

**BRAC GHANA SAVINGS AND LOANS LTD.
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2024**

BRAC GHANA SAVINGS AND LOANS LTD
Annual Report And Financial Statements
For The Year Ended 31 December 2024

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GENERAL INFORMATION**Board of Directors**

Mr. Gregory Cheng Hue Chen
Mr. Kojo G. Baffoe-Eghan
Mr. Martin Corne Johan Ariaans
Mrs. Bridget Lee Dougherty
Mrs. Ophelia Oni
Mrs. Daisy Ofoliwa Adjei-Boadi
Michael Tetteh-Quaye - (Resigned 15 October 2024)
Mr. James Kwame Otieku - (Appointed 12 June 2024)

Company Secretary

Adu-Kusi
(Company Secretary and Legal Advisor)

Registered Office

38 Swaniker Street
Abelenkpe
Accra - Ghana

Independent Auditor

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
Accra

Bankers

Absa Bank Ghana Ltd
Stanbic Bank Ghana Ltd
Zenith Bank Ghana Limited
Consolidated Bank Ghana Ltd
Agricultural Development Bank Plc
GCB Bank Plc

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REPORT OF THE DIRECTORS**TO THE MEMBERS OF BRAC GHANA SAVINGS AND LOANS LTD**

The Directors present their report and the financial statements of the Company for the year ended 31 December 2024.

Directors' responsibility statement

The directors are responsible for the preparation of financial statements that give a true and fair view of BRAC Ghana Savings and Loans Ltd, comprising the statement of financial position at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period and year then ended, and the notes to the financial statements which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards, including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of the directors.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Nature of business/ Principal activities

The Company is incorporated to provide a range of financial services responsibly at the bottom of the pyramid, with the focus on women living in poverty in rural and hard to reach areas to create self-employment opportunities; build resilience and harness women's entrepreneurial spirit by empowering them economically; to carry on a savings and loans business; and to do all things incidental to the business of a savings and loans company.

The Company was incorporated on 21 July 2021 and granted a provisional approval for a savings and loans license dated 28 October 2022. The company formally started its operation from 1st November 2023.

The Bank of Ghana issued a license to the company to operate as a Specialised Deposit Taking Institution under the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) effective 8 August 2023.

Holding company

BRAC Ghana Savings and Loans Ltd is wholly owned by BRAC International Holdings B.V a Company registered in the Netherlands.

Financial statements/ Business review

The financial results of the Company for the period and year ended 31 December 2024 are set out in the financial statements, highlights of which are as follows:

	2024	2023
	GH¢	GH¢
Total Assets	51,386,585	31,674,499
Total Liabilities	12,237,364	9,038,460
Total Equity	39,149,221	22,636,039
Loss before tax	(13,520,473)	(10,206,711)
Loss after tax	(13,907,198)	(10,390,946)

As per the business plan the company expects to achieve break even by 2027.

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REPORT OF THE DIRECTORS

TO THE MEMBERS OF BRAC GHANA SAVINGS AND LOANS LTD

The Directors do not recommend the payment of dividend.

The Directors consider the state of the company's affairs to be satisfactory.

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act 2019, (Act 992).

Corporate social responsibility

The Company did not undertake any Corporate Social Responsibility (CSR) programmes during the year.

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

Audit fees

The total audit fee for the year is GHS 240,000.

Approval of the report of the directors

The report of the directors of BRAC Ghana Savings and Loans Ltd, was approved by the board of directors on 9 May 2025 and signed on their behalf by:



Signature

Kojo Baffoe-Eghan

Name



Signature

Daisy O. Adjei-Boadi

Name

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CORPORATE GOVERNANCE REPORT

The Corporate Governance Directive, 2018 and Corporate Governance Disclosure Directive, 2022 issued by the Bank of Ghana under the powers conferred by Sections 56 and 92 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) requires Regulated Financial Institutions to adopt sound corporate governance principles and best practices to enable them undertake their licensed business in a sustainable manner; to promote the interest of depositors and other stakeholders by enhancing corporate performance and accountability of the Regulated Financial Institutions; and to promote and maintain public trust and confidence in Regulated Financial Institutions by prescribing sound corporate governance standards which are critical to the proper functioning of the banking sector and the economy as a whole.

Compliance to Corporate Governance Directives for 2024

The company was authorised to carry out the business of Savings and Loans under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) from 8 August 2023. As such, it is in the process of implementing the necessary infrastructure, framework and processes, in order to fully comply with the requirements of the Corporate Governance Directive, 2018 and Corporate Governance Disclosure Directive, 2022 issued by the Bank of Ghana under the powers conferred by Sections 56 and 92 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Appointment of New Directors and Resignations

One (1) Independent Director was appointed to the Board in 2024 whiles One (1) Non-Executive Director resigned from the Board.

Role and Functions of the Board of Directors and Committees of the Board

The purpose of the Board is to provide oversight and direction to the Management of BRAC Ghana Savings and Loans Ltd. (BGSL), pursuant to the legal and regulatory requirements and to the constitution, policies, and governing documents of BGSL. The Board is responsible for establishing broad corporate policies for the overall performance of BGSL, ensuring that there is an effective management team that is responsible for the day-to-day operations and for monitoring the social and financial performance of the organisation. The Board is also responsible for protecting the assets of BGSL and representing the interests of BGSL stakeholders. The Board is responsible for approving overall business strategy and risk management framework and providing oversight on the implementation of the same.

The Board has the following responsibilities which may be delegated to committees of the Board in part or in whole, with ongoing reporting by the committees to the Board:

- To set the tone for a culture of integrity and compliance throughout the organisation. In that regard, the Board expects the highest personal and professional integrity from the Chief Executive Officer (CEO) and the senior management team.
- The Board is responsible for overseeing the establishment of such a culture through appropriate mechanisms, including assessing the CEO against this expectation and overseeing policies in respect of ethical, personal, and business conduct.
- Overseeing the adherence to the organization's Mission, Social Performance, Management, and Impact objectives.
- Oversight of the strategy and fundamental goals of the organisation.
- Risk management.
- Internal controls.
- Ensuring effectiveness of the company's governance.

There are two (2) Committees in place; the Risk and Audit Committees'. Both committees have approved terms of reference in place, have met on quarterly basis and each committee is chaired by an Independent Director as required by the Corporate Governance Directives.

Board Responsibilities

The Board of Directors of the Company have overall responsibility for the Company including approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance, and corporate values. The Board is responsible for appointing and providing oversight of Senior Management. These responsibilities are set out in the formal *Charter of the Board*.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Business Strategy

The Board approves and monitors the overall business strategy of the Company considering the long-term financial interest of the Company, its exposure to risk and its ability to manage risk effectively. The Board approves and oversees the formulation and implementation of the:

- Overall risk strategy, including its risk tolerance/appetite.
- Policies for risk, risk management and compliance, including anti-money laundering and combating the financing of terrorism risk.
- Internal controls system.
- Corporate governance framework, principles and corporate values including a code of conduct; and
- Compensation system.

Duty of Care and Loyalty

The members of the Board exercise a “duty of care”, “duty of loyalty” and other duties of directors to the Company always as stipulated in the Companies Act, 2019 (Act 992) and the Regulations of the Company.

Shareholding by Directors

None of the Directors of the Company holds any share of the Company.

Board Meetings

The Company has set out to hold a minimum of four regularly scheduled meetings per year, to be held on a quarterly basis. The Board hereby discloses the total number of Board meetings for the 2024 financial year, and the attendance rate of each Director as follows:

	Name	Q1	Q2	Q3	Q4	%
1	Gregory Cheng Hue Chen	✓	✓	✓	✓	100%
2	Bridget Lee Dougherty	✓	✓	✓	✓	100%
3	Martin Corne Johan Ariaans	✓	✓	✓	✓	100%
4	Kojo Gyan Baffoe-Eghan	✓	✓	✓	✓	100%
5	Ophelia Ama Oni	✓	✓	✓	✓	100%
6	Daisy Ofoliwa Adjei-Boadi	✓	✓	✓	✓	100%
7	Michael Tetteh-Quaye	x	x	x	x	0%
8	James Kwame Otieku	x	✓	✓	✓	75%

Conflict of Interest

There was no conflict of interest by any Director in the course of the year. This disclosure is in line with Section 60 of the Corporate Governance Directive 2018. The Board has in place an approved *Conflict of Interest Policy* which includes:

- a. The duty of the Director to avoid possible activities that could create conflicts of interest.
- b. A review or approval process for Directors to follow before they engage in certain activity so as to ensure that such activity will not create a conflict of interest.
- c. The duty of the Director to disclose any matter that may result or has already resulted in a conflict of interest.
- d. The responsibility of the Director to abstain from voting as prescribed and on any matter where the director may have conflict of interest.
- e. Adequate procedures for transactions with related parties to be made on a non-preferential basis; and the way in which the Board will deal with any non-compliance with the policy.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors other Engagements

The disclosure of other engagements of the Directors complies with Section 45(a) of the Corporate Governance Directive, 2018. Director's other engagement are as follows:

	Name	Designation	Organization
1	Bridget Lee Dougherty	Managing Director	Brac International Holdings B.V.
2	Gregory Cheng Hue Chen	Managing Director	Brac Ultra Poor Graduation Initiative
3	James Kwame Otieku	Tax and Financial Management Consultant	Private Practice
4	Kojo Gyan Baffoe-Eghan	Chief Executive Officer	Brac Ghana Savings and Loans Ltd
5	Martin Corne Johan Ariaans	Chief Finance Officer	Brink Netherlands Holding B.V.
6	Ophelia Ama Oni	Head Of Growth	PayAngel
7	Daisy Ofoliwaa Adjei-Boadi	Group Chief Financial Officer	Metropolitan Ghana

Related Party Transactions

The Board Members have no related parties with the Company and or with its transactions. This disclosure is in line with Section 16 of Bank of Ghana Corporate Governance Directives, 2018.

Succession Planning

The succession plan of the Company focuses on the identification of the critical positions within the organization occupied by incumbent persons and developing action plans for potential internal candidates to assume those positions, to ensure effective continuity of the operations of the Company. This follows Section 17 of the Bank of Ghana Corporate Governance Directives, 2018.

The action plans include development plan goals such as:

- External training
- Enrolments in workshops
- On the job training and
- Involvement in decision making.

Corporate Culture and Values

The Board has established corporate culture and values for the Company that promote and reinforces norms for responsible and ethical behaviour in terms of the Company's risk awareness, risk-taking and risk management.

To promote sound corporate culture in the Company, the Board has taken the lead and established the tone at the top by setting and adhering to corporate values for itself, key management and employees that create expectations that business should be always conducted in a legal and ethical manner. The Board also ensures that appropriate steps are taken to communicate throughout the Company, the corporate values, and professional standards it sets together with supporting policies and appropriate sanctions for unacceptable behaviours.

Management Reporting Structures

The Board discusses the business affairs of the Company through reports submitted by management in writing as follows:

- A summary of financial statements and performance review against the approved budget, business plan, peers, and industry.
- The extent to which the Company is exposed to various risks such as credit, liquidity, interest rate, foreign exchange, operational and other risks.
- Review of non-performing loans, related party transactions and credit concentration, activities of the Company in the financial market
- Effectiveness of internal control systems and human resource issues.
- Outstanding litigations and contingent liabilities.
- List of related party exposures and their classification.

Directors are also notified of key developments in the financial system and Directives, Notices and Guidelines issued by Bank of Ghana.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Building the Capacity of Directors

The details of the steps taken to build the capacity of the Directors to discharge duties included an Annual Board Certification ran by the National Banking College on Corporate Governance during the year under review.

Annual Certification of Directors

The Board Annual Certification for the year 2024, is yet to be fully completed with the National Banking College.

Performance Evaluation Process

The Board is in the process of developing an evaluation process which covers the functions of the Board; Board meetings, management, and procedures; Appointment, Induction, Training and Development; Succession and Removal; Board Structure; Information and Communication. An evaluation was undertaken during the Reporting Period.

AML/CFT Board Assessment

For Board members to know their compliance level to the Corporate Governance Directives and how members can improve the Governance Practices of the Company in accordance with the Directives, the Company is in the process of developing an in-house performance evaluation of the Board on AML/CFT issues to be submitted to Bank of Ghana and the Financial Intelligence Centre.

Board External Assessment

According to Bank of Ghana's directives, Board external assessment must be done once every two years. The Company is yet to conduct external Board assessment on its board members.

Disclosure of Interests

Board members disclosure of Interests for the period are yet to be filed at the Bank of Ghana. None of the Directors had any interest in any contract with the Company during the year.

Appointment of Key Management Personnel

The Board ensured that a well-structured and rigorous selection system was in place for the appointment of Key Management Personnel through the Recruitment Policy of the Company. The Board validated the nominations of Key Management Personnel prior to submitting same to the Bank of Ghana for approval. This follows the Bank of Ghana Corporate Governance Directive 2018.

