

NPF MICROFINANCE BANK PLC
RC. 220824

2ND QUARTER REPORT
30 JUNE 2022

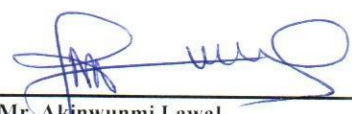
STATEMENT OF FINANCIAL POSITION

AS AT

<i>In thousands of naira</i>	Note	30-June-2022	Audited 31-Dec-2021
ASSETS			
Cash and cash equivalents	15	8,888,205	6,610,039
Pledged assets	16	687,380	842,096
Loans and advances to customers	17	21,413,947	17,447,816
Investment securities	18	998,734	1,004,954
Other assets	19	673,179	5,010,232
Property and equipment	20	935,301	1,007,541
Intangible asset	21	35,345	44,667
TOTAL ASSETS		33,632,091	31,967,345
LIABILITIES			
Deposits from customers	22	19,989,507	16,278,901
Borrowings	23	1,784,895	2,708,090
Current tax liabilities	14(b)	163,327	332,353
Deferred tax liabilities	14(c)	71,370	71,370
Other liabilities	24	1,413,727	6,845,666
TOTAL LIABILITIES		23,422,826	26,236,380
CAPITAL AND RESERVES			
Share capital	25	2,696,829	1,143,328
Share premium	26(a)	4,624,486	1,517,485
Retained earnings	26(b)	956,050	1,140,649
Fair value reserve	26(c)	(4,600)	(6,997)
Statutory reserve	26(d)	1,513,373	1,513,373
Regulatory risk reserve	26(e)	423,127	423,127
TOTAL EQUITY		10,209,265	5,730,965
TOTAL LIABILITIES AND EQUITY		33,632,091	31,967,345

The financial statements were approved by the Board of Directors on 29 July 2022 and signed on its behalf by:


F.C. Nelson, FCA
 Chief Financial Officer
 FRC/2014/ICAN/00000006856


Mr. Akinwunmi Lawal
 Managing Director/Chief Executive Officer
 FRC/2014/CIBN/00000006345

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

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

<i>In thousands of naira</i>	Note	30-June-2022	April - June 2022	30-June-2021	April - June 2021
Gross earnings		3,069,696	1,601,298	2,842,252	1,550,398
Interest income calculated using the effective interest method	7	2,715,732	1,425,441	2,522,859	1,400,569
Interest expense	8	(356,799)	(182,718)	(272,237)	(144,157)
Net interest income		2,358,933	1,242,723	2,250,622	1,256,412
Fee and commission income	9	334,168	162,916	303,588	142,751
Revenue		2,693,101	1,405,639	2,554,210	1,399,163
Other income	10	19,796	12,941	15,805	7,078
Net impairment loss on financial instruments	11	(50,000)	(50,000)	(81,366)	(101,888)
Personnel expenses	12	(974,783)	(515,632)	(898,054)	(485,987)
Administration and general expenses	13	(947,986)	(500,161)	(746,533)	(348,049)
Depreciation of property and equipment	20	(137,669)	(72,229)	(126,386)	(72,510)
Amortisation of intangible assets	21	(9,322)	(4,661)	(10,916)	(5,906)
Profit before tax		593,137	275,897	706,760	391,901
Income tax expense	14(a)	(148,284)	(68,974)	(176,690)	(97,975)
Profit for the period		444,853	206,923	530,070	293,926
Other comprehensive loss					
Items that will never be reclassified to profit or loss					
Equity investment at fair value through OCI	18(a)	2,397	(2,459)	11,666	5,325
Other comprehensive loss for the period		2,397	(2,459)	11,666	5,325
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		447,250	204,464	541,736	299,251
Basic and diluted earnings per share (kobo)		8	4	23	13

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Risk Reserve	Total
Balance at 1 January 2022	1,143,328	1,517,485	1,140,649	(6,997)	1,513,373	423,127	5,730,965
Increase in share capital	1,553,501	3,107,001	-	-	-	-	4,660,502
	2,696,829	4,624,486	1,140,649	(6,997)	1,513,373	423,127	10,391,467
Total comprehensive income							
Profit for the period	-	-	444,853	-	-	-	444,853
Audit adjustments			(90,086)				(90,086)
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	2,397	-	-	2,397
Gain on derecognition of equity investments	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	2,397	-	-	2,397
Total comprehensive income	-	-	444,853	2,397	-	-	447,250
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	(539,366)	-	-	-	(539,366)
Total contributions and distributions	-	-	(539,366)	-	-	-	(539,366)
Balance at 30 June 2022	2,696,829	4,624,486	956,050	(4,600)	1,513,373	423,127	10,209,265

