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GMB MICROFINANCE BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2017
CORPORATE INFORMATION

Date of Approval

THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 WERE AUTHORIZED FOR ISSUE AT THE BOARD OF DIRECTORS MEETING OF 2ND MARCH, 2018

THE CENTRAL BANK OF NIGERIA HAVE ALSO APPROVED THE FINANCIAL STATEMENTS VIA THEIR LETTER REF: OFI/SG4/GEN/MGM/01/011 OF 23RD MAY, 2018.

Our Vision

TO REMAIN A TRUSTWORTHY FINANCIAL INSTITUTION WITH AN EDGE IN MICROFINANCE.

Our Mission

OUR VISION WILL BE ACHIEVED THROUGH MOBILIZATION AND ACCESS TO FUNDS TO MICRO, SMALL AND MEDIUM ENTREPRENEURS WITH A VIEW TO CREATING SUPERIOR VALUES TO ALL OUR STAKEHOLDERS.

Our Philosophy

OUR PHILOSOPHY IS ANCHORED ON THE EARNEST NEED TO ASSIST MICRO, SMALL AND MEDIUM ENTERPRISES TO ACCESS FUNDS AND IMPROVE THEIR BUSINESSES WITH A VIEW TO IMPROVING THEIR OVERALL WELFARE. TO ACHIEVE THIS WE ADOPT SIMPLE BUSINESS SOLUTIONS

UNDERSTANDABLE TO THEM AND BENEFICIAL TO ALL OUR CUSTOMERS

Our Ethics

IN OUR BUSINESS WE ATTEST TO THE HIGHEST ETHICAL PRACTICE, STANDARDS AND INTEGRITY AS WE DEAL WITH ALL STAKEHOLDERS – CUSTOMERS, SHAREHOLDERS, REGULATORY AUTHORITIES AND STAFF.

Our People Management

WE DO NOT TAKE FOR GRANTED THAT OUR BUSINESS IS PEOPLE CENTERED. WE ARE CONTINUALLY IN COMMUNICATIONS WITH ALL STAKEHOLDERS AND HAVE SINCE OUR EXISTENCE CONTINUED TO IMPACT POSITIVELY ON OUR NEIGHBOURHOOD AND OUR ENVIRONMENT.

NOTICE OF MEETING

Notice is hereby given, that the 21st Annual General Meeting of GMB Microfinance Bank Limited will be held at the Nibo Civic Center, Eke Market Square, Nibo on Saturday, 18th August, 2018 at 10:00 am prompt to transact the following businesses.

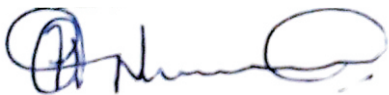
A. ORDINARY BUSINESS

1. To receive the Accounts and Report thereon for the year ended 31st December 2017
2. To propose Dividend
3. To re-elect Directors
4. To approve remuneration for Directors
5. To authorize the Board to fix the remuneration of the External Auditors
6. To elect members of the Audit Committee
7. To consider any other business that may be lawfully be transacted at an Annual General Meeting

A member of the company entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the company.

Note: Proxy forms are available at the Bank and must be executed and registered on or before 4 pm of 11th August, 2018 with the Head, Corporate Services of the Bank.

By Order of the Board



Sir (Dr.) Ifeanyi O. Nwanna
FRC/2015/CIBN/00000011821
Secretary to the Board

DATED: 21st July, 2018



CORPORATE INFORMATION

DIRECTORS:

SIR. ONUORA O. NWANNA
MR. MARTIN E. ANACHEBE
CHIEF (SIR) AUSTIN A. LELEH
CHIEF (SIR) ENGR. CHRISTIAN OKOYE
DAME OBY ANACHEBE (MRS)
SIR. DR. ENGR. INNOCENT AKUVUE
MR. KENECHUKWU I. UBOMA

CHAIRMAN
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
MANAGING DIRECTOR

COMPANY SECRETARY:

SIR. DR. IFEANYI O. NWANNA

MANAGEMENT TEAM:

K. I UBOMA
ENEH OBINNA
C. EZEIBEKWE (MRS)
T.N. NWANKWO ODIDIKA (MRS)
OKOYE PEACE
CHRISTIAN NWOSU
FRANCES OKAFOR

MANAGING DIRECTOR
SENIOR MANAGER
BRANCH MANAGER
HEAD, BRANCH OPERATIONS
DEPUTY HEAD, CREDIT AND MARKETING
HEAD OPERATIONS HQ
INTERNAL AUDITOR

REGISTERED OFFICE

COMMUNITY PLAZA
EKE MARKET SQUARE
NIBO
AWKA SOUTH L.G.A.
ANAMBRA STATE.

BRANCH

24 NEW MARKET RD /
VENN RD. JUNCTION
ONITSHA
ANAMBRA STATE

CAC NUMBER:

205592

BANKERS:

UNION BANK OF NIGERIA PLC, AWKA
FIRST BANK OF NIGERIA PLC, AWKA
HERITAGE BANK NIG, LTD, AWKA
ACCESS BANK PLC, AWKA
UNITED BANK FOR AFRICA PLC, AWKA
GUARANTY TRUST BANK PLC, AWKA
ECOBANK PLC, AWKA
FCMB PLC, AWKA
DIAMOND BANK PLC, AWKA
STANBIC IBTC PLC, AWKA
ZENITH BANK PLC, AWKA

AUDITORS:

MESSRS AGOCHUKWU OKPALAOKA & CO
(CHARTERED ACCOUNTANTS)
40/42 NEW CEMETERY ROAD
P.O. BOX 5534
ONITSHA.
PHONE: 08075190686

2017 CHAIRMAN'S STATEMENT



I welcome you to the 21st Annual General Meeting of your bank – G M B MICROFINANCE BANK LTD. We shall at this meeting intimate you with our stewardship in the last financial year.

This is contained in the audited and

approved financial statements of your bank for the year ended 31st December 2017. In accordance with Section 214 of The Company and Allied Matters Act and also in keeping with our corporate governance stance and regulations you will be required to approve or reject the recommendations and resolutions to be laid before you. We hope that this will elicit the participation of all here present so that we will have your honest input into the deliberations. As has been our practice we shall make graphical and other pictorial presentations that will aid the understanding of the statements to be presented shortly.

ECONOMIC AND OPERATIVE ENVIRONMENT IN 2017

Oil continued to play a significant role in the Nigerian economy in 2017. The global down –turn in commodity prices especially oil which is Nigeria's mainstay provider of foreign exchange improved marginally. Revenue accruable to governments at all levels were therefore not appreciable. Nevertheless the economic recession which characterized most of 2016 abated during the year. Investments in new infrastructure was however difficult and maintenance of existing ones in many cases below expectations in many states. Electricity and roads were the worst hit. Although governments at all levels were promising and making efforts to ameliorate the situation, this was not enough to provide any solace to productive enterprises especially the micro, small and

medium enterprises that form the fulcrum of microfinancing.

In Anambra State which is our catchment area, 2017 was a gubernatorial electoral year. The whole process proceeded smoothly without a change in baton. It is believed that the ensuing years of the second term of the Governor will usher in a continuity in the democratic dispensation of governance with its democratic dividend to the state.

GROWTH OF YOUR BANK

Following the deepening of our outreach, your bank is on the path of growth. While growth is always a welcome development, it must be matched with an equal or commensurate and appropriate management. In keeping with our three tripods of management – planning, execution and control, this means that the growth has to be planned, executed and controlled.

Although the growth has been planned and anticipated from our various plan modules – the annual budgets and the short to long term strategic plans, a number of variables some within our control and others outside our control and therefore not contemplated has necessitated that the execution and control aspects be revisited and reviewed. Your board is leaving no stone unturned in ensuring that your bank remains on the right pedestals of growth.

OPERATING RESULTS FOR THE YEAR

The growth of the bank manifested in our improved results of 2017 operations. Our gross income increased from N87million in 2016 to N126million in 2017. Notwithstanding the challenges of managing growth which is evident in our provision for risk assets of N22.77million in the year (2016 N10million), we ended the year with a better performance of our base line profit. Our profit before tax is N26, 781,246 while in 2016 it was N14, 117,484.

As a result of our growth mentioned earlier, our loans and advances grew from N150million in

2016 to N246million in 2017. Depositors' funds grew from N344million to N398million. This is a measure of the confidence of deposit customers on your bank. Our total asset crossed the half a billion naira mark to N587million. These figures emphasis the strength of our financial fundamentals in spite of a marginal increase of only N2million in our cash and cash equivalents as at the date under consideration.

Our Shareholders' Funds now stand at N165, 799.198 from N136, 234,511 in 2016. In 2016 your bank issued by way of private placement 4,726,777 ordinary shares of N1 each @ N3.00 per share. This was fully subscribe by new investors and subsisting shareholders. This is another measure of reputation of our operations and confidence in your bank.

APPROPRIATIONS

In line with the prudential guidelines as required by the Revised Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria, 25% of the profit available for distribution has been appropriated and transferred to Statutory Reserve. Although the directors recommend the payment of a dividend of N10, 000,000.00 this has not been reflected in the financial statements. This is in accordance with the International Financial Reporting Standards IFRS. If this recommendation is approved by members of the bank at this meeting, it will be paid subject to the deduction of the appropriate withholding tax within 2 working days after this annual general meeting.

THE FUTURE

Recently GMB was selected by the Central Bank of Nigeria to participate in the pilot phase / roll out of Unified Information Technology (Core and Agent Banking Solution) Platform for Microfinance Banks in Nigeria. We are technically ready for the roll-out.

In addition, the board is positioning the bank to be ready to play a vital role in the Financial Systems Strategy 2020 policy of the Federal Government of Nigeria. GMB's plan for the FSS 2020 is to take its pride of place within the Micro, Small and Medium Enterprises financial services – the engine of growth in any economy. This will involve the

deepening of the outreach in various directions. It calls for leveraging technology to drive services that would add value to customers and stakeholders.

In pursuit of this, your board desires to open a number of branches in the coming years. In other that this is archived seamlessly and successfully it is necessary to ensure that there is enough finances to carry out the expansion programme without recourse to depositor's funds with its attendant consequences on liquidity. Your board is looking at the raising of Tier 2 capital for this purpose.

CORPORATE SOCIAL RESPONSIBILITY

We shall continue to be in the vanguard of our community's health. We are currently cooperating with Nibo Union to ensure a success of the signing and operation of a Memorandum of Understanding between the Anambra State government, our host community – Nibo and Nibo USA Inc. in respect of Nibo General Hospital.

CONCLUSION

In conclusion ladies and gentlemen, I would like to thank all stakeholders for their trust in us especially the regulatory authorities for their services which have come to us at no cost. Our customers and shareholders have as always been wonderful in 2017 while our staff are not relenting in their drive to ensure a sustainable development of the bank. My thanks also go to members of the board without whom I would not have functioned as the Chairman. Thank you all for putting your trust in me as your Chairman.



SIR ONNY NWANNA
FRC/2015/ICAN/00000010691
Chairman Board of Directors

REPORT OF THE DIRECTORS

The Directors submit their report, together with the Audited Financial Statements of the Bank for the year ended 31 December, 2017.

1. PRINCIPAL ACTIVITIES:

The principal activities of the Bank include general microfinance and banking business, such as accepting of deposits and giving of micro credits to customers.

2. RESULT FOR THE YEAR:

	2017	2016
	₦	₦
3 Net Profit for the year before Taxation	26,452,619	14,117,484
Provision for Taxation	(1,500,000)	(1,200,000)
Net Profit after Taxation	24,952,619	12,917,484

DIVIDEND:

The directors propose a dividend of 20k per share amounting to **N10,000,000.00**. This is not recognized as a liability in the accounts and is only recognizable when approved by shareholders at the Annual General Meeting in accordance with IFRS.

4. LEGAL FORM:

The Bank which commenced operations in Nigeria on 26 July, 1993 as a company limited by shares was incorporated on 30 September, 1992 as “NIBO COMMUNITY BANK NIGERIA LIMITED” with RC Number 205592. The name was changed by a Special Resolution of the shareholders in November, 2008 to NIBO MICROFINANCE BANK LIMITED. On 14th February, 2016, also by a special resolution the name of the bank was changed to **GMB MICROFINANCE BANK LTD**

5. DIRECTORS’ INTEREST:

The interests of the Directors in the issued share capital of the bank as recorded in the register of members as at the date of this report is as follows:

Names	Shareholdings	
	2017	2016
SIR. ONUORA O. NWANNA	5,006,667	5,006,667
MR. MARTIN E. ANACHEBE	5,000,667	5,200,667
CHIEF (SIR) AUSTIN A. LELEH	5,000,000	5,000,000
CHIEF (SIR) ENGR. CHRISTIAN OKOYE	5,206,667	5,206,667
DAME OBY ANACHEBE (MRS)	5,000,000	5,000,000
SIR. DR. ENGR. INNOCENT AKUVUE	259,777	-
MR. KENECHUKWU I. UBOMA	20,000	3,000

6. STATEMENT OF DIRECTORS' RESPONSIBILITIES:

The Companies and Allied Matters Act 2004 and the Banks and Other Financial Institutions Act, 1991 require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss.

- i. Maintain proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act, 2004 and Other Financial Institutions Act, 1991 and other directives of the regulatory authorities.
- ii. Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. Prepare its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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

- ♦ International Financial Reporting Standards (IFRS);
- ♦ Financial Reporting Council of Nigeria (FRC) Act;
- ♦ Prudential Guidelines for Licensed Banks;
- ♦ Relevant Circulars issued by the Central Bank of Nigeria;
- ♦ The requirements of the Banks and Other Financial Institutions Act; and
- ♦ The requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

7. GOING CONCERN

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

This has been analyzed from a trajectory of the performances of the bank from 2013 to 2017. The directors have included their comments of the principal financial fundamental as depicted from the various clients included herein.

Resulting from the above, the Directors have a reasonable expectation that the Bank has adequate resources to continue operations for the foreseeable future. Thus, Directors continued the adoption of the going concern basis of accounting in preparing the annual financial statements.

REPORT OF THE DIRECTORS (CONT'D)

8. SUMMARY OF SHAREHOLDINGS:

Classes

Number of shareholdings

Directors

2017

2016

25,493,778

25,417,001

Community Development Associations

14,026,639

14,026,639

Individuals

10,479,583

5,829,583

50,000,000

45,273,223

9. SUBSTANTIAL INTEREST IN SHARES

The ordinary shares of the company as at 31 December, 2017 were all held by Nigerian Citizens and Associations.

10. EMPLOYMENT AND EMPLOYEES:

i) It is the policy of the Bank that there should be no discrimination in considering applications for employment, including those from disabled persons. All employees, whether or not disabled are given equal opportunities to develop their experience and knowledge. As at 31 December, 2017 the Bank employed no disabled person.

ii) HEALTH, SAFETY AT WORK AND WELFARE OF EMPLOYEES:

Health and safety regulations are in force in the Bank and the employees are aware of such regulations. The Bank provides subsidy towards medical, transportation and housing to all employees.

iii) EMPLOYEES INVOLVEMENT AND TRAINING:

The Bank is committed to keeping employees as fully informed as possible regarding her performance and progress, and seeking their views wherever practicable on matters, which particularly affects them as employees. Employees training are afforded both internally and externally, in their relevant careers.

11. POST BALANCE SHEET EVENTS

The Directors are not aware of any post balance sheet event which had not been adequately provided for and which could have had a material effect on the state of affairs of the Bank as at 31 December, 2017.

12. AUDITORS

The Auditors, Messrs Agochukwu Okpalaoka and Company, has indicated their willingness to continue in office and will continue in accordance with Section 357(2) of the Companies and Allied Matters Act, 2004.

BY ORDER OF THE BOARD



DR. I.O. NWANNA
FRC/2016/CIBN/0000001821
SECRETARY

7th March
....., 2018

CORPORATE GOVERNANCE

GMB's Articles of Incorporation provide a legal framework of our structure and purpose as a bank as mandated by the Corporate Affairs Commission and approved by the Central Bank of Nigeria. This lays the basic procedures which we follow. It spells out the various rights and privileges of all stakeholders – shareholders, directors, creditors and staff.

In addition to the foregoing our Corporate Governance guidelines are also subject to various directives and guidelines from the financial supervisory bodies in Nigeria. We have therefore adopted principles to establish a common set of expectations to assist the board in performing their duties in compliance with applicable requirements to reach the expectations of all stakeholders. GMB's corporate governance is therefore in line with the regulatory framework for Microfinance Banks in Nigeria.

There is a board of seven members drawn from diverse professions who bring to bear their various attributes as they sit in the board. The directors are strategic shareholders who take active interest in the oversight functions of the bank. The bank however reserved a seat for a representative of the community who may or may not be a strategic shareholder.

The key responsibilities of the Board are as follows:

Formulate and approve the long, medium and short term strategic plans of the bank.

Articulate the strategic plans into a financial plan for implementation by management

Determine the approval and expenditure limits for capital, recurrent and credit/loan limits for the credit committee and management committee.

Review the financial matrix of the bank and ensure that the bank's fundamentals are in tention with the envisaged long to medium and short term strategies of the bank and with regulations

Monitor the implementations of the strategic plan which is dovetailed into financial plan through the

Board's various committees.

Identify, prioritize and management of all risks, which term includes financial, market, compliance and reputational risks that the bank may face.

Ensure the implementation and the monitoring of the risk management framework as laid down by the board.

Approve appointments of management team of the bank which term includes the Managing Director and all managers that report to the Managing Director.

Approve the human resources structure for the bank

Establish an acceptable accounting policy to ensure the completeness and reliability of its records.

Institute a reliable internal control system that takes care of internal audit and other administrative controls and review periodically the internal control systems reports and compliance issues and remediation plans.

Approve remuneration packages for management and staff as well as performance incentive schemes.

Establish and approve changes in any strategic plans as to contents and forms including timing.

Review the appointment of consultants for effectiveness and value addition.

Ensure compliance to all known laws and ensure immediate compliance of laws as soon as they become known or brought to the knowledge of the board.

Directors are kept abreast with topics related to the bank's business, including accounting and finance, leadership, risk assessment, industry practices, general management, and strategic planning including directives from regulatory authorities.

In addition to the above structure there is the various board committees on credit and risk management, assets and liability and human resources and disciplinary administration. The board is resolute in ensuring that the Bank remains on a very good corporate governance pedestal.

The Management team which is headed by the Managing Director/Chief Executive is charged with the responsibility of the day-to-day administration of the Bank. Their activities and performance is monitored by the board through the Board's oversight functions.

As a public interest entity we are committed to reporting standards. In line with this requirement we are improving tremendously on disclosures in our annual accounts laid before members and also for the generality of stakeholders.

The Bank continues to increase its communication with its stakeholders. Shareholders are kept at breast with developments at the Bank through its annual general meetings including extra – ordinary meetings and get-together to discuss matters of interest to them, customers forum are a regular feature as a feedback mechanism to ensure that the Bank understands the needs of satisfied and disgruntled customers with a view to improvement.

The Bank is regularly but statutorily examined by the regulatory authorities. It files monthly returns with CBN, NDIC and conforms and complies with the provisions of Anti – Money laundering and combating of Terrorist Financing Act.

In addition to the foregoing at the bank, there is an Audit Committee made up of shareholders and management and two directors. This is in a bid to ensure and entrench accountability, transparency and openness in the reporting of our operations.

RISK MANAGEMENT

Risk management is the identification, evaluation, and prioritization of *the effect of uncertainty on objectives*, followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities. Risk management's objective is to assure uncertainties do not deflect the business goals.

Risks can come from various sources including uncertainty in financial markets, threats from project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, act of God, deliberate attack from an adversary, or

events of uncertain or unpredictability. There are two types of events i.e. negative events can be classified as risks while positive events are classified as opportunities.

Strategies to manage threats (uncertainties with negative consequences) typically include avoiding the threat, reducing the negative effect or probability of the threat, transferring all or part of the threat to another party, and even retaining some or all of the potential or actual consequences of a particular threat, and the opposites for opportunities (uncertain future states with benefits).

There is no endeavor with risks and there is no business as risky as banking

We therefore recognize the need for a bank - wide risk management system. A primary responsibility of management is to provide shareholders, directors and regulators with an assurance that the risks the bank takes are prudent ones and that the bank is following a practical risk management program.

Management assess risks inherent in the bank's business and operating environment, ensure that adequate risk management guidelines are incorporated in the bank's policies and procedures and will establish an on-going risk management system.

Management information systems are reviewed periodically to ensure that sufficient information is provided to directors and management to permit them to evaluate compliance with the bank's risk management system.

The Risk Management System assess the entire spectrum of the Bank's risks including but not limited to **credit risk, market risk, financial risks, reputational risks and operational risk**. These are the broad risk categories which contain subcategories. Our system evaluates and manage the risks throughout the organization. It is acknowledged that the Bank has managed risks continually in the past and that the risk management system is designed to view and manage the risks of the bank in an overall continuum including their interrelationships.

STRATEGIC THINKING

GMB adopts a pragmatic strategic plan which includes an annual budget and a mid to long term thinking and scan of the operating environment. The budget is a management tool used in the planning, execution and controlling the activities of our bank to ensure that we have a road map as to where we want to be, how to get there and ensure that we are on – course to our destination. It is an annual statement of intentions. Here we try to envisage our goals for the future and how to achieve the goals.

It is a prediction of the financial activities and situation of the bank over a future time period, generally one year for annual budgets and 3 – 5 years for strategic plans. Although a prediction, it is not a guess work as it has to be based on reasonable quantitative reasoning, judgments and values.

Our budget is a joint production of staff, management and the board of directors. It will also require a joint effort for the implementation, supervision and control of the underlying activities.

It is believed that the budget will motivate GMB to reach its goals and also assist in the monitoring of progress towards those goals. It is our candid belief that this pragmatic thinking will help board and management make decisions about the bank, manage the financial resources of this Great and Grand Bank and avoid certain problems before they occur.

The budget provides a plan so that everyone in GMB has a similar vision of where the Bank is going during the plan period. In doing so, the board establishes yard sticks upon which performances are gauged. These yard sticks are our performance indicators

KEY PERFORMANCE INDICATORS

In line with our strategic operational plan, the bank has an established key performance indicators termed KPIs. They ensure that we have a radar that pilots and steers the ship as we cruise. It is also a measurement of the performance of our bank over time. These indices are – trustworthiness, risk asset control and expenses or cost to income control.

They are not just exoteric as in trustworthiness but are backed up empirically.

The first key performance index is KPI 1 TRUSTWORTHINESS

Trustworthiness comes from service delivery to stakeholders – customers, shareholders, governments and regulatory agencies. Our aim is to provide services to customers in a way conducive and convenient to them consistent with cost. The performance of this indicator will be measured by the growth in customer base – deposits and loans and our compliance with regulation.

The second is KPI 2 RISK ASSETS CONTROL

It is very important that we ensure that loan administration is sound. This starts with the assessment of the loan customer before, during and after the grant of the loan. Reviews are made to ensure an early detection of delinquency and follow up. The bottom line for this will be attainment of regulatory standards on portfolio at risk and impairment.

While the third performance indicator is KPI 3 EXPENSES TO INCOME CONTROL

The Bank recognizes that the cost of doing business in the microfinance sector is high but we must remain resolute in ensuring that this is brought down. We will ensure that our cost profile is low relative to income. Efforts will be made to ensure that the cost elements in various fields are curtailed in the generation of revenue.

As we operate in a very competitive market, all efforts will be geared towards increasing the revenue base to ensure that we improve our cost to income ratio considerably.

SUSTAINABILITY REPORT

GMB as a public interest entity has an inherent obligation to comply with a number of obligations to both its internal and external publics. The Bank in 2017 continued its determination to abide to the best industry standards and practices within its means and size.

In our sustainability quest we have ensured that our operations compare with peer's performance standards and applicable national environmental and social obligations to ensure continued impact on our community and environment.

We shall not shift our responsibility of using our banking and other activities in shaping the sustainability of all our stakeholders – customers, suppliers, workers and communities where we operate.

Our trustworthiness enjoins us to be at the vanguard of creating awareness amongst our stakeholders on the utmost need, costs and benefits of ensuring a sustainable society and the consequences of not doing so. We have in the past been instrumental to some social programmes in the community where we operate. We are currently leading an advocacy for our community/stakeholders comprehensive health insurance programme that will be keyed into the National Health Insurance Scheme of the Federal Government of Nigeria. We shall continue to intervene in such areas like sanitation, water, education, culture and environmental and erosion control.

The Bank will continue to uphold its affirmative position on gender equality as exemplified on the management and staff positions including directorship positions.

GMB has adopted the Nigeria Sustainable Banking Principles. This implies that the Bank will not be involved nor finance any operation that will have any negative impact on the community or the environment of the society in which we operate. We are committed to the on – going banking reforms as enunciated by the regulatory authorities.

Our internal processes are being constantly reviewed for relevance and cost effectiveness in our bid to sustainability.

TECHNOLOGY

As the banking industry in Nigeria braces up for its final lap of the run to FSS2020, it is the intention of GMB not to be left behind. GMB intends to play a robust and vital role in the Financial Systems Strategy 2020 policy of the Federal Government of Nigeria.

GMB's plan for the FSS 2020 is to take its pride of place within the Micro, Small and Medium Enterprises financial services – the engine of growth in any economy. This will involve the deepening of the outreach in various directions. It calls for leveraging technology to drive services that would add value to customers and stakeholders. We therefor would like to use the opportunity of the recent selection of GMB by the Central Bank of Nigeria to participate in the pilot phase / roll out of Unified Information Technology (Core and Agent Banking Solution) Platform for Microfinance Banks in Nigeria to advance our out - reach and customer base.

NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

1. The financial statements for the year ended 31 December, 2017 were authorized for issue by the Board of Directors on 2 March, 2018.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

- 2.1 **Basis of Preparation**

The financial statements are presented in naira, which is GMB MFB's functional and presentational currency.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of financial position, the statement of comprehensive income and profit and loss shown as one statement, the statement of changes in equity, the statement of cash flows and notes to the financial statements.

3. **INCOME RECOGNITION**

Credit to the Comprehensive Income Statement is recognized as follows:

- 3.1 **Interest Income:**

Interest is accrued on daily balances on all assets to which interest is applicable. Interest on advances is accrued to income until such a time as reasonable doubt exists about its collectability. Interest accruing on non-performing accounts is suspended and

not taken to the credit of income account until the debt is recovered.

- 3.2 **Non-Credited-Related Fees:**

Recognized when the successful outcome of the assignment can be determined and the assignment is considered substantially completed.

- 3.3 **Fees, Commissions and other Income**

Fees and Commissions, where material, are amortized over the life of the related service. Otherwise fees, commissions and other income are recognized as earned upon receipt.

4. **INTEREST EXPENSES**

Interest is accrued on daily balances on all liabilities to which interest is applicable.

5. **RISK ASSETS (LOANS AND ADVANCES)
IMPAIRMENT OF FINANCIAL ASSETS**

GMB MFB assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that GMB MFB uses to determine that there is objective evidence of an impairment loss include the existence of any of the following circumstances:

Delinquency in contractual payments of principal or interest;

Cash flow difficulties experienced by the borrower

Breach of loan covenants or conditions as contained in the agreement

Initiation of bankruptcy proceedings;

Deterioration of the borrower's competitive position;

Deterioration in the value of collateral;

6. DEPRECIATION

Depreciation of property, plant and equipment (PPE) is calculated to write off their cost over the expected useful life on a straight-line basis at the following annual rates:

	%
Improvements on Leasehold	10
Motor Vehicles	25
Office Equipment	20
Furniture and Fittings	10
Plant and Machinery Equipment	10

However, when a PPE is acquired and put into use at any time of the year a full year depreciation is allowed irrespective of time frame. Conversely when a PPE is disposed or withdrawn from service no depreciation is allowed on the use of the PPE irrespective of the time of disposal or withdrawal from service.

7. TAXATION

Income tax expenses/credits are recognized in the profit and loss account. Current income tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the date of the financial position.

8. DIVIDEND POLICY

The primary objective of the bank's dividends policy is to maximize the present value of the total future return to the bank's shareholders from their investment in the bank.

Having stated this, the board immediately and emphatically states as a matter of policy a dividend will not be declared that will cause the bank to become undercapitalized in its foreseeable future. The board reserves unto itself the option of paying any dividend it chooses as long as that dividend will not cause the bank to become undercapitalized.

This policy can result in unexpected consequences. For example, should the bank find itself growing at an unusual rate, which may give rise to expect higher appetite for risks it will be necessary that dividends be curtailed until the risk appetite is in tandem with directives from supervisory authorities.

Should this appear a likely circumstance the board will work closely with the bank's officers to arrive at a plan that controls growth and dividends until the situation has corrected itself.

Notwithstanding the above general rules the following specific policy are put in place

- 1 No dividend will be paid if the bank does not meet the statutory Minimum Capital Ratio requirement.
- 2 No dividend will be paid if the bank's Non-Performing Loan exceeds 10%
- 3 No dividend will be paid out of a Reserve Account.
- 4 No dividend will be paid if the Composite Risk Rating is High.
- 5 If all the conditionality's for the payment of dividend is met, the board reserves the right to curtail the rate of dividend pay – out in line with directives from regulatory authorities.
- 6 The bank will always set aside part of the profit in compliance with and in keeping with good practice. Therefore the bank will not pay 100% of the profit available for distribution.

By bank policy once a dividend level has been set, it will not be lowered until dividends are a threat to the bank's capital position and or composite risk rating. Because of this policy the board does not raise the level of dividends until it is sure that the level can be sustained without impacting bank growth and capitalization.

constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations in accordance with the statements of Accounting Standard.

9. DEFERRED TAXATION

Provision for the deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down value.

10. PENSION COSTS

The Bank operates a defined pension scheme in accordance with the Pension Reform Act 2004 as amended. Members of staff are required to select a pension fund administrator of their choice. The scheme is contributory, by the Bank as employer and the employees as staff. It is managed by Pension Fund Administrators (PFAs) as chosen by each employee.

11. PROVISIONS

Provision is recognized when the Bank has a present obligation whether legal or

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF THE BANK

In accordance with provisions of section 359 (6) of the Companies and Allied Matters Act 2004, the members of Audit Committee of GMB Microfinance Bank Limited, hereby report as follows:

- • We have collectively undertaken responsibility as contained in our letter of appointment and the terms of reference in accordance with section 359 (6) of the Companies and Allied Matters Act, 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- • We ascertained that the scope execution of both the external and internal audits for year ended 31 December, 2017 were satisfactory with regard to queries raised by the external auditor.
- • We obtained the assurance of the External Auditors; that necessary cooperation was received from management in the course of their statutory audit as well as their satisfaction with management responses to the External Auditor's recommendations as contained in their report on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.
- • We looked into status of performance of insider related credits and are satisfied that the balances are in line with actions of management thereto. In 2016 the balance was N 3,218,968.23 against N2,693,366 in 2017.

We are therefore of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed practices and that the scope and planning of both the external and internal audits for the year ended 31 December, 2017 were satisfactory and reinforce the Bank's internal control systems.



DEACON BERTRAM O. ANENE
FRC/2014/ANAN/0000012007

Chairman, Audit Committee

Dated: ..14th March, 2018
 Members of the Audit Committee

Deacon Bertram O. Anene, Chief Kenneth Okpanum, Comrade Mike Okoye, Chief Sir Innocent Akuvue, Mr. KeneUboma, Okafor Frances (Secretary)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS



AGOUCHUKWU OKPALAOKA & CO.
Chartered Accountants

40/42 New Cemetery Road
P. O. Box 5534, Onitsha
Tel: 08075190781
E-mail: info@agonigeria.com
Website: www.agonigeria.com

We have audited the accompanying financial statement of GMB Microfinance Bank Ltd. comprising of the statement of financial position as at 31st December, 2017, statement of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of the bank are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act, 2004 and the Banks and Other Financial Institutions Act, 1991 and for internal control, as the Directors deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with international standards on auditing. Those standards require that we comply with ethical requirement and plan and perform our audit to obtain reasonable assurance that the financial statements are free from materials misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the financials statement whether due to fraud or error. In making those risk assessment, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as

evaluating the overall presentation of financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank as at 31 December, 2017 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and requirements of the Companies and Allied Matters Act, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 1991.

Report on other legal requirements

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


- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) The bank has kept proper books of account, so far as appears from our examination of those books.
- iii) The bank's statement of financial position, statement of comprehensive income and statement of changes in equity are in agreement with the books of account;
- iv) The information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in the note to the financial statement;

As disclosed in the Notes, the bank did not contravene or pay any penalty for contravention of relevant circulars issued by the Central Bank of Nigeria

ONITSHA, NIGERIA

.....12TH MARCH, 2018




E.A OKPALAOKA
FRC/2014/ICAN/00000007850
FOR: AGOUCHUKWU OKPALAOKA & CO
(CHARTERED ACCOUNTANTS)

OTHER OFFICES:	PARTNERS:	E. A. Okpalauka FCA, ACTI, MBA	C. C. Nwuya FCA, FCTI, MBA
	LAGOS:	Eleganza Plaza, 63 Asa Afariogun Street, Ajao Estate, P. O. Box 4031, Festac Town	
	ENUGU:	2 Ogufere Street (Behind UBA Plc.) G. R. A., P. O. Box 278 Enugu	
	P/HARCOURT:	1 Rumuola Road, P. O. Box 8713, Port-Harcourt	

Tel: 08075190690
Tel: 08075190686
Tel: 084 612921

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2017

		31 Dec. 2017	31 Dec. 2016
	NOTES	₦	₦
<u>CURRENT ASSETS</u>			
Cash at Hand	1(a)	5,144,644	4,576,139
Short Term Funds	1(c)	31,883,433	21,080,716
Treasury Bills	1(b)	40,000,000	30,000,000
Investment in Other Banks	1(d)	160,000,000	210,000,000
Investment Held To Maturity	1(e)	65,000,000	35,000,000
Loans and Advances	2	246,534,341	150,354,953
Other Assets	3	22,036,547	25,164,036
<u>NON CURRENT ASSETS</u>			
Property, Plant and Equipment	4	17,119,376	20,142,269
TOTAL ASSETS		586,758,201	496,318,113
<u>EQUITY AND LIABILITIES</u>			
<u>LIABILITIES</u>			
Deposit from Customers	5	397,663,778	343,961,522
Current Taxation	6	1,857,555	1,378,685
Dividend Payable	7	10,010,042	3,772,161
Other Payables	8	11,514,011	10,971,234
		421,045,386	360,083,602
<u>EQUITY</u>			
Share Capital	9	50,000,000	45,273,223
Share Premium	10	9,453,554	-
Statutory Reserve	11	67,406,218	61,168,063
Regulatory Risk Reserve	11b	10,408,000	10,408,000
General Reserve	12	28,445,043	19,385,224
Shareholders' Fund		165,712,815	136,234,511
TOTAL EQUITY AND LIABILITIES		586,758,201	496,318,113

These Financial Statements were approved by the Board of Directors
On 7th March, 2018 and signed on its behalf by:


MR. O.O. NWANNA

CHAIRMAN

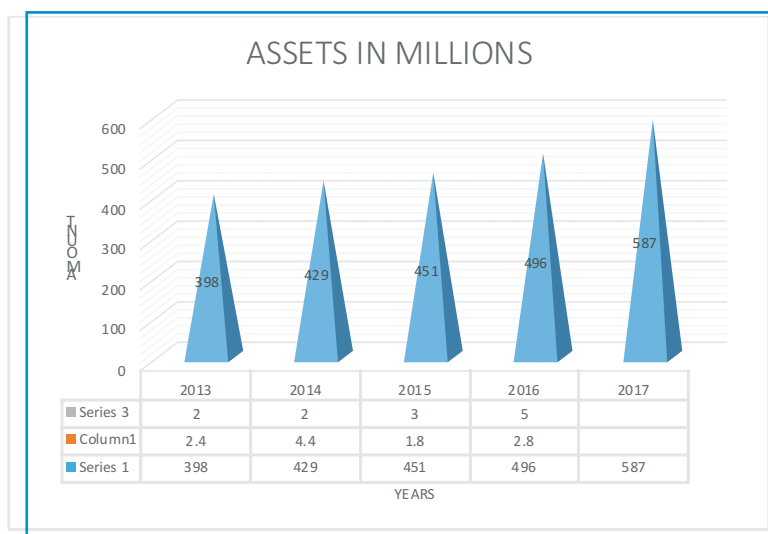
FRC/2015/ICAN/00000010691


MR. K. UBOMA

MANAGING DIRECTOR

FRC/2014/CIBN/00000010243

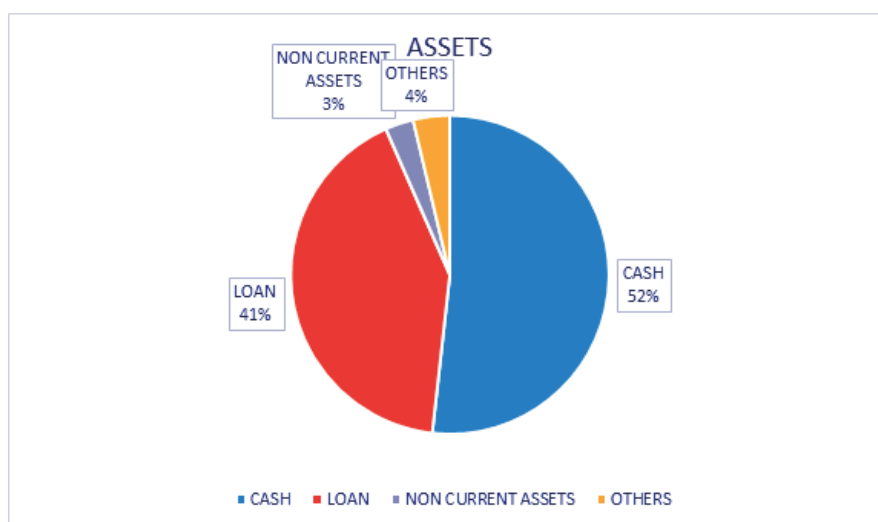
The accounting policies on page 12th and the notes & directors comments on pages 18 to 34 form part of these accounts.



DIRECTORS' COMMENTS ON ASSETS

From our humble beginning as a unit bank in the Community Banking era, the assets of GMB has grown impressively. Indeed the growth in assets has doubled between 2010 to date. This upward progression is aptly represented in the above chart.

It is not just growth for the sake of growth but we ensure that the quality of the assets is credible. They represent nearly current assets that are almost liquid and income yielding thus guaranteeing a future sustainability of operations in terms of liquidity and future income generation. The analysis of the assets for the year ended 31st December 2017 is graphically represented below.



It is observed that cash and loans make up over 90% of the total assets. The other 8% - Non Current Assets and Other Assets are indeed assets that compliment the other income yielding assets and they are the likes of prepaid lease, generators, motor vehicles, computers etc.

We are in compliance of the regulatory limit of investing not more than 25% of our shareholders' funds in Fixed Assets as defined the Central Bank of Nigeria

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2017

	NOTES	2017 ₦	2016 ₦
Interest Income	13	60,170,074	41,697,341
Interest Expense	14	<u>(5,028,710)</u>	<u>(1,895,709)</u>
Net Interest Income		55,141,364	39,801,632
Impairment Charges	16	<u>(22,773,252)</u>	<u>(9,998,004)</u>
Net Interest Income After Impairment Charges		32,368,112	29,803,628
Fees and Commission	15	421,555	370,342
Interest on Treasury Bill	15	5,340,180	2,785,896
Bad Debts Recovered	15	9,510,497	3,782,612
Interest on FGN Bond	15	6,499,624	5,231,720
Other Fees	15	17,289,884	11,214,742
Interest on Placement	15	<u>26,366,788</u>	<u>22,009,255</u>
Operating Income		97,796,640	75,198,195
Overheads	15b	(66,178,353)	(56,071,532)
Depreciation	4	<u>(5,165,668)</u>	<u>(5,009,269)</u>
Profit Before Tax		26,452,619	14,117,484
Income Tax		<u>(1,500,000)</u>	<u>(1,200,000)</u>
Profit Available for Distribution		24,952,619	12,917,484
Appropriation			
Transfer to Statutory Reserve	11	(6,238,155)	(3,229,349)
Transferred to General Reserve		<u>18,714,464</u>	<u>9,688,135</u>
Earnings Per Share (Kobo)		<u>50</u>	<u>29</u>

The accounting policies on page 6 and the notes on pages 21 to 27 form part of these accounts.

DIRECTORS' COMMENTS ON GROSS EARNINGS

Except for 2015 accounting year, the gross earning of the bank has equally grown progressively from N66million in 2013 to N126million in the year ended 31st December 2017. All of these earnings have come from the core operations of the bank.



The sharp increase in 2017 is as a result of our expansion programme to a state status. The gross earnings have guaranteed the write off of huge overheads, emoluments, as well as the full provisions for risk assets etc. We have thus ensured that we do not carry any toxic asset in our books nor declare paper profits. We have ensured that at least 25% of our profit after tax is retained in our statutory reserve.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2017

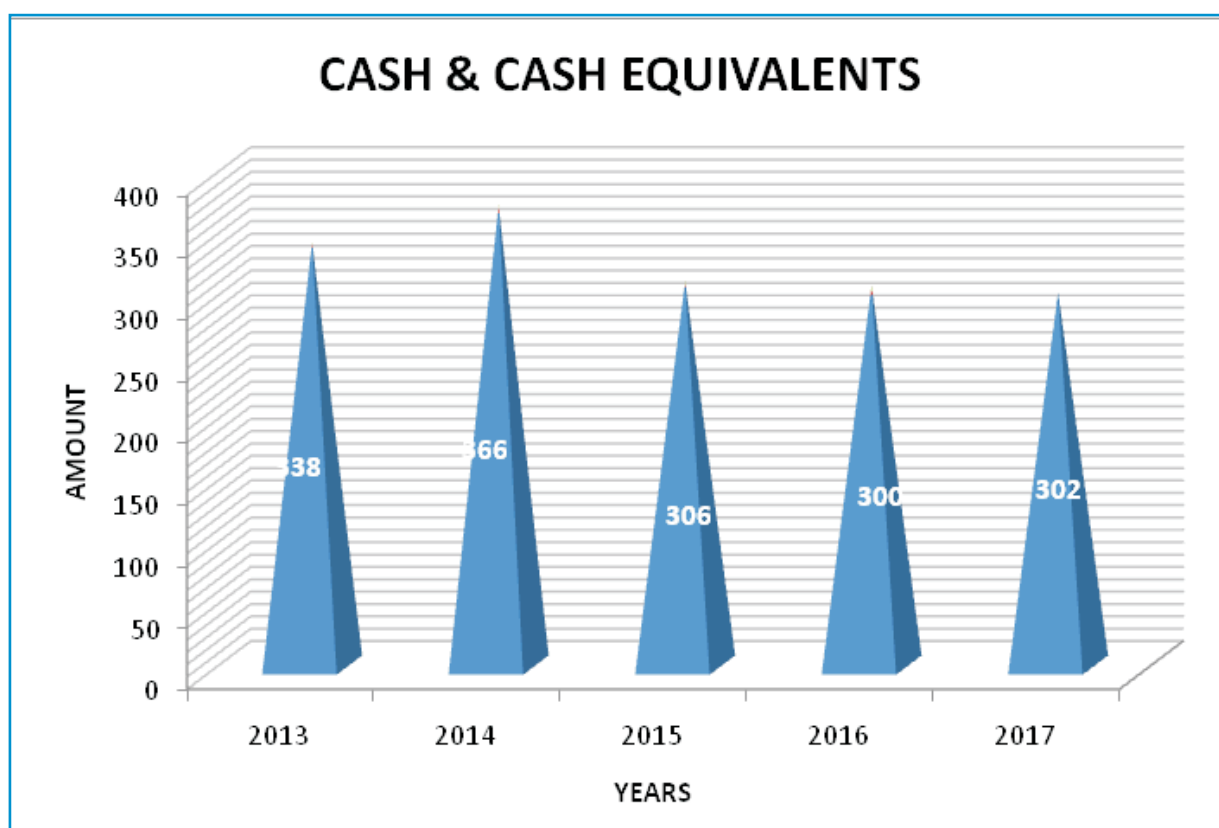
	SHARE CAPITAL	SHARE PREMIUM	STATUTORY RESERVE	REGULATORY RISK RESERVE	GENERAL RESERVE	TOTAL
	₹	₹	₹	₹	₹	₹
Balance at 1 January 2017	45,273,223	-	61,168,063	10,408,000	19,385,224	136,234,510
Dividend Payable	-	-	-	-	(9,054,645)	(9,054,645)
Current Year Adjustment	-	-	-	-	-	-
Issued During the year	4,726,777	9,453,554	-	-	-	14,180,331
Additional Tax Provision 2016	-	-	-	-	(600,000)	(600,000)
Comprehensive Income for the Year:						
Profit for the Year	-	-	6,238,155	-	18,714,464	24,952,619
Balance at 31 December 2017	50,000,000	9,453,554	67,406,218	10,408,000	28,445,043	165,712,815
Balance at 1 January, 2016	45,273,223	-	57,938,714	-	29,159,607	132,371,544
Prior Year Adjustment	-	-	-	-	(9,054,517)	(9,054,517)
Comprehensive Income for the Year:						
Profit for the Year	-	-	3,229,349	-	9,688,135	12,917,484
Transfer Between Reserves	-	-	-	10,408,000	(10,408,000)	-
Balance at 31 December, 2016	45,273,223	-	61,168,063	10,408,000	19,385,224	136,234,511

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER, 2017

	2017	2016
	₦	₦
OPERATING ACTIVITIES		
Net Profit for the Year Before Taxation	26,452,619	14,117,484
Adjustment for Non-Cash Items:		
Depreciation	5,165,668	5,009,269
Recoveries Made	(5,845,014)	(3,782,692)
Lease Amortization	2,500,000	2,500,000
Provision Written Back	(858,819)	(4,849,037)
Impairment for Risk Assets (Loans)	22,773,252	7,398,004
Dormant Account written off	(198,700)	-
Cash Generated Before Working Capital Changes	50,646,260	20,393,028
Changes in Operating Assets And Liabilities		
Loans and Advances	(114,121,489)	(83,006,580)
Other Assets	3,127,489	13,316,978
Deposit and Other Accounts	53,702,256	45,304,935
Other Payables	(542,777)	(4,977,324)
Tax Paid	(57,834,521)	(29,361,991)
	(1,621,130)	(2,555,658)
Net Change in Operating Assets and Liabilities	(59,455,651)	(31,917,649)
Net Cash (Spent on)/from Operating Activities	(8,809,391)	(11,524,621)
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(2,182,954)	(21,142,495)
FGN Stock	(30,000,000)	-
Net Cash (Spent on)/ from Investing Activities	(32,182,954)	(21,142,495)
FINANCING ACTIVITIES		
Dividend Paid	(1,816,764)	(7,913,563)
Share Capital	4,726,777	-
Share Premium	9,453,554	-
Net Cashflow from Financing Activities	12,363,567	(7,913,563)
Net Change in Cash and Cash Equivalents:	(28,628,778)	(40,580,769)
Cash and Cash Equivalents at the Beginning of the Year:	265,656,855	306,237,624
Balance at End of the year	237,028,077	265,656,855
Cash and Cash Equivalents at the End of the Year:		
Cash in Hand	5,144,644	4,576,139
Treasury Bill	40,000,000	30,000,000
Cash at Bank	31,883,433	21,080,716
Placements	160,000,000	210,000,000
Balance at End of the Year	237,028,077	265,656,855

DIRECTORS' COMMENTS ON CASH & CASH EQUIVALENTS

The decline of cash and cash equivalents from N306million to N302million as at December 31, 2017 is only apparent and not real. The facts behind the figures is that it has been used up in the financing of loans which increased as a result of our increased outreach.



We are quick to add that although a decline, we are very much ahead of the statutory minimums in terms of Cash Adequacy Ratio and Minimum Capital Ratio requirement. We are mindful of a mismatch of funds with its attendant challenges to liquidity. Your board is putting all her experience in soundness and safety of management of liquidity risk to bear on this. We have stalled momentarily our appetite for credit risks. In this regard, the board is proposing a T2 Capital to ensure that we can increase and accommodate our increasing demands for credit without liquidity challenges.

NOTES TO FINANCIAL STATEMENTS

	2017	2016
	₦	₦
1 CASH AND SHORT –TERM FUNDS		
1(a) Cash in Hand	5,144,644	4,576,139
1(b) <u>Treasury Bill</u>		
FBN Quest	20,000,000	20,000,000
Zenith Bank Plc	10,000,000	10,000,000
Guaranty Trust Bank Plc	10,000,000	-
	<u>40,000,000</u>	<u>30,000,000</u>
1(c) <u>Balances With Other Banks</u>		
Stanbic IBTC Plc	3,326,918	2,500,000
Diamond Bank Plc	4,596,469	-
Fidelity Bank Plc	72,928	530,572
Guaranty Trust Bank Plc, Awka	1,860,988	7,576,101
Access Bank Plc, Awka	82,342	120,117
First Bank of Nigeria Plc-Account 1	2,794,101	459,287
United Bank of Africa Plc, Enugu	11,001,000	-
United Bank for Africa Plc, Awka,	3,877,350	5,372,936
First Bank of Nigeria Plc, Awka (Dormant)	-	198,700
United Bank for Africa Plc, Enugu	525,981	4,162,624
Zenith Bank Plc	<u>3,958,383</u>	<u>374,406</u>
	32,096,460	21,293,743
Impairment Provisions	<u>(213,027)</u>	<u>(213,027)</u>
	<u>31,883,433</u>	<u>21,080,716</u>
1(d) <u>Placements</u>		
First City Monument Bank Plc	50,000,000	90,000,000
United Bank for Africa Plc	30,000,000	40,000,000
Stanbic IBTC, Plc	<u>80,000,000</u>	<u>80,000,000</u>
	<u>160,000,000</u>	<u>210,000,000</u>
	<u>237,028,077</u>	<u>265,656,855</u>
1(e) <u>Investment Held To Maturity</u>		
Kakawa Discount House	35,000,000	35,000,000
FGN Savings Board	<u>30,000,000</u>	<u>-</u>
	<u>65,000,000</u>	<u>35,000,000</u>
<u>LOANS AND ADVANCES</u>		
2 <u>Summary of Loans and Advances</u>		
2(a) Overdrafts	66,043,192	39,329,894
Sundry Loans	<u>205,560,015</u>	<u>120,751,824</u>
	271,603,207	157,481,718
Less: Impairment for Risk Assets (Note 2c)	<u>(25,018,866)</u>	<u>(7,126,765)</u>
	<u>246,584,341</u>	<u>150,354,953</u>
2(b) <u>Analysis of Loans and Advances</u>		
Loans And Advances are analyzed as to		
Security as follows:		
Secured Against Real Estates	100,625,510	70,420,957
Otherwise Secured	79,761,490	34,888,906
Unsecured	<u>91,215,769</u>	<u>52,171,855</u>
	<u>271,603,207</u>	<u>157,481,718</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

2(c)	Classification of Loans and Advances	2017			2016		
		Principal ₦	%	Impairment ₦	Principal ₦	%	Impairment ₦
	Non Performing:						
	Pass and Watch	18,625,502	5	931,275	24,631,167	5	1,231,558
	Substandard	11,980,194	20	2,396,039	333,939	20	66,788
	Doubtful	8,987,778	50	4,493,889	732,932	50	366,466
	Lost	<u>13,178,332</u>	100	<u>13,178,322</u>	<u>3,195,273</u>	100	<u>3,195,273</u>
	Sub Total	52,771,796		20,999,525	28,893,311		4,860,085
	Performing	<u>216,981,889</u>	1	<u>2,169,819</u>	<u>127,597,703</u>	1	<u>1,275,977</u>
		269,753,685		23,169,344	156,491,015		6,136,062
	Interest-in-Suspense	<u>1,849,522</u>		<u>1,849,522</u>	<u>990,703</u>		<u>990,703</u>
	Total	<u>271,603,207</u>		<u>25,018,866</u>	<u>157,481,718</u>		<u>7,126,765</u>

2(d)	Impairment for Non-Performing Accounts	2017	2016
		₦	₦
	Principal		
	Balance at 1 January	7,126,765	7,761,314
	Provision written Back	(4,022,332)	(3,183,516)
	Transferred to Interest Suspense	(858,819)	(4,849,037)
	Charged for the Year (Note 15)	<u>22,773,252</u>	<u>7,398,004</u>
	Balance at 31 December	<u>25,018,866</u>	<u>7,126,765</u>
	Made Up As Follows:		
	Specific Impairment	20,999,525	4,860,085
	General Impairment	<u>2,169,819</u>	<u>1,275,977</u>
		<u>23,169,344</u>	<u>6,136,062</u>
	Interest		
	Balance at 1 January	990,703	32,948,933
	Interest No Longer Required	-	(36,807,267)
	Addition During the Year	<u>858,819</u>	<u>4,849,037</u>
	Balance at 31 December	<u>1,849,522</u>	<u>990,703</u>
	Total at 31 December	<u>25,018,866</u>	<u>7,126,765</u>

2(e)	Maturity Profile of Loans and Advances	2017	2016
		₦	₦
	These are as follows:		
	Under 1 month	4,174,492	6,259,641
	1 - 12 months	24,809,003	23,473,652
	13 - 24 months	61,252,187	32,863,113
	25 - 36 months	173,868,645	71,985,867
	Over 36 months	<u>7,098,880</u>	<u>21,908,742</u>
		<u>271,603,207</u>	<u>157,481,718</u>

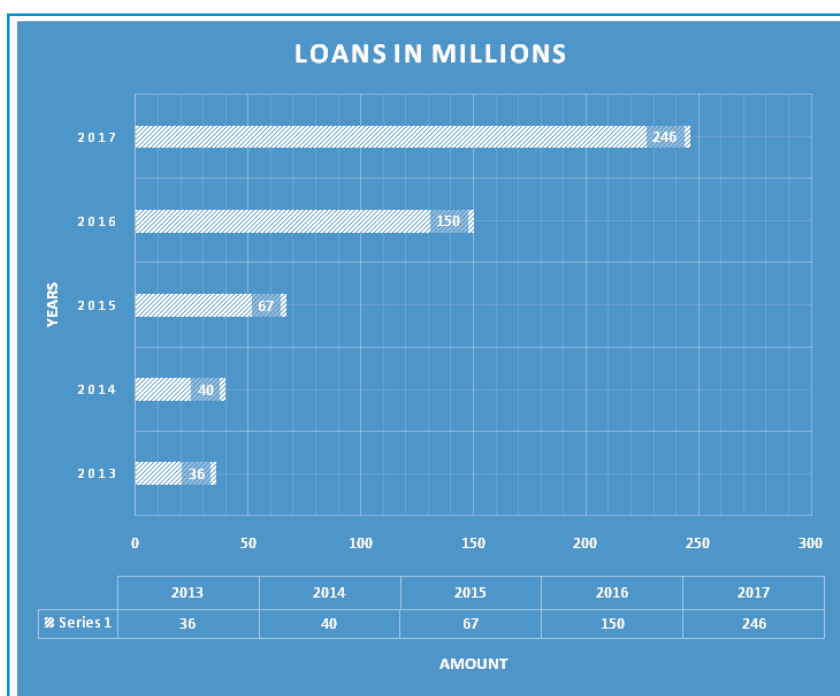
2(f)	Sectorial Analysis of Loan and Advance	2017	2016
		₦	₦
	Agriculture and Forestry	6,364,187	20,343,832
	Trade and Commerce	247,499,006	123,627,901
	Transport and Communication	5,152,295	1,564,910
	Consumer/Personal	5,363,522	4,120,523
	Health	1,618,522	1,564,910
	Education	3,065,379	6,259,641
	Mining & Quarry	1,000,000	-
	Real Estate and Construction	<u>640,296</u>	<u>-</u>
		<u>271,603,207</u>	<u>157,481,717</u>

3.	OTHER ASSETS	2017	2016
		₦	₦
	WIP – Computer/Office Equipment	5,000	76,060
	Leasehold prepayment (Appendix III)	12,500,000	15,000,000
	Cash Shortage	50,660	-
	Stationery Stock Account	962,492	544,351
	Cheque Books	242,593	277,093
	Interest Receivable	8,039,562	7,767,740
	Prepaid Insurance	286,028	398,911
	Cash Advance	1,078,700	186,650
	New Branch Investment	1,000	1,000
	3 – Line Settlement Account	(141,500)	373,000
	Interest Receivable	-	990,703
	Sundry Debtors	245,710	(200,290)
	Premium Payment on FGN Board	<u>(1,000)</u>	<u>-</u>
		<u>23,269,239</u>	<u>25,418,218</u>
	Impairment for Risk Assets	<u>(232,692)</u>	<u>(254,182)</u>
		<u>22,036,547</u>	<u>25,164,036</u>

DIRECTORS' COMMENTS – LOANS

Following the deepening of our outreach, our bank is on the path of growth. While growth is always a welcome development, it must be matched with an equal or commensurate and appropriate management. In keeping with our three tripods of management – planning, execution and control, this means that the growth has to be planned, executed and controlled.

Although the growth has been planned and anticipated from our various plan modules – the annual budgets and the short to long term strategic plans, a number of variables some within our control and others outside our control and therefore not contemplated has necessitated that the execution and control aspects be revisited and reviewed.



Loans have grown from N36million as at December 2013 to over N246million in December 2017. Although this growth was anticipated and its benefit well taken, but it has come with a cost higher than anticipated. This has come with an enormous risks in 2017 resulting in the provision of over N23million for non – performing loans. This figure although high is still tolerable given that the economy was in recession most of the year and that we are still within the guidelines for declaration of dividend

The board has since done a SWOT analysis of the above situation and have proffered a plan of action which we believe will ameliorate the situation. The plan include but not limited to

1. Loan recoveries is to be geared up.
2. No loans will be given out of our existing cash holdings and no loan will be given out of deposit takings
3. The PAR should be reduced to N15million by June 2018 or 5% whichever is lower
4. Loans will continue to be given but out of recoveries made from existing loans
5. Emphasis from now should be on small and micro loans.

The above action plan is already yielding the desired results.

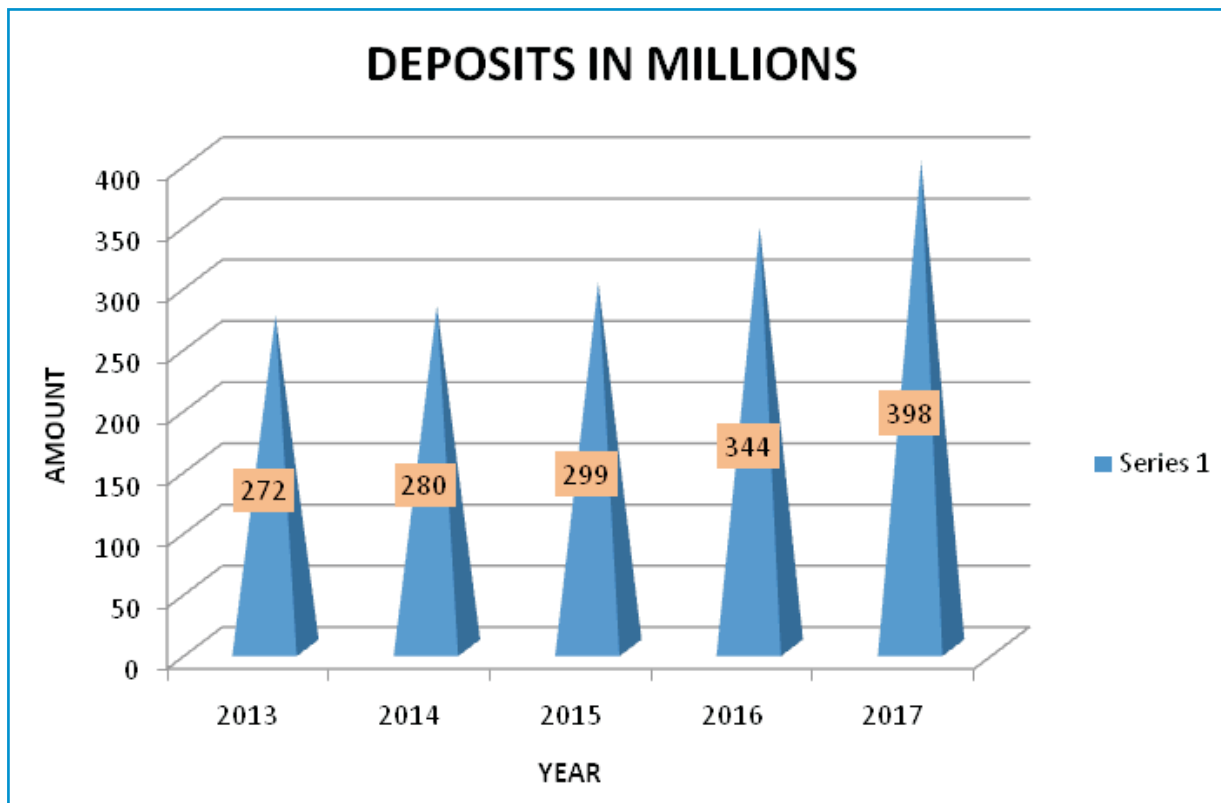
NOTES TO FINANCIAL STATEMENTS (CONTD)

4. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD IMPROVEMENTS	OFFICE EQUIP.	MOTOR VEHICLES	FURNITURE AND FITTINGS	PLANT AND MACHINERY	TOTAL
	₦	₦	₦	₦	₦	₦
<u>COST/VALUATION</u>						
At 1 January, 2017	1,757,695	14,490,215	11,208,483	10,798,297	1,849,650	40,104,340
Additions	-	1,856,954	-	-	326,000	2,182,954
Disposal	-	-	-	(40,604)	-	(40,604)
	<u>1,757,695</u>	<u>16,347,169</u>	<u>11,208,483</u>	<u>10,757,693</u>	<u>2,175,650</u>	<u>42,246,690</u>
At 31 December, 2017						
<u>IMPAIRMENT</u>						
At 1 January, 2017	1,757,645	6,485,992	9,380,276	1,769,527	568,206	19,961,646
Disposal	-	-	-	-	-	-
Charges for the year	-	1,993,526	1,709,751	1,074,156	388,235	5,165,668
	<u>1,757,645</u>	<u>8,479,518</u>	<u>11,090,027</u>	<u>2,843,683</u>	<u>956,441</u>	<u>25,127,314</u>
At 31 December, 2017						
<u>NET BOOK VALUE</u>						
At 31 December, 2017	<u>50</u>	<u>7,867,651</u>	<u>118,456</u>	<u>7,914,210</u>	<u>1,219,209</u>	<u>17,119,376</u>
At 31 December, 2016	<u>50</u>	<u>8,004,223</u>	<u>1,828,207</u>	<u>9,028,770</u>	<u>1,281,444</u>	<u>20,142,694</u>

DIRECTORS COMMENTS ON DEPOSITS

Deposits have continued to grow unimpaired or hindered by the prevailing epileptic economy as could be seen from the chart below. This is a measure of depositors' trust in our services. We are nevertheless mindful that most deposits are for a short term and therefore not suitable for long term financial intermediation. This underscores our need for a Tier 2 Capital with medium to long term periods of repayment that can be used for short and medium term financial intermediation.



NOTES TO FINANCIAL STATEMENTS (CONT'D)

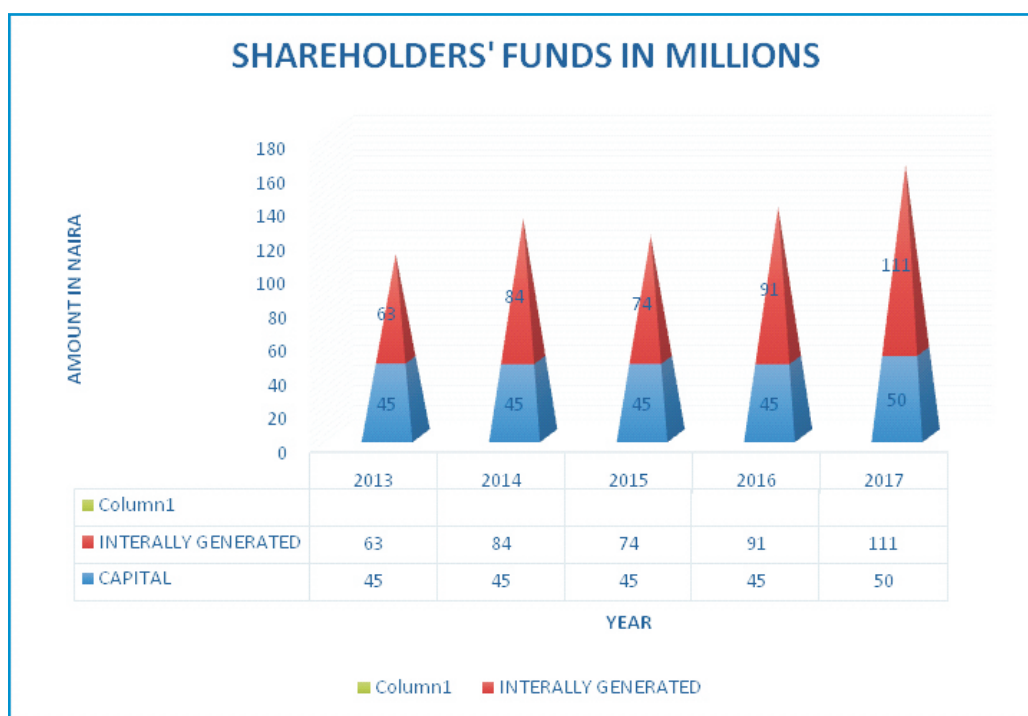
	2017	2016
	₦	₦
5. DEPOSITS AND OTHER ACCOUNTS		
Staff Social Account	53,800	146,400
Savings Deposit Account – Corporate	41,011	10,593
Current Deposit Account – Personnel	12,941,053	17,059,017
Savings Deposit Account – Personnel	330,267,524	280,533,819
Current Deposit Account – Corporate	19,582,686	24,282,863
Fixed Deposit Account	21,418,504	16,279,330
Secured Savings	13,359,200	5,649,500
	<u>397,663,778</u>	<u>343,961,522</u>
5(a) Maturity Profile of Deposits		
Under 1 month	370,549,278	306,199,533
1 - 3 months	6,580,300	1,156,993
3 - 6 months	4,721,616	20,682,863
6 - 12 months	<u>15,812,584</u>	<u>15,922,133</u>
	<u>397,663,778</u>	<u>343,961,522</u>
6. TAXATION		
6(a) Per Profit and Loss Accounts		
Income Tax Based on Profit for the Year	1,200,000	1,000,000
Education Tax for the Year	<u>300,000</u>	<u>200,000</u>
	<u>1,500,000</u>	<u>1,200,000</u>
6(b) Per Balance Sheet		
Balance at 1 January	1,378,685	1,468,711
Additional Assessment (FIRS)	600,000	1,265,632
Provision Per Profit and Loss Account	1,500,000	1,200,000
Payment made during the Year	<u>(1,621,130)</u>	<u>(2,555,658)</u>
Balance at 31 December	<u>1,857,555</u>	<u>1,378,685</u>
7. Unclaimed Dividend		
Balance at 1 January	3,772,161	2,631,079
Proposed during the year	9,054,645	9,054,645
Payments made during the year	<u>(1,816,764)</u>	<u>(7,913,563)</u>
Balance at 31 December	<u>10,010,042</u>	<u>3,772,161</u>
8. OTHER PAYABLES		
Sundry Creditors	1,130,671	922,991
Deposit for Shares	17,000	17,000
Accrued Interest on Fixed Deposit	508,339	-
Accrued Expenses	520,000	520,000
Accrued Audit Fee	500,000	500,000
Cash Surplus	302,928	97,083
Nigerian Life and Pension	1,434,508	914,722
Sundry Persons Account	628,781	615,581
Withholding Tax Account	1,497,993	185,484
Deferred Credit	825,891	2,058,082
PAYE	329,965	254,439
VAT Account	117,540	5,067
Accrued Staff Benefit	1,066,751	1,822,000
Trust fund Pension	250	-
Credit Bureau Charge	101,391	-
Fidelity Pension	164,816	94,409
First Guarantee Pension	145,727	100,736
Stamp Duty Fee	377,450	150,000
WIP – Leasehold	9,660	9,660
Staff Pension Account	234,350	103,980
Other Known Losses	<u>1,600,000</u>	<u>2,600,000</u>
	<u>11,514,011</u>	<u>10,971,234</u>

Directors' Comments

STATEMENT ON DIVIDENDS POLICY

On 31st January 2018 the Central Bank of Nigeria issued a revised guideline for the payment of dividends by banks referenced BSD/DIR/GEN/LAB/11/002.

Your board could not agree less with all the avowals in the circular letter. We have recognized since being in operations the need to build or shore up our shareholders funds. This policy enabled us to grow our shareholders funds unimpaired by losses with the retention of undistributed profits since transmuting from Community Bank to a Microfinance Bank in 2008 and progressively to our attainment of a State Status in 2016. A graphical representation of this fact is presented below.

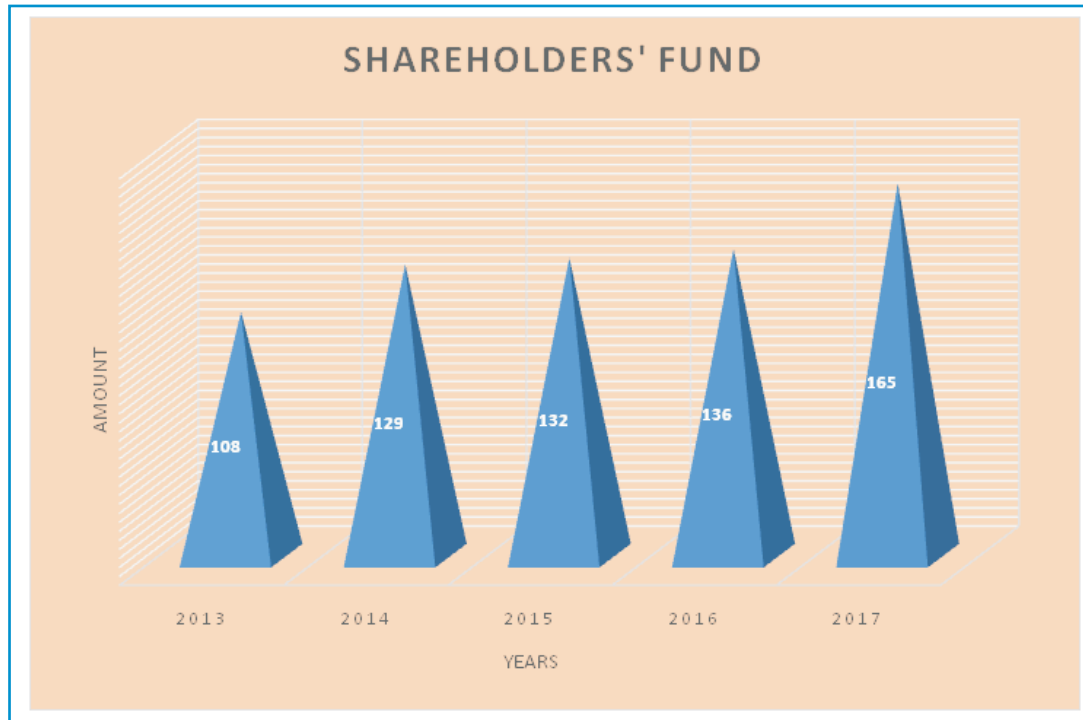


Your board has been proactive with this directive as could be seen from the build up of shareholders' funds from internally generated and retained earnings. Our dividend policy is as stated in note 8 to the accounts.

The above stated policy directive therefore do not affect the results for the year as we are already in conformity.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

	2017 ₦	2016 ₦
9		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
50,000,000 Ordinary Shares of ₦1.00 each	<u>50,000,000</u>	<u>50,000,000</u>
<u>Issued and Fully Paid</u>		
Balance at 1 January	45,273,223	45,273,223
Issued During the Year	<u>4,726,777</u>	<u>-</u>
Balance at 31 December	<u>50,000,000</u>	<u>45,273,223</u>
10		
<u>SHARE PREMIUM</u>		
Balance at 1 January	-	-
Issued During the year	<u>9,453,554</u>	<u>-</u>
	<u>9,453,554</u>	<u>-</u>
11		
<u>STATUTORY RESERVE</u>		
Balance at 1 January	61,168,063	57,938,714
Transfer from Profit and Loss Account	<u>6,238,155</u>	<u>3,229,349</u>
Balance at 31 December	<u>67,406,218</u>	<u>61,168,063</u>
11(b)		
<u>REGULATORY RISK RESERVE</u>		
Transferred from General Reserve	10,408,000	10,408,000
Adjustment During the year	<u>-</u>	<u>-</u>
	<u>10,408,000</u>	<u>10,408,000</u>
12		
<u>GENERAL RESERVE</u>		
Balance at 1 January	19,385,224	29,159,607
Additional Tax Provision 2016	(600,000)	-
Transfer to Regulatory Risk Reserve	-	(10,408,000)
Dividend Payable	(9,054,645)	(9,054,517)
Transfer from Profit and Loss Account	<u>18,714,464</u>	<u>9,688,135</u>
Balance at 31 December	<u>28,445,043</u>	<u>19,385,136</u>
SHAREHOLDERS' FUND	<u>165,712,815</u>	<u>136,234,511</u>
13		
<u>INTEREST INCOME</u>		
Interest Received - DSS	13,251,500	13,335,392
Loans and Advances	<u>46,918,574</u>	<u>28,361,949</u>
	<u>60,170,074</u>	<u>41,697,341</u>



DIRECTORS' COMMENTS ON SHAREHOLDERS FUNDS

The shareholders' funds have exhibited a steady rise pre 2013 to date. These increases were largely grown organically except in 2017 when the bank issued by way of private placement 4,722,720 ordinary shares of the company to level up its authorized and fully issued shares to 50,000,000 ordinary shares of N1.00 each. This was successfully and fully subscribed by some existing and new shareholders at a premium of N2.00 each

NOTES TO FINANCIAL STATEMENTS (CONT'D)

		2017 ₦	2016 ₦
14	<u>INTEREST EXPENSE</u>		
	Interest Paid on Savings Deposit Accounts	4,257,373	1,413,813
	Interest Paid on Fixed Deposit Accounts	<u>771,337</u>	<u>481,896</u>
		<u><u>5,028,710</u></u>	<u><u>1,895,709</u></u>
15	<u>OTHER INCOME</u>		
	Commission on Turnover (COT)	421,555	370,342
	Interest Received on Treasury Bill	5,340,180	2,785,343
	Bad Debt Recovered	9,510,497	3,183,516
	Interest Received on FGN Bond	6,499,624	5,231,720
	Other Fees and Commissions	17,289,884	11,214,742
	Interest Received on Placements	<u>26,366,788</u>	<u>22,009,255</u>
		<u><u>65,428,528</u></u>	<u><u>44,795,471</u></u>

16	IMPAIRMENT	Loans	Other	Bank	Other	Total
a	FOR RISK ASSETS	₦	Assets	Balances	Known	₦
		₦	₦	₦	₦	₦
	Balance at 1 January	7,126,765	254,182	213,027	2,600,000	10,193,974
	Charges during the year	<u>22,773,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,773,252</u>
		29,900,017	254,182	213,027	2,600,000	32,967,226
	Transfer to interest suspense	(858,819)				(858,819)
	Provision written Back	<u>(4,022,332)</u>	<u>(21,490)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(5,043,822)</u>
	Balance at 31 December	<u><u>25,018,866</u></u>	<u><u>232,692</u></u>	<u><u>213,027</u></u>	<u><u>1,600,000</u></u>	<u><u>27,064,585</u></u>

	2017 ₦	2016 ₦
16(b) <u>Overheads</u>		
See Appendix 1 on page 37 for details.	66,178,353	56,071,532

NOTES ON THE FINANCIAL STATEMENTS (CONT'D)

17. INFORMATION ON EMPLOYEES AND DIRECTORS

17(a) Employees:

- i. The average monthly number of persons in the employment of the Bank during the year was 28 persons

CATEGORY	2017	2016
Senior Management	7	4
Middle Management	12	10
Others	38	36
Total	57	50

- ii. Employees cost for the above persons for Salaries, Allowance and other Benefits were ₦26,773,100 in 2017 (for 2016 - ₦21,052,716)
- iii. The number of senior employees of the bank other than Directors who earned more than:

	2017	2016
Below ₦200,000 in the year	3	Nil
₦200,001 - ₦300,000	3	Nil
₦300,001 - ₦500,000	36	36
₦500,001 - ₦1,000,000	13	13
₦1,000,001 and Above	2	1

17(b) Directors' Remuneration

- i. The Chairman and other Directors of the Bank were paid the sum of ₦1,500,000 during the year.

	2017	2016
	₦	₦
ii. Directors other Expenses	3,278,837	3,416,822

18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

- i. The Directors are of the opinion that all known liabilities and commitments have been taken into accounts in the preparation of the financial statements.
- ii. No provision has been made for contingent liabilities in respect of legal actions against the Bank as there is no such legal action.

19. FRAUD AND FORGERIES

During the year there was no incident of fraud and forgery. However the N1,600,000.00 for Other Known Losses carried in the account relates to balance of provision for N7,000,000.00 fraud which was duly reported in the 2016 accounts. The Directors are of the opinion that the outstanding balance will be recovered in the short run.

20. PENALTY

There was no penalty during the year.

STATEMENT OF VALUE ADDED

	2017		2016	
	₦	%	₦	%
Gross Earnings	125,598,602		87,091,998	
Interest Expense	(5,028,710)		(1,895,709)	
	120,569,892		85,196,199	
Overheads	(35,931,263)		(29,298,432)	
Provision for Risk Assets	(22,773,252)		(9,998,004)	
VALUE ADDED	61,865,377	100.00	45,899,853	100.00
<u>Applied as Follows</u>				
To Pay Employees:				
Salaries and Other Benefits	30,247,090	48.89	26,773,100	55.23
To Pay Government:				
Company Tax	1,500,000	2.43	1,200,000	2.47
To Pay Providers of Capital:				
Dividend	-	-	-	-
To Provide for Future Replacement of Assets and Expansion of Business:				
Depreciation	5,165,668	8.35	5,009,269	10.32
Statutory Reserve	6,238,155	10.08	3,229,349	7.99
Retained in the Business	18,714,464	30.25	9,688,135	23.99
	61,865,377	100.00	45,899,853	100.00

Value added represents the additional wealth which the Bank has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, shareholders, government and that retained for the future replacement of fixed assets and creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000
<u>CURRENT ASSETS</u>					
Cash and Short-Term Funds	237,028	265,657	306,238	366,001	337,745
Loans and Advances	246,534	150,355	67,348	40,287	35,764
Other Assets	22,036	25,164	38,481	16,277	12,999
Held to Maturity	65,000	35,000	35,000	-	-
<u>NON-CURRENT ASSETS</u>					
Property, Plant and Equipment	17,119	20,142	4,009	6,990	11,158
TOTAL ASSETS	586,758	496,318	451,076	429,555	397,666
<u>EQUITY AND LIABILITIES</u>					
<u>LIABILITIES</u>					
Deposits and Other Accounts	397,664	343,961	298,656	279,974	271,753
Taxation Payable	1,858	1,379	1,469	1,800	2,089
Unclaimed Dividend	10,010	3,772	2,631	2,807	5,850
Other Payables	11,514	10,971	15,948	15,208	9,560
Total Liabilities	421,046	360,084	318,705	299,789	289,252
<u>EQUITY</u>					
Share Capital	50,000	45,273	45,273	45,273	45,273
Share Premium	9,453	-	-	-	-
Statutory Reserve	67,406	61,168	57,938	54,140	41,173
Regulatory Risk Reserve	10,408	10,408	-	-	-
General Reserve	28,445	19,385	29,160	30,353	21,968
Shareholders' Fund	165,712	136,234	132,371	129,766	108,414
TOTAL EQUITY AND LIABILITIES	586,758	496,318	451,076	429,555	397,666
Gross Earnings	125,599	87,092	76,239	82,726	66,917
Profit Before Taxation	26,453	14,117	16,394	27,735	15,534
Taxation	1,500	(1,200)	(1,200)	(1,800)	(1,200)
Profit After Taxation	24,953	12,917	15,194	25,935	14,334
Earnings Per Share (Kobo)	50k	29k	34k	57k	31k

APPENDIX I

	2017	2016
	₦	₦
<u>OVERHEADS</u>		
Directors' Expenses	3,278,837	3,416,822
Salaries and Allowances	30,247,090	26,773,100
Staff Training and Development	886,340	657,400
Postages and Telephone/Communication Expenses	2,068,190	1,449,104
Rent and Rates	2,520,000	2,520,000
Transport and Travelling	1,430,065	773,250
Hotel and Entertainment	457,250	843,160
Printing and Stationery	2,354,850	2,345,580
Legal/Professional Filling & Secretarial Fees	2,008,200	208,250
Audit Fees	500,000	700,000
Insurance and Licensing	2,310,409	1,964,559
Cleaning and Sanitation	374,210	385,190
Electricity and Lighting	306,450	334,120
Subscription	476,400	444,500
Directors Remuneration	1,500,000	1,500,000
Fuel, Oil and Lubricants	1,927,595	1,721,207
Newspapers and Periodicals	67,250	45,650
Pension Cost	1,885,595	1,804,645
Annual General Meeting	644,000	642,190
Advertisement and Publicity	529,000	360,400
Bank Charges	1,006,051	1,003,792
VAT	2,083,688	-
Security Expenses	75,300	88,700
Customers Forum	-	158,000
Social Responsibility Expenses	417,300	211,120
Association Dues	240,000	80,000
Repairs and Maintenance:-		
- Furniture and Fittings	-	3,500
- Motor Vehicle	3,611,428	3,304,788
- Office Equipment	1,524,870	1,198,950
- Generating Set	312,700	339,650
- Leasehold Improvement	42,350	52,220
General Expenses	260,410	363,250
Condolences Expenses	37,000	8,000
Recovery Expenses	413,627	156,000
Industrial Training Fund	381,898	214,435
	66,178,353	56,071,532

APPENDIX II

BREAKDOWN OF PREPAYMENTS ON LEASEHOLD AS AT 31ST DECEMBER, 2017

Location	Purpose	Annual Lease	Period	Lease payment	Yrs Occupied	Yrs Outstanding	Lease C/F
Head Quarter Nibo	Head Office	500,000.00	25yrs	12,500,000.00	11	14	7,000,000.00
23 Market Rd Osha	Branch Office	2,000,000.00	5yrs	10,000,000.00	2+	2+	5,500,000.00
							12,500,000.00

SCHEDULE OF INSIDER RELATED LOANS AS AT 31ST DECEMBER, 2017

APPENDIX III

S/No	Account Name	Amount Granted	Date Granted	Expiry Date	Balance	Related Officer	Relationship
1	ODEH MAUREEN CHINYERE	150,000	10/12/2017	04/11/2018	100,000	Odeh Sandra	Sister
2	AZOM EBENEZER EKENE	300,000	17/05/2017	16/05/2018	273,598	Okoye Peace	Brother
3	ENEMUO OGONNA V.	50,000	15/04/2017	14/10/2017	0	Enemou Beatrice	Daughter
4	ANYAEJI ADLINE AMAKA	30,000	21/03/2017	20/07/2017	0	Anyaeji Dorris	Mother
5	NWANNA IFEANYI	800,000	27/03/2017	26/03/2018	261,034	Nwanna Onuora	Brother
6	MARTHANA NIG. LTD	2,070,000	22/06/2017	22/05/2018	2,058,732	Anachebe Martins	Director
		3,400,000			2,693,366		

PROXY FORM

(Please complete in Block Letters)

I/We.....
of.....

Being a member/members of GMB
Microfinance Bank Ltd hereby appoint*

.....
of.....

or failing him/her, the Chairman of the
meeting as my/our proxy to the 21st
Annual General Meeting of the Company
to be held at 10:00am on Saturday, 18th
August, 2018 and at

	Resolution	For	Against
1.	To receive the Report and Accounts		
2.	To Propose Dividend		
3.	To re-elect directors		
4.	To approve remuneration for Directors		
5.	To elect Members of the Audit Committee		
6.	To elect Members of the Audit Committee		
7.	To consider any other business that may be lawfully be transacted at an Annual General Meeting		
* * Please indicate with an 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain at his/her discretion.			

As witness my/our hand(s) this day of 2018

signed

- Note:**
- (i) THIS PROXY FORM SHOULD NOT BE COMPLETED AND RETURNED IF THE MEMBER WILL BE ATTENDING THE MEETING.
 - (ii) A member entitled to attend and vote at the general meeting is entitled to and may, if he/she wishes, appoint a proxy to act for him/her. All proxy forms must be deposited at the registered office of the company shown overleaf not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the company.
 - (iii) The Chairman of the meeting has been printed on the form to ensure that someone will be at the meeting to act as your proxy but if you wish you may appoint someone else instead, by entering the person's name in the Blank spaces (marked *) above.
 - (iv) In the case of joint shareholders, any of such may complete the form but the names of all joint shareholders must be stated.
 - (v) It is a requirement of the law under the stamp duties Act Cap.411 - Law of the federal Republic of Nigeria, 1990 - that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be duly stamped by the commissioner for Stamp Duties.
 - (vi) If the share holder is a corporation this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.



**Affix
Postage
stamp
here**

The Board Secretary
GMB MICROFinance Bank Limited
Community Plaza
Eke Market Square, Nibo
Anambra State



