

Sunbeam Microfinance Bank Limited

1, Ugbonhan Street, Efon-Alaaye, Ekiti State

Annual Reports and Financial Statements
For the year ended 31st December, 2024



Balogun Temitope & Co.
(Chartered Accountants)

Financial Statements
For the year ended 31st December, 2024

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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

DirectorsDate of Appointment CBN Approval Status

Board Chairman - Engr. Olabode S. Adetunji	3rd October, 2014	Approved
Managing Director -Pst. J.S.T Oluwaranti	17th Nov, 2021	Approved
Member -Mr. Dele Afolabi	3rd October, 2014	Approved
Member -Chief Babatunde Kolawole	29th January, 2019	Approved

Company Secretary

L.O. Ogundele Esquire

Auditors

Balogun Temitope & Co.,
(Chartered Accountants)
Floor 4, Providence Court,
Mokola, 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

2024

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 ₦98,354,682 (approved by the CBN) out of ₦200,000,000 (Two Hundred Million Naira) authorised. The shareholders' fund has gone up to ₦401,593,223. The Bank's total assets amount to ₦1,206,745,449. 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 four (4) 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 1st Tier Microfinance Bank; 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.

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 plan 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.

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. 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 Joshua Sunday TundeOluwaranti	-	Member
Mr.Olalekan Moses Esan	-	Secretary

B.Board Governance and Nomination Committee

Chief Babatunde Joel Kolawole	-	Chairman
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Pastor Joshua Sunday TundeOluwaranti	-	Member
Mr. Dele Afolabi	-	Member
Elder Olusegun S. Adebayo	-	Secretary

C.Board Establishment Committee

L. O. Ogundele Esquire	-	Chairman
Mr. Dele Afolabi	-	Member
Pastor Joshua Sunday TundeOluwaranti	-	Member
Pastor J. BayoAbereifa	-	Secretary

D.Credit Committee

Chief Babatunde Joel Kolawole	-	Chairman
Mr. Dele Afolabi	-	Member
Pastor Joshua Sunday TundeOluwaranti	-	Member
Mr.Odujoye O. Micheal	-	Secretary

E.Audit Committee

Mr.Ojo Gabriel Oyeyemi	-	Chairman
Chief Babatunde Joel Kolawole	-	Member
Hon. OjoAdekanbi Adebayo	-	Member
Mr.FunmiIlori	-	Secretary

Management Team

• Managing Director	-	Pst. Joshua Sunday TundeOluwaranti
• Head of Operations	-	Elder Olusegun S. Adebayo
• Head of Credit/Marketing	-	Mr.Odujoye O. Micheal
• Head of Risk Mgt. & Compliance	-	Mr.Olalekan Moses Esan
• Internal Auditor	-	Pst. J. BayoAbereifa

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.

Engr. Olabode Stephen Adetunji
Chairman

Report of the Directors

For the year ended 31st December, 2024

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, 2024.

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 EfonAlaaye Community Bank. EfonAlaaye 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 2020 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, 2024
(Continued)

RESULTS AT A GLANCE

Major Profit and Loss Account Items:

	2024	2023	% Change
	₦	₦	
Gross Earnings	219,636,630	166,073,276	32
Interest Expense	(27,732,568)	(20,635,079)	34
Operating Expenses	(160,505,818)	(75,594,183)	112
Profit Before Taxation	33,134,857	69,923,452	(53)
Profit After Taxation	31,722,876	68,805,920	(54)

Major Statement of Financial Position Items:

Loans and Advances	215,236,445	215,062,485	0.08
Deposits	762,799,971	650,310,774	17
Share Capital	98,354,682	83,094,682	18
Shareholders' Fund	401,593,223	343,276,964	17
Total Assets	1,206,745,449	1,029,469,163	17

Per Share Data:

Based on 98,354,682 (2023: 83,094,682) ordinary shares of ₦1 each

Earnings	0.32	0.83
Net Assets	4.08	4.13
Total Assets	12.27	12.39
Number of Branches	1	1
Number of Employees	16	15

Results of Operations

	₦
Profit for the year	33,134,857
Income Tax Expenses	(1,411,981)

Profit After Tax	31,722,876
Other Comprehensive Income	16,973,851

Total Comprehensive Income	48,696,727
	=====
Appropriation:	
Transfer to Statutory Reserve	7,930,719
Transfer to Revenue Reserve	40,766,008

	48,696,727
	=====

Directors and their interests

The Directors who served during the year were as follows:

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

Shareholding

The Directors of Sunbeam MFB who held office as at 31 December 2024, have no interest other than as shown in the shares of the bank below:

<u>Directors</u>	No. of Shares	% Holdings
Pastor Joshua Sunday TundeOluwaranti	1,005,219	1.02%
Engr. Olabode Stephen Adetunji	4,000,000	4.07%
Mr. Dele Afolabi	11,000,000	11.18%
Chief Babatunde Joel Kolawole	10,000,000	10.17%

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, 2024.

	No of Shares	% Holdings
Afolabi Dele	11,000,000	11.18%
Chief Kolawole J. Babatunde	10,000,000	10.17%
Ojo Titus Olatunji	10,000,000	10.17%
Akosile Stephen Olubunmi	10,000,000	10.17%
Alake Joseph Folorunso	6,150,313	6.25%
Mrs. Ojo Margaret	5,037,000	5.12%
Abanikanda Christopher	5,000,000	5.08%
OlowookereAkanniyene	5,000,000	5.08%
Oni John OlugbengaAdemola	5,000,000	5.08%

Analysis of Shareholding

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

Share Range	No. of Shares	% Holdings
001-50000	3,968,437	4.03%
50,001-100000	2,664,840	2.71%
100,001-500000	7,251,902	7.37%
500,001-1000000	6,290,838	6.40%
1,000,001 & Above	78,178,664	79.49%
Total	98,354,682	100%

Cash Dividend

	2024	2023
Proposed Dividend	₦9,835,468	₦8,309,468
Number of Shares in Issue and Ranking for Dividend	98,354,682	83,094,682
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, 2020 as amended, proposed a dividend of 10k per ordinary share on the issued capital of 98,354,682 ordinary share of ₦1 each for the financial year ended 31 December 2024. 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 2024.

The number of shares in issue and ranking for dividend represents the outstanding numbers of shares as at 31 December 2024. 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, 2024 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.

15th March, 2025.

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, 2020 as amended Laws of the Federation of Nigeria
- 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 2024. 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 2024 were approved by Board of Directorson 15th March, 2025.