Profile of Chief Executive Officer

The Chief Executive Officer, Mr. Kojo Baffoe-Eghan is an experienced financial services professional with over 18 years as a financial services professional. He has been a resource to a number of development-oriented institutions, such as Accion International and BRAC International Holdings B.V., and has held senior management positions in institutions such as ProCredit Savings and Loans Company Limited, VisionFund Ghana and Izwe Savings and Loans Plc. He is passionate about financial inclusion and building sustainable institutions to achieve greater stakeholder value.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Independent directors

The Board has three Independent Directors. Also, the Board ensures that an Independent Director is a Non-Executive and shall not:

- Hold cross directorship positions with another director on the Board of other institutions.
- be a Director on the Board of an institutional shareholder with significant equity interest in the regulated financial institution.
- Have more than 5% equity interest directly or indirectly in the Company or in its related companies.
- Be employed in an executive position in the Company or its related Company at least 2 years prior to his appointment date.
- Have relatives employed by the Company or any of its related companies as Key Management Personnel in the last two (2) years.
- Have engaged in any transaction within the last two (2) years with the Company on terms that are less favourable to the Company than those normally offered to other persons; or
- Have served as a director in the Company continuously for more than two (2) terms unless the director can affirm that his/her independence is not impaired; and
- Be related to persons with significant shareholding in the Company or have any business or employment connections to a significant shareholder.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Qualifications and Composition

Name	Nationality	DOB	Position	Profession
Bridget Lee Dougherty	American	02/08/1969	Non-Executive Director	Managing Director
Gregory Cheng Hue Chen	American	10/08/1969	Non-Executive Director	Managing Director
Kojo Gyan Baffoe-Eghan	Ghanaian	16/04/1979	Chief Executive Officer	Chief Executive Officer
James Kwame Otioku	Ghanaian	23/03/1958	Independent Director	Tax and Financial Management Consultant
Martin Corne Johan Ariaans	Dutch	04/08/1976	Non-Executive Director	Chief Finance Officer
Ophelia Oni	Ghanaian	29/03/1980	Independent Director	Financial Inclusion Expert
Daisy Ofoliwa Adjei-Boadi	Ghanaian	14/12/1988	Independent Director	Group Chief Finance Officer

- The Board members have the requisite qualification as Directors of the Company. The Board of Directors have within year received relevant training as facilitated by the National Banking College in accordance with Section 6 (2) & (3) of the Corporate Governance Directives, 2018.
- The Board of Directors have a clear understanding of their role in corporate governance and are able to exercise sound and objective judgment about the affairs of the Company. They possess, individually and collectively, appropriate experience, competencies, and personal qualities, including professionalism and integrity.
- The Board collectively have reasonable knowledge and understanding of local, regional and global economic market forces as well as legal and regulatory environment in which the Company operates. Ghanaian nationals, ordinarily resident in Ghana, constitute at least 57% of the Board composition of the Company.

Board Size and Structure

The Board is made up of seven (7) members, the majority of which are non-executive. The Board consists of three (3) Non -Executive directors, three (3) Independent directors and an Executive director (CEO). There is an appropriate balance of power and authority on the Board between the Executive and Non-Executive, and Independent Directors such that no one individual dominate the Board's decision-making process.

BRAC GHANA SAVINGS AND LOANS LTD

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Independence of the Board of Directors

The Company is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management when conducting its business. The Company ensures that it conducts its business activities in accordance with all laws and regulations which govern its business activities. The Board of Directors are responsible for ensuring that BRAC Ghana Savings and Loans Ltd. achieves and maintains high standards of corporate governance and practices.

The Board consists of highly qualified individuals with diverse professional experiences: The core role of the Board is to promote the success of the Company by providing direction and supervision in the Company's affairs. Among other roles, the Board:

- Provides leadership to the Company within a framework of prudent and effective controls which enable risks to be assessed and managed.
- Provides input into the development of the long-term objectives and overall commercial strategy for the Company and is responsible for the oversight of the Company's operations while evaluating and directing the implementation of the Company's controls and procedures.
- Provides oversight of the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives, as well as reviewing management performance.
- Upholds the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met; and
- Ensures timely and accurate financial reporting to shareholders.

Remuneration and Other Benefits of Directors

Section 185(1) of the Companies Act, 2019 (Act 992) provides that the fees and other remuneration including salary payable to the directors in whatsoever capacity shall be determined from time to time by ordinary resolution of the Company and not by any provisions in an agreement. Section 78(3) of the Regulations of the Company provides that fees payable to Directors shall not be increased except pursuant to an ordinary resolution passed at a General Meeting, where notice of the proposed increase has been given in the Notice convening the meeting. Collectively, the Directors at the Board meeting preceding the Annual General Meeting agree their fees and this is then placed before the Shareholders of the Company through an ordinary resolution at the Annual General Meeting.

The Board of Directors reviewed and approved the salary structure of the institution, including that of all key management staff. The overall remuneration policy of the Board and Key Management Staff aligns with the short and long term sustainability of the Institution

Checks and balances mechanisms balancing the power of the CEO with the power of the Board

Section 80 of the Regulations of the Company provide that the Board of Directors may from time to time appoint one of their bodies to the office of Chief Executive Officer. The person shall be the Chief Executive, for such period and on such terms as may be determined and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment and such appointment shall be automatically determined if the holder of the office ceases for any cause to be a Director.

Subject to any directives of the Board on matters of general policy the Chief Executive Officer shall be responsible for the directions of the day-to-day business of the Company and for its administration.

Risk Management and Internal Controls

The Board ensures that the Company has effective internal controls systems and a risk management function.

Risk Management Function

The Board has in place a risk management function which is responsible for:

- Identifying key risks to the Company.
- Assessing those risks and the Company's exposure to the identified risks.
- Monitoring the risk exposures and determining the corresponding capital needs on an on-going basis.
- Monitoring and assessing decisions to accept particular risks, risk mitigation measures and if the risk decisions are in line with the Board approved risk tolerance/appetite and risk policy.
- Submitting risk management reports to Senior Management and the Board.

BRAC GHANA SAVINGS AND LOANS LTD

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Internal Controls

Internal controls within the Company are designed to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and works as intended. Internal controls help provide comfort that financial and management information is reliable, timely and complete and that the Company follows its various obligations, including applicable laws and regulations.

Internal and External Audit Functions

The Board and Senior Management effectively utilise the work conducted by the internal audit functions, external auditors, and internal control functions. The Board recognizes and acknowledges that independent, competent and qualified internal and external auditors, as well as other internal control functions, are vital to the corporate governance process and engage the auditors to judge the effectiveness of the risk management function and the compliance function.

Cooling – off Period

The Company respects the Cooling-off period under the Corporate Governance Directive which stipulates that former Bank of Ghana officers, directors or senior executives shall not be eligible for appointment as a director of BRAC Ghana Savings and Loans Ltd until after a period of two (2) years following the expiration or termination of their contract of employment or service from the Bank of Ghana. A practicing audit professional or partner who is rendering services or had rendered auditing services in the banking industry is appointed as a director of the Company until one (1) year has elapsed since last engagement with any Bank by that person.

A Code of ethics for all Company employees

The Company has a Code of Ethics for staff and board of directors.

Ethics and professionalism

The Company has in place a Code of Conduct. The Code is reviewed regularly as and when necessary to ensure that it contains practices necessary to maintain confidence in the integrity of the Company and commit the Company, its staff, management, and the Board to the highest standards of professional behaviour, business conduct and sustainable banking practices. The review also ensures that it has been approved by the Board, that they understand the code and sanctions for breaching the policy.

Code of ethics for the board and waivers to the ethics code

The Constitution of the Company provides for ethics for the Board and provides that the Directors stand in a fiduciary relationship towards the Company in any transaction with it or on its behalf. A Director shall act at all times in what he/she believes to be the best interest of the Company as a whole so as to preserve its assets, further its business, and promote the purposes for which it was formed, and in such manner as a faithful, diligent, careful and ordinarily skillful Director would act in the circumstances. In considering whether a particular transaction or course of action is in the best interests of the Company as a whole a Director may have regard to the interests of the employees, as well as the members, of the Company, and, when appointed by, or as representative of, a special class of members, employees, or creditors may give special, but not exclusive, consideration to the interests of that class.

Process for Appointment of External Auditors

Section 81 of the Banks and Specialized Deposit Taking Institutions Act, 2016 (Act 930) vests the shareholders of the Company with the power to appoint the external auditors at an Annual General Meeting and be approved by the Bank of Ghana in the manner and on the terms as may be described.

Duration of Current Auditors

Messrs KPMG were appointed as Auditors of the Company on 21 July 2021 at incorporation date of the Company and approved by the Bank of Ghana. Thus, they are in their third year of providing auditing services to the Company. They were appointed in accordance with the Companies Act, 2019 (Act 992) and Section 54(2) (d) of the Regulations of the Company.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRAC GHANA SAVINGS AND LOANS LTD**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BRAC Ghana Savings and Loans Ltd (“the Company”), which comprise the statement of financial position at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period and year then ended, and the notes to the financial statements which include a summary of material accounting policies and other explanatory notes, as set out on pages 17 to 76.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of its financial performance and cash flows for the period and year then ended in accordance with IFRS Accounting Standards including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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 Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Loans and Advances to customers (GH¢ 336,105) Refer to Note 14 to the financial statements	
The key audit matter	How the matter was addressed in our audit
Loans and advances to customers amounted to GH¢ 14,732,467 at 31 December 2024 (2023: 1,666,932), and the total impairment allowance account for the Company amounted to GH¢ 336,105 at 31 December 2023 (2023: 16,048). The Company is required to recognise expected credit losses (ECL) on financial instruments which involves significant judgement and estimates to be made by the Company.	Based on our risk assessment and industry knowledge, we have examined the impairment allowances for loans and advances to customers and evaluated the methodology applied as well as the assumptions made according to the description of the key audit matter. Our procedures included: Assessing and testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRAC GHANA SAVINGS AND LOANS LTD (CONTINUED)

Key Audit Matters (Cont'd)

Impairment of Loans and Advances to customers (GH¢ 336,105)
Refer to Note 14 to the financial statements

The key audit matter	How the matter was addressed in our audit
The carrying value of financial instruments within the scope of IFRS 9 ECL may be materially misstated if judgements or estimates made by the Company are inappropriate. The following are considered the most significant areas of risk in the estimation of expected credit losses on loans and advances to customers considering complexities and uncertainties associated with the estimate: The most significant areas where we identified greater levels of management judgement are: • Economic scenarios – Company assesses whether or not certain loans or exposures, need to be considered to be in default based on very specific macroeconomic situations existing at the reporting date.. Significant management judgement is applied in determining the impact of economic situations. • Significant Increase in Credit Risk (SICR) – the criteria selected to identify a SICR are highly judgmental and can materially impact the ECL recognised for certain portfolios where the life of facilities is greater than 12 months. • ECL modelling – The Company incorporates forward-looking element in the ECL calculation by applying a forward looking scalar. The main assumptions considered in the calculation of the forward looking scalar are the company's projected write-off trend; macroeconomic variables and socio-political events. The assumptions applied require significant management judgement. • Disclosure quality - the disclosures regarding the Company's credit risks are key to understanding the key judgements and material inputs to the IFRS 9 ECL results. Given the high degree of estimation uncertainty and significance of the balance, we considered impairment allowances on loans and advances to customers to be a key audit matter.	• Assessing and testing the design and operating effectiveness of controls over the Company's loan impairment process regarding management's review process over impairment calculations. • Assessing the ongoing effectiveness of the SICR criteria through loan file reviews and independently determining the staging of a sample of the Company's loans and advances portfolio. • Assessing the completeness and accuracy of key data inputs used in the ECL calculation through testing a sample of relevant data fields and their aggregate amounts against data in the source system. • Employing a KPMG specialist to assess the appropriateness of the Company's methodology and model used in estimating expected credit losses. • Using a KPMG specialist to independently assess and substantively validate the loan data ageing used in the impairment model. • Sampling tested key inputs and assumptions impacting ECL calculations to assess the reasonableness of assumptions applied. . • Testing the adequacy of disclosures related to ECL per the requirements of the relevant accounting standards.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BRAC GHANA SAVINGS AND LOANS LTD (CONTINUED)

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992), General Information and Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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, 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 of financial statements that give a true and fair view in accordance IFRS Accounting Standards including the Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 Company's internal control.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRAC GHANA SAVINGS AND LOANS LTD (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept, so far as appears from our examination of those books.
- The statements of financial position and profit or loss and other comprehensive income are in agreement with the accounting records and returns.
- We are independent of the Company under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

Compliance with the requirements of Section 85 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.
- The Company's transactions were within its powers and the Company generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRAC GHANA SAVINGS AND LOANS LTD (CONTINUED)

- The Company has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044) Anti-Terrorism Act, 2008 (Act 762) and all relevant Amendments and Regulations governing the Acts.

