

NPF MICROFINANCE BANK PLC
RC. 220824

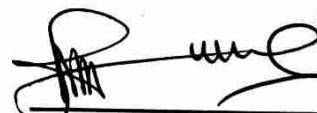
3RD QUARTER REPORT
30 SEPTEMBER 2022

STATEMENT OF FINANCIAL POSITION
AS AT

<i>In thousands of naira</i>	Note	30-Sept-2022	Audited 31-Dec-2021
ASSETS			
Cash and cash equivalents	15	10,043,183	6,610,039
Pledged assets	16	690,000	842,096
Loans and advances to customers	17	21,806,730	17,447,816
Investment securities	18	982,664	1,004,954
Other assets	19	593,037	5,010,232
Property and equipment	20	1,021,422	1,007,541
Intangible asset	21	31,789	44,667
TOTAL ASSETS		35,168,825	31,967,345
LIABILITIES			
Deposits from customers	22	18,758,041	16,278,901
Borrowings	23	2,684,367	2,708,090
Current tax liabilities	14(b)	225,471	332,353
Deferred tax liabilities	14(c)	71,370	71,370
Other liabilities	24	3,028,257	6,845,666
TOTAL LIABILITIES		24,767,506	26,236,380
CAPITAL AND RESERVES			
Share capital	25	2,696,829	1,143,328
Share premium	26(a)	4,624,486	1,517,485
Retained earnings	26(b)	1,144,925	1,140,649
Fair value reserve	26(c)	(1,421)	(6,997)
Statutory reserve	26(d)	1,513,373	1,513,373
Regulatory risk reserve	26(e)	423,127	423,127
TOTAL EQUITY		10,401,319	5,730,965
TOTAL LIABILITIES AND EQUITY		35,168,825	31,967,345

The financial statements were approved by the Board of Directors on 20 October 2022 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-2022	July - Sept 2022	30-Sept-2021	July - Sept 2021
Gross earnings		4,720,392	1,650,696	4,333,501	1,491,249
Interest income calculated using the effective interest	7	4,152,889	1,437,157	3,868,104	1,345,245
Interest expense	8	(533,928)	(177,129)	(432,939)	(160,702)
Net interest income		3,618,961	1,260,028	3,435,165	1,184,543
Fee and commission income	9	497,874	163,706	437,598	134,010
Revenue		4,116,835	1,423,734	3,872,763	1,318,553
Other income	10	69,629	49,833	27,799	11,994
Net impairment loss on financial instruments	11	(75,000)	(25,000)	(121,366)	(40,000)
Personnel expenses	12	(1,482,807)	(508,024)	(1,397,814)	(499,760)
Administration and general expenses	13	(1,569,524)	(621,538)	(1,150,071)	(403,538)
Depreciation of property and equipment	20	(194,033)	(56,364)	(198,809)	(72,423)
Amortisation of intangible assets	21	(12,878)	(3,556)	(10,938)	(22)
Profit before tax		852,222	259,085	1,021,564	314,804
Income tax expense	14(a)	(213,055)	(64,771)	(255,391)	(78,701)
Profit for the period		639,167	194,314	766,173	236,103
Other comprehensive loss					
Items that will never be reclassified to profit or loss					
Equity investment at fair value through OCI	18(a)	5,576	3,179	12,119	453
Other comprehensive loss for the period		5,576	3,179	12,119	453
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		644,743	197,493	778,292	236,556
Basic and diluted earnings per share (kobo)		12	4	34	10

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Risk Reserve	Total
Balance at 1 January 2022	1,143,328	1,517,485	1,140,649	(6,997)	1,513,373	423,127	5,730,965
Increase in share capital	1,553,501	3,107,001	-	-	-	-	4,660,502
	2,696,829	4,624,486	1,140,649	(6,997)	1,513,373	423,127	10,391,467
Total comprehensive income							
Profit for the year	-	-	639,167	-	-	-	639,167
Audit adjustments			(95,525)				(95,525)
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	5,576	-	-	5,576
Gain on derecognition of equity investments	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	5,576	-	-	5,576
Total comprehensive income	-	-	639,167	5,576	-	-	644,743
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	(539,366)	-	-	-	(539,366)
Total contributions and distributions	-	-	(539,366)	-	-	-	(539,366)
Balance at 30 September 2022	2,696,829	4,624,486	1,144,925	(1,421)	1,513,373	423,127	10,401,319

