



# Investor Presentation

NPF Microfinance Bank Plc

April 2021



Strictly Private and Confidential

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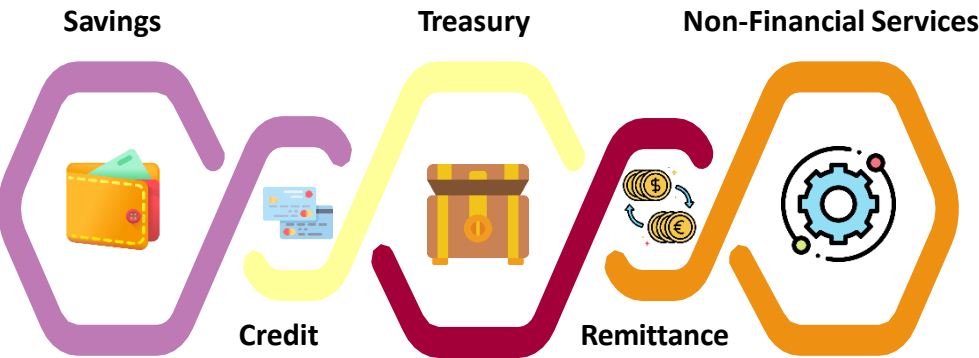
- I. Introduction to NPF Microfinance Bank Plc.
- II. The NPF Growth Story
- III. Investment Highlights
- IV. Highlights of the Offer



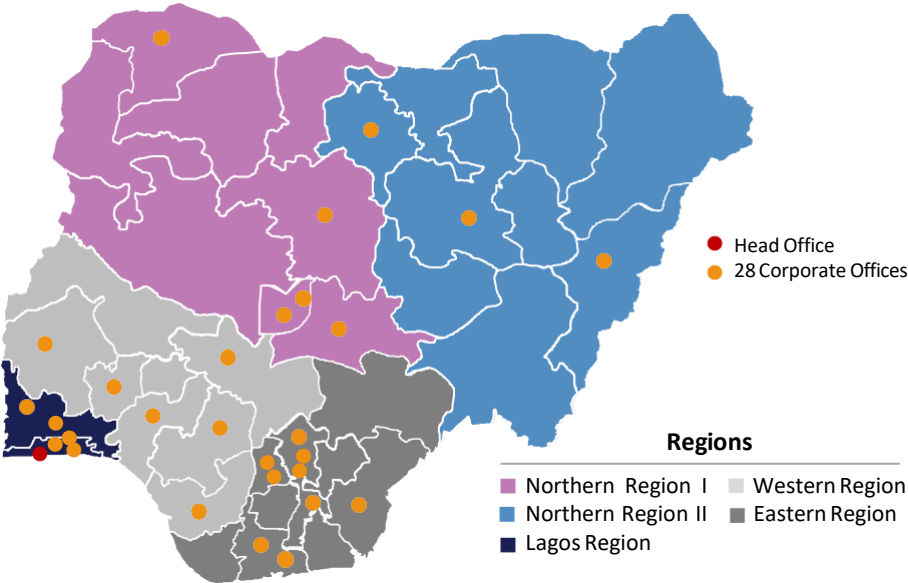
Company History

- NPF Microfinance Bank Plc (“NPF” or the “Bank”) is engaged in the business of providing banking services to both serving and retired Officers of the Nigeria Police Force, its ancillary institutions and the general banking public
- The Bank was incorporated in May 1993 and commenced operations that year having obtained a provisional license to operate as a community bank in July 1993 from the Central Bank of Nigeria (“CBN”)
- NPF obtained its full license to operate as a community bank in January 2002.
- In December 2007, NPF converted from its community bank status to a microfinance bank following a CBN directive to all community banks. This allowed the bank to open branches in all the states.
- In 2010, the Bank went public, listing its shares on the floor of the Nigerian Stock Exchange
- NPF currently has 28 branches across Nigeria