Compliance with the requirements of the Bank of Ghana Corporate Governance Directive, 2018 and Corporate Governance Disclosure Directive, 2022

- The Company is in the initial stages of its lifecycle and is currently formalizing its corporate governance systems and procedures. As a result, at the date of our report, the Company's Corporate Governance practices and Corporate Governance Report of the Company do not yet comply with all key requirements of the Bank of Ghana Corporate Governance Directive, 2018 and Corporate Governance Disclosure Directive, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Labaran Amidu (ICAG/P/1472).

.....
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2025/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELINKPE
P O BOX GP 242
ACCRA

09 May 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All amounts are in Ghana cedis)

	Note	2024	2023
Interest revenue calculated using the effective interest method	3	5,194,293	172,682
Interest expense	4	(101,983)	(849)
Net interest income		5,092,310	171,833
 Fees and commissions income	 5	 <u>94,290</u>	 <u>9,637</u>
Total revenue		5,186,600	181,470
 Grant income	 6	 5,904,834	 5,656,231
Other income	21	<u>30,564</u>	<u>-</u>
Total operating income		<u>11,121,998</u>	<u>5,837,701</u>
 Credit loss provision	 7	 (320,057)	 (16,048)
Personnel expenses	9	(10,442,330)	(4,315,921)
Other administrative expenses	8	(10,612,791)	(10,162,942)
Depreciation and amortization	12a	(3,267,23)	(1,337,782)
Finance expense on lease liabilities	20(a)i	<u>-</u>	<u>(211,779)</u>
Total operating expenses		<u>(24,642,471)</u>	<u>(16,044,472)</u>
Loss before tax		(13,520,473)	(10,206,771)
Income tax expense	10a	<u>(386,725)</u>	<u>(184,175)</u>
Loss for the year		<u>(13,907,198)</u>	<u>(10,390,946)</u>
Total comprehensive income for the year, net of tax		<u>(13,907,198)</u>	<u>(10,390,946)</u>

The notes on pages 21 to 76 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana cedis)

		2024	2023
Assets	Note		
Cash and cash equivalents	11	18,292,593	21,301,074
Loans and advances	14	14,396,362	1,650,884
Other assets	15	4,361,659	685,504
Grant Assets	19b	2,287,342	-
Current tax asset	10a	16,837	16,837
Property and equipment	12	8,986,723	5,288,077
Right-of-use asset	20a	2,039,297	1,407,715
Intangible assets	13	<u>1,005,772</u>	<u>1,324,408</u>
Total assets		<u>51,386,585</u>	<u>31,674,499</u>
Equity and Liabilities			
Equity			
Stated capital	16	29,727,880	21,957,500
Retained earnings	16a	(25,278,659)	(11,371,461)
Deposit for shares	16b	<u>34,700,000</u>	<u>12,050,000</u>
Total Equity		<u>39,149,221</u>	<u>22,636,039</u>
Liabilities			
Deposits from customers	17	4,119,854	221,672
Related party payables	24.5	1,207,113	1,994,943
Deferred grant	19a	4,773,587	2,127,715
Other liabilities	18	1,562,899	1,707,477
Grant liabilities	19b	-	1,945,933
Lease liabilities	20a	-	853,534
Deferred tax liabilities	10c	<u>573,911</u>	<u>187,186</u>
Total liabilities		<u>12,237,364</u>	<u>9,038,460</u>
Total equity and liabilities		<u>51,386,585</u>	<u>31,674,499</u>

The notes on pages 21 to 76 are an integral part of these financial statements.

The financial statements were approved by the directors on 9 May 2025 and signed on their behalf by:

Signature:



Name: Kojo Baffoe-Eghan
Position: CEO

Signature:



Name: Daisy O. Adjei-Boadi
Position: Independent Non-Executive Director

STATEMENT OF CHANGES IN EQUITY
(All amounts are in Ghana cedis)

<u>Year Ended 31 December 2024</u>	Stated Capital	Retained Earnings	Deposit for shares	Total
At 1 January 2024	21,957,500	(11,371,461)	12,050,000	22,636,039
Loss for the year	-	(13,907,198)	-	(13,907,198)
Total comprehensive income	-	(13,907,198)	-	(13,907,198)
Transactions with owners of the Company				
Deposit for shares	-	-	30,500,000	30,500,000
Transfer to Stated Capital	7,850,000	-	(7,850,000)	-
Transaction Cost on Equity	(79,620)	-	-	(79,620)
	<u>7,770,380</u>	-	<u>22,650,000</u>	<u>30,420,380</u>
At 31 December 2024	<u>29,727,880</u>	<u>(25,278,659)</u>	<u>34,700,000</u>	<u>39,149,221</u>
<u>Year Ended 31 December 2023</u>	Stated Capital	Retained Earnings	Deposit for shares	Total
At 1 January 2023	21,957,500	(980,515)	8,576,000	29,552,485
<i>Total comprehensive income:</i>				
Loss for the year	-	(10,390,946)	-	(10,390,946)
Total comprehensive income	-	(10,390,946)	-	(10,390,946)
Transactions with owners of the Company				
Deposit for shares	-	-	<u>3,474,000</u>	<u>3,474,000</u>
At 31 December 2023	<u>21,957,500</u>	<u>(11,371,461)</u>	<u>12,050,000</u>	<u>22,636,039</u>

The notes on pages 21 to 76 are an integral part of these financial statements.

BRAC GHANA SAVINGS AND LOANS LTD
Annual Report And Financial Statements
Year Ended 31 December 2024

STATEMENT OF CASH FLOWS

(All amounts are in Ghana cedis)

		2024	2023
Cash flows from operating activities			
Loss after tax		(13,907,198)	(10,206,771)
Adjustments:			
Interest Expense	4	101,983	849
Finance Expense on Lease Liability	20	-	211,779
Interest Income	3	(5,194,293)	(172,682)
Grant Income	6	(5,904,834)	(5,656,231)
Depreciation and Amortization	12a	3,267,293	1,337,782
Gain on reassessment of extension option	20	(372,218)	-
Credit Loss Provision	7	320,057	16,048
Unrealized Gain on Grant Assets	19b	141,137	(37,505)
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents Held		(1,030,716)	375,951
Tax Expense	10a	<u>386,725</u>	<u>184,175</u>
Cash flow before changes in working capital		(22,192,064)	(14,093,275)
Changes in working capital:			
- Changes in Loans and Advances to Customers		(12,565,210)	(1,666,932)
- Changes in Other Assets		(3,676,155)	(693,006)
- Changes in Deposit to Customers		3,898,182	221,672
- Changes in Related Party Payables		(787,829)	1,262,767
- Changes in Other Liabilities		(144,578)	<u>3,600,413</u>
Cash used in operating activities		(35,467,654)	(11,368,361)
Interest received	3	4,693,967	172,682
Interest paid	4	(101,983)	(849)
Proceeds from Grant Received	19b	<u>4,176,294</u>	<u>-</u>
Net cash used in operating activities		(26,699,376)	(11,196,528)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(5,541,929)	(6,016,661)
Purchase of Intangible Assets	13	-	(1,408,543)
Purchase of Right-of-Use Assets	20a	(2,218,272)	(90,000)
Net cash generated from investing activities		(7,760,201)	(7,515,204)
Cash flows from financing activities			
Transaction Cost on Issue of Shares	16	(79,620)	-
Deposit for Shares	16bii	<u>30,500,000</u>	<u>3,474,000</u>
Net cash generated from financing activities		30,420,380	3,474,000
Net decrease in cash and cash equivalents		(4,039,197)	(15,237,732)
Exchange Rate Difference on Cash and Cash Equivalent		1,030,716	(375,951)
Cash and cash equivalents at start of the year		<u>21,301,074</u>	<u>36,914,757</u>
Cash and cash equivalents at end of the year	11	<u>18,292,593</u>	<u>21,301,074</u>

The notes on pages 21 to 76 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. REPORTING ENTITY

BRAC Ghana Savings and Loans Ltd (the Company) is a private Company limited by shares. Its registered office is at 38 Swaniker Street, Abelenkpe, Accra – Ghana.

The Company is incorporated to provide a range of financial services responsibly at the bottom of the pyramid, with the focus on women living in poverty in rural and hard to reach areas to create self-employment opportunities; build resilience and harness women's entrepreneurial spirit by empowering them economically; to carry on a savings and loans business; and to do all things incidental to the business of a savings and loans company.

The Company is licensed by the Bank of Ghana as a Non-Bank Financial Institution to:

- i.** Accept deposits such as savings, time, target and demand deposits from the public;
- ii.** Provide credit to its customers;
- iii.** Provide ancillary savings and loans services to their customers, such as domestic remittances of funds and safe custody; and
- iv.** Provide other related financial services as permitted under the relevant laws and regulations.

The sole shareholder of the Company is BRAC International Holdings B.V., a private company limited by shares and incorporated in Netherlands.

The financial statements at and for the year ended 31 December 2024 comprise the individual financial statements of the Company.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

2.1. Basis of preparation

The financial statements of the Company have been prepared on a historical cost basis.

2.1.1 Presentation and Functional Currency

The financial statements are presented in Ghanaian Cedi which is the functional currency of the Company and all values are rounded to the nearest Cedi except when otherwise indicated.

2.1.2 Statement of compliance

The financial statements are prepared in accordance with IFRS Accounting Standards including the IAS 29 Hyperinflation Directive issued by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

The ICAG issued a directive in November 2024 to accountants in business and accountants in practice in terms of which the ICAG concluded that based on its analysis and interpretation, IAS 29 will not be applicable for December 2024 financial reporting period since Ghana is not considered to be operating in a hyperinflationary economy. In this regard, the financial statements of the Company, including the corresponding figures for the comparative period have not been stated in terms of the measuring unit current at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1.3 Presentation of financial statements

The Company presents its statement of financial position in order of liquidity based on the Company's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. 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 Note 23.

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS offsetting criteria are met.

2.1.4 Use of judgements and estimate

In the process of applying the Company's accounting policies, judgements and estimates are applied in determining the amounts recognized in the financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes.

Note 2.3.9 - establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 2.3 – impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cashflows and incorporation of forward-looking information.

Allowance for expected credit loss (ECL) in loans and advances

Judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on certain assumptions such as the financial situation of the borrowers, types of loan, maturity of the loans, ageing of the portfolio, economic factors etc. Actual performance of loans may differ from such estimates resulting in future changes to the allowance. Due to the nature of the industry in which the Company operates, i.e., micro credit to low-income clients, the loan portfolio consists of a very high number of individual customers with a relatively low number of individual outstanding exposures.

These characteristics lead the Company to use a provisioning methodology based on a collective assessment of similar loans. The amount of collateral or security deposits received from the respective borrowers are deducted from the outstanding loan before applying the loan loss rate (See Note 2.3.9). The Company's

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1.5 New and amended standards issued not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2025 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

a. Lack of exchangeability (Amendment to IAS 21)

The amendments clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Assessing exchangeability: When to estimate a spot rate

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

Estimating a spot rate: Meeting the estimation objective

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include:

- the nature and financial impacts of the currency not being exchangeable.
- the spot exchange rate used.
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The Company is yet to assess the impact of the amendments on its financial statements. The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early adoption permitted.

**b. Amendments to the Classification and Measurement of Financial Instruments
(Amendment to IFRS 9 and IFRS 7)**

The International Accounting Standards Board (IASB) issued amendments to the classification and measurement requirements in IFRS 9 Financial Instruments. The key amendments include the following:

- *Settlement of financial liabilities through electronic payment systems:* The amendments clarify that a financial liability is derecognised on the 'settlement date'. However, the amendments provide an exception for the derecognition of financial liabilities. This exception allows the company to derecognise its trade payable before the settlement date when it uses an electronic payment system, provided that specified criteria are met.
- *Additional SPPI Test for Contingent Features:* The amendments introduce an additional SPPI test for financial assets with contingent features that are not directly related to a change in basic lending risks or costs – for example, where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets, including those with ESG-linked features, could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b. *Amendments to the Classification and Measurement of Financial Instruments (Amendment to IFRS 9 and IFRS 7) (Continued)*

- Clarification on Contractually Linked Instruments (CLIs): The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. They also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).
- Additional Disclosure Requirements: The amendments require additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that are not directly related to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

The Company is yet to assess the impact of the amendments on its financial statements. The amendments apply for reporting periods beginning on or after 1 January 2026. Early adoption is permitted.

c. *Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)*

IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	Paragraphs B5–B6 of IFRS 1 First-time Adoption of International Financial Reporting Standards was amended to: a. improve their consistency in wording with the requirements in IFRS 9 Financial Instruments; and b. add cross-references to improve the understandability of IFRS 1.
IFRS 7 <i>Financial Instruments: Disclosures</i>	1. Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 2. Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its 3. Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 <i>Financial Instruments</i>	1. Initial measurement of trade receivables. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. Amendment on trade receivables could prompt accounting policy change. 2. Derecognition of a lease liability. If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases. The IASB's amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.
IFRS 10	The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****c. Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7) (continued)**

IAS 7 Statement of Cash Flows	This amendment replaces the term ‘cost method’ in paragraph 37 of IAS 7 with ‘at cost’.
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The Company is yet to assess the impact of the amendments on its financial statements. These amendments are effective for annual periods beginning on or after 1 January 2026. Earlier application is permitted.

d. Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. The new standard introduces the following key new requirements:

- It promotes a more structured income statement, in particular, it introduces a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be classified into three new distinct categories, operating, investing, and financing, based on a company’s main business activities.
- All companies are required to report the newly defined ‘operating profit’ subtotal – an important measure for investors’ understanding of a company’s operating results – i.e. investing and financing results are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the ‘investing’ category.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhance guidance is provided on how to group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as ‘other’ and will now be required to disclose more information if they continue to do so.
- Entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.
- It also requires Companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

The Company is yet to assess the impact of the amendments on its financial statements. IFRS 18 is effective from 1 January 2027 and applies retrospectively. It is available for early adoption.

e. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Company’s financial statements:

- Subsidiaries without Public Accountability: Disclosures (IFRS 19)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1.6 Standards that are effective

The following standards which became effective from 1 January 2024 do not have a material effect on the Bank's financial statements.