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 year	-	-	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
Gain on derecognition of equity investments	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	12,119	-	-	12,119
Total comprehensive income	-	-	766,173	12,119	-	-	778,292
Transfer to statutory reserve	-	-	-	-	-	-	-
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 at 30 September 2021	1,143,328	1,517,485	1,444,593	5,902	1,424,936	274,594	5,810,838

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-2022	30-Sept-2021
Cash flows from operating activities			
Profit for the year		639,167	766,173
Add: Tax expense	14(a)	213,055	255,391
Profit before tax		852,222	1,021,564
<i>Adjustments for:</i>			
Depreciation of property and equipment	20	194,033	198,809
Amortization of intangible assets	21	12,878	10,938
Net impairment loss on loans and advances to customers	11	75,000	121,366
Net impairment loss on cash and cash equivalents	11	-	-
Net impairment loss on pledged assets	11	-	-
Net impairment loss on other assets	11	-	-
Net impairment (gain)/ loss on investment securities	11	-	-
Interest income	7	(4,152,889)	(3,868,104)
Interest expense	8	533,928	432,939
Profit on sale of property and equipment	10	(497)	(1,811)
Gain on disposal of treasury bills	10	-	-
Gain on derecognition of lease liability	10	-	-
		(2,485,325)	(2,084,299)
<i>Changes in:</i>			
- pledged assets		157,995	(81,071)
- loans and advances to customers		(4,311,125)	(3,768,783)
- other assets		4,045,597	(156,081)
- deposits from customers		2,467,061	(3,875,879)
- other liabilities		(3,819,955)	(11,725)
		(3,945,752)	(9,977,838)
Interest received		4,879,854	4,279,536
Interest paid		(835,369)	(432,961)
Tax paid	14(b)	(319,937)	(247,836)
VAT paid	24	(16,705)	-
Net cash generated from operating activities		(237,909)	(6,379,099)
Cash flows from investing activities			
Acquisition of property and equipment		(121,785)	(235,425)
Acquisition of intangible assets	21	-	(25,800)
Payment for new leased properties		(69,601)	(7,695)
Proceeds from disposal of property and equipment		497	1,811
Purchase of treasury bill investments		-	-
Proceeds from disposal of treasury bill investments		-	-
Net cash flows used in investing activities		(190,889)	(267,109)
Cash flows from financing activities			
Repayment of principal on borrowings	23(b)	(1,392,164)	(2,595,153)
Repayment of interest on borrowings	23(b)	(246,539)	(197,112)
Payment of principal on lease liability		(13,661)	(8,778)
Payment of interest on lease liability		(6,830)	-
Additions to borrowings	23(b)	1,400,000	5,555,000
Dividend paid		(539,366)	(457,332)
Proceeds from increase in share capital	SOCIE	4,660,502	-
Net cash (used in)/generated from financing activities		3,861,942	2,296,625
Net increase in cash and cash equivalents		3,433,144	(4,349,583)
Cash and cash equivalents as at 1 January		6,610,989	5,678,752
Cash and cash equivalents as at 30 September	15	10,044,133	1,329,170

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

7 Interest income

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Loans and advances	3,963,853	3,829,377
Treasury bills	56,790	34,548
Call accounts	108,994	4,179
Pledged assets	-	-
Money market placement	23,252	-
Total interest income calculated using the effective interest method	4,152,889	3,868,104

8 Interest expense

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Term deposits	254,307	143,201
Current deposits	22,170	15,776
Savings deposits	30,318	22,490
Borrowings (see note 23(b))	214,980	251,472
Lease liabilities	12,153	-
Total interest expense	533,928	432,939

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

9 Fees and commission income

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Credit-related fees and commission	388,218	337,583
Deposit-related fees and commission	109,656	100,015
	497,874	437,598

(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-2022	30-Sept-2021
Loan management fee	159,214	123,052
Loan commitment fee	147,554	128,629
Insurance fee	65,965	71,707
Credit search fee	15,485	14,195
	388,218	337,583
Admin and management fee	45,971	43,400
Account maintenance fee	63,685	56,615
	109,656	100,015
	497,874	437,598

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.

