957	744,745,529
		=====	=====
Liabilities			
Deposit and Current Accounts	12	500,720,341	490,329,896
Current Income Tax Liability	29	813,724	818,063
Other Liabilities	13	60,415,573	70,285,401
		-----	-----
Total Liabilities		561,949,638	561,433,360
		-----	-----
Equity			
Share Capital	14	56,404,682	43,156,682
Share Premium	15	8,174,974	8,174,974
Statutory Reserve	16	58,318,563	46,890,025
Regulatory Risk Reserve	17	11,569,469	13,757,329
Retained Earnings	18	107,806,632	71,333,158
		-----	-----
Total Shareholders' Equity		242,274,320	183,312,168
		-----	-----
Total Liabilities and Equity		804,223,957	744,745,529
		=====	=====

The financial statements were approved on 16th March, 2023 by the Board of Directors and signed on its behalf by:

Chief Babatunde Joel Kolawole
FRC/2013/ICAN/0000000736
Director

Pastor J.S.T Oluwaranti
FRC/2016/CIBN/00000015404
Managing Director

Mrs. Temitope F. Adedapo
FRC/2022/PRO/CIBN/002/970376
Chief Finance Officer

The accompanying accounting policies and the notes on pages 22 to 49 form an integral part of these financial statements.

**Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31st December, 2022**

	Note	2022 ₦	2021 ₦
Operating Revenue			
Interest Income	19	51,815,865	59,407,985
Interest Expense	20	(16,816,040)	(15,933,730)
		-----	-----
Net Interest Income		34,999,825	43,474,255
Impairment Allowance for Credit Losses	21	(8,952,485)	(2,809,729)
		-----	-----
Net Interest Income after Impairment Allowance		26,047,340	40,664,526
Fee and Commission Income	22	16,679,539	15,745,464
Other Operating Income	23	73,070,209	48,104,954
		-----	-----
Total Operating Income		115,797,087	104,514,944
		-----	-----
Personnel Cost	24	32,775,528	30,016,358
Other Operating Expenses	27	32,055,267	26,066,930
Depreciation and Amortisation	28	4,552,532	8,740,922
		-----	-----
Total Operating Expenses		69,383,327	64,824,210
		-----	-----
Profit Before Tax		46,413,760	39,690,734
Income Tax Expenses	29	(813,724)	(818,063)
		-----	-----
Profit After Tax		45,600,037	38,872,671
Other Comprehensive Income			
Gain/(Loss) on available for sale financial asset	7.1	114,115	(1,606,210)
		-----	-----
Total Comprehensive Income		45,714,152	37,266,460
Transfer to Statutory Reserve		(11,428,538)	(9,316,615)
		-----	-----
Retained Profit to Revenue Reserve		34,285,614	27,949,845
		=====	=====
Basic Earnings Per Share		80.84k	90.07k
Adjusted Earnings Per Share		80.84k	90.07k
Net Asset per Share		4.30k	4.25k

The accompanying accounting policies and the notes on pages 22 to 49 form an integral part of these financial statements.

Statement of Changes in Equity

	Share Capital ₦	Share Premium ₦	Statutory Reserve ₦	Regulatory Risk Reserve ₦	Retained Earnings ₦	Total ₦
Balance at 1 January 2021.	43,156,682	8,174,974	37,573,410	10,888,812	46,251,831	146,045,708
Profit for the year	0	0	0	0	37,266,460	37,266,460
Proposed Dividend					0	0
Transfer between Reserves	0	0	9,316,615	2,868,518	(12,185,133)	0
Other Comprehensive Income	0	0	0	0		0
Total Comprehensive Income	0	0	9,316,615	2,868,518	25,081,328	37,266,460
Proposed Dividend					0	0
Transfer to Share Capital	0	0	0	0	0	0
Balance at 31 Dec. 2021	43,156,682	8,174,974	46,890,025	13,757,329	71,333,158	183,312,169
Profit/(Loss) for the year	0	0	0	0	45,714,152	45,714,152
Dividend					0	0
Transfer between Reserves	0	0	11,428,538	(2,187,860)	(9,240,678)	0
Other Comprehensive Income	0	0	0	0		0
Total Comprehensive Income	0	0	11,428,538	(2,187,860)	36,473,474	45,714,152
Addition to Deposit for Shares	0	0	0	0	0	0
Transfer to Share Capital	13,248,000	0	0	0	0	13,248,000
Balance at 31 Dec. 2022.	56,404,682	8,174,974	58,318,563	11,569,469	107,806,632	242,274,320

The accompanying accounting policies and the notes on pages 22 to 49 form an integral part of these financial statements.

Statement of Cash flows
For the year ended 31st December, 2022

	2022	2021
	₦	₦
<u>Cash flows from Operating Activities</u>		
Interest Received	51,815,865	104,264,864
Fees and Commission Received	89,499,747	18,993,539
Loans and Advances Repaid/(Granted)	(39,391,667)	54,309,116
Deposit Received/(Withdrawn)	10,390,445	29,873,087
Interest Payment	(16,816,040)	(15,933,730)
Payments to and on behalf of Employees	(32,775,528)	(30,016,358)
Other Operating Payments	(39,183,318)	(35,786,018)
Income Tax Paid	(1,230,896)	(773,154)
	-----	-----
<i>Net Cash from Operating Activities</i>	22,308,609	124,931,346
	-----	-----
<u>Cash flow from Investing Activities</u>		
Purchase of Property, Plant and Equipment	(12,093,175)	(8,095,690)
Proceeds from Sale of PPE	250,000	0
Purchase of Intangible Assets	0	0
Proceed of Investment	10,000,000	1,432,582
	-----	-----
<i>Net Cash from Investing Activities</i>	(1,843,175)	(6,663,108)
<u>Cash flow from Financing Activities</u>		
Proceed from Share Issue	13,248,000	0
Dividend paid	0	0
	-----	-----
<i>Net Cash from Financing Activities</i>	13,248,000	0
	-----	-----
Net Decrease in Cash and Cash Equivalents	33,713,422	118,268,238
Cash and Cash Equivalents at beginning	611,726,154	493,457,916
	-----	-----
Cash and Cash Equivalents at year end	645,439,587	611,726,154
	=====	=====

The accompanying accounting policies and the notes on pages 22 to 49 form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Sunbeam Microfinance Bank Limited (the "Bank") is a private Limited liability company incorporated and domiciled in Nigeria. The Bank's registered office at Ugbonhan Efon-Alaaye. The bank was granted license to carry on Microfinance banking business within Efon-Alaaye Community. The bank provides credit banking and other financial services to Efon-Alaaye catchment area.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008, and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and other Financial Institution Act of Nigeria, and the Financial Reporting Council of Nigeria Act No. 6, 2011.

