Accion Microfinance Bank
Elizade Plaza, 4th Floor,
322A Ikorodu Road, Anthony Lagos.
☎ 01-2719326, 07000 222 4666
info@accionmfb.com
www.accionmfb.com
@accionmfb

ANNUAL
REPORT

Shaping a Brighter Future Through Digitization

ACCION
Microfinance Bank

2019

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AWARDS 2019

1
Finnovex West Africa
Microfinance Bank of the Year 2019

2
National Association of Microfinance Banks (NAMB)
Best Microfinance Bank for being consistent with returns 2018/2019

3
Lagos State NAMB LAG
Outstanding Support Award
Taiwo Joda MD/CEO ACCION MfB

4
Great Place to Work
Best Companies to Work for in Africa, in 2019

5
Nigeria Fintech Ecosystem
Innovation Awards
Contribution to the development of the Nigeria Fintech Ecosystem

6
International Center for Strategic Alliance (ICSA)
Best Digital Microfinance Bank

7
Financial Inclusion Week
The Financial Inclusion Leadership Award
Mr. Taiwo Joda

8
NAMB Sponsorship Award
ACCION MfB 2019 Annual Microfinance Banking Conference & Award

9
Interswitch Payment Channels
Highest Transacting Microfinance Bank Accion MfB

MISSION

To economically empower micro-entrepreneurs and low income earners by providing financial services in a sustainable, ethical and profitable manner.

VISION

To be the market leader in the provision of microfinance and related financial services at world class standard.

CORE VALUES

Integrity
We adhere to the highest ethical standard; employing fairness, probity and mutual respect in all we do.

Customer Service
We actively seek to understand our customer's circumstances, problems, expectations and needs with the aim of delighting and surpassing their expectations in our service delivery.

Leadership
We are committed to an attitude and culture of positively influencing the environment around us both as an organization and individual through our people.

Innovation
Ours is a creative team determined to generate new products, services and processes that lead to a new dimensions and value creation for all our stakeholders.

Teamwork
We collaborate with all our stakeholders by effectively interacting and proactively building effective and value adding relationships to achieve our shared goals.

Corporate Information

BOARD OF DIRECTORS

Mr. Patrick Akinwuntan	Chairman (exited 11/12/2019)
Mr. John Fischer	Chairman (Appointed 11/12/2019)
Mr. Taiwo Joda	Managing Director/CEO
Mr. Wolfgang Bertelsmeier	Non - Executive Director
Mr. Akinsowon Dawodu	Non - Executive Director
Mr. Prateek Shrivastava	Non - Executive Director
Mr. Christian Ruehmer	Non - Executive Director
Mrs. Adenike Laoye	Non - Executive Director
Dr. Olusegun Aina	Independent Director
Mrs. Habiba Balogun	Independent Director (exited 31/12/2019)
Mr. Olumide Obayomi	Independent Director

MANAGEMENT

Mr Taiwo Joda	Managing Director/CEO
Mrs. Nwanna Joel-Ezeugo	Chief Commercial Officer (Retired 31/5/2019)
Mr. Ndubuisi Onuoha	Ag. Chief Commercial Officer (Appointed 1/6/2019)
Mr. Cyriacus Onyekwere	Chief Finance Officer (Resigned 31/12/2019)
Mr. Stephen Olalere	Head, Risk, Control & Compliance
Mr. Daniel Ofoleta	Head, Information Technology
Mr. Waheed Fagbenro	Group Head, Operations
Mr. Onajero Ohwo	Ag. Head, Internal Audit
Mr. Robert Magala	Resident Advisor Regional Expansion
Mr. Emeka Uzowulu	Head, Business Banking Upcountry (SS & SE)
Mrs. Agatha Mbanefo	HR Consultant
Mrs. Omoyeni Melia	Ag. Head, Human Resources

SECRETARY	AUDITORS
Aluko & Oyebode 1, Murtala Mohammed Drive Ikoyi, Lagos	Deloitte & Touche Chartered Accountants Plot GA 1, Ozumba Mbadiwe Avenue, Victoria Island, Lagos

BANKERS

Zenith Bank PLC . Head Office Branch Plot 8A, Ajose Adeogun Street, Victoria Island, Lagos.	Citibank Nigeria Limited 27, Kofo Abayomi Street, Victoria Island,Lagos.
Guaranty Trust Bank PLC 6 Adeyemo Alakija Street, Victoria Island,Lagos	Access Bank PLC Head Office 999C Damole Street, Off Idejo Street, Victoria Island, Lagos.
Ecobank Nigeria PLC Oke-Arin Branch 7 Sanusi Olusi Street, Oke-Arin,Lagos.	First Bank of Nigeria Limited 338, Ikorodu Road, Anthony, Lagos.
Stanbic IBTC Bank PLC (A Member of the Standard Bank Group) 77, Ojuelegba Road, Yaba Lagos.	Wema Bank PLC Admiralty Way Branch 26, Obafemi Anibaba Street, Lekki Phase 1, Lekki-Lagos.
	Fidelity Bank PLC Isaac John Branch 49, Isaac John Street, Ikeja G.R.A Lagos.

ALUKO & OYEBODE

www.aluko-oyebode.com

ACCION MICROFINANCE BANK LIMITED

NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of **Accion Microfinance Bank Limited** will be held on Tuesday, the 4th day of August 2020 via teleconferencing at the Company's Boardroom, Elizade Plaza, 322A Ikorodu Road, Anthony, Lagos at 12.00noon. for the transaction of the following business:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the year ended 31st December 2019 together with the Reports of the Directors and the Auditors thereon.
2. To suspend dividend for the financial year ended 31st December 2019.
3. To re-elect Mrs. Adenike Laoye, Mr. Olumide Obayomi and Mr. Prateek Shrivastava as Directors of the Company.
4. To ratify the appointment of Mrs. Nneka Enwereji as Alternate Director to Mr. Akinsowon Dawodu.
5. To authorize the Directors to fix the remuneration of the Auditors.

SPECIAL BUSINESS:

6. To consider and if thought fit, pass the following resolution as an ordinary resolution:

   "That the Directors' remuneration for the 2020 financial year be and is hereby approved"

7. To consider and if thought fit, pass special resolutions to amend the Articles of Association of the Company as follows:

   a. *Article 77 - "Subject to Article 92(B), the Board shall consist of not less than five (5) Directors and not more than Eleven (11). A Director need not be a Shareholder of the Company"*

   b. *That a new Article 91 be added to the existing Articles as follows, such that the existing Article 91 becomes Article 92 and the subsequent articles be renumbered accordingly:*

1 Murtala Muhammed Drive
Ikoyi, Lagos, Nigeria
P.O. Box 2293, Marina, Lagos

T +234 1 462 8360
E ao@aluko-oyebode.com

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Article 91 - "An electronically signed minutes of meeting, resolution or other documents of the Bank shall have the same force, effect, and validity as if the minutes of meeting, resolution or document had been executed with an original wet ink."

8. To consider and if thought fit, pass the following resolution as an ordinary resolution:

   "That the proposed N5billion Bond Issuance be and is hereby approved."

TELECONFERENCE:

Zoom Link: https://zoom.us/j/8794842857

Meeting ID: 879 484 2857

Password: accion3245

By Order of the Board

ALUKO & OYEBODE
Company Secretary
Lagos
Nigeria.

11th July 2020

REGISTERED OFFICE
1, Murtala Muhammed Drive,
Ikoyi, Lagos, Nigeria.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member. A form of proxy is attached.

Mr. Patrick Akinwuntan
Chairman, Accion Microfinance Bank
Retired

Mr. John Fischer
Chairman, Accion Microfinance Bank
(Appointed 11/12/2019)

Chairman's Speech

Mr. John Fischer

Dear Shareholders,

Ladies and Gentlemen, on behalf of the Board of Directors of Accion Microfinance Bank, I would like to warmly welcome you to our Annual General Meeting.

We recognize that at the time of publication of this report, the world is facing the unprecedented health and economic crisis of COVID-19. While we have seen the economy of Nigeria and the businesses of our clients deeply affected by the crisis during 2020, Accion Microfinance Bank, backed by strong shareholders and funders, staffed with committed employees and supported by a highly engaged board, remains well-positioned to support our clients as they build and grow their businesses. We have seen the incredible resilience of our customers and are committed to providing them with the financial services needed during this crisis.

In 2019, we witnessed remarkable performance in our strategic goals of Shaping a Brighter Future through Digitization. We are passionate about creating a Brighter Future by shaping and transforming lives and livelihood of the millions of micro, small and medium business owners in Nigeria who are working to create a better life for themselves, their families and their communities.

This we have done through the provision of focused financial service offerings that address the peculiar needs of low-income earners and micro enterprises; the majority of whom are excluded from formal finance.

It is my pleasure to present to you on behalf of the Board of Directors, Accion Microfinance Bank's annual report for the year ended 31st December 2019.

2019 Financial Performance

In 2019, the bank achieved significant growth in most of our financial indicators. Our social impact and sustainability goals were achieved. We grew the number of our active borrowers by 18.2%, from 45,151 in 2018 to 53,374 in 2019. Our total loan portfolio grew by 15.4%, from N8.84billion in 2018 to N10.2billion in 2019. Total disbursements recorded growth of 15.6%, from N23.22billion in 2018 to N26.85billion in 2019.Our total number of deposit accounts also witnessed a growth of 13.5%, from 406,807 in 2018 to 461,612 in 2019. The number of savers recorded a growth of 3.9% from 253,523 in 2018 to 263,281 in December 2019, while customers' deposits grew from N2.8bn in 2018 to N4bn in 2019, thereby translating to 42.8% growth.

The bank invested heavily in digital optimization in 2019 which led to a lower profit after tax of N915 million as against N1.05bn recorded in 2018. We are confident that investment in digital transformation would soon yield the desired impact on the business. We are however happy to announce that shareholders' funds grew to N5.24billion in 2019 from N4.6billion in 2018, resulting in a 12% growth. With this feat, your bank has crossed the new capital base of N5billion for a national microfinance bank as required by regulation significantly ahead of the scheduled deadline for compliance.

The financial performance shows the resilience and commitment of the board and our people to the growth of the bank. It gladdens our heart to see transformation of lives and businesses in our customers' journey with the bank.

Service outlets grew from 80 locations across 11 states in 2018 to 93 locations across 12 states in 2019 resulting in 16.3% growth. However, we will continue to leverage technology to serve our customers remotely and drive scale in the coming years.

Economic Environment

Globally, growth in the year 2019 was bedeviled by a number of headwinds: the US-China trade tension, Brexit uncertainty and a tight monetary policy environment.
Nigeria's economy grew by 2.27% in 2019. The growth was largely due to the contributions of the agricultural, trade and information and communication sectors with 25.2%, 16% and 13% shares of the total GDP respectively in 2019. Oil production and oil prices remained relatively stable throughout the year in 2019.

According to a report by Enhancing Financial Innovation and Access (EFInA) of 2018, 36.6m Nigerian adults are financially excluded. A Nigeria Economic Summit Group (NESG) report of 2019 projects that the Nigeria population would grow to 405m in 2050 from the estimated 214m in 2020. This means that the number of financially excluded adult Nigerians will likely increase if things are not done differently. Interestingly, in the referred EFInA report, 71.3% of financially excluded adult Nigerians use mobile phones, opening up the possibility of using this channel to deliver financial services to the financially excluded far more widely and efficiently.

Regulatory Environment

During the year, the Central Bank of Nigeria cut down the Monetary Policy Rate (MPR) by 50 basis points from 14% and 13.5%, while allowing other monetary parameters to remain constant. The apex bank also introduced changes to the regulatory guidelines for Microfinance Banks that would take effect in 2020. The changes are necessary in order to strengthen the Microfinance sub-sector.

As part of the efforts to drive financial inclusion to achieve the financial inclusion target of 80% by 2020, the Central Bank of Nigeria set a new monthly target of 64 new accounts for each branch of all Microfinance banks in Nigeria. it is believed that this will impact positively on deepening financial inclusion in Nigeria.

The CBN also increased the loan to deposit ratio (LDR) of deposit money bank (DMBs) from 60% in September to 65% in December 2019. This is targeted at improving lending to the real sector of the Nigerian economy.

The passage of the Finance Act, 2019 ("the Finance Act") was also a significant milestone for the economy. It marked the return to an era of active fiscal supervision geared towards stimulating the economy and creating an enabling environment for sustainable development. Although the Act seems favorable to small scale businesses and encourages growing Nigerian companies. In order to raise revenues, the government increased the Value added Tax (VAT) rate from 5% to 7.5%, which could affect especially low income consumers negatively.

Leverage on Technology

Delivering impeccable financial services through technological innovations is at the center of our strategy and we have invested in digital technologies and channels aimed at making our services more accessible to our customers, drive efficiency and improve customers' experience.
We are constantly reviewing our operation and activities to maximize opportunities presented by digital technologies.

In 2019, we embarked on different technology projects aimed at improving efficiency and customer experience in addition to operating cost reduction.

We migrated our core banking applications (Temenos T24) to Release 16 from the lower release. This upgrade has been able to reduce the Close of business (COB) time from eleven (11) hours to five (5) hours improving service delivery.

We developed Accion MfB Integrated Service (AIS), a comprehensive business solution that is fully integrated to our core banking application (Temenos T24) to manage resources effectively and save cost.

Further, the Bank upgraded its infrastructure to put us ahead of competition by ensuring our infrastructure met current trends for optimal business performance in the digital economy. Our email service was upgraded to a more efficient and cost effective one.

Our mobile application was deployed to create a seamless and fast user experience for customers in line with promoting final inclusion and cashless economy. Whilst the revamping of the bank's channel platforms such as NIBBS Integration Platform (NIP) and Middleware application was carried out to enhance platform efficiency, process optimization, and improve customer experience.

We also deployed the Psychometric Testing Tool to improve the quality of our loans, PAR as well as reduce the frequency of bad loans.

Our bank launched SaveBrighta II which is a digital savings account that can be opened using a feature phone.

This year, we will enhance our USSD code to enable people apply for a loan from anywhere.

Corporate Social Responsibility

We view our business, the planet and communities where we serve as interconnected.

At Accion Microfinance Bank, our commitment to creating a brighter future for our most valued customers is driven by our strong belief that building a strong business and making the world a better place are essential ingredients for long-term success.

Through our People Living with Disability (PLWD) product, we have created opportunities for the differently abled.

At Accion MfB, we are committed to improving financial wellness, capacity and standard of living for people living with disability. We believe financial freedom can only be attained when individuals are equipped with knowledge and resources to make good financial decisions.

We partnered with organizations to organize financial and empowering workshops to provide resources and build capacity of these individuals living with determination.

We have also been able to provide hope to children that think and grew up differently with our initiatives with special needs children living with Down syndrome and hearing impairment.

We pride ourselves in being a diverse and inclusive organization enthusiastic to equally support and empower all irrespective of religion, ethnicity and background. This is evidenced with our support for our valued Muslim customers during the holy month of Ramadan.

Our People

Our people represent our most important asset and we deliberately put structures in place to improve the "Accion life", empower and support our people to thrive.

The implementation of XCEED365 HRIS Software to automate human resources processes has provided our staff with easy and seamless access to all human resource programs and activities. Our programs and activities set during the year are aimed at enhancing productivity, team building and inclusiveness.

The Board through the Ethics and Governance Committee approved rewards to some of our long serving staff.

We have also activated an in-house engagement initiative with our digital natives- the millennials to empower them in supporting the Bank's digital journey.

At Accion MfB, we are not only committed to making life better for our clients but also our staff who remain the heart of our organization.

Future Outlook

We started the year 2020 with optimistic projections for the economy and the growth of the business. However, the reality is that the outbreak of the global COVID-19 pandemic has led to hundreds of thousands of lost lives, millions of people falling ill, and hundreds of millions of businesses and jobs disrupted or lost around the world. The Nigerian economy faces greater risk because of the significant drop in crude oil prices which provides the primary source of revenue for the economy.

The country rating is downgraded to B by Fitch and the outlook negative as a result of the slump in oil prices and pandemic shock. These factors have limited the government's flexibility to respond to the crisis.

The crisis and the global economic downturn in its wake have affected those least able to afford it the most. Micro, small and medium enterprises have been some of the hardest hit businesses, making the support that we provide to these business all the more critical.

Our first priority in responding to the crisis was to ensure the health and safety of our people and our clients. We have also ensured that our bank has a robust business continuity plan in place to ensure the strength and stability of the bank. We have further ensured that the bank has ample liquidity in order to be able to continue lending during this crisis. Recognizing that many of our clients' businesses have suffered from a loss of customers during lockdowns, we have provided clients with grace periods tailored to their needs. As lock downs have eased and our clients have returned to business, we have been evaluating how to provide clients with additional loans in order to restart their businesses.

Fortunately, our clients are some of the most resilient clients in Nigeria and our bank, backed by strong Nigerian and international shareholders such as Ecobank, Citibank, Zenith Bank, the World Bank's International Finance Corporation (IFC), and Accion, remains well positioned to support our clients through this crisis.

Appreciation

Finally, I would like to express my heartfelt gratitude to the stakeholders that have enabled us to make such immense progress over the years. Thanks to my fellow members of the Board, the management and staff of Accion Microfinance Bank for their hard work, our customers for their tireless support and all our development partners who have believed in us throughout this journey. Together we will deliver even more in 2020 and continue to create a brighter, better future.

John Fischer
Board Chairman
Accion Microfinance Bank Limited

Board of Directors

Our directors give the bank a dual advantage: they are seasoned professionals.

Mr. Patrick Akinwuntan
Chairman (Retired)
(11th December 2019)

Mr. John Fischer
Chairman (Appointed)
(11th December 2019)

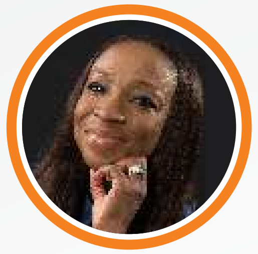
Mr. Taiwo Joda
Managing Director/CEO

Mr. Wolfgang Bertelsmeier
Non - Executive Director

Mr. Akinsowon Dawodu
Non - Executive Director

Mr. Prateek Shrivastava
Non - Executive Director

Mr. Christian Ruehmer
Non - Executive Director



Mrs. Adenike Laoye
Non - Executive Director

Dr. Olusegun Aina
Independent Director

Mrs. Habiba Balogun
Independent Director
(Retired 31st December 2019)

Mr. Olumide Obayomi
Independent Director

Mrs. Nneka Enwereji
Alternate Director

Mr. Brian Kuwik
Associate Director

Risk & Investment Committee

Mr. John Fischer
Chairperson
(Until 11th December 2019)

Mr. Christian Ruehmer
Member

Mr. Akinsowon Dawodu
Member

Mr. Taiwo Joda
Member

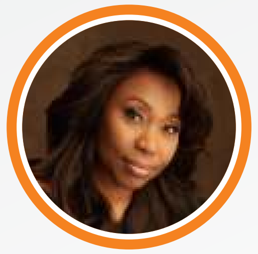
Audit & Compliance Committee

Mr. Olumide Obayomi
Chairperson

Mr. John Fischer
Member
(Until 11th December 2019)

Mrs. Adenike Laoye
Member

Ethics & Governance Committee



Mrs. Habiba Balogun
Chairperson
(Retired 31st December 2019)

Dr. Olusegun Aina
Member

Mr. Prateek Shrivastava
Member

Mrs. Adenike Laoye
Member

Channels & Technology Committee

Dr. Olusegun Aina
Chairperson

Mr. Prateek Shrivastava
Member

Mrs. Habiba Balogun
Member
(Retired 31st December 2019)

Mr. Christian Ruehmer
Member

MANAGING DIRECTOR'S

REPORT

Taiwo Joda

Sustaining Market Leadership in a Challenging Landscape

Distinguished Shareholders, it is my pleasure to welcome you to the 14th Annual General Meeting of Accion Microfinance Bank Limited and to present an overview of the performance of our businesses in 2019.

The year 2019 was a significant year for us as a bank as it marked the second year in the Bank's digitization journey in our financial inclusion deepening drive. The year ushered in a series of new business directions and corporate focus - all pivotal to the achievement of our financial inclusion goals. We made progress on some key imperatives: We got a boost in our national expansion drive as a licensed National Microfinance Bank to the core northern part of the country with a presence in Kano. We also deepened our presence in existing states by opening outlets that took us closer to our target market.

It is against this backdrop that I am honoured to present to you an account of how your company fared during the financial year ended December 2019. Through your continued support, we made progress in upholding our mission of providing financial services in a sustainable, ethical and profitable manner. Let me briefly highlight some significant events that shaped our operating environment during the year under review.

Global & Domestic Economy Review

The global economy recorded its lowest growth of the decade in 2019, falling to 2.3% as a result of protracted trade disputes and a slowdown in domestic investment. It is adjudged as the weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some cases, (advanced economies and China), these developments magnified cyclical and structural slowdowns already. Further pressures came from country-specific weakness in large emerging market economies such as Brazil, India, Mexico, and Russia.

