

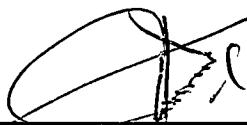
NPF MICROFINANCE BANK PLC
RC. 220824

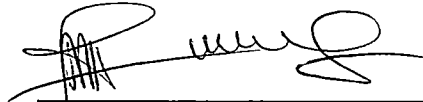
1ST QUARTER REPORT
31 MARCH 2021

STATEMENT OF FINANCIAL POSITION
AS AT

<i>In thousands of naira</i>	Note	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
ASSETS				
Cash and cash equivalents	16	951,632	3,177,748	5,677,888
Pledged assets	17	583,724	479,464	564,246
Loans and advances to customers	18	20,577,649	15,148,592	16,667,615
Investment securities	19	606,768	753,980	966,360
Property and equipment	20	941,797	776,328	902,412
Intangible asset	21	58,808	31,856	47,693
Other assets	22	492,485	576,205	270,761
TOTAL ASSETS		24,212,863	20,944,173	25,096,975
LIABILITIES				
Deposits from customers	23	10,086,384	9,294,385	14,838,805
Borrowings	24	3,113,345	1,731,525	2,995,809
Current tax liabilities	15(b)	87,960	56,400	257,107
Deferred tax liabilities	15(c)	66,637	76,370	71,370
Other liabilities	25	4,791,307	4,074,562	1,452,300
TOTAL LIABILITIES		18,145,633	15,233,242	19,615,391
CAPITAL AND RESERVES				
Share capital	26	1,143,328	1,143,328	1,143,328
Share premium	27(a)	1,517,485	1,517,485	1,517,485
Retained earnings	27(b)	1,706,762	1,369,177	1,127,458
Fair value reserve	27(c)	124	(2,777)	(6,217)
Statutory reserve	27(d)	1,424,936	1,348,133	1,424,936
Regulatory risk reserve	27(e)	274,594	335,586	274,594
TOTAL EQUITY		6,067,230	5,710,931	5,481,584
TOTAL LIABILITIES AND EQUITY		24,212,863	20,944,173	25,096,975

The financial statements were approved by the Board of Directors on 27 April 2021 and signed on its behalf by:


F.C. Nelson, FCA
Chief Financial Officer
FRC/2014/ICAN/00000006856


Mr. Akinwunmi Lawal
Managing Director/Chief Executive Officer
FRC/2014/CIBN/00000006345

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED

<i>In thousands of naira</i>	Note	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Gross earnings		1,291,854	1,036,811	4,658,831
Interest income calculated using the effective interest method	8	1,122,290	903,538	4,088,196
Interest expense	9	(128,080)	(80,752)	(411,215)
Net interest income		994,210	822,786	3,676,981
Fee and commission income	10	160,837	122,532	500,818
Revenue		1,155,047	945,318	4,177,799
Other income	11	8,727	10,741	69,817
Net impairment (loss)/writeback on financial instruments	12	20,522	(21,800)	(122,300)
Personnel expenses	13	(412,067)	(391,352)	(1,986,342)
Depreciation of property and equipment	20	(53,876)	(47,733)	(238,833)
Amortisation of intangible assets	21	(5,010)	(2,050)	(16,213)
Administration and general expenses	14	(398,484)	(304,349)	(1,016,916)
Profit before tax		314,859	188,775	867,012
Income tax expense	15(a)	(78,715)	(47,194)	(252,595)
Profit for the period		236,144	141,581	614,417
Other comprehensive profit or loss				
Items that will never be reclassified to profit or loss				
Equity investment at fair value through OCI	19(a)	6,341	-	(3,440)
Other comprehensive profit/(loss) for the period		6,341	-	(3,440)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		242,485	141,581	610,977
Basic and diluted earnings per share (kobo)	29	10	6	27

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Risk Reserve	Total
Balance at 1 January 2021	1,143,328	1,517,485	1,127,458	(6,217)	1,424,936	274,594	5,481,585
Total comprehensive income							
Profit for the period	-	-	236,144	-	-	-	236,144
Audit adjustments			343,160				343,160
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	6,341	-	-	6,341
Total other comprehensive loss	-	-	-	6,341	-	-	6,341
Total comprehensive income	-	-	579,304	6,341	-	-	585,645
Transfer to statutory reserve (see note 27(d))	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	-	-	-	-	-
Total contributions and distributions	-	-	-	-	-	-	-
Balance as at 31 March 2021	1,143,328	1,517,485	1,706,762	124	1,424,936	274,594	6,067,230

