

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY. IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION TO TAKE, PLEASE CONSULT YOUR STOCKBROKER, ACCOUNTANT, BANKER, SOLICITOR OR ANY OTHER PROFESSIONAL ADVISER FOR GUIDANCE IMMEDIATELY.

INVESTING IN THIS OFFER INVOLVES RISKS. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY THE PROSPECTIVE INVESTORS, SEE "RISKS" ON PAGE 24



RC 220824

NPF MICROFINANCE BANK PLC

PUBLIC OFFERING

by way of an Offer for Subscription Of

713,342,234

Ordinary Shares of 50 kobo each

at

N1.50 per share

Payable in full on Application

Application Opens:

June 24 2021

Application Closes:

June 30 2021

LEAD ISSUING HOUSE



RC 617327

JOINT ISSUING HOUSES



RC 739441



RC 248316



RC 155399



RC 116443

THIS PROSPECTUS AND THE SECURITIES, WHICH IT OFFERS, HAVE BEEN CLEARED AND REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION ("THE COMMISSION"). INVESTORS MAY CONFIRM THE CLEARANCE OF THE PROSPECTUS AND REGISTRATION OF THE SECURITIES WITH THE SECURITIES AND EXCHANGE COMMISSION BY CONTACTING THE COMMISSION ON SEC@SEC.GOV.NG OR +234(0) 94621100; +234(0)94621168. IT IS A CIVIL WRONG AND CRIMINAL OFFENCE UNDER THE INVESTMENTS & SECURITIES ACT (NO. 29 OF 2007) (THE "ACT" OR "ISA") TO ISSUE A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS PROVIDED IN SECTIONS 85 AND 86 OF THE ISA. THE CLEARANCE AND REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES FROM ANY LIABILITY ARISING UNDER THE ACT FOR FALSE AND MISLEADING STATEMENTS CONTAINED HEREIN OR FOR ANY OMISSION OF A MATERIAL FACT IN THIS PROSPECTUS.

THIS PROSPECTUS IS DATED JUNE 10 2021

DEFINITION OF TERMS	4
CORPORATE DIRECTORY OF NPF MICROFINANCE BANK PLC	6
ABRIDGED TIMETABLE	7
SUMMARY OF THE OFFER	8
THE OFFER	11
DIRECTORS, AUDIT COMMITTEE MEMBERS AND OTHER PARTIES TO THE OFFER	12
CHAIRMAN'S LETTER	15
1. INTRODUCTION.....	15
3. HISTORY AND BUSINESS OF THE COMPANY.....	16
4. STRATEGIC PLAN.....	17
5. FUTURE OUTLOOK.....	17
6. USE OF THE PROCEEDS.....	17
7. CONCLUSION.....	18
BOARD OF DIRECTORS OF NPF MICROFINANCE BANK PLC	19
MANAGEMENT TEAM OF NPF MICROFINANCE BANK PLC	21
RISKS	24
FINANCIAL FORECAST (EXTRACTS FROM THE REPORTING ACCOUNTANTS' REPORT ON THE FORECAST)	26
LETTER FROM THE REPORTING ACCOUNTANT ON THE FINANCIAL FORECASTS	26
1. MEMORANDUM ON THE FINANCIAL FORECAST FOR THE THREE YEARS ENDING 31 DECEMBER 2022	27
2. THE OFFERS.....	27
4. PROJECTED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	29
5. PROJECTED STATEMENT OF FINANCIAL POSITION	31
6. PROJECTED STATEMENT OF CASH FLOWS.....	32
7. LETTER FROM THE JOINT ISSUING HOUSES.....	34
FINANCIAL STATEMENTS AND OTHER INFORMATION (EXTRACTS FROM THE REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIALS)	35
REPORTING ACCOUNTANT'S REPORT ON THE FIVE-YEAR FINANCIAL STATEMENTS	35
BOARD RESOLUTION AUTHORIZING THE ISSUE	76
SHAREHOLDERS RESOLUTION AUTHORIZING THE ISSUE	77
SWORN LETTER OF DECLARATION OF FULL DISCLOSURE BY NPF MICROFINANCE BANK PLC	78
LETTER FROM THE DIRECTORS ON GOING CONCERN STATUS	79
LETTER FROM THE AUDITORS ON GOING CONCERN STATUS	80
STATUTORY AND GENERAL INFORMATION	81
1. INCORPORATION AND SHARE CAPITAL HISTORY	81
2. SHAREHOLDING STRUCTURE	81
3. DIRECTORS' BENEFICIAL INTEREST	82
4. STATEMENT OF INDEBTEDNESS	83
5. OFF BALANCE SHEET ITEMS	83
6. CLAIMS AND LITIGATION.....	83
7. SUBSIDIARIES AND ASSOCIATED COMPANIES	83
8. COSTS AND EXPENSES (DETAILS OF THE UTILIZATION OF PROCEEDS).....	83
9. RELATED PARTY TRANSACTIONS	84
10. RESEARCH AND DEVELOPMENT	86
11. MATERIAL CONTRACTS	86
12. RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS	86
13. MERGERS AND ACQUISITIONS.....	86
14. CONSENTS.....	86
15. DECLARATIONS	87

16.	OVERVIEW OF CORPORATE GOVERNANCE	87
17.	DOCUMENTS AVAILABLE FOR INSPECTION.....	87
	PROCEDURE FOR APPLICATION AND ALLOTMENTS	88
	RECEIVING AGENTS	90
	APPLICATION FORM – ORDINARY SHARES	91

DEFINITION OF TERMS

“Act” or “ISA”	The Investment and Securities Act. No. 29, 2007
“Allotment”	The number of shares granted to each investor (following application for shares in the Offer) on the Allotment Date
“Allotment Date”	The date on which the allotment of the Shares is approved/cleared by SEC
“Application Form”	An application form for the Offer which must be completed and submitted to subscribe for the Public Offer in accordance with the Prospectus and any other instructions in the form
“Board” or “Directors”	The board of directors of the Company, whose names are set out on page 19 of this Prospectus
“Business Day”	Any day other than Saturday, Sunday or official public holidays (declared by the Federal Government of Nigeria from time to time) on which banks are open for business
“NPF Microfinance Bank”, “NPF MFB” or the “Company”	NPF Microfinance Bank Plc
“CAMA”	Companies and Allied Matters Act CAP C20 LFN 2020
“CHN”	Clearing House Number
“Concurrent Offer”	Two or more offers opening and running simultaneously
“CSCS”	Central Securities Clearing System (CSCS) Plc
“Federal Government” or “FGN”	The government of the Federal Republic of Nigeria
“GDP”	Gross Domestic Product
“Gross Hybrid Offer Size” or “Total Offer Size”	The combined Gross Rights Issue Proceeds (N3,429,986,649.00) and Gross Public Offer Proceeds (N1,070,013,351.23) of N4,500,000,000.00
“Hybrid Offer”	A combination of Rights Issue and Public Offer
“Issuing Houses”	Cowry Asset Management Limited, CardinalStone Partners Limited, FCSL Asset Management Company Limited, Integrated Trust and Investment Limited and Lead Capital Plc.
“Joint Issuing Houses”	CardinalStone Partners Limited, FCSL Asset Management, Integrated Trust and Investment Limited, Limited, Lead C apital Plc.
“Finance”	The industry in which the Company operates as a key player
“Lead Issuing House”	Cowry Asset Management Limited
“LFN”	Laws of the Federation of Nigeria, 2004
“Microfinance Industry”	Industry in which the Company operates as a key player
“MPR”	Monetary Policy Rate
“Naira” or “N” or “NGN”	The Naira, or any lawful currency of the government of the Federal Republic of Nigeria.
“Nigeria” or the “Country”	The Federal Republic of Nigeria
“Offer”	The offer for subscription of 713,342,234 Ordinary Shares of 50 Kobo each in NPF Microfinance Bank at N1.50 per share
“Ordinary Shares”	Issued and fully paid-up ordinary shares of 50 kobo each in the share capital of the Company
“Parties”	Professional firms engaged in connection with the Offer
“Public Offer” or “Offer”	The public offer of 713,342,234 ordinary shares to the Public at ₦1.50 by NPF Microfinance Bank Plc
“Prospectus”	This prospectus issued by the Company in accordance with the Rules and Regulations of the Commission
“Receiving Agents”	any of the institutions listed on page 83 of this Prospectus, authorized to receive Application Forms/Monies from prospective investors for the Offer
“Receiving Banks”	First Bank of Nigeria Limited United Bank for Africa Plc
“Registrar”	CardinalStone Registrars Limited
“Rights Issue”	An offering of rights to the existing shareholders of a company that gives them an opportunity to buy additional shares of the company

DEFINITION OF TERMS

“SEC” or the “Commission”	The Nigerian Securities and Exchange Commission
“Solicitors to the Offer”	Tokunbo Orimobi LP
“Stockbrokers”	Regency Assets Management Limited
“The NGX” or the “Nigerian Exchange Limited”	The Nigerian Exchange Limited
“USD” or “US\$”	United States Dollars, the lawful currency of the United States of America
Y-O-Y	Year-On-Year
Q-O-Q	Quarter-On-Quarter

CORPORATE DIRECTORY OF NPF MICROFINANCE BANK PLC

HEAD OFFICE ADDRESS OF NPF MICROFINANCE BANK PLC

Aliyu Atta House,

1 Ikoyi Road,

Obalende

Lagos.

Tel: 08074550514, 08008008008

Website: www.npfmicrofinancebank.com

Email: info@npfmicrofinancebank.com

ABRIDGED TIMETABLE

The dates indicated in the table below, which reflect principal events, are subject to change without notice:

Date	Activity	Responsibility
June 24 2021	Application List opens	Issuing Houses
June 30 2021	Application List closes	Issuing Houses
July 08 2021	Receiving Agents forward returns	Receiving Agents
July 19 2021	Forward Allotment proposal and draft newspaper announcement to the SEC	Issuing Houses
July 26 2021	Obtain SEC clearance of Allotment	Issuing Houses
July 30 2021	Remit net Offer proceeds to NPF Microfinance Bank	Receiving Banks
August 04 2021	Publish Allotment announcement	Issuing Houses
August 05 2021	Return excess/rejected monies	Issuing Houses/ Registrars
August 05 2021	Credit CSCS accounts of successful applicants	Registrars
August 12 2021	Admission of Shares to the NGX / Listing	Stockbrokers
August 25 2021	File Offer Post Completion/summary report with the SEC	Issuing Houses

SUMMARY OF THE OFFER

This summary draws attention to information contained elsewhere in this Prospectus. It does not contain all of the information you should consider in making your investment decision. You should therefore read this summary together with the more detailed information, including the financial statements elsewhere in this Prospectus.

The Offer	713,342,234 Ordinary Shares of 50 kobo each in NPF Microfinance Bank Plc			
Lead Issuing House	Cowry Asset Management Limited			
Joint Issuing Houses	Lead Capital Plc CardinalStone Partners Limited Integrated Trust and Investment Limited FCSL Asset Management Company Limited			
Mode of Offer	Offer for Subscription			
Offer Price	N1.50k per share			
Share Capital	Authorised:	N3,000,000,000 (divided into 6,000,000,000 Ordinary Shares of 50 Kobo each.)		
	Issued and Fully Paid:	N1,143,328,883 comprising 2,286,657,766 Ordinary Shares of 50 Kobo each		
Purpose of the Offer	The proceeds of the Public Offer will be used to deepen NPF MFB's retail infrastructure through expansion of branch network and capital resources required for value creation particularly in emerging opportunities.			
Gross Offer Proceeds	N1,070,013,351.23			
Use of Proceeds	The net proceeds of the Public Offer, estimated at N1,041,056,363.11 after deducting N28,974,988.12 which is the estimated cost of the Public Offer with cost of printing and advertisement inclusive (representing 2.71% of the gross offer proceeds of N1,070,013,351.23 will be applied as shown below:			
	UTILIZATION	%	NGN	
	Expected Completion Period			
	To expand branch network	30.0%	312,316,908.93	12 months
	IT Upgrade	40.0%	416,422,545.25	24 months
Working Capital	30.0%	312,316,908.93	Continuous	
TOTAL	100%	1,041,056,363.11		
Concurrent Offer	NPF Microfinance Plc is also concurrently offering 2,286,657,766 shares of 50 kobo each at N1.50 kobo per share by way of Rights Issue			
Payment Terms	In full on application			
Minimum Application	Minimum of 1,000 Ordinary Shares and in multiples of 1,000 Ordinary Shares thereafter			
Offer Opening Date	24 – 06 – 2021			
Offer Closing Date	30 – 06 - 2021			
Market Capitalisation at Offer Price (Pre-Offer)	N3,429,986,649.00			
Market Capitalisation at Offer Price (Post Offer)	N7,929,986,649.00 (assuming all provisionally allotted ordinary shares are fully taken up on completion of the Rights Issue and a fully subscribed public offer).			

Status	The shares being issued will rank pari-passu in all respects with the existing issued Ordinary Shares of the Company.
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SUMMARY OF THE OFFER

Dividend Qualification	The shares being issued shall qualify for any dividend (or any other distribution) declared for the financial year ending 2021, as long as the qualification date for the dividend (or any other distribution) declared is after the allotment of the ordinary shares now being issued.																																																															
Quotation	NPF Microfinance Bank's entire issued and paid-up share capital is listed on the NGX. The new shares being offered shall also be quoted on the NGX. An application was made to the Council of the Exchange on May 17, 2021 for the admission of the Shares to its Daily Official List.																																																															
Allotment	<p>Application for Ordinary Shares may be made via submission of physical application forms. However, Allotment will only be made electronically to the CSCS accounts of all allottees immediately after the date of Allotment Clearance by SEC and no share certificates will be issued in connection with the Offer.</p> <p>Applicants are hereby advised to state the name of their stockbrokers as well as their CSCS account Number/Clearing House Number in the space provided on the application form. Applicants who do not know their CSCS Account Number or their CHN should contact their stockbrokers. Applicants without CHN and CSCS accounts can open a stockbroking account through any of the stockbroking firms listed on page 90 of this document.</p>																																																															
Supplementary Allotment	In the event of an over subscription, additional shares may be absorbed subject to the approval of the Board of NPF Microfinance Bank Plc and the subsequent approval of the SEC. The proceeds of the supplementary allotment will be utilized in the same proportion as the utilization earlier stated.																																																															
Financial Summary	<table border="1"> <thead> <tr> <th>NPF Microfinance Bank PLC</th> <th>Q3 2020 Audited</th> <th>2019</th> <th>2018</th> <th>2017</th> <th>2016</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Financial Summary</td> <td>N' 000</td> <td>N' 000</td> <td>N' 000</td> <td>N' 000</td> <td>N' 000</td> <td>N' 000</td> </tr> <tr> <td>Gross Earnings</td> <td>3,359,061</td> <td>4,447,812</td> <td>3,950,377</td> <td>3,654,875</td> <td>2,925,229</td> <td>2,592,694</td> </tr> <tr> <td>Profit Before Tax</td> <td>473,631</td> <td>1,009,267</td> <td>296,335</td> <td>819,819</td> <td>796,659</td> <td>685,457</td> </tr> <tr> <td>Profit After Tax</td> <td>384,321</td> <td>797,694</td> <td>204,929</td> <td>631,890</td> <td>548,122</td> <td>511,156</td> </tr> <tr> <td>Share Capital</td> <td>1,143,328</td> <td>1,143,328</td> <td>1,143,328</td> <td>1,143,328</td> <td>1,143,328</td> <td>1,143,328</td> </tr> <tr> <td>Net Asset</td> <td>5,250,798</td> <td>5,327,938</td> <td>4,645,320</td> <td>4,741,838</td> <td>4,452,947</td> <td>4,247,823</td> </tr> <tr> <td>Total Assets</td> <td>22,124,753</td> <td>19,583,718</td> <td>17,597,552</td> <td>15,952,341</td> <td>12,361,872</td> <td>12,334,021</td> </tr> <tr> <td>EPS (kobo)</td> <td>17</td> <td>35</td> <td>9</td> <td>28</td> <td>24</td> <td>23</td> </tr> </tbody> </table>	NPF Microfinance Bank PLC	Q3 2020 Audited	2019	2018	2017	2016	2015	Financial Summary	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	Gross Earnings	3,359,061	4,447,812	3,950,377	3,654,875	2,925,229	2,592,694	Profit Before Tax	473,631	1,009,267	296,335	819,819	796,659	685,457	Profit After Tax	384,321	797,694	204,929	631,890	548,122	511,156	Share Capital	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328	Net Asset	5,250,798	5,327,938	4,645,320	4,741,838	4,452,947	4,247,823	Total Assets	22,124,753	19,583,718	17,597,552	15,952,341	12,361,872	12,334,021	EPS (kobo)	17	35	9	28	24	23
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Indebtedness	<p>As at 30th of September 2020, NPF Microfinance Plc had a total debt amount of approximately ₦1.95 billion in respect of on-lending to customers broken down as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Borrowings</th> <th>N'000</th> </tr> </thead> <tbody> <tr> <td>BOI concessionary loan</td> <td></td> <td>-</td> </tr> <tr> <td>CBN concessionary</td> <td></td> <td>1,025,290</td> </tr> <tr> <td>DBN concessionary loan</td> <td></td> <td>871,442</td> </tr> <tr> <td>CBN housing microfinance loan</td> <td></td> <td>50,849</td> </tr> <tr> <td>TOTAL INDEBTEDNESS</td> <td></td> <td>1,947,581</td> </tr> </tbody> </table>	Borrowings		N'000	BOI concessionary loan		-	CBN concessionary		1,025,290	DBN concessionary loan		871,442	CBN housing microfinance loan		50,849	TOTAL INDEBTEDNESS		1,947,581																																													
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Claims and Litigations	NPF Microfinance Bank Plc is currently involved in twelve (12) pending cases – all of which were instituted against the Bank. A review of these cases was conducted to confirm their status and ascertain the “Contingent Liability” of the Bank. The total amount claimed in the twelve (12) cases is N762,933,199.56 (Seven Hundred and Sixty-Two Million Nine Hundred and Thirty-Three Thousand, One Hundred and Ninety-Nine Naira, Fifty-Six Kobo) only. Please note that these figures do not include interest claims against the Company. As Solicitors to the Offer, we are of the opinion that the claims and litigation are not likely to have any material adverse effect on the Bank and/or the Hybrid Offer and are not aware of any pending or threatened claims or litigation involving the Bank other than those disclosed in the schedule of claims and litigations.
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THE OFFER

Copies of this Prospectus and the documents specified herein have been delivered to the SEC for clearance and registration.

This Prospectus is being issued in compliance with the provisions of the Investments and Securities Act No. 29 2007, the Rules and Regulations of the Commission and the Listings Requirements of The NGX and contains particulars in compliance with the requirements of the Commission and The Exchange, for the purpose of giving information to shareholders and the public with regard to the Public Offer (by way of an offer for subscription) of 713, 342, 234 ordinary shares of 50 Kobo each in NPF Microfinance Bank Plc by the Issuing Houses. The Shares qualify as securities in which Trustees may invest under the Trustees Investments Act, (Cap T22) Laws of the Federation of Nigeria, 2004.

The Directors of NPF Microfinance Bank individually and collectively accept full responsibility for the accuracy of the information contained in this Prospectus. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no material facts, the omission of which make any statement herein misleading or untrue.

The Securities and Exchange Commission has approved the Issue, in respect of the public offer and the approval shall not be taken to indicate that the Commission recommends the public offering. The Commission shall not be liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of the document, makes no representation as to its accuracy of completeness, and expressly disclaims any liability whatsoever arising from reliance upon the whole or any part of the contents of the Prospectus.

LEAD ISSUING HOUSE



RC 617327

JOINT ISSUING HOUSES



RC 739441



RC 248316



RC 155359



RC 116443

On behalf of



RC 220824

NPF MICROFINANCE BANK PLC

PUBLIC OFFER

By way of an Offer for Subscription Of
713,342,234

Ordinary shares of 50 Kobo each at
₦1.50 per share

Payable in full on Application

The Application for the Ordinary Shares being offered will open on **24 – 06 - 21** and close on **30 – 06 - 21**.

Share capital and Reserves of the Company as at September 30, 2020	₦'000
Authorized Share Capital: 6,000,000,000 Ordinary Shares of 50 kobo each	3,000,000
Issued and fully Paid: 2,286,657,766 Ordinary Shares of 50 kobo each	1,143,328
EQUITY AND RESERVES	
Share capital	1,143,328
Share premium	1,517,485
Retained earnings	1,096,919
Fair value reserve	-6,907
Other reserves	1,499,972
TOTAL EQUITY	5,250,797

DIRECTORS, AUDIT COMMITTEE MEMBERS AND OTHER PARTIES TO THE OFFER

DIRECTORS OF NPF MICROFINANCE BANK PLC	
DIG. AZUBUKO JOEL UDAH (RTD) Chairman	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. AKINWUNMI LAWAL Managing Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
FRANCIS CHUKWUEMEKA NELSON Executive Director, Finance & Administration	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. JOHN KWABE TIZHE Executive Director, Operations	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. MOHAMMED DANTSOHO SAEED Independent Non-Executive Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. USMAN ISA BABA Non-Executive Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. JIBRIN GARBA GANE Non-Executive Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. SALIHU ARGUNGU HASHIMU Non-Executive Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. ABDULRAHMAN SATUMARI Independent Non-Executive Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. AMINU SALEH PAI Non-Executive Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MRS. RAKIYA EDOTASHEHU Independent Non-Executive Director	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MRS OSARO IDEMUDIA JOSEPHINE Company Secretary/Legal Adviser	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.

AUDIT COMMITTEE	
MR. ABDULRAHMAN SATUMARI Chairman	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. MOHAMMED D. SAEED Member	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. JIBRIN G. GANE Member	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.
MR. SALIHU ARGUNGU HASHIMU Member	Aliyu Atta House, No 1, Ikoyi Road, Obalende, Lagos.

PROFESSIONAL PARTIES	
LEAD ISSUING HOUSE	Cowry Asset Management Limited Plot 1319, Karimu Kotun Street, Victoria Island, Lagos
JOINT ISSUING HOUSES	CardinalStone Partners Limited 5, Okotie Eboh Street, Ikoyi Lagos. FCSL Asset Management Company Limited 15 Ribadu Road, Off Awolowo Road, Ikoyi Lagos. Integrated Trust and Investment Limited 61, Marina Road, Lagos Island Lagos Lead Capital Plc 281, Ajose Adeogun Street, Victoria Island, Eti Osa, Lagos.
REPORTING ACCOUNTANT	Pro Edge Partners 36A Acme Road (2 nd Floor) Beside Press House, Ogba Ikeja, Lagos
REGISTRARS	CardinalStone Registrars Limited 358, Herbert Macaulay Way, Yaba Lagos.
AUDITORS	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street, Victoria Island, Lagos.
SOLICITOR TO THE ISSUE	Tokunbo Orimobi LP Plot 1963B Buraimoh Kenku Street, Off Oyin Jolayemi Street, Victoria Island, Lagos
STOCKBROKER	Regency Assets Management Limited 63 Norman Williams Street, Off Awolowo Road, S.W Ikoyi Lagos
RECEIVING BANKS	First Bank of Nigeria Limited 35 Marina Road Lagos Island, Lagos United Bank for Africa Plc 57 Marina Street, Lagos Island, Lagos

CHAIRMAN'S LETTER

The following is the text of a letter received by the Issuing Houses from DIG. Joel Azubuko Udah (RTD) Chairman, Board of Directors of NPF Microfinance Bank PLC.



