

FORTIS MICROFINANCE BANK PLC

**MANAGEMENT ACCOUNT
31ST MARCH 2017**

FORTIS MICROFINANCE BANK PLC

**ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 2017**

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FORTIS MICROFINANCE BANK PLC

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2017**

	Notes	MARCH.2017 =N=	DEC. 2016 =N=
ASSETS			
Assets			
Cash and cash equivalents	17	1,488,677,170	1,834,984,021
Loan and advances to customers	18	17,421,309,962	16,814,987,964
Investment securities	19	600,000,000	600,000,000
Property, plant and equipment	20	272,145,140	259,351,372
Intangible assets	21	84,450,461	85,840,857
Other assets	22	810,512,899	814,458,047
Non current Assets held for sale		640,000,000	640,000,000
Total assets		<u>21,317,095,632</u>	<u>21,049,622,262</u>
Current liabilities			
Deposits from banks	23	-	-
Deposits from customers	24	8,375,301,624	8,502,335,922
Deposits for shares	25	640,000,000	640,000,000
On-lending facilities	26	6,211,865,407	6,211,865,407
Current income tax liabilities	27	498,459,969	450,294,424
Deferred tax	28	38,433,184	38,433,184
Other liabilities	29	1,141,842,880	907,887,029
Total liabilities		<u>16,905,903,064</u>	<u>16,750,815,966</u>
Equity			
Share capital	30	2,286,757,668	2,286,757,668
Share premium		374,048,653	374,048,653
Statutory reserve	30d.	993,036,988	964,940,420
Regulatory risk reserve	30e.	65,241,556	65,241,556
Retained earnings	30c.	692,107,703	607,817,999
Bonus issue	30f.	-	-
Total equity		<u>4,411,192,568</u>	<u>4,298,806,297</u>
Total equity and liabilities		<u>21,317,095,632</u>	<u>21,049,622,262</u>

The notes form an integral part of these financial statements




Managing Director
Mr. Tiko Okoye (FRC/2016/CIBN/00000014171)

Management Account
Famodun Oluwafemi (FRC/2015/ICAN/0000001472)

FORTIS MICROFINANCE BANK PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	MARCH. 2017 =N=	DEC. 2016 =N=
Interest income	7	1,171,448,278	3,900,752,188
Interest expenses	8	(715,479,354)	(1,958,021,476)
Net interest income		<u>455,968,924</u>	<u>1,942,730,712</u>
Loan impairment charges	9	(49,624,659)	(133,665,574.93)
Net interest income after loan impairment charges		<u>406,344,265</u>	<u>1,809,065,137</u>
Fee and commission income	10	43,722,112	434,791,463
Fee and commission expense	11	(3,000,000)	(9,260,200.00)
Net fee commission income		<u>40,722,112</u>	<u>425,531,263</u>
Other operating income	12	5,837,985	17,120,127
Other income		<u>46,560,097</u>	<u>442,651,390</u>
Total operating income		<u>452,904,362</u>	<u>2,251,716,527</u>
Personnel expenses	13	(125,829,049)	(478,052,779)
General and administrative expenses	14	(155,718,367)	(807,423,468)
Depreciation and amortisation		(10,805,129)	(49,751,355)
Total expenses		<u>(292,352,545)</u>	<u>(1,335,227,601)</u>
Profit before income tax		160,551,817	916,488,926
Income tax expenses	15	(48,165,545)	(274,946,678)
Profit for the year		<u>112,386,272</u>	<u>641,542,248</u>
Other comprehensive income:			
Income tax relating to component of other comprehensive income			
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		<u>112,386,272</u>	<u>641,542,248</u>
Earnings per share		<u>0.02</u>	<u>0.36</u>

The notes form an integral part of these financial statements

FORTIS MICROFINANCE BANK PLC

Statement of changes in equity

31ST MARCH, 2017

	Share capital =N'000	Share premium =N'000	Regulatory risk reserve =N'000	Bonus Reserve =N'000	Statutory reserve =N'000	Retained earnings =N'000	Total =N'000
Balance at 1 January 2017	2,286,757,668	374,048,653	65,241,556	860,760,819	964,940,420	607,817,999	5,159,567,115
Profit for the year		-	-	-	-	112,386,272	112,386,272
Transfers for the year				282,618,015	28,096,567.96	(28,096,567.96)	282,618,015
Issued during the year							-
Dividends to equity holders		-	-	(1,143,378,834)	-	-	(1,143,378,834)
Balance at 31st March 2017	<u>2,286,757,668</u>	<u>-</u>	<u>65,241,556</u>	<u>-</u>	<u>993,036,988</u>	<u>692,107,703</u>	<u>4,411,192,568</u>

