VFD Microfinance Bank Limited

Annual Report and Financial Statements

31 December 2024

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Corporate information

Directors

Names	Post Held	Date of Appointment	Date of Resignation
Mr. Collins Chikeluba	Chairman	27 August 2024	
Mr. Rotimi Awofisibe	Managing Director	4 January 2024	
Mr. Nonso Okpala	Non- Executive Director	27 August 2024	
Mr. Adeniyi Adenubi	Non- Executive Director	12 July 2020	
Mr. Gbenga Omolokun	Non- Executive Director	4 January 2024	
Mr. Chioma Nkechika	Independent Non- Executive Director	3 January 2021	
Mrs. Helen Onasanya	Independent Non- Executive Director	27 August 2024	
Mr. Yahaya Maikori	Independent Non- Executive Director	27 August 2024	
Mr. John Okonkwo	Non- Executive Director	28 October 2024	
Mr. Gbenga Omolokun	Managing Director (Resigned)		4 January 2024
Mr. Azubike Emodi	Non-Executive Director (Resigned)		21 October 2024
Mr. Tope Borishade	Non- Executive Director (Resigned)		30 June 2024

Registered Office	5th Floor, Elephant House, 214 Broad Street, Lagos Island
Auditor	PricewaterhouseCoopers FF Millenium Towers 13/14 Ligali Ayorinde Street Victoria Island Lagos State, Nigeria
Company Secretary	Structure HQ Limited 8, Norman Williams Street Ikoyi, Lagos
Principal Bankers	Zenith Bank Plc United Bank for Africa Plc
Tax Identification Number	17872213 - 0001
Registration Number	RC 1209088
Ref. Number	FPR/LAD/MFB/CON/01/007
Date of Operation	January 2015

Management Team	Rotimi Awofisibe	Managing Director
	Theodore Asamoah	Chief Operating Officer
	Yonodu Okeugo	Head, Business Development
	Esther Nwafor	Head, Finance
	Temitope Osinubi	Head, Internal Audit
	Taofeek Amusa	Head, Operations
	Sandra Iyoha	Head, Human Reseources

Directors' Report

In accordance with Section 385 of the Companies and Allied Matters Act, 2020 [“CAMA”], the Board of Directors present their report on the affairs of the Company and its subsidiaries/affiliates (together “the Company”) together with the audited consolidated and separate financial statements and independent auditor's report for the year ended December 31, 2024.

1. Legal Form

VFD MFB was incorporated on 11 August 2014. VFD MFB began its business operations in 2015 as a subsidiary of VFD Group PLC. VFD MFB is a Unit Microfinance Bank carrying out te service of the acceptance of deposits, provision of credits, and collection of money or proceeds of banking instruments on behalf of its customers through correspondent banks.

2. Principal Activity and Business Review

The principal activity of the Bank is the provision of banking and other permissible services to individuals, groups and associations; except public sector. Such services include acceptance of deposits, provision of credits, and collection of money or proceeds of banking instruments on behalf of its customers through correspondent banks.

The Bank is a State Microfinance Bank.

3. Operating Results

Highlights of the Bank’s operating results for the year under review are as follows:

OPERATING RESULTS

	2024	**2023**
	N'000	**N'000**
Net operating income	4,202,919	2,295,607
Operating expenses	(3,769,560)	(2,599,584)
Profit /(loss) before tax	**433,360**	**(303,977)**
Taxation	(185,637)	(29,330)
Profit /(loss) after tax	**247,723**	**(333,306)**

4. Shareholding

The shareholders of VFD Microfinance Bank Limited as at 31 December 2024 and their respective shareholding are as

	Number of Ordinary Shares of N1:00 each as at:	
	2024	**2023**
VFD Group Plc	892,500,000	892,500,000
Premium Green Limited	52,500,000	52,500,000
Atiat Limited	52,500,000	52,500,000
Azubuike Emodi	52,500,000	52,500,000

5. Directors

The directors who held office during the year and to the date of this report are shown on page 3. In accordance with Section 285 of the Companies and Allied Matters Act (CAMA) 2020, at the first annual general meeting of the company all the directors shall retire from office.

6. Property and Equipment

Information relating to property and equipment is given in Note 16 of the Financial Statements.

7. Events after the reporting period

There are no material events after the reporting period that have not been taken into consideration in the preparation of

8. Dividend Payable

No dividend was paid in 2024.

9. Human Resources

Employment of Disabled persons
The Bank believes in giving full and fair consideration to its entire current and prospective staff. There were no disabled employees within the Bank during the period under review.

Employees' health and safety
Health and safety regulations are in force within the Bank's premises and employees are aware of existing regulations.

Employees' involvement and training
The Bank believes in the development and training of its staff and carries this out through on the job training.

10. Audit Committee

The Bank has an Audit Committee as follows:
Mrs. Helen Onasanya
Mr. Yahaya Maikori
Mr. John Okonkwo
Mr. Chioma Nkechika

The Bank has adopted the functions of the Audit Committee as laid down in Section 359(6) of the Companies and Allied Matters Act, CAMA 2020.

11. Auditors

PricewaterhouseCoopers Limited , having indicated their willingness, will continue in office as the company's auditors in accordance with section 357(2) of the Companies and Allied Matters Act, CAMA 2020. A resolution will be proposed authorizing the Directors to determine their remuneration.

BY ORDER OF THE BOARD

Structure HQ Limited
Company Secretary
FRC/2023/COY/257281
28 March 2025

Corporate Governance Report

Introduction

VFD Microfinance Bank (“VFD MFB”, the “Bank”, the “Company”) considers good governance one of its fundamental pillars and confirms its commitment to implementing effective corporate governance principles in its business operations.

The Corporate Governance Report contains detailed information on VFD Microfinance Bank’s (VFD MFB) governance structures, policies, and practices, as well as environmental and social risks which is in compliance with the CBN Code of Corporate Governance for Microfinance Banks, 2018, the Nigerian Code of Corporate Governance 2018, the Companies and Allied Matters Act 2020 as may be amended from time to time and global best practices in relation to its governance framework, culture and the activities of its Board of Directors and Board Committees during the reporting period.

To promote effective governance of VFD MFB, the following structures have been put in place for the execution of VFD MFB’s [illegible]

i. Board of Directors
ii. Board Committees
iii. Executive Management

Commitment to Corporate Governance

The Company remains committed to institutionalizing Corporate Governance principles.
The Board operates in line with its responsibilities as contained in the Regulatory Codes of Corporate Governance, the Articles of Association, and the Companies and Allied Matters Act. Its oversight of the operations and activities of the Company are carried out transparently without undue influence

Essentially, fair value Corporate Governance depends on the quality and integrity of the Directors.

Board Composition and Independence
As at December 31, 2024, The Board comprised of nine Directors led by an Independent Non-Executive Chairman and individuals with enviable records of achievement in their respective fields. These individuals bring on board high levels of competencies and experience and their individual profile is as follows:

Collins Chikeluba (Chairman)
Mr. Collins Chikeluba is presently the Chief Executive Officer/Managing Director of G.M.O. & Co. Limited. He has business interest in America, Europe, China, India and United Arab Emirates that span across various sectors of the economy, which include, Real estate, Transportation, Hospitality, Insurance, Micro Finance, Mortgages, Oil & Gas, Aviation, Construction, Trading, Manufacturing and Banking sectors.

Mr Collins Chikeluba has attended several management and leadership course across the world including in Harvard Business School USA, Columbia Business School USA, Wharton Business School USA, IMD Business School, Lausanne, Switzerland, Lagos Business School, oil & gas seminars in the UK, and several courses in Nigeria.
He holds a B.L in Law, a Juris Doctor (JD), B.SC. in Business Administration and a Master of Finance.

Gbenga Omolokun - Non Executive Director
Gbenga Omolokun has over fifteen (15) years of business process, technology and strategy experience across various industries including Manufacturing, Financial Services, Public Sector and Pharmaceuticals. He previously worked with KPMG Advisory Services as a manager in the Technology division. He oversaw numerous projects, notably the ERP implementation for a large manufacturing company across 11 locations and 9 Countries.

Mr. Nonso Okpala - Non Executive Director
Mr. Nonso Okpala is the Group Managing Director/CEO of VFD Group Plc. He was previously the Chief Financial Officer (CFO) of Heirs Holdings, an African proprietary Investment Company. Charged with the design and implantation of Heirs Holdings' financial strategy, he played a pivotal role in implanting the turnaround/establishment strategy of its investee companies.

With over nine years' experience in the Nigerian Financial service industry working with reputable companies like KPMG, BGL and UBA, he has gained significant knowledge of key finance concepts from Audit, Finance and Administration to Investment Banking. He is a member (ACA) of the Institute of Chartered Accountants of Nigeria (ICAN). He holds a B.Sc. in Marketing from the prestigious University of Nigeria, Nsukka.

John Okonkwo - Non Executive Director
Mr. John Okonkwo has over 18 years of experience in Finance, Audit, Risk Management, Sustainability Services, and Corporate Governance Services. He is currently the Executive Director, Finance Risk and Compliance of VFD Group plc. He was previously the Chief Financial Officer at Heirs Holdings Limited, and a Manager in the Internal Audit, Risk & Compliance Services division of KPMG. He is an Alumnus of the Advanced Management Programme of the Lagos Business School (LBS). He holds a B.Sc. in Mass Communications from Nnamdi Azikiwe University in 2001 and is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

Adeniyi Adenubi - Non Executive Director
Niyi Adenubi is the Non-Executive Director of Institutional Business & Investor Relations, VFD Group and he oversees the Institutional Businesses within the Group. He holds a degree in Sociology from the University of Ibadan. Niyi has vast experience in the financial sector working in Private equity, Venture Capital, and Financial Advisory. He is the former Chairman of Anchoria Asset Management and serves on the following Boards as a Non-Executive Director: Germaine Auto Centre & Dynasty Real Estate. He is passionate about Corporate Governance and brings this to bear on all the Boards that he serves on. He has certifications in Finance and Business Management from the Tanaka Business. He has also played Financial Advisory roles to numerous firms in Nigeria and in the United Kingdom, most notably with the Royal Bank of Scotland and ATOS Consulting. Niyi is a member of The Institute of Directors.

Chioma Nkechika - Independent Non Executive Director
Chioma Nkechika is an astute business development strategist with more than 25 years' experience in Business Planning, Financial Risk, Business Relationship Management, Risk Management, and Corporate Finance in African markets. He is the Chief Executive Officer of Coralpay Technologies Limited. Prior to establishing Coralpay, he served as the Group Head, Card Services and E-payment Processing, Ecobank Group, and spent 9 years as an AVP at Zenith Bank.

Yahaya Maikori -INED

A Warwick MBA trained strategist and project planner, able to focus on short-term delivery whilst balancing long-term business and reputation objectives. Other qualifications include a Bachelor of Arts degree in Industrial Design (Graphics) from Ahmadu Bello University, Zaria, Nigeria, a Post Graduate Diploma in Public Relations from the Chartered Institute of Public Relations, UK and several certifications.

He is a Chartered Member, UK Chartered Institute of Public Relations (CIPR), Member of Nigerian Institute of Public Relations (NIPR) , Member of International Association of Business Communicators (IABC), Member/2020 Sub-Head Editorial and Communications Committee, Women in Business and Management (WIMBIZ), a Partner of 700 Club Nigeria - CBN Africa, Member/Supporter, Girls Brigade of Nigeria, Member of Nigerian Red Cross Society, Alumni of African Leadership Forum (ALF).

Experienced and academically qualified in brand development and visual identity, passionate about establishing corporate brand uniqueness and awareness for diverse industries. Keen on ensuring ethical practice and related regulatory compliance as a perquisite to building and maintaining a positive reputation across businesses, thereby achieving value and bottom-line results. (Audit Committee Member)

Helen Onasanya-INED

She attended the Lagos State College of Science and Technology (now Lagos State University of science & Technology), where she graduated with Higher National Diploma (HND) in Insurance & Actuarial Science in 1988. Her aspirations led her thereafter to the United Kingdom, where she gained invaluable work experience, before returning to Nigeria to establish her own business enterprise. Her entrepreneurial venture, now recognized as one of Nigeria's foremost cosmetics, toiletries and food import & distribution brand, stands as a testament to her dedication and hard work. With numerous establishments spanning the country, her business has achieved significant growth and prominence under her leadership and has now expanded to include real estate development. (Audit Committee Chairperson)

Rotimi Awofisibe - Chief Executive Officer

Rotimi Awofisibe is a highly accomplished and resourceful chartered accountant and tax expert with extensive experience. Throughout his career, he has demonstrated a remarkable track record in implementing transformative financial strategies and possesses exceptional analytical and conceptual skills.

Of notable significance, Awofisibe was part of a team of finance experts that served as Technical Assistant to the Lagos State Commissioner for Finance from 2019 to 2022. During this period, they devised and implemented a remarkable financial strategy, propelling Lagos State to become one of the highest-performing revenue-generating states with a resilient and self-sustaining economy.

Awofisibe holds a degree in Accounting from Obafemi Awolowo University, Ile Ife, where he graduated with Second Class Honours (Upper Division). He has also received professional training in accounting and taxation and is an associate member of both the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Taxation.