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Contract liabilities which are included in 'loans and advances to customers'	(110,418)	(117,231)

Amount represents management fees earned on loans and advances to customers. The management fees on these facilities are earned upfront in line with Central Bank of Nigeria (CBN) regulation. The amount of revenue recognised for the period ended 30 September 2022 was ₦159 million (30 September 2021: ₦123 million). See note 9(i).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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.

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.

10 Other income

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Service fees and charges (see (i) below)	69,099	25,984
Income on salary administration	33	4
Miscellaneous income	-	-
Profit on disposal of property and equipment	497	1,811
Gain/(loss) on disposal of treasury bills	-	-
Gain on derecognition of lease liability	-	-
Gain/(loss) on disposal of AFS equity securities	-	-
Dividend income	-	-
	<u>69,629</u>	<u>27,799</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.

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

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Impairment loss on loans and advances to customers (see note 17(c))	75,000	121,366
Impairment (write-back)/loss on investment securities at amortised cost (see note 18(c))	-	-
Impairment loss on other assets (see note 19(d))	-	-
Impairment loss on cash and cash equivalent (see note 15(b))	-	-
Impairment loss on pledged assets (see note 16(b))	-	-
	<u>75,000</u>	<u>121,366</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

12 Personnel expenses

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Wages and salaries	1,410,885	1,333,360
Post-employment benefits:		
Defined contribution plan - pension cost	71,922	64,454
	<u>1,482,807</u>	<u>1,397,814</u>

(a) Director's emolument

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

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Directors' fees	18,750	18,750
Sitting allowances	72,700	120,340
Other Directors' expenses	145,793	91,393
Total non-executive Directors' remuneration (see note 13)	<u>237,243</u>	<u>230,483</u>
Executive compensation	64,984	64,985
	<u>302,227</u>	<u>295,468</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

13 Administration and general expenses

<i>In thousands of naira</i>	30-Sept-2022	30-Sept-2021
Repairs and maintenance cost	134,456	80,722
Vehicle and generator running cost	140,355	83,183
Office expenses	143,047	131,084
Computer expenses	296,664	129,262
Travel expenses	69,187	44,546
AGM expenses	10,564	12,271
Year-end expenses	101,297	69,579
Directors' remuneration	237,242	230,483
Bank charges	13,301	17,472
Marketing/publicity expenses	164,509	150,337
Professional fees	24,737	20,522
Subscription fees	5,907	5,113
Charges and levies	21,521	16,246
Insurance cost	39,061	29,687
NDIC premium	56,542	51,506
Rent and rates	-	405
Audit fees	18,363	17,250
Fraud, forgery and theft	661	9,397
Other expenses (see note (a) below)	92,110	51,006
	<u>1,569,524</u>	<u>1,150,071</u>
(a) Other expenses includes the following:		
Corporate social responsibility	1,000	500
Donations	1,758	1,665
Electricity expenses	17,600	18,047
Recruitment expenses	18,053	249
Loan recovery expenses	2,082	578
Fines/penalty	-	1,600
Stamp duties	1,906	2,691
Legal expenses	12,340	5,808
SMS alerts	33,445	17,174
Share listing expenses	2,968	24
VAT expense	-	-
Miscellaneous expenses	63	2,670
	<u>92,110</u>	<u>51,006</u>

14 Income taxes

<i>In thousands of naira</i>	30-Sept-2022	Audited 31-Dec-2021
(a) Amounts recognized in profit or loss		
<i>Current tax expense</i>		
Company income tax	213,055	279,613
Education tax	-	30,551
National Information Technology Development Agency (NITDA) levy	-	10,306
Nigeria Police Trust Fund (NPTF) levy	-	35
National Agency for Science and Engineering Infrastructure (NASeni) levy	-	2,577
	<u>213,055</u>	<u>323,082</u>
<i>Deferred tax expense</i>		
Charge for the period (see note (c))	-	-
	<u>-</u>	<u>-</u>
<i>Tax expense</i>	<u>213,055</u>	<u>323,082</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-2022	31-Dec-2021
Balance at 1 January	332,353	257,107
Income tax expense (see note (a) above)	213,055	323,082
Tax paid	(319,937)	(247,836)
Balance at 30 September	<u>225,471</u>	<u>332,353</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(c) Movement in deferred tax balances