May 10, 2021

NPF Microfinance Bank Plc
Aliyu Atah House
No 1 Ikoyi Road
Obalende Lagos.

To: All Shareholders of NPF Microfinance Bank Plc

Dear Sir/Madam,

OFFER OF 713,342,234 ORDINARY SHARES OF N0.50 EACH AT N1.50 PER SHARE

1. INTRODUCTION.

At the 25th Annual General Meeting ("AGM") of NPF Microfinance Bank Plc ("NPF" or "the Company") which was duly convened and held on July 25, 2019, the Company was authorized to offer to the general public and any other investors 3,000,000,000 units of its authorised share capital by a combination of Rights Issue and Public Offer. Following your authorization to raise capital and after careful deliberations with the Directors, I am delighted to inform you that the Board of Directors ("the Board") has approved the issuance of 2,286,657,766 ordinary shares of the bank to be offered to the existing shareholders of the bank by way of Rights Issue in the ratio of 1 new share for every 1 share already held and 713,342,234 ordinary shares of the bank be offered to the general public through an offer for subscription. The shares will be sold at a unit price of N1.50k for the Rights Issue and N1.50k for the public offer. Requisite approvals have been sought from the Securities & Exchange Commission ("SEC") and The Nigerian Exchange Limited ("The NGX") for the registration and subsequent Listing of the shares being issued.

2. ECONOMIC AND BUSINESS ENVIRONMENT.

The global economy expanded strongly in April 2021 – the tenth consecutive expansion – as growth in output and new business orders was sustained. Notably, new business and new export orders indexes expanded to 56.3 points and 52.4 points respectively (from 54.4 points and 50.2 points in March). Input cost index also rose to 64.9 points (from 64.1 points) and was transferred to consumers as output price index rose to 56.9 from 55.9. Expansion in business activity was partly spurred by increased business confidence amid increased rollout of Coronavirus vaccines which allowed for an easing of lockdowns in several countries. According to the J.P. Morgan Global Composite Output Index, global business activities (manufacturing and services) expanded to 56.3 points in April 2021, faster than 54.8 points in March 2021. Sustained demand for investment goods, intermediate goods and consumer goods helped increase overall manufacturing sector output level. In the services sector, expansions in financial services and business services were partly offset by sustained contraction in consumer services. The United States registered accelerated output expansion to 63.5 points in April (from 59.7 points in March), China posted stronger growth of 54.7 in April (from 53.1 in March) while the Eurozone recorded 53.8 in April (from 53.2 in March).

With regard to jobs, the J.P. Morgan Global Composite Employment Index expanded to 53.2 points in April (from 51.6 points in March) amid improved business activity at both manufacturers and service providers. Job creation was seen in the US, Germany, the UK and Australia. However, Brazil, India and Italy saw contraction in employment.

Inflation rates in major economies generally increased amid expansionary economic policies, increased consumer and business confidence and stronger demand for inputs. Inflation rate in the United States spiked to 2.6% in March (from 1.7% in March) amid a relatively stronger 9.8% m-o-m increase in retail sales and a 2.7% m-o-m increase in building permits to 1.77 million in March. The US 10-year bond yield and 1-year T-Bill yield fell to 1.64% and 0.05% respectively at the end of April (from 1.74% and 0.06% at the end of March). In Germany, Inflation climbed to 2% in April (from 1.70% in March) amid a relatively

stronger 7.7% m-o-m increase in retail sales. German 10-year bond yields rose to -0.19% at the end of April (from -0.29% at the end of March) while the 1-year yield was flat -at 0.65%. China recorded an inflation rate of 0.4% in March (from -0.2% in February) amid a stronger 1.75% m-o-m rise in retail sales. Its 10-year bond yield fell to 3.19% at the end of April (from 3.23% at the end of March); however, its 1-year bond yield rose to 2.6% from 2.54%.

In the global energy market, latest statistics from the U.S. EIA showed that world crude oil consumption upped m-o-m by 0.04% to 96 million barrels per day (mbpd) while world crude oil supply increased by 1.64% to 93.5 mbpd in March. Meanwhile, world rig count fell by 3.07% to 1,231 in March. In the month of April, however, global crude oil prices generally moderated – Brent crude oil spot price mellowed m-o-m, on average, by 0.92% to USD64.81 a barrel – partly perturbed by rising new cases of coronavirus in India that upset confidence in the global crude oil markets. According to CSSE COVID-19 data, India's new cases rose from 81,466 on April 01 to 401,993 on April 30.

Nigeria's real Gross Domestic Product expanded y-o-y by 0.11% to N19.55 trillion in Q4 2020 (or USD122.44 billion) as households and businesses resumed economic activities amid economic stimulus packages provided by the monetary and fiscal authorities. The non-oil sector rose y-o-y by 1.69%; however, the oil & gas sector fell y-o-y by 19.76% as average daily oil production fell q-o-q by 6.6% to 1.56 million barrels per day (mbpd) amid production cuts imposed by Opec+. Nigeria's economy is expected to further breathe well in 2021 given the relative recovery in global crude oil prices and expected boost in crude oil revenue. The IMF predicts that Nigeria is expected to record subdued growth of 1.50% and that output growth recovery to pre-pandemic level would take place in 2022.

Nigeria's total public debt stock surged by 20.12% to N32.92 trillion as at December 2020 (from N27.40 trillion as at December 2019). The increase in the country's total debt stock was chiefly due to a 40.82% rise in external debt to N12.71 trillion (or USD33.35 billion at N381.00/USD) as at December 2020 from N9.02 trillion (or USD27.68 billion at N326.00/USD) in December 2019 – essentially multilaterals. However, implicit interest rate on total borrowings fell to 7.41% in 2020 amid increased concessionary loans (especially from IMF and AfDB) and low domestic interest rate environment in 2020.

Meanwhile, annual inflation (consumer price) rate continued to trek northwards, having risen to 18.12% in the month of April (from 17.33% recorded in February). Persistent rise in the food prices continue to exert pressure on the annual inflation rate even as the Core Index also climbed higher in the month of March. Structural challenges, the ongoing planting season and rising insecurity challenges in the food producing areas of the country continued to impact negatively on the food basket.

We believe some other likely drivers of Nigeria's economic rebound in 2021 and beyond include: the timely implementation of the government's expenditure plan with increased emphasis on capital expenditure and judicious use of scarce resources; adoption of budget-friendly fiscal policies for businesses and households to stimulate production and consumption activities; early commencement of operations at the Dangote Oil Refinery which should turn out positive for Nigeria's real and external sectors; pursuit of policies that would transform Nigeria's healthcare system and deliver benefits to citizens; and accelerating efforts at getting businesses to take advantage of foreign trade opportunities provided in the African Continental Free Trade Area agreement while also improving the ease of doing business

3. HISTORY AND BUSINESS OF THE COMPANY.

NPF Microfinance Bank Plc (Formerly NPF Community Bank Ltd) was incorporated on 19th May, 1993 as a Limited Liability Company under the provision of the Companies and Allied Matters Act cap C20 LFN 2004. The bank provides banking services to both serving and retired Officers and men of the Nigerian Police Force, its ancillary institutions and the general banking public. 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 12th July 1993 from the Central Bank of Nigeria. The bank obtained its full license to operate as a Community Bank on 24th January, 2002. On 31st December, 2007 the bank converted from its Community Bank status to a Microfinance Bank following Central Bank of Nigeria directive to all Community Banks. The approval granted to the bank was a unique one as it allows the bank to open branches in all the states.

The authorized share capital of the bank at inception was ₦500,000.00 made up of 500,000 ordinary shares of ₦1.00 each and this has over the years increased to its current level of ₦3,000,000,000.00 made up of 6,000,000,000.00 ordinary shares of 50k each of which 2,286,657,766 ordinary shares of 50k each are issued and fully paid up. These shares were listed on the floor of Nigeria Exchange Limited on 1st December 2010. The balance sheet size of the bank was over ₦8.6 billion as at 31st December, 2013. As at December 2019, the bank's balance sheet size stood at ₦19.6 billion.

NPF Microfinance Bank has its Head Office located at Aliyu Atta House, 1 Ikoyi Road, Obalende and other branch offices in Obalende, Ikeja, Abuja Main, Port Harcourt, Kano, Osogbo, Benin, Sokoto, Onitsha, Akure, Lokoja, Yola, Abuja 2, Bauchi, Lafia, Enugu, Kaduna, Oji River, Tejuosho, Ikorodu, Ibadan, Abeokuta, Asaba, Port Harcourt2, Aswani, Calabar, Awka, Aba, Ilorin, Minna, Jos, Owerri, Uyo, Makurdi and Ado-Ekiti.

Over the years, NPF Microfinance Bank Plc has continued to live up to its dream of becoming the bank of first consideration for all Police businesses and selected other businesses, through its continued improvement in personalized service delivery and most importantly employing committed and trustworthy personnel to deliver excellent financial results comparable to none in the industry.

At NPF Microfinance Bank Plc, strong capital base, development of superior asset quality, professionalism and corporate governance are abiding principles. The bank's customer-centric approach to customer services consistently reinforces its value creation processes towards assisting customers in achieving their goals.

4. STRATEGIC PLAN

In line with our three years strategic plan (2019-2021), our business is focused on three (3) major Strategic initiatives namely; Recapitalisation, Technology and People to achieve our set objectives. To propel our strategy, we consider it vital to recapitalize by raising more funds from existing shareholders and inviting new investors to have a stake in our bank. The bank will leverage more on technology through alternative banking channels to increase her market share significantly by growing organically, the number of our customers.

In a bid to make our services available to the general public, the bank will also open more business offices within densely populated areas to serve low income earners thus deepening financial inclusion and serving our primary constituency - the Police Force.

Although, expanding our loan portfolio is part of our long-term growth agenda, we are however committed to assessing and limiting concentration risks in this regard. As we implement the three-year strategic plan, we remain confident that achieving our strategic goals will further consolidate the bank's position in the microfinance sector as a formidable player.

5. FUTURE OUTLOOK

The economic and political landscape remains challenging in 2020 as investment inflows and revenue generation are projected to decline further in the course of the year. In any case, our investment in people, processes and Information Technology is expected to improve profitability and create value for our shareholders in the year ahead.

We are also confident that diligent implementation of our 3-year strategic plan and the strategies being adopted by the Board and Management to resolve the various challenges posed by the Core Banking Software (T24) will result in better performance in the year ahead.

In addition, we will continue to improve our internal control process to enable the bank manage its risk effectively.

The Board will maintain focus in its pursuit of shareholder value and continue to provide the stability and strategic direction the bank requires to deliver operational excellence in our bid to become the clear leader in the provision of microfinance services.

6. USE OF THE PROCEEDS

The net proceeds of the Public Offer, estimated at N1,041,056,363.11, after deducting N28,974,988.12 which is the estimated cost of the Public Offer with cost of printing and advertisement inclusive (representing 2.71% of the gross offer proceeds of N1,070,013,351.23) will be applied as shown below:

UTILIZATION	%	NGN	Expected Completion Period
To expand branch network	30.0%	312,316,908.93	12 months
IT Upgrade	40.0%	416,422,545.25	24 months
Working Capital	30.0%	312,316,908.93	Continuous
TOTAL	100%	1,041,056,363.11	

7. CONCLUSION

By subscribing to the offer, you will be making a strong statement regarding your commitment to ensuring that the Company is well-positioned to achieve its strategic growth objectives. This prospectus contains the Procedure for Application/Allotment, Receiving Agents and Application Form from pages 88 to 92 detailing full instructions for making payment and subscribing to the offer.

Thank you.

Yours faithfully



DIG. Joel Azubuko Udah (RTD)

Chairman, NPF Microfinance Bank Plc

BOARD OF DIRECTORS OF NPF MICROFINANCE BANK PLC

DIG Azubuko Joel Udah (Rtd) – Chairman

Mr. Azubuko J. Udah was born on 26th October, 1954 in Abia State. He is a retired Deputy Inspector General of Police. He holds a Bachelor's degree in Political Science (1978) from the Premier University, the University of Ibadan and also has a Bachelor of Laws degree from the University of Calabar. He attended the Nigeria Law School and was called to the Nigeria Bar in 2000.

Mr. Akinwunmi Lawal – Managing Director

Mr. Akinwunmi Lawal holds a Higher National Diploma in Business Administration from Yaba College of Technology (1996) and MBA in Financial Management Technology from the Federal University of Technology Owerri. He is a fellow of the Chartered Institute of Bankers of Nigeria and Microfinance Certified Banker. He is also a fellow of the Association of Enterprise Risk Management Professional and an Associate of Certified Pension Institute of Nigeria.

He has over thirty years of quality banking experience having previously worked with FSB International Bank Plc. (1987-1993) and United Commercial Bank (1993 -1994). He joined NPF Microfinance Bank Plc over twenty-four (24) years ago and has served the Bank in various capacities such as Head of Accounts, Head Abuja Liaison Office, Head of Treasury, Head Financial Control and Head Enterprise Risk Management.

Mr. Lawal has attended various local and international banking management and leadership programmes. He is a team player whose experience makes him well suited to play a leading role in repositioning the Bank as a leading Microfinance Bank in the Microfinance sub-sector of the Banking Industry.

Mr. Francis Chukwuemeka Nelson – Executive Director, Finance & Administration.

Mr. Nelson obtained a Post Graduate Diploma (PGD) and MBA in Accounting from Nnamdi Azikiwe University in year 2000 and became a Fellow of the Chartered Institute of Taxation in 2006. He is a fellow of the Institute of Chartered Accountants of Nigeria and a CBN Certified Microfinance Banker. Mr. Nelson has extensive working experience in both Manufacturing and Finance Company. He worked as Associate Consultant with FC & Associate (Financial Management Consultant) from 1996 – 1999, Assistant Manager (Audit) with Achike Emejulu & Co (Chartered Accountants) from 1994 – 1996 and Assistant Manager (Accounts Department), Occidental Finance & Securities Limited 1993 – 1994. He Joined NPF Microfinance Bank Plc in 1999. He is currently the Executive Director of Finance & Administration Department of the Bank.

Mr. John Kwabe Tizhe – Executive Director, Operations

Mr. John Tizhe holds a Bachelor of Technology degree in Operations Research from the University of Technology Yola, Adamawa State in 1992. He started his career at First Continental Insurance Company Ltd where he served as the Superintendent of Insurance from 1996-1999.

Mr. Tizhe joined NPF Microfinance Bank Plc in 2000 as the Information Technology Manager (2000-2014) where he made remarkable impact in implementation of various IT projects.

He attended various trainings and seminar both locally and internationally. He is a certified Microfinance Banker, an Associate of the Chartered Institute of Administration, an Associate of the Nigerian Institute of Management and Disaster Recovery Institute International. Mr. Tizhe passed the ISACA's Certified Information Systems Auditor Exam and holds ITIL foundation certificate in IT Service Management.

Until his appointment as the Executive Director Operations, Mr. Tizhe was the Regional Head, North. He is happily married and enjoys reading and travelling.

Mr. Usman Isa Baba - Non-Executive Director

Mr. Usman Isa Baba is a retired Commissioner of Police in charge of the Nigeria Police Cooperative Multi-Purpose Society Ltd. He was born on 21st February 1955 in Lafia, Nasarawa State, Nigeria. He obtained a Bachelor's Degree in Business Administration and Management from the Edo State University, Ekpoma (2008) and a National Diploma in Secured Credit and Property Law from the University of Lagos (1999).

Mr. Mohammed D. Saeed – Independent Non-Executive Director

Mr. Saeed is a graduate of the University of Sanford, Manchester as well as the University of Abuja from where he obtained a degree in Tech, Electrical and Economics respectively. He has vast experience in international Business Relations and Social Development Functions.

Mr. Jibrin Garba Gane – Non-Executive Director

Mr. Jibrin Gane was born on 27th October, 1966 in Dass Local Government Area of Bauchi State. He obtained a Diploma in Accountancy (1997) and a Bachelor's degree in Banking and Finance, (2005) both from the University of Maiduguri. Mr. Jibrin Gane enrolled into the Nigeria Police Force in 1990 as a Cadet Inspector and trained at the Police Academy, Kano.

He was appointed as a Non-Executive Director to represent the interest of the Nigeria Police Cooperative Multi-Purpose Society Ltd on the Board.

Mr. Salihu Argungu Hashimu – Non-Executive Director

Mr. Salihu Argungu Hashimu was born on 10th July 1957 and hails from Kebbi State in Argungu Local government Area. He holds a Bachelor of Laws (LL. B) degree from the Usman Danfodio University, Sokoto and a Master's degree in Law (LL.M) from the University of Abuja. He was called to the Nigeria Bar in 2001. He started his career with the Nigeria Police Force in 1986 as the Officer in Charge Anti-fraud, State Criminal Investigation Department Niger State Command. He thereafter held several positions such as Deputy Commissioner of Police – Department of Research and Planning, Deputy Commissioner of Police – Legal/prosecution 'D' Department, DIG - Department of Training and Development amongst others.

Mr. Aminu Saleh Pai – Non-Executive Director

Mr. Aminu Saleh Pai holds a degree in Chemistry from Ahmadu Bello University, Zaria and M.sc in Polymer Science from University of Jos. He started his career with the Nigeria Police Force on 15th March, 1988 as the Police Public Relations Officer (PPRO) FCT Command and rose to the rank of Commissioner of Police. He has undertaken several professional courses organised locally and internationally.

Mr. Aminu Saleh Pai is currently the Commissioner of Police in charge of the Nigeria Police Cooperative Multi-Purpose Society Ltd.

Mr. Abdulrahman Satumari – Independent Non-Executive Director

Mr. Abdulrahman Satumari is a graduate of the University of Maiduguri with a Bsc. (Hons) in Business Management (Banking & Finance) 2004. He also obtained a Diploma in Accounting and a Post Graduate Diploma in Management both from the same university. His working career includes Central Cashier (HMB) Borno State (2000-2003) and he became the Chief Accountant at the Ministry of Finance (HMB) Borno State in 2003. He was the Managing Director of Satus Hotel Limited (2007-2015) and he is currently the Chairman and CEO of Mo-Tex Engineering Services Ltd.

Mrs. Rakiya Edota – Independent Non-Executive Director

Shehu was born on 20th February, 1974. She hails from Niger State. She obtained a Bachelor's degree in Management Studies from the Usman Dan Fodio University Sokoto State in 1996.

She began her career in Banking with the United Bank of Africa (UBA) in 1999 as a cash and teller officer. She served in various positions in UBA including customer service officer, Reconciliation and Control Officer, Funds transfer officer, head of operations, branch operations manager and team member cash management centre until 2016.

Mrs. Osaro Josephine Idemudia - Company Secretary/ Legal Adviser

Mrs. Osaro Idemudia holds an LLB degree obtained from the University of Benin in 1990 and was conferred with a BL certificate in 1991, having passed her Law School examinations. An Experienced and versatile corporate Lawyer, Mrs. Idemudia has trained with Thomas & Co (Legal Practitioners). She has 26 years working experience beginning with her national youth service at the Corporate Affairs Commission, Abuja (1992) and NPF Microfinance Bank (1993 to date) where she has served as the Head, General Services overseeing the Administration and Personnel Department of the Bank, the Secretary to the Board and Legal Adviser to the Bank.

Before joining the Bank in 1993, she was a legal/ Credit Officer at Falcon Mortgage Bank Limited, Ikeja. Mrs. Idemudia is an Associate Member of the Institute of Chartered Secretaries and Administrators, Nigeria. She is a Member of the Nigeria Bar Association (NBA), Society for Corporate Governance, Nigeria Institute of Management, a fellow of the Association of Enterprise Risk Management Professionals and also a CBN Certified Microfinance Banker. She is currently the Company Secretary/ Legal Adviser.

MANAGEMENT TEAM OF NPF MICROFINANCE BANK PLC

Mr. Akinwunmi Lawal – Managing Director

Mr. Akinwunmi Lawal holds a Higher National Diploma in Business Administration from Yaba College of Technology (1996) and MBA in Financial Management Technology from the Federal University of Technology Owerri. He is a fellow of the Chartered Institute of Bankers of Nigeria and Microfinance Certified Banker. He is also a fellow of the Association of Enterprise Risk Management Professional and an Associate of Certified Pension Institute of Nigeria.

He has over thirty years of quality banking experience having previously worked with FSB International Bank Plc. (1987-1993) and United Commercial Bank (1993 -1994). He joined NPF Microfinance Bank Plc over twenty-four (24) years ago and has served the Bank in various capacities such as Head of Accounts, Head Abuja Liaison Office, Head of Treasury, Head Financial Control and Head Enterprise Risk Management.

Mr. Lawal has attended various local and international banking management and leadership programmes. He is a team player whose experience makes him well suited to play a leading role in repositioning the Bank as a leading Microfinance Bank in the Microfinance sub-sector of the Banking Industry.

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Mr. John Kwabe Tizhe – Executive Director, Operations

Mr. John Tizhe holds a Bachelor of Technology degree in Operations Research from the University of Technology Yola, Adamawa State in 1992. He started his career at First Continental Insurance Company Ltd where he served as the Superintendent of Insurance from 1996-1999.

Mr. Tizhe joined NPF Microfinance Bank Plc in 2000 as the Information Technology Manager (2000-2014) where he made remarkable impact in implementation of various IT projects.

He attended various trainings and seminar both locally and internationally. He is a certified Microfinance Banker, an Associate of the Chartered Institute of Administration, an Associate of the Nigerian Institute of Management and Disaster Recovery Institute International. Mr. Tizhe passed the ISACA's Certified Information Systems Auditor Exam and holds ITIL foundation certificate in IT Service Management.

Until his appointment as the Executive Director Operations, Mr. Tizhe was the Regional Head, North. He is happily married and enjoys reading and travelling.

Mrs. Osaro Josephine Idemudia - Company Secretary/ Legal Adviser

Mrs. Osaro Idemudia holds an LLB degree obtained from the University of Benin in 1990 and was conferred with a BL certificate in 1991, having passed her Law School examinations. An Experienced and versatile corporate Lawyer, Mrs. Idemudia has trained with Thomas & Co (Legal Practitioners). She has 26 years working experience beginning with her national youth service at the Corporate Affairs Commission, Abuja (1992) and NPF Microfinance Bank (1993 to date) where she has served as the Head, General Services overseeing the Administration and Personnel Department of the Bank, the Secretary to the Board and Legal Adviser to the Bank.

Before joining the Bank in 1993, she was a legal/ Credit Officer at Falcon Mortgage Bank Limited, Ikeja. Mrs. Idemudia is an Associate Member of the Institute of Chartered Secretaries and Administrators, Nigeria. She is a Member of the Nigeria Bar Association (NBA), Society for Corporate Governance, Nigeria Institute of Management, a fellow of the Association of Enterprise Risk Management Professionals and also a CBN Certified Microfinance Banker. She is currently the Company Secretary/ Legal Adviser.