FOR THE PERIOD ENDED 30 JUNE 2021

	Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Statutory Reserve	Regulatory Risk Reserve	Total
Balance at 1 January 2021	1,143,328	1,517,485	1,127,458	(6,217)	1,424,936	274,594	5,481,585
Total comprehensive income							
Profit for the period	-	-	530,070	-	-	-	530,070
Audit adjustments	-	-	22,585	-	-	-	22,585
Other comprehensive loss							
Fair value reserve (FVOCI equity instruments):							
Equity investments at FVOCI - net change in fair value	-	-	-	11,666	-	-	11,666
Total other comprehensive loss	-	-	-	11,666	-	-	11,666
Total comprehensive income	-	-	552,655	11,666	-	-	564,321
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to regulatory risk reserve	-	-	-	-	-	-	-
Contributions by and distributions to equity holders							
Dividend paid	-	-	(457,332)	-	-	-	(457,332)
Total contributions and distributions	-	-	(457,332)	-	-	-	(457,332)
Balance as at 30 June 2021	1,143,328	1,517,485	1,222,781	5,449	1,424,936	274,594	5,588,574

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

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED

<i>In thousands of naira</i>	Note	30-June-2022	30-June-2021
Cash flows from operating activities			
Profit for the period		444,853	530,070
Add: Tax expense	14(a)	148,284	176,690
Profit before tax		593,137	706,760
<i>Adjustments for:</i>			
Depreciation of property and equipment	20	137,669	126,386
Amortization of intangible assets	21	9,322	10,916
Net impairment loss on loans and advances to customers	11	50,000	81,366
Net impairment loss on cash and cash equivalents	11	-	-
Net impairment loss on pledged assets	11	-	-
Net impairment loss on other assets	11	-	-
Net impairment (gain)/ loss on investment securities	11	-	-
Interest income	7	(2,715,732)	(2,522,859)
Interest expense	8	356,799	272,237
Profit on sale of property and equipment	10	(385)	(1,679)
Gain on disposal of treasury bills	10	-	-
Gain on derecognition of lease liability	10	-	-
		(1,569,190)	(1,326,873)
<i>Changes in:</i>			
- pledged assets		160,615	(83,888)
- loans and advances to customers		(3,876,581)	(3,865,070)
- other assets		3,965,455	(248,724)
- deposits from customers		3,698,527	(5,233,743)
- other liabilities		(5,430,132)	3,804,878
		(3,051,306)	(6,953,420)
Interest received		3,341,270	2,882,807
Interest paid		(664,847)	(272,259)
Tax paid	14(b)	(317,310)	(278,602)
VAT paid	24	(16,056)	-
Net cash generated from operating activities		(708,249)	(4,621,474)
Cash flows from investing activities			
Acquisition of property and equipment		(20,302)	(135,793)
Acquisition of intangible assets	21	-	(16,125)
Payment for new leased properties		(28,598)	(7,695)
Proceeds from disposal of property and equipment		385	1,679
Purchase of treasury bill investments		-	-
Proceeds from disposal of treasury bill investments		-	-
Net cash flows used in investing activities		(48,515)	(157,934)
Cash flows from financing activities			
Repayment of principal on borrowings	23(b)	(905,488)	(711,685)
Repayment of interest on borrowings	23(b)	(160,227)	(68,636)
Payment of principal on lease liability	24(c)(i)	(13,661)	(8,778)
Payment of interest on lease liability	24(c)(i)	(6,830)	-
Additions to borrowings	23(b)	-	1,235,000
Dividend paid		(539,366)	(457,332)
Proceeds from increase in share capital	SOCIE	4,660,502	-
Net cash (used in)/generated from financing activities		3,034,930	(11,431)
Net increase in cash and cash equivalents		2,278,166	(4,790,839)
Cash and cash equivalents as at 1 January		6,610,989	5,678,752
Cash and cash equivalents as at 30 June	15	8,889,155	887,914