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Risk Reserve	Total
Balance at 1 January 2020	1,143,328	1,517,485	986,184	(2,777)	1,348,133	335,586	5,327,939
Total comprehensive income							
Profit for the year	-	-	614,417	-	-	-	614,417
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	(3,440)	-	-	(3,440)
Total other comprehensive loss	-	-	-	(3,440)	-	-	(3,440)
Total comprehensive income	-	-	614,417	(3,440)	-	-	610,977
Transfer to statutory reserve (see note 27(d))	-	-	(76,803)	-	76,803	-	-
Transfer to regulatory risk reserve	-	-	60,992	-	-	(60,992)	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	(457,332)	-	-	-	(457,332)
Total contributions and distributions	-	-	(457,332)	-	-	-	(457,332)
Balance at 31 December 2020	1,143,328	1,517,485	1,127,458	(6,217)	1,424,936	274,594	5,481,584

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

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED

<i>In thousands of naira</i>	Note	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Cash flows from operating activities				
Profit for the year		236,144	141,581	614,417
<i>Adjustments for:</i>				
Depreciation of property and equipment	20	53,876	49,783	238,833
Amortization of intangible assets	21	5,010	-	16,213
Net impairment loss/(write-back) on loans and advances to customers	12	(20,522)	-	93,574
Net impairment loss/(write-back) on cash and cash equivalents	12	-	-	358
Net impairment loss/(write-back) on pledged assets	12	-	-	619
Net impairment loss/(write-back) on other assets	12	-	-	27,714
Net impairment loss on investment securities	12	-	-	35
Interest income	8	(1,122,290)	(903,538)	(4,088,196)
Interest expense	9	128,080	80,752	411,215
Profit on sale of property and equipment	11	(1,740)	(363)	(3,104)
Gain on disposal of treasury bills	11	-	-	(1,210)
Gain on derecognition of lease liability	11	-	-	(1,049)
Tax expense	15(a)	78,715	47,194	252,595
		(642,727)	(584,591)	(2,437,986)
<i>Changes in:</i>				
- pledged assets		(13,579)	(11,905)	(91,480)
- loans and advances to customers		(3,818,891)	(1,267,901)	(2,833,401)
- other assets		(226,723)	(126,548)	87,798
- deposits from customers		(4,763,335)	(2,042,423)	3,501,997
- other liabilities		3,348,130	3,367,607	777,272
		(6,117,125)	(665,761)	(995,800)
Interest received		1,827,386	888,707	4,068,903
Interest paid		(128,102)	(71,105)	(349,780)
Tax paid	15(b)	(247,862)	(221,305)	(221,266)
Net cash generated from/(used) in operating activities		(4,665,703)	(69,464)	2,502,057
Cash flows from investing activities				
Acquisition of property and equipment		(75,988)	(5,775)	(227,818)
Acquisition of intangible assets	21	(16,125)	-	(30,000)
Payment for new leased properties		(7,695)	-	(7,695)
Proceeds from disposal of property and equipment		1,740	363	8,095
Purchase of treasury bill investments		-	156,446	(1,542,062)
Proceeds from disposal of treasury bill investments		-	-	1,494,336
Net cash flows used in investing activities		(98,068)	151,034	(305,144)
Cash flows from financing activities				
Repayment of principal on borrowings	24(b)	(299,354)	-	(767,018)
Repayment of interest on borrowings	24(b)	(44,354)	-	(113,643)
Payment of lease liability		(8,778)	(32,157)	(8,778)
Additions to borrowings	24(b)	390,000	-	1,700,000
Dividend paid		-	-	(457,332)
Net cash generated from/(used in) financing activities		37,514	(32,157)	353,229
Net increase in cash and cash equivalents		(4,726,257)	49,413	2,550,142
Cash and cash equivalents as at 1 January		5,678,752	3,128,610	3,128,610
Cash and cash equivalents as at 31 March	16	952,496	3,178,023	5,678,752

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

8 Interest income

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Loans and advances	1,112,015	880,627	3,929,940
Treasury bills	8,374	19,167	27,366
Call accounts	1,901	3,744	14,164
Pledged assets	-	-	32,332
Money market placement	-	-	84,394
Total interest income calculated using the effective interest method	1,122,290	903,538	4,088,196

9 Interest expense

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Term deposits	45,471	37,062	152,654
Current deposits	4,569	4,082	17,706
Savings deposits	6,796	5,109	23,155
Borrowings (see note 24(b))	71,244	34,499	210,805
Lease liabilities	-	-	6,895
Total interest expense	128,080	80,752	411,215

Total interest expense reported above relates to financial liabilities measured at amortised cost using the applicable effective interest rates.

