

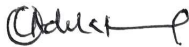
NPF MICROFINANCE BANK PLC
RC. 220824

1ST QUARTER REPORT
31 MARCH 2024

STATEMENT OF FINANCIAL POSITION
AS AT

<i>In thousands of naira</i>	<i>Note</i>	31-Mar-2024	Audited 31-Dec-2023
ASSETS			
Cash and cash equivalents	15	20,572,824	17,487,783
Investment securities	18	1,378,877	1,869,183
Loans and advances to customers	17	21,496,005	21,552,344
Pledged assets	16	2,763,307	1,889,342
Other assets	19	807,848	558,619
Property and equipment	20	1,498,476	1,531,263
Intangible asset	21	171	2,047
TOTAL ASSETS		48,517,508	44,890,581
LIABILITIES			
Deposits from customers	22	27,905,411	26,939,651
Current tax liabilities	14(b)	196,730	676,470
Other liabilities	24	5,429,256	4,166,778
Borrowings	23	1,672,543	2,065,020
Deferred tax liabilities	14(c)	124,730	52,462
TOTAL LIABILITIES		35,328,670	33,900,381
CAPITAL AND RESERVES			
Share capital	25	2,996,477	2,996,477
Share premium	26(a)	4,166,786	4,166,786
Retained earnings	26(b)	3,791,809	1,851,312
Fair value reserve	26(c)	21,288	(13,147)
Statutory reserve	26(d)	1,733,915	1,988,772
Regulatory risk reserve	26(e)	478,563	-
TOTAL EQUITY		13,188,838	10,990,200
TOTAL LIABILITIES AND EQUITY		48,517,508	44,890,581

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



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



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

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

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

<i>In thousands of naira</i>	Note	31-Mar-2024	31-Mar-2023
Gross earnings		2,747,428	2,278,811
Interest income calculated using the effective interest method	7	2,510,929	2,094,485
Interest expense	8	(277,499)	(230,450)
Net interest income		2,233,430	1,864,035
Fee and commission income	9	213,784	159,035
Revenue		2,447,214	2,023,070
Other income	10	22,715	25,291
Net impairment loss on financial instruments	11	-	-
Personnel expenses	12	(666,921)	(638,392)
Other operating expenses	13	(947,450)	(485,275)
Depreciation of property and equipment	20	(103,779)	(59,827)
Amortisation of intangible assets	21	(1,876)	(3,614)
Profit before tax		749,903	861,253
Income tax expense	14(a)	(187,476)	(215,313)
Profit for the period		562,427	645,940
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Equity investment at fair value through OCI	18(a)	-	-
Other comprehensive loss for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		562,427	645,940
Basic and diluted earnings per share (kobo)	31	9	11

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2024

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Reserve	Total
Balance at 1 January 2024	2,996,477	4,166,786	2,298,552	21,288	1,733,915	478,563	11,695,581
Total comprehensive income							
Profit for the year	-	-	562,427	-	-	-	562,427
Audit adjustments	-	-	930,830	-	-	-	930,830
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income	-	-	562,427	-	-	-	562,427
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-
Total contributions and distributions	-	-	-	-	-	-	-
Balance at 31 March 2024	2,996,477	4,166,786	3,791,809	21,288	1,733,915	478,563	13,188,838

FOR THE PERIOD ENDED 31 MARCH 2023

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory 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	-	-	688,973	-	-	-	688,973
Audit Adjustment	-	-	640,721	-	-	-	640,721
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income	-	-	688,973	-	-	-	688,973
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-
Total contributions and distributions	-	-	-	-	-	-	-
Balance at 31 March 2023	2,996,477	4,166,786	2,537,167	(5,349)	1,733,915	478,563	11,907,559