Worsening macroeconomic stress related to tighter financial conditions (Argentina), geopolitical tensions (Iran), and social unrest (Venezuela, Libya, Yemen) rounded out the difficult picture.

In Sub-Saharan Africa, growth moderated to a slower-than-expected 2.4% in 2019. Activity was dampened by softening external demand, heightened global policy, uncertainty and falling commodity prices. In Angola, Nigeria, and South Africa—the three largest economies in the region—growth remained well below historical averages.

In the domestic economy, pace in the Nigerian economy remained soft in 2019 after the general elections. Real GDP Growth in 2019 was estimated at 2.3% marginally higher than 1.9% in 2018. Growth was mainly in transport, an improved oil sector, and information and communications technology. The agricultural sector continued to underperform due to lingering insurgency and banditry in the Northeast, farmers/herdsmen clashes and constrained manufacturing activity. Final household consumption was the key driver of growth in 2019, reinforcing its 1.1% contribution to real GDP growth in 2018. The effort to lower inflation to the 6%–9% range faced structural and macroeconomic constraints, including rising food prices and arrears payments, resulting in a rate estimated at 11.3% for 2019.

However, some of the weaknesses were offset by increased oil production. In addition, actual government revenue continued to underperform budget. Overall revenue performance as at June 2019 was 58% of prorated target due to the underperformance of both oil and non-oil revenue sources. With fiscal revenues below 7% of GDP, increased public spending widened the deficit, financed mainly by borrowing. At the end of June 2019, total public debt was $83.9 billion—14.6% higher than the year before. That debt represented 20.1% of GDP, up from 17.5% in 2018. Domestic public debt amounted to $56.7 billion and external public debt $27.2 billion. The share of bilateral debt in total debt was estimated at 12.1% and that of Eurobonds at 40.8%. High debt service payments, estimated at more than half of federally collected revenues, created fiscal risks. Despite the rough economic landscape, your company was able to deliver value for shareholders and other stakeholders.

Our Performance in key Operational areas

As a bank, we made significant progress in our core mandate of deepening financial inclusion leveraging on significant use of various technological initiatives. We increased our outlets from 80 in 2018 to 93 in 2019. The Bank opened a new branch in Kano and Cash centres in Lagos, Ondo, Akwa-Ibom, Ogun and Rivers States.

We deepened our reach to the bottom of the pyramid as we grew our active customer base by 18% from 45,151 in 2018 to 53, 374 in 2019 and disbursed a total of N26.8billion in loans from N23.22billion in 2018 indicating a growth of 15.6%. This brings the accumulated loan disbursement from inception to date to N131.3billion from N104billion in 2018. In the same vein, cumulative number of loan disbursed closed at 522, 303 from 440,406 in 2018 indicating an increase of 19%. Also, total active portfolio grew by 6% from N8.85billion in 2018 to N10.2billion.

The Bank generated Gross earnings of N6.1billion, an increase of 15.3% when compared to N5.3billion in 2018. This was due largely to increased activities in key products and services. Profit before tax was down by 13.8% year-on-year from N1.55billion in 2018 to N1.34billion in 2019. This was due largely to our significant investment in digital infrastructure. In the same vein, Profit after tax declined by 12.8% from N1.05billion in 2018 to N913 million in 2019. Total Assets stood at N12billion indicating a growth of N9.5% from N11billion. Deposits grew by 43% from N2.81billion in 2018 to N4.0billion just as the number of savers and accounts grew by 5.7% and 15.6% respectively.

We made significant improvement in our Portfolio at risk (PAR) as the various PAR reduction measures deployed during the year paid off for us a Bank. Our PAR closed for both PAR>1 and PAR>30 at 8.7% and 6.6% respectively as against 10.5% and 7.1% respectively in 2018. We hope to sustain this trend in the current year.

As part of the activities in our digital journey, we issued a total of 31,382 Cards in the year and 27,042 were activated on our various channels. Cumulatively, the number of ATM cards issued to our customers closed at 104,150 as at December 2019 compared to 72,768 in 2018. Your bank grew its banking agents to 539 as against 340 agents in 2018. Our digital channels in 2019 included USSD, Debit Cards, Mobile banking, NIP, Agency Banking. Our call center was remodeled and repositioned to improve on our customer experience.

As a Bank that takes great joy in delighting its customers by deliver value, drive efficiency and quick turnaround time, we embarked on the upgrade of key tools that will make our processes easier and faster in our loan processing. This includes the upgrade of current Digital Field Application (DFA) for loan processing scheduled for deployment in the 3rd quarter of 2020. The New DFA is expected to be a one stop application for our loans processing and will significantly impact on the current loan processing methodology in the Bank.

Accion MfB: Giving Back to our Customers and Communities

Our Bank has continued to demonstrate to our Customers and the communities where we operate that we appreciate their patronage and relationship. It is for this reason that we have fully integrated corporate social responsibility into our business model and continue to maintain a clearly defined Corporate Social Matrices focused on championing good causes and fostering initiatives that transform lives and uplift our communities.

In 2019, we embarked on activities that provide a brighter future for the differently and uniquely abled persons, uplifted livelihoods of the socially disadvantaged and promoted financial literacy to the underprivileged and vulnerable children and adults.

At your Bank's 2019, Customer forum event, some of our best customers under the PLWD program were recognized and rewarded with various prizes. This was to encourage other customers within the program to have the inspiration and emulate them in using the window that Accion provides for the differently abled members of society to live independently and have control over their own livelihood.

We also reached out to "The Down Syndrome Foundation", we distributed school bags to children with down syndrome as we joined their caregivers and parents to celebrate their achievements, and re-discovery at the World Down Syndrome Day 2019. In the same vein, we celebrated the "World Humanitarian Day" by visiting five special homes in Lagos. We also championed financial literacy in public schools by creating awareness among school children on matters of financial literacy and provision of environmentally friendly school items. On the international day of sign language, we hosted children of the Wesley School of Hearing Impaired, Surulere, in our Head Office to interact with the Head Office staff and various departments, as a means of exposing them to the workings of a financial institution.

In appreciation of our activities, the Bank received some accolades and awards during the year. These include among others: The Best Digital Microfinance Bank of the Year Award by the International Center for Strategic Alliance (ICSA). Microfinance Bank of the Year by Finnovex, West Africa, The Financial Inclusion Leadership Award during the Financial Inclusion Week organised by the Fintech Association of Nigeria, Best Microfinance Bank for being consistent with returns Award by the National Association of Microfinance Banks in Nigeria (NAMB), Fintech Nigeria Innovation Awards for our Contribution to the development of the Nigeria Fintech Ecosystem, Best Companies to Work for in Africa, in 2019 by the Great Place to Work.

Outlook for 2020 amidst COVID 19 Pandemic

We started the year 2020 with high energy levels across the Bank with a renewed commitment to our four-year strategy plan in line with our mission and vision and focused on two major approaches of remodeling our Traditional business and Digital Banking initiatives. We are committed to creating an organization with a strong business presence in Nigeria driven mainly by digital banking. We will continue to shape the future of financial services in the Nigerian Microfinance banking industry offering innovative and client-focused products in an accessible and efficient manner.

We will continue our digital strategy implementation in line with the changing business environment occasioned by COVID 19. Our upgraded mobile banking application will be deployed in the second quarter of 2020 for easy banking for our clients. We are also upgrading our USSD banking channels and Agency Banking framework for efficiency and convenience for our customers. Our direct sales agency deployed in 2019 will be sustained. We will also leverage on the ongoing MasterCard and Accion international Merchant Accelerator Program partnership to positively impact on our digital journey.

COVID-19 and our Business

We are mindful of the impact of the outbreak of COVID-19 on our business in 2020 and beyond just as it is also having a toll on businesses both locally and internationally. With the deployment of our Business continuity plan, we have positioned our business to be resilient in the face of this threat and utilize the available opportunities from the pandemic in our business operations. We are therefore optimistic of improved performance and recovery of lost grounds to deliver better performance at the end of the year.

Our People

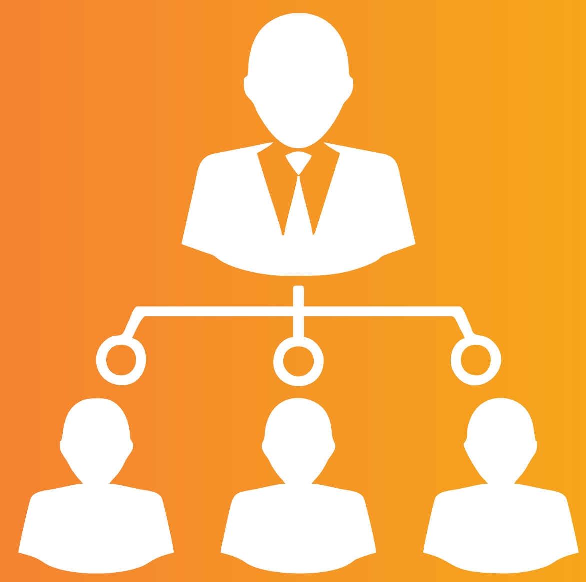
We understand that the value our employees bring cannot be overestimated. Our successes and failures are ultimately determined by the diligence and dedication of our staff & Management Team. To this end, I want to show my deepest appreciation to our staff and the Management team for their unalloyed support during the year. We have created a culture of continuous improvement in terms of skills and expertise for all members of staff. We remain committed to ensuring our employees enjoy the benefits of working in the most conducive environment. During the year under review a total of 307 staff were promoted through confirmations and annual year end performance review exercise. This gesture further added a boost to our staff productivity, dedication and loyalty in the Bank.

We will continue to provide the needed support to our staff by providing the needed work tools, sustain and improve the reward system, promote staff bonding activities such as staff sport tournament, and other activities that will always unite us to deliver on the corporate goals and objectives of the Bank.

In conclusion, I appreciate the relentless contribution of the Board of Directors, Management Team and indeed all members of staff in building a strong and enduring brand in line with our vision and mission. I am hopeful that with your usual support and direction we will explore the opportunities available from the COVID 19 pandemic for improved performance in 2020.

Thank You.

Taiwo Joda
Managing Director/CEO
Accion Microfinance Bank Limited



Management Team

OUR TEAM
Meet our management team

Taiwo Joda
Managing Director/CEO

Cyriacus Onyekwere
Chief Finance Officer
(Resigned 31st December 2019)

Stephen Olalere
Head, Risk Control & Compliance

Emeka Uzowulu
Head, Business Banking and Up Country

Nwanna-Joel Ezeugo
Chief Commercial Officer
(Retired 31st May 2019)

Ndubuisi Onuoha
Ag. Chief Commercial Officer

Waheed Fagbenro
Group Head, Operations

Onajero Ohwo
Head, Internal Audit

Daniel Ofoleta
Head, Information Technology

2019

FINANCIAL HIGHLIGHTS

01	Return on equity	17%
02	Profit after tax	N915m
03	Portfolio	N10.21b
04	Portfolio growth	15%
05	Deposit	N4.01b
06	Number of savers	263,281
07	Number of loan disbursed	81,897
08	Total loan disbursed	N26.85b

Report of Directors

The Directors have pleasure in presenting their report on the affairs of Accion Microfinance Bank Limited ("the Microfinance Bank") together with the Bank's audited financial statements and auditor's report for the year ended 31 December, 2019

Legal Form

The Microfinance Bank was incorporated as a private limited liability company on the 16th of May 2006 with an authorized share capital of N432, 250,000. Accion Microfinance Bank Limited was granted approval to operate as a microfinance bank by the Central Bank of Nigeria (CBN) on 20 April, 2007. The Bank was also granted a license to operate as a National Microfinance Bank in December 2014.

The authorized share capital has since been increased to N1,240,000,000 with issued share capital of N1,238,872,971 of which N1,209,223,685 is fully paid.

Principal Activity

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

Operating results

Highlight of the Microfinance Bank operating results for the year under review was as follows:

	2019 N'000	2018 N'000
Profit before taxation	1,340,04	1,554,973
Taxation	(424,701)	(504,836)
Profit after taxation	915,342	1,050,137
APPROPRIATION:		
Transfer to Statutory Reserve	114,418	131,267
Transfer to Regulatory Risk Reserve	-	175,668
Transfer to General Reserve	800,924	743,202
	915,342	1.050,137
Earnings per share – Basic (kobo)	76	87
Dividend Per Share - Proposed (kobo)	25.00	25.00

Proposed dividend

The Board of Directors recommended a dividend of N302, 310,920 for the year ended 31st December, 2019 (31st December, 2018: N302, 442,425). However, in view of the COVID-19 pandemic and the prevailing business environment, the Board of Directors decided that it will be prudent to postpone dividend payment for the year ended 31st December 2019 for the time being. The Board will continue to closely monitor the financial markets and National Economy.

Directors and their interests

The directors who served during the year were as follows:

Mr. Patrick Akinwuntan	Chairman (exited 11th December 2019)
Mr. John Fischer	Chairman (Appointed 11th December 2019)
Mr Taiwo Joda	Managing Director/CEO
Mr. Wolfgang Bertelsmeier	Non - Executive Director
Mr. Akinsowon Dawodu	Non - Executive Director
Mr. Prateek Shrivastava	Non - Executive Director
Mr. Christian Ruehmer	Non - Executive Director
Mrs. Adenike Laoye	Non - Executive Director
Dr. Olusegun Aina	Independent Director
Mrs. Habiba Balogun	Independent Director (exited 31st December 2019)
Mr. Olumide Obayomi	Independent Director

The directors are representatives of the institutional investors who are the shareholders of the Microfinance Bank apart from the Independent Directors on the Board. The directors do not have any interest in their personal capacity, which is required to be disclosed under Section 275 of the Companies and Allied Matters Act.

Shareholding

The shareholders of the Microfinance Bank as at 31 December, 2019 and their respective shareholding are as follows:

Name of shareholder	Numbers of shares held	%
Accion Investments in Microfinance Nigeria	443,184,162	35.77
Citibank Nigeria Limited	246,555,669	19.90
Ecobank Nigeria Limited	269,225,436	21.73
International Finance Corporation (IFC)	156,010,382	12.59
Zenith Bank Plc	90,858,036	7.33
Shares held by management under share option arrangement	3,390,000	0.27
	1,209,223,685	97.61
Issued but unpaid- Stanbic IBTC trustees	29,649,286	2.39
	1,238,872,971	**100**

The shares in the name of Stanbic IBTC Trustees are held in trust for the Senior Management Staff Share Scheme of the Bank.

Property and equipment
Information relating to changes in property and equipment is given in note 20 to the financial statements.

Employment of Disabled Persons
The Microfinance Bank operates a non-discriminatory policy in the consideration of applications for employment including those received from disabled persons. The Bank's policy is to recruit the most qualified candidate for appropriate job levels irrespective of an applicant's physical condition. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Microfinance Bank continues and that appropriate training is arranged. It is the policy of the Microfinance Bank that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Health, Safety and Welfare at Work
The Microfinance Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

Employee Involvement and Training
The Microfinance Bank's policy with regard to employee involvement and training is to encourage participation of employees in arriving at decisions in respect of matters affecting their well-being.

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

Auditors
The Auditors, Messrs. Deloitte & Touche have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act.

COVID-19 and its impact on the Bank's business for his review
The outbreak of the disease named Coronavirus Disease 2019 (abbreviated as COVID-19) in Wuhan, China in December 2019 has suddenly spread across the globe to about 212 countries and territories accounting for over 3.3m confirmed cases and over 233,800 deaths as at 30 April, 2020. The outbreak of the pandemic has rapidly permeated and profoundly changed the world in various ramifications with a lot of damages to the global economy. Business activities have been disrupted globally. World-Wide conferences, legal gatherings, sporting events, political rallies, economic transactions, have all been affected. Economically, the global supply chain substantially relies on production from China. The disruption in China thus affects almost all economies and markets. As a result, American, European and African markets have been on a bearish run on several fronts.

The Microfinance Bank as a part of the system has also had its own share of the negative impact of the pandemic. This was first witnessed towards the end of the 2019 financial year when some key customers who import directly from China could not utilize their facilities due to the lockdown in China. However, the full impact was high at the end of the first Quarter in 2020 to the second quarter resulting in declining portfolio size, deterioration in our loan quality due to poor collections thereby resulting in high Portfolio at Risk (PAR) due to the total lockdown directive by the federal government in Lagos, Abuja & FCT and other states by the various state governments.

However, as a forward looking organisation, we immediately deployed a Business Continuity Plan (BCP) which allowed some minimal operations of the Bank. We were able to continue lending to approve critical and service sectors while driving collections. We also deployed some incentives to drive prompt loan repayments by our clients. These and other initiatives assisted in reducing the impact of the pandemic on the Bank's business.

Although the crisis impacted negatively on the Bank's business during the first and second quarter of the new year, we believe that this is only temporary. We are optimistic that from the beginning of the third quarter specifically in July 2020, the Bank will bounce back to optimum performance and recover lost grounds.

BY ORDER OF THE BOARD

Aluko & Oyebode
ALUKO & OYEBODE
COMPANY SECRETARIES

20 April, 2020

Statement Of Directors' Responsibilities

For the preparation and approval of the Financial Statements

The Directors of Accion Microfinance Bank Limited are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Bank as at 31 December 2019, and the results of its operations, statement of cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS"), Regulatory and Supervisory framework for Microfinance Banks and in the manner required by the Companies and Allied Matters Act of Nigeria, Banks and Other financial institutions Act, CAP B3 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Bank;
- maintaining adequate accounting records that are sufficient to show and explain the bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Bank; and
- preventing and detecting fraud and other irregularities.

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

The financial statements of the Bank for the year ended 31 December 2019 were approved by Board of Directors on 2 April, 2020.

On behalf of the Directors of the Company

John Fischer	Taiwo Joda
Chairman	Managing Director/CEO
FRC/2020/003/00000020827	FRC/2018/NIM/00000018093

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we have reviewed the Audit Report for the year ended 31 December 2019 and state as follows:

1. The scope and planning of the audit were adequate in our opinion.
2. The accounting and reporting policies of the Company are in accordance with statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. The external auditors' management report received satisfactory response from management.

Olumide Obayomi
Chairman, Audit and Compliance Committee

2 April 2020

Members of the Committee
John Fischer (until 11th December 2019)
Adenike Laoye

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba
Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Independent Auditor's Report
To the Shareholders of Accion Microfinance Bank Limited
Report on the Audit of the financial statements

Opinion
We have audited the accompanying financial statements of **Accion Microfinance Bank Limited** which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **Accion Microfinance Bank Limited** as at 31 December, 2019 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Banks and other financial institutions Act CAP B3 LFN 2004, the regulatory and supervisory framework for Microfinance Banks, the Companies and Allied Matters Act Cap C20 LFN 2004, and the Financial Reporting Council of Nigeria Act, 2011.

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

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

Deloitte.

Key Audit	How the matter was addressed in the audit
Loan loss impairment	
The Bank is compliant with IFRS 9 "Financial Instruments" which requires the bank to recognize impairment using the Expected Credit Loss (ECL) model. The ECL model is dependent on significant judgement and estimates by management in the measurement and determination of impairment on loans and advances and other financial instruments. Our focus on this area was premised on the significant judgement and subjectivity inherent or applied by management in the estimation of the level of impairment, and the size of this portfolio. The ECL model is forward looking which incorporates industry and prevailing economic events and requires an application of historical financial data of the bank. All of these are combined to develop and apply relevant models to the portfolio of the bank which we reviewed. Loans and advances make up a significant portion of the total assets of Accion Microfinance Bank with the total risk assets portfolio of N9.3 billion representing about 77% of the Bank's total assets. The total amount of impairment on loans and advances charged in the Statement of Profit or Loss for the year is N583 million as stated in note 9. The basis of the provisions is summarized in the accounting policies in the financial statements. Accion Microfinance Bank Limited's impairment model addresses the three stages of credit classifications. Because of the significance of these estimates, judgments and the size of loans and advances portfolio, economic conditions experienced in Nigeria during the year which affected the performance of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.	Our audit procedures to assess the loan loss impairment included the following: 1. Updated our understanding of the controls put in place by the management to identify impaired loans and provisions against those assets and determined whether these controls have been appropriately designed and implemented. 2. We reviewed the appropriateness of the bank's determination of significant increase in credit risk and ensured compliance with IFRS 9 and Central Bank of Nigeria's Regulation. 3. We involved our internal credit specialists in the review of the assessment of the overall compliance of the model to the requirements of the IFRS 9. 4. We challenged the key data input and assumptions for data input into the ECL model used by the bank. 5. On a sample basis, we reviewed loans for evidence of significant increase in credit risk with major focus on loans that were not reported as being impaired. 6. We subjected the data used in the models to test as well as assessing the model's methodology. Based on our review, we found that the bank's impairment methodology, including the model, assumptions and key inputs used by management to estimate the amount of loan impairment losses were comparable with historical performance, and prevailing economic situations and that the estimated loan loss impairment determined was appropriate in the circumstances.

