



***NPF MICROFINANCE BANK PLC***

# **2023 SUSTAINABILITY REPORT**

***“Seeding a sustainable future, our progress and possibilities”***

2023

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# About this Report

## — Year In Review

*In this NPF Microfinance Bank Plc Sustainability Report 2023 (“Seeding a sustainable future, our progress and possibilities”), we disclosed the economic, environmental, and social impact and performance of our business activities in the 2023 financial year and present our current activities in the area of sustainability. The aim of the Report is to give a comprehensive account of how NPF Microfinance Bank Plc (NPFMFB) has fulfilled its sustainability mission during the reporting period and how it plans to implement and improve its sustainability performance in the future.*

This report is prepared in accordance with the new GRI Standards using the Core option (GRI 102-54); and the GRI content index and Core option. The GRI standards are internationally recognized standards for sustainability reporting promulgated by the Global Reporting Initiative. In addition, selected indicators with respect to information related to the financial services sector are included. The General Disclosure and Management Approach guidelines for the different indicators, as well as the Financial Services Sector specific disclosure guidelines are followed in the reporting. It includes a Sustainability Materiality Matrix covering all issues and indicators that were material to us during the review period. The boundaries for the different identified impacts are clearly indicated.

The report underscores our progress and challenges in sustainable banking during the period under review. It discloses our banking operations footprints on the economy, natural environment and the society in 2023.

It also highlights the different stakeholders’ engagement platforms that we deployed, the material issues that emerged from these engagements and how they were managed and or addressed during the year.

### Coverage

This report covers the Sustainability/ESG principles, initiatives and performance of our operations across key markets. It contains information for the financial year 1 January to 31 December 2023 unless otherwise stated.

The report also demonstrates how we complied with integrating the Nigerian Sustainable Banking Principles, established by the Central Bank of Nigeria in 2012, and also the Sustainability Disclosure Guidelines of the Nigerian Exchange Group which was approved 9th of November 2018.

*The aim is to measure our environmental and social footprints to determine the extent to which they contribute towards the attainment of the SDGs.*

*With this initiative, our SDG footprints are now better documented, measured, monitored and reported*

## FEW WORDS ABOUT US

NPF Microfinance Bank (formerly NPF Community Bank Ltd) was incorporated on 19th May 1993 as a Limited Liability Company under the Companies and Allied Matters Act Cap C20LFN 2014. The Bank provides Banking services to both Serving and Retired Officers and Men of the Nigeria Police Force, its ancillary institutions and the general public. It was registered as a Public Limited Liability Company on 13th July 2006.

The Bank commenced business on 20th August 1993 at 1 Ikoyi Road, Obalende Lagos having obtained a provisional License to operate as a community Bank on July 12, 1993 from the Central Bank of Nigeria. It later obtained its full licence to operate as a Community Bank on 24th January 2002. On 31st December 2007, the Bank converted from its Community Bank status to a National Microfinance Bank following the directive of the Central Bank of Nigeria to all Community Banks.

The authorized share capital of the Bank at inception was ₦500,000 made of 500,000 ordinary shares of ₦1.00 each and this has increased over the years to its current level of ₦3,000,000,000 made up of 6,000,000,000 ordinary shares of 50k each out of which 5,992,954,557 ordinary shares of 50k each are issued and fully paid up. The shares of the Bank were listed on the floor of the Nigerian Stock Exchange on 1st December 2010 and the bank has been consistent in the payment of dividend to its shareholders for 22 years.

Over the years, the Bank has emerged as one of the leading Microfinance Bank providing a wide range of products and services to its esteemed customers and the general public. Some of the services includes; Current Accounts, Savings Accounts, Loans and Advances, Money Market Services, Financial Advisory Services, leveraging on our Electronic Banking Platforms (USSD, Internet Banking and Mobile Banking Application and Point of Sale Services).

The Bank attained the Corporate Governance Rating System Certification of the Nigerian Exchange Limited (NGX) in year 2018 hence amongst its peers; the Bank is rated high on sound corporate governance, transparency and stable management. As a result of such consistent performance, institutions such as CBN, BOI and DBN partner with the Bank by providing developmental funds to it for lending to customers as a way of deepening financial inclusion in the Country

Presently, the Bank has 49 branch offices located all over the Federation.

### **Our Mission**

***“To create value and wealth for our stake- holders through the sustainable provision of microfinance products and services”***

### **Our Vision**

***“To be the clear leader in the provision of microfinance services.”***

### **Our Values**

- Professionalism
- Integrity
- Customer-focused
- Excellence
- Loyalty

# Corporate Information

## DIRECTORS, OFFICERS & PROFESSIONAL ADVISERS



<b>Directors:</b>	Mr. Damilola Samuel Adegbuyi*	Chairman
	Mr. Habeeb Amuda Yusuf **	Managing Director
	Mr. John Kwabe Tizhe	Executive Director
	Mrs. Olamide Mojisola Akin- Balogun***	Executive Director
	Mr. Said Umar Fagge	Non-Executive Director
	Mr. Oyeyemi Adesoye Oyediran psc, fsi****	Non-Executive Director
	Mrs. Lydia Ameh Enemona*****	Non-Executive Director
	Mr. Idrisu Dabban Dauda psc, fdc, mnim *****	Non-Executive Director
	Mr. Mutalib Atanda Akinlade, MBA, FCA*****	Non-Executive (Independent) Director
	Mr. Adujo Friday Abah Esq.*****	Non-Executive (Independent) Director
	Barr. Felix Sunday Chukwurah *****	Non-Executive Director

\*Appointed on the 1 February 2024 and made Chairman of the Board on 13 June 2024

\*\* Appointed Managing Director on 13 June 2024

\*\*\*Appointed Executive Director Finance & Administration on 1 February 2024

\*\*\*\*Appointed on 26 September 2023 to replace Mr. Bello Makwashi

\*\*\*\*\*Appointed on 26 September 2023 to replace Mr. Uzairu Abdulahi

\*\*\*\*\*Appointed on 1 February 2024

\*\*\*\*\*Appointed on 1 February 2024

\*\*\*\*\*Appointed on 1 February 2024

\*\*\*\*\*Appointed on 19 July 2024

**Company Secretary:** Mrs. Osaro J. Idemudia  
Aliyu Atta House  
1, Ikoyi Road, Obalende  
Lagos

**Registered Office:** Aliyu Atta House  
1, Ikoyi Road, Obalende  
Lagos

**Independent Auditor:** Deloitte & Touche  
Civic Towers  
Plot GA 1, Ozumba Mbadawe Avenue,  
Victoria Island,  
Lagos, Nigeria.

**Major Bankers:** United Bank for Africa Plc  
57 Marina, Lagos Island,  
Lagos, Nigeria.

Zenith Bank Plc  
Plot 84, Ajose Adeogun Street,  
Victoria Island,  
Lagos, Nigeria.

Sterling Bank Plc  
20 Marina Road,  
Lagos Island,  
Lagos.

First Bank of Nigeria Plc  
Samuel Asabia House  
35 Marina  
Lagos, Nigeria.

**Registrars:** CardinalStone Registrars Limited  
335/337, Herbert Macaulay Way  
Yaba, Lagos

**Tax Identification Number** 00122558-0001

# Chairman 's Statement



OTUNBA SAMUEL  
DAMILOLA ADEGBUYI CP RTD

Distinguished Shareholders, Esteemed Members of the Board of Directors, Ladies, and Gentlemen,  
It is my honor to present the 2023 Sustainability Report for NPF Microfinance Bank Plc. This report reflects our unwavering commitment to sustainable practices across our operations, aligned with our long-term goals of balancing profitability with environmental stewardship, social responsibility, and sound governance.

## Operating Environment

The year 2023 was marked by significant challenges, both locally and globally. While the world continued to recover from the effects of the COVID-19 pandemic, global economic instability was further exacerbated by geopolitical conflicts such as the Russian-Ukrainian war and rising inflation. On the domestic front, Nigeria experienced macroeconomic hurdles, including the removal of fuel subsidies, currency devaluation, and an increase in inflation. Despite these challenges, NPF Microfinance Bank remained resilient and committed to sustainable growth, providing critical financial services to underserved communities.

# Chairman's Statement...

## Environmental Performance

In 2023, we intensified our focus on minimizing our environmental impact, guided by the Nigerian Sustainable Banking Principles (NSBP) and global best practices. Key environmental initiatives included:

- Expanding the use of renewable energy, with solar power installations now powering more of our branch locations.
- Enhancing energy efficiency across our operations by adopting smart lighting and energy management systems, reducing our reliance on non-renewable energy sources.
- Implementing a waste reduction strategy that encourages recycling and responsible disposal of materials in our offices.

Through these efforts, we significantly reduced our carbon footprint, contributing positively to the fight against climate change. We remain committed to exploring new ways to further reduce our environmental impact in the years to come.

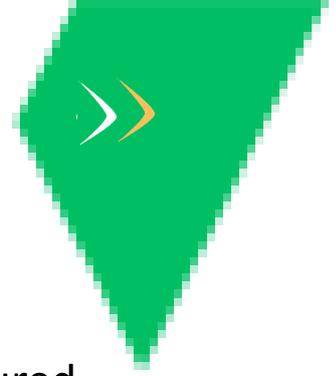
## Social Impact

At NPF Microfinance Bank, we believe in driving positive social change. In 2023, we focused on promoting financial inclusion and supporting vulnerable communities by:

- Partnering with local organizations to provide financial literacy training, empowering individuals and small businesses to thrive economically.
- Promoting a culture of diversity, inclusion, and safety within our workforce. Our employees operate in a supportive, equitable environment, and our health and safety measures were further strengthened through ongoing training and awareness programs.

Internally, we continued to foster a diverse and inclusive workplace while upholding our commitment to employee well-being, ensuring that our teams were equipped with the necessary skills and support for professional growth.

# Chairman's Statement...



## **Governance Practices**

Strong governance underpins our operations. In 2023, we implemented enhanced governance frameworks that ensured transparency, accountability, and ethical conduct across all levels of our organization.