30 September 2022

<i>In thousands of naira</i>	Balance at 1 January	Recognized in		Balance at 31 December
		profit or loss (see (a))	Recognized in OCI	
Property and equipment	144,279	-	-	144,279
Impairment allowance	(66,685)	-	-	(66,685)
Others	(6,224)	-	-	(6,224)
Deferred tax liabilities	71,370	-	-	71,370

31 December 2021

<i>In thousands of naira</i>	Balance at 1 January	Recognized in		Balance at 31 December
		profit or loss (see (a))	Recognized in OCI	
Property and equipment	144,279	-	-	144,279
Impairment allowance	(66,685)	-	-	(66,685)
Others	(6,224)	-	-	(6,224)
Deferred tax liabilities	71,370	-	-	71,370

Deferred tax liabilities

The Bank's deferred tax liabilities are attributable to the following:

In thousands of naira

	30-Sept-2022		31-Dec-2021	
	Gross amount	Tax effect	Gross amount	Tax effect
Property and equipment	825,577	144,279	825,577	144,279
Impairment allowance	(208,395)	(66,685)	(208,395)	(66,685)
Others	24,753	(6,224)	24,753	(6,224)
	641,935	71,370	641,935	71,370

(d) Reconciliation of effective tax rate

In thousands of naira

	30-Sept-2022		31-Dec-2021	
	%	852,222	%	1,030,575
Profit before tax				
Tax using the Company's domestic tax rate	30	255,667	30	309,173
Non-deductible expenses	8	71,142	8	80,160
Tax-exempt items	(3)	(26,755)	(2)	(22,721)
Tertiary Education Tax	0	-	3	30,551
NITDA Levy	0	-	1	10,306
Nigeria Police Trust Fund (NPTF) levy	0	-	0	35
NASENI Levy	0	-	0	2,577
Recognition of previously unrecognized temporary differences	(10)	(86,999)	(8)	(86,999)
	25	213,055	31	323,082

15 Cash and cash equivalents

In thousands of naira

(a) Cash and cash equivalent comprise

	30-Sept-2022	Audited 31-Dec-2021
Cash on hand:		
Cash on hand	123,492	159,734
Deposits with banks:		
Current account balances with other banks	7,917,022	5,733,011
Money market placements	2,003,619	718,244
	9,920,641	6,451,255
Cash and cash equivalents for cash flow purposes:		
Impairment allowance (see note (b) below)	10,044,133	6,610,989
	(950)	(950)
Cash and cash equivalents	10,043,183	6,610,039

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(b) Movement in impairment allowance:

Balance at 1 January	950	864
Impairment loss/(writeback) (see note 11)	-	86
	<u>950</u>	<u>950</u>

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.

16 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-2022	Audited 31-Dec-2021
Underlying transaction	Counterparty	Asset description		
DBN concessionary loan	Development Bank of Nigeria	Treasury Bills	487,135	493,764
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	150,000	102,516
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	33,601	226,398
ATM Transactions	Sterling Bank Plc	Call placement	20,000	20,154
			<u>690,736</u>	<u>842,832</u>
			(736)	(736)
			<u>690,000</u>	<u>842,096</u>
Current			690,000	842,096
Non-current			-	-
			<u>690,000</u>	<u>842,096</u>

(b) Movement in impairment allowance:

Balance at 1 January	736	692
Impairment loss (see note 11)	-	44
	<u>736</u>	<u>736</u>

17 Loans and advances to customers

(a) Loans and advances to customers comprise:

<i>In thousands of naira</i>		30-Sept-2022	Audited 31-Dec-2021
Loan and advances to customers at amortised cost		21,806,730	17,447,816
		<u>21,806,730</u>	<u>17,447,816</u>
Current		18,090,111	13,731,197
Non-current		3,716,619	3,716,619
		<u>21,806,730</u>	<u>17,447,816</u>

