



NPF MICROFINANCE BANK PLC

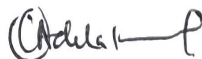
RC. 220824

**3RD QUARTER REPORT
30 SEPTEMBER 2024**

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

<i>In thousands of naira</i>	Note	30-Sep-2024	Audited 31-Dec-2023
ASSETS			
Cash and cash equivalents	16	18,269,077	17,487,783
Investment securities	19	2,325,800	1,869,183
Loans and advances to customers	18	22,858,140	21,552,344
Pledged assets	17	2,800,805	1,889,342
Other assets	20	1,461,131	558,619
Property and equipment	21	1,724,663	1,531,263
Intangible asset	22	(1,521)	2,047
TOTAL ASSETS	(0)	49,438,095	44,890,581
LIABILITIES			
Deposits from customers	23	28,388,965	26,939,651
Current tax liabilities	15(b)	1,157,474	676,470
Other liabilities	25	6,615,591	4,166,778
Borrowings	24	730,386	2,065,020
Deferred tax liabilities	15(c)	52,463	52,462
TOTAL LIABILITIES		36,944,879	33,900,381
CAPITAL AND RESERVES			
Share capital	26	2,996,477	2,996,477
Share premium	27(a)	4,166,786	4,166,786
Retained earnings	27(b)	3,354,329	1,851,312
Fair value reserve	27(c)	(13,147)	(13,147)
Statutory reserve	27(d)	1,988,772	1,988,772
Regulatory risk reserve	27(e)	-	-
TOTAL EQUITY		12,493,217	10,990,200
TOTAL LIABILITIES AND EQUITY		49,438,095	44,890,581

The financial statements were approved by the Board of Directors on 24 October 2024 and signed on its behalf by:



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



Mr. Habeeb A. Yusuf
Managing Director

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

<i>In thousands of naira</i>	Note	30-Sep-2024	Jul - Sep 2024	30-Sep-2023	Jul - Sep 2023
Gross earnings		9,081,147	3,529,338	7,194,368	2,608,427
Interest income calculated using the effective interest method	8	8,094,777	3,053,542	6,547,306	2,362,523
Interest expense	9	(817,348)	(282,557)	(651,939)	(225,992)
Net interest income		7,277,429	2,770,985	5,895,367	2,136,531
Fee and commission income	10	977,527	512,951	640,150	283,312
Revenue		8,254,956	3,283,936	6,535,517	2,419,843
Other income	11	8,843	(37,155)	6,912	(37,408)
Net impairment loss on financial instruments	12	-	-	(50,224)	(49,874)
Personnel expenses	13	(2,558,182)	(1,011,965)	(2,140,459)	(750,305)
Other operating expenses	14	(3,449,187)	(1,244,805)	(1,938,531)	(762,753)
Depreciation of property and equipment	21	(328,843)	(122,581)	(254,975)	(68,200)
Amortisation of intangible assets	22	(3,568)	(1,521)	(14,454)	(3,611)
Profit before tax		1,924,019	865,909	2,143,786	747,692
Income tax expense	15(a)	(481,005)	(216,680)	(535,947)	(186,924)
Profit for the year		1,443,014	649,229	1,607,839	560,768
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Equity investment at fair value through OCI	19(a)	-	-	(12,961)	(17,957)
Other comprehensive loss for the year		-	-	(12,961)	(17,957)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,443,014	649,229	1,594,878	542,811
Basic and diluted earnings per share (kobo)		24	11	21	9

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Risk Reserve	Total
Balance at 1 January 2024	2,996,477	4,166,786	1,851,312	(13,147)	1,988,772	-	10,990,200
Total comprehensive income							
Profit for the year	-	-	1,443,014	-	-	-	1,443,014
Audit adjustments			60,003				60,003
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-
Loss on derecognition of equity investments	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income	-	-	1,443,014	-	-	-	1,443,014
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-
Total contributions and distributions	-	-	-	-	-	-	-
Balance at 30 September 2024	2,996,477	4,166,786	3,354,329	(13,147)	1,988,772	-	12,493,217