The notes form an integral part of these financial statements

FORTIS MICROFINANCE BANK PLC

**STATEMENT OF CASH FLOWS
FOR THE QUATER ENDED 31ST MARCH 2017**

	<u>MARCH 2017</u>	<u>DEC 2016</u>
	N	N
Cash flow from operating activities		
Profit for the period	112,386,271.84	645,879,613.86
Adjustments for:		
Depreciation of property and equipment	8,639,732.38	40,213,481.82
Amortisation of intangibles	2,165,396.43	9,537,873.04
Impairment of financial assets	49,624,659.14	129,328,209.04
Income tax expenses	48,165,545.07	274,946,677.71
	<u>220,981,604.86</u>	<u>1,099,905,855.47</u>
Changes in:		
Loan and advances to customers	(655,946,657.34)	(3,047,630,587.38)
Other assets	3,945,147.88	66,417,606.36
Deposits from customers	(127,034,297.13)	(1,533,348,868.99)
Other liabilities	233,955,851.00	655,155,532.84
	<u>(545,079,955.59)</u>	<u>(5,646,945,550.31)</u>
Interest received	1,171,448,277.67	3,900,752,187.86
Interest paid	(715,479,353.99)	(1,958,021,476.23)
	455,968,923.68	1,942,730,711.63
Net cash from/(used in) operating activities	<u>(324,098,350.73)</u>	<u>(4,689,739,694.84)</u>
Cash flows from investing activities:		
Purchase of property, plant & equipment	(21,433,500.00)	(100,608,736.81)
Purchase of intangible software	(775,000.00)	(21,264,250.18)
Purchase of investments	(600,000,000.00)	(600,000,000.00)
Disposal of investments	600,000,000.00	650,000,000.00
Net cash from/(used in) investing activities	<u>(22,208,500.00)</u>	<u>200,841,549.22</u>
Cash flows from financing activities		
Proceeds from On-lending facilities	0.00	2,034,143,310.18
Net cash from / (used in) financing activities	<u>0.00</u>	<u>2,736,525,297.18</u>
Net increase / decrease in cash & cash equivalents	(346,306,850.73)	(1,752,372,848.44)
Cash and cash equivalents at beginning of year	1,834,984,021.36	3,587,356,869.80
Cash and cash equivalents at end of year	<u>1,488,677,170.63</u>	<u>1,834,984,021.36</u>

7 Interest income	MARCH. 2017
	=N'000
Placements	8,749,861
Loans and advances	1,162,698,416
Other financial instruments	
	<u>1,171,448,278</u>
	<u><u>1,171,448,278</u></u>
8 Interest expense	=N'000
Savings Accounts	5,428,025.10
Term Deposits	388,436,339.22
On-Lending Facilities	321,614,989.67
	<u>715,479,353.99</u>
	<u><u>715,479,353.99</u></u>
9 Loan impairment charges	=N'000
Collective impairment	3,682,822
Specific impairment	45,941,837
Amount written off during the year as uncollectible	
	<u>49,624,659</u>
	<u><u>49,624,659</u></u>
10 Fee and commission	=N'000
Commission on turnover	2,743,795.13
Commission on managers' cheque	9,220.00
Other commissions	1,516,760.00
Fees	39,452,336.88
	<u>43,722,112.01</u>
	<u><u>43,722,112.01</u></u>
11 Fee and commission expenses	=N'000
Fee and commission expense	3,000,000
	<u>3,000,000</u>
	<u><u>3,000,000</u></u>

12 Other operating income

	=N'000
Other banking income	5,837,985
	<u>5,837,985</u>

13 Personnel Expenses

	=N'000
Salaries and wages	100,350,148.86
Pension contribution (Employer)	890,533.00
Other related staff expenses	24,588,367.58
	<u>125,829,049.44</u>