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

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED

<i>In thousands of naira</i>	Note	31-Mar-2024	31-Mar-2023
Cash flows from operating activities			
Profit for the year		562,427	258,822
Add: Tax expense	14(a)	187,476	86,274
Profit before tax		749,903	345,096
<i>Adjustments for:</i>			
Depreciation of property and equipment	20	103,779	27,162
Amortization of intangible assets	21	1,876	1,554
Net impairment loss on loans and advances to customers	11	-	-
Net impairment loss on cash and cash equivalents	11	-	-
Net impairment loss on pledged assets	11	-	-
Net impairment loss on other assets	11	-	-
Net impairment (gain)/ loss on investment securities	11	-	-
Interest income	7	(2,510,929)	(737,250)
Interest expense	8	277,499	78,860
Profit on sale of property and equipment	10	(324)	-
Loss on disposal of treasury bills	10	-	-
Gain on derecognition of lease liability	10	-	-
		(1,378,196)	(284,578)
<i>Changes in:</i>			
- pledged assets		(1,009,977)	234,370
- loans and advances to customers		1,009,134	(1,293,035)
- other assets		(4,009,403)	(3,543)
- deposits from customers		954,281	(1,171,434)
- other liabilities		1,800,198	(1,414,269)
		(2,633,963)	(3,932,489)
Interest received		2,519,242	724,059
Interest paid		(275,135)	(77,907)
Tax paid	14(b)	(930,968)	(419,025)
VAT paid	24	4,509,079	(10,626)
Net cash (used in)/generated from operating activities		3,188,255	(3,715,987)
Cash flows from investing activities			
Acquisition of property and equipment		(73,946)	(10,019)
Acquisition of intangible assets	21	-	-
Proceeds from disposal of property and equipment		3,276	3,789
Purchase of treasury bill investments		-	-
Proceeds from disposal of treasury bill investments		-	-
Net cash flows used in investing activities		(70,670)	(6,230)
Cash flows from financing activities			
Repayment of principal on borrowings	23(b)	(290,000)	(280,000)
Repayment of interest on borrowings	23(b)	(78,919)	(34,607)
Payment for new leased properties		140,237	(6,621)
Payment of principal on lease liability		(49,261)	(14,328)
Payment of interest on lease liability		(2,630)	(1,672)
Additions to borrowings	23(b)	-	-
Dividend paid		-	-
Proceeds from increase in share capital		-	-
Addition to share premium		-	-
Net cash generated from/(used in) financing activities		(280,573)	(337,228)
Net increase in cash and cash equivalents		2,837,012	(4,059,444)
Cash and cash equivalents as at 1 January		17,735,812	7,045,942
Cash and cash equivalents as at 31 March	15	20,572,824	2,986,498

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

-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

7 Interest income

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Loans and advances	2,258,555	2,052,063
Government Securities	-	-
Treasury bills	42,128	29,530
Call accounts	210,246	12,892
Pledged assets	-	-
Money market placement	-	-
Total interest income calculated using the effective interest method	2,510,929	2,094,485

8 Interest expense

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Term deposits	246,201	135,621
Current deposits	15,763	9,377
Savings deposits	11,705	11,576
Borrowings (see note 23(b))	-	68,998
Lease liabilities	3,830	4,878
Interest payment on ROU	-	-
Total interest expense	277,499	230,450

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

9 Fees and commission income

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Credit-related fees and commission	145,914	92,779
Deposit-related fees and commission	67,870	66,256
	213,784	159,035

(i) Disaggregation of fee and commission income

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

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Loan management fee	48,416	31,110
Loan commitment fee	63,313	40,392
Insurance fee	29,545	18,444
Credit search fee	4,640	2,833
	145,914	92,779
Admin and management fee	31,215	29,649
Account maintenance fee	36,655	36,607
	67,870	66,256
	213,784	159,035

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 31 MARCH 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.