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Risk Reserve	Total
Balance at 1 January 2023	2,996,477	4,166,786	1,207,473	(5,349)	1,733,915	478,563	10,577,865
Total comprehensive income							
Profit for the period	-	-	1,607,839	-	-	-	1,607,839
Audit adjustments	-	-	42,188	-	-	-	42,188
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	4,996	-	-	4,996
Total other comprehensive loss	-	-	-	4,996	-	-	4,996
Total comprehensive income	-	-	1,607,839	4,996	-	-	1,612,835
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	(599,295)	-	-	-	(599,295)
Total contributions and distributions	-	-	(599,295)	-	-	-	(599,295)
Balance at 30 September 2023	2,996,477	4,166,786	2,258,205	(353)	1,733,915	478,563	11,633,593

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

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

<i>In thousands of naira</i>	Note	30-Sep-2024	30-Sep-2023
Cash flows from operating activities			
Profit before tax		1,924,019	2,143,786
<i>Adjustments for:</i>			
Depreciation of property and equipment	21	328,843	254,975
Amortization of intangible assets	22	3,568	14,454
Net impairment loss on loans and advances to customers	12	-	50,224
Net impairment loss on pledged assets	12	-	-
Net impairment loss on other assets	12	-	-
Net impairment (gain)/ loss on investment securities	12	-	-
Interest income	8	(8,094,777)	(6,547,306)
Payment of interest on lease liability		(9,142)	-
Interest expense	9	817,348	651,939
Profit on sale of property and equipment	11	(8,843)	(6,912)
Gain on derecognition of lease liability	11	-	-
		(5,038,984)	(3,438,840)
<i>Changes in:</i>			
- pledged assets		(906,322)	(245,355)
- loans and advances to customers		(850,651)	(1,212,153)
- other assets		(462,947)	(4,686,137)
- deposits from customers		1,434,908	(783,632)
- other liabilities		2,491,595	733,972
		(3,332,401)	(9,632,145)
Interest received		11,223,820	6,507,255
Interest paid		(813,369)	(639,762)
Tax paid	15(b)	-	(379,390)
VAT paid	25	(4,549,235)	4,505,955
Net cash generated/ (used in) from operating activities		2,528,815	361,913
Cash flows from investing activities			
Acquisition of property and equipment		(530,921)	(359,407)
Acquisition of intangible assets	22	-	-
Payment for new leased properties		(8,677)	-
Proceeds from disposal of property and equipment		17,520	6,912
Dividends received	11	-	-
Net cash flows used in investing activities		(522,078)	(352,495)
Cash flows from financing activities			
Repayment of principal on borrowings	24(b)	(1,222,553)	(1,166,010)
Repayment of interest on borrowings	24(b)	-	(350,456)
Payment of principal on lease liability		(66,370)	84,886
Additions to borrowings	24(b)	-	1,500,000
Dividend paid		-	(599,295)
Proceeds from increase in share capital	26	-	-
Addition to share premium	27(a)	-	-
Net cash (used in)/ generated from financing activities		(1,288,923)	(530,875)
Net increase in cash and cash equivalents		717,814	(521,457)
Cash and cash equivalents as at 1 January		17,551,263	6,499,404
Cash and cash equivalents as at 30 September	16	18,269,077	5,977,948

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

8 Interest income

<i>In thousands of naira</i>	30-Sep-2024	30-Sep-2023
Loans and advances	7,174,180	6,229,592
Government Securities	39,422	-
Treasury bills	155,856	82,703
Call accounts	725,319	233,743
Pledged assets	-	1,268
Money market placement	-	-
Total interest income calculated using the effective interest method	8,094,777	6,547,306

9 Interest expense

<i>In thousands of naira</i>	30-Sep-2024	30-Sep-2023
Term deposits	726,083	426,668
Current deposits	39,470	29,084
Savings deposits	39,838	35,268
Borrowings (see note 24(b))	-	147,277
Lease liabilities	11,957	13,642
Total interest expense	817,348	651,939