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, CEO's Report, Directors' Report, Corporate Governance Report, Sustainability Report and Audit Committee's Report which we obtained prior to the date of this auditor's report. The other information 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 any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information 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 on the other information that we obtained prior to the date of this auditor's report, 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 for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Banks and other financial institutions Act CAP B3 LFN 2004, the regulatory and supervisory framework for Microfinance Banks, Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 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.

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 judgment 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, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- 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 relating 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 Company to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee and the directors 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.

We also provide the Audit Committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee and the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 its statement of profit or loss and other comprehensive income are in agreement with the books of account.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
5   June, 2020

Engagement Partner: Michael Osinloye, FCA
FRC/2013/ICAN/00000000819

> *The Bank generated Gross earnings of N6.1billion, an increase of 15.3% when compared to N5.3billion in 2018.*

OUR DIGITAL Journey

Our approach to Digital is a journey and not a sprint.

Accion Microfinance Bank started its digital transformation journey by leveraging on technology and adopting the omni-channel approach to deliver delightful customer experience.

Various initiatives underpin this direction, including the digitization of our loan processing center, the complete elimination of manual document archiving, launch of our USSD code *572#, mobile banking and other digital channels for ease of payment transactions.

Our focus on this journey cuts across the delivery of exciting customer experience, cost efficiency, increased productivity and maximizing operational efficiency.

Since the launch of the USSD (*572#) and Mobile App, we have been able to further enhance customer experience as the use of our USSD went mainstream, evidenced by tens of thousands of USSD sessions on a monthly basis. Today, the USSD channel is one with much promise, as we are presently optimizing both the mobile app and the USSD in 2020 for world class customer experience and bottom line profits from eased transactions and enriched features.

At Accion MfB, digital is not a nice-to-have, it's a must-have. It is an enabler to an inclusive world with robust offer to all customers. In line with this objective, we are presently upgrading our approach and reviewing both our strategies and operations.

1. Over the years, we have been able to create stable IT infrastructure to provide the support and drive we need on this digital journey. We have also seen growth with digital channels and identified structures to put in place in order to scale up. The Covid-19 pandemic lockdown witnessed a spike in use of USSD and mobile app, showing great potential.

Impact of SaveBrighta and other digital products.

In addition to optimizing the channels, the products that must run on these digital rails are also front burner initiatives for us.

We have chosen to build and launch both digital savings and digital loans products. The approach to digital loans especially requested that we review and rebuild our credit policies, target customers, approvals, limits and risk appetites.

Our findings indicate satisfactory tech awareness and savviness among target customers and readiness to be taught and handheld to benefit more from their banking relationship, thus this journey. We believe this will help grow adoption.

Our flagship Digital Savings product which we piloted in 2019 was the SaveBrighta initiative, one that focuses on driving savings within the bank while rewarding savers with a hospital cash back

And our focus for 2020?

This year, we aim to double the figures (customer patronage numbers as well as revenue) on our digital Channels and also launch new Digital products for loans and savings. Our Channels optimization journey helps to further expand our Digital footprints to cover other areas like Agency Banking, IVR, and so much more.

Our members of staff are excited and passionate about this journey. A function has been set up in the digital team and the assigned staff is empowered to successfully drive these outcomes.

We look forward to completion of our Accion MfB Integrated System (AIS) transition. This initiative simplified transaction processing, puts more power in our hands, dashboards progress, all the while saving us tons of cash in spend. This will assuredly result in improved use of our digital channels as we optimize the products. We are also exploring options for virtual locations and agency banking as well as the pilot and eventual launch of our digital loan product.
We are optimistic about driving operational efficiency, delivering improved products faster with exciting world class customer experience.

2019
Financial Inclusion Seminar

Theme “Re-emerging Microfinance Banks: The Digital Reality”

The 3rd edition had in attendance over 600 participants which included policy makers, international development professionals, key stakeholders, regulators, Board of Directors, MDs and Executive directors of industries and scholars. The conversation focused on practical emerging issues and trends revolving around igniting digital transformation through collaboration; and re-thinking the mindset and capabilities in a digitized work place.

Corporate Social Impact

#AccionMfBCares

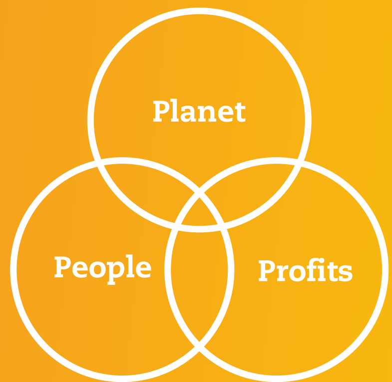
Uplifting and Supporting the Socially Disadvantaged.

Corporate Social Impact

We view our business, the planet and communities where we serve as interconnected.

As a leading National Microfinance Bank in Nigeria, at Accion Microfinance Bank our commitment to creating a brighter future for our most valued customers is driven by our strong belief that building a strong business and making the world a better place are essential ingredients for long-term success. It is for this reason that we have fully integrated corporate social responsibility into our business model and continue to maintain a clearly defined CSI strategy focused on championing causes and fostering initiatives that transform lives and uplift our communities.

This is evidenced by the 'Three P's"- balancing Planet, People and Profit. This principle consists attaching equal importance to financial profitability as well as the Bank's social and environmental impact.



Our Impact on People

Creating Opportunities for the Differently Abled

Some of our best customers under the People Living with Disability (PLWD) loan were recognized and rewarded for their resilience and commitment. This was to encourage other customers within the program to have the inspiration and emulate them in using the window that Accion Microfinance Bank provides for the differently abled members of society to live independently and have control over their own livelihood choices.

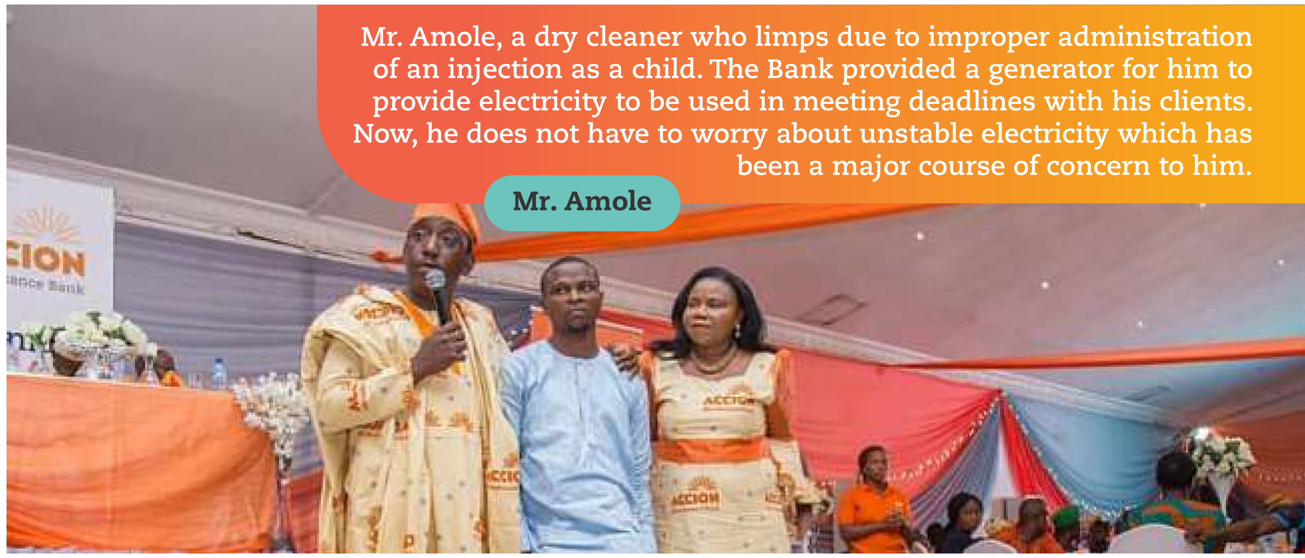
These tenacious individuals were encouraged and further empowered for their zeal to use our loan to transform their lives and do business despite their challenges. This underscores our resolve to create positive impact and provide a brighter future by simplifying access to finance to the deserving but underserved communities.

Mrs. Oluwatoyin Faniyi, a business owner who moves with a wheel chair after an unfortunate accident was further empowered with a generator to support her business in cooling drinks and serving her customers till late hours.

Mrs. Oluwatoyin Faniyi

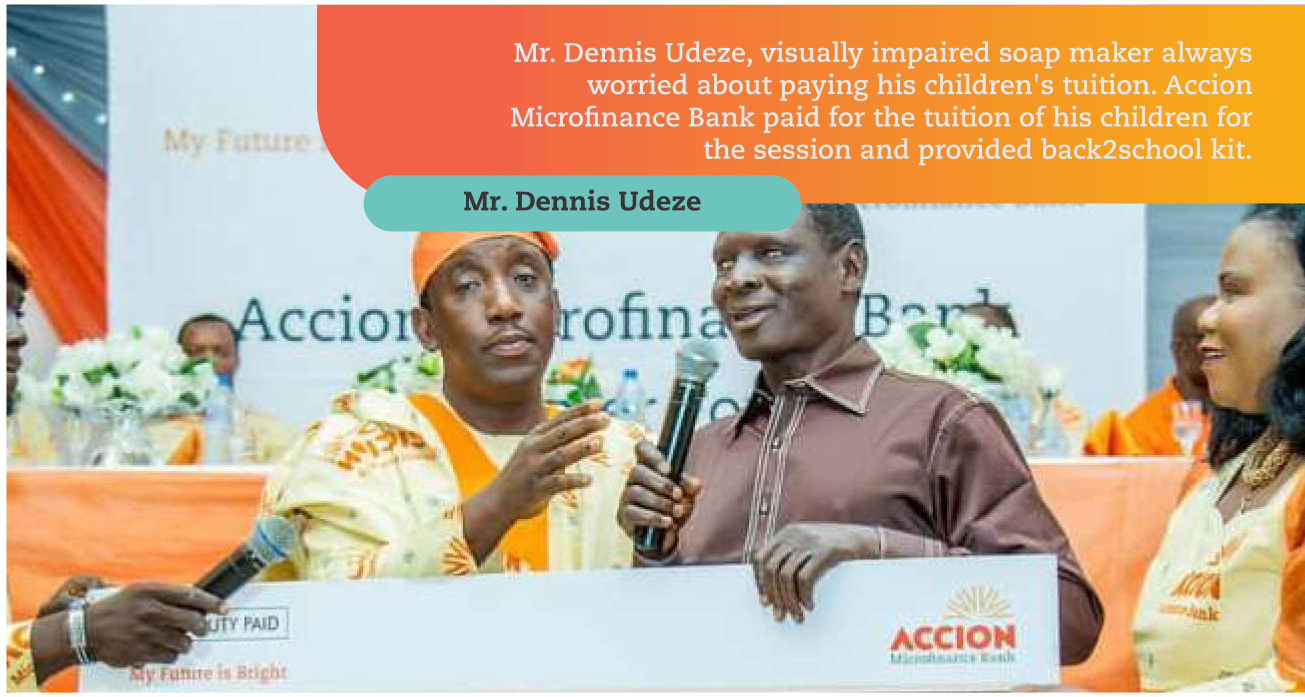
Mr. Amole, a dry cleaner who limps due to improper administration of an injection as a child. The Bank provided a generator for him to provide electricity to be used in meeting deadlines with his clients. Now, he does not have to worry about unstable electricity which has been a major course of concern to him.

Mr. Amole



Mr. Dennis Udeze, visually impaired soap maker always worried about paying his children's tuition. Accion Microfinance Bank paid for the tuition of his children for the session and provided back2school kit.

Mr. Dennis Udeze



Providing Hope to children that Think and Grew Differently

At Accion Microfinance Bank, it is our resolve to create better opportunities for these young adults that grew, think and aspire differently.
We joined these special needs young adults, caregivers and parents to celebrate their achievements, and re-discovery at the World Down Syndrome Day at the United Nations Information Center, Lagos
We have a purpose to #LeaveNoOneBehind.

Uplifting and Supporting the Socially Disadvantaged.

Accion MfB celebrated the "World Humanitarian Day" by visiting special homes: Little Saint Orphanage, Ogudu, Love Home Orphanage, Magodo, Lagos, Heritage Homes Anthony, Hearth of Gold Hospice Surulere and Saint Orphanages Ajah Badore.

These homes have become safe haven for orphans, children with physical and mental disabilities and survivor of abuse. Accion MfB used this opportunity to celebrate selfless volunteers and organizations devoted towards supporting and showing love to the uniquely abled and vulnerable children.

Uplifting Livelihoods and Health

of our dear widowed customers

To mark this year's International Women's day celebration with the theme, "balance for better" Accion Microfinance Bank joined the rest of the world to honor its most loyal widowed customers. The main purpose of the event was to celebrate their tenacity and resolve, despite the odds, to improve their lives and that of their families. These strong women were hosted to a luncheon with the MD/CEO Taiwo Joda and board member Mrs. Habiba Balogun where a one-year medical insurance cover worth one million Naira was given to each of the customers.

These women were recognized for their endurance, resilience and loyalty they had with the bank over the years, notwithstanding the dazzling experiences and struggles they had to go through in order to balance and perform multiple roles after the demise of their loved ones.

The most gripping moment was the sharing of experiences. Tissue boxes exchanged hands and hugs abound. The customers were however, eager and willing to share their stories and honor their past. They appreciated Accion MfB for enabling them to educate their children up to university level. All the women, by the time their husbands passed away, were left behind with very young children to look after. One of them mentioned that, two (2) of her kids dropped out of school for a period of two (2) years at the time, for lack of school fees.

However, through the support of Accion Microfinance Bank she was able to take her children back to school and today they are university graduates. They further mentioned that it was through their disciplined use of Accion Microfinance Bank loans, and focus on their businesses, that they were able to generate enough money to educate their children. Most of these children are now graduates.

Accion Microfinance Bank promised to consider some of the children who have completed school for employment within the bank.

Every woman left the event with an uplifted spirit and the will to inspire other women to take bold and positive steps to improve the quality of their life and those of their families.

Accion MfB Board Member Mrs. Habiba Balogun (2nd right), and MD/CEO Taiwo Joda (3rd right), standing together with some of the women clients, display the Insurance Certificate

Accion Board Member Mrs. Habiba Balogun (2nd right), and MD/CEO Taiwo Joda (4th right) standing together with another group of women clients, display the insurance certificate.

Promoting financial literacy and opportunity to the underprivileged and vulnerable children

We opened our head office to warmly welcome the students of Wesley School of Hearing Impaired to celebrate International Sign Language Day where we hosted these young brains.
The excited and inquisitive students interacted freely with the Head Office team and various departments, they were enlightened on the operations of a financial institution.

Financial literacy continues to be a critical factor in empowering financial capabilities of kids in the communities where we work. In 2019, we continued to create awareness among school children attending public school, on matters of financial literacy. The children were also provided with environmentally friendly back 2schoolkit.

Championing

Financial Literacy

CIBN CAREER DAY

At Accion MfB, we are not only passionate about empowering entrepreneurs, we believe in supporting the generation next to reach their full potential.

We partnered with The Chartered Institute of Nigeria (CIBN) to support career day which had in attendance over 20 secondary schools and 500 students from various schools. It was an opportunity to enlighten these future leaders on banking practices and the industry at large.

Uplifting

Livelihoods and Promoting Financial Wellness to the Socially Disadvantaged

At Accion MfB, we are committed to improving financial wellness, capacity and standard of living for people living with disability. We believe financial freedom can only be attained when individuals are equipped with knowledge and resources to make good financial decisions.

It is in line with this that we partnered with Life Beyond Challenges Foundation to organize a financial and empowerment workshop to provide resources and build capacity of these individuals living with determination.

People with disabilities need the same financial knowledge, support, skills as those without disabilities – to manage finances and growing capacity.

The workshop was organized under the theme: Financial Assistance and Support for People with Disability (PwD) in Accordance with Sustainable Development.

The ultimate goal was eradication of poverty and empowerment.

The participants were availed financial support through our People Living with Disability Loan(PLWD) and their businesses have been flourishing across various sectors; food & drinks, services, trade & commerce and manufacturing.

Raji Kafilat

Ms. Raji has been in business for over nineteen (19) years but has never accessed any support from banks because of the high interest rate. However, upon hearing about Accion MfB's People Living with Disability (PLWD) loan and its features, she accessed the loan and has been able to buy more stock in her shop and meet her customers' demand. She hopes to grow and expand to a major distributor with the support of Accion Microfinance Bank.

An unfortunate accident led to the amputation of Mr. Adedokun's arm. His savings was spent fighting for his health and its became difficult to support his family. He refused to give up and started a nylon business with his wife but was unable to expand and grow his business due to lack of funds.

With Accion MfB's support, he has been able to increase production which has led to increase in his sales. He mentioned "I am making more profit than before, my repayment is convenient and I can reinvest part of my profit back into my business and support my family"

Adedokun Mathew

Balikis Abosede Shittu

At a young age, Mrs. Bilikis had an accident which sadly resulted in inability to use her legs.

She recalls her family helping her to start her business where she sells food items.

She has been trying to access loan from other financial institutions to expand her business but the requirements and interests rate was not quite encouraging.

After attending the empowerment program supported by Accion MfB, she indicated interest in the PLWD loan. She is grateful to Accion's MfB's support in expanding her business, buying needed equipment and stocking up.

She is able to serve her customers better which has resulted in more sales and increased profit. "My monthly repayment easy. I can support my family and also planning on expanding my business the more"

Succor from Natural Disasters:

Compensation and Support for Inferno affected Customers

Fire outbreak is an extremely sad occurrence. Certain measures may have been put in place but sometimes this unfortunate situation may still occur. It not only destroys properties, it affects lives and livelihood of victims.

This is why at Accion Microfinance Bank, we educate our customers and staff on how to avoid a fire outbreak. We also partnered with reputable insurance companies to offer support and succor to our dear clients should this happen.

During the year, there were several cases of fire outbreak including Ochanja Market Onitsha where some of our customers were affected by the inferno.

Among other traders whose shops were gutted by fire in Ochanja market, on 17th of October 2019, twelve (12) were Accion MFB's customers.

We partnered with cornerstone insurance Plc. to compensate the clients affected by the inferno with N5.2 million. This amount is to re-establish their businesses gutted by the fire and covered the outstanding loan in event of death, fire and other loss of business due to natural calamities. Additional cash benefits are also provided in all instances. This helps families to go through household shocks with ease.

Further, this is in-line with our credit policy to provide cover for our clients through partnership with reputable insurance companies in the event of death, fire, robbery and other loss of business due to natural calamity.

Celebrating Diversity

We pride ourselves in being a diverse and inclusive organization enthusiastic to equally support and empower all irrespective of religion, ethnicity and background.

This was demonstrated when we identified with our top Muslim SME customers by providing them care packages during the holy month of Ramadan.

We understand the importance of showing love and giving during the holy month and extended this to our dear customers.

OUR PRODUCT

Customer- Centric Mindset in Developing Innovative Product to Drive Financial Inclusion.

Financial inclusion is a key enabler in reducing poverty and improving livelihood.

It helps individuals to make daily earnings, grants access to financial support and grow their businesses; which is critical towards addressing vulnerabilities in any type of business.

Our customer-centric mindset drives our product development process which focuses on products that not only empowers our clients but also adds value to their lives.

Meeting customers ever changing need is the core of our business and we strive to develop products with features that instinctively delivers values. This we achieved by employing the Human Centered Design (HCD) approach.

We believe that a human-centered approach can play a crucial role in providing insights into how to design financial products and services that drive financial inclusion.

We put our customers first, take time to understand their needs, goals, aspirations and develop products that will provide financial support and help them live easier and more productive lives.

Loans to low-income entrepreneurs remain the core service provided by Accion MfB.
In 2019, we disbursed more than 81,902 loans, with an average disbursed loan size of 26,851,419,405 to hardworking low income entrepreneurs in 12 States of Nigeria.

Microloans and Beyond
Although loans remain at the heart of Accion Microfinance Bank's services, we recognize that they are but one of an array of products that our clients require to manage their diverse financial need and livelihood.

We are constantly working on improving features of our existing products and developing new products that help customers live more productive lives.

In 2019 financial year, the Bank introduced additional two products to its array of products. The products were designed to meet specific needs of clients and remain competitive in the microfinance industry.

This loan has provided our customers with uninterrupted power supply and longer business hours which has led to increase of sales and revenue. Solar power is a smarter and more economic lightning solution that is clean for the environment.
Customers now feel safe to carry out their business activities till late hours and have witnessed increase in their saving habit due non-use of fuel/diesel generators.

The solar loan product has been able to meet the needs of clients who desire to have alternative solar power for their businesses and homes. Increase in customer acquisition and retention based on the flexibility of both new and existing customers having access to the product.