Service Range



Nationwide Presence



Awards and Achievements



**NATIONAL ASSOCIATION OF MICROFINANCE BANKS (NAMB)**  
...the umbrella body of Microfinance Banks in Nigeria

**Excellence Support Award 2017**



**BUSINESS DAY**

**Best Microfinance bank in CSR 2017**



**CIBN**  
THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

**Most Supportive Microfinance Bank 2017**

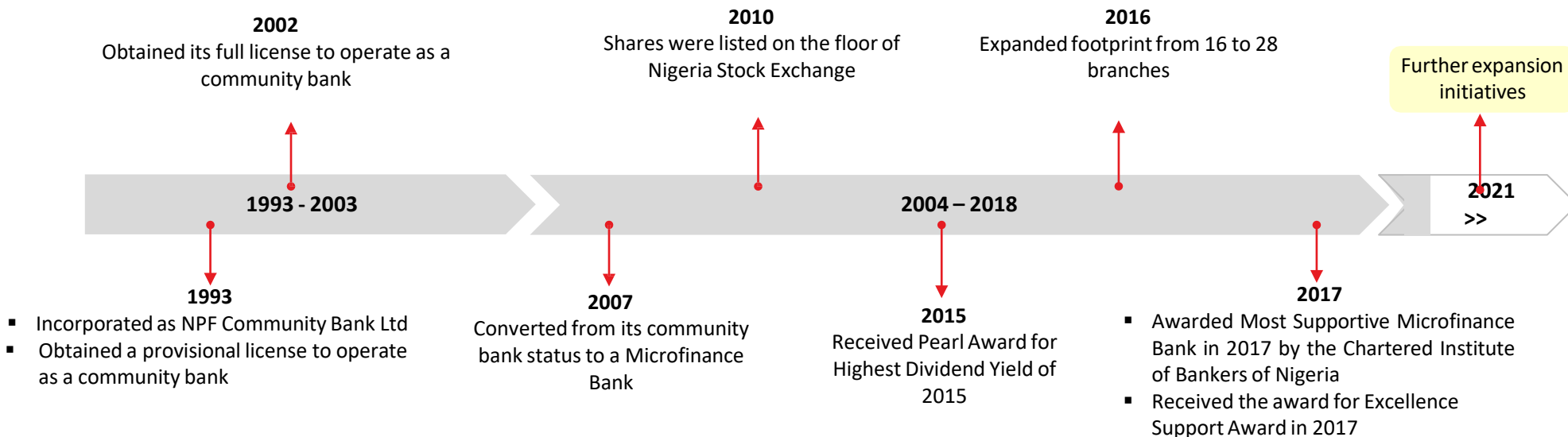


**Pearl Awards 2015**  
The Content Council

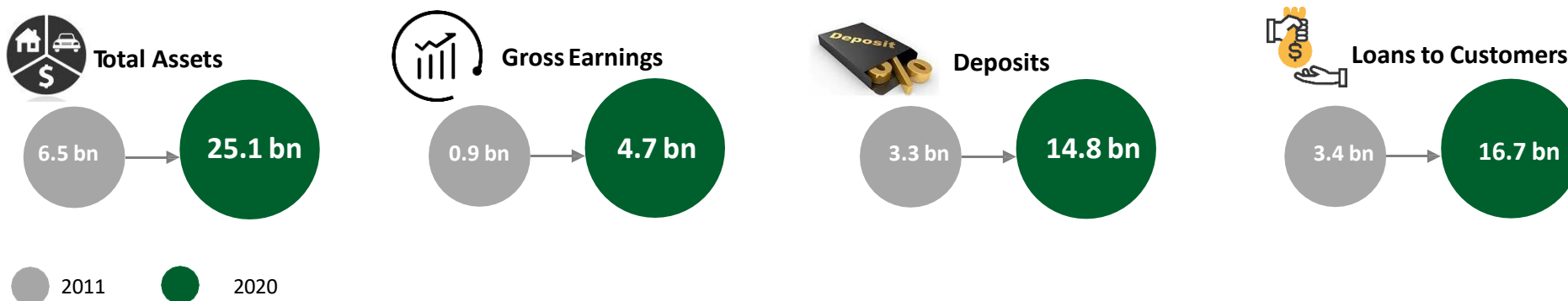
**Highest Dividend Yield 2015**

# The NPF Growth Story | Timeline

## Company Timeline



## Growth Story



# Investment Highlights | Why invest in NPF



## Proven Track Record of Returns



Paid out ₦2.7 billion as dividends to its shareholders in the last 9 years, implying an average dividend yield of 11%