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

10 Other income

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Service fees and charges (see (i) below)	22,391	20,520
Income on salary administration	-	-
Profit on disposal of property and equipment	324	4,771
Loss on disposal of treasury bills	-	-
Gain on derecognition of lease liability	-	-
Loss on disposal of AFS equity securities	-	-
Dividend income	-	-
	<u>22,715</u>	<u>25,291</u>

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

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

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Impairment loss on loans and advances to customers (see note 17(c))	-	-
Impairment loss/(write-back) on investment securities at amortised cost (see note 18(c))	-	-
Impairment loss on other assets (see note 19(e))	-	-
Impairment loss on cash and cash equivalent (see note 15(b))	-	-
Impairment loss on pledged assets (see note 16(b))	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

12 Personnel expenses

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Wages and salaries	637,639	610,885
Post-employment benefits:		
Defined contribution plan - pension cost	29,282	27,507
	<u>666,921</u>	<u>638,392</u>

(a) Director's emolument

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

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Directors' fees	6,250	6,250
Sitting allowances	42,450	23,950
Other Directors' expenses	142,821	28,342
Total non-executive Directors' remuneration (see note 13)	<u>191,521</u>	<u>58,542</u>
Executive compensation	21,661	21,661
	<u>213,182</u>	<u>80,203</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

13 Administration and general expenses

<i>In thousands of naira</i>	31-Mar-2024	31-Mar-2023
Repairs and maintenance cost	122,179	46,377
Vehicle and generator running cost	106,844	47,788
Office expenses	68,202	51,147
Computer expenses	105,543	70,278
Travel expenses	35,664	21,798
AGM expenses	5,539	-
Year-end expenses	50,819	34,731
Directors' emolument	191,521	58,542
Bank charges	7,172	6,422
Marketing/publicity expenses	75,040	31,945
Professional fees	41,499	22,261
Subscription fees	6,833	10,789
Charges and levies	44,963	12,387
Insurance cost	16,662	12,928
NDIC premium	13,209	18,847
Electricity expenses	14,502	8,066
Recruitment expenses	1,604	632
Legal expenses	1,067	392
SMS alerts	21,715	18,392
Rent and rates	-	-
Audit fees	9,617	6,177
Fraud, forgery and theft	20	410
Other expenses (see note (a) below)	7,236	4,966
	<u>947,450</u>	<u>485,275</u>
(a) Other expenses includes the following:		
Corporate social responsibility	-	-
Donations	1,030	-
Damaged ATM cards	-	-
Loan recovery expenses	4	670
Fines/penalty	1,510	-
Stamp duties	106	2,490
Share listing expenses	4,586	1,806
	<u>7,236</u>	<u>4,966</u>

14 Income taxes

<i>In thousands of naira</i>	31-Mar-2024	Audited 31-Dec-2023
(a) Amounts recognized in profit or loss		
<i>Current tax expense</i>		
Company income tax	187,476	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
	<u>187,476</u>	<u>667,215</u>
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences (see note (c))	-	(72,268)
	<u>-</u>	<u>(72,268)</u>
<i>Tax expense</i>	<u>187,476</u>	<u>594,947</u>
(b) Movement in current tax liabilities		
<i>In thousands of naira</i>	31-Mar-2024	31-Dec-2023
Balance at 1 January	676,470	401,054
Income tax expense (see note (a) above)	187,476	667,215
Tax paid	(930,968)	(391,799)
Balance at 31 March	<u>(67,022)</u>	<u>676,470</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

(c) Movement in deferred tax balances

31 March 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	52,463	-	-	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	124,729	(72,265)	-	52,463

Deferred tax liabilities

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

In thousands of naira

	31-Mar-2024		31-Dec-2023	
	Gross amount	Tax effect	Gross amount	Tax effect
Property and equipment	1,325,240	235,908	1,340,166	235,908
Impairment allowance	(223,727)	(229,658)	(223,727)	(229,658)
Others	51,926	46,213	53,111	46,213
	1,153,439	52,463	1,169,549	52,463

(d) Reconciliation of effective tax rate

In thousands of naira

	31-Mar-2024		31-Dec-2023	
	%	749,903	%	1,614,377
Profit before tax	30	224,971	30	484,313
Tax using the Bank's domestic tax rate	-6	(47,472)	7	116,162
Non-deductible expenses	(5)	(36,368)	(6)	(97,210)
Tax-exempt items	4	33,105	4	71,421
Tertiary Education Tax	2	13,242	1	16,144
NITDA Levy	0	-	0	81
Nigeria Police Trust Fund (NPTF) levy	0	-	0	4,036
NASENI Levy	25	187,478	37	594,947