- Non-current Liabilities with Covenants – Amendments to IAS 1
- Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

2.2 Foreign currency translation

At initial recognition, transactions denominated in foreign currency are translated into the relevant functional currency of the Company at the exchange rate applying on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency, are recognised in the profit and loss account in the period in which the exchange difference arise.

Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost, are translated into the functional currency at the exchange rates applying on the transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at current value, are converted into the functional currency at the exchange rate at the time when the actual current value was determined. Exchange rate differences arising from the translation are directly recognised in equity as part of the revaluation reserve.

2.3 Financial instruments

2.3.1 Recognition and measurement

The Company initially recognises cash and cash equivalents, loans and advances to customers, due to customers on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

2.3.2 Classification and measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost or Fair value through profit or loss (FVTPL).

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3.2 Classification and measurement (continued)

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Company takes into consideration;

- how the performance of assets in a portfolio is evaluated and reported to business heads and other key decision makers within the Company's business lines;
- the risks that affect the performance of assets held within a business model and how those risks are managed;
- how compensation is determined for the Company's business lines' management that manages the assets; and
- the frequency and volume of sales in prior periods and expectations about future sales activity.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments.

Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In performing this assessment, the Company takes into consideration contractual features that could change the amount or timing of contractual cash flows, such that the cash flows are no longer consistent with a basic lending arrangement.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3.2 Classification and measurement (continued)

Cash flow characteristics assessment (continued)

If the Company identifies any contractual features that could modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Loans and advances, cash and cash equivalents and placement with Banks are measured under amortised cost based on their cashflow characteristics and business model.

Financial Assets measured at amortized cost

Financial assets at amortised cost comprises cash and cash equivalents, loans and advances to customers. These assets are initially recognized at fair value plus incremental direct transaction costs and are subsequently measured at amortized cost using the effective interest method less any impairment losses. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Interest revenue calculated 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 or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate of a financial instrument including transaction costs, and all other premiums or discounts.

This is disclosed separately on the face of the statement of profit or loss and other comprehensive income as interest income to provide symmetrical and comparable information. See Note 3.

2.3.3 Financial Liabilities

The Company's financial liabilities, comprised of other liabilities, related party payables and deposits from customers. These instruments are classified as liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, these liabilities are measured at amortised cost using the effective interest method. The resulting interest expense is disclosed separately on the face of the statement of profit or loss and other comprehensive income to provide symmetrical and comparable information. See Note 4.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3.4 Derecognition of financial assets and financial liabilities

Financial assets

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

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

2.3.5 Derecognition of financial assets and financial liabilities (continued)

When the management has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. 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 Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 recognised in statement of profit or loss and other comprehensive income.

2.3.6 Modifications of financial assets and financial liabilities

(a) Financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.3.6 Modifications of financial assets and financial liabilities (continued)**

If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Company derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

2.3.7 Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3.7 Fair value measurement (continued)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried or disclosed at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary - particularly in view of the current market developments.

Valuation framework

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

- The particular asset or liability that is the subject of measurement (consistently with the unit of account);
- The principal (or most advantageous) market for the asset or liability;
- The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

Determination of fair values

The Company measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3.8 Impairment of financial assets

The Company recognises loss allowances for ECL on financial instruments measured at amortised cost.

The Company reviews its loans at each reporting date to assess the adequacy of the ECL as recorded in the financial statement. In particular, judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on certain assumptions such as the financial situation of the borrowers, types of loan, maturity of the loans, ageing of the portfolio, economic factors etc. Actual performance of loans may differ from such estimates resulting in future changes to the allowance. Due to the nature of the industry the Company's operates, i.e. micro credit to low income clients, the loan portfolio consists of a very high number of individual customers with low value exposures. These characteristics lead the Company to use a provisioning methodology based on a collective assessment of similar loans.

The Company's policy for calculating the allowance for ECL is described below:

The Company monitors the changes in credit risk in order to allocate the exposure to the correct staging bucket. Given the nature of the Company's loan exposures (generally short term exposures less than 12 months) no distinction have been made between stage 1 (12 months ECL) and stage 2 loans (Lifetime ECL) for calculating the ECL provision. The Company defines stage 1 loans as loans that are undue and loans between 1-30 days overdue and Stage 2 loans as loans between 31-90 days overdue.

In order to reduce the complexity of calculating separate probability of default and loss given default, the Company uses a 'loss rate approach' for the measurement of ECLs under IFRS 9. Using this approach, the Company calculates ECL on historical default by using the entity-wide loss rate of the last 5 years' actual loan net write-off (i.e. net of recovery) over the disbursement. This loss rate is then applied to gross loans allocated to stages 1 and 2 to determine the ECL at historical loss.

In the absence of historical data to determine the loss rate, the Company relies on the loss rate data of its affiliate entities in the sub-region (ie in Sierra Leone and Liberia), until the Company develops its own internal data to develop its own loss rate.

At reporting date, the Company assesses whether or not certain loans or exposures, need to be considered to be in default (stage 3). This could be driven by very specific macroeconomic situations existing at the reporting date. Portfolios which are assessed to be in default as at reporting date are provided for by applying the average loss rate of the respective buckets (ie 91-180 days; 181-365 days and above 365 days) over the last three years on the portfolio of the Company.

All loans overdue for more than 90 days are considered as credit impaired.

ECL under forward consideration

The Company incorporates forward-looking element in the ECL calculation by applying a forward looking scalar. The main assumptions considered in the calculation of the forward looking scalar are the company's projected write-off trend; macroeconomic variables and socio-political events.

Projected write-off trend

The Company determines the projected write-off trend/percentage as the expected changes in the loan write-off trend over the next 12 months based on the average annual increase in write-offs and loans over 360 days (net of write-off recovery) during the last three years as management believes that the three-year period is most reflective of the current market trend.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.3.8 Impairment of financial assets (continued)***Macroeconomic variables*

Management performs a correlational analysis to assess the impact of key macroeconomic variable (ie inflation, unemployment, GPD, interest rates, etc) on the level of observed write-offs. Based on the outcome of the analysis, macroeconomic variables that are assessed as most correlational to the observed write-offs at each reporting date are incorporated into the forward looking scalar calculation.

Socio-political events

Management considers political and other regulatory or legislative changes impacting the historical losses and how this compared to the expected impact of these and reasonably expected future events on the current portfolio. Where socio-political events are identified as likely to impact the future trend of write-off, these events are incorporated into the forward looking scalar for ECL calculation at the reporting date.

The impact of macro-economic trends and social political trends are reviewed and monitored for appropriateness on an annual basis.

Assessment of Significant Increase in Credit Risk (SICR)

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward- looking macroeconomic factors.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Company's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. Such qualitative factors are based on its expert judgement and relevant historical experiences.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired (referred to as 'Stage 3 financial assets'). 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 Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- 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. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3.8 Impairment of financial assets (continued)

For such stage 3 loans, provisioning rates are based on the average loss rate for respective buckets over the last three years. To determine the loss rate management first segregates the loans under stage 3 into three separate buckets.

- a)** Loans overdue 91-180 days
- b)** Loans overdue 181-365 days
- c)** Loans overdue more than 365 days

As the majority of the loan tenure is 1 year, management observes the movement of loans in these three buckets within the next 12 months over the last 3 years. Any loans written off and or over 365 days of these buckets are treated as a loss.

In the absence of historical data to determine the loss rate, the Company relies on the loss rate data of its affiliate entities in the sub-region (ie in Sierra Leone and Liberia), until the Company develops its own internal data to develop its own loss rate.

Management overlay

No management overlay is considered as the management believes that the ECL based on the model provides an adequate assessment of the loans outstanding.

2.3.9 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

2.3.10 Write off

The loans overdue for more than 365 days are considered as bad and are subject to be written off when it is approved by the Company's board of directors and Bank of Ghana.

2.4 Recognition of income and expenses

Interest income is recorded using the effective interest (EIR) method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.4 Recognition of income and expenses (continued)**

constant rate of return over the expected life of the financial asset. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the statement of financial position with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

2.4.1 Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fee and commission income including sale of passbook, sale of cheque book, admission and documentation fee. Revenue from sale of passbook and cheque book are recognised when the items have been delivered and accepted by the customer and revenue from admission and documentation fee are recognised when the transaction takes place. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services. These amounts are deducted directly from benefactor customers' accounts at the point the transaction takes place.

2.5 Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position comprise cash on hand, bank balances and highly liquid investments with maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.6 Property and equipment

Property and equipment are initially and subsequently measured at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

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, and is generally recognised in profit or loss. The estimated useful lives are as follows:

1.	Furniture and fittings	5 years
2.	Motor vehicles	4 years
3.	Equipment	5 years
4.	Computer Hardware	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An item of property and equipment is derecognised 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 recognised in 'other income' or 'other administrative expenses' in profit or loss in the year the asset is derecognised.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Income Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

2.7.1 Current tax

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

2.7.2 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 recognised 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.

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

Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it had become probable that future taxable profit 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 realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Employment benefits

Short term employee benefits

Short term employee benefits typically relate to the payment of salaries, wages and bonuses. The standard requires that these be recorded on an accrual basis, so that at period end, if the employee has provided service to the Company, but has not yet received payment for that service, the Company should record a liability.

Post-employment benefits

The Company operates defined contribution retirement benefit schemes for its employees. The Company and all its employees contribute to an approved pension scheme, which is a defined contribution plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution schemes are recognized as an employee benefit expense as the related service is provided. The Company has no further payment obligations once the contributions have been paid.

2.9 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16

2.9.1 Company acting as the lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs attributable to the lease contract.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease liability includes:

- fixed payments
- The effects of prepayments or rent-free periods
- Contractually stipulated rises in rent
- The effect of including the next available contractual extension option, where this has been included.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.9.1 Company acting as the lessee (continued)**

The lease liability is measured at amortized cost using the effective interest method. A re-measurement of the lease liability and right-of-use asset is required under the following circumstances:

- a change in future lease payments arising from a change in an index or rate;
- a change in the lease term (assessment of whether the Company will exercise a purchase, extension or termination option);
- a change in lease payment amount due to a market rent review;
- a change in lease payment amount due to a change in occupied floor space;

When the lease liability is re-measured in this way, a corresponding adjustment is made to the current amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets presented in note 20, relate to leased branch and office premises which are presented separately on the face of the statement of financial position. Lease liabilities relate to leased branch and office premises. These are presented on the statement of financial position as Lease Liabilities.

Short term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.10 Stated capital

The Company classifies capital instruments in accordance with the substance of the contractual terms of the instrument. Equity shares issued are classified as stated capital. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

2.11 Going concern

The Company'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 on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

BRAC is a start-up company with its focus on capital expenditure at inception with equity support and support in the form of a Grant from the parent company (BRAC International Holding B.V) for the next three years when the company breaks even.

2.12 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's or its cash generating unit (CGU) carrying amount exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

A previously recognized impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

2.13 Donor Grants and Grant Income

All donor grants received are initially recognised as grant received in advance at fair value and recorded as liabilities.

Donor grants are recognised if there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as grant income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate for.

When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

2.14 Intangible assets

Software

Software acquired by the Company is measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful life of the software (4 years), from the date that it is available for use. Intangible assets not yet available for use are not amortised. They are tested for impairment annually irrespective of whether there is an indication of impairment.

Amortisation methods, useful lives and residual values are re-assessed at each reporting date..

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

3. INTEREST INCOME CALCULATED USING EFFECTIVE INTEREST RATE METHOD

The interest income consists of interest income on micro loans to customers and interest income on bank balances and fixed-term deposits.