10 Fees and commission income

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Credit-related fees and commission	127,327	100,865	395,051
Deposit-related fees and commission	33,510	21,667	105,767
	160,837	122,532	500,818

(i) Disaggregation of fee and commission income

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of fees.

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	31-Dec-2020
Loan management fee	32,766	38,273	148,774
Loan commitment fee	44,438	35,763	142,842
Legal fee	-	-2	-
Insurance fee	44,145	22,508	86,534
Credit search fee	5,978	4,323	16,901
	127,327	100,865	395,051
Account administration and maintenance fee	13,763	4,974	40,536
Commission on turnover	19,747	16,693	65,231
	33,510	21,667	105,767
	160,837	122,532	500,818

The fee and commission presented above relate to financial assets and liabilities measured at amortised cost. These figures excludes amounts incorporated in determining the effective interest rate on such financial assets and liabilities.

Loan management fee relates to fees for loan processing and fee on overdraft facilities granted to customers.

(ii) Contract Balances

The following table provides information about contract liabilities.

Contract liabilities which are included in 'loans and advances to customers'	(137,080)	(117,380)	(115,523)
--	-----------	-----------	-----------

The loans and advances with customers run for tenors of between 3months-2years. The loans and overdraft were impaired by ₦575 million (31 December 2020: ₦596 million). The management fees on these facilities are deferred and spread over the tenor of the loan. The amount of revenue recognised for the period ended 31 March 2021 was ₦33 million (31 December 2020: ₦149 million). See note 10(i).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

(iii) Performance obligation and revenue recognition policy

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

For the accounting policy for fees and commissions in the scope of IFRS 9, see note 4(b).

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	The bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The rates for the different class of accounts are set on an annual basis. Transaction-based fees for interchange and overdrafts are charged to the customer's account when the transaction takes place. Loan servicing fees are charged once when the transaction takes place.	Revenue from deposit related services are recognized overtime as the services are provided. Revenue from credit related services are recognized at a point in time when the transaction takes place.

11 Other income

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Service fees and charges (see (i) below)	6,987	8,331	63,414
Income on salary administration (see (ii) below)	-	2,047	224
Miscellaneous income	-	-	789
Profit on disposal of property and equipment	1,740	363	3,104
Gain on disposal of treasury bills	-	-	1,210
Gain on derecognition of lease liability	-	-	1,049
Dividend income	-	-	27
	<u>8,727</u>	<u>10,741</u>	<u>69,817</u>

(i) Service fees and charges include fees on customer requests such as issuance of letter of indebtedness, charges on issuance of drafts, seals, stamps, reference letters and signature confirmation letters. These are recognized at the point in time when the transaction takes place.

(ii) The bank charged income on the salary accounts of customers for salary administration. This administration charge is of two types; a charge of ₦300 was made on accounts of customers who earned ₦50,000 and below and a ₦500 charge on accounts of customers who earned above ₦50,000. This income was recognized at the point in time when the transaction took place i.e when the salary was paid.

However, this charge has been stopped by the Central Bank of Nigeria (CBN) effective 1 January 2020 in its circular REF: FPR/DIR/GEN/CIR/07/042 dated 20 December 2019.

12 Impairment loss/(write-back) on financial instruments

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Impairment loss/(write-back) on loans and advances to customers (see note 18(c))	(20,522)	-	93,574
Cash recovery of loans written-off	-	21,800	-
Impairment loss on investment securities at amortised cost (see note 19(c))	-	-	35
Impairment loss/(write-back) on other assets (see note 22(d))	-	-	27,714
Impairment loss/(write-back) on cash and cash equivalent (see note 16(b))	-	-	358
Impairment loss/(write-back) on pledged assets (see note 17(b))	-	-	619
	<u>(20,522)</u>	<u>21,800</u>	<u>122,300</u>

13 Personnel expenses

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Wages and salaries	391,300	373,286	1,912,513
Post-employment benefits:			
Defined contribution plan - pension cost	20,767	18,066	73,829
	<u>412,067</u>	<u>391,352</u>	<u>1,986,342</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