14 Other administrative expenses

	=N'000
Rent and rate	20,499,274.64
Repair and maintenance	9,626,065.00
Transport expenses	1,563,050.00
Diesel and Fuel cost	14,192,190.00
Directors emoluments	12,154,520.00
Professional fee/expenses	9,373,217.21
Share capital increase expenses	13,936,363.52
Other administrative expenses	74,373,686.27
	<u>155,718,366.64</u>

16 Earnings per share

Basic earnings per share

Basic earnings per share of N0.28kobo is based on the profit attributable to ordinary shareholders of 4,573,535,336

Profit attributable to ordinary shareholders

	<u>=N'000</u>
Profit for the period	112,386,272
Profit attributable to ordinary shareholders	<u>112,386,272</u>

Weighted average number of ordinary shares

	<u>=N'000</u>
Issued ordinary shares at 1 January	1,630,091,000
Effect of share options exercised	<u>2,943,424,336</u>
Weighted average number of ordinary shares at 31st December	<u>4,573,515,336</u>

17 Cash and cash equivalents

	<u>=N'000</u>
Cash in vault, tills and teller safe	44,854,240
Current account with other Banks	816,055,191
Fixed deposits with other banks	<u>627,767,739</u>
	<u>1,488,677,170.32</u>

18 Loans and advances

	<u>=N'000</u>
Loan and advances to customers	17,281,914,506
Staff related loans	348,441,477
Other loans and advances	<u>204,354,792</u>
	17,834,710,775.10
Impairment - Specific	(244,679,838)
Impairment - collective	<u>(168,720,975)</u>
	<u>17,421,309,962.14</u>

19 Investment securities

	<u>=N'000</u>
Held to maturity	
Treasury bills	<u>600,000,000</u>
	<u>600,000,000</u>

20 Property, plant and equipment

	Freehold buildings	Plant and Machinery	Computer equipment	Office equipment	Motor vehicles	Furniture and fittings	Total
	N' 000	N' 000	N' 000	N' 000	N' 000		N' 000
Cost							
1-January-2017							
Cost	109,234,717	53,448,605	81,802,788	48,957,354	100,360,989	47,107,002	440,911,455
Additions	11,550,000		4,339,000	3,681,500		1,863,000	21,433,500
Disposals	-					-	-
31 MARCH 2017	<u>120,784,717</u>	<u>53,448,605</u>	<u>86,141,788</u>	<u>52,638,854</u>	<u>100,360,989</u>	<u>48,970,002</u>	<u>462,344,955</u>
Accumulated depreciation							
1-January-2017	15,848,547	29,151,815	35,333,998	20,405,954	56,635,109	24,184,659	181,560,083
Depreciation	466,931	1,214,839	2,540,390	1,611,645	2,186,294	619,634	8,639,732
Disposals	-					-	-
31 MARCH 2017	<u>16,315,478</u>	<u>30,366,655</u>	<u>37,874,387</u>	<u>22,017,599</u>	<u>58,821,403</u>	<u>24,804,293</u>	<u>190,199,815</u>
Netbook value							
31 MARCH 2017	<u>104,469,239</u>	<u>23,081,950</u>	<u>48,267,401</u>	<u>30,621,254</u>	<u>41,539,586</u>	<u>24,165,710</u>	<u>272,145,140</u>
31 December 2016	<u>93,386,170</u>	<u>24,296,790</u>	<u>46,468,790</u>	<u>28,551,399</u>	<u>43,725,880</u>	<u>22,922,343</u>	<u>259,351,372</u>

21 Intangible assets

	=N'000
Cost	
Balance at 1 January 2017	145,331,137
Addition	775,000
Disposal	
Balance at 29 February, 2017	<u>146,106,137</u>
Amortisation and impairment losses	
Balance at 1 January 2017	59,490,280
Amortisation for the period	2,165,396
Reclassification	
Balance at 29 February, 2017	<u>61,655,676</u>
Carrying amounts	
Balance at 29 February, 2017	<u>84,450,461</u>
Balance at 31 December 2016	<u>85,840,857</u>

22 Other assets

	<u>=N'000</u>
Prepayment	375,043,917.25
Account receivables	412,076,795.07
Others	23,392,187.00
Non current asset held for sale	640,000,000.00
	<u>1,450,512,899.32</u>

The non current asset held for sale represent properties surrendered by director valued N640,000,000, in consideration for the bank"s shares.