The Bank's Code of Corporate Governance

The Board is accountable to its Shareholders and ensures that the conduct of the Company's activities is within the applicable regulatory and institutional framework. The Board of Directors carries out its responsibility through its Standing Committees. These are the Board Corporate Governance Committee, the Board Finance & General-Purpose Committee, the Board Audit and Risk Committee, the Board Credit Committee, and the Board IT Steering Committee. Through the workings of these Committees, the Board sets broad policy guidelines and ensures the proper management and direction of the Company.

In addition to the Board Committees, the Management ensures effective and good corporate governance at the managerial level.

The Guiding Principles of the Bank's Code of Corporate Governance remain as follows:

i. All power belongs to the shareholders.
ii. Delegation of authority by the owners to the Board and subsequently to Board Committees and Executives is clearly
iii. Institutionalized individual accountability and responsibility through empowerment and relevant authority.
iv. Clear terms of reference and accountability for Committees at Board and Executive levels.
v. Effective communication and information sharing outside of meetings.
vi. Actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Bank
vii. Enhancing compliance with applicable laws and regulations and the interest of the stakeholders. Where there is any conflict between the bank the Bank's rules, the local laws and legislation supersede.
viii. Conformity with overall company strategy and direction.
ix. Transparency and full diclosure of accurate, adequate and timely information regarding the personal interest of directors in any area of potential conflict regarding the Bank's business.

Roles and Responsibilities of the Board

The Board determines the Bank's purpose and values as well as the strategy to achieve iths purpose. It ensures that procedures and practices are in place to protect the Bank's assets and reputation. The Board is explicitly responsible for the stewardship of the Bank.

The Board is responsible for:

i. Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditure
ii. Investment and capital management, financial and statutory reporting, articulation and approval of policies, setting overall strategic direction, monitoring and coordinating performance, and succession planning for the Board and Senior
iii. Ensuring the integrity of the Bank's accounting and financial reporting systems (including the independent audit) and the appropriate systems are in place for monitoring risk, financial control and compliance with the law.
iv. Selecting, compensating, monitoring and when necessary, replacing key Executives and overseeing management
v. Interfacing with the management of the Bank to ensure harmony in implementing its strategy.
vi.Performing all statutory roles as required by law.
vii. Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues that may arise outside the normal meeting schedule of the full Board.
viii.Ratifying recommendations and decisions of Board Committees.

Board Committees
During the financial year ended December 31, 2024, the Board delegated some of its responsibilities to its committees as follows
Audit and Risk Management Committee: Its function includes overseeing Enterprise Risk Management's vision, goals, and
Committee composition:

1. Mrs. Helen Onasanya	Chairman
2. Mr. Chioma Nkechika	Member
3. Mr. Yahaya Maikori	Member
4. Mr. John Okonkwo	Member

Finance and General-Purpose Committee: The functions of the Finance & General-Purpose Committee include reviewing the Company's global budgets, accounts, strategy, tax strategy, treasury activities, risk assessment and Management, insurance programs/coverage, financial exposures and financial objectives and monitoring the implementation of those strategies and objectives, reviewing and approving proposals for the allocation of capital and other resources, considering and approving major capital projects being proposed by Management as well as review of extraordinary business initiatives of Management on behalf of the Board, recommend to the Board of Directors dividends to shareholders and other shareholder actions and other ancillary duties as may be assigned by the Board from time to time.

Committee composition:

1. Mr. Nonso Okpala	Chairman
2. Mr. Niyi Adenubi	Member
3. Mr. John Okonkwo	Member
4. Mr. Rotimi Awofisibe	Member

Corporate Governance Committee: Its functions include overseeing Board performance and evaluation and succession

Committee composition:

1. Mr. Adeniyi Adenubi	Chairman
2. Mr. Gbenga Omolokun	Member
3. Mr. Yahaya Maikori	Member
4. Mrs. Helen Onasanya	Member

IT Steering Committee: The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility in relation to assisting in the Board's oversight of the role of technology in executing the Company's strategy and supporting the Company's business and operational requirements. Its functions include reviewing and making recommendations for improvement to the Company's IT Infrastructure framework and technological processes. Ensuring the improvement of the Company's significant technology and technology-related strategies. The Committee is also responsible for making recommendations to the Board on information/data security policies and governance

Committee composition:

1. Mr. Chioma Nkechika	Chairman
2. Mr. Gbenga Omolokun	Member
3. Mr. Nonso Okpala	Member
4. Mr. Rotimi Awofisibe	Member

Credit Committee : Under the delegated powers of the Board of Directors, the Board Credit Committee exercises oversight over the management in the identification and management of the Company's (VFD Microfinance Bank Limited) credit exposures and responses to trends. The Committee will assist the Board in its responsibilities in the administration of credit-related policies and procedures. This Committee also maintains control, identifies, and manages the company's investment (credit) activities on an enterprise-wide basis and also the manner in which the company responds to trends affecting our exposures. They also have oversight of senior management's actions to ensure the adequacy of the recovery process and allowance for credit losses and the Company's credit-related policies.

Committee composition:

1. Mr. John Okonkwo	Chairman
2. Mr. Nonso Okpala	Member
3. Mr. Adeniyi Adenubi	Member
4. Mr. Chioma Nkechika	Member
5. Mr. Gbenga Omolokun	Member
6. Mr. Yahaya Maikori	Member
7. Mrs. Helen Onasanya	Member
8. Mr. Rotimi Awofisibe	Member

Frequency of Meetings: Meeting of the Board and its Committees are usually held quarterly but may also be convened at any time whenever the need arise.

Conduct at Board Meetings

P	Present
AWA	Absent with Apology
NYA	Not Yet Appointed
NAC	Not appointed to the Committee

The Board met three (3) times during year ended December 31, 2024, and the attendance is represented below:

S/N	DIRECTORS	APRIL 24, 2024
1	Dr. Collins Chikeluba	NYA
2	Mr. Chioma Nkechika	P
3	Mr. Adeniyi Adenubi	P
4	Mr. Gbenga Omolokun	P
5	Mrs. Helen Onasanya	NYA
6	Mr. Nonso Okpala	NYA
7	Mr. Yahaya Maikori	NYA
8	Mr. John Okonkwo	NYA
9	Mr. Rotimi Awofisibe	NYA

Shareholder Participation

The Bank is conscious of and continues to take necessary steps to promote shareholder rights. All stakeholders are invited to

Whistleblowing Policy

VFD Microfinance Bank Limited ("VFD MFB" or "THE Bank") ihe Company has a Whistle Blowing Policy in place. This was extensively reviewed by the Board and it covers among other things, the procedures for the receipt, retention, and treatment of information received from whistle-blowers and the custodian of the dedicated line. The Company's whistle-blowing policy ensures that whistle-blowing would assist in uncovering significant risks in line with best practices. Under the policy, a whistle-blower who, in good faith, reports suspected or attempted violations of the Policy or who reports a request or offer of a corrupt payment is protected.

Board Remuneration Policy

VFD MFB ensures that remuneration paid to its directors complies with the provisions of the Code of Corporate Governance is

Package	Description	Period
Basic Salary	This is part of the gross salary package for Executive Directors only	Paid monthly, during the financial year
Directors Fees	This is paid only to Non-Executive Directors	Paid in the last month of each year
Sitting Allowance	This is paid only to Non-Executive Directors	Paid after each meeting

Corporate Social Responsibility

At VFD Microfinance Bank (VFD MFB), we understand that beyond our organization, our business decisions and the methods with which we engage our key stakeholders affect the lives, businesses, and environments of our clients and their communities. Through our Corporate Social Responsibility (CSR) initiatives, we demonstrate our commitment to adding value to our stakeholders in ways that strategically influence and contribute to their pain points.

Complaints Policy Management

Disputes may arise when customers use our products and services which VFD Microfinance Bank Limited (VFD, VFD MFB or the Company) will seek to resolve expeditiously and amicably, to ensure customer satisfaction.

Board Evaluation Policy

The primary mission of the Board of Directors of VFD Microfinance Bank Limited ("the Board") is to effectively represent and promote the interest of shareholders and relevant stakeholders by adding value to the Company. VFD Microfinance Bank is committed to upholding good corporate governance in all its dealings with its shareholders and relevant stakeholders. All members of the Board are required to act in a professional manner, upholding the core values of integrity and accountability. In addition, Board members are required to uphold the good corporate governance practices when performing their fiduciary duties and responsibilities.

This Board Charter shall form an integral part of the governance documents presented to Directors on appointment to the Board. The Board is the focal point of the Company's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Company

THE STRUCTURE HQ LIMITED
Sign
Date

Structure HQ Limited
Company Secretary
FRC/2023/COY/257281
28 March 2025

Statement of Directors' Responsibilities

For the preparation and approval of the Financial Statements

The Directors of **VFD Microfinance Bank Limited** accept responsibility for the preparation of the annual financial statements, which give a true and fair view of the state of affairs of the Bank and of its financial performance. The Directors affirm that the financial statements have been prepared using appropriate accounting policies supported by reasonable judgments and estimates, in conformity with the International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAMA 2020, the Financial Reporting Act Council of Nigeria Act No 6, 2011, Banks and Other Financial Institutions Act of Nigeria 2020 and relevant Central Bank of Nigeria regulations.

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

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- making an assessment of the Bank's ability to continue as a going concern.

Going Concern:

The Directors have assessed the Bank's ability to continue as a going concern and have no basis to believe that it will not remain a going concern for at least twelve months from the date of approval of the financial statements.

The financial statements of the Bank for the year ended 31 December 2024 were approved by the Board of Directors on 28 March 2025.

On behalf of the Directors of the Bank

Mr. Adeniyi Adenubi
Non-Executive Director
FRC/2016/PRO/DIR/003/00000014509

Mr Rotimi Awofisibe
Chief Executive Officer
FRC/2023/PRO/DIR/003/043198

Certification of financial statements

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

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for, the periods covered bv the audited financial statements:

We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the company, particularly during the period in which the audited financial statement

(ii) has evaluted the effectiveness of the Bank's internal controls within 90 days prior to the date of the date of its audited financial statement, and

(iii) certifies that Bank’s internal controls are effective as of that date;

We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Bank’s ability to record, process, summarise and report financial data, and has identified for the Bank’s auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Bank’s internal control; and

(iii) as indicated in the report, whether, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Bank for the year ended 31 December 2024 were approved by the directors on 28 March, 2025.

Mr Rotimi Awofisibe
Chief Executive Officer
FRC/2023/PRO/DIR/003/043198

Esther Nwafor
Chief Financial Officer
FRC/2023/PRO/ICAN/001/724754

Management annual assessment of, and report on, VFD Microfinance Bank Limited's internal control over financial reporting

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, we hereby make the following statements regarding the Internal Controls of VFD Microfinance Bank Limited for the year ended 31 December 2024:

i VFD Microfinance Bank Limited’s management is responsible for establishing and maintaining a system of internal control over financial reporting (“ICFR”) that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

ii VFD Microfinance Bank Limited’s management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;

iii VFD Microfinance Bank Limited’s management has assessed that the entity's ICFR as of the end of 31 December 2024 is effective.

iv VFD Microfinance Bank Limited’s external auditor Messrs PricewaterhouseCoopers that audited the financial statements, included in the annual report, has issued an attestation report on management's assessment of the entity's internal control over financial reporting.
The attestation report of Messrs PricewaterhouseCoopers that audited its financial statements will be filed as part of VFD Microfinance Bank Limited’s annual report.

Mr. Adeniyi Adenubi	**Mr. Rotimi Awofisibe**
Chairman	Chief Executive Officer
FRC/2016/PRO/DIR/003/00000014509	**FRC/2023/PRO/DIR/003/043198**

Management annual assessment of, and report on, VFD Microfinance Bank Limited's internal control over financial reporting

Certification of management’s assessment on internal control over financial reporting

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, I hereby make the following statements regarding the internal control over financial reporting of VFD Microfinance Bank Limited for the year ended 31 December 2024.

I, Rotimi Awofisibe certify that:
a) I have reviewed this management assessment on internal control over financial reporting of VFD Microfinance Bank Limited;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The entity’s other certifying officer and I:
1) are responsible for establishing and maintaining internal controls;
2) have designed such internal controls and procedures, to ensure that material information relating to the entity is made known to us by others within those entities, particularly during the period in which this report is being prepared;
3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors:
1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity’s ability to record, process, summarize and report financial information; and
2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.

f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr Rotimi Awofisibe
Chief Executive Officer
FRC/2023/PRO/DIR/003/043198
28 March 2025

Management annual assessment of, and report on, VFD Microfinance Bank Limited's internal control over financial reporting

Certification of management's assessment on internal control over financial reporting

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, I hereby make the following statements regarding the internal control over financial reporting of VFD Microfinance Bank Limited for the year ended 31 December 2024.

I, Esther Nwafor, certify that:
a) I have reviewed this management assessment on internal control over financial reporting of VFD Microfinance Bank Limited;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The entity's other certifying officer and I:
1) are responsible for establishing and maintaining internal controls;
2) have designed such internal controls and procedures, to ensure that material information relating to the entity is made known to us by others within those entities, particularly during the period in which this report is being prepared;
3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors:
1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.

f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Esther Nwafor
Chief Financial Officer
FRC/2023/PRO/ICAN/001/724754
28-Mar-25

Report of Audit and Risk Committee

To the Members of VFD Microfinance Bank Limited

In accordance with the provision of Section 359(6) of the Companies and Allied Matters Act (CAMA) 2020, the members of the Audit and Risk Committee of VFD Microfinance Bank Limited hereby report on the financial statements for the year ended 31 December 2024 as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act, CAMA 2020 and acknowledge the co-operation of management staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2024 were satisfactory and reinforce the Bank's internal control systems.