## Attractive Industry Dynamics



The banking sector accounts for >20% of the NSE total capitalization, making it one of the Nigerian capital market's flagship sectors. In addition, A large unbanked population and technology driven opportunities to scale make the Nigerian microfinance banking industry one of the most attractive in the country



## Consistently Healthy Financial Performance



The Bank has seen steady improvement in asset quality and increasing asset yield. NPF has also consistently posted profits in the last 5 years and continues to drive efficiency via its strategy of growth and expansion

## Seasoned Management Team



Equipped with a vastly knowledgeable management team that has learnt how to invest and grow businesses even in a downturn — adopting a culture underpinned by strong cost management and tight operational monitoring

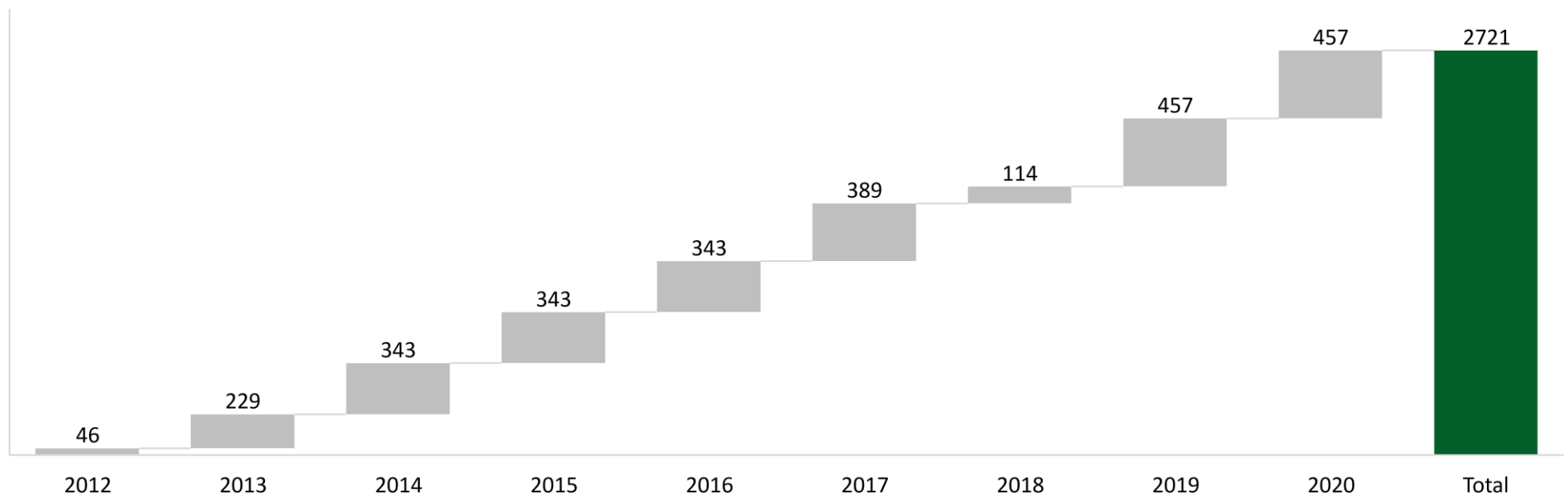
## Strong Return Potentials for Investors



Opportunity for high return on investments on the back of improved performance and cost savings, with an expected annual dividend payout ratio between 74% to 93%

# Investment Highlights | Proven Track Record of Returns

Dividend Paid (N'millions)