14 Administration and general expenses

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Repairs and maintenance cost	24,524	21,660	87,011
Vehicle and generator running cost	23,736	25,687	85,286
Office expenses	42,931	33,781	135,897
Computer expenses	28,058	28,025	69,915
Travel expenses	15,831	13,076	46,194
AGM and year-end expenses	27,683	17,239	66,854
Directors' remuneration	116,887	29,349	157,141
Bank charges	4,152	3,195	11,117
Marketing/publicity expenses	54,768	50,534	123,119
Professional fees	9,306	22,145	65,776
Subscription fees	3,730	3,873	4,674
Charges and levies	211	655	359
Insurance cost	10,024	9,292	41,528
NDIC premium	8,227	9,331	32,866
Rent and rates	7,115	7,908	4,060
Auditor's remuneration (includes interim audit fees)	5,956	10,347	23,000
Fraud, forgery and theft	560	20	753
Tax expense	-	588	-
Other expenses (see note a)	14,785	17,644	61,366
	<u>398,484</u>	<u>304,349</u>	<u>1,016,916</u>
(a) Other expenses includes the following:			
Corporate social responsibility	-	-	1,660
Donations	515	10	860
Electricity expenses	5,521	3,346	14,959
Recruitment expenses	66	6,835	7,412
Damaged ATM cards	-	(83)	226
Loan recovery expenses	387	875	2,348
Stamp duties	217	280	1,579
Legal expenses	2,286	2,527	7,839
SMS alerts	5,769	3,872	19,523
Share listing expenses	24	-	-
VAT expense	-	-	1,725
Miscellaneous expenses	-	(18)	3,235
	<u>14,785</u>	<u>17,644</u>	<u>61,366</u>

15 Income taxes

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
(a) Amounts recognized in profit or loss			
<i>Current tax expense</i>			
Company income tax	78,715	47,194	219,725
Education tax	-	-	19,522
National Information Technology Development Agency (NITDA) levy	-	-	8,584
Nigeria Police Trust Fund (NPTF) levy	-	-	31
	<u>78,715</u>	<u>47,194</u>	<u>247,862</u>
<i>Deferred tax expense</i>			
Charge/(Credit) for the year (see note (c))	-	-	4,733
	<u>-</u>	<u>-</u>	<u>4,733</u>
<i>Tax expense</i>	<u>78,715</u>	<u>47,194</u>	<u>252,595</u>

The Bank believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

(b) Movement in current tax liabilities

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	31-Dec-2020
Balance at beginning	257,107	230,511	230,511
Income tax expense (see note (a) above)	78,715	47,194	247,862
Tax paid	(247,862)	(221,305)	(221,266)
Balance at ending	<u>87,960</u>	<u>56,400</u>	<u>257,107</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

(c) Movement in deferred tax balances

31 March 2021

<i>In thousands of naira</i>	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
Property and equipment	144,279	(4,733)	-	139,546
ECL impairment on loans and advances	(66,132)	-	-	(66,132)
ECL impairment on other assets	(553)	-	-	(553)
Others	(6,224)	-	-	(6,224)
Deferred tax liabilities	71,370	(4,733)	-	66,637

31 December 2020

<i>In thousands of naira</i>	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
Property and equipment	141,234	3,045	-	144,279
ECL impairment on loans and advances	(50,067)	(16,065)	-	(66,132)
ECL impairment on other assets	(23,629)	23,076	-	(553)
Others	(901)	(5,323)	-	(6,224)
Deferred tax liabilities	66,637	4,733	-	71,370

(d) Reconciliation of effective tax rate

In thousands of naira

Profit before tax	
Tax using the Company's domestic tax rate	
Non-deductible expenses	
Tax-exempt items	
Tertiary Education Tax	
NITDA Levy	
Nigeria Police Trust Fund (NPTF) levy	

31-Mar-2021		31-Dec-2020	
%	314,859	%	867,012
30	94,458	30	260,104
0	645	0	645
(5)	(16,388)	(4)	(36,291)
0	-	2	19,522
0	-	1	8,584
0	-	0	31
25	78,715	29	252,595