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

7 Interest income

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Loans and advances	2,588,073	2,497,670
Treasury bills	35,038	22,055
Call accounts	83,970	3,134
Pledged assets	-	-
Money market placement	8,651	-
Total interest income calculated using the effective interest method	2,715,732	2,522,859

8 Interest expense

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Term deposits	175,464	92,818
Current deposits	14,738	10,057
Savings deposits	18,531	14,371
Borrowings (see note 23(b))	142,520	154,991
Lease liabilities	5,546	-
Total interest expense	356,799	272,237

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

9 Fees and commission income

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Credit-related fees and commission	267,786	238,549
Deposit-related fees and commission	66,382	65,039
	334,168	303,588

(i) Disaggregation of fee and commission income

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

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Loan management fee	103,736	90,192
Loan commitment fee	88,567	84,697
Insurance fee	65,258	53,653
Credit search fee	10,225	10,007
	267,786	238,549
Admin and management fee	27,344	26,363
Account maintenance fee	39,038	38,676
	66,382	65,039
	334,168	303,588

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.

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Contract liabilities which are included in 'loans and advances to customers'	(113,253)	(117,350)

Amount represents management fees earned on loans and advances to customers. The management fees on these facilities are earned upfront in line with Central Bank of Nigeria (CBN) regulation. The amount of revenue recognised for the period ended 30 June 2022 was ₦104 million (30 June 2021: ₦90 million). See note 9(i).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

(iii) Performance obligation and revenue recognition policy

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

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

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

10 Other income

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Service fees and charges (see (i) below)	19,388	14,101
Income on salary administration	23	25
Miscellaneous income	-	-
Profit on disposal of property and equipment	385	1,679
Gain/(loss) on disposal of treasury bills	-	-
Gain on derecognition of lease liability	-	-
Gain/(loss) on disposal of AFS equity securities	-	-
Dividend income	-	-
	19,796	15,805

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

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

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Impairment loss on loans and advances to customers (see note 17(c))	50,000	81,366
Impairment (write-back)/loss on investment securities at amortised cost (see note 18(c))	-	-
Impairment loss on other assets (see note 19(d))	-	-
Impairment loss on cash and cash equivalent (see note 15(b))	-	-
Impairment loss on pledged assets (see note 16(b))	-	-
	50,000	81,366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

12 Personnel expenses

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Wages and salaries	928,096	856,288
Post-employment benefits:		
Defined contribution plan - pension cost	46,687	41,766
	<u>974,783</u>	<u>898,054</u>

(a) Director's emolument

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

<i>In thousands of naira</i>	30-June-2022	30-June-2021
Directors' fees	12,500	12,500
Sitting allowances	52,900	81,535
Other Directors' expenses	75,246	69,292
Total non-executive Directors' remuneration (see note 13)	140,646	163,327
Executive compensation	43,323	39,385
	<u>183,969</u>	<u>202,712</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

13 Administration and general expenses

<i>In thousands of naira</i>	30-June-2022	Audited 31-Dec-2021
Repairs and maintenance cost	70,926	119,528
Vehicle and generator running cost	93,924	115,364
Office expenses	86,358	180,062
Computer expenses	190,323	175,814
Travel expenses	43,532	65,935
AGM expenses	10,938	8,335
Year-end expenses	38,399	82,735
Directors' remuneration	140,646	297,867
Bank charges	5,692	31,526
Marketing/publicity expenses	105,942	209,152
Professional fees	14,781	63,740
Subscription fees	5,820	5,374
Charges and levies	15,602	22,179
Insurance cost	23,068	40,802
NDIC premium	39,434	68,186
Rent and rates	-	947
Audit fees	12,185	21,300
Fraud, forgery and theft	661	9,397
Other expenses (see note (a) below)	49,755	72,165
	<u>947,986</u>	<u>1,590,408</u>
(a) Other expenses includes the following:		
Corporate social responsibility	-	590
Donations	1,440	2,050
Electricity expenses	10,323	25,086
Recruitment expenses	12,439	288
Loan recovery expenses	85	721
Fines/penalty	-	2,100
Stamp duties	979	4,381
Legal expenses	7,651	9,172
SMS alerts	14,806	25,083
Share listing expenses	1,969	24
VAT expense	-	-
Miscellaneous expenses	63	2,670
	<u>49,755</u>	<u>72,165</u>