Our Board of Directors continued to provide robust oversight, ensuring compliance with regulatory requirements and integrating sustainable practices into our decision-making processes. Furthermore, our strengthened risk management framework has ensured that the Bank remains resilient in the face of economic and operational challenges, with special attention given to maintaining stability amidst shifting monetary policies.

## **Stakeholder Engagement**

We recognize that meaningful stakeholder engagement is critical to our sustainability goals. In 2023, we deepened our relationships with key stakeholders, including customers, employees, regulators, and shareholders. By incorporating their feedback into our strategies, we were able to refine our products and services while ensuring that our sustainability objectives were closely aligned with their expectations.

In particular, our digital transformation initiatives expanded access to financial products in remote areas, furthering our mission to promote financial inclusion. Additionally, partnerships with stakeholders helped us strengthen our social and environmental impact.

## **Financial Scorecard and Future Outlook**

Despite the challenging economic environment, NPF Microfinance Bank performed remarkably well in 2023. Gross earnings grew by 43.98%, while profit before tax and profit after tax increased by 21.92% and 15.56%, respectively. This performance reflects the resilience of our business model and our commitment to long-term sustainability.



# Chairman's Statement...

Looking ahead, the Bank is focused on applying technology to drive profitability, expand its customer base, and enhance market share. While our ambition of becoming a Deposit Money Bank has been impacted by the Central Bank of Nigeria's (CBN) increased minimum capital requirements, we remain dedicated to building our capital base and strengthening our position as a leading microfinance institution. Our goal is to achieve a seamless digital transformation in 2024, including the migration to a more robust core banking solution.

## Conclusion

As we move forward, NPF Microfinance Bank remains committed to embedding sustainability into every aspect of our operations. We will continue to innovate, leveraging technology to improve our services while deepening our commitment to responsible banking.

On behalf of the Board of Directors, I extend my sincere appreciation to our management team, employees, customers, and shareholders for their unwavering support. Together, we will continue to drive sustainable growth and make a positive impact on the environment, society, and the communities we serve.

Thank you.



Otunba Samuel Damilola Adegbuyi (CP Rtd)  
Chairman, Board of Directors



# Managing Director's Statement



It is with great pleasure that I present to you the 4<sup>th</sup> Edition of our Sustainability Report of NPF Microfinance Bank Plc, with the theme “**Seeding a Sustainable Future; Our Progress and Possibilities**”. This report highlights our commitment to sustainability our progress, our possibilities, and our efforts to create a better future for our planet. At NPF Microfinance Bank Plc, sustainability is not just a saying; it is in-built in every aspect of our operations and strategic decisions.

## **Significant steps taken to improve on our environmental footprint:**

As part of our strategy, we have aligned our lending decisions and policies with the provision of the Nigerian Sustainable Banking Principles (NSBP),

In managing the environmental footprint of the bank, we have developed the Environment & Social Footprint Management as a documentation guide. The bank screens the projects that we fund for environmental and social risk.

We ensure reduction in carbon (CO<sub>2</sub>) emissions from air travels as a result of zoom/ remote meeting technology.

We ensure energy consumption reduction by switching off energy sources that are not in immediate use, we installed solar panels, solar lights, and we use energy-saving light bulbs in our head office and branches. The Bank has 6 solar-powered ATMs, 11 Solar/hybrid-powered branches.

# Managing Director's Statement Cont.

The Bank encouraged paper reduction policy and digital banking solutions to reduce paper usage. No Paper Initiative and the culture of recycling used papers. There has been further improvement by the introduction of the Docu-sign where transaction process gets approval without the use of papers.

The bank has an environmentally friendly waste management practices to reduce environmental pollution and we have taken steps by supplying 3-coloured waste separation bins in our head office and branches towards effective waste separation process. It is also part of our Waste Management policy to auction obsolete items to staff through bidding processes for reuse.

Use of water efficient taps and flush systems.

## Our Social Footprint

Our focus is the reduction of our potential negative social footprints while improving the living conditions of everyday people through the overall value we create as a leading brand. We are committed to adopting global best practices in our business operations and imbibing corporate policies and are committed to using our expertise, reach and resources to build thriving communities. The people are considered our greatest asset as they are vital to the growth and development of the Bank, when we say our people this includes our customers, staff and society where we operate.

- The Bank has achieved this through its employment practices by being open about its recruitment policy and ensuring best candidates are selected for each role.
- Community engagement- Our immediate communities have been engaged through various platforms such as International Women's Day celebration and free medical checks, Philanthropic activities such giving back to the society through outreaches to various places.
- Continually train our employees to become the best professionals.
- Collaboration – We collaborated with Key Financial Institutions on sustainability issues via on-lending relationships and other non-financial institutions.
- Education and awareness- Awareness and enlightenment are raised and communicated effectively by the people in the organization, society and community.
- NPF MFB Social Gatherings such as 2023 End of the year party, 2023 Christmas Carol, Celebrating our customers during the 2023 Customers Service Week where some customers won gift items from the bank, etc

# Managing Director's Statement Cont.

## Economic

Amid these economic conditions which were not business-friendly during the period, NPF Microfinance Bank Plc. demonstrated exceptional resilience. Our 2023 operating results highlight shows strong performance, driven by our commitment to customer-centric services and operational efficiency.

Gross Earnings improved by 43.98% with the ₦10.30Billion recorded in the year when compared with ₦7.15Billion earned in 2022.

Net operating income improved by 46% from ₦6.38Billion to ₦9.33Billion in 2023.

Total Operating Expenses increased by 52% from ₦5.06Billion to ₦7.68Billion. The increase was as a result of increased staff cost and other operating cost due to rising inflation in the economy.

The Profit Before Tax increased by 24.93% from ₦1.32Billion to ₦1.65Billion while the bank posted a Profit After Tax of ₦966Million representing 9.52% increase over last year's ₦882Million.

Loans and Advances to customers as at December 2023 represent a fall from ₦23.49Billion in December 2022 to ₦21.55Billion in December 2023 representing a decrease of 8%.

The bank recorded an impressive PAR(Portfolio At Risk) of 5.05.

Deposit Liabilities improved by 44% from ₦18.76Billion to ₦26.94Billion attesting to Management dogged marketing effort.

Total Assets grew to ₦44.89Billion in year 2023 from ₦34.49Billion in year 2022 representing a growth rate of 30%

Equity of the bank stood at ₦10.92Billion at the year end. The bank had been able to grow the Equity by 3% above the closing figure of ₦10.57Billion for year 2022.

Equity of the bank stood at ₦10.92Billion at the year end. The bank had been able to grow the Equity by 3% above the closing figure of ₦10.57Billion for year 2022.

In today's rapidly changing world the importance of sustainability cannot be overemphasized. As a responsible bank we understand the need to protect and preserve the environment while ensuring social and economic progress for all.

# Managing Director's Statement Cont.

The bank have aligned with the United Nations Sustainable Development Goals (SDGs), our approach to sustainability encompasses economic prosperity, social well-being, and environmental stewardship. We are steadfast in our dedication to contribute meaningfully towards achieving these global targets.

In adherence to the Sustainability Disclosure Guidelines of the Nigerian Exchange Group (NGX), we have implemented robust reporting mechanisms to transparently communicate our sustainability efforts and impacts. This ensures that our stakeholders are well-informed about our sustainability performance.

Furthermore, NPF Microfinance Bank Plc is fully committed to the Nigeria Sustainable Banking Principles set forth by the Central Bank of Nigeria (CBN) since 2012. These principles guide our operations towards integrating environmental and social considerations into our business strategies.

Additionally, we uphold the Global Reporting Initiative (GRI) Standards to enhance the quality and transparency of our sustainability reporting. By following these internationally recognized guidelines, we strive to benchmark our performance and improve accountability.

This report is prepared in line with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the ISSB in June 2023, which are the first IFRS sustainability disclosure standards.

Looking ahead, we are determined to further embed sustainability into our corporate culture, emphasizing responsible lending practices, financial inclusion, and community engagement. Our aim is to create long-term value for all stakeholders while minimizing adverse impacts on the environment.

In closing, I extend my sincere gratitude to all our shareholders and stakeholders for their unwavering support, trust, and patronage. Your interest in and commitment to our sustainability journey are vital as we collectively work towards a more sustainable and inclusive future.

Thank you.



Habib A. Yusuf  
Managing Director

# Chairman Sustainability Committee



Dear Stakeholder,

It is great pleasure that I present to you the sustainability report of the bank for 2023. This year's theme "Seeding a sustainable Future: Our progress and possibilities" reflects our commitment to creating a better, more sustainable future for future generations.

As the Head of Enterprise Risk Management and the chairman of the Sustainable Committee, I am proud to say that our bank has made significant strides in advancing our sustainability efforts. We have implemented various initiatives aimed at reducing our environmental footprint, supporting our communities and promoting social equity. One of our key initiatives has been to invest in renewable energy sources and energy efficiency measures to reduce our carbon emissions. We have also partnered with local communities and empowered disadvantaged groups through financial inclusion programs.

Looking ahead, the possibility for our bank is endless. By continuing to prioritize sustainability in all aspects of our operations, we can pave the way for a brighter, more inclusive future for all. Together, we can make a lasting impact on the world around us and ensure a sustainable future for generations to come.

I want to express my gratitude to our Shareholders, Partners and to the staff of the bank for your unwavering dedication to our sustainable journey. Your continued support and commitment are essential to our success and progress.

Thank you for joining us on this important mission and for believing in the power of sustainability to create a better world. Together, we can achieve great things and make a positive impact that will echo through time.

A handwritten signature in blue ink, appearing to read 'Issac Jackson', written over a white background.