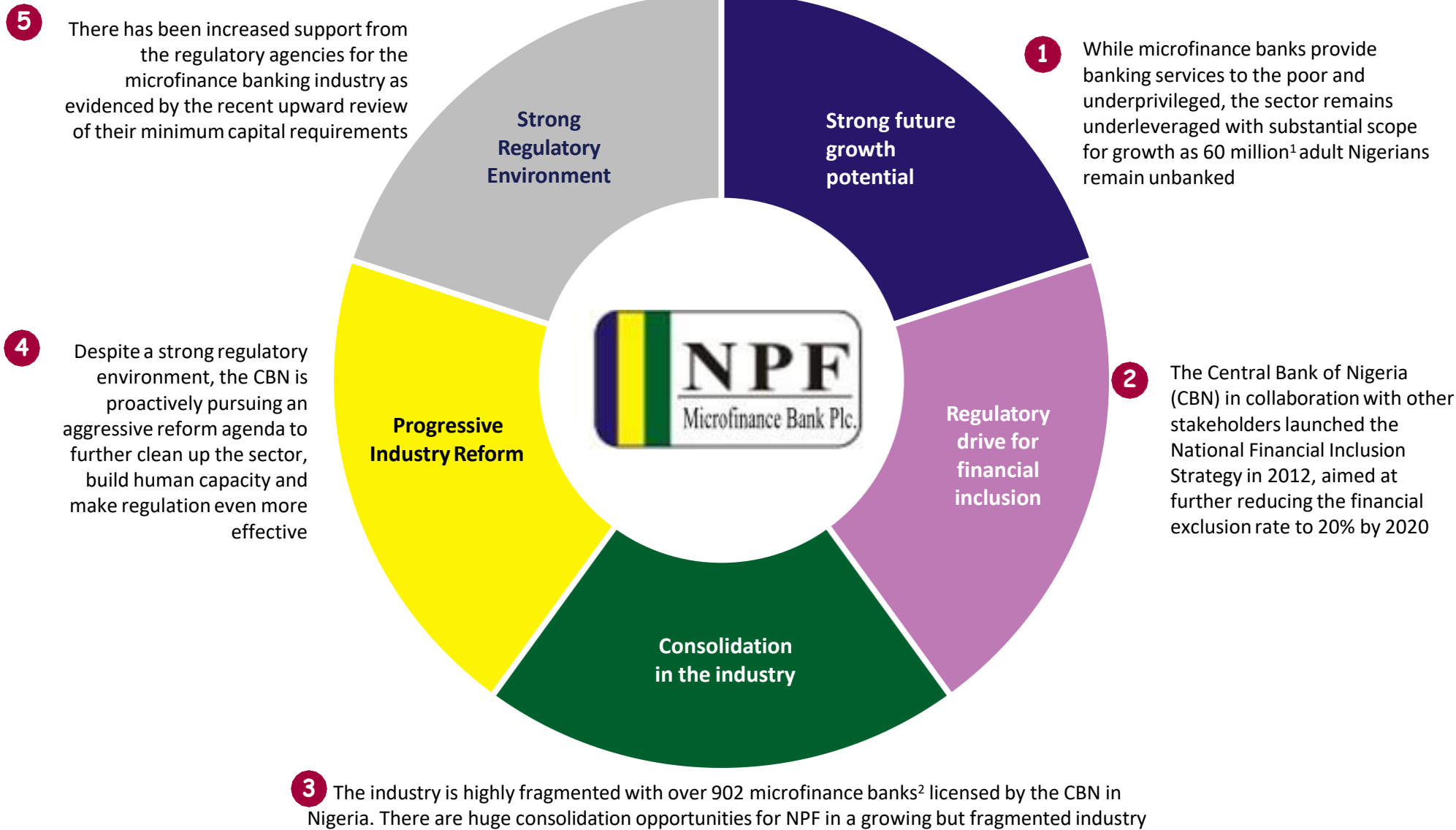
Dividend Yield

Average Dividend Yield

2012	2013	2014	2015	2016	2017	2018	2019	2020	2012 - 2020
1.7%	12.8%	12.5%	15.0%	13.6%	12.0%	3.0%	17.4%	11.8%	11.1%

- NPF has paid out a total of ₦2.7 billion as dividends to its investors in the last 9 years since it became public
- This implies an average dividend yield of approximately 11.1% over the same period