Mr. Chima Wosu - Head, Credit/Operations

Mr. Wosu holds a Higher National Diploma in Business Administration from Yaba College of Technology in 1996 and a post Graduate Diploma in Banking and Finance from University of Ado Ekiti in 1999. He also obtained a Masters Degree in Economics from Lagos State University in 2006. He is an Associate member of the Chartered Institute of Bankers of Nigeria, Nigeria Institute of Management (Chartered), Certified Pension Institute of Nigeria (CIPN), Nigeria Institute of Cost Management and he is a CBN Certified Microfinance Banker.

Mr. Wosu started his banking career in Crystal Bank of Africa Limited in 1992. He joined NPF Microfinance Bank Plc in 1999. He is currently the Head of Credit/ Operations Department.

Mr. Olusegun Osisanya (Head, Enterprise Risk Management)

He is a graduate of Business Administration (1996) from Yaba College of Technology as well as holder of Masters of Business Administration Degree (2012).

Mr. Osisanya is an Associate member of the Institute of Cost Management of Nigeria, Associate Business Continuity Professional. He is a member of Global Association of Risk Management Professional, Doctoral Fellow- International Certified Risk Management Professionals United Kingdom, Fellow – Chartered Institute of Loan & Risk Management of Nigeria and Fellow- Association of Risk Management professional Nigeria. He is also a Certified Microfinance Banker.

He acquired thirteen (13) years' experience in Commercial Bank and six (6) years' experience in management consultancy before joining the Bank in 2002. He is currently the Head of Enterprise Risk Management Department.

Mr. Fidelis Omokhapue (Head, Internal Audit)

Mr. Omokhapue holds a Bachelor of Science Degree in Banking and Finance from Olabisi Onabajo University, Ago-Iwoye, Ogun State and a Master's Degree in Management from the University of Lagos. He is a Fellow of the Institute of Chartered Accountants of Nigeria and an Associate member of the Chartered Institute of Bankers of Nigeria. He is also an Associate member of the Chartered Institute of Taxation of Nigeria and a Certified Microfinance Banker. His experience spans Financial Control, Banking operations, Treasury Management and Audit.

Mr. Omokhapue worked in the Banking and Financial service industry for over 8 years before joining the Bank in 2005. He is currently the Head of Internal Audit Department.

Mrs. Hafsat Ekutti (Head, Information Technology)

Mrs. Hafsat Ekutti holds a B.sc in Computer Science from University of Ilorin in 1999 and also a PGD in Education from University of Lagos. She also has certifications in ITIL and COBIT5. She has attended various courses on Microsoft server & Exchange as well as SQL Database Administration.

She previously worked as a Computer Instructor in Nigeria Military School, Zaria (1999) as well as in the Nigeria Police Force Education Unit (2001- 2005) Prior to joining NPF Microfinance Bank Plc 12 Years ago. She has served the Bank majorly in the Information Technology Department. She is currently the Head of Information Technology Department.

Mrs. Fatima Olajumoke (Head, Marketing)

Mrs Fatima Olajumoke attended the prestigious Secondary School Queen's College Yaba Lagos. She holds a B.SC degree in Accounting from the university of Jos, Plateau state in 1998, and an MBA in Finance from Ladoke Akintola university of Technology in 2010. She is a CBN Certified Microfinance Banker and an Associate Member of the Nigerian Institute of Management. She is also a Fellow Member of the National Institute of Marketing of Nigeria and Association of Economists and Statisticians of Nigeria. Mrs Fatima Olajumoke has over 17 years working experience beginning with her National Youth Service at Akintola Williams Adetona /Isichie and co. and thereafter worked with Basic Komputers before joining the Bank in 2002.

She was the former Branch Manager at Ikeja branch and presently the Head, Marketing Department of the bank. She has attended various Managerial and Marketing Courses amongst which are trainings organised by CBN/AFOS/MicroSave on Savings Mobilisation and Digital Financial Services, and Lagos Business School on Executive Sustainability and Social Impact Assessment training. She has been in the fore Front Promoting and Coordinating the Financial Inclusion policy of CBN and the Government in the bank

Mrs. Yetunde A. Babarinde – Head, Administration

She is a graduate of Quantity Surveying from Yaba College of Technology (1998). She also holds an Executive MBA (CEMBA) from the National Open University, Nigeria through the Commonwealth of Learning, Canada and a CBN Certified Microfinance Banker. She is a Registered and Professional Quantity Surveyor.

Mrs Babarinde joined the service of the Bank in 2005 as an Assistant Officer and has risen through the ranks. She was one-time Branch Manager of Tejuosho branch. She is currently the Head of Administration.

MR. Sunday Zovoe (Chief Compliance Officer)

Mr. Sunday Zovoe holds a Bachelor of Science Degree in Business Administration from University of Lagos and a Masters Degree in Management from the same university. He is an Associate Member of the Chartered Institute of Bankers. He is also a Certified Microfinance Banker.

Mr. Zovoe started his banking career in Wema Bank in 1989 and Commercial Trust Bank Ltd (1990-1997). He joined NPF Microfinance Bank fifteen (15) years ago and has served the Bank in various capacities in the Internal Audit Department and as a Branch Manager.

He has over 23 years banking experience and he is currently the Chief Compliance Officer of the Bank.

MR. David Oludare Ariyo (Head, E-Business)

Mr. Ariyo is a dynamic result oriented professional with over 20 years in community, Rural and Urban Microfinance banking, having joined NPF MFB in 1997. He is a Diploma graduate of Accountancy from Federal Polytechnic, Mubi (1989). An associate Member of the Chartered Institute of Administration; (1996) Holder of Post Graduate Diploma in Finance management from University of Ado Ekiti (1999) Holder of Cisco Certified Network Associate (CCNA) and Certified Information Technology Infrastructure (ITIL), (2007).

He also obtained a Master degree in Business Administration from University of Nigeria Nsukka (2009); Member of Chartered Institute of Professional Managers and Administrators (2012). He is a certified Microfinance Banker and Institute of Cost Management.

Before joining the Bank in 1997, he worked as Account Officer with Allen Automobile, (A division of John Holt Plc). He served as a Branch Manager in Port-Harcourt before his transfer to Head Office.

He is currently the Head of Electronic Business Department of the Bank.

Mr. Ariyo is a lover of Photography and a promoter of Humanitarian service; he is a chartered member of Rotary Club of Ikorodu Golden.

Mrs. Kate Nkechi Ukah (Regional Head, East)

Mrs. Kate Nkechi Ukah is a holder of the Higher National Diploma in Agriculture from the Federal Soil Conservation School, Jos (1990). She joined NPF Microfinance Bank Plc in 1993 as a Management Trainee from which level, she has had a remarkable development and growth. She also holds a (PGD) in Business Management as well as an (MBA) in Human Relations Management. She is the Regional Head, East.

Mr. Komolafe Solomon Oladapo (Regional Head, South)

Mr. Komolafe, before joining NPF Microfinance Bank Plc in 1999, had over thirteen (13) years working experience in commercial banking. He is a Fellow of the Chartered Institute of Bankers of Nigeria (FCIB), Institute of Chartered Economists of Nigeria and Association of Enterprise Risk Management Professionals. He is also a CBN Certified Microfinance Banker. He holds a MBA degree from the Lagos State University.

Mr. Dapo Komolafe has occupied various positions including Head Operations, Branch Manager – Obalende and Ikeja Branches and Head Administration. He is currently the Regional Head, South.

MR. HABEEB A. YUSUF (Regional Head, North)

He is a graduate of Banking & Finance from Kwara State Polytechnic, Ilorin (1995). He is an Associate member of the Institute of Chartered Accountants of Nigeria (ICAN) and a CBN Certified Microfinance Banker. He is also an Associate member of Nigeria Institute of Management.

Mr. Habeeb joined the service of the bank in 1998 as an Assistant Officer and rose through the ranks. He was the Branch Manager of Abuja Main branch, Kano branch and Head Administration Department at various times before his appointment as the Regional Head, North.

RISKS

Below are certain risks associated with the Nigerian Banking industry, which each investor should be aware of. The material implications of the risks envisaged by the Bank's management have been quantified as far as possible. Where such quantifications have not been made, it may be construed that the implication cannot be quantified. The following factors need to be taken into consideration by potential investors when making their investment decision.

1. Economic Risks

Interest rate volatility

Alterations in market interest rates could affect the interest rates charged on the Bank's interest-earning assets differently from the interest rates paid on its interest-bearing liabilities. Any volatility in interest rates could negatively affect the Bank's business and its future financial performance.

Systemic Risk and Banking Distress

The banking crisis, which emerged during the early 1990s, coupled with the recent collapse of certain banks, may result in systemic risk, given the level of inter-bank activity within the industry, thereby implying that the financial stability of the Nigerian banking system may not be guaranteed.

2. Operational Risks

Default Risk: Default risk is the chance that companies or individuals will be unable to make the required payments on their debt obligations. Lenders are exposed to default risk in virtually all forms of credit extended.

Risk of Unwanted Resignations:

The bank is highly dependent on its management team, including the continued efforts of the Chairman, Managing Director and other executive officers. The future performance will be affected by the continued service of these persons. Competition for management and other skilled personnel in our industry is intense and may pose a challenge to attract and retain the personnel we need in the future. The loss of key personnel may have a material adverse effect on our business, results of operations, financial condition and ability to grow.

3. Political Risks

Post-Election Events: This risk is associated with the political climate in the country. Nigeria's diverse political, religious and ethnic landscape has led to struggles for power between rival groups. Despite the reduction in militant activities and terrorist attacks, this risk still exists to an extent. Continued criminal activity, unrest and political and religious conflicts in the country may lead to lower oil production, deter investments in the country and lead to increased political instability that could have a material adverse effect on Nigeria's economy after the 2019 elections.

4. Health Risk

The Corona Virus pandemic which occurred unexpectedly across the world in early 2020 affecting all socio-economic activities of people also hit our Country Nigeria in early March 2020. The Federal Government had to declare a total lock down of the economy and our country in April 2020. This has greatly affected the economy as the activities of government at all levels, educational institutions, private and public companies, individuals etc for weeks, while investment was on a standstill.

5. Legal and Regulatory Risks

Material changes in CBN policies: The Nigeria Banking industry is highly regulated. In its circular, dated March 7, 2019, the Central Bank of Nigeria (CBN) raised the minimum paid-up capital for national microfinance banks from N2 billion to N3.5 billion taking effect from April 2020 and N5 billion from April, 2021. Also, the CBN has set a target for each branch of a Microfinance Bank to acquire 64 new customers per month. This translates to 774 new bank accounts (measured by new Bank Verification Number registration) per branch per year.

CBN Revised Bank Charges

The Central Bank of Nigeria (CBN) has reduced charges applicable to bank accounts, electronic transfers, and Automated Teller Machines (ATM) by banks, other financial and non -bank financial institutions in the country. The new development has the potential of reducing fee income to the bank.

6. General Risk Disclosure

The value of any securities traded (whether listed or not) are subject to investment risks, can and do fluctuate, and any individual security may experience upward or downward movements. There is an inherent risk that losses may be incurred rather than a profit made as a result of buying and selling securities. Past performance is not a guide to future performance. Certain types of investments may not be suitable for all investors.

FINANCIAL FORECAST (EXTRACTS FROM THE REPORTING ACCOUNTANTS' REPORT ON THE FORECAST)

LETTER FROM THE REPORTING ACCOUNTANT ON THE FINANCIAL FORECASTS



ProEdge Partners
(Chartered Accountants)
Plot 12, Bayo Ajayi Street (Marwa Brooks Estate)
Agidingbi, Ikeja
P. O. Box 2423, Shomolu
Lagos, Nigeria
Tel: +234 811 800 0352
enquiries@proedgepartners.net
www.proedgepartners.net

17 March 2021

The Directors
NPF Microfinance Bank Plc
Aliyu Atta House
1, Ikoyi Road, Obalende
Lagos

and

The Directors
Cowry Asset Management Limited
Plot 1319, Karimu Kotun Street
Off Saruni Falunwa, Victoria Island
Lagos

The Directors
CardinalStone Partners Limited
5, Okotie Eboh Street
Ikoyi
Lagos

and

The Directors
FCSL Asset Management Company Limited
15 Ribadu Road
Off Awolowo Road, Ikoyi
Lagos

The Directors
Integrated Trust and Investment Limited
81, Marina Road
Lagos Island
Lagos

and

The Directors
Lead Capital Plc
281, Ajoose Adeogun Street,
Victoria Island
Lagos

Gentlemen,

We have examined the accounting bases and assumptions for the financial projections of NPF Microfinance Bank Plc ("the Bank") for the three years ending 31 December 2023 in accordance with the International Standards on Assurance Engagements 3400, applicable to the examination of prospective financial information.

The Directors are responsible for preparing and ensuring that the financial projections for the three years ending 31 December 2022 contain no error or material misstatements and that the assumptions, policies and principles adopted for the financial projections are consistent with those normally adopted by the Bank in its historical audited financial statements. Our responsibility is to express an opinion as to the proper compilation of the financial projections. The financial projections form part of the Rights Circular and Prospectus in respect of the proposed rights issue of ₦3.43 billion and public offer for subscription of ₦1.07 billion, for which the directors are also responsible.

We wish to emphasise that no business is free of major risks and few financial projections are free of errors of commissions or omissions. These financial projections relate to the future and consequently, may be affected by unforeseen events as there may be differences between forecast, estimated, budgeted or projected results and the actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

In our opinion, the Bank's financial projections, so far as the accounting policies and calculations are concerned, have been properly compiled based on the assumptions made by the Directors and are presented on a basis consistent with the accounting policies normally adopted by the Bank.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully

Florence Olakanye
For: **ProEdge Partners**
Lagos, Nigeria

AUDIT/ASSURANCE. TAX. CONSULTING. FINANCIAL ADVISORY

1. MEMORANDUM ON THE FINANCIAL FORECAST FOR THE THREE YEARS ENDING 31 DECEMBER 2023

This memorandum has been prepared to summarise the information available to the Directors of NPF Microfinance Bank Plc and their basic assumptions at the time of the preparation of the financial projections of the Bank for the years ending 31 December 2021, 2022 and 2023.

2. THE OFFERS

The Bank is planning to raise a total sum of ₦4.50 billion through a minimum of Rights issue of ₦3.43 billion and public offer for subscription of ₦1.07 billion. This will be done through the offering of 3,000,000,000 ordinary shares of 50 kobo each, at a price of ₦1.50 per share. Offer expenses is estimated at 2.71% of the gross offer proceeds; consequently, net proceeds of ₦4.37 billion is expected from the offers.

3. BASIS AND ASSUMPTIONS

3.1 Basis

- (i) The financial projections have been prepared in accordance with the accounting policies that the Bank will use to prepare the annual historical financial statements for the period covered by the projections. Unless otherwise advised, these accounting principles and policies are consistent with those currently being used in preparing the Bank's historical financial statements.
- (ii) The management accounts of the Bank for the year ended 31 December 2020 include results shown by the interim audited financial statements for the nine (9) months ended 30 September 2020. As at the time of the review of the financial projections, we did not conduct an audit examination of the management accounts for the year ended 31 December 2020 in accordance with the international standards on auditing issued by the International Federation of Accountants. Consequently, we are not expressing a statutory audit opinion or make any form of representations regarding the accuracy of the management accounts.

We must emphasise that management accounts are not expected to produce the same level of assurance as audited financial statements.

- (iii) **The Offers**
The Bank is planning to raise a total sum of ₦4.50 billion through a minimum of Rights issue of ₦3.43 billion and public offer for subscription of ₦1.07 billion. This will be done through the offering of 3,000,000,000 ordinary shares of 50 kobo each, at a price of ₦1.50 per share. Offer expenses is estimated at 2.65% of the gross offer proceeds; consequently, net proceeds of ₦4.38 billion is expected from the offers.

3.2 Specific assumptions

- (i) The Bank will maintain its loan and advances portfolio at 30.0% increase over 2019 and 25.0% thereafter while interest income on loans and advances will range between 20.0% and 22.0%. Interest income on bank placements will constitute 5.0% of total interest income during the projection period.
- (ii) Deposit liabilities will grow by 26.3% over 2020 and 20.0% thereafter while Borrowings will grow by 17.0% in 2020 and 10.0% thereafter. Interest expense on deposits and borrowings will be at an average of 7.0% during the projection period.
- (iii) Fees and commissions income will comprise Credit-related and Deposit-related fees. The Directors projected that Credit-related fees will be at an average of 3.0% of loans and advances while Deposit-related fees and commission on the other hand, will be at an average of 1.0% of deposits, during the projection period.
- (iv) Impairment loss on risk assets is estimated at 1.0% of loans and advances, during the projection period.
- (v) Personnel expenses are projected to range between 38.0% and 39.0% of gross earnings, during

the projection period.

- (vi) Administrative and general expenses is projected at 25.0% of gross earnings in 2021, 2022 and 2023.
- (vii) The statutory Company income tax, Tertiary education tax and National Information Technology Development tax will remain at 30.0%, 2.0% and 1.0% respectively while the Bank's tax expense for the projection period have been computed using an effective rate of 29.0% of profit before taxation.
- (viii) The Bank will maintain a growth of 20.0% in Investment securities during the projection period.
- (ix) Other assets and other liabilities are projected to grow at the rates of 20.0% and 10.0% respectively during the projection period.
- (x) Dividend pay-out will range between 74.0% and 93.0% of profit after taxation, during the projection period.
- (xi) The shares of the Bank on offer will be fully subscribed and the proceeds from the share issue are projected to be received during the second quarter of 2021.

3.3 General assumptions

- (i) The rate of inflation would not be more than the January 2021 level of 16.47% throughout the projection period.
- (ii) The exchange rate will be at an average of the unified rate of ₦379.00 to US\$1.00 (CBN, 12 March 2021) during the projection period.
- (iii) There will be no material changes in the accounting policies currently being proposed to be adopted by the Bank.
- (iv) The quality of the management of the Bank will be sustained during the projection period.
- (v) There will be no other drastic change in the Federal Government monetary and fiscal policies, political and economic environment that will adversely affect the operations of the Bank.
- (vi) Operating results will not be affected by disputes within the financial services business sector in the country.
- (vii) There will be no litigation with material adverse consequence to the Bank.
- (viii) The Bank will continue to enjoy the goodwill of its present and potential customers.

4. PROJECTED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

This memorandum has been prepared to summarise the information available to the Directors of NPF Microfinance Bank Plc ("the Bank") and their basic assumptions at the time of the preparation of the financial projections of the Bank for the years ending 31 December 2021, 2022 and 2023.

PROJECTED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<----- Projected for the year ending 31 December ----->		
	2021 N'000	2022 N'000	2023 N'000
Gross earnings	5,439,793	6,781,166	8,455,101
Interest income	4,545,481	5,681,852	7,102,315
Interest expense	(547,562)	(674,798)	(832,797)
Net interest income	3,997,919	5,007,054	6,269,517
Fee and commission income	832,202	1,030,994	1,277,632
Other income	62,110	68,321	75,154
Net operating income	4,892,231	6,106,369	7,622,304
Net impairment loss on financial assets	215,678	269,598	336,998
Personnel expenses	2,067,121	2,576,843	3,297,489
Depreciation	238,487	248,026	257,948
Administration and general expenses	1,359,948	1,695,292	2,113,775
Total operating expenses	3,881,235	4,789,759	6,006,209
Profit before taxation	1,010,996	1,316,609	1,616,094
Tax charge for the year	(293,189)	(381,817)	(468,667)
Profit for the year	717,807	934,793	1,147,427
Other comprehensive income:			
Other comprehensive income for the year, net of tax	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	717,807	934,793	1,147,427

Forecast ratios

Forecast earnings per 50 kobo share (kobo)	13.58	17.68	21.70
Forecast earnings yield - at offer price of ₦1.50 (in %)	9.05	11.79	14.47
Forecast dividend per 50 kobo share (kobo)	10.00	12.00	15.00
Forecast dividend yield - at	6.67	8.00	10.00

offer price of ₦1.50 (in %)

Forecast price/earnings ratio - at offer price of ₦1.50	11.05	8.48	6.91
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Forecast earnings and dividend per share for the years ending 31 December 2021, 2022 and 2023 are based on the enlarged paid-up share capital of 5,286,657,766 ordinary shares of 50 kobo each.

The Appendix to this Memorandum shows the audited accounts for the 9 months ended 30 September 2020, management accounts for the year ended 31 December 2020 and the detailed analyses of the Directors' forecast for the years ending 31 December 2021, 2022 and 2023.

5. PROJECTED STATEMENT OF FINANCIAL POSITION

	Q3 2020 N'000	2021 N'000	2022 N'000	2023 N'000
ASSETS:				
Cash and cash equivalents	2,035,967	8,022,757	6,929,025	5,371,398
Pledged assets	560,524	711,865	904,069	1,148,168
Loans and advances to customers	16,819,901	21,567,845	26,959,806	33,699,758
Investment securities	697,102	836,522	1,003,827	1,204,592
Other assets	357,099	428,519	514,223	617,067
Property and equipment	894,582	1,103,473	1,324,168	1,589,001
Intangible asset	53,407	64,088	76,906	92,287
	21,418,582	32,735,070	37,712,024	43,722,271
LIABILITIES:				
Deposits from customers	12,858,762	18,516,617	22,219,941	26,663,929
Current tax liabilities	168,119	293,189	381,817	468,667
Other liabilities	1,136,836	1,250,520	1,375,572	1,513,129
Borrowings	1,947,581	2,531,855	3,291,412	4,278,835
Deferred tax liabilities	56,486	56,486	56,486	56,486
Total liabilities	16,167,784	22,648,667	27,325,227	32,981,046
CAPITAL & RESERVES:				
Share capital	1,143,328	2,643,328	2,643,328	2,643,328
Share premium	1,517,485	4,398,047	4,398,047	4,398,047
Retained earnings	1,096,920	1,286,921	1,353,617	1,421,188
Fair value reserve	(6,907)	(6,907)	(6,907)	(6,907)
Statutory reserve	1,348,133	1,613,175	1,846,873	2,133,730
Regulatory risk reserve	151,839	151,839	151,839	151,839
Total Equity	5,250,798	10,086,403	10,386,797	10,741,225
TOTAL LIABILITIES + EQUITY	21,418,582	32,735,070	37,712,024	43,722,271

6. PROJECTED STATEMENT OF CASH FLOWS

	<---- Projected for the year ending 31 December ---->		
	2021 N'000	2022 N'000	2023 N'000
Cash flows from operating activities:			
Profit for the year	1,010,996	1,316,609	1,616,094
Adjustments for:			
Depreciation of property and equipment	238,487	248,026	257,948
Net impairment loss on loans and advances to customers	215,678	269,598	336,998
Net interest income	(3,997,919)	(5,007,054)	(6,269,517)
Dividend income	(200)	(500)	(1,000)
	(2,532,958)	(3,173,320)	(4,059,478)
Change in pledged assets	(151,341)	(192,204)	(244,099)
Change in loans and advances	(4,747,944)	(5,391,961)	(6,739,952)
Change in trade and other receivables	(71,420)	(85,704)	(102,845)
Change in deposits from customers	5,657,855	3,703,323	4,443,988
Change in other liabilities	113,684	125,052	137,557
	(1,732,124)	(5,014,813)	(6,564,828)
Interest received	4,545,481	5,681,852	7,102,315
Interest paid	(547,562)	(674,798)	(832,797)
Tax payments	(361,960)	(293,189)	(381,817)
Net cash from/(in) operating activities	1,903,835	(300,948)	(677,127)
Cash flows from investing activities:			
Acquisition of property and equipment	(509,040)	205,373	272,652
Purchase of intangible asset	(10,681)	(12,818)	(15,381)
Purchase of Treasury bill investments	(925,831)	(1,110,997)	(1,333,196)
Dividend income	200	500	1,000
Net cash used in investing activities	(1,445,352)	(917,941)	(1,074,925)
Cash flows from financing activities:			
Changes in borrowings	584,274	759,557	987,424
Net proceeds from new shares issued	4,380,562	-	-
Dividend paid	(528,666)	(634,399)	(792,999)
Net cash generated from financing activities	4,436,171	125,158	194,425

Net (decrease)/increase in cash and cash equivalents	4,894,653	(1,093,732)	(1,557,627)
Cash and cash equivalents at 1 January	<u>3,128,104</u>	<u>8,022,757</u>	<u>6,929,025</u>
Cash and cash equivalents at 31 December	<u>8,022,757</u>	<u>6,929,025</u>	<u>5,371,398</u>

7. LETTER FROM THE JOINT ISSUING HOUSES

The following is a copy of the letter from the Joint Issuing Houses on the Financial Forecast:



RC 617327



RC 739441



RC 248316



RC 155399



RC 739441

17 May 2021

The Directors,
NPF Microfinance Bank Plc,
Aliyu Atah House,
No 1 Ikoyi Road,
Obalende, Lagos.