We have deliberated with the external auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Members of the Audit and Risk **committee are:**

1	Mrs. Helen Onasanya	Chairman
2	Mr. Chioma Nkechika	Committee Member
3	Mr. Yahaya Maikori	Committee Member
4	Mr. John Okonkwo	Committee Member

The Company Secretary serves as the Secretary to the Committee.

Mr. John Okonkwo
FRC/2013/PRO/ICAN/002/00000004692
Committee Member, Audit and Risk committee
28-Mar-25

Independent practitioner's report

To the Members of VFD Microfinance Bank Limited

Report on an assurance engagement performed by an independent practitioner to report on management's assessment of controls over financial reporting

Our opinion

In our opinion, nothing has come to our attention that the internal control procedures over financial reporting put in place by management of VFD Microfinance Bank Limited ("the bank's") are not adequate as of 31 December 2024, based on the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria .

What we have performed

We have performed an assurance engagement on VFD Microfinance Bank Limited's internal control over financial reporting as of December 31, 2024, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria. The company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Assessment of, and Report on, VFD Microfinance Bank Limited's Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our assurance engagement.

Basis for opinion

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

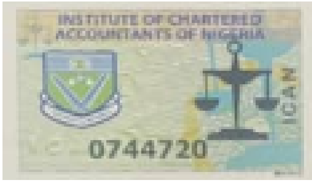
Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Other matter

We also have audited, in accordance with the International Standards on Auditing, the financial statements of VFD Microfinance Bank Limited and our report dated 19 December 2025 expressed an unqualified opinion.



For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
FRC/2023/COY/176894

19 December 2025

Engagement Partner: Chidi Ojechi
FRC/2017/PRO/ICAN/004/00000015955

Independent auditor's report

To the Members of VFD Microfinance Bank Limited

Report on the audit of the financial statements

Our opinion

In our opinion, VFD Microfinance Bank Limited's ("the bank's") financial statements give a true and fair view of the financial position of the bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with international financial reporting standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

VFD Microfinance Bank Limited's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at 31 December 2024;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policies.

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

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 period. 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.

Key audit matter	How our audit addressed the key audit matter
Impairment on loans and advances to customers N1.13bn (refer to notes 3.3 and 14) We focused on this area because directors exercise significant judgment and rely on subjective assumptions when determining both the timing and amounts to recognize as impairment Under IFRS 9 "Financial Instruments," significant judgment is required in measuring expected credit losses (ECL). Key areas where such judgment is applied include: • the definition of default as adopted by the bank; • the criteria used to assess significant increases in credit risk (SICR); • the methodologies employed by the bank to model the probability of default (PD) used in the ECL model; • the estimation of loss given default (LGD) and the assumptions used in its calculation; • the incorporation of forward-looking information and the determination of multiple economic scenarios applied in the ECL model.	We understood the process and evaluated and tested key controls around the determination of the allowance for expected credit loss. We performed the following procedures: • checked that the bank applied a default definition that is consistent with IFRS 9 default criteria; • applied a risk-based target testing approach for a detailed review of credit files on a sample basis to evaluate management's conclusion on SICR; • checked the reasonableness and accuracy of the PD methodology and computations by performing independent calculations of the PD; • evaluated the reasonableness of the LGD against the methodology applied, including the appropriateness of the collateral values and assumptions applied in the ECL model, and the accuracy of the final LGD; • checked the reasonableness of the forward-looking information applied in the ECL model and considered the multiple economic scenarios; • validated the accuracy of the ECL computation by performing an independent computation for all loans; and • evaluated the IFRS 9 disclosures for adequacy and appropriateness.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Directors Report, Corporate Governance Report, Statement of Directors' Responsibilities, Certification of the Financial Statements, Report of Audit Committee, Management's Annual Assessment of, and Report on, VFD Microfinance Bank Limited's Internal Control over Financial Reporting, Chief Executive Officer's Certification of Management's Assessment of Internal Control over Financial Reporting, Chief Financial Officer's Certification of Management's Assessment of Internal Control over Financial Reporting, Statement of Value Added and Financial Summary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 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.

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.

Those charged with governance are responsible for overseeing the bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books;

iii) the bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 27 to the financial statements; and

v) as disclosed in Note 28 to the financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2024.

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of VFD Microfinance Bank Limited's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an unqualified opinion in our report dated 19 December 2025.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0744715

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

19 December 2025

Engagement Partner: Chidi Ojechi
FRC/2017/PRO/ICAN/004/00000015955

Statement of profit or loss and other comprehensive income

	Note	2024	2023
		N'000	N'000
Interest income	4	6,801,118	4,610,973
Interest expense	4	(3,038,287)	(2,022,306)
Net interest income		3,762,831	2,588,667
Fee and commission income	5	414,763	246,539
Other operating income	6	331,382	389,157
Total operating income		4,508,977	3,224,362
Impairment loss	7.1	(306,057)	(928,755)
Net operating income		**4,202,919**	**2,295,607**
Personnel expenses	8	(912,871)	(671,859)
Depreciation expense	16	(126,656)	(42,253)
Amortization expenses	17	(21,170)	(25,919)
Other operating expenses	9	(2,708,862)	(1,859,552)
Total expenses		**(3,769,560)**	**(2,599,584)**
Profit/(loss) before tax		**433,360**	**(303,977)**
Taxation	19	(185,637)	(29,330)
Profit/(loss) for the year		**247,723**	**(333,306)**
Other comprehensive income:			
Other comprehensive income that will be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year, net of tax		247,723	(333,306)
Profit/(loss) attributable to:			
Owners of the Microfinance Bank		247,723	(333,306)
Profit/(loss) for the year		247,723	(333,306)
Total comprehensive income attributable to:			
Owners of the Microfinance Bank		247,723	(333,306)
Total comprehensive income for the year		247,723	(333,306)
Basic earning/(loss) per share (in kobo)	10	23.59	(31.69)

Statement of Financial Position

	Note	2024	2023
		N'000	N'000
Assets:			
Cash and Bank balances	11	7,835,493	5,486,364
Financial assets at amortised cost	12	4,395,927	2,466,805
Placement with banks and other financial Institutions	13	6,812,365	10,796,694
Loans and advances to customers	14	15,202,729	8,080,612
Deferred tax Asset	20	206,410	-
Other assets	15	1,248,385	1,436,231
Property and equipment	16	287,008	101,655
Intangible Assets	17	16,548	37,718
Total assets		**36,004,865**	**28,406,079**
Liabilities:			
Deposits from customers	18	32,903,740	26,825,384
Borrowings	22	1,230,422	-
Other liabilities	21	235,287	580,766
Current income tax liability	19	420,272	24,397
Deferred tax liability	20	-	8,110
Total liabilities		**34,789,721**	**27,438,657**
Equity:			
Share capital	23	1,050,000	1,050,000
Accumulated loss (2023 & 2024)	23	(290,611)	(245,133)
General reserve	23	10,000	10,000
Regulatory risk reserve	23	185,424	16,085
Statutory Reserve	23	260,332	136,470
Total equity		**1,215,144**	**967,422**
Total liabilities and equity		**36,004,865**	**28,406,079**

These financial statements were approved by the board of directors on 28 March 2025 and signed on behalf of the board of directors by the directors listed below:

Rotimi Awofisibe (Managing Director)
FRC/2023/PRO/DIR/003/043198

Adeniyi Adenubi (Director)
FRC/2016/PRO/DIR/003/00000014509

Additionally certified by:

Esther Nwafor (Chief Financial Officer)
FRC/2023/PRO/ICAN/001/724754

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Share Premium	Regulatory risk	Statutory Reserve	Accumulated loss	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January 2024	1,050,000	10,000	16,085	136,470	(245,133)	967,422
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	247,723	247,723
Other comprehensive income						
Transfer to regulatory risk reserve	-	-	169,339	-	(169,339)	-
Transfer to statutory reserve	-	-	-	123,861	(123,861)	-
Total comprehensive income for the year	**1,050,000**	**10,000**	**185,424**	**260,332**	**(290,611)**	**247,723**
Transactions with owners						
Dividend payment	-	-	-	-	-	-
Balance as at 31 December 2024	**1,050,000**	**10,000**	**185,424**	**260,332**	**(290,611)**	**1,215,144**

	Share capital	Share Premium	Regulatory risk	Statutory Reserve	Accumulated loss	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January 2023	1,050,000	10,000	6,102	136,470	98,156	867,963
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(333,306)	(332,765)
Other comprehensive income						
Transfer from regulatory risk reserve	-	-	9,983	-	(9,983)	-
Transfer to statutory reserve				-	-	-
Total comprehensive income for the year	-	-	9,983	-	(343,289)	(332,765)
Transactions with owners						
Dividend Payment	-	-	-	-	-	-
Balance as at 31 December 2023	1,050,000	10,000	16,085	136,470	(245,133)	967,422

Statement of cash flows

	Notes	2024	2023
		N'000	N'000
Cash flows from operating activities			
Profit/(loss) before tax		433,360	(303,977)
Adjustments for:			
Interest income	4	(6,801,118)	(4,610,973)
Interest expense	4	3,038,287	2,022,306
Depreciation of property and equipment	16	126,656	42,253
Amortisation of intangible assets	17	21,170	25,919
Impairment charge on loans and advances to customers	7.1	143,563	697,388
Impairment charge on treasury bills and bonds	7.2	89,773	2,142
Impairment writeback/(charge) on placements	7.2	(40,828)	58,529
Impairment charge for other asset	7.3	113,549	170,697
		(2,875,589)	(1,895,715)
Changes in working capital			
Loans and advances to customers		(7,331,923)	(972,859)
Other assets		74,295	(314,740)
Deposits from customers		6,081,583	11,417,570
Other liabilities		(345,479)	418,474
		(4,397,114)	8,652,730
Interest received	28.a	7,068,493	3,782,013
Interest paid	28.b	(3,041,514)	(2,339,027)
Income tax paid	19	(4,283)	(3,547)
Net cash (used in)/generated from operating activities		(374,417)	10,092,169
Cash flows from investing activities			
Purchase of financial assets		(2,038,953)	(1,663,941)
Liquidation of placement		3,844,084	(2,088,971)
Purchase of property and equipment	16	(312,009)	(49,454)
Purchase of Intangible assets		-	(18,995)
Net cash generated from /(used in) investing activities		1,493,123	(3,821,361)
Cash flows from financing activities			
Borrowings	22	1,230,422	(1,428,344)
Net cash generated from financing activities		1,230,422	(1,428,344)
Net increase in cash and cash equivalents		2,349,129	4,842,465
Cash and cash equivalents at beginning of year		5,486,365	643,900
Cash and cash equivalents at end of year		7,835,493	5,486,365

Notes to the Financial Statements

1 General Information

The Bank was incorporated as a private limited liability company on 11 August 2014. It was given a final licence to operate as a microfinance bank by Central Bank of Nigeria on 16 January 2015 and commenced business on 11 June 2015.

The principal activity of the Bank is the provision of banking and other permissible services to individuals, groups and associations; except public sector. Such services include acceptance of deposits, provision of credits, and collection of money or proceeds of banking instruments on behalf of its customers through correspondent banks.

The Bank is a State Microfinance Bank and it is a subsidiary of VFD Group Limited. VFD Group Limited has 85% equity interest in the Bank.

The financial statements were approved for issue by the Board of Directors on 28 March 2025

2 Basis of Preparation

The financial statements for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Material accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented in these financial statements.

3.1 Basis of measurement

The financial statements are prepared on the historical cost basis unless otherwise stated in the accounting policies as set below.

3.2 Functional and Presentation Currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which it operates (the functional currency).

3.3 Significant accounting judgments, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that could 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.

Allowances for credit losses

The Bank’s loan impairment provisions are established to recognise expected impairment losses in its portfolio of loans classified as loans and receivables and carried at amortised cost. A loan is impaired when there is objective evidence that events since the loan was granted have affected expected cash flows from the loan. Such objective evidence, indicative that the borrower’s financial condition has deteriorated, and for loans that are individually assessed: the non-payment of principal or interest, debt restructuring, breach of limits or covenants, for collectively assessed portfolios the borrowers’ payment status and observable data about relevant macroeconomic measures.

The impairment is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan’s original effective interest rate.

3.4 Foreign currency transactions

Foreign currency transactions are translated and recorded in Naira using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.5 Cash and cash equivalents

For the purposes of statement of cash flows, Cash and cash equivalents include cash in hand, unrestricted demand, call deposits with banks, and short term highly liquid financial assets (including money market funds), with original maturities of twelve months or less from the acquisition date, which are subject to insignificant risk of changes in their value and used by the Bank in the management of its short-term commitments.

3.6 Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software when their values can be reasonably determined and economic benefits will accrue to the Bank. Computer software is stated at cost less amortisation and impairment losses.