The Bank is in partnership with two (2) Solar vendors - Greenlight Planet and Oolu Energy to ensure customers who require quality solar systems/appliances can acquire them at competitive financing option.

Digital Financial Product: For financial inclusion to be a success, it must be driven by appropriate technology. Digital financial products hold an enormous opportunity for greater financial inclusion.

Delivering financial services through technological innovations, can be a catalyst for the provision and use of a diverse set of other valuable services –medical service, savings, and financial education. The Bank leveraged on this and developed a digital savings account that offers medical cash back and other rewards for customers.

Save Brighta: This is the Bank's digital Savings product that can be opened via the Bank's digital platforms without having to visit any of our branches. Customers can open accounts in minutes at their convenience at any location. This tier 1 account type is targeted at unbanked and underbanked.

With Save Brighta, clients have the opportunity of operating an interest yielding savings account that guarantees ease, convenience and rewards such as hospital cash backs and life cover for accountholders and their dependents.

This digital product not only offer convenience but also hospital cash back for client and up to two dependents in addition to life cover for client and up to two dependents.
The Bank has recorded over 4,933 SaveBrighta accounts since its launch.

IMPACT OF OUR PRODUCTS' ON PLANET

Solar Loan: Mrs. Ramota, is one of our numerous customers benefitting from the Accion MfB's solar product. Prior to buying the solar product she spent a lot of her savings on fueling her generator to power her apartment and also lost money to buying fake rechargeable lamps.
With the purchase and installation of the solar product with a Television set, fan and bulbs, Mrs Ramota and her family members can now relax and after a long day. This product has provided her with clean noiseless and consistent power supply.Her children can also read and study with the bright, long lasting bulb.She is most especially satisfied because she finds the solar product affordable, cost effective and durable.

Investing in Innovative Digital Technologies to drive Financial Inclusion.

At Accion Microfinance Bank, we understand the importance of digital technology as an enabler for driving financial inclusion and delivery of digital financial services.

This is why we have invested in digital technologies to make our services more accessible to our customers, drive efficient and improve customers' experience.

We are constantly reviewing our operation and activities to maximize opportunities presented by digital technologies.

In 2019, we embarked on different technology projects aimed at improving efficiency and customer experience in addition to operating cost reduction.

Channels Revamping: Revamping of the bank's channel platforms such as NIBBS Integration Platform (NIP) and Middleware application was carried out to enhance platform efficiency, process optimization, and improve customer experience.

Agency Banking: Agency banking was added to the list of channel platforms in 2019 which provided an alternate route to Accion products and services with over 1000 accounts already opened through the platform.

Ameyo Contact Center Application: The center was deployed to improve customer experience and process efficiency, in 2019, over 2000 digital accounts were opened through the center.

Core Banking Application (Temenos T24) Upgrade: We migrated our core banking applications (Temenos T24) to Release 16 from the lower release. This upgrade has been able to reduce the Close of business (COB) time from eleven (11) hours to five (5) hours improving service delivery as the system is released on time to staff and customers to do transactions. Further, it has eliminated the ATM manual process allowing customers to use ATM 24/7 without a need for manual upload of transactions, and transactions are done instantly.

Accion MfB Integrated Service (AIS): This is an interface that mirrors the core banking application (Temenos T24) to manage user licenses effectively. The solution has been able to increase numbers of T24 users while reducing license costs by 88% which has led to service efficiency, improvement, and customer broad reach.

Network Infrastructure Upgrade: An upgraded infrastructure led to increased efficiency, productivity, and stronger security. In the 2019 financial year, the Bank upgraded its infrastructure to put it ahead of its competition by ensuring our infrastructure

The upgrade not only supported the bank's digital products and channels effectively but also improve the business process bank-wide and provided 68.6% cost savings on connectivity.

This included Core Banking Application Servers and Firewall needed for optimal business performance in the digital economy.

Email Service: Migrated to efficient and cost-effective cloud email solution which led to 52% cost savings on user license and also gave a large number of workforce access to email.

Mobile Application: The mobile application was deployed to create a seamless and fast user experience for customers in line with promoting final inclusion and cashless economy.

Customer reach has been increased through the use of mobile banking applications, increased financial transactions and an increase in the amount of revenue generation are some of the benefits that the bank has derived to date.

Channels Revamping: Revamping of the bank's channel platforms such as NIBBS Integration Platform (NIP) and Middleware application was carried out to enhance platform efficiency, process optimization, and improve customer experience.

Agency Banking: Agency banking was added to the list of channel platforms in 2019 which provided an alternate route to Accion products and services with over 1000 accounts already opened through the platform.

Ameyo Contact Center Application: The center was deployed to improve customer experience and process efficiency, in 2019, over 2000 digital accounts were opened through the center.

Corporate Governance Report

a. Introduction

As a major market leader in the microfinance industry Accion Microfinance Bank is committed to ensuring good corporate governance.

Accion Microfinance Bank has an effective governance system that ensures proper oversight of its business by the Directors and other principal organs of the Bank. To this end, the Bank's corporate governance framework is predicated on the International Finance Corporation (IFC) principles and methodology. The bank has established and continuously monitors the effectiveness of its corporate governance structures and processes for the direction and control of the bank's activities. Adherence to corporate governance principles is articulated in a number of corporate documents. The Articles of Association of the Bank define the respective roles of the Management, the Board of Directors and the shareholders (including the protection of minority rights). Corporate governance concerns the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies and increasing their access to outside capital.

b. The Board

The responsibility for the governance of the Bank lies with the Board of Directors, which is accountable to the shareholders.

The Board of Directors currently consists of ten (10) members as at 31st December 2019 made of one (1) Non-Executive Chairman, eight (8) Non-Executive Directors and one (1) Executive Director which is the Managing Director/CEO. The Board Chairman retired on 11th December 2019.

Three (3) of the Non-Executive Directors are Independent Directors appointed in compliance with the section 5.3.6 of the Code of Corporate Governance for Banks and Other Financial Institutions. One of the Independent Directors retired on 31st December 2019.

The Board discharges its oversight functions and provides strategic direction through reviews and approval of major strategic plans and initiatives. The Board is responsible for driving the governance structure of the Bank. Besides possessing the requisite academic qualifications and experience in Board affairs, the Directors are well abreast of their responsibilities and are conversant with the Bank's business. They are therefore able to exercise sound judgment on matters relating to its business.

Mindful of their duties of care & skill as provided for under Section 279 and 282 of the Companies & Allied Matters Act, the Directors at all times during the year acted in the best interest of the Bank, shareholders, employees and other stakeholders.

The Board oversaw as well as evaluated Management's performance vis-à-vis the set of corporate goals and objectives through the use of effective Committees while holding itself responsible for all delegated functions.

By instrument of the Articles of Association of the Bank, the Board delegated the responsibility for the day-to-day operation and administration of the Bank to the Managing Director and the senior management team who have executed these powers without undue interference while being accountable to the Board for the development and implementation of strategies and policies.

There was no conflict of interest in the directors' individual and collective relationships with the Bank during the period as directors exercised independence in their views and recorded commendable attendance at meetings with high levels of participations and quality contributions.

The Board meets quarterly and additional meetings are convened as the need arises. In furtherance of the above roles, the Board met four (4) times during the year under review on the following dates: 21st March 2019, 23rd May 2019, 11th September 2019 (Board Strategy Session), 12th September 2019 and 11th December 2019 as shown in the table below:

S/N	Names of Directors	Designation	No. of Meetings	Attendance
1	Mr. Patrick Akinwuntan	Chairman	4	3
2	Mr. John Fischer	Vice-Chairman	4	4
3	Mr. Taiwo Joda	MD/CEO	4	4
4	Mr. Olusegun Aina	Independent Director	4	4
5	Mrs. Habiba Balogun	Independent Director	4	4
6	Mr. Akinsowon Dawodu	Non- Executive Director	4	4
7	Mr. Olumide Obayomi	Independent Director	4	4
8	Mrs. Adenike Laoye	Non-Executive Director	4	3
9	Mr. Christian Ruehmer	Non-Executive Director	4	3
10	Mr. Prateek Shrivastava	Non-Executive Director	4	4
11	Mr. Wolfgang Bertelsmeier	Non-Executive Director	4	3

c. The Board Committees:

The effectiveness of the Board is fortified and strengthened by its four (4) committees namely:

- Risk & Investment Committee
- Audit & Compliance Committee
- Ethics & Governance Committee
- Channels & Technology Committee

The membership, meetings, duties, responsibilities and operations of these Committees are subject to the provisions of the Committee Charters as approved by the Board.

Risk and Investment Committee: The overall purpose of this Committee is to protect the interest of the Bank's shareholders and other stakeholders. This Committee is charged with exercising the full powers of the Board with respect to the investment of the Bank's assets and set the tolerance level for risk. This responsibility of the Committee also covers oversight of operations, financial performance and reporting as well as regulatory compliance and risk management issues.

Terms of Reference:

i. Ensuring that sound policies, procedures and practices are in place for the risk-wide management of the Bank's material risks and to report the results of the Committee's activities to the Board of Directors.

ii. Design and implement risk management practices, specifically provide ongoing guidance and support for the refinement of the overall risk management framework and ensuring that best practices are incorporated;

iii. Ensure that Management understands and accepts its responsibility for identifying, assessing and managing risk;

iv. Ensure and monitor risk management practices, specifically determine which enterprise risks are most significant and approve resource allocation for risk monitoring and improvement of activities, assign risk owners and approve action plans;

v. Periodically review and monitor risk mitigation process and periodically review and report to the Board of Directors:

(a) magnitude of all material business risks;
(b) the processes, procedures and controls in place to manage material risks;
(c) the overall effectiveness of the risk management process;

vi. Facilitate the development of a comprehensive risk management framework for the Bank and develop the risk management policies and processes and enforce its compliance.

vii. To establish and periodically review the bank's risk portfolio in order to align organizational strategies, goals, and performance.

viii To periodically evaluate the components of risk as well as market competitive data and other factors as deemed appropriate, and to determine the risk level based upon this evaluation.

ix. To approve all credit facilities above Management approval limit;

x. To establish and periodically review the Bank's credit policy and portfolio in order to align organizational strategies, goals and performance;

xi. To recommend non-performing credits for write-off by the Board;

xii. To select and retain independent experts and consultants in the field of risk analysis subject to Board's approval, to advise with respect to market data and assist the Committee with its duties, and to approve fees and set terms of engagement for such consultants.

xiii To perform such other duties and responsibilities as the Board of Directors may assign from time to time.

The Committee met four (4) times during the year under review on the following dates: 20th March, 22nd May, 10th September and 10th December. The membership of the committee & attendance at its meetings are as shown in the table below:

Corporate Governance Report
Report for the Year Ended 31 December, 2019

S/N	Names of Directors	Designation	No. of Meetings	Attendance
1	Mr. John Fischer	Chairman	4	4
2	Mr. Taiwo Joda	Member	4	4
3	Mr. Christian Ruehmer	Member	4	4
4	Mr. Akinsowon Dawodu	Member	4	3

Audit and Compliance Committee: The overall purpose of this Committee is to drive the Board functions in the areas of oversight for the integrity of financial reporting, oversight of the performance of internal and external audits as well as ensuring compliance to all legal and regulatory requirements and the appointment of the external auditors. To fulfil its responsibilities and carry out its duties, this Committee carries out the following functions:

1. Documents/Reports Review

i. Review the Bank's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the external auditors.

ii. Review the regular internal reports to management prepared by the Internal Audit Department and management's response.

2. Independent Accountants – External Auditors

i. Review on an annual basis with the external auditors all significant relationships the external auditors have with the Bank to determine the external auditors' independence.

ii. Review the performance of the Bank's independent accountants and approve any proposed discharge of the independent accountants when circumstances warrant.

iii. Periodically consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the organization's financial statements.

3. Financial Reporting Processes

i. In consultation with the external auditors and the internal auditors, review the integrity of the Bank's financial reporting processes, both internal and external.

ii. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting and further consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants, management, or the Internal Audit Department.

iii. Review the annual audited financial statements of the Bank prior to their submission to the Board and meet with auditor to discuss the statements without the presence of management.

4. 1.Process Improvement
   i. Establish regular and separate systems of reporting to the Committee by each of management, the external auditors and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments. with auditor to discuss the statements without the presence of management.

   ii. Following completion of the annual audit, review separately with each of management, the independent accountants and the Internal Audit Department any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

   iii. Review any significant disagreement among management and the independent accountants or the Internal Audit Department in connection with the preparation of the financial statements.

   iv. Review with the external auditors, the Internal Audit Department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

5. Ethical and Legal Compliance
   i. Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code.

   ii. Obtain reports from management, the Internal Auditor and the External Auditors regarding compliance with all applicable legal and regulatory requirements.

   iii. Review management's monitoring of the Bank's compliance with the Bank's Ethical Code, and ensure that management has the proper review system in place to ensure that Bank's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.

   iv. Review reports and disclosures of insider and related person transactions.

   v. Review with management and any internal or external counsel that the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the financial statements or the Bank's compliance policies with the Bank's counsel.

   vi. Review activities, organizational structure, and qualifications of the internal audit department.

   vii. Review, with the organization's counsel, legal compliance matters including corporate securities trading policies.

   viii Review, with the organization's counsel, any legal matter that could have a significant impact on the organization's financial statements.

   ix. Perform any other duties to ensure compliance with all applicable laws, regulations and operating standards.

Corporate Governance Report
Report for the Year Ended 31 December, 2019

6. Internal Control Oversight

   i. Review internal controls including financial, business controls and oversee the risk management framework and processes to discuss the statements without the presence of management.

   ii. Assess on an annual basis with independent opinion where required, the adequacy and effectiveness of the Bank's internal controls including but not limited to Management Information System (MIS) controls and security matters with management and External Auditors.

The Committee met four (4) times during the year under review on the following dates: 20th March, 22nd May, 10th September and 10th December. The membership of the committee & attendance at its meetings are as shown in the table below:

S/N	Names of Directors	Designation	No. of Meetings	Attendance
1	Mr. Olumide Obayomi	Chairman	4	4
2	Mr. John Fischer	Member	4	4
3	Mrs. Adenike Laoye	Member	4	2

Ethics & Governance Committee: The purpose of this Committee is to assist the Board in formulating policies, making decisions and exercising its oversight functions with regards to maintaining the highest standards of corporate governance and ensuring fair and best practices in human resource management as follows:

1. Identification, approval and recommendation of individuals qualified to become members of the Board to the Board of Directors.

2. Develop, update as applicable and make recommendations to the Board on corporate governance principles and policies as applicable to the Company.

3. Monitor compliance with such principles and policies.

4. Identify and make recommendations to the Board for approval on staff welfare, conditions of service, administrative and/or ethical issues as may arise.

The Committee met five (5) times during the year under review on the following dates: 19th March, 20th May, 5th September, 24th October and 9th December. The membership of the committee & attendance at its meetings are as shown in the table below:

S/N	Names of Directors	Designation	No. of Meetings	Attendance
1	Mrs. Habiba Balogun	Chairman	5	5
2	Mr. Olusegun Aina	Member	5	4
3	Mrs. Adenike Laoye	Member	5	4
4	Mr. Prateek Shrivastava	Member	5	4

Channels and Technology Committe: The purpose of this Committee is to provide assistance to the Board among other matters, in its oversight of the Bank's channels and technology strategy and significant investments in support of such strategy and channels and technology risk.

To fulfil its responsibilities and carry out its duties, this Committee carries out the following functions:

1. Oversight of Strategic Management: The Committee shall continue to review the implementation of the Bank's channels and technology strategy.
2. Oversight of Risk Optimization: The Committee is expected to ensure that a technology risk management framework exists to identify, analyse, mitigate, manage, monitor, and communicate technology related business risk, and that the framework for technology risk management is in alignment with the enterprise risk management (ERM) framework.
3. Oversight of Technology Benefits Realization: Ensure that technology-enabled investments are managed to deliver optimized business benefits and that benefit realization outcome and performance measures are established, evaluated and progress is reported, to facilitate its oversight.

The Committee met eight (8) times during the year under review on the following dates: 19th March, 4th April, 10th April, 20th May, 5th September, 9th September, 13th November and 9th December. The membership of the committee & attendance at its meetings are as shown in the table below:

S/N	Names of Directors	Designation	No. of Meetings	Attendance
1	Mr. Olusegun Aina	Chairman	8	6
2	Mrs. Habiba Balogun	Member	8	8
3	Mr. Prateek Shrivastava	Member	8	8
4	Mr. Christian Ruehmer	Member	8	5

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

The Board places considerable importance on effective communication with its shareholders and ensures that the rights of shareholders are protected at all times. Notice of meetings and all statutory notices and information are communicated to shareholders regularly.

Shareholders are opportune to express their opinions on the Bank's financials and other issues affecting the Bank.

Protection of Shareholders' Rights
The Bank ensures the protection of the statutory and general rights of shareholders at all times particularly voting rights at general meetings of the Bank.

All shareholders are treated equally, regardless of volume of shareholding or social status and they have the opportunity to seek and obtain effective redress for violation of their rights in accordance with applicable laws.

Disclosure on Directors' Remuneration
The disclosure on Directors' Remuneration is made pursuant to the provisions of the Companies and Allied Matters Act as well as Governance Code issued by the Central Bank of Nigeria. The Board's remuneration structure is designed to address the compensation of Non-Executive Directors that is competitive externally and equitable internally.

The Bank's remuneration policy is structured taking into account the environment in which it operates and the results it achieves at the end of each financial year. The Remuneration Policy for Non-Executive Directors of Accion Microfinance Bank focuses on ensuring sound corporate governance practices as well as sustained and long-term value creation for shareholders.

The Ethics and Governance Board Committee makes recommendations to the Board on all matters relating to Directors' remuneration which is contained in the Governance Manual.

Analysis of Fraud and Forgeries Returns

2018

Nature of Fraud	No	Fraud Amount	Recovered Amount	Actual Loss	% Loss
ATM/Electronic Fraud	-	-	-	-	-
Staff Perpetrated Fraud	11	4,538,457	3,295,628	1,242,829	27
Impersonation	-	-	-	-	-
Stolen/Forged Instrument	-	-	-	-	-
Internet Banking	-	-	-	-	-
Others	4	105,300	36,000	69,300	66
Total	15	4,643,757	3,331,628	1,312,129	28

2019

Nature of Fraud	No	Fraud Amount	Recovered Amount	Actual Loss	% Loss
ATM/Electronic Fraud	-	-	-	-	-
Staff Perpetrated Fraud	13	849,040.00	176,287.58	672,752.42	79
Impersonation	-	-	-	-	-
Stolen/Forged Instrument	-	-	-	-	-
Internet Banking	-	-	-	-	-
Others	-	-	-	-	-
Total	13	849,040.00	176,287.58	672,752.42	79

Ernst & Young
UBA House, 10th Floor
57 Marina, Lagos

Tel: (234 -1) 4630479, 4630480
Fax: (234 -1) 4630481
E-mail: services@ng.ey.com

Report of External Consultants on the Board Performance Evaluation of Accion Microfinance Bank Limited

We have performed the evaluation of the Board of Accion Microfinance Bank Limited (Accion MFB) for the year ended 31st December, 2019 in accordance with the guidelines of Section 2.8 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Microfinance Banks in Nigeria (CCG MFB) 2019.

The above section of the code mandates an annual evaluation of the Board and individual directors of Microfinance Banks with specific focus on the Board structure and composition, responsibilities, processes, relationships, individual director's responsibilities, competences and respective roles in the performance of the Board. Subsection 2.8.2 of the code requires that such evaluation should be conducted by an independent consultant while subsection 5.1.2 directs that disclosures in the annual report should include information on the governance structure of a Microfinance Bank.

Our approach included the review of Accion MFB Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one-on-one interviews with all Directors.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the company or reveal irregularities, in the underlying information.

On the basis of our work, the Board of Accion MFB has generally complied with the requirements of Section 2.8 of the CCG MFB 2019 during the year ended 31st December, 2019.

Specific recommendations for the further improvement of Accion's MFB corporate governance practices have been articulated and included in our detailed report to the Board. These recommendations cover the following areas: reconstitution of Board Committees to include the Board Credit Committee, periodic review of Bank policies, development of a Compliance Policy & database of potential Directors and approval of the Code of Conduct policy by the Board.

For: Ernst & Young

Benson Uwheru
FRC/2013/CIBN/00000001554
Partner, Advisory Services

Statement of Profit and Other Comprehensive Income.