15 Cash and cash equivalents

In thousands of naira

	31-Mar-2024	Audited 31-Dec-2023
(a) Cash and cash equivalent comprise:		
Cash on hand:		
Cash on hand	133,199	114,135
Held-to-maturity Treasury Bills:		
Treasury Bills	94,790	77,400
	227,989	191,535
Deposits with banks:		
Current account balances with other banks	9,798,341	5,719,403
Money market placements	10,548,088	11,640,322
Cash and cash equivalents for cash flow purposes:	20,574,418	17,551,260
Impairment allowance (see note (b))	(1,594)	(63,477)
Cash and cash equivalents	20,572,824	17,487,783

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

(b) Movement in impairment allowance:

<i>In thousands of naira</i>	31-Mar-2024	31-Dec-2023
Balance at 1 January	63,477	1,594
Impairment loss (see note 11)	(61,883)	61,883
	<u>1,594</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.

16 Pledged assets

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

<i>In thousands of naira</i>			31-Mar-2024	Audited 31-Dec-2023
<i>Underlying transaction</i>	<i>Counterparty</i>	<i>Asset description</i>		
DBN concessionary loan	Development Bank of Nigeria	Treasury Bills	533,965	611,823
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	1,225,203	225,203
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	-	4,206
NIBSS Platform	Zenith Bank Plc	Fixed placement	1,000,000	1,048,594
ATM Transactions	Sterling Bank Plc	Call placement	20,000	20,000
			<u>2,779,168</u>	<u>1,909,826</u>
Impairment allowance (see note (b) below)			<u>(15,861)</u>	<u>(20,484)</u>
			<u>2,763,307</u>	<u>1,889,342</u>
Current			2,763,307	1,889,342
Non-current			-	-
			<u>2,763,307</u>	<u>1,889,342</u>

(b) Movement in impairment allowance:

Balance at 1 January	20,484	15,861
Impairment loss (see note 11)	(4,623)	4,623
	<u>15,861</u>	<u>20,484</u>

17 Loans and advances to customers

<i>In thousands of naira</i>	31-Mar-2024	Audited 31-Dec-2023
(a) Loans and advances to customers comprise:		
Loan and advances to customers at amortised cost	<u>21,496,005</u>	<u>21,552,344</u>
	<u>21,496,005</u>	<u>21,552,344</u>
Current	15,224,925	18,162,053
Non-current	6,271,080	3,390,291
	<u>21,496,005</u>	<u>21,552,344</u>

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

<i>In thousands of naira</i>	31-Mar-2024			31-Dec-2023		
	Gross Amount	Allowance	Amount	Amount	ECL Allowance	Amount
Term loans	21,721,550	(251,715)	21,469,835	21,957,861	(251,715)	21,706,146
Overdrafts	967,108	(940,938)	26,170	1,040,683	(1,194,485)	(153,802)
	<u>22,688,658</u>	<u>(1,192,653)</u>	<u>21,496,005</u>	<u>22,998,544</u>	<u>(1,446,200)</u>	<u>21,552,344</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

(c) Movement in allowances for impairment

	31-Mar-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 period	568,931	17,467	859,802	1,446,200	98,418	56,687	530,471	685,576
Additional allowance during the period (see note 11)	-	-	-	-	470,513	(39,220)	430,360	861,653
Write-offs during the period	-	-	-	-	-	-	(101,029)	(101,029)
Balance at the end of the period	568,931	17,467	859,802	1,446,200	568,931	17,467	859,802	1,446,200

18 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI:

	Audited	
	31-Mar-2024	31-Dec-2023
<i>Equity securities:</i>		
Listed equities	5,324	1,056
Unlisted equities	30,167	-
	<u>35,491</u>	<u>1,056</u>

The Bank has designated these equity investment securities at FVTOCI. They are held to be disposed off in the nearest future. None of these investments were disposed during the period ended 31 March 2024 (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:

	31-Mar-2024	31-Dec-2023
Balance at beginning of the period		
Listed equities	1,056	1,326
Unlisted equities	-	7,528
	<u>1,056</u>	<u>8,854</u>
Balance at end of the period		
Listed equities	5,324	1,056
Unlisted equities	30,167	-
	<u>35,491</u>	<u>1,056</u>
Fair value gain/(loss)	<u>34,435</u>	<u>(7,798)</u>
Loss on derecognition of equity investments	<u>-</u>	<u>22,999</u>

(b) Investment securities at amortised cost

Treasury bills	843,605	1,368,207
ECL impairment	(219)	(80)
	<u>843,386</u>	<u>1,368,127</u>
Government Bond	500,000	500,000
	<u>1,378,877</u>	<u>1,869,183</u>
Total investment securities	<u>1,378,877</u>	<u>1,869,183</u>
Total investment securities for cashflow purpose	<u>879,096</u>	<u>1,369,263</u>
Current	1,378,877	1,869,183
Non-current	-	-
	<u>1,378,877</u>	<u>1,869,183</u>

(c) Movement in impairment allowance

Balance at the beginning of the period	80	219
Impairment loss/(writeback) during the period (see note 11)	139	(139)
Balance at the end of the period	<u>219</u>	<u>80</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

19 Other assets

<i>In thousands of naira</i>	31-Mar-2024	Audited 31-Dec-2023
<i>Other financial assets:</i>		
Other receivables (see note (c) below)	410,282	163,312
Impairment allowance (see note (d) below)	(156,664)	(92,707)
	<u>253,618</u>	<u>70,605</u>
<i>Non financial assets:</i>		
Prepayments (see note (a) below)	386,302	324,326
Inventories (see note (b) below)	167,928	163,688
	<u>554,230</u>	<u>488,014</u>
	<u>807,848</u>	<u>558,619</u>
Current	762,660	344,317
Non-current	45,188	214,302
	<u>807,848</u>	<u>558,619</u>

(a) Prepayments comprise the following:

<i>In thousands of naira</i>	31-Mar-2024	31-Dec-2023
Prepaid insurance	50,442	52,066
Prepaid staff benefits	45,188	214,301
Other prepaid expense (see note (i) below)	290,672	57,959
	<u>386,302</u>	<u>324,326</u>

(i) Other prepaid expense comprise:

	31-Mar-2024	31-Dec-2023
Prepayment of computer maintenance cost	20,694	30,274
Prepayment of SMS and USSD cost	269,978	27,685
	<u>290,672</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>	31-Mar-2024	31-Dec-2023
Stock (see note (i) below)	150,749	155,166
Assets under construction	17,179	8,522
	<u>167,928</u>	<u>163,688</u>

(i) The amount in stock comprise:

	31-Mar-2024	31-Dec-2023
Stock of cheques	90	109
Stock of office stationeries	20,485	23,888
Stock of micr cheques	26,127	26,128
Stock of non-micr cheques	39,927	32,685
Stock of ATM cards	16,441	18,087
Stock of credit cards	36,262	36,330
Stock of adhesive stamps	11,417	17,939
	<u>150,749</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>	31-Mar-2024	31-Dec-2023
Balance at the beginning of the period	92,707	156,664
Impairment loss during the period (see note 11)	-	(63,957)
Balance at the end of the period	<u>92,707</u>	<u>92,707</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

20 Property and Equipment

In thousands of naira

	Buildings	Freehold Land	Right-of-Use Asset	Furniture and Fittings	Motor Vehicles	Computer Equipment	Office Equipment	Total
Cost:								
Balance as at 1 January 2023	510,775	52,118	387,232	194,601	621,649	554,394	433,934	2,754,702
Additions during the period	-	-	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 period	-	-	-	4,159	-	19,201	50,586	73,946
Disposals	-	-	(2,952)	(175)	-	(1,434)	(280)	(4,841)
Write-off	-	-	-	(514)	-	-	-	(514)
Balance at 31 March 2024	510,775	52,118	392,370	250,885	821,613	744,612	511,310	3,283,682
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 period	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 period	2,589	-	14,909	8,790	25,962	34,563	16,967	103,779
Disposals	-	-	-	(175)	-	(1,434)	(280)	(1,889)
Write-off	-	-	-	(514)	-	-	-	(514)
Balance at 31 March 2024	84,699	-	219,134	143,561	553,109	483,825	300,879	1,785,206
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	276,149	176,811	1,531,263
Carrying amount: 31 March 2024	426,076	52,118	173,236	107,324	268,505	260,787	210,430	1,498,476

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (31 December 2023: Nil).