The properties are to be sold and the proceeds will be utilised by the bank.CBN will only approve this as capital injection after the sale of those prc

23 Deposits from banks

	<u>=N'000</u>
Deposits from banks	0
	<u>0</u>

24 Deposits from customers

	<u>=N'000</u>
Current accounts	583,845,707.48
Saving accounts	631,152,432.90
Term deposits	7,160,303,484.11
	<u>8,375,301,624.49</u>

All term deposits from customers are at fixed interest rates.

25 Deposits for shares

640,000,000

This represents various deposits by investors for the shares of the company and the fair value of properties (Building) transferred to fortis microfinance bank plc in consideration for shares of the company. The building is valued at N640,000,000

26 On-lending facilities

	<u>=N'000</u>
On-lending facilities	6,211,865,407.09
	<u>6,211,865,407.09</u>

27 Taxation

	<u>=N'000</u>
Balance brought forward	450,294,423.71
Charge for the period	48,165,545.07
	<u>498,459,968.78</u>
Add under provision in previous years	-
Taxation	498,459,968.78
Less payment for the period	<u>498,459,968.78</u>

28 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributed to the following:

Movement in temporary differences during the year

	MARCH, 2017		
	Beginning	Profit or loss	End of year
	=N'000	=N'000	=N'000
Plant and equipment	38,433,184	-	38,433,184
	<u>38,433,184</u>	<u>-</u>	<u>38,433,184</u>

	2016		
	Beginning	Profit or loss	End of year
	=N'000	=N'000	=N'000
Plant and equipment	38,485,555	52,371.00	38,433,184
	<u>38,485,555</u>	<u>52,371.00</u>	<u>38,433,184</u>

	2014		
	Beginning	Profit or loss	End of year
	=N'000	=N'000	=N'000
Plant and equipment	37,600,054	(885,501)	38,485,555
	<u>37,600,054</u>	<u>(885,501)</u>	<u>38,485,555</u>

29 Other liabilities

	=N'000
	<hr/>
Other taxes payable	123,085,544.78
Sundry deposit	50,176,538.58
Teller overage	1,798,464.79
Account payable	922,321,436.79
Managers cheque	44,460,895.17
	<hr/>
	1,141,842,880.11
	<hr/> <hr/>

30 Capital and reserve

Share capital
The holders of ordinary shares are entitled to receive dividend from time to time and are entitled to vote at meetings of the banks.

(a) Authorised

	=N'000
	<hr/>
5,000,000,000 Ordinary shares of 50k each	
	2,500,000,000
	<hr/>
	2,500,000,000
	<hr/> <hr/>

(b) Share capital

	=N'000
	<hr/>
4,573,515,336 Ordinary shares of 50k each	
	2,286,757,668
	<hr/>
	2,286,757,668
	<hr/> <hr/>

The movement on the issued and fully paid up share capital account during the year was as follows:

	=N'000
	<hr/>
Balance, beginning of year	815,045,500
Increase in the year	328,333,334
Bonus share capitalised	1,143,378,834.00
	<hr/>
Balance, end of period	2,286,757,668
	<hr/> <hr/>

The movement on the share premium during the year was as follows:

	=N'000
	<hr/>
Balance, beginning of year	-
Increase in the year	656,666,668.00
Bonus share capitalised	- 282,618,015.00
	<hr/>
Balance, end of period	374,048,653.00
	<hr/> <hr/>

(c) Retained earnings	=N'000
Balance, beginning of year	607,817,999
Increase in the year	112,386,272
Adjustment	
Transfer for the year	(28,096,568)
Balance, end of period	<u>692,107,703</u>
(d) Statutory reserve	=N'000
Balance, beginning of year	964,940,420
Increase in the year	<u>28,096,567.96</u>
Balance, end of period	<u>993,036,988</u>
(e) Regulatory risk reserve	=N'000
Balance, beginning of year	65,241,556
Increase in the year	<u>0</u>
Balance, end of period	<u>65,241,556</u>
(f) Bonus issue	=N'000
Balance, beginning of year	860,760,819.00
Increase in the year	282,618,015.00
Bonus share capitalised	<u>- 1,143,378,834.00</u>
Balance, end of period	<u>-</u>