Statement of Profit or loss and other comprehensive income

	Note	2019 N 000	2018 N 000
Interest and similar income	5	5,845,495	5,048,555
Interest and similar expenses	6a	(539,329)	(472,330)
Net interest income		**5,306,166**	**4,576,225**
Fees and commission income	7	199,223	184,422
Other operating income	8	83,922	82,456
Total Operating Income		**5,589,311**	**4,843,103**
Credit loss expense	9	(583,042)	(273,985)
Impairment losses on other assets.		(23,351)	(11,364)
Net operating income		**4,982,918**	**4,557,754**
Personnel expenses	10	(1,552,902)	(1,390,427)
Depreciation of property and equipment	20	(230,540)	(186,529)
Depreciation of right-of-use assets	18	(91,451)	-
Amortisation of intangible assets	21	(101,846)	(44,081)
Other operating expenses	11	(1,666,136)	(1,381,744)
Total operating expenses		**(3,642,875)**	**(3,002,781)**
Profit before income Tax and EO		**1,340,043**	**1,554,973**
Income tax expense	12a	(424,701)	(504,836)
Profit after tax before EOI		**915,342**	**1,050,137**
Other comprehensive income			
Profit and loss on EOI after Tax		-	-
Profit and Loss after Tax and EOI		**915,342**	**1,050,137**
Earnings per share			
Basic	13	**Naira** 0.76	**Naira** 0.87

Statement of Financial Position As at 31 December, 2019

	Note	2019 N 000	2018 N 000
Assets			
Cash and cash equivalents	15	1,041,386	914,052
Loans and advances	16	9,394,157	8,219,748
Financial assets - Amortised cost	17	239,794	267,738
Other assets	18	202,182	409,284
Right-of-use asset	19	154,318	-
Property and equipment	20	918,060	964,400
Intangible assets	21	266,261	236,860
Total assets		**12,216,158**	**11,012,082**
Liabilities			
Deposits from customers	22	4,013,511	2,809,253
Current tax liabilities	12c	587,985	603,347
Debt issued and other borrowed funds	23	1,975,445	2,349,494
Other liabilities	24	349,287	552,647
Deferred tax liabilities	12	44,343	87,627
Total liabilities		**6,970,571**	**6,402,368**
Equity attributable to owners of the Bank			
Issued share capital	26	1,205,834	1,205,834
Senior staff share option		3,390	3,936
Share Premium		7,067	7,067
Statutory reserve	28	1,515,025	1,400,607
General reserve		2,481,355	1,816,602
Regulatory Risk reserve		32,916	175,668
Total equity		**5,245,587**	**4,609,714**
Total liabilities and equity		**12,216,158**	**11,012,082**

John Fischer
Chairman
FRC/2020/003/00000020827

Taiwo Joda
Managing Director/CEO
FRC/2018/NIM/00000018093

Uwakwe Chukwu
Ag. Chief Finance Officer
FRC/2020/001/00000020828

	Note	2019 N 000	2018 N 000
Operating activities			
Profit before tax		**1,340,043**	**1,554,973**
Adjustment for:			
Depreciation of property and equipment	20	230,540	186,529
Amortisation of intangible assets	21	101,848	44,081
Tax savings		25,055	-
Gain on sale of property and equipment	8	(13,423)	3,970
Impairment loss on loans	9	187,110	273,985
Impairment losses on other assets.		23,351	
Recoveries on other assets		(500)	-
Accrued interest expense		327,222	-
NITDA		12,707	15,733
		2,233,954	**2,079,271**
(Increase)/ decrease in loans and advances	16b-c	(1,361,518)	(1,352,832)
(Increase)/ decrease in other assets	19	29,935	(101,795)
Increase/ (decrease) in deposits from customers	22	1,204,258	416,676
Increase/ (decrease) in other liabilities	24	(203,360)	219,306
		1,903,269	**1,260,626**
Income tax paid	12c	(496,054)	(437,013)
Net cash flows from operating activities		**1,407,215**	**823,613**
Investing activities			
Financial investments- held to maturity	17	27,944	(59,878)
Purchase of property and equipment	20	(189,047)	(813,379)
Purchase of intangible assets	21	(131,250)	(97,284)
Proceeds from sale of property and equipment		18,268	2,022
Net cash flows from/(used in) investing activities		**(274,085)**	**(968,519)**
Financing activities			
Dividend paid		(302,442)	(303,634)
Employee Share Option		(546)	873
Share buy back		(1,536)	-
Repayment of debt issued and other borrowed fund	23	(1,594,171)	(225,000)
Other borrowed fund	23	892,900	848,392
Net cash flows from/(used in) financing activities		**(1,005,795)**	**320,631**
Net increase/(decrease) in cash and cash equivalents		127,334	175,723
Cash and cash equivalents at 1 January 2019		914,052	738,329
Cash and cash equivalents at Dec 31st, 2019	15	**1,041,386**	**914,052**

	Issued Share Capital N 000	Staff Share Option N 000	Share premium N 000	General Reserve N 000	Regulatory Risk Reserve N 000	Statutory Reserve N 000	Total Equity N 000
As at 1 January 2019	**1,205,834**	**3,936**	**7,067**	**1,816,602**	**175,668**	**1,400,607**	**4,609,717**
Profit for the year				915,342			915,342
Transfer to statutory reserve				(114,418)		114,418	-
Transfer from Regulatory Reserve 31 December				152,242	(152,242)		
Transfer to Regulatory reserve				(9,490)	9,490		-
Share Buyback/ Transfer-Repurchase of Babatunde Omolere shares		(546)		(1,536)			(2,082)
Recognition of tax savings				25,055			25,055
Dividend Paid -2018				(302,442)			(302,442)
At 31 December 2019	**1,205,834**	**3,390**	**7,067**	**2,481,355**	**32,916**	**1,515,025**	**5,245,590**
As at 1 January 2018	1,219,904	-	6,473	1,409,922	-	1,269,339	3,905,639
Adjustment on initial application of IFRS 9				(32,889)			(32,889)
Profit for the year				1,050,138			1,050,141
Transfer to Statutory Reserve				(131,267)		131,268	-
Transfer to Regulatory Risk Reserve				(175,668)	175,668		-
Transfer-Regulatory reserve							-
Transfer of Share Option	(14,070)	14,070					-
Share Buyback/ Transfer		(11,007)					(11,007)
Staff Share Option		873	594	-			1,467
Dividend Paid -2017				(303,634)			(303,634)
At 31 December 2018	**1,205,834**	**3,936**	**7,067**	**1,816,602**	**175,668**	**1,400,607**	**4,609,717**

The regulatory body Central Bank of Nigeria stipulates that impairment charges recognized in the profit or loss account shall be determined based on the requirements of IFRS. The IFRS impairment should be compared with impairment determined under the prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

(I) Prudential provision is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.

(ii) Prudential provision is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.

	31-Dec-2019 N 000	31-Dec-2018 N 000
Total Prudential provision	846,795	769,547
IFRS provision	813,879	593,879
Difference in impairment provision balances	32,916	175,668
Transfer to/(from) Regulatory Risk Reserve	(152,242)	175,668

1. General information

Accion Microfinance Bank Limited (AMFB) was established in 2006. Accion Microfinance Bank Limited is registered with Corporate Affairs and licensed by the Central Bank of Nigeria.

The principal activity of the microfinance bank is to carry on business of providing financial service to micro, small and medium scale enterprises and other low income people in Nigeria in the form of working capital and loans. The Microfinance bank is eligible to accept deposits from individuals, groups and organizations and also raise finance in accordance with the CBN regulations and guidelines on micro finance banks.

2. **Summary of significant accounting policies**

2.1 **Basis of preparation**

(a) **Statement of compliance**
The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretation of this standard by the International Financial Reporting Interpretations Committee (IFRIC). For all periods up to and including the year ended 31 December 2012 the Bank prepared its financial statements in accordance with local generally accepted accounting practice (Local GAAP). The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied.

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

(c) **Offsetting**
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

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

(e) **Functional and presentation currency**
These financial statements are presented in Nigerian Naira, which is the functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand except when otherwise stated.

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

2.2 **Estimates and assumptions**
The Microfinance 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 beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods.

Allowances for credit losses/Impairment of financial assets
Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Bank makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

A collective assessment of impairment takes into account data from the loan portfolio (such as credit quality, levels of arrears, credit utilization, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups)

These critical assumptions have been applied consistently to all periods presented, except as follows:

The Bank applied the impairment requirements under IFRS 9 from 1 January 2018 resulting in changes to the assumptions used for the calculation for allowance for impairment using the expected credit loss model.

The Bank has applied some judgment in carrying out an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporating forward-looking information in the measurement of ECL.

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

Notes to the Financial Statements

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 4 in the pro-forma financial statements.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Note 4 in the financial statements.

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

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

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

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

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

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

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 4 in the financial statements. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

The mechanics of the ECL method are summarized below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Purchased or originated credit impaired financial assets (POCI)
At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

Loans that are more than 30 days past due are considered impaired.

Collateral valuation
To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, landed properties and vehicles. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

Collateral repossessed
The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its loan portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

Forborne and modified loans
The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off. This is explained in Note 2.1.5 above.

From 1 January 2018, when the loan has been renegotiated or modified but not de-recognised, the Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing;
- The probation period required from the date the forborne contract was considered performing has passed (see above);
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period;
- The customer does not have any contract that is more than 180 days past due.

If modifications are substantial, the loan is derecognized. If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset;

Notes to the Financial Statements

- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Presentation of allowance for ECL in the statement of financial position
Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

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

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Bank. Credit write-off approval is documented in writing and properly initiated by the Board Credit and Risk Committee.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due.

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

- GDP growth
- Unemployment rates
- Interest rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 4 in the financial statements.

Impairment of Financial Assets
The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment status or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost (such as loans and advances to customers and staff as well as held-to- maturity investment), the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment, Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of Interest and similar income.

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

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of past-due status, which takes into consideration the credit risk characteristics.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group' Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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

Where the:

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

Collateral and Netting - policy applicable for current and comparative periods
The Bank obtains collateral where appropriate, from customers to manage its credit risk exposure to the customer. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets in the event that the customer defaults.

Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to its relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately recognized as non-current assets held for sale at the lower of carrying amount and fair value less costs to sell at the date of repossession.

The loan agreement provides that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously. In many cases, even though netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

Valuation of financial Instruments: policy applicable for current and comparative periods
The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued

on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs.

The main assumptions and estimates which management consider when applying a model with valuation techniques are:

- The likelihood and expected timing of future cash flows on the instrument. These cash flows are usually governed by the terms of the instrument, although judgment may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;
- Selecting an appropriate discount rate for the instrument. The determination of this is based on the assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate rate; and
- Judgment to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used, and this could result in a material adjustment to the carrying amount of financial instruments measured at fair value.

Fair value measurement
The Bank measures financial instruments, such as, quoted equities, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

De-recognition of financial assets - policy applicable for current and comparative periods
The Bank de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability in the statement of financial position as **'Assets pledged as collateral'**. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

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. Financial assets that are transferred to a third party but do not qualify for de-recognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or re-pledge them. They are included as part of FVOCI or amortized cost investment securities. Initial recognition is at fair value while subsequent measurement is at amortized cost or fair value depending on their classification.

De-recognition of financial liabilities - policy applicable for current and comparative periods
The Bank de-recognizes financial liabilities when, and only when its obligations are discharged, cancelled or expired.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.3 **Foreign currency translation**
Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other operating income in the profit or loss, with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity. These differences are taken directly to equity until the disposal of the net investment, at which time they are recognized in the profit or loss.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non–monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

2.4 **Income and expenses (Revenue recognition)**

Interest income and expense
Interest income and expenses are recognized in income statement using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

The gross carrying amount of the financial asset; or
The amortized cost of the financial liability.

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

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

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

Amortized cost and gross carrying amount
The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

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

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

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

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortized cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI assets. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Interest income and expense

Presentation
Interest income and expense presented in the income statement includes:

interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
interest on debt instruments measured at FVOCI calculated on an effective interest basis; the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
The effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "net gains/(losses) on financial instruments classified as held for trading".

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in interest income or interest expense.

Recognition of income and expenses

Revenue
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest and similar income and expense
For financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.5 **Fee and commission income: policy applicable for current and comparative periods**
Fees 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.

Other fees and commission income including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognized on a straight line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Dividend income: policy applicable for current and comparative periods
Dividend income is recognized in profit or loss when the Bank's right to receive the dividend is established.

2.6 **Cash and cash equivalents**
Cash and cash equivalents in the statement of financial position comprise cash on hand, deposits held with banks and other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.7 **Property and equipment**
Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methods as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

- Leasehold improvement - Over the shorter of lease term or estimated useful life
- Furniture and fittings - 5 years
- Machinery and equipment - 5 years
- Motor vehicles - 4 years
- Computers and accessories - 3 years

Property and equipment are derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other operating income in the profit or loss in the year the asset is derecognized.

2.8 Intangible assets
The Bank's other intangible assets include the value of computer software.

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at east at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is presented as a separate line item in the Profit or loss.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software - 3 years
T24 core banking software - Amortized over the term of the license agreement

Impairment of non-financial assets
The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in Profit or loss.

2.9 Pension benefits

Defined contribution pension plan
The Bank operates a defined contribution plan in line with the provisions of the Pension Reform Act 2014. This plan is in proportion to the services rendered to the Bank by the employees with no further obligation on the part of the Bank. The Bank and its employees each contribute 10% and 8% of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the bank's contribution is recorded as personnel expenses in the profit or loss. Unpaid contributions are recorded as a liability.

2.10 Provisions
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. The expense relating to any provision, net of any reimbursement is presented in the profit or loss net of any reimbursement.

2.11 Taxes

2.11.1 Current tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

2.11.2 Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except;

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor
- taxable profit or loss.
In respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realise or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in the profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.12 Dividend on ordinary shares
Dividend on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

Dividend for the year that are approved after the reporting date are disclosed in the financial statements as a non-adjusting event.

2.13 **Equity and reserves**
The reserves recorded in equity on the Bank's statement of financial position include:

2.13.1 **Statutory reserve:** The Bank is required under the Regulatory and Supervisory Guidelines for Microfinance Banks, to maintain a reserve fund to which it transfers from its profit after tax for each year (before dividend). The appropriation is subject to the following provisions:

i) Where the amount of the reserve fund is less than 50 per cent of the paid-up capital, an appropriation which is not less than 50 per cent of the net profit for the year is made.
ii) Where the amount of the reserve fund is 50 per cent or more, but less than 100 per cent of the paid-up capital, an appropriation which is not less than 25 per cent of the net profit for the year is made or
iii) Where the amount of the reserve fund is equal to 100 per cent or more of the paid up capital, an amount equal to 12.5 per cent of the net profit for the year is made. At present, the Bank transfers an appropriation of 12.5 per cent of the net profit to

2.13.2 **Treasury shares**
Where the bank purchases its equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity

3. **New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements**

In the current year, the Bank has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

3.1 **IFRS 16 Leases**
AMFB applies IFRS 16 (as issued by the IASB in January 2016) for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting: it removes the distinction between operating and finance lease and requires the recognition of an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset presented with the property, plant and equipment assets) and a lease liability at commencement for all leases. The norm includes two exemptions – short term leases and leases of low value assets, which AMFB plans to use for all lease contracts.

Impact of the new definition of a lease
The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

AMFB applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. The analysis of the lease contracts of AMFB carried out during the first-time application of IFRS 16 shows that the new definition in IFRS 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on accounting
Accion Microfinance Bank Limited opted for the retrospective amended method allowed by IFRS 16. Therefore the comparative figures for the year ended December 31, 2018 are not restated to reflect the adoption of IFRS 16 but instead continue to reflect the lessee's accounting policies under IAS 17 Leases. Under this method:

- The rental liabilities corresponds to the present value of lease payments that have not yet been paid using the weighted average marginal borrowing rate. The right-of-use equals the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized immediately before the date of initial application.
- The right-of-use is amortized on a straight-line basis over the duration or remaining life of the lease contract. The interest expense on the lease liabilities are included in the determination of the net interest income before cost of risk while the amortization charge for the right of use is accounted for in the operating expenses. It is tested for impairment in accordance for IAS 36.
- In the consolidated statement of cash flow, the total amount of cash paid for the principal portion and the interests are presented within financing activities.

3.2 **Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures**
The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long term interests required by IAS 28 (i.e., adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

IAS 12 Income Taxes
The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

3.3 **IAS 23 Borrowing Costs**
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

3.4 **IFRS 3 Business Combinations**
The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

3.5 **IFRS 11 Joint Arrangements**
The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

3.6 **Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement**
The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

4 **Standards issued but not yet effective**
At the date of authorisation of these financial statements the following standards, revisions and interpretations were in issue but not yet effective: The bank has not applied the following relevant new and revised IFRSs that have been issued but are not yet effective:

a IFRS 17 Insurance Contracts
b IFRS 10 Consolidated Financial Statements and IAS 28(amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
c Amendments to IFRS 3 Definition of a Business
d Amendments to IAS 1 and IAS 8 Definition of Material
e Conceptual Framework Amendments to References to the conceptual framework in IFRS Standards

4.1 **IFRS 17 Insurance Contracts**
The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee simplified if certain criteria are met by measuring the liability for remaining coverage using approach. The General Model is the Premium

Allocation Approach.
The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard is effective for annual reporting periods beginning on or after 1 January 2022, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. This standard is not applicable to the bank.

4.2 **IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the bank anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise. The directors of the bank do not anticipate that the application of the amendments in the future will have an impact on the bank's financial statements.

4.3 **Amendments to IFRS 3 Definition of a business**
The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Optional concentration test, the acquired set of activities and assets is not a business if Under the substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. The directors of the bank do not anticipate that the application of the amendments in the future will have an impact on the bank's financial statements

4.4 **Amendments to IAS 1 and IAS 8 Definition of material**
The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

4.5 **Amendments to References to the Conceptual Framework in IFRS Standards**
Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Fair Value of the financial assets and liabilities

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	31-Dec-19		31-Dec-18	
	Carrying amount N 000	Fair value	Carrying amount N 000	Fair value
Financial assets				
Cash and cash equivalents	1,041,386	1,041,386	914,052	914,052
Loans and advances	9,394,157	9,394,157	6,959,938	6,959,938
Financial assets - Amortised cost	239,794	239,794	207,860	207,860
	10,675,337	10,675,337	8,081,850	8,081,850
Financial liabilities				
Deposits from customers	4,013,511	4,013,511	2,392,578	2,392,578
Debt issued and other	1,975,445	1,975,445	1,474,453	1,474,453
	5,988,955	5,988,955	3,867,031	3,867,031

Fair value of financial assets and liabilities not carried at fair value
Below are the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

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

Fixed rate financial instruments
The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of staff loans is based on discounted cash flows using prime-lending interest rates stated on the Central Bank of Nigeria website. For fixed interest-bearing deposits, fair value is based on discounted cash flows using prevailing money– market interest rates for debts with similar credit risk and maturity.

		2,019 N 000	2,018 N 000
5	**Interest and similar income**		
	Cash and cash equivalents	38,393	84,558
	Loans and advances	5,776,239	4,928,341
	Financial investments- held to maturity	30,863	35,656
		5,845,495	**5,048,555**
6	**Interest and similar expenses**		
	Deposits from customers	211,627	171,033
	Debt issued and other borrowed funds	327,702	301,297
		539,329	**472,330**
7	**Fees and commission income**		
	Insurance-Fees	170,080	155,195
	Commission on turnover	29,144	29,228
		199,223	**184,422**
8	**Other operating income**		
	Other fees	70,499	86,426
	(Loss)/profit on sale of property and equipment	13,423	(3,970)
		83,922	**82,456**
9	**Credit loss expense**		
	Loans and advances to customers	175,990	259,616
	Write off during the year.	456,917	25,167
	Bad debt recovered	(49,865)	(10,798)
		583,042	**273,985**
	Impairment losses on other assets.	23,351	11,364

10 **Personnel expenses**

Salaries and allowances	1,445,619	1,298,198
Pension costs- defined contribution plan	107,283	92,228
	1,552,902	**1,390,427**

	Note	2019 N 000	2018 N 000
11 Other operating expenses			
Rents charges payable under operating leases		42,388	112,507
Repairs and maintenance		87,831	99,004
Contract and support services		13,740	15,221
Professional fees and Legal	11a	65,071	55,329
Directors fees		21,862	17,464
Audit fees		16,581	12,362
Insurance expenses		103,444	79,291
Other consulting training expenses		38,031	26,421
Communication expenses		55,925	48,316
Trainee and recruitment exp.		131,746	109,040
System support expenses		90,114	60,267
NITDA levy	11b	12,707	15,733
Medical expenses		323,160	204,745
Others utilities		60,815	54,824
Training and travels		98,983	93,864
Other stationery expense		19,651	23,140
Advertisement		64,532	38,155
Security		53,842	46,943
Telephone office		215,535	112,700
Bank charges		10,275	15,328
Branded promotional items		8,719	7,710
Recovery expenses		34,633	52,203
Office provisions		427	22
Other expenses		83,379	56,943
SMS Expense - Customer Transaction		5,907	-
MPR Meeting expenses		6,838	-
Exchange loss realised		-	(4.6)
Share option buy back		-	24,217
		1,666,136	**1,381,744**

11a Professional fees includes fees payable to the auditor in relation to the statutory audit of 2019, Legal fees, Tax and other consultancy services.