2.2 Going concern

The Bank's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future, therefore, the financial statements continue to be prepared on the going concern basis. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments as set out in the accounting policies. Historical cost is generally based on the fair value of the considerations given in exchange for the assets.

2.4 Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes. Additional disclosures were included in the notes to the financial statements for certain account balances to enhance understand ability by users of the financial statement.

2.5 Functional and presentation currency

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

2.6 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

2.7 New and amended standards and interpretations

Standards and interpretations issued/amended but not yet effective

The standards listed below have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2022. The Bank has not applied the following new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates as applicable to them. Insights on these new standards/amendments are provided below.

Amendment to IFRS 16, 'Leases'- Covid-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. May 2020

Published
Effective date

Annual periods beginning on or after 1 June 2020

Amendments to IFRS 17 and IFRS 4, 'deferral of IFRS 9 for Insurance contracts'

These amendments defer the date of application of IFRS 17 by 2 years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

Published
Effective date

June 2020

Annual periods beginning on or after 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

This amendment, also, does not have any effect on the financial statements of the Company.

Published
Effective date

August 2020

Annual periods beginning on or after 1 January 2021

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Published
Effective date

January 2020

Annual periods beginning on or after 1 January 2022

A number of narrow- scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

Amendments to IFRS 3, Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment amounts received from selling for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First – time Adoption of IFRS'. IFRS 9, 'Financial instruments' IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

The Company is not early adopting these amendments and this amendment does not have any effect on the financial statements of the Company in 2020.

Published
Effective date

May 2020

Annual periods beginning on or after 1 January 2022

IFRS 17, 'Insurance contracts'

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issues insurance contracts and investment contracts with discretionary participation features. This amendment does not have any effect on the financial statements of the Company.

Published
Effective date

May 2017

Annual periods beginning on or after 1 January 2023

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with commercial banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. Bank overdrafts that are repayable on demand and form an integral part of the Bank's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows,

3.2. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.2.1 Recognition and initial measurement

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. The Bank uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in income statement at initial recognition.

3.2.2 *Classification of financial instruments*

The Bank classifies its financial assets under IFRS 9, into the following measurement categories:

- those to be measured at fair value either through other comprehensive income, or through profit or loss; *and*
- those to be measured at amortized cost.

The classification depends on the Bank's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest - SPPI test).

The Bank also classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

3.2.3 *Subsequent measurements*

(i) **Debt instruments**

The subsequent measurement of financial assets depends on its initial classification:

Amortized cost: A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; *and*
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in income statement when the asset is derecognized or impaired. Interest income from these financial assets is determined using the effective interest method and reported in income statement as 'Interest income'.

The amortized cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortized cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

Fair value through other comprehensive income (FVOCI):

Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal or de-recognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income statement and recognized in net gains on investment securities while the cumulative impairment loss recognized in the OCI and accumulated in equity will be reclassified and credited to income statement. Interest income from these financial assets is determined using the effective interest method and recognized in income statement as 'Interest income'.

The measurement of credit impairment is based on the three stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described further below:

(ii) Impairment of financial assets

a. Overview of the ECL principles

The Bank recognizes allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. In this section all are referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI), as described below:

Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs.

- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime 2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Bank also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b. The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

- Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3:

For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between

all contractual cash flows that are due to the Bank and all the cash flows that the Bank expects to receive. The amount of the loss is recognized using an allowance for credit loss account.

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgment to estimate the amount of an expected impairment loss.

IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgment as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime 2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Bank also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

Overall, impairment under IFRS 9 results in earlier recognition of credit losses than under IAS 39.

3.2.4 Classification and measurement of financial instruments

The Bank classifies its financial assets under IFRS 9, into the following measurement categories:

- those to be measured at fair value either through other comprehensive income, or through profit or loss;
- those to be measured at amortized cost.

The classification depends on the Bank's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test).

The Bank also classifies its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

Sunbeam Microfinance Bank does not have any financial liabilities measured at fair value through profit or loss.

• POCI:

POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

c. Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as financial assets measured at amortized cost i.e. as a deduction from the gross carrying amount of the assets.

d. Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- • continued contact with the customer is impossible;
- • recovery cost is expected to be higher than the outstanding debt;
- • amount obtained from realization of credit collateral security leaves a balance of the debt; or

- • it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Bank. Credit write-off approval is documented in writing and properly initialled by the Board Credit and Risk Committee. A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

e. Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Interest rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

- Impairment - Policy applicable prior to 1 January 2018

Impairment of Financial Assets

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial assets carried at amortized cost

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank, If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'. The present value of the estimated future cash flows is discounted at the financial asset's original Effective Interest Rate (EIR).

With respect to loans and advances, the provisioning determined under IFRS is compared with the prudential provision requirement of the Central Bank of Nigeria's Regulatory and Supervisory Framework for Microfinance Banks Guideline.

Where the:

- Prudential Provision is greater than IFRS Provisions; the difference is transferred from the Retained earnings to a non - distributable reserve.
- Prudential Provision is less than IFRS Provisions, the excess charge resulting is transferred from the Regulatory risk reserve to Retained earnings to the extent of the non-distributable reserve previously recognized.

3.2.5 Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- a. The rights to receive cash flows from the asset have expired

b. The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

3.3 Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans original EIR.

3.4 Fair value definition and measurement

The Bank measures available-for-sale financial assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the absence of a principal market
- In the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.5 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of these assets. Subsequent additions are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets.

Depreciation on other assets is calculated on the straight line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Freehold Building	5%
Plant and machinery	20%
Furniture and fittings	20%
Office equipment	20%
Motor vehicle	25%

Depreciation is provided proportionately on an annual basis including the month of purchase.

The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at each reporting date. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.6 Impairment of non-financial assets

The Bank assesses at each reporting date whether there is any indication that any item of property, plant and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.7 Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities.