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

10 Fees and commission income*

<i>In thousands of naira</i>	30-Sep-2024	30-Sep-2023
Credit-related fees and commission	546,351	408,161
Deposit-related fees and commission	431,176	231,989
	977,527	640,150

(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-Sep-2024	30-Sep-2023
Loan management fee	169,902	135,787
Loan commitment fee	238,889	174,994
Insurance fee	119,723	83,052
Credit search fee	17,837	14,328
	546,351	408,161
Admin and management fee	254,685	73,555
Account maintenance fee	112,702	105,981
Service fees and charges (see (iii) below)	63,789	52,453
	431,176	231,989
	977,527	640,150

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(ii) Performance obligation and revenue recognition policy

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

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

For the accounting policy for fees and commissions in the scope of IFRS 9.

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.

- (iii) 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 Other income

<i>In thousands of naira</i>	30-Sep-2024	30-Sep-2023
Profit on disposal of property and equipment	8,843	6,912
Dividend income	-	-
	<u>8,843</u>	<u>6,912</u>

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

<i>In thousands of naira</i>	30-Sep-2024	30-Sep-2023
Impairment loss on loans and advances to customers (see note 18(c))	-	50,224
Impairment loss/(write-back) on investment securities at amortised cost (see note 19(c))	-	-
Impairment loss on other assets (see note 20(e))	-	-
Impairment loss on cash and cash equivalent (see note 16(b))	-	-
Impairment loss on pledged assets (see note 17(b))	-	-
	<u>-</u>	<u>50,224</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

13 Personnel expenses

<i>In thousands of naira</i>	30-Sep-2024	30-Sep-2023
Wages and salaries	2,457,242	2,036,199
Post-employment benefits:		
Defined contribution plan - pension cost	100,940	104,260
	<u>2,558,182</u>	<u>2,140,459</u>

(b) 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-Sep-2024	30-Sep-2023
Directors' fees	37,500	18,750
Sitting allowances	77,050	54,350
Other Directors' expenses	449,255	306,833
Total non-executive Directors' remuneration (see note 14)	<u>563,805</u>	<u>379,933</u>
Executive compensation	86,682	64,984
	<u>650,487</u>	<u>444,917</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

14 Other operating expenses

<i>In thousands of naira</i>	30-sep-2024	30-sep-2023
Repairs and maintenance cost	398,201	138,276
Vehicle and generator running cost	281,216	183,013
Office expenses	213,005	142,396
Computer expenses	728,416	198,725
Travel expenses	139,412	81,624
AGM expenses	17,584	16,318
Year-end expenses	257,234	138,756
Directors' remuneration	563,805	367,230
Statutory committee members expenses	4,933	12,703
Bank charges	20,665	31,817
Marketing/publicity expenses	265,369	131,408
Professional fees	128,255	87,653
Subscription fees	9,935	12,698
Charges and levies	90,922	90,068
Insurance cost	62,238	51,335
NDIC premium	72,637	70,939
Electricity expenses	44,713	25,823
Recruitment expenses	58,507	2,516
Legal expenses	3,762	6,121
SMS alerts	40,434	65,057
Audit fees (<i>see note (i) below</i>)	33,743	28,788
Corporate social responsibility	-	-
Donations	4,995	617
Loan recovery expenses	4	680
Fines/penalty	3,515	1,796
Stamp duties	106	2,648
Bad debts written off	-	-
Share listing expenses	5,561	4,251
Fraud, forgery and theft	20	275
30th year anniversary	-	45,000
	3,449,187	1,938,531

(i) The auditors of the Bank did not offer any other services apart from the statutory audit related activities during the period.