Dear Sirs,

OFFER FOR SUBSCRIPTION OF 713,342,234 ORDINARY SHARES OF 50 KOBO EACH AT ₦1.50 PER SHARE BY NPF MICROFINANCE BANK PLC (“OFFER”)

We are writing with reference to the Prospectus issued in respect of the NPF Microfinance Plc Offer for Subscription of 713,342,234 Ordinary Shares of 50 kobo each at ₦1.50 per share. The Prospectus contains forecasts of the profits of the Company for each of the three years ending December 31, 2021, 2022 and 2023, respectively.

We have discussed with you and with ProEdge Partners the Reporting Accountants, the basis and assumptions upon which the forecasts were made. We have also considered the letter dated March 17, 2021 from the Reporting Accountants regarding the accounting bases and calculations upon which the forecasts were compiled.

Having considered the assumptions made by you as well as the accounting bases and calculations reviewed by the Reporting Accountants, we consider that the forecasts (for which you as Directors are solely responsible) have been made by you after due and careful enquiry.

Yours faithfully,
For the Issuing Houses

Johnson Chukwu
Managing Director/CEO
Cowry Asset Management Limited

Michael Nzewi
Managing Director/CEO
CardinalStone Partners Limited

Olalekan Belo
Managing Director/CEO
FCSL Asset Management Company Limited

Wale Adewumi
Managing Director/CEO
LeadCapital Plc

Dele Lawore
Managing Director
Integrated Trust and Investment Limited

FINANCIAL STATEMENTS AND OTHER INFORMATION (EXTRACTS FROM THE REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIALS)

REPORTING ACCOUNTANT'S REPORT ON THE FIVE-YEAR FINANCIAL STATEMENTS



ProEdge Partners
(Chartered Accountants)
Plot 12, Bayo Ajayi Street (Marwa Brooks Estate)
Agidingbi, Ikeja
P. O. Box 2423, Shomolu
Lagos, Nigeria
Tel: +234 811 900 0352
enquiries@proedgepartners.net
www.proedgepartners.net

17 March 2021

The Directors
NPF Microfinance Bank Plc
Aiyu Atta House
1, Ikoyi Road, Obalende
Lagos

and

The Directors
Cowry Asset Management Limited
Plot 1319, Karimu Kotun Street
Off Sanusi Fafunwa, Victoria Island
Lagos

The Directors
CardinalStone Partners Limited
5, Okofe Eboh Street
Ikoyi
Lagos

and

The Directors
FCSL Asset Management Company Limited
15 Ribadu Road
Off Awolowo Road, Ikoyi
Lagos

The Directors
Integrated Trust and Investment Limited
61, Marina Road
Lagos Island
Lagos

and

The Directors
Lead Capital Plc
281, Ajose Adeogun Street,
Victoria Island
Lagos

Gentlemen,

We have examined the audited financial statements of NPF Microfinance Bank Plc ("the Bank") for the years ended 31 December 2015, 2016, 2017, 2018, 2019 and the nine months ended 30 September 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and IFRS Interpretations Committee (IFRIC), applicable to companies reporting under IFRS. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, summary of significant accounting policies and other explanatory notes.

The financial statements for the five years and nine months ended 30 September 2020, were audited by Messrs. KPMG Professional Services, who issued clean audit opinions on them.

The financial statements on which the financial information is based, are the responsibility of the Directors of the Bank while our responsibility is to issue a report on the financial information, based on our examination. The Directors are also responsible for the contents of the Prospectus and Rights Circular, in which this report is included.

Our examination was conducted in accordance with International Standards on Review Engagements 2400. This standard requires that we plan and perform our examination to obtain limited assurance as to whether the financial statements are free from material misstatement. The examination was limited primarily to inquiries from representatives of the Bank, analytical procedures applied to financial data and a review of evidence obtained by the statutory auditors; and therefore provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our examination, nothing has come to our attention that causes us to believe that the accompanying financial information does not give a true and fair view of the state of affairs of NPF Microfinance Bank Plc in accordance with Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B.3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Yours faithfully

Florence Olakanye
For: **ProEdge Partners**
Lagos, Nigeria

AUDIT/ASSURANCE. TAX. CONSULTING. FINANCIAL ADVISORY

1. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIVE YEARS ENDED 31 DECEMBER 2019

(Extracted from the Reporting Accountants' Report)

		Q3 2020	2019	2018	2017	2016	2015
	Notes	N'000	N'000	N'000	N'000	N'000	N'000
Gross earnings		<u>3,359,061</u>	<u>4,447,812</u>	<u>3,950,377</u>	<u>3,654,875</u>	<u>2,925,229</u>	<u>2,592,694</u>
Interest income	5.3	2,953,203	3,279,624	2,960,525	2,605,413	1,997,486	1,795,895
Interest expense	5.4	<u>(301,767)</u>	<u>(383,605)</u>	<u>(430,021)</u>	<u>(318,898)</u>	<u>(223,480)</u>	<u>(263,360)</u>
Net interest income		2,651,436	2,896,019	2,530,504	2,286,515	1,774,006	1,532,535
Fee and commission income	5.5	349,394	856,531	733,560	779,878	716,876	585,443
Other income	5.6	<u>56,464</u>	<u>311,657</u>	<u>256,292</u>	<u>269,584</u>	<u>210,867</u>	<u>211,356</u>
Net operating income		<u>3,057,294</u>	<u>4,064,207</u>	<u>3,520,356</u>	<u>3,335,977</u>	<u>2,701,749</u>	<u>2,329,334</u>
Net (write-back)/impairment loss on financial assets	5.7	258,839	(129,689)	446,749	184,927	39,866	68,005
Personnel expenses	5.8	1,397,124	1,818,246	1,341,874	1,306,773	1,008,055	978,278
Depreciation Administration and general expenses	5.9	<u>188,081</u>	<u>229,151</u>	<u>176,872</u>	<u>122,788</u>	<u>96,014</u>	<u>75,851</u>
Total operating expenses		<u>2,583,663</u>	<u>3,054,940</u>	<u>3,224,021</u>	<u>2,516,158</u>	<u>1,905,090</u>	<u>1,643,877</u>
Profit before tax		473,631	1,009,267	296,335	819,819	796,659	685,457
Tax charge for the year	5.18.1	<u>(89,310)</u>	<u>(211,573)</u>	<u>(91,406)</u>	<u>(187,929)</u>	<u>(248,536)</u>	<u>(174,301)</u>
Profit for the year		<u>384,321</u>	<u>797,694</u>	<u>204,929</u>	<u>631,890</u>	<u>548,123</u>	<u>511,156</u>
Other comprehensive income							
Items that will never be reclassified to profit or loss							
Equity investment at fair value through OCI, net of tax		(4,130)	(372)	(2,405)	-	-	-
Items that are or may be reclassified to profit or loss		-	-	-	-	-	-
Other comprehensive income for the year, net of tax		<u>(4,130)</u>	<u>(372)</u>	<u>(2,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>380,191</u>	<u>797,322</u>	<u>202,524</u>	<u>631,890</u>	<u>548,123</u>	<u>511,156</u>

The accompanying notes and significant accounting policies form an integral part of these financial statements.

2. STATEMENT OF FINANCIAL POSITION

(Extracted from the Reporting Accountants' Report)

		Q3 2020	2019	2018	2017	2016	2015
	Notes	N'000	N'000	N'000	N'000	N'000	N'000
ASSETS							
Cash and cash equivalents	5.10	2,035,967	3,128,104	4,940,352	5,752,469	1,889,881	3,054,860
Pledged assets	5.11	560,524	467,486	800,787	409,674	581,425	583,038
Loans and advances to customers	5.12	16,819,901	13,776,931	10,593,635	9,008,675	9,095,801	7,881,519
Investment securities	5.13	697,102	893,534	291,081	16,681	37,574	38,154
Other assets	5.14	357,099	386,272	301,751	172,879	257,546	346,969
Property and equipment	5.15	894,582	897,485	657,661	591,964	499,646	394,070
Intangible asset	5.16	53,407	33,906	12,285	-	-	-
Deferred tax assets	5.18.3	-	-	-	-	-	35,411
TOTAL ASSETS		<u>21,418,582</u>	<u>19,583,718</u>	<u>17,597,552</u>	<u>15,952,342</u>	<u>12,361,873</u>	<u>12,334,021</u>
LIABILITIES							
Deposits from customers	5.17	12,858,762	11,327,058	10,465,119	9,126,494	6,792,391	6,610,113
Current tax liabilities	5.18.2	168,119	230,511	87,082	146,270	199,571	188,983
Other liabilities	5.19	1,136,836	665,908	244,817	325,702	547,804	656,307
Borrowings	5.20	1,947,581	1,965,665	2,078,843	1,550,468	349,249	630,795
Deferred tax liabilities	5.18.3	56,486	66,638	76,370	61,569	19,910	-
TOTAL LIABILITIES		<u>16,167,784</u>	<u>14,255,780</u>	<u>12,952,231</u>	<u>11,210,503</u>	<u>7,908,925</u>	<u>8,086,198</u>
CAPITAL AND RESERVES							
Share capital	5.21	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328
Share premium	5.22	1,517,485	1,517,485	1,517,485	1,517,485	1,517,485	1,517,485
Retained earnings	5.23	1,096,920	986,183	317,420	717,826	496,513	472,546
Fair value reserve	5.24	(6,907)	(2,777)	(2,405)	-	-	-
Statutory reserve	5.25	1,348,133	1,348,133	1,248,579	1,224,110	1,145,124	1,006,398
Regulatory risk reserve	5.26	151,839	335,586	420,914	139,090	150,498	108,066
TOTAL EQUITY		<u>5,250,798</u>	<u>5,327,938</u>	<u>4,645,321</u>	<u>4,741,839</u>	<u>4,452,948</u>	<u>4,247,823</u>
TOTAL LIABILITIES AND EQUITY		<u>21,418,582</u>	<u>19,583,718</u>	<u>17,597,552</u>	<u>15,952,342</u>	<u>12,361,873</u>	<u>12,334,021</u>

The accompanying notes and significant accounting policies form an integral part of these financial statements.

3. STATEMENT OF CHANGES IN EQUITY

(Extracted from the Reporting Accountants' Report)

	Q3 2020	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000	N'000
Opening/restated balance:						
Share capital	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328
Share premium	1,517,485	1,517,485	1,517,485	1,517,485	1,517,485	1,517,485
Retained earnings	986,183	317,420	717,826	496,513	472,546	406,530
Fair value reserve	(2,777)	(2,405)	-	-	-	-
Statutory reserve	1,348,133	1,248,579	1,224,110	1,145,124	1,006,398	877,748
Regulatory risk reserve	335,586	420,914	139,090	150,498	108,066	95,314
	5,327,938	4,645,321	4,741,839	4,452,948	4,247,823	4,040,405
Net movement during the period/year:						
Retained earnings	568,068	783,096	(11,674)	564,312	366,965	409,014
Fair value reserve	(4,130)	(372)	(2,405)	-	-	-
Statutory reserve	-	99,554	24,469	78,986	138,726	128,650
Regulatory risk reserve	(183,747)	(85,328)	281,824	(11,408)	42,432	12,752
	380,191	796,950	292,214	631,890	548,123	550,416
Contributions by/distribution to equity holders:						
Retained earnings	(457,331)	(114,333)	(388,732)	(342,999)	(342,998)	(342,998)
	(457,331)	(114,333)	(388,732)	(342,999)	(342,998)	(342,998)
Closing balance:						
Share capital	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328
Share premium	1,517,485	1,517,485	1,517,485	1,517,485	1,517,485	1,517,485
Retained earnings	1,096,920	986,183	317,420	717,826	496,513	472,546
Fair value reserve	(6,907)	(2,777)	(2,405)	-	-	-
Statutory reserve	1,348,133	1,348,133	1,248,579	1,224,110	1,145,124	1,006,398
Regulatory risk reserve	151,839	335,586	420,914	139,090	150,498	108,066
	5,250,798	5,327,938	4,645,321	4,741,839	4,452,948	4,247,823

4. STATEMENT OF CHANGES IN CASHFLOWS

(Extracted from the Reporting Accountants' Report)

		Q3 2020	2019	2018	2017	2016	2015
	Note	N'000	N'000	N'000	N'000	N'000	N'000
Cash flows from operating activities:							
Profit for the year		384,321	797,694	204,929	631,890	548,123	511,156
Adjustments for:							
Depreciation of property and equipment	5.15	188,081	229,151	176,872	122,788	96,014	75,851
Net (write-back)/impairment loss on financial assets	5.7	258,839	(129,689)	446,749	184,927	39,866	68,005
Net interest income		(2,651,436)	(2,896,019)	(2,530,504)	(2,286,515)	(1,774,006)	(1,532,535)
Dividend/miscellaneous income		-	(1,510)	-	(24)	(153)	(1,472)
Profit on disposal of available-for-sale financial assets		-	-	-	(15,274)	-	-
Miscellaneous income		(1,642)	-	-	-	-	-
Profit on sale of property and equipment		(2,533)	(1,303)	(3,273)	(1,228)	(2,285)	5,893
Tax expense	5.18.1	89,310	211,573	91,406	187,929	248,537	174,301
		(1,735,060)	(1,790,103)	(1,613,821)	(1,175,507)	(843,904)	(698,801)
Change in pledged assets		(93,787)	333,824	(391,709)	176,803	10,761	52,052
Change in loans and advances		(3,136,115)	(3,031,242)	(1,814,921)	(83,122)	(1,193,364)	(1,368,905)
Change in trade and other receivables		592	853	(247,776)	85,835	85,314	(160,869)
Change in deposits from customers		1,531,704	853,353	1,331,203	2,314,066	176,090	1,806,739
Change in other liabilities		422,304	438,361	16,638	(119,670)	63,627	(204,685)
		(3,010,362)	(3,194,954)	(2,720,386)	1,198,405	(1,701,476)	(574,469)
Interest received		2,917,819	3,196,010	2,946,576	2,584,357	1,932,242	1,760,266
Interest paid		(262,978)	(368,378)	(350,700)	(243,045)	(221,831)	(305,541)
Tax paid	5.18.2	(161,852)	(77,876)	(135,793)	(199,571)	(182,627)	(199,430)
Retirement benefit obligations paid		-	(16,001)	(97,522)	(102,432)	(172,130)	(192,562)
Net cash from/(used in) operating activities		(517,373)	(461,199)	(357,825)	3,237,714	(345,822)	488,264
Cash flows from investing activities:							
Acquisition of property and equipment/Intangible asset		(163,717)	(426,499)	(254,854)	(267,539)	(201,806)	(105,509)
Proceeds from disposal of property and equipment	7,415	1,303	3,273	53,661	2,501	1,026	
Dividends received	-	-	-	24	153	1,472	
Purchase of Treasury bill investments	214,090	(585,560)	(265,894)	-	-	-	
Proceeds from disposal of investments	-	-	-	36,324	-	-	
Net cash from/(used in)							

investing activities	57,788	(1,010,756)	(517,475)	(177,530)	(199,152)	(103,011)
Cash flows from financing activities:						
Repayment of borrowings	(668,368)	(928,859)	(465,264)	(454,597)	(297,204)	(88,499)
Additions to borrowings	500,000	731,000	921,740	1,600,000	20,197	46,317
Payment of lease liability	(7,032)	(32,156)	-	-	-	-
Dividend paid	(457,331)	(114,333)	(388,732)	(342,999)	(342,998)	(342,998)
Net cash generated (used) in financing activities	(632,731)	(344,348)	67,744	802,404	(620,005)	(385,180)
Net (decrease)/increase in cash and cash equivalents	(1,092,316)	(1,816,303)	(807,556)	3,862,588	(1,164,979)	73
Cash and cash equivalents at 1 January	3,128,610	4,944,913	5,752,469	1,889,881	3,054,860	3,054,787
Cash and cash equivalents at 31 December	2,036,294	3,128,610	4,944,913	5,752,469	1,889,881	3,054,860

5. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FIVE YEARS AND NINE MONTHS ENDED 30 SEPTEMBER 2020

5.1 ABOUT THE BANK

NPF Microfinance Bank Plc (the Bank) is a public limited liability company domiciled in Nigeria. The Bank's registered office is at Aliyu Atta House, 1 Ikoyi Road, Obalende, Lagos. The Bank is engaged in the provision of banking services to members of the Police community, to poor and low income households and micro-enterprises of the public at large. Such services include retail banking, granting of loans, advances and allied services. The Bank currently operates from its registered office and thirty-five (35) branches located across many States in Nigeria.

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. The Bank has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

5.2.1 Basis of preparation

(i) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) guidelines and circulars. The IFRS accounting policies have been consistently applied to all periods presented.

These financial statements are presented in Naira, which is the Bank's functional and presentation currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(ii) *Basis of accounting and measurement*

These financial statements have been prepared on a going concern basis, which assumes that the Bank will continue its operations in the foreseeable future. These financial statements have been prepared on the historical cost basis except for the following material items, which are measured on the following alternative basis in the financial statements:

- Equity securities measured at FVTOCI
- Investment securities (treasury bills) measured at FVTOCI
- Financial assets and liabilities measured at amortised cost

(iii) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements in the process of applying the Bank's accounting policies.

5.2.2 Interest income and expense

(i) *Effective interest rate*

Interest income and expense on financial instruments are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instruments, but not Expected Credit Loss. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including Expected Credit Loss.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(ii) *Amortised cost and gross carrying amount*

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

(iii) *Calculation of interest income and expense*

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

5.2.3 Fees and commission

Fees and commission is measured based on the consideration specified in a contract with a customer. The bank recognises this income when it disburses loans and accepts deposits from its customers. Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. Other fees and commission income, including loan account servicing fees, investment management fees, etc. are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

5.2.4 Other income

The total sum includes income from salary administration, service fees and charges, profit on disposal of property and equipment and dividend. They are recognised as soon as the related services are performed and when the entity's right to receive payment is established.

5.2.5 Leases

The Bank has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

(i) *Bank acting as a lessee*

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises, the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for

any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, (i) if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, (ii) if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or (iii) if there is a revision in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2020, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Bank remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Bank presents its right-of-use assets in "property and equipment" and lease liabilities in "other liabilities" in the statement of financial position.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Bank acting as a lessor

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Bank determined whether the arrangement was or contained a lease based on the assessment of whether: – fulfilment of the arrangement was dependent on the use of a specific asset or assets; and – the arrangement had conveyed a right to use the asset.

5.2.6 Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax, National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Bank had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The related expenses are recognised in other expenses.

(i) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Bank during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

5.2.7 Financial instruments

(i) *Recognition and initial measurement*

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date the Bank becomes a party to the contractual provisions of the instruments. A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

(ii) *Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performances of the portfolio is evaluated and reported to the Bank's management

- the risks that affect the performance of the business model (and the financial assets held within that business model) as its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Bank Treasury in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

(iii) Derecognition

Financial assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability in the statement of financial position.

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Interest rate benchmark reform (policy applied from 1 January 2020)

If the basis for determining the contractual cashflows of a financial asset or financial liability measured at amortised cost changes as a rate benchmark, then the bank updates the effective interest rate of the financial asset or liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cashflows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cashflows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active

market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) *Impairment*

The Bank recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments and;
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and the ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial assets are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new assets is treated as the final cash flow from the existing financial asset at the time of its recognition. The amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

POCI financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

5.2.8 Cash and cash equivalents

Cash and cash equivalents include bank notes and coins on hand, unrestricted balances held with central groups and highly liquid financial assets with original maturities of less than three months, which are subject

to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position. The reconciliation of the opening cash and cash equivalents to the closing cash and cash equivalents in the statement of cash flows is done using the indirect method.

5.2.9 Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from their original class held-for-trading to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Initial measurement of assets pledged as collateral is at fair value while subsequent measure is at amortized cost.

5.2.10 Loans and advances

Loans and advances' captions in the statement of financial position include loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the consideration paid is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

5.2.11 Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method; and
- ECL and reversals.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case, they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

5.2.12 Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other income in profit or loss.

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each date of the statement of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale. The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Land	Not depreciated
Buildings	50 years
Computer equipment	3 years
Office equipment	5 years
Furniture, fittings and office equipment	5 years
Motor vehicles	4 years
Right of use assets	Lower of lease term or the useful life of the leased asset

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(iv) *De-recognition*

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

5.2.13 Intangible asset

Computer software

Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life for computer software is three (3) years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal.

5.2.14 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss and are used to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.2.15 Deposits and borrowings

Deposits and borrowings are the Bank's sources of funding. When the Bank sells a financial asset and simultaneously enters into a "repo" or "lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements. Deposits and borrowings are initially measured at fair value plus or minus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.

5.2.16 Prepayments and other receivables

Prepayments include costs paid in relation to subsequent financial periods and are measured at cost less amortization for the period. The Bank recognises prepaid expense in the accounting period in which it is paid. Other assets comprise other recoverables.

5.2.17 Provisions and other liabilities

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense. Other liabilities are short term obligations to third parties. They are recognized at cost.

Restructuring: A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Bank levies: A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

5.2.18 Contingent liability

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Bank's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

5.2.19 Expenditure

Expenses are recognised in the profit or loss as they are incurred unless they create an asset from which future economic benefits will flow to the Bank. An expected loss on a contract is recognised immediately in profit or loss.