Isaac Jackson

# Board of Directors



**CP. DAMILOLA SAMUEL ADEGBUYI (RTD)**  
Chairman



**MR. HABEEB A. YUSUF**  
Managing Director



**MR. JOHN KWABE TIZHE**  
ED, Operations



**MRS OLAMIDE AKIN-BALOGUN FCA**  
Executive Director Finance & Administration



**MR. SAID GARBA FAGGE**  
Non-Executive Director



**AIG OYEDIRAN ADESOYE OYEYEMI**  
Non-Executive Director



**CSP LYDIA ENEMONA AMEH**  
Non-Executive Director



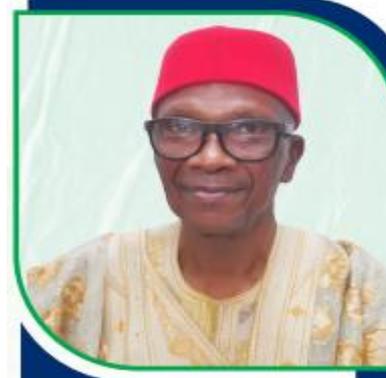
**AIG. IDRISU DABBAN DAUDA**  
Non-Executive Director



**MR. MUTALIB ATANDA AKINLADE**  
Independent Non-Executive Director



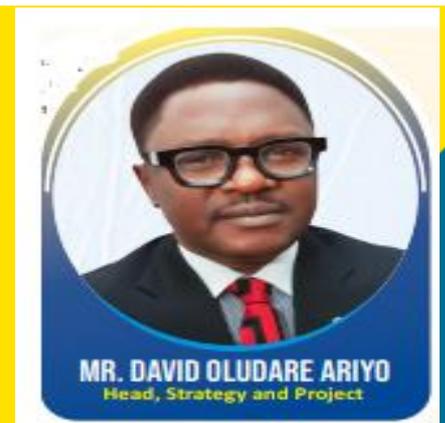
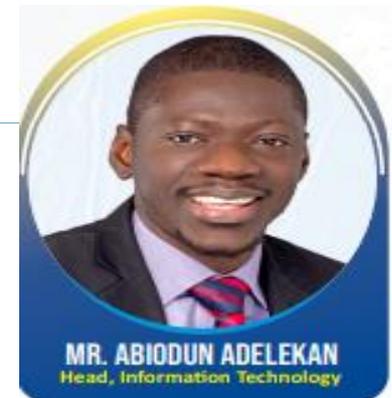
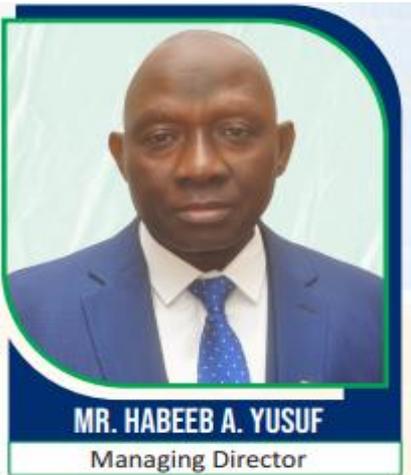
**MR. ADUOJO FRIDAY ABAH**  
Independent Non-Executive Director



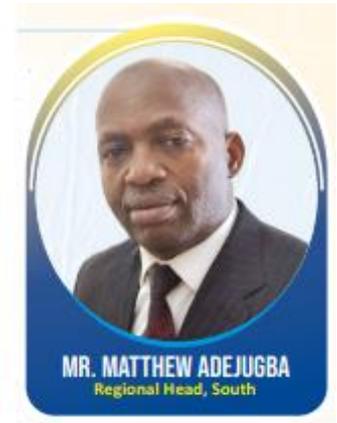
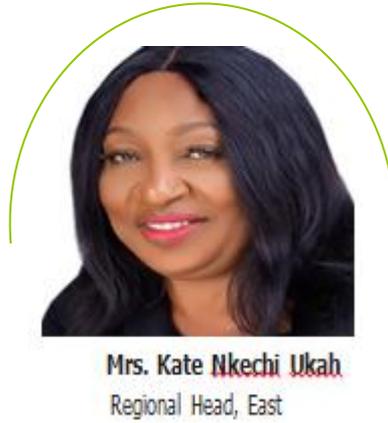
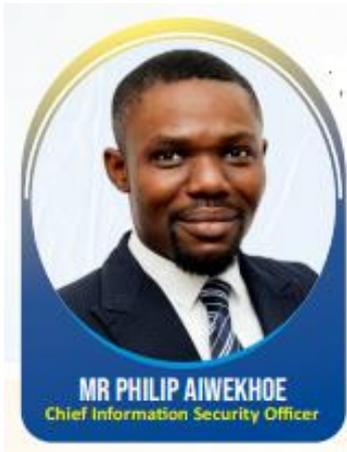
**BARR. SUNDAY FELIX CHUKWURAH**  
Non-Executive Director



# Management



# Management



Toll Free: 0800 800 8008, 08009009009  
[www.npfmicrofinancebankplc.ng](http://www.npfmicrofinancebankplc.ng)

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# SUSTAINABILITY REPORT



*Seeding a sustainable future,  
our progress and possibilities*

## OUR SUSTAINABILITY STRATEGY

We believe that sustainability is the foundation of our long-term growth and profitability. Not only is it an integral part of our overall business strategy, but it is also the right thing to do. It is the right thing for our customers, suppliers, shareholders, communities and for our staff as core members of the Bank and we will continue to drive our sustainability initiatives with a focus on promoting responsible business practices, environmental quality, social justice, and creating shared value for our stakeholders.

Our sustainability initiatives are aligned with the Sustainable Development Goals, (SDGs), the Nigerian Sustainable Banking Principles (NSBPs), and the principles of Sustainability Disclosure Guidelines of the Nigerian Exchange Group.

## **ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) MATERIALITY ASSESSMENT**

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At NPF Microfinance Bank Plc (NPF MFB), our capacity to generate value over short, medium, and long terms is impacted by material issues, which are the sustainability factors that are most important to our internal and external stakeholders.

Our materiality assessment and mapping processes play a crucial role in prioritizing and directing resources towards the most impactful Environmental, Social, and Governance (ESG) issues.

During the reporting period, we conducted a review of our materiality assessment to carry out an internal assessment to determine factors that are significant for our business. We also engaged our stakeholders using a survey to determine the issues that are important to them.

## **ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) MATERIALITY MATRIX**

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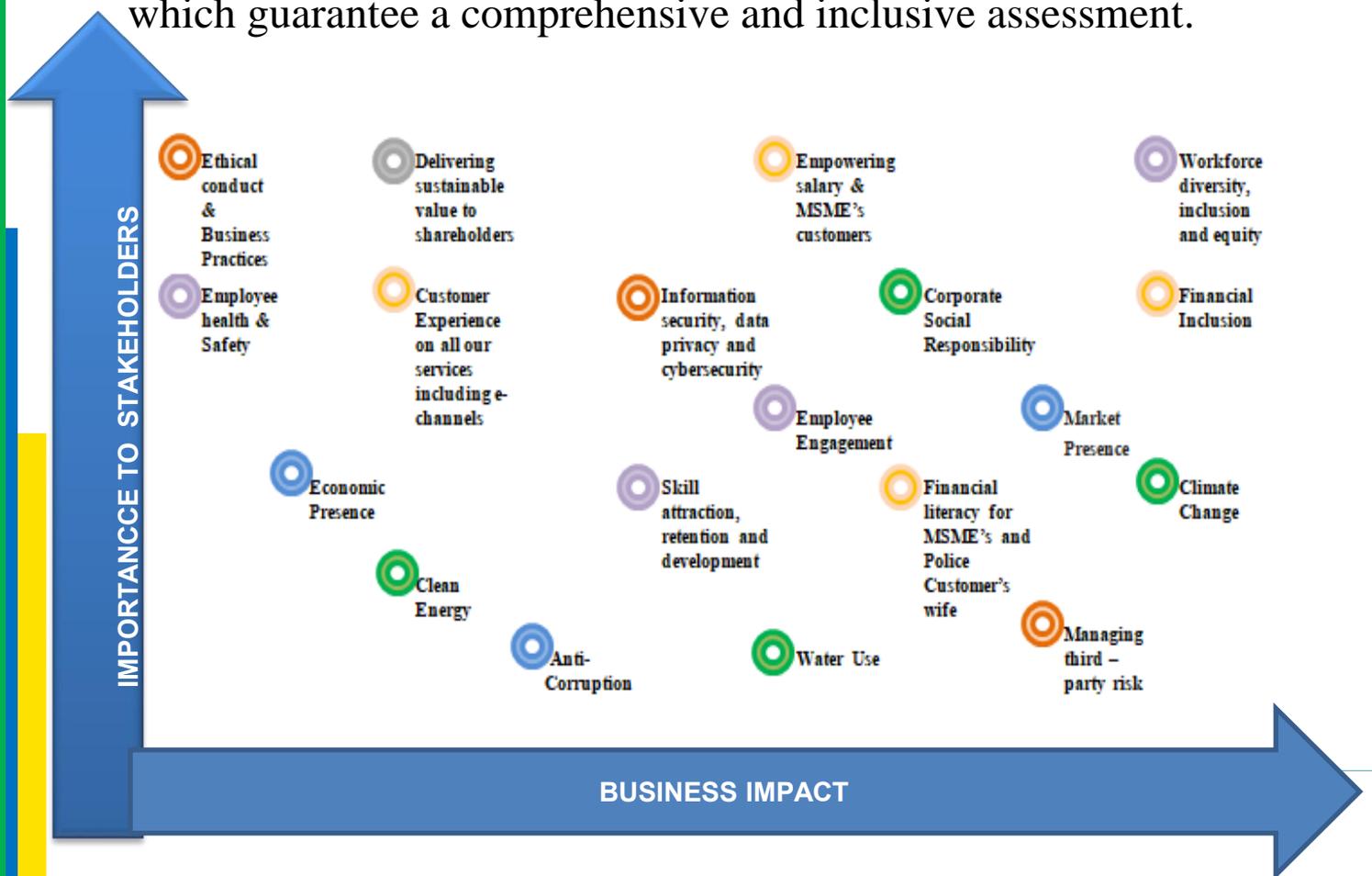
Our materiality matrix is a result of data analyzed from the materiality assessment. Given the survey responses, the issues are ranked in order of importance in the matrix below.

The matrix is helpful in displaying the top concerns as determined by both internal and external stakeholders. We were able to concentrate on environment, social and governance (ESG) issues that were in line with stakeholder priorities and our collective sustainability goals which guarantee a comprehensive and inclusive assessment.

# ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) MATERIALITY MATRIX

Our materiality matrix is a result of data analyzed from the materiality assessment. Given the survey responses, the issues are ranked in order of importance in the matrix below.