15 Income taxes

<i>In thousands of naira</i>	30-sep-2024	Audited 31-Dec-2023
(a) Amounts recognized in profit or loss		
<i>Current tax expense</i>		
Company income tax	481,005	575,533
Education tax	-	71,421
National Information Technology Development Agency (NITDA) levy	-	16,144
Nigeria Police Trust Fund (NPTF) levy	-	81
National Agency for Science and Engineering Infrastructure (NASeni) levy	-	4,036
	481,005	667,215
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences (see note (c))	-	(72,268)
	481,005	594,947
(b) Movement in current tax liabilities		
Balance at 1 January	676,470	401,054
Income tax expense (see note (a) above)	481,005	667,215
Tax paid	-	(391,799)
Balance at 30 September	1,157,474	676,470

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(c) Movement in deferred tax balances

30 September 2024

	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
<i>In thousands of naira</i>				
Property and equipment	235,908	-	-	235,908
Impairment allowance	(229,658)	-	-	(229,658)
Others	46,213	-	-	46,213
Deferred tax liabilities	52,464	-	-	52,463

31 December 2023

	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
<i>In thousands of naira</i>				
Property and equipment	188,724	47,184	-	235,908
Impairment allowance	(73,142)	(156,516)	-	(229,658)
Others	9,147	37,067	-	46,213
Deferred tax liabilities	124,730	(72,265)	-	52,464

Deferred tax liabilities

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

	30-Sep-2024		31-Dec-2023	
<i>In thousands of naira</i>	Gross amount	Tax effect	Gross amount	Tax effect
Property and equipment	1,587,999	235,908	1,340,166	235,908
Impairment allowance	(223,727)	(229,658)	(223,727)	(229,658)
Others	37,892	46,213	53,111	46,213
	1,402,164	52,464	1,169,550	52,464

(d) Reconciliation of effective tax rate

In thousands of naira

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

30-Sep-2024		31-Dec-2023	
%	1,924,019	%	1,614,378
30	577,206	30	484,313
(5)	(90,673)	7	116,162
(5)	(97,210)	(6)	(97,210)
4	71,421	4	71,421
1	16,144	1	16,144
0	81	0	81
0	4,036	0	4,036
25	481,005	37	594,947

16 Cash and cash equivalents

	30-Sep-2024	Audited 31-Dec-2023
<i>In thousands of naira</i>		
(a) Cash and cash equivalent comprise:		
Cash on hand:		
Cash on hand	147,156	114,135
Held-to-maturity Treasury Bills:		
Treasury Bills	26,347	77,400
	173,503	191,535
Deposits with banks:		
Current account balances with other banks	6,449,001	5,719,403
Money market placements	11,710,050	11,640,322
	18,332,554	17,551,260
Cash and cash equivalents for cash flow purposes:		
Impairment allowance (see note (b))	(63,477)	(63,477)
Cash and cash equivalents	18,269,077	17,487,783

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b) Movement in impairment allowance:

Balance at 1 January	63,477	1,594
Impairment loss (see note 12)	-	61,883
	<u>63,477</u>	<u>63,477</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.

17 Pledged assets

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

<i>In thousands of naira</i>			30-Sep-2024	Audited 31-Dec-2023
<i>Underlying transaction</i>	<i>Counterparty</i>	<i>Asset description</i>		
DBN concessionary loan	Development Bank of Nigeri	Treasury Bills	527,492	611,823
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	1,225,203	225,203
NIBSS Platform	Zenith Bank Plc	Fixed placement	1,048,594	1,048,594
ATM Transactions	Sterling Bank Plc	Call placement	20,000	20,000
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	-	4,206
			<u>2,821,289</u>	<u>1,909,826</u>
Impairment allowance (see note (b) below)			<u>(20,484)</u>	<u>(20,484)</u>
			<u>2,800,805</u>	<u>1,889,342</u>
Current			2,800,805	1,889,342
Non-current			-	-
			<u>2,800,805</u>	<u>1,889,342</u>

(b) Movement in impairment allowance:

Balance at 1 January	20,484	15,861
Impairment loss (see note 12)	-	4,623
	<u>20,484</u>	<u>20,484</u>