Income tax expense is the aggregate of the charge to statement of profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with local tax regulations. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

3.8 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

3.9 Share capital & reserves

- Ordinary shares are classified as equity
- Regulatory Risk Reserves - The Central Bank of Nigeria (CBN), the apex regulatory body in the Nigerian banking sector, requires the Bank to create a reserve for the difference between impairment charge determined in line with the principles of IFRS and impairment charge determined in line with the prudential guidelines issued by the CBN. This reserve is not available for distribution to shareholders.
- Statutory reserve - The Central Bank of Nigeria requires all microfinance banks to make an annual appropriation to a statutory reserve. As stipulated in Section 18.1.7 of the revised regulatory and supervisory guidelines for microfinance banks in Nigeria:
 - (a) an appropriation of 50% of profit after tax is made if the statutory reserve is less than the paid-up share capital;
 - (b) 25% of profit after tax if the reserve is 50% or more; and
 - (c) 12.5% of profit after tax if the statutory reserve is greater than the paid-up share capital.
- Statutory credit reserve - The Bank determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Nigerian Prudential Guidelines (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non-distributable.

3.10 Employee benefits

The Bank operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of the qualifying employee's salary.

The Bank pays contributions to the Pension Fund Administrator on a mandatory basis. The Bank has no further payment obligations on the contributions to be made.

The contributions are recognised as employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Obligations in respect of the Bank's contributions to the scheme are recognised as an expense in the profit or loss account on an annual basis.

4. Revenue from contracts with customers

IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g. IFRS 9).

Revenue under IFRS 15 is recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

5. Cash and Cash Equivalents

	2022	2021
	₦	₦
Cash in Hand	6,808,660	2,313,665
Cash in ATM	(587,987)	845,785
Remita Wallet	555,954	555,954
Polaris Bank	43,907	43,907
First Bank of Nigeria Plc. - Current a/c	661,610	1,331,017
UBA Plc. - Current a/c	71,256	85,900
First City Monument Bank Plc. - Current a/c	100,686	2,010,331
FCMB settlement Account I	90,711	90,711
FCMB settlement Account II	19,300	19,300
Fidelity Bank Plc.	226,258	11,442,488
Wema Bank Plc. - Current a/c	12,700,042	19,080,579
Access Bank Plc.	69,332	545,037
Heritage Bank Plc. - Current a/c	269,302	(1,357,899)
Union Bank Plc.	227,275	27,325
Keystone Bank Plc.	26,894,688	8,016,550
Zenith Bank Plc.	28,628	62,638
E-Channel Wema Bank Settlement a/c	104,355	104,355
E-Channels Keystone Bank Settlement a/c	1,155,610	3,725,179
Placement with other banks	596,000,000	562,783,330
	-----	-----
	645,439,587	611,726,154
	=====	=====

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, bank overdraft, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months. The credit balance on Cash in ATM occurred as a result of transactions yet to be settled by Interswitch in the bank's settlement account as at 31st December, 2022.

Placement with other banks:

Fixed deposit with Heritage Bank I	340,000,000	313,766,919
Fixed deposit with Heritage Bank II	95,000,000	83,016,411
Fixed deposit with Keystone Bank	110,000,000	166,000,000
Placement with Wema Bank	51,000,000	0
	-----	-----
	596,000,000	562,783,330
	=====	=====

6. Financial assets at amortised cost:	2022	2021
	₦	₦
Treasury bills	0	10,000,000
	-----	-----
	0	10,000,000
	=====	=====

7. Financial assets through profit or loss:	2022	2021
	₦	₦
Stock of shares	3,782,312	3,668,197
	-----	-----
	3,782,312	3,668,197
	=====	=====

The table below provides the fair value of equity investment listed on the Nigeria Stock Exchange as at 31 December

Listed Equity	Fair Value 31 Dec. 2022	Fair Value 31 Dec. 2021
	₦	₦
First Holdings Plc.	1,570	1,642
Cadbury Plc.	226,862	167,763
Berger Paint	68,568	97,709
Transcorp	177,975	148,800
Oando Plc.	9,408	11,050
Zenith Bank Int'l Plc.	1,425,000	1,493,281
Wema Bank Plc.	39,000	7,200
First City Monument Bank	115,115	89,401
Access Bank Plc.	184,034	201,354
Sterling Bank Plc.	156,881	169,208
Fidelity Bank	217,500	127,500
Eternal Oil Plc.	101,956	76,962
Dangote Sugar	308,160	334,080
Union Bank Plc.	86,797	80,016
Skye Bank	531,149	562,598
UBA	1,817	2,544
WAPIC	11,706	12,389
Afriprud	109,298	77,289
UCAP	9,518	7,410
MRS Oil	-----	-----
Stock balance at 31st December,	3,782,312	3,668,197
	=====	=====

8 Loans and Advances

	2022	2021
	₦	₦
Loans and Advances to Customers	124,611,140	84,030,590
Staff Loans	2,552,050	3,740,934
	-----	-----
	127,163,191	87,771,524
Less: Allowance for Impairment	(18,583,421)	(9,630,935)
	-----	-----
	<u>108,579,770</u>	<u>78,140,589</u>
	=====	=====

Loan Expected Credit Loss Stages

	2022			2021		
	Term Loan	Overdraft	Total	Term Loan	Overdraft	Total
(I) Loans Amount	₦	₦	₦	₦	₦	₦
12 Months ECL	37,506,176	68,504,862	106,011,038	61,115,586	14,819,774	75,935,360
LTECL not Credit impaired	8,279,098	-	8,279,098	132,353	0	132,353
LTECL Credit impaired	1,877,588	10,995,466	12,873,054	0	11,703,811	11,703,811
	-----	-----	-----	-----	-----	-----
Total Loans and Advances	47,662,862	79,500,328	127,163,190	61,247,939	26,523,585	87,771,524
	-----	-----	-----	-----	-----	-----
<i>Less Allowance for Impairment:</i>						
	2022			2021		
	Term Loan	Overdraft	Total	Term Loan	Overdraft	Total
(II) Loan Impairment	₦	₦	₦	₦	₦	₦
12 Months ECL	4,294,404	6,165,440	10,459,844	3,682,646	666,890	4,349,536
LTECL not Credit impaired	2,330,702	0	2,330,702	14,860	0	14,860
LTECL Credit impaired	838,032	4,954,842	5,792,875	5,266,539	0	5,266,539
	-----	-----	-----	-----	-----	-----
Total Allowance for impairment	7,463,138	11,120,282	18,583,421	8,964,045	666,890	9,630,935
	-----	-----	-----	-----	-----	-----
Net Loans and Advances	<u>40,199,724</u>	<u>68,380,046</u>	<u>108,579,770</u>	<u>52,283,893</u>	<u>25,856,695</u>	<u>78,140,589</u>