5.2.20 Employee benefits

(i) Defined contribution plan

A defined contribution plan is a post-employment benefits plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the period during which related services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

5.2.21 Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

(ii) Dividend on the Bank's ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note. Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Companies and Allied Matters Act of Nigeria.

5.2.22 Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit

or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.2.23 Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Bank's other components, whose operating results are regularly reviewed by the Bank's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment information is provided on the basis of operating and reportable segments in the manner the Bank manages its business. The financial statements of the Bank reflect the management structure of the Bank and the way in which the Bank's management reviews business performance.

Invariably, management considers its retail banking operations, whose results are shown in the statement of financial position and statement of comprehensive income, as its only operating segment.

6. OTHER FINANCIAL INFORMATION - AUDITED ACCOUNTS FOR THE NINE MONTHS ENDED, SEPTEMBER 30, 2020

a) Statement of Financial Position

NPF Microfinance Bank Plc
Annual Report
30 September 2020

STATEMENTS OF FINANCIAL POSITION
AS AT

<i>In thousands of naira</i>	Note	30 September 2020	31 December 2019
ASSETS			
Cash and cash equivalents	16	2,035,967	3,128,104
Plunged assets	17	560,524	467,486
Loans and advances to customers	18	16,819,901	13,776,531
Investment securities	19	697,102	893,534
Property and equipment	21(a)	894,582	897,484
Intangible asset	21(b)	53,407	33,906
Other assets	20	357,099	386,272
TOTAL ASSETS		21,418,582	19,583,717
LIABILITIES			
Deposits from customers	22	12,858,762	11,327,058
Current tax liabilities	15(b)	168,121	230,511
Borrowings	24	1,947,581	1,963,665
Deferred tax liabilities	15(c)	36,486	66,637
Other liabilities	23	1,136,835	665,907
TOTAL LIABILITIES		16,167,785	14,255,778
CAPITAL AND RESERVES			
Share capital	25	1,143,328	1,143,328
Share premium	26(a)	1,517,485	1,517,485
Retained earnings	26(b)	1,096,919	986,184
Fair value reserve	26(c)	(6,907)	(2,777)
Statutory reserve	26(d)	1,348,133	1,348,133
Regulatory risk reserve	26(e)	151,839	335,586
TOTAL EQUITY		5,250,797	5,327,939
TOTAL LIABILITIES AND EQUITY		21,418,582	19,583,717

The financial statements were approved by the Board of Directors on 2 March 2021 and signed on its behalf by:


Mr. Adebayo Joel Ujah (Esq.)
Chairman
FRC/2016/NBA/00000013775


Mr. Akhromuni Lawal
Managing Director/Chief Executive Officer
FRC/2014/CIBS/0000006345

Additionally certified by:


F.C. Nelson, FCA
Chief Financial Officer
FRC/2014/ICAN/0000006856

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

b) Statement of Profit or Loss and other comprehensive income

NPF Microfinance Bank PLC
Interim Report
30 September 2020

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

<i>In thousands of naira</i>	Note	30 Sept 2020	Unaudited 30 Sept 2019
Gross earnings		3,359,061	3,292,895
Interest income	8	2,953,203	2,583,806
Interest expense	9	(301,767)	(356,953)
Net interest income		2,651,436	2,026,853
Fee and commission income	10	349,394	697,226
Revenue		3,000,830	2,724,079
Other income	11	56,464	211,863
Net impairment loss on financial assets	12	(258,839)	(170,323)
Personnel expenses	13	(1,397,124)	(1,080,480)
Depreciation and amortisation	21	(188,081)	(127,428)
Administration and general expenses	14	(739,619)	(824,365)
Total operating expenses		(2,527,199)	(1,990,733)
Profit before tax		473,631	733,346
Income tax expense	15(a)	(89,311)	(158,679)
Profit for the period		384,320	574,667
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Equity investment at fair value through OCI	19(a)	(4,130)	-
Other comprehensive income for the period		(4,130)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		380,190	574,667
Basic and diluted earnings per share (kobo)	31	17	25

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

c) Statement of Changes in Equity

NPF Microfinance Bank PLC
Annual Report
30 September 2020

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

<i>In thousands of euros</i>	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Risk Reserve	Total
Balance at 1 January 2020	1,143,328	1,517,485	996,184	(2,777)	1,348,133	335,586	5,327,933
Total comprehensive income							
Profit for the period	-	-	384,320	-	-	-	384,320
Other comprehensive income							
Fair value reserve (FVOCI equity instruments)							
Equity investments at FVOCI - net change in fair value	-	-	-	(4,130)	-	-	(4,130)
Total other comprehensive income							
	-	-	-	(4,130)	-	-	(4,130)
Total comprehensive income	1,143,328	1,517,485	1,378,504	(6,907)	1,348,133	335,586	5,708,329
Transfer to statutory reserve	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid (see note 32)	-	-	(457,332)	-	-	-	(457,332)
Transfer to regulatory risk reserve	-	-	183,747	-	-	(183,747)	-
Total contributions and distributions							
	-	-	(273,585)	-	-	(183,747)	(457,332)
Balance as at 30 September 2020	1,143,328	1,517,485	1,096,919	(6,907)	1,348,133	151,839	5,250,797

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

<i>In thousands of euros</i>	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Risk Reserve	Total
Balance at 1 January 2019	1,143,328	1,517,485	318,690	(2,405)	1,248,579	420,914	4,646,591
Total comprehensive income							
Profit for the period	-	-	574,667	-	-	-	574,667
Other comprehensive income							
Fair value reserve (FVOCI equity instruments)							
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-
Total other comprehensive income							
	-	-	-	-	-	-	-
Total comprehensive income	1,143,328	1,517,485	893,357	(2,405)	1,248,579	420,914	3,221,258
Transfer to statutory reserve	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid (see note 32)	-	-	(114,333)	-	-	-	(114,333)
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Total contributions and distributions							
	-	-	(114,333)	-	-	-	(114,333)
Balance at 30 September 2019	1,143,328	1,517,485	779,024	(2,405)	1,248,579	420,914	5,186,925

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

d) Statement of Cash Flows

NPF Microfinance Bank PLC
Interim Report
30 September 2020

STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED

<i>In thousands of naira</i>	Note	30 September 2020	Unaudited 30 September 2019
Cash flows from operating activities			
Profit for the period		384,320	574,667
<i>Adjustments for:</i>			
Depreciation and amortization	21	188,081	127,428
Net impairment loss on loans and advances to customers	12	229,531	172,291
Net impairment write-back on cash and cash equivalents	12	(179)	-
Net impairment loss on pledged assets	12	749	-
Net impairment (write-back)/loss on other assets	12	28,581	-
Net impairment write-back on investment	12	157	(1,968)
Interest income	8	(2,953,203)	(2,383,806)
Interest expense	9	301,767	356,953
Profit on sale of property and equipment	11	(2,533)	(969)
Miscellaneous income	11	(789)	-
Gain on derecognition of lease liability	11	(853)	-
Tax expense	15(a)	89,311	158,679
		(1,735,060)	(996,725)
<i>Changes in:</i>			
- pledged assets	33(b)	(93,787)	(58,351)
- loans and advances to customers	33(c)	(3,136,115)	(3,210,053)
- other assets	33(d)	392	(112,629)
- deposits from customers	33(e)	1,531,705	(3,636,308)
- other liabilities	33(f)	422,304	4,457,803
		(3,010,361)	(3,556,263)
Interest received	33(h)	2,917,819	2,270,793
Interest paid	33(i)	(263,350)	(297,700)
Tax paid	15(b)	(161,852)	(77,876)
Retirement benefit obligations paid	33(f)	-	16,001
Net cash used in operating activities		(517,743)	(1,645,045)
Cash flows from investing activities			
Acquisition of property and equipment	33(a)(i)	(163,717)	(188,215)
Proceeds from disposal of property and equipment	33(a)(ii)	7,787	969
Disposal/(purchase) of treasury bill investments	33(g)	214,090	(551,148)
Net cash flows from/(used in) investing activities		58,159	(738,394)
Cash flows from financing activities			
Repayment of principal on borrowings	24(b)	(585,868)	(809,743)
Repayment of interest on borrowings	24(b)	(82,500)	-
Payment of lease liability	33(j)	(7,032)	-
Additions to borrowings	24(b)	500,000	-
Dividend paid	32	(457,332)	(114,333)
Net cash used in financing activities		(632,732)	(924,076)
Net decrease in cash and cash equivalents		(1,092,316)	(3,307,515)
Cash and cash equivalents as at 1 January		3,128,610	4,944,913
Cash and cash equivalents as at 30 September	16	2,036,294	1,637,398

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

e) Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

8 Interest income

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Loans and advances	2,806,142	2,127,994
Treasury bills	22,072	19,531
Call accounts	121	58,191
Fledged assets	28,719	30,879
Money market placement	96,140	167,211
Total interest income	2,953,203	2,383,806

9 Interest expense

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Term deposits	116,723	210,686
Current deposits	12,955	9,358
Savings deposits	16,689	18,265
Borrowings	150,283	118,644
Lease expense	5,117	-
Total interest expense	301,767	356,953

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

10 Fees and commission income

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Credit-related fees and commission	275,227	595,361
Deposit-related fees and commission	74,167	101,865
	349,394	697,226

(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.

Loan management fee	90,934	140,590
Loan commitment fee	107,947	277,800
Legal fee	-	87,109
Insurance fee	63,819	77,225
Credit search fee	12,527	12,637
	275,227	595,361
Account administration and maintenance fee	28,037	60,307
Commission on turnover	46,130	41,558
	74,167	101,865
	349,394	697,226

The fee and commission presented above relate to financial assets and liabilities measured at amortised cost. These figures excludes amounts incorporated in determining the effective interest rate on such financial assets and liabilities.

Loan management fee relates to fees for loan processing and fee on overdraft facilities granted to customers.

(ii) Contract balances

The following table provides information about contract liabilities.

Contract liabilities, which are included in 'loans and advances to customers'	(135,050)	(40,658)
---	-----------	----------

The loans and advances with customers run for terms of between 3months-2years. The loans and overdraft were impaired by N732 million (31 December 2019: N562 million). The management fees on these facilities are deferred and spread over the term of the loan. The amount of revenue recognised for the period ended 30 September 2020 was N91 million (30 September 2019: N140 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(iii) Performance obligation and revenue recognition policy

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

For the accounting policy for fees and commissions in the scope of IFRS 9, see note 4(b).

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	The bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The rates for the different class of accounts are set on an annual basis. Transaction-based fees for interchange and overdrafts are charged to the customer's account when the transaction takes place. Loan servicing fees are charged once when the transaction takes place.	Revenue from deposit related services are recognized overtime as the services are provided. Revenue from credit related services are recognized at a point in time when the transaction takes place.

11 Other income

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Service fees and charges (see (i) below)	52,262	22,975
Income on salary administration (see (ii) below)	-	187,919
Miscellaneous income	789	-
Profit on disposal of property and equipment	2,533	969
Gain on derecognition of lease liability	853	-
Dividend income	27	-
	<u>56,464</u>	<u>211,863</u>

- (i) Service fees and charges include fees on customer requests such as issuance of letter of indebtedness, charges on issuance of drafts, seals, stamps, reference letters and signature confirmation letters. These are recognized at the point in time when the transaction takes place.
- (ii) The bank charges income on the salary accounts of customers for salary administration. This administration charge is of two types; a charge of N300 is made on accounts of customers who earn N50,000 and below and a N500 charge on accounts of customers who earn above N50,000. This income is recognized at the point in time when the transaction takes place i.e when the salary is paid.

12 Impairment loss on financial assets

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Impairment loss on loans and advances to customers (see note 18(c))	229,531	172,291
Impairment loss/write-back on investments (see note 19)	157	(1,968)
Impairment loss on other assets (see note 20(a))	28,581	-
Impairment writeback on cash and cash equivalent (see note 16(b))	(179)	-
Impairment loss on pledged assets (see note 17(b))	789	-
	<u>258,879</u>	<u>170,323</u>

13 Personnel expenses

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Wages and salaries	1,342,954	1,030,814
Post-employment benefits:		
Defined contribution plan - pension cost	54,170	48,301
Other staff cost:		
Expense on retirement benefit	-	1,365
	<u>1,397,124</u>	<u>1,080,480</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

	30-Sept-2020	Unaudited 30-Sept-2019
Executive Directors	3	3
Management	63	49
Non-management	385	315
	<u>451</u>	<u>367</u>

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

	30-Sept-2020	Unaudited 30-Sept-2019
Less than N500,000	4	-
N500,001 - N1,000,000	10	18
N1,000,001 - N2,500,000	309	228
N2,500,001 - N3,500,000	65	62
N3,500,001 - N4,500,001	26	24
N4,500,001 - N5,500,000	13	12
N5,500,001 and above	24	25
	<u>451</u>	<u>367</u>

(b) Director's emolument

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

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Fees and sitting allowances	65,230	39,730
Other Directors' expenses	28,889	68,140
Total Non-executive Directors' remuneration (see note 14)	<u>94,119</u>	<u>107,870</u>
Executive compensation (see note 27)(b)(i))	63,146	35,501
	<u>157,265</u>	<u>143,371</u>

The Directors' remuneration shown above includes:

The Chairman	18,080	10,471
Highest paid Director	<u>25,291</u>	<u>20,233</u>

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

Below N1,000,000	-	-
N1,000,001 - N5,000,000	1	1
N5,000,001 - N10,000,000	7	7
N10,000,001 and above	3	3
	<u>11</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

14 Administration and general expenses

<i>In thousands of naira</i>	Unaudited	
	30-Sept-2020	30-Sept-2019
Repairs and maintenance cost	61,361	53,270
Vehicle and generator running cost	67,076	68,940
Office expenses	104,674	86,523
Computer expenses	84,097	69,702
Travel expenses	26,132	50,167
AGM and year-end expenses	44,463	50,338
Directors' remuneration	94,119	107,870
Bank charges	10,249	29,334
Marketing/publicity expenses	77,726	115,320
Professional fees	54,758	17,715
Subscription fees	4,569	6,324
Charges and levies	3,900	30,084
Insurance cost	31,199	33,855
NDIC premium	24,639	31,947
Rent and rates	3,088	22,116
Auditor's remuneration	9,200	15,990
Fraud, forgery and theft	20	2,115
Other expenses (see note a)	42,393	32,355
	<u>739,619</u>	<u>824,365</u>
(a) Other expenses includes the following:		
Corporate social responsibility	1,660	85
Donations	860	2,096
Electricity expenses	10,499	10,094
Recruitment expenses	7,255	415
Destroyed ATM cards	(83)	-
Loan recovery expenses	1,726	51
Stamp duties	1,061	77
Legal expenses	6,591	7,018
SMS alerts	12,578	12,304
Bad debts written off	-	10
Miscellaneous expenses	286	5
	<u>42,393</u>	<u>32,355</u>

15 Income taxes

<i>In thousands of naira</i>	Unaudited	
	30-Sept-2020	30-Sept-2019
(a) Amounts recognized in profit or loss		
Current tax expense		
Company income tax	86,718	144,708
Education tax	8,243	13,756
National Information Technology Development Agency (NITDA) levy	4,485	7,485
Nigeria Police Trust Fund (NPTF) levy	18	29
	<u>99,462</u>	<u>165,978</u>
Deferred tax expense		
Reversal of temporary differences - Credit	(10,151)	(7,299)
	<u>(10,151)</u>	<u>(7,299)</u>
Tax expense	<u>89,311</u>	<u>158,679</u>

The Bank believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(b) Movement in current tax liabilities

<i>In thousands of naira</i>	30-Sept-2020	31-Dec-2019
Balance at 1 January	230,511	87,082
Income tax expense (see note (a) above)	99,462	221,303
Tax paid	(101,852)	(177,876)
Balance at period end	168,121	230,511

(c) Movement in deferred tax balances

30 September 2020

	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 30 September
Property and equipment	141,235	-	-	141,235
ECL impairment on loans and advances	(50,067)	(28,545)	-	(78,612)
ECL impairment on other assets	(23,629)	23,299	-	(236)
Others	(981)	(5,006)	-	(5,987)
Deferred tax liabilities	66,637	(10,352)	-	56,285

31 December 2019

	Balance at 1 January	Recognized in profit or loss (see (a))	Recognized in OCI	Balance at 31 December
Property and equipment	123,481	17,754	-	141,235
ECL impairment on loans and advances	(47,111)	(2,956)	-	(50,067)
ECL impairment on other assets	-	(23,629)	-	(23,629)
Others	-	(981)	-	(981)
Deferred tax liabilities	76,370	(9,733)	-	66,637

(d) Reconciliation of effective tax rate

In thousands of naira

	30-Sept-2020	Unaudited 30-Sept-2019
Profit before tax	473,631	733,346
Tax using the Company's domestic tax rate	30% 142,090	30% 220,004
Non-deductible expenses	8% 36,348	7% 54,444
Tax-exempt items	-22% (101,873)	-19% (137,039)
Tertiary Education Tax	2% 8,243	2% 13,736
NITDA Levy	1% 4,485	1% 7,483
Nigeria Police Trust Fund (NPTF) levy	0% 38	0% 29
	19% 89,311	22% 158,679

18 Cash and cash equivalents

In thousands of naira

(a) Cash and cash equivalents comprise:

	30-Sep-2020	31-Dec-2019
Cash on hand:		
Cash on hand	134,400	101,781
	134,400	101,781
Deposits with banks:		
Current account balances with other banks	1,854,138	1,178,980
Money market placements	47,796	1,647,849
	1,901,934	2,826,829
Cash and cash equivalents for cash flow purposes:	2,036,334	3,128,610
Impairment allowance (see note (b) below)	(527)	(586)
Cash and cash equivalents	2,035,807	3,128,024

(b) Movement in impairment allowance:

	30-Sep-2020	31-Dec-2019
Balance at 1 January	506	4,561
Impairment writeback (see note 12)	(1,179)	(4,055)
	327	506

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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-Sept-2020	31-Dec-2019
Underlying transaction	Counterparty	Asset description		
BCH concessionary loan	Sterling Bank Plc	Fixed placement	-	103,469
DHN concessionary loan	Development Bank of Nigeria	Treasury Bills	466,346	269,090
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	75,000	75,000
ATM Transactions	Sterling Bank Plc	Call placement	20,000	20,000
			561,346	467,559
			(822)	(73)
			560,524	467,486
Current			560,524	467,486
Non-current			-	-
			560,524	467,486

(b) Movement in impairment allowance:

Balance at 1 January	73	596
Impairment allowance (writeback) (see note 12)	749	(323)
	822	73

18 Loans and advances to customers

In thousands of naira

(a) Loans and advances to customers comprise:

	30-Sep-2020	31-Dec-2019
Loans and advances to customers at amortised cost	16,819,901	13,776,931
	16,819,901	13,776,931
Current	5,208,160	8,037,172
Non-current	11,611,741	8,839,759
	16,819,901	13,776,931

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

	30 September 2020			31 December 2019		
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
Term loans	15,916,464	(345,772)	15,570,692	13,551,275	(289,173)	13,262,104
Overdrafts	1,634,916	(385,707)	1,249,209	727,604	(252,777)	514,827
	17,551,380	(731,479)	16,819,901	14,278,879	(561,948)	13,776,931

(c) Movement in allowances for impairment:

	30 September 2020				31 December 2019			
	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	151,696	4,765	345,487	501,948	153,252	3,785	374,175	531,212
Change (writeback) during the period (see note 12)	89,868	(663)	140,328	229,533	(1,556)	980	(28,680)	(29,264)
Balance at the end of the period	241,564	4,102	485,815	731,479	151,696	4,765	345,487	501,948

19 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI

Equity securities:

Listed equities
Unlisted equities

	Fair value at 30-Sept-2020	Fair value at 31-Dec-2019
Listed equities	3,428	2,505
Unlisted equities	6,350	11,399
	<u>9,778</u>	<u>13,904</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 30 September 2020 (31 December 2019: nil), and there were no transfers of any cumulative gain or loss within equity relating to these investments (31 December 2019: nil). The change in fair value on these investments were as follows:

	30-Sept-2020	31-Dec-2019
Balance at beginning of the period		
Listed equities	2,505	3,787
Unlisted equities	11,399	10,489
	<u>13,904</u>	<u>14,276</u>
Balance at end of the period		
Listed equities	3,428	2,505
Unlisted equities	6,350	11,399
	<u>9,778</u>	<u>13,904</u>
Fair value loss	(4,130)	(172)

(b) Investment securities at amortised cost

Treasury bills
ECL impairment

Treasury bills	687,623	879,768
ECL impairment	(295)	(138)
	<u>687,328</u>	<u>879,630</u>

Total investment securities

Total investment securities for cashflow purpose

Current

Non-current

	<u>697,102</u>	<u>899,334</u>
	<u>697,107</u>	<u>899,672</u>
Current	697,102	899,534
Non-current	-	-
	<u>697,102</u>	<u>899,534</u>

(c) Movement in impairment allowance

Balance at the beginning of the period
Impairment charge during the period (see note 12)
Balance at the end of the period

	138	-
	157	138
	<u>295</u>	<u>138</u>

20 Other assets

In thousands of naira

Prepayments (see note (a) below)
Inventories (see note (b) below)
Other receivables (see note (c) below)

Impairment allowance (see note (d) below)

Current

Non-current

	30-Sept-2020	31-Dec-2019
Prepayments (see note (a) below)	161,744	271,334
Inventories (see note (b) below)	145,730	128,714
Other receivables (see note (c) below)	151,330	113,348
	<u>458,804</u>	<u>459,796</u>
Impairment allowance (see note (d) below)	(101,705)	(73,124)
	<u>357,099</u>	<u>386,272</u>
Current	264,060	198,411
Non-current	93,039	187,861
	<u>357,099</u>	<u>386,272</u>

(a) Prepayments comprise the following:

Prepaid insurance
Prepaid staff benefits
Other prepaid expense

Prepaid insurance	16,732	24,300
Prepaid staff benefits	93,039	187,861
Other prepaid expense	51,973	6,173
	<u>161,744</u>	<u>271,334</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, asset suspense account, deferred share issue cost.