Signed on behalf of the Board by:

Pastor Joshua Sunday Tunde 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, 2024 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 bank'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. OjoAdekanbi Adebayo	- Member
Mr. Funmilola Jacob Ilori, FCA	- Secretary

Mr. Ojo Gabriel Oyeyemi, FCA
Chairman, Audit Committee



BALOGUN TEMITOPE & CO.

(Chartered Accountants)

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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 17 to 52 which comprise the statement of financial position as at 31 December 2024, 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 2024 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 17.7% of the total assets of Sunbeam Microfinance Bank Limited with the total risk assets portfolio of ₦215.2 million after recognizing ECL of ₦16.7 million from gross loan and advances of ₦232.0 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/1/2020

1. The Bank did not contravene any section of the Bank and Other Financial Institutions Act during the year ended 31 December, 2024. 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/1/2020.

Ogundiran Emmanuel Motunrayo, FCA,
FRC/2013/PRO/ICAN/004/00000004108
For: Balogun Temitope & Co.,
(Chartered Accountants).

Ibadan, Nigeria
March 15, 2025.

**Statement of Financial Position
As At 31st December, 2024**

Assets	Note	31 December 2024 ₦	31 December 2023 ₦
Current Assets			
Cash and Cash Equivalents	5	876,678,831	738,895,099
Financial Asset through Profit or Loss	6	26,262,886	9,289,035
Loans and Advances	7	215,236,445	215,062,485
		-----	-----
		1,118,178,162	963,246,619
Non-current Assets			
Other Assets	8	40,642,553	32,147,213
Property Plant and Equipment	9	47,924,714	34,075,311
Intangible Assets	10	20	20
		-----	-----
Total Assets		1,206,745,449	1,029,469,163
		=====	=====
Liabilities			
Deposit and Current Accounts	11	762,799,971	650,310,774
Current Income Tax Liability	26	1,411,981	1,117,531
Other Liabilities	12	40,940,274	34,763,894
		-----	-----
Total Liabilities		805,152,226	686,192,199
		-----	-----
Equity			
Share Capital	13	98,354,682	83,094,682
Share Premium	14	8,174,974	8,174,974
Statutory Reserve	15	84,827,443	76,896,724
Regulatory Risk Reserve	16	12,054,175	11,246,460
Retained Earnings	17	198,181,949	163,864,124
		-----	-----
Total Shareholders' Equity		401,593,223	343,276,964
		-----	-----
Total Liabilities and Equity		1,206,745,449	1,029,469,163
		=====	=====

The financial statements were approved on 15th March, 2025 by the Board of Directors and signed on its behalf by:

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

Pastor Joshua Sunday Tunde Oluwaranti
FRC/2016/CIBN/00000015404
Managing Director

Elder Olusegun S. Adebayo
FRC/2023/PRO/CIBN/002/123919
Chief Finance Officer

The accompanying accounting policies and the notes on pages 21 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, 2024**

	Note	2024 ₦	2023 ₦
Operating Revenue			
Interest Income	18	97,653,099	59,331,888
Interest Expense	19	(27,732,568)	(20,635,079)
		-----	-----
Net Interest Income		69,920,532	38,696,809
Impairment Allowance for Credit Losses	20	1,736,613	79,438
		-----	-----
Net Interest Income after Impairment Allowance		71,657,145	38,776,247
Fee and Commission Income	21	27,663,588	22,105,000
Other Operating Income	22	94,319,942	84,636,388
		-----	-----
Total Operating Income		193,640,675	145,517,635
		-----	-----
Personnel Cost	23	40,216,361	32,368,556
Other Operating Expenses	24	112,392,640	37,804,828
Depreciation and Amortisation	25	7,896,817	5,420,799
		-----	-----
Total Operating Expenses		160,505,818	75,594,183
		-----	-----
Profit Before Tax		33,134,857	69,923,452
Income Tax Expenses	26	(1,411,981)	(1,117,531)
		-----	-----
Profit After Tax		31,722,876	68,805,920
Other Comprehensive Income			
Gain/(Loss) on available for sale financial asset	6.1	16,973,851	5,506,723
		-----	-----
Total Comprehensive Income		48,696,727	74,312,644
Transfer to Statutory Reserve		(7,930,719)	(18,578,161)
		-----	-----
Retained Profit to Revenue Reserve		40,766,008	55,734,483
		=====	=====
Basic Earnings Per Share		32.25k	82.80k
Adjusted Earnings Per Share		32.25k	82.80k
Net Asset per Share		4.08k	4.13k

The accompanying accounting policies and the notes on pages 21 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 2023.	56,404,682	8,174,974	58,318,563	11,569,469	107,806,632	242,274,320
Profit for the year	0	0	0	0	74,312,644	74,312,644
Proposed Dividend					0	0
Transfer between Reserves	0	0	18,578,161	(323,009)	(18,255,152)	0
Other Comprehensive Income	0	0	0	0		0
Total Comprehensive Income	0	0	18,578,161	(323,009)	56,057,491	74,312,644
Proposed Dividend					0	0
Transfer to Share Capital	26,690,000	0	0	0	0	26,690,000
Balance at 31 Dec. 2023	83,094,682	8,174,974	76,896,724	11,246,460	163,864,124	343,276,963
Profit/(Loss) for the year	0	0	0	0	48,696,727	48,696,727
Dividend					(5,640,468)	(5,640,468)
Transfer between Reserves	0	0	7,930,719	807,715	(8,738,434)	0
Other Comprehensive Income	0	0	0	0		0
Total Comprehensive Income	0	0	7,930,719	807,715	34,317,825	43,056,259
Addition to Deposit for Shares	0	0	0	0	0	0
Transfer to Share Capital	15,260,000	0	0	0	0	15,260,000
Balance at 31 Dec. 2024.	98,354,682	8,174,974	84,827,443	12,054,175	198,181,949	401,593,222

The accompanying accounting policies and the notes on pages 21 to 49 form an integral part of these financial statements.