16 Cash and cash equivalents

In thousands of naira

	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
(a) Cash and cash equivalent comprise:			
Cash on hand:			
Cash on hand	140,952	133,210	119,814
Deposits with banks:			
Current account balances with other banks	643,173	2,986,587	4,439,286
Money market placements	168,371	58,225	1,119,652
	811,544	3,044,812	5,558,938
Cash and cash equivalents for cash flow purposes:	952,496	3,178,022	5,678,752
Impairment allowance (see note (b) below)	(864)	(274)	(864)
Cash and cash equivalents	951,632	3,177,748	5,677,888
(b) Movement in impairment allowance:			
Balance at 1 January	864	506	506
Impairment loss/(writeback) (see note 12)	-	(232)	358
	864	274	864

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash-in-hand, deposits held at call with other banks, other short-term highly liquid investments with original maturities less than three months. The current balances with other banks also includes ATM working capital accounts and the suspense accounts used to manage settlement of ATM transactions with Sterling Bank to be refunded to the Head office by branches. For financial reporting purposes, the balances in the ATM related accounts were combined in order to have a net position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

17 Pledged assets

Pledged assets, initially recognised at fair value and subsequently measured at amortised cost, represent placements and Treasury Bills with banks that serve as collateral for the Bank's borrowings, use of NIBSS platform and ATM transactions as analysed below:

<i>In thousands of naira</i>			31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
<i>Underlying transaction</i>	<i>Counterparty</i>	<i>Asset description</i>			
BOI concessionary loan	Sterling Bank Plc	Fixed placement	-	103,469	-
DBN concessionary loan	Development Bank of Nigeria	Treasury Bills	459,931	280,995	469,938
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	104,485	75,000	75,000
ATM Transactions	Sterling Bank Plc	Call placement	20,000	20,000	20,000
			584,416	479,464	564,938
Impairment allowance (see note (b) below)			(692)	-	(692)
			583,724	479,464	564,246
Current			583,724	479,464	564,246
Non-current			-	-	-
			583,724	479,464	564,246

(b) Movement in impairment allowance:

Balance at 1 January	692	73	73
Impairment loss/(writeback) (see note 12)	-	-	619
	692	73	692

18 Loans and advances to customers

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
(a) Loans and advances to customers comprise:			
Loan and advances to customers at amortised cost	20,577,649	15,148,592	16,667,615
	20,577,649	15,148,592	16,667,615
Current	16,016,546	10,727,333	12,106,512
Non-current	4,561,103	4,421,259	4,561,103
	20,577,649	15,148,592	16,667,615

(b) Loans and advances to customers at amortised cost:

<i>In thousands of naira</i>	31 March 2021			31 December 2020		
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
Term loans	18,928,234	(314,079)	18,614,155	16,634,334	(314,079)	16,320,255
Overdrafts	2,224,415	(260,921)	1,963,494	628,803	(281,443)	347,360
	21,152,649	(575,000)	20,577,649	17,263,137	(595,522)	16,667,615

(c) Movement in allowances for impairment

<i>In thousands of naira</i>	31 March 2021				31 December 2020			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at the beginning of the period	204,263	2,403	388,856	595,522	151,696	4,765	345,487	501,948
Charge/(writeback) during the period (see note 12)	(11,529)	518	(9,511)	(20,522)	52,567	(2,362)	43,369	93,574
Balance at the end of the period	192,734	2,921	379,345	575,000	204,263	2,403	388,856	595,522

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

19 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI:

	Fair value at 31-Mar-2021	Fair value at 31-Mar-2020	Fair value at 31-Dec-2020
<i>Equity securities:</i>			
Listed equities	5,443	3,577	3,389
Unlisted equities	11,362	12,702	7,075
	<u>16,805</u>	<u>16,279</u>	<u>10,464</u>

The Bank has designated these equity investment securities at FVTOCI. They are held to be disposed off in the nearest future. None of these investments were disposed during the year ended 31 March 2021 (31 December 2020: nil), and there were no transfers of any cumulative gain or loss within equity relating to these investments (31 December 2020: nil). The change in fair value on these investments were as follows:

	Audited		
	31-Mar-2021	31-Mar-2020	31-Dec-2020
Balance at beginning of the period			
Listed equities	3,389	2,505	2,505
Unlisted equities	7,075	11,399	11,399
	<u>10,464</u>	<u>13,904</u>	<u>13,904</u>
Balance at end of the period			
Listed equities	5,443	3,577	3,389
Unlisted equities	11,362	12,702	7,075
	<u>16,805</u>	<u>16,279</u>	<u>10,464</u>
Fair value loss	6,341	2,375	(3,440)
(b) Investment securities at amortised cost			
Treasury bills	590,136	737,701	956,069
ECL impairment	(173)	-	(173)
	<u>589,963</u>	<u>737,701</u>	<u>955,896</u>
Total investment securities	<u>606,768</u>	<u>753,980</u>	<u>966,360</u>
Total investment securities for cashflow purpose	606,941	753,980	966,533
Current	606,768	753,980	966,360
Non-current	-	-	-
	<u>606,768</u>	<u>753,980</u>	<u>966,360</u>
(c) Movement in impairment allowance			
Balance at the beginning of the period	173	-	138
Impairment loss during the period (see note 12)	-	-	35
Balance at the end of the period	<u>173</u>	<u>-</u>	<u>173</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

20 Property and Equipment

In thousands of naira

	Buildings	Freehold Land	Right-of-Use Asset	Furniture and Motor Fittings Vehicles	Computer Equipment	Office Equipment	Total
Cost:							
Balance as at 1 January 2020	418,514	6,979	103,688	100,897	499,021	232,183	1,565,541
Additions during the year	26,845	29,441	20,934	12,977	7,741	108,304	248,752
Reclassification	(15,698)	15,698	-	-	-	-	-
Disposals	-	-	-	(814)	(6,715)	(2,188)	(10,060)
Balance at 31 December 2020	429,661	52,118	124,622	113,060	500,047	338,299	1,804,233
Balance as at 1 January 2021	429,661	52,118	124,622	113,060	500,047	338,299	1,804,233
Additions during the period	41,587	-	17,273	2,745	-	28,533	93,261
Reclassification	-	-	-	-	-	-	-
Disposals	-	-	-	-	(4,960)	(7,569)	(12,529)
Balance at 31 March 2021	471,248	52,118	141,895	115,805	500,047	361,872	1,884,965

Accumulated Depreciation:							
Balance at 1 January 2020	44,898	-	21,959	52,579	290,085	146,346	668,057
Charge for the year	8,305	-	25,828	15,143	89,708	63,804	238,833
Disposals	-	-	-	(814)	(1,724)	(2,188)	(5,069)
Balance at 31 December 2020	53,203	-	47,787	66,908	378,069	207,962	901,821
Balance at 1 January 2021	53,203	-	47,787	66,908	378,069	207,962	901,821
Charge for the period	2,330	-	-	3,979	20,283	18,982	53,876
Disposals	-	-	-	-	-	(4,960)	(7,569)
Balance at 31 March 2021	55,533	-	47,787	70,887	398,352	221,984	943,168

Net Book Value: 31 December 2020	376,458	52,118	76,835	46,152	121,978	130,337	98,534	902,412
Net Book Value: 31 March 2021	415,715	52,118	94,108	44,918	101,695	139,888	93,355	941,797

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (31 December 2020: Nil).
- There was no impairment loss (31 December 2020: Nil) on the office equipment class during the period.
- There were no property and equipment pledged as securities for liabilities (31 December 2020: Nil).
- There were no contractual commitments for the acquisition of property and equipment (31 December 2020: Nil).

On 1 January 2019, following the adoption of IFRS 16, the Bank recognises right-of-use assets for leases of branch premises and has presented right-of-use assets within 'property and equipment' – i.e. the same line item in which it presents underlying assets of the same nature that it owns.

<i>In thousands of naira</i>	31-Mar-2021	Audited 31-Dec-2020
Current	-	-
Non-current	941,797	902,412
	941,797	902,412

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

21 Intangible asset

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Computer software			
Cost:			
Balance at start of the year	68,693	38,693	38,693
Addition during the year	16,125	-	30,000
Balance at end of the year	84,818	38,693	68,693
Accumulated Amortisation:			
Balance at start of the year	21,000	4,787	4,787
Charge for the year	5,010	2,050	16,213
Balance at end of the year	26,010	6,837	21,000
Carrying amount at end of the year	58,808	31,856	47,693

- The intangible asset was reclassified from property and equipment.
- All intangible assets are non current. Intangible assets of the Bank have finite useful life and are amortised over 3 years.
- The Bank does not have internally generated intangible assets.

