



NPF MICROFINANCE BANK PLC
RC. 220824

3RD QUARTER REPORT
30 SEPTEMBER 2021

STATEMENT OF FINANCIAL POSITION
AS AT

<i>In thousands of naira</i>	Note	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
ASSETS				
Cash and cash equivalents	16	1,328,306	1,791,580	5,677,888
Pledged assets	17	651,216	547,901	564,246
Loans and advances to customers	18	20,445,777	16,973,140	16,667,615
Investment securities	19	612,813	702,006	966,360
Property and equipment	20	1,043,790	912,485	902,412
Intangible asset	21	62,555	56,914	47,693
Other assets	22	426,842	470,510	270,761
TOTAL ASSETS		24,571,299	21,454,536	25,096,975
LIABILITIES				
Deposits from customers	23	10,973,840	9,157,010	14,838,805
Borrowings	24	6,010,016	1,893,296	2,995,809
Current tax liabilities	15(b)	264,662	325,001	257,107
Deferred tax liabilities	15(c)	71,370	66,637	71,370
Other liabilities	25	1,440,573	4,592,125	1,452,300
TOTAL LIABILITIES		18,760,461	16,034,070	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)	1,444,593	1,076,167	1,127,458
Fair value reserve	27(c)	5,902	(233)	(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		5,810,838	5,420,466	5,481,584
TOTAL LIABILITIES AND EQUITY		24,571,299	21,454,536	25,096,975

The financial statements were approved by the Board of Directors on 22 October 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	30-Sept-2021	July - Sept 2021	30-Sept-2020	July - Sept 2020
Gross earnings		4,333,501	1,491,249	3,240,930	1,167,290
Interest income calculated using the effective interest method	8	3,868,104	1,345,245	2,849,622	1,018,094
Interest expense	9	(432,939)	(160,702)	(242,365)	(79,453)
Net interest income		3,435,165	1,184,543	2,607,257	938,641
Fee and commission income	10	437,598	134,010	366,042	141,153
Revenue		3,872,763	1,318,553	2,973,299	1,079,794
Other income	11	27,799	11,994	25,266	8,043
Net impairment loss on financial instruments	12	(121,366)	(40,000)	(136,692)	(105,072)
Personnel expenses	13	(1,397,814)	(499,760)	(1,208,113)	(426,685)
Depreciation of property and equipment	20	(198,809)	(72,423)	(148,343)	(52,426)
Amortisation of intangible assets	21	(10,938)	(22)	(6,992)	(2,892)
Administration and general expenses	14	(1,150,071)	(403,538)	(769,528)	(275,881)
Profit before tax		1,021,564	314,804	728,897	224,881
Income tax expense	15(a)	(255,391)	(78,701)	(182,224)	(56,220)
Profit for the period		766,173	236,103	546,673	168,661
Other comprehensive profit or loss					
Items that will never be reclassified to profit or loss					
Equity investment at fair value through OCI	19(a)	12,119	453	2,544	75
Other comprehensive profit/(loss) for the period		12,119	453	2,544	75
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		778,292	236,556	549,217	168,736
Basic and diluted earnings per share (kobo)	33	34	10	24	7

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	5,481,584
Total comprehensive income							
Profit for the period	-	-	766,173	-	-	-	766,173
Audit adjustments			8,294				8,294
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	12,119	-	-	12,119
Total other comprehensive loss	-	-	774,467	12,119	-	-	786,586
Total comprehensive income	-	-	-	-	-	-	-
Transfer to statutory reserve (see note 27(d))	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	(457,332)	-	-	-	(457,332)
Total contributions and distributions	-	-	(457,332)	-	-	-	(457,332)
Balance as at 30 September 2021	1,143,328	1,517,485	1,444,593	5,902	1,424,936	274,594	5,810,838

FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	546,673	-	-	-	546,673
Audit adjustments	-	-	642	-	-	-	642
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	2,544	-	-	2,544
Total other comprehensive loss	-	-	-	2,544	-	-	2,544
Total comprehensive income	-	-	547,315	2,544	-	-	549,859
Transfer to statutory reserve (see note 27(d))	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	(457,332)	-	-	-	(457,332)
Total contributions and distributions	-	-	(457,332)	-	-	-	(457,332)
Balance as at 30 September 2020	1,143,328	1,517,485	1,076,167	(233)	1,348,133	335,586	5,420,466