(III) Analysis of Loans by Performance

	2022	2021
	₦	₦
Performing	106,011,038	75,935,360
Non-performing	21,152,153	11,836,164
	-----	-----
	127,163,190	87,771,524
	=====	=====

(IV) Loans and Advances at Amortised Costs

	2022			2021		
	₦			₦		
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
Stage 1	101,483,491	(10,118,184)	91,365,307	75,935,360	(4,349,536)	71,585,824
Stage 2	12,826,438	(2,737,518)	10,088,920	132,353	(14,860)	117,493
Stage 3	12,853,263	(5,727,718)	7,125,545	11,703,811	(5,266,539)	6,437,272
	-----	-----	-----	-----	-----	-----
	127,163,192	(18,583,420)	108,579,772	87,771,524	(9,630,935)	78,140,589
	=====	-----	-----	=====	-----	=====
Impairment on Loans b/f		9,630,935			6,821,206	
		-----			-----	
Additional impairment		(8,952,485)			(2,809,729)	
		=====			=====	

(V) Movement in Allowance for Impairment

Loans and Advances	Balance At 1st Jan. 2022	Charge for the year	Balance At 31st Dec. 2022	Balance At 31st Dec 2021
	₦	₦	₦	₦
Stage 1	4,349,536	5,768,649	10,118,184	4,349,536
Stage 2	14,860	2,722,657	2,737,518	14,860
Stage 3	5,266,539	461,179	5,727,718	5,266,539
	-----	-----	-----	-----
	9,630,935	8,952,485	18,583,420	9,630,935
	=====	=====	=====	=====

(V1) Analysis Loans and Advances by Performance

Days at risk Description	2022		2021	
	Principal Outstanding ₦	Provision ₦	Principal Outstanding ₦	Provision ₦
0 - Performing	94,930,720	949,307	75,689,922	756,899
1-30 - Pass and Watch	11,080,318	554,016	245,438	12,272
31-60 - Sub-standard	7,067,890	1,413,578	132,353	26,471
61-90 - Doubtful	1,211,209	605,605	0	0
91 or more days - Lost	12,873,055	12,873,055	11,703,811	11,703,811
	-----	-----	-----	-----
	127,163,192	16,395,561	87,771,524	12,499,453
	=====	=====	=====	=====

(VI1) Analysis Loans and Advances by Maturity

	2022 ₦	2021 ₦
0 - 1 Month	11,011,447	15,156,951
1 - 3 Months	20,772,955	12,155,330
3 - 6 Months	55,330,915	5,996,746
6 - 12 Months	32,829,595	5,702,012
Over 12 Months	7,218,278	48,760,485
	-----	-----
	127,163,192	87,771,524
	=====	=====

(VIII) Statement of Prudential Adjustment

	2022 ₦	2021 ₦
<i>Prudential provision for loan loss</i>	16,395,561	12,499,453
<i>Total Allowance for Impairment (ECL)</i>	18,583,421	9,630,935
	-----	-----
<i>Excess of prudential provision over IFRS impairment</i>	(2,187,860)	2,868,518
	=====	=====
<i>Movement in excess of prudential guidelines provision over IFRS</i>		
	₦	₦
<i>At 1 January</i>	13,757,329	10,888,812
<i>(Reversal)/Addition during the year</i>	(2,187,860)	2,868,518
	-----	-----
<i>Required balance in regulatory risk reserve</i>	11,569,469	13,757,329
	=====	=====

9 Other Assets

	2022	2021
	₦	₦
Stock of Cheques and Stationery	2,006,536	1,600,146
Stock of ATM Card	668,610	995,014
Stock of O-Gas	297,500	419,500
Stock of Corporate Gift	684,000	150,700
Interest Receivable on Microloans	20,384,921	22,034,809
Prepayments	314,881	1,734,412
Customers' Suspense Account	0	800
Receivable from sales of PPE	250,000	0
	-----	-----
	24,606,448	26,935,381
	=====	=====

10 Property Plant and Equipment

	Freehold Property	Plant & Equip.	Motor Vehicles	Office Equipment	Furniture & fittings	Total
	₦	₦	₦	₦	₦	₦
At 1 January, 2021.						
Cost or valuation	11,767,414	0	7,307,000	23,272,890	5,835,914	48,183,219
Accumulated depreciation	(6,385,839)	0	(5,758,250)	(15,975,796)	(5,142,914)	(33,262,799)
Net book amount	-----	-----	-----	-----	-----	-----
	5,381,575	0	1,548,750	7,297,094	693,000	14,920,420
Year ended 31 Dec, 2021.						
Opening net book amount	5,381,575	0	1,548,750	7,297,094	693,000	14,920,420
Additions	0	6,983,422	0	1,082,268	30,000	8,095,690
Disposals	0	0	0	0	0	0
Depreciation charge	(1,176,741)	(4,900,405)	(1,548,740)	(977,936)	(137,100)	(8,740,922)
	-----	-----	-----	-----	-----	-----
	4,204,834	2,083,017	10	7,401,426	585,900	14,275,188
At 31 December, 2021.						
Cost or valuation	11,767,414	6,983,422	7,307,000	24,355,158	5,865,914	56,278,909
Accumulated depreciation	(7,562,580)	(4,900,405)	(7,306,990)	(16,953,732)	(5,280,014)	(42,003,721)
Net book amount	-----	-----	-----	-----	-----	-----
	4,204,834	2,083,017	10	7,401,426	585,900	14,275,188
Year ended 31 Dec, 2022.						
Opening net book amount	4,204,834	2,083,017	10	7,401,426	585,900	14,275,188
Additions	100,000	37,000	6,000,000	5,591,175	365,000	12,093,175
Disposals	0	0	(7,307,000)	0	0	(7,307,000)
Depreciation charge	(588,371)	(1,103,200)	(875,000)	(1,894,911)	(91,050)	(4,552,532)
Transfer to disposal group	0	0	7,306,990	0	0	7,306,990
	-----	-----	-----	-----	-----	-----
Closing net book amount	3,716,463	1,016,817	5,125,000	11,097,690	859,850	21,815,821
At 31 December, 2022.						
Cost or valuation	11,867,414	7,020,422	6,000,000	29,946,333	6,230,914	61,065,083
Accumulated depreciation	(8,150,951)	(6,003,605)	(875,000)	(18,848,643)	(5,371,064)	(39,249,263)
Net book amount	-----	-----	-----	-----	-----	-----
	3,716,463	1,016,817	5,125,000	11,097,690	859,850	21,815,820