14 Income taxes

<i>In thousands of naira</i>	30-June-2022	Audited 31-Dec-2021
(a) Amounts recognized in profit or loss		
Current tax expense		
Company income tax	148,284	279,613
Education tax	-	30,551
National Information Technology Development Agency (NITDA) levy	-	10,306
Nigeria Police Trust Fund (NPTF) levy	-	35
National Agency for Science and Engineering Infrastructure (NASENI) levy	-	2,577
	<u>148,284</u>	<u>323,082</u>
Deferred tax expense		
Charge for the period (see note (c))	-	-
	<u>-</u>	<u>-</u>
Tax expense	<u>148,284</u>	<u>323,082</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.

(b) Movement in current tax liabilities

<i>In thousands of naira</i>	30-June-2022	31-Dec-2021
Balance at 1 January	332,353	257,107
Income tax expense (see note (a) above)	148,284	323,082
Tax paid	(317,310)	(247,836)
Balance at 30 June	<u>163,327</u>	<u>332,353</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

(c) Movement in deferred tax balances

30 June 2022

<i>In thousands of naira</i>	Recognized in			Balance at 31 December
	Balance at 1 January	profit or loss (see (a))	Recognized in OCI	
Property and equipment	144,279	-	-	144,279
Impairment allowance	(66,685)	-	-	(66,685)
Others	(6,224)	-	-	(6,224)
Deferred tax liabilities	71,370	-	-	71,370

31 December 2021

<i>In thousands of naira</i>	Recognized in			Balance at 31 December
	Balance at 1 January	profit or loss (see (a))	Recognized in OCI	
Property and equipment	144,279	-	-	144,279
Impairment allowance	(66,685)	-	-	(66,685)
Others	(6,224)	-	-	(6,224)
Deferred tax liabilities	71,370	-	-	71,370

Deferred tax liabilities

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

<i>In thousands of naira</i>	30-June-2022		31-Dec-2021	
	Gross amount	Tax effect	Gross amount	Tax effect
Property and equipment	825,577	144,279	825,577	144,279
Impairment allowance	(208,395)	(66,685)	(208,395)	(66,685)
Others	24,753	(6,224)	24,753	(6,224)
	641,935	71,370	641,935	71,370

(d) Reconciliation of effective tax rate

In thousands of naira

Profit before tax				
Tax using the Company's domestic tax rate				
Non-deductible expenses				
Tax-exempt items				
Tertiary Education Tax				
NITDA Levy				
Nigeria Police Trust Fund (NPTF) levy				
NASENI Levy				
Recognition of previously unrecognized temporary differences				

30-June-2022		31-Dec-2021	
%	593,137	%	1,030,575
30	177,941	30	309,173
14	84,097	8	80,160
(5)	(26,755)	(2)	(22,721)
0	-	3	30,551
0	-	1	10,306
0	-	0	35
0	-	0	2,577
(15)	(86,999)	(8)	(86,999)
25	148,284	31	323,082

15 Cash and cash equivalents

In thousands of naira

(a) Cash and cash equivalent comprise:

Cash on hand:

Cash on hand

	Audited	
	30-June-2022	31-Dec-2021
	91,507	159,734
	91,507	159,734

Deposits with banks:

Current account balances with other banks

Money market placements

	719,107	5,733,011
	8,078,541	718,244
	8,797,648	6,451,255

Cash and cash equivalents for cash flow purposes:

Impairment allowance (see note (b) below)

Cash and cash equivalents

	8,889,155	6,610,989
	(950)	(950)
	8,888,205	6,610,039

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

(b) Movement in impairment allowance:

Balance at 1 January	950	864
Impairment loss/(writeback) (see note 11)	-	86
	<u>950</u>	<u>950</u>

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash-in-hand, deposits held at call with other banks, other short-term highly liquid investments with original maturities less than three months. The current balances with other banks also includes ATM working capital accounts and the suspense accounts used to manage settlement of ATM transactions with Sterling Bank to be refunded to the Head office by branches. For financial reporting purposes, the balances in the ATM related accounts were combined in order to have a net position.