Statement of Cash flows
For the year ended 31st December, 2024

	Note	2024 ₦	2023 ₦
<u>Cash flows from Operating Activities</u>			
Profit before tax for the year		33,134,857	69,923,452
Adjustment for Non-Cash Items:			
Depreciation and Amortization	25	7,896,817	5,420,799
Impairment Charge/(Writeback)	20	(1,736,613)	(79,438)
Tax Adjustment	26	415,963	(464,744)
		-----	-----
<i>Operating Activities Before Changes in Working Capital</i>		39,711,024	74,800,068
<i>Changes in Working Capital:</i>			
Decrease/(Increase) in Loan and Advances	7	1,562,654	(106,403,278)
Decrease/(Increase) in Other Assets	8	(8,495,340)	(7,540,765)
Decrease/(Increase) in Deposit from Customers	11	112,489,197	149,590,433
Decrease/(Increase) in Other Liability	12	6,176,380	(25,651,679)
		-----	-----
<i>Operating Activities After Changes in Working Capital</i>		151,443,916	84,794,779
Income Tax Paid	26	(1,533,494)	(348,979)
		-----	-----
<i>Net Cash from Operating Activities</i>		149,910,422	84,445,800
<u>Cash flow from Investing Activities</u>			
Purchase of Property, Plant and Equipment	9	(21,746,221)	(17,680,289)
		-----	-----
<i>Net Cash from Investing Activities</i>		(21,746,221)	(17,680,289)
		-----	-----
<u>Cash flow from Financing Activities</u>			
Proceed from Share Issue	13	15,260,000	26,690,000
Dividend Paid	17	(5,640,468)	0
		-----	-----
<i>Net Cash from Financing Activities</i>		9,619,532	26,690,000
		-----	-----
Net Decrease in Cash and Cash Equivalents		137,783,733	93,455,511
Cash and Cash Equivalents at beginning	5	738,895,099	645,439,587
		-----	-----
Cash and Cash Equivalents at year end		876,678,832	738,895,099
		=====	=====

The accompanying accounting policies and the notes on pages 21 to 49 form an integral part of these financial statements.

Notes to the Financial Statements

1. Corporate Information

The main activity of Sunbeam Microfinance Bank Limited (the "Bank") is provision of microfinance, retail and SME banking services.

The Bank's principal activity is to carry on business as a microfinance bank, providing financial services to micro, small and medium-scale enterprises, co-operatives 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.

1.1. Statement of compliance

2. Basis of Preparation

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.

2.1 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. The financial statements are presented in Naira (NGN) which is the functional currency of the Bank.

2.2 Changes in accounting policies and disclosures

New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendment to IAS 16 - Property, Plant and Equipment: proceeds before intended use

The IASB issued amendment to IAS 16 – Property, Plant and Equipment which is effective for annual reporting periods beginning on or after 1 January 2022. The amendment prohibits the deduction from the cost to an item of property, plant and equipment proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity should recognize the sale proceeds and related production cost of those items in Profit or loss. The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendments.

The amendment did not have an impact on the Company's financial statements.

Amendment to IAS 37 - Provisions, Contingent liabilities and Contingent assets

The IASB published amendment to IAS 37 – Provisions, Contingent liabilities and Contingent assets in May 2020. The amendment which is effective for annual reporting periods beginning on or after 1 January 2022 specifies the costs an entity needs to include when assessing whether a contract is onerous.

The amendment clarifies that the costs that relate to a contract comprise both incremental costs of fulfilling the contract and an allocation of other direct costs related to the contract activities. The amendment is not expected to have any material impact on the Company.

IFRS 3 - Reference to the conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendment did not have an impact on the Company's financial statements.

IFRS 9 - Fees in the "10 per cent " test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022.

The amendment did not have an impact on the Company's financial statements.

2.3 New and revised IFRS Standards in issue but not yet effective

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarized in the table below:

IFRS 17 (including the June 2020 amendments to IFRS 17)

Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The impact of this standard is not material to the bank.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint

venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise. The bank is not a group and as such, this standard would not apply.

Amendments to IAS 1 presentation of Financial statements - Classification of liabilities as Current and Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

IAS 8 - Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendment does not have any material impact on the bank.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

IAS 12 - Deferred Tax related to assets and liabilities arising from a single transaction

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Onerous Contracts Cost of Fulfilling a Contract

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements. This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In

such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss. The amendment does not have any material impact on the Company.

Disclosure of accounting policies - Amendments to IAS 1 and IFRS practise statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and,
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure.

The amendment is not expected to have any material impact on the Company.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D 16(a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

IFRS 16 – Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. This not applicable to the bank.

2.4 Significant accounting judgments, estimates and assumptions

Critical accounting estimates and judgements in applying accounting policies

The Bank makes estimates and assumptions that may affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going Concern

The Bank's directors’ have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the next 12 months from issuance of this report. 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. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the

financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(ii) Impairment under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

Staged approach to the determination of expected credit losses

"IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1: The Bank recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2: The Bank recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3: The Bank recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired the Bank's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired. The Bank does not originate or purchase credit impaired loans or receivables.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Bank considers the obligor is unlikely to pay its credit obligations to the Bank. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicator of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Bank is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios' by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

- a) The contractual cash flows that are due to the Bank under the contract; and
- b) The cash flows that the Bank expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment

The development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models."

Expected lifetime:

The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk."

(iii) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Income taxes a guided by the provisions of the Finance Act 2020.

(iv) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that the future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

(v) Depreciation and carrying value of property and equipment, and amortization of intangible assets

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment, as well as intangible assets, will have an impact on the carrying value of these items.

(vi) Determination of impairment of property and equipment and intangible assets

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

2.5 Significant accounting policies

Except for the changes explained in Note 2.2 (i) above, the Bank has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2.5.1 Revenue**Banking activities**

Revenue is derived substantially from the principal activities of the Bank which is provision of microfinance, retail and Small and Medium Enterprises (SME) banking services and comprises interest income; and fee and commission income. Revenue shall be measured at the fair value of the consideration received or receivable.

2.5.1.1 Interest income and expenses

(i) Interest income includes interest income on cash and cash equivalent, investment securities, loans and advances while interest expense is the amount paid on deposits. Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

The gross carrying amount of the financial asset; or

The amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate (EIR) is calculated using estimated future cash flows including expected credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in profit or loss.

a. Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2021).

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

b. Calculation of interest income and expenses

The Bank calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Bank reverts to calculating interest income on a gross basis.

c. Presentation

Interest income and expense presented in the profit or loss includes interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

2.5.1.2 Fees and commission income

(i) Revenue from contracts with customers in relation to fees and commission income is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services. Unless included in the effective interest calculation, the Bank recognises fee and commission income charged for services provided by the Bank as the services are provided (for example on completion of the underlying transaction). The transaction price for the fees are either at a fixed price per rate or an agreed fixed amount.

2.5.2 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. The Bank applied the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended 31 December 2024.

2.5.2.1 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 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.

2.5.2.2 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;
- 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.

2.5.2.3 Subsequent measurements

a. Financial assets

- Equity instruments

The Bank subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by investment basis. Where the Bank's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to income statement. Dividends from such investments continue to be recognized in income statement as dividend income when the company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. Changes in the fair value of financial assets at fair value through profit or loss are recognized in net gains/(losses) from financial instruments held for trading.