Stock
Asset in suspense
Deferred share issue cost

Stock	72,723	57,887
Asset in suspense	33,850	30,359
Deferred share issue cost	39,157	30,468
	<u>145,730</u>	<u>128,714</u>

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

(d) Movement in impairment allowance:

Balance at the beginning of the period
Impairment charge (writeback) during the period (see note 12)
Balance at the end of the period

	73,124	(58,498)
	28,581	(65,374)
	<u>101,705</u>	<u>73,124</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

In thousands of euro

31 Property and Equipment

(a)	Buildings	Freehold Land	Right-of-Use Asset	Furniture and Fittings	Motor Vehicles	Computer Equipment	Office Equipment	Total
Cost:								
Balance as at 1 January 2019	280,049	-	-	71,238	423,269	175,627	150,288	1,100,471
Recognition of Right-of-use asset on initial application of IFRS 16	-	-	65,327	-	-	-	-	65,327
Adjusted balance	280,049	-	65,327	71,238	423,269	175,627	150,288	1,165,798
Additions during the year	145,444	-	58,361	29,733	75,752	83,238	53,971	426,499
Reclassification	(6,979)	6,979	-	-	-	(26,408)	-	(26,408)
Disposals	-	-	-	(74)	-	(274)	-	(348)
Balance at 31 December 2019	418,514	6,979	103,688	100,897	499,021	232,182	204,260	1,565,541
Balance as at 1 January 2020	418,514	6,979	103,688	100,897	499,021	232,182	204,260	1,565,541
Additions during the period	26,845	-	16,217	6,157	7,740	82,356	37,619	179,934
Reclassification	(15,698)	15,698	-	-	-	-	-	-
Disposals	-	-	-	(324)	(6,715)	(2,188)	-	(9,227)
Balance at 30 September 2020	429,661	22,677	119,905	100,730	500,046	312,350	241,879	1,736,548
Accumulated Depreciation and Impairment:								
Balance at 1 January 2019	38,829	-	-	38,963	195,447	88,814	80,757	442,810
Charge for the year	6,069	-	21,959	13,690	94,638	62,593	30,202	229,151
Disposals	-	-	-	(74)	-	(274)	-	(348)
Reclassification	-	-	-	-	-	(4,787)	-	(4,787)
Impairment	-	-	-	-	-	-	1,231	1,231
Balance at 31 December 2019	44,898	-	21,959	52,579	290,085	146,346	112,190	668,057
Balance at 1 January 2020	44,898	-	21,959	52,579	290,085	146,346	112,190	668,057
Charge for the period	6,017	-	19,421	11,307	68,431	45,885	26,521	177,582
Disposals	-	-	-	(324)	(1,461)	(2,188)	-	(3,973)
Reclassification	-	-	-	-	-	-	-	-
Balance at 30 September 2020	50,915	-	41,380	63,562	357,055	190,043	138,711	841,665
Net Book Value: 31 December 2019	373,616	6,979	81,729	48,318	208,936	85,836	92,070	897,484
Net Book Value: 30 September 2020	378,746	22,677	78,525	46,168	142,991	122,307	103,168	894,582

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2019: Nil).
- There was no impairment loss (31 December 2019: €0.2 million) on the office equipment class during the year.
- There were no property and equipment pledged as securities for liabilities (31 December 2019: Nil).
- There were no contractual commitments for the acquisition of property and equipment (31 December 2019: 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.
- For better presentation, the computer and office equipment class were separated and the intangible assets of €33.9 million in computer equipment in 2019 was reclassified.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(b) Intangible asset

<i>In thousands of euros</i>	30-Sept-2020	30-Dec-2019
Computer software		
Cost:		
Balance at start of the period	38,893	12,283
Reclassification from PPE	-	26,408
Addition during the period	30,000	-
Balance at end of the period	68,893	38,691
Accumulated Amortisation:		
Balance at start of the period	4,787	-
Charge for the period	10,499	-
Reclassification from PPE	-	4,787
Balance at end of the period	15,286	4,787
Carrying amount at end of the period	53,607	33,904

- The intangible asset was reclassified from property and equipment.
- All intangible assets are non-current. Intangible assets of the Bank have finite useful life and are amortised over 3 years.
- The Bank does not have internally generated intangible assets.

22 Deposits from customers

<i>In thousands of euros</i>	30-Sept-2020	31-Dec-2019
Current deposits	4,136,692	3,718,043
Savings deposits	3,294,648	2,555,400
Term deposits	5,291,770	4,762,339
Sundry deposits	135,652	291,276
	12,858,762	11,327,058
Current	12,858,762	11,327,058
Non-current	-	-
	12,858,762	11,327,058

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED**

23 Other liabilities

<i>In thousands of euro</i>	30-Sept-2020	31-Dec-2019
<i>Financial liabilities</i>		
Accounts payable	5,685	6,932
Productivity bonus (see note (a) below)	14,225	300,299
Sundry creditors	68,428	126,478
Accruals	136,948	79,410
Other payables (see note (b) below)	832,713	68,169
Unearned income	1,690	-
Lease liability (see note (c) below)	49,624	42,961
	<u>1,108,313</u>	<u>624,289</u>
<i>Non-financial liabilities</i>		
Withholding tax payable	28,520	41,658
	<u>1,136,833</u>	<u>665,947</u>
Current	1,104,617	622,946
Non-current	32,218	42,961
	<u>1,136,833</u>	<u>665,947</u>

(a) These amounts represent provision 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) These amounts comprise the transactions of the bank's customers performed through the various channels but were yet to be settled as at period end as well as other provisions made by the bank for expenses incurred in its ordinary course of business.

(c) The movement in lease liabilities during the period is as follows:

Opening balance	42,961	37,382
Additional lease liabilities	8,431	-
Interest on lease liability (see note 9)	5,117	5,579
Gain on derecognition of lease liability (see note 11)	(853)	-
Lease payments	(7,032)	-
	<u>49,624</u>	<u>42,961</u>
Maturity analysis- contractual undiscounted cashflows		
Less than one year	17,243	8,378
Between one and five years	47,764	48,927
More than 5 years	-	6,300
	<u>65,007</u>	<u>63,605</u>

24 Borrowings

<i>In thousands of euro</i>	30-Sept-2020	31-Dec-2019
(a) Borrowings comprise:		
BOI concessionary loan (see note (i) below)	-	47,679
CBN concessionary (see note (ii) below)	1,025,290	1,000,000
EBN concessionary loan (see note (iii) below)	871,442	854,531
CBN housing microfinance loan (see note (iv) below)	58,849	63,455
	<u>1,947,581</u>	<u>1,965,665</u>
Current	1,043,056	1,485,571
Non-current	904,525	480,144
	<u>1,947,581</u>	<u>1,965,665</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED**

- (9) The Bank of Industry (BOI) loan was availed the Bank on 10 March 2017. The amount availed was N500 million at a rate of 12% per annum for a duration of 3 years. This loan is for on-lending to the Bank's customers. It is for the benefit of small and medium sized enterprises to grow their businesses and to become financially independent. The BOI loan was fully liquidated during the period on 31 March 2020.
- (10) The Central Bank of Nigeria (CBN) Micro Small and Medium sized Enterprises Development Fund (MSMEDF) loan of N1 billion was granted to the Bank on 22 December 2017 at a rate of 2% per annum. The loan term is 2 years and it is for on-lending to the Bank's customers for the benefit of small and medium sized enterprises to help grow their businesses and become financially independent. The loan matured in December 2019 but the principal was not paid to the CBN. Interest recognition and payment have continued under the initial contractual terms while the loan principal is repayable on demand.
- (11) The Development Bank of Nigeria (DBN) loan of N731 million was granted to the Bank on 5 December 2019. The loan is for a duration of 2 years at an interest rate of 13.79% per annum. The loan is for on-lending to micro, small and medium enterprises to grow their businesses.
- The facility is callable, cancellable and renewable and is to be reviewed twelve (12) months after the first draw down and every six (6) months subsequently.
- An additional facility of N500 million was granted to the Bank by the Development Bank of Nigeria (DBN) on 24 September 2020 at a rate of 12.79%. The loan term is 2 years and is for on-lending to micro, small and medium enterprises.
- (12) The Central Bank of Nigeria (CBN) housing microfinance loan of N91.74 million was granted to the Bank on 18 May 2018 at an interest rate of 15.99% per annum. The loan term is 3 years and it is for on-lending to the Bank's customers to take care of their housing needs.

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

<i>In thousands of naira</i>	30-Sept-2020	31-Dec-2019
Balance, beginning of the period	1,965,666	2,078,843
Additions during the period	500,000	771,000
Interest accrued during the period (see note 9)	150,283	84,682
Interest paid during the period	(82,500)	(119,116)
Principal repayment during the period	(585,668)	(809,743)
Balance at period end	<u>1,947,881</u>	<u>1,965,666</u>
Total repayment of borrowings (for cashflow purpose)	<u>(668,308)</u>	<u>(928,859)</u>

25 Share capital

Authorised:

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

3,000,000 3,000,000

Issued and fully paid:

2,286,657,760 units of ordinary shares of 50 kobo each

1,143,328 1,143,328

26 Share premium and reserves

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

(a) **Share premium**

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

(b) **Retained earnings**

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

(c) **Fair value reserve**

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

(d) **Statutory reserve**

The Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by 5.2.1.7 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.

(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 (see note 9(c)(iii)).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

27 Related party transactions

(a) Parent and ultimate controlling party

As at the period ended 30 September 2020, the Nigeria Police Co-operative Society Limited owns the majority of the Bank's shares. As a result, the parent and ultimate controlling party of the Bank is the Nigeria Police Co-operative Society Limited. The Bank does not have a subsidiary.

(b) Transactions with key management personnel

Key management personnel is defined as the Bank's executive and non-executive directors, including their close members of family and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank.

(i) Key management compensation for the period comprised:

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Salaries and other short-term benefits	63,140	35,501
Retirement benefits	-	3,274
	63,140	38,775

(ii) Loans and advances

In addition to their salaries, the Bank also provides non-cash benefits to its executive directors. Loans to key management personnel include housing loans and other personal loans which are given under terms that are no more favourable than those given to other staff. The housing loans are secured by property of the respective borrowers. All other loans are unsecured and interest rates charged on the related parties are at arm's length.

The movement in the loans and receivables to key management personnel during the period was:

<i>In thousands of naira</i>	30-Sept-2020	31-Dec-2019
At start of the period	108,214	115,594
Granted during the period	10,000	19,727
Repayment during the period	(48,873)	(27,107)
At end of the period	69,341	108,214
Impairment	-	36,211
Interest earned	5,558	2,182

Loans granted to Late Mr. Jude Obanishi have been fully liquidated. Other loans granted to key management personnel were performing as at 30 September 2020 (31 December 2019: Performing).

Loans and advances outstanding:

The amounts granted and their balances as at 30 September 2020 were as follows:

<i>In thousands of naira</i>							
<i>Name</i>	<i>Relationship</i>	<i>Facility type</i>	<i>Amount granted</i>	30-Sept-2020	31-Dec-2019	<i>Status</i>	<i>Security</i>
Mr. Akintuwami Lawal	Managing Director	Housing loan	36,735	20,919	25,511	Performing	Secured
Mr. Akintuwami Lawal	Managing Director	Personal loan	10,000	10,000	-	Performing	Secured
Mr. Jude Obanishi	Executive Director	Housing loan	43,615	-	34,609	Non-performing*	Secured
Mr. Jude Obanishi	Executive Director	Personal loan	2,500	-	1,562	Non-performing*	Secured
Mr. Francis Nelson	Executive Director	Housing loan	42,027	23,932	29,186	Performing	Secured
Mr. Francis Nelson	Executive Director	Personal loan	1,000	292	667	Performing	Secured
Mr. John Tizhe	Executive Director	Housing loan	16,227	14,195	15,889	Performing	Secured
Mr. John Tizhe	Executive Director	Personal loan	2,000	-	750	Performing	Secured
			153,502	69,341	108,214		

* The amount have been fully recovered in the current period.

(iii) Deposits

(a) The following directors had deposits with the Bank as at period ended:

<i>In thousands of naira</i>			30-Sept-2020	31-Dec-2019
<i>Name</i>	<i>Relationship</i>	<i>Type of deposit</i>		
Mr Joel Udah	Chairman	Current deposit	147	-
Mr Joel Udah	Chairman	Savings deposit	51	-
Mr Saeed Dantsoho	Non-Executive	Current deposit	12,728	2,935
Mr Saeed Dantsoho	Non-Executive	Term deposit	701,841	501,315
Mr Lawal Akiwunmi	Managing Director	Current deposit	3,401	988
Mr Lawal Akiwunmi	Managing Director	Savings deposit	690	-
Mr Francis Nelson	Executive Director	Current deposit	68	607
Mr Francis Nelson	Executive Director	Savings deposit	3	-
Mr Francis Nelson	Executive Director	Term deposit	305	-
Mr John Kwabe Tuihe	Executive Director	Current deposit	2,838	-
Mr John Kwabe Tuihe	Executive Director	Savings deposit	1	-
Mr John Kwabe Tuihe	Executive Director	Term deposit	373	-
Mr Mben G. Gare	Non-Executive	Current deposit	4,022	5,730
Mr Hashimu Argungu	Non-Executive	Current deposit	115	326
Mr Abdulrahman Satsumari	Non-Executive	Current deposit	36	958
Mrs Rakya Eleta Shehu	Non-Executive	Current deposit	744	4,710
Mr Izu Usman Baba	Non-Executive	Current deposit	134	1,137
Mr Galandachi Dawaki	Non-Executive	Current deposit	-	6,112
Aminu Salei Pai	Non-Executive	Current deposit	6,226	-
			<u>733,721</u>	<u>524,798</u>

(b) Deposits of other related parties

Included in deposits is an amount of N94 million (31 December 2019: N38 million), representing deposits from major shareholders. The balances as at 30 September 2020 were as follows:

<i>In thousands of naira</i>			30-Sept-2020	31-Dec-2019
<i>Name of company/individual</i>	<i>Relationship</i>	<i>Type of deposit</i>		
NPF Cooperative Society Limited	Major shareholder	Current deposit	2,090	962
NPF Welfare Insurance Scheme	Major shareholder	Current deposit	91,631	37,612
			<u>93,721</u>	<u>38,574</u>

(c) Transaction with related parties

The Chairman, Mr. Udah owns the property in Abuja leased by the Bank for use as a branch. The property was initially leased to the Bank in 2016 for a 3-year duration, which ended in May 2019, at a cost of N5,610,000. The lease agreement has been renewed for another 3 years at a cost of N5,610,000.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2020

28 Compliance with banking and other regulations

During the period, the Bank did not pay any penalties (31 December 2019: Nil).

29 Events after the reporting period

There were no subsequent events which could have a material effect on the financial position of the Bank as at 30 September 2020 or the profit for the period then ended on that date, that have not been adequately provided for or disclosed in the financial statements.

30 Contingencies

Litigation and claims

The Bank in its ordinary course of business was involved in 14 cases as at 30 September 2020 (31 December 2019: 12) as a co-defendant. The Directors of the Bank are of the opinion that none of the aforementioned cases is likely to have material adverse effect on the Bank and are not aware of any other pending and/or threatened claims or litigations which may be material to the financial statements. However, the total amount that may be claimed against the Bank is estimated at ₦820 million (2019: ₦856 million).

31 Earnings per share

The Bank presents basic EPS data for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Basic earnings per share

In thousands of naira

	30-Sept-2020	30-Sept-2019
Net profit attributable to shareholders	384,320	574,667
Number of shares in issue (in thousands)	2,286,656	2,286,656
Weighted average number of shares in issue (in thousands)	2,286,656	2,286,656
Basic earnings per share (kobo)	17	25

32 Dividend per share

	30-Sept-2020	30-Sept-2019
Dividend proposed		
Number of shares issued and ranking for dividend	2,286,656	2,286,656
Proposed dividend per share (kobo)	-	-
Interim dividend paid (Kobo)	-	-
Final dividend per share proposed	-	-
Dividend paid during the period	457,332	114,333
Interim dividend paid during the period	-	-
Total dividend paid during the period	457,332	114,333
Dividend paid per (kobo)	20	5

The Board of Directors, pursuant to the powers vested in it by the provisions of the Companies and Allied Matters Act of Nigeria (CAMA), 2020, has not proposed any dividend for the third quarter ended 30 September 2020 (31 December 2019: final; 20 kobo).

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 30 September 2020 and 31 December 2019 respectively.

Dividends are paid to shareholders net of withholding tax at the rate of 10% in compliance with extant tax laws.

33 Statement of cash flows notes

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
(a)(i) Proceeds from disposal of property and equipment		
Cost of property and equipment disposed during the period (see note 21)	9,227	323
Accumulated depreciation on property and equipment disposed (see note 21)	(3,973)	(323)
Net book value of property and equipment disposed	5,254	-
Profit on sales of property and equipment (see note 11)	2,533	969
Proceeds from disposal of property and equipment	7,787	969

17

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(a)(iii) Acquisition of PPE

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
PPE additions during the period	179,934	188,215
Less ROU assets additions	(16,217)	-
	<u>163,717</u>	<u>188,215</u>

(b) Changes in pledged asset (see note 17)

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Balance at the beginning of the period	467,539	801,383
Cash (inflow)/ outflow	93,787	58,351
Balance at period end	<u>561,346</u>	<u>859,734</u>

(c) Loans and advances to customers (see note 18)

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Balance at beginning of the period	14,278,879	11,124,847
Balance at period end	17,551,380	14,447,913
Cash outflow	3,272,501	3,323,066
Interest receivable	(136,386)	(113,013)
	<u>3,136,115</u>	<u>3,210,053</u>

(d) Changes in other assets (see note 20)

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Balance at beginning of the period	459,396	460,249
Cash (inflow)/ outflow	(592)	112,629
Balance at period end	<u>458,804</u>	<u>572,878</u>

(e) Changes in deposit from customers (see note 22)

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Balance at beginning of the period	(11,327,058)	(10,465,119)
Balance at period end	(12,858,762)	(6,828,811)
Cash outflow/(inflow)	(1,531,705)	3,636,308
Interest payable	2,055	1,100
	<u>(1,529,650)</u>	<u>3,637,408</u>

(f) Other liabilities (see note 23)

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Balance at beginning of the period	(665,907)	(243,547)
Balance at period end	(1,136,835)	(4,198,255)
	(470,928)	(4,441,802)
Lease liabilities (see note 23)	48,624	-
Retirement benefit obligations paid	-	(16,001)
Cash (inflow)/ outflow	(422,304)	(4,457,803)

(g) Investment securities (see note 19)

<i>In thousands of naira</i>	30-Sept-2020	Unaudited 30-Sept-2019
Balance at beginning of the period	893,672	291,081
Cash outflow/(inflow)	(196,275)	66,254
Balance at period end	<u>697,397</u>	<u>357,335</u>
<i>Explained by:</i>		
Impairment (loss)/write-back on investments (see note 12)	(157)	1,968
Fair value loss	4,130	-
Disposal/(purchase) of treasury bill investments	214,090	(551,148)
Unwinding of discount on treasury bill investments	(21,788)	482,926
	<u>196,275</u>	<u>(66,254)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(h) Interest received

<i>In thousands of naira</i>	Unaudited	
	30-Sept-2020	30-Sept-2019
Interest income (see note 8)	2,953,203	2,383,806
Interest on loans received	122,790	-
Interest receivable on loans (see note 33 (c))	(136,386)	(113,013)
Unwinding of discount on treasury bill investments (see note 33(g))	(21,788)	-
Interest received	<u>2,917,819</u>	<u>2,270,793</u>

(i) Interest paid

<i>In thousands of naira</i>	Unaudited	
	30-Sept-2020	30-Sept-2019
Interest expense on liabilities (see note 9)	(301,767)	(356,953)
Interest on deposit paid	(8,586)	(9,358)
Interest payable on borrowings	35,241	67,511
Interest payable on deposits	2,055	1,100
Lease interest payable	9,707	-
Interest paid	<u>(263,350)</u>	<u>(297,700)</u>

(j) Lease

<i>In thousands of naira</i>	Unaudited	
	30-Sept-2020	30-Sept-2019
Lease liabilities at the beginning of the period	42,961	-
Additional lease liabilities	8,431	-
Interest on lease liability (see note 9)	5,117	-
Gain on derecognition of lease liability (see note 11)	(853)	-
Lease payments	(7,032)	-
ROU asset at the end of the period	<u>48,624</u>	<u>-</u>

34 Unclaimed dividends

Unclaimed dividends summed up to N109,992,534.87 as at 30 September 2020 (31 December 2019: N107,978,690.60). This amount is made up of N105,854,116.73 (31 December 2019: N103,193,047.00) invested with Stanbic IBTC Asset Management Limited in fixed income mutual funds and N4,138,418.14 (31 December 2019: N4,785,643.60) in the custody of Cardinal Stone Registrars Limited.

The investment balance of N105,854,116.73 (31 December 2019: N103,193,047.00) is analysed below:

	30-Sept-2020	31-Dec-2019
	N'000	N'000
Net investible balance 1 July - 30 September 2020	104,802	100,830
Net income earned	1,052	2,363
	<u>105,854</u>	<u>103,193</u>

35 Fees for non-audit services

KPMG Professional Services rendered the following non-audit services to the Bank:

Service description	Unaudited	
	30-Sept-2020	31-Dec-2019
	N'000	N'000
Tax consultancy - Recurring	1,460	1,398
Tax consultancy - VAT	6,341	-
Tax compliance check/tax audit	-	3,990
	<u>7,801</u>	<u>5,388</u>

OTHER NATIONAL DISCLOSURES

**OTHER NATIONAL DISCLOSURES:
 VALUE ADDED STATEMENT
 FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	30-Sep-20		30-Sep-19	
	N'000	%	N'000	%
Gross earnings	3,359,061		3,292,895	
Bought-in-materials and services - local	(998,458)		(994,688)	
Value added	2,360,603	100	2,298,207	100
Distribution of value added:				
To employees				
- As salaries and other benefits	1,397,124	59	1,080,480	47
To providers of finance				
- As interests	301,767	13	356,953	16
To the Government				
- As taxes	89,311	4	158,679	7
Retained in the business				
- Asset replacement (depreciation and amortisation)	188,081	8	127,428	6
- Profit to augment reserves	384,320	16	574,667	25
Value added	2,360,603	100	2,298,207	100

This statement represents the distribution of the wealth created with the Bank's assets through its own and its employees' efforts.