16 Pledged assets

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

<i>In thousands of naira</i>			30-June-2022	Audited 31-Dec-2021
<i>Underlying transaction</i>	<i>Counterparty</i>	<i>Asset description</i>		
DBN concessionary loan	Development Bank of Nigeria	Treasury Bills	484,515	493,764
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	150,000	102,516
NIBSS Platform	First Bank of Nigeria Plc	Fixed placement	33,601	226,398
ATM Transactions	Sterling Bank Plc	Call placement	20,000	20,154
			<u>688,116</u>	<u>842,832</u>
			(736)	(736)
Impairment allowance (see note (b) below)			<u>687,380</u>	<u>842,096</u>
			687,380	842,096
Current			-	-
Non-current			<u>687,380</u>	<u>842,096</u>

(b) Movement in impairment allowance:

Balance at 1 January	736	692
Impairment loss (see note 11)	-	44
	<u>736</u>	<u>736</u>

17 Loans and advances to customers

<i>In thousands of naira</i>		30-June-2022	Audited 31-Dec-2021
(a) Loans and advances to customers comprise:			
Loan and advances to customers at amortised cost		<u>21,413,947</u>	<u>17,447,816</u>
		21,413,947	17,447,816
Current		17,043,007	13,731,197
Non-current		4,370,940	3,716,619
		<u>21,413,947</u>	<u>17,447,816</u>

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

<i>In thousands of naira</i>	30 June 2022			31 December 2021		
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
Term loans	19,493,186	(281,007)	19,212,179	17,342,192	(281,007)	17,061,185
Overdrafts	2,570,572	(368,804)	2,201,768	705,435	(318,804)	386,631
	<u>22,063,758</u>	<u>(649,811)</u>	<u>21,413,947</u>	<u>18,047,627</u>	<u>(599,811)</u>	<u>17,447,816</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

(c) Movement in allowances for impairment

<i>In thousands of naira</i>	30 June 2022				31 December 2021			
	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	207,343	10,177	382,291	599,811	204,263	2,403	388,856	595,522
Additional allowance during the period (see note 11)	7,442	18,785	23,773	50,000	3,080	7,774	9,838	20,692
Write-offs during the period	-	-	-	-	-	-	(16,403)	(16,403)
Balance at the end of the period	214,785	28,962	406,064	649,811	207,343	10,177	382,291	599,811

18 Investment securities

Investment securities comprise:

(a) Investment securities measured at FVTOCI:

<i>Equity securities:</i>	Audited	
	30-June-2022	31-Dec-2021
Listed equities	1,044	1,079
Unlisted equities	8,559	6,127
	9,603	7,206

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 June 2022 (31 December 2021: ₦3,258), and there were no transfers of any cumulative gain or loss within equity relating to these investments (31 December 2021: nil). The change in fair value on these investments were as follows:

	30-June-2022	31-Dec-2021
Balance at beginning of the period		
Listed equities	1,079	3,389
Unlisted equities	6,127	7,075
	7,206	10,464
Balance at end of the period		
Listed equities	1,044	1,079
Unlisted equities	8,559	6,127
	9,603	7,206
Fair value gain/(loss)	2,397	(3,258)

Following the derecognition of listed equity investments during the period, the Bank recorded gains as follow:

	30-June-2022	31-Dec-2021
Gain on derecognition of equity investments	-	2,478

Deferred tax assets have not been recognised in respect of the change in fair valuation of equity instruments, because it is not probable that future taxable profit will be available against which the Bank can use the benefits therefrom.

(b) Investment securities at amortised cost

Treasury bills	989,181	997,798
ECL impairment	(50)	(50)
	989,131	997,748
Total investment securities	998,734	1,004,954
Total investment securities for cashflow purpose	998,784	1,005,004
Current	998,734	1,004,954
Non-current	-	-
	998,734	1,004,954

(c) Movement in impairment allowance

Balance at the beginning of the period	50	173
Impairment loss during the period (see note 11)	-	(123)
Balance at the end of the period	50	50