18 Loans and advances to customers

<i>In thousands of naira</i>		30-Sep-2024	Audited 31-Dec-2023
(a) Loans and advances to customers comprise:			
Loan and advances to customers at amortised cost		22,858,140	21,552,344
		<u>22,858,140</u>	<u>21,552,344</u>
Current		19,262,440	18,162,053
Non-current		3,595,700	3,390,291
		<u>22,858,140</u>	<u>21,552,344</u>

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

<i>In thousands of naira</i>	30 September 2024		31 December 2023		
	Amount	Allowance	Amount	Amount	ECL Allowance
Term loans	23,119,429	(253,859)	22,865,570	21,957,861	(251,715)
Overdrafts	1,187,760	(1,195,190)	(7,430)	1,040,683	(1,194,485)
	<u>24,307,189</u>	<u>(1,449,049)</u>	<u>22,858,140</u>	<u>22,998,544</u>	<u>(1,446,200)</u>
					21,552,344

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(c) Movement in allowances for impairment

	30 September 2024				31 December 2023			
<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 year	568,931	17,467	859,802	1,446,200	98,418	56,687	530,471	685,576
Additional allowance during the year (see note 12)	-	-	-	-	470,513	(39,220)	430,360	861,653
Write-offs during the year	-	-	-	-	-	-	(101,029)	(101,029)
Balance at the end of the year	568,931	17,467	859,802	1,446,200	568,931	17,467	859,802	1,446,200

19 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI:

	30-Sep-2024	Audited 31-Dec-2023
<i>Equity securities:</i>		
Listed equities	1,056	1,056
Unlisted equities	-	-
	1,056	1,056

The Bank has designated these equity investment securities at FVTOCI. They are held to be disposed off in the nearest future. The balance in unlisted equity investments were fully impaired during the year ended 31 December 2023 (31 December 2023: nil), and there were no transfers to profit or loss account of any cumulative gain or loss within equity relating to these investments (31 December 2023: nil). The change in fair value on these investments were as follows:

	30-Sep-2024	31-Dec-2023
Balance at beginning of the year		
Listed equities	1,056	1,326
Unlisted equities	-	7,528
	1,056	8,854
Balance at end of the year		
Listed equities	1,056	1,056
Unlisted equities	-	-
	1,056	1,056
Fair value gain/(loss)	-	(7,798)
Loss on derecognition of equity investments	-	22,999

(b) Investment securities at amortised cost

Treasury bills	1,824,824	1,368,207
ECL impairment	(80)	(80)
	1,824,744	1,368,127
Government Bond	500,000	500,000
Total investment securities	2,325,800	1,869,183
Total investment securities for cashflow purpose	1,825,880	1,369,263
Current	2,325,800	1,869,183
Non-current	-	-
	2,325,800	1,869,183

(c) Movement in impairment allowance

Balance at the beginning of the year	80	219
Impairment loss/(writeback) during the year (see note 12)	-	(139)
Balance at the end of the year	80	80

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

20 Other assets

<i>In thousands of naira</i>	30-Sep-2024	Audited 31-Dec-2023
<i>Other financial assets:</i>		
Other receivables (see note (c) below)	952,229	163,312
Impairment allowance (see note (d) below)	(92,707)	(92,707)
	<u>859,522</u>	<u>70,605</u>
<i>Non financial assets:</i>		
Prepayments (see note (a) below)	390,521	324,326
Inventories (see note (b) below)	211,088	163,688
	<u>601,609</u>	<u>488,014</u>
	<u>1,461,131</u>	<u>558,619</u>
Current	1,246,829	344,317
Non-current	214,302	214,302
	<u>1,461,131</u>	<u>558,619</u>

(a) Prepayments comprise the following:

Prepaid insurance	25,128	52,066
Prepaid staff benefits	214,302	214,301
Other prepaid expense (see note (i) below)	151,091	57,959
	<u>390,521</u>	<u>324,326</u>