Subsequent expenditure

Amortisation

Intangible assets are amortized over the useful economic life estimated as the period over which the assets will be used by the Bank. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Amortisation rate for intangible asset is as follows:

Computer software	33.33%

The amortisation expense on intangible assets with finite lives is recognized in profit or loss as the expense category that is consistent with the function of the intangible assets.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

3.7 Property, plant and equipment

The Bank's Property, plant and equipment comprise office equipment and furniture and fittings.
Recognition and measurement

All categories of property and equipment are initially recognised using the cost model and stated at their purchase cost including any costs directly attributable to bringing the asset into operation when the following conditions are met:
Their values can be reasonably determined.
The economic benefit will accrue to the Bank.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of ordinary day-to-day servicing and maintenance of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

The depreciable amount of an asset is its cost less the estimated residual value at the end of its useful life, if this is significant and can be reasonably determined. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised. Depreciation is recognised in profit or loss on a straight line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property, plant and equipment.

The following annual rates are applied:

Office Equipment	33.33%
Furniture and Fittings	25.00%
Motor Vehicle	25.00%

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted for prospectively if appropriate, at the end of each reporting period.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss of the period the asset is de-recognised.

3.8 Provisions

Provisions are liabilities that are uncertain in amount and timing. Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

3.9 Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Bank operates a defined contribution plan in accordance with the provisions of the Pensions Reform Act 2014. The contribution of the employee and employer is 8% and 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The Bank's obligations for contributions to the plan are recognized as an expense in profit or loss when they are due.

3.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes based on tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are recorded under non-current assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.11 Share capital and reserves

Share capital

The issued ordinary shares of the Bank are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.12 Expense recognition

Interest expense

Interest paid is recognized in profit or loss as it accrues and is calculated by using the effective interest rate method for facilities beyond one year. Accrued interest is included within the carrying value of the interest bearing financial liability.

Operating expenses

Operating expenses are recognized in the statement of comprehensive income on an accrual basis.

3.13 Revenue

Interest income

Interest income for interest bearing financial instruments, are recognized within 'Interest Income' in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset (i.e. its amortized cost before any impairment allowance). The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently.

The calculation of the effective interest rate does not consider expected credit losses and includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other discounts or premiums. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Fees and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. For other fees and commission income, it is the Bank's policy to recognize revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is recognized when control of goods or services have been transferred. Control of an asset refers to the ability to direct its use and obtain substantially all of the remaining benefits associated with the asset.

Dividends

Dividends are recognized when the Bank's right to receive the payment is established, which is usually when shareholders approve the dividend.

3.14 Financial instruments

Definition
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. A financial asset or liability is recognized when the Bank becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bank's business model for managing them. The Bank initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Bank's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Bank commits to purchase or sell the asset.

Business model assessment
The Bank determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the Bank's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

*How the economic activities of our businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel.
*The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
The Bank's business models fall into three categories, which are indicative of the key strategies used to generate returns.

Hold-to-Collect (HTC)
The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.

Hold-to-Collect-and-Sell (HTC&S)
The objective of this business model is to collect both contractual cash flows and cash flows resulting from sales of financial instruments.

Other fair value business models
These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:
*Financial assets at amortized cost (loans and receivables and debt instruments).
*Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
*Financial assets at fair value through profit or loss

Financial assets at amortized cost (loans and receivables and debt instruments)
The Bank measures financial assets at amortized cost if both of the following conditions are met:
*The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
*The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI (debt instruments)
The Bank measures debt instruments at fair value through OCI if both of the following conditions are met:
*The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
*The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Bank did not have any debt instruments at fair value through OCI during the reporting period.

<u>Financial assets designated at fair value through OCI (equity instruments)</u>
Upon initial recognition, the Bank can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation; and are not held for trading. The classification is determined on an instrument-by instrument basis.

<u>Financial assets at fair value through profit or loss</u>
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes listed equity investments which the Bank had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

Financial assets are reclassified when and only when the 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 none occurred during the period.

Loans
Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. Loans are carried at amortized cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses. Interest on loans is recognized in interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts.

Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortized into other operating income over the commitment or standby period. Impairment losses on loans are recognized at each balance sheet date.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Bank's statement of financial position) when:
*The rights to receive cash flows from the asset have expired, or
*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.
When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Impairment of financial assets

The Bank recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Bank applies a simplified approach in calculating ECLs. Therefore, the Bank does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Bank has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Bank considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Bank may also consider a financial asset to be in default when internal or external information indicates that the Bank is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Bank. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Bank has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

Derecognition

A financial liability is derecognized when and only 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 the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when and only when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the ‘exit price’) in an orderly transaction that is not a forced sale, liquidation sale or a distressed sale between market participants at the measurement date. Fair value is determined based on market conditions at the measurement date and the assumptions that market participants would use (i.e. it is a market-based measurement).

Fair value measurement assumes the transaction to sell the asset or transfer the liability occurs in a principal market or, in the absence of a principal market, in the most advantageous market to which the entity has access. It does not consider an entity’s intent to sell the asset or transfer the liability. Fair value measurements of non-financial assets take 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 highest and best use is determined from the perspective of market participants, even if the entity intends a different use. An entity’s current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximize the value of the asset.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

*Level 1 -Quoted (unadjusted) market prices in active markets for identical assets or liabilities

*Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

*Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.15 New and revised IFRS Standards issued by but not yet effective

At the date of authorisation of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 18: Presentation and Disclosure in Financial Statements	Issued in 2024, IFRS 18 aims to enhance the transparency and comparability of financial statements by providing comprehensive guidelines on presentation and disclosure requirements. This standard replaces IAS 1 and introduces new requirements for the structure and content of financial statements. Effective Date: Annual periods beginning on or after January 1, 2027. Early adoption is permitted. Key Changes: Introduction of a single statement of comprehensive income, combining profit or loss and other comprehensive income. Enhanced disclosures about management judgments and
IFRS 19: Subsidiaries without Public Accountability: Disclosures	Issued in 2024, IFRS 19 provides disclosure requirements for subsidiaries that do not have public accountability but are included in the consolidated financial statements of a parent that applies IFRS. This standard aims to reduce the disclosure burden on such subsidiaries while maintaining the usefulness of financial information. Effective Date: Annual periods beginning on or after January 1, 2027. Early adoption is permitted. Key Provisions: Simplified disclosure requirements for qualifying subsidiaries. Alignment of disclosures with those of the parent entity to ensure consistency.
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	These amendments, issued in 2024, clarify the classification and measurement of financial instruments, particularly concerning financial assets with environmental, social, and governance (ESG)-linked features and the settlement of financial liabilities by electronic payments. Effective Date: Annual periods beginning on or after January 1, 2026. Early adoption is permitted. Key Amendments: Clarification on the classification of financial assets with ESG features under the amortized cost or fair value categories. Guidance on accounting for electronic payment systems

3.16 Capital management

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

- To comply with the capital requirements set by the regulators of the banking markets where the Bank operate
- 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 maintain a strong capital base to support the development of its business.

Capital adequacy and the use of Regulatory Capital are monitored daily by the Bank's management, employing techniques based on the CBN guideline. The required information is filed with the CBN on a quarterly basis.

The Bank maintains a ratio of Total Regulatory Capital to its risk-weighted assets (the 'Basel ratio') above a minimum level required by the regulatory authority which takes into account the risk profile of the Bank.

The regulatory capital requirements are strictly observed when managing economic capital. The Bank's regulatory capital, comprising of the following two tiers, is managed by Risk Management, Treasury and Strategy.

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations, statutory reserve, non-controlling interests arising on consolidation from interests in permanent shareholders' equity.
- Tier 2 capital: qualifying subordinated loan capital and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2024. During the year, the Bank complied with all of the externally imposed capital requirements to

	2024	2023
Tier 1 capital	**₦'000**	**₦'000**
Share capital	1,050,000	1,050,000
Share premium	10,000	10,000
Accumulated Profit	455,228	(229,048)
Statutory reserve	136,470	136,470
Intangible Assets	(16,548)	(37,718)
Total regulatory capital	1,635,150	929,704

In accordance with CBN circular

	2024	2023
Risk-weighted assets		
On statement of financial	14,553,268	10,693,294
Off statement of financial	-	-
	14,553,268	10,693,294
Risk-weighted Capital Adequacy Ratio (CAR)	11%	9%
Minimum Capital Adequacy Ratio (CAR)	10%	10%

		2024	2023
		N'000	N'000
4	**Interest calculated using effective interest method**		
	Investments	2,287,380	1,935,561
	Loans and advances to customers	4,486,595	2,658,034
	Lease	27,144	17,378
	Total interest income	**6,801,118**	**4,610,973**
	Interest expense		
	Savings accout	333,283	238,561
	Current account	348	1,370
	Borrowings interest expense	637,572	297,631
	Term Deposit account	2,067,083	1,484,744
	Total interest expense	3,038,287	2,022,306
	Net interest income	**3,762,831**	**2,588,667**

5 Fee and commission income

	2024	2023
	N'000	N'000
Commission - Paycode	1	3
Commission - Airtime purchases	75,309	70,075
Commission - Bills payment	23,902	23,031
Commission - POS transactions-VTECH	2,857	-
Income from transfers	136,406	17,671
Income from card transactions - Stanbic bank	3,490	210
Income from transfers - Wallet Accts	22,227	20,410
Commission - POS transactions	33,465	8,119
Commission on Nomiworld	130	163
Commission - Funds inflow	-	8,752
Commission - Power token vending	970	-
Loan Processing Fees	116,006	98,105
Total fee and commission	**414,763**	**246,539**

Loan processing fees income recognised at a point in time amounts to N116.0 million (31 December 2023: N98.1 million).

6 Other operating income

	2024	2023
	N'000	N'000
SMS income	67,493	69,707
Service charge fee	82,565	50,103
Pre-liquidation charges	132,662	180,214
Fee income (virtual cards)	5,634	2,222
Income from sale of Inventory	1,653	26,888
BVN income	36,785	55,517
Search and valuation	2,975	1,991
USSD income	1,615	2,515
Total other operating income	**331,382**	**389,157**

7 Impairment loss

	2024	2023
	N'000	**N'000**
Loan and advances (7.1)	143,563	697,387
Financial assets (7.2)	48,946	60,671
Other assets (7.3)	113,549	170,697
Total impairment loss	**306,057**	**928,755**

7.1 Impairment charge on loans and advances

	2024	2023
	N'000	**N'000**
Stage 1	541,704	(24,429)
Stage 2	93,324	46,228
Stage 3	(491,466)	675,588
	143,563	**697,388**

7.2 Impairment charge on financial assets

	2024	2023
	N'000	**N'000**
Impairment charge on treasury bills (see note 12.1)	17,840	501
Impairment charge on bonds (see note 12.1)	71,933	1,641
Impairment writeback on placements (see note 13.1)	(40,828)	58,529
	48,946	**60,671**

7.3 Impairment charge on other asset

	2024	2023
	N'000	**N'000**
Write-off on other assets	37,746	155,459
Impairment provision on other asset	75,802	15,238
	113,549	**170,697**

8 Personnel expenses

	2024	2023
	N'000	**N'000**
Staff Cost	813,493	567,129
Contributions to defined contribution plans	9,381	24,045
Recruitment cost	963	9,082
Training expense	22,050	8,262
Other staff cost	66,984	63,342
Total Personnel expenses	**912,871**	**671,859**

9 Other operating expenses

	2024	2023
	N'000	N'000
Insurance premium	3,805	2,589
Fraud loss expense	6,424	3,943
Professional and consultancy fees	180,996	169,738
Internet & data subscription expenses	17,079	17,902
Subscriptions cost expense	6,558	1,082
Rent and rates	21,281	14,896
Fleet management and vehicle expenses	12,815	9,187
BVN expenses	46,451	69,842
USSD expense	23,445	51,225
SMS expense	45,522	60,391
General office expense	9,373	1,491
NIP expenses	39,055	190,251
Verification expenses	17,532	14,620
Software expenses	1,254,026	635,182
Branding	3,563	29,867
CSR activities	250	-
Corporate gifts	7,332	9,918
Marketing support services	473,530	246,017
Electrical repairs	24,025	19,153
Transport and travelling	70,023	23,415
Entertainment	5,088	13,678
POS-Purepay expense	46,901	-
Recovery Expenses	2,069	-
Bank Charges	27,967	25,908
Stationery and consumables	1,363	4,492
Board expenses	20,050	10,415
Audit fee	21,575	15,792
Postage & telephone	10,317	11,559
Secretarial and legal fees	26,637	6,665
NDIC premium	111,768	81,907
Other expenses	172,037	118,425
Total other operating expenses	**2,708,862**	**1,859,552**

Non-audit services

PwC was requested to certify the total deposit liabilities standing in the books of the bank as at 31 December 2024 in line with the provision of Nigerian Deposit Insurance Corporation(NDIC) Act. The sum of N1million was charged as fee for this service.

10 Earnings per share

Basic earnings per share

The earnings per share of the bank is stated as below:

	2024	2023
Issued ordinary shares at beginning of year('000)	1,050,000	1,050,000
Weighted average number of ordinary shares at end of year ('000)	**1,050,000**	**1,050,000**
Profit/(Loss) attributable to ordinary shareholders		
Profit/(Loss) for the year attributable to equity holders of the Bank ('000)	247,723	(332,765)
Basic earning /(loss) per share (in kobo)	23.59	(31.69)

The Microfinance Bank does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS for continuing operations are the same for the Microfinance Bank.