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19 Other assets

<i>In thousands of naira</i>	30-June-2022	Audited 31-Dec-2021
<i>Other financial assets:</i>		
Receivable from Cowry Issuing House (see note (c) below)	76,890	4,613,425
Other receivables (see note (d) below)	156,333	182,303
Impairment allowance (see note (e) below)	(115,110)	(115,110)
	<u>118,114</u>	<u>4,680,618</u>
<i>Non financial assets:</i>		
Prepayments (see note (a) below)	272,847	100,946
Inventories (see note (b) below)	282,218	228,668
	<u>555,065</u>	<u>329,614</u>
	<u>673,179</u>	<u>5,010,232</u>
Current	676,025	4,959,690
Non-current	(2,846)	50,542
	<u>673,179</u>	<u>5,010,232</u>

(a) Prepayments comprise the following:

<i>In thousands of naira</i>	30-June-2022	31-Dec-2021
Prepaid insurance	17,500	26,080
Prepaid staff benefits	(13,768)	50,542
Other prepaid expense	269,115	24,324
	<u>272,847</u>	<u>100,946</u>

(b) Inventories comprise stock of debit cards, stock of credit cards, stock of cheques, books/journals/CDs, stock of office stationeries, stock of micr cheques and non micr cheques, assets under construction, deferred share issue cost.

<i>In thousands of naira</i>	30-June-2022	31-Dec-2021
Stock (see note (i) below)	126,098	132,917
Assets under construction	95,083	37,246
Deferred share issue cost	61,037	58,505
	<u>282,218</u>	<u>228,668</u>

(i) The amount in stock comprise:

<i>In thousands of naira</i>	30-June-2022	31-Dec-2021
Stock of cheques	411	478
Stock of office stationeries	12,484	9,369
Stock of micr cheques	26,235	26,289
Stock of non-micr cheques	15,138	19,754
Stock of ATM cards	32,615	37,525
Stock of credit cards	37,910	38,116
Stock of adhensive stamps	1,305	1,386
	<u>126,098</u>	<u>132,917</u>

(c) The amount represent proceeds for shares issued during the Bank's public offer in July 2021. The funds were in custody of the Issuing House, Cowry Asset Management Limited.

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

(e) Movement in impairment allowances:

<i>In thousands of naira</i>	30-June-2022	31-Dec-2021
Balance at the beginning of the period	115,110	100,838
Impairment loss during the period (see note 11)	-	14,272
Balance at the end of the period	<u>115,110</u>	<u>115,110</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

20 Property and Equipment

In thousands of naira

	Buildings	Freehold Land	Right-of-Use Asset	Furniture and Fittings	Motor Vehicles	Computer Equipment	Office Equipment	Total
Cost:								
Balance as at 1 January 2021	429,661	52,118	124,622	113,060	500,047	338,299	246,426	1,804,233
Additions during the year	30,612	-	103,488	30,209	50,466	68,481	76,232	359,487
Disposals	-	-	-	(33)	-	(7,785)	(7,754)	(15,572)
Write-off	-	-	-	-	-	(440)	-	(440)
Balance at 31 December 2021	460,273	52,118	228,110	143,236	550,513	398,555	314,903	2,147,708
Balance as at 1 January 2022	460,273	52,118	228,110	143,236	550,513	398,555	314,903	2,147,708
Additions during the period	1,200	-	45,126	2,509	-	10,774	5,819	65,428
Disposals	-	-	-	-	-	(4,112)	-	(4,112)
Write-off	-	-	-	-	-	-	-	-
Balance at 30 June 2022	461,473	52,118	273,236	145,745	550,513	405,217	320,722	2,209,025

Accumulated Depreciation:								
Balance at 1 January 2021	53,203	-	47,787	66,908	378,069	207,962	147,892	901,821
Charge for the year	9,142	-	29,347	18,260	84,785	72,882	39,942	254,358
Disposals	-	-	-	(33)	-	(7,785)	(7,754)	(15,572)
Write-off	-	-	-	-	-	(440)	-	(440)
Balance at 31 December 2021	62,345	-	77,134	85,135	462,854	272,619	180,080	1,140,167
Balance at 1 January 2022	62,345	-	77,134	85,135	462,854	272,619	180,080	1,140,167
Charge for the period	5,046	-	25,144	9,649	34,030	43,024	20,776	137,669
Disposals	-	-	-	-	-	(4,112)	-	(4,112)
Write-off	-	-	-	-	-	-	-	-
Balance at 30 June 2022	67,391	-	102,278	94,784	496,884	311,532	200,856	1,273,724

Net Book Value: 31 December 2021	397,928	52,118	150,976	58,101	87,659	125,936	134,824	1,007,541
Net Book Value: 30 June 2022	394,082	52,118	170,958	50,961	53,629	93,686	119,867	935,301

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (31 December 2021: Nil).
- There was no impairment loss on all classes property and equipment during the period (31 December 2021: Nil).
- There were no property and equipment pledged as securities for liabilities (31 December 2021: Nil).
- There were no contractual commitments for the acquisition of property and equipment (31 December 2021: Nil).