The matrix is helpful in displaying the top concerns as determined by both internal and external stakeholders. We were able to concentrate on environment, social and governance (ESG) issues that were in line with stakeholder priorities and our collective sustainability goals which guarantee a comprehensive and inclusive assessment.



## Our Strategic Value Drivers

- Client Focus
- Employee Engagement
- Risk Conduct
- Environmental
- Economic Impact
- Financial Outcome Impact

# Stakeholder Engagement

NPF Microfinance Bank Plc is committed to ensuring that sustainability is integral to all its operations, stakeholders, both internal and external which include our shareholders, customers, employees, regulators and government, suppliers, media and the communities in which we operate.

We engage our different stakeholders on a continuous basis to understand their priorities and issues that are important to them as they relate to our business goals and ensure to respond effectively.

Effective stakeholder engagement is pivotal in preserving and reinforcing our legitimacy and enhancing our stand as an ethical and socially conscious bank.

**NPF**  
Microfinance Bank Plc  
*making life better for all*

**01**  
**Back to school loan**  
Payment of school fees.

**02**  
**Edu coach loan**  
Teacher's personal loans

**03**  
**Edu upgrade loan**  
Upgrade of school facilities

**04**  
**Edu collection Account**  
Collection of School Fees

**05**  
**Edusave Account**  
Parent/ student educational savings.

**06**  
**TVET**  
Payment for vocational and professional exams.

**Edufinance Products**

**Simply dial**  
**\*5757#**

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Download on the App Store | Get it on Google play

**TOLL FREE LINE:**  
**08008008008**  
**08074550522**

**NPF Microfinance Bank**  
@npfmfb

Stakeholder	Why we engage	How we engage
Shareholders/ Investors	<ul style="list-style-type: none"> <li>▪ We engage shareholders and investors by keeping them abreast on reliable and regular information that complies with legal and regulatory requirements.</li> <li>▪ To ensure transparency in our disclosure to the investor community.</li> <li>▪ To provide consistent, and timely information on the performance and strategy of the bank.</li> <li>▪ Solicit their feedback and suggestions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual General Meetings (AGM)</li> <li>▪ Annual and Quarterly reports</li> <li>▪ Investor Relations Page on the Bank's Website.</li> <li>▪ Corporate actions</li> <li>▪ Quarterly Results, announcement and conference calls</li> </ul>
Customers	<p>We engage with our customers to fully understand their unique requirements and preferences in order to create service/solutions that are genuinely catered to their requirements.</p>	<ul style="list-style-type: none"> <li>▪ Periodic communications to customers via emails, social media platforms, website, SMS, and phone calls on new products and services or concerning other matters.</li> <li>▪ Direct engagement in branches, meeting points or cash centers for walk-in customers, c</li> <li>▪ Customer satisfaction surveys.</li> <li>▪ Customers' forum</li> <li>▪ Relationship Managers' visit</li> </ul>
Employees	<ul style="list-style-type: none"> <li>▪ We create a compelling employee value proposition and collaborative environment connections with our staff by consistently engaging them, which attracts and keeps top talent that helps us achieve our strategic goals.</li> <li>▪ The employees of NPF Microfinance Bank Plc are fundamental to delivering its strategic intent.</li> <li>▪ They provide the main competitive advantage for driving profit, revenue, and growth.</li> </ul>	<ul style="list-style-type: none"> <li>▪ End-of-year Christmas party organised to allow employees to bond and have fun after the year's work.</li> <li>▪ Microsoft Teams, Office 365</li> <li>▪ Performance appraisal</li> <li>▪ Internal Memos</li> <li>▪ Training, mentorship and leadership programs when organized</li> <li>▪ Through emails, phone calls and SMS</li> <li>▪ Staff satisfaction surveys</li> </ul>
Regulators & Government	<ul style="list-style-type: none"> <li>▪ We engage with regulators, policymakers, and legislators on policy and regulatory matters that impact our operations and operating environment to ensure effective compliance to regulatory laws and regulations.</li> <li>▪ To maintain an open, honest and transparent consultation with regulators.</li> <li>▪ To minimize our operational and regulatory risks</li> </ul>	<ul style="list-style-type: none"> <li>▪ We invested in developing the skills of our employees through trainings on anti-corruption, bribery and money-laundering detection and prevention.</li> <li>▪ We ensured compliance with regulatory requirements of the Central Bank of Nigeria, Nigerian Exchange Limited, Financial Reporting Council, Nigeria Deposit Insurance Corporation (NDIC), and all other relevant regulators.</li> </ul>

Stakeholder	Why we engage	How we engage
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▪ we engage with our suppliers and business partners to protect and encourage the integrity and sustainable practices across our supply chain and ensure we are aligned in terms of expectations and standards.</li> <li>▪ To ensure a timely delivery of products and services to enhance our operation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ we manage our relationships with suppliers through service level agreements and direct engagements.</li> <li>▪ Letters and phone calls</li> <li>▪ Meetings</li> <li>▪ On-site visits and inspections</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>▪ We engage with the media to support accurate and well-informed reporting.</li> <li>▪ To safeguard and manage our reputation;</li> <li>▪ To use the media's power and reach to convey our sustainability narrative;</li> <li>▪ To notify them immediately and honestly; and</li> <li>▪ To express our views with influencers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ We have a dedicated marketing and communications team that engages the media through agencies to ensure that information disseminated to the public is done professionally and according to the bank's external communications policy. Our Shared Value (Stakeholder Engagement)</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>▪ By engaging and collaborating with communities we can address critical social challenges and build a more equitable and sustainable future.</li> <li>▪ Raise awareness of our environmental activities.</li> <li>▪ Give back to the community in which we work.</li> <li>▪ Cultivate relationships and alliances that will support our sustainability goals.</li> <li>▪ Empowerment program, and marketing forums to develop financial skills organized semiannually for women and young girls.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Key engagements includes projects, sponsorships donations and raffle draws for scholarship, executed across regions in Nigeria</li> <li>▪ We regularly engage the local communities where our business premises are situated. Example of such engagement is Aswani market day, Ikorodu Oga Day, etc.</li> </ul>

# OUR ENVIRONMENTAL FOOTPRINT

The Bank has shown its further improvement and growth in terms of sustainability in the year 2023 to show our continued commitment to responsible energy consumption. The Bank has maintained and improved on the following:

- The bank has an environmentally friendly waste management practices to reduce environmental pollution and we have taken steps by supplying 3-coloured waste separation bins in our head office and branches towards effective waste separation process. It is also part of our Waste Management policy to auction obsolete items to staff through bidding processes.
- Paperless Initiative/ the culture of recycling used papers; there is further improvement by the introduction of the Docu-sign to reduce the usage of paper.
- Use of efficient water systems
- The Bank encourages responsible energy consumption and so it has 6 solar-powered ATMs, 11 Solar/hybrid-powered branches and a cash centre.
- Use of LED lights

## ENERGY CONSUMPTION

- a. We ensure energy consumption reduction by switching off energy sources that are not in immediate use. (We sensitize the staff and also put signage on the strategic part of the bank as reminder)
- b. The use of renewable and environmentally friendly energy sources for business operations.
- c. LED energy savings bulbs in all our branches.



# **OUR SOCIAL FOOTPRINT**

We seek to make an impact on the society and communities. This is done by contributing positively to social issues, welfare and sustainable development. The Bank has achieved this through its employment practices by being open about its recruitment policy and ensuring best candidates are selected for each role.

## **OUR PEOPLE**

People possess diverse knowledge and expertise across various fields. This brings about innovation and solution to sustainability challenges. People are considered our greatest asset as they are vital to the growth and development of the Bank, when we say our people this includes our customers, staff and society where we operate.

Our people are our most valued asset:

- Behaviourial Change - people play a vital role in the adoption and promotion of sustainable behaviors in their daily lives, communities and workplaces. Since sustainable practices rely on individual change, it is pertinent that people are valued assets.
- Collaboration - To achieve sustainability goals there must be collaborative and collective efforts to ensure this collaboration is done by the people.
- Education and awareness- Awareness and enlightenment are raised and communicated effectively by the people in the organization, society and community.

Overall, the active participation and commitment of people in all facets of the society is essential for the achievement of sustainability goals.

## **COMMUNITY ENGAGEMENT**

Our immediate communities have been engaged through various platforms such as international women's day celebration, free medical checks, Philanthropic activities such as giving back to the society through outreaches to various places.

### TRAINING & DEVELOPMENT

The Bank ensures through various fora that employees are informed on matters concerning them. Formal channels are employed in communication with employees with an appropriate feedback mechanism. As part of our corporate values to continually train our employees to become the best professionals, the training plan was designed to deploy various trainings in different categories.

All staff are trained on sustainability with emphasis on local and global trends, and the impact of our business on climate change. Our training programs are a mix of in-house and computer-based sessions via our robust e-learning platform. We value our competent workforce and ensure that we make deliberate significant investments in their training and capacity.

### OUR SUSTAINABILITY INITIATIVES

---

1. Visit to Orphanage Homes:
  - Shining Light Orphanage Home in Benin City and Enugu on the 18<sup>th</sup> of October 2023 and 13<sup>th</sup> October 2023 respectively.



## OUR SUSTAINABILITY INITIATIVES Cont,

- Holy Trinity Sisters of the Needy in Onitsha on 8<sup>th</sup> September 2023



- Halal Children Home in Abuja on the 19<sup>th</sup> September 2023



- Vicorine Home for Children, visited in Abuja on the 20<sup>th</sup> September 2023



- Hope Orphanage Akure on the 30th August 2023.



- Donation made to Pacilli School of the Blind Lagos



## 2. Awards presented by the Bank:

Award of Excellence presented to C/ASP David Isreal Onoweneri as Overall Best Cadet Officer in Academics & Professional Duties for the Regular Course 5 ASP set of the Nigeria Police Academy Wudil, Kano  
Sword of Honor presented to C/ASP Divine Dike as General Number 1 for the Regular Course 6 ASP set Nigeria Police Academy Wudil, Kano.  
Merit Award presented to Adeola Muhammed O. as Best Cadet Officer in Character for the Regular Courses 5 ASP set of the Nigeria Police Academy Wudil Kano.