Total	2022	2021
	₦	₦
Cost	61,065,083	56,278,909
Accumulated depreciation	(39,249,263)	(42,003,721)
Net book amount	21,815,820	14,275,188

11 Intangible Assets

	Account software	Interswitch software	Total
	₦	₦	₦
At 1 January, 2021.			
Cost or valuation	1,644,000	3,460,000	5,104,000
Accumulated amortization	(1,643,990)	(3,459,990)	(5,103,980)
Net book amount	10	10	20
Year ended 31 December, 2021.			
Opening net book amount	10	10	20
Additions	0	0	0
Amortisation charge	0	0	0
Net book amount	10	10	20
At 31 December, 2021.			
Cost or Valuation	1,644,000	3,460,000	5,104,000
Accumulated Amortization	(1,643,990)	(3,459,990)	(5,103,980)
Net book amount	10	10	20
Year ended 31 December, 2022.			
Opening net book amount	10	10	20
Additions	0	0	0
Amortisation charge	0	0	0
Closing net book amount	10	10	20

12 Deposits and Current Accounts

	2022	2021
	₦	₦
Demand	58,820,535	94,117,164
Savings	330,925,410	284,748,152
Term	110,974,397	111,464,580
	-----	-----
	500,720,341	490,329,896
	=====	=====

12.1 Analysis of Deposits by Maturity

	2022	2021
	₦	₦
Maturity within one month	88,193,000	94,117,164
Maturity within 1 to 3 months	189,060,000	152,518,732
Maturity within 3 to 6 months	104,723,000	102,682,000
Maturity within 6 to 12 months	118,744,000	141,012,000
	-----	-----
	500,720,000	490,329,896
	=====	=====

13 Other Liabilities

	2022	2021
	₦	₦
Cashier Overage	0	26,460
Accrued Audit fee	500,000	500,000
PAYE Payable	0	278,396
WHT Payable	0	1,388,378
NSIFT Payable	2,062,539	2,238,108
Sundry Creditors	0	460,685
NIPOST Stamp Duties	939,550	1,148,850
SMS Suspense	0	24,612
Interest Payable	580,256	1,431,889
Interest in Suspense	0	58,522
Deposit for Shares	31,640,000	40,488,000
Accrued Directors' Allowance	0	1,750,625
Dividend payable	3,869,243	5,719,524
ATM Unpaid	3,717,635	11,500
Gratuity Payable	12,719,529	11,519,529
Pension Payable	1,227,993	1,464,688
Sundry Deposit	316,663	1,391,237
General Fees in Suspense	265,234	217,437
Accrued Water and Electricity	0	122,960
Due to CBN/EKSG MSME	0	44,000
Airtime Card account payable	9,164	0
Autopay Transaction A/c	2,567,766	0
	-----	-----
	60,415,573	70,285,401
	=====	=====

14 Share Capital

	2022	2021
	₦	₦
14.1 Authorised Share Capital		
100,000,000 Ordinary Shares of ₦1 each.	100,000,000	100,000,000

14.2 Issued and Fully Paid

	2022	2021
	₦	₦
56,404,682 Ordinary Shares of ₦1 each		
As at 1st January,	43,156,682	43,156,682
Shares issued during the period	13,248,000	0
As at 31st December,	56,404,682	43,156,682

The Bank in compliance with CAMA 2020 has taken deposits from subscribers but as a regulated institution the deposits are in its deposit for shares account pending approval from the regulators. The Bank is continually raising capital in order to comply fully with this Act.

15 Share Premium

	2022	2021
	₦	₦
As at 1st January,	8,174,974	8,174,974
Transfer during the year	0	0
As at 31st December,	8,174,974	8,174,974

Share premium arose on shares issued in previous years.

16 Statutory Reserve

	2022	2021
	₦	₦
As at 1st January,	46,890,025	37,573,410
Addition during the year	11,428,538	9,316,615
As at 31st December,	58,318,563	46,890,025

17 Regulatory Risk Reserve

	2022	2021
	₦	₦
As at 1st January,	13,757,329	10,888,812
Addition during the year	(2,187,860)	2,868,518
As at 31st December,	11,569,469	13,757,329

18 Retained Earnings

	2022	2021
	₹	₹
As at 1st January	71,333,158	46,251,831
Dividend	0	0
Profit for the year	45,714,152	37,266,460
Transfer to statutory reserve	(11,428,538)	(9,316,615)
Regulatory risk reserve	2,187,860	(2,868,518)
	-----	-----
As at 31st December,	107,806,632	71,333,158
	=====	=====

19 Interest Income

	2022	2021
	₹	₹
Interest Income on Loans and Advances	51,815,865	59,407,985
	-----	-----
	51,815,865	59,407,985
	=====	=====

20 Interest Expense

	2022	2021
	₹	₹
Savings Accounts	6,845,572	5,367,160
Fixed Deposit Accounts	9,970,468	10,449,385
Other Bank Interest	0	117,184
	-----	-----
	<u>16,816,040</u>	<u>15,933,730</u>

21 Impairment Allowance for Credit Losses on Loans and Advances

(i) Based on IFRS 9 Impairment Charges

	2022	2021
	₹	₹
Stage 1	10,118,184	4,349,536
Stage 2	2,737,518	14,860
Stage 3	5,727,718	5,266,539
	-----	-----
	18,583,420	9,630,935
Impairment allowance brought forward	(9,630,935)	(6,821,206)
	-----	-----
Increase/(Decrease) in impairment for loan losses	8,952,485	2,809,729
	=====	=====

(ii) Based on Prudential Guidelines

	2022	2021
	₦	₦
Performing	949,307	756,899
Pass and Watch	554,016	12,272
Sub-standard	1,413,578	26,471
Doubtful	605,605	0
Lost	12,873,055	11,703,811
	-----	-----
	16,395,561	12,499,453
Provision for loan and advances b/f	(12,499,453)	(8,769,053)
	-----	-----
Increase/Decrease in prudential provision	3,896,108	3,730,400
	=====	=====