	2024	2023
	GH¢	GH¢
Interest revenue calculated using the effective interest method		
Interest income on Loans and advances to customers	5,194,293	78,887
Interest income on fixed term deposits	-	93,795
Total Interest income	5,194,293	172,682

4. INTEREST EXPENSE

Included in total interest expense calculated using the effective interest method are accruals for interest payments to customers.

	2024	2023
	GH¢	GH¢
Interest on loan security fund	37,150	508
Interest on voluntary savings	64,833	341
Total Interest expense	101,983	849

5. FEES AND COMMISSION INCOME

	2024	2023
	GH¢	GH¢
Proceeds from sale of pass books	32,310	2,795
Membership fees	61,935	5,450
Loan appraisal fee	-	1,350
Amortized Income for Early Repayment	45	-
Death benefit fee	-	42
Income from contract with customers	94,290	9,637

The above is under the scope of IFRS 15.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

6. GRANT INCOME

	2024 GH¢	2023 GH¢
Amortization of Deferred Grant – Capital Grant	856,524	117,153
Grant income – Income Grant	5,048,310	5,539,078
	5,904,834	5,656,231

The company received grants from Stichting BRAC International (ultimate parent) for the enhancement of the microfinance operation under the Mastercard Foundation Accelerating Impact for the Young Women (AIM) program.

7. LOAN LOSS PROVISION

	2024 GH¢	2023 GH¢
Impairment loss on Loans	320,057	16,048
	320,057	16,048

8. OTHER ADMINISTRATIVE EXPENSES

Other Administrative expenses are categorised into General expenses and Grant expenses (expenses incurred in relation to the Grant from Parent) as follows:

	2024 GH¢	2023 GH¢
General expenses (8a)	5,564,481	4,623,864
Grant expenses (8b)	5,048,310	5,539,078
	10,612,791	10,162,942

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

8. OTHER ADMINISTRATIVE EXPENSES

8a General expenses

	2024	2023
	GH¢	GH¢
Occupancy expenses (8a. i)	381,494	62,396
Local staff training cost	62,888	113,277
Travel and transportation expenses (8a. ii)	1,191,096	545,036
Maintenance and general expenses (8a. iii)	2,627,280	2,354,674
Printing and stationery expenses	205,940	183,420
Audit and professional cost (8a. iv)	1,093,783	1,026,415
Net exchange loss	-	338,646
Member Death Benefit Fees	2,000	-
	<u>5,564,481</u>	<u>4,623,864</u>

8a. i) Occupancy expenses

Utilities	381,494	62,396
	<u>381,494</u>	<u>62,396</u>

8a. ii) Travel and transportation expenses

Travel and transportation	754,798	483,202
Air tickets and VISA cost	436,298	61,834
	<u>1,191,096</u>	<u>545,036</u>

8a. iii) Maintenance and general expenses

Internet expenses	319,254	118,551
Maintenance and general expenses	556,333	513,064
Communication expenses	119,675	24,116
Accommodation	426,522	422,299
Staff meal cost	813,734	126,839
Bank charges	142,296	87,214
Business license & registration	81,722	106,463
ERP software expense	70,609	887,964
Recruitment & Reallocation Exp MF	30,844	5,688
Work Permit Expense MF	66,291	62,476
	<u>2,627,280</u>	<u>2,354,674</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

8. OTHER ADMINISTRATIVE EXPENSES (CONTINUED)

8a General expenses (continued)

	2024	2023
	GH¢	GH¢
8a. iv) Audit and professional fee		
Professional and Consultancy fee	853,783	807,458
Audit fees	240,000	218,957
	<u>1,093,783</u>	<u>1,026,415</u>

8b GRANT EXPENSES

	2024	2023
	GH¢	GH¢
Local staff training cost	494,994	629,779
Travel and transportation expenses	216,474	263,323
Maintenance and general expenses(8b. i)	4,100,910	4,637,776
Printing and stationery expenses	126,262	4,280
Professional and Consultancy fee	-	3,920
Personnel Expenses*	109,670	-
	<u>5,048,310</u>	<u>5,539,078</u>

*Personnel expense relates to salaries paid from grants funds for staff who coordinate grant activities.

	2024	2023
	GH¢	GH¢
8b. i) Maintenance and general expenses		
Internet expenses	-	18,380
Maintenance and general expenses	-	126,333
Communication expenses	-	183
Accommodation	57,887	85,148
Staff meal cost	5,683	4,083
Bank charges	36,989	21,600
Visibility studies	257,429	396,000
ERP software expense *	3,742,922	3,986,049
	<u>4,100,910</u>	<u>4,637,776</u>

* ERP software expense comprise of software renewal costs, charges for reporting requests and additional user subscriptions.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

9. PERSONNEL EXPENSES

	2024	2023
	GH¢	GH¢
Basic Salary	7,341,448	2,432,676
Staff allowances	845,894	1,358,735
Directors' allowances	79,616	-
SSF	731,420	175,614
Provident fund	402,453	44,519
Staff medical expenses	363,397	-
Bonus	678,102	304,377
	10,442,330	4,315,921

Average number of staff during the year was 59 (2023: 11).

10. TAXATION

10a. CORPORATE TAX

(10a) Income tax expense

	2024	2023
	GH¢	GH¢
Corporate income tax*	-	-
Deferred tax charge (Note 10c)	386,725	184,175
	386,725	184,175

*The Company had no taxable profit at the end of the year (2023: Nil).

(10b) Current tax assets

i. Tax credits

Year	At 1 January	Withholding tax credits	Tax credit utilized	At 31 December
	GH¢	GH¢	GH¢	GH¢
2023	-	16,837	-	16,837
2024	16,837	-	-	16,837
	16,837	-	-	16,837

This represents withholding taxes for which tax credit certificates are available to be utilised against future tax liabilities

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

(10c) Deferred tax reconciliation

Deferred tax (asset)/liability are attributable to the following:

	Balance At 1 January GH¢	Recognised in P/L GH¢	Balance at At 31 December GH¢	(Asset) GH¢	Liability GH¢	Net GH¢
2024						
Property and equipment	3,011	654,926	657,937	-	657,937	657,937
Leases	184,175	(184,175)	-	-	-	-
Impairment allowance	-	(84,026)	(84,026)	(84,026)	-	(84,026)
Total	187,186	386,725	573,911	(84,026)	657,937	573,911

	Balance At 1 January GH¢	Recognised in P/L GH¢	Balance at At 31 December GH¢	(Asset) GH¢	Liability GH¢	Net GH¢
2023						
Property and equipment	3,011	-	3,011	-	3,011	3,011
Leases	-	184,175	184,175	-	184,175	184,175
Total	3,011	184,175	187,186	-	187,186	187,186

(10d) Unrecognised deferred tax

Deferred tax assets amounting to GH¢ 6,414,808 (2023: GH¢3,187,860) have not been recognized in respect of unrelieved losses and deductible temporary differences because management believes that it cannot determine with a reasonable degree of certainty that future taxable profits would be available against which the Company can use the benefits therefrom.

	2024	2023
Unrelieved losses*	(6,266,357)	(3,112,174)
Deductible temporary differences	(148,451)	(75,686)
	(6,414,808)	(3,187,860)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

(10d) Unrecognised deferred tax (continued)

*Unrelieved losses for which no deferred tax asset was recognized expire as follows:

2024 Year of assessment	Year of expiry	Tax loss	Utilised	Balance at 31 December	Deferred tax asset
2024	2029	12,616,733	-	12,616,733	3,154,183
2023	2028	11,459,146	-	11,459,146	2,864,787
2022	2025	989,549	-	989,549	247,387

2023 Year of assessment	Year of expiry	Tax loss	Utilised	Balance at 31 December	Deferred tax asset
2023	2028	11,459,146	-	11,459,146	2,864,787
2022	2025	989,549	-	989,549	247,387

The tax positions are subject to agreement with the tax authorities.

10e. Effective tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits as follows:

	2024	2023
Loss before tax	(13,520,473)	(10,206,771)
Corporate tax (25%)	(3,380,118)	(2,551,693)
Non-deductible expense:	612,660	475,713
Tax incentives	-	16,837
Tax exempt income	-	(868,856)
Current year tax losses for which deferred tax asset is not recognised	3,154,183	3,112,174
Income tax expense	386,725	184,175
Effective tax rate	(2.86%)	(1.80%)

11. CASH AND CASH EQUIVALENTS

	2024 GH¢	2023 GH¢
Cash in hand	126,681	55,670
Cash at bank*	17,851,905	21,242,004
Mobile Money	314,007	3,400
	18,292,593	21,301,074

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

11. CASH AND CASH EQUIVALENTS (CONTINUED)

*At the reporting date, the Bank recorded a bank ledger balance of GH¢17,851,905 (2023: GH¢21,242,004) in its statement of financial position as compared to the bank statement balance of GH¢ 19,073,992 (2023: GH¢21,520,940). The transactions making up the difference between the bank ledger balance and the bank statement balance was GH¢ 1,222,087 (2023: GH¢278,936) which includes various reconciling items such as unpresented cheques, uncredited lodgements and unresolved debit and credit items on the bank statements.

Regulatory cash reserve requirements

Bank of Ghana (the regulator), requires that to every deposit made, a ten percent is held in liquid asset, primary reserve.

Included in cash at bank is an amount of GH¢ 411,985 (2023:GH¢ 5,619) representing the mandatory cash reserve required by the Bank of Ghana. This reserve represents and complies with the mandatory minimum of 10% (2023: 10%) of the Company's total deposits and is not available for use in the Company's day-to-day operations.

	Savings amount	Liquidity required by central bank	% Liquidity required by central bank
	GH¢	GH¢	GH¢
Savings – 2024	4,119,854	411,985	10%
Savings – 2023	56,194	5,619	10%

12. PROPERTY AND EQUIPMENT

	Motor Vehicle	Computer & accessories	Equipment¹	Fixtures and Furniture	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
2024					
Cost					
Balance as at 1 January	1,533,848	2,847,147	691,646	1,011,245	6,083,886
Additions	1,416,750	1,255,227	937,222	1,932,730	5,541,929
Balance as at 31 December	2,950,598	4,102,374	1,628,868	2,943,975	11,625,815
Accumulated Depreciation					
Balance as at 1 January	95,868	457,379	84,793	157,769	795,809
Charge for the year	412,982	788,862	205,600	435,839	1,843,283
Balance as at 31 December	508,850	1,246,241	290,393	593,608	2,639,092
Carrying Amount	2,441,748	2,856,133	1,338,475	2,350,367	8,986,723

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

12. PROPERTY AND EQUIPMENT (CONTINUED)

2023	Motor Vehicle GH¢	Computer & accessories GH¢	Equipment¹ GH¢	Fixtures and Furniture GH¢	Total GH¢
Cost					
Balance as at 1 January	-	67,225	-	-	67,225
Additions	1,533,848	2,779,922	691,646	1,011,245	6,016,661
Balance as at 31 December	1,533,848	2,847,147	691,646	1,011,245	6,083,886
Accumulated Depreciation					
Balance as at 1 January	-	1,401	-	-	1,401
Charge for the year	95,868	455,978	84,793	157,769	794,408
Balance as at 31 December	95,868	457,379	84,793	157,769	795,809
Carrying Amount	1,437,980	2,389,768	606,853	853,476	5,288,077

12a. DEPRECIATION AND AMORTISATION

	2024	2023
Depreciation of PPE (note 12)	1,843,283	794,408
Amortisation of intangible assets (note 13)	318,636	84,135
Depreciation of ROU Asset (note 20)	1,105,374	459,239
	3,267,293	1,337,782

Equipment¹: These include Air conditioners, fingerprint scanners, CCTV Cameras, Money counting machines, water dispensers.
No items of property and equipment has been pledged as security for loan or have any restriction of use at 31 December 2024.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

13. INTANGIBLE ASSETS

2024	Software	Software under development	Total
Cost	GH¢	GH¢	GH¢
Balance at 1 January	1,408,543	-	1,408,543
Additions	-	-	-
Reclassification	(134,036)	134,036	-
Balance at 31 December	1,274,507	134,036	1,408,543
Amortisation			
Balance at 1 January	84,135	-	84,135
Charge for the year	318,636	-	318,636
Balance at 31 December	402,771	-	402,771
Carrying amount	871,736	134,036	1,005,772

2023	Software	Software under development	Total
Cost	GH¢	GH¢	GH¢
Balance at 1 January	1,408,543	-	1,408,543
Additions	-	-	-
Reclassification	-	-	-
Balance at 31 December	1,408,543	-	1,408,543
Amortisation			
Balance at 1 January	-	-	-
Charge for the year	84,135	-	84,135
Balance at 31 December	1,324,408	-	1,324,408
Carrying amount	871,736	134,036	1,005,772

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

14. LOANS AND ADVANCES

	2024	2023
	GH¢	GH¢
Gross loan portfolio	14,732,467	1,666,932
Impairment Allowance on loans	(336,105)	(16,048)
Total	14,396,362	1,650,884

Loans are mostly granted to women and the amounts advanced are relatively small. The number of borrowers at the end of the year increased from 476 in 2023 to 4,626 in 2024. The average disbursed loan size in 2024 was GH¢4,071 (2023: GH¢3,466) and the maximum disbursed loan amount in 2024 was GH¢40,000 (2023: GH¢30,000).