3. Awards received by the Bank

The Most Impactful MSMES Lending in the North -West of the Country” presented by DBN;



- Nigeria Microfinance Platform (NMP) presented to NPF Microfinance Bank the “Most Supportive Microfinance Bank of the year” – Capacity Building Category 2023



4. First Raffle Draw on our Kids Education Promo (KEA):

This event took place on 26<sup>th</sup> May 2023 winners won various prizes in naira.

- 5. Introduction of our Halal Savings Account for Muslim faithful: During a Walk for Fitness by NASFAT women’s wing on 18<sup>th</sup> November 2023.



6. Cost Saving:

Online trainings and meetings.

We have adopted series of virtual internally with Office 365 and the subscription into e-channels like, Skype, zoom for executives and board meetings which have reduced the cost of travelling amongst Executives and Board members as well as reducing wear and tear of our vehicles.

## 7. Our Banking Infrastructure:

- a. We invested in banking infrastructure that promotes 100% end to end transaction processing to reduce customers' commute time through the use of digital banking in our operations USSD, Mobile App and Internet Banking Platforms.
- b. We have adopted cloud computing to improve on the following:
  - Office 365 and Microsoft Team
  - Backup solution.
- c. The network has grown from 38 branches to 49 branches and Head- office integrated online real-time.
- d. Talent/Resource Management: Hired 3 experts to Improve segregation of duty and up-skilling.
- e. Introduction of Electronic Signature – Docusign.

## 8. Emission Reduction:

The Bank has adopted the use of solar power for its ATM machines. We currently have 6 solar powered ATMs across our branches.

## 9. Waste Management:

- a. The bank has environmentally friendly waste management practices to reduce environmental pollution.
  - b. It is our policy to auction obsolete items to staff through bidding processes for reuse.
  - c. Beautification of the environment, with flowers planted in strategic locations.
10. Think Green Initiative

NPF Microfinance Bank Plc has created essential awareness of the sustainable green environment for a transformation in the impact of climate change

The Signage is mounted in strategic places at head office and in all branches with encryption “**THINK GREEN PROTECT THE ENVIRONMENT**”.



## **11. Cyber Security in the Banking Operations:**

Cyber Security ensures the protection of critical information assets of the bank from Confidentiality, Integrity and Availability risks faced by them.

Looking at the regulatory guideline by CBN on setting security architecture, we put in place measures to strengthen our current situation. The following key projects and initiatives were achieved during the period:

- Data Loss Prevention Solutions
- Migration of ISO to the latest version which is the ISO 27001:2022 standard.
- Cyber Month 2023
- Information Security Risk Assessment
- Review of 16 ISO 27001 Surveillance Audit Policies
- Implementation of 2 New Policies (Cyber Security and Data Protection)
- Performance Evaluation Tracker
- 6 Simulated Phishing Test(Awareness Platform)
- 17 Awareness Training both (Physical and Virtual trainings to create awareness)
- 604 Security Incidents Event
- 2 major Projects on Data Loss Prevention & ISO 22001:2022)
- All the key initiatives aligned with the strategic key pillars of the bank.

## **12. Other Corporate Social Responsibility**

- |  |   |
|--|---|
| a. Sponsoring of Nigeria Police Force Academy sports competitions.           | c. Distribution of souvenirs to customers during the unveiling of new products. |
| b. Distribution of souvenirs to customers during the Customers Service Week. | d. Distribution of gift items to some dignities at the end of the year.         |

### 13. NPF MFB Social Gatherings:

- Christmas Carol:



- Celebrating our customers during the 2023 Customers Service Week held on the 6<sup>th</sup> of October 2023:



- 2023 End of the year Lagos party: It which took place at Hall 002; The Grandeur, 7 Billings Way, Oregon, Ikeja.







# Festival Promo Account

- Save towards a festival of your choice e.g salalah, christmas, birthdays
- Enjoy High interest rate on savings
- Target savings of your dream holiday trips, new house, or new car, Etc

Simply dial

## \*5757#

**TOLL FREE LINE:**  
08008008008  
08074550522

**NPF MICROFINANCE BANK PLC**  
 NPF Microfinance Bank @npfmb  
 Download our mobile app.

## ✓ ECONOMIC

### FINANCIAL SCORECARD

Amid these economic conditions which were not business-friendly during the period, NPF Microfinance Bank Plc. demonstrated exceptional resilience. Our 2023 operating results highlight shows strong performance, driven by our commitment to customer-centric services and operational efficiency.

Gross Earnings improved by 43.98% with the ₦10.30Billion recorded in the year when compared with ₦7.15Billion earned in 2022. Net operating income improved by 46% from ₦6.38Billion to ₦9.33Billion in 2023. Total Operating Expenses increased by 52% from ₦5.06Billion to ₦7.68Billion. The increase was as a result of increased staff cost and other operating cost due to rising inflation in the economy. The Profit Before Tax increased by 24.93% from ₦1.32Billion to ₦1.65Billion while the bank posted a Profit After Tax of ₦966Million representing 9.52% increase over last year's ₦882Million. Loans and Advances to customers as at December 2023 represent a fall from ₦23.49Billion in December 2022 to ₦21.55Billion in December 2023 representing a decrease of 8%. The bank recorded an impressive PAR(Portfolio At Risk) of 5.05. Deposit Liabilities improved by 44% from ₦18.76Billion to ₦26.94Billion attesting to Management dogged marketing effort. Total Assets grew to ₦44.89Billion in year 2023 from ₦34.49Billion in year 2022 representing a growth rate of 30%. Equity of the bank stood at ₦10.92Billion at the year end. The bank had been able to grow the Equity by 3% above the closing figure of ₦10.57Billion for year 2022.

### OPERATING RESULTS

Highlights of the Bank's operating results for the year ended 31 December 2023 are as follows:

<i>In thousands of naira</i>	31-Dec-2023	31-Dec-2022
Profit before tax	1,614,377	1,324,166
Income tax expense	(594,947)	(441,938)
Profit after tax	<u>1,019,430</u>	<u>882,168</u>
Total comprehensive income	<u>1,011,632</u>	<u>883,816</u>
Basic and diluted earnings per share (kobo)	<u>17</u>	<u>15</u>

### DIVIDENDS

The Board of Directors recommended a cash dividend of 12 kobo per share (issued and paid-up shares) for the year ended 31 December 2023 (31 December 2022: 10 kobo). This is subject to approval at the Annual General Meeting.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

### DONATIONS

As part of our commitment to the development of our primary community and to identify with the aspirations of various sections of the society, the Bank made contributions to charitable and non-political organisations amounting to ₦711,923 (31 December 2022: ₦1,758,000) during the year. This comprises contributions to educational organisations amongst others as listed below:

Donations made during the year ended 31 December 2023 are as follows:

	₦
Pacelli School for the Blind, Lagos	100,000
Police Children Schools (Akure, Challenge, Initoro, Epe, Idimu, Ikeja, Enugu, etc)	310,000
Nigeria Police Widows Association, Lagos	20,000
NPF Educational Research and Planning	15,000
Police College, Ikeja	50,000
Police Secondary Schools (Akure, Abeokuta)	140,000
Orphanage Home	76,923
	<u>711,923</u>

The following donations were made during the year ended 31 December 2022.

	₦
Police Academy, Kano	320,000
Microfinance Learning and Development Centre	250,000
Police Training School, Akure	250,000
Chartered Institute of Bankers of Nigeria	250,000
Association of Enterprise Risk Management Professionals	100,000
Association of Professional Bankers of Nigeria	250,000
Police Children Schools (Akure, Challenge, Idimu, Ikeja, Lokoja)	<u>338,000</u>
	<u>1,758,000</u>

### FRAUD AND FORGERIES

Nature of Fraud	No. of Incidence		Fraud Amount (₦)		Actual Loss to the Bank (₦)	
	2023	2022	2023	2022	2023	2022
Perpetrated by staff	3	2	4,204,580	2,863,835	1,832,080	-
ATM Electronic Fraud	-	-	-	-	-	-
Total	3	2	4,204,580	2,863,835	1,832,080	-

#### Perpetrated by staff

The sum of ₦2,372,500 has been recovered from the fraud perpetrated by staff. This represents 56.4% recovery of the total fraud amount.

## DIVERSITY AND INCLUSION

At NPF Microfinance Bank Plc, we understand that for us to thrive and achieve our vision to be the clear leader in the provision of Microfinance services, we must build a diverse and inclusive workforce that reflects the totality of our customer base. The Bank operates a non-discriminatory policy in the consideration of applications for employment. The Bank seeks to achieve an appropriate mixture of female representation at the top management level. Though this is yet to be achieved on the Board as indicated below, we are currently working to ensure more female representation of the Board.

The number and percentage of men and women employed in the Bank and the Board's composition during the year ended 31 December 2023 were as follows:

	Number			Percentage	
	Male	Female	Total	Male	Female
Employees (2023)	291	229	520	56%	44%
Employees (2022)	313	244	557	56%	44%
Top Management(2023)	22	16	38	58%	42%
Top Management(2022)	23	16	39	59%	41%
<b>Board</b>					
Executive Directors (2023)	3	-	3	100%	0%
Executive Directors (2022)	3	-	3	100%	0%
Non -Executive Directors (2023)	7	1	8	88%	12%
Non -Executive Directors (2022)	7	1	8	88%	12%

i) The analysis by grade of employees is as shown below:

GRADE LEVEL	31 December 2023			31 December 2022		
	Male	Female	Total	Male	Female	Total
Manager (M)	5	5	10	4	10	14
Senior Manager (SM)	8	6	14	10	4	14
Assistant General Manager (AGM)	7	2	9	4	-	4
Deputy General Manager (DGM)	1	-	1	3	-	3
General Manager (GM)	3	1	4	2	2	4
<b>TOTAL</b>	<b>24</b>	<b>14</b>	<b>38</b>	<b>23</b>	<b>16</b>	<b>39</b>

ii) Analysis of Directors by gender:

	31 December 2023			31 December 2022		
	Male	Female	Total	Male	Female	Total
Managing Director	1	-	1	1	-	1
Executive Directors	2	-	2	2	-	2
Non - Executive Directors	7	1	8	7	1	8
<b>TOTAL</b>	<b>10</b>	<b>1</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>11</b>

# CORPORATE GOVERNANCE

## WHISTLE-BLOWING PROCESS

The Bank is committed to the highest standards of openness, probity and accountability hence the need for an effective and efficient whistle blowing process as a key element of good corporate governance and risk management.