22 Fee and Commission Income

	2022	2021
	₦	₦
Commission	3,484,748	2,037,630
Fees and Similar Charges	13,194,791	13,707,834
	-----	-----
	16,679,539	15,745,464
	=====	=====

23 Other Operating Income

	2022	2021
	₦	₦
Interest Income on Placement	71,991,283	44,828,699
Interest Income on Treasury Bill	0	28,180
SMS Income	438,789	383,564
Sundry Income	0	2,750,926
Sales of Cheque Books	109,140	109,745
Dividend	0	0
Income from Card Transactions	280,996	3,840
Profit on sales of fixed asset	250,000	0
	-----	-----
	73,070,209	48,104,954
	=====	=====

24 Personnel Cost

	2022	2021
	₦	₦
Basic Salaries	18,388,572	15,658,580
Leave Allowance	1,558,087	1,229,543
Transport Allowance	1,660,600	1,507,743
Rent Allowance	2,001,000	1,885,126
Utility Allowance	908,900	826,590
Lunch Subsidy	1,415,620	1,660,877
Dressing Allowance	322,000	322,151
Staff Medical Expenses	20,000	34,600
13th Month Bonus	1,341,101	1,133,320
Gratuity Expenses	3,600,000	3,600,000
Other Allowance	1,559,648	2,157,828
	-----	-----
	32,775,528	30,016,358
	=====	=====

25 Directors Emolument

	2022	2021
	₦	₦
Chairman	605,000	605,000
Other Directors	1,147,750	1,531,750
	-----	-----
	<u>1,752,750</u>	<u>2,136,750</u>

26 Higher Paid Employees

The table below shows the number of employees of the company other than Directors, who earned over ₦100,000 in the period and which fell within the ranges below:

Range	2022	2021
	No	No
100,000 - 500,000	4	6
500,001 – 1,000,000	5	4
1,000,001 – 5,000,000	4	4
5,000,001 and Above	1	1
The number of persons employed company during the period.	<u>14</u>	<u>15</u>

27 Other Operating Expenses

	2022	2021
	₦	₦
Stationeries	2,833,420	2,972,441
Secretarial Expenses	35,000	288,000
Hotel and Travelling	1,091,300	1,131,500
Transport Expenses	406,479	502,565
Entertainment Expenses	962,550	355,600

Cleaning & sanitation	761,464	327,020
Security Expenses	310,900	290,000
Electricity & water	375,000	243,000
License & Insurance	2,464,597	2,620,500
Other Professional Fee	520,000	970,000
Audit Fee	500,000	500,000
Bank Charges	2,632,175	1,657,454
Telephone & Postage	225,200	100,500
Training Expenses	30,000	1,193,653
Donation	466,000	160,000
Advertisement and Publicity	1,374,800	1,338,050
Directors Sitting Allowance	3,240,000	3,482,000
Office Maintenance	864,535	500,500
Electrical Repairs and Maintenance	182,050	75,700
Computer Repairs and Maintenance	3,223,467	1,059,550
Motor Vehicle Repairs & Maintenance	1,240,097	960,905
Equipment Repairs and Maintenance	599,500	466,200
Furniture Repairs and Maintenance	25,700	5,300
ATM machine repairs & maintenance	538,000	0
Generator repairs and maintenance	120,300	28,400
Fuel and Oil	1,759,290	1,400,431
NAMBS and other Subscriptions	2,830,500	1,519,372
Loan Recovery Expenses	409,420	212,700
AGM Expenses	1,786,083	0
Credit Bureau Expenses	29,751	78,970
Newspaper and Periodicals	67,600	68,600
Refund Expenses	150,090	125,436
Diminution in shares value written-off	0	1,432,583
	-----	-----
	32,055,267	26,066,930
	=====	=====

28 Depreciation and Amortisation

	2022	2021
	₦	₦
Depreciation	4,552,532	8,740,922
Amortisation	0	0
	-----	-----
	4,552,532	8,740,922
	=====	=====

29 Taxation

29.1 Income and Education Tax

	2022	2021
	₦	₦
(a) As at January 1	818,063	775,586
Tax adjustment	412,832	(2,432)
Payment during the year	(1,230,896)	(773,154)
Charge for the year	813,724	818,063
	-----	-----
	813,724	818,063
	=====	=====
(b) Income Tax charge for the year	347,872	654,451
Education Tax	0	163,613
NITDEF	464,138	0
Police Trust Fund	1,714	0
	-----	-----
	813,724	818,063
	=====	=====

29.2 Reconciliation of total tax charge

Reconciliation of effective tax rate

	2022
	₦
Profit /(Loss) before income tax	46,413,760
Tax calculated at the rate of 30%	13,924,128
Minimum tax	(813,724)
Non-deductible expenses	(17,406,080)
Tax exempt income	5,109,399
Education tax	0
NITDEF	464,138
Police Trust Fund	1,714

Income tax expense	813,724
	=====

30 Capital management

The Bank's objectives when managing capital, which is a broader concept than the equity on the statement of financial position, are:

- To comply with the capital requirements set by the Central Bank of Nigeria;
- To safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To continue to maintain a strong capital base to support the development of its business.

The monitoring of capital adequacy and the use of regulatory capital by the Bank's management are based on the regulatory guidelines released by the Central Bank of Nigeria (CBN) for Microfinance Banks which provides for the maintenance of the minimum capital adequacy ratio of 10% or as may be required by the Central Bank of Nigeria.

The Capital adequacy ratio of Sunbeam Microfinance Bank Limited shall be measured as a percentage of the Shareholders Fund unimpaired by losses to its Risk Weighted Assets.

The capital adequacy ratio for the period ended December 31, 2022 and comparative period December 31, 2021 is in line with CBN circular and the computations are consistent with the requirements of the Central Bank of Nigeria.

	2022	2021
	₦	₦
Issued and fully paid ordinary share capital	56,404,682	43,156,682
Retained earnings	107,806,632	71,333,158
Share premium	8,174,974	8,174,974
Statutory reserve	58,318,563	46,890,025
Regulatory risk reserve	11,569,469	13,757,329
	-----	-----
Total qualifying Tier 2 capital (a)	242,274,320	183,312,168
	=====	=====
Risk-weighted assets	264,404,817	220,148,104
Risk Weighted Capital Adequacy Ratio (b)		
(CAR)(a/b*100)	91.63	83.27
Central Bank of Nigeria minimum requirement	10%	10%

The Bank's regulatory capital as managed by its Financial Control Unit is made up of only Tier 2 Capital. This includes only permanent Shareholders' equity (issued and fully paid ordinary Shares) and disclosed reserves (created or increase by appropriations of retained earnings or losses).