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	31-Dec-2020
Current	-	-	-
Non-current	58,808	31,856	47,693
	58,808	31,856	47,693

22 Other assets

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Other financial assets:			
Other receivables (see note (c) below)	132,574	84,211	137,206
Impairment allowance (see note (d) below)	(105,837)	(9,739)	(100,838)
	26,737	74,472	36,368
Non financial assets:			
Prepayments (see note (a) below)	296,907	401,327	121,305
Inventories (see note (b) below)	168,841	100,406	113,088
	465,748	501,733	234,393
	492,485	576,205	270,761
Current	412,051	373,698	183,393
Non-current	80,434	202,507	87,368
	492,485	576,205	270,761

(a) Prepayments comprise the following:

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	31-Dec-2020
Prepaid insurance	27,149	26,610	24,465
Prepaid staff benefits	87,369	187,861	87,368
Other prepaid expense	182,389	186,856	9,472
	296,907	401,327	121,305

(b) Inventories comprise stock of debit cards, stock of credit cards, stock of cheques, books/journals/CDs, stock of office stationeries, stock of micr cheques and non micr cheques, assets under construction, deferred share issue cost.

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	31-Dec-2020
Stock	107,247	55,062	65,590
Assets under construction	22,437	45,344	8,341
Deferred share issue cost	39,157	-	39,157
	168,841	100,406	113,088

(c) Other receivables includes staff cash advances and sundry debtors.

(d) Movement in impairment allowances:

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	31-Dec-2020
Balance at the beginning of the period	100,838	73,124	73,124
Impairment loss/(writeback) during the period (see note 12)	-	-	27,714
Balance at the end of the period	100,838	73,124	100,838

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

23 Deposits from customers

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Current deposits	4,232,633	5,028,427	6,560,802
Savings deposits	3,658,322	2,885,455	3,380,640
Term deposits	2,068,603	1,148,240	4,747,757
Sundry deposits	126,826	232,263	149,606
	10,086,384	9,294,385	14,838,805
Current	9,983,846	9,294,385	14,736,267
Non-current	102,538	-	102,538
	10,086,384	9,294,385	14,838,805

24 Borrowings

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
(a) Borrowings comprise:			
BOI concessionary loan (see note (i) below)	-	-1,397	-
CBN concessionary (see note (ii) below)	1,040,071	1,004,979	1,032,672
DBN concessionary loan (see note (iii) below)	2,031,839	665,013	1,916,605
CBN housing microfinance loan (see note (iv) below)	41,435	62,930	46,532
	3,113,345	1,731,525	2,995,809
Current	1,040,071	-	1,032,672
Non-current	2,073,274	1,731,525	1,963,137
	3,113,345	1,731,525	2,995,809

(i) The Central Bank of Nigeria (CBN) Micro Small and Medium sized Enterprises Development Fund (MSMEDF) loan of ₦1 billion was granted to the Bank on 22 December 2017 at a rate of 2% per annum. The loan tenor is 2 years and it is for on-lending to the Bank's customers for the benefit of small and medium sized enterprises to help grow their businesses and become financially independent. The loan matured in December 2019 but the principal was not paid to the CBN. Interest recognition and payment have continued under the initial contractual terms while the loan principal is repayable on demand.

(ii) The Development Bank of Nigeria (DBN) loan of ₦731 million was granted to the Bank on 5 December 2019. The loan is for a duration of 2 years at an interest rate of 13.79% per annum. The loan is for on-lending to micro, small and medium enterprises to grow their businesses.

An additional facility of ₦500 million was granted to the Bank by the Development Bank of Nigeria (DBN) on 28 September 2020 at a rate of 12.79%. The loan tenure is 2 years and is for on-lending to micro, small and medium enterprises.

Another 2-year tenor facility of ₦800 million was obtained on 19 November 2020 from Development Bank of Nigeria at a rate of 12.04% per annum for on-lending to micro, small and medium enterprises to grow their businesses.

The Bank also obtained a facility of ₦400 million from the Development Bank of Nigeria (DBN) on 9 December 2020 at 12.04% interest rate per annum. The loan is for a tenor of 2 years and is for on-lending to micro, small and medium enterprises.

On 29 March 2021 the Bank obtained a facility of ₦390 million from the Development Bank of Nigeria (DBN) for on-lending to the Bank's customers. The loan tenor is 2 years at an interest rate of 12.04%.

(iii) The Central Bank of Nigeria (CBN) housing microfinance loan of ₦91.74 million was granted to the Bank on 18 May 2018 at an interest rate of 15.99% per annum. The loan tenor is 5 years and it is for on-lending to the Bank's customers to take care of their housing needs.