Whistle blowing process is a mechanism by which suspected breaches of the Bank's internal policies, processes, procedure and unethical activities by any stakeholder (staff, customers, suppliers and applicants) are reported for necessary actions.

It ensures a sound, clean and high degree of integrity and transparency in order to achieve efficiency and effectiveness in our operations.

The reputation of the Bank is of utmost importance and every staff of the Bank has a responsibility to protect the Bank from any person or act that might jeopardize its reputation. Staff are encouraged to speak up when faced with information that would help protect the Bank's reputation.

An essential attribute of the process is the guarantee of confidentiality and protection of the whistle blower's identity and rights. It should be noted that the ultimate aim of this policy is to ensure efficient service to the customer, good corporate image and business continuity in an atmosphere compliant to best industry practice.

The Bank has a Whistle Blowing channel via its website, dedicated telephone hotlines and e-mail address in compliance with Section 6.1.12 of the Central Bank of Nigeria (CBN) post-consolidation Code of Corporate Governance for Banks in Nigeria.

The Bank's Head of Internal Audit is responsible for monitoring and reporting on whistle blowing.

## SECURITIES TRADING BY INTERESTED PARTIES

The Bank has in place a policy on trading in her Securities on terms no less exciting than the required standard set out in the Nigeria Exchange Listing Rules. The policy prevents employees, Directors and related individuals/companies from insider

dealings on the shares of NPF Microfinance Bank Plc and related parties. The essence of the policy is to prevent the abuse of confidential non-public information that may be gained during the execution of NPF Microfinance Bank's Business.

All Directors of the Bank have complied with the listing rules of the Nigeria Exchange regarding securities transactions by Directors.

The Annual General Meeting of the Bank is the highest decision-making forum. Shareholders are opportuned to express their opinions on the Bank's financials and other issues affecting the Bank at such forum. The Bank encourages shareholders to participate in the affairs of the Bank.

## PROTECTION OF SHAREHOLDERS' RIGHTS

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly voting rights at General Meetings of the Bank. All are treated equally, regardless of volume of shareholding or social status.

## SHAREHOLDERS' MEETINGS

Shareholders' meetings are duly convened and held in line with existing statutory and regulatory regime. The Bank's General Meetings are conducted in a transparent and fair manner. Shareholders have the opportunity to express their opinions on the Bank's financial results and other issues affecting the Bank. The Annual General Meetings are attended by representatives of regulators such as the Nigerian Exchange as well as representatives of Shareholders' Associations.

## COMPLAINT MANAGEMENT

In compliance with the Securities and Exchange Commission (SEC) rules of 2015, the Bank has in place a complaint management policy. The policy sets out the manner in which shareholders make enquiries or register their complaints and how the Bank responds/address shareholder's complaints, issues and other matters that affects their shareholding.

## COMPLAINT CHANNELS

To ensure an effective feedback process, the following channels have been provided for customers to enable them contact the Bank:

Email: [ccare@npfmicrofinancebankplc.ng](mailto:ccare@npfmicrofinancebankplc.ng)

Toll Free Line: 08008008008

## BY ORDER OF THE BOARD



Mrs. Osaro J. Idemudia  
Company Secretary/Legal Adviser

FRC/2013/NBA/0000002319'

19 August 2024

# ANTI- MONEY LAUNDERING (AML) / COMBATING THE FINANCING OF TERRORISM (CFT) / COMBATING THE PROLIFERATION OF WEAPONS FOR MASS DESTRUCTION (CPF)



NPF Microfinance Bank Plc is committed to the fight against all financial crimes which includes Money Laundering, Terrorist Financing and Proliferation Financing, bribery and corruption. The bank understands that Money Laundering and Terrorism Financing have emerged as a foremost financial crime in the global economy; hence the fight against it has become imperative for the sanity of the global financial system.

Subsequent to that, the bank has adopted the Risk Based Approach which is a process that allows us to identify, assess, understand, monitor and mitigate the threats and risks Money Laundering and Terrorism Financing can pose and then develop strategies and measures commensurate to those threats and risks, in order to mitigate them effectively. To this, the Bank has continually implemented a frame work on Anti-Money Laundering ("AML"), Combating the Financing of Terrorism ("CFT") and Countering Proliferation Financing ("CPF"). Strict adherence to this Framework is mandatory for all employees.

## RISK ASSESSMENT

Our bank identifies and assesses the AML/CFT risk profile of the bank. We evaluate the adequacy of the bank's AML/CFT risk assessment processes and fortify them. The bank also allocates needed resources to control and manage the risks identified.

The risk assessment process is to identify, assess and monitor specific products, services, customers, and geographical locations unique to the bank and their possibility of being used as a medium for money laundering and terrorist financing to the end of ensuring that the bank's products and services are not used for laundering funds or terrorist financing.

## KNOW YOUR CUSTOMERS

To ensure that only customers that align with the Bank's risk appetite are on-boarded, duly completed account opening forms, identification documents and other relevant information and documents are obtained from the customer. This is the foundation/ bedrock for on boarding and establishing a business relationship with the customer. The bank has an approved KYC/CDD/EDD policy that guided its operations in that regards. The bank also ensures the validation of the authenticity of the customers' means of identification via an independent approved data base before on boarding new customers.

## STATUTORY AND REGULATORY REPORTING

The regulatory bodies such as the Central Bank of Nigeria (CBN) and the Nigeria Financial Intelligence Unit (NFIU) and other

statutory bodies require that reports are turned in by our bank for any suspicious or reasonable reasons to suspect any fraud regardless of the people or amount involved.

The bank reports to the NFIU in accordance with the provisions of sections 2 of the AML Prohibition and Prevention Act 2022 as amended on Currency Transaction Report (CTR) and Suspicious Transactions Report (STR).

The Bank renders returns on its annual training plan and its implementation alongside other returns as requested by regulators.

## COMPLIANCE MANAGEMENT

Compliance Management in NPF Microfinance Bank cut across all departments and branches of the bank. It ranges from official reporting and whistle blowing, from the branch level to the highest authority. With the escalation procedure for compliance risk in place, the Compliance Department, Enterprise Risk Management Committee (ERMC), Internal Audit Department and the Board through the Board Risk Management Committee (BRMC) and Board Audit Committee (BAC) serve as a medium for reporting compliance risk.

## TRAINING/AWARENESS

NPF MFB have rolled out mandatory AML/CFT/CPF training programme for staff, Management and members of the Board regularly to deepen their understanding and be abreast with requirements, procedures, and current trends of AML/CFT, KYC Principles, Code of Conduct and Business Ethics to make sure that the Team is familiar with them. Awareness is being created for new inductees to be familiar with the AML/CFT laws, KYC principles and other AML/CFT related information.

## TESTING FOR THE ADEQUACY OF THE AML/CFT OPERATIONS

External Examiners and the Internal Audit team of the bank at regular intervals carry out a review of its AML/CFT functions. This is to review the adequacy of its function, resources deployed for the implementation of its process in line with regulatory expectations and make necessary recommendations which are usually implemented for better performance.

## WHISTLEBLOWING

The Bank has a Whistle Blowing Policy which is approved by the Board. This Policy governs the reporting and investigation of improper, unethical, or illegal activities at the Bank, as well as the protection offered to the "Whistle Blowers". All disclosures will be treated with strict confidence and the identity of the Whistle Blower will not be revealed except as required for Security, Regulatory or Legal purposes.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in a manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) guidelines and circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, 2020 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

## Going Concern

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

The financial statements of the Bank for the year ended 31 December 2023 were approved by the directors on 19 August 2024.

## SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



**Mr. Habib A. Yusuf\***  
Managing Director/Chief Executive Officer  
19 August 2024



**CP Samuel Damilola Adegbuyi (Rtd)\***  
Chairman  
19 August 2024

*\* The Bank obtained waiver from the Financial Reporting Council of Nigeria (FRCN) to enable the Managing Director and the Board Chairman sign the financial statements.*

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

<i>In thousands of naira</i>	Note	31-Dec-2023	Restated* 31-Dec-2022
<b>ASSETS</b>			
Cash and cash equivalents	16	17,487,783	6,499,404
Investment securities*	19	1,869,183	1,228,981
Loans and advances to customers*	18	21,552,344	23,498,147
Pledged assets*	17	1,889,342	1,480,126
Other assets	20	558,619	413,758
Property and equipment	21	1,531,263	1,356,632
Intangible asset	22	2,047	18,617
<b>TOTAL ASSETS</b>		<b>44,890,581</b>	<b>34,495,665</b>
<b>LIABILITIES</b>			
Deposits from customers	23	26,939,651	18,765,262
Current tax liabilities*	15(b)	676,470	401,054
Other liabilities*	25	4,166,778	2,213,595
Borrowings*	24	2,065,020	2,413,159
Deferred tax liabilities*	15(c)	52,462	124,730
<b>TOTAL LIABILITIES</b>		<b>33,900,381</b>	<b>23,917,800</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	26	2,996,477	2,996,477
Share premium	27(a)	4,166,786	4,166,786
Retained earnings	27(b)	1,851,312	1,207,473
Fair value reserve	27(c)	(13,147)	(5,349)
Statutory reserve	27(d)	1,988,772	1,733,915
Regulatory risk reserve	27(e)	-	478,563
<b>TOTAL EQUITY</b>		<b>10,990,200</b>	<b>10,577,865</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>44,890,581</b>	<b>34,495,665</b>

\*Refer to note 36 for changes to the presentation of the comparative figures

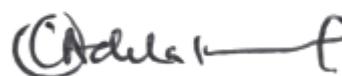
The financial statements were approved by the Board of Directors on 19 August 2024 and signed on its behalf by:



**CP Samuel Damilola Adegbuyi (Rtd)**  
Chairman



**Mr. Habeeb A. Yusuf**  
Managing Director/Chief Executive Officer



**Mrs. Olamide M. Akin-Balogun**  
Chief Financial Officer  
FRC/2015/ICAN/00000011044

Additionally certified by:

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

<i>In thousands of naira</i>	Note	31-Dec-2023	Restated* 31-Dec-2022
Gross earnings		10,300,216	7,153,510
Interest income calculated using the effective interest method	8	9,353,656	6,319,818
Interest expense	9	(963,224)	(768,024)
<b>Net interest income</b>		8,390,432	5,551,794
Fee and commission income*	10	938,104	832,908
<b>Revenue</b>		9,328,536	6,384,702
Other income*	11	8,456	784
Net impairment loss on financial instruments	12	(864,063)	(143,257)
Personnel expenses	13	(3,355,786)	(2,566,131)
Other operating expenses*	14	(3,104,150)	(2,059,170)
Depreciation of property and equipment	21	(380,477)	(266,712)
Amortisation of intangible assets	22	(18,139)	(26,050)
<b>Profit before tax</b>		1,614,377	1,324,166
Income tax expense	15(a)	(594,947)	(441,998)
<b>Profit for the year</b>		<b>1,019,430</b>	<b>882,168</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Equity investment at fair value through OCI	19(a)	(7,798)	1,648
<b>Other comprehensive income for the year</b>		<b>(7,798)</b>	<b>1,648</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,011,632</b>	<b>883,816</b>
Basic and diluted earnings per share (kobo)	32	17	15

\*Refer to note 36 for changes to the presentation of the comparative figures

## Our Commitment & Progress Report on Nigerian Sustainable Banking Principles (NSBP).

NPF Microfinance Bank Plc has *incorporated all nine (9) principles into our business* in recognition of the Nigerian banking sector’s role and responsibility to signal our commitment to economic growth that is environmentally responsible and socially relevant.

We believe that such an approach, one of sustainable banking, is consistent with our individual and collective business objectives, and can stimulate further economic growth and opportunity as well as enhance innovation and competitiveness in order to seed a sustainable future.

As a bank, we considered the direct impacts on the environment and society arising from our own business operations. We also considered our indirect impacts on the environment and society arising from our capital allocation decisions. We avoided negative impacts on the environment and communities where possible, and where they are unavoidable, they are minimised or offset appropriately.

We believe that adherence to these Principles will provide benefits to our businesses, our clients, our communities and our environment.

*Our performance in NSBP implementation for the 2023 financial year is outlined below:*

Principles	Initiatives by NPFMFB
<p><b>Principle 1 Managing environmental and social risk in the bank’s business transactions.</b></p>	<p>In the delivery of our Business Activities, the Bank may be exposed to Environmental and Social risks which may represent credit and /or reputational risk, that is why we incorporate E&amp;S Risks into our enterprise risk management framework.</p> <p>As part of our strategy, we have screened the projects we support for social and environmental risks and have linked our lending choices and practices with the NSBP's guidelines.</p> <p>We have adhered with our E&amp;S Procedures, which direct all of our business transactions against environmental and social risks, as well as our Sustainable Banking Policies.</p>

Principles	Initiatives by NPFMFB
<p><b>Principle 2</b> Managing environmental and social footprints in the bank's operations</p>	<p>We have made an effort to avoid, minimize, or offset the impacts that our business operations have on the environment and the communities where we operate, as well as to encourage any positive impacts that we can.</p> <p>In managing the environmental and social footprint of the bank, we have developed and ensured compliance with the E&amp;S Footprint Management as a documentation guide.</p> <p>The Bank has achieved this through the Implementation of green initiatives and practices. The reduction in carbon (CO2) emissions from air travel as a result of Zoom/remote meeting technology.</p> <p>Some of our office locations and ATMs are powered by solar-hybrid energy solutions No gender and human rights abuse recorded in 2023 Enhanced community engagement practices. Community engagement- Our immediate communities have been engaged through various platforms such as international women day celebration and free medical checks, Philanthropic activities such giving back to the society through outreaches to various places.</p>
<p><b>Principle 3</b> Safeguarding human rights in our business operations and activities</p>	<p>At NPFMFB, we respect human rights in our business activities. Our robust Human Rights Policy provides guidelines that encourage respect for the rights of employees and other stakeholders.</p> <p>We believe in equal rights for everyone and we maintain zero tolerance for any form of discrimination based on race, colour, religion, gender, (dis)ability, political orientation or marital status.</p> <p>We recognise that having a diversified workforce is crucial to keeping exceptional talents with capabilities that help us sustain our competitive edge.</p>
<p><b>Principle 4</b> Promoting women's economic participation/empowerment through our Business Activities</p>	<p>NPFMFB operates a gender-inclusive workplace culture and promotes initiatives that support the growth and positive contribution of women.</p> <p>The bank has a gender inclusive culture and established initiatives and products to educate and empower women with new skills and provide opportunities for them.</p> <p>We remain committed to supporting promising female entrepreneurs and developing products to meet their business needs.</p>
<p><b>Principle 5</b> Promoting financial inclusion and taking banking products and services to the unbanked population</p>	<p>The bank provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.</p> <p>NPFMFB provides access to a broad range of financial services that support SME development and growth. We also promote consumer protection</p> <p>All our office locations are accessible to the physically challenged.</p> <p>We invested in banking infrastructure that promotes transaction processing to reduce customers' commute time through the introduction of digital banking in our operations.</p>
<p><b>Principle 6</b> E &amp; S governance</p>	<p>We have developed an E&amp;S Governance framework to guide the governance of our sustainability implementation.</p> <p>We have constituted a Board-level Sustainability Banking Governance Committee also called the Risk Management, as well as a management level Sustainability Banking Committee (SBC) to oversee, supervise and enforce the Bank's sustainability objectives through regular analysis and reviews of E&amp;S policies and practices.</p>
<p><b>Principle 7</b> Training and capacity building</p>	<p>We value our competent workforce and ensure that we make deliberate significant investments in their training and capacity building by making provisions in our 2024 BUDGET to ensure that all staff are engaged in Sustainability training.</p>

Principles	Initiatives by NPFMFB
<b>Principle 8</b> <b>Promoting collaborative partnerships</b>	The Bank has collaborated with key financial institutions on sustainability issues via on-lending relationships such as the Development Bank of Nigeria (DBN), other non-financial institutions including African Learning Limited, Emel Solar Energy, Dlight Solar Energy, Green Light Solar Energy, Cottage Asset, African Learning Development, amongst others.
<b>Principle 9</b> <b>Sustainability reporting</b>	We have developed internal metrics and targets for measuring and reporting our performance and progress vis-à-vis sustainability standards, principles and best practices.

## Our commitment & Progress Report on NGX-GRI Sustainability Disclosure

The Nigerian Exchange Group unveiled its Sustainability Disclosure Guidelines in 2018 in conjunction with the Global Reporting Initiative (GRI), to integrate sustainability reporting for listed companies and encourage the adoption of sustainable business practices. We have aligned our policies and practices with the NGX-GRI principles and have incorporated NGX-GRI reporting into our Sustainability Report in line with regulatory expectations.

The following nine (9) principles and the corresponding core elements encompass the indicators of what the NSE defines as responsible business conduct.

Principles	Initiatives by NPFMFB
<b>Principle 1:</b> <b>Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.</b>	<p>We have created governance frameworks, policies, and processes that guarantee moral behavior at all levels and encourage the application of this idea throughout the whole value chain.</p> <p>Additionally, we have guaranteed information access and open communication on our decisions that affect relevant stakeholders.</p> <p>We don't participate in unethical, corrupt, or anti-competitive activities.</p> <p>We fulfill our obligations to make mandatory financial and other disclosures.</p>

Principles	Initiatives by NPFMFB
<p><b>Principle 2:</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.</p>	<p>We make sure that our advocacy positions align with the Principles and Core Elements presented in our annual sustainability report as we undertake policy advocacy in the course of our company.</p> <p>By providing training on anti-corruption, bribery, and money-laundering detection and prevention, we invested in our employees' skill development.</p> <p>We made sure that all applicable regulations were followed, including those set up by the Financial Reporting Council, Nigerian Exchange Group, Central Bank of Nigeria, and other relevant regulators.</p>
<p><b>Principle 3:</b> Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle.</p>	<p>We ensure the promotion of safe usage and disposal of our products and services.</p> <p>At NPFMFB, we engage in responsible procurement practices which address transparency, confidentiality, fairness, child labour, corruption, conflict of interest, support for SME and women-owned businesses, forced labour, social responsibility and Health &amp; Safety.</p>
<p><b>Principle 4:</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner.</p>	<p>As we serve the needs of our customers, we take into account the overall wellbeing of the customers, consumers, and society.</p> <p>We disclose all information truthfully and factually, through relevant and informative means.</p> <p>NPFMFB is committed to conducting business professionally, with integrity and following applicable rules and regulations. We value our customers and ensure that they are always treated fairly and satisfactorily. We offer a range of solutions to our customers, from the most basic to the most sophisticated of financial services.</p> <p>We also provide adequate grievance handling mechanisms to address customer and consumer concerns, and feedback.</p>
<p><b>Principle 5:</b> Businesses should promote the wellbeing of all employees.</p>	<p>At NPF MFB we provide access to the appropriate grievance redress mechanisms. We do not use child labour, forced labour or any form of involuntary labour, paid or unpaid.</p> <p>We provide facilities for the wellbeing of our employees including those with special needs by providing Health Insurance Plan for our employees and putting in place a proactive HSE Policy for smooth and safe operations.</p> <p>We ensure timely payment of fair living salaries of the employees and a workplace environment that is safe, hygienic humane, and upholds the dignity of the employees. At NPFMFB we have built a repository of human capital given our understanding of the value of human capital for organisational success.</p> <p>Our training programmes are a mix of in-house, classroom and computer-based sessions via our robust e-learning platform.</p>
<p><b>Principle 6:</b> Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.</p>	<p>We acknowledge, assume responsibility and are transparent about the impact of our policies, decisions, product and services, and associated operations on the stakeholders.</p> <p>NPFMFB provides access to a broad range of financial services. We also invested in banking infrastructure that promotes end to end transaction processing to reduce customers' commute time through the introduction of digital banking in our operations.</p>