11b The levy is not within the scope of IAS 12 Income taxes. The Bank considers the levy to be operational in nature and has accrued the cost within other operating expenses.

12 **Income tax**

The components of income tax expense for the years ended 31 December 2019

		2019 N 000	2018 N 000
a	Current income tax:		
	Company income tax	434,569	414,581
	Education tax	33,376	35,909
	NITDA levy	-	-
	NPTF Levy	41	-
	Deferred income tax	(43,285)	54,346
	Income tax expense reported in the profit or loss account	**424,701**	504,836
b	**Reconciliation of the total tax charge**		
	Accounting profit before tax	**1,340,043**	**1,554,973**
	At Nigeria's statutory income tax rate of 30% (2018 :)	434,569	414,581
	Income not subject to tax	-	-
	Non-deductible expenses for tax purpose	(43,285)	54,346
	Tax impact of balancing charge		-
	Education tax	33,376	35,909
	NPTF Levy	41	-
	Tax effect of the difference in profit used	-	-
	Income tax expense reported in the profit or loss account	**424,701**	**504,836**

The effective income tax for 2019 is 30 %

c	**Deferred tax-Liability**		
	At 1 January	87,627	33,281
	Transfer to other assets	-	-
	Tax income/(expense) during the period	(43,284)	54,346
	At 31 December	**44,343**	**87,627**
d	**Reconciliation of current tax liabilities**	603,347	574,137
	At 1 January	12,707	15,733
	NITDA	467,986	450,490
	Tax charge in the statement of profit or loss		
		1,084,039	1,040,360
	Payment during the year	(496,054)	(437,013)
	At 31 December	**587,985**	**603,347**

13. **Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of Accion Microfinance Bank Limited by the weighted average number of ordinary shares outstanding during the year.

	2019 N 000	2018 N 000
Net profit attributable to owners of the Bank	915,342	1,050,137
	Thousands	**Thousands**
Weighted average number of shares in issue	1,209,224	1,209,770
Basic earnings per share	0.76	0.87

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements which would require the restatement of earnings per share.

14. **Dividend paid and proposed**

	2019 N 000	2018 N 000
Dividends on ordinary shares:	(302,442)	(303,634)
Final dividend for 2018: 0.20 kobo per share	(302,442)	(303,634)

15. **Cash and cash equivalents**

Cash on hand	95,588	106,517
Cash at banks	745,782	544,442
Placements with banks and discount houses	200,000	260,966
Interest receivable on placements with banks	16	2,127
	1,041,386	914,052

Cash at banks earns interest at fixed rates based on the bank deposit rates. Placements with banks and discount houses are made for varying periods of between one day and three months, depending on the immediate cash requirements of the bank, and earn interest at the respective short-term deposit rates

16 **Loans and advances**

	2019 N 000	2018 N 000
Loans and advances to customers	9,958,239	8,688,808
Loans and advances to customers 2	-	-
Loans and advances to staff	249,796	157,708
Gross Loans and advances	**10,208,035**	**8,846,516**
Allowance for impairment losses	(813,878)	(626,768)
	9,394,157	8,219,748

16.b **Maturity analysis of loans and advances by past-due status**

	2019 N 000	2018 N 000
Performing	9,126,946	7,762,416
1 - 30 days	205,976	285,743
31- 60 days	108,432	98,411
61-90 days	86,068	82,774
91 and above	661,901	617,172
Overdraft - 91 and above	18,712	8,626,602
	10,208,035	8,846,517
Stage 3	(515,631)	(253,443)
Stage 1 &2	(298,247)	(373,326)
	9,394,157	8,219,749

16.c **Impairment allowance for loans and advances**

At 1 January 2019	626,768	661,449
Impact of IFRS 9 Adjustment	-	32,889
Charge for the year	583,042	273,985
Recoveries for the year	(49,865)	(10,798)
Amounts written off for the year	(346,067)	(330,756)
At 31 December 2019	813,878	626,769
Individual impairment	515,631	253,443
Collective impairment	298,247	373,326
	813,878	626,769

		2019 N 000	2018 N 000
17.	**Financial assets - Amortised cost**		
	Treasury bills		
	Maturing within 91 days	58,951	267,738
	Maturing after 91 days	180,843	-
		239,794	**267,738**

Treasury bills are debt securities issued by the Federal Government of Nigeria at effective rate of 13.5% (2018: 11%).

		2019 N 000	2018 N 000
	Other assets		
18.	Prepayments	160,586	326,714
	Consumables	28,128	39,004
	Other receivables	47,683	54,930
		236,397	420,648
	Allowance for impairment losses on other	(34,215)	(11,364)
		202,182	**409,284**
18b.	**Impairment allowance on other assets**		
	At 1 January	11,364	2,400
	Charge for the year	23,351	11,364
	Recoveries	(500)	(2,400)
	Amounts written off	-	-
	Interest accrued on impaired loans	-	-
	At 31 December	**34,215**	**11,364**
19.	**Right-of-use asset**		
19a.	Amount recognized in the asset side of the Balance SheetRight-of-Use Assets – buildings	**245,769**	**-**
19.b	**Amount recognized in the liability side of the Balance Sheet**		
	Opening balance lease liability	-	-
	Accrued interest	-	-
	Payments during the year	-	-
	Additions due to new lease contracts	-	-
	Foreign currency adjustments	-	-
	Closing balance closing balance lease liability	-	-
	Expressed in:	-	-
	Local currencies	-	-
	EUR	-	-
	USD	-	-
	Other currencies	-	-
	Lease liabilities	-	-
	Settled within:	-	-
	< 1 month	-	-
	1-3 months	-	-
	3-12 months	-	-
	12 months to 5 years	-	-
	Over 5 years	-	-
	Lease liabilities	-	-

		2019 N 000	2018 N 000
19.c	**Amount recognized in the Profit and Loss statement**		
	Depreciation charge of right-of-use assets - Buildings	91,451	-
	Interest expenses (included in interest expenses)		
	Lease expenses (included in Administrative expenses)	-	-
	Impact of exchange rate variation of foreign currency lease liability	-	-
	Total amount recognized in the Profit and Loss statement	91,451	-
		154,318	**-**

20 Property and equipment

	Land	Freehold Building	Leasehold improvements	Machinery and equipment	Computer and accessories	furniture and fittings	Motor vehicles	Total
		N 000	N 000	N 000	N 000	N 000	N 000	N 000
Cost At 1 January 2019	-	430,300	207,441	314,290	470,436	142,650	163,981	**1,729,098**
Additions	2,100	27,150	16,321	39,004	64,324	13,578	26,495	**188,972**
Disposals –Transfer	100,000	(100,000)		(52,124)	(285)		(13,995)	**(66,404)**
At 31 December 2019	**102,100**	**357,450**	**223,762**	**301,170**	**534,475**	**156,228**	**176,481**	**1,851,666**
Depreciation								
At 1 January 2019		0	145,695	147,927	300,433	99,997	70,647	**764,699**
Depreciation charge for the year		7,006	32,056	47,029	91,298	15,836	37,240	**230,465**
Depreciation on disposals			-	(47,278)	(285)	-	(13,995)	**(61,558)**
At 31 December 2019	**-**	**7,006**	**177,751**	**147,678**	**391,446**	**115,833**	**93,892**	**933,606**
Net book value								
At 31 December 2019	102,100	350,444	46,011	153,492	143,029	40,395	82,589	**918,060**
At 1 January 2019	-	430,300	61,746	166,363	170,004	42,653	93,334	**964,400**

No property and equipment has been pledged as security for liabilities (2018: None).

21 Intangible assets

	Computer software N 000
Cost	
At 1 January 2019	451,373
Additions	131,250
Disposals /Transfer	_
At 31 December 2019	**582,623**
Amortisation	
At 1 January 2019	214,513
Amortisation charge for the year	101,848
At 31 December 2019	**316,361**
Net book value	
At 31 December 2019	**266,261**
At 1 January 2019 NBV	**236,860**

22 Deposits from customers

	2019 N 000	2018 N 000
Saving accounts	1,694,877	1,435,690
Current accounts	622,283	522,985
Term and call deposits	1,654,869	819,793
	3,972,029	**2,778,468**
Interest payable on saving accounts	8	-
Interest payable on term deposits	41,474	30,785
	4,013,511	**2,809,253**

23 Debt issued and other borrowed funds

	2019 N 000	2018 N 000
Undated floating rate debt issued	1,918,758	2,279,292
Interest payable on undated floating rate debt issued	56,687	70,202
	1,975,445	**2,349,494**

		2019 N 000	2018 N 000
23.1	**Analysis of Borrowed Funds.**		
	MSME Direct Funding CBN	57,083	804,292
	Interest on MSME Direct Funding	4,312	11,823
		61,395	**816,115**
	Borrowing from IFC	625,000	975,000
	Interest on Borrowing	5,667	472
		630,667	**975,472**
	Borrowing from Citibank	500,000	500,000
	Interest on Borrowing	43,580	57,907
		543,580	**557,907**
	Borrowing from DBN	736,675	-
	Interest on Borrowing	3,128	-
		739,803	

23.2 **MSME Direct Funding CBN**
This relates to MSME development Fund from Central Bank of Nigeria with a 1-year tenor at the rate of 2% per annum. The first tranche of N220 million was obtained in 2015 and an additional N510.9 million was received in 2016. They are renewed annually with maturities up to June and October 2019 respectively. The maximum lending rate is 9% per annum. However, both loans were repaid in 2019. The bank also benefited from the Central Bank of Nigeria Housing on-lending 5-year facility of N73.39 million at 16% in 2018 for low cost housing loans to low income earners.

23.3 **IFC Borrowing**
This is a 5-year N1 billion loan obtained from IFC (International Finance Corporation) in 2018 at 90days NIBOR plus 600 bps spread at interest payment date. The Loan is repayable half yearly.

23.4 **Borrowing from Citibank**
This is a 3 years' loan obtained from Citibank in 2017 at 90days NIBOR plus 400bps. The principal matures in 2020, however the loan agreement allows an option for tenor extension for up to 2 years.

23.5 **Borrowing from Development Bank of Nigeria (DBN)**
This is a loan obtained from Development Bank of Nigeria (DBN) in two tranches of N624,900,000 and N268,000,000 at a rate of 13.79% each for tenor less than but not exceeding 3 years and 16.6% for tenor above 3 years for on lending to prequalified MSMEs and small corporates

Notes to the Financial Statements

		2019 N 000	2018 N 000
24	**Other liabilities**		
	Accrued expenses	134,354	75,039
	Accounts payable and sundry creditors	204,427	477,314
	Due to Accion International	10,506	294
		349,287	**552,647**

24b The information technology development levy represents 1% of profit for the year in accordance with section 12(2a) of National Information Technology Development Act (NITDA) 2007.

25 **Retirement benefit plan**

Defined contribution plan A defined contribution plan is a pension plan under which the Bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Bank in a fund under the control of trustees.

The total expense charged to income is N107.282 million in 2019 (2018: N92.237 million) represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

		2019 N 000	2018 N 000
26	**Issued capital and reserves**		
	Authorised		
	Ordinary shares of N1 each	**1,240,000**	**1,240,000**
	Ordinary shares		
	Issued and fully paid	**N 000**	**N 000**
	At 1 January 2019	1,209,770	1,219,904
	Staff share Option	(546)	3,063
	Share Option 2018 subscribed	-	873
	Share buy back	-	(14,070)
	Issued and fully paid Dec 2019	**1,209,224**	**1,209,770**

27 **Employee investment scheme**

The Bank has share option scheme under which option to subscribe for its shares has been granted to certain qualifying members of staff. As at Dec 31st 2019, 1 employee has subscribed to this option.

		2019 N 000	2018 N 000
28	**Nature and purpose of reserves**		
28.a	**Statutory Reserve**		
	At 1 January	1,400,607	1,269,340
	Transfer from general reserve	114,418	131,267
	At 31 December	**1,515,025**	**1,400,607**

Microfinance Banks are required to make an appropriation to a statutory reserve. As stipulated by section 8.1.7 Central Bank of Nigeria Revised Regulatory & Supervisory Guidelines for Microfinance Banks (MFBs) in Nigeria an appropriation of the following:

- Where the amount of the MFB's reserve fund is less than 50 per cent of its paid-up capital, an amount which shall not be less than 50 per cent of the MFB's net profit for the year;
- Where the amount of the MFB's reserve fund is 50 per cent or more, but less than 100 per cent of its paid-up capital, an amount which shall not be less than 25 per cent of the MFB's net profit for the year; or
- Where the amount of the MFB's reserve fund is equal to 100 per cent or more of its paid up capital, an amount equal to 12.5 per cent of the MFB's net profit for the year.

		2019 N 000	2018 N 000
28.b	**General Reserve**		
	At 1 January	1,816,602	1,409,922
	Impact of day 1 adjustment	-	(32,889)
	Profit for the year	915,342	1,050,138
	Transfer to Statutory reserves	(114,418)	(131,267)
	Net Transfer to/from regulatory risk reserve	142,752	(175,668)
	Share buyback (repurchase)	(1,536)	-
	Tax savings	25,055	-
	Dividend paid	(302,442)	(303,634)
		2,481,355	**1,816,602**

29 **Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	Within 12 months N 000	After 12 months N 000	Total N 000
At 31 December 2019			
Assets			
Cash and cash equivalents	1,041,386		1,041,386
Loans and advances	9,394,157		9,394,157
Financial investments - held to maturity	239,794		239,794
Other assets	202,182		202,182
Deferred Tax asset	-	154,318	154,318
Property and equipment		918,060	918,060
Intangible assets		266,261	266,261
Total assets	**10,877,519**	**1,338,639**	**12,216,158**
Liabilities			
Deposits from customers	4,013,511		4,013,511
Debt issued	1,431,865	543,580	1,975,445
Current tax liabilities	587,985		587,985
Other liabilities	349,287		349,287
Deferred tax liabilities	44,343		44,343
Total liabilities	**6,426,991**	**543,580**	**6,970,571**
Net	**4,450,528**	**795,059**	**5,245,587**
At 31 December 2018			
Assets			
Cash and cash equivalents	914,052		914,052
Loans and advances	8,219,748		8,219,748
Financial investments - held to maturity	267,738		267,738
Other assets	409,284		409,284
Deferred Tax asset	-		-
Property and equipment		964,400	964,400
Intangible assets		236,860	236,860
Total assets	**9,810,822**	**1,201,260**	**11,012,082**
Liabilities			
Deposits from customers	2,809,253		2,809,253
Debt issued	1,791,587	557,907	2,349,494
Current tax liabilities	603,347		603,347
Other liabilities	552,647		552,647
Deferred tax liabilities	87,627		87,627
Total liabilities	**5,844,461**	**557,907**	**6,402,368**
Net	**3,966,361**	**643,353**	**4,609,714**

30 **Contingent liabilities**

The bank in the ordinary course of the business is presently involved in some litigation suits instituted against third party by and on behalf of the bank. The directors are of the opinion that the aforementioned cases are not likely to have a material adverse effect on microfinance bank and are not aware of any other pending or threatened claims and litigations or any other contingent liability

31 **Related party disclosures**

	2019	2018
Compensation of key management personnel of the Bank	**N 000**	**N 000**
Short-term benefits	178,629	210,265
Post-employment pension (defined contribution)	-	-
	178,629	210,265

The non–executive directors do not receive pension entitlements from the Bank.

Transaction with other related parties

	Interest from related parties N 000	Interest to related parties N 000	Amounts owed by related parties N 000	Amounts owed by related parties N 000
Entities with significant influence over the Bank:				
At 31 Dec 2019	-	-	-	1,184,753
At 1 Jan 2019	-	-	-	1,533,673

Terms and conditions of transactions with related parties
The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Bank has not made any provision for doubtful debts relating to amounts owed by related parties (2018: N Nil).

Notes to the Financial Statements

Owners of the Bank

Name of shareholder	Country of incorporation	Number of shares	Percentage of shares held
Accion Investments in Microfinance Nig.	Nigeria	443,184,162	35.77
Citibank Nigeria Ltd	Nigeria	246,555,669	19.90
Ecobank Nigeria Ltd	Nigeria	269,225,436	21.73
International Finance Corporation (IFC)		156,010,382	12.59
Zenith bank Plc	Nigeria	90,858,036	7.33
Senior Staff Share Option	Nigeria	3,390,000	0.27
		1,209,223,685	97.61
		29,649,286	2.39
		1,238,872,971	100

32 **Capital**
The Bank maintains an actively managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of the local banking supervisor, The Central Bank Of Nigeria. The Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on banking Supervision (BIS rules/ratios) and adopted by the Central bank of Nigeria in supervising the bank. During the past year, the Bank had complied in full with all its externally imposed capital requirements.

Capital Management
The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

	2019 N 000	2018 N 000
Tier 1		
Issued share capital	1,209,224	1,209,770
Share Premium	7,067	7,067
General Reserve	2,481,355	1,816,602
Statutory reserve	1,515,025	1,400,607
Regulatory Risk reserve	32,916	175,668
Total Qualifying tier 1 Capital	**5,245,587**	**4,609,714**
Tier 2		
Debt issued and other borrowed funds	1,975,445	2,349,494
Total Qualifying tier 2 Capital	**1,975,445**	**2,349,494**

33 **Events after reporting period**

The major occurrence after reporting date identified is the emergence of Covid-19 in Nigeria. Covid-19 Pandemic is a virus that has ravaged the entire world population and the economy. We have identified the possible impact of this virus on our business and actions planned to mitigate the effects.

Financial impact

The bank is unable to determine the financial impact of Covid-19 on its business at this time

Impact on staff and planned activities

- Risk of staff contacting the virus

Action plan

I. Continuous online staff education on preventive measures
ii. Procurement and distribution of hand sanitizers and hand gloves to all the bank outlets
iii. Suspend all physical training and large gatherings.
iv. Decongest branches and offices.
v. Shut down of all outlets in locations where governments have announced total lockdown. In location with partial restriction, staff population reduced by 50% by allowing some staff to work from home.
vi. Secure online connection provided to critical staff to work from home. Create response team group email for escalation of issues.

Impact on customers and action plans

Risks

- Customer infection and spreading of Covid-19
- Loss of communication to customers
- Denial of services to customers
- Risk of loan default from customers

Action plan

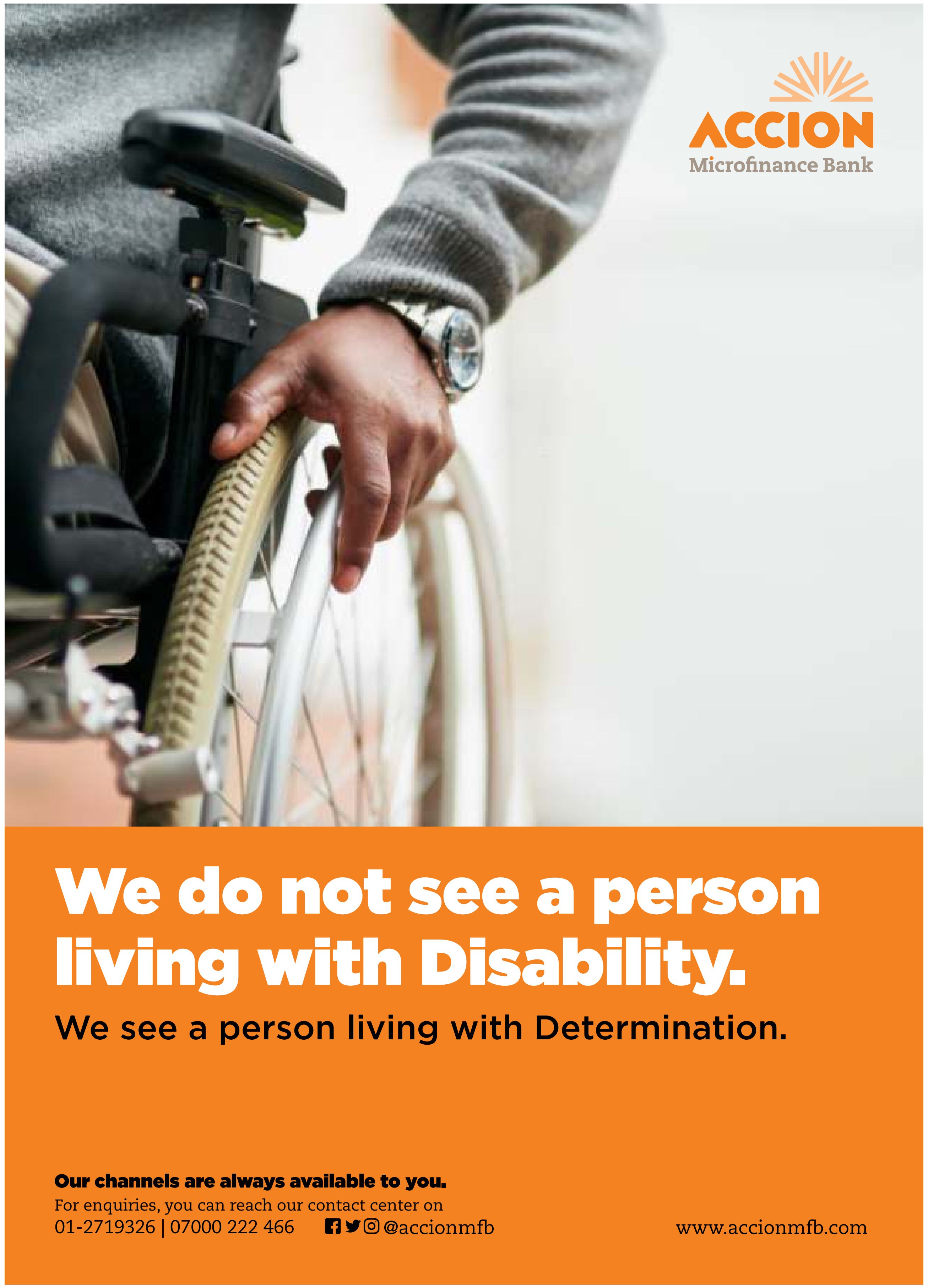
I. Customer education on preventive measures through SMS.
ii. Circulate the Contact Centre number to clients through SMS.
iii. Operation of Call Centre for customer engagement.
iv. Administration of all social media channels for customer engagement.
v. The bank makes available all e-channels to customers for transactions and loan repayment services.
vi. Daily reconciliation of bank accounts to resolve customers disputed transactions.
vii. Customers can still access branches services in states that are not on full lockdown.