All other financial assets are classified as measured at Fair Value through Profit or Loss (FVTPL). In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

How the performance of the portfolio is evaluated and reported to management;

The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Bank assesses the contractual terms of a financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Bank holds a portfolio of short-term fixed rate loans for which the Bank has the option to revise the interest rate and nature of borrowing at future dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par on any reset date. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that the consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

2.5.2.4 Reclassifications - The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Bank's operations.

2.5.2.5 Modifications of financial assets and financial liabilities

(i) Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

(ii) Financial liabilities

The Bank de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different.

2.5.2.6 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%.

• 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.

2.5.2.7 De-recognition 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.

2.6 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 loan's original EIR.

2.7 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.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks. For the purpose of cash flows the cash and cash equivalents is reported net of overdraft.

2.9 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:

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.

2.10 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.

2.11 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.

2.12 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.

2.13 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:

an appropriation of 50% of profit after tax is made if the statutory reserve is less than the paid-up share capital;

25% of profit after tax if the reserve is 50% or more than the paid-up share capital; and

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. 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

	2024	2023
	₦	₦
Cash in Hand	9,400,890	8,671,965
Cash in ATM	5,174,323	(197,258)
Polaris Bank	43,907	43,907
First Bank of Nigeria Plc. - Current a/c	(192,545)	(1,744,669)
UBA Plc. - Current a/c	(4,542,894)	(3,458,714)
First City Monument Bank Plc. - Current a/c	5,481,130	145,285
FCMB settlement Account I	0	90,711
FCMB settlement Account II	0	19,300
Fidelity Bank Plc.	3,355,205	457,200
Wema Bank Plc. - Current a/c	7,522,438	26,457,797
Access Bank Plc.	293,075	268,075
Heritage Bank Plc. - Current a/c	330,019	129,090
Union Bank Plc.	227,275	227,275
Keystone Bank Plc.	4,249,864	29,186,768
Zenith Bank Plc.	28,628	28,628
E-Channels Keystone Bank Settlement a/c	16,646,710	2,087,402
Premium Trust Bank	3,001,878	1,482,338
Stanbic IBTC	988,946	0
Placement with other banks	735,000,000	665,000,000
	-----	-----
	787,008,850	728,895,099
Provision for heritage bank Current a/c	(330,019)	0
	-----	-----
	786,678,831	728,895,099
Treasury Bills	90,000,000	10,000,000

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876,678,831	738,895,099
=====	=====

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, treasury bills, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months.

Placement with other banks:

Fixed deposit with Heritage Bank I	65,000,000	40,000,000
Fixed deposit with Keystone Bank	55,000,000	210,000,000
Placement with Wema Bank	260,000,000	200,000,000
Fixed deposit with Wema Bank II	310,000,000	215,000,000
Fixed deposit with Stanbic IBTC	110,000,000	0
	-----	-----
	800,000,000	665,000,000
Provision for Heritage Bank Placement	(65,000,000)	0
	-----	-----
	735,000,000	665,000,000
	=====	=====

The provision of ₦65million and ₦330,019 were the amount held as fixed deposit and current account respectively with Heritage Bank whose licence was revoked by CBN.

6. Financial assets through profit or loss

	2024	2023
	₦	₦
Stock of shares	26,262,886	9,289,035
	-----	-----
	26,262,886	9,289,035
	=====	=====

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

Listed Equity	Stock Quantity	Market Price ₦	Fair Value	Fair Value
			31 Dec. 2024 ₦	31 Dec. 2023 ₦
First Holdings Plc.	144	28.05	4,039	3,391
Cadbury Plc.	19,064	21.50	409,876	333,620
Berger Paint	11,428	20.00	228,560	148,564
Transcorp	196,875	43.50	8,564,063	1,386,000
Oando Plc.	11,500	66.00	759,000	25,750
Zenith Bank Int'l Plc.	59,375	45.50	2,701,563	2,268,125
Wema Bank Plc.	10,000	9.10	91,000	54,300
First City Monument Bank	119,600	9.40	1,124,240	224,250
Access Bank Plc.	21,651	23.85	516,376	501,221
Sterling Bank Plc.	112,058	5.60	627,525	496,417
Fidelity Bank	150,000	17.50	2,625,000	527,500
Eternal Oil Plc.	19,200	24.30	466,560	202,692
Dangote Sugar	19,200	32.50	624,000	1,102,080

UBA	165,513	34.00	5,627,442	1,754,189
WAPIC	4,543	2.25	10,222	3,089
Afriprud	5,195	20.55	106,757	14,437
UCAP	62,361	20.40	1,272,164	172,535
MRS Oil	675	217.80	147,015	70,875
Ecobank Transnational Incorp. (ETI)	4,870	28.00	136,360	0
Tripple Gee & Co.	75,000	2.05	153,750	0
GT Holding Coy	1,182	57.00	67,374	0
			-----	-----
Stock balance at 31st December,			<u>26,262,886</u>	<u>9,289,035</u>

7. Loans and Advances

	2024	2023
	₦	₦
Loans and Advances to Customers	220,169,883	230,222,265
Staff Loans	4,394,444	3,344,203
Interest Receivable on Loans	7,439,487	0
	-----	-----
	232,003,814	233,566,468
Less: Allowance for Impairment	(16,767,369)	(18,503,983)
	-----	-----
	<u>215,236,445</u>	<u>215,062,485</u>
	=====	=====

Loan Expected Credit Loss Stages

	2024			2023		
	Term Loan	Overdraft	Total	Term Loan	Overdraft	Total
(I) Loans Amount	₦	₦	₦	₦	₦	₦
12 Months ECL	212,252,602	0	212,252,602	77,765,414	138,528,218	216,293,632
LTECL not Credit impaired	5,434,576	54,743	5,489,318	765,011	1,030,223	1,795,234
LTECL Credit impaired	10,126,011	4,135,882	14,261,894	210,116	15,267,487	15,477,602
	-----	-----	-----	-----	-----	-----
Total Loans and Advances	227,813,189	4,190,625	232,003,814	78,740,540	154,825,928	233,566,468
	-----	-----	-----	-----	-----	-----
<i>Less Allowance for Impairment:</i>						
			2024			2023
	Term Loan	Overdraft	Total	Term Loan	Overdraft	Total
(II) Loan Impairment	₦	₦	₦	₦	₦	₦
12 Months ECL	2,859,663	1,916,020	4,775,684	4,793,552	6,233,770	11,027,321
LTECL not Credit impaired	1,467,336	14,780	1,482,116	279,940	231,800	511,740
LTECL Credit impaired	8,648,423	1,861,147	10,509,570	94,552	6,870,369	6,964,921
	-----	-----	-----	-----	-----	-----
Total Allowance for impairment	12,975,422	3,791,948	16,767,369	5,168,043	13,335,939	18,503,982
	-----	-----	-----	-----	-----	-----
Net Loans and Advances	<u>214,837,768</u>	<u>398,677</u>	<u>215,236,445</u>	<u>73,572,497</u>	<u>141,489,989</u>	<u>215,062,486</u>