On 1 January 2019, following the adoption of IFRS 16, the Bank recognises right-of-use assets for leases of branch premises and has presented right-of-use assets within "property and equipment" - i.e. the same line item in which it presents underlying assets of the same nature that it owns.

21 Intangible asset

<i>In thousands of naira</i>	Audited	
	30-June-2022	31-Dec-2021
Computer software		
Cost:		
Balance at beginning of the period	94,493	68,693
Addition during the period	-	25,800
Balance at end of the period	94,493	94,493
Accumulated Amortisation:		
Balance at start of the period	49,826	21,000
Charge for the period	9,322	28,826
Balance at end of the period	59,148	49,826
Carrying amount at end of the period	35,345	44,667

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

22 Deposits from customers

<i>In thousands of naira</i>	30-June-2022	Audited 31-Dec-2021
Current deposits	12,424,589	9,845,329
Savings deposits	4,806,005	4,198,515
Term deposits	2,563,213	1,994,057
Sundry deposits	195,700	241,000
	19,989,507	16,278,901

23 Borrowings

<i>In thousands of naira</i>	30-June-2022	Audited 31-Dec-2021
(a) Borrowings comprise:		
DBN concessionary loan (see note (i) below)	1,768,159	2,678,656
CBN housing microfinance loan (see note (ii) below)	16,658	29,434
UBA working capital facility	78	-
	1,784,895	2,708,090

(i) The Bank obtained the following Development Bank of Nigeria (DBN) loans for on-lending to micro, small and medium enterprises to grow their businesses.

Date facility was obtained	Amount (₦' million)	Outstanding Amount (₦' million) 30-June-2022	Outstanding Amount (₦' million) 31-Dec-2021	Rate (%)	Tenor
28 September 2020	500	77	183	12.79	2 years
19 November 2020	800	445	547	12.04	2 years
9 December 2020	400	102	204	12.04	2 years
29 March 2021	390	136	238	12.04	2 years
30 April 2021	245	74	176	12.04	2 years
17 June 2021	600	329	431	12.50	2 years
25 August 2021	320	164	266	12.50	2 years
4 October 2021	300	181	283	12.50	2 years
21 December 2021	-370	260	350	12.50	2 years
	3,925	1,768	2,678		

The Bank has not had any defaults of principal or interest or other breaches with respect to the loan facilities as at period end 30 June 2022.

(ii) The amount of ₦17 million (31 December 2021: ₦29 million) represents the amortised cost of ₦91.74 million Central Bank of Nigeria (CBN) housing microfinance loan obtained on 18 May 2018 at an interest rate of 15.99% per annum. The principal amount and interest is paid quarterly. The loan tenor is 5 years with maturity date of 30 June 2023.

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

<i>In thousands of naira</i>	30-June-2022	Audited 31-Dec-2021
Balance, beginning of the period	2,708,090	2,995,809
Additions during the period	-	6,386,548
Interest accrued during the period (see note 9)	142,520	423,522
Interest paid during the period	(160,227)	(437,893)
Principal repayment during the period	(905,488)	(6,659,896)
Balance at year end	1,784,895	2,708,090
Total repayment of borrowings (for cashflow purpose)	(1,065,715)	(7,097,789)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

24 Other liabilities

<i>In thousands of naira</i>	30-June-2022	Audited 31-Dec-2021
<i>Financial liabilities:</i>		
Accounts payable	8,191	4,684
Productivity bonus (see note (a))	5,255	262,703
Sundry creditors	93,861	153,602
Accruals	161,546	51,909
VAT payable	16,056	15,217
Settlement accounts (see note (b))	731,397	1,461,018
Other payables	416,140	282,982
Unearned income	-214	783
Lease liability	50,132	51,941
Deposit for shares	(104,555)	4,532,618
	<u>1,377,809</u>	<u>6,817,457</u>
<i>Non-financial liabilities:</i>		
Withholding tax payable	35,918	28,209
	<u>1,413,727</u>	<u>6,845,666</u>
Current	1,363,595	6,793,725
Non-current	50,132	51,941
	<u>1,413,727</u>	<u>6,845,666</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