31 Disclosure on IFRS 15 - Revenue from Contract with Customers

Fee income and other operating income are disaggregated below and each includes a total for fees in scope of IFRS 15, Revenues from Contracts with Customers:

Nature of fee	Amount
Commission and fee income (Note 22):	
<i>Commission income:</i>	₦
Commission on turnover	1,746,765
Commission on draft	42,505

Total revenue from contracts with customers	1,789,270

Fee income:	
Loan processing fee	467,700
Loan commitment fee	869,700
Management fee on corporate current	5,471,400
Transfer fee income	2,301,740
Account maintenance fee	2,687,951
Income on credit bureau fee	165,500
Service charge	1,226,800

Total revenue from contracts with customers	13,190,791

Total Commission and fee income	14,980,061
	=====

Other operating income: (Note 23)

Interest income on placement	71,991,283
Other service income	1,695,478
Passbook and cheque book charges	113,140
SMS income	438,789
Income from Card Transactions	280,996
Profit on sales of fixed asset	250,000

Total operating income	74,769,686
	=====

32 Events after the Reporting Date

No other events or transactions have occurred since the reporting date, which would have a material effect on the financial statements at that date or which would need to be mentioned in the financial statements in order not to make them misleading as to the financial position or results of operation.

33 Reconciliation of Net Profit to Cash	2022	2021
	₦	₦
<i>Provided by Operating Activities</i>		
Net Profit After Tax	45,600,037	38,872,671
Depreciation	4,552,532	8,740,922
Loan Losses Provision/(Recoveries)	8,952,486	2,809,729
Taxation	(4,340)	42,477
Decrease in Other Assets	2,328,933	(15,805,212)
Decrease in Other Liabilities	(9,869,828)	6,088,555
Increase in Loans and Advances	(39,391,667)	54,309,116
Increase in Deposit Liabilities	10,390,445	29,873,087
Profit on sales of fixed asset	(250,000)	0
	-----	-----
<i>Cash used for Operating Activities</i>	22,308,598	124,931,346
	=====	=====

**Statement of Value Added
For the year ended 31st December, 2022**

	2022		2021	
	₦	%	₦	%
Gross Income	132,613,127		120,448,673	
Interest Expense	(16,816,040)		(15,933,730)	
	-----		-----	
	115,797,087		104,514,944	
Bought-in Materials and Services:				
Administrative Overhead	(32,055,267)		(26,066,930)	
Fair value (Gain/Loss) on Quoted Investments	114,115		(1,606,210)	
	-----		-----	
Value Added	83,855,935	100	76,841,804	100
	=====		=====	
<u>Distribution:</u>				
<u>Employees:</u>				
Personnel Cost	32,775,528	39	30,016,358	39
<u>Government:</u>				
Taxation	813,724	0.97	818,063	1
<u>Providers of Funds:</u>				
Dividends	0	0	0	0
<u>The Future:</u>				
Assets Replacements (Dep. and amortisation)	4,552,532	5	8,740,922	11
Expansion (Retained Profit/(Loss))	36,473,474	43	25,081,328	33
Statutory Reserve	11,545,001	14	9,316,615	12
Regulatory Risk Reserve	(2,187,860)	(3)	2,868,518	4
	-----		-----	
	83,855,935	100	76,841,804	100
	=====		=====	

Value added represents the additional wealth Sunbeam MFB has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, shareholders, government and the portion re-invested for creation of more wealth.

Five-Year Financial Summary

	2022	2021	2020	2019	2018
	₦	₦	₦	₦	₦
Assets					
Cash and cash equivalents	645,439,587	611,726,154	493,457,916	202,907,487	0
Cash and bank balance	0	0	0	0	34,329,084
Placement	0	0	0	0	145,845,242
Financial asset at amortised cost	0	10,000,000	10,000,000	15,000,000	0
Financial asset through profit or loss	3,782,312	3,668,197	5,274,407	6,706,990	0
Treasury bills	0	0	0	0	25,000,000
Loans and advances	108,579,770	78,140,589	135,259,434	147,851,662	38,577,547
Other receivables and prepayments	0	0	0	0	9,842,426
Inventories	0	0	0	0	5,308,323
Investment Securities	0	0	0	0	7,966,660
	-----	-----	-----	-----	-----
	757,801,669	703,534,939	643,991,757	372,466,139	266,869,282
Non-current Assets					
Other Assets	24,606,448	26,935,381	12,562,752	11,710,909	0
Property Plant and Equipment	21,815,820	14,275,188	14,920,420	12,717,167	12,903,901
Intangible Assets	20	20	20	4,606,439	0
	-----	-----	-----	-----	-----
Total Assets	804,223,957	744,745,529	671,474,949	401,500,654	279,773,183
	=====	=====	=====	=====	=====
Liabilities					
Deposit and Current Accounts	500,720,341	490,329,896	460,456,809	256,551,696	169,866,291
Other payables			0	0	14,396,676
Dividend Payable			0	0	6,007,364
Current Income Tax Liability	813,724	818,063	775,586	996,548	1,853,001
Other Liabilities	60,415,573	70,285,401	64,196,846	22,960,269	0
Audit and Accountancy fee			0	0	675,000
	-----	-----	-----	-----	-----
Total Liabilities	561,949,638	561,433,360	525,429,241	280,508,513	192,798,332
	-----	-----	-----	-----	-----
Equity					
Share Capital	56,404,682	43,156,682	43,156,682	43,156,682	33,056,682
Share Premium	8,174,974	8,174,974	8,174,974	8,174,974	8,174,974
Statutory Reserve	58,318,563	46,890,025	37,573,410	30,608,601	26,407,345
Regulatory risk reserve	11,569,469	13,757,329	10,888,812	8,694,579	0
Retained Earnings	107,806,632	71,333,158	46,251,831	30,357,305	19,335,850