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

<i>In thousands of naira</i>	30 September 2022			31 December 2021		
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
Term loans	20,571,893	(281,007)	20,290,886	17,342,192	(281,007)	17,061,185
Overdrafts	1,909,648	(393,804)	1,515,844	705,435	(318,804)	386,631
	<u>22,481,541</u>	<u>(674,811)</u>	<u>21,806,730</u>	<u>18,047,627</u>	<u>(599,811)</u>	<u>17,447,816</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(c) Movement in allowances for impairment

	30 September 2022				31 December 2021			
<i>In thousands of naira</i>	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	207,343	10,177	382,291	599,811	204,263	2,403	388,856	595,522
Additional allowance during the period (see note 11)	11,163	28,178	35,659	75,000	3,080	7,774	9,838	20,692
Write-offs during the period	-	-	-	-	-	-	(16,403)	(16,403)
Balance at the end of the period	218,506	38,355	417,950	674,811	207,343	10,177	382,291	599,811

18 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI:

	30-Sept-2022	Audited 31-Dec-2021
<i>Equity securities:</i>		
Listed equities		1,390
Unlisted equities	11,392	6,127
	12,782	7,206

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 2022 (31 December 2021: ₦3,258), and there were no transfers of any cumulative gain or loss within equity relating to these investments (31 December 2021: nil). The change in fair value on these investments were as follows:

	30-Sept-2022	31-Dec-2021
Balance at beginning of the period		
Listed equities		1,079
Unlisted equities	6,127	7,075
	7,206	10,464
Balance at end of the period		
Listed equities		1,390
Unlisted equities	11,392	6,127
	12,782	7,206
Fair value gain/(loss)	5,576	(3,258)

Following the derecognition of listed equity investments during the period, the Bank recorded gains as follow:

	30-Sept-2022	31-Dec-2021
Gain on derecognition of equity investments	-	2,478

Deferred tax assets have not been recognised in respect of the change in fair valuation of equity instruments, because it is not probable that future taxable profit will be available against which the Bank can use the benefits therefrom.

(b) Investment securities at amortised cost

Treasury bills	969,932	997,798
ECL impairment	(50)	(50)
	969,882	997,748
Total investment securities	982,664	1,004,954
Total investment securities for cashflow purpose	982,714	1,005,004
Current	982,664	1,004,954
Non-current	-	-
	982,664	1,004,954

(c) Movement in impairment allowance

Balance at the beginning of the period	50	173
Impairment loss during the period (see note 11)	-	(123)
Balance at the end of the period	50	50

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

19 Other assets

<i>In thousands of naira</i>	30-Sept-2022	Audited 31-Dec-2021
<i>Other financial assets:</i>		
Receivable from Cowry Issuing House (see note (c) below)	76,890	4,613,425
Other receivables (see note (d) below)	36,803	182,303
Impairment allowance (see note (e) below)	(115,110)	(115,110)
	<u>(1,417)</u>	<u>4,680,618</u>
<i>Non financial assets:</i>		
Prepayments (see note (a) below)	211,212	100,946
Inventories (see note (b) below)	383,241	228,668
	<u>594,453</u>	<u>329,614</u>
	<u>593,037</u>	<u>5,010,232</u>
Current	595,883	4,959,690
Non-current	(2,846)	50,542
	<u>593,037</u>	<u>5,010,232</u>

(a) Prepayments comprise the following:

<i>In thousands of naira</i>	30-Sept-2022	31-Dec-2021
Prepaid insurance	16,983	26,080
Prepaid staff benefits	(13,768)	50,542
Other prepaid expense	207,997	24,324
	<u>211,212</u>	<u>100,946</u>

(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-2022	31-Dec-2021
Stock (see note (i) below)	126,113	132,917
Assets under construction	196,091	37,246
Deferred share issue cost	61,037	58,505
	<u>383,241</u>	<u>228,668</u>

(i) The amount in stock comprise:

<i>In thousands of naira</i>	30-Sept-2022	31-Dec-2021
Stock of cheques	375	478
Stock of office stationeries	16,013	9,369
Stock of micr cheques	26,219	26,289
Stock of non-micr cheques	12,991	19,754
Stock of ATM cards	30,883	37,525
Stock of credit cards	37,882	38,116
Stock of adhensive stamps	622	1,386
#500 Stock of adhensive stamp	1,128	-
	<u>126,113</u>	<u>132,917</u>

(c) The amount represent proceeds for shares issued during the Bank's public offer in July 2021. The funds are in custody of the Issuing House, Cowry Asset Management Limited.