(III) Analysis of Loans by Performance

	2024	2023
	₦	₦
Performing	212,252,602	216,293,632
Non-performing	19,751,212	17,272,837
	-----	-----
	232,003,814	233,566,468
	=====	=====

(IV) Loans and Advances at Amortised Costs

	2024			2023		
	₦			₦		
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
Stage 1	209,718,590	(4,718,668)	204,999,922	207,623,705	(10,524,253)	197,099,452
Stage 2	4,916,339	(1,046,743)	3,869,596	8,669,926	(503,068)	8,166,858
Stage 3	17,368,886	(11,001,958)	6,366,928	17,272,836	(7,476,661)	9,796,175
	-----	-----	-----	-----	-----	-----
	232,003,815	(16,767,369)	215,236,446	233,566,467	(18,503,982)	215,062,485
	=====	=====	=====	=====	=====	=====
Impairment on Loans b/f		18,503,982			18,583,420	
		-----			-----	
Additional impairment		1,736,613			79,438	
		=====			=====	

(V) Movement in Allowance for Impairment

Loans and Advances	Balance At 1st Jan. 2024	Charge for the year	Balance At 31st Dec. 2024	Balance At 31st Dec 2023
	₦	₦	₦	₦
Stage 1	10,524,253	(5,805,585)	4,718,668	10,524,253
Stage 2	503,068	543,675	1,046,743	503,068
Stage 3	7,476,661	3,525,297	11,001,958	7,476,661
	-----	-----	-----	-----
	18,503,982	(1,736,613)	16,767,369	18,503,982
	=====	=====	=====	=====

(V1) Analysis Loans and Advances by Performance

Days at risk	Description	2024		2023	
		Principal Outstanding	Provision	Principal Outstanding	Provision
		₦	₦	₦	₦
0	- Performing	211,822,452	2,118,225	216,085,298	2,160,853

1-30 - Pass and Watch	630,150	31,508	208,333	10,417
31-60 - Sub-standard	4,272,060	854,412	1,218,387	243,677
61-90 - Doubtful	1,416,426	708,213	576,847	288,424
91 or more days - Lost	13,862,727	13,862,727	15,477,603	15,477,603
	-----	-----	-----	-----
	232,003,815	17,575,084	233,566,468	18,180,974
	=====	=====	=====	=====

(VII) Analysis Loans and Advances by Maturity

	2024	2023
	₦	₦
0 - 1 Month	66,792	469,862
1 - 3 Months	3,691,973	5,485,657
3 - 6 Months	128,277,167	18,337,435
6 - 12 Months	54,315,178	31,966,485
Over 12 Months	45,652,704	177,307,029
	-----	-----
	232,003,814	216,293,632
	=====	=====

(VIII) Statement of Prudential Adjustment

	2024	2023
	₦	₦
<i>Prudential provision for loan loss</i>	17,575,084	18,180,974
<i>Total Allowance for Impairment (ECL)</i>	16,767,369	18,503,982
	-----	-----
<i>Difference between prudential provision and IFRS impairment</i>	807,715	(323,009)
	=====	=====

Movement in excess of prudential guidelines provision over IFRS

	₦	₦
<i>At 1 January</i>	11,246,460	11,569,469
<i>(Reversal)/Addition during the year</i>	807,715	(323,009)
	-----	-----
<i>Required balance in regulatory risk reserve</i>	12,054,175	11,246,460
	=====	=====

8. Other Assets

	2024	2023
	₦	₦
Stock of Cheques and Stationery	2,537,830	2,136,427
Stock of ATM Card	668,610	668,610
Stock of O-Gas	0	20,500
Interest Receivable on fixed deposit	34,896,944	28,261,276
Prepaid Insurance	208,727	29,101
SMS prepaid	1,040,313	850,000

Prepaid internet subscription	1,060,399	181,299
Receivable from sales of PPE	0	250,000
Bill Payment & Airtime Bill PA	229,730	0
	-----	-----
	40,642,553	32,147,178
	=====	=====

9. Property Plant and Equipment

	Freehold Property	Plant & Equip.	Motor Vehicles	Office Equipment	Furniture & fittings	Total
	₦	₦	₦	₦	₦	₦
At 1 January, 2023.						
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
Year ended 31 Dec, 2023.						
Opening net book amount	3,716,463	1,016,817	5,125,000	11,097,690	859,850	21,815,820
Additions	0	219,500	0	12,464,071	0	12,683,571
Reclass/adjustment	0	0	0	4,996,718	0	4,996,718
Depreciation charge	(588,371)	(277,600)	(1,500,000)	(2,909,028)	(145,800)	(5,420,799)
	3,128,093	958,717	3,625,000	25,649,451	714,050	34,075,311
At 31 December, 2023.						
Cost or valuation	11,867,414	7,239,922	6,000,000	47,407,122	6,230,914	78,745,372
Accumulated depreciation	(8,739,322)	(6,281,205)	(2,375,000)	(21,757,671)	(5,516,864)	(44,670,061)
Net book amount	3,128,093	958,717	3,625,000	25,649,451	714,050	34,075,311
Year ended 31 Dec, 2024.						
Opening net book amount	3,128,093	958,717	3,625,000	25,649,451	714,050	34,075,311
Additions	8,040,500	480,000	0	8,713,221	4,512,500	21,746,221
Depreciation charge	(792,379)	(393,500)	(1,500,000)	(4,674,730)	(536,208)	(7,896,817)
Closing net book amount	10,376,214	1,045,217	2,125,000	29,687,942	4,690,342	47,924,714
At 31 December, 2024.						
Cost or valuation	19,907,914	7,719,922	6,000,000	56,120,343	10,743,414	100,491,593
Accumulated depreciation	(9,531,701)	(6,674,705)	(3,875,000)	(26,432,401)	(6,053,072)	(52,566,879)
Net book amount	10,376,214	1,045,217	2,125,000	29,687,942	4,690,342	47,924,714

Total

	2024	2023
	₦	₦
Cost	100,491,593	78,745,372
Accumulated depreciation	(52,566,879)	(44,670,061)
Net book amount	47,924,714	34,075,311
	=====	=====