# Investment Highlights | Attractive Industry Dynamics



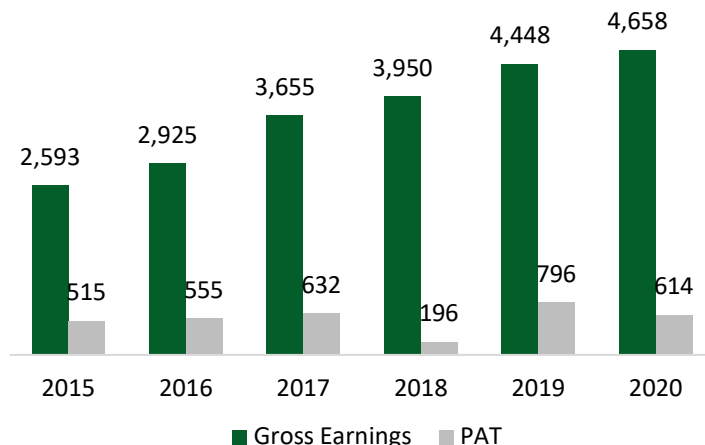
Sources: Central Bank of Nigeria, EFInA



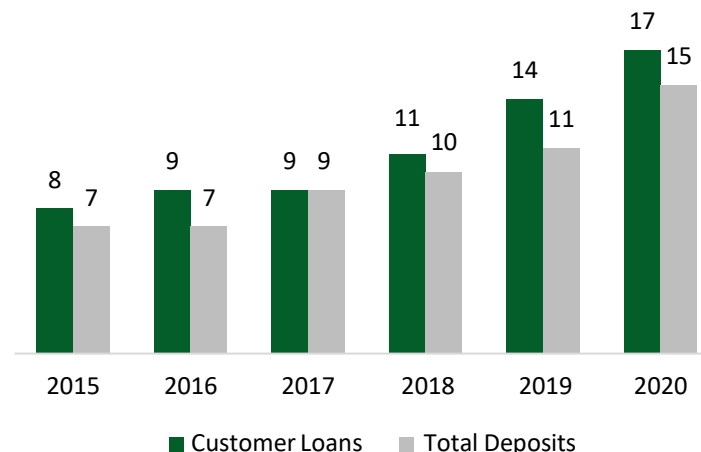
# Investment Highlights | Consistently Healthy Financial Performance

- Gross earnings have shown consistent growth for the last six years with a CAGR of 10.3% between 2015 and 2020
- Earnings largely comprises interest income (~70%) and non-interest income which has been relatively consistent over the period
- Total Assets grew by a CAGR of 13% between 2015 and 2020. Growth in total assets has been driven mainly by net loans and advances to customers which grew by a CAGR of 13.4% within the same period reflecting the Bank's strategy of growth and expansion
- As at December 2020, the Capital Adequacy Ratio stood at 32%, well above the regulatory minimum of 10%

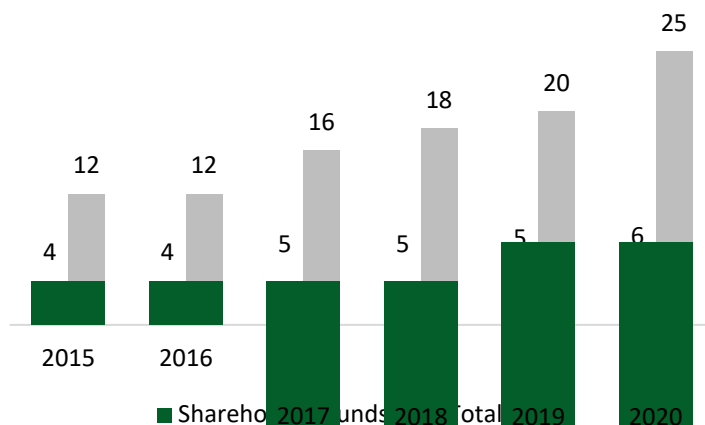
**Gross Earnings and PAT (₦'mn)**



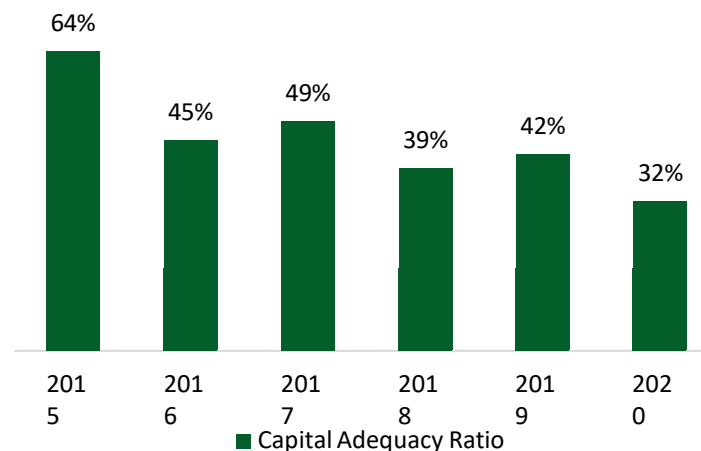
**Customer Loans and Total Deposits (₦'bn)**