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	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Cash flows from operating activities				
Profit for the year		766,173	546,673	614,417
<i>Adjustments for:</i>				
Depreciation of property and equipment	20	198,809	148,343	238,833
Amortization of intangible assets	21	10,938	6,992	16,213
Net impairment loss on loans and advances to customers	12	121,366	137,191	93,574
Net impairment loss on cash and cash equivalents	12	-	-	358
Net impairment loss on pledged assets	12	-	-	619
Net impairment loss on other assets	12	-	-	27,714
Net impairment loss on investment securities	12	-	-	35
Interest income	8	(3,868,104)	(2,849,622)	(4,088,196)
Interest expense	9	432,939	242,365	411,215
Profit on sale of property and equipment	11	(1,811)	(1,036)	(3,104)
Gain on disposal of treasury bills	11	-	-	(1,210)
Gain on derecognition of lease liability	11	-	-	(1,049)
Tax expense	15(a)	255,391	182,224	252,595
		(2,084,299)	(1,586,870)	(2,437,986)
<i>Changes in:</i>				
- pledged assets		(81,071)	(80,415)	(91,480)
- loans and advances to customers		(3,768,783)	(3,227,636)	(2,833,401)
- other assets		(156,081)	(79,237)	87,798
- deposits from customers		(3,875,879)	(2,179,797)	3,501,997
- other liabilities		(11,725)	3,926,218	777,272
		(9,977,838)	(3,227,737)	(995,800)
Interest received		4,279,536	2,820,185	4,068,903
Interest paid		(432,961)	(232,718)	(349,780)
Tax paid	15(b)	(247,836)	(87,734)	(221,266)
Net cash generated from/(used) in operating activities		(6,379,099)	(728,004)	2,502,057
Cash flows from investing activities				
Acquisition of property and equipment		(235,425)	(163,343)	(227,818)
Acquisition of intangible assets	21	(25,800)	-	(30,000)
Payment for new leased properties		(7,695)	-	(7,695)
Proceeds from disposal of property and equipment		1,811	1,036	8,095
Purchase of treasury bill investments		-	208,282	(1,542,062)
Proceeds from disposal of treasury bill investments		-	-	1,494,336
Net cash flows used in investing activities		(267,109)	45,975	(305,144)
Cash flows from financing activities				
Repayment of principal on borrowings	24(b)	(2,595,153)	(665,006)	(767,018)
Repayment of interest on borrowings	24(b)	(197,112)	-	(113,643)
Payment of lease liability		(8,778)	(32,157)	(8,778)
Additions to borrowings	24(b)	5,555,000	500,000	1,700,000
Dividend paid		(457,332)	(457,332)	(457,332)
Net cash generated from/(used in) financing activities		2,296,625	(654,495)	353,229
Net increase in cash and cash equivalents		(4,349,583)	(1,336,524)	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 30 September	16	1,329,170	1,792,086	5,678,752

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

8 Interest income

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Loans and advances	3,829,377	2,785,738	3,929,940
Treasury bills	34,548	50,099	27,366
Call accounts	4,179	122	14,164
Pledged assets	-	-	32,332
Money market placement	-	13,663	84,394
Total interest income calculated using the effective interest method	3,868,104	2,849,622	4,088,196

9 Interest expense

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Term deposits	143,201	120,085	152,654
Current deposits	15,776	12,955	17,706
Savings deposits	22,490	16,689	23,155
Borrowings (see note 24(b))	251,472	92,636	210,805
Lease liabilities	-	-	6,895
Total interest expense	432,939	242,365	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>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Credit-related fees and commission	337,583	291,875	395,051
Deposit-related fees and commission	100,015	74,167	105,767
	437,598	366,042	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>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Loan management fee	123,052	107,582	148,774
Loan commitment fee	128,629	107,947	142,842
Legal fee	-	-2	-
Insurance fee	71,707	63,821	86,534
Credit search fee	14,195	12,527	16,901
	337,583	291,875	395,051
Account administration and maintenance fee	43,400	28,037	40,536
Commission on turnover	56,615	46,130	65,231
	100,015	74,167	105,767
	437,598	366,042	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'	(117,231)	(118,402)	(115,523)
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The loans and advances with customers run for tenors of between 3months-2years. The loans and overdraft were impaired by ₦700 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 30 September 2021 was ₦123 million (31 December 2020: ₦149 million). See note 10(i).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 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>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Service fees and charges (see (i) below)	25,984	24,203	63,414
Income on salary administration (see (ii) below)	4	-	224
Miscellaneous income	-	-	789
Profit on disposal of property and equipment	1,811	1,036	3,104
Gain on disposal of treasury bills	-	-	1,210
Gain on derecognition of lease liability	-	-	1,049
Dividend income	-	27	27
	<u>27,799</u>	<u>25,266</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>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Impairment loss/(write-back) on loans and advances to customers (see note 18(c))	121,366	137,191	93,574
Cash recovery of loans written-off	-	(499)	-
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>121,366</u>	<u>136,692</u>	<u>122,300</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