Total Shareholders' Equity	----- 242,274,320	----- 183,312,168	----- 146,045,708	----- 120,992,141	----- 86,974,851
Total Equity and Liabilities	----- 804,223,957	----- 744,745,529	----- 671,474,949	----- 401,500,654	----- 279,773,183
	=====	=====	=====	=====	=====
Statement of Comprehensive Income					
Gross Earnings	141,565,613	123,258,403	100,786,255	87,285,090	93,848,187
	=====	=====	=====	=====	=====
Profit Before Taxation	46,413,760	39,690,734	30,067,403	20,222,022	31,067,121
Taxation	(813,724)	(818,063)	(775,586)	(518,874)	(523,543)
	-----	-----	-----	-----	-----
Profit/(Loss) After Tax	45,600,037	38,872,671	29,291,817	19,703,148	30,543,578
Other Comprehensive Income	114,115	(1,606,210)	(1,432,582)	(6,706,990)	0
	-----	-----	-----	-----	-----
Total Comprehensive Income	45,714,152	37,266,460	27,859,235	12,996,158	30,543,578
	=====	=====	=====	=====	=====
Basic Earnings Per Share (k)	80.84	90.07	0.68	0.46	0.92
Adjusted Earnings Per Share (k)	80.84	90.07	0.68	0.46	0.92
Net Asset Per Share	4.30	4.25	3.38	2.80	2.63

SUNBEAM MICROFINANCE BANK LIMITED RC 204792

Address: 1, Ughonhan Street, Efon-Alaaye, Ekiti State.

ABRIDGED FINANCIAL STATEMENTS

Statement of Comprehensive Income

	2022 ₦	2021 ₦
Interest income	51,815,865	59,407,985
Interest expense	(16,816,040)	(15,933,730)
Net interest income	34,999,825	43,474,255
Impairment write-back for credit losses	(8,952,485)	(2,809,729)
Net interest income after impairment allowance	26,047,340	40,664,526
Commission, fee and similar charges	16,679,539	15,745,464
Other income	73,070,209	48,104,954
Total operating income	115,797,087	104,514,944
Personnel costs and other operating expenses	(69,383,327)	(64,824,210)
Profit before taxation	46,413,760	39,690,734
Income tax expense	(813,724)	(818,063)
Profit after taxation	45,600,037	38,872,671
Fair value gain on quoted investments	114,115	(1,606,210)
Profit transferred to reserves	<u>45,714,152</u>	<u>37,266,460</u>

Statement of Financial Position

Assets

Cash and balances with other banks	645,439,587	611,726,154
Loans and advances	108,579,770	78,140,589
Investment securities	3,782,312	13,668,197
Other assets	24,606,448	26,935,381
Intangible assets	20	20
Property, plants and equipment	21,815,820	14,275,188
Total Assets	<u>804,223,957</u>	<u>744,745,529</u>

Liabilities and Equity

Current Liabilities		
Deposits and other current accounts	500,720,341	490,329,896
Taxation payable	813,724	818,063
Other liabilities	60,415,573	70,285,401
Total Liabilities	<u>561,949,638</u>	<u>561,433,360</u>

Equity

Share capital	56,404,682	43,156,682
Share premium	8,174,974	8,174,974
Statutory reserve	58,318,563	46,890,025
Regulatory risk reserve	11,569,469	13,757,329
Retained earnings	107,806,632	71,333,158
Total Shareholders' Equity	242,274,320	183,312,168
Total Liabilities and Equity	<u>804,223,957</u>	<u>744,745,529</u>

The financial statements were approved on 16th March, 2023 by the Board of Directors and signed on its behalf by:

Babatunde Joel Kolawole FRC/2013/ICAN/0000000736 Director	Pastor J.S.T Oluwaranti FRC/2016/CIBN/000000154 Managing Director	Mrs. Temitope F. Adedapo FRC/ FRC/2022/PRO/CIBN/002/970376 Chief Finance Officer
------------------------------------------------------------------------	--------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------

The above summarised financial statements and report of the independent auditor are published in accordance with the requirements of S. 27 of the Banks and Other Financial Institutions Act.



BALOGUN TEMITOPE & CO.

(Chartered Accountants)

5, Ayomide Street, Graceland, Moniya, Ibadan, Oyo State
baloguntemitope.co@gmail.com 08034987777, 09052716979

REPORT OF THE INDEPENDENT AUDITORS

To the members of Sunbeam Microfinance Bank Limited on the Summarised Financial Statements

Report on the Summarised Financial Statements

Opinion

The summarised financial statements which comprise the summarised statement of financial position and the summarised statement of profit or loss and other comprehensive income are derived from audited statements of Sunbeam Microfinance Bank Limited for the year ended 31st December, 2022.

In our opinion, the accompanying summarised financial statements of Sunbeam Microfinance Bank Limited as at 31st December 2022 are consistent, in all material respect, with the audited accounts in accordance with the International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council Act No. 6, 2011 and Central Bank of Nigeria circulars.

Summarised Financial Statements

The summarised financial statements do not present and contain all disclosures required by the International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council Act No. 6, 2011 and Central Bank of Nigeria circulars applied in the preparation of the audited financial statements of Sunbeam Microfinance Bank Limited. Reading the summarised financial statements, therefore is not a substitute for reading the audited financial statements of Sunbeam Microfinance Bank Nigeria Limited.

Directors' responsibility for the Summarised Financial Statements

The Directors are responsible for the preparation and fair presentation of these summarised financial statements in accordance with the International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council Act No. 6, 2011 and 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.

Auditors' responsibility for the Summarised financial statements

Our responsibility is to express an opinion on the summarised financial statements based on our audit procedures which were conducted in accordance with International Standards on Auditing (ISA 810) "Engagement to report on Summarised Financial Statements".

Report on Other Legal and Regulatory Requirement

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act 2020, we confirm that:

* We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

* In our opinion, proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;

* The Bank's statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.

In compliance with the Banks and Other Financial Institutions Act 2020 and circulars issued by Central Bank of Nigeria:

* There were no related party transactions that required disclosures in compliance with the Central Bank of Nigeria Circular BSD/1/2004.

* No contravention of the provisions of the Bank and Other Financial Institutions Act, 2020 and CBN circulars was brought to our attention during the audit of the financial statements for the year ended 31 December, 2022.

Balogun A. Temitope, FCA
FRC/2013/ICAN/00000004111

For: Balogun Temitope & Co. (Chartered Accountants),
March 16, 2023