**OTHER NATIONAL DISCLOSURES:
 FINANCIAL SUMMARY AS AT**

	30-Sept-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
<i>In thousands of naira</i>					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Cash and cash equivalents	2,035,967	3,128,104	4,940,352	5,752,469	1,889,881
Pledged assets	560,524	467,486	800,787	409,674	381,425
Loans and advances to customers	16,819,901	13,776,931	10,593,635	9,008,675	9,095,801
Investment securities	697,102	893,534	291,081	16,681	37,574
Property and equipment	894,582	897,484	657,661	591,964	499,646
Intangible asset	53,407	33,906	12,285	-	-
Other assets	357,099	386,272	301,751	172,878	257,545
TOTAL ASSETS	21,418,582	19,583,717	17,597,552	15,952,341	12,361,872
LIABILITIES					
Deposits from customers	12,858,762	11,327,058	10,465,119	9,126,494	6,792,391
Current tax liabilities	168,121	230,511	87,082	146,270	199,571
Borrowings	1,947,581	1,965,665	2,078,843	1,550,468	349,249
Deferred tax liabilities	56,486	66,637	76,370	61,569	19,910
Other liabilities	1,136,835	665,907	243,547	315,251	537,353
TOTAL LIABILITIES	16,167,785	14,255,778	12,950,961	11,200,052	7,898,474
CAPITAL AND RESERVES					
Share capital	1,143,328	1,143,328	1,143,328	1,143,328	1,143,328
Share premium	1,517,485	1,517,485	1,517,485	1,517,485	1,517,485
Retained earnings	1,096,919	986,184	318,690	728,276	506,963
Fair value reserve	(6,907)	(2,777)	(2,405)	-	-
Statutory reserve	1,348,133	1,348,133	1,248,579	1,124,110	1,145,124
Regulatory risk reserve	151,839	335,586	420,914	139,090	150,498
TOTAL EQUITY	5,250,797	5,327,939	4,646,591	4,652,289	4,463,398
TOTAL LIABILITIES AND EQUITY	21,418,582	19,583,717	17,597,552	15,852,341	12,361,872
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
	30-Sept-2020	30-Sept-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
Gross income	3,359,061	3,292,895	3,950,377	3,654,875	2,925,229
Profit before taxation	473,631	733,346	287,155	819,819	803,440
Profit after taxation	384,320	574,667	195,749	631,890	554,903
Dividend	457,332	114,333	388,732	342,999	342,998
Basic and diluted earnings per share (kobo)	17	25	9	28	24
Dividend per share (kobo)	20	5	17	15	15
Net assets per share (kobo)	230	233	203	203	195

BOARD RESOLUTION AUTHORIZING THE ISSUE



RC: 220824

IN THE FEDERAL REPUBLIC OF NIGERIA
THE COMPANIES AND ALLIED MATTERS ACT
COMPANY LIMITED BY SHARES

BOARD RESOLUTION
OF
NPF MICROFINANCE BANK PLC

At the meeting of the Directors of the above named company held on Wednesday 24th July, 2019 at Ibom Hotel and Golf Resort, Nwaniba Road, Uyo, Akwa Ibom State the following resolutions were held and duly passed:-

1. That 2,286,657,766 ordinary shares of the Bank be offered to the existing shareholders of the Bank by way of a Right Issue in the ratio of 1 new share for every 1 share already held.
2. That 713,342,234 ordinary shares of the Bank be offered to the general public through an offer for subscription.
3. That the shares shall be sold at a unit price of ₦1.50k for the Right Issue and ₦1.50k for the public offer.

DATED THIS 24TH DAY OF JULY, 2019

DIRECTOR
MR. FRANCIS NELSON

DIRECTOR
MR. AKINWUNMI LAWAL

Directors: DIG Azubuko Joel Uduh ESQ. BSC. MEd (Rtd) (Chairman), Mr. Akin Lawal (Managing Director), CP Usman Isa Baha (Rtd), Mr. Mohammed D. Sa'eed, Mr. Abdulrahman Satamari, Mrs. Rakiya Edota Shebu, DIG Salihu Argungu Hashimu (Rtd), Mr. Jibrin G. Gane (ACP Police Coop.), Mr. Dasuki D. Galadanchi (CP Police Coop.), Mr. Jude Ohasehi (Executive Director, Operations), Mr. Francis C. Nelson (Executive Director, Finance & Administration)

SHAREHOLDERS RESOLUTION AUTHORIZING THE ISSUE



RC, 220824

THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT, 2004
PUBLIC COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

OF

NPF MICROFINANCE BANK PLC

At the Annual General Meeting of members of the above named Company held on 25th July, 2019 at The Ibom Hotel and Golf Resort, Nwaniba Road, Uyo, Akwa Ibom State, the following Resolutions were held and duly passed:

1. "That the Directors of the Company be authorised to offer to the general public and any other investor 3,000,000,000 units of its authorised share capital by a combination of Rights Issue and Public Offer on a date and at a price to be determined by them, subject to the approval of the Regulatory authorities".
2. "That the Directors of the Company be and are hereby authorised to allot the shares on offer in line with regulatory requirement".
3. "That the Directors of the Company be and are hereby authorised to take all necessary steps and do all that is required to list the new shares of the Company on the floor of the Nigeria Stock Exchange at a date to be determined by them".

DATED THIS 25TH DAY OF JULY, 2019

SECRETARY
MRS. OSARO J. IDEMUDIA

DIRECTOR
MR. AKINWUNMI M. LAWAL

Directors: DIG Arubako Joel Udah (Rtd) NPM 564 (Rtd) (Chairman), Mr. Akin Lawal (Managing Director), CP Usman Isa Baba (Rtd), Mr. Mohammed D. Saeed, Mr. Abdulrahman Setunari, Mrs. Rakiya Edota Shebu, DIG Salihu Argungu Hashimu (Rtd) Mr. Jibrin G. Gane (ACP Police Coop.), Mr. Dasuki D. Galadnchi (CP Police Coop.), Mr. Jude Ohanehi (Executive Director, Operations) Mr. Francis C. Nelson (Executive Director, Finance & Administration)

SWORN LETTER OF DECLARATION OF FULL DISCLOSURE BY NPF MICROFINANCE BANK PLC



RC. 220024

27th August, 2019

The Director General,
Securities and Exchange Commission,
SEC Tower,
Plot 272 Samuel Adesujo Ademulegun Street,
Central Business District,
Abuja.

Dear Sir,

**₦1.07 BILLION PUBLIC OFFER BY NPF MICROFINANCE BANK PLC:
SWORN LETTER OF DECLARATION OF FULL DISCLOSURE OF ALL MATERIAL
FACTS IN THE PROSPECTUS**

In accordance with rule 280 (3) of the rules and regulations of Securities and Exchange Commission 2013 (as amended), NPF Microfinance Bank Plc hereby makes a sworn declaration that it has fully disclosed all material facts in the Prospectus in connection with the Public Offer.


Mr. Akinwumi Lawal
Managing Director


Mr. Francis Nelson
Executive Director, Finance


Mrs. Osaro Idemudia
Company Secretary

**OSAHON IDEMUDIA
LIBRA LAW OFFICE
BARRISTER & SOLICITORS
NOTARIES PUBLIC
15B Idejo St, Victoria Island Lagos**





Directors: DIG Azubako Joel Udah (Rtd) (Chairman), Mr. Akin Lawal (Managing Director), CP Usman Isa Babu (Rtd), Mr. Mohammed D. Saeed, Mr. Abdulrahman Satumari, Mrs. Rakiya Edota Shehu, DIG Salihu Argungu Hashimu (Rtd), Mr. Jibrin G. Gana (ACP Police Coop.), Mr. Dasuki D. Galadanchi (CP Police Coop.), Mr. Jude Obamehi (Executive Director, Operations), Mr. Francis C. Nelson (Executive Director, Finance & Administration)

LETTER FROM THE DIRECTORS ON GOING CONCERN STATUS



RC: 220824

6th July 2020

The Managing Director,
Cowry Asset Management
Limited
Plot 1319, Karimu Kotun Street,
Off Sanusi Falunwa,
Victoria Island, Lagos

The Managing
Director,
CardinalStone
Partners Limited,
No 5, Okofo Eboh
Road,
Ikoyi, Lagos

The Managing
Director,
FCSL Asset
Management
Company Limited
15 Ribadu Road,
Off Awolowo Road,
Ikoyi Lagos.

The Managing Director,
Lead Capital Plc
281, Ajose Adeogun
Street,
Victoria Island, Lagos.

The Managing Director
Integrated Trust & Investment Ltd
Integrated Trust House
61 Marina Lagos.

Dear Sir,

Confirmation of Going Status of NPF Microfinance Bank Plc

The above subject refers.

The Board of Directors ("the Board") of NPF Microfinance Bank Plc ("NPF MFB") is accountable and responsible for the operations and performance of the company. Specifically, and in line with the provisions of the Company and Allied Matters Act (CAP C20, LFN 2004), the Board owes the company a duty of care and must, at all times, act in the best interest of the company's employees and stakeholders.

The Board is required to prepare financial statements at the end of each financial period which gives a true and fair view of the state of affairs and the profit and loss position of the company. The Board is also responsible for selecting suitable accounting policies and applying the policies on a consistent basis, making informed judgements and estimates that are prudent and reasonable.


The applicable International Financial Reporting Standards have been followed and the company's financial statements are prepared using accounting policies that comply with the Generally Accepted Accounting Standards in Nigeria, including the Company and Allied Matters 2004 and Financial Reporting Council of Nigeria Act 2011. The Board therefore deems it appropriate to adopt the going concern basis in preparing the financial statements.

The Board, after making necessary enquiries, reviewing budgets, projecting cashflows and every other relevant information, considers that adequate resources will exist for the business to continue in perpetual and operational existence for the foreseeable future.

Yours faithfully,

For: NPF Microfinance Bank Plc


Mr. Francis Nelson
Executive Director, Finance & Admin


Mr. Akinwumi Lawal
Managing Director

Directors: DIG Azubuko Joel Udah (Chairman), Mr. Akin Lawal (Managing Director), CP Usman Isa Babu (Ret), Mr. Mohammed D. Saed, Mr. Abdulrahman Satumari, Mrs. Rakiya Edota Shehu, DIG Salihu Argungu Hashimu (Ret), Mr. Jibrin G. Gane (ACP Police Coop.), CP Aminu Saleh Pai (CP Police Cooperative), Mr. John K. Tizbe (Executive Director, Operations), Mr. Francis C. Nelson (Executive Director, Finance & Administration)

LETTER FROM THE AUDITORS ON GOING CONCERN STATUS



KPMG Professional Services
KPMG Tower
Bishop Abayomi Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8999
Internet www.kpmg/ng

19 June 2020

The Board of Directors
NPF Microfinance Bank Plc
Aliyu Atta House
1, Ikoyi Road, Obalende
Lagos

The Managing Director
Cowry Asset Management Limited
Plot 1319, Karimu Kotun Street
Victoria Island
Lagos

The Managing Director
Lead Capital Plc
281 Ajoose Adeogun Street
Victoria Island, Eti-Osa
Lagos

The Managing Director
Cardinal Stone Partners Limited
5 Okotie Eboh Street
Ikoyi
Lagos

The Managing Director
FCSL Asset Management Company Limited,
15 Ribadu Road,
Off Awolowo Road,
Ikoyi, Lagos

The Managing Director
Integrated Trust and Investment Limited
61 Marina Road, Lagos Island
Lagos


Dear Sirs

NPF MICROFINANCE BANK PLC – CONFIRMATION OF GOING CONCERN STATUS

We have audited the financial statements of NPF Microfinance Bank Plc ('the Bank') for the year ended 31 December 2019 which were prepared in accordance with International Financial Reporting standards and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B.3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria guidelines and circulars.

Based on our audit of the financial statements of the Bank for the year ended 31 December 2019 on which we expressed our opinion on 27 March 2020 and the representation received from the Directors of NPF Microfinance Bank Plc, nothing has come to our notice that makes us believe that the Bank will not continue in operation as a going concern.

Yours faithfully


Ayodele H. Othihiwa, FCA
Partner, Audit Services
FRC/2012/CAN/00000000425

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Registered in Nigeria No 01199820

Partners:
Abdullahi J. Usman, Adedun A. Ademiloye, Adedun S. Edeh, Adedun P. Adesina
Abdullahi A. Adel, Afolabi O. Ogunleye, Ademiloye L. Salami, Ademiloye A. Soyinka
Adedun O. Odehinde, Oluwalusi O. Agunlehin, Oluwalusi S. Odehinde, Odehinde A. Adesina
Olanrewaju O. Odehinde, Oluwalusi C. Odehinde, Oluwalusi M. Adesina, Oluwalusi T. Odehinde

STATUTORY AND GENERAL INFORMATION

1. INCORPORATION AND SHARE CAPITAL HISTORY

NPF Microfinance Bank Plc (formerly NPF community bank Ltd) was incorporated on 19th May, 1993; the Head Office address is 1, Ikoyi Road, Obalende, Lagos. The authorized share capital at its inception was N500,000.00 made up of 500,000 ordinary shares of N1.00 each and this has, over the years, increased to its current level N3,000,000,000.00 share capital made up of 6,000,000,000.00 ordinary shares of 50k each of which 2,286,637,766 shares are issued and fully paid. These shares were listed on the floor of the Nigerian Exchange Limited on the 1st of December, 2010.

DATE ISSUED	AUTHORISED		ISSUED & FULLY PAID		NOMINAL	REMARKS
	FROM N'000	TO N'000	FROM N'000	TO N'000	VALUE N'000	N'000
1993	500	500	-	-	1	CASH & KIND
1996	500	30,000	-	17,976	1	CASH
1999	-	30,000	17,996	21,571	1	BONUS 1:4
2000	30,000	80,000	21,571	40,186	1	CASH
2001	-	80,000	40,186	58,624	1	CASH
2002	80,000	250,000	-	58,624	1	CASH
2003	-	250,000	-	58,624	1	CASH
2004	-	250,000	58,624	239,958	1	BONUS 1:10 & CASH
2005	250,000	500,000	239,958	239,958	1	-
2006	500,000	1,000,000	239,958	259,955	1	BONUS 1:12
2007	1,000,000	2,000,000	259,955	417,192	1	CASH
2008	-	2,000,000	-	417,192	1	-
2009	-	2,000,000	417,192	1,143,328	1	CASH
2010	-	2,000,000	1,143,328	-	50K	SHARE-SPLIT 1:2
2011	-	2,000,000	1,143,328	-	50K	SHARE-SPLIT 1:2
2012	-	2,000,000	1,143,328	-	50K	-
2013	-	2,000,000	1,143,328	-	50K	-
2014	2,000,000.00	3,000,000	1,143,328	-	50K	-
2015	-	3,000,000	1,143,328	-	50K	-
2016	-	3,000,000	1,143,328	-	50k	-
2017	-	3,000,000	1,143,328	-	50k	-
2018	-	3,000,000	1,143,328	-	50k	-
2019	-	3,000,000	1,143,328	-	50k	-
2020	-	3,000,000	1,143,328	-	50k	-

2. SHAREHOLDING STRUCTURE

Range Analysis as at 30th September 2020 was:

Range	Number of Holders	%	Units
1 – 5,000	4,193	56.47%	6,774,630
5,001 - 10,000	1,007	13.56%	7,844,596
10,001-50,000	1,298	17.48%	29,879,763
50,001- 100,000	280	3.77%	21,195,784
100,001-500,000	485	6.53%	112,224,788
500,001- 1,000,000	71	0.96%	50,798,087
1,000,001 – 50,000,000	88	1.19%	274,098,089
50,000,001- 2,286,657,766	3	0.04%	1,783,842,039
	7,294	100.00%	2,286,657,766

As at date of this Offer Prospectus, the Company's issued share capital of 2,286,657,766 Ordinary shares of 50kobo each was beneficially held as follows:

S/N	Name of Shareholder	Number of Shares	%Shareholding
1	Nigeria Police Co-operative Society Limited	1,480,718,606	64.75%
2	NPF Welfare Insurance Scheme Limited	234,305,460	10.25%
3	Others	571,633,700.00	25.00%
	Total	2,286,657,766.00	100.00%

a) Pre-Public Offer Shareholding Structure (5% and above)

As at the date of this document, the issued and fully paid-up Ordinary Share Capital of the Company was wholly owned by Nigerians. Except as stated below, no other shareholder held more than 5% of the issued Capital of the Bank as at 30th of September, 2020.

S/N	Shareholder	No. of Shares	Shareholding (%)
1	Nigeria Police Co-operative Society Limited	1,480,718,606	64.75
2	NPF Welfare Insurance Scheme	234,305,460	10.25

In line with the Nigeria Exchange Limited rules on the requirement for all listed companies to maintain a free float of 20% and above, the Bank 's free float for the year under review stands at 24%.

b) Post- Rights Issue and Public Offer Shareholding Structure (5% and above)

We assume that the two major shareholders will take up their rights fully and subscribe to their current percentage holding with respect to the public offer. Below is the expected post rights issue shareholding structure:

S/N	Shareholder	No. of Shares	Shareholding (%)
1	Nigeria Police Co-operative Society Limited	3,423,359,907	64.75%
2	NPF Welfare Insurance Scheme	541,704,490	10.25%

The computation of the table above is based on the following tables:

Rights Issue

S/N	Shareholder	No. of Shares	Shareholding (%)
1	Nigeria Police Co-operative Society Limited	2,961,437,212	64.75%
2	NPF Welfare Insurance Scheme Limited	468,610,920	10.25%
Public Offer			
S/N	Shareholder	No. of Shares	Shareholding (%)
1	Nigeria Police Co-operative Society Limited	461,922,695	64.75%
2	NPF Welfare Insurance Scheme Limited	73,093,570	10.25%

3. DIRECTORS' BENEFICIAL INTEREST

The interests of the Directors of NPF Microfinance Bank Plc in the issued share capital of the Company as recorded in the Register of Members and as notified by them for the purpose of Section 275 (1) of the CAMA, as at 30th September, 2020 are as follows:

SN	NAME OF DIRECTORS	DIRECT		INDIRECT	
		% HOLDINGS	HOLDINGS	HOLDINGS	% HOLDINGS
1	DIG. Azubuko Joel Udah (RTD)	0.17	4,000,000	-	-
2	Mr. Mohammed D. Saeed	0.07	1,580,000	-	-
3	Mr. Aminu Saleh Pai	0	0	1,480,718,606	64.755
4	Mr. Jibril G. Gane*	0.005	108,000	"	"
5	Mr. Akinwunmi M. Lawal	0.22	5,025,861	-	-
6	Mr. John Kwabe Tizhe	0.03	707,749	-	-
7	Mr. Francis C. Nelson	0.01	310,796	-	-

8	Mr. Abdulrahman Satumari	-	-	-	-
9	Mr. Salihu Argungu Hashimu	-	-	-	-
10	Mrs. Rakiya Edota Shehu	-	-	-	-
11	Mr. Usman Isa Baba	0.09	2,155,000	-	-
	TOTAL	0.595	13,887,406	1,480,718,606	64.755

Mr. Aminu Saleh Pai and Mr. Jibril G. Gane currently represent the interest of the Nigerian Police Cooperative Society Limited, which owns 1,480,718,606 ordinary shares of 50k each in the issued share capital of the Bank.

4. STATEMENT OF INDEBTEDNESS

As at 30th September 2020, NPF Microfinance Bank Plc had a total debt amount of approximately ₦1.95 Billion in respect of on-lending to the Bank's customers in the ordinary course of business. The details are as follows:

BORROWINGS	LOAN BALANCE (₦' 000)
BOI Concessionary Loan	-
CBN Concessionary Loan	1,025,290
DBN Concessionary Loan	871,442
CBN housing microfinance loan	50,849
TOTAL INDEBTEDNESS	1,947,581

Apart from the foregoing, the Company has no outstanding debenture, mortgage, charges or other similar indebtedness other than in the ordinary course of business.

5. OFF BALANCE SHEET ITEMS

As at 30th September 2020, the Company had no off-balance sheet items on its records.

6. CLAIMS AND LITIGATION

Summary of Claims and Litigation as at 30th September 2020

NPF Microfinance Bank Plc is currently involved in twelve (12) pending cases – all of which were instituted against the Bank. A review of these cases was conducted to confirm their status and ascertain the "Contingent Liability" of the Bank. The total amount claimed in the twelve (12) cases is N762,933,199.56 (Seven Hundred and Sixty-Two Million, Nine Hundred and Thirty-Three Thousand, One Hundred and Ninety-Nine Naira, Fifty-Six Kobo) only. Please note that these figures do not include interest claims against the Company. As Solicitors to the Offer, we are of the opinion that the claims and litigation are not likely to have any material adverse effect on the Bank and/or the Hybrid Offer and are not aware of any pending or threatened claims or litigation involving the Bank other than those disclosed in the schedule of claims and litigations.

7. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the date of this Prospectus, the Company has no subsidiaries and associated companies and is currently not proposing to acquire any subsidiaries.

8. COSTS AND EXPENSES (DETAILS OF THE UTILIZATION OF PROCEEDS)

The proceeds of the Offer will be used for business expansion, I.T. upgrade and to meet working capital requirements. The costs and expenses of making the Offer, including fees payable to the SEC, NGX, professional parties, filing fees, stamp duties and legal fees and other expenses, brokerage commission and the costs of printing and of advertising the Offer amounts to N28,974,988.12 of the total amount to be raised pursuant to the Total Offer. The net proceeds of N1,041,056,363.11 will be utilized as follows:

UTILIZATION	%	NGN	Expected Completion Period
To expand branch network	30.0%	312,316,908.93	12 months
IT Upgrade	40.0%	416,422,545.25	24 months

Working Capital	30.0%	312,316,908.93	Continuous
TOTAL	100%	1,041,056,363.11	

i. To expand branch network

As at September 2020, the Bank had 35 branches nationwide from which it operates.

Subject to the approval of the CBN, planned branch expansion, post-offer, will cover the following states in order to achieve a nation-wide coverage:

- Bayelsa (Yenegoa)
- Ebonyi (Abakaliki)
- Borno (Maiduguri)
- Kebbi (Birnin Kebbi)
- Lagos (Ajah)
- Zamfara (Gusau)
- Lagos (Egbeda)
- Abuja (Gwagwalada Market)
- Katsina
- Taraba (Jalingo)
- Abia (Umuahia)
- Jigawa (Dutse)
- Oyo (Igbora Ora)
- Gombe
- Yobe (Damaturu)

ii. I.T. Upgrade

Part of the proceeds of the hybrid offer will be used to fund critical IT. asset acquisition stated below:

S/No.	DESCRIPTION
1	AGENCY BANKING PLATFORM INTEGRATION
2	USSD PLATFORM INTEGRATION PLUS SORT CODE
3	HIGH END SERVERS FOR WED SERVICES AND IFRS 9
4	DESKTOP COMPUTERS
5	LAPTOPS
6	RECOVERY SITE
7	WINDOWS SERVERS LICENSES
8	POWER BACK UP (INVERTER AND SOLAR)
9	DEPLOYMENT OF ATM MACHINES
10	INTEGRATIONS WITH E-PLATFORMS
11	BACK UP SOLUTION
12	SECURITY SOLUTIONS
13	MOBILE AND INTERNET BANKING APPLICATION
14	ISP WAN AND INTERNET
15	NETWORK DEVICES
16	AGENCY BANKING PLATFORM DEVICES
17	OFFICE 360 2019
18	PURCHASE OF ADDITIONAL BVN MACHINES
19	DIGITAL AND ANTI-VIRUS LICENSES

9. RELATED PARTY TRANSACTIONS

As at the period ended 30 September 2020, the Nigeria Police Co-operative Society Limited owns the majority of the Banks shares. As a result, the parent and ultimate controlling party of the Bank is the Nigeria Police Co-operative Society Limited. The Bank does not have a subsidiary.

(a) Transactions with key management personnel

(i) Key management compensation for the year comprised:

<i>In thousands of naira</i>	2020	2019
Salaries and other short-term benefits	63,146	35,501
Retirement benefits	-	3,274
	63,146	38,775

(ii) Loans and advances

In addition to their salaries, the Bank also provides non-cash benefits to its executive directors. Loans to key management personnel include housing loans and other personal loans which are given under terms that are no more favourable than those given to other staff. The housing loans are secured by property of the respective borrowers. All other loans are unsecured and interest rates charged on the related parties are at arm's length.

The movement in the loans and receivables to key management personnel during the year was:

At start of the year	108,214	115,594
Granted during the year	10,000	19,727
Repayment during the year	(48,873)	(27,107)
At end of the year	69,431	108,214
Impairment	-	36,211
Interest earned	5,888	2,162

Loans granted to Late Mr. Jude Ohanehi have been fully liquidated. Other loans granted to key management personnel were performing as at 30 September 2020 (31 December 2019: Performing).