13 Personnel expenses

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Wages and salaries	1,333,360	1,153,943	1,912,513
Post-employment benefits:			
Defined contribution plan - pension cost	64,454	54,170	73,829
	<u>1,397,814</u>	<u>1,208,113</u>	<u>1,986,342</u>

(a) The average number of persons employed during the year by category:

	30-Sept-2021	30-Sept-2020	31-Dec-2020
Executive Directors	3	3	3
Management	92	63	73
Non-management	350	385	374
	<u>445</u>	<u>451</u>	<u>450</u>

The number of employees of the Bank, including executive directors, who received emoluments in the following ranges were:

	30-Sept-2021	30-Sept-2020	31-Dec-2020
Less than N500,000	1	4	-
₦500,001 - ₦1,000,000	14	10	17
₦1,000,001 - ₦2,500,000	262	309	273
₦2,500,001 - ₦3,500,000	63	65	84
₦3,500,001 - ₦4,500,001	41	26	31
₦4,500,001 - ₦5,500,000	29	13	14
₦5,500,001 and above	35	24	31
	<u>445</u>	<u>451</u>	<u>450</u>

(b) Director's emolument

The remuneration paid to the Directors of the Bank (excluding pension and certain allowances) was:

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Fees and sitting allowances	139,090	62,447	111,737
Other Directors' expenses	91,393	26,999	45,404
Total Non-executive Directors' remuneration (see note 14)	<u>230,483</u>	<u>89,446</u>	<u>157,141</u>
Executive compensation	64,985	59,077	78,769
	<u>295,468</u>	<u>148,523</u>	<u>235,910</u>

The Directors' remuneration shown above includes:

The Chairman	<u>27,230</u>	<u>20,422</u>	<u>27,230</u>
Highest paid Director	<u>27,820</u>	<u>25,291</u>	<u>33,721</u>

The number of Directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges were:

Below ₦1,000,000	-	-	-
₦1,000,001 - ₦5,000,000	1	1	1
₦5,000,001 - ₦10,000,000	7	7	7
₦10,000,001 and above	3	3	3
	<u>11</u>	<u>11</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

14 Administration and general expenses

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Repairs and maintenance cost	80,722	61,450	87,011
Vehicle and generator running cost	83,183	63,036	85,286
Office expenses	131,084	94,043	135,897
Computer expenses	129,262	89,347	69,915
Travel expenses	44,546	26,132	46,194
AGM and year-end expenses	81,850	51,861	66,854
Directors' remuneration	230,483	95,602	157,141
Bank charges	17,472	10,877	11,117
Marketing/publicity expenses	150,337	77,726	123,119
Professional fees	20,522	41,658	65,776
Subscription fees	5,113	4,319	4,674
Charges and levies	16,246	2,405	359
Insurance cost	29,687	29,309	41,528
NDIC premium	51,506	25,742	32,866
Rent and rates	405	23,632	4,060
Auditor's remuneration (includes interim audit fees)	17,250	30,780	23,000
Fraud, forgery and theft	9,397	20	753
Other expenses (see note a)	51,006	41,589	61,366
	<u>1,150,071</u>	<u>769,528</u>	<u>1,016,916</u>
(a) Other expenses includes the following:			
Corporate social responsibility	500	1,660	1,660
Donations	1,665	860	860
Electricity expenses	18,047	10,499	14,959
Recruitment expenses	249	7,255	7,412
Damaged ATM cards	-	(83)	226
Loan recovery expenses	578	1,726	2,348
Fines	1,600	-	-
Stamp duties	2,691	1,061	1,579
Legal expenses	5,808	6,551	7,839
SMS alerts	17,174	11,274	19,523
Share listing expenses	24	-	-
VAT expense	-	-	1,725
Miscellaneous expenses	2,670	786	3,235
	<u>51,006</u>	<u>41,589</u>	<u>61,366</u>