(i) *Other prepaid expense comprise:*

Prepayment of computer maintenance cost	49,674	30,274
Prepayment of SMS and USSD cost	101,417	27,685
	<u>151,091</u>	<u>57,959</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-Sep-2024	31-Dec-2023
Stock (see note (i) below)	134,404	155,166
Assets under construction	76,684	8,522
Deferred share issue cost	-	-
	<u>211,088</u>	<u>163,688</u>

(i) *The amount in stock comprise:*

	30-Sep-2024	31-Dec-2023
Stock of cheques	413	109
Stock of office stationeries	17,326	23,888
Stock of micr cheques	26,115	26,128
Stock of non-micr cheques	36,887	32,685
Stock of ATM cards	9,407	18,087
Stock of credit cards	35,676	36,330
Stock of adhesive stamps	8,580	17,939
	<u>134,404</u>	<u>155,166</u>

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

(d) Movement in impairment allowances:

<i>In thousands of naira</i>	30-Sep-2024	31-Dec-2023
Balance at the beginning of the year	92,707	156,664
Impairment loss during the year	-	(63,957)
Balance at the end of the year	<u>92,707</u>	<u>92,707</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

21 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 2023	510,775	52,118	387,232	194,601	621,649	554,394	433,934	2,754,702
Additions during the year	-	-	8,090	53,276	285,431	178,103	30,209	555,109
Disposals	-	-	-	(462)	(85,468)	(5,022)	(3,139)	(94,091)
Write-off	-	-	-	-	-	(629)	-	(629)
Balance at 31 December 2023	510,775	52,118	395,322	247,415	821,613	726,845	461,004	3,215,091
Balance as at 1 January 2024	510,775	52,118	395,322	247,415	821,613	726,845	461,004	3,215,091
Additions during the year	-	-	-	21,363	370,745.94	76,656	62,155	530,921
Disposals	-	-	(8,677)	(668)	(89,124)	(5,460)	(27,146)	(131,074)
Write-off	-	-	-	(727)	-	(670)	-	(1,397)
Balance at 30 September 2024	510,775	52,118	386,645	267,385	1,103,235	797,372	496,013	3,613,541
Accumulated Depreciation:								
Balance at 1 January 2023	71,755	-	138,727	105,486	512,461	344,924	224,718	1,398,070
Charge for the year	10,355	-	65,498	30,436	100,153	111,423	62,613	380,477
Disposals	-	-	-	(462)	(85,468)	(5,022)	(3,139)	(94,091)
Write-off	-	-	-	-	-	(629)	-	(629)
Balance at 31 December 2023	82,110	-	204,225	135,460	527,147	450,695	284,192	1,683,828
Balance at 1 January 2024	82,110	-	204,225	135,460	527,147	450,695	284,192	1,683,828
Charge for the year	7,767	-	45,756	27,094	88,132	107,718	52,376	328,843
Disposals	-	-	-	(668)	(89,124)	(5,460)	(27,146)	(122,397)
Write-off	-	-	-	(727)	-	(670)	-	(1,397)
Balance at 30 September 2024	89,877	-	249,981	161,160	526,155	552,284	309,422	1,888,878
Carrying amount as at 1 January 2023	439,020	52,118	248,505	89,115	109,188	209,470	209,216	1,356,632
Carrying amount: 31 December 2023	428,665	52,118	191,097	111,955	294,467	276,150	176,811	1,531,263
Carrying amount: 30 September 2024	420,898	52,118	136,664	106,225	577,080	245,088	186,591	1,724,663

- There was no impairment loss on all classes property and equipment during the year (31 December 2023: Nil).

- There were no property and equipment pledged as securities for liabilities (31 December 2023: Nil).

- There were no contractual commitments for the acquisition of property and equipment (31 December 2023: 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.