**Total Assets and Shareholders' Funds (₦'bn)**



**Capital Adequacy Ratio**



# Investment Highlights | Consistently Healthy Financial Performance

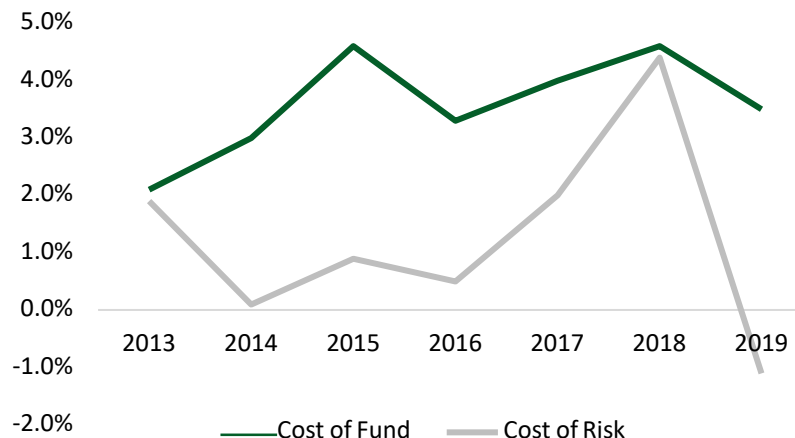
- Cost of funds has been within a reasonable band in the last seven years, averaging at 3.6%. With a robust enterprise risk management system in place, cost of risk was kept at a seven year average of 1.3% even as it recorded a write-back in the year 2019.

- Yields on interest earning assets stood well above 20% on the average over seven years given the strategic deployment of risk assets. Amid good yields on risk assets and cheaper cost of fund, the bank delivered impressive net interest margins.

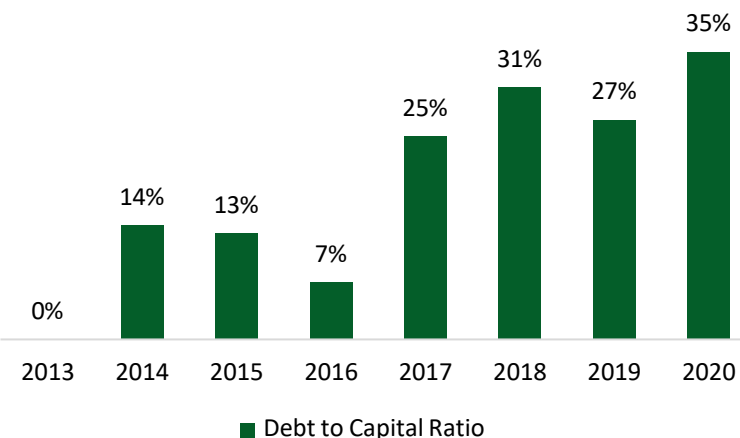
- NPF maintained healthy leverage to support liquidity, given the aggressive seven-year average loan to deposit ratio of 123.20%; hence, translating to higher interest margin.

- The bank delivered impressive returns on shareholders wealth – ROE averaged close to 12% – amid reduced cost lines and leverage.