Principles	Initiatives by NPFMFB
<p><b>Principle 7:</b> Businesses should respect and promote human rights.</p>	<p>At NPFMFB, we understand the need to safeguard the rights of people. Our robust Human Resources Policy provides guidelines that encourage respect for the rights of employees and other stakeholders. We believe in equal rights for everyone and we maintain zero tolerance for any form of discrimination based on race, colour, religion, gender, (dis)ability, political orientation or marital status.</p> <p>We recognise that having a diversified workforce is crucial to keeping exceptional talents with capabilities that help us sustain our competitive edge.</p>
<p><b>Principle 8:</b> Businesses should support inclusive growth and equitable development.</p>	<p>NPFMFB understands our impact on social and economic development and responds through appropriate action to minimize the negative impacts.</p> <p>We operate a gender-inclusive workplace culture and promote initiatives that support the growth and positive contribution of women at all levels of our organisation.</p>
<p><b>Principle 9:</b> Business should respect, protect and make efforts to restore environment.</p>	<p>In managing the environmental and social footprint of the bank, we have developed and ensured compliance with the E&amp;S Footprint Management as a documentation guide. Implementation of green initiatives and practices.</p> <p>The reduction in carbon (CO2) emissions from air travel as a result of Zoom/remote meeting technology.</p> <p>Some of our office locations and ATMs are powered by solar-hybrid energy solutions</p> <p>No gender and human rights abuse recorded in 2023</p> <p>Enhanced community engagement practices like cleaning of the banking environment which took place across our regions.</p>



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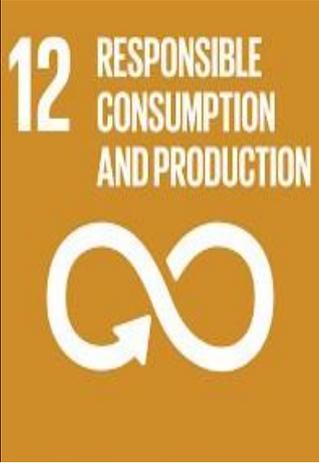
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## OUR COMMITMENT & PROGRESS REPORT ON SUSTAINABLE DEVELOPMENT GOALS (SDGS)

GOALS	TARGETS	NPFMFB CORRESPONDING INITIATIVES
<p><b>1</b> NO POVERTY</p> 	<p>End poverty in all forms everywhere.</p>	<p>The Bank eradicated poverty by offering employment opportunity</p>
<p><b>2</b> ZERO HUNGER</p> 	<p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</p>	<p>a. We collaborated with government as a transitory bank for the National Youth Intervention Fund (NYIF). b. NPFMFB took the initiative towards zero hunger by paying a visit to orphanage homes, distribution of foods item to staff during festive period and rendering assistance to the disable school of the blind</p>
<p><b>3</b> GOOD HEALTH AND WELL-BEING</p> 	<p>Ensure healthy lives and promote well-being for all ages.</p>	<p>A free medical checkup was organized by the Bank to ensure its customers and host community are sensitized on the need for good health.</p>
<p><b>4</b> QUALITY EDUCATION</p> 	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<p>a. Raffle draws were conducted to school students in the form of Kids Education Account (KEA) Promo b. Giving out support to Police children school</p>
<p><b>5</b> GENDER EQUALITY</p> 	<p>Achieve gender equality and empower all women and girls</p>	<p>NPFMFB have continued to maintain the Beta woman product in a bid to eradicate gender inequality. The Bank ensures there is no discrimination based on gender within the Bank as all staff are treated equally.</p>

GOALS	TARGETS	NPFMFB CORRESPONDING INITIATIVES
<b>6</b> CLEAN WATER AND SANITATION 	Ensure availability and sustainable management of water and sanitation for all	NPFMFB maintains the use of water dispenser units in the head office and all branches for consumption of staff and customers.
<b>7</b> AFFORDABLE AND CLEAN ENERGY 	Ensure access to affordable, reliable, sustainable and modern energy	a. We upgraded all our branches electrical fittings to LED energy savings bulbs for energy efficiency. b. 6 solar-powered ATMs, 11 Solar/hybrid-powered branches and a cash centre.
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all	NPFMFB promotes sustained, inclusive and sustainable economic growth through creation of employment opportunities
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Industry, Innovation and Infrastructure	Sponsoring of Nigeria Police Force Academy sport competitions, Cadets Parades and other inter house sport in Police Academy (POLAC) and Ikeja College.
<b>10</b> REDUCED INEQUALITIES 	Reduce inequality within and among countries	a. Financial inclusion: A vast range of products catered to every cadre of clients; b. Ratio of women to men in our work force is almost equal c. We also have persons living with disability in our employees and clients.
<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	Make cities and human settlements inclusive, safe, resilient, and sustainable	The Bank has within the year introduced a product called Halal savings which has zero interest rate and charges.

GOALS	TARGETS	NPFMFB CORRESPONDING INITIATIVES
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns</p>	<p>a. We have taken steps by supplying 3-coloured waste separation bins in our head office and branches towards effective waste separation process. It is also part of our Waste Management policy to auction obsolete items to staff through bidding processes</p> <p>b. Paperless Initiative; Use of LED lights; Use of water efficient taps and flush systems.</p>
 <p><b>13</b> CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> <li>• We ensure energy consumption reduction by switching off energy sources that are not in immediate use. We sensitize the staff and also put signage on the strategic part of the bank as reminder</li> </ul>
 <p><b>14</b> LIFE BELOW WATER</p>	<p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>	<p>As a means of preserving life below water, we ensure proper waste management system and recycling to prevent marine pollution.</p>
 <p><b>15</b> LIFE ON LAND</p>	<p>Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and biodiversity loss</p>	<p>a. As part of the bank's deliberate measures, we deployed the use of solar hybrid power solutions to some branches and ATM locations, as alternative power source, reducing our carbon emission.</p> <p>b. We reduced paper usage from photocopy and printing by about 40% year-on-year and recycled and we have adopted the use of Docu-sign that aids in the process approval for transactions.</p>

GOALS	TARGETS	NPFMFB CORRESPONDING INITIATIVES
<p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p> 	<p>Promote peaceful and inclusive societies or sustainable development; provide access to justice for all and build effective, accountable, and inclusive institutions at all levels</p>	<p>a. NPFMFB has a grievance mechanism in place, providing employees with a platform for reporting grievances and ensuring that grievances are resolved in the best possible way.</p> <p>b. In line with our whistleblowing policy, employees and external parties are encouraged to report all actual or suspected bribery incidents and corrupt practices through our whistleblowing channels.</p>
<p><b>17 PARTNERSHIPS FOR THE GOALS</b></p> 	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>We have established partnerships with public and private sector organizations and international organizations with whom we are united by a shared commitment to lead efforts in sustainable development across multi-sector or industry platforms. E.g partnership with: Central Bank of Nigeria, Bank Of Industry and Development Bank of Nigeria.</p>

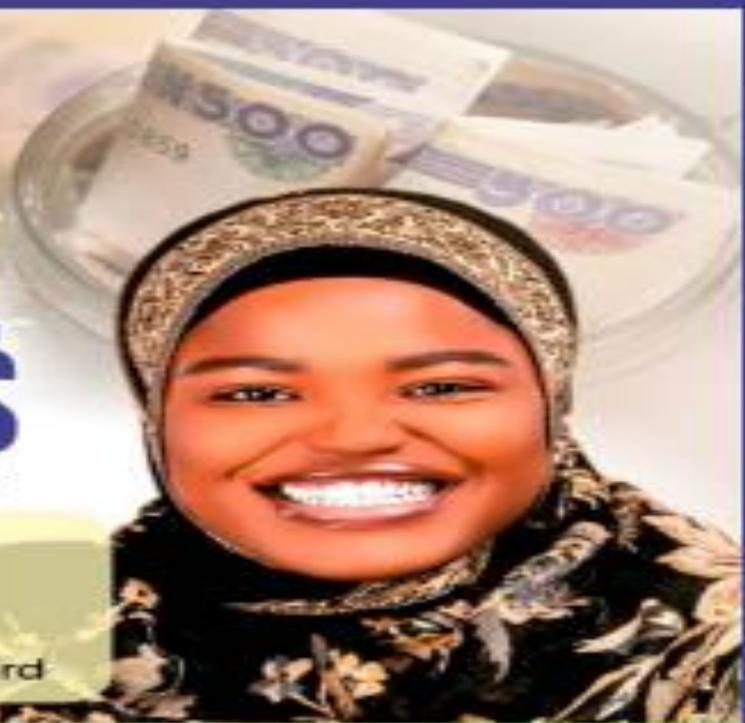


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# Supplementary Information

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## Supplementary Information

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### Reporting year

Information in this report is related to the fiscal year 2023. That is between the months of January 2023 and December 2023.

### Additional reporting

This report complements the bank's annual report and accounts and both reports provide a better picture of our performance within the year under review.

### Contact Information

Registered Address Aliyu Atah House 1, Ikoyi Road, Obalende, Lagos, Nigeria.

Tel: +234 (0)807 4550 514

Tel: +234 (0)807 4550 522

Fax: 234 1 263 6257

Email:

[info@npfmicrofinancebank.com](mailto:info@npfmicrofinancebank.com)

Website:

[www.npfmicrofinancebankplc.ng](http://www.npfmicrofinancebankplc.ng)

### Feedback

Your feedback on the NPFMFB PLC sustainability report is welcomed.

We are interested in hearing what our stakeholders think about our sustainability performance and reporting efforts – and how we can improve both. Please email your thoughts and suggestions to:

#### Mr. Isaac Jackson

Head, Enterprise Risk

Management/Sustainability NPF

Microfinance Bank Plc

Aliyu Atah House 1, Ikoyi Road, Obalende, Lagos, Nigeria.

E: [IJACKSON@npfmicrofinancebankplc.ng](mailto:IJACKSON@npfmicrofinancebankplc.ng)

**This report was compiled and developed by the NPFMFB Sustainable Banking Team**