22 Intangible asset

In thousands of naira

	30-Sep-2023	Audited 31-Dec-2023
Computer software		
Cost:		
Balance at beginning of the year	96,062	94,493
Addition during the year	-	1,569
Balance at end of the year	96,062	96,062
Accumulated Amortisation:		
Balance at start of the year	94,015	75,876
Charge for the year	3,568	18,139
Balance at end of the year	97,583	94,015
Carrying amount at end of the year	(1,521)	2,047

- 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 2024

23 Deposits from customers

<i>In thousands of naira</i>	30-Sep-2024	Audited 31-Dec-2023
Current deposits	14,351,766	16,850,778
Savings deposits	6,753,931	5,641,250
Term deposits	6,878,930	4,043,111
Sundry deposits	404,338	404,512
	28,388,965	26,939,651

24 Borrowings

<i>In thousands of naira</i>	30-Sep-2024	Audited 31-Dec-2023
(a) Borrowings comprise:		
DBN concessionary loan (see note (i) below)	730,386	2,065,020
CBN housing microfinance loan	-	-
	730,386	2,065,020

- (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 (₦'million)	Outstanding Amount (₦'million) 30- Sep-2024	Outstanding Amount (₦'million) 31-Dec-2023	Rate (%)	Tenor
29 November 2022	450	25	155	17.50	2 years
04 August 2023	500	150	443	18.50	2 years
19 September 2023	1,000	555	955	18.50	2 years
	5,575	730	2,065		

The Bank has not had any defaults of principal or interest or other breaches with respect to the loan facilities as at year end 30 September 2024.

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

<i>In thousands of naira</i>	30-Sep-2024	31-Dec-2023
Balance, beginning of the year	2,252,569	2,413,158
Additions during the year	-	1,500,000
Interest accrued during the year (see note 9)	-	143,477
Interest paid during the year	(300,000)	(456,055)
Principal repayment during the year	(1,222,553)	(1,348,011)
Balance at year end	730,016	2,252,569
Total repayment of borrowings (for cashflow purpose)	(1,522,553)	(1,804,066)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

25 Other liabilities

<i>In thousands of naira</i>	30-Sep-2024	Audited 31-Dec-2023
<i>Financial liabilities:</i>		
Accounts payable	6,139	46,184
Productivity bonus (see note (a))	31,873	557,382
Sundry creditors (see note (b))	263,739	290,584
Accruals	331,880	211,540
Settlement accounts (see note (c))	(124,900)	2,600,164
Other payables	1,396,596	232,351
Unearned income	-	783
Deposit for shares	388	152
	<u>1,905,715</u>	<u>3,939,140</u>
Lease liability	97,251	140,033
<i>Non-financial liabilities:</i>		
Withholding tax payable	63,390	66,682
VAT payable	4,549,235	20,923
	<u>6,615,591</u>	<u>4,166,778</u>
Current	6,518,340	4,026,745
Non-current	97,251	140,033
	<u>6,615,591</u>	<u>4,166,778</u>

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

(b) This amount represents provision for leave allowance to staff and profit sharing unpaid as at year end.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

26 Share capital

	30-Sep-2024	Audited 31-Dec-2023
<i>Authorised:</i>		
6,000,000,000 units of ordinary shares of 50 kobo each	<u>3,000,000</u>	<u>3,000,000</u>
<i>Issued and fully paid:</i>		
5,992,954,557 units of ordinary shares of 50 kobo each	<u>2,996,477</u>	<u>2,996,477</u>

27 Share premium and reserves

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

(a) Share premium

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

There was no movement in share premium during the period ended 30 September 2024.

<i>In thousands of naira</i>	30-Sep-2024	31-Dec-2023
Balance, beginning of period	4,166,786	4,166,786
Addition to share premium during the period	-	-
Balance at period end	<u>4,166,786</u>	<u>4,166,786</u>

(b) Retained earnings

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

(c) Fair value reserve

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

(d) Statutory reserve

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

There was no transfer to or from statutory reserves during the period ended 30 September 2024.

<i>In thousands of naira</i>	30-Sep-2024	31-Dec-2023
Balance, beginning of the period	1,988,772	1,733,915
Transfer to statutory reserve during the period	-	254,857
Balance at period end	<u>1,988,772</u>	<u>1,988,772</u>

(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.