The loans are categorised as follows:

Product (Loan)	Interest rate	Annualised Interest rate	Repayment terms
Small Enterprise Programme (SEP) Loans	5.50% per month	66% p.a.	Monthly instalment over tenor of loan (6 to 12 months)
Microfinance (MF) Loans	6.4% per month	77% p.a.	Monthly instalments over tenor of loan (6 to 12 months).

The non-performing loan proportion

As of 31 December 2024, principal outstanding of non-performing loans was GH¢341,035 (2023: Nil).

15. OTHER ASSETS

	2024	2023
	GH¢	GH¢
Prepayments ¹	4,159,176	516,728
Withholding tax receivable	1,007	168,776
Other Receivables	201,476	-
	4,361,659	685,504

¹Prepayments consist of prepaid office rent for offices whose rent agreements would commence in 2025 (2024: GH¢1,700,185; 2023: 310,607), prepaid insurance (2024: GH¢323,231; 2023: GH¢125,741) and prepayments for capital items and other services that are yet to be delivered (2024: 2,135,760; 2023: nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

16. STATED CAPITAL

The number of authorised shares is 1,000,000 (one million) equity shares of no-par value.

Issued shares

The issued shares are:

	31 December 2024		31 December 2023	
	No. of shares	GH¢	No. of shares	GH¢
Issued for cash	100,000	30,000,000	73,833	22,150,000
Transaction costs on share capital	-	(272,120)	-	(192,500)
Total	100,000	29,727,880	73,833	21,957,500

The holder of equity shares is entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All equity shares rank equally with regard to the Company's residual assets.

There was no unpaid liability on any shares and there are no calls or instalments in arrears.
No shares were issued for the transfer from retained earnings to stated capital.

16a. RETAINED EARNINGS

	2024 GH¢	2023 GH¢
At 1 January	(11,371,461)	(980,515)
Total comprehensive loss for the year	(13,907,198)	(10,390,946)
	25,278,659	(11,371,461)

16b. DEPOSIT FOR SHARES

	2024 GH¢	2023 GH¢
i) Deposit for shares	34,700,000	12,050,000
	34,700,000	12,050,000

ii) Movement in Deposit for shares

	2024 GH¢	2023 GH¢
Opening Balance	12,050,000	8,576,000
Deposits made during the year	30,500,000	3,474,000
Transfer to stated capital	(7,850,000)	-
	34,700,000	12,050,000

The amount of GH¢ 30,500,000 represents an additional USD 2M of funds received from the parent, BRAC International Holdings B.V (BIHBV) towards stated capital. The amount is pending approval from Bank of Ghana and remains as deposit for shares until approval is granted.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

17. DEPOSITS FROM CUSTOMERS

	2024	2023
	GH¢	GH¢
Voluntary savings ¹	2,101,963	56,194
Loan security fund ²	2,017,891	165,478
	4,119,854	221,672

¹These are deposits customers made to the Company net of withdrawals. The account balance consists of savings account balances which can be withdrawn on demand and fixed term deposits.

²These are cash collaterals paid by borrowers before or on the day loans are disbursed to them. Borrowers continue to add to the security deposit/cash collateral until the loans are fully paid. When a loan is fully paid, the customer has the right to withdraw their security balance. This contribution accrues interest. Also, in the event that the customer has not fully paid the loan outstanding in their account, but the amount of security contributed can defray the outstanding loans, the customer's loan outstanding balance is set off against their security balance and the remaining cash balance due to the customer credited to the customer. Security deposits can be withdrawn/returned only when the loan balance is fully paid off.

18. OTHER LIABILITIES

	2024	2023
	GH¢	GH¢
Accrued expenses	797,745	566,937
Withholding tax payable	765,154	830,114
Audit fees payable	-	310,426
	1,562,899	1,707,477

19. GRANT

19a. Deferred Grant

	2024	2023
	GH¢	GH¢
Grant related to fixed assets	4,773,587	2,127,715
	4,773,587	2,127,715

19b. Grant Assets/ (Liabilities)

	2024	2023
	GH¢	GH¢
Balance at 1 January	(1,945,933)	(7,284,214)
Grant received during the year	(4,176,294)	-
Payments for capital expenditure	3,502,396	2,244,868
Payments for recurrent expenses (note 6)	5,048,310	5,539,078
Unrealized exchange gain/ (loss)	(141,137)	1,446,201
Balance at 31 December	2,287,342	(1,945,933)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

19. GRANT DISCLOSURES (continued)

19b. Grant assets/ liabilities (continued)

The grants were received for the enhancement of microfinance operation under the AIM program. The grants are subject to certain condition, failing to comply with which, part or all of the money may have to be refunded to the donor.

20. LEASES

a. Leases as a lessee (IFRS 16)

The company leases premises for use as office spaces for branch operations, usually for a period of one to five years with an option to renew after expiry. This note provides information for leases where the Company is a lessee.

i. Right-of-use assets

Right-of-use assets related to leased branches, and the head office which do not meet the definition of investment property and are disclosed separately on the Statement of Financial Position.

	2024	2023
	GH¢	GH¢
Balance at 1 January	1,407,715	-
Reassessment of option to extend	(481,316)	-
Additions	2,218,272	1,866,954
Depreciation charge for the year	(1,105,374)	(459,239)
Balance at 31 December	2,039,297	1,407,715

ii. Reconciliation of Lease Liabilities

	2024	2023
	GH¢	GH¢
Balance at 1 January	853,534	-
Reassessment of option to extend	(853,534)	-
Additions	-	641,755
Interest expense	-	211,779
Balance at 31 December	-	853,534

iii. Amounts recognised in profit or loss:

	2024	2023
	GH¢	GH¢
Depreciation and charge for the year	1,105,374	459,239
Finance cost	-	211,779
	1,105,374	671,018

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****20. LEASES (continued)****a. Leases as a lessee (IFRS 16) (continued)***iv. Amounts recognised in cash flows:*

	2024	2023
	GH¢	GH¢
Purchase of ROU asset	2,218,272	90,000
Total cash outflow for leases	2,218,272	90,000

.iv. Extension options

Some leases of office premises contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held exercisable by both the Company and the lessors. The Company assesses at commencement date whether it is reasonably certain to exercise the extension options. Subsequently, the lease term is re-assessed on at least an annual basis, considering contractually available lease extension options. The lease agreement does not indicate the amount payable should the extension option be extend. The lease payment of the extended period will be agreed in a separate agreement.

21. OTHER INCOME

	2024	2023
	GH¢	GH¢
Net exchange gain	30,564	-
Total other income	30,564	-

22. RISK MANAGEMENT**22.1 General**

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to certain risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is amongst others exposed to credit risk, market risk, and liquidity risk, legal/regulatory and operating risks.

The independent risk control process does not include business risks such as changes in demand, technology and industry. These changes are monitored through the Company's strategic planning process.

22.2 Risk Management Structure

The Company has in place a wider risk management scope with a clear definition of roles and responsibilities. The key stakeholders include Board of Directors, Country Management Team/Senior Management, Risk Management Committee, Risk Department, Compliance Unit, Risk Champions and Field Managers. The Company's risk management activities and arrangement (risk architecture) takes place within the defined risk management organisational structure.

The Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. However, there are separate independent bodies responsible for managing and monitoring risks.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.2 Risk Management Structure (continued)

Risk measurement and reporting systems

The Company is in the process of developing a more refined risk management policy.

22.3 Risk mitigation

General risk mitigation

Risk concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic 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. In order to avoid excessive concentrations of risk, the Company is focused on maintaining a diversified loan portfolio, by means of operating in different geographic areas (also within each country). Identified concentrations of credit risks are controlled and managed locally according to the operational procedures above. The Company does, in principle, not use collateral or guarantees, to reduce its credit risks (apart from the client security deposit).

22.4 Credit Risk

Credit risk is the risk that the Company will incur a loss because its clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by adhering strictly to the operating procedures set forth in the operational manual which includes setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations and by monitoring exposures in relation to such limits.

Maximum credit exposure

The following table shows maximum exposure to credit risk by class of financial asset. It shows the total fair value of collateral and the net exposure.

	Note	Maximum Exposure	Fair Value of Collateral	Net Exposure
		GH¢	GH¢	GH¢
2024				
Cash and cash Equivalent	11	18,165,913	-	18,165,913
Loans and advances	14	14,732,467	2,017,891	12,714,576
Total		32,898,380	2,017,891	30,880,489
2023				
Cash and cash equivalent	11	21,245,404	-	21,245,404
Loans and advances	14	1,650,884	165,478	1,485,406
Total		22,896,288	165,478	22,730,810

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.4 Credit Risk (continued)

Credit quality by class of financial assets

The Company manages credit quality of financial assets using the past due information. The table below depicts the credit quality by class for all financial assets exposed to credit risk based on management credit rating system.

The amounts presented are gross of impairment allowances.

2024 Loans and advances	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Not past due	13,998,861	-	-	13,998,861
Past due: 1-30 days	238,160	-	-	238,160
Past due: 31-90 days	-	154,411	-	154,411
Past due: 91-180 days	-	-	245,743	245,743
Past due: 181-365 days	-	-	95,292	95,292
Past due: Above 365 days	-	-	-	-
Gross carrying amount	14,237,021	154,411	341,035	14,732,467
Impairment Allowance	(159,865)	(1,734)	(174,507)	(336,105)
Carrying amount	14,077,156	152,677	166,528	14,396,362

2023 Loans and advances	Stage 1 GH¢	Stage 2 GH¢	Stage 3 GH¢	Total GH¢
Not past due	1,666,932	-	-	1,666,932
Past due: 1-30 days	-	-	-	-
Past due: 31-90 days	-	-	-	-
Past due: 91-180 days	-	-	-	-
Past due: 181-365 days	-	-	-	-
Past due: Above 365 days	-	-	-	-
Gross carrying amount	1,666,932	-	-	1,666,932
Impairment Allowance	(16,048)	-	-	(16,048)
Carrying amount	1,650,884	-	-	1,650,884

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**
22.4 Credit Risk (continued)

2024	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	GH¢	GH¢	GH¢	GH¢
Not past due	18,165,913	-	-	18,165,913
Gross carrying amount	18,165,913	-	-	18,165,913
Impairment Allowance	-	-	-	-
Carrying amount	18,165,913	-	-	18,165,913

2023	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	GH¢	GH¢	GH¢	GH¢
Not past due	21,245,404	-	-	21,245,404
Gross carrying amount	21,245,404	-	-	21,245,404
Impairment Allowance	-	-	-	-
Carrying amount	21,245,404	-	-	21,245,404

The Company held Cash and Cash equivalents of GH¢ 18,165,913 (2023: GH¢ 21,245,404) with Banks and Mobile Money institutions at 31 December 2024. The cash and cash equivalents are held with institutions which are highly regulated and have strong credit quality. None of these balances were impaired at the year end (2023: Nil).

Credit Risk Mitigation in the microfinance model of the Company

Despite the fact that clients (predominantly new clients) have a limited credit history, most loans provided by the Company are secured and the credit risk is spread over a large number of clients, and therefore the risk of material harm to the Company by an individual default is low. Strict adherence to the microfinance operating procedures and methodology set forth in the operational manual largely mitigates even this low individual default risk, as it puts a strong emphasis on customer screening prior to any loan disbursement. Every loan disbursed by the Company is preceded by a complete credit evaluation process by the loan officer and the supervising officers. This loan application must then be approved by a local manager before disbursement, ensuring a “double-sign off” on all loans disbursed. A strict adherence to this procedure ensures a strong credit quality of the loan portfolio in all micro finance operations.

Credit risk is further mitigated by weekly monitoring of all loans disbursed through the Company owned/or controlled institutions, and continual group “social” pressure to repay in a timely fashion. Furthermore, all borrowers at the branch level must have an additional guarantor in addition to cash collateral. As such, credit risk at the individual branch level due to defaults of individual clients is limited as evidenced by, on one hand, the high long-term repayment rates on micro loans upon the Company’s assessment of repayment rates, and on the other hand the proven experience of the technical services provider.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.4 Credit Risk (continued)

Collateral held and other credit enhancements, and their financial effect

	Loans and advances	
	2024	2023
	GH¢	GH¢
<i>Against loans not past due</i>		
Cash collateral	1,868,226	165,478
<i>Against loans past due but not credit-impaired</i>		
Cash collateral	75,245	-
<i>Against credit-impaired loans</i>		
Cash collateral	74,420	-
	-----	-----
	2,017,891	165,478
	=====	=====

The Company does not hold any financial asset with sufficient collateral to completely mitigate credit risk, hence, an impairment loss has been recognised on all financial assets held at year end.