11 Cash and cash equivalent

	2024	2023
	N'000	**N'000**
Cash at Bank	7,832,088	5,482,334
E-wallet	3,406	4,031
	7,835,493	**5,486,365**

See Schedule A for the breakdown of Bank Balances

12 Financial assets at amortised cost

	2024	2023
	N'000	**N'000**
Investments in Treasury bills	2,865,804	1,104,832
Investments in FGN Bond	1,622,037	1,364,114
	4,487,842	**2,468,946**
ECL provision on Treasury Bills	(18,341)	(501)
ECL provision on FGN Bonds	(73,575)	(1,641)
	(91,916)	**(2,142)**
Carrying amount	**4,395,926**	**2,466,804**

12.1 Movement in ECL on financial assets at amortised cost	**N'000**	**N'000**
At January	2,142	-
Addition	89,774	2,142
Balance as at December	**91,916**	**2,142**
Classified as:		
Current	3,586,516	1,104,832
Non-Current	809,410	1,361,972
	4,395,927	**2,466,804**

		2024	2023
12.1	**Movement in ECL on financial assets at amortised cost**	**N'000**	**N'000**
	At January	2,142	-
	Addition	89,774	2,142
	Balance as at December	**91,916**	**2,142**

		2024	2023
13	**Placement with banks and other financial Institutions**	**N'000**	**N'000**
	Placements	6,830,066	10,855,223
		6,830,066	**10,855,223**
	ECL writeback/(provision) on placements	(17,701)	(58,529)
	Carrying amount as at 31 December 2024	**6,812,365**	**10,796,694**
	Classified as:		
	Current	6,812,365	10,796,694
	Non-Current	-	-
	Balance as at December	**6,812,365**	**10,796,694**

		2024	2023
13.1	**Movement in ECL on placements**	**N'000**	**N'000**
	At January	58,529	-
	(Writeback)/charge	(40,828)	58,529
	Balance as at December	**17,701**	**58,529**

See Schedule B for the breakdown of Placements

14 Loans and advances to customers

	31 December 2024		
	Gross Loans	ECL	Carrying Amount
	N'000	N'000	N'000
Stage 1 (12 Months ECL)	14,159,790	622,374	13,537,416
Stage 2 (Lifetime ECL not Credit Impaired)	906,864	139,552	767,312
Stage 3 (Lifetime ECL - Credit Impaired)	1,142,728	244,728	898,000
Total	**16,209,383**	**1,006,654**	**15,202,729**

	31 December 2023		
	Gross Loans	ECL	Carrying Amount
	N'000	N'000	N'000
Stage 1 (12 Months ECL)	8,112,138	80,670	8,031,468
Stage 2 (Lifetime ECL not Credit Impaired)	95,371	46,228	49,144
Stage 3 (Lifetime ECL - Credit Impaired)	736,193	736,193	-
Total	**8,943,703**	**863,091**	**8,080,612**

Analysis By Performance

14 (a) ECL Movement on Loans and Advances

	2024	2023
	N'000	N'000
Opening balance	863,091	165,704
Charge for the year	143,563	697,387
	1,006,654	**863,091**

14 (b) Loans Products

	2024	2023
	N'000	N'000
Retail Asset Finance	6,635,065	3,756,863
Sales Lease and Buy Back	313,377	405,020
Bridge Finance	335,842	429,204
Bridge Finance (Cash-backed)	2,126,900	198,616
Employee Loans	163,124	1,686,826
Overdraft Facilities	3,283,719	244,272
Intelligra wallet loans	241,745	62,607
LPO Finance/ Invoice Discounting	110,176	1,273,136
On-lending loans	2,999,435	887,158
	16,209,383	**8,943,702**
ECL on loans and advances	(1,006,654)	(863,090)
	15,202,729	**8,080,612**
Classified as:		
Current	11,500,805	6,135,686
Non-Current	3,701,924	1,944,926
	15,202,729	**8,080,612**

		2024	2023
15	**Other assets**		
		N'000	**N'000**
	Financial assets:		
	Receivable from related parties	124,018	392,100
	Fees receivable	-	42,208
	Accounts receivable	171,439	304,774
	Inventory	-	40,416
	Other debit balances	90,194	46,323
		385,652	825,822
	Less: Impairment on financial assets	(97,240)	(21,438)
		288,411	**804,384**
	Non financial assets:		
	Prepayment	458,980	285,195
	WHT Receivable	500,993	346,652
		1,248,385	**1,436,231**
	Current	747,392	1,089,579
	Non-Current	500,993	346,652
		1,248,385	**1,436,231**
15.1	**Movement in ECL on other assets**		
	At January	21,438	21,438
	Addition	75,802	-
	At December	**97,240**	**21,438**

16 Property and equipment

2024	Furniture and fitting	Office Equipments	Motor Vehicles	Total
	N'000	N'000	N'000	N'000
Cost				
Balance as at 1 January 2024	1,041	113,546	65,729	180,316
Additions	4,306	181,452	126,251	312,009
Disposals	-	(5,025)	(1,250)	(6,275)
Balance as at 31 December 2024	5,346	289,973	190,731	486,050
Depreciation and impairment losses				
Balance as at 1 January 2024	693	52,826	25,143	78,661
Charge for the year	611	93,419	32,626	126,656
Disposal	-	(5,025)	(1,250)	(6,275)
Balance as at 31 December 2024	1,304	141,219	56,519	199,041
Carrying amounts:				
Balance as at 31 December 2024	**4,042**	**148,754**	**134,212**	**287,008**

2023	Furniture and fitting	Office Equipments	Motor Vehicles	Total
Cost				
Balance as at 1 January 2023	1,041	113,546	65,729	180,316
Additions	-	-	-	-
Balance as at 31 December 2023	1,041	113,546	65,729	180,316
Depreciation and impairment losses				
Balance as at 1 January 2023	552	26,518	9,339	78,661
Charge for the year	141	26,308	15,804	-
Balance as at 31 December 2023	693	52,826	25,143	78,660
Carrying amounts:				
Balance as at 31 December 2023	348	60,720	40,586	101,655

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year
(b) The Microfinance Bank had no capital commitments as at the end of the reporting period (2024: nil)

17 Intangible assets

	2024	2023
	N'000	**N'000**
Cost:		
As at 1 January	100,956	81,961
Additions	-	18,995
As at 31 December	100,956	100,956
Accumulated amortization:		
As at 1 January	63,238	37,319
Charge for the period	21,170	25,919
As at 31 December	84,408	63,238
Net book value as at 31 December	**16,548**	**37,718**

18 Deposits from customers

	2024	2023
	N'000	N'000
Term deposit	13,571,245	14,785,398
Current accounts	10,518,172	5,829,052
Savings account	8,784,796	6,080,501
Unclaimed deposit	29,527	130,433
	32,903,740	26,825,384
Current	32,903,740	26,825,384
Non Current	-	-
	32,903,740	**26,825,384**

19 Taxation

	2024	2023
	N'000	N'000
a) Current tax expense		
Company income tax	352,664	26,233
Tertiary education tax	42,055	3,096
Information technology levy	4,334	-
Police trust fund levy	22	-
NESANI levy	1,083	-
	400,158	**29,330**
Reversal of temporary differences	(214,521)	-
Total income tax expense	**185,637**	**29,330**

	2024	2023
	N'000	N'000
b) Current income tax liability		
At 1 January	24,397	19,160
Tax paid during the year	(4,283)	(3,547)
WHT credit utilized	-	(20,546)
Tax provision	400,158	29,330
As at 31 December	**420,272**	**24,397**

Reconciliation of effective tax to statutory tax rate

		2024		2023
		N'000		N'000
Profit before income tax		433,360		(303,977)
Income tax using the corporate tax rate	30%	130,008	30%	(91,193)
Minimum tax	0%	-	-9%	26,233
Non-deductible expenses	67%	290,543	-21%	62,625
Tax exempt income	0%	-	7%	(19,830)
Tertiary education tax	10%	42,055	-1%	3,096
Information technology development levy	1%	4,334	0%	-
Police trust fund	0%	22	0%	-
NESENI levy	0%	1,083	0%	-
Capital allowance utilised	-16%	(67,653)	0%	-
Effect of unrecognised deferred tax	0%	-	-16%	48,398
Reversal of temporary differences	-50%	(214,755)	0%	-
Total income tax expense	**43%**	**185,637**	**-15%**	**29,330**

20 Deferred tax asset/(liability)

Deferred tax liabilities are attributable to the following:

	2024	2023
	N'000	N'000
Loan receivables	190,509	6,223
Financial asset at amortised cost	27,575	-
Placements	5,310	-
Other asset	29,172	-
Deferred tax asset total	**252,566**	**6,223**
Property, plant and equipment	(43,437)	(5,943)
Intangible assets	(2,718)	(8,390)
Deferred tax liability total	**(46,155)**	**(14,333)**

	2024	2023
	N'000	N'000
Deferred tax asset/(liability)		
At 1 January	(8,110)	(8,110)
Deferred tax credit	214,521	-
As at 31 December	**206,410**	**(8,110)**

21 Other liabilities

	2024	2023
	N'000	N'000
Accruals	143,791	156,235
Due to related parties	4,500	4,500
Pension payable	1,824	-
Electronic card and settlement payables	3,312	360,894
Account payable	18,071	26,418
PAYE and other statutory deductions	63,730	32,719
Fees in suspense	60	-
	235,287	**580,765**
Current	235,287	580,765
Non current	-	-
	235,287	**580,765**

22 Borrowings

	2024	2023
	N'000	N'000
Opening Balance	-	-
Additions	1,222,700	-
Interest payable	7,721	-
	1,230,422	**-**
Anchoria Investment Securities imited	503,836	
Abbey Mortgage Bank Plc	400,148	-
TNL-PE Square Consulting Limited	326,438	-
	1,230,422	**-**

Current	1,230,422	-
Non current	-	-
	1,230,422	**-**

(a) VFD Microfinance Bank also entered into borrowing arrangements with Anchoria Investment Securities imited for a 60 days tenor , Abbey Mortgage Bank Plc and TNL-PE Square Consulting Limited . The amount relating to AISL was N500million with an iterest rate of 26%, for Abbey the amount borrowed was N400million with an interest rate of 27% for a 60 days tenor, while for TNL-PE Square Consulting Limited for a 30 days tenor, the amount borrowed was N323million with an interest of 20% . The total balance makes up the borrowing balance as at 31st December 2024

23 Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at

		2024	**2023**
		N'000	**N'000**
(i)	Authorised:		
	1,050,000 ordinary shares of N1 each	1,050,000	1,050,000
(ii)	Issued and fully-paid up:		
	1,050,000 ordinary shares at N1 each	1,050,000	1,050,000

Ordinary shareholding:

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Microfinance Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Microfinance Bank.

The movement on the issued and fully paid-up share capital account during the year was as follows:

	2024	**2023**
	N'000	**N'000**
At 1 January	1,050,000	1,050,000
Transfer from deposit for shares	-	-
At 31 December	1,050,000	1,050,000
Share premium		
Balance, end of year	10,000	10,000

There was no movement on the account during the year

24 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

	2024	**2023**
	N'000	**N'000**
Balance, beginning of year	(245,135)	98,154
(Loss)/Profit for the year	247,723	(333,306)
Dividend payment	-	-
Transfer to regulatory risk reserve	(169,339)	(9,983)
Transfer to statutory reserve	(123,861)	-
	(290,613)	**(245,135)**

Regulatory reserves

The regulatory reserve includes movements in the following:

(i) **Statutory reserves**: Nigerian banking regulations require the Microfinance Bank to make an annual appropriation to a statutory reserve. In line with the requirements of the Regulatory and Supervisory framework for Microfinance Banks in Nigeria issued by the Central Bank of Nigeria, transfer to statutory reserve is made at the rate of 50% of the profit after tax where the statutory reserve is less than 50% of its paid up capital, 25% if the statutory reserve is greater than 50% but less than 100% of its paid up capital and 12.5% if the statutory reserve is greater than its paid up capital.

(ii) **Regulatory risk reserves**: The regulatory risk reserves warehouses the difference between the impairment on balance on loans and advances under the Nigeria GAAP ("Previous GAAP") and based on Central Bank of Nigeria's Regulatory and Supervisory framework for Microfinance Banks in Nigeria compared with the loss incurred model used in calculating the impairment balance under IFRS.

Regulatory risk reserve:	**2024**	**2023**
	N'000	**N'000**
Balance, beginning of year	16,085	6,102
Transfer from retained earnings	169,339	9,983
	185,424	**16,085**

	2024	**2023**
Statement of prudential adjustments	**N'000**	**N'000**
ECL impairment allowance on loans and advances to customers (note 14)	1,006,654	863,091
Total impairment allowance on loans and advances to customers (a)	**1,006,654**	**863,091**
Performing	148,369	80,250
Pass and watch	4,642	4,367
Substandard	18,105	18,341
Doubtful	60,977	12,288
Lost	959,985	763,930
Other known losses	-	
Total impairment based on prudential guidelines (b)	**1,192,078**	**879,176**
Difference (c = a - b)	**(185,424)**	**(16,085)**

In accordance with Central Bank of Nigeria Prudential Guidelines, the Bank has made transfer to the regulatory risk reserve during the year because IFRS 9 impairment allowance in lower than impairment based on prudential guidelines.