- There was no impairment loss on all classes property and equipment during the period (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.

21 Intangible asset

In thousands of naira

	31-Mar-2024	Audited 31-Dec-2023
Computer software		
Cost:		
Balance at beginning of the period	96,062	94,493
Addition during the period	-	1,569
Balance at end of the period	96,062	96,062
Accumulated Amortisation:		
Balance at start of the period	94,015	75,876
Charge for the period	1,876	18,139
Balance at end of the period	95,891	94,015
Carrying amount at end of the period	171	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 31 MARCH 2024

22 Deposits from customers

<i>In thousands of naira</i>	31-Mar-2024	Audited 31-Dec-2023
Current deposits	16,404,754	16,850,778
Savings deposits	6,045,947	5,641,250
Term deposits	5,050,398	4,043,111
Sundry deposits	404,312	404,512
	27,905,411	26,939,651

23 Borrowings

<i>In thousands of naira</i>	31-Mar-2024	Audited 31-Dec-2023
(a) Borrowings comprise:		
DBN concessionary loan (see note (i) below)	1,672,543	2,065,020
CBN housing microfinance loan	-	-
	1,672,543	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) 31- Mar-2024	Outstanding Amount (₦'million) 31-Dec-2023	Rate (%)	Tenor
10 August 2022	1,000	305	384	14.00	2 years
29 September 2022	400	51	128	14.50	2 years
29 November 2022	450	76	155	17.50	2 years
04 August 2023	500	364	443	18.50	2 years
19 September 2023	1,000	877	955	18.50	2 years
	5,575	1,673	2,065		

The Bank has not had any defaults of principal or interest or other breaches with respect to the loan facilities as at period end 31 March 2024.

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

<i>In thousands of naira</i>	31-Mar-2024	31-Dec-2023
Balance, beginning of the period	2,252,569	2,413,158
Additions during the period	-	1,500,000
Interest accrued during the period (see note 8)	-	143,477
Interest paid during the period	(78,919)	(456,055)
Principal repayment during the period	(290,000)	(1,348,011)
Balance at period end	1,883,650	2,252,569
Total repayment of borrowings (for cashflow purpose)	(368,919)	(1,804,066)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2024

24 Other liabilities

<i>In thousands of naira</i>	31-Mar-2024	Audited 31-Dec-2023
<i>Financial liabilities:</i>		
Accounts payable	4,571	46,184
Productivity bonus (see note (a))	5,266	557,382
Sundry creditors (see note (b))	260,117	290,584
Accruals	85,873	211,540
Settlement accounts (see note (c))	8,913,862	2,600,164
Other payables	549,971	232,351
Unearned income	783	783
Deposit for shares	(55,280)	152
	<u>9,765,163</u>	<u>3,939,140</u>
Lease liability	121,481	140,033
<i>Non-financial liabilities:</i>		
Withholding tax payable	51,691	66,682
VAT payable	(4,509,079)	20,923
	<u>5,429,256</u>	<u>4,166,778</u>
Current	5,307,775	4,026,745
Non-current	121,481	140,033
	<u>5,429,256</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 period end.
- (b) These amounts comprise the transactions of the Bank's customers performed through the various e-channels but were yet to be settled as at period end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

25 Share capital

	31-Mar-2024	Audited 31-Dec-2023
Authorised:		
6,000,000,000 units of ordinary shares of 50 kobo each	3,000,000	3,000,000
Issued and fully paid:		
5,992,954,557 units of ordinary shares of 50 kobo each	2,996,477	2,996,477

26 Share premium and reserves

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

(a) Share premium

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

There was no movement in share premium during the period ended 31 March 2024.

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

(b) Retained earnings

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

(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 31 March 2024.

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

(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.