Collateral held as security for credit impaired loans

The table below sets out the gross values and carrying amounts of credit-impaired loans with their corresponding collateral values.

2024	Gross Loans	Carrying Amount	Collateral
		GH¢	GH¢
Stage 3	341,035	166,528	74,420
Total	341,035	170,629	74,420

There were no credit-impaired loans in 2023.

The extent to which collaterals mitigate credit risk for credit-impaired loans are as follows:

	31-Dec-24	31-Dec-23
	GH¢	GH¢
Less than 20%	37,240	-
20% to 50%	27,693	-
More than 50%	9,487	-
Total	74,420	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.4 Credit Risk (continued)

Assets obtained by taking possession of collateral

The Company's policy is to pursue timely realisation of the collateral in an orderly manner. The Company's collaterals are only in the form of cash security deposit which is generally used for its own operations when redeemed. The Company did not hold any financial and non-financial assets resulting from taking possession of collaterals held as security against loans and advances at the reporting date (2023: Nil).

Offsetting financial assets and financial liabilities

The Company did not hold any financial assets and financial liabilities that are off set in the statement of financial position at the reporting date.

Analysis of credit concentration

The maximum credit exposure is equal to the carrying amounts of the financial instruments on the Company's statement of financial position. As mentioned above, the Company plans to reduce its concentration risk by ensuring a widely diverse portfolio, distributed amongst various regions in the country. However, the Company currently invests in the Central Region, and plans are underway to commence operations in Ashanti, Eastern, and Greater Accra regions in 2025.

The concentration of loans and advances by product and geographical location are disclosed in below:

(i) Analysis by product

Product	31-Dec-24	31-Dec-23
	GHS	GHS
Microfinance loans	11,029,452	1,528,028
Small Enterprise Loans	3,703,015	138,904
Total	14,732,467	1,666,932

(ii) Analysis by Geographical Location

Product	31-Dec-24	31-Dec-23
	GHS	GHS
Central Region	14,732,467	1,666,932
	14,732,467	1,666,932

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****22. RISK MANAGEMENT (CONTINUED)****22.4 Credit Risk (continued)****ECL analysis**

The following were applied to the various loan arrears bucket as at 31 December 2024 for the purposes of determining the expected credit loss for loans and advances to customers:

Buckets	Loss Rates Applied
No past due	1.12%
1-30 days past due	1.12%
31-90 days past due	1.12%
91-180 days past due	50%
181+ days past due	100%

Historical default¹ For the current year there were no write offs and no country specific historic information as such management took the average PD of the other BRAC entities in West Africa. See Note 2.3.9.

Consideration of forward-looking information

The Company's approach to incorporating forward looking assumptions is disclosed at note 2.3.9.

Sensitivity of ECL to forward looking scalar

The ECL is sensitive to judgements and assumptions made regarding formulation of forward-looking scalars and how such scalars are incorporated into the ECL calculation. Out of the three key assumptions that management uses to determine the forward looking scalar, only projected write-off trend was used in the determination of the forward looking scalar at the year end.

It was noted that macro-economic trends did not have any consistent correlations with the actual write-off level and hence macroeconomic factors were not considered in the determination of the forward looking scalar. As well socio-political events were excluded from the forward looking scalar computation because Ghana's social political environment was assessed as one of the most stable within the West African sub-region.

A range of scalar based on the expected changes in the loan write-off trend over the next 12 months, which is based on the average annual increase in write-offs and loans over 360 days (net of write-off recovery) during the last three years is used.

The forward-looking scenario is weighted 100% instead of applying scenario probability weights across the different scenarios.

A change of a 100 basis points in the forward looking scalar of 0.1% (2023:0.1%) at the reporting date would have impacted equity and profit or loss by the amounts shown below:

	100 bp Increase	100bp Decrease
31-Dec-24	GH¢	GH¢
ECL Allowance	147	(147)
Net impact	147	(147)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)

22. RISK MANAGEMENT (CONTINUED)

22.4 Credit Risk (continued)

Consideration of forward-looking information (continued)

	100 bp Increase GH¢	100bp Decrease GH¢
31-Dec-23		
ECL Allowance	17	(17)
Net impact	17	(17)

22.4 Credit Risk (continued)

Amounts arising from expected credit losses (ECL)

The following tables show reconciliations from the opening to the closing balance of the impairment allowance by class of financial instrument.

2024

	Stage 1	Stage 2	Stage 3	Total
Loans and advances				
Balance at 1 January	16,048	-	-	16,048
Transfer to Stage 2	(161,610)	161,610	-	-
Transfer to Stage 3	-	(159,876)	159,876	-
Write-off	-	-	-	-
New financial assets originated	320,879	-	-	320,879
Net Remeasurement of loss allowance	(15,452)	-	14,630	(822)
Balance at 31 December	159,865	1,734	174,506	336,105

2023

	Stage 1	Stage 2	Stage 3	Total
Loans and advances				
Balance at 1 January	-	-	-	-
New financial assets originated	16,048	-	-	16,048
Balance at 31 December	16,048	-	-	16,048

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.4 Credit Risk (continued)

The table below provides an explanation of how significant changes in gross carrying amount of financial instruments during the year contributed to changes in loss allowance:

	2024		
	Impact: increase/decrease		
Loans and advances	Stage 1	Stage 2	Stage 3
Increase in customer loans as part of the Company's strategic growth initiative	304,876	-	-
Matured loans that were fully settled	(95,135)	-	-
Increase in credit-impaired loans	-	-	166,507

	2023		
	Impact: increase/decrease		
Loans and advances	Stage 1	Stage 2	Stage 3
Increase in customer loans as part of the Company's strategic growth initiative	16,048	-	-
Matured loans that were fully settled	-	-	-
Increase in credit-impaired loans	-	-	-

The following table provides a reconciliation between:

- amounts shown in the above tables reconciling the opening and closing balances of loss allowance; and
- the 'credit loss provision' line item in the statement of profit or loss and other comprehensive income.

	Loans and advances
2024	GH¢
Net measurement loss allowance	(822)
New financial assets originated	320,879
Amounts recognised in profit or loss	320,057

	Loans and advances
2023	GH¢
New financial assets originated	16,048
Amounts recognised in profit or loss	16,048

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.5 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations as and when they fall due under normal and stress circumstances. The customers of the Company are in the micro businesses.

The Company is confident it will be able to meet the payment obligations as and when they fall due. It shall maintain sufficient funds so as to ensure that it is in a position to meet its obligations.

The main class of assets are loans to customers. Due to the nature of the business the Company is engaged in, these loans to customers have short term maturities; hence the Company is in a position to generate a constant stream of cash inflows. The Company is in the position to accumulate sufficient funds to cover its obligations, although this may entail limitations on new loan disbursements.

The liquid ratio as of the year end is 602% (2023: 328%).

Analysis of Financial assets and liabilities by remaining contractual maturities

As at 31 December 2024	Carrying amounts	On demand	Less than 3 months	3 to 12 months	12 months to 3 years	Total contractual cashflows
Assets	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash equivalents	18,292,593	18,292,593	-	-	-	18,292,593
Loans and advances	14,396,362	-	2,337,588	12,394,879	-	14,732,467
Other Assets (excluding prepayments and withholding tax receivables)	201,476	-	201,476	-	-	201,476
Grant Assets	2,287,342	-	2,287,342	-	-	2,287,342
Total	35,177,773	18,292,593	4,826,406	12,394,879	-	35,513,878
Liabilities						
Deposits from customers	4,119,854	2,050,722	-	2,069,132	-	4,119,854
Other liabilities (excluding withholding tax and SSNIT payable)	576,446	576,446	-	-	-	576,446
Related party payables	1,207,113	1,207,113	-	-	-	1,207,113
Total liabilities	5,903,413	3,834,281	-	2,069,132	-	5,903,413
Liquidity ratio						
Net Excess Liquidity/(Gap)		14,458,312	4,826,406	10,325,747	-	
Cumulative		14,458,312	19,341,314	29,667,061	29,667,061	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.5 Liquidity risk (continued)

Analysis of Financial assets and liabilities by remaining contractual maturities (continued)

As at 31 December 2023	Carrying amounts	On demand	Less than 3 months	3 to 12 months	12 months to 3 years	Total contractual cashflows
Assets	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and cash equivalents	21,301,074	21,301,074	-	-	-	21,301,074
Loans and advances	1,650,884	-	137,048	1,529,884	-	1,666,932
Total	22,951,958	21,301,074	137,048	1,529,884	-	22,968,006
Liabilities						
Deposits from customers	221,672	56,194	-	165,478	-	221,672
Other liabilities	1,707,477	-	1,707,477	-	-	1,707,477
Grant liabilities	1,945,933	1,945,933	-	-	-	1,945,933
Related party payables	1,994,943	1,994,944	-	-	-	1,994,944
Lease liability	853,534	-	-	-	1,135,200	1,135,200
Total liabilities	6,723,559	3,997,071	1,707,477	165,478	1,135,200	7,005,226
Net Excess Liquidity/(Gap)		17,304,003	(1,570,429)	1,364,406	(1,135,200)	
Cumulative		17,304,003	15,733,574	17,097,980	15,962,780	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.6 Market Risk

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not carry out credit or deposit operations in any foreign currency but holds foreign currency bank accounts with local banks for specific transactions. Company manages currency risk by avoiding holding foreign currency positions.

The table below summarises the company's exposure to foreign currency exchange rate risk:

2024		Total
Financial Assets	USD	USD
Cash and cash equivalents	16,267,105	16,267,105
Grant Assets	2,287,349	2,287,349
	18,554,454	18,554,454
Financial liabilities		
Other liabilities	438,495	438,495
Payable to related parties	1,207,113	1,207
	1,645,608	1,645,609
Net open position	16,908,846	16,908,846
2023		
Financial Assets	USD	USD
Cash and cash equivalents	2,844,336	2,844,336
Total financial assets	2,844,336	2,844,336
Financial liabilities		
Other liabilities	2,079,583	2,079,583
Net open position	764,753	764,753

Foreign currency sensitivity analysis

The Company's principal foreign currency exposures are to the US Dollar. The table below illustrates the hypothetical sensitivity of the Bank's reported profit to a 15% (2023:15%) decrease in the value of the Ghana Cedi against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 15% (2023:15%) represents the directors' assessment of a reasonably possible change, based on historic volatility.

	2024	
	Strengthening	Weakening
<i>Impact on profit or loss before tax</i>		
US Dollar (15% movement)	(2,536,327)	2,536,327
<i>Impact on equity</i>		
US Dollar (15% movement)	(1,902,245)	1,902,245

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.6 Market Risk (continued)

Foreign currency sensitivity analysis (continued)

	2023	
	Strengthening	Weakening
<i>Impact on profit or loss before tax</i>		
US Dollar (15% movement)	(114,713)	114,713
<i>Impact on equity</i>		
US Dollar (15% movement)	(86,035)	86,035

The following exchange rate was applied:

	Year End Rate		Average Rate	
	2024	2023	2024	2023
US Dollar	14.70	11.88	14.29	11.02

Interest rate risk

Interest rate risk is the risk that profitability is affected by fluctuation by interest rates. The Company considers the risk to be limited to its funding costs. The microfinance products have the interest rate fixed over the term of the loan. Thus, irrespective of the movement in interest rate the Company is locked to the predetermined cash flow expected at the point of signing the contract. The Company's objective for managing this risk is therefore to reduce its funding cost.

The Company's approach to managing interest rate risk is by monitoring the sensitivity of the Company's funding costs to volatilities in interest rate movements. Standard scenarios that are considered on a monthly basis include a 100-basis point (bp) parallel fall or rise in market interest rates.

The Company did not hold any variable-rate instruments at the year end and at 31 December 2023 and does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Below are the exposures with fixed interest rates

	31-Dec-24	31-Dec-23
Assets	GHS	GHS
Loans and advances to customers	14,732,467	1,666,932
Liabilities		
Due from customers	4,119,854	221,672

22.7 Operational risk

Operational risks can be substantial where small amounts of cash are distributed to, and collected from, a large group of clients through extensive branch networks. Examples of certain operational risks include fraud or misappropriation, and other operational and managerial errors and/or omissions. This is a low risk to the Company in Ghana.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.8 Capital Management

The Company's objective in capital management on the financial position, are:

- To comply with the capital requirement set by the Bank of Ghana;
- To safeguard the Company's ability to continue as a going concern; and
- To maintain adequate capital base, strong enough to support the development of the business.

The Company's regulator, the Bank of Ghana sets and monitors capital requirements for the Company as a whole. In implementing current capital requirements, the Bank of Ghana requires the Company to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank of Ghana requires each deposit-taking institution to maintain a ratio of total regulatory capital to the risk-weighted asset of at least 10%.

The Company generally complied with all externally imposed capital requirements.