Notes to the Financial Statements

Business Continuity Plan

Prior to lockdown, the bank had identified critical services/roles that could be performed remotely including: System Access Management, Settlements and bank reconciliations, Finance and Treasury Management, Risk Management and Credit Control, Operational Support, Call Centre and Marketing Communication.

The ICT unit provided secure VPN connections to the officers on the identified roles. Weekly online meetings are held by the staff working remotely through the coordination of their HODs while management meetings are held online 2 times in a week. A Covid-19 Response Team has been constituted by the management.



Risk Management Policy

Introduction
Risk is an integral part of financial services. When financial institutions issue loans, there is a risk of borrowers' default. In addition to credit risk, there are other forms of risks such as operational risk, market risk, reputational risk, country/political risk etc. Risk can neither be completely avoided nor should it be ignored. Absence of risk management could lead to financial losses, which will ultimately prevent Accion Microfinance Bank Limited (Accion MfB) from achieving her objectives.

Over the past few years, Accion MfB has expanded, introduced new products and continues to be a major microfinance institution within the financial market in Lagos and other ten states, which include Rivers, Ogun, Oyo, Anambra, Abia, Delta, Edo, Ondo, Akwa Ibom, Kano States and the FCT. In addition, the environment for microfinance in Nigeria has changed significantly in the past few years, with a strong focus on customer protection, reputational risk, and good governance. Hence, Accion MfB has set up a full-fledged risk and internal control department that identifies various stakeholders responsible to identify and manage the risks facing the institution.

This document outlines the structure of the risk and internal control department within Accion MfB. It also identifies the major stakeholders in the risk management process at Accion MfB and defines the roles and responsibilities of these stakeholders.

Objectives and scope for the Risk, Control and Compliance Department at Accion MfB
The main objectives of the Risk, Control and Compliance Department at Accion MfB are:

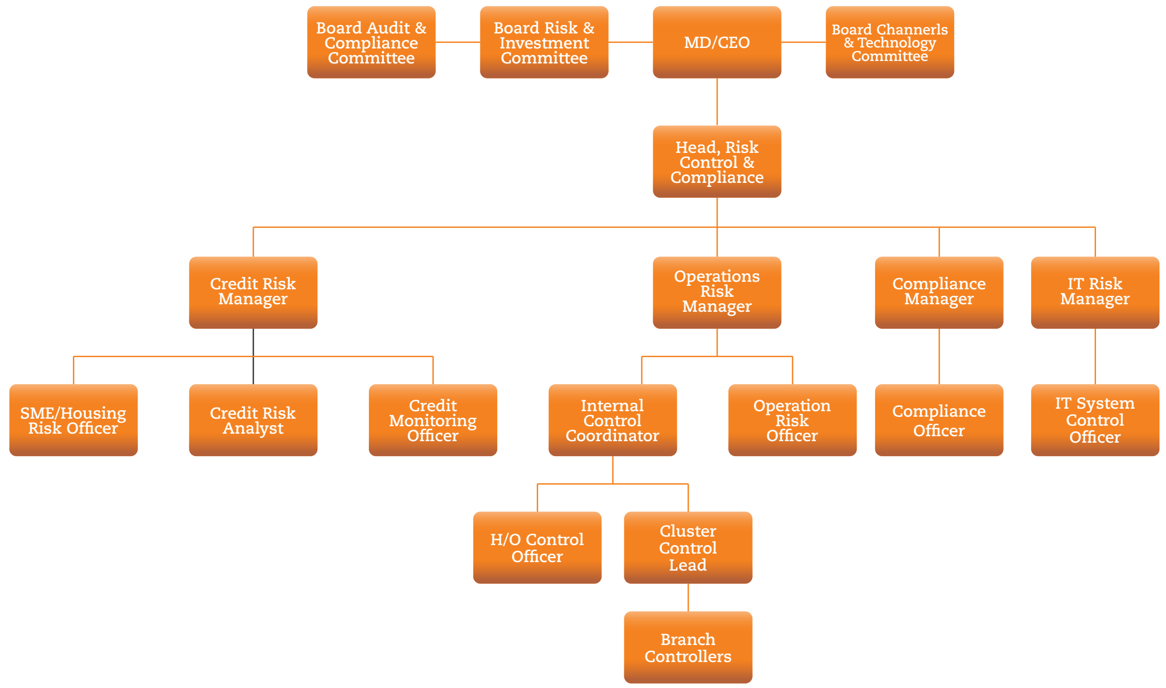
- To identify measure and prioritize the risks, which Accion MfB is exposed to;
- To help Accion MfB reduce risk levels and keep risk exposure within the set limits;
- To establish a risk management culture which enables all departments to take and manage risks in line with business objectives; and
- To define and implement methodologies to guarantee compliance with internal policies and external requirements and regulations.

The Risk Management Department is responsible for managing the following types of risk:

- Operational risk
- Credit risk
- External compliance risk (CBN and regulatory compliance)
- Internal Control and compliance
- Financial risk (in conjunction with Finance Department via ALCO)

Structure of the Risk, Control and Compliance Department at Accion MfB
Risk management processes in small, uncomplicated organizations are different from those in organizations with larger volumes, and greater complexity and outreach. However, there are no strict rules for how an entity should structure the department that is responsible for risk and control and the risk management process itself; but rather, it is the overall philosophy of the institution's board and senior management that guides the implementation of best practices in the management and control of risks. Comprehensive risk management should always be led by senior management which should be involved in the entire process of installing risk management standards and then ensuring that all decisions and policies issued by the entire management team are followed, controlled and later evaluated, based on cost/benefit criteria and the organization-wide propensity for risk-taking.Given the current size and structure of the Accion MfB, the structure of the risk department at Accion MfB is as follows:

- The Risk, Control and Compliance Department is currently constituted of forty five staffs covering different roles: Head, Risk, Control and Compliance heads the department, reporting directly to the CEO, and supported by Credit Risk Manager and IT Risk Manager. The two managers hand-holds the two main categorization of Risk and Internal control where each of these two broad categorization have various staff.



Key Stake Holders in Risk Management Process at Accion MfB
Given the scope of the risk department defined above the following have been identified as the key stakeholders in the risk management process at Accion MfB:

- **Board of Directors:** The ultimate responsibility for Accion MfB's risk management policy and framework resides with the Board of Directors. The Board will be responsible for approvingall significant policies relating to the management of risks throughout the institution and accessing the risk management activities that are being undertaken in the in institution.

- **Managing Director and CEO:** The MD/CEO is responsible for sharing the risk management policy and framework approved by the Board and the management team. The MD/CEO is also responsible for approving and monitoring the policies and processes that are put in place and that they are in line with Accion MfB' s strategy and target. market.

- **Risk and Internal Control Department:** The overall responsibility of the Risk and Internal Control department at Accion MfB is to identify and monitor the different risks faced by the institution and to propose controls (policies/strategies) to manage the risks. The department is also responsible for monitoring the implementation of controls and provides feedback on adjustments that need to be made in existing policies/process.

- **Head Risk and Internal Control:** To manage the overall working of the risk and internal Control department. In addition to identifying and monitoring risks faced by the institution, the Head of Risk and Internal Control is also responsible for ensuring that the institution is compliant with regulatory and internal compliance.

- **Credit Risk Manager:** The main responsibility of the credit risk manager is to define methodologies to ensure that the risks originated in the Accion MfB operations and expenses associated with the credit cycle (credit initiation, account maintenance and collections) can be predicted and are acceptable to the business and also to develop tools to implement Credit and portfolio risk management, including portfolio performance tracking and analysis, Portfolio Growth, Account maintenance and Recovery strategies monitoring and analysis and scoring tools implementation and tracking to enable insights based on information available within the institution.

- **IT Risk Manager:** Responsible for enterprise-wide IT Risk Assessment planning, execution and coordination of Accion MFB by ensuring confidentiality, integrity and adequate support to Accion MFB Business processes. Also to assist the Head of Risk and Internal Control in providing a view on significant I.T risks within the Bank and to provide assurance on adequacy, effectiveness & efficiency of the system controls by conducting a planned IT risk assessment.

- **Control Supervisor:** The main responsibility is to coordinate the activities of Team Lead, Branch Controllers across the branches. With the expanded network of branches, he/she liaises with head office in reporting and responsibilities.

Risk Management Policy

- **SME Risk Officer:** The main responsibility of SME risk officer is to carry out credit procedures, maintain a tight control over all aspects of the facility administration, with the primary objective to contain credit risk within acceptable risk parameters and ensure compliance to all terms and conditions of all SME loans.

- **Operational Risk Officer:** The main responsibility of the Operational risk and control officer would be to enable insights based on information on operational risks and market risk available within the institution, as well of the thorough roll out of the operational risk and internal control frameworks and procedures.

- **Credit Risk Analyst:** The primary objective of the Credit Risk Analyst is to generate the reports required for the identification, definition and monitoring of specific risks presented in the various portfolio segments.

- **Team Lead, Branch Control:** The main responsibility is to ensure effective coordination of the branch activities through the Branches Controllers within their Clusters. The Team Leads are responsible for branch staff compliance with laid down rules and procedures in the performance of their assigned roles. In essence, his duties shall focus on ensuring the assets of the branch are safeguarded and ensuring the integrity of the branch records.

- **Branch Internal Control:** Resident staff at each branch and Head Office supports the roll out of the Operational risk framework and internal control and compliance procedures.

- **System Control Officer:** Responsible for creation of new users, assigning of rights and administration on the Bank Software Applications (T24, EDMS, Pay direct, National Collateral Registry, Unix, Kimono)

- **Specialized Risk Officer:** The main responsibility is to review Head office department activities such as E-business, Finance, HR and Admin activities and transactions to ascertain control lapses with a view to strengthening the required controls.

- **Asset and Liability Committee (ALCO):** The ALCO Committee is responsible for ensuring that there are adequate policies, procedures and benchmarks on risk arising out of asset liability management from both a long-term and day-to-day perspective. At Accion MfB in addition to this, the committee would also be responsible for taking decisions related to asset and resource allocation.

Risk measurement and reporting systems
The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are estimates of the ultimate actual losses based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events, which are unlikely to occur, do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the business is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Board of Directors, the Risk and investment Committee, and the head of each business department. The report includes aggregate credit exposure, forecasts, hold limit exceptions, portfolio quality report, enterprise risk report and risk profile changes. On a monthly basis detailed reporting of product, customer ans staff risks takes place. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis. The supervisory Board receives a comprehensive risk report once a quarter, which is designed to provide all the necessary information to assess and conclude on the risks of the bank.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

A daily report is given to the all relevant members of the bank on the analysis of, portfolio performance vis-à-vis growth and quality with detail analysis to all the officers concerned, Liability report is properly measured to assist in liquidity analysis, plus any other risk developments.

Risk mitigation
As part of its overall risk management, the Bank uses different tools based on departmental processes /operations and other instruments to manage exposures resulting from changes, which may include interest rates, equity risks, credit risks, and exposures arising from forecast transactions etc.

In accordance with the Bank's policy, its risk profile is assessed before entering into transactions, which are authorized by the appropriate level of seniority within the Bank. The effectiveness of is assessed by the Risk Controlling Unit. In situations of ineffectiveness, the Bank will enter into a new hedge relationship to mitigate risk on a continuous basis by residence controller who ensures that all processes are in line with policy and area of deviation are properly monitored through reporting and immediate action.

Concentration Risk
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. The Bank is not exposed to any concentration risk, as the major activity of MFB is to enhance working capital of micro entrepreneur.

Risk measurement and reporting systems

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features

that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the bank's performance to developments affecting a particular industry or geographical location.
The Bank is not exposed to any concentration risk, as the major activity of MFB is to enhance working capital of micro entrepreneurs. B196

Credit risk
Credit risk is the risk that the bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Impairment assessment
For accounting purposes, the bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed.

Triggering events include the following:

Significant financial difficulty of the customer

A breach of contract such as a default of payment

Where the bank grants the customer a concession due to the customer experiencing financial difficulty

It becomes probable that the customer will enter bankruptcy or other financial reorganisation

Observable data that suggests that there is a decrease in the estimated future cash flows from the loans

This approach differs from the expected loss model used for regulatory capital purposes in accordance with Basel II.

Individually assessed allowances
The bank determines the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected pay-out should bankruptcy ensue, the availability of other financial support,

the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances
Allowances are assessed collectively for losses on loans and advances that are not individually significant and for individually significant loans and advances that have been assessed individually and found not to be impaired.

The bank generally bases its analyses on historical experience. However, when there are significant market developments, regional and/or global, the bank would include macroeconomic factors within its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, changes in laws, changes in regulations, bankruptcy trends, and other consumer data. The bank may use the aforementioned factors as appropriate to adjust the impairment allowances.

Allowances are evaluated separately at each reporting date with each portfolio.

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry–specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. Local management is responsible for deciding the length of this period, which can extend for as long as one year. The impairment allowance is then reviewed by credit administration to ensure alignment with the bank's overall policy.

Analysis of maximum exposure to risk and collateral and other credit enhancements
The following table shows the maximum exposure to credit risk by class of financial asset. It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to the credit risk

Maximum exposure to credit risk
Type of collateral or credit enhancement

31-Dec-2019	Maximum Exposure to Credit Risk N 000	Fair value of collateral and credit enhancements held				
		Cash N 000	Property N 000	Other N 000	Net Collateral N 000	Net Exposure N 000
Financial assets	1,041,386		-	-	-	1,041,386
Placements with banks and discount			-	-		-
houses			-	-		
Loans and advances to customers			-	-		
Micro Business (MCB)	8,225,216	1,200,855		-	1,200,855	7,024,361
Small Business (SB)	861,225	143,123	-	-	143,123	718,102
Medium Business (MDB)	871,797	467,434	-	-	467,434	404,363
Strategic Alliance					-	-
STAFF	249,797			-		249,797
Financial investments - held to				-	-	
maturity	239,794	-				239,794
	11,489,215	1,811,412			1,811,412	9,677,803

31-Dec-2019	Maximum Exposure to Credit Risk	Fair value of collateral and credit enhancements held				
		Cash	Property	Other	Net Collateral	Net Exposure
	N 000	N 000	N 000	N 000	N 000	N 000
Financial assets	914,053					914,053
Placements with banks and		-	-	-	-	-
discount houses		-	-	-	-	
Loans and advances to customers		-	-	-	-	-
Micro Business (MCB)	7,361,954	1,051,056	-	-	1,051,056	6,310,897
Small Business (SB)	606,690	26,190	-	-	26,190	580,500
Medium Business (MDB)	717,237	122,085	-	-	122,085	595,152
Strategic Alliance	-	-	-	-	-	-
STAFF	160,634	-	-	-	-	160,634
Financial investments - held to		-				
maturity	267,738				-	267,738
	10,028,307	1,199,331	-	-	1,199,332	8,828,975

Collateral and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The type of collateral obtained are is
For micro Business ,Small Business loan personal guarantee is used
Management monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement.
It is the bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general,
the bank does not occupy repossessed properties for business use.
The bank invokes the setoff clause in the loan Offer Letters executed by the borrowers in event of default. By virtue of this clause, funds in clients' other accounts are applied towards the settlement of the borrowers' obligation to Accion MfB.

Credit quality by class of financial assets
The Bank manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

Notes	Neither past due nor impaired Performing	1- 30 days	31- 60 days	61-90 days	91 and above	Past due but not impaired	Indivi-dually impaired	Total
	2019 N 000	2019 N 000	2019 N 000	2019 N 000	2019 N 000	2019 N 000	2019 N 000	2019 N 000
Cash and cash equivalents	1,041,386							1,041,386
Loans and advances to customers	9,127,270	205,827	108,518	86,414	680,006	-	-	10,208,035
Micro Business (MCB)	7,257,368	171,085	93,130	72,487	631,146	-	-	8,225,216
Small Business (SB)	816,330	12,490	8,123	5,927	18,355	-	-	861,225
Medium Business (MDB)	803,775	22,252	7,265	8,000	30,505	-	-	871,797
Strategic Alliance	-	-	-	-	-	-	-	-
STAFF LOAN	249,797							249,797
Financial investments held to maturity				58,951	180,843			239,794
Quoted – Government debt securities								
Quoted – Other debt securities								
Total	9,127,270	205,827	108,518	326,208	680,006	-	-	11,489,215

Notes	Neither past due nor impaired Performing	1- 30 days	31- 60 days	61-90 days	91 and above	Past due but not impaired	Indivi-dually impaired	Total
	2018 N 000	2018 N 000	2018 N 000	2018 N 000	2018 N 000	2018 N 000	2018 N 000	2018 N 000
Cash and cash equivalents	914,053							914,053
Loans and advances to customers	7,762,416	285,743	99,382	82,229	616,745	-	-	8,846,515
Micro Business (MCB)	6,397,023	241,530	87,783	76,877	558,742	-	-	7,361,954
Small Business (SB)	537,002	21,851	5,268	2,411	40,158	-	-	606,690
Medium Business (MDB)	667,756	22,363	6,330	2,942	17,846	-	-	717,237
Strategic Alliance	-	-	-	-	-	-	-	-
STAFF LOAN	160,634							160,634
Financial investments held to maturity				267,738				267,738
Quoted – Government debt securities								
Quoted – Other debt securities								
Total	7,762,416	285,743	99,382	349,967	616,745	-	-	9,114,253

Analysis of risk concentration

The following table shows the risk concentration by industry for the components of the statement of financial position.

Industry analysis							
31-Dec-2019	Financial Services	Government	Health	Consumers	Retail and Wholesale	Services	Total
	N 000	N 000	N 000	N 000	N 000	N 000	N 000
Financial assets							
Cash and cash equivalents	1,041,386						1,041,386
Loans and advances to customers							
Micro Business (MCB)	-	-	213,850		8,595,322	273,016	9,082,188
Small Business (SB)	-	-	26,976		537,954	38,663	603,593
Medium Business (MDB)	-	-	-		256,579	15,878	272,457
Strategic Alliance	-	-	-	-	-	-	-
STAFF LOAN	-	-		249,797			249,797
Financial investments - held to maturity	239,794						239,794
	1,281,180	-	240,826	249,797	9,389,855	327,557	11,489,215

Industry analysis							
31-Dec-2018	Financial Services	Government	Health	Consumers	Retail and Wholesale	Services	Total
	N 000	N 000	N 000	N 000	N 000	N 000	N 000
Financial assets							
Cash and cash equivalents	914,052						914,052
Loans and advances to customers							
Micro Business (MCB)	-	-	171,503	2,525,237	4,359,254	255,978	7,311,972
Small Business (SB)	-	-	22,223	163,018	390,162	31,015	606,418
Medium Business (MDB)	-	-	-	1,119	713,414	2,704	717,237
Strategic Alliance	-	-	-	-	-	-	-
STAFF LOAN	-	-		160,634			160,634
Financial investments - held to maturity	267,738						267,738
	1,181,790	-	193,726	2,850,008	5,462,830	289,697	9,978,051

Commitments and guarantees

The bank does not have any commitments and guarantees as at 31 December 2019 as well as in the subsequent period to the year end.