25 Contingencies

There are no litigation claims against the Bank as at 31 December 2024

26 Related parties

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes associates, joint ventures and the Microfinance Bank's pension schemes, as well as key management personnel.

Transactions with key management personnel

The Bank's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive directors and non-executive directors of the Microfinance Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with VFD Microfinance Bank Limited.

VFD Microfinance Bank Limited is a subsidiary of VFD Group Plc; the latter has 85% equity interest in the Bank.

27.1 Parent company and other related entities

VFD Microfinance Bank Limited is a subsidiary of VFD Group Plc.

Other entities within the Group and their relationship are shown below:

Company	Relationship
VFD Group	Parent
Atiat Limited	Fellow subsidiary of VFD Group Plc
Anchoria Asset Management Limited	Fellow subsidiary of VFD Group Plc
Kairos Capital Limited	Fellow subsidiary of VFD Group Plc
Anchoria Investments and Securities Limited	Fellow subsidiary of VFD Group Plc
VFD Ghana Ltd	Fellow subsidiary of VFD Group Plc
VFD Tech Limited	Fellow subsidiary of VFD Group Plc
Herel Limited	Fellow subsidiary of VFD Group Plc

27.2 Details of transactions with related parties are disclosed as follows:

Key management personnel compensation

	2024	2023
	N'000	N'000
Salaries	27,918	33,069
Fees	8,500	-
Sitting Allowance	11,550	-
Difined Contribution Scheme	6,240	-
	54,209	33,069

	2024	2023
27.3 Intercompany balances	N'000	N'000
Due from related entities		
Cedi Capital Ltd	66,053	65285
VFD Group Plc	-	-
VFD Tech Ltd	57,965	326,815

	2024	2023
27.4 Loans to Directors	N'000	N'000
VFD Group Plc.	-	-

		2024	2023
27.5	**Deposits liabilities**	**N'000**	**N'000**
	VFD Group Plc	15,102	37,830
	VFD Bridge Limited	182	182
	Everdon Bureau De Change Limited	1,347	1,347
	Anchoria Asset Management Limited	8,565	72,124
	Kairos Capital Limited	-	4,562
	PremiumGreen Limited	38,289	33
	VFD Tech Limited	59,120	3,106
	Anchoria Investments and Securities Limited	8,556	148,850
	Key management personnel and close family members	254,514	-
		385,675	268,034

27 Events after the end of the reporting period

There are no significant events after the reporting period which could have had a material effect on the state of affairs of the Bank as at 31 December 2024 and on the profit for the year ended on that date which have not been adequately provided or disclosed.

28 Changes In Working Capital-

		Placements	Investment securities	Loans	Total
28.a	Interest received	**N'000**	**N'000**	**N'000**	**N'000**
	At 1 January 2024	634,422	34,114	129,729	798,265
	Interest income	(1,668,935)	(618,445)	(4,513,738)	(6,801,118)
	Interest received	1,850,008	638,504	4,579,982	7,068,493
	At 31 December 2024	815,494	54,173	195,972	1,065,639

		Deposit Liabilities
28.b	Interest paid	**N'000**
	At 1 January 2024	(599,406)
	Interest expense	3,038,287
	Interest paid	(3,041,514)
	At 31 December 2024	(602,633)

28 Compliance with banking regulations

The Bank contravened the following banking legislations and provisions during the year:

Nature of Contravention	Penalties
	N
The bank was fined ₦3,400,000 due to its AML/CFT policy document not being approved by the Board.	3,400

Notes to the Financial Statements

29 Financial risk management

The Nigerian economy in 2024 navigated a complex landscape marked by significant policy reforms and persistent macroeconomic challenges. While the government's "renewed hope" agenda aimed to stimulate growth and stability, the year unfolded with mixed results, presenting a divergence between policy aspirations and economic realities.

The mid-2023 reforms, notably the removal of petrol subsidies and the liberalization of the foreign exchange market, were anticipated to catalyze positive shifts in key economic indicators. However, the observed trends in GDP growth, debt-to-GDP ratios, trade balances, and foreign direct investment (FDI) largely deviated from projected inflection points. Concurrently, cost-related indicators, particularly those impacting household budgets, exhibited rapid and substantial increases.

Economic Growth:

Nigeria's Gross Domestic Product (GDP) demonstrated resilience, maintaining positive growth throughout the quarters of 2024. However, the growth rate remained significantly below the government's targeted 7%, stabilizing at approximately 3%. This trajectory indicates a constrained capacity for job creation and business expansion.

Inflationary Pressures:

Inflation trends exhibited a consistent upward trajectory, significantly eroding household purchasing power. Escalating business costs, compounded by currency depreciation, contributed to the sustained rise in consumer prices.

Monetary Policy:
The Central Bank of Nigeria (CBN) implemented quantitative tightening measures to curb inflation. Despite these efforts, inflationary pressures persisted, challenging the efficacy of the CBN's hawkish monetary policy stance. While the foreign exchange market achieved unification, the implementation of effective measures to bolster currency appreciation remained a challenge.

Trade and Liquidity Flows:

Global commodity prices remained elevated in 2024 due to ongoing geopolitical tensions and market shocks. The depreciation of the Naira provided a degree of support for export activities. However, the increased cost of imports significantly impacted production costs and contributed to overall price inflation.

Liquidity inflows demonstrated a doubling trend over the four quarters, albeit with potential vulnerabilities due to reliance on foreign portfolio investments (FPIs). Foreign direct investment (FDI) inflows exhibited marginal growth compared to the 2023 average. However, the prevailing macroeconomic constraints, energy sector challenges, infrastructural deficits, and security concerns continued to impede substantial FDI inflows.

Impact on Nigerian Households:

The policy initiatives aimed at improving household welfare were largely overshadowed by the escalating cost of living. Persistent inflationary pressures significantly diminished the real value of household purchasing power, despite the increase in the national minimum wage to N70,000. This erosion of purchasing power, estimated at over 60%, exacerbated financial strain on households.

Concerns regarding malnutrition intensified throughout the year, as the affordability of basic food items became increasingly challenging. Rising food inflation and declining food productivity contributed to this trend.
Inflationary Pressures:

Inflation trends exhibited a consistent upward trajectory, significantly eroding household purchasing power. Escalating business costs, compounded by currency depreciation, contributed to the sustained rise in consumer prices.

Key Observations:

- The anticipated positive impacts of the 2023 policy reforms were not fully realized in 2024.
- Inflation remained a critical challenge, undermining household financial stability and economic growth.
- The reliance on FPIs for liquidity inflows presents potential vulnerabilities.
- Addressing structural challenges, including energy sector reforms and infrastructural development, is crucial for attracting sustainable FDI and fostering long-term economic growth.

Persistent Macroeconomic Challenges and Evolving Risk Landscape

VFD Microfinance Bank ("the Bank") operates within a dynamic and evolving financial landscape in Nigeria. Recognizing the critical importance of sound risk management, the Bank has established a robust framework to identify, assess, monitor, and mitigate risks across all its operations. This framework is designed to protect the Bank's assets, ensure regulatory compliance, and support the achievement of its strategic objectives.

30.1 Significant Risks

The bank has exposure to significant risks which are categorised as follows:
(i) Regulatory
(ii) Business environment
(iii) Operational
(iv) Market

Detailed discussion of significant risk

Regulatory and Compliance Risk Management

The Bank operates in a highly regulated environment and is committed to maintaining full compliance with all applicable laws and regulations, including those issued by the Central Bank of Nigeria (CBN). This is achieved through:

-Compliance Program: Implementing a comprehensive compliance program, including policies and procedures to ensure adherence to regulatory requirements.
-Regular Audits and Reviews: Conducting regular internal and external audits to assess compliance and identify areas for improvement.
-Staff Training on Regulatory Requirements: Providing ongoing training to employees on relevant laws and regulations.
-Monitoring Regulatory Changes: Staying abreast of changes in the regulatory environment and adapting policies and procedures accordingly.

30.1.1.2 Legal Risk

VFD MFB is committed to minimizing legal risk arising from contractual obligations. Our approach involves rigorous contract review, meticulous documentation, and ensuring all agreements are legally sound and properly executed. We maintain a proactive stance in staying abreast of evolving legal and regulatory requirements to mitigate potential exposure."
All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31st December 2024, the directors are not aware of any significant obligations not provided for.

30.1.1.3 Taxation Risk

Taxation risk, encompassing potential losses from misinterpretations of tax laws or the impact of legislative changes, is managed through a comprehensive strategy. This includes:
Transaction-Specific Analysis: Evaluating tax implications of all significant transactions, including restructurings and reorganizations.
Operational Tax Compliance: Ensuring adherence to tax regulations in daily operations.
Financial Reporting Accuracy: Maintaining robust financial accounting practices to minimize tax-related discrepancies.
Proactive Compliance: Regularly monitoring and adapting to changes in tax legislation to ensure continuous compliance."

Transactional Risk
The risk which concerns specific transactions entered into by the bank including restructuring projects and reorganisations.

Compliance Risk
The risk associated with meeting the company's statutory obligations

Financial Accounting Risk
The risk relates to the inadequacy of proper internal controls over financial reporting including tax provisioning. In managing the bank's taxation risks, the bank tax policy is as follows:

All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation. -The bank continually review its existing operations and planned operations in this context; and -the bank ensures that where clients participate in company product, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to access the consequences, or both

The identification and management of tax risks is the primary objective tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of the tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

Accounting Risk
Accounting Risk is the risk that the company fails to explain the current events of the business in the financial statements. Accounting risks can arise from the failure of management to : -maintain proper books and records, accounting system and to have proper accounting policies. -establish proper internal accounting controls -prepare periodic financial statements that reflect an accurate financial position; and -be transparent and fully disclose all important and relevant matters.

Measures to control accounting risks are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the bank.

Financial statements are prepared in a transparent, manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the bank.

30.1.2 Business Environment

30.1.2.1 Reputational Risk

VFD MFB recognizes that its reputation is a valuable asset. We actively manage reputational risk, which can arise from various sources, including operational failures, market fluctuations, or public perception. Our strategy includes:
- Stakeholder Engagement: Maintaining open communication and building trust with all stakeholders.
- Proactive Issue Management: Addressing potential reputational risks promptly and transparently.
- Ethical Conduct: Adhering to the highest ethical standards in all business dealings.
- Reputation Monitoring: Continuously monitoring public sentiment and addressing any negative trends."

30.1.2.2 Strategic Risk

Strategic risk, stemming from decisions impacting the bank's long-term value, is managed through a disciplined approach. This involves:
- Rigorous Strategic Planning: Ensuring alignment between strategic goals, business plans, and resource allocation.
- Scenario Analysis: Assessing the potential impact of external factors on the bank's strategic direction.
- Adaptive Management: Maintaining the agility to adjust strategies in response to evolving market conditions.
- Performance Monitoring: Regularly evaluating the effectiveness of strategic initiatives.

30.1.2.3 Enterprise Risk Management

VFD MFB employs a comprehensive Enterprise Risk Management (ERM) framework to identify, assess, and manage risks across the organization. This includes:
- Quantitative and Qualitative Risk Assessments: Conducting regular, data-driven evaluations of all identified risks.
- Risk Profile Analysis: Developing a holistic understanding of the bank's risk exposure.
- Executive Reporting: Providing timely and insightful risk information to the Board of Directors and senior management.
- Continuous Improvement: Regularly reviewing and enhancing the ERM framework to ensure its effectiveness."

30.1.3 Operational Risk
Operational Risk Management

Operational risk, encompassing the risk of loss from inadequate or failed internal processes, people, and systems, or from external events, is managed through:

- Internal Control Framework: Maintaining a strong internal control environment, including segregation of duties, authorization procedures, and robust IT systems, aligned with best practices in the Nigerian banking sector.
- Technology and Cybersecurity: Investing in secure and reliable technology infrastructure, and implementing robust cybersecurity measures to protect against data breaches and cyber threats.
- Business Continuity Planning: Developing and regularly testing business continuity plans to ensure operational resilience in the face of disruptions, considering the specific challenges of operating in Lagos.
- Staff Training and Awareness: Providing comprehensive training to employees on risk management policies, procedures, and ethical conduct.
- Fraud Prevention and Detection: Implementing robust fraud prevention and detection mechanisms, including transaction monitoring, internal audits, and whistleblowing channels.

30.1.4 Interest Rate and Market Price Risk

These risks have very different impacts on the various categories of business used in the bank's assets and liabilities management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

Interest Rate Risk
Interest rate risk, arising from fluctuations in market interest rates, is managed through:
- Asset-Liability Management: Aligning the maturity and repricing characteristics of assets and liabilities.
- Interest Rate Forecasting: Utilizing sophisticated models to predict and prepare for interest rate changes.
- Hedging Strategies: Employing financial instruments to mitigate interest rate risk.

Equity Price Risk
Equity price risk, associated with fluctuations in the value of equity investments, is managed through:
- Portfolio Diversification: Spreading investments across different asset classes and sectors.
- Market Analysis: Conducting thorough research and analysis of market trends.
- Risk Limits: Establishing and adhering to risk limits for equity investments."

Foreign Currency Risk

In respect of other momentary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate, where necessary, to address short- term imbalances.