(iii) Deposits

(a) The following directors had deposits with the Bank as at year ended 31st December 2019: *In thousands of naira*

Name	Relationship	Type of Deposit	September 30 2020	September 30 2019
Mr. Joel Udah	Chairman	Current Deposit	147	-
Mr. Joel Udah	Chairman	Savings Deposit	51	-
Mr. Saeed Dantoso	Non-Executive Director	Current Deposit	12,728	2,935
Mr. Saeed Dantoso	Non-Executive Director	Term Deposit	701,841	501,315
Mr. Lawal Akinwunmi	Managing Director	Current Deposit	3,401	968
Mr. Lawal Akinwunmi	Managing Director	Savings Deposit	690	-
Mr. Francis Nelson	Executive Director	Current Deposit	68	607
Mr. Francis Nelson	Executive Director	Savings Deposit	3	-
Mr. Francis Nelson	Executive Director	Term Deposit	305	-
Mr. John Kwabe Tizhe	Executive Director	Current Deposit	2,838	-
Mr. John Kwabe Tizhe	Executive Director	Savings Deposit	1	-
Mr. John Kwabe Tizhe	Executive Director	Term Deposit	373	-
Mr. Jibrin G. Gane	Non - Executive Director	Current Deposit	4,022	5,730
Mr. Hashimu Argungu	Non - Executive Director	Current Deposit	115	326
Mr. Abdulrahman Satumari	Non - Executive Director	Current Deposit	36	958
Mrs Rakiya Edota Shehu	Non - Executive Director	Current Deposit	744	4,710
Mr. Isa Usman Baba	Non - Executive Director	Current Deposit	134	1,137
Mr. Galadanchi Dasuki	Non - Executive Director	Current Deposit	-	6,112
Aminu Saleh Pai	Non - Executive Director	Current Deposit	6,226	-
			733,723	524,798

(b) Deposits of other related parties

Included in deposits is an amount of ₦94 million (31 December 2019: ₦38 million), representing deposits from major shareholders. The balances as at 30 September 2020 were as follows:

In thousands of naira

Name of company/individual	Relationship	Type of deposit	30-Sept 2020	30-Sept 2019
NPF Cooperative Society Limited	Major shareholder	Current Deposit	2,090	962
NPF Welfare Insurance Scheme	Major shareholder	Current Deposit	91,631	37,412

(iv) Transaction with related parties

The Chairman, Mr. Udah owns the property in Aba leased by the Bank for use as a branch. The property was initially leased to the Bank in 2016 for a 3-year duration, which ended in May 2019, at a cost of ₦5,610,000. The lease agreement has been renewed for another 3 years at a cost of ₦5,610,000.

10. RESEARCH AND DEVELOPMENT

The Bank used in-house materials to develop the Research and Development framework instead of paying a Consultant. The Unit (Research and Development) has an approved budget of ₦7,100,000.00 for the year 2021. No amounts of money had previously been expended on Research and Development.

11. MATERIAL CONTRACTS

The following agreement has been entered into and is considered material to this Issue:

- A Vending Agreement dated **June 10 2021** between NPF Microfinance Bank Plc, Cowry Asset Management Limited, CardinalStone Partners Limited, FCSL Asset Management Company Limited, Integrated Trust and Investment Limited and Lead Capital Plc.

Except as disclosed above, the Company has not entered into any material contract except in the ordinary course of business.

12. RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS

As at the date of this Prospectus no other relationship other than the professional ones established pursuant to this Issue exist between the Issuer and any of its advisers

13. MERGERS AND ACQUISITIONS

As at the date of this Prospectus, the Company is not aware of any attempt by any investor to acquire a majority shareholding in the Company.

14. CONSENTS

The following have given and have not withdrawn their written consents to the offer prospectus with their names and reports (where applicable) to be included in the form and context in which they appear:

Directors of NPF Microfinance Bank Plc:	DIG. Azubuko Joel Udah (RTD) Mr. Akinwunmi Lawal Mr. Francis Nelson Mr. John Kwabe Tizhe Mr. Mohammed Saeed Mr. Usman Isa Baba Mr. Jibril Gane Mr. Salihu Hashimu Mr. Aminu Saleh Pai Mr. Abdulrahman Satumari Mrs Rakiya Shehu
Lead Issuing House:	Cowry Asset Management Limited
Joint Issuing Houses:	CardinalStone Partners Limited FCSL Asset Management Company Limited Integrated Trust and Investment Limited Lead Capital Plc
Solicitors to the Issue:	Tokunbo Orimobi LP
Auditors:	KPMG Professional Services
Stockbrokers to the Issue:	Regency Assets Management Limited
Registrars:	CardinalStone Registrars Limited
Receiving Banks:	First Bank of Nigeria Limited United Bank for Africa Plc
Reporting Accountant:	Pro Edge Partners

15. DECLARATIONS

Except as otherwise disclosed herein:

1. No share of the Company is under option or agreed conditionally or unconditionally to be put under option
2. There are no long-term service agreements between the Company and any of the Directors and employees except pension agreements
3. The Company also hereby declares that none of its directors or management staff is subject to any of the following in Nigeria or elsewhere
 - i. A petition brought under any bankruptcy or insolvency proceedings either against his/her person or against any partnership or company of which he or she is partner, director or key personnel;
 - ii. A conviction in a criminal proceeding relating to fraud or dishonesty;
 - iii. A judgement or a ruling by a regulatory body relating to fraud or dishonesty restraining him/her from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

16. OVERVIEW OF CORPORATE GOVERNANCE

NPF Microfinance Bank Plc is a company of integrity and maintains high ethical standards. The Company reputation for honest, open and dependable business conduct, built over the years is an asset just as its people and brands. NPF Microfinance Bank Plc conducts its business in full compliance with the laws and regulations of Nigeria and our Code of Business Conduct.

Board of Directors

The Board comprises of a Chairman, Managing Director, two other Executive Directors, Three Non-Executive (Independent) Directors and Four Non-Executive Directors who are charged with the responsibility of ensuring the proper running of the Company. Profiles of the Directors are stated on pages 19 - 20 of this document. The position of the Chairman is distinct from that of the Managing Director. The Chairman is DIG. Azubuko Joel Udah (RTD) while the Managing Director is Mr Akinwumi Lawal.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Issuing Houses Offices as listed on page 14 between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the offer

1. The Certificate of Incorporation of the Company;
2. The Memorandum and Articles of Association of the Company;
3. The prospectus in respect of the public offer;
4. The Board resolution authorizing the Issue;
5. The Shareholders' Resolution authorizing the Issue;
6. The Company's Audited Accounts for the financial years ended December 2015, December 2016, December 2017, December 2018, December 2019;
7. The solicitor's opinion on claims and litigations and schedule of the Claims and Litigation referred to on pages 83;
8. Letters of approval from SEC and the NGX;
9. The material contract referred to on page 86; and
10. The written consents referred to on page 86.

PROCEDURE FOR APPLICATION AND ALLOTMENTS

APPLICATION

- a) If you are in doubt as to the action to take, please consult your financial adviser, stockbroker, solicitor, accountant, tax consultant, bank manager or any other professional adviser for guidance. Care must be taken to follow these instructions as applications that do not comply with the instructions will not be accepted.
- b) The general investing public is hereby invited to apply for the Ordinary Shares through any of the Receiving Agents listed on page 90 of this Prospectus.
- c) Applications for the Ordinary Shares being offered must be made in accordance with the instructions set out at the back of the Application Form attached hereto. Care must be taken to follow these instructions, as applications, which do not comply, will be rejected. Specifically, it is mandatory that applicants state their Bank Account Number and Bank Verification Numbers (BVN) otherwise their applications would be rejected.
- d) The Application List for the Ordinary Shares being offered will open on 24 – 06 - 2021 and close on 30 – 06 - 2021. Applications must be for a minimum of 1,000 Ordinary Shares and in multiples of 1,000 Ordinary Shares thereafter. The number of Ordinary Shares for which an application is made and the value of the cheque or bank draft attached should be entered in the boxes provided on the Application Form.
- e) The subscription currency for the Offer is the Nigerian Naira (₦).
- f) The applicant should make only one application, whether in his own name or in the name of a nominee. Multiple or suspected multiple applications will be rejected. Individual applicants should sign the declaration and write his/her full names, address, telephone number and mobile telephone number in the appropriate space on the Application Form. Where the application is being made on behalf of a minor, the full names of the applicant and the minor as well as the date of birth of the minor should be provided. The appropriate space on the Application Form should be used by joint applicants. A corporate applicant should affix its seal in the box provided and state its Incorporation Registration (RC) Number.
- g) Applications should be forwarded ONLY to any of the Receiving Agents listed on page 90 of this Prospectus, together with evidence of Real Time Gross Settlement (“RTGS”) or National Electronic Funds Transfer (“NEFT”) for the full amount of the purchase price. All bank commissions and transfer charges must be prepaid by the applicant. All unfunded applications will be rejected.

PAYMENT INSTRUCTIONS

Applicants should ensure that payment of full purchase price is received upon submission of the Application Form. Payments can be made via RTGS or NEFT into the designated proceeds account domiciled with the Receiving Bank:

Bank Name:	First Bank of Nigeria Limited	United Bank for Africa Plc
Account Name:	NPF MFB Public Offer	NPF MFB Public Offer
Account Number:	2036022500	1022238228
Narration:	<i>“[Full Name of Shareholder]’s payment for NPF MFB Public Offer”</i>	<i>“[Full Name of Shareholder]’s payment for NPF MFB Public Offer”</i>

ALLOTMENT

The Issuing House and the Directors of the Company reserve the right to accept or reject any application in whole or in part for not meeting the conditions of the Offer. The Allotment Proposal will be subject to the clearance of the SEC. All irregular or suspected multiple applications will be rejected.

APPLICATION MONIES

All application monies will be retained in a separate interest yielding bank account with the Receiving Banks pending Allotment. If any application is not accepted, or is accepted for fewer Ordinary Shares than the number applied for, the application monies in full or the surplus amounts (as the case may be) will be transferred (including accrued interest) to the account number of the affected applicant as stated on the application, within five (5) working days of Allotment.

The CSCS accounts of successful applicants would be credited immediately after date of Allotment Clearance by SEC.

RECEIVING AGENTS

Application Forms may be obtained free of charge from banks, stockbrokers, post offices, local government authorities and other designated distribution outlets. Completed Application Forms must be submitted to any of the under listed Receiving Agents duly registered as capital market operators by the SEC and to whom brokerage will be paid at the rate of 0.50% of the value of the shares allotted in respect of the Application Forms bearing their official stamps.

The Company and Issuing Houses cannot accept responsibility for the conduct of any of the institutions listed below. Investors are therefore advised to conduct their own enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by the Issuing Houses, cannot give rise to a liability on the part of the Issuing Houses under any circumstances.

BANKS

ACCESS BANK PLC	GTBANK PLC	STANDARD CHARTERED BANK LTD
CITI BANK NIGERIA LTD	HERITAGE BANK LTD	STERLING BANK PLC
DIAMOND BANK PLC	JAIZ BANK PLC	UBA PLC
ECOBANK NIGERIA PLC	KEYSTONE BANK PLC	UNION BANK OF NIGERIA PLC
FCMB LIMITED	MAINSTREET BANK LTD	UNITY BANK PLC
FIDELITY BANK PLC	SKYE BANK PLC	WEMA BANK PLC
FIRST BANK OF NIGERIA Limited	STANBIC IBTC BANK PLC	ZENITH INTERNATIONAL BANK PLC

STOCKBROKERS & OTHER RECEIVING AGENTS

ADONAI STOCKBROKERS LTD	EDC SECURITIES LTD	INVESTORS AND TRUST COMPANY LTD	READINGS INVESTMENTS LTD
AFRICAN ALLIANCE STOCKBROKERS LTD	EDGEFIELD CAPITAL MANAGEMENT LTD	KAPITAL CARE TRUST & SECURITIES LTD	REGENCY ASSETS MANAGEMENT LTD
AFRINVEST SECURITIES LTD	EFCP LTD	KEDARI CAPITAL LTD	RENCAP (SECURITIES) NIGERIA LTD
AMYN INVESTMENTS LTD	EL-ELYON ALLIANCE & SECURITIES LTD	KINLEY SECURITIES LTD	REWARD INVESTMENTS & SERVICES LTD
ANCHORAGE SECURITIES AND FINANCE LTD	ELIXIR SECURITIES LTD	KOFANA SECURITIES & INVESTMENT LTD	RMB NIGERIA STOCKBROKERS LTD
ANCHORIA INVESTMENT AND SECURITIES LTD	ENTERPRISE STOCKBROKERS PLC	KUNDILA FINANCE SERVICES LTD	ROSTRUM INVESTMENT AND SECURITIES LTD
APEL ASSET LTD	EQUITY CAPITAL SOLUTIONS LTD	LAMBETH TRUST AND INVESTMENT CO. LTD	ROYAL GUARANTY AND TRUST LTD
APT SECURITIES AND FUNDS LTD	EUROCOMM SECURITIES LTD	LEAD SECURITIES & INVESTMENT LTD	ROYAL TRUST SECURITIES LTD
ARM SECURITIES LTD	EXPRESS DISCOUNT ASSET MANAGEMENT LTD	LIGHTHOUSE ASSETS MANAGEMENT LTD	SANTRUST SECURITIES LTD
ARTHUR STEVEN ASSET MANAGEMENT LTD	EXPRESS PORTFOLIO SERVICES LTD	LONGTERM GLOBAL CAPITAL LTD	SECURITIES AFRICA FINANCIAL LTD
ASSOCIATED ASSET MANAGERS LTD	FALCON SECURITIES LTD	MAGNARTIS FINANCE & INVESTMENT LTD	SECURITIES AND CAPITAL MGT. COMPANY LTD
ATLASS PORTFOLIOS LTD	FBN SECURITIES LTD	MAINSTREET BANK SECURITIES LTD	SECURITY SWAPS LTD
BAUCHI INVESTMENT CORPORATION LTD	FCSL ASSET MANAGEMENT COMPANY LTD	MARIMPEX FINANCE & INVESTMENT CO. LTD	SFC SECURITIES LTD
BELFRY INVESTMENTS AND SECURITIES LTD	FIDELITY FINANCE COMPANY LTD	MARRIOT SECURITIES & INVESTMENT CO. LTD	SHELONG INVESTMENT LTD
BESTWORTH ASSET AND TRUST LTD	FIDELITY SECURITIES LTD	MAVEN ASSET MANAGEMENT LTD	SIGMA SECURITIES LTD
BGL SECURITIES LIMITED	FINANCIAL & ANALYTICS CAPITAL LTD	MAXIFUND INVESTMENTS AND SECURITIES PLC	SIGNET INVESTMENTS & SECURITIES LTD
CALYX SECURITIES LTD	FINANCIAL TRUST COMPANY NIG. LTD	MBC SECURITIES LTD	SKYVIEW CAPITAL LTD
CAMRY SECURITIES LTD	FINMAL FINANCE SERVICES LTD	MBL FINANCIAL SERVICES LTD	SMADAC SECURITIES LTD
CAPITAL ASSETS LTD	FIRST INTEGRATED CAPITAL MANAGEMENT LTD	MEGA EQUITIES LTD	SOLID-ROCK SECURITIES & INVESTMENT PLC
CAPITAL BANCORP PLC	FIRST STOCKBROKERS LTD	MERISTEM SECURITIES LTD	SPRING TRUST & SECURITIES LTD
CAPITAL EXPRESS SECURITIES LTD	FIS SECURITIES LTD	MERISTEM STOCKBROKERS LTD	SPRINGBOARD TRUST & INVESTMENT LTD
CAPITAL TRUST BROKERS LTD	FORESIGHT SECURITIES & INVESTMENT LTD	MIDAS STOCKBROKERS LTD	STANBIC IBTC STOCKBROKERS LTD
CARDINALSTONE SECURITIES LTD	FORTE FINANCIAL LTD	MILESTONE CAPITAL MANAGEMENT LTD	STANDARD ALLIANCE CAPITAL & ASSET MANAGEMENT LTD
CASHCRAFT SECURITIES LTD	FORTHRIGHT SECURITIES AND	MISSION SECURITIES LTD	STANDARD UNION SECURITIES LTD
CASHVILLE INVESTMENTS & SECURITIES LTD	FORTRESS CAPITAL LTD	MOLTEN TRUST LTD	TFS SECURITIES & INVESTMENT COMPANY LTD
CDL CAPITAL MARKETS LTD	FSDH SECURITIES LTD	MORGAN CAPITAL SECURITIES LTD	THE BRIDGE SECURITIES LTD
CENTRE POINT INVESTMENTS LTD	FUNDS MATRIX AND ASSETS MANAGEMENT LTD	MOUNTAIN INVESTMENT AND SECURITIES LTD	TIDDO SECURITIES LTD
CENTURY SECURITIES LIMITED	FUNDVINE CAPITAL AND SECURITIES LTD	MUTUAL ALLIANCE INVESTMENT & SECURITIES LTD	TOML TRUST LIMITED
CHAPELHILL DENHAM SECURITIES LTD	FUTUREVIEW SECURITIES LTD	NETWORK CAPITAL LTD	TOPMOST SECURITIES LTD
CHARTWELL SECURITIES LTD	GIDAUNIYA INVESTMENT AND SECURITIES LTD	NETWORTH SECURITIES & FINANCE LTD	TOWER ASSETS MANAGEMENT LTD
CITI INVESTMENT CAPITAL LIMITED	GLOBAL ASSET MANAGEMENT NIG. LTD	NEWDEVCO INVESTMENT & SECURITIES CO. LTD	TOWER SECURITIES & INVESTMENT COMPANY LTD
CITY CODE TRUST & INVESTMENT COMPANY LTD	GLOBALVIEW CAPITAL LTD	NIGERIAN INTERNATIONAL SECURITIES LTD	TRADELINK SECURITIES LTD
CLEARVIEW INVESTMENTS CO. LTD	GOLDEN SECURITIES LTD	NIGERIAN STOCKBROKERS LTD	TRADERS TRUST AND INVESTMENT COMPANY LTD
COMPASS INVESTMENT & SECURITIES LTD	GREENWICH SECURITIES LTD	NOVA FINANCE & SECURITIES LIMITED	TRANSAFRICA FINANCIAL SERVICES LTD
CORDROS CAPITAL LTD	GRUENE CAPITAL LIMITED	PAC SECURITIES LTD	TRANSWORLD INVESTMENT & SECURITIES LTD
CORE TRUST AND INVESTMENT LTD	GTI SECURITIES LTD	PARTNERSHIP SECURITIES LTD	TRUST YIELDS SECURITIES LTD
CORONATION SECURITIES LTD	HARMONY SECURITIES LTD	PEACE CAPITAL MARKET LTD	TRUSTBANC CAPITAL MANAGEMENT LTD
COWRY SECURITIES LTD	HEARTBEAT INVESTMENTS LTD	PHRONESIS SECURITIES LTD	TRUSTHOUSE INVESTMENTS LTD
CROSSWORLD SECURITIES LTD	HEDGE SECURITIES & INVESTMENTS COMPANY LTD	PILOT SECURITIES LTD	TRW STOCKBROKERS LTD
CROWN CAPITAL LTD	HELIX SECURITIES LTD	PINEFIELDS INVESTMENTS SERVICES LTD	TYNDALE SECURITIES LTD
CSL STOCKBROKERS LTD	HERITAGE CAPITAL MARKET LTD	PIPC SECURITIES LTD	UNEX CAPITAL LTD
DE LORDS SECURITIES LTD	ICMG SECURITIES LTD	PIVOT TRUST & INVESTMENT COMPANY LTD	UNION CAPITAL MARKETS LTD
DEEP TRUST INVESTMENT LTD	ICON STOCKBROKERS LTD	PORTFOLIO ADVISERS LTD	UNITED CAPITAL SECURITIES LTD
DIAMOND SECURITIES LTD	IMPERIAL ASSET MANAGERS LTD	PRIMERA AFRICA SECURITIES LTD	VALMON SECURITIES LTD
DOMNION TRUST LTD	INDEPENDENT SECURITIES LTD	PRIMEWEALTH CAPITAL LTD	VALUELINE SECURITIES & INVESTMENT LTD
DSU BROKERAGE SERVICES LTD	INTEGRATED TRUST AND INVESTMENT LIMITED	PROMINENT SECURITIES LTD	VETIVA SECURITIES LTD
DUNBELL SECURITIES LTD	INTERNATIONAL STANDARD SECURITIES LTD	PSI SECURITIES LTD	WOODLAND CAPITAL MARKET PLC
DUNN LOREN MERRIFIELD SECURITIES LTD	INTERSTATE SECURITIES LTD	PYRAMD SECURITIES LTD	WSTC FINANCIAL SERVICES LTD
DYNAMIC PORTFOLIO LTD	INVESTMENT ONE FUNDS MANAGEMENT LTD	QUANTUM SECURITIES LTD	ZENITH SECURITIES LTD
ECL ASSET MANAGEMENT LTD	INVESTMENT ONE STOCKBROKERS INTL LTD	RAINBOW SECURITIES AND INVESTMENT CO. LTD	ZION STOCK BROKERS & SECURITIES LTD

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

1. Applications should be made only on the Application Form or scanned copies of the Application Form.
2. Applications must not be for less than the minimum number of shares stated on the Application Form. Applications for more than the minimum number of shares must be in the multiples stated on the Application Form. The number of ordinary shares for which an application is made and the amount of the cheque or bank draft attached should be entered in the boxes provided.
3. The Application Form when completed should be lodged with any of the Receiving Agents listed on Page 90. Applications must be accompanied by a cheque or bank draft made payable to the Receiving Agent to whom the application is submitted, for the full amount payable on application. The cheque or draft must be drawn on a bank in the same town or city in which the Receiving Agent is located and crossed "**NPF MFB Public Offer**" with the name, address and daytime telephone number of the applicant written on the back. All bank commissions and transfer charges must be prepaid by the applicant. All cheques and drafts will be presented upon receipt and all applications in respect of which cheques are returned unpaid will be rejected.
4. The applicant should make only one application, whether in his own name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
5. Joint applicants must all sign the Application Form.
6. An application from a group of individuals should be made in the names of those individuals with no mention of the name of the group. An application by a firm which is not registered under the Companies and Allied Matters Act Cap C20 LFN 2004 should be made either in the name of the proprietor or in the names of the individual partners. In neither case should the name of the firm be mentioned.
7. An application from a corporate body must bear the corporate body's seal and be completed under the hand of a duly authorised official.
8. An application from a pension or provident fund must be in the name of each individual trustee unless the trustee is a limited liability company.
9. An application by an illiterate should bear his right thumb print on the Application Form and be witnessed by an official of the bank or stockbroker at which the application is lodged who must first have explained the meaning and effect of the Application Form to the illiterate in his own language. Above the thumb print of the illiterate, the witness must record in writing that he has given this explanation to the illiterate in a language understandable to him and that the illiterate appeared to have understood same before affixing his thumb impression.
10. The applicant should not print his signature. If he is unable to sign in the normal manner he should be treated for the purpose of this Offer as an illiterate and his right thumbprint should be clearly impressed on the Application