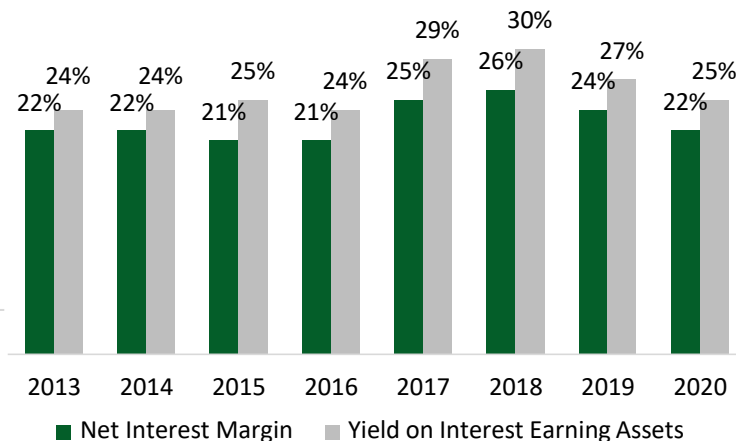
## Cost of Fund & Cost of Risk



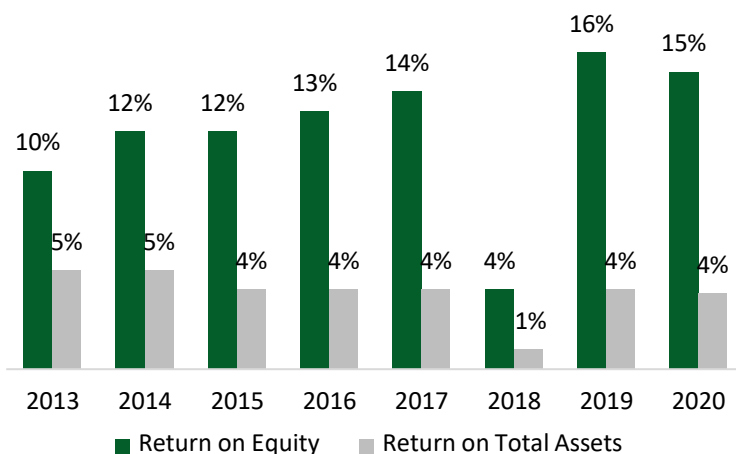
## Debt to Capital Ratio



## Net Interest Margin & Yield on Interest Bearing Assets



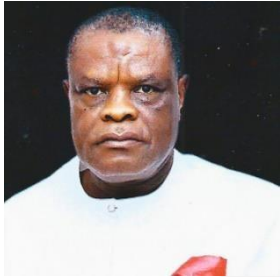
## Return on Equity & Return on Total Assets



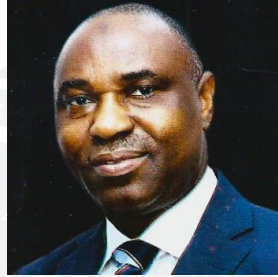
# Investment Highlights | Seasoned Management Team



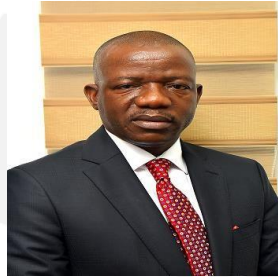
NPF has maintained a stable management team with over 250 years of combined experience, and has enhanced the Board of Directors



**Azubuko Udah**  
Board Chairman



**Akinwunmi Lawal**  
Managing Director



**John Kabwe Tizhe**  
E.D, Operations



**Francis Nelson**  
E.D, Finance & Admin



**Usman Isa Baba**  
Non-Executive Director



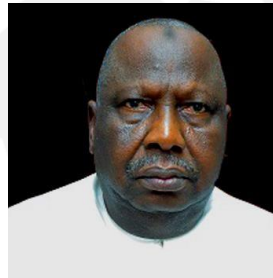
**Mohammed Saeed**  
Independent Director



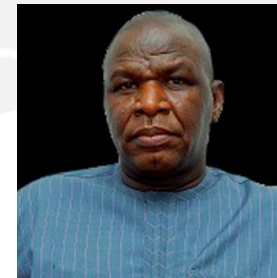
**Aminu Saleh Pai**  
Non-Executive Director