10. Intangible Assets

	Account software ₦	Interswitch software ₦	Total ₦
At 1 January, 2023.			
Cost or valuation	1,644,000	3,460,000	5,104,000
Accumulated amortization	<u>(1,643,990)</u>	<u>(3,459,990)</u>	<u>(5,103,980)</u>
Net book amount	10	10	20

Year ended 31 December, 2023.			
Opening net book amount	10	10	20
Additions	0	0	0
Amortisation charge	0	0	0
	-----	-----	-----
	10	10	20

At 31 December, 2024.			
Cost or Valuation	1,644,000	3,460,000	5,104,000
Accumulated Amortization	<u>(1,643,990)</u>	<u>(3,459,990)</u>	<u>(5,103,980)</u>
Net book amount	10	10	20

Opening net book amount	10	10	20
Additions	0	0	0
Amortisation charge	0	0	0
	-----	-----	-----
Closing net book amount	10	10	20
=====			

11. Deposits and Current Accounts

	2024 ₦	2023 ₦
Demand	168,242,357	90,705,749
Savings	459,066,931	380,537,087
Term	135,490,683	179,067,939
	-----	-----
	762,799,971	650,310,774
=====		=====

12.1 Analysis of Deposits by Maturity

	2024 ₦	2023 ₦
Maturity within one month	134,353,766	114,540,777
Maturity within 1 to 3 months	288,015,183	245,541,930
Maturity within 3 to 6 months	159,535,671	136,009,137
Maturity within 6 to 12 months	180,895,350	154,218,930
	-----	-----
	762,799,971	650,310,774
=====		=====

12. Other Liabilities

	2024	2023
	N	N
Cashier Overage	1,500	0
Accrued Audit fee	800,000	800,000
PAYE Payable	374,467	0
WHT Payable	83,880	380,824
ITF Payable	1,678,843	1,871,537
VAT	1,048	22,213
NIPOST Stamp Duties	939,550	939,550
Sundry creditors	1,679,048	0
Customers' salary suspense	18,146	0
Unearned interest on micro loans	4,040,319	0
Unearned interest on overdraft	3,959,681	0
Interest Payable	3,249,752	2,123,306
Deposit for Shares	3,885,000	5,730,000
Dividend payable	1,374,937	1,043,404
ATM Transaction	0	1,255,303
Gratuity Payable	8,113,137	6,913,137
Pension Payable	56,644	56,278
Sundry Deposit	316,663	316,663
E-channel transaction fee payable	2,843,610	2,162,744
Airtime Card account payable	0	107,927
Autopay Transaction A/c	5,374,173	10,795,800
Unearned income on treasury bills	2,149,877	245,209
	-----	-----
	40,940,274	34,763,894
	=====	=====

13. Share Capital

	2024	2023
	N	N
14.1 Authorised Share Capital		
200,000,000 Ordinary Shares of N1 each.	200,000,000	200,000,000
	=====	=====

14.2 Issued and Fully Paid

98,354,682 Ordinary Shares of N1 each	2024	2023
	N	N
As at 1st January,	83,094,682	56,404,682
Shares issued during the period	15,260,000	26,690,000
	-----	-----
As at 31st December,	<u>98,354,682</u>	<u>83,094,682</u>

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.

14. Share Premium

	2024	2023
	₦	₦
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.

15. Statutory Reserve

	2024	2023
	₦	₦
As at 1st January,	76,896,724	58,318,563
Addition during the year	7,930,719	18,578,161
	-----	-----
	84,827,443	76,896,724
	=====	=====

16. Regulatory Risk Reserve

	2024	2023
	₦	₦
As at 1st January,	11,246,460	11,569,469
Addition during the year	807,715	(323,009)
	-----	-----
As at 31st December,	12,054,175	11,246,460
	=====	=====

17. Retained Earnings

	2024	2023
	₦	₦
As at 1st January	163,864,124	107,806,632
Dividend	(5,640,468)	0
Profit for the year	48,696,727	74,312,644
Transfer to statutory reserve	(7,930,719)	(18,578,161)
Regulatory risk reserve	(807,715)	323,009
	-----	-----
As at 31st December,	198,181,949	163,864,124
	=====	=====

18. Interest Income

	2024	2023
	₦	₦
Interest Income on Loans and Advances	97,653,099	59,331,888
	-----	-----
	97,653,099	59,331,888
	=====	=====

19. Interest Expense

2024	2023
-------------	-------------

	₦	₦
Savings Accounts	9,362,749	7,341,304
Fixed Deposit Accounts	18,369,818	13,293,775
	-----	-----
	<u>27,732,568</u>	<u>20,635,079</u>

20. Impairment Allowance for Credit Losses on Loans and Advances

(i) Based on IFRS 9 Impairment Charges

	2024	2023
	₦	₦
Stage 1	4,718,668	10,524,253
Stage 2	1,046,743	503,068
Stage 3	11,001,958	7,476,661
	-----	-----
	16,767,369	18,503,982
Impairment allowance brought forward	(18,503,982)	(18,583,420)
	-----	-----
Increase/(Decrease) in impairment for loan losses	(1,736,613)	(79,438)
	=====	=====

(ii) Based on Prudential Guidelines

	2024	2023
	₦	₦
Performing	2,118,225	2,160,853
Pass and Watch	31,508	10,417
Sub-standard	854,412	243,677
Doubtful	708,213	288,424
Lost	13,862,727	15,477,603
	-----	-----
	17,575,084	18,180,974
Provision for loan and advances b/f	(18,180,974)	(16,395,561)
	-----	-----
Increase/Decrease in prudential provision	(605,890)	1,785,413
	=====	=====

21. Fee and Commission Income

	2024	2023
	₦	₦
Commission	5,703,199	5,642,430
Fees and Similar Charges	21,960,389	16,462,570
	-----	-----
	<u>27,663,588</u>	<u>22,105,000</u>
	=====	=====

22. Other Operating Income

	2024	2023
	₦	₦
Interest Income on Placement	84,956,850	82,664,500
Interest Income on Treasury Bill	8,090,747	825,187
SMS Income	802,404	594,936
Sales of Cheque Books	175,810	103,000
Dividend	294,131	448,766
	-----	-----
	94,319,942	84,636,388
	=====	=====

23. (a) Personnel Cost

	2024	2023
	₦	₦
Basic Salaries	19,954,916	19,332,728
Leave Allowance	1,995,492	1,599,248
Transport Allowance	2,583,360	1,639,980
Rent Allowance	3,066,960	1,976,154
Utility Allowance	1,336,920	897,614
Lunch Subsidy	1,796,808	408,250
Dressing Allowance	553,800	318,002
Staff Medical Expenses	98,950	31,850
13th Month Bonus	1,615,330	1,324,448
Gratuity Expenses	3,600,000	3,300,000
Other Allowance	3,613,825	1,540,282
	-----	-----
	40,216,361	32,368,556
	=====	=====