25 Share capital

	30-June-2022	31-Dec-2021
Authorised:		
6,000,000,000 units of ordinary shares of 50 kobo each	3,000,000	3,000,000
Issued and fully paid:		
5,393,659,101 units of ordinary shares of 50 kobo each	2,696,829	1,143,328

Following the recapitalisation, the movement in share capital is as shown below:

<i>In thousands of naira</i>	30-June-2022		31-Dec-2021	
	Units	Amount	Units	Amount
Balance, beginning of the period	2,286,658	1,143,328	2,286,658	1,143,328
Rights issue	820,344	410,172	-	-
Public offer	2,286,658	1,143,329	-	-
Issued and fully paid capital of 50 kobo each	5,393,659	2,696,829	2,286,658	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.

Movement in share premium

<i>In thousands of naira</i>	30-June-2022	31-Dec-2021
Balance, beginning of the period	1,517,485	1,517,485
Increase in share premium during the period	3,107,001	-
Balance at period end	4,624,486	1,517,485

(b) Retained earnings

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

(c) Fair value reserve

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

(d) Statutory reserve

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

<i>In thousands of naira</i>	30-June-2022	31-Dec-2021
Balance, beginning of the period	1,513,373	1,424,936
Transfer to statutory reserve during the period	-	88,437
Balance at period end	1,513,373	1,513,373

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

27 Shareholding status/free float status

Description	30-June-2022		30-June-2021	
	Units	Percentage (in relation to issued share capital)	Units	Percentage (in relation to issued share capital)
Issued share capital	5,393,659,101	100%	2,286,657,766	100%
Details of substantial shareholdings (5% and above)				
[Name(s) of shareholders]				
Police Cooperative Society Ltd	3,632,291,926	67.34%	1,480,718,606	64.75%
NPF Welfare Insurance Scheme	842,534,946	15.62%	234,305,460	10.25%
Total substantial shareholdings	4,474,826,872	82.96%	1,715,024,066	75.00%
Details of Directors' shareholdings (direct and indirect), excluding directors holding substantial interests				
[Name(s) of Directors]				
DIG. Azubuko Joel Udah (Rtd) (Direct)	4,000,000	0.07%	4,000,000	0.17%
Mr. Isa Usman Baba (Direct)	4,586,561	0.09%	2,162,000	0.09%
Mr. Salihu Argungu Hashimu (Direct)	475,204	0.01%	-	-
Mr. Abdulrahman Satumari (Direct)	-	-	-	-
Mrs. Rakiya Edota Shehu (Direct)	-	-	-	-
Mr. Jibril Garba Gane (Direct)	2,116,800	0.04%	108,000	0.00%
Mr. Akinwunmi Mohammed Lawal (Direct)	5,025,861	0.09%	5,025,861	0.22%
Mr. John kwabe Tizhe (Direct)	1,725,739	0.03%	707,749	0.03%
Mr. Francis Chukwuemeka Nelson	2,510,796	0.05%	1,310,796	0.06%
Mr. Uzairu Abdullahi	-	-	-	-
Mr. Bello Makwashi	-	-	-	-
Total Directors' shareholdings	20,440,961	0.38%	13,314,406	0.57%
Details of other influential shareholdings, if any (E.g. Government, Promoters)				
[Name(s) of Entities/ Government]	-	-	-	-
Total of other influential shareholdings	-	-	-	-
Free float in unit and percentage	898,391,268	16.66%	558,319,294	24.43%
Free float in value	₦1,527,265,155.60		₦879,352,888.05	

Declaration:

A) NPF Plc with a free float percentage of 16.66% as at 30 June 2022 is not compliant with the Exchange's free float requirements for companies listed on the Main Board.

B) NPF Plc with a Free Float in Value of ₦879,352,888.05 as at 30 June 2021 is compliant with the Exchange's free float requirements for companies listed on the Main Board.

Note:

* Share Price as at 30 June 2022 ₦1.700

* Share Price as at 30 June 2021 ₦1.575