15 Income taxes

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
(a) Amounts recognized in profit or loss			
Current tax expense			
Company income tax	255,391	182,224	219,725
Education tax	-	-	19,522
National Information Technology Development Agency (NITDA) levy	-	-	8,584
Nigeria Police Trust Fund (NPTF) levy	-	-	31
	<u>255,391</u>	<u>182,224</u>	<u>247,862</u>
Deferred tax expense			
Charge/(Credit) for the year (see note (c))	-	-	4,733
	<u>-</u>	<u>-</u>	<u>4,733</u>
Tax expense	<u>255,391</u>	<u>182,224</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>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Balance at 1 January	257,107	230,511	230,511
Income tax expense (see note (a) above)	255,391	182,224	247,862
Tax paid	(247,836)	(87,734)	(221,266)
Balance at 30 September	<u>264,662</u>	<u>325,001</u>	<u>257,107</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(c) Movement in deferred tax balances

30 September 2021

	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
<i>In thousands of naira</i>				
Property and equipment	144,279	-	-	144,279
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	-	-	71,370

31 December 2020

	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
<i>In thousands of naira</i>				
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

30-Sept-2021		31-Dec-2020	
%	1,021,564	%	867,012
30	306,469	30	260,104
0	645	0	645
(5)	(51,723)	(4)	(36,291)
0	-	2	19,522
0	-	1	8,584
0	-	0	31
25	255,391	29	252,595

16 Cash and cash equivalents

In thousands of naira

(a) Cash and cash equivalent comprise:

Cash on hand:

	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Cash on hand	137,534	136,778	119,814
	137,534	136,778	119,814

Deposits with banks:

Current account balances with other banks	1,125,349	1,494,939	4,439,286
Money market placements	66,287	160,369	1,119,652
	1,191,636	1,655,308	5,558,938

Cash and cash equivalents for cash flow purposes:

Impairment allowance (see note (b) below)	1,329,170	1,792,086	5,678,752
	(864)	(506)	(864)
Cash and cash equivalents	1,328,306	1,791,580	5,677,888

(b) Movement in impairment allowance:

Balance at 1 January	864	506	506
Impairment loss/(writeback) (see note 12)	-	-	358
	864	506	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 30 SEPTEMBER 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>			30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
<i>Underlying transaction</i>	<i>Counterparty</i>	<i>Asset description</i>			
BOI concessionary loan	Sterling Bank Plc	Fixed placement	-	-	-
DBN concessionary loan	Development Bank of Nigeria	Treasury Bills	451,908	452,974	469,938
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	180,000	75,000	75,000
ATM Transactions	Sterling Bank Plc	Call placement	20,000	20,000	20,000
			651,908	547,974	564,938
Impairment allowance (see note (b) below)			(692)	(73)	(692)
			651,216	547,901	564,246
Current			651,216	547,901	564,246
Non-current			-	-	-
			651,216	547,901	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>			30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
(a) Loans and advances to customers comprise:					
Loan and advances to customers at amortised cost			20,445,777	16,973,140	16,667,615
			20,445,777	16,973,140	16,667,615
Current			15,884,674	12,551,881	12,106,512
Non-current			4,561,103	4,421,259	4,561,103
			20,445,777	16,973,140	16,667,615

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

<i>In thousands of naira</i>			30 September 2021		31 December 2020	
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
Term loans	18,666,122	(297,226)	18,368,896	16,634,334	(314,079)	16,320,255
Overdrafts	2,479,690	(402,809)	2,076,881	628,803	(281,443)	347,360
	21,145,812	(700,035)	20,445,777	17,263,137	(595,522)	16,667,615

(c) Movement in allowances for impairment

	30 September 2021				31 December 2020			
<i>In thousands of naira</i>		Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total		Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	12-month ECL				12-month ECL			
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)	79,198	(2,428)	44,596	121,366	52,567	(2,362)	43,369	93,574
Write-offs during the period	-	-	(16,853)	(16,853)	-	-	-	-
Balance at the end of the period	283,461	(25)	416,599	700,035	204,263	2,403	388,856	595,522

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

19 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI:

Equity securities:

Listed equities

Unlisted equities

	Fair value at 30-Sept-2021	Fair value at 30-Sept-2020	Fair value at 31-Dec-2020
Listed equities	5,896	3,614	3,389
Unlisted equities	16,687	12,834	7,075
	22,583	16,448	10,464

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 period ended 30 September 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:

	30-Sept-2021	30-Sept-2020	Audited 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
	10,464	13,904	13,904
Balance at end of the period			
Listed equities	5,896	3,614	3,389
Unlisted equities	16,687	12,834	7,075
	22,583	16,448	10,464
Fair value gain/(loss)	12,119	2,544	(3,440)

(b) Investment securities at amortised cost

Treasury bills

ECL impairment

Treasury bills	590,403	685,696	956,069
ECL impairment	(173)	(138)	(173)
	590,230	685,558	955,896

Total investment securities

Total investment securities for cashflow purpose

	612,813	702,006	966,360
	612,986	702,144	966,533
Current	612,813	702,006	966,360
Non-current	-	-	-
	612,813	702,006	966,360

(c) Movement in impairment allowance

Balance at the beginning of the period

Impairment loss during the period (see note 12)

Balance at the end of the period

Balance at the beginning of the period	173	138	138
Impairment loss during the period (see note 12)	-	-	35
Balance at the end of the period	173	138	173

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FOR THE PERIOD ENDED 30 SEPTEMBER 2021

20 Property and Equipment

In thousands of naira

	Buildings	Freehold Land	Right-of-Use Asset	Furniture and Fittings	Motor 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	204,259	1,565,541
Additions during the year	26,845	29,441	20,934	12,977	7,741	108,304	42,510	248,752
Reclassification	(15,698)	15,698	-	-	-	-	-	-
Disposals	-	-	-	(814)	(6,715)	(2,188)	(343)	(10,060)
Balance at 31 December 2020	429,661	52,118	124,622	113,060	500,047	338,299	246,426	1,804,233
Balance as at 1 January 2021	429,661	52,118	124,622	113,060	500,047	338,299	246,426	1,804,233
Additions during the period	63,707	-	104,762	14,715	50,466	44,321	62,216	340,187
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	(33)	-	(5,333)	(7,569)	(12,935)
Write-off	-	-	-	-	-	(440)	-	(440)
Balance at 30 September 2021	493,368	52,118	229,384	127,742	550,513	376,847	301,073	2,131,045

Accumulated Depreciation:								
Balance at 1 January 2020	44,898	-	21,959	52,579	290,085	146,346	112,190	668,057
Charge for the year	8,305	-	25,828	15,143	89,708	63,804	36,045	238,833
Disposals	-	-	-	(814)	(1,724)	(2,188)	(343)	(5,069)
Balance at 31 December 2020	53,203	-	47,787	66,908	378,069	207,962	147,892	901,821
Balance at 1 January 2021	53,203	-	47,787	66,908	378,069	207,962	147,892	901,821
Charge for the period	7,277	-	25,142	12,319	63,186.00	65,354	25,531	198,809
Disposals	-	-	-	(33)	-	(5,333)	(7,569)	(12,935)
Write-off	-	-	-	-	-	(440)	-	(440)
Balance at 30 September 2021	60,480	-	72,929	79,194	441,255	267,543	165,854	1,087,255

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: 30 September 2021	432,888	52,118	156,455	48,548	109,258	109,304	135,219	1,043,790

- 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.

In thousands of naira

	30-Sept-2021	31-Dec-2020
Current	-	-
Non-current	1,043,790	902,412
	1,043,790	902,412

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

21 Intangible asset

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Computer software			
Cost:			
Balance at start of the period	68,693	38,693	38,693
Addition during the period	25,800	30,000	30,000
Balance at end of the period	94,493	68,693	68,693
Accumulated Amortisation:			
Balance at start of the period	21,000	4,787	4,787
Charge for the period	10,938	6,992	16,213
Balance at end of the period	31,938	11,779	21,000
Carrying amount at end of the period	62,555	56,914	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>	30-Sept-2021	30-Sept-2020	31-Dec-2020
Current	-	-	-
Non-current	62,555	56,914	47,693
	62,555	56,914	47,693

22 Other assets

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
<i>Other financial assets:</i>			
Other receivables (see note (c) below)	154,114	155,600	137,206
Impairment allowance (see note (d) below)	(100,838)	(68,123)	(100,838)
	53,276	87,477	36,368
<i>Non financial assets:</i>			
Prepayments (see note (a) below)	167,911	243,291	121,305
Inventories (see note (b) below)	205,655	139,742	113,088
	373,566	383,033	234,393
	426,842	470,510	270,761
Current	349,455	287,268	183,393
Non-current	77,387	183,242	87,368
	426,842	470,510	270,761

(a) Prepayments comprise the following:

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	31-Dec-2020
Prepaid insurance	10,887	10,732	24,465
Prepaid staff benefits	87,369	187,861	87,368
Other prepaid expense	69,655	44,698	9,472
	167,911	243,291	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>	30-Sept-2021	30-Sept-2020	31-Dec-2020
Stock	134,340	71,729	65,590
Assets under construction	7,314	31,545	8,341
Deferred share issue cost	64,001	36,468	39,157
	205,655	139,742	113,088

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

(d) Movement in impairment allowances:

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-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 30 SEPTEMBER 2021

23 Deposits from customers

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Current deposits	4,815,450	4,129,820	6,560,802
Savings deposits	3,954,510	3,294,648	3,380,640
Term deposits	2,002,812	1,609,918	4,747,757
Sundry deposits	201,068	122,624	149,606
	10,973,840	9,157,010	14,838,805
Current	10,871,302	9,157,010	14,736,267
Non-current	102,538	-	102,538
	10,973,840	9,157,010	14,838,805

24 Borrowings

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
(a) Borrowings comprise:			
BOI concessionary loan	-	-1,771	-
CBN concessionary (see note (i) below)	1,015,063	1,026,942	1,032,672
DBN concessionary loan (see note (ii) below)	2,458,615	820,500	1,916,605
CBN housing microfinance loan (see note (iii) below)	36,338	47,625	46,532
UBA working capital facility (see note (iv) below)	2,500,000	-	-
	6,010,016	1,893,296	2,995,809
Current	1,015,063	-	1,032,672
Non-current	4,994,953	1,893,296	1,963,137
	6,010,016	1,893,296	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%.

The Bank obtained a facility of ₦245 million on 30 April 2021 from the Development Bank of Nigeria (DBN) for on-lending to the Bank's customers. The interest rate on the loan is 12.04% for a 2-year tenor.

The Bank obtained additional facility of ₦600 million on 17 June 2021 from the Development Bank of Nigeria (DBN) for on-lending to the Bank's customers. The interest rate on the loan is 12.50%, while the loan tenor is 2 years.

Another facility of ₦320 million was obtained from the Development Bank of Nigeria (DBN) on 25 August 2021 for on-lending to customers. The facility is for a tenor of 2 years at an interest rate of 12.5%.

(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.

(iv) The Bank obtained a working capital facility of ₦4 billion from the United Bank for Africa on 26 August 2021 at an interest rate of 11%. The facility is for a tenor of 60 days to help the Bank with its working capital need.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	31-Dec-2020
Balance, beginning of the period	2,995,809	1,965,666	1,965,665
Additions during the period	5,555,000	500,000.00	1,700,000
Interest accrued during the period (see note 9)	251,472	92,636	210,805
Interest paid during the period	(197,112)	-	(113,643)
Principal repayment during the period	(2,595,153)	(665,006)	(767,018)
Balance at period end	6,010,016	1,893,296	2,995,809
Total repayment of borrowings (for cashflow purpose)	(2,792,265)	(665,006)	(880,661)

25 Other liabilities

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
<i>Financial liabilities:</i>			
Accounts payable	4,122	9,184	5,622
Productivity bonus (see note (a))	2,343	14,225	98,643
Sundry creditors	98,014	68,428	73,331
Accruals	117,076	149,980	168,885
Settlement accounts (see note (b))	593,095	-	819,543
Other payables	452,301	583,811	213,656
Unearned income	1,917	26	957
Lease liability	52,082	42,961	52,082
Deposit for shares	95,029	3,681,852	-
	1,415,979	4,550,467	1,432,719
<i>Non-financial liabilities:</i>			
Withholding tax payable	24,594	41,658	19,581
	1,440,573	4,592,125	1,452,300
Current	1,388,491	4,549,164	1,400,218
Non-current	52,082	42,961	52,082
	1,440,573	4,592,125	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

	30-Sept-2021	30-Sept-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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(d) Statutory reserves

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.

There was no transfer to statutory reserve during the period ended 30 September 2021.

<i>In thousands of naira</i>	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Balance, beginning of the period	1,424,936	1,348,133	1,348,133
Transfer to statutory reserve during the period	-	-	76,803
Balance at period end	1,424,936	1,348,133	1,424,936

(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.

28 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

	30-Sept-2021	30-Sept-2020	Audited 31-Dec-2020
Net profit attributable to shareholders (in thousands of naira)	766,173	546,673	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)	34	24	27