24 (b) Directors Emolument

	2024	2023
	₦	₦
Chairman	823,750	756,250
Other Directors	2,416,250	2,213,750
	-----	-----
	<u>3,240,000</u>	<u>2,970,000</u>

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	2024	2023
	No	No
100,000 - 500,000	4	3
500,001 – 1,000,000	7	5
1,000,001 – 5,000,000	4	6
5,000,001 and Above	1	1
The number of persons employed company during the period.	<u>16</u>	<u>15</u>

24. Other Operating Expenses

	2024	2023
	₦	₦
Stationeries	4,067,602	3,826,811
Secretarial Expenses	95,000	294,000
Hotel and Travelling	1,642,790	1,658,560
Transport Expenses	1,743,800	958,784
Entertainment Expenses	1,023,530	1,166,430
Cleaning & Sanitation	1,418,050	567,270
Security Expenses	351,600	300,400
Electricity & Water	50,500	371,000
License & Insurance	2,615,000	2,390,000
Other Professional Fee	850,072	580,000
Audit Fee	800,000	800,000
Bank Charges	3,776,696	2,412,417
Telephone & Postage	166,700	134,300
Training Expenses	1,614,399	136,258
Donation	667,254	640,000
Advertisement and Publicity	575,135	1,971,762
Directors Sitting Allowance (Note 24b)	3,240,000	2,970,000
Office Maintenance	732,100	644,055
Electrical Repairs and Maintenance	467,450	149,100
Computer Repairs and Maintenance	3,119,194	3,115,596
Motor Vehicle Repairs & Maintenance	1,059,600	3,105,305
Equipment Repairs and Maintenance	2,478,130	617,000
Furniture Repairs and Maintenance	101,000	28,400
ATM machine repairs & maintenance	0	838,000
Generator Repairs and Maintenance	1,245,800	314,093
Fuel and Oil	3,478,992	1,690,452
NAMBS and other Subscriptions	3,420,150	2,832,100
Loan Recovery Expenses	452,700	165,000
AGM Expenses	3,492,900	2,700,000
Credit Bureau Expenses	53,478	37,786
Newspaper and Periodicals	77,000	76,200
Refund Expenses	0	45,049
Staff Uniform	566,000	268,700
Increase in Share Capital Cost	1,620,000	0
Provision for Bank Balances	65,330,019	0
	-----	-----
	112,392,640	37,804,828
	=====	=====

25. Depreciation and Amortisation

	2024	2023
	₦	₦
Depreciation	7,896,817	5,420,799
Amortisation	0	0
	-----	-----
	7,896,817	5,420,799
	=====	=====

26. Taxation

27.1 Income and Education Tax

	2024	2023
	₦	₦
(a) As at January 1	1,117,531	813,724
Tax adjustment	415,963	(464,744)
Payment during the year	(1,533,494)	(348,979)
Charge for the year	1,411,981	1,117,531
	-----	-----
	1,411,981	1,117,531
	=====	=====
(b) Income tax Charge for the year	671,928	414,800
Education Tax	407,118	0
NITDEF	331,349	699,235
Police Trust Fund	1,586	3,497
	-----	-----
	1,411,981	1,117,531
	=====	=====

27.2 Reconciliation of total tax charge

Reconciliation of effective tax rate

	2024	2023
	₦	₦
Profit /(Loss) before income tax	<u>33,134,857</u>	<u>69,923,452</u>
Tax calculated at the rate of 30%	9,940,457	20,977,035
Minimum tax	(671,928)	(414,800)
Non-deductible expenses	(5,869,275)	(23,387,127)
Tax exempt income	4,890,351	3,239,692
Education tax	407,118	0
Tax loss	(8,033,640)	0
Tax adjustment	415,963	0
NITDEF	331,349	699,235
Police Trust Fund	1,586	3,497
	-----	-----
Income tax expense	1,411,981	1,117,531
	=====	=====

27. 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, 2024 and comparative period December 31, 2023 is in line with CBN circular and the computations are consistent with the requirements of the Central Bank of Nigeria.

	2024	2023
	₦	₦
Issued and fully paid ordinary share capital	98,354,682	83,094,682
Retained earnings	198,181,949	163,864,124
Share premium	8,174,974	8,174,974
Statutory reserve	84,827,443	76,896,724
Regulatory risk reserve	12,054,175	11,246,460
	-----	-----
Total qualifying Tier 2 capital (a)	401,593,223	343,276,964
	=====	=====
Risk-weighted assets	446,625,456	401,346,279
Risk Weighted Capital Adequacy Ratio (b)		
(CAR)(a/b*100)	89.92	85.53
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).

28. 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	2,185,850
Commission on draft	38,235

Total revenue from contracts with customers	2,224,085

Fee income:	
Loan processing fee	2,736,499
Legal fee	60,000
Loan commitment fee	1,657,065
Management fee on corporate current	3,199,175
Transfer fee income	6,587,803
Account maintenance fee	4,261,537
Income on credit bureau fee	284,000
Service charge	3,174,060
Income from passbook	250
Other Service income	3,479,114

Total revenue from contracts with customers	25,439,503

Total Commission and fee income	27,663,588
	=====

Other operating income: (Note 23)

Interest income on placement	84,956,850
Passbook and cheque book charges	175,810
SMS income	802,404
Dividend income	294,131
Interest Income on Treasury Bill	8,090,747

Total operating income	94,319,942
	=====

29. 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.

30. Reconciliation of Net Profit to Cash

	2024	2023
	₦	₦
<i>Provided by Operating Activities</i>		
Net Profit After Tax	31,722,876	68,805,920
Depreciation	7,896,817	5,420,799
Loan Losses Provision/(Recoveries)	(1,736,613)	(79,438)
Taxation	294,450	303,808
Increase in Other Assets	(8,495,340)	(7,540,765)
Increase in Other Liabilities	6,176,380	(25,651,679)
Decrease in Loans and Advances	1,562,654	(106,403,278)
Increase in Deposit Liabilities	112,489,197	149,590,433
	-----	-----
<i>Cash used for Operating Activities</i>	149,910,421	84,445,800
	=====	=====

Statement of Value Added**For the year ended 31st December, 2024**

	2024		2023	
	₦	%	₦	%
Gross Income	221,373,242		166,152,714	
Interest Expense	(27,732,568)		(20,635,079)	
	-----		-----	
	193,640,675		145,517,635	
Bought-in Materials and Services:				
Administrative Overhead	(112,392,640)		(37,804,828)	
Fair value (Gain/Loss) on Quoted Investments	16,973,851		5,506,723	
	-----		-----	
Value Added	98,221,886	100	113,219,530	100
	=====		=====	