Credit Risk

Credit risk, arising from the potential for borrowers to default on their obligations, is a principal risk for the Bank. Our credit risk management framework encompasses:

- Loan Origination and Appraisal: Implementing rigorous credit assessment procedures, including detailed analysis of borrowers' financial capacity and character, particularly within the context of the Nigerian microfinance sector.
- Portfolio Diversification: Maintaining a well-diversified loan portfolio across various sectors and client segments, mitigating concentration risk.
- Collateral Management: Securing appropriate collateral and guarantees, tailored to the specific risk profiles of our clients.
- Loan Monitoring and Recovery: Employing proactive loan monitoring mechanisms and implementing timely recovery strategies for delinquent loans, with a focus on sustainable recovery practices.
- Impairment Provisioning: Establishing adequate loan loss provisions in accordance with IFRS 9 and regulatory requirements, reflecting the current economic environment and portfolio performance.

30.2 Financial Assets

Various debt instruments are entered into by the Bank in order to invest surplus shareholders fund. The bank will be exposed to the issuer's credit standing on these instruments. The following policies and procedures are in place to mitigate the bank's exposure to this credit risk:

Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by The bank's audit committee and The bank's board.

Impairment Model

The impairment model used in the account is Expected Credit loss model.

Other Receivables

Investment sale debtors are protected by security of the underlying investment not being transferred to the purchaser prior to payment.

Exposure to credit risk

	Cash and cash equivalent	Loans and advances to customers	Financial assets at amortised cost	Placement with banks and other financial Institutions	Other assets
31 December 2024	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Carrying amount	7,835,493	15,202,729	4,395,926	6,847,767	288,411
Assets amortised at cost					
Gross amount	7,835,493	16,209,383	4,487,842	6,830,066	385,652
Allowance for impairment		(1,006,654)	(91,915)	17,701	(97,240)
Carrying amount	7,835,493	15,202,729	4,395,927	6,847,767	288,411

31 December 2023	Cash and cash equivalent	Loans and advances to customers	Financial assets at amortised cost	Placement with banks and other financial Institutions	Other assets
		₦'000	₦'000	₦'000	₦'000
Carrying amount	5,486,364	8,080,612	2,466,805	10,796,694	804,384
Assets amortised at cost					
Gross amount	5,486,364	8,943,703	2,468,947	10,855,223	825,822
Allowance for impairment		(863,091)	(2,142)	(58,529)	(21,438)
Carrying amount	5,486,364	8,080,612	2,466,805	10,796,694	804,384

Impaired loans and securities
Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

Past due but not impaired loans
Loans and securities where contractual interest or principal payments are past due but the Microfinance Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

Allowances for impairment
The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy
The Microfinance Bank writes off a loan/security balance (and any related allowances for impairment losses) when Credit unit determines that the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write off decisions are generally based on a product specific past due status.

Credit concentrations
The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date

Concentration by sector:

	Cash and cash equivalent	Loans and advances to customers	Financial assets at amortised cost	Placement with banks and other financial Institutions	Other assets
31 December 2024	₦'000	₦'000	₦'000	₦'000	₦'000
Carrying amount	7,835,493	15,202,729	4,395,926	6,847,767	288,411
Financial institutions	7,835,493	-	2,847,464	6,847,767	-
Government		-	1,548,463	-	-
Others		15,202,729	-	-	288,411
	7,835,493	15,202,729	4,395,927	6,847,767	288,411
31 December 2023					
Carrying amount	5,486,364	8,080,612	2,466,805	10,796,694	804,384
Financial institutions	5,486,364	-	1,104,332	10,796,694	-
Government		-	1,362,473	-	-
Others		8,080,612	-	-	804,384
	5,486,364	8,080,612	2,466,805	10,796,694	804,384

Concentration by location:

		Cash and cash equivalent	Loans and advances to customers	Financial assets at amortised cost	Placement with banks and other financial Institutions	Other assets
31 December 2024		₦'000	₦'000	₦'000	₦'000	₦'000
Nigeria:						
	South-West	7,835,493	15,202,729	4,395,926	6,812,365	288,411
	Northern		-	-	-	-
		7,835,493	15,202,729	4,395,926	6,812,365	288,411

31 December 2023						
Nigeria:						
	South-West	5,486,364	8,080,612	2,466,805	10,796,694	804,384
	Northern		-	-	-	-
		5,486,364	8,080,612	2,466,805	10,796,694	804,384

Concentration by location for loans and advances is measured based on the location of the Microfinance Bank entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

(c) Liquidity risk

Liquidity Risk Management

Liquidity risk, the risk of being unable to meet financial obligations as they fall due, is managed through:

- Liquidity Monitoring and Forecasting: Maintaining adequate liquid assets and regularly forecasting cash flows to anticipate liquidity needs, considering the volatility of the Nigerian financial market.
- Diversification of Funding Sources: Diversifying funding sources to reduce reliance on any single source.
- Contingency Funding Plan: Developing and maintaining a comprehensive contingency funding plan to address potential liquidity shortfalls.
- Deposit Management: Closely monitoring deposit inflows and outflows, and maintaining stable relationships with depositors.

Residual contractual maturities of financial assets and liabilities

The table below shows the undiscounted cash flows on the Microfinance Bank's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial

	Notes	Carrying amount	Contractual cashflow	Less than 1 month	1 - 3 months	3 - 6 months	6 - 12 months	More than 1 year
31 December 2024		**₦'000**	**₦'000**	`	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Non-derivative assets								
Cash and Bank balances	11	7,835,493	7,835,493	7,835,493	-	-	-	-
Financial assets	12	4,395,926	4,395,927	2,269	106,484	221,866	2,864,440	1,200,869
Placement with banks and other insitutions	13	6,812,365	6,812,365	4,856,972	627,085	352,957	944,969	30,382
Loans and advances to customers	14	15,202,729	15,146,126	4,367,252	3,097,390	2,437,737	2,262,541	2,981,205
Other assets	15	288,411	543,727	-	543,727	-	-	-
		34,534,925	34,733,637	17,061,986	4,374,685	3,012,560	6,071,950	4,212,456
Non-derivative liabilities								
Deposits from customers	18	32,903,740	32,908,435	23,272,481	3,325,435	2,014,835	3,252,589	1,043,096
Other liabilities	21	235,287	235,288	-	235,288	-	-	-
Borrowed funds	21	1,230,422	1,230,422	326,051	904,371	-	-	
		34,369,449	34,374,145	23,598,531	4,465,094	2,014,835	3,252,589	1,043,096
Liquidity gap		165,476	359,492	(6,536,545)	(90,409)	997,725	2,819,361	3,169,361
Cumulative liquidity gap			359,492	(6,536,545)	(6,626,954)	(5,629,229)	(2,809,868)	359,492

	Notes	Carrying amount	Contractual cashflow	Less than 1 month	1 - 3 months	3 - 6 months	6 - 12 months	More than 1 year
31 December 2023		**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Non-derivative assets								
Cash and Bank balances	11	5,486,364	5,486,364	5,486,364	-	-	-	-
Financial assets	12	2,466,805	4,778,513	-	-	200,000	1,058,086	3,520,426
Placement with banks and other insitutions	13	10,796,694	11,722,886	522,192	2,287,445	1,523,782	7,085,466	304,000
Loans and advances to customers	14	8,080,612	8,943,699	5,317,257	1,333,236	909,083	533,445	850,678
Other assets	15	804,384	804,384	-	-	-	804,384	-
		27,634,858	31,735,845	11,325,813	3,620,682	2,632,865	9,481,381	4,675,104
Non-derivative liabilities								
Deposits from customers	18	26,825,384	29,999,997	19,982,361	5,176,153	2,199,892	1,892,606	748,985
Borrowed funds	22	580,765	580,765	-	580,765	-	-	-
Other liabilities	21	-	-	-	-	-	-	-
		27,406,149	30,580,762	19,982,361	5,756,918	2,199,892	1,892,606	748,985
Liquidity gap		228,710	1,155,083	(8,656,548)	(2,136,236)	432,973	7,588,775	3,926,119
Cumulative liquidity gap			1,155,083	(8,656,548)	(10,792,784)	(10,359,811)	(2,771,036)	1,155,628

Interest Rate and Market Price Risk

These risks have very different impacts on the various categories of business used in the bank's assets and liabilities management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

Interest rate risk
Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rate

The table below summarizes the Microfinance Bank's interest rate gap position:

31 December 2024	Notes	Carrying amount ₦'000	Total amount sensitive to rate ₦'000	Less than 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	More than 1 year ₦'000
Non-derivative assets								
Cash and Bank balances	11	7,835,493	7,835,493	7,835,493	-	-	-	
Financial assets	12	4,395,926	4,395,927	2,269	106,484	221,866	2,864,440	1,200,869
Loans and advances to customers	14	15,202,729	15,146,126	4,367,252	3,097,390	2,437,737	2,262,541	2,981,205
Placement with banks and other financial Insitutions	13	6,812,365	6,812,365	4,856,972	627,085	352,957	944,969	30,382
		34,246,513	34,189,911	17,061,986	3,830,959	3,012,560	6,071,950	4,212,456
Non-derivative liabilities								
Deposits from customers	18	32,903,740	32,903,740	23,272,481	3,325,435	2,014,835	3,252,589	1,038,400
Other liabilities	21	235,287	235,288	-	235,288	-	-	
Borrowings	22	1,230,422	1,230,422	326,051	904,371	-	-	
		34,369,449	34,369,450	23,598,531	4,465,094	2,014,835	3,252,589	1,038,400
Total interest rate gap analysis			(179,539)	(6,536,545)	(7,170,680)	(6,172,956)	(3,353,595)	(179,539)

				Interest rate gap analysis				
31 December 2023	Notes	Carrying amount ₦'000	Total amount sensitive to rate ₦'000	Less than 1 month ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	More than 1 year ₦'000
Non-derivative assets								
Cash and Bank balances	11	5,486,364	-	-	-	-	-	-
Financial assets	12	2,466,805	2,466,805	-	-	103,246	546,214	1,817,345
Loans and advances to customers	14	8,080,612	8,080,612	3,820,619	1,208,711	824,174	483,621	1,743,487
Placement with banks and other financial Insitutions	13	10,796,694	10,796,694	480,935	2,106,721	1,403,393	6,525,664	279,981
Other assets	0	804,384	-	-	-	-	804,384	-
		27,634,858	21,344,111	4,301,554	3,315,432	2,330,813	8,359,883	3,840,813
Non-derivative liabilities								
Deposits from customers	18	26,825,384	26,824,897	17,867,819	4,628,410	1,967,099	1,692,329	669,240
Other liabilities	21	580,765	-	-	-	-	-	-
Borrowings	22	-	-	-	-	-	-	-
		27,406,149	26,824,897	17,867,819	4,628,410	1,967,099	1,692,329	669,240
Total interest rate gap analysis			(5,480,786)	(13,566,265)	(14,879,243)	(14,515,529)	(7,847,975)	(4,676,402)

Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank market assumptions. These two types of inputs have created the following fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

	Notes	Financial assets at amortized cost	Total carrying amount
		₦'000	₦'000
31 December 2024			
Cash and bank balances	11	7,835,493	7,835,493
Financial assets	12	4,395,926	4,395,926
Loans and advances to customers	14	15,202,729	15,202,729
Placement with banks and other financial Institutions	13	6,812,365	6,812,365
Other assets	15	288,411	288,411
		34,534,925	34,534,925
Deposits from customers	18	32,903,740	32,903,740
Borrowings	22	1,230,422	1,230,422
Other liabilities	21	235,287	235,287
		34,369,449	34,369,449
31 December 2023			
Cash and bank balances	11	5,486,364	5,486,364
Financial assets	12	2,466,805	2,466,805
Loans and advances to customers	14	8,080,612	8,080,612
Placement with banks and other financial Institutions	13	10,796,694	10,796,694
Other assets	15	804,384	804,384
		27,634,858	27,634,858
Deposits from customers	18	26,825,384	26,825,384
Borrowings	22	580,766	580,766
Other liabilities	21	24,397	24,397
		26,825,384	26,825,384

The table below sets out the Bank's classification of its financial assets and liabilities and their fair value heirachy;

	Level 1	Level 2	Level 3	Total
	₦'000	₦'000	₦'000	₦'000
As at 31 December 2024				
Assets for which fair value is disclosed				
Cash and bank balances	7,835,493	-	-	7,835,493
Financial assets	3,050,524	1,345,402	-	4,395,926
Loans and advances to customers	-	15,202,729	-	15,202,729
Placement with banks and other financial Institutions	-	6,812,365	-	6,812,365
Other assets		288,411	-	288,411
	10,886,017	23,648,908	-	34,534,925

Liabilities for which fair value is disclosed				
Deposits from Customers	-	32,903,740	-	32,903,740
Borrowings	-	1,230,422		1,230,422
Other liabilities	-	235,287		235,287
	-	34,369,449	-	34,369,449

As at 31 December 2023				
Assets for which fair value is disclosed				
Cash and bank balances	-	-	5,486,364	5,486,364
Financial assets	2,444,070	-		2,444,070
Loans and advances to customers	-	-	8,080,612	8,080,612
Placement with banks and other financial Institutions	-		10,796,694	10,796,694
Other assets			804,384	804,384
	2,444,070	-	25,168,054	27,612,124
Liabilities for which fair value is disclosed				
Deposits from Customers	-	-	26,825,384	26,825,384
	2,444,070	-	26,825,384	26,825,384

(b) Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are carried in the financial

	Carrying value			Fair value	
	2024	**2023**		**2024**	**2023**
	₦'000	₦'000		₦'000	₦'000
Cash and bank balances	7,835,493	5,486,364		7,835,493	5,486,364
Financial Investments- securities at amortised cost	4,395,926	2,466,805		4,395,926	2,466,805
Loans and advances	16,209,383	10,796,694		15,146,126	10,796,694
Placement with banks and other financial Institutions	6,830,066	8,080,612		6,870,894	8,080,612
Other assets	288,411	804,384		288,411	804,384
	35,559,279	27,634,859	-	34,536,851	27,634,859
Deposits from Customers	32,903,740	26,825,384		32,903,740	26,825,384
Borrowings	1,230,422	-		1,230,422	-
Other liabilities	235,287	580,766		235,287	580,766
	34,369,449	27,406,150		34,369,449	27,406,150

(b) Fair valuation methods and assumptions

(i) Cash and cash equivalents

Cash and cash equivalents represent cash held and bank balances with other banks. The fair value of these balances is their carrying amounts.