(b) The movement in borrowings during the year was as follows:

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Balance, beginning of the year	2,995,809	1,965,666	1,965,665
Additions during the year	390,000	-	1,700,000
Interest accrued during the year (see note 9)	71,244	34,499	210,805
Interest paid during the year	(44,354)	-	(113,643)
Principal repayment during the year	(299,354)	-	(767,018)
Balance at year end	3,113,345	2,000,165	2,995,809
Total repayment of borrowings (for cashflow purpose)	(343,708)	-	(880,661)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

25 Other liabilities

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
<i>Financial liabilities:</i>			
Accounts payable	63,806	6,654	5,622
Productivity bonus (see note (a))	2,343	26,417	98,643
Sundry creditors	116,845	81,770	73,331
Accruals	90,889	80,402	168,885
Settlement accounts (see note (b))	526,543	-	819,543
Other payables	233,120	311,470	213,656
Unearned income	2,092	(5,775)	957
Lease liability	42,961	-	52,082
Deposit for shares (see note (c) below)	3,681,855	3,531,855	-
	4,760,454	4,032,793	1,432,719
<i>Non-financial liabilities:</i>			
Withholding tax payable	30,853	41,769	19,581
	4,791,307	4,074,562	1,452,300
Current	4,748,346	4,074,562	1,400,218
Non-current	42,961	-	52,082
	4,791,307	4,074,562	1,452,300

(a) This amounts represents provision made at the end of the year for payment of productivity bonus to employees of the Bank. It is linked to the performance of the Bank.

(b) These amounts comprise the transactions of the Bank's customers performed through the various e-channels but were yet to be settled as at period end.

26 Share capital

	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
<i>Authorised:</i>			
6,000,000,000 units of ordinary shares of 50 kobo each	3,000,000	3,000,000	3,000,000
<i>Issued and fully paid:</i>			
2,286,657,766 units of ordinary shares of 50 kobo each	1,143,328	1,143,328	1,143,328

27 Share premium and reserves

The nature and purpose of the share premium and reserve accounts in equity are as follows:

(a) Share premium

The share premium warehouses the excess paid by shareholders over the nominal value for their shares. Premiums from the issue of shares are reported in share premium.

(b) Retained earnings

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

(c) Fair value reserve

Fair value reserve comprise the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

(d) Statutory reserve

The Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.8.1.7 of the Amended Regulatory and Supervisory Guidelines for Microfinance Banks issued by the Central Bank of Nigeria (CBN), an appropriation of 50% of profit after tax is made if the statutory reserve is less than 50% of its paid-up share capital, 25% of profit after tax if the statutory reserve is greater than 50% but less than 100% of its paid-up share capital and 12.5% of profit after tax if the statutory reserve is greater than the paid up share capital.

In line with the CBN requirement, the Bank transferred 12.5% of its profit after tax to statutory reserves as at year-end .

<i>In thousands of naira</i>	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Balance, beginning of the year	1,424,936	1,348,133	1,348,133
Transfer to statutory reserve during the year	-	-	76,803
Balance at year end	1,424,936	1,348,133	1,424,936

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

(e) Regulatory risk reserve

The regulatory risk reserve warehouses the excess of the impairment allowance on loans and advances computed based on the Central Bank of Nigeria prudential guidelines over that computed based on the expected credit loss (ECL) model under IFRS. For better presentation, the regulatory risk reserve was reclassified from retained earnings on the statement of changes in equity (see note 6(c)(ii)).

28 Contingencies

Litigation and claims

The Bank in its ordinary course of business was involved in 12 cases as at 31 March 2021 (31 December 2020: 12) as a co-defendant. The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Bank and are not aware of any other pending and/or threatened claims or litigations which may be material to the financial statements. However, the total amount that may be claimed against the Bank is estimated at ₦759 million (31 December 2020: ₦795 million).

29 Earnings per share

The Bank presents basic EPS for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Basic earnings per share

	31-Mar-2021	31-Mar-2020	Audited 31-Dec-2020
Net profit attributable to shareholders (in thousands of naira)	236,144	141,581	614,417
Number of shares in issue (in thousands)	2,286,658	2,286,658	2,286,658
Weighted average number of shares in issue (in thousands)	2,286,658	2,286,658	2,286,658
Basic earnings per share (kobo)	10	6	27