Distribution:Employees:

Personnel Cost	40,216,361	41	32,368,556	29
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Government:

Taxation	1,411,981	1.41	1,117,531	0.99
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Providers of Funds:

Dividends	5,640,468	6	0	0
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The Future:

Assets Replacements (Dep. and amortisation)	7,896,817	8	5,420,799	5
Expansion (Retained Profit/(Loss))	34,317,825	35	56,057,491	50
Statutory Reserve	7,930,719	8	18,578,161	16
Regulatory Risk Reserve	807,715	0.82	(323,009)	(0.29)
	-----		-----	
	98,221,886	100	113,219,530	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

	2024	2023	2022	2021	2020
	₦	₦	₦	₦	₦
Assets					
Cash and cash equivalents	876,678,831	738,895,099	645,439,587	611,726,154	493,457,916
Financial asset at amortised cost	0	0	0	10,000,000	10,000,000
Financial asset through profit or loss	26,262,886	9,289,035	3,782,312	3,668,197	5,274,407
Loans and advances	215,236,445	215,062,485	108,579,770	78,140,589	135,259,434
	-----	-----	-----	-----	-----
	1,118,178,162	963,246,619	757,801,669	703,534,939	643,991,757
Non-current Assets					
Other Assets	40,642,553	32,147,213	24,606,448	26,935,381	12,562,752
Property Plant and Equipment	47,924,714	34,075,311	21,815,820	14,275,188	14,920,420
Intangible Assets	20	20	20	20	20
	-----	-----	-----	-----	-----
Total Assets	1,206,745,449	1,029,469,163	804,223,957	744,745,529	671,474,949
	=====	=====	=====	=====	=====
Liabilities					
Deposit and Current Accounts	762,799,971	650,310,774	500,720,341	490,329,896	460,456,809
Current Income Tax Liability	1,411,981	1,117,531	813,724	818,063	775,586

Other Liabilities	40,940,274	34,763,894	60,415,573	70,285,401	64,196,846
Total Liabilities	805,152,226	686,192,199	561,949,638	561,433,360	525,429,241
Equity					
Share Capital	98,354,682	83,094,682	56,404,682	43,156,682	43,156,682
Share Premium	8,174,974	8,174,974	8,174,974	8,174,974	8,174,974
Statutory Reserve	84,827,443	76,896,724	58,318,563	46,890,025	37,573,410
Regulatory risk reserve	12,054,175	11,246,460	11,569,469	13,757,329	10,888,812
Retained Earnings	198,181,949	163,864,124	107,806,632	71,333,158	46,251,831
Total Shareholders' Equity	401,593,223	343,276,964	242,274,320	183,312,168	146,045,708
Total Equity and Liabilities	1,206,745,449	1,029,469,163	804,223,957	744,745,529	671,474,949
Statement of Comprehensive Income					
Gross Earnings	219,636,630	166,073,276	141,565,613	123,258,403	100,786,255
Profit Before Taxation	33,134,857	69,923,452	46,413,760	39,690,734	30,067,403
Taxation	(1,411,981)	(1,117,531)	(813,724)	(818,063)	(775,586)
Profit/(Loss) After Tax	31,722,876	68,805,920	45,600,037	38,872,671	29,291,817
Other Comprehensive Income	16,973,851	5,506,723	114,115	(1,606,210)	(1,432,582)
Total Comprehensive Income	48,696,727	74,312,644	45,714,152	37,266,460	27,859,235
Basic Earnings Per Share (k)	32.25	82.80	80.84	90.07	0.68
Adjusted Earnings Per Share (k)	32.25	82.80	80.84	90.07	0.68
Net Asset Per Share	4.08	4.13	4.30	4.25	3.38

SUNBEAM MICROFINANCE BANK LIMITED RC 204792

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

ABRIDGED FINANCIAL STATEMENTS**Statement of Comprehensive Income**

	2024 ₦	2023 ₦
Interest income	97,653,099	59,331,888
Interest expense	(27,732,568)	(20,635,079)
Net interest income	69,920,532	38,696,809
Impairment written-back for credit losses	1,736,613	79,438
Net interest income after impairment allowance	71,657,145	38,776,247
Commission, fee and similar charges	27,663,588	22,105,000
Other income	94,319,942	84,636,388
Total operating income	193,640,675	145,517,635
Personnel costs and other operating expenses	(160,505,818)	(75,594,183)
Profit before taxation	33,134,857	69,923,452
Income tax expense	(1,411,981)	(1,117,531)
Profit after taxation	31,722,876	68,805,920
Fair value gain on quoted investments	16,973,851	5,506,723
Profit transferred to reserves	48,696,727	74,312,644

Statement of Financial Position**Assets**

Cash and balances with other banks	876,678,831	728,895,099
Loans and advances	215,236,445	215,062,485
Investment securities	26,262,886	19,289,035
Other assets	40,642,553	32,147,213
Intangible assets	20	20
Property, plants and equipment	47,924,714	34,075,311
Total Assets	1,206,745,449	1,029,469,163

Liabilities and Equity

Current Liabilities		
Deposits and other current accounts	762,799,971	650,310,774
Taxation payable	1,411,981	1,117,531
Other liabilities	40,940,274	34,763,894
Total Liabilities	805,152,226	686,192,199
Equity		
Share capital	98,354,682	83,094,682
Share premium	8,174,974	8,174,974
Statutory reserve	84,827,443	76,896,724
Regulatory risk reserve	12,054,175	11,246,460
Retained earnings	198,181,949	163,864,124
Total Shareholders' Equity	401,593,223	343,276,964
Total Liabilities and Equity	1,206,745,449	1,029,469,163

The financial statements were approved on 15th March, 2025 by the Board of Directors and signed on its behalf by:

Babatunde Joel Kolawole FRC/2013/ICAN/000000736 Director	Pastor J.S.T Oluwaranti FRC/2016/CIBN/000000154 Managing Director	Elder Olusegun S. Adebayo FRC/2023/PRO/CIBN/002/12391 Chief Finance Officer
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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)

Floor 4, Providence Court, Mokola, 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, 2024.

In our opinion, the accompanying summarised financial statements of Sunbeam Microfinance Bank Limited as at 31st December 2024 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/1/2020.

* 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, 2024.

Ogundiran Emmanuel M., FCA
FRC/2013/PRO/ICAN/004/0000004108
For: Balogun Temitope & Co. (Chartered Accountants),
March 15, 2025