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

(e) Movement in impairment allowances:

<i>In thousands of naira</i>	30-Sept-2022	31-Dec-2021
Balance at the beginning of the period	115,110	100,838
Impairment loss during the period (see note 11)	-	14,272
Balance at the end of the period	<u>115,110</u>	<u>115,110</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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 2021	429,661	52,118	124,622	113,060	500,047	338,299	246,426	1,804,233
Additions during the year	30,612	-	103,488	30,209	50,466	68,481	76,232	359,487
Disposals	-	-	-	(33)	-	(7,785)	(7,754)	(15,572)
Write-off	-	-	-	-	-	(440)	-	(440)
Balance at 31 December 2021	460,273	52,118	228,110	143,236	550,513	398,555	314,903	2,147,708
Balance as at 1 January 2022	460,273	52,118	228,110	143,236	550,513	398,555	314,903	2,147,708
Additions during the period	1,200	-	86,129	18,493	20,510	22,297	59,284	207,914
Disposals	-	-	-	-	-	(5,162)	-	(5,162)
Write-off	-	-	-	-	-	-	-	-
Balance at 30 September 2022	461,473	52,118	314,239	161,729	571,023	415,690	374,188	2,350,460

Accumulated Depreciation:								
Balance at 1 January 2021	53,203	-	47,787	66,908	378,069	207,962	147,892	901,821
Charge for the year	9,142	-	29,347	18,260	84,785	72,882	39,942	254,358
Disposals	-	-	-	(33)	-	(7,785)	(7,754)	(15,572)
Write-off	-	-	-	-	-	(440)	-	(440)
Balance at 31 December 2021	62,345	-	77,134	85,135	462,854	272,619	180,080	1,140,167
Balance at 1 January 2022	62,345	-	77,134	85,135	462,854	272,619	180,080	1,140,167
Charge for the period	7,368	-	41,117	13,821	43,042	59,572	29,113	194,033
Disposals	-	-	-	-	-	(5,162)	-	(5,162)
Write-off	-	-	-	-	-	-	-	-
Balance at 30 September 2022	69,713	-	118,251	98,956	505,896	327,030	209,193	1,329,038

Net Book Value: 31 December 2021	397,928	52,118	150,976	58,101	87,659	125,936	134,824	1,007,541
Net Book Value: 30 September 2022	391,760	52,118	195,988	62,773	65,127	88,661	164,995	1,021,422

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2021: Nil).
- There was no impairment loss on all classes property and equipment during the year (31 December 2021: Nil).
- There were no property and equipment pledged as securities for liabilities (31 December 2021: Nil).
- There were no contractual commitments for the acquisition of property and equipment (31 December 2021: 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.

21 Intangible asset

In thousands of naira	30-Sept-2022	Audited 31-Dec-2021
Computer software		
Cost:		
Balance at beginning of the period	94,493	68,693
Addition during the period	-	25,800
Balance at end of the period	94,493	94,493
Accumulated Amortisation:		
Balance at start of the period	49,826	21,000
Charge for the period	12,878	28,826
Balance at end of the period	62,704	49,826
Carrying amount at end of the period	31,789	44,667

- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

22 Deposits from customers

<i>In thousands of naira</i>	30-Sept-2022	Audited 31-Dec-2021
Current deposits	10,773,849	9,845,329
Savings deposits	4,992,995	4,198,515
Term deposits	2,795,496	1,994,057
Sundry deposits	195,701	241,000
	18,758,041	16,278,901

23 Borrowings

<i>In thousands of naira</i>	30-Sept-2022	Audited 31-Dec-2021
(a) Borrowings comprise:		
CBN concessionary	-	-
DBN concessionary loan (see note (i) below)	2,694,454	2,678,656
CBN housing microfinance loan (see note (ii) below)	-10,167	29,434
UBA working capital facility	80	-
	2,684,367	2,708,090

(i) The Bank obtained the following Development Bank of Nigeria (DBN) loans for on-lending to micro, small and medium enterprises to grow their businesses.