**Jibrin Gane**  
Non-Executive Director



**Salihu Hashimu**  
Non-Executive Director



**Abdulrahman Satumari**  
Independent Director



**Rakiya Shehu**  
Independent Director

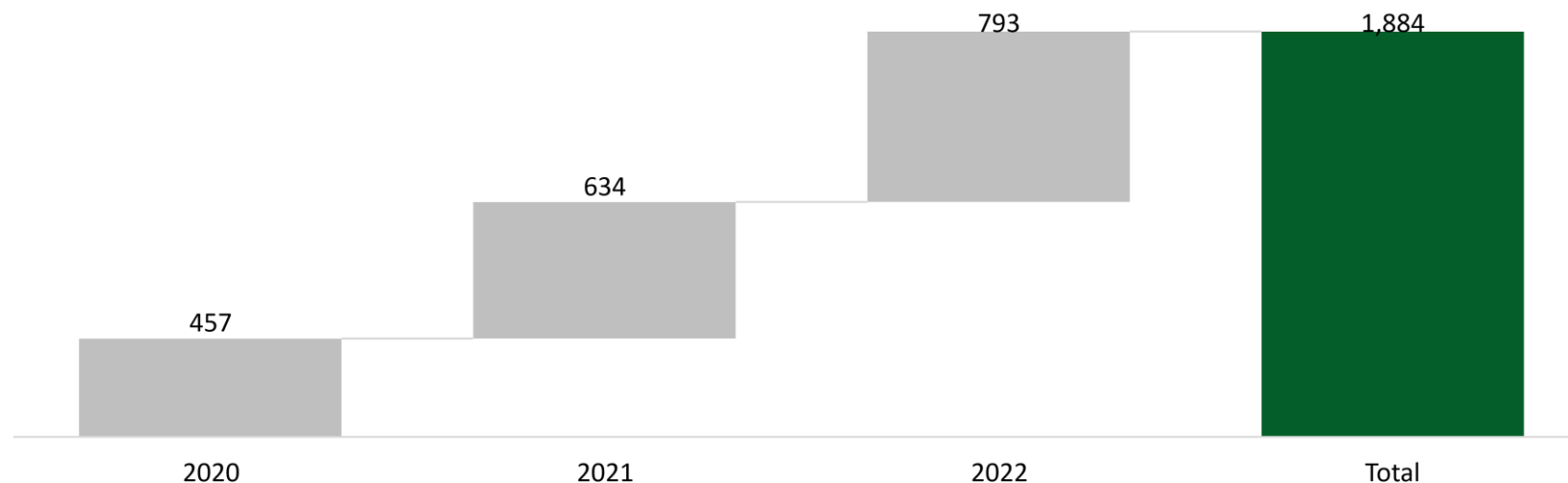


**TOWER ASSETS  
MANAGEMENT LIMITED**  
MEMBER OF THE NIGERIAN STOCK EXCHANGE



# Investment Highlights | Strong Return Potentials for Investors

## Projected Dividend Payment (N'millions)



	<u>SUMMARY FORECAST</u>		
<i>N'millions)</i>	2020	2021F	2022F
Gross Earnings	4,658	5,971	6,995
Net Operating Income	4,177	5,446	6,376
PBT	867	1,171	1,274
Total Assets	25,096	23,814	25,948
Shareholders' Funds	5,481	9,891	10,041



- The projected dividend paid from 2020 to 2022 assumes a **74% to 93%** pay out ratio and is significantly higher than the dividends paid historically
- NPF is poised to continue returning greater value to investors and take advantage of new market opportunities

# Highlights of the Offer | Indicative Terms



Issuer	<ul style="list-style-type: none"> <li>NPF Microfinance Bank Plc</li> </ul>
Method of Offer	<ul style="list-style-type: none"> <li>Offer for Subscription via a Rights Issue and Public Offer</li> </ul>
Gross Offer Proceeds	<ul style="list-style-type: none"> <li>N3,429,986,649.00 (Rights Issue)</li> <li>N1,070,013,351.23 (Public Offer)</li> </ul>
Purpose of the Offer and Use of Offer Proceeds	<ul style="list-style-type: none"> <li>The proceeds of the Offer will be used for IT infrastructure, branch expansion and to meet working capital requirements</li> </ul>
Issuing Houses	<ul style="list-style-type: none"> <li>Cowry Asset Management Limited (Lead)</li> <li>CardinalStone Partners Limited (Joint)</li> <li>FCSL Asset Management Company Limited (Joint)</li> <li>Integrated Trust and Investment Limited (Joint)</li> <li>Lead Capital Plc (Joint)</li> </ul>
Reporting Accountant	<ul style="list-style-type: none"> <li>Pro Edge Partners</li> </ul>
Stockbrokers	<ul style="list-style-type: none"> <li>Regency Asset Management Limited</li> </ul>
Registrars	<ul style="list-style-type: none"> <li>CardinalStone Registrars Limited</li> </ul>
Auditors	<ul style="list-style-type: none"> <li>KPMG Professional Services</li> </ul>
Solicitors	<ul style="list-style-type: none"> <li>Tokunbo Orimobi LP</li> </ul>
Receiving Banks	<ul style="list-style-type: none"> <li>First Bank of Nigeria Limited</li> <li>United Bank for Africa Plc</li> </ul>



# Issuing Houses

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Lead Issuing House

Cowry Asset Management Limited

Joint Issuing Houses

CardinalStone Partners

FCSL Asset Management Company Limited

Integrated Trust and Investment Limited

Lead Capital Plc