Liquidity risk and funding management

Liquidity risk is defined as the risk that the bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The bank manages its liquidity risk through the following procedures:

- Constitution of Asset and Liabilities Committee (ALCO) which meets bi-monthly to review all liabilities and assets positions of the bank and make decisions bordering on fund management and planning, deposit profiling, capex expenditure management, and loan portfolio review and management.
- Maintenance of the mandatory investment in Treasury Bills which is put at a minimum of 5% and not exceeding 10% of deposit liabilities.
- Operating a board approved SMAC standards that are higher than the limits set by the regulators.
- Quarterly board oversights over funding plans and projections.
- Creation of multiple pipelines of emergency funding in forms of Overdraft, term loans or bonds from either local or foreign lenders.

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the bank's financial assets and liabilities as at 31 December. Trading derivatives are shown at fair value in a separate column. All derivatives used for hedging purposes are shown by maturity, based on their contractual undiscounted repayment obligations. Gross settled, non-trading derivatives are shown separately, by contractual maturity at the foot of the note.
Repayments which are subject to notice are treated as if notice were to be given immediately. However, the bank expects that many customers will not request repayment on the earliest date the bank could be required to pay and the table does not reflect the expected cash flows indicated by the bank's deposit retention history.

Contractual maturities of undiscounted cash flows of financial assets and liabilities

As at 31 December 2019	On demand	Less than 30 days	1 to 30 days	31 to 60 days	61 to 90 days	91 and above	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets							
Cash and cash equivalents	1,041,386						1,041,386
Loans and advances	742,913		393,442	567,485	1,108,312	7,395,883	10,208,035
Financial investments - held to maturity					58,951	180,843	239,794
Other assets	202,182						202,182
Total undiscounted financial assets*	**1,986,481**		**393,442**	**567,485**	**1,348,106**	**7,395,883**	**11,691,397**
Financial liabilities							
Deposits from customers	2,317,167		174,959	124,930	910,969	485,486	4,013,511
Debt issued and other borrowed funds						1,975,445	1,975,445
Other liabilities	10,506				338,781	632,328	981,615
Total undiscounted financial liabilities	**2,327,673**		**174,959**	**124,930**	**1,249,750**	**3,093,259**	**6,970,571**
Net undiscounted financial assets /(liabilities) *	**-341,192**		**218,483**	**442,555**	**98,356**	**4,302,624**	**4,720,826**

As at 31 December 2018	On demand	Less than 30 days	1 to 30 days	31 to 60 days	61 to 90 days	91 and above	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets							
Cash and cash equivalents	914,052						914,052
Loans and advances	1,031,786	1,883,108	1,686,677	657,628	1,343,009	2,244,309	8,846,517
Financial investments - held to maturity					267,738		267,738
Other assets	409,285						409,285
Total undiscounted financial assets*	**2,355,123**	**1,883,108**		**657,628**	**1,610,747**	2,244,309	- **8,750,915**
Financial liabilities							
Deposits from customers	2,227,990			91,716	279,373	210,173	2,809,252
Debt issued and other borrowed funds						2,349,494	2,349,494
Other liabilities	7,491				457,321	778,807	1,243,619
Total undiscounted financial liabilities	**2,235,481**			**91,716**	**736,694**	**3,338,474**	**6,402,365**
Net undiscounted financial assets /(liabilities) *	**119,642**	**1,883,108**		**565,912**	**874,053**	**(1,094,165)**	**2,348,550**

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. In other words, market risk consist of interest rate risk, foreign exchange risk and other price risk such as equity price risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or he fair value of financial instruments. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks.

The bank does not trade in stock and neither are its shares listed on the stock exchange. Therefore, it is not exposed to equity price risk. The bank manages interest rates and foreign exchange risk using the mitigations described below.

Interest Rate Risk: the bank contracts loans based on floating rates (NIBOR plus a premium) while ensuring increase in deposit proportion in the funding mix.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

In managing its foreign exchange risk, the bank only contracts loans and other business obligations predominantly in local currencies.

	2019 N 000	%	2018 N 000	%
Gross earnings	6,128,640		5,315,433	
Interest expense	(539,329)		(472,330)	
	5,589,311		**4,843,103**	
Bought in goods and services				
Administrative overheads-Local	(1,666,136)		(1,381,744)	
Provision on loan losses	(606,393)		(285,349)	
Value added	**3,316,782**	**100**	**3,176,010**	**100**
Distributed as follows				
To pay employees:				
Salaries and other allowances	1,552,902	46.8	1,390,427	43.8
To Government:				
Taxation	467,985	14.1	450,490	14.2
To provide for enhancement of assets expansion of business and payment of dividend to shareholders				
Depreciation	423,837	12.8	230,610	7.3
Deferred taxation	(43,284)	(1.3)	54,346	1.7
Profit for the year	915,342	27.6	1,050,137	33.1
	3,316,782	**100**	**3,176,010**	**100**

For the year Ended 31 December

	IFRS 2019 N 000	IFRS 2018 N 000	IFRS 2017 N 000	IFRS 2016 N 000	IFRS 2015 N 000
Assets					
Cash and cash equivalents	1,041,386	914,052	738,329	797,851	756,568
Loans and advances	9,394,157	8,219,748	6,959,938	5,826,119	5,294,462
Financial assets - Amortised cost	239,794	267,738	207,860	188,539	177,391
Other assets	202,182	409,284	307,488	284,382	241,925
Right to use asset	154,318	-	-	-	-
Deferred Tax asset	-	-	-	105,685	-
Property and equipment	918,060	964,400	349,158	286,143	293,912
Intangible assets	266,261	236,860	183,657	49,372	24,756
Total assets	**12,216,158**	**11,012,082**	**8,746,431**	**7,538,090**	**6,789,014**
Liabilities					
Deposits from customers	4,013,511	2,809,253	2,392,578	2,013,517	2,120,598
Current tax liabilities	587,985	603,347	574,137	347,914	299,185
Debt issued and other borrowed funds	1,975,445	2,349,494	1,474,453	1,177,734	1,087,259
Other liabilities	349,287	552,647	366,342	639,280	259,864
Deferred tax liabilities	44,343	87,627	33,281	0	21,748
Total liabilities	**6,970,571**	**6,402,368**	**4,840,791**	**4,178,445**	**3,788,654**
Equity attributable to owners of the Bank					
Issued share capital	1,209,224	1,209,770	1,219,904	1,212,617	1,211,000
Share premium	7,067	7,067	6,473	4,613	3,513
Statutory reserve	1,515,025	1,400,607	1,269,340	1,066,899	932,345
General reserve	2,481,355	1,816,602	1,409,923	1,075,515	853,502
Regulatory Risk reserve	32,916	175,668	-	-	-
Total equity	**5,245,587**	**4,609,714**	**3,905,640**	**3,359,645**	**3,000,360**
Total liabilities and equity	**12,216,158**	**11,012,082**	**8,746,431**	**7,538,090**	**6,789,014**
PROFIT AND LOSS ACCOUNT					
Gross earnings	6,128,640	5,315,433	4,692,108	4,013,661	3,358,507
Profit/Loss before taxation	1,340,043	1,554,973	1,378,583	700,120	838,434
Profit/Loss after taxation	915,342	1,050,137	809,751	538,220	545,941
Per share data (Kobo)					
Earnings/per share	**0.76**	**0.87**	**0.66**	**0.44**	**0.45**
Net assets per share (Basic)	**4.34**	**3.81**	**3.20**	**2.77**	**2.48**

BRANCH NETWORK

CORPORATE HEAD OFFICE
Accion Microfinance Bank Ltd
4th FloorElizade Plaza
322A Ikorodu Road
Anthony, Lagos.
Tel : 01-2719325-6
Fax : 01-2719327

ANTHONY
Accion Microfinance Bank Ltd
1st Floor Elizade Plaza
322A Ikorodu
Anthony, Lagos.

OKE ARIN
Accion Microfinance Bank Ltd
20 Ijaye Street
Oke Arin, Lagos.
Tel : 01-2911043, 01-2911732

APONGBON
Accion Microfinance Bank Ltd
16 Apongbon Street
Apogbon, Lagos.
Tel : 01-2911044, 01-2911045

AGEGE
Ashake House
223 Old Abeokuta Rd,
Opp Police Station
Agege, Lagos.
Tel : 01-2911047, 01-2911048

ALABA
Accion Microfinance Bank Ltd
27/28 Igbede Road,
Ojo-Alaba, Lagos.
Tel : 01-2911049, 01-2911050

IKEJA
Accion Microfinance Bank Ltd
3 Oba Akran,
Ikeja, Lagos.
Tel : 01-2911052, 01-2911053

OSHODI
Accion Microfinance Bank Ltd
20, Oshodi Road,
Oshodi, Lagos.
Tel : 01-2911729, 01-2911731

BARIGA
Accion Microfinance Bank Ltd
3 Tijani Ashogbon Street,
Opp. Abeokuta Street,
Bariga, Lagos.
Tel : 01-2911067

IKOTUN
Accion Microfinance Bank Ltd
No.83, Ikotun-Idimu Road,
Paradise Bus-Stop,
Ikotun, Lagos State.
Tel : 01-2911054, 01-2911055

LADIPO
Accion Microfinance Bank Ltd
93 Ladipo Street,
Beside Ecobank Nig. Plc. Building
Matori, Mushin, Lagos.
Tel : 01-2911070, 01-2911634

IKORODU
Accion Microfinance Bank Ltd
62 Owolowo Street,
1st Floor, Ikorodu, Lagos.
Tel : 01-2911734, 01-2911735

IDI-ORO
Accion Microfinance Bank Ltd
118 Agege Motor Road,
Beside Ecobank Nig. Plc.Building,
Idi-Oro Mushin, Lagos.
Tel : 01-2911723, 01-2911724

OJODU
Accion Microfinance Bank Ltd
Ise Oluwa House, (Ground Floor)
Plot 898a Isheri Rd. Ojodu, Lagos.
Tel : 070-2828 1589, 01-2911732

IDUMAGBO
Accion Microfinance Bank Ltd
19 Idumagbo Avenue, 1st Floor
Lagos Island, Lagos.
Tel : 01-2911052, 01-2911053

AJAH
Accion Microfinance Bank Ltd
XYZ Plaza (Ground Floor)
No 1 Kassim Oyofo Street,
Thomas Estate, Ajah, Lagos.
Tel : 01-4540066, 01-4540067

SURULERE
Accion Microfinance Bank Ltd
77 Ojuelegba Road,
Ojuelegba, Lagos.
Tel : 01-2911733, 01-2915571

BODIJA
Accion Microfinance Bank Ltd
Christy Plaza, Secretariat-UI
Road, (Beside Methodist High
School, Ibadan)-(First Floor),
Oyo State.

BBA TRADE FAIR
Accion Microfinance Bank Ltd
Emanolink Plaza, Hall 3,
Beside Kano Plaza, Lagos.
Tel : 01-2911726, 01-2915571

OYINGBO
Accion Microfinance Bank Ltd
209 Borno Way,
Off Ladipo Street,
Oyingbo Ebute Metta Lagos.
Tel : 01-2911727, 01-2911742

IKORODU AGRIC
Accion Microfinance Bank Ltd
50, Isawo Road, (1st Floor)
NNPC Filling Station
Agric, Lagos.
Tel : 01-2952398, 01-2952399

AGUDA
Accion Microfinance Bank Ltd
16 Kushimo Street, 1st Floor
(Opposite Mr. Biggs/ Mobil)
Aguda Surulere,Lagos.
Tel : 01-2915568, 01-2915569

BARUWA
Accion Microfinance Bank Ltd
154 Ipaja Road,
Baruwa, Ipaja, Lagos.
Tel : 01-2931760, 01-291761

OKE ODO
Accion Microfinance Bank Ltd
352 Lagos Abeokuta Expressway,
Ile-Epo Bus Stop
Oke Odo, Lagos.
Tel : 01-2930596, 01-2930597

BOUNDARY
Accion Microfinance Bank Ltd
62 Bale Street,
Boundary, Ajegunle Lagos.
Tel : 01-29341760, 01-2934425

KETU
Accion Microfinance Bank Ltd
572, Ikorodu Road,
Ketu, Lagos.
Tel : 01-2911065, 01-2911066

PORT HARCOURT MILE 3
Accion Microfinance Bank Ltd
21 Ada George Road,
Rumuokokwu Town, Mile 3,
Diobu, Port Harcourt, Rivers.

AKOWONJO
Accion Microfinance Bank Ltd
13, Shasha Road Besides KFC,
Akowonjo, Lagos.
Tel : 01-2911068, 01-2911069

ORILE
Accion Microfinance Bank Ltd
(1st And 2nd Floor),
21 Coker Street, Orile,Lagos.
Tel : 01-4532767, 01-3426898

EJIGBO
Accion Microfinance Bank Ltd
91, Ikotun Ejigbo Road,
1st Floor,(Above Sweet
Sensation), Lagos.
Tel : 01-4538962, 01-4539963

OBALENDE
Accion Microfinance Bank Ltd
31, Moloney Street,
Obalende Lagos.
Tel : 01-4532768, 01-4532769

FESTAC
Accion Microfinance Bank Ltd
32nd Avenue, House 22,
Ecobank Building, Festac,
Lagos.

ISOLO
Accion Microfinance Bank Ltd
32, Ire Akari Estate Road,
Isolo, Lagos.
Tel : 01-2934425

SANGO OTA
Accion Microfinance Bank Ltd
46 Ijoko Road, Sango Ota,
Ogun State.

AKUTE
Accion Microfinance Bank Ltd
89 Ojodu- Akute Road,
Alagbole, Ogun State.

SAPON
Accion Microfinance Bank Ltd
Diekola House, Sokenu Road,
Oke Ijeun/Sapon, Abeokuta,
Ogun State.

PORT HARCOURT MILE 1
Accion Microfinance Bank Ltd
28 Ikwerre Road, (1st Floor
Left Wing) Mile 1, Diobu,
Port Harcourt, Rivers State.
Tel : 084-669579, 084-669580

RUMUOKORO
Accion Microfinance Bank Ltd
16 East/West Road, Opposite
Rumuokoro Motor Park,
Rumuodomaya, Port Harcourt,
Rivers State.

RUMUOMASI
Accion Microfinance Bank Ltd
18 Old Aba Road (St. Lucy
Plaza), Rumuogba,
Rumuomasi, Port Harcourt.

ONITSHA MAIN MARKET
Accion Microfinance Bank Ltd
28 Francis Street, Main
Market, Onitsha, Anambra.

NKPOR
Accion Microfinance Bank Ltd
14 Ajuluchukwu Street,
Nkpor Onitsha, Anambra.

NNEWI
Accion Microfinance Bank Ltd
9 Ogbufor Road, Nkwo Market,
Nnewi, Anambra State.

DUGBE
Accion Microfinance Bank Ltd
22 Adekunle Fajuyi Road,
Dugbe (Opposite MKO Abiola
House), Ibadan, Oyo State.

IWO ROAD
Accion Microfinance Bank Ltd
1 Abayomi Street, Adjacent
Ecobank Building, Iwo Road,
Ibadan, Oyo State.

ARIARIA
Accion Microfinance Bank Ltd
5 Power-Lines By Faulks Road
Ariaria, Aba,
Abia State.

ASABA
Accion Microfinance Bank Ltd
Ogbogonogo Modern Market,
Nnebisi Road, Asaba,
Delta State- Ex_Skye Bank
Property.

SAKPONBA
Accion Microfinance Bank Ltd
24 Sakponba Road, Benin,
Edo State.

AKURE
Accion Microfinance Bank Ltd
19 Ilemo Street Off Arakale Road,
Oja Oba Market Area, Akure,
Ondo State. (Ground Floor)

UYO
Accion Microfinance Bank Ltd
22 Ikot Ekpene Road, Uyo.

KANO
Accion Microfinance Bank Ltd
Home Concept Plus, Plaza 32,
France road,
Sabon Gari, Kano.

NYANYA
Accion Microfinance Bank Ltd
Hall 03, Taska Global Choice
Plaza Situate At Forte Oil
Service Station, Nyanya II,
Along Nyanya Keffi
Expressway, Abuja-FCT.

MOLETE
Accion Microfinance Bank Ltd
Wimbo Building, 61 Molete
Road Opposite Molete Baptist
Church, Idi Odo, Challenge,
Ibadan, Oyo State.

CASH CENTER

IJEGUN
Accion Microfinance Bank Ltd
Waleola Filling Station,
Ijegun, Lagos.

IJEDE
Accion Microfinance Bank Ltd
Fomon Filling Station, Elepe
Bus Stop, Ijede,
Ikorodu, Lagos.

KOLA
Accion Microfinance Bank Ltd
748 Lagos Abeokuta
Expressway, Alagbado
(Moshalashi Bus Stop), Lagos.

IYANA IPAJA
Accion Microfinance Bank Ltd
Shop 45 and 46, Block F,
Iyana Ipaja market, Lagos.

BADAGRY
Accion Microfinance Bank Ltd
Adedeji Shopping Plaza,
Joseph Dosu Road,
Badagry, Lagos.

IGBOGBO
Accion Microfinance Bank Ltd
Remdamson Filling Station,
Baiyeku Road,Igbogbo,
Ikorodu, Lagos.

IGANDO
Accion Microfinance Bank Ltd
Suite 25 and 26 Igando Main
Market, Igando, Lagos.

AGBEDE
Accion Microfinance Bank Ltd
2 Agbede Road, Oppo Agbede
Main Market,
Agbede Ikorodu, Lagos.

EPE
Accion Microfinance Bank Ltd
Ad Kamson investments
Shopping Complex, Lagos
Road, Aiyetoro Market Area,
Epe, Lagos State

CEMETERY
Accion Microfinance Bank Ltd
20 Cemetery Road, Aba.

USELU
Accion Microfinance Bank Ltd
135 Uselu - Lagos Road,

DUTSE
Accion Microfinance Bank Ltd
D1-001 –D3-003, Eflaye Plaza, Dutse Alhaji Market,
Dutse, Abuja.

IMOTA
Accion Microfinance Bank Ltd
Imota Motor Park, Beside
Imota Market,
Imota Ikorodu, Lagos State.

BOGIJE
Accion Microfinance Bank Ltd
Elemoro Royal Shopping
Complex, Bogije, Lagos.

COMMAND
Accion Microfinance Bank Ltd
Beta Silver Petrol Station,
Command, Ipaja, Lagos State.

OJU-ORE
Accion Microfinance Bank Ltd
Mkris Plaza, 79, Idi-Iroko
Road Oju-Ore Sango Otta.
Ogun State.

MOWE
Accion Microfinance Bank Ltd
65 Ofada Road, Ire Akari, MFM
Bus Stop, Mowe, Ogun State.

OGIJO
Accion Microfinance Bank Ltd
120 Shagamu Road, off
Arogunre Street, Ile Oba,
Ogijo, Ogun State.

IFO
Accion Microfinance Bank Ltd
Coker Bus stop, Beside Lawret
Filling station, Lagos –
Abeokuta, Expressway,
Ifo, Ogun state.

OMIDA
Accion Microfinance Bank Ltd
1 Olusegun Osoba road,
besides Saint Anne Catholic
church Oke Ilewo, Omida
Area, Abeokuta, Ogun state.

BAKASSI
Accion Microfinance Bank Ltd
Shop 79, Obitex Building,
Ahia-Allen, Bakassi Gate
(Bakassi Market),
Aba Abia State.

OJA OBA
Accion Microfinance Bank Ltd
123, Arakale road, opposite St
Thomas Church, Isikan road,
Akure, Ondo state.

OYIGBO-PH
Accion Microfinance Bank Ltd
285 Old Aba Road, Oyigbo,
Rivers State.

SLAUGHTER
Accion Microfinance Bank Ltd
Plot 6C, Trans Amadi
Industrial Layout, Oginigba
opposite West African Glass
Industry, Port Harcourt,
Rivers State.

OCHANJA
Accion Microfinance Bank Ltd
67, Ameobi Street, Ochanja
Market, Anambra State.

HEAD BRIGDE
Accion Microfinance Bank Ltd
JC Udeh plaza, Electronics
market, Along Onitsha -Asaba
expressway, Onitsha.

OBOSI
Accion Microfinance Bank Ltd
lst Floor, Lords Wish Plaza,
international Market, Obosi,
Anambra State.

APATA
Accion Microfinance Bank Ltd
DKL Building, Apata, Ibadan,
Oyo State.

NEW GBAGI
Accion Microfinance Bank Ltd
Suit 18, Bashmur & Ayimur
Plaza, Old Ife Road, New
Gbagi, Ibadan, Oyo State.

ALESHINLOYE
Accion Microfinance Bank Ltd
Bee Deen Oil and Gas
Investment Shopping
Complex, beside Aleshinloye
Market, Jericho, Ibadan.

ONDO TOWN
Accion Microfinance Bank Ltd
OLUFEB Plaza, 3 Oke-Osun
Street, Off Barracks Road,
Ondo Town, Ondo State.

ITAM
Accion Microfinance Bank Ltd
1 Enen Afaha street, Ikot
Ekpene road, Uyo,
Akwa Ibom State.

Geographical Spread

INFOGRAPHIC