(ii) Loans and advances to customers

Loans and advances are carried at amortized cost net of provision for impairment. The estimated fair value of loans and advances represents 'the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Treasury bills and investment securities

The treasury bills are short term instruments issued by the Central Bank of Nigeria. The fair value of treasury 'bills are determined with reference to quoted prices (unadjusted) in active markets for identical assets.

Investment securities include short term fixed deposit investments with other financial instituions, the fair value of these balances is their carrying

(iv) Other assets and other liabilities

These represent monetary assets and liabilties, respectively, which usually has a short recycle period and as such the fair values of these balances approximate their carrying amount.

(v) Customer deposits and borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The Estimated fair values of fixed interest-bearing deposits and borrowings approximate their carrying amount.

Statement of Value Added

	2024		2023	
	₦'000	%	₦'000	%
Gross income	7,547,264		5,246,668	
Interest expense	(3,038,287)		(2,022,306)	
	4,508,977	302	3,224,362	739
Net impairment loss on financial assets	(306,057)	(20)	(928,755)	(213)
Bought-in-materials and services- local	(2,708,862)	(181)	(1,859,552)	(426)
Value added	**1,494,058**	**100**	**436,055**	**100**
Distribution of value added				
VFD MICROFINANCE BANK LIMITED				
To employees :				
Annual Report and Financial Statements for the year ended 31 December 2024	(912,871)	61	(671,859)	154
To government :				
Government as taxes	(185,637)	12	(29,330)	7
Retained in the business :				
Deferred Taxation		-		-
Depreciation and Amortisation	(147,826)	10	(68,172)	16
To augment reserves	(247,723)	17	333,306	(76)
	(1,494,058)	**100**	**(436,055)**	**100**

This statement represents the distribution of the wealth created through the use of the Bank's assets and its employees'

Financial Summary

	2024	2023	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000
Assets:					
Cash and Bank balances	7,835,493	5,486,364	643,900	395,287	241,047
Financial assets held to maturity	4,395,926	2,466,805	834,963	1,310,081	554,730
Placement with banks and other financial Insitutions	6,812,365	10,796,694	8,107,079	11,071,030	8,547,027
Loans and advances to customers	15,202,729	8,080,612	7,605,395	3,428,998	1,350,797
Deferred Assets	206,410	-	-	-	2,350
Other assets	1,248,385	1,436,231	1,312,734	485,227	78,874
Property and equipment	287,008	101,655	94,454	33,104	8,494
Intangible Asset	16,548	37,718	44,642	47,192	3,687
Total assets	**36,004,864**	**28,406,079**	**18,643,167**	**16,770,920**	**10,787,005**
Liabilities:					
Deposits from customers	32,903,740	26,825,384	15,724,535	15,094,140	9,383,269
Current income tax liability	420,272	24,397	19,159	39,303	54,140.00
Deferred tax liabilities	-	8,110	8,110	8,110.15	
Other liabilities	235,287	580,766	162,292	130,493	82,952
Borrowings	1,230,422	-	1,428,344	100,022	0
Total liabilities	**34,789,721**	**27,438,657**	**17,342,440**	**15,372,069**	**9,520,361**
Equity:					
Share capital	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Retained earnings	(290,611)	(245,133)	98,155	200,330	123,730
General reserve	10,000	10,000	10,000	10,000	10,000
Regulatory risk reserve	185,424	16,085	6,102	2,989	13,486
Statutory Reserve	260,332	136,470	136,470	135,532	69,428.00
Total equity	**1,215,143**	**967,422**	**1,300,727**	**1,398,851**	**1,266,644**
Total liabilities and equity	**36,004,864**	**28,406,079**	**18,643,167**	**16,770,920**	**10,787,005**
Gross Earnings	7,547,264	5,246,668	3,515,595	2,275,539	886,718
Profit/(Loss)before taxation	433,360	(303,977)	29,219	190,235	179,728
Taxation	(185,637)	(29,330)	(27,342)	(58,029)	(40,871)
Profit /(Loss) after taxation	247,723	(333,306)	1,877	132,206	138,857
Earnings Per Share Basic (Kobo)	23.59	(31.74)	0.18	12.59	13.22

Schedule A

S/N	GL CODE	GL NAME	Account Number	BANK NAME	ACCOUNT NAME	GL BALANCE
1	701011901	Cash at Zenith Bank (NGN)	1013986224	Zenith	M/S VFD MICROFINANCE BANK LIMITED	382,365,588
2	701011501	Cash at bank - UBA	1022685138	UBA	VFD MICROFINANCE BANK LIMITED	1,088,635,636
3	701010701	Cash at Fidelity Bank	5600709390	Fidelity	VFD MICROFINANCE BANK LIMITED	242,702
4	701010501	Cash at Bank - FCMB	8442476015	FCMB	VFD Microfinance Bank	213,504
5	701012001	Cash at Providus Bank	1200689987	Providus	VFD MICROFINANCE BANK LIMITED	119,511
6	701012003	Cash at Providus Bank 2 - Premium	5400841347	Providus	VFD MICROFINANCE BANK LIMITED	2,547,785,155
7	701011201	Cash in Stanbic IBTC Bank	0017743728	Stanbic bank	M/S VFD MICROFINANCE BANK LIMITED	1,056,577
8	712015359	Interswitch/Quickteller Integration	1130099881	Zenitth	VFD Microfinance Bank Limited	12,526,344
9	701011002	Cash at Bank - Keystone	1012855141	Keystone	VFD MICROFINANCE BANK LIMITED	48,429,450
10	701010702	Cash at Fidelity Bank 2 - OD	4110093450	Fidelity	VFD MICROFINANCE BANK	862,886,712
11	701010201	Cash at Bank - Access	1532362545	Access bank	VFD MICROFINANCE BANK LIMITED	5,894,047
12	701011402	Cash in Suntrust Bank 2	0001333256	Suntrust	VFD Microfinance Bank	77,351
13	701011401	Cash in Suntrust bank	0001111939	Suntrust	VFD Microfinance Bank	11,732,183
14	701011905	ILS SETTLEMENT ZENITH	1015749328	Zenith Bank	VFD MICROFINANCE BANK LTD-2	1,878,760
15	701011202	Stanbic bank E-Channel Settlement	0018143325	Sgtanbic	M/S VFD MICROFINANCE BANK LIMITED(SET	2,120,689
16	701011914	Zenith - E bar Collections	1016222509	Zenith Bank	VFD MFB LTD E-BAR PLAZA	-
17	701011917	Hope E-Channels Settlement Acct -	0050757099	Hope PSB	HOPE COLLECTIONS ACCOUNT	1,436,602,488
18	701011503	UBA Settlement Acct - POS	1024955075	UBA	UBA SETTLEMENT ODA -VFD.M (NGN) - 1024	23,968,204
19	701011507	UBA Settlement Acct - POS 2	1024116520	UBA	Transactions List'- ODA -VFD.M (NGN) - 1024	67,079
20	701011508	UBA SETTLEMENT ACCT - NIP	1025603751	UBA	VFD MICROFINANCE BANK SETTLEMENT AC	99,721
21	701012002	Providus Settlement - NIP	1200991987	Providus	VFD MICROFINANCE BANK LIMITED & lt;BR /	- 71,995,390
22	701012004	Providus Settlement - MasterCard	1200944323	Providus	VFD MICROFINANCE BANK LIMITED	704,562
23	701011504	UBA Lux Settlement Account	1024581746	UBA	ODA -Uba Lux 1 Acct (NGN) - 1024581746	7,943,555
24	701011801	Cash at bank - Wema Bank	0124144060	WEMA	VFD MICROFINANCE BANK LTD	2,179,499
25	723012541	Wema Bank - Lux Settlement	0124006465	WEMA	VFD MICROFINANCE BANK LTD/LUX SETTLE	514,456
26	701011906	Zenith Bank E-channels Settlement	1014353939	Zenith	VFD MICROFINANCE BANK WORKING CAPIT	4,246,269
27	701011505	UBA - Walk in cash Deposits	1025038845	UBA	VFD MFB CASH COLLECTION	265,500
28	723012539	Cash at Bank- Hope	0050757068	Hope	VFD MICROFINANCE BANK LIMITED	999,626
29	701011506	UBA Lux Settlement Account 2 (po	1024907500	UBA	Transactions List'- ODA -Uba Lux 2 Acct (NG	3,643,682
30	701011918	Zenith Lux Settlement - Postbridge	1223168364	Zenith	Interswitch Postbridge	3,343,881,549
31	701011919	Zenith Lux Settlement - Kimono	1223168371	Zenith	VFD MFB/KIMONO -CA	19,811,042
32	701011920	Zenith E-Channels Settlement Acct	1016985314	Zenith	VFD MICROFINANCE BANK LTD -E-BILLS-CA	16,573,453
33	802011301	SAVI.NG ZENITH Settlement	1016139849	Zenith	VFD MICROFINANCE BANK LTD – SAVI.NG	1
34	701011908	Zenith E-Channels Settlement Acct	1130084322	Zenith	VFD MICROFINANCE BANK LTD CA	- 3,290,909
35	701011909	Zenith E-Channels Settlement Acct	1016958967	Zenith	VFD MICROFINANCE BANK LTD – POS COLLE	192,142,085
36	701011910	Zenith E-Channels Settlement Acct	1017099182	Zenith	VFD MICROFINANCE/CORAL PAY-CA	19,668,066
37	701011913	Zenith E-Channels Settlement Acct	1130087237	Zenith	VFD MICROFINANCE BANK LTD/FLUTTERWA	16,720,528
38	701011911	ZENITH E-CHANNEL SETTLEMENT A	1130062252	Zenith	VFD MICROFINANCE BANK LTD CA	- 4,500,782,867
39	701011916	Zenith E-Channels Settlement Acct	1130092734	Zenith	VFD AMALI CA	-
40	701011915	Zenith E-Channels Settlement Acct	1215661439	Zenith	VFD MICROFINANCE BANK LTD-INTERSWI	1,934,519
41	721040301	Expense funding suspense	1000069911	Zenith	VFD MICROFINANCE BANK LTD CA	2,203,468,129
42	723012549	ZENITH USD	5074657534	Zenith	VFDMICROF	1,659,475
43	701012005	Parallex Bank	1000075192	Parallex	VFD MICROFINANCE BANK	177,058
44	704040101	Capricorn Wallet Account	8560957840	WEMA	CAPRICORN WALLET ACCOUNT	3,766,697
45	752010601	Power Token Vending Wallet - EKEDP			WALLET	1,747,262
46	704040201	Nomiworld Wallet (Cash)			Wallet	1,658,521
47	723012575	Cash at bank premium trust	723012575	Premium trust		48,985,697
48	723012567	PREMIUM TRUST SETTLEMENT	723012567	Premium trust		67,775,266
49	802012764	Airtime-Data Suspense - Globacom				27,288,983
50	812040606	Airtime-Data Suspense - Chamsswitch				(2,895,014)
		Total				**7,835,493,000**

Schedule B

31-Dec-24

S/N	Counterparty	Principal amount
1	PROVIDUS: 332M & 332M	322,595,923
2	PROVIDUS: 500M & 558M	558,500,000
3	PROVIDUS: 500M & 558M	558,500,000
4	PROVIDUS: 700M & 781M	781,900,000
5	PROVIDUS: 933M & 1,042M	1,042,836,429
6	PROVIDUS: 1,149M & 1,284M	1,284,313,061
7	PARALLEX: 50M	59,911,414
8	PARALLEX: 700M & 832M	832,111,835
9	ZENITH: 56M & 57M	59,832,846
10	ZENITH: 5.4M & 5.6M	5,813,324
11	ZENITH: 10.5M & 11M	11,037,043
12	ABBEY MORTGAGE 1	10,000,000
13	ABBEY MORTGAGE 2	250,000,000
14	ABBEY MORTGAGE 3	200,000,000
15	KAIROS / Anchoria	852,714,015
	ECL on Placements	(17,700,639)
	Total	6,812,365,252
	Balance per FS	6,812,365,252
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