Date facility was obtained	Amount (N'million)	Outstanding Amount (N'million) 30-Sept-2022	Outstanding Amount (N'million) 31-Dec-2021	Rate (%)	Tenor
28 September 2020	500	27	183	12.79	2 years
19 November 2020	800	395	547	12.04	2 years
9 December 2020	400	52	204	12.04	2 years
29 March 2021	390	86	238	12.04	2 years
30 April 2021	245	24	176	12.04	2 years
17 June 2021	600	279	431	12.50	2 years
25 August 2021	320	114	266	12.50	2 years
4 October 2021	300	131	283	12.50	2 years
21 December 2021	370	212	350	12.50	2 years
10 August 2022	1,000	974	-	14.00	2 years
29 September 2022	400	400	-	14.50	2 years
	5,325	2,694	2,678		

The Bank has not had any defaults of principal or interest or other breaches with respect to the loan facilities as at period end 30 September 2022.

(ii) The amount of N10 million (31 December 2021: N29 million) represents the amortised cost of N91.74 million Central Bank of Nigeria (CBN) housing microfinance loan obtained on 18 May 2018 at an interest rate of 15.99% per annum. The principal amount and interest is paid quarterly. The loan tenor is 5 years with maturity date of 30 June 2023.

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

<i>In thousands of naira</i>	30-Sept-2022	Audited 31-Dec-2021
Balance, beginning of the period	2,708,090	2,995,809
Additions during the period	1,400,000	6,386,548
Interest accrued during the period (see note 9)	214,980	423,522
Interest paid during the period	(246,539)	(437,893)
Principal repayment during the period	(1,392,164)	(6,659,896)
Balance at year end	2,684,367	2,708,090
Total repayment of borrowings (for cashflow purpose)	(1,638,703)	(7,097,789)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

24 Other liabilities

<i>In thousands of naira</i>	30-Sept-2022	Audited 31-Dec-2021
<i>Financial liabilities:</i>		
Accounts payable	6,572	4,684
Productivity bonus (see note (a))	5,255	262,703
Sundry creditors	70,194	153,602
Accruals	193,862	51,909
VAT payable	16,705	15,217
Settlement accounts (see note (b))	2,268,337	1,461,018
Other payables	490,230	282,982
Unearned income	783	783
Lease liability	54,485	51,941
Deposit for shares	(104,050)	4,532,618
	<u>3,002,373</u>	<u>6,817,457</u>
<i>Non-financial liabilities:</i>		
Withholding tax payable	25,884	28,209
	<u>3,028,257</u>	<u>6,845,666</u>
Current	2,973,772	6,793,725
Non-current	54,485	51,941
	<u>3,028,257</u>	<u>6,845,666</u>

(a) This amounts represents accrual 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

25 Share capital

Authorised:

6,000,000,000 units of ordinary shares of 50 kobo each

	30-Sept-2022	31-Dec-2021
	3,000,000	3,000,000

Issued and fully paid:

5,393,659,101 units of ordinary shares of 50 kobo each

	2,696,829	1,143,328
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Following the recapitalisation, the movement in share capital is as shown below:

In thousands of naira

	30-Sept-2022		31-Dec-2021	
	Units	Amount	Units	Amount
Balance, beginning of the period	2,286,658	1,143,328	2,286,658	1,143,328
Rights issue	820,344	410,172	-	-
Public offer	2,286,658	1,143,329	-	-
Issued and fully paid capital of 50 kobo each	5,393,659	2,696,829	2,286,658	1,143,328

26 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.

Movement in share premium

In thousands of naira

	30-Sept-2022	31-Dec-2021
Balance, beginning of the period	1,517,485	1,517,485
Increase in share premium during the period	3,107,001	-
Balance at period end	4,624,486	1,517,485

(b) Retained earnings

Retained earnings comprise the undistributed profits from previous periods, 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 thousands of naira

	30-Sept-2022	31-Dec-2021
Balance, beginning of the period	1,513,373	1,424,936
Transfer to statutory reserve during the period	-	88,437
Balance at period end	1,513,373	1,513,373

(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.