Capital adequacy and use of regulatory capital are monitored regularly by management. The required information is filed with the Bank of Ghana regularly as required. The Bank of Ghana requires companies to;

- a) Hold minimum level of regulatory capital of GH¢7 million revised in 2015.
- b) Maintain a ratio of total regulatory capital to the risk-weighted assets plus weighted off statement of financial position assets at or above the required minimum of 10%

The regulatory capital of the Company is the core stated capital plus statutory reserve, income surplus and reserves created by a proportion of income surplus or retained earnings Accounts.

The risk weighted assets are measured by means of a hierarchy of weighted risk classified to the nature of and reflecting an estimate of the credit risk associated with each asset and counterparty.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

22. RISK MANAGEMENT (CONTINUED)

22.8 Capital Management (continued)

The table below summarises the composition of regulatory capital and the ratio of the Company at 31 December 2024:

	2024	2023
	GH¢	GH¢
Tier 1 Capital		
Paid up capital	29,727,880	21,957,500
Disclosed reserves	(11,371,461)	(992,630)
Tier 1 capital	18,356,419	20,964,870
Less: Adjustments to Capital:		
Intangibles	5,164,948	1,841,136
Adjusted Tier 1 Capital	13,191,471	19,123,734
Tier 2 Capital		
Undisclosed Reserve	(13,907,198)	(10,390,946)
Other Amounts Allowed as Capital	20,000,000	-
Adjusted Capital Base	19,284,273	8,732,788
Total assets	51,386,585	31,674,499
Less Adjustments to Assets:		
Cash on hand	126,681	55,671
Intangibles	5,164,948	1,841,136
80% Claims on other banks	14,281,524	16,993,603
Adjusted total assets	31,813,432	12,784,089
Add 100% of Previous 3 years average annual gross Income	2,977,186	144,677
Adjusted asset base	34,790,618	12,928,766
Capital Adequacy ratio	55.43%	67.55%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

23. FINANCIAL ASSETS AND LIABILITIES

23.1 The Company's classification of its principal financial assets and liabilities are summarised below:

The table below provides reconciliation between the items in the statement of financial position and the classification of financial instrument.

Balance as at 31 December, 2024	Amortised Cost	Total carrying amount
Assets		
Cash and cash equivalent	18,292,593	18,292,593
Loans and advances to customers	14,396,362	14,396,362
Other Assets (excluding prepayments and withholding tax receivables)	201,476	201,476
Grant assets	2,287,342	2,287,342
Total	35,177,773	35,177,773
Liabilities		
Deposits from customers	4,119,854	4,119,854
Related party payables	1,207,113	1,207,113
Other Liabilities (excluding withholding tax and SSNIT payable)	576,446	576,446
Total	5,903,413	5,903,413
Balance as at 31 December, 2023	Amortised Cost	Total carrying amount
Assets		
Cash and cash equivalent	21,301,074	21,301,074
Loans and advances to customers	1,650,884	1,650,884
Total	22,951,958	22,951,958
Liabilities		
Deposits from customers	221,672	221,672
Related party payables	1,994,943	1,994,943
Grant liabilities	1,945,933	1,945,933
Other liabilities	1,707,477	1,707,477
Lease liability	853,534	853,534
Total	6,723,559	6,723,559

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

23. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

23.2 Financial instruments not measured at fair value – fair value hierarchy

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Balance as at 31 December, 2024	LEVEL 2	Total carrying amount
Assets		
Cash and cash equivalent	-	18,292,593
Loans and advances to customers	-	14,396,362
Other assets (excluding prepayment and withholding tax receivables)	-	201,476
Grant assets	-	2,287,342
Liabilities		
Deposits from customers	-	4,119,854
Other Liabilities (excluding withholding tax and SSNIT payable)	-	576,446
Related party payables	-	1,207,113
Balance as at 31 December, 2023	LEVEL 2	Total carrying amount
Assets		
Cash and cash equivalent	-	21,301,076
Loans and advances to customers	-	1,650,884
Liabilities		
Deposits from customers	-	221,272
Lease liabilities	-	853,534
Other Liabilities	-	1,945,933
Related party payables	-	1,994,944

Loans and advances

Loans and advances to customers are net of charges for impairment. The estimated fair value of the loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The carrying values are a reasonable approximation of fair values.

Grant assets

Grants assets represent funds due from Stichting BRAC International (ultimate parent) for the enhancement of the microfinance operation under the Mastercard Foundation Accelerating Impact for the Young Women (AIM) program. The carrying values are a reasonable approximation of fair values.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

23. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

23.2 Financial instruments not measured at fair value – fair value hierarchy (continued)

Customer deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount payable on demand. The estimated fair value of interest-bearing deposits not quoted in an active market is based on discounted cash flows using current interest rates for the deposits. The carrying values are a reasonable approximation of fair values.

Cash and cash equivalents

The carrying values of cash balances with banks are a reasonable approximation of fair values.

Other liabilities and other assets

The carrying values of other assets and other liabilities are a reasonable approximation of fair values because of their short-term nature.

Related party payables

The carrying values of Related party payables are a reasonable approximation of fair values because of the nature. The amounts incurred are to be reimbursed to the respective entities that prefinanced them.

24. 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.

As at 31 December 2024	Current	Non-Current	Total
Assets	GH¢	GH¢	GH¢
Cash and cash equivalents	18,292,593	-	18,292,593
Loans and advances	14,396,362	-	14,396,362
Other assets	4,361,659	-	4,361,659
Grant Assets	2,287,342		2,287,342
Current tax asset	16,837		16,837
Property and equipment	-	8,986,723	8,986,723
Right-of-use asset	-	2,039,297	2,039,297
Intangible assets	-	1,005,772	1,005,772
Total assets	39,354,793	12,031,792	51,386,585
			-
Liabilities			
Deposits from customers	4,119,854	-	4,119,854
Other liabilities	1,562,899	-	1,562,899
Related party payable	1,207,113	-	1,207,113
Deferred grant	-	4,773,587	4,773,587
Deferred tax liability	-	573,911	573,911
Total liabilities	6,889,866	5,347,498	12,237,364

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

24. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2023	Current	Non-Current	Total
Assets	GH¢	GH¢	GH¢
Cash and cash equivalents	21,301,074	-	21,301,074
Loans and advances	1,650,884	-	1,650,884
Other assets	685,504	-	685,504
Current tax asset	16,837	-	16,837
Property and equipment	-	5,288,077	5,288,077
Right-of-use asset	-	1,407,715	1,407,715
Intangible assets	-	1,324,408	1,324,408
TOTAL	23,654,299	8,020,200	31,674,499
Liabilities			
Deposits from customers	221,672	-	221,672
Other liabilities	3,653,410	-	3,653,410
Related party payable	1,994,943	-	1,994,943
Deferred grant	-	2,127,715	2,127,715
Lease liability	-	853,534	853,534
Deferred tax liability	-	187,186	187,186
Total liabilities	5,870,025	3,168,435	9,038,460

25. RELATED PARTY DISCLOSURES

Transactions with related parties are disclosed to the extent the transactions were not at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

Related parties comprise of the parent company, other subsidiaries of the parent company, directors, and key management personnel of the Company and companies with common ownership and/or directors.

25.1 Parent and ultimate controlling party

The Company is a subsidiary of BRAC International Holdings B.V, a private Company limited by shares, incorporated in the Netherlands. The ultimate parent company is Stichting BRAC International, incorporated in the Netherlands.

25.2 Directors fees and allowances

Directors Fees and Allowances	2024	2023
	GH¢	GH¢
Directors Meeting Allowances	79,616	-

BRAC GHANA SAVINGS AND LOANS LTD

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)****25.3 Compensation of key management personnel***Compensation of key management personnel*

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company (directly or indirectly) and comprise the Directors and Senior Management of the Company

The key management personnel compensation for the year are as follows:

	2024	2023
	GH¢	GH¢
Short term benefits	4,234,623	2,354,876
Post-employment benefits (SSNIT/Provident Fund)	368,424	101,841
Total	4,603,047	2,456,717

25.4 Grant from parent

Grant from the parent, Stichting BRAC International, the Grantor consists of an initial total commitment of funds equivalent to US\$849,372 (Eight hundred forty-nine thousand three hundred seventy-two US dollars only). Inflows in 2024 amounted to US\$ 276,000. (Two hundred and seventy-six thousand US dollars only).

The purpose of the grant is to provide support for young women in Ghana through the Programme titled "Accelerating Impact for Young Women in Africa (AIM)", which is a charitable programme which the Grantor has agreed to implement in order to assist Mastercard foundation in achieving its charitable purposes.

The initial effective period of this Grant is 2 years (24 months) starting December 15, 2021, and the estimated completion date is December 31, 2023

This sub-agreement is between Stichting BRAC International and BRAC Ghana Savings and Loans Ltd, enabling BRAC to receive a portion of the funds allocated by the Mastercard Foundation for the Accelerating Impact for Young Women in Africa (AIM) programme.

The grant shall be spent in line with an approved budget with a provision for any line item to be increased by no more than 10% over or reduced by no more than 10% below the estimated line item without the need to obtain prior approval.

No expenditures of Subcontract funds are permitted before the Subcontract Start Date, nor after the Subcontract Completion Date, without prior written approval from the Granter. Program-related costs accrued on or before the Completion Date, but not paid by that date, are allowable if settled within thirty (30) calendar days after the Completion Date.

	2024	2023
	GH¢	GH¢
Grant assets/ (liabilities)	2,287,342	(1,945,932)
Deferred grant-investment in fixed and intangible asset (Note 19)	4,773,587	2,127,715

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

25.5 Related party payable

These balances consist of expenses incurred on behalf of BRAC Ghana Savings and Loans Ltd by other BRAC entities during the pre-incorporation stages. They are made up of consultant salaries, incorporation expenses, and other necessary purchases made before BGSL established its own bank accounts. The balance also includes a payable to BRAC IT services for the development costs of the Digital Field Application Software. All outstanding balances with these related parties are to be settled through payment of cash for/on behalf of the related entity with no repayment terms.

The outstanding balances due to other BRAC entities are detailed out below:

	2024	2023
	GH¢	GH¢
Stichting BRAC International	194,393	1,046,093
BRAC International holdings BV	819,264	879,512
BRAC International/Kenya	-	40,867
BRAC IT services	-	28,471
BRAC Bangladesh	193,456	-
	<u>1,207,113</u>	<u>1,994,943</u>

The volume of related party transactions that occurred within the year are as follows:

2024	Payments for goods and services	Professional fees and gratuities
	GH¢	GH¢
Stichting BRAC International	63,906	787,795
BRAC International Holdings BV	60,248	-
BRAC International/Kenya	-	-
BRAC IT services	-	-
BRAC Bangladesh	59,436	134,021

2023	Payments for goods and services	Professional fees and gratuities
	GH¢	GH¢
Stichting BRAC International	-	1,046,093
BRAC International Holdings BV	147,336	-
BRAC International/Kenya	40,867	-
BRAC IT services	28,471	-
BRAC Bangladesh	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(CONTINUED)**

26. VALUE ADDED STATEMENTS

Description	2024	2023
	GH¢	GH¢
Interest earned and other operating income	5,186,600	88,524
Direct cost of services	(10,339,523)	(10,375,570)
Value added from core operations	(5,152,923)	(10,287,046)
Non-banking income	5,935,398	5,750,026
Impairments	(320,058)	(16,048)
Value Add:	462,417	(4,553,068)
Distributed as follows:		
To employees		
Staff cost (excluding directors)	(10,243,045)	(4,315,921)
Directors	(79,616)	-
Tax- payable to Government	(765,154)	(184,175)
To providers of capital	-	-
Dividend to shareholders		
To expansion and growth	-	-
Depreciation	(2,895,075)	(1,337,782)
Retained Earnings/Free Cash flow	(13,520,473)	(10,390,946)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(CONTINUED)**

27. REGULATORY DISCLOSURES

Key loans ratio	2024	2023
Percentage of gross non-performing loans (“substandard to loss”) to total loans/advances portfolio (gross)	2.31%	-
Loan loss provision ratio was	2.37%	0.97%
Non-Performing loan ratio excluding loss category with respect to Bank of Ghana prudential guidelines was	0.023	-
Ratio of fifty (50) largest exposures (gross funded and non-funded) to total exposures was	0.09	0.22
Loan to deposit ratio	3.58	7.45
Capital adequacy ratio	55.43%	67.55%
The liquidity ratio as at 31 st December was calculated at approximately	602%	328%
Penalty for a regulatory breach	None	None

28. CONTINGENCIES AND COMMITMENTS

Contingent assets and liabilities

There were no contingent assets and liabilities as of 31 December 2024 (2023 Nil).

Commitments

Capital commitments as of 31 December 2024 was GH¢ 831,846 (2023: Nil). This relates to outstanding cost for refurbishment 6 new branches in the Ashanti and Greater Accra regions.

29. EVENTS AFTER REPORTING PERIOD

No events have occurred since the end of the reporting period that would have had a material effect on